Corporate Governance

The Daiichi Sankyo Group is creating a management structure that can respond speedily and flexibly to changes in the business environment, in addition to working to secure legal compliance and management transparency, and to strengthen oversight of management and the conduct of operations. In this way, we have been advancing the corporate governance structure for achieving our mission.

Since its establishment of joint holding company of Sankyo Co., Ltd. and Daiichi Pharmaceutical Co., Ltd. in 2005, the Daiichi Sankyo Group has been striving to strengthen corporate governance. We are committed to establishing the system for the Board of Directors to appropriately make important business decisions and oversight its management, establishing the internal control system that ensures proper operation under delegation of Board of Directors’ authority, and operating and implementing measures for the board to be effective and to improve its function.

Daiichi Sankyo has complied with and implemented all of the Principles of the Corporate Governance Code, which came into force in 2015, including those revised in June 2018 as of June 17, 2019. Daiichi Sankyo will continue to implement initiatives for enhancing its corporate governance systems going forward, as well as securing and improving the functions and effectiveness of the Board of Directors.

The following introduces the corporate governance system of the Group, with focus on the mechanism for decision making, oversight, and delegation of the Board of Directors’ authority and another mechanism for reinforcing it.

The Group’s initiatives for corporate governance

<table>
<thead>
<tr>
<th>Year</th>
<th>Chairman of the Board</th>
<th>Members of the Board</th>
<th>Members of the Audit Committee</th>
<th>Nomination Committee</th>
<th>Corporate Governance Committee</th>
<th>Remuneration system</th>
<th>Corporate Governance Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>Takashi Shoda</td>
<td>4 persons</td>
<td>2 persons</td>
<td>2 outside persons</td>
<td>2 outside persons</td>
<td>Performance-based bonus</td>
<td>Complied with all the items</td>
</tr>
<tr>
<td>2007</td>
<td>Kiyoshi Morita</td>
<td>6 persons</td>
<td>2 persons</td>
<td>2 outside persons</td>
<td>4 outside persons</td>
<td>Share remuneration-type stock option plan</td>
<td>Complied with all the items</td>
</tr>
<tr>
<td>2010</td>
<td>Takashi Shoda</td>
<td>2 persons</td>
<td>2 persons</td>
<td>2 outside persons</td>
<td>4 outside persons</td>
<td>Restricted share-based remuneration plan</td>
<td>Complied with all the items</td>
</tr>
<tr>
<td>2014</td>
<td>George Nakayama</td>
<td>3 persons</td>
<td>3 persons</td>
<td>4 outside persons</td>
<td>1 observer (outside)</td>
<td>Explained about 3 items, immediately after applying the Code</td>
<td>Complied with all the items</td>
</tr>
<tr>
<td>2015</td>
<td>George Nakayama</td>
<td>4 persons</td>
<td>3 persons</td>
<td>4 outside persons</td>
<td>1 observer (outside)</td>
<td>Explained about 1 item after revision</td>
<td>Complied with all the items</td>
</tr>
<tr>
<td>2016</td>
<td>George Nakayama</td>
<td>5 persons</td>
<td>4 persons (including one female member)</td>
<td>1 observer (outside)</td>
<td>Explained about 1 item after revision</td>
<td>Complied with all the items</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>George Nakayama</td>
<td>4 persons</td>
<td>4 persons</td>
<td>1 observer (outside)</td>
<td>Explained about 1 item after revision</td>
<td>Complied with all the items</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>George Nakayama</td>
<td>5 persons</td>
<td>4 persons</td>
<td>1 observer (outside)</td>
<td>Explained about 1 item after revision</td>
<td>Complied with all the items</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>George Nakayama</td>
<td>4 persons</td>
<td>4 persons</td>
<td>1 observer (outside)</td>
<td>Explained about 1 item after revision</td>
<td>Complied with all the items</td>
<td></td>
</tr>
</tbody>
</table>

Message from Chairman of the Board

We will further enhance our corporate governance to put Our Mission into practice.

