

Daiichi-Sankyo

**Daiichi Sankyo Group  
Value Report**

**2022**

**Passion for Innovation.  
Compassion for Patients.™**







## Contents

### Introduction

- 3 The Daiichi Sankyo Group's Mission
- 5 History of the Daiichi Sankyo Group
- 7 At a Glance

### Value Creation Story

- 9 Message from the CEO
- 15 Business Model Underpinned by Our Strength in Science & Technology
- 17 Business Model Driven by Human and Intellectual Capital
- 19 Delivering Innovative Pharmaceuticals to Patients around the World
- 25 Materiality
- 27 List of Materiality
- 29 Materiality on Business
- 33 Materiality on Business Foundations
- 36 Penetration Initiatives to Realize our Purpose and Vision
- 37 Social Value Creation
- 39 Initiatives toward Patient Centricity
- 43 Message from the CFO
- 47 Risk Management
- 51 Round-table Discussion with Outside Directors
- 55 Corporate Governance
- 65 Introduction of Directors and Audit & Supervisory Board Members
- 67 Stakeholder Engagement

### Activity Report

- 71 Sustainability Activities
- 85 Value Chain Activities
- 91 10-Year Financial Summary
- 93 Consolidated Financial Statements
- 97 Financial Results and Financial Analysis
- 101 Major Products
- 103 Corporate Profile / Main Group Companies
- 105 ESG (Environmental, Social, and Governance) Data
- 107 Independent Assurance Report for Environmental and Social Indicators
- 109 Shareholders' Information



### Editorial Policy

The Daiichi Sankyo Group began publishing Value Reports, its brand of integrated reports, in FY2013. These reports integrate reporting on sustainability activities conducted towards the improvement of corporate value and realization of our Purpose and Vision, by referring the IIRC framework, and are positioned as a communication tool for helping shareholders and investors understand the Company's efforts to improve its long-term corporate value and realize a sustainable society.

### Cautionary Note Regarding Forward-Looking Statements

Management strategies and plans, financial forecasts, future projections and policies, and R&D information that our Group discloses are all classified as "Daiichi Sankyo's future prospects."

These forward-looking statements were determined by the Group based on information currently available with certain assumptions, premises, and future forecasts, and thus, there are various inherent risks as well as uncertainties involved. As such, please note that actual results of our Group may diverge materially from our outlook or the content of this material.

### Period Covered

April 1, 2021–March 31, 2022 (FY2021), and also information for the period from April 2022 onward

**For inquiries related to this integrated report, please contact the Sustainability Promotion Department:**

<https://www.daiichisankyo.com/contact/form/index.php>



## Sustainability Related Information

### Value Report

The Value Report outlines the ongoing improvements to our corporate value as a story, explaining our value creation process in the short, medium, and long-term with the goal of realizing our Purpose, from both a financial and non-financial viewpoint. Via the report, we also integrate reporting on data and information regarding our year's activities from an ESG perspective.



### Environmental Data Book

The Environmental Data Book seeks to increase understanding of the Group's environmental management initiatives, and the information which complements the Daiichi Sankyo Group Value Report and the environmental data on our website.



### Sustainability Website

The Sustainability Website offers a comprehensive understanding of our approach and activities to sustainability, which we engage in to contribute to a sustainable environment, society, and economy, and to realize our Purpose.





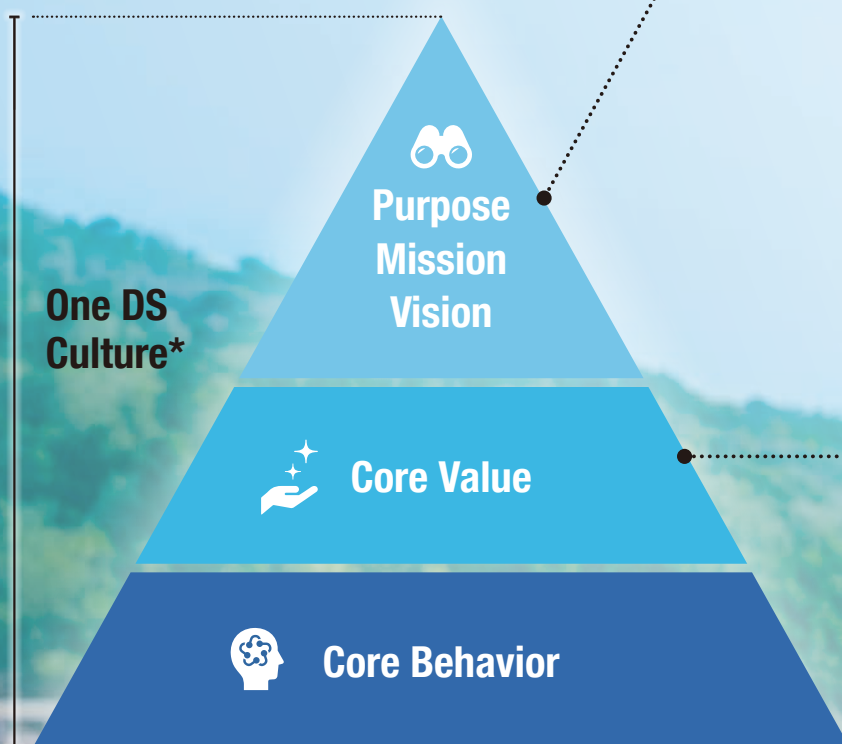


## Purpose

**Contribute to the enrichment of  
quality of life around the world**







**One DS Culture\***

**Purpose  
Mission  
Vision**



**Core Value**



**Core Behavior**

\* Aggregate of Purpose, Mission, Vision, Core Value, and Core Behavior

## **Purpose**

Contribute to the enrichment of quality of life around the world

## **Mission**

Create innovative pharmaceuticals addressing diverse medical needs

## **2030 Vision**

Innovative Global Healthcare Company Contributing to the Sustainable Development of Society

## **Innovation**

The introduction of new ideas, methods, or inventions

## **Integrity**

The quality of being honest and of always having high moral principles

## **Accountability**

Being responsible for the effects of your actions and being willing to explain or be criticized for them

**Be Inclusive & Embrace Diversity  
Collaborate & Trust  
Develop & Grow**



# A History as a Partner to Patients for over 100 years

## 2015 Vision

Realization of Global Pharma Innovator

### 2007 1st Mid-term Business Plan

Maximization of synergy and expansion of growth foundation

- Focus on thrombosis, cancer, diabetes,
- Maximize sales of Olmesartan franchises
- Acquire Ranbaxy Laboratories and integrate it into the Group

### 2010 2nd Mid-term Business Plan

Advancement of global hybrid business model

- Focus on thrombosis, cardiovascular-metabolics, and cancer fields
- Expand operating foundations in Japan
- Conduct frontline and back-end collaboration with Ranbaxy

### 2013 3rd Mid-term Business Plan

Promotion of measures toward sustainable growth beyond LOE\*

- Focus on thrombosis, cardiovascular-metabolics, and cancer fields
- Divest and liquidate Ranbaxy
- Return to innovative business

\* Loss of exclusivity

1899

1899

Launched **Taka-Diastase**®, a digestive enzyme agent, based on Taka-Diastase digestive enzyme discovered on a fungus by Dr. Jokichi Takamine



1910

1910

Dr. Umetero Suzuki, a future Sankyo scientific adviser, made the world's first discovery of vitamin B1 (**Orizantin**®) in rice bran and established a foundation for the theory of vitamins



1960

1965

Launched **Transamin**®, a hemostatic and anti-inflammatory agent



1980

1985

Launched **Tarivid**®, a broad-spectrum oral antimicrobial agent



1985

Launched **Loxonin**®, an anti-inflammatory analgesic



1902

Adrenalin, an adrenal cortex hormone agent



1915

Dr. Shozhaemon Keimatsu (founder of Arsemin Shokai, the predecessor organization of Daiichi Pharmaceutical) began domestic manufacturing of Salvarsan, a therapeutic drug for syphilis



1921

Began manufacturing of **Bosmin**®, a vasoconstriction/hemostasis and asthma medicine



1951

Manufactured **Chloromycetin**®, the first antibiotic produced in Japan



Transition of unmet medical needs throughout time

Infectious diseases (tuberculosis and pneumonia)



## 2030 Vision

Innovative Global Healthcare Company Contributing to the Sustainable Development of Society

## 2025 Vision

Global Pharma Innovator  
with a Competitive Advantage in Oncology

## 2021–2025

### Current 5-year Business Plan

Become a “Global Pharma Innovator with a competitive advantage in oncology,” and shift to further growth toward our 2030 Vision

## 2016–2020 5-year Business Plan

Transformation to become a Global Pharma Innovator with a competitive advantage in oncology

- Grow beyond LOE
- Establish a foundation of sustainable growth

1990

1989

**Mevalotin<sup>®</sup>**, hypercholesterolemia treatment



1993

**Cravit<sup>®</sup>**, a broad-spectrum oral antimicrobial agent



2000

2002

Olmesartan (**Olmetec<sup>®</sup>** in Japan, **Benicar<sup>®</sup>** in the United States), an antihypertensive agent



2009

**Efient<sup>®</sup>**, an antiplatelet agent



2010

2010

**Inavir<sup>®</sup>**, anti-influenza treatment



2011

**Lixiana<sup>®</sup>**, an anticoagulant



2013

2016

2020

2020

**Enhertu<sup>®</sup>**, an anti-cancer agent (HER2 directed antibody drug conjugate)



2019

**Tarlige<sup>®</sup>**, pain treatment



2030

Lifestyle-related diseases (brain and heart diseases)

Cancer, dementia, and emerging and re-emerging infectious diseases



# Becoming an Innovative Global Healthcare

## Company with Strengths in



### Human Resources

- › Diverse range of talents with high levels of expertise
- › Scientific assessment capabilities
- › Technologies originated from craftspersonship
- › High levels of engagement
- › Desire for innovation

### Core Technologies

- › Proprietary ADC technology platform
- › Medicinal chemistry, protein engineering, drug evaluation, computational science, and translational research

### Corporate Culture

- › A corporate culture in which employees respect each other as a specialist in science, and exchange opinions in a free and open-minded manner, regardless of positions and tenure
- › A culture that promotes the transmission of experience and technologies for creating medicines

Driving Force for Value Creation  
**Science & Technology**





## Business Activities and Areas

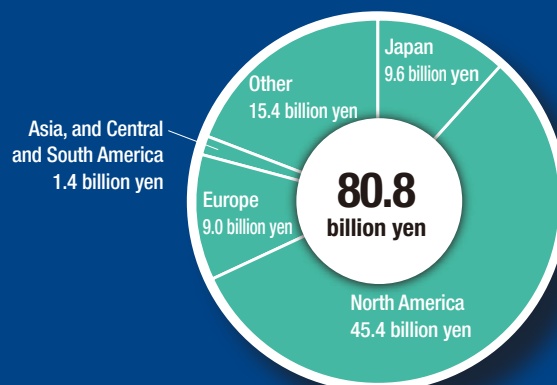
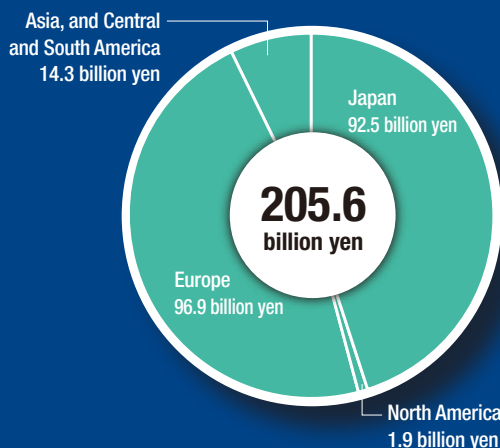
Revenues in FY2021:

**1,044.9** billion yen

Anticoagulant *Edoxaban*

Anti-cancer agent *Enhertu*®

Major Products  
Worldwide



Number of  
employees by  
region

Number of global employees **16,458**



## Key Non-Financial Indicators (FY2021 results)

Countries where *Enhertu* has been launched:

**25** countries

FY2025 Goals

▶ 40 countries or more

CO<sub>2</sub> emissions (compared to FY2015 levels)

Reduction of **15.7** % (191,399 tons)

FY2025 Goals

▶ Reduction of 42% (compared to FY2015 levels)

Percentage of renewable electricity used

**9.4** %

FY2025 Goals

▶ 60% or more

Percentage of positive employee engagement survey responses\*

**75** %

FY2025 Goals

▶ 80% or more, or a 10% increase compared to FY2021

Percentage of female in senior managerial employees

**17.9** %

FY2025 Goals

▶ 30%

\*Global Culture Survey on corporate culture and work environment

# To realize our Purpose, we will engage in ESG management and contribute to the sustainability of society by solving social issues

Daiichi Sankyo Group will continue to provide society with a wide range of solutions to social issues that we are expected to address by leveraging our strengths in Science & Technology, the source of our Group's competitive advantage, and stepping up to the challenges across our entire value chain.

## Greetings

I would like to thank all of our stakeholders for your continued support and understanding of our Group's management. The world is now facing many challenges such as climate change and human rights abuses, as well as complex social issues involving energy and logistics, stemming from the COVID-19 pandemic and the Ukraine-Russia situation.

We hope that this Value Report will help our stakeholders understand how we are aiming to solve social issues and what kind of shared value we aim to create.

## Our Thoughts on Realizing our Purpose

Our Group's Purpose is to "Contribute to the enrichment of quality of life around the world." To realize this Purpose, we set our Mission to "create innovative pharmaceuticals addressing diverse medical needs," and have defined our Purpose and Mission as our Corporate Mission.

We have provided many in-house developed products to date. The common drive of our Group companies' employees to create new pharmaceutical products by leveraging our strengths in Science & Technology to help patients suffering from illnesses is the source of our commitment to realizing our Purpose.

## Creating a Society that Provides the Best Services tailored to Each Person

A society in which new value is created with "digital innovation" and "creativity of diverse people" is expected to emerge in the near future. In anticipation of this, we are working on developing "Healthcare as a Service"<sup>\*1</sup> to create a society that provides the best services tailored to each person by utilizing a variety of data and advanced technologies. To solve the challenges of each patient and consumer and to promote their well-being, we have begun collaborating with companies and organizations in the health and medical fields, data providers, and IT companies to build a total care ecosystem that covers health promotion, disease prevention, treatment, and prognosis care. We are also working on developing a total care platform that integrates decentralized health and medical data and connects them to individuals to facilitate the distribution and utilization of data. By leveraging the platform and the advanced data analysis functions we have cultivated over the years, we aim to identify the challenges of patients and consumers and tie them into creating new medical services, as well as to advance research and development (R&D) for our modalities<sup>\*2</sup>. Through these efforts, we aim to achieve total care and create new value for society (e.g., promoting innovation, reducing social security costs, optimizing medical resources, improving access to medical care, securing talents, extending healthy life expectancy, and economic development). We will play a leading role in building this total care ecosystem and platform, and strive to contribute to the creation of a sustainable society.

<sup>\*1</sup> Healthcare as a Service: Refers to the process of providing the best services tailored to each person by leveraging a wide variety of data and advanced technologies.

<sup>\*2</sup> Drugs include small molecules, antibodies, and other types of drug molecules, collectively called modalities.



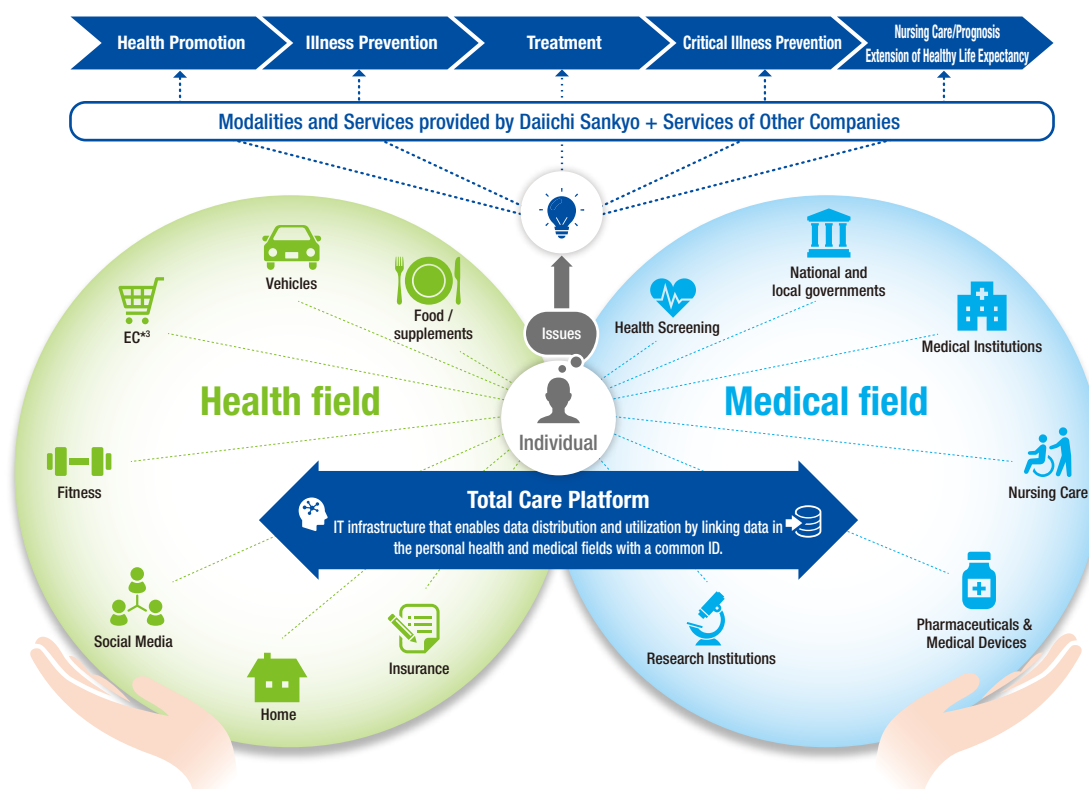


*S. Manabe*

**Sunao Manabe**

Representative Director,  
President and CEO

## Total Care Ecosystem



\*3 Electronic Commerce

## Value Creation Process and ESG Management

Since it takes many years to create innovative pharmaceuticals, it is important to take a long-term perspective in order to maintain the value creation cycle in a drug discovery business model. Our Value Creation Process illustrates in a diagram how we create value and provide it to society to realize our Purpose. Society has diverse demands and expectations for our Group, such as responding to unmet medical needs, engaging in corporate management with high ethical standards as a healthcare company, addressing global environmental issues, and promoting ESG initiatives. Taking this into consideration, we must respond sincerely and firmly to the unique requirements of each country and region in the course of our global business activities. With our strengths in Science & Technology as a source of competitive advantage, we provide patients and consumers with innovative pharmaceuticals, generic drugs, vaccines, and consumer healthcare products by investing in human, intellectual, and other critical capital in our value chain activities, including R&D, production, and sales and marketing. At the same time, we are addressing social issues such as environmental problems, diversity, and human rights through our business activities. In this way, we believe that we can achieve sustainable growth for both our company and society by providing patients, stakeholders, and society with the social and economic value that we create through our overall business activities, and then reinvesting this value as capital to create a continuous cycle. Furthermore, we have identified key issues that we must address for sustainable growth as Materiality.

For the value creation process, refer to

▶ P. 15

For human and intellectual capital, refer to

▶ P. 17

Our 2030 Vision is to become an “Innovative Global Healthcare Company Contributing to the Sustainable Development of Society.” We aim to be a company that continues to take on the challenge of providing innovative solutions through our value creation process rooted in our strengths in Science & Technology, in order to solve the social issues that people expect us to solve, such as creating innovative pharmaceuticals and promoting SDGs (Sustainable Development Goals) initiatives.

To flexibly respond to new social issues and changes in the social environment, such as the increasingly serious climate change issues as well as the associated health risks and unexpected outbreaks

of diseases, it is essential to take an ESG approach to incorporate the external environment into management strategies. The ESG management that we promote in the Daiichi Sankyo Group involves “management based on a long-term perspective that enhances both financial and non-financial value by reflecting ESG elements in business strategies.” We believe that this long-term focused management translates into sustainable growth of both our company and society. We will continue to promote ESG management to meet the expectations of our stakeholders, looking 10 years ahead and beyond.

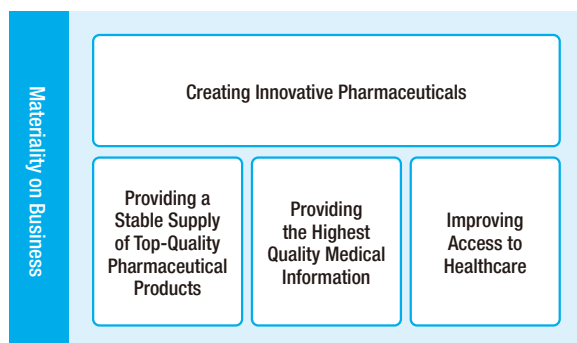
## Setting the Materiality KPI and Managing Progress

We have taken ESG factors into consideration and identified material issues that must be addressed to achieve sustainable growth from two perspectives: the level of importance based on their impact on the Group’s mid-to-long-term corporate value, and the expectations from society, including various stakeholders. We have organized the eight material issues identified into “Materiality on Business” and “Materiality on Business Foundations,” established long-term targets, and set KPI targets that tie into our current 5-year business plan (FY2021-FY2025).

In materiality management, it is important to monitor changes in the external environment and the demands of society in a timely manner, and we use the knowledge gained through constructive dialogue with internal and external stakeholders to add materiality and improve and review KPIs as necessary.

In FY2021, we confirmed our progress on KPI targets by using our performance evaluation and target management system as well as through various committees, and exchanged opinions among the members of the Board of Directors on the improvement and review of KPIs in light of stakeholder opinions, analysis on ESG evaluations, demands from society, and changes in the business environment. Based on the exchange of opinions and in light of domestic and international circumstances, trends, and rising societal demands, we revised our KPI targets for CO<sub>2</sub> emissions reduction and renewable electricity utilization rate to be more aggressive (1.5°C target), and also newly set human rights initiatives and KPI targets at the Executive Management Committee and Board of Directors held in June 2022. Many stakeholders have commented on the need for establishing metrics to gauge contribution to patients. The Board of Directors is

### Eight Materiality Identified





keenly aware of this need, and is currently working to establish relevant KPIs for FY2023.

With respect to key KPIs in FY2021, we achieved progress in line with our KPI targets for FY2025.

For Materiality, refer to

▶ P. 25

## Progress of the Current 5-year Business Plan (FY2021-FY2025)

In April 2021, we announced our 2030 Vision and current 5-year business plan. We have positioned our current 5-year business plan as a way to shift to further growth to realize our 2030 Vision of becoming an “Innovative Global Healthcare Company Contributing to the Sustainable Development of Society” by achieving our FY2025 target of becoming a “Global Pharma Innovator with Competitive Advantage in Oncology.”

### Strategic Pillar 1: Maximize 3ADCs

Maximizing 3ADCs is the highest-priority issue in our current 5-year business plan.

Global revenue from *Enhertu*® is steadily rising, reaching ¥80.8 billion in FY2021 thanks to market penetration and expansion of product sales in the countries and regions where we have launched the product, and we are aiming to double this figure in Japanese yen in FY2022. In addition, we acquired data showing unprecedented improvement in progression-free survival in the DESTINY-Breast03 study for the second-line treatment of HER2-positive breast cancer patients. We filed for approval in Japan, the United States, Europe, China, and other countries, and received approval in the US in May 2022. The DESTINY-Breast04 study for HER2 low breast cancer patients previously treated with chemotherapy also showed positive results, leading to maximization of the product value. In August 2022, we obtained an approval for HER2 low breast cancer in the U.S. through a priority review under the FDA’s Breakthrough Therapy Designation. This is the first ever HER2 directed medicine to be approved for the treatment of patients with HER2 low breast cancer. For *Dato-DXd* and *HER3-DXd*, we accelerated development, as we believe it is important to enter the market as early as possible. We will continue to make

effective development investments in 3ADCs to achieve dramatic growth in the second half of our current 5-year business plan, while steadily promoting initiatives including establishing stable supply of top-quality investigational drugs and commercial products to realize the maximization of 3ADCs.

### Strategic Pillar 2: Profit Growth for Current Business and Products

Profit growth for existing businesses and products is an important priority for us to continue investing in sustainable growth. Sales of *Lixiana*, a highly profitable and stable profit generator, continues to expand steadily in Europe and Japan, as well as the ASCA areas covering Asia and South & Central America, thanks to its inclusion on the national list of medical insurance reimbursement pharmaceuticals in China. In FY2021, global *Lixiana* sales surpassed our target of ¥200 billion and continues to expand. We are currently conducting clinical trials for *Nilemdo*® and *Nustendi*®, which we launched in Europe last year, with the aim of expanding their indications to include the suppression of cardiac events in Europe, and we are hopeful that the trials will yield positive results. We are also aiming to quickly expand sales of our prophylaxis of migraine attacks *Emgality*® and migraine treatment *Reyvow*® in Japan by leveraging their product strengths. In this way, we will also aim for continuous growth in our new drugs business outside of oncology.

### Strategic Pillar 3: Identify and Build Pillars for Further Growth

Identifying the next growth drivers following 3ADCs and selecting the post-DXd-ADC modality through a multi-modality research strategy are also important priorities in order to achieve sustainable growth.

Among the various modality technologies, we will select the post-DXd-ADC modalities that will enable our sustainable growth. In addition, we will utilize LNP-mRNA for vaccines against diseases other than COVID-19 to grow our vaccine business. For *DS-7300* and *DS-6000*, both of which have started clinical trials, we have confirmed early efficacy signals in Phase 1 and will push forward with development, positioning them as our “Rising Stars” with potential to be the next growth drivers following 3ADCs.



## Strategic Pillar 4: Create Shared Value with Stakeholders

Creating shared value with stakeholders such as patients, shareholders and investors, society and the environment, and employees is also an important priority in promoting ESG management from a long-term perspective.

In terms of creating shared value with patients, we will contribute to patients by placing the patient centric mindset at the core of all of our activities. Creating shared value with patients by providing new drugs and information that is highly needed by society is the reason behind our Group's existence in society. Patient centricity will become even more important in our pipeline as the mix of oncology drugs increases. We have been promoting COMPASS activities\* for some time, and we further strengthened our patient centric mindset, in which we attend to the feelings of patients by being mindful of them in our daily work, by sharing the details of these activities with all employees in Japan in FY2021. We will incorporate the voices of patients and their families throughout the value chain, such as in developing new drug formulations that are more patient-oriented and in providing safety information that is easier to understand and access.

\* Activities based on our slogan, "Compassion for Patients," aimed to contribute to realizing "life with a smile" around the world, by providing opportunities for all the Group employees to understand the lives, difficulties, and hopes of patients and think about what we can do.

For the initiatives toward Patient Centricity, refer to

▶ P. 39

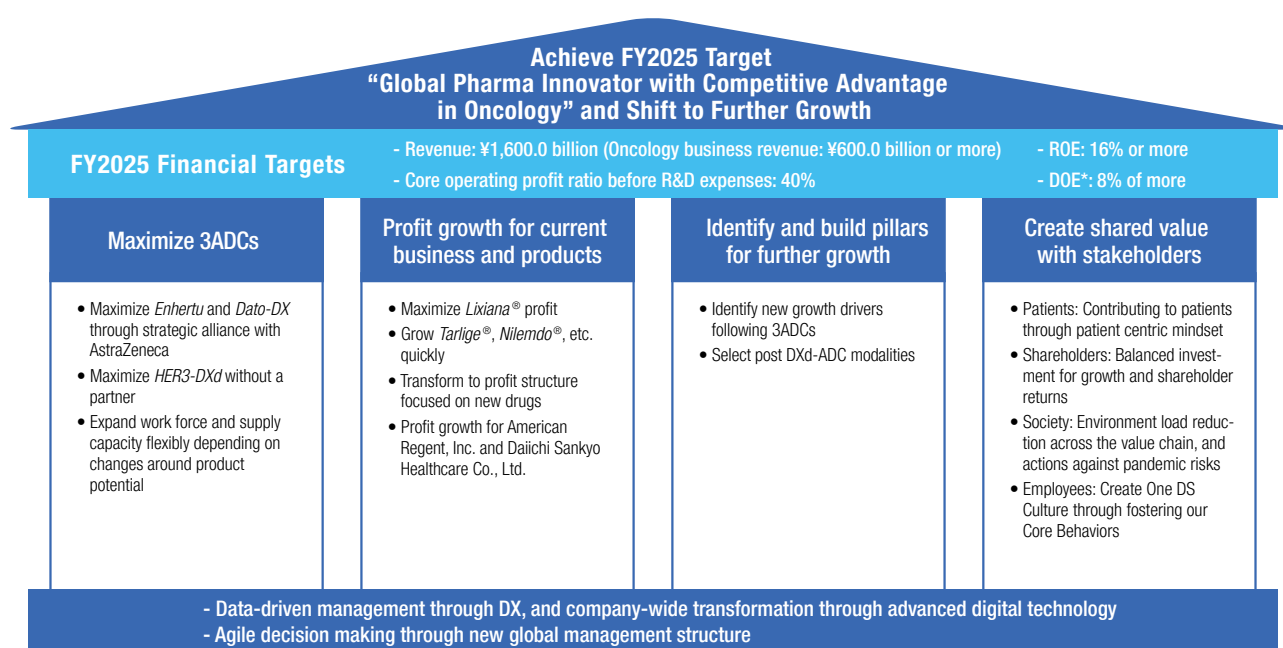
As for creating shared value with our shareholders and investors, we held an ESG briefing to explain our business model built on our strengths in Science & Technology, as well as ESG management, to investors for the first time last year. We will continue to work on improving our business based on the valuable feedback we received on improving access to healthcare, promoting professional development for women, and leveraging DX (Digital Transformation) strategically. In addition, we will strive to achieve well-balanced investment in growth and shareholder returns in order to sustainably enhance our corporate value.

With regard to society, we will create shared value by engaging in dialogue with various stakeholders to gain a deeper understanding of the social issues that we must address. We will contribute to society and the environment by promoting various initiatives to reduce environmental impact throughout our value chain spanning from R&D to sales and marketing. In FY2021, we joined the RE100 international initiative, which aims to achieve 100% renewable energy for electricity consumed in business activities. In addition to providing a stable supply of seasonal flu and other vaccines from our own production sites during normal times, we will contribute to society by establishing technologies that can be applied to COVID-19 as well as to vaccines for future emerging and re-emerging infectious diseases, and by developing a vaccine supply system for future pandemics.

As for creating shared value with employees, about 200 global leaders, including myself as CEO, have been discussing the importance of cultural transformation, building the ability to drive transformation, and understanding and practicing our three Core Behaviors. By having our global leaders act as role models in practicing Core Behavior and fostering the One DS Culture, and having each and every employee implement the Core Behavior, we will create a work environment where diverse range of talents with various values are highly engaged and can maximize their potential.

## Platform for Supporting Strategy Execution

As a platform to support the implementation of these four strategies, we have launched "Project 4D (Daiichi Sankyo Data-Driven Decision Making)" to establish data-driven management, and are revamping our ERP (Enterprise Resources Planning) system to standardize and centrally maintain management information at a global level. In addition, from the value chain perspective, we have created a mass-computing environment that enables us to leverage Artificial Intelligence (AI) for compound design and image analysis based on data analytics and predictions to accelerate drug discovery activities. Furthermore, we



\* DOE: Dividend on Equity = Total dividend amount / Equity attributable to owners of the Company



**The results of two phase 3 studies for *Enhertu*, which will transform the treatment of breast cancer patients have given us great confidence in achieving our current 5-year business plan targets.**



are making progress in introducing, deploying, and stably operating various advanced technologies that support corporate activities, such as expanding data analysis functions for appropriate and prompt quality and safety management through a company-wide data analysis infrastructure, and introducing digital communication tools to provide information to healthcare professionals. We will continue to accelerate internal transformation by utilizing data and digital technology, the two pillars of DX initiatives.

### **Smooth Start for the First Fiscal Year of the Current 5-year Business Plan (FY2021-FY2025)**

Our financial target for FY2025, the final fiscal year of the current 5-year business plan, is ¥1.6 trillion in revenue, including ¥600 billion or more in revenue from the oncology field.

In FY2021, the first fiscal year of our current 5-year business plan, we enjoyed a good start with both revenue and core operating profit expanding to ¥1,044.9 billion and ¥90.6 billion, respectively. This was aided by the spread of appropriate use of *Enhertu*, growth of major products such as *Lixiana* and *Injectafer*, as well as effective use of expenses. Our biggest accomplishment was the results of two phase 3 studies for *Enhertu*, which will transform us into a major global leader in the oncology field by transforming the treatment of breast cancer patients. This has given us great confidence in achieving our current

5-year business plan targets.

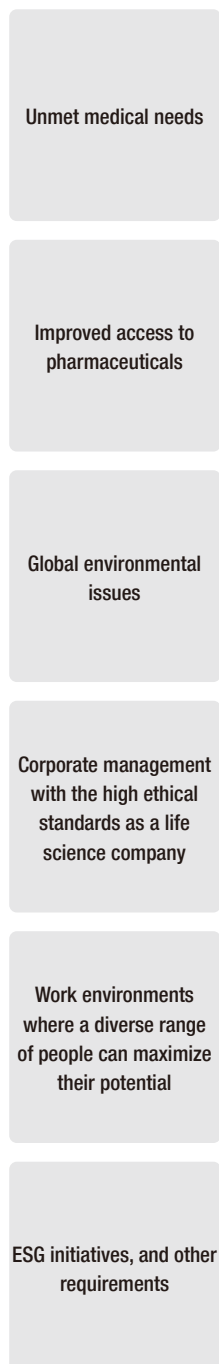
Furthermore, in FY2021, we worked to thoroughly raise awareness and understanding on our value creation process, ESG management, 2030 Vision, and current 5-year business plan to all Group employees. Amid the COVID-19 pandemic, we held a total of 13 CEO Town Hall Meetings (7 in Japan and 6 overseas) by effectively leveraging our online meeting system.

### **In Closing**

The social and business environment surrounding our Group is in a constant state of change. Going forward, we will continue to respond to the diverse demands and expectations from society. At the same time, we will identify further growth drivers to follow ADCs, while taking into account technological innovation trends such as DX, to realize our 2030 Vision. We will also further our discussions on clarifying the link between modality, which is our new growth driver, and materiality, while also creating shared values with our stakeholders, including patients. We will welcome the frank opinions and suggestions of our stakeholders, and work together as a company to realize our Purpose.

# Create Shared Value with our Stakeholders to Realize Sustainable Value Creation

## Requirements from Society



## Investment Capital



## Our Mission

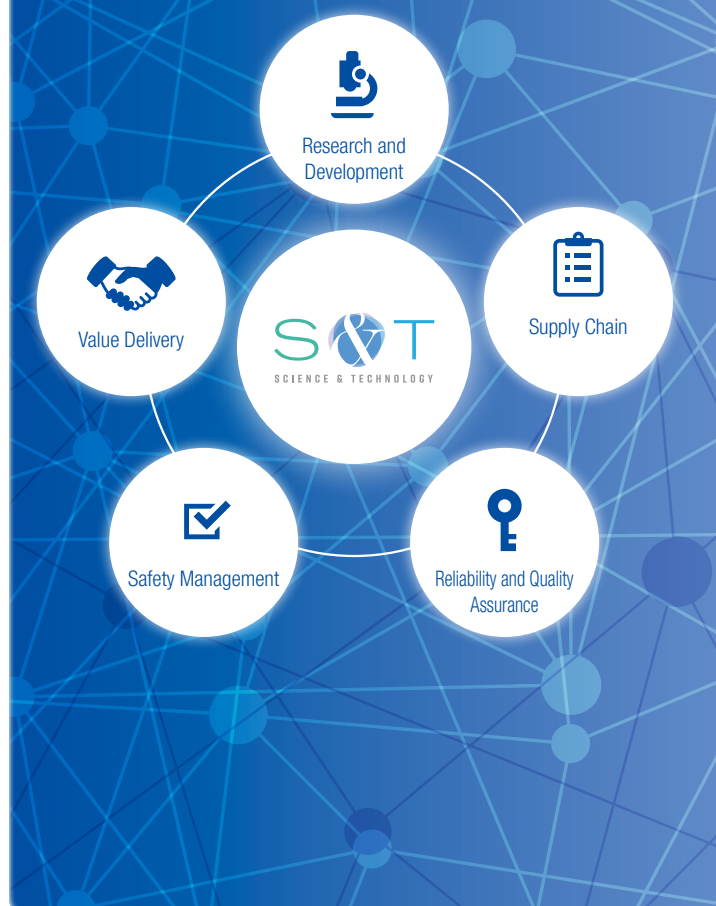
### Purpose

Contribute to the enrichment of quality of life around the world

### Mission

Create innovative pharmaceuticals addressing diverse medical needs

### Value Chain

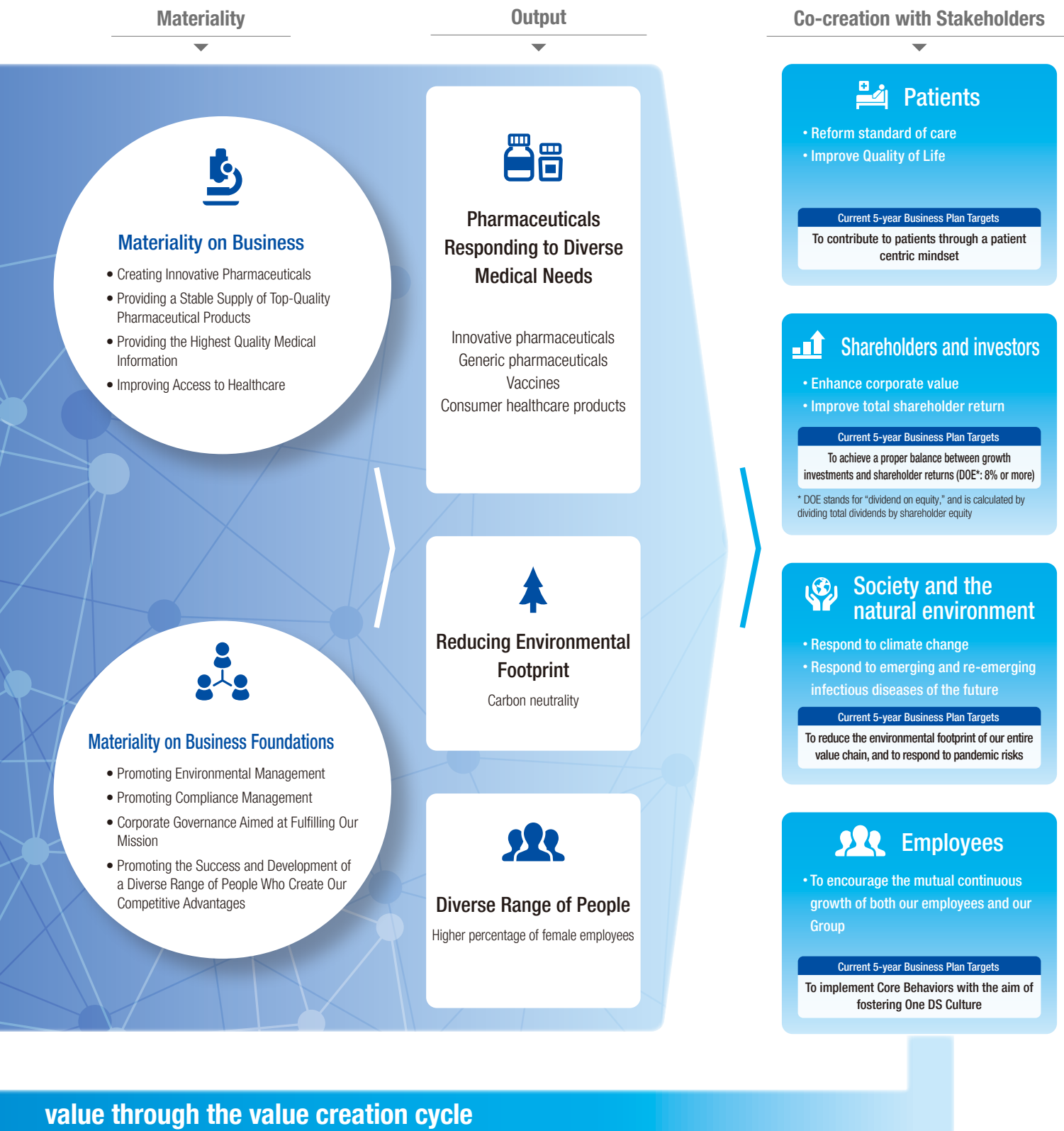


**Sustainable enhancement of corporate**



As a global pharmaceutical company, the Daiichi Sankyo Group is uniquely positioned to address diverse social needs, including unmet medical needs. We endeavor to meet such needs throughout our entire value chain, by investing our human and intellectual capital, and by leveraging our excellence in Science & Technology—the source of our competitive advantages. We provide patients and other stakeholders

with social and economic value through pharmaceuticals that meet various medical needs, through reductions in our environmental footprint, and through the activities of our diverse range of people. Creating value with our stakeholders allows us to build a sustainable cycle of value creation, through which we aim to continually enhance our corporate value and contribute to the sustainable growth of society.



# Business Model Driven by Human and Intellectual Capital

Human and intellectual capital are the driving forces behind the evolution of the business models of the Daiichi Sankyo Group, leveraging studies that exemplify the importance of maximizing both types of capital.

Enhance Financial and

Achieve our current 5-year

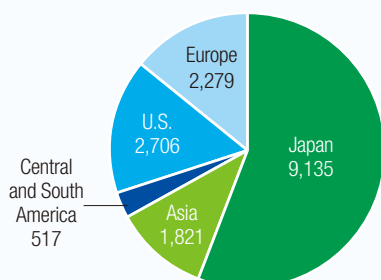


## Human Capital

- Number of employees (consolidated): 16,458 (26 countries/regions with group presence)
- Diverse range of people who create our competitive advantage
- Corporate culture that enables diverse range of people to be highly engaged

Number of employees (consolidated):  
**16,458**

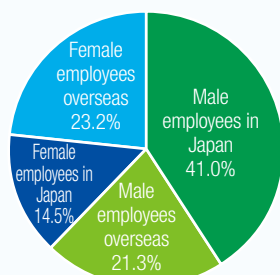
### No. of employees by region



### No. of new employees worldwide in FY2021

Total no. of new employees:	1,611
Male:	769
Female:	842

### Male-female ratio (Japan and overseas)



### Inclusion & Diversity

Percentage of female employees in managerial positions	
Japan:	8.4%
Global:	28.1%
Percentage of female in senior managerial employees	
Japan:	4.4%
Global:	17.9%

## Promoting the Success and Development of a Diverse Range of People Who Create Our Competitive Advantages ▶ P. 35

### Strategic human resources portfolio

- Acquire and internally train talent in line with our current 5-year business plan, to realize our 2030 Vision

### Diversity

- Increase percentage of female employees; increase percentage of female in managerial employees; and increase percentage of non-Japanese employees
- Strengthen LGBTQ initiatives

### Engagement

- Maintain high global engagement scores
- Hold frequent CEO Town Hall Meetings

### Corporate culture that encourages new challenges and promotes growth

- Hiring talent through internal recruitment
- Develop talent through personal growth reports and feedback interviews

### Promotion of work-life balance

- Expansion of work styles unrestricted by place or time
- Penetration of work styles that take into account cultural differences and time differences between countries/regions

### Basic Approach to Human Capital

- People are the foundation of our business activities. Acquiring diverse talent and effective HR management are major sources of competitiveness in global business.
- "People" are the most important "asset" of the Daiichi Sankyo Group. We consider it is essential to respect the differences of each and every employee based on our "HR Management Philosophy." We aim to achieve mutual continuous growth of employees and Group companies by promoting and developing talent in each part of the value chain.



## non-Financial Value

## Business Plan

### Creating Innovative Pharmaceuticals

► P. 29

#### Establish our unique ADC technology platform

- Expand oncology assets by applying our unique ADC technologies (DXd-ADC, next-generation ADCs, etc.)
- Utilizing know-how acquired through the leading DXd-ADC assets for subsequent assets

#### Expand diverse assets and pipeline by applying new modalities

- Advance multi-modalities (ADCs, CAR-T, oncolytic virus therapies, nucleic acid medicines, mRNA vaccines, etc.)
- Strengthen translational research platforms, to support our multi-modality drug discovery

#### Deepen Science & Technology by integrating core technologies in both small molecules and biopharmaceutical drug discoveries

- Enhance capabilities in drug discovery technologies platforms with high-competitive advantages (advanced medicinal chemistry, such as computational science and AI drug discovery, protein engineering, and drug evaluation)

### Basic Approach to Intellectual Capital

- High level of scientific assessment capabilities and core technologies rooted in craftsmanship capable of refining our drug candidates
- Organic collaborations linked by science among the researchers who support the strength of our research platforms, the know-how that drives our clinical development, and the ability to accomplish clinical development



## Intellectual Capital

- Oncology and other pipelines
- Technologies and know-how for discovering and delivering new drugs
- Accumulated pharmaceutical information

### Research and Development New drug development pipelines

- Breast cancer
- Gastric cancer
- Non-small cell lung cancer (NSCLC)
- Colorectal cancer

Enhertu®

DESTINY-Breast03*	DESTINY-Breast04*
DESTINY-Breast06	DESTINY-Gastric04
DESTINY-Lung01/02*	DESTINY-CRC01/02

Dato-DXd

TROPION-Lung01

HER3-DXd

HERTHENA-Lung01

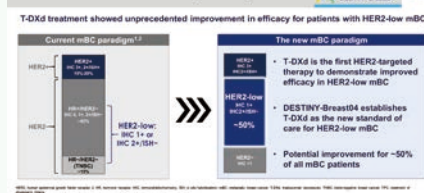
★ Extremely succeeded in FY2021

For further details, please visit the following page:

► [https://www.daiichisankyo.com/files/rd/pipeline/index/pdf/FY2022Q1\\_Pipeline\\_E.pdf](https://www.daiichisankyo.com/files/rd/pipeline/index/pdf/FY2022Q1_Pipeline_E.pdf)

### Creating High-Quality Medical Information

#### DESTINY-Breast04 Summary and Impact



Presentation materials and venue at ASCO 2022 (Held in June 2022)

For further information regarding delivering innovative pharmaceuticals to patients around the world, please see

► P. 19

# Delivering Innovative Pharmaceuticals to Patients around the World

We have provided many patients around the world with innovative products created in-house by combining our strengths in Science & Technology, the source of our value creation, to realize our Purpose: “Contribute to the enrichment of quality of life around the world.”

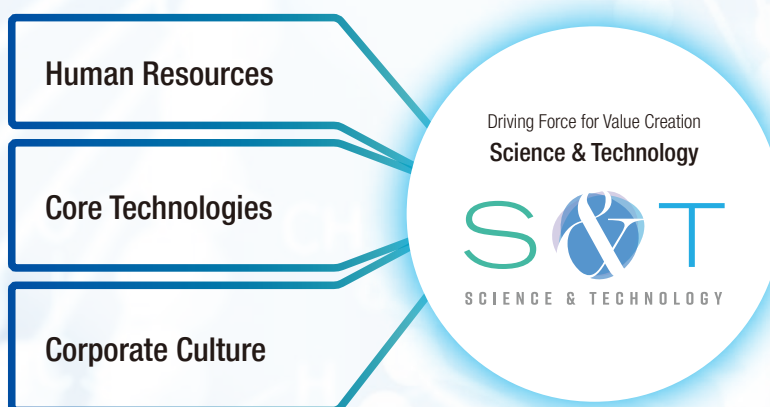
In this section, we will introduce our strengths in Science & Technology and our concerted efforts throughout the value chain to deliver *Enhertu*®, the culmination of our efforts, to patients around the world.

## Our strengths

### Science & Technology (S&T)

The greatest strength of our Group is Science & Technology (S&T), which combines our human resources core technologies, and corporate culture. We have continuously created innovative pharmaceuticals based on the technologies and experience that we have cultivated over many years as a drug discovery-oriented pharmaceutical company based on our highly specialized human resources with high level of scientific assessment capabilities and our free and open corporate

culture. Moreover, the passion that our researchers pour into drug discovery, their perseverance of not giving up nor being afraid of failure and their willingness to keep challenging themselves by believing in innovation are the driving force behind our ability to create innovative new drugs. We believe it is essential to pursue cutting-edge science and further strengthen S&T in order to continue to create pharmaceuticals.



## Our Pipeline

Drawing on our strengths in S&T, we have built a substantial R&D pipeline in a variety of therapeutic areas, including oncology, based on our “3 and Alpha” strategy (see Materiality ► P.29). 3ADCs that we have developed using our proprietary DXd-ADC technology, anti-cancer agent *Enhertu* (development code: *DS-8201*), *Dato-Dxd* (development code: *DS-1062*), and *HER3-DXd*, have been highly praised internationally and have won the World ADC Award for the “Most Promising Clinical Candidate” for three consecutive years. In addition,

we have confirmed efficacy signals of *DS-7300* and *DS-6000*, which incorporate DXd-ADC technology, in early clinical trials, and we are developing them as “Rising Stars” to make them into the next growth driver following 3ADCs. In the non-oncology disease area, we are also making progress in expanding indications for *Lixiana*®, *Effient*®, and *Tarige*®, which have supported our recent growth. We will continue to further strengthen our Group’s unique pipeline to provide optimal treatment options for patients with unmet medical needs.

For details, click below:

► [https://www.daiichisankyo.com/files/rd/pipeline/index/pdf/FY2022Q1\\_Pipeline\\_E.pdf](https://www.daiichisankyo.com/files/rd/pipeline/index/pdf/FY2022Q1_Pipeline_E.pdf)



## Business Innovations Driven by New Drugs

The innovation resulting from the new drugs created through our strengths in S&T is not limited to research, but also drives further innovation and new opportunities throughout each function of the value chain and the business as a whole.

For example, in order to maximize product value by accelerating the pace of development of *Enhertu* and *Dato-DXd*, we are collaborating with AstraZeneca, a company with a strong presence in oncology, to cultivate new experience and expertise in conducting clinical trials, filing applications, and supplying investigational drugs on a global scale. In addition, we are taking various new initiatives under our global safety management system to ensure strict side effect management. In countries and regions where our products, including *Enhertu*, are not yet approved, we are taking new initiatives through the Expanded Access Program (EAP) to ensure access to patients in need of treatment in accordance with local regulations.

In addition, manufacturing biopharmaceuticals is a new challenge for

our Group, as our mainstay products have been small molecule drugs. In order to make the manufacturing of biopharmaceuticals such as ADCs more efficient, we have established proprietary technologies for each process of cell creation, cultivation, and purification. Furthermore, we are refining our cell and gene technologies with the aim of creating next generation modalities. As for our supply chain, we are actively working to build a more robust production and supply system for biopharmaceuticals by expanding facilities at domestic and overseas plants, strategically utilizing contract manufacturing organizations (CMOs), and training and acquiring highly specialized biotech talents. At the same time, we are also focusing on promoting a new “smart supply chain” that leverages digital technology in all aspects of our operations and visualizes and integrates data. Going forward, we aim to build a process that enables continuous innovation through a series of company-wide advancements.



Interview

### Our S&T strengths demonstrated in *DS-5670*



Katsuyasu Ishida  
Clinical Development Department  
III, Development Function, R&D  
Division

Three years have passed since the outbreak of COVID-19, an infectious disease caused by SARS-CoV-2, and the pandemic is still ongoing worldwide. At Daiichi Sankyo Group, we have been continuing research on LNP-mRNA vaccines, and in April 2020, we established the *DS-5670* Global Project Team (GPT) with the aim of promptly developing a SARS-CoV-2 vaccine in response to the COVID-19 pandemic to join the fight to contain the pandemic. In addition, the Japanese government also had high expectations for vaccine development of our Group, as we have an integrated system for research, development, manufacturing, and marketing in Japan.

The GPT began preparations with the goal of conducting a First in Human (FIH) trial as quickly as possible, even though the vaccine antigens had not yet been determined. We were able to take the multi-year process to begin clinical trials — which involves screening antigens, developing a manufacturing process, then conducting

the required non-clinical studies once the antigens are determined while simultaneously manufacturing the investigational drug to be used in the clinical trials — and shorten it to just one year. This is a good example of how we leveraged our strengths in S&T.

We are currently conducting the final stage of clinical trials for commercialization. GPT and every member involved in our Group are working together to promote R&D while flexibly responding to major changes in the external environment over the past three years (repeated increases and decreases in the number of infection, changes in vaccination rates, etc.). We are also working to establish manufacturing processes, manufacture investigational drugs, and establish a commercial production system to support these processes safely at the fastest pace. We hope *DS-5670* will be a vaccine that will help end the pandemic.

## Our New Challenges in the Value Chain to Maximize the Value of *Enhertu*

*Enhertu* is the first drug we developed using our proprietary ADC technology, which leverages our strengths in S&T, and addresses substantial unmet medical needs within breast and gastric cancers. *Enhertu* is the embodiment of our strengths in S&T, demonstrating our

scientific assessment capabilities and our technological capabilities to refine drugs. We are working to maximize the value of *Enhertu* by collaborating across organizational boundaries and making a concerted effort throughout the value chain to bring the drug to market quickly,



### High quality and agile clinical development

The global R&D of *Enhertu* demonstrates our strengths in science-driven, high quality clinical trials and flexibility in regulatory strategy. For the gastric cancer indication, *Enhertu* received US FDA approval based on the results of clinical trials conducted in Asia. In addition, the US FDA granted five Breakthrough Therapy designations. The data from our clinical trial for the second-line treatment of HER2-positive metastatic breast cancer supported *Enhertu* becoming the new standard of care in previously treated patients with HER2-positive metastatic breast cancer, and we filed for approval in Japan, the United States, Europe, China, and other countries, and received approval in the US in May 2022 for the second-line treatment indication. Furthermore, our clinical trial for HER2-low unresectable or metastatic breast cancer was the first in the world to demonstrate statistically significant and clinically meaningful improvements in progression-free survival (PFS) and overall survival (OS) over chemotherapy, the current standard of care, for patients with HER2-low metastatic breast cancer with hormone receptor (HR)-positive disease or HR-negative disease. With the results of this trial, we expect that *Enhertu* will create a paradigm shift in the treatment of patients with HER2-low metastatic breast cancer and potentially become the new standard of care.



### Reliably supplying investigational drugs

The demand for *Enhertu* for investigational use has been increasing due to numerous clinical trials and investigator-initiated studies to expand the application of *Enhertu* after its launch, in addition to the commercial demand for *Enhertu*. ADC was a new modality for us, and we have faced a great challenge in supplying investigational drugs and establishing a commercial production system. We overcame various technical and regulatory challenges by working together with our plants, CMOs, and supply chain department and simultaneously launched multiple manufacturing sites at the time of market launch, approximately four years after starting clinical trials. Even after launch, we are working to scale up and take other measures to expand production to ensure a reliable manufacturing network.



## Drug Discovery and Research



## Clinical Development



### Reliability and Quality Assurance



### Safety Management Initiatives



### Global reliability and quality assurance

We ensure the reliability of clinical trials and the quality of investigational drugs and commercial products in response to accelerated global development. In addition, we take global regulatory actions and assure product quality for additional manufacturing sites and CMC changes in response to increased demand.



### High-capacity computing environment to support data-driven drug discovery support

We developed an infrastructure providing computing power with a secured IT environment that scales on an on-demand basis, with which researchers execute a self-developed problem-solving program tailored to each problem they face. This enables us to reduce the time required to test hypotheses and shorten the research period.



### Implementation of IT system (eQMS) for global quality management process

We implemented an eQMS that standardizes quality management processes and enables us to centrally manage quality information such as operational changes controls, as well as information regarding quality deviations and so on, in order to establish a robust global quality management system that quickly resolves quality issues and reduces the quality risks in global GxP operations and products. We promote quality risk management across regions and GxP fields, improve operational efficiency and data integrity, and implement continuous improvement.



## DX to support value chain and accelerate execution of our business strategies



driven by our strong commitment to delivering new treatments to as many patients as possible as quickly as possible. In addition, through the use of new digital technologies, we will innovate the processes of value chain functions to strengthen the competitiveness of our overall business.



### Building a resilient supply system

We are working on a wide variety of measures to ensure a stable global supply of *Enhertu*, such as diversifying manufacturing sites in Japan and overseas, finding the optimal balance between in-house production and CMO production, and securing multiple suppliers and transportation routes in order to remain heavily resilient against any environmental changes surrounding our supply chain.



### Providing information to meet diverse medical needs

The Medical Affairs Division creates new value of our products by conducting clinical research to solve unmet medical needs. The Business Division provides the value of *Enhertu* to medical professionals correctly and promptly based on established information. Since each cancer patient's condition is different, in providing information by MR\*<sup>1</sup> and MSL\*<sup>2</sup>, we not only provide and collect information about the product, but also communicate with medical professionals about changes in patients who have received the drug, and the anxieties and happiness they feel, in order to provide more safety-focused and thoughtful care.