The Daiichi Sankyo Group aims to realize its 2025 Vision to become “Global Pharma Innovator with competitive advantage in oncology” and to sustainably increase its corporate value by bringing out the best in our strengths which are Science & Technology, Global Organization & Talent, and Presence in Japan.

As for global circumstances, the frameworks such as the Sustainable Development Goals (SDGs), the UN Guiding Principles on Business Human Rights, and the Paris Agreement, all led by the United Nations are becoming more important. Moreover, the flow toward ESG investment including the Principles for Responsible Investment (PRI) has been significantly affecting our business environment. We will make contributions to realize a sustainable society by actively tackling social issues indicated by such global movements.

In order to sustainably increase the corporate value, we have to establish a management structure capable of responding flexibly and timely to changes in the business environment.

At Daiichi Sankyo, the Board appropriately makes important business decisions while establishes and operates properly the internal control system that ensures efficient execution under delegation of directors’ authority.

We will establish corporate governance structure including an operation of the Board that is even more responsive to the trust of our diverse stakeholders, and endeavor to continue to further improve our corporate governance.

George Nakayama
Representative Director and Chairman of the board
1. Securing and enhancing the effectiveness of the important business decision and oversight functions of the Board of Directors

In principle, the Board of Directors Meetings of Daiichi Sankyo are held once a month. We are committed to establish and enhance the effectiveness of the Board’s appropriate decision-making and oversight functions as follows:

1. Participation of Members of the Board (Outside) and the Audit and Supervisory Board (Outside)

(1) The Company has nine Members of the Board, of which four are outside members. Each Member of the Board (Outside) actively makes suggestions and appropriate remarks in the Board of Directors Meeting, based on insight as corporate managers in various industries and sectors, including the telecommunication, general heavy industries, IT, business strategy and marketing strategy, and/or expert knowledge and insight as medical doctor, playing important roles in enhancing the decision-making and oversight functions of the Board.

(2) The Audit and Supervisory Board has five members, of which three are outside members and conducts audits of legal compliance and appropriateness of management.

(3) Both of the Nomination and the Compensation Committees are established to ensure management transparency.

The four Members of the Board (Outside) serve as members and one Member of the Audit and Supervisory Board (Outside) participates in each committee as the observer.

(4) In addition to the qualification and performance requirements, etc. defined in the Member of the Board Regulations and The Code of Audit and Supervisory Board Member Auditing Standards, both Members of the Board (Outside) and Member of the Audit and Supervisory Board (Outside) meet the independence criteria of the Tokyo Stock Exchange (TSE) and the independence judgment criteria for outside directors set forth by the Company. All the members are reported as independent directors to the TSE.

2. Enhancement of discussion for strengthening the decision-making and oversight functions of the Board

In order to improve and strengthen the effectiveness of the Board’s important business decision and oversight functions, the Company properly submits matters for resolution and to be reported to the Board of Directors in accordance with laws and the article of association in a timely manner. In fiscal 2018, productive discussions were held on subjects, such as the 5-year business plan, business strategy, business investment, corporate governance (evaluation of the Board of Directors, status of cross-shareholdings, policy and procedure for appointment and dismissal of the CEO, CEO successor plan, payment of bonus to Members of the Board, revised Japan’s Corporate Governance Code), and revisions of internal rules on important management matters.

When holding the Board of Directors Meeting, we promote enrichment and deepening of discussions by providing a preliminary briefing on the agenda of the meeting to Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside) each time in an attempt to provide information that will lead to promoting their understanding.

3. the Board of Directors’ address at ESG issues

The Company has established the Corporate Ethics Committee chaired by the compliance officer and the EHS Management Committee chaired by the chief executive officer of EHS. The Board of Directors receives reports from both committees regarding important matters and conducts oversight on ESG issues.

Members of the Board (Outside)

Noritaka Ujii 79 5 years
Tetsuya Fukui 67 4 years
Kazuki Kama 70
Sawako Nohara 61

Members of the Audit and Supervisory Board (Outside)

Sayako Iwashita 66 2 years
Takashi Higuchi 66 1 year
Yuuki Ikumura 58 1 year

* The ages listed above are as of June 2019

(1) Corporate Ethics Committee

We have established the Corporate Ethics Committee for the Daiichi Sankyo Group to promote management that complies with domestic and international laws and regulations as well as corporate ethics and fulfills corporate social responsibility, and to ensure compliance of its executives and employees. The Committee also has one appointed external attorney to ensure objectivity.

In fiscal 2018, the Corporate Ethics Committee Meeting was held in July and February to deliberate on the revision of the Global Marketing Code of Conduct and the Anti-Bribery and Anti-Corruption policy due to a revision to the IFPMA Code of Practice, activity plan for fiscal 2019 (enlightenment, education, monitoring, investigation, revision of rules, etc. related to corporate ethics), and so on.

* IFPMA Code of Practice: An international voluntary standard for the pharmaceutical industry defined by the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) on ethical promotion of pharmaceuticals to healthcare professionals and regulations between the member companies and healthcare professionals.

(2) EHS Management Committee (EHS: Environment, Health and Safety)

In order to ensure environmental conservation, health and safety in overall business activities at the Daiichi Sankyo Group and thereby to contribute to a sustainable society as well as to operate and promote management of the environment, health, and safety with a high likelihood of risk in an integrated manner, we have formulated the Global EHS Policy and the EHS Management Policy and established a new EHS Management Committee consisting of committee members including from Group companies in April 2019. As a result, we have developmentally dissolved the Environmental Management Committee into the new organization and deliberate on policies, target setting, and activities on the global EHS management in the meeting held twice a year in July and February.

In fiscal 2018, we held the Environmental Management Committee Meeting, the former committee structure, in July and February to deliberate on climate change measures, optimization of the environmental management system, and endorsement of the TCFD recommendations.

* TCFD (Task Force on Climate-related Financial Disclosures): This task force was established in December 2015 by the FSB (Financial Stability Board). The FSB is an international organization joined by central banks and financial regulators from the major powers.
Establishing internal control system that ensures proper operation under delegation of Board of Directors’ authority

To establish an executive system that can flexibly and dynamically respond to changes in business environment, proper delegation of Board of Directors’ authority to corporate officers including CEO and the establishment of an essential internal control system that enables such delegation are essential.

1. Delegation of Board of Directors’ authority to achieve proper and speedy management decision-making and the conduct of operations

The Company clearly defines the scope of conduct of operations to be delegated by the Board of Directors in the Management Executive Meeting Regulations and the Approval policy and employs a Corporate Officer System as the mechanism and system that contribute to proper and speedy management decision-making and the conduct of operations.

2. Establishment of internal control system

The Company has established an internal control system in accordance with the Basic Policy on Establishing Internal Control Structure that was resolved in Board of Directors Meetings for the following purposes:
- Secure the effectiveness and efficiency of operations
- Ensure the reliability of financial reporting
- Adhere laws and regulations regarding business activities
- Safeguard assets

The system is operated based on a solid control system comprised of self-monitoring by each organization responsible for the Business/Functional Unit (Key Control), deployment and monitoring of the policy to each organization by the

Corporate Function (Secondary Control), and internal audit including monitoring by the Internal Audit Department (Tertiary Control).

In establishing the internal control system, we have developed a system for ensuring that Members of the Audit and Supervisory Board effectively conduct audits and confirm the status of operation of the internal control system mainly with respect to risk management, compliance, subsidiary management, and audits by Internal Audit Department and the Audit and Supervisory Board during the Board of Directors Meeting in March every year.

System and measures that contribute to enhancing the effectiveness and function of the Board of Directors

To secure and improve the effectiveness of the important business decision-making and oversight functions of the Board of Directors, we work to operate the system and implement measures as follows:

1. Terms of office and system for Members of the Board

To clarify the management responsibility of Members of the Board and reinforce their oversight of management and the conduct of operations, their terms of office are set at one year, and four out of nine are Members of the Board (Outside).