\*<sup>1</sup> Medical Representatives \*<sup>2</sup> Medical Science Liaison



## Supply Chain



## Value Delivery



### Thorough risk management and delivery of high-quality safety information

In addition to contributing to the approval of *Enhertu* in each country from a safety perspective, we have formulated a common global plan to minimize safety risks of *Enhertu* and monitor side effect information (ILDs\*<sup>3</sup>, etc.) collected from all over the world on a global scale to ensure thorough risk management. Furthermore, to ensure patient safety, we have formulated a common global safety message and provided it to the healthcare professionals in cooperation with other divisions in each country where we market *Enhertu*. Through these initiatives, we are working to provide high-quality safety information.

\*<sup>3</sup> Interstitial lung disease



### Building a global supply and demand system and digital twin\*<sup>4</sup> infrastructure to support a resilient supply chain

We are introducing a system designed to support *Enhertu*'s global supply and demand planning and coordination, and creating optimal production plans for in-house production in Japan and overseas, as well as for CMO production, while taking into account milestones such as obtaining approvals and applying for changes in each country. In addition, we are working on implementing a manufacturing quality data management system and data concept to create digital twins for our in-house production sites.

\*<sup>4</sup> Environment reproduced in digital space based on information from the real world



### Data analytics platform

We have built a data analytics platform that utilizes a variety of internal and external data, and have begun to make company-wide use of this infrastructure for safety monitoring and other purposes. In particular, we have built a user-friendly and comprehensive search and analysis tool for safety data from multiple clinical trial data and post-marketing for *Enhertu*, and are using it to implement timely safety measures and promptly provide high-quality safety information to the healthcare professionals.



### MR digital tools

In Japan, we introduced a new information provision platform that enables seamless MR activities in the real and digital worlds and customer-oriented promotions leveraging digital technologies in the new hybrid workstyle during the COVID-19 pandemic, aiming to provide information that meet the needs of medical professionals.



## Delivering 3ADCs to Patients around the World, starting with *Enhertu*

Most aspects of the oncology field change rapidly from diagnosis to standards of care (the established and most widely used current medical practices), and this therapeutic area will continually evolve at a fast pace. Our Oncology Business Unit (OBU) has challenged itself to transform treatment for a variety of cancers. We take proactive action to continually deepen our knowledge of the journey patients and their providers take from diagnosis through treatment and beyond so that we can provide optimal solutions to diverse medical needs as quickly as possible.

We aim to increase the number of countries and regions in which we market *Enhertu*, and with expanded indications including breast and

lung cancer, while also striving to obtain additional approvals for 3ADCs. We are also working on products in other oncology fields with the goal of establishing them as new standards of care.

Furthermore, with this goal of developing new standards of care, and to ensure our innovative pharmaceuticals could reach as many patients as possible in the shortest possible time, we entered into a global collaboration with AstraZeneca for the joint development and commercialization of two of our lead ADC products, *Enhertu* and *Dato-DXd*. We are now creating a streamlined and effective organizational structure and building expertise to ensure we can optimize other promising product candidates in our pipeline following the ADCs.

## DX Initiatives for Maximizing Product Value and Creating New Value

Following *Enhertu*'s designation in Japan's cost-effectiveness evaluation system in FY2020, we conducted a cost-effectiveness analysis using Real World Evidence (RWE)\*<sup>1</sup>. This is the first cost-effectiveness analysis using RWE in Japan, and there are not many examples in other countries either. Creating reliable RWE requires bringing together data science expertise. We were able to leverage RWE by bringing together data science expertise under our DX promotion structure across our entire company. In Japan, we are also working to develop not only

drugs but also DTx\*<sup>2</sup>, which promotes well-being by bridging the gaps in patient care, including when patients are at home. Going forward, we will continue to maximize product value and create new value by combining the wisdom we have accumulated as a pharmaceutical company in the field of data analysis together with digital technology.

\*<sup>1</sup> Clinical evidence derived from analysis of real-world data (data relating to patient health status and/or health care routinely collected from a variety of sources)

\*<sup>2</sup> Software that performs medical interventions (treatment, management, prevention) directly to patients based on evidence of usefulness



Interview

### Mission to deliver our oncology medicines to patients around the world



Ken Keller  
Head of Oncology Business Unit

The Oncology Business Unit (OBU) is committed to achieving our 2030 Vision to become an innovative global healthcare company contributing to the sustainable development of society. By aligning our U.S. and European oncology businesses and global oncology functions together under the new OBU in April 2021, we are now one unified team devoted to people with cancer.

Our OBU will accelerate our decision making and increase our agility to respond to the rapid changes we see in standards of care, treatment and diagnoses patterns, and payer dynamics. Our ADC pipeline has the potential to transform the current standard of care across multiple types of cancer, including breast, lung, colorectal, gastric

and more. We know the needs of the oncology community continue to rapidly change from diagnosis patterns to standards of care. We must continue to evolve and adapt — operating with agility and simplicity — to deliver for our patients and customers.

Contributing to improving the lives of people all over the world requires us to work collaboratively within the OBU as well as across the organization to deliver on Daiichi Sankyo's global ambition to bring innovative pharmaceuticals to patients, customers and society overall.

***“Putting patients at the center of our efforts is critical. We will continually collaborate with patient groups, physicians, pharmacists, and insurers to provide the best possible support to our patients with the desire to leave no patient behind.”***



## Purpose

Contribute to the enrichment  
of quality of life around the  
world

### Expanded indications

HER2 positive breast cancer second and third line treatment  
HER2 positive gastric cancer second and third line treatment  
HER2 positive non-small cell lung cancer second line treatment  
HER2 low breast cancer (post-chemotherapy)

(Approved indications as of August 31, 2022)

### Number of patients treated

Appx. **8,000** patients

(As of March 31, 2022)

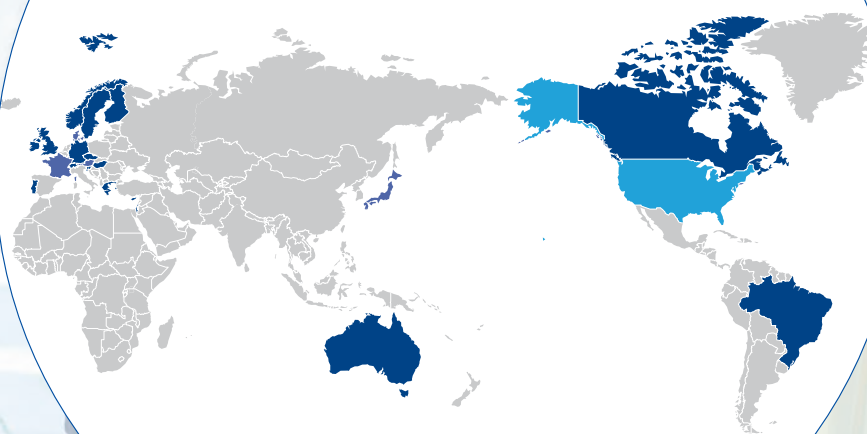
### Number of trials conducted

**30**

(As of July 31, 2022)

### Expanded number of countries and regions marketed

FY2019 FY2020 FY2021



## Combining the Collective Strengths of the Daiichi Sankyo Group

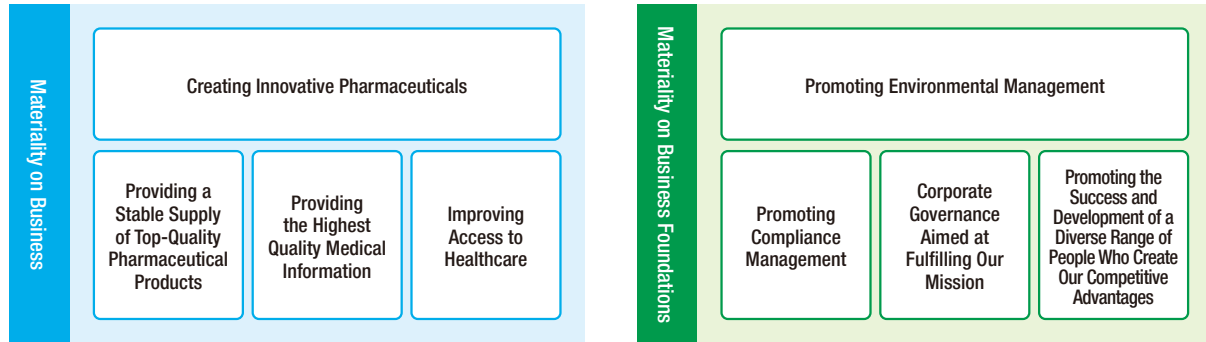
Our realization that we are delivering innovative pharmaceuticals to as many patients as possible is shared throughout the company and is the driving force behind our transformation for the future. Going forward, we will continue to further enhance our strength in Science &

Technology, and will maximize the value of *Enhertu* and other advanced pharmaceuticals to quickly provide treatment options and deliver innovations that create new value for patients.

# Materiality

We identified eight material issues to be addressed to sustain growth, based on the impact on the Group's mid-to-long-term corporate value enhancement and expectations from society. We set Materiality key performance indicators (KPIs) based on the material issues sorted into two groups: materiality on business and materiality on business foundations.

## Eight Materiality Identified



## Reasons for Selecting Materiality

<b>Creating Innovative Pharmaceuticals</b>	Continuously creating innovative pharmaceutical products by leveraging our strengths (Science & Technology) to contribute to the enrichment of quality of life around the world is the foundation of our value creation. We will reinvest profits earned through our business into R&D to continuously create new pharmaceutical products that meet medical needs and deliver them to the medical community. In the mid-term, we will enhance our advanced products and pipeline to transform the SOC* with the goal of becoming an advanced global pharma innovator with strength in oncology in FY2025.
<b>Providing a Stable Supply of Top-Quality Pharmaceutical Products</b>	As the impact of natural disasters and political risks on supply chains is expanding globally, procurement risks at our business partners need to be considered. Establishing a robust supply chain structure and providing a stable supply of top-quality pharmaceutical products is one of the most important challenges for us. In the mid-term, in order to respond to the increase of new modality products, particularly ADCs, we will establish a global production and supply system by implementing appropriate capital investments.
<b>Providing the Highest Quality Medical Information</b>	Healthcare professionals can use pharmaceuticals with confidence in treating patients and solving medical issues (and through this, social issues) only when there is highly reliable information on the safety and efficacy of the pharmaceutical products. As we deliver products in multiple fields, we will strive to provide safety and efficacy information. In the mid-term, we will generate new drug information in the oncology area, where information provision tailored to each patient's condition is required, and provide it to healthcare professionals globally.
<b>Improving Access to Healthcare</b>	We will strive to expand access to healthcare by promoting the Daiichi Sankyo Group Policy on Access to Healthcare among our employees and by collaborating with stakeholders, including governments, payers, and alliance partners. In the mid-term, we will expand our oncology products globally by leveraging our collaboration with AstraZeneca. We will also contribute to solving social issues, such as COVID-19, by utilizing our business foundation and cooperating with external organizations.
<b>Promoting Environmental Management</b>	The impact of climate change and marine plastics pollution on sustainability is becoming increasingly apparent, and environmental issues are becoming a challenge that the world, including businesses, must work together to address. In the mid-term, we will implement environmental measures throughout the value chain to reduce the environmental impact of our business activities and to achieve a sustainable society, in light of concerns about the stable supply of pharmaceutical products due to climate-related disasters.
<b>Promoting Compliance Management</b>	Since pharmaceutical companies handle products that affect human lives, we are required to meet a strict sense of legal compliance and high ethical standards. To be trusted by society and to realize our Purpose, we promote compliance management across the entire Group so that each and every employee can work with integrity in their daily activities. In the mid-term, we will further strengthen the foundation of our global governance structure and compliance promotion activities to reduce compliance risks.
<b>Corporate Governance Aimed at Fulfilling Our Mission</b>	In an ever-changing external environment, a highly transparent and effective corporate governance system is essential to achieve the sustainable growth of a company and to enhance mid-to-long-term corporate value. We will strive to continuously enhance our corporate value by establishing and operating a corporate governance system embedded with both management structure that can speedily and flexibly respond to changes in the business environment and make decisive decisions swiftly, and a supervisory function for management and execution.
<b>Promoting the Success and Development of a Diverse Range of People Who Create Our Competitive Advantages</b>	We believe that our "people" are the most important "asset," and we will promote the acquisition of a diverse range of talents and effective human resource management as a source of competitiveness as we develop our business globally. In the mid-term, we will respect the diversity of each and every employee based on our HR Management Philosophy, and aim for mutual sustainable growth of our employees and the company by advancing and training human resources in each area of the value chain.

\* Standard of Care. Universally applied best treatment practice in today's medical science

## Materiality Identification Process and KPIs Setting Process

In identifying and sorting material issues, 36 issues were selected from the corporate social responsibility (CSR) perspective in FY2015. In March 2020, we identified eight material issues as mid-to-long-term initiatives and challenges based on their impact on the Group's mid-to-long-term corporate value and expectations from society and our various stakeholders. After several discussions at the Executive Management

Committee and Board of Directors, the establishment of KPIs, indicators of initiatives for each Materiality linked to the current 5-year business plan (FY2021–FY2025), was approved by the Board of Directors in March 2021 and announced in April 2021.

### Steps for Identifying Materiality and Setting Materiality KPIs

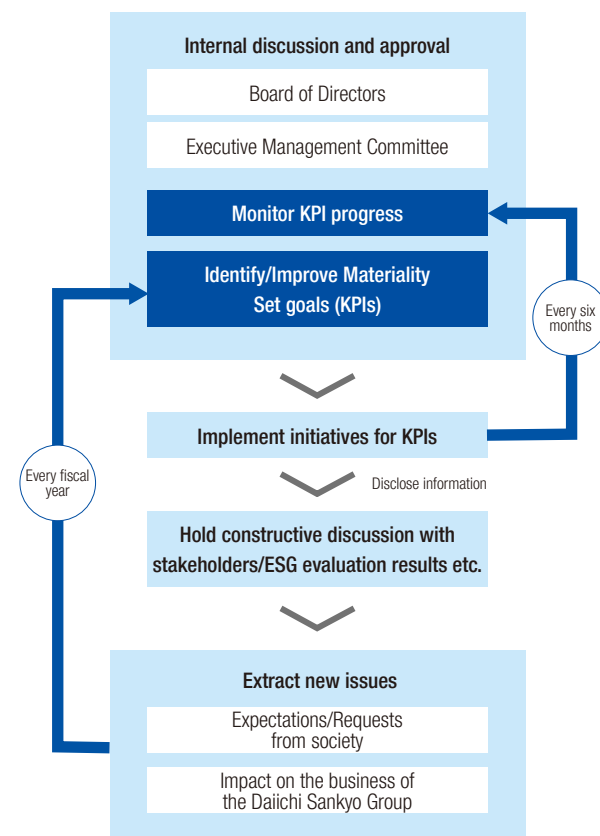


## Materiality Management

Materiality management is promoted under a materiality management system in which Corporate Planning Department and Sustainability Promotion Department serve as the administrative office. In response to changes in the social environment applicable to setting KPIs, the necessity of adding new material issues or making a change to existing material issues was also discussed among the members of the Board of Directors in light of factors including the impact of COVID-19 on society. During the annual management cycle, we regularly check the progress of KPI targets and discuss improvement of Materiality.









In FY2021, the EMC and the Board of Directors discussed the addition of KPIs and the setting/review of KPI targets, incorporating insights gained through constructive dialogue with internal and external stakeholders, based on an understanding of changes in the internal and external environment and the demands of society, in order to achieve the long-term targets for each material issue. In FY2022, through discussions in June 2022, revisions were made to the KPI target values for CO<sub>2</sub> emissions and renewable electricity utilization rate in "Promoting Environmental Management." Also, KPIs and targets were added for human rights issues in "Promoting Compliance Management." We are currently addressing with the aim of setting KPIs and targets for FY2023 in line with the opinions that we received from investors, "indicators for contribution to patients."

### Materiality Management Cycle





# List of Materiality

		Long-term target	Challenges for realizing materiality	KPIs	
Materiality on Business	<b>Creating Innovative Pharmaceuticals</b> 	Create innovative pharmaceuticals continuously, utilizing our strength (science & technology)	<ul style="list-style-type: none"> <li>Creating the advanced products and pipeline to transform the SOC in the oncology field</li> <li>Development of innovative medicines and preventive medicines with new modalities</li> </ul>	(1) The number of new launches and new indication approvals for 3ADCs (2) Progress in ADCs which is in early development stage/ other Alpha projects (3) Progress in development of post DXd-ADC projects	
	<b>Providing a Stable Supply of Top-Quality Pharmaceutical Products</b> 	Establish a robust global supply chain system to provide a stable supply of top-quality pharmaceuticals	<ul style="list-style-type: none"> <li>Establishment of a global production and supply system through appropriate capital investment corresponding to the increase of new modality products including ADCs</li> </ul>	Construction of ADC production system and stable supply of top-quality pharmaceuticals to patients (including capital expenditure)	
	<b>Providing the Highest Quality Medical Information</b> 	Provide safety and efficacy information so that healthcare professionals can always use our products for the treatment of patients with confidence	<ul style="list-style-type: none"> <li>Provision of highly useful pharmaceutical information in areas with high expertise/ individuality</li> </ul>	Evaluation of our approach to information provision from stakeholders including healthcare professionals	
	<b>Improving Access to Healthcare</b> 	Contribute to improving access to healthcare, working with stakeholders such as the government, payers and alliance partners	<ul style="list-style-type: none"> <li>Global expansion of oncology products by utilizing collaboration with AstraZeneca, etc.</li> <li>Response to new risks such as COVID-19 through collaboration with external institutions by utilizing our strengths and assets</li> </ul>	(1) The number of countries where oncology products are sold and the number of patients to which oncology products are provided through collaboration with partners, etc. (2) Status of contribution to mitigating new risks through collaboration with the regulatory authorities and other companies, etc.	
Materiality on Business Foundations	<b>Promoting Environmental Management</b> 	As a healthcare company, we will proactively reduce the environmental impacts of our business operations and seek to implement advanced climate change countermeasures	<ul style="list-style-type: none"> <li>Reduction of the environmental impact of the entire supply chain</li> <li>Proactive introduction and use of renewable energy</li> <li>Use and implementation of decarbonization technologies, such as hydrogen application</li> <li>Expansion of the scope of use for plastics removal, and technological development</li> <li>Minimization of environmental risks such as pollution risks</li> </ul>	(1) CO <sub>2</sub> emissions (Scope1 + Scope2)* <sup>2</sup> (2) CO <sub>2</sub> emissions intensity based on sales (Scope3, Cat1)* <sup>2</sup> (3) Renewable electricity utilization rate (4) Waste plastic recycling rate (5) Disposal of hazardous waste	
	<b>Promoting Compliance Management</b> 	An organization in which every employee behaves with high ethical standards as well as in compliance with applicable laws and regulations	<ul style="list-style-type: none"> <li>To raise awareness for compliance among all executives and employees</li> <li>To prevent non-compliant behavior of employees</li> <li>To promote business partners' understanding of sustainable procurement and to minimize compliance risks</li> <li>To improve human rights efforts through the human rights due diligence*<sup>5</sup></li> </ul>	(1) Number of significant compliance violations (2) Number of significant code violations (3) Periodic employee survey on ethical culture (4) Compliance monitoring, Monitoring of Promotional Activities (5) Sustainable procurement survey coverage rate (based on total procurement amount) (6) Strengthening internal education and disseminating our thoughts with business partners (7) Case of violation with ILO Core Labour Standards* <sup>6</sup> according to human rights risk assessment through DS Group* <sup>5</sup> (8) Reduce business partners risks related to ILO Core Labour Standards* <sup>5,6</sup>	
	<b>Corporate Governance Aimed at Fulfilling Our Mission</b> 	Establish a corporate governance structure that enables speedy decision making and supervisory and monitoring function for management and execution	<ul style="list-style-type: none"> <li>Maintain and continue to build an optimal corporate governance structure based on the expectations of society</li> <li>Improve the effectiveness of both the Board of Directors and the Audit &amp; Supervisory Board</li> <li>Enhance and improve transparency regarding corporate governance</li> </ul>	(1) Comply with all the principles of the revised Corporate Governance Code in Japan (2) Evaluate the effectiveness of the Board of Directors and implement measures for improvement (conducting third party evaluation on a regular basis, two times by the end of FY2025) (3) Continuously evaluate and improve the effectiveness of the Audit & Supervisory Board (4) Enhance and improve transparent disclosure in order to help stakeholders to understand the company's corporate governance	
	<b>Promoting the Success and Development of a Diverse Range of People Who Create Our Competitive Advantages</b> 	Aim at mutual continuous growth of the employees and the company by respecting diversity and promoting the success and development of talents in all businesses	<ul style="list-style-type: none"> <li>Creating a work environment where a diverse range of talents are highly engaged and can maximize their potential</li> <li>Acquisition and training of talents to enhance business competitiveness</li> </ul>	(1) Percentage of female in senior managerial employees* <sup>7</sup> (2) Positive response rate (%) on corporate culture & work environment through engagement survey (3) Positive response rate (%) on development & growth opportunities through engagement survey (4) Amount of training/development investments per employee	

\*1 MR: Feb. 2022, INTAGE Healthcare Inc. (Rep-I), MA: Jan. 2022, INTAGE Healthcare Inc.

Product Information Center: Nov. 2021, transcosmos inc. and The Japan Research Institute, Limited

\*2 Scope1: Direct emissions from the reporting company's factories, offices, vehicles, etc. (Combustion of fuels)

Scope2: Indirect energy-derived emissions from electric power and other energy consumed by the reporting company

Scope3: Indirect emissions other than Scope1 and Scope2. Category 1 is emissions from activities up to manufacturing of raw materials, parts and containers / packaging materials

	FY2025 targets	FY2021 results	(1) Economic value creation (2) Social value creation
	(1) 3ADCs: 8 additional indications (2) Multiple products to become the new growth driver after 3ADCs are in late development stage or more advanced stage (3) Post DXd-ADC modality is in development stage	(1) <i>Enhertu</i> Submission of sBLA for HER2 mutant Breast Cancer NSCLC 2L+ approved (U.S., Jan 2022) (2) No project progressed late stage trials of Alpha assets (3) <i>DS-5670</i> (LNP-mRNA) Ph1/2 TLRs acquired in Oct 2021 for unvaccinated healthy adults, Started Ph2 trial in Nov 2021, Booster vaccination trials started in Jan 2022	(1) Expand R&D pipeline and acquire intellectual property contributing to future revenue and profit (2) Contribute to the enrichment of quality of life around the world
	In-house capital investment and CMO investment: Maximum 300 billion yen (Total capital investment from FY2021 to FY2025: Approximately 500 billion yen)	<ul style="list-style-type: none"> <li>Expansion of supply capacity in response to demand forecast (approx. 80 billion yen has been decided)</li> <li>Stable inventory secured for current commitments</li> </ul>	(1) Increase revenue and profit, reduce/prevent the risk of declining corporate value (2) Contribute to the enrichment of quality of life around the world
	Improvement of evaluation scores	<ul style="list-style-type: none"> <li>Japan Business Unit: MR: 1st in all markets, MA: 1st in cardiovascular field, Product Information Center: 1st both in health insurance pharmacy pharmacists and hospital pharmacists<sup>*1</sup></li> <li>EU Specialty Business Unit: Improvement of evaluation in cardiovascular fields</li> </ul>	(1) Increase revenue and profit, reduce/prevent the risk of declining corporate value (2) Contribute to the enrichment of quality of life around the world
	(1) Increase in the number of launched countries and regions (2) Achievement of supply of COVID-19 vaccine ( <i>AZD-1222</i> ) of AstraZeneca as planned (FY2021) and progress in development of <i>DS-5670</i> as planned	(1) Countries where <i>Enhertu</i> has been launched: 25/40 countries, Expansion into new countries in FY2021: 20 countries, Number of patients treated: Appx. 8,000 patients (2)-1: Contract manufacturing responsibility had completed at the end of December (2)-2: Ph1/2 TLR obtained in Oct 2021 for unvaccinated healthy adults, Started Ph2 trial in Nov, Booster vaccination trials started in Jan 2022	(1) Increase revenue and profit, reduce/prevent the risk of declining corporate value (2) Contribute to the enrichment of quality of life around the world
	(1) 42% reduction from FY2015 <sup>*3</sup> (2) 15% reduction from FY2020 (3) More than 60% utilization rate <sup>*3</sup> (4) Over 70% maintained (5) 10% reduction from FY2020	(1) 15.7% reduction from FY2015 (191,399t-CO <sub>2</sub> <sup>*4</sup> ) (2) 16.8% reduction from FY2020 (513,874t-CO <sub>2</sub> <sup>*4</sup> ) (3) 9.4% <sup>*4</sup> (4) 59.3% <sup>*4</sup> (5) 22.4% reduction from FY2020 (4,350t <sup>*4</sup> )	(1) Enhance of corporate value by improving evaluation of environmental management initiatives (reduction/avoidance of the damage risk to corporate value) (2) Contribute to the development of sustainable living infrastructure through the early realization of a decarbonized society, solving of the marine plastic problem, and prevention of environmental pollution
	(1) 0 (2) 0 (3) Improvement of scores following baseline (4) Conducting continuous monitoring at each company (5) 75% (6) Disclose of the result of education and training (7) No case of violation with ILO Core Labour Standards <sup>*6</sup> as a result of human rights risk assessment through DS Group <sup>*5</sup> (8) Disclose any results of business partners risk reduction initiatives related to ILO Core Labour Standards <sup>*5</sup> <sup>*6</sup>	(1) 0 (2) 2 (3) Positive response rate: 84% (4) Conducted monitoring at each company (5) 73% (Questionnaire response rate 96%) (6) Conducted awareness raising programs (6 departments) and individual interviews with outside suppliers (12 companies) (7) Confirmed that the likelihood of relevant human rights violations at all Group companies is low according to the results of the human rights risk assessment conducted in FY2020 and that sufficient risk mitigation measures are being implemented (8) Completed identification of business partners in need of clarification of the second sustainable procurement survey and resolved all issues	(1) Enhance of corporate value by improving trust in our corporate brand (mitigation/prevention of the risks of damage to corporate value) (2) Maintain and enhance trust in the pharmaceutical industry, improving social compliance through sustainable procurement
	(1) Comply 100% with the revised Corporate Governance Code in Japan (2) Evaluate the effectiveness of the Board of Directors and implement measures for improvement (including third party evaluation, two times by the end of FY2025) (3) Continuously evaluate and improve the effectiveness of the Audit & Supervisory Board (4) Disclosure through various communication materials with improved transparency	(1) Confirmed 100% compliance with the revised Corporate Governance Code and disclosed in the Corporate Governance Report, including the newly required principles (2) Implemented improvement measures to address issues identified in the FY2020 effectiveness evaluation Selected a third-party organization and conducted the Board of Directors evaluation with the support of it (3) Implemented improvement measures to address issues identified in the FY2020 effectiveness evaluation Conducted self-evaluation on the FY2021 effectiveness evaluation of the Audit & Supervisory Board and identified challenges to be addressed in FY2022 (4) Revision of executive compensation system, development and disclosure of the Skill Matrix Disclosure based on the revised Corporate Governance Code Chairman Uji's message in Value Report, and his participation at ESG Briefing	(1) Improve sustainable growth of the company and enhancement of corporate value in the mid-to-long-term (2) Total value provided through our business operations, realize management with a high transparency to meet the expectations of shareholders, investors, and other stakeholders
	(1) 30% (2) 80% or more, or 10% or more increase compared to FY2021 (3) 80% or more, or 10% or more increase compared to FY2021 (4) Disclose the result	(1) 17.9% (+1.8% YoY) (2) Positive response rate 75% (3) Positive response rate 68% (4) ¥121,065 (+¥24,879 YoY)	(1) Enhance of corporate value through developing talents to carry out business activities (2) Diversify of human resources, respect for human rights, talent development

<sup>\*3</sup> Reviewed in FY2022

<sup>\*4</sup> Subject to the third-party assurance

<sup>\*5</sup> Newly set in FY2022

<sup>\*6</sup> Freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in respect of employment and occupation

<sup>\*7</sup> Senior managerial employees: percentage of women who are in positions equivalent to division heads or higher positions

## Creating Innovative Pharmaceuticals



Among the four material issues on business, “creating innovative pharmaceuticals” is the basis of our value creation and our top priority. Together with the other three material issues, we believe that creating innovative pharmaceuticals will lead both to the resolution of unmet medical needs, and to the realization of our Purpose.