2. Evaluation of the Board of Directors

The Company utilizes the evaluation of the Board of Directors, for the Board itself and Members to conduct a self-evaluation and recognize the current issues. The Members of the Board work on improvement measures for issues extracted from the evaluation and confirm the current evaluation and the status of improvement from the previous year. We conduct an evaluation of the Board of Directors every fiscal year and continue to work to improve the functions and effectiveness of the Board of Directors.

Results of the evaluation of the Board of Directors (Overview)

The evaluation of the Board of Directors conducted in fiscal 2018 confirmed that the overall effectiveness of the Board of Directors has been ensured.

In addition, for the following issues concluded as requiring further improvement in the previous evaluation, improvements have been made.
(1) Setting agenda giving more consideration to strengthening the functions of the Board of Directors
(2) Enriching and deepening the content of materials, briefing, and reports of the Board of Directors
(3) Continuing to provide information that will lead to promoting the understanding of the Members of the Board (Outside)

These issues have been confirmed as ones that should continue to be worked on in fiscal 2019.

3. Nomination Committee and Compensation Committee

To ensure management transparency, nomination of candidates for Members of the Board, Members of the Audit and Supervisory Board, and Corporate Officers and compensation thereof are deliberated on by the Nomination Committee and the Compensation Committee, respectively, which are established as voluntary committees.

These committees consist of at least three Members of the Board, of whom Members of the Board (Outside) form a majority, and are chaired by an Member of the Board (Outside). Both committees are comprised entirely of Members of the Board (Outside) at present and one Member of the Audit and Supervisory Board (Outside) participates in each committee as an observer.

(1) Nomination Committee

In fiscal 2018, meetings were held eight times to discuss matters required for nominating candidate Members of the Board, Members of the Audit and Supervisory Board, and Corporate Officers, plans for training successors for the President and CEO, Advisors and the Advisory System, etc.
Value Creation Story

Corporate Governance

COLUMNS

Policies and procedures for appointment of Members of the Board, Members of the Audit and Supervisory Board, and CEO and Dismissal of Members of the Board and CEO.

The Company has defined policies and procedures for the appointment of candidate Members of the Board, Members of the Audit & Supervisory Board, and CEO as well as for the dismissal of Member of the Board and CEO.

For candidates for Members of the Board, the Board of Directors appoints the candidates after they have been sufficiently verified by Nomination Committee. For candidates for Members of the Audit and Supervisory Board, the Board of Directors appoints the candidates after they have been verified by Nomination Committee and then verified and agreed to by the Audit and Supervisory Board. An appointment of Members of the Board and Members of the Audit and Supervisory Board is referred to the General Meeting of Shareholders. As for candidates for the CEO, they are appointed in accordance with the successor plan, qualification requirement definitions, etc. that are repeatedly discussed by the Nomination Committee, and an appointment (including re-appointment) of the CEO is determined by the resolution of the Board of Directors after the sufficient deliberation by the Nomination Committee and the subsequent recommendations by the Committee.

Message from Chairperson of the Nomination Committee

The Nomination Committee is an advisory committee delegated by the Board of Directors. The primary roles of this committee are to maintain transparency while examining and making proposals for the appointment and dismissal of Members of the Board and Corporate Officers. As the Chairman of the Nomination Committee, I lead discussions from the perspective of the ongoing growth of Daiichi Sankyo and the qualities required of its management.

The new structure with Chairman Nakayama and President and CEO Manabe following the General Meeting in June 2019 is also a result of discussion by the Nomination Committee for the last several years. In a severe business environment, I will continue to examine measures for further strengthening the management structure, including the evaluation of the management, realization of a more diverse and younger team of Corporate Officers, and cultivation of candidates for future management positions in order to support the ongoing growth of Daiichi Sankyo.

(2) Compensation Committee

The Compensation Committee has been established to deliberate on compensation of Members of the Board and Corporate Officers at the request of the Board of Directors and contribute to the enhancement of management transparency.