### 3 and Alpha

In research and development, we have adopted “3 and Alpha strategy” to meet our FY2025 target and achieve our 2030 Vision. The “3” in 3 and Alpha refers to *Enhertu*<sup>®</sup>, *Dato-DXd*, and *HER3-DXd*, our three pillars in oncology, to which investment and resource allocation are prioritized. *Enhertu* is our key 3ADCs product. Our goal is for it to transform treatment and outcomes for patients with HER2-targetable tumors and become the first agent of choice. *Enhertu* is currently undergoing clinical trials for a variety of lines of treatment and indications—including HER2 positive breast cancer, and HER2 low expression breast cancer—and we are working to expand its applications. Large numbers of people continue to suffer from cancer, and we are striving to deliver new pharmaceutical therapies to both patients and healthcare professionals as quickly as possible.

In “Alpha,” which is our projects other than 3ADCs, we also aim to provide innovative pharmaceuticals to patients with cancer or rare diseases without effective treatment or sufficient treatment by using existing therapeutic drugs. We are aiming to commercialize the mRNA vaccine for COVID-19, *DS-5670*, as soon as possible; clinical trials to verify the booster effects of additional doses and the effects on non-

vaccinated patients are currently ongoing. Confident that our strength in Science & Technology will lead to the development of new drugs in unknown fields, we will continue to embark on new challenges.

#### Expand 3ADCs in Broader Cancer Types and Indications

Enhertu		Breast cancer	Gastric cancer	Non-small cell lung cancer (NSCLC)	Colorectal cancer
DESTINY - Breast03*1	HER2-positive breast cancer 2L, vs. <i>T-DM1</i>				
DESTINY - Breast04*1	HER2-low breast cancer post-chemotherapy, vs. physician's choice				
DESTINY - Breast06	HER2-low / HR-positive breast cancer chemotherapy-naïve, vs. physician's choice				
DESTINY - Gastric04	HER2-positive gastric cancer 2L, vs. standard of care				
DESTINY - Lung01/02*1	HER2 mutated NSCLC, HER2-overexpressing NSCLC 2L ~ / HER2 mutated NSCLC 2L ~; 2 doses (5.4, 6.4mg/kg)				
DESTINY - CRC01/02	HER2-expressing colorectal cancer 3L / HER2-expressing colorectal cancer 3L; 2 doses (5.4, 6.4mg/kg)				
Dato-DXd					
TROPION - Lung01	NSCLC, 2/3L				
HER3-DXd					
HERTHENA - Lung01	EGFR mutated NSCLC, 3L				

\*1 Extremely succeeded in FY2021

### Diverse Modalities

Pharmaceuticals include various types of drug molecules—such as small molecules and antibodies—which are collectively called “modalities.” Advances in science have led to the formation of a variety of modalities, and these have allowed us to work on drug discovery targets that have previously proven challenging. Indeed, using ADC technologies we have created our own ADC modality, to go alongside our small molecule drugs. We believe that after 3ADCs, our next growth drivers will come from one of four areas: the DXd-ADC family, second-generation and new-concept ADCs, modified antibodies, or

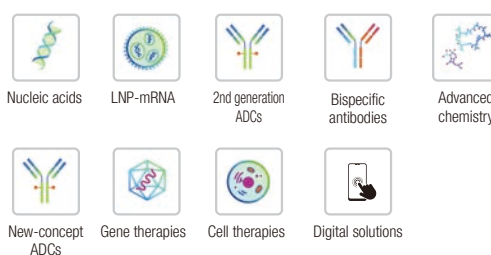
the ENA<sup>®</sup> family. In addition, our work on *DS-5670* has enabled us to advance our development of LNP-mRNA technologies, and we have also accumulated development and production know-how. These technologies will undoubtedly prove useful for the public health of countries around the world during future pandemics. In addition, we are also conducting research of various modalities and advancing research and development to increase treatment possibilities for unmet medical needs related to cancer, rare diseases, etc.

#### Growth Drivers to Follow 3ADCs

DXd-ADC Family	Second-generation and New-concept ADCs
<ul style="list-style-type: none"> <li>DS-7300: efficacy being verified in Ph1</li> <li>DS-6000: efficacy being verified in Ph1</li> <li>DS-3939: preparations in progress for FIH*2</li> <li>DS-xxxx: preparations in progress for FIH</li> </ul>	<ul style="list-style-type: none"> <li>Second-generation ADC, DS-9606</li> <li>Ph1 in progress</li> <li>New-concept ADC</li> <li>Preparations in progress for FIH</li> </ul>
Modified Antibodies	ENA <sup>®</sup> family
<ul style="list-style-type: none"> <li>DS-1055 (immuno-oncology)</li> <li>Ph1 in progress</li> <li>DS-1103 (immuno-oncology)</li> <li>Preparations in progress for FIH</li> <li>Bispecific antibodies</li> <li>Preparations in progress for FIH</li> </ul>	<ul style="list-style-type: none"> <li>Multiple projects using ENA technologies</li> <li>DS-5141, DS-5144, DS-5150, DS-5151, DS-5153, DS-4108, etc.</li> </ul>

\*2 “FIH” stands for “first in human.” In FIH clinical trials, drugs, procedures, or treatments are tested on humans for the first time.

#### Diverse Modalities





## Providing a Stable Supply of Top-Quality Pharmaceutical Products



Pharmaceutical companies have a responsibility to ensure a steady and stable supply of high-quality pharmaceutical products. Through the appropriate capital investment, we have been establishing a global production and supply system that responds to increased demand for antibody drug conjugates (ADCs) and other new-modality products.

### Establishing a Robust Global Supply Chain toward an Increase in Demand for 3ADCs

The key to our transformation in the field of oncology lies in maximizing the supply of our 3ADCs and, to this end, we are promoting capital investment in Group plants. An ADC comprises three parts: 1. an antibody; 2. a drug; and 3. a linker that binds the antibody to a drug. The manufacturing process comprises four-step: 1. culture, to produce the antibody (biotechnology); 2. synthesis, to bind the drug to the linker; 3. conjugation, to bind the antibody

to the drug linker; and 4. formulation, in this case freeze-drying, to create the final product.

In order to ensure a stable supply of ADCs in the future, we are strengthening our in-house production capabilities and securing production lines at contract manufacturing organizations (CMOs).

In FY2021, we made the decision to invest approximately 80 billion yen.

#### Production Sites Worldwide



#### Investment Plan to Strengthen ADC Production System

	FY2021	FY2022	FY2023	FY2024	FY2025
	Actual	Planned			
Antibody					
Drug					
Formulation					

\* indicates years in which investment is planned

### Quality Assurance for the Supply of Top-Quality Pharmaceutical Products

In order to reduce risks related to the quality of our products, Daiichi Sankyo Group regularly audits manufacturing sites of both Group companies and external partners to ensure they have appropriate quality management systems in place. COVID-19 continued to prevent on-site audits in FY2021, so we conducted paper audits and remote audits to ensure quality control and reduce quality risks.

In light of the increasing demand for ADCs, we are in the process of planning and implementing numerous changes, such as scaling up production capacity and partnering with new overseas CMOs. Previously, CMOs were directly managed from Japan; however, in order to strengthen our foundation for quality assurance and the stable supply of ADCs, we

intend to transition to a new quality management system wherein we oversee CMOs in coordination with our overseas Group companies.

To manage these changes, as we fully comply with the pharmaceutical regulations of the countries in which we operate it is vital we do so in an efficient and effective manner. To this end, we will ensure that all relevant departments collaborate with each other, and contribute to the stable supply of our products globally. Furthermore, with the goal of establishing an even stronger global quality management system, we have also started using a new IT system, which enables us to centrally manage quality information such as change control, deviations and so on.

### Addressing the Procurement Challenges to Ensure Stable Supply

COVID-19 and the ongoing situation in Ukraine have led to various procurement issues, including rising prices of raw material, delayed deliveries of manufacturing materials and equipment, and logistical disruption. However, we successfully maintained stable supply of our products in FY2021 through a variety of measures, including modifying production plans, multi sourcing, securing substitute suppliers,

establishing new transportation routes, and increasing our inventories.

Difficulties in procuring raw materials and manufacturing materials persist, while logistics systems remain unstable. For these reasons, we will continue to work to mitigate and reduce risks that might prevent the stable supply of our products.



## Providing the Highest Quality Medical Information

Highly reliable safety and efficacy information is essential for healthcare professionals in prescribing pharmaceutical products to treat patients with confidence. We contribute to healthcare by providing, collecting, and transmitting valuable information related to our pharmaceutical products that is rooted in established evidence, ensuring this information is communicated widely in society.

### Aiming to be a Reliable Medical Partner

According to a FY2021 third-party survey for healthcare professionals in Japan, our Group was ranked No. 1 in three fields: medical affairs (MA) activities (cardiovascular field), medical representative (MR) activities, and responses to inquiries. In the field of MA, we drew on expert knowledge in medical, pharmaceutical, and natural sciences, and maintained fairness, independence, and transparency in a range of activities, including interacting with healthcare professionals, and planning and promoting clinical research aimed at resolving clinical questions (questions related to the use of drugs raised by both patients and healthcare professionals). In FY2021, we also gave numerous presentations at academic conferences and submitted large numbers of academic papers. Our activities on the provision, collection, and

transmission of information by MRs were wide-ranging. We leveraged our uniquely wide-ranging line-up—which covers cardiovascular field, central nervous systems, pain, and oncology, etc.—to provide expert information related to safety and efficacy; this information is useful to healthcare professionals tasked with treating patients with various diseases. We also took care to engage in activities from a patient perspective. With regard to inquiries to our product information center, in October 2021 we started using a drug information (DI) chatbot utilizing AI, named “Itsudemo DI24,” on our website for medical healthcare professionals; this formed part of our efforts to establish a system that makes accurate information available 24 hours a day, 365 days a year.

### Continuous Improvements to our Customer Experience (Europe)

Our EU Specialty Business Unit (EUSBU) has prioritized a Customer First Mindset in the cardiovascular therapeutic area, in which it truly and systematically seeks, analyses and learns from all interactions and feedback from customers—and uses that input to deliver an outstanding experience to them. Since FY2019, our Group has used Net Promoter Score (NPS)\* across our Europe operations. We have received feedback from more than 5,500 customers in nine countries, which we are using to evaluate, analyze, and improve our activities. Our NPS improved in FY2021, a reflection of the continuous improvements we have been

making. We learned that customers primarily associate the Daiichi Sankyo Group with “reliability,” and that “reliability” is clearly one of our strengths. Other strengths include: communications tailored to individual customers through the adoption of an omni-channel approach; and the use of digital solutions that cater to changes in doctor-patient communication methods. By analyzing our NPS, we are working to continually improve the customer experience we provide and become a key player in the field of cardiovascular treatments.

\*Net Promoter Score indicates how customers view our company in comparison to rival companies

### Using Integrated Analysis Tools for *Enhertu* Safety Information

With the launch of *Enhertu*, there has been a demand for more specialized and more individualized safety information. In order to more quickly provide optimal safety information to healthcare professionals, we have introduced an integrated data analysis platform (IDAP) that enables us to carry out the integrated analysis of internal and external data. The data we analyze comes from multiple clinical trials and post-

marketing side effect information respectively, and our analyses result in high-quality safety information — such as course data of side effects and frequency data of side effect occurrence in each group by patients’ background — which we promptly provide to healthcare professionals. We are using the platform to carry out safety monitoring and for a wide variety of other purposes.



## Improving Access to Healthcare

In addition to taking actions to address unmet medical needs, one of the important missions of pharmaceutical companies is addressing the problem of insufficient access to healthcare caused by various social factors. In line with the Daiichi Sankyo Group Policy on Access to Healthcare, we are continually working to address the challenge of access to healthcare across our entire value chain, based on the three pillars of “Research & Development,” “Availability,” and “Capacity Building.”

### Sales of *Enhertu* Expanded to 25 Countries and Regions

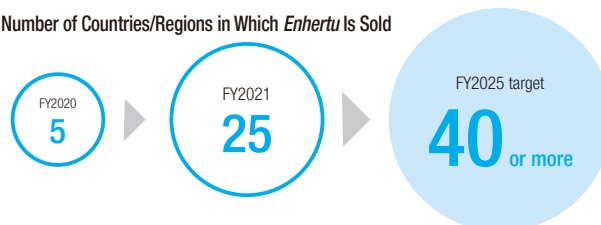
In January 2020, we launched *Enhertu* in the U.S. ahead of other countries for its first indication: third-line treatment of HER2-positive breast cancer. After that, we launched the drug in Japan in May 2020, and in Europe in February 2021. Since then, in addition to accelerating the market penetration of *Enhertu* in Japan, the U.S., and Europe, we have been working on its early-access in regions other than Japan, the U.S., and Europe, and on adding further indications. In FY2021, *Enhertu* was sold in 20 countries around the world; as of March 31, 2022, sales have been expanded to a total of 25 countries. We have entered into a strategic collaboration for *Enhertu* with AstraZeneca, whose oncology business reaches over 70 countries and regions. We intend to expand access to the drug through our collaboration

with AstraZeneca, which has excellent market access based on a relationship of trust with payers and oncology specialists and extensive experience and know-how in medical affairs and development, etc.

For further information regarding delivering innovative pharmaceuticals to patients around the world, please see

▶ P. 19

Number of Countries/Regions in Which *Enhertu* Is Sold



### Developing the *DS-5670* COVID-19 Vaccine

In order to meet our social responsibilities as a Japanese pharmaceutical company that operates a vaccine business, we aim to continue delivering a stable supply of vaccines and to contribute to improving Japan's preventive care and its health and hygiene.

In FY2021, to fight the rapid spread of COVID-19, we began manufacturing AstraZeneca's vaccine, and thereby swiftly realized domestic production and supply of the vaccine that had been developed overseas. This was the first COVID-19 vaccine produced in Japan and, in June 2021, it was supplied by the Japanese government to various countries in Southeast Asia. We are also using our proprietary mRNA technologies to develop the *DS-5670* COVID-19 vaccine, and we are working to establish domestic mRNA vaccine production systems at Daiichi Sankyo Biotech toward its commercialization.

We also intend to establish these mRNA technologies as platform technologies capable of being used to develop vaccines not only for *DS-5670* but for future emerging and re-emerging infectious diseases. By using these technologies to provide people with preventive care, we intend to help them carry on living their normal lives.



Kitamoto Plant

### Establishing Daiichi Sankyo Sales Bases in Australia, Canada, and Singapore

In FY2021, we established wholly owned subsidiaries in Australia, Canada, and Singapore. These new companies will develop and sell pharmaceuticals and contribute to healthcare in their respective countries. The establishment of these new companies means that we now operate bases in 26 countries and regions around the world. Going forward, we will continue to strengthen our foundations for expanding

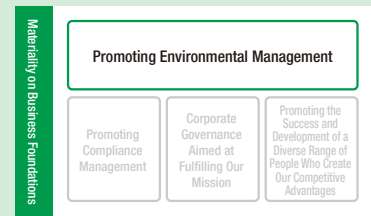
sales of oncology products and other new products around the world.

Number of Countries/Regions with Daiichi Sankyo Bases

26



## Promoting Environmental Management



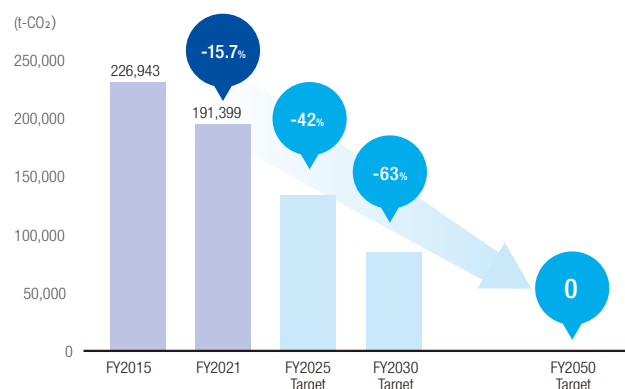
As a healthcare company with the Purpose “to contribute to the enrichment of quality of life around the world,” we consider global environmental conservation, which is the basis of life and livelihood, as a key management issue.

### Revision in KPI Targets

As a materiality KPI for environmental management in our current 5-year business plan (FY2021–FY2025), we set a target of reducing Scope 1 and Scope 2 CO<sub>2</sub> emissions by 25% by FY2025 and by 37.5% by FY2030 compared to FY2015 emissions, a target based on the level of the SBTi\*1 to limit global temperature increase to “well below 2°C.” However, in order to more actively respond to growing requirements from society for action on climate change, notably the Japanese government’s 2050 carbon neutral declaration and the COP26 summit’s adoption of the Glasgow Climate Pact, we decided to set a more ambitious goal of reducing Scope 1 and Scope 2 CO<sub>2</sub> emissions by 42% by FY2025 and 63% by FY2030 compared to FY2015 emissions, which are aligned with the SBTi “1.5°C” target.

\*1 An international initiative that encourage companies to set CO<sub>2</sub> reduction targets in line with the Paris Agreement goals.

FY2025 Target toward Carbon Neutrality



### Decarbonization Initiatives

At the Pfaffenhofen Plant in Germany, a self-consumption solar power generation system started to operate in February 2022. Moreover, plants in Japan are promoting energy-saving initiatives mainly by switching to highly efficient energy-saving refrigerators and taking measures to improve the thermal insulation of boiler pipes. These initiatives have resulted in reducing our global CO<sub>2</sub> emissions by more than 700 tons annually.



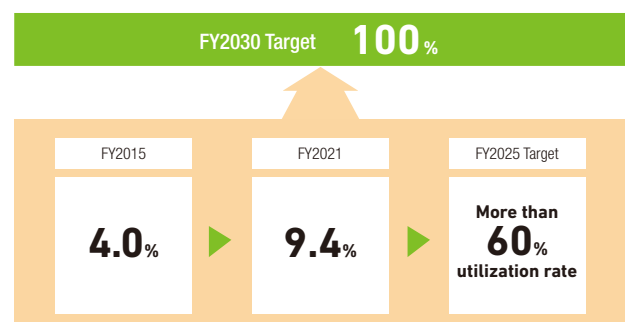
### Utilization of Renewable Energy

In FY2021, we focused on examining procurement solutions and scope of application with a view to expand the use of renewable energy. As a result, from April 2022, we started to switch the electricity used at 13 sites in Japan, including the head office building, plants, research laboratories, and training centers, to renewable energy (FIT non-fossil fuel energy certificates with tracking information). We therefore expect the Group’s overall CO<sub>2</sub> emissions for FY2022 to come to around 120,000 tons (a reduction of about 45% compared to FY2015). We aim to achieve our FY2025 renewable energy utilization rate target of at least 60% by maintaining the current level along with our business expansion, and furthermore, to achieve a renewable electricity utilization rate of 100% ahead of schedule by FY2030, as accelerated by the RE100\*2.

Our Group companies in and outside of Japan are also accelerating initiatives to realize carbon neutrality through promoting the introduction

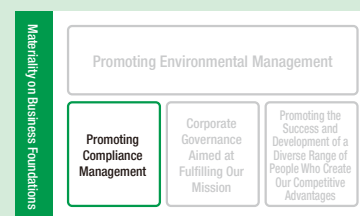
of decarbonization technology which enables the implementation of renewable energy utilization.

Renewable Electricity Utilization Rate



\*2 RE100: A global initiative promoting 100% corporate renewable energy, operated by The Climate Group, an international environmental NGO, and CDP that urges companies to disclose their climate change measures.

## Promoting Compliance Management



Compliance is indispensable for the long-term maintenance and improvement of our corporate values. The Daiichi Sankyo Group complies with laws, regulations, and industry codes, and executes compliance management with a focus on ensuring that it retains the highest ethical standards and social consciousness required of a life science company.

### Initiatives for Improving Workplace Culture

Our Group endeavors to reinforce an open workplace culture as a cornerstone for our compliance management. In FY2021, we carried out a global employee survey to measure the score of our “periodic employee survey on ethical culture,” which was one of our materiality KPIs. 84% of respondents provided positive responses, indicating that we are succeeding in creating a culture that respects compliance.

To further encourage improvements in workplace culture, in addition to periodic messages emphasizing the importance of compliance by our CEO and compliance officers and carrying out interactive training

programs every year, we have selected “Speak Up” as our Group-wide theme for FY2022. We are implementing various measures aimed at raising employee awareness of the importance of everyday communication and listening attentively. We will also continue to promote the use of our Global Hotlines, which are open 24 hours a day, 365 days a year, available in the languages of the countries and regions where the Group companies are located, and attempt to create an even better workplace culture and to further promote compliance management.

### Initiatives for Code Compliance

Our Group manages cases of healthcare-related findings made by pharmaceutical regulatory authorities or industry-related organizations that may materially discredit or reduce confidence in the company. These are referred to as “significant code violations,” and we disclose them on our global website.

Since FY2021, as part of our efforts to prevent code violations globally, we regularly collect information on code violations that have

taken place at our Group companies in Japan, the U.S., Europe, and the ASCA region, and hold meetings with the code compliance representatives of the Group companies. By sharing examples of and exchanging opinions on code violations that have taken place at Group companies in each country, we are able to deepen our understanding, which is useful in our efforts to prevent further code violations from occurring.

### Promoting Sustainable Procurement Activities

In order to realize a sustainable society, we believe it is necessary to join efforts with our business partners to promote sustainable procurement. We are engaged in various initiatives, one of which is conducting a sustainable procurement survey with our business partners once every three years, based on our Business Partner Code of Conduct (BPCC)\*3. The second survey (FY2020–FY2022) was issued to 403 of our major business partners in Japan and overseas. Working together with our overseas Group companies, we succeeded in improving the participation rate, and obtained responses from 386 companies (96%). An analysis of these responses revealed similar trends to the first survey (FY2017–FY2019), suggesting the need to continue focusing on environmental initiatives. In FY2022, we are planning to share information relating to sustainability activities through individual discussions with business partner companies selected according to their answers to the second survey responses. Through such two-way communication, we intend to encourage mutual cooperation with our business partners, and thereby promote and strengthen our initiatives for sustainable procurement.

\*3 The BPCC establishes concrete items that our Group companies expect from our Japanese and overseas business partners including compliance in various fields—such as ethics, human rights, health and safety, and environmental management.

#### Sustainable Procurement Survey

	First sustainable procurement survey (Period: FY2017–FY2019) Results			Second sustainable procurement survey (Period: FY2020–FY2022) In progress	
	Number of companies surveyed	Number of respondents (Response rate)	Number of companies that communicated Number of respondents	Number of companies surveyed	Number of respondents (Response rate)
<b>Total</b>	<b>381</b>	<b>355 (93%)</b>	<b>26</b>	<b>403</b>	<b>386 (96%)</b>
Direct materials					
Subtotal	<b>248</b>	<b>230 (93%)</b>	<b>18</b>	<b>263</b>	<b>257 (98%)</b>
Raw materials	119	113 (95%)	6	138	135 (98%)
Licensed products and consigned manufacturing products	99	92 (93%)	7	89	88 (99%)
Manufacturer/Non-tier 1 Supplier	30	25 (83%)	5	36	34 (94%)
Indirect materials					
Subtotal	<b>133</b>	<b>125 (94%)</b>	<b>8</b>	<b>140</b>	<b>129 (92%)</b>

## Promoting the Success and Development of a Diverse Range of People Who Create Our Competitive Advantages



We believe that our “people” are the most important “asset” of the Daiichi Sankyo Group. Based on our HR Management Philosophy, we respect the diversity of each and every employee, thereby ensuring the mutual sustainable growth of our employees and the Company. To achieve this, we are creating a work environment where a diverse range of talents are highly engaged and can maximize their potential, and acquiring and training talents to enhance our business competitiveness.

### Fostering One DS Culture

We have been working to create our common global corporate culture, One DS Culture, since FY2021 in order to further accelerate the expansion of our oncology business and global business development, which are part of what we aim to achieve in our current 5-year business plan.

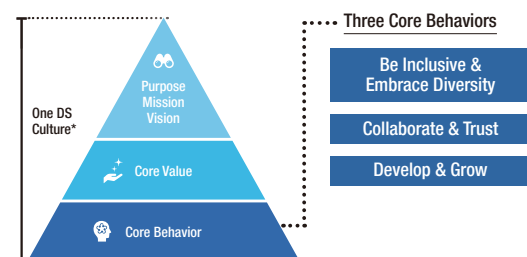
By fostering One DS Culture while leveraging our heritage and strengths, we aim to create a workplace where all employees can work energetically, regardless of gender, nationality, cultural background or other differences. Through the understanding and implementation of the Three Core Behaviors among our employees, our employees will effectively collaborate with employees around the world to achieve our shared vision and build trust across functions and regions, which will lead to innovations for the benefit of patients.

In FY2021, as part of fostering One DS Culture, we organized an online workshops for management and global leaders with the aim of building understanding of and commitment to behaviors and work styles appropriate to a truly global company. We also conducted our first global engagement survey of all employees across the Group and received a high response rate of 89% (14,494 respondents). The survey included questions on corporate culture and work environment, as well as opportunities for development and growth, and these were set as

materiality KPIs. The results for the FY2021 survey showed a 75% positive response rate for corporate culture and work environment and a 68% positive response rate for development and growth opportunities. While we do have room to improve, this score highlights that our employees report being personally invested in their work, excited about our vision, and see a strong connection between their roles and our Purpose and Vision. Using the positive response rate in FY2021, the first year of the survey, as a baseline, we plan to make improvements going forward. In FY2022, we plan to analyze the factors behind the results in comparison to the previous year and develop a plan to address improvement areas.

For more information on the Three Core Behaviors

P. 3



\* The combination of our Purpose, Mission, Vision, Core Values, and Core Behaviors

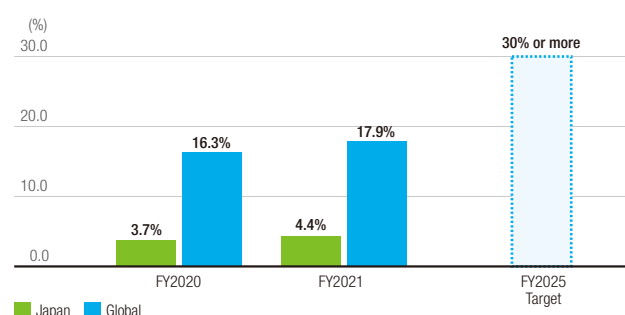
### Promoting Inclusion & Diversity (I&D)

In FY2021, on International Women's Day, we formulated our Global I&D Statement. Across the Daiichi Sankyo Group, “Inclusion” refers to the acceptance of diversity, and “Diversity” refers to differences in various aspects, including gender, race, religion, sexual orientation, age, disability, values, beliefs and other areas. Furthermore, connecting diverse perspectives and experiences to innovation in business is another important concept of Inclusion. We believe that promoting I&D will lead to higher employee engagement and enable us to contribute to our various stakeholders, including patients, and the many diverse countries, regions, and communities in which we live and work.

One of our Materiality KPIs is to achieve 30% of female in senior managerial employees by FY2025. In FY2021, we reached 17.9% (+1.8 pt YoY) globally, but the low ratio of female in senior managerial employees in Japan remains a challenge. In Japan, we have set a target of increasing the percentage of female in managerial employees, who are the candidates for senior managers, to at least 15% by the end of FY2025 (9.3% in FY2021; +1.2 pt YoY), and we will continue

to work toward achieving this target. At the same time, we will create a workplace environment in Japan in which women can play an active role more than ever before by providing support for women in terms of leadership training, career development, offering growth opportunities, and ensuring a good work-life balance.

#### Percentage of female in senior managerial employees





## Penetration Initiatives to Realize our Purpose and Vision

To ensure that all employees understand the background and the meaning of the Purpose and Vision and the meaning of the goals, and act on their own to realize them, we are working to disseminate the current 5-year business plan and foster our Group-wide corporate culture (One DS Culture) through direct communication between management and employees at CEO town hall meetings and workshops.

### CEO Global Town Hall Meetings Held to Penetrate Our Purpose, Vision, and Current 5-year Business Plan

Aiming to deepen everyone's understanding of our Purpose, Vision, and current 5-year business plan, and to build unity in views towards achieving them between management and employees, we held CEO global town hall meetings for all of our business sites (including Group companies) from June to September 2021, where over 10,000 employees attended online. We also released recorded videos and summary reports on the intranet for all employees including those who could not attend the meetings.



#### Questions from employees related to sustainability

Employees asked Mr. Manabe, our CEO, various questions related to sustainability, showing their high level of interest in this key subject.

The meetings were thus a valuable opportunity for each and every employee to understand the thoughts of management and to consider sustainability in their own initiatives, through discussions in response to the following questions:

"What kind of preparation and interests are necessary for each of us to become more familiar with and correctly understand ESG?"

"Contemporary companies are expected to balance their own growth with contributions to society, but in case our profit conflicts with measures to protect the environment, what should we prioritize?"

"To develop a sustainable society, what do you expect us to contribute to society other than pharmaceuticals?"

### Launch of the Global Culture Initiative

We have launched an initiative aimed at fostering One DS Culture which is necessary for employees to think, act, and operate globally in order to more broadly contribute to patients and society.