In fiscal 2018, meetings were held six times to deliberate on the verification of the remuneration levels, standard for calculating the bonus and bonus payment amounts and allocation of restricted stocks, etc. for Members of the Board and Corporate Officers.

Basic design of remuneration to Members of the Board and Members of the Audit and Supervisory Board

The remuneration to Members of the Board (excluding Members of the Board (Outside)) is designed to provide remuneration that contributes to maximize corporate value. Specifically, in addition to a basic remuneration as fixed remuneration, performance-based bonuses serving as short-term incentive and restricted share-based remuneration serving as long-term incentive are adopted as variable remuneration. The percentage of each remuneration component is designed to be 60% for basic remuneration, 20% for performance-based bonus, and 20% for restricted share-based remuneration if 100% of the performance goal is achieved.

The performance-based bonuses serving as short-term incentives are calculated by adopting revenue, indicating the size of the business, as an index with a high correlation to the maximization of corporate value, ratio of operating income to revenue, indicating the efficiency of business activities, and profit attributable to owners of the Company, indicating the final outcome of corporate activities, as the relevant indices.

The Remuneration system for Members of the Board and Member of the Audit and Supervisory Board for Fiscal 2018

<table>
<thead>
<tr>
<th>Classification of Members of the Board and Members of the Audit and Supervisory Board</th>
<th>Total payment amount including remuneration (millions of yen)</th>
<th>Total amount of remuneration for Members of the Board and Member of the Audit and Supervisory Board by type (millions of yen)</th>
<th>Number of eligible Members of the Board and Members of the Audit and Supervisory Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members of the Board (excluding Members of the Board (Outside))</td>
<td>591</td>
<td>322</td>
<td>158</td>
</tr>
<tr>
<td>Members of the Audit and Supervisory Board (excluding Members of the Board and two Members of the Audit and Supervisory Board (Outside))</td>
<td>75</td>
<td>75</td>
<td>---</td>
</tr>
<tr>
<td>Members of the Board (Outside)</td>
<td>60</td>
<td>60</td>
<td>---</td>
</tr>
<tr>
<td>Members of the Audit and Supervisory Board (Outside)</td>
<td>45</td>
<td>45</td>
<td>---</td>
</tr>
</tbody>
</table>

* The amount of remuneration, etc. and the number of Members of the Board (excluding Members of the Board (Outside)) and Members of the Audit and Supervisory Board (Outside) include one Member of the Board and two Members of the Audit and Supervisory Board (Outside) who retired at the end of his or her term of office as of the end of the 15th General Meeting of Shareholders held on June 18, 2018.

Message from Chairperson of the Compensation Committee

I have been appointed to serve as the new Chairperson of the Compensation Committee from this fiscal year. As visualization and expansion of disclosure of remuneration of Members of the Board are demanded in recent years, I feel the weight of responsibility as the Chairperson.

The major role of the Compensation Committee is to create a remuneration system that functions as an appropriate incentive for motivating Members of the Board to achieve our management vision and the 5-year business plan. At the same time, it is also important to design and operate a system that enables us to secure the transparency of management fulfill our accountability to shareholders.

In light of Daiichi Sankyo’s system created through experience, I will examine the system for more appropriate remuneration from a new point of view.
Value Creation Story

Corporate Governance:
Messages from Members of the Audit (Outside) and the Supervisory Board (Outside) (Independent Directors)

There is a clear need for management systems capable of furnishing a speedy and flexible response to changes in the business environment and a Board of Directors that sufficiently incorporates corporate governance. Therefore, I feel immense responsibility to live up to expectations with this regard as a Member of the Board (Outside).

Our medium-term plan, Daiichi Sankyo will need to overcome the challenges presented by the loss of exclusivity for some of its products. This period will be an incredibly important time for transformation to build foundations for future growth to ensure that the company can continue growing.

I will take action while incorporating the perspective of "aggressive governance." To implement these strategies, I will strive to facilitate effective corporate governance with regard to such areas as formulating corporate strategy and conducting appropriate investments for future growth and selecting members of the management team.

For good governance, it is necessary to advance digital transformation due to advances in information and communication technologies (ICT) in the management of the company so as to contribute to the healthy and rich lives of people around the world. It is also important.

Noriyuki Uji
Member of the Board (Outside) (Independent Director)

Development of a pharmaceutical innovation changes the lives (life expectancy, quality of life, performances) of people who are suffering from a target disease and consequently affects the development and state (population composition, work style, social security) of the entire society significantly. The development and state of the health care industry and the insight gained through this experience, thereby contributing to the national economy.

I attribute this belief, I will take action while incorporating the perspective of "aggressive governance."

Sawako Nohara
Member of the Audit and Supervisory Board (Outside) (Independent Auditor)

Messages from Members of the Audit (Outside) and Members of the Supervisory Board (Outside) (Independent Directors)

I believe it is not easy for a company to realize sustainable growth under the ever-changing circumstances in and outside of Japan and amid the increasingly adverse management environment. With the aim of becoming a "Global Pharma Innovator with competitive advantage in oncology," the company has been advancing steadily under the 5-year business plan.

From a different viewpoint, on the other hand, it seems that the company is about to enter a drastic transitional period. I think we are required to commit to building a flexible and resilient organization that resists changes.

As a government police official, I had long been working to create a society that is resistant to or that are not prone to crimes or accidents. In an attempt to realize a society where people in Japan can live more safely and securely. Both creating a society and building an organization are essentially the same.

I will strive to respond to the expectations and trust of many stakeholders in collaboration with internal Audit Department, accounting auditors, and Members of the Audit and Supervisory Board of our Group companies, especially from the viewpoint of corporate governance.

Sayoko Izumoto
Member of the Audit and Supervisory Board (Outside) (Independent Auditor)

I was appointed a Member of the Board (Outside) in June 2019. I think our 2025 Vision of becoming a "Global Pharma Innovator with competitive advantage in oncology" is an excellent vision that is socially beneficial as well as gives people great hope in terms of coping with the disease people around the world are hoping to overcome.

I am delighted to engage in the management of the company as a Member of the Board (Outside). I would like to offer advice and share my experiences as a Member of the Board of Directors of the company from the viewpoint of an outsider based on my accumulated knowledge on business strategies and innovation ecosystem in the digital field and skills to derive desired products and services from the standpoint of a consumer. I will also comment on this belief, I will take action while incorporating the perspective of "aggressive governance."

Sawako Nohara
Member of the Board (Outside) (Independent Director)

Takashi Higuchi
Member of the Audit and Supervisory Board (Outside) (Independent Auditor)

Today, a higher priority is placed on transparency and compliance in corporate management than ever before. As the Work Style Reform Act entered into force last April, reviewing the work style of each employee is now a pressing issue. Leveraging my experience in corporate legal affairs and corporate governance with a focus on labor and employment cases as a lawyer, I, as a Member of the Audit and Supervisory Board, will continuously strive to contribute to establishing good corporate governance in response to the public trust.

Regarding the implementation of the 2025 Vision, the company has been promoting transformation, and the forming of an alliance with AstaZeneca for DS-8017 is a critical step forward. However, when a company tries to make a change, not only opportunities but also risks will arise. In order to select and execute the best strategy from various choices within time constraint, an organization needs to make quick decisions. A Member of the Audit and Supervisory Board in the capacity of a lawyer is expected to contribute to providing a sense of security to shareholders and increasing corporate value of the company. In order to achieve these, I will always offer objective opinions from an auditor's viewpoint in accordance with the legal mind and a neutral stance, so that unnecessary legal disputes and damages to corporate value will be avoided.

I will continue to endeavor to secure compliance and sound management of the company in pursuit of its sustainable growth.

Yukiko Imazu
Member of the Audit and Supervisory Board (Outside) (Independent Auditor)

Kazuo Kama
Member of the Board (Outside) (Independent Director)

I understand the role of the Board of Directors as "conducting monitoring for sustainable growth and increased corporate value," specifically, the decision-making on the management policy (management board) and the monitoring and supervising the conduct of operations by Members of the Board and Corporate Officers (monitoring board). Members of the Board (Outside) are required to assess the effectiveness of the management strategy and risks associated with the implementation of the strategy and to constantly verify the effectiveness of governance and internal control to prevent damage to corporate value, from the standpoint of a third party who are not involved in the conduct of operations.