#### Implementing Cultural Diagnostics

From 2020 to 2021, we conducted comprehensive cultural diagnostics—including interviewing 58 leaders, holding 18 focus group discussions with a total of 263 employee participants, and conducting a cultural survey to which 12,642 employees responded—to kick off the Global Culture Initiative by analyzing the gap between our current situation and future aspiration.

As a result, we discovered the following cultural challenges: *Cultural disconnects across regions, functions, and therapeutic areas / Lack of clear translation from strategy into action and ownership and alignment across leaders / Inefficiency in how work gets done / Insufficient focus on talent development outside Japan / Fear of failure inhibiting creativity and initiative-taking at the individual and team levels.* In order to resolve these cultural challenges and become a truly global company, we have defined our Core Behaviors that employees should practice.

#### Holding Workshops

In FY2021, we held a total of eight online workshops for approximately 200 leaders globally, including our Executive Management Committee members. At the workshops, they learned the significance of becoming a truly global company, as well as how leading by example can help each employee to understand and practice our Core Behaviors. By using One DS Culture as a foundation to further enhance the strengths of our human resources and global organization, we aim to achieve our Purpose and Vision through the united efforts of all employees.



## Social Value Creation

**We recognize that the social value created through our Materiality initiatives will be from the Group's contribution to United Nations (UN) Sustainable Development Goals (SDGs).**

We have organized an outline of the social significance of the Group's initiatives in terms of Purpose, Vision, and Materiality, and summarized our progress in achieving our Purpose (creation of social value) in the below chart. Furthermore, we organized the social value that our Group is creating from the perspective of the UN SDGs. For example, "to contribute to the enrichment of quality of life around the world" to which society has high expectations and to which we can best contribute, is linked to UN SDGs Goal 3, "Ensure healthy lives and promote well-being for all at all ages." We will also contribute to the achievement of Goals 9, 12, and 17 of the UN SDGs to realize our Purpose. In addition, to promote environmental management, we are endeavoring to meet the growing societal demand for "contribution to environmental load reduction". Furthermore, through our Materiality of "promoting compliance management" and "corporate governance aimed at fulfilling our mission", we strive to realize highly transparent management along with promotion and development of talent so that each and every employee can find their work rewarding, solidifying our commitment to respect for human rights and thereby contributing to our achievement of Goals 5, 8, 10, and 16 of the UN SDGs.

In light of the external environment surrounding our Group, we are working to promote a deeper understanding of the SDGs within the Group companies, therefore each and every employee will be encouraged to take ownership in contributing to the SDGs as part of a company-wide effort to create social value. We will continue to work together as a Group to solve social issues not only by growing as a business, but also through creating new value.

Purpose

2030 Vision

### Materiality on Business

**Continuously create innovative pharmaceuticals and provide pharmaceuticals addressing diverse medical needs**

#### Daiichi Sankyo Co., Ltd.

Delivered *Enhertu*<sup>®</sup>, an oncology drug that addresses the unmet medical need for cancer treatment and innovates the standard of care, to more patients around the world by adding new indications and expanding approvals in more countries.

Produced and shipped AstraZeneca's COVID-19 vaccine as a contract manufacturing business by using Daiichi Sankyo Biotech's existing production facilities to restore the sense of safety and security in society, and contributed to providing the vaccine to Southeast Asia and other countries through the Japanese government.

Launched *Delytact*<sup>®</sup> in Japan for the treatment of malignant glioma, providing a new treatment option for patients with rare diseases that have few alternatives available because of the difficulty in developing treatments.

Capacity building through launching a cancer screening camp and providing services to over 1,000 local residents in Nepal, where breast and cervical cancer incidence rate is high and accounts for 30% of all cancer-related mortality.

#### Daiichi Sankyo, Inc.

Ensured patient access to investigational products (products not yet granted regulatory approval) through the Expanded Access Programs, which provide patients who are suffering from life-threatening conditions where there is an unmet medical need that cannot be met by existing products and who are unable to participate in clinical trials.

#### Daiichi Sankyo Espha Co., Ltd.

Provided high value-added generic drugs which are easier for patients to take and prevent medication-related errors, by printing the names on the tablet and focusing on designing the symbol mark on the PTP\*.

\* Abbreviation of Press Through Package

### Creating Innovative Pharmaceuticals

Providing a Stable Supply of Top-Quality Pharmaceutical Products

Improving Access to Healthcare

Providing the Highest Quality Medical Information



Contribute to the enrichment of quality of life around the world

Innovative global healthcare company contributing to the sustainable development of society

## Materiality on Business Foundations

To achieve our goal of carbon neutrality by 2050 and, as a healthcare company, proactively reduce the environmental impact of our business operations and implement advanced climate change countermeasures

### Promoting Environmental Management

Promoting Compliance Management

Promoting the Success and Development of a Diverse Range of People Who Create Our Competitive Advantages

Corporate Governance Aimed at Fulfilling Our Mission



#### DS

Secured a stable supply of the comparator drugs necessary for clinical trials and established waste reduction by reviewing bulk purchases and devising other procurement methods.

Reduced person-hours, organic solvents and reagents, and energy consumption during production by improving the manufacturing process for narcotic active pharmaceutical ingredients (APIs).

#### Daiichi Sankyo Europe GmbH

Started operation of a self-consumption solar power system at the Pfaffenhofen Plant and reduced annual CO<sub>2</sub> emissions by approximately 230 tons. In addition, as part of the initiatives to realize a decarbonized society, we are actively promoting the installation of charging stations to support the adoption of electric vehicles.

#### Daiichi Sankyo Espha Co., Ltd.

Promoted the use of biomass plastic bottles in bulk packaging, which realized reduction of CO<sub>2</sub> emissions and the amount of petrochemical resin used compared to petroleum-derived plastics.

#### Daiichi Sankyo Healthcare Co., Ltd.

Switched to FSC®-certified paper for individual packaging boxes for approximately 40 products, making our packaging and materials environmentally friendly.

Please refer to our website for more details on our initiatives.

Click here for more information. [https://www.daiichisankyo.com/sustainability/our\\_approach/sdgs/](https://www.daiichisankyo.com/sustainability/our_approach/sdgs/)



## Initiatives toward Patient Centricity

Our Group's Purpose is to contribute to the enrichment of quality of life around the world, and core to all of our activities is our "Passion for Innovation. Compassion for Patients.®" as reflected in our corporate slogan.

Our commitment to support patients to find hope in their treatment drives all of our corporate activities. We are engaged in our activities with the belief that innovation will come from trials and errors and the continuous search for new drugs.

To make innovation more meaningful, we will further foster a patient centric mindset throughout the entire Group by continually engaging with patients and listening to their experiences, challenges, and perspectives.

We will strengthen our efforts to move toward patient centricity throughout our entire value chain.



\*<sup>1</sup> Real world data

\*<sup>2</sup> Interstitial lung disease

## COMPASS (Compassion for Patients Strategy), a strategy for patient-oriented drug discovery

We launched COMPASS in 2014 within the R&D Division as an initiative to drive progress in implementing "Patient-Oriented Drug Discovery." We are working to contribute to patients realizing "life with a smile" around the world, based on Daiichi Sankyo's corporate slogan, "Compassion for Patients."

We undertake two main activities in Japan under the COMPASS strategy. The first is an exchange program that enables patients and healthcare professionals, and our employees to get to know and understand each other through dialogue, with the aim of improving the quality of drug discovery. The second activity involves visits of our employees to medical facilities to understand the needs and actual circumstances of diseases and treatments, which provides an opportunity for them to reaffirm their roles and responsibilities as a member of a pharmaceutical company.

When interacting with patients, it goes without saying that we must comply

▶ [https://www.daiichisankyo.com/our\\_stories/detail/index\\_4170.html](https://www.daiichisankyo.com/our_stories/detail/index_4170.html)

with laws and regulations such as advertising regulations and personal information protection, but we have come to realize that there are issues we need to address that go beyond just complying with laws and regulations to build a relationship of mutual trust. Accordingly, we prepared a guidebook in collaboration with Takeda Pharmaceutical Co., Ltd., which shares the expertise and experience that both companies have accumulated, and provides guidelines for the collaboration with patients groups. We will use this guidebook to promote collaboration with patients in cooperation with other pharmaceutical companies.

### Thoughts behind COMPASS

A patient once told us, "We don't live for treatment, we live to do what we want to do." We at Daiichi Sankyo would like to think together with not only our employees but also patients, their families, and medical professionals about what we can all do to help patients to realize "life with a smile" despite their illness.

## Patient Advocacy - the value patient voices add to drug development

The pharmaceutical industry has moved away from advocacy simply meaning the transmittal of information about diseases and available treatments to patients. We are moving to an era of close collaboration between the company and the patient community where patient voices have an increasing impact on everything from research and drug development to treatment access. They are influential from the conception of a compound all the way to the marketplace and beyond.

### Experts in their own diseases

By listening to patients, who live day and night with their disease, the company might be able to offer alternatives within the study protocol, perhaps allowing a patient's local physician to draw the blood needed for the study or have studies that are conducted closer to where patients live.

### Listen to patients' voice

Through advocacy, we engage with patient groups in a number of ways, including one-on-one discussions, advisory boards and patient events.

[Click here for more information.](#)

▶ [https://www.daiichisankyo.com/our\\_stories/detail/index\\_4242.html](https://www.daiichisankyo.com/our_stories/detail/index_4242.html)

### Closing the knowledge gap

We are working with the original authors of scientific peer reviewed articles to write them in lay terms, making access to science available for cancer patients and their caregivers in Europe and the United States.

### A global commitment

We established a Patient Focused Forum, a network of advocates which includes Daiichi Sankyo representatives from the many countries where the company has a presence. We will deepen our relationships with various patient groups around the world to understand the true needs of patients.

*The patient voice is stronger than ever, and patients have much to say about their expected quality of life and survival aspirations.*



Gissoo DeCotiis  
Global Oncology Medical Affairs,  
Global Head of Advocacy &  
Strategic Relations

## Patient Journey Card

Our passion and compassion are what drive us every day, regardless of our roles. To have compassion, we must understand our patients' experiences, challenges and perspectives. To help create this connection, we created sets of Patient Journey Cards\* and provided them to certain employees, each card featuring a glimpse into a real patient story. We encourage our employees to select a card each morning and keep it with them during the day as a reminder of the meaning of what we do.

\*All individuals featured on our Journey cards are real patients who agreed to share their stories with us.







# Clinical Trials



## Providing access to clinical trial information

We disclose our clinical trials on our Clinical Trial Information Disclosure website and set up a contact for clinical trials so that patients can easily access to the clinical trial information they are seeking. In addition, we publish clinical trial results summaries in plain language for patients who have participated in our clinical trials.

[Click here for more information.](#)

► [https://www.daiichisankyo.com/rd/clinical\\_trials/list/](https://www.daiichisankyo.com/rd/clinical_trials/list/)

## Reducing the burden on patients

In order to reduce the burden on patients participating in clinical trials and to help them understand the trial more accurately, we have introduced patient-reported outcomes (ePRO) and video explanations of consent documents (eConsent) by using digital technologies in several clinical trials. Such new technologies are also working to reduce the number of visits and ensure sufficient time for patients to understand the clinical trial. In addition, we are taking on new initiatives to make it more comfortable for patients to participate in clinical trials, such as reflecting the opinions and thoughts of patients in the clinical trial-related materials we provide.



## Delivering innovative new drugs faster

With the aim of delivering new drugs as quickly as possible, we pushed forward with clinical trials even during the pandemic, and introduced a "Direct to Patients" system that enables patients to receive or be administered investigational drugs at home or at a nearby hospital without having to visit the clinical trial site. In this way, we ensured that patients can continue to participate in clinical trials even amid the COVID-19 pandemic.



## Expanding access to investigational drugs

In countries and regions where our drugs are not yet approved, we provide certain investigational drugs through Expanded Access Program or similar early access programs to eligible patients with a serious or life-threatening disease or condition, for which all currently available treatment options have been exhausted and enrollment into a clinical trial is not possible.

For example, in the treatment program that ensures the early delivery of *Enhertu*<sup>®</sup> to patients in countries and regions where *Enhertu* is not yet approved, we established a special risk management system to ensure patient safety.





# Drug Formulation

## Development of patient-friendly dosage forms

With the determination to support the safety and security of patients with drugs that are easy to take and use, we continue to develop patient-friendly dosage forms, making full use of the drug formulation technologies we have cultivated over the years. To date, we have developed and launched orally disintegrating tablets for anticoagulants and nebulizer formulations of anti-influenza agents as dosage forms that are easy for patients to take. We have also improved convenience by launching generic products with innovations in drug formulation and packaging. At the same time, we are pursuing continuous medication support for patients, as well as safety and security for healthcare professionals and caregivers.



## Clinical Safety & Pharmacovigilance

### Providing safety information in a more understandable and accessible manner

With the aim of supporting the safety and relief of patients, we are working to create and provide materials related to safety information, reflecting the needs of patients identified through healthcare professionals. For example, in the US, we are updating and improving the Patient wallet card/Patient brochure\*<sup>1</sup> in a timely manner. Furthermore, in Japan, we are working to improve access to information, for example, by posting a list of Drug Information Sheets on our website. We are also collecting and analyzing information on safety and efficacy of our products in the real world after product launch, and publishing the results in articles and at academic conferences. As above examples, we are working on activities that are appropriate to the specific circumstances in each country.



\*<sup>1</sup> Materials designed to provide patients with product-related information in an easy-to-understand manner.



## Digital Therapeutics (DTx\*<sup>2</sup>)

### Providing DTx

We are working to develop DTx with the will to provide personalized healthcare solutions that closely align with the life journey of each patient and individual. We are continuously surveying the challenges and needs of patients to reflect them in our DTx development, and are aiming to use DTx to fill in the gaps in patient treatment, including when they are at home, and to help them improve their physical, mental, and social well-being. As a first step, we are working to develop DTx in the field of oncology toward obtaining medical device approvals and insurance coverage as early as possible (clinical research is scheduled to begin in FY2022).

\*<sup>2</sup> We define DTx as software solutions that have evidence-based therapeutic capabilities in providing medical interventions directly to patients to prevent, manage, or treat a medical disorder or disease, and are developed to be reviewed and approved by regulatory bodies as a medical device (manufacturing and marketing approval).



## Social Contribution Activities

### Supporting cancer patients and their families

With the aim of facing cancer together with the entire community and supporting cancer patients and their families, we participate in Relay for Life Japan (RFLJ), an initiative to get closer to patients and support their fight against cancer. In FY2021, over 100 Daiichi Sankyo Group employees and their families participated online in RFLJ Ochanomizu, walking around the country and making donations based on the number of steps taken.

## Message from the CFO

### We will work to optimally manage resources to achieve sustainable growth in corporate value and shareholder value

#### Hiroyuki Okuzawa

Director, Senior Executive Officer,  
Head of Corporate Planning & Management Division, CFO



#### Review of FY2021

Looking back on my first year as CFO, FY2021, the first year of our current 5-year business plan (FY2021–FY2025) was a very important year for us as we steadily worked to achieve our annual performance targets and began reforming our management system in order to shift to a business model with a focus on our FY2025 targets and 2030 Vision. In the first year of the current 5-year business plan, the revenue of existing mainstay products such as anticoagulant *Lixiana*®, pain treatment *Tarlige*®, and iron deficiency anemia treatment *Injectafer* increased steadily, and the launched market of *Enhertu*® expanded to 25 countries and regions as part of our efforts to “maximize 3ADCs,” which is one of the pillars of the strategy for the current 5-year business plan. As a result, revenue rose substantially year-on-year, and core operating profit, which indicates ordinary profitability, and operating profit both grew at double-digit rates. In addition, positive results from two clinical trials of *Enhertu*, DESTINY-Breast03 and DESTINY-Breast04, which are the drivers for achieving our current 5-year business plan targets, have given us confidence in our future growth.

As for FY2022, we have formulated a plan to absorb the performance impact of measures to curb drug costs in Japan and overseas, while securing R&D investment to accelerate the R&D of 3ADCs including *Enhertu*, and to steadily advance toward achieving our current 5-year business plan targets. In addition, we have begun to enhance our budget management in order to further improve the consistency between our current 5-year business plan and the single-year targets and business plans formulated in light of the latest changes in the business environment. By accurately grasping the latest changes in the business environment and linking positive changes to business opportunities in a timely manner, as well as by incorporating measures to reduce the impact of any negative changes, we will maximize business performance by ensuring flexible resource allocation through

annual updates to the 3-year forecast.

As *Enhertu*'s development progresses and sales expand, we are transforming our business model from one anchored in the cardiovascular field to one that delivers oncology drugs to patients on a global scale. The oncology field is a therapeutic area where the global standard of care continues to change rapidly, and operations need to continue to evolve in a dynamic manner. To this end, we must speed up and improve sound decision-making at the global level. We are holding Executive Management Committee meetings more frequently than in the past in order to facilitate discussions by global leaders and to ensure the appropriate delegation of authority. In particular, in the Portfolio Prioritization of clinical development projects, we review the frequency and timing of meetings and make agile decisions so that supply plans and investment plans for the next fiscal year can be formulated based on the results of the rapid and integrated prioritization process, which combines science and business perspectives.

Furthermore, as part of our efforts to strengthen the management foundation that supports the four strategic pillars of the current 5-year business plan, we have launched “Project 4D (Daiichi-Sankyo Data Driven Decision making),” which aims to achieve data-driven management for flexible decision-making based on prompt and accurate recognition of current issues. We are making steady progress in standardizing and systemizing operations related to management information creation on a global basis.

Moreover, the CFO is in charge of promoting risk management, and in FY2021, in light of the emergence of dispute related risks such as the Seagen matters and other cases, we have been working to centrally manage major disputes under the risk management system on a global basis in order to balance risk management and thorough information management. In addition, we reevaluated existing cases and reconfirmed whether or not there were any new cases.

## Forecast for FY2022

For FY2022, we expect consolidated revenue of ¥1,150.0 billion (+10.1% vs. FY2021), core operating profit of ¥105.0 billion (+15.9% vs. FY2021), and operating profit of ¥105.0 billion (+43.8% vs. FY2021). In terms of foreign exchange rates, we assume exchange rates of ¥130 to the US Dollar and ¥140 to the Euro. For depreciation of ¥1 against the US Dollar, we expect an increase of ¥2.5 billion in revenue and a decrease of ¥0.5 billion in operating profit, and for the Euro, we expect an increase of ¥1.2 billion in revenue and an increase of ¥0.3 billion in operating profit. As a result, we expect to see an increase of approximately ¥55.0 billion in revenue and a decrease of approximately ¥6.0 billion in core operating profit due to foreign exchange impact in FY2022.

Table 1: FY2022 Forecast and Key Drivers

In FY2022, we will place the highest priority on accelerating the development of 3ADCs and boosting sales growth in order to achieve our current 5-year business plan strategy to “maximize 3ADCs.”

- In order to bring *Enhertu* to as many patients as possible, we will accelerate our efforts to achieve market penetration and add new indications through our strategic alliance with AstraZeneca. Currently, sales are growing rapidly driven by market penetration in the United States, Europe, Japan, and other countries where the drug has been launched, and we plan to add five new indications in the U.S. and Europe in FY2022. Taking into account the recognition of regulatory milestone payments from AstraZeneca associated with the approval of these new indications and the increase in product sales driven by accelerated market penetration in each region, we expect *Enhertu* sales to double from the previous fiscal year to reach ¥159.9 billion. Excluding upfront payments, development milestone payments, and other deferred income, we expect *Enhertu* product sales to rise from ¥65.4 billion in FY2021 to ¥128.4 billion in FY2022.

Graph 1: *Enhertu* Sales

- We are also conducting many clinical trials for *Dato-DXd* and *HER3-DXd*, and will promote their development to promptly provide new options for cancer treatment by obtaining approval and expanding approved indications for each stage of treatment for various types of cancer.

With regard to “profit growth for current business and products,” *Lixiana* is growing steadily in Japan, Europe, and the Asia, South & Central America (ASCA) region, and has surpassed its immediate target of ¥200 billion in global sales for FY2021 ahead of schedule. In FY2022, we forecast sales to grow by 15.6% year-on-year to ¥237.7 billion. In Japan, we received approval in August 2021 for additional dosage and administration for the prevention of stroke and systemic embolism in elderly patients with non-valvular atrial fibrillation who are at high risk of bleeding, and plan to expand sales in Japan from ¥92.5 billion in FY2021 to ¥104.3 billion in FY2022.

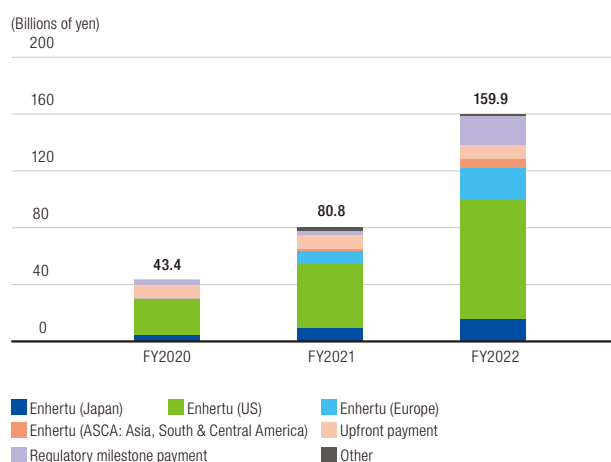
Product transfers and other initiatives are progressing in each region, and we are making steady progress in transforming toward a profit structure focused on new drugs. Going forward, we plan to shift to a business structure that supports sustainable growth by expanding the area where our strengths overlap with the expectations from society.

Other important initiatives include the development of a COVID-19 mRNA vaccine (*DS-5670*). In light of the vaccine situation, we have placed the highest priority on conducting trials in Japan to confirm the booster effect (third vaccination) and have initiated a Phase 1/2/3 clinical trial in January 2022 aimed at providing additional doses to previously vaccinated individuals. In September 2022, we also initiated a Phase 3 clinical trial on unvaccinated healthy adults in Japan. We will do our best to supply a Japan-made mRNA COVID-19 vaccine as a Japanese pharmaceutical company in the vaccine business with the aim of bringing the vaccine to market as soon as possible.

Table 1: FY2022 Forecast and Key Drivers

FY2022 Forecast	Key Drivers
Revenue: ¥1,150.0 billion (+10.1% vs. FY2021)	Sales of mainstay products such as <i>Enhertu</i> and <i>Lixiana</i> are expected to rise, despite negative factors such as the NHI price revision in Japan and the end of the <i>Nexium</i> ® sales partnership.
Core operating profit: ¥105.0 billion (+15.9% vs. FY2021)	Expecting higher revenue and an increase in gross profit driven by an improvement in the cost of sales ratio stemming from a change in product mix to offset higher expenses associated with the concentrated allocation of resources to the oncology business, including an increase in profit-share payments to AstraZeneca for <i>Enhertu</i> and expansion of development plans for 3ADCs.
Operating profit: ¥105.0 billion (+43.8% vs. FY2021)	No temporary income or expenses expected

Graph 1: *Enhertu* Sales



\*Includes co-promotion sales in countries where AstraZeneca records sales.



## Cash Allocation for the Current 5-year Business Plan

During the current 5-year business plan period, we expect to allocate approximately ¥2.8 trillion in cash, which is the cash on hand at the beginning of the current 5-year business plan plus the operating cash flow before R&D expenses over the 5-year period. Of this amount, approximately ¥1.5 trillion will be allocated to R&D expenses as an investment for growth, mainly for 3ADCs, and approximately ¥500 billion will be allocated for capital investment, mainly to enhance our supply capacity for DXd-ADCs. In terms of shareholder returns, we plan to maintain the current dividend of ¥27 per share of common stock and increase the dividend in line with profit growth, while allocating cash in a balanced manner to investments aimed at building further growth pillars based on progress in the pipeline and flexible acquisition of own shares.

### • R&D investment

In the current 5-year business plan, we set a new KPI to achieve a core operating profit ratio before R&D expenses of 40% in FY2025. The aim of this is to more accurately and concretely understand our ordinary profitability as a company and our earning capacity in our core business, as well as to flexibly determine the allocation of R&D investment in accordance with the potential of our pipeline based on our “ability to finance drug discovery,” in other words, our ability to fund R&D investments for sustainable growth.

Maximizing 3ADCs including *Enhertu* is the most important strategic pillar of our current 5-year business plan, and we plan to expand R&D investment centered on 3ADCs by ¥52.9 billion, from ¥254.1 billion in FY2021 to ¥307.0 billion in FY2022. In addition, we have confirmed initial efficacy signals in Phase 1 clinical trials for our fourth and fifth ADCs, *DS-7300* and *DS-6000*, and have positioned them as “Rising Stars,” the new growth drivers following 3ADCs, and are promoting their development. Furthermore, as part of our multi-modality strategy, we have made progress in establishing LNP-mRNA technology through vaccine development and are making steady progress in our efforts to select a post-DXd-ADC modality. We will continue to invest in R&D to identify and build further growth pillars using our proprietary ADC technologies and new modalities.

### • Capital investment

Taking into account our 3ADCs launch plan and progress in the development of DXd-ADC, which will follow *Enhertu*, we plan to allocate up to ¥300 billion in capital investment to our own production facilities in Japan and overseas, and to external contract manufacturing organizations (CMOs) by FY2025. Capital investment aimed at supplying ADC products during the current 5-year business plan period is progressing steadily, and we will determine investment allocation according to demand and work to expand ADC supply capacity in order to strengthen our production system with a view to supplying ADC products in FY2026 and beyond.

## Implementing Management Practices that Enhance Capital Efficiency to Maximize Shareholder Value

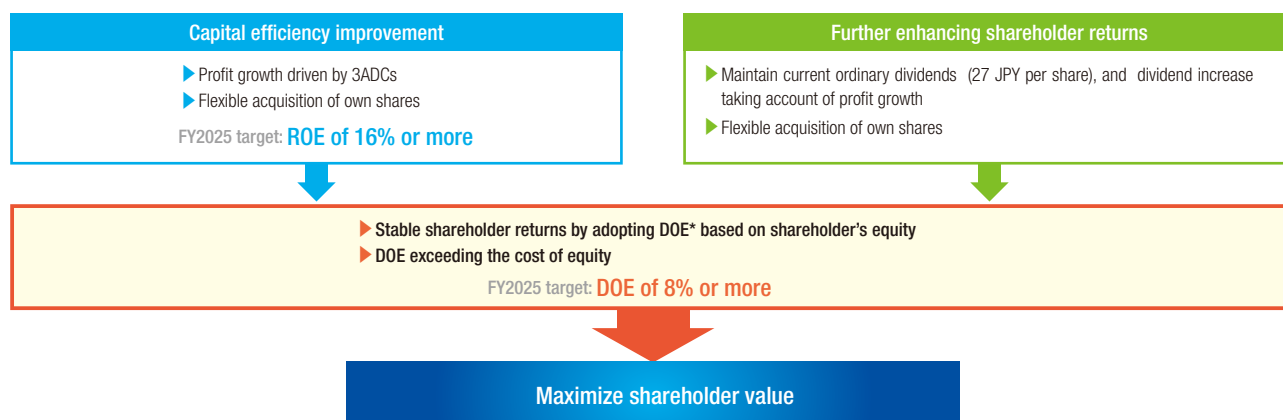
We will strive to improve capital efficiency and further enhance shareholder returns in order to maximize shareholder value.

### • Capital efficiency improvement

(FY2025 target: ROE of 16% or more)

We aim to achieve a ROE of 16% or more in FY2025 by increasing profitability through growth in 3ADCs and improving capital efficiency through flexible acquisition of own shares, and other measures. Our ROE in FY2021 was only 5%, but when analyzing our Group's ROE trends, there was no significant change in total capital turnover or financial leverage, and the biggest impact factor was net profit margin, which was mainly influenced by continued up-front R&D expenditures. We plan to achieve substantial revenue and profit growth by further growing 3ADCs, maximizing earnings from *Lixiana*, and shifting to a profit structure focused on new drugs by quickly ramping up *Tarlige*, *Nilemdo*® / *Nustendi*®, and other drugs, as well as by optimizing the cost of sales and expenses. In addition, our equity ratio as of the end of FY2021 is 60.8%, which ensures sufficient financial safety, but we believe this is near the upper limit from the perspective of capital efficiency, and we intend to maintain this level through flexible acquisition of own shares and other

Figure 1: Shareholder return policy for the current 5-year business plan



\* Dividend on Equity = Total dividend amount / Equity attributable to owners of the Company

measures. We have been reducing our non-core assets by selling non-business fixed assets, dissolving cross-shareholdings, and selling current products.

With regard to cross-shareholdings, we have adopted a policy of not holding listed stocks in principle unless we determine that it will help maintain and strengthen long-term business relationships and enhance our corporate value, and we will continue to sell stocks that we cannot reasonably justify owning. Regarding real estate, we sold our Osaka logistics center in FY2021. Going forward, we will continue to make decisions on whether or not to sell real estate based on its importance to our business activities and replaceability, as well as life cycle costs such as maintenance and renovation costs and our business continuity plan (BCP), while also carefully taking into account appropriate timing. Furthermore, in FY2021, we signed an agreement to sell current products in the US and an agreement to sell our *Cravit* drug formulation and production company, Daiichi Sankyo Pharmaceutical (Beijing) Co., Ltd. in China. We will continue to work on reducing non-core assets, including by reviewing our business portfolio, to free up capital for growth investments and shareholder returns.

#### • Further enhancing shareholder returns

In order to maintain and expand our relationship of creating shared value with our shareholders over the long term, we believe it is essential to carefully consider dividends by combining capital efficiency and shareholder return with a strong focus on cost of capital. In line with this, we have adopted dividend on equity (DOE), which is calculated by multiplying ROE and dividend payout ratio, as a key indicator of shareholder return. In FY2025, we aim for a DOE of 8% or more, which is above the cost of shareholders' equity. By establishing DOE as an indicator, which takes shareholders' equity into account, we are committed to providing stable returns to shareholders, and we intend to maintain the current dividend of ¥27 per share of common stock and raise the dividend in line with profit growth, while also flexibly acquiring our own shares.

Figure 1: Shareholder return policy for the current 5-year business plan

## Non-financial Capital that Sustains the Competitiveness of our Business Model built on our Strength in Science & Technology

We believe that the assets that are most important for creating corporate value are not the ones that appear in our financial statements, but rather those that do not appear in financial statements. Our Japan-made business model built on our strengths in Science & Technology, our technologies and expertise in creating pharmaceuticals, and our patents on substances and drug formulations are unique and important assets that were established within the Group and were not purchased externally through M&A deals or product in-licensing. These can be described as non-financial values that can be called "invisible assets," as they cannot be found in financial statements. Furthermore, we believe that human capital, including the researchers who create these assets, is the most important capital for sustaining our competitiveness, and to strengthen it, we will promote materiality on business (promoting

the success and development of a diverse range of people who create competitive advantages) by continuously enhancing our investment in human resource development. In addition, we will enhance the disclosure of our non-financial values and invisible assets. In FY2022, we reviewed our disclosure information based on the recommendations of the TCFD, and enhanced our financial impact and other disclosures in this report.

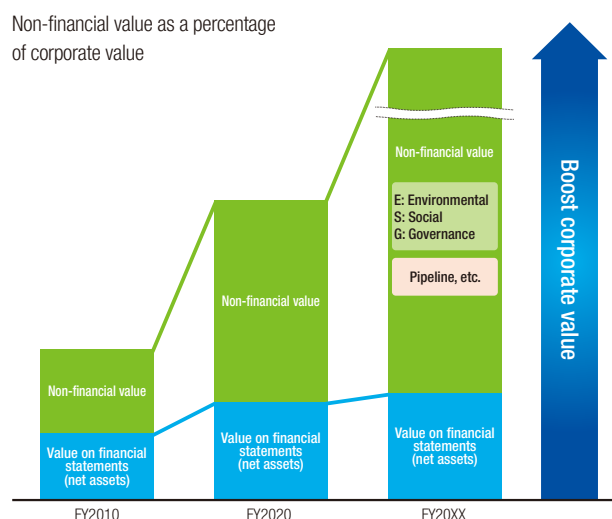
Figure 2: Daiichi Sankyo's Vision for ESG Management

## Maximizing Corporate Value

The ESG management that we drive represents "management based on a long-term perspective that enhances both financial and non-financial value by reflecting ESG elements in business strategies." We believe that such long-term focused management translates into sustainable growth of both our company and society. As the capital market's evaluation of our product potential grows along with the positive clinical trial data coming out for *Enhertu* and our ADCs pipeline, our stock price began to rise from around 2018, reaching a market capitalization of over ¥6 trillion as of the end of June 2022. In comparison, the total equity of our consolidated statement of financial position was approximately ¥1.4 trillion and our Price Book-value Ratio was over 4x, which we believe is an indication that the market appreciates the value of our innovative pharmaceuticals pipeline as well as the non-financial value of our contributions to patients, shareholders and investors, employees, society, and the natural environment.

In response to various demands from society, such as addressing unmet medical needs and environmental issues, we will create economic and social value through materiality initiatives, etc., by leveraging our strengths in Science & Technology as our greatest source of competitive advantage. We will continue to engage in active dialogue with our shareholders, investors, and other stakeholders to improve our corporate management.

Figure 2: Daiichi Sankyo's Vision for ESG Management



# Risk Management

The Daiichi Sankyo Group defines “risks” as those factors that may prevent it from achieving its goals and targets and that can be predicted in advance. We take appropriate measures against risks inherent in our corporate activities through retaining, reducing, avoiding, and transferring these risks; should risks materialize, we promote risk management to minimize impacts on people, society, and the Group itself.

## Promoting Risk Management

We have established a risk management system that provides for appropriate responses to risks inherent in our corporate activities. As the Risk Management Officer (RMO), the Chief Financial Officer (CFO) is responsible for overseeing Group-wide risk management and promotes risk management in line with an annual cycle of formulating and executing business plans.

The heads of each unit independently manage risks to aid the achievement of their unit’s goals and targets. To this end, they identify risks; carry out assessments to evaluate the likelihoods and potential impacts of these risks; formulate and implement countermeasures, and provide information, training, and education related to their unit’s risk management.

The RMO assesses the risks reported by each unit and identifies those that could potentially have a major impact on the Group’s

corporate management as Material Risks at the Executive Management Committee (EMC) Meeting and the Board of Directors. (See the Conceptual Diagram of the Group’s Risk Level Classification below.) An individual is assigned responsibility for each Material Risk and coordinates with relevant organizations to ensure appropriate measures are carried out. If signs of a Material Risk occurrence are detected, the individual is instructed to swiftly provide relevant information to the RMO, who will then report to the CEO. In addition, the progress of countermeasures against Material Risks is monitored twice a year and risk measures are reviewed as necessary. If potential new Material Risks requiring urgent action are identified, they will be added to the list of Material Risks after the review by the EMC and the Board of Directors, under the supervision of the RMO.

Conceptual Diagram of the Group’s Risk Level Classification

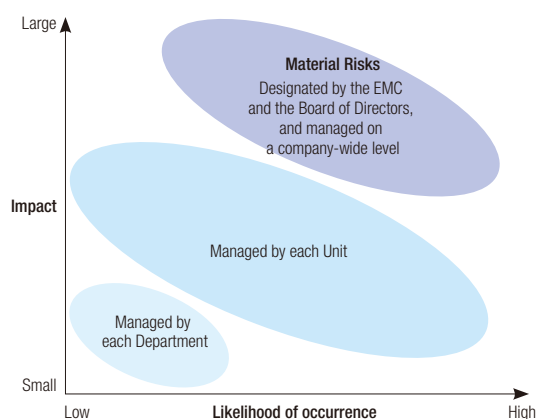
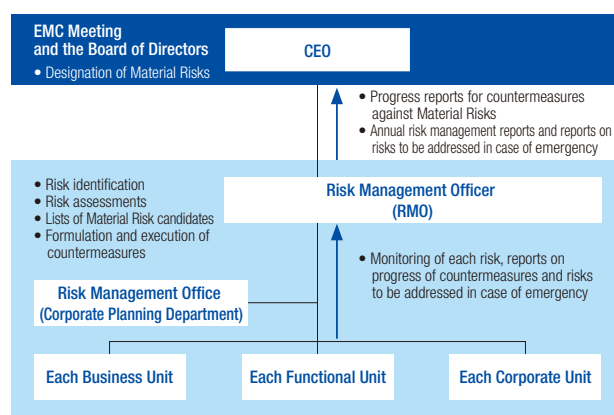
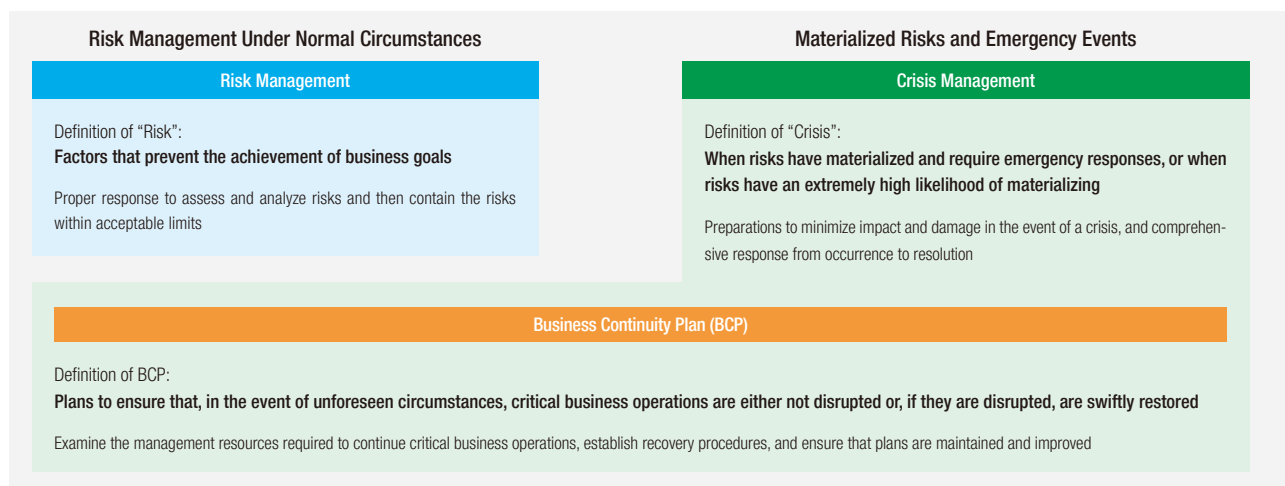


Diagram of Risk Management System



## Overview of Risk and Crisis Management





## Crisis Management

Under our Global Crisis Management Policy, we define “Crisis” as a collective term both for business risks that have materialized and that require immediate response, and for business risks that have an extremely high likelihood of materializing. Basic matters related to Crisis Management with the aim of minimizing losses caused by such events have been established. Our basic policy is as follows: “Upon the occurrence of a crisis, the Daiichi Sankyo Group shall respond immediately and precisely based on the following principles: ensuring the safety of the lives and communities of Daiichi Sankyo Group employees and related personnel; and fulfilling the responsibilities as a life science company. The Group shall endeavor to minimize human, social, or corporate losses and strive for business continuity and quick recovery.”

We have established a system that enables us to respond flexibly according both to the type of crisis—disasters and accidents; incidents including terrorism, scandals, and legal violations; information management issues; and product issues—and to the degree of impact

of the crisis. See the “Initial Response to Crisis” diagram below. In the event of a crisis, we will endeavor to prevent its escalation and to resolve it as soon as possible through swift and appropriate initial responses. We have clearly specified the reporting criteria and reporting line and established the Crisis Management Officer (either the CEO or a person designated by the CEO) and the Crisis Initial Response Officer (the Vice President of Corporate Affairs & Procurement). For crises with significant global impact requiring a Group-wide response, the Group will also share all relevant information with the Risk Management Officer (CFO). After the crisis has been resolved, we conduct an ex-post analysis to prevent its reoccurrence and improve crisis countermeasures.

To combat the effects of COVID-19, we have established a COVID-19 Emergency Response Headquarters, headed by the CEO, and coordinate continuously with relevant departments. Through this system, we intend to ensure both the safety of our employees and to maintain a stable supply of pharmaceuticals.

Initial Response to Crisis



## Business Continuity Plan (BCP)

### Daiichi Sankyo Group BCP Policy

In April 2022, we established the “Daiichi Sankyo Group BCP Policy,” a new global policy for formulating and implementing BCP. Based on this policy, we plan to establish systems that ensure a stable supply of pharmaceuticals of assured quality and secure the continuity of our research and development activities in order to respond to societal demands even in times of emergency. In addition, in response to the diversification of crises and the globalization of our business in recent years, we are engaged in a Group-wide review of our BCP. The review focuses on management resources and seeks to promote advance preparations and clarification of business continuity procedures.

### BCP Measures in the Supply Chain

We revised our BCP in 2012 following the experiences in the aftermath of the Great East Japan Earthquake. Since then, we have continued to improve the BCP to ensure effective response measures are taken in the event that a risk materializes; to this end, we have reviewed the list of drugs for which supply should be prioritized and updated disaster plans at our production sites, in line with revisions to national disaster response plans and prevailing societal

needs. We are also working to implement continuous improvements that enable us to cope with the growing complexity and globalization of production and logistics systems. Our list of pharmaceuticals for which supply should be prioritized includes those that are used by a large number of patients, that are needed in emergencies, or that cannot be substituted by other drugs and is reviewed on a regular basis to ensure a system that can provide a continuous and appropriate supply of necessary drugs when risks occur.

To realize a continuous and stable supply of pharmaceuticals by tracing back the manufacturers of our products accurately and selecting appropriate suppliers with BCP in our mind, we carry out manufacturer surveys and supplier assessments every three years, with the previous surveys and assessments completed in FY2020. In FY2021, we commenced manufacturer surveys to check the traceability of the raw materials procured by our overseas Group companies. We will use the results of these surveys to identify issues, carry out improvements, and establish robust supply chains.

## Major Risks and their Management

The table below lists the Major Risks identified by the Group's Material Risks and management risks at each unit and department management level. In identifying these risks, we have taken into consideration the potential impact they may have on investment decisions.

Area	Material Risk	Risk Summary	Status of Risk Management
Research and Development / Alliances with Partner Companies	✓	For new drug candidates, risks include: the suspension of research and development—in particular for trastuzumab deruxtecan ( <i>T-DXd / DS-8201</i> : anti-HER2 ADC; product name: <i>Enhertu</i> ®) and datopotamab deruxtecan ( <i>Dato-DXd / DS-1062</i> : anti-TROP2 ADC), on which we are collaborating with AstraZeneca; changes to approval review criteria resulting in failure to obtain approval; and changes to the terms and conditions of our R&D alliances, or their termination	<ul style="list-style-type: none"> <li>Establish a Joint Executive Committee with AstraZeneca, create a unified vision between the two companies for each area of collaboration, and use this vision to formulate and manage the progress of strategies</li> <li>Ensure constant communication with pharmaceutical regulatory authorities in each country, as a means of managing and reducing pharmaceutical risks</li> </ul>
Pharmaceutical Side Effects and Quality Issues	✓	Pharmaceutical products may be recalled or withdrawn from the market due to quality issues or unforeseen side effects; significant expenses may be incurred due to resulting allegations of injury and other matters of liability.	<ul style="list-style-type: none"> <li>Perform objective assessments, reviews, and analyses of safety management information—including information on side effects—collected from both Japan and around the world, and share this information with health care professionals in an appropriate manner</li> <li>Provide all employees with annual training in safety management information</li> </ul>
Overseas Business Expansion	✓	Operations overseas may be impacted by a number of factors, including: political instability; deterioration of economic circumstances; contraventions of local laws and regulations; and worsening labor-management relations	<ul style="list-style-type: none"> <li>Appoint risk management officers at group companies outside of Japan, and collect and share information on a regular basis</li> <li>When a problem occurs, the risk management officer serves as a hub for coordinating with local Group companies, aiding prompt problem resolution</li> </ul>
Manufacturing and Procurement	✓	Risks affecting manufacturing and procurement activities may include damage to Group-owned facilities, impairment of social infrastructure, and technical issues	<ul style="list-style-type: none"> <li>Establish systems to rapidly restore operations in the event of an emergency and to ensure stable supplies of pharmaceuticals with assured quality for the continued provision of medical services</li> <li>Ensure distribution of manufacturing and logistics bases, and install private electricity generators</li> <li>Strengthen IT foundations, such as by ensuring redundancy in core systems</li> </ul>
Environment and Safety		Risks include exposure to chemical substances for people both internal and external; adverse impacts on the environment through soil and air pollution; fragmentation of supply chains for pharmaceuticals due to extreme weather disasters, global warming, and other phenomena related to climate change; and rising manufacturing costs negatively affecting the stable supply of pharmaceuticals	<ul style="list-style-type: none"> <li>Establish and ensure continuous monitoring of independent management standards that are more rigorous than those set by local authorities</li> <li>Disclose information according to recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)</li> </ul>
Intellectual Property Rights	✓	Third party claims of patent infringement or other intellectual property claims against the Group, which could interrupt the Group's business or result in legal action; the Group itself may initiate legal action if a third party is found to have infringed Group-owned intellectual property rights	<ul style="list-style-type: none"> <li>Maximize value and minimize risks for the creation and protection of intellectual property</li> <li>Establish systems to minimize the impact of intellectual property disputes on business by working together with internal and external parties</li> </ul>
Litigation	✓	Lawsuits may arise over pharmaceutical side effects, product liability, labor and employment, and fair trade-related litigations, among others, may arise	<ul style="list-style-type: none"> <li>Minimize legal risks and maximize business opportunities from the perspective of laws and regulations, contracts, and dispute prevention and resolution</li> <li>Maintain and enforce preventive measures against compliance violations</li> </ul>
Laws and Regulations and Regulatory Trends to Limit Healthcare Expenses	✓	Negative impact may arise from administrative measures related to drug price revisions, the healthcare system, and health insurance	<ul style="list-style-type: none"> <li>Revise wholesale prices and rebates in light of NHI drug price system reforms and distribution improvement guidelines</li> <li>Monitor drug price policies across the world</li> <li>Draw up and implement appropriate sales conditions</li> </ul>
Legal Violations	✓	There is the risk of serious legal violations at the individual level, including personal misconduct of executives and employees	<ul style="list-style-type: none"> <li>Monitor business operations to detect inappropriate activities as early as possible</li> <li>Prevent violations through strict compliance with laws and regulations and through educational and awareness-raising activities</li> </ul>
Financial Market and Exchange Rate Fluctuations	✓	Negative impact may result from sluggish stock markets, interest rate trends, and exchange rate fluctuations	<ul style="list-style-type: none"> <li>Reduce cross holdings</li> <li>Implement mid-term reviews of pension fund asset allocations</li> <li>Execute currency hedging transactions</li> </ul>
IT Security and Information Management	✓	Network virus infections and cyberattacks may result in system shutdowns or leakages of personal data and other confidential information	<ul style="list-style-type: none"> <li>Appoint CIO*1 and CISO*2 to establish global organizational system in the field of information</li> <li>Provide employees with training in information management</li> <li>Establish security systems with defense functions and infringement-detection and countermeasure functions</li> <li>Strengthen and improve operation of information security infrastructure</li> </ul>
Recoverability of Deferred Tax Assets	✓	Negative impact may result from reductions in taxable income, deductible temporary differences due to tax reforms, and reassessment of tax loss carryforwards	<ul style="list-style-type: none"> <li>Review future tax income as appropriate in light of changes to business environment</li> </ul>
Securing Talent		Increasingly competitive job markets may result in an inability to secure either sufficient talent in IT-related fields or employees with the high levels of expertise required for various roles	<ul style="list-style-type: none"> <li>Secure talent by strengthening systematic recruitment activities and incorporating diverse approaches</li> <li>Develop and secure talent through internal training programs</li> <li>Promote both One DS Culture and Inclusion &amp; Diversity(I&amp;D), and analyze and improve employee engagement through global engagement surveys</li> </ul>
Impact of COVID-19	✓	Delays of goods in the supply chain caused by the spread of COVID-19 may affect the stable supply of products; delays to ongoing clinical trials and protocol violations resulting from disruptions to clinical settings may harm future product value	<ul style="list-style-type: none"> <li>Maintain COVID-19 Emergency Response Headquarters</li> <li>Ensure stock of pharmaceuticals</li> <li>Continue and modify clinical trials with the highest priority on the safety of participants</li> </ul>

\*1 Chief Information Officer

\*2 Chief Information Security Officer

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## Information Management and Security Initiatives

### Establishing and Strengthening Information Governance Structures

We are endeavoring to build an information security management system based on ISO/IEC27001 at all Group companies, to provide our customers with a stable supply of products and information. We have appointed a Chief Information Officer (CIO) to oversee global specialized functions in the field of information; we have also appointed a Chief Information Security Officer (CISO), who is responsible for overseeing management of confidential information and promoting information security measures. In this way, we are promoting the establishment of policies and rules related both to new digital technologies and to new laws and regulations. To ensure information security as part of our business strategy for both the entire Group and each organization, we are working with the CIO to further strengthen our measures. In addition, through regular employee training, we are seeking to improve the information literacy and information-related ethics of all our employees so they can properly understand information security and behave accordingly.

### Strengthening Cyber Security Measures

The Computer Security Incident Response Team (CSIRT), whose purpose is to respond appropriately to the cyber threats that have been increasing in recent years, is operated under the leadership of the CISO and monitors security 24 hours a day with the cooperation of external security partners. We set a system in place where incidents are promptly handled when they occur.

We believe employee awareness is critical to protecting our information assets from security threats. We therefore are continuously raising awareness and alerting our employees by carrying out educational trainings which are tailored to individual Group companies on the subject of information security such as targeted email attacks and other techniques used by cyber criminals. When it comes to the threat of cyberattacks, we also believe it is vital to work together with other organizations both inside and outside the life science industry. We collaborate with external security teams, such as specialist organizations and CSIRTs at other companies, to collect cyber security information, and we use this information to formulate security measures for our Group. By building cooperative relationships with external parties, we are continuing our work centering on the CSIRT to contribute to the improvement of cyber security not only within the Group but also in society.

### Measures against Cyberattacks

We are working to strengthen our information security infrastructure, including defense functions and breach detection/response functions, and improvements in information security operations in order to enhance our global countermeasures against cyberattacks on our IT systems.

In FY2021, we began measuring our security level using the security rating service. We identify assets that are vulnerable to attackers and strengthen our response to vulnerabilities that could be exploited by attackers. We are also conducting desktop drills for response and recovery functions, detecting and identifying potential issues with our incident response, and working to strengthen and improve these issues globally.

### Personal Information Security Initiatives

We have established the “Daiichi Sankyo Group Privacy Policy” to clarify globally uniform standards for the protection of personal information. We conduct ongoing employee education and monitoring of this policy. In FY2021, in response to the Amendments to the Act on the Protection of Personal Information, which came into effect in April 2022, including mandatory disclosure of records related to the provision of personal information to third parties in Japan and tightened regulations on the provision of personal data to third parties overseas, we and our Group companies in Japan updated legal compliance systems by revising our policies and procedures for handling personal information and updating notices related to personal information published on our corporate websites in Japan. In addition, we and our Group companies in Japan are endeavoring to improve awareness of how to handle personal information appropriately: training programs for executives by external lecturers to increase their understanding of the Act and to have them learn about points to consider as members of executive management; information sessions on the subject of amendments both to laws and Group regulations are also held for persons in charge of personal information security. At overseas Group companies, we also have implemented training sessions to improve employee understanding of personal information security. In order to prevent serious compliance violations of the Act on the Protection of Personal Information, we will continue to engage in continuous risk reduction initiatives and early detection initiatives.

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## Responses to Geopolitical Risks

With economic friction, conflicts, and other geopolitical risks on the rise, we seek to swiftly grasp and minimize any impact on our business. Also, we pay close attention to changes in such risks, so that we can meet the expectations of our stakeholders and fulfill our responsibilities to society.

We are engaged in R&D, manufacturing and sales activities across the world, and collaboration with numerous overseas business partners is essential to carry out our business activities. Risk management officers at our Group companies and other organizations in Japan and overseas regularly collect and share information, enabling us to respond promptly to any risks that have the potential to impact our business activities.

While we have measures in place against political instability and worsening economic conditions, we are working to further strengthen our measures in numerous fields, including R&D and alliances with other companies; pharmaceutical side effects; overseas business expansion; and manufacturing and procurement. To manage geopolitical risks pertaining to the Ukraine-Russia situation, we quickly established an emergency response team headed by the CEO to assess its impact on the entire Group. We intend to carry out crisis management should events occur requiring urgent responses, while our Risk Management System is executing and monitoring measures against potential subsequent risks.



## Round-table Discussion with Outside Directors

# Enriching discussions aimed at sustainable growth and steadily fulfilling a supervisory role to realize the Daiichi Sankyo Group's Purpose

We asked our Outside Directors for their opinions about how the Board's oversight functions could help achieve sustainable growth and realize our Purpose.



### Kazuaki Kama

Outside Director (Independent Director)

Possesses a wealth of experience and wide-ranging knowledge of corporate management, as well as finance and accounting, based on his experience as a business executive at a comprehensive heavy industry manufacturer. Appointed as an Outside Director of the Company in June 2019. Served as chairperson of the Compensation Committee from June 2019 to June 2022 and appointed chairperson of the Nomination Committee in June 2022.

### Noritaka Uji

Outside Director (Independent Director)

Possesses a wealth of experience and wide-ranging knowledge of corporate management, as well as IT and digital technology, based on his experience as a business executive in the telecommunications field. Appointed as an Outside Director of the Company in June 2014. Appointed chairperson of the Board of Directors in June 2020, the first Outside Director to assume the position.

### Sawako Nohara

Outside Director (Independent Director)

Possesses a wealth of experience and wide-ranging knowledge of corporate management, as well as IT, business strategy, and marketing, based on her experience as the founder and the manager of an internet and digital business company. Appointed as an Outside Director of the Company in June 2019. Appointed chairperson of the Compensation Committee in June 2022.

### Yasuhiro Komatsu

Outside Director (Independent Director)

Possesses a wealth of experience and wide-ranging knowledge of healthcare in general, as well as clinical governance, public health, drug safety, and risk management, based on his experience as a medical scientist. Appointed as an Outside Director of the Company in June 2022.

— What are the discussions and atmosphere of the Board of Directors like?

Uji

In short, our Board of Directors is very conducive to free and open discussion. I have served as Chairperson of the Board of Directors since 2020 as the first Outside Director to hold the position and I believe the role of chairperson is important for activating Board meetings. I have quite often communicated with the CEO and CFO and I have also attended Executive Management Committee as an observer. The members of the Board receive briefings and other information in advance from the administrative office of the Board of Directors. While keeping in mind the separation between execution and supervision, the Board of Directors has been able to have rather high quality discussions.

Nohara

Led by the strong passion and commitment of the CEO and the Chairperson, incredibly fruitful discussions take place during Board meetings. And the impact of those discussions extends beyond our meetings as the Company's executive team digests our opinions and proposals to reconsider certain issues and then provides feedback to the Board. In addition, the Chairperson draws on his perspective as an Outside Director to select appropriate agenda items after discussing with the Company's executives. The system that allows Outside Directors to participate in Executive Management Committee meetings online as an observer and the opportunity to tour the *Enhertu*<sup>®</sup> manufacturing facility and research laboratories, for example, also help improve the quality of Board discussions because they give us a better understanding of the Company's actual circumstances.

Kama

Having an Outside Director Uji serve as Chairperson of the Board, both inside and outside Directors are able to engage in even more lively discussions. We have more opportunities now than ever to discuss topics such as mid-to-long-term business strategies, risk management, and compliance. And we appreciate that the Board has certainly been able to discuss important decision-making matters.

**The Board will work to improve the Company's corporate and social value by responding to tumultuous changes in society and promoting ESG management.**

● Outside Director Noritaka Uji



— We conduct the evaluation of the Board of Directors every year. And for FY2021, we carried out an assessment by a third-party organization for the first time. Please provide your thoughts on the results of that assessment and the issues to address going forward.

Uji

The analysis of Board member questionnaires and in-depth interviews concluded that on the whole, the effectiveness of the Board of Directors is well ensured, and the level of effectiveness is high among Japanese companies. We received positive feedback about our corporate governance structure that the Board of Directors, the Nomination Committee, and the Compensation Committee are chaired by Outside Directors and that the Company has three female members on the Board. The Board was also evaluated favorably for its administration, agenda selection, and topics of discussion. Nevertheless, from a global point of view, I believe there are some points that need to be improved as the business environment changes further.

— What do you think are the roles and challenges of each of the Nomination Committee and Compensation Committee?

Kama

I was appointed Chairperson of the Nomination Committee in June 2022. So far, the committee has discussed a broad array of topics, such as the selection of Director candidates, the definition of personnel requirements for executives and officers, and the Company's skill matrix. I recognize the CEO succession plan, the composition of the Board of Directors, and the selection of Director candidates that possess the required skills based on our business strategies will be important topics to discuss this year. And taking into account the Company's global business expansion, I believe we need to discuss the appointment of directors from a broad perspective, and also consider the background diversity of corporate officers. We also recognize that further transparency of the committee's activities and timely reporting to the Board of Directors are issues to be considered.

Nohara

I assumed the role of Chairperson of the Compensation Committee in June 2022. The brilliant thing about the Company's Nomination Committee and Compensation Committee is that the Outside Directors who are members of both committees discuss the matters thoroughly and draw conclusions. They are also unique in the fact that both committees are attended by each different Outside Audit & Supervisory Board Member to ensure objectivity in how the committees are run. Also, the Compensation Committee spent about two years discussing the introduction of a new executive compensation system, a ratio of the composition of compensation, and level of compensation, among other topics, and revised the executive compensation system in 2021. Remuneration is currently being operated in accordance with the revised executive compensation system and this fiscal year. And we plan to confirm the evaluation results of annual performance-based bonuses and to discuss whether we should revise the non-financial indicators that we introduced for medium-term performance-based share compensation.



**I want to have vigorous discussion about the enhancement of the global management structure, the promotion and innovation of DX, and human resource diversity, in particular, the empowerment of female employees.**

● Outside Director Sawako Nohara

#### — What are issues for corporate governance in general?

Uji

Given the results of the evaluation of the Board of Directors, there are three key measures for the Board to implement. The first one is working on priority issues to further strengthen the Board's oversight functions. It is important to have opportunities to more predominantly discuss long-term strategies, including DX (Digital Transformation) and ESG, and the Company's envisioned global expansion. Second, we need to create more opportunities to facilitate communication outside of Board meetings; for example, meetings between Directors and Audit & Supervisory Board Members and meetings attended only by the Outside Directors. And third, we want to discuss to optimize the composition of the Board. The current Board composition is equipped with the necessary skills represented in the skill matrix, but in an ever-changing business environment, we want to discuss what the best composition is going forward.

Kama

With the aim of further strengthening the decision-making function of the Board of Directors with regard to long-term strategies, I would like to discuss at the Board and the Nomination Committee matters concerning the Company's global organization and personnel systems, the prerequisites of a global healthcare company.

Nohara

As a member of the Board, I hope to soundly discuss the enhancement of the global management structure, the promotion and innovation of DX, and matters concerning diversity, in particular, the empowerment of female employees.

#### — In what way does the Board of Directors discuss sustainability-related agenda items and ESG management?

Uji

Our Group's Purpose is to "Contribute to the enrichment of quality of life around the world." And to realize this Purpose, we had a lot

of deep discussions among the members of the Board of Directors. Then, we defined our 2030 Vision as an "Innovative Global Healthcare Company Contributing to the Sustainable Development of Society." The Board of Directors discusses the eight Materiality and the progress of KPIs and examines whether any changes need to be made in light of developments in society. We also provide advice to the Company's execution side if they encounter any difficulties. One example is that we set the targets for promoting the empowerment of women, incorporating Outside Directors' opinions.

Kama

I think one considerable achievement realized through discussions at the Board of Directors was the clarification of our management philosophy, which has the Purpose at the top, followed by the Mission, the 2030 Vision, and then the Core Values as common values of the Group. I vividly remember that we discussed the business portfolio management, after corporate officers explained to us the current situation and issues on the topic, which clearly spelled out the near-term direction of the Company. Also, disclosure of non-financial information is growing increasingly important. We recognize that non-financial value is just as important as financial value and the Company is one of the first Japanese companies to incorporate non-financial indicators into its executive compensation system. That said, I think the disclosure of non-financial information needs to be improved and, with the understanding of investors, used to enhance the Company's corporate value.

Nohara

The members of the Board also discuss how the Company can provide a wide range of healthcare solutions by collaborating with various stakeholders to leverage data and spark innovation. In addition to emphasizing patient centricity, the Board also feels that the Company can generate enormous value for society by offering healthcare-related services to people not currently receiving treatment.

**I think the disclosure of non-financial information needs to be improved and, with the understanding of investors, used to enhance the Company's corporate value.**

● Outside Director Kazuaki Kama





— What do you think is most important in order for the Group to achieve sustainable growth?

Uji

Basically I think it all depends on whether or not the execution side of the Company is doing a great job, but as a Board of Directors overseeing business execution, it is important that we discuss whether the Company is not doing anything irrational from a societal point of view or whether there is a better way to approach certain issues. The opinions of the Outside Directors, based on our wealth of experience and skills, have been reflected in discussions about risk management, environmental issues, contributing to patients with a patient centric mindset, the empowerment of women, the promotion of DX, and many other topics.

— You just mentioned wealth of experience. In light of your own background, how do you think the Group's corporate value can be enhanced?

Nohara

I believe promoting DX is key, and in order to further accelerate it, the Company must recruit and train specialists, develop environments for global data utilization, and create systems geared towards innovation. As for diversity, and in particular, the empowerment of women, a number of initiatives are currently being implemented, such as building networks for female managers and providing opportunities for communication with the management team. I want to provide support in determining how we can accelerate the appointment of females in managerial positions.

Kama

Achieving the financial targets in the current 5-year business plan is paramount and I want to draw on my background in finance and accounting to keep a close eye on single-year performance toward FY2025. The Group's globalization is also important. The Company has already established a global business operation and global organizational structure, and we are working to develop a global workforce. Moving forward, I want to have in-depth discussions about the direction of the Company's globalization.

— Mr. Komatsu, you were appointed as an Outside Director in June 2022. Please tell us about the role you are expected to fulfill, your aspirations, and impressions of the Company.

Komatsu

I was deeply impressed by reading last year's Value Report. In particular, I feel it is great that the entire Company is working to realize its Purpose of "contributing to the enrichment of quality of life around the world." In the 21st century, the purpose of medical science and healthcare has expanded beyond curing diseases to helping people live a better life. The development of medicines can provide relief not only to the patients who directly benefit from the drug, but also to healthy people who might suffer from the illness in the future. I specialize in medical science and public health. Medical science deals with individual patients, but in public health, there is a concept of socio-ecological model in which we capture the entire picture including individual patients, the people around them, their communities, and even public policy factors when



I want to join and contribute to the discussion at Board meetings, leveraging my knowledge and experience in clinical practice, along with my perspective of viewing healthcare as a system.

● Outside Director Yasuhiro Komatsu

taking measures to prevent or treat diseases. At St. Luke's International Hospital and Gunma University Hospital, my knowledge and experience in public health has been useful in hospital management and the quality and safety control of medical care. I think the viewpoints of clinical governance, which is to create systems for diverse people and departments to organically collaborate and improve the quality and safety of healthcare, can be linked to corporate governance that enhances corporate value. I want to join and contribute to the discussion at Board meetings, leveraging my knowledge and experience in clinical practice, along with my perspective of viewing healthcare as a system.

— Lastly, we would like to ask the Chairperson to reflect on today's discussion.

Uji

Today we mainly talked about the key points of corporate governance and sustainable growth for the Company, and I believe the role of Outside Directors will become increasingly important. While having a shared understanding of the management direction, including the Group's Purpose and 2030 Vision, we will deepen our multifaceted and high-quality discussions from a long-term point of view. The Board of Directors will also work to improve the Company's corporate and social value by harnessing our greatest strength of Science & Technology, responding to tumultuous changes in society, and promoting ESG management.

# Corporate Governance

In addition to creating a management structure that can respond speedily and flexibly to changes in the business environment, the Daiichi Sankyo Group is working to secure legal compliance and management transparency and to strengthen oversight of management and the conduct of operations. We place great importance on building up a corporate governance structure that is responsive to the trust of our stakeholders, especially our shareholders.

## Changes in the Corporate Governance Structure

Since the merger of Sankyo Co., Ltd. and Daiichi Pharmaceutical Co., Ltd. in 2007, Daiichi Sankyo has established the Nomination Committee and Compensation Committee as voluntary committees. A female Director has been appointed since 2019. With the aim of promoting the separation of execution and supervision and increasing the transparency and supervisory function of the Board of Directors, an Outside Director has served as the Chairperson of the Board of Directors since 2020.

Through these efforts, we are committed to establishing the corporate

governance system for the Board of Directors to make important business decisions and oversee its management appropriately, establishing the internal control system that ensures proper transition of power from the Board of Directors, and making sure the Board of Directors to improve its function and effectiveness.

Going forward, we will continue to work on enhancing our corporate governance systems, as well as securing and improving the functions and effectiveness of the Board of Directors.

### Changes in the Corporate Governance Structure

		2007	2014	2016	2017	2018	2019	2020	2021	2022
Chairperson of the Board		Chairman	CEO					Chairman	Outside Director	
Directors	Outside	4 persons						4 persons, including 1 female member		
	Inside	6 persons					5 persons			
Audit & Supervisory Board Members	Outside	2 persons	2 persons, including 1 female member		3 persons, including 2 female members					
	Inside	2 persons								
Nomination Committee		2 Outside Directors and 1 Inside Director	4 Outside Directors	4 Outside Directors (Observer: 1 Outside Audit & Supervisory Board Member)						
Compensation Committee		2 Outside Directors and 1 Inside Director	4 Outside Directors	4 Outside Directors (Observer: 1 Outside Audit & Supervisory Board Member)						
Compensation System (Incentives)		Short term: Annual performance-based bonus								
		Long term: Share remuneration-type stock option				Long term: Restricted share-based compensation				Clawback provision Long term: Medium-term performance-based share compensation
Corporate Governance Code			Explained 3 items immediately after applying the Code	Complied with all the items		Explained 1 item after revision	Complied with all the items			

## Corporate Governance Structure

To clarify Directors' management responsibility and reinforce their oversight of management and the conduct of operations, their terms of office are set at one year, and four out of our nine Directors are Outside Directors. Since June 2020, an Outside director has been appointed chairperson of Board of Directors.

To ensure management transparency, nomination of candidates for Director and Corporate Officer, successor plan of CEO and compensation thereof are deliberated on by a Nomination Committee and a Compensation Committee, respectively, which are established as voluntary committees. The Committees above are comprised by four Outside Directors and one Outside Audit & Supervisory Board Member participates as the observer in each committee. For audits of legal compliance and soundness of management, the Company has adopted an Audit & Supervisory Board system and established the Audit & Supervisory Board comprising five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members.

The Company prescribes specific criteria on the judgment of independence of Outside Directors and Outside Audit & Supervisory Board Members and basic matters regarding execution of duties by the Directors and the Audit &

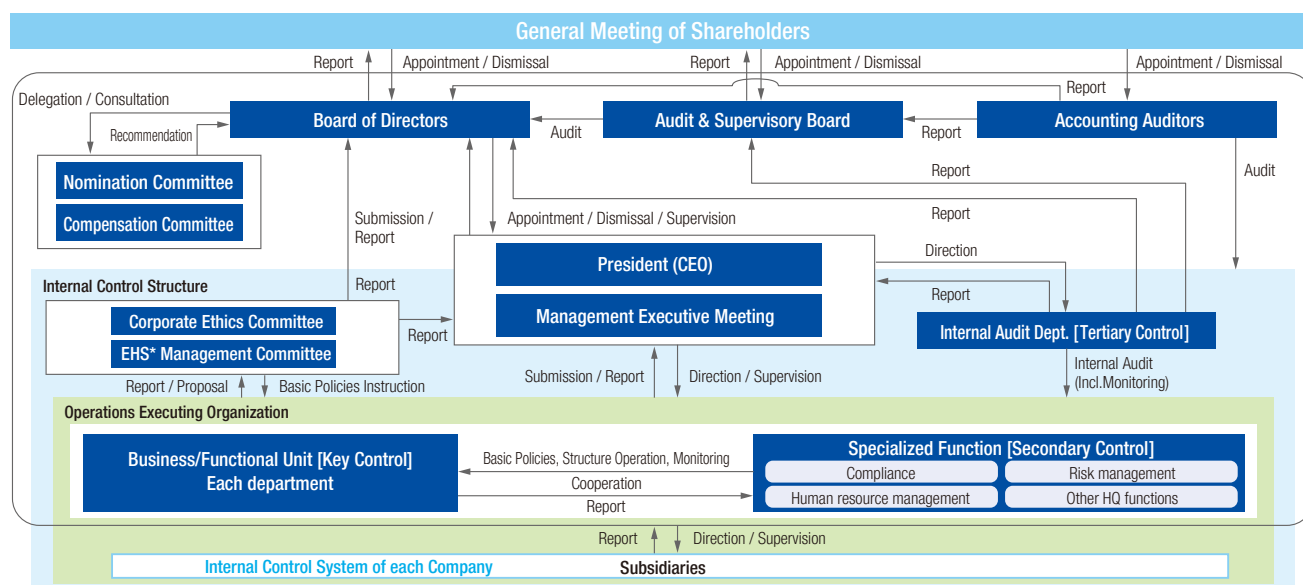
Supervisory Board Members.

Under the global management structure, the Management Executive Meeting with management unit heads as members is held as appropriate to deliberate on important matters related to the strategy, policy, and execution of group management, and to contribute to management decision-making.

The Company employs a Corporate Officer System which contributes to appropriate and swift management decision-making and the conduct of operations.

With the aims of ensuring effectiveness and efficiency of operations, ensuring reliability of financial reporting, complying with applicable laws and regulations relevant to business activities, and safeguarding assets, the Company structures its internal control system which consists of self-monitoring carried out by respective organizations which execute its functions (primary controls), policy development and monitoring for respective organizations carried out by the corporate organization (secondary controls), and internal auditing encompassing monitoring carried out by the Internal Audit Department (tertiary controls).

## Overview of the Corporate Governance Structure



\* Environment, Health, Safety

### Nomination Committee, Compensation Committee, and Audit & Supervisory Board

	Nomination Committee	Compensation Committee	Audit & Supervisory Board
Chairperson	Outside Director	Outside Director	Audit & Supervisory Board Member
Composition	4 Outside Directors Observer: 1 Outside Audit & Supervisory Board Member	4 Outside Directors Observer: 1 Outside Audit & Supervisory Board Member	2 Audit & Supervisory Board Members 3 Outside Audit & Supervisory Board Members
Purpose	To deliberate matters required for the appointment, dismissal and reelection of the CEO, successor plan of the CEO, and nomination for Directors, Heads of Unit in the Global Management Structure and Corporate Officers at the request of Board of Directors, and contribute to the enhancement of management transparency and oversight functions	To deliberate matters required for a policy on compensation of Directors and Corporate Officers as well as the individual amounts of compensation at the request of Board of Directors and contribute to the enhancement of management transparency and oversight functions	To receive reports on important matters related to auditing, and then discuss said matters or make resolutions on them. (However, the Audit & Supervisory Board cannot prohibit an Audit & Supervisory Board Member from exercising their rights)
Number of meetings held in FY2021	10	11	15

### Other Committees

	Corporate Ethics Committee	EHS Management Committee
Chairperson	Compliance Officer (Head of the Corporate Affairs Division)	Chief Executive Officer of EHS Management (Head of the Corporate Affairs Division)
Composition	15 members, including 13 internal representatives appointed by the Chairperson and an appointed external attorney who ensures that the committee operates in a transparent and reliable manner Observers: Audit & Supervisory Board Members and the Vice President of the Internal Audit Department	15 members, including Corporate Officers of the Group companies appointed by the Chairperson Observers: Audit & Supervisory Board Members
Purpose	To comply with Japanese and other jurisdictions' laws and corporate ethics and to promote the management of corporate social responsibility	To establish and operate a management system that continuously improves Environment, Health, and Safety with the aim of minimizing risks and contributing to a sustainable society, based on the recognition that protecting the environment and ensuring the health and safety of our employees throughout every aspect of the Group's corporate activities constitute key management issues
Number of meetings held in FY2021	2	2



### Message from the Chairperson of the Board



Noritaka Uji  
Chairperson of the Board  
(Outside Director)

To enhance corporate governance, it is important for the Board of Directors to fully exercise its oversight functions from the perspective of separating execution and supervision, and—to demonstrate these functions—we are striving to activate discussions by a balanced selection of Board of Directors members who possess the necessary skills. We consider the selection of timely and appropriate agenda items and the suitable time allocation, and take plenty of time for discussion, and we have Outside Directors participate in Management Executive Meetings as observers. With these efforts, we are achieving more comprehensive discussions among Inside and Outside Directors. This year—in an effort to achieve the Daiichi

Sankyo Group's 2030 Vision by growing to become a truly global healthcare company—we will thoroughly discuss key topics such as our long-term strategy for DX and ESG as well as globalization.

Furthermore, as the external environment is dramatically changing, we should adopt not only the defensive governance, but also *offensive governance* to improve corporate value in the mid-to-long-term while considering healthy risks. To achieve our Group's Purpose, I would like to contribute to maximizing corporate value by supervising execution from the perspective of a representative of our shareholders and investors and further enhancing the effectiveness of the Board of Directors.



## Requirements for Candidates for Directors

Directors shall meet the requirement of being personnel of excellent character and insight who contribute to maximizing the corporate value of the Group. Directors shall meet the requirements of being appropriate persons with respect to term of office and age, and of being suitably competent of performing timely and accurate judgment, looking at the changes in the business environment while giving importance to the continuance of management policies, etc.

Directors shall meet the requirements that they are the individuals with expertise, experience, and insight in one or more of the following fields: corporate management and management strategy, finance and accounting, science and technology, business strategy and marketing, global business, human resources and HR development, legal and risk management, sustainability and ESG, and DX and IT.

Directors shall meet the requirements that there shall always be Outside Directors included to strengthen the decision-making and supervisory functions, based on various perspectives. It is required that

Outside Directors have, in principle, no more than three concurrent positions as officers of listed companies, excluding the Company.

Outside Directors and Outside Audit & Supervisory Board Members shall be confirmed to have no problems according to specific criteria on the judgment of independence.

Directors should attend Board of Directors meetings unless there are unavoidable circumstances and maintain an attendance rate of at least 75% or more.

The Company recognizes that ensuring the diversity of Directors particularly in terms of gender, nationality, race, etc. as well as incorporating diverse opinions into management are important for strengthening the decision-making and supervisory functions of Board of Directors. The Company will continue to discuss the selection of candidates for Directors with such aspects in mind. In furtherance of these principles, the Company will continue to discuss the selection of candidates for Directors based on these perspectives.

## Skill Matrix of the Board of Directors

The Company has identified the skills (knowledge, experience, and abilities) that Board of Directors should possess to properly fulfill its decision-making and management oversight functions, and has set up Skill Matrix that organizes the possession status of such skills by Directors and Audit & Supervisory Board Members.

In light of our Purpose, Mission, mid-to-long-term management direction and business strategy, the Company has identified the nine (9) skills given the functions Board of Directors should have to fulfill, aiming to realize the 2030 Vision “Innovative Global Healthcare

Company Contributing to the Sustainable Development of Society” as shown in the current 5-year business plan. The following table shows the composition of Board of Directors and the skills possessed by each Director and Audit & Supervisory Board Member.

When appointing Directors, we consider the diversity and balance of these skills. The Audit & Supervisory Board Members are appointed based on the requirements for candidates separately set by Audit & Supervisory Board.

## Skill Matrix

	Name	Outside Independent Director	Term of office	Board of Directors	Nomination Committee	Compensation Committee	Corporate Management/ Management Strategy	Finance/ Accounting	Science & Technology	Business Strategy/ Marketing	Global Business	Human Resources/ Human Resource Development	Legal/Risk Management	
Director	Sunao Manabe		8 years	○			●		●	●	●	●		
	Shoji Hirashima		2 years	○			●	●	●	●	●		●	
	Masahiko Ohtsuki		2 years	○			●		●		●			
	Hiroyuki Okuzawa		1 year	○			●	●		●	●	●		
	Takashi Fukuoka		—	○			●		●		●			
	Noritaka Uji	○	8 years	○ Chairperson	○	○	●		●	●	●	●		
	Kazuaki Kama	○	3 years	○	○ Chairperson	○	●	●			●	●	●	
	Sawako Nohara	○	3 years	○	○	○ Chairperson	●		●	●				
	Yasuhiro Komatsu	○	—	○	○	○			●			●	●	
Audit & Supervisory Board Member	Ryoichi Watanabe		3 years	○			●	●					●	
	Kenji Sato		3 years	○					●			●	●	
	Yukiko Imazu	○	4 years	○		□ (Observer)						●	●	
	Masako Watanabe	○	1 year	○				●						
	Mitsuhiro Matsumoto	○	—	○	□ (Observer)							●	●	

## Policies and Procedures for Appointment of Directors, Audit & Supervisory Board Members, and CEO and Dismissal of Directors and CEO

The Company has defined policies and procedures for the appointment and dismissal of Directors and the CEO, as well as the appointment of Audit & Supervisory Board Members. When selecting the candidates for Directors, Board of Directors shall appoint the candidates after they have been sufficiently deliberated by the Nomination Committee, of which Outside Directors form a majority. The selected candidates for Directors and Audit & Supervisory Board Members shall be proposed for appointments at the General Meeting of Shareholders. CEO candidates are appointed in accordance with the succession plan, qualification requirement definitions, etc. that have been discussed by the Nomination Committee, and the appointment (including reappointment) of the CEO is determined by resolution of the Board of Directors following sufficient deliberation and subsequent recommendation by the

Nomination Committee.

If any Director is found not meeting eligibility requirements or requirements for execution of duties defined in the Companies Act or the Directors Regulations, following deliberation at the Nomination Committee and Board of Directors, the General Meeting of Shareholders shall deem that it meets criteria for dismissal of Directors, and resolve dismissal of such Director after the relevant proposal. Dismissal of CEO shall be called into account in light of the Companies Act, defined CEO eligibility requirements or requirements for execution of duties, and determined in the same manner as appointment, by resolution of Board of Directors over a recommendation from the Nomination Committee that the Committee submits after sufficient deliberation.



Interview

### Message from the Chairperson of the Nomination Committee



Kazuaki Kama  
Outside Director  
(Independent Director)

The Company's Nomination Committee, which has four Outside Directors as members and one Outside Audit & Supervisory Board Member as an observer, fully deliberates on the appointment and dismissal of Directors and CEO, as well as the appointment of Audit & Supervisory Board Members, and submit recommendations to the Board of Directors.

As we run the Committee, we will continue to pay attention to fairness and neutrality and further improve

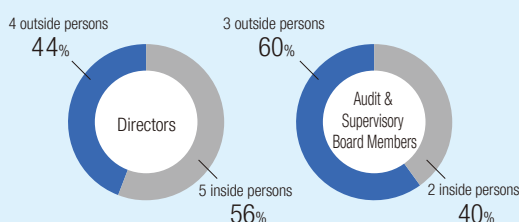
transparency.

We recognize our challenges this year are to deepen discussions on the CEO succession plan, the optimal number and compositions of Board members, and enhancement of diversity.

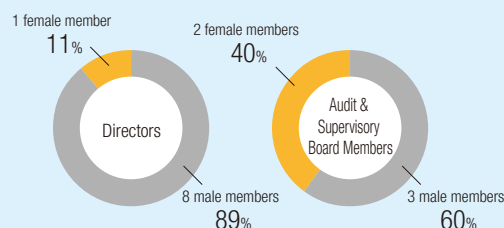
We would like to fulfill our Committee's role to realize the Company's Purpose, Mission, 2030 Vision, and current 5-year business plan.

## Composition of the Board of Directors and the Audit & Supervisory Board

### Percentage of Outside Directors



### Percentage of Female Board Members



Our *Independence Standards for Outside Directors* are published on the website.  
(Corporate Governance Report: P22, 23)

[Read more here](#)

► [https://www.daiichisankyo.com/files/about\\_us/governance/report/index/pdf/20220628\\_CG\\_Report\\_E.pdf](https://www.daiichisankyo.com/files/about_us/governance/report/index/pdf/20220628_CG_Report_E.pdf)



	Sustainability/ ESG	DX/IT	Qualification
	●		Veterinarian
		●	Pharmacist
			Veterinarian
	●	●	
	●		
	●	●	
			Doctor
			Lawyer
			Certified public accountant

## Approach to Director's Compensation

As of FY2021, the Company has reviewed its executive compensation system in order to set a compensation level that is at the upper level in the industrial sector, and increase the variable compensation ratio in

order to strengthen the incentives that motivate further increase of the value for the company.

### Compensation Policy

Compensations to Directors are designed based on the following ideas.

- Compensation system with a compensation level that can secure and maintain excellent human resources
- Compensation system that motivates sustainable growth over the mid-to-long-term and contributes to the increase of the value of the

Company and shareholder value

- A transparent, fair and rational compensation system accountable to stakeholders

### Level of Compensations

The level of compensations to Directors is set aiming to provide the high level compensations in the industrial circle, referring to the levels of other companies learned from the surveys of external specialist institutions. Specifically, the Company mainly compares companies within the top 100 companies by market capitalization among the

companies listed on the Tokyo Stock Exchange, and also refer to the levels of major domestic pharmaceutical companies.

### Composition of Compensation for Directors (excluding Outside Directors)

It is designed to encourage management efforts from short-term and mid-to-long-term perspective and appropriately to be able to reward the results by the composition of four compensations such as basic, fixed compensation, annual performance-based bonuses, which is a variable compensation serving as short-term incentive, and restricted

share-based compensation and medium-term performance-based share compensation serving as long-term incentive. Retirement benefit system is not adopted.

### Composition of Compensation for Outside Directors

Compensation to Outside Directors who are in charge of management oversight and are not in the position to take charge of business

execution is only basic, fixed compensation. Incentive bonuses and retirement benefit system are not adopted.

### Ratio of the Composition of Compensations

The composition of compensations to Representative Director, President and CEO is designed to have its ratio of 40% as basic compensation, 30% as annual performance-based bonuses, 15% as restricted share-based compensation and 15% as medium-term performance-based share compensation when achieving the performance target of 100%.

The ratio of the composition of compensations of other Directors

(excluding Outside Directors) will be determined in consideration of the responsibilities and the level of compensation according to the ratio of composition of compensation of Representative Director, President and CEO. Compensation to Outside Directors is only basic, fixed compensation.

#### Representative Director, President and CEO



#### Outside Directors





## Basic Compensation

Basic compensation to Directors shall be paid on one regular day of each month during their tenure, and the amount of individual

compensation is determined according to the compensations policy and the level of compensations.

## Annual Performance-based Bonus (Short-term Incentive)

The amount of annual performance-based bonuses, which are short-term incentive remuneration, will be decided according to the degree of achievement of the earnings forecasts announced at the beginning of the fiscal year about revenue, core operating profit ratio\*, and profit

attributable to owners of the Company, and the evaluation of goals and tasks which each Director set at the beginning of the fiscal year.

\* Core operating profit ratio: an indicator of ordinary profitability calculated by excluding temporary income and expenses from operating profit.

The formula for calculating the amount of payment and mechanism of annual performance-based bonuses are as follows.

### 1. Calculation formula for annual performance-based bonus

**Bonus payment amount =**  
**Standard amount by position \* Achievement of annual targets (revenue + core operating profit ratio + profit attributable to owners of the Company) \* performance evaluation**

### 2. Performance evaluation

It will be converted into a coefficient and calculated according to the degree of achievement of each Director's goals and tasks set at the beginning of the fiscal year.

The performance evaluation of the Chairperson and the President will be determined after deliberation at the Nomination and Compensation Joint Committee.

For other Directors, the evaluation decided by the President after deliberation at the performance meeting shall be applied. The evaluation results of Directors will be reported to the Compensation Committee.

## Restricted Share-based Compensation (Long-term Incentive)

The Company grants, every year in principle, shares with transfer restriction until the time immediately after resignation or retirement of a Director. The objective of the system is to give incentives to sustainably increase the value of the Company and to promote sharing the same value between shareholders and Directors for as long as possible by having the restricted shares. The total number of the ordinary shares

of the Company to be issued or disposed of is 240 thousand shares or less per year. When restricted share-based compensation is paid, monetary compensation receivables will be paid to Directors based on a resolution of Board of Directors of the Company. Directors will pay all of them as in-kind contribution assets, and they receive the Company's ordinary shares.



Interview

### Message from the Chairperson of the Compensation Committee



Sawako Nohara  
Outside Director  
(Independent Director)

I am serving as the Compensation Committee Chairperson from this year. I believe the role of the Chairperson is to encourage free and open-minded discussion within the Committee, organize the discussion, make recommendations to the Board of Directors, and provide explanations to stakeholders.

This year, based on the current compensation system, we will verify the compensation system, compensation composition, and compensation level for Directors and Corporate Officers, and determine compensation amounts for CEO based on his performance evaluation. In particular, regarding the target achievement indicators for the medium-term performance-based share compensation system, which we introduced in order to promote

management that emphasizes the improvement of shareholder value in the mid-to-long-term, we will refer to the latest trends and benchmarks, especially related to non-financial indicators such as ESG indicators and research and development progress, and discuss, make decisions, and confirm results.

In addition, we would like to verify not only the compensation system for the Directors and Corporate Officers of the Company but also that of the top management of global organizations and major business companies, which can expand our discussions to how our Group-wide executives' compensation system, as well as human resource and compensation system for the entire Group should be.

## Medium-term Performance-based Share Compensation(Long-term Incentives)

Medium-term performance-based share compensation, which is a long-term incentive compensation, will be a trust-type share compensation system that has the nature of performance share (performance-based share compensation) for Directors and the Corporate Officers as compensation based on the achievement of the performance of the 5-year business plan in order to promote management with an emphasis

on increasing shareholder value over the mid-to-long-term.

The indicators for the achievement of mid-term targets include not only financial indicators, but also non-financial indicators such as research and development progress and ESG indicators. The performance-based coefficient is determined within the range of 0% to 200% according to the degree of achievement of those targets.

Index for the achievement of targets	Evaluation ratio	Evaluation coefficient fluctuation range	Targets (set with the following as a guide)		
Revenue	20%	0~200%	Upper limit: Target x 110%	Target: Expected value announced about 5-year business plan	Lower limit: Target x 90%
Core operating profit ratio before research and development expenses	20%	0~200%	Upper limit: Target x 120%	Target: Expected value announced about 5-year business plan	Lower limit: Target x 80%
ROE	20%	0~200%	Upper limit: Target x 140%	Target: Expected value announced about 5-year business plan	Lower limit: Target x 60%
Research and development progress	15%	0~200%	Research and development achievements (number of new indications for 3ADCs on the market, pipeline value in the early and late stages)		
ESG indicators	10%	0~200%	Evaluation based on Dow Jones Sustainability Indices, FTSE Russell, or Access to Medicine		
Relative TSR*	15%	0~200%	Upper limit: Comparison result with TOPIX including dividend x 150%	Target: Comparison result with TOPIX including dividend x 100%	Lower limit: Comparison result with TOPIX including dividend x 50%
Total	100%	0~200%			

\* Abbreviation of Total Shareholder Returns

## Clawback Provision

The Company will set forth a clawback clause that can request for the refund of part or all of the compensation received for annual performance-based bonuses and medium-term performance-based share compensation by the resolution of Board of Directors after consultation with the Compensation Committee in the event that a

material accounting error or fraud, or record of a significant impairment loss occurs.

This clause will be applied from the FY2021 annual performance-based bonus and medium-term performance-based share compensation and will be applied for all periods thereafter.

## Compensation Governance and Decision-making Process

The Compensation Committee has been established as an advisory body to Board of Directors to ensure the appropriateness of compensation for Directors and the Corporate Officers and the transparency of the decision-making process. The Compensation Committee consists of only Outside Directors, with one Outside Audit & Supervisory Board Member participating as an observer, and the chairperson is appointed by mutual election of the members.

The Compensation Committee fully discusses the compensation system, the composition of the compensation, verification and review

of compensation levels for each position, target setting and result confirmation of annual performance-based bonuses and medium-term performance-based share compensation, and allocation of restricted share.

The amount of compensation for each individual Director of the Company is first deliberated by the Compensation Committee, and then based on the deliberation results, each type of the compensation will be determined by a resolution of Board of Directors within the total amount of compensation resolved at the General Meeting of Shareholders.

## Our Approach to Audit & Supervisory Board Member Compensation

Given that Audit & Supervisory Board Members are in charge of the supervisory function and do not execute operations, their compensation, etc. consists only of basic compensation, which is fixed compensation.

The basic compensation level is set with reference to the level of compensation at the higher end of the industry, based on surveys of external professional institutions. Specifically, the Company primarily compares companies within the top 100 companies by market

capitalization among the companies listed on the Tokyo Stock Exchange and refers to the levels of major domestic pharmaceutical companies.

The compensation amount, etc. of individual Audit & Supervisory Board Members is determined based on the discussions by the Audit & Supervisory Board and with the unanimous consent of the Audit & Supervisory Board Members, within the total amount of remuneration decided on at the General Meeting of Shareholders.

Overview of the Compensation System

[Read more here](#)

[https://www.daiichisankyo.com/about\\_us/governance/compensation/](https://www.daiichisankyo.com/about_us/governance/compensation/)

## Enhancing the Effectiveness and Functions of the Board of Directors

The Company utilizes the board evaluation in order for Board of Directors and Directors themselves to assess their current status and identify issues to be addressed, continuously making efforts to improve the functions and effectiveness of its Board of Directors.

The Company has conducted board evaluation of Board of Directors every fiscal year and addressed the issues identified for improvement

through the board evaluation. In the subsequent board evaluation, the Company assesses the latest status and confirms the status of improvement from the previous fiscal year.

In FY2021, the Company conducted a board evaluation by a third-party organization for the first time.

### Implementation Method of the Board Evaluation for FY2021

A questionnaire targeting all Directors and Audit & Supervisory Board Members was conducted, and they were also interviewed by a third-party organization.

The analyses thereof and results of the evaluation have been reported to the Company by the third-party organization. The Board

of Directors has discussed the analyses and contents of evaluation by the third-party organization, status of improvement from the previous fiscal year, issues and matters for improvement for the functions and effectiveness of Board of Directors, and improvement measures.

### Results of the Board Evaluation for FY2021

As the result of the Board Evaluation for FY2021, the third-party concluded that in terms of its roles, responsibilities, operation and composition, Board of Directors of the Company, as well as the Nomination Committee and the Compensation Committee, which are advisory bodies to Board of Directors, are functioning appropriately, and that the effectiveness of Board of Directors as a whole has been

ensured and is functioning at a high level.

In addition, the Company confirmed that improvements are being made in (1) through (4) below, which were identified as items that need further improvement in the evaluation of the previous fiscal year, with the following efforts.

Issues for Improvement (identified in FY2020)		Major Initiatives in FY2021
1	Increased efforts to aim to ensure corporate governance most suitable for the Company	<ul style="list-style-type: none"><li>• The board evaluation by the third-party organization was conducted and considerations were made concerning analyses and evaluation, identifying of issues, and improvement measures for further improvement for the effectiveness of Board of Directors.</li><li>• The optimal structure of Board of Directors of the Company was discussed mainly by the Nomination Committee, factoring into the Skill Matrix, requirements for executive personnel, and revised Corporate Governance Code.</li></ul>
2	Enhancement of Board of Directors' oversight functions for the oncology business and international business	<ul style="list-style-type: none"><li>• Deliberation and reports concerning the oncology business and international business, as well as management on a global scale, were made.</li></ul>
3	Further enhancement of discussions at Board of Directors	<ul style="list-style-type: none"><li>• Regarding topics such as risk management, business investments and compliance activities, appropriate materials and explanations were given to Board of Directors members as needed for full discussions.</li></ul>
4	Further enhancement of providing information to Outside Directors and Outside Audit & Supervisory Board Members for enhancing their understandings	<ul style="list-style-type: none"><li>• Forums for discussion other than meetings of Board of Directors were set up for multiple cases.</li><li>• Implementation of initiatives as follows for enhancing Outside Directors' understanding of the Company's business: Briefing to Outside Directors and Outside Audit &amp; Supervisory Board Members on the agenda items of each Board of Directors meeting in advance, and Outside Directors' attendance to the Management Executive Committee as observers.</li></ul>

### Priority Measures for the Board of Directors FY2022

Drawing on the evaluations of FY2021, the Company endeavors to ensure and improve the functions and effectiveness of its Board of Directors. To such end, the Company will implement the following priority measures in FY2022:

(1) Enhancement of discussions on key matters at Board of Directors	Long-term strategies (including digital transformation and ESG), globalization, etc.
(2) Enhancement of Board of Directors' oversight functions in terms of operation	Setting up forums for discussion, including occasions other than meetings of Board of Directors
(3) Considerations for optimizing Board of Directors composition	Discussions on Board of Directors composition and election process

Going forward, the Company plans to conduct a board evaluation every fiscal year and conduct evaluations by a third-party organization on a regular basis.



## Status of Audits by the Audit & Supervisory Board Members for FY2021

### Organization, Personnel and Procedures of Audit by the Audit & Supervisory Board Members

The Company has an Audit & Supervisory Board which is comprised of five Audit & Supervisory Board Members (two Full-time Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members), which includes one certified public accountant.

To strengthen the audit functions of the Audit & Supervisory Board Members, four full-time staffers, who are independent of the execution of operations, assist with the duties of the Audit & Supervisory Board Members.

### Activities of the Audit & Supervisory Board and its Members

The Company's Audit & Supervisory Board generally holds meetings one time per month.

Additionally, aside from the Audit & Supervisory Board meetings, meetings to exchange views among the Audit & Supervisory Board

Members are held after the Board of Directors' meetings.

Approximately 120 minutes were devoted to the Audit & Supervisory Board meeting, and 16 proposals were on the agenda this fiscal year.

### Key Matters for Sharing and Consideration in the Audit & Supervisory Board Meetings

- Audit policy, audit plans, and segregation of duties
- Audit Reports by the Audit & Supervisory Board
- Consent for "Election of the Audit & Supervisory Board Members" as proposals in General Meetings of Shareholders
- Revision of compensation for the Audit & Supervisory Board Members
- Evaluation of Accounting Auditors
- Evaluation of the effectiveness of the Audit & Supervisory Board
- Internal audit plans and the results
- Status of audits by the Audit & Supervisory Board Members of domestic Group companies
- Status of execution of duties by the Full-time Audit & Supervisory Board Member on a monthly basis

### Activities of the Audit & Supervisory Board Members

Activities		Relevant Members
Meetings with Representative Directors	Held twice a year	Full-time / Outside
Meetings with Chairperson of Board of Directors	Held once a year	Full-time
Meetings with Directors	Held once a year	Full-time
Attendance at important meetings	Attendance at meetings such as those of Board of Directors, Management Executive Meeting	Full-time / Outside
	Corporate Ethics Committee and EHS Management Committee	Full-time
Attendance at important meetings of the domestic Group companies	Acting as Part-Time Audit & Supervisory Board Members of the principal domestic Group companies, attendance in meetings of bodies such as Board of Directors and Management Executive Meeting of such companies	Full-time
Perusal of important documents	Perusal of documentation that includes approval documents, materials and minutes of important meetings	Full-time
Interviews by the Audit & Supervisory Board Members	Interviews with Heads of Unit, Heads of Division, Vice Presidents (department), Vice Presidents (branch), Vice Presidents (research laboratories), Directors in charge of internal control of domestic Group companies, Presidents and Heads of Internal Audit Department of overseas Group companies, etc.	Full-time / Outside
Advice and requests at the Board of Directors meetings		Full-time / Outside
Membership of voluntary advisory committees	Observer of Nomination Committee and Compensation Committee	Outside
Cooperation with Outside Directors	Engaging in opinion-exchange	Outside
	Individual interviews	Full-time
Meetings with the Audit & Supervisory Board Members of domestic Group companies	Held twice a year	Full-time
Cooperation with the Internal Audit Department	Reporting internal audit plans and results thereof and engaging in opinion-exchange, confirming audit points before internal audits, information-sharing and opinion-exchange at monthly meetings	Full-time
	Attendance of the Internal Audit Department at meetings between Audit & Supervisory Board Members and Accounting Auditors	Full-time / Outside
Cooperation with the Accounting Auditors	Receiving briefings and reports from the Accounting Auditor on matters that include the audit plan, audit/quarterly review results, results of internal control audit (J-SOX), and engaging in information-sharing and opinion-exchange on recent topics on a monthly basis, consultation about Key Audit Matters (KAM)	Full-time / Outside
	Deliberating on Key Audit Matters (KAM)	

## Audit & Supervisory Board Evaluation for FY2021

The Audit & Supervisory Board conducted the Audit & Supervisory Board evaluation for FY2021 to heighten its effectiveness of the Audit & Supervisory Board.

### Implementation Method of the Audit & Supervisory Board Evaluation

The Audit & Supervisory Board established a wide range of evaluation items associated Audit & Supervisory Board effectiveness. Each Audit & Supervisory Board Member conducted a self-evaluation of the Audit & Supervisory Board, and then discussed those matters.

### Results of the Evaluation of the Audit and Supervisory Board

The evaluation has concluded that although the Company's Audit & Supervisory Board largely carries out its activities appropriately, and the effectiveness of the Audit & Supervisory Board has been ensured, there is room for improvement in terms of several areas including audits of implementation status of the Global Management Structure and

audits of the operation status of risk management under the expanding international business. The Audit & Supervisory Board will draw on these results in terms of applying them to initiatives to be carried out for subsequent fiscal years.



Interview

### Messages from Outside Audit & Supervisory Board Members

#### Questions

- 1 Reviewing the functions of our governance throughout the year, please tell us about the role you played in it.
- 2 Please tell us about future challenges for our governance and auditing structure.
- 3 Please tell us about your role based on your experience and expertise.
- 4 Please tell us your thoughts on how governance should be structured in order to improve transparency and fairness as well as your aspirations as a newly appointed Audit & Supervisory Board Member.



Yukiko Imazu  
Outside Audit & Supervisory Board  
Member (Independent Auditor)

**1** Sound, legal corporate management requires the effective functioning of internal autonomy and self-cleansing, always with an awareness of outside perspectives. The Company actively exchanges opinions at meetings of both the Board of Directors and the Audit & Supervisory Board, and our governance structure—one that sufficiently applies the opinions of Outside Directors—has enabled us to handle various management issues. I also believe that I have contributed to the sound, legal corporate management of the Company by expressing my opinions objectively from a third-party perspective and always from a neutral standpoint and with a legal mindset as an Outside Audit & Supervisory Board Member utilizing my experience as an attorney-at-law.

**2** As our unprecedented and largely unpredictable situation continues, the Company is more required than ever to have a management structure that will enable us to agilely and flexibly respond to changes in the times. Changes always involve a degree of risk, however, I believe that avoiding unnecessary legal risks at the earliest possible stage and establishing a structure that prevents risks from materializing will contribute to reassure investors and increase corporate value. As an Outside Audit & Supervisory Board Member, I will continue striving to further improve our governance and auditing structure with this perspective in mind.



Masako Watanabe  
Outside Audit & Supervisory Board  
Member (Independent Auditor)

**1** To achieve the current 5-year business plan and 2030 Vision, operating a transparent, effective governance structure is essential.

By utilizing my experience and knowledge as a certified public accountant—including experience auditing the financial statements and internal control of many companies—I will continue my efforts to contribute to improve our governance functions by speaking up from the external perspectives such as investors from the viewpoint of the suitability and timeliness of our accounting, the sufficiency of our information disclosure, and the effectiveness of our internal control in the fields of financial and accounting. In addition, in conferences with Accounting Auditors, we will deepen discussions from an expert's perspective and contribute to further strengthening of cooperation.

**2** Regarding our Group's globally established and globally run management structure, to ensure effective auditing, it is critical to develop a global auditing structure while collaborating more closely with internal audit functions/Accounting Auditors of our overseas sites as well as in Japan—and I also believe a structure is required that enables flexible auditing depending on the importance and urgency of various risks. The Audit & Supervisory Board, will strive to contribute to the further advancement of our governance.



Mitsuhiro Matsumoto  
Outside Audit & Supervisory Board  
Member (Independent Auditor)

**3** I have honed my sensitivity to internal and external risk factors through my experiences in the fight against economic crime or anti-social groups, in the national security policies and in leading large organizations. On the occasion of the Great East Japan Earthquake, I was in charge of regional crisis management as Chief of Police of the Fukushima Prefecture.

I see it as my role to use this experience to ensure legal compliance and effective internal controls, and to cultivate stakeholder trust.

**4** Drug discovery is a business that paddles out into the ocean of risks, carrying the hope of humanity with it; hence it is essential to be transparent about how risks are taken in order to gain the trust of investors.

The global world also does not tolerate corporate behaviour that is contrary to social justice. Constant efforts to eliminate external diseconomies that may be associated with the business are also necessary.

A responsible system of governance is required to eliminate unnecessary risk factors and prepare for unforeseen risks in order to ensure that R&D, manufacturing, quality assurance, sales and marketing and all other business areas make a full contribution to society, earn the trust of the market and continue to increase shareholder value. I am committed to playing my part in this.

# Introduction of Directors and Audit & Supervisory Board Members



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## Directors

### Sunao Manabe ①

Representative Director  
President and CEO

#### Career Summary, Positions, and Assignments

1978 Joined Sankyo Company, Limited ("Sankyo")  
2005 Vice President, Medicinal Safety Research Laboratories of Sankyo  
2007 Vice President, Medicinal Safety Research Laboratories of the Company  
2009 Corporate Officer, Vice President of Global Project Management Department, R&D Division  
2011 Corporate Officer, Head of Group HR & CSR  
2012 Corporate Officer, Vice President of Corporate Strategy Department, Corporate Strategy Division  
2014 Executive Officer, President of Japan Company and Head of Business Intelligence Division  
2014 Director, Executive Officer, President of Japan Company and Head of Business Intelligence Division  
2015 Director, Senior Executive Officer, In Charge of Global Sales & Marketing  
2016 Director, Executive Vice President, Head of General Affairs & Human Resources Division, and Medical Affairs Division  
2016 Representative Director, Executive Vice President, Head of General Affairs & Human Resources Division, and Medical Affairs Division  
2017 Representative Director, President and COO  
2019 Representative Director, President and CEO (to present)

### Shoji Hirashima ②

Representative Director  
Senior Executive Officer  
Head of Japan Business Unit

#### Career Summary, Positions, and Assignments

1988 Joined Daiichi Pharmaceutical Company, Limited  
2010 CEO, U3 Pharma GmbH  
2015 Vice President, Corporate Strategy Department, Corporate Strategy Division of the Company  
2016 Vice President of Corporate Strategy Department and Senior Director of Oncology Business Group, Corporate Strategy Division  
2017 Corporate Officer, Vice President of Corporate Business Management Department, Corporate Strategy and Management Division  
2019 Executive Officer, Head of Global Brand Strategy Division  
2020 Senior Executive Officer, Head of Global Brand Strategy Division  
2020 Director, Senior Executive Officer, Head of Global Brand Strategy Division  
2021 Director, Senior Executive Officer, Head of Corporate Strategy Division  
2022 Director, Senior Executive Officer, Head of Japan Business Unit  
2022 Representative Director, Senior Executive Officer, Head of Japan Business Unit (to present)

### Masahiko Ohtsuki ③

Director  
Senior Executive Officer  
Head of Digital Transformation Management Division  
CIO

#### Career Summary, Positions, and Assignments

1987 Joined Sankyo Company, Limited  
2010 Vice President, R&D Planning Department, R&D Division of the Company  
2012 Vice President, Research Oversight Function, R&D Division  
2013 Vice President, Research Oversight Function, R&D Division  
2014 Corporate Officer, Vice President of Research Oversight Function, R&D Division  
2018 Corporate Officer, Vice President of Business Development & Licensing Department  
2019 Executive Officer, Vice president of Business Development & Licensing Department  
2020 Senior Executive Officer, Head of Digital Transformation Management Division  
2020 Director, Senior Executive Officer, Head of Digital Transformation Management Division, CIO (to present)

### Hiroyuki Okuzawa ④

Director  
Senior Executive Officer  
Head of Corporate Planning & Management Division  
CFO

#### Career Summary, Positions, and Assignments

1986 Joined Sankyo Company, Limited  
2017 Vice President of Business Planning Department, ASCA Company of the Company  
2018 Corporate Officer, President of ASCA Company  
2021 Executive Officer, Head of Corporate Planning & Management Division and CFO  
2021 Director, Executive Officer  
Head of Corporate Planning & Management Division, CFO  
2022 Director, Senior Executive Officer  
Head of Corporate Planning & Management Division, CFO (to present)

### Takashi Fukuoka ⑤

Director  
Executive Officer  
Head of Corporate Strategy Division

#### Career Summary, Positions, and Assignments

1987 Joined Sankyo Company, Limited  
2013 Vice President of Venture Science Laboratories, R&D Division of the Company  
2019 Corporate Officer of the Company  
Executive Vice President, Head of R&D Affairs of Daiichi Sankyo Inc.  
2022 Executive Officer, Head of Corporate Strategy Division of the Company  
2022 Director, Executive Officer, Head of Corporate Strategy Division of the Company (to present)

### Noritaka Uji ⑥

Outside Director (Independent Director)  
Chairperson of the Board

#### Career Summary, Positions, and Assignments

1973 Joined Nippon Telegraph and Telephone Public Corporation  
1999 Director, Senior Vice President, Advanced Information Network Services Sector of NTT DATA Corporation ("NTT DATA")  
2000 Director, Senior Vice President, Corporate Strategy Planning Department of NTT DATA  
2001 Director, Senior Vice President, Industrial System Sector of NTT DATA  
2002 Director, Senior Vice President, Enterprise Business Sector of NTT DATA  
2003 Managing Director, Executive Vice President, Enterprise Systems Sector and Enterprise Business Sector of NTT DATA  
2005 Representative Director, Executive Officer of NTT DATA  
2007 Representative Director, Senior Executive Vice President of Nippon Telegraph and Telephone Corporation ("NTT")  
2012 Adviser of NTT  
2014 Outside Director of the Company (to present)  
2020 Chairperson of the Board of the Company (to present)

#### (Material Concurrent Positions)

- Representative Director and Chairman of Japan Association of Technology Executives
- Honorary President of Japan Telework Association
- Visiting Professor of Center for Global Communications, International University of Japan
- Auditor of Nippon Omni-Management Association

### Kazuaki Kama ⑦

Outside Director (Independent Director)  
Chairperson of the Nomination Committee

#### Career Summary, Positions, and Assignments

1971 Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (currently, IHI Corporation)  
1987 Executive Vice President of IHI INC. (New York)  
2002 Associate Director and Deputy General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd.  
2004 Executive Officer and General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd.  
2005 Managing Executive Officer, General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd.  
2005 Board Director, Managing Executive Officer, General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd.  
2007 President and Chief Executive Officer of Ishikawajima-Harima Heavy Industries Co., Ltd.  
2012 Chairperson of the Board of IHI Corporation  
2016 Board Director of IHI Corporation  
2016 Executive Corporate Advisor of IHI Corporation  
2019 Outside Director of the Company (to present)  
2020 Senior Advisor of IHI Corporation (to present)

#### (Material Concurrent Positions)

- Senior Advisor of IHI Corporation
- Outside Director of SUMITOMO LIFE INSURANCE COMPANY
- Statutory Auditor (Outside) of Tokyo Stock Exchange, Inc.
- Outside Audit & Supervisory Board Member of JPX Market Innovation & Research, Inc.





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### Sawako Nohara 8

Outside Director (Independent Director)  
Chairperson of the Compensation Committee

#### Career Summary, Positions, and Assignments

1980 Joined Mitsubishi Petrochemical Co., Ltd. (currently, Mitsubishi Chemical Corporation)  
1988 Joined Life Science Institute Co., Ltd.  
1995 Joined InfoCom Research, Inc.  
1998 Head of the E-Commerce Business Development Group of InfoCom Research, Inc.  
2001 President of IPSe Marketing, Inc. (to present)  
2006 Outside Director of the Board of NEC Corporation  
2009 Project Professor of the Graduate School of Media and Governance, Keio University  
2012 Audit & Supervisory Board Member of Sampo Japan Insurance Inc.  
2013 Outside Director of the Board of NKSJ Holdings, Inc. (currently, Sampo Holdings, Inc.)  
2014 Outside Director of the Board of Nissha Printing Co., Ltd. (currently, Nissha Co., Ltd.)  
2014 Outside Director of the Board of JAPAN POST BANK Co., Ltd.  
2018 Outside Audit & Supervisory Board Member of Tokyo Gas Co., Ltd.  
2019 Outside Director of the Company (to present)  
2020 Project Professor of the Graduate School of Media and Governance, Keio University  
2021 Outside Director of Tokyo Gas Co., Ltd.  
2021 Outside Director of Keikyu Corporation (to present)  
2022 Outside Director of Resona Holdings, Inc. (to present)

(Material Concurrent Positions)

- President of IPSe Marketing, Inc.
- Outside Director of Keikyu Corporation
- Outside Director of Resona Holdings, Inc.

### Yasuhiro Komatsu 9

Outside Director (Independent Director)

#### Career Summary, Positions, and Assignments

1998 Chief, Department of Nephrology, St. Luke's International Hospital  
2007 Director, Kidney Center, St. Luke's International Hospital  
2011 Vice President, Chief Quality and Safety Officer, St. Luke's International Hospital  
2017 Chairman and Professor, Department of Healthcare Quality and Safety, Graduate School of Medicine, Gunma University (to present)  
2017 Director, Department of Healthcare Quality and Safety, Gunma University Hospital (to present)  
2018 Vice president (specially appointed), Gunma University Hospital (to present)  
2022 Outside Director of the Company (to present)

(Material Concurrent Positions)

- Chairman and Professor, Department of Healthcare Quality and Safety, Graduate School of Medicine, Gunma University
- Director, Department of Healthcare Quality and Safety, Gunma University Hospital
- Vice president (specially appointed), Gunma University Hospital

## Audit & Supervisory Board Members

### Ryoichi Watanabe 10

Audit & Supervisory Board Member

#### Career Summary, Positions, and Assignments

1981 Joined Sankyo Company, Limited ("Sankyo")  
2003 Vice President, Accounting Department of Sankyo  
2004 Vice President, Business Performance Management Department of Sankyo  
2007 Vice President, Corporate Accounting Department of the Company  
2009 Vice President, Corporate Finance & Accounting Department of the Company  
2012 Vice President, General Affairs & Procurement Department, General Affairs & Human Resources Division of the Company  
2014 Vice President, Finance & Accounting Department, Corporate Management Division of the Company  
2015 Vice President, Internal Audit Department of the Company  
2016 Corporate Officer, Vice President, Internal Audit Department of the Company  
2019 Corporate Officer, in charge of Internal Audit Department of the Company  
2019 Audit & Supervisory Board Member of the Company (to present)

### Kenji Sato 11

Audit & Supervisory Board Member

#### Career Summary, Positions, and Assignments

1988 Joined Daiichi Pharmaceutical Co., Ltd.  
2016 Vice President, R&D General Affairs & Human Resources Department, R&D Division of the Company  
2019 Principal, R&D General Affairs & Human Resources Department, R&D Division of the Company  
2019 Audit & Supervisory Board Member of the Company (to present)

### Yukiko Imazu 12

Outside Audit & Supervisory Board Member  
(Independent Auditor)

#### Career Summary, Positions, and Assignments

1996 Joined Anderson Möri (currently, Anderson Möri & Tomotsune)  
2005 Partner, Attorney-at-Law, Anderson Möri & Tomotsune (to present)  
2007 Associate Professor of Keio University Law School  
2014 Director, Ishibashi Foundation (to present)  
2018 Outside Audit & Supervisory Board Member of the Company (to present)  
2022 Outside Auditor, dip Corporation (to present)  
2022 Outside Director, ALCONIX CORPORATION (to present)

(Material concurrent positions)

- Partner, Attorney-at-Law, Anderson Möri & Tomotsune
- Outside Auditor, dip Corporation
- Outside Director, ALCONIX CORPORATION

### Masako Watanabe 13

Outside Audit & Supervisory Board Member  
(Independent Auditor)

#### Career Summary, Positions, and Assignments

1984 Joined The Fuji Bank, Ltd. (currently "Mizuho Bank, Ltd.")  
1990 Joined Tohmatsu LLC (currently "Deloitte Touche Tohmatsu LLC")  
1994 Registered as Certified Public Accountant  
2007 Partner, Tohmatsu LLC  
2020 Representative of Masako Watanabe Certified Public Accountant Office (to present)  
2021 Outside Audit & Supervisory Board Member of the Company (to present)  
2021 Outside Director, Sakata Seed Corporation (to present)

(Material concurrent positions)

- Outside Director, Sakata Seed Corporation

### Mitsuhiro Matsumoto 14

Outside Audit & Supervisory Board Member  
(Independent Auditor)

#### Career Summary, Positions, and Assignments

1983 Joined the National Police Agency ("NPA")  
2009 Chief, Fukushima Prefectural Police  
2012 Director, Personnel Division, Commissioner-General's Secretariat, NPA  
2013 Director-General, Public Security Department, Tokyo Metropolitan Police  
2014 Chief, Kanagawa Prefectural Police  
2015 Director-General, Foreign Affairs and Intelligence Department, NPA  
2016 Director-General, Security Bureau, NPA  
2018 Director-General, Commissioner-General's Secretariat, NPA  
2018 Deputy Commissioner-General, NPA  
2020 Commissioner-General, NPA  
2021 Retired from NPA  
2022 Outside Audit & Supervisory Board Member of the Company (to present)

(Material concurrent positions)

None

# Stakeholder Engagement

The Group specifies “We maintain productive, positive and professional relationships with our stakeholders” in Article