I provide advice, etc. based on my experience and knowledge as a corporate manager of a heavy machinery manufacturer in a directly opposite position of the company as well as the expertise and practical experience in the area of finance and accounting. I will contribute to the best of my ability to improve the effectiveness of the Board of Directors of the company.

Taking risks is necessary for the growth of a company. Daiichi Sankyo is also looking to take risks in pursuit of growth.

Members of the Board (Outside) tend to be negative when it comes to implementing a strategy for taking risks. I will fulfill my role from the standpoint of supporting the Corporate Officers by taking a positive stance in implementing strategies and monitoring the PDCA cycle for implementing the strategies.

Sawako Nohara
Member of the Board (Outside) (Independent Director)

Tsuguya Fukui
Member of the Board (Outside) (Independent Director)

I believe it is not easy for a company to realize sustainable growth under the ever-changing circumstances in and outside of Japan and amid the increasingly adverse management environment. With the aim of becoming a "Global Pharma Innovator with competitive advantage in oncology," the company has been advancing steadily under the 5-year business plan.

From a different viewpoint, on the other hand, it seems that the company is about to enter a drastic transitional period. I think we are required to commit to building a flexible and resilient organization that resists changes.

As a government police official, I had long been working to create a society that is resistant to or that are not prone to crimes or accidents. In an attempt to realize a society where people in Japan can live more safely and securely. Both creating a society and building an organization are essentially the same.

I will strive to respond to the expectations and trust of many stakeholders in collaboration with internal Audit Department, accounting auditors, and Members of the Audit and Supervisory Board of our Group companies, especially from the viewpoint of corporate governance.

Takefumi Higuchi
Member of the Audit and Supervisory Board (Outside) (Independent Auditor)

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I am delighted to engage in the management of the company as a Member of the Board (Outside). I would like to offer advice and share my experiences as a Member of the Board of Directors of the company from the viewpoint of an outsider based on my accumulated knowledge on business strategies and innovation ecosystem in the digital field and skills to derive desired products and services from the standpoint of a consumer. I will also comment on this belief, I will take action while incorporating the perspective of "aggressive governance."

Sawako Nohara
Member of the Board (Outside) (Independent Director)

Sayoko Izumoto
Member of the Audit and Supervisory Board (Outside) (Independent Auditor)

It has been one year since I assumed my position as a Member of the Audit and Supervisory Board (Outside) being appointed at Ordinary General Meeting of Shareholders held last year. I believe it is not easy for a company to realize sustainable growth under the ever-changing circumstances in and outside of Japan and amid the increasingly adverse management environment. With the aim of becoming a "Global Pharma Innovator with competitive advantage in oncology," the company has been advancing steadily under the 5-year business plan.

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I will strive to respond to the expectations and trust of many stakeholders in collaboration with internal Audit Department, accounting auditors, and Members of the Audit and Supervisory Board of our Group companies, especially from the viewpoint of corporate governance.
Value Creation Story

Corporate Governance: Introduction of Members of the Board and Members of the Audit and Supervisory Board

Members of the Board

- George Nakayama
- Sunao Manabe

Members of the Audit and Supervisory Board

- Ryoshi Watanabe
- Sayoko Iizumo
- Takashi Sugawara

Utilities

Career Summary, Positions, and Assignments

Career Summary, Positions, and Assignments

1971 Entered Nippon Telegraph and Telephone Corporation

1976 Graduated from Faculty of Engineering, University of Tokyo

1980 Registered as Certified Public Accountant

1987 Partner of Tohmatsu & Co. (currently "Deloitte Tohmatsu & Co.")

2007 Member of the Audit and Supervisory Board (Outside)

Member of the Audit and Supervisory Board (Outside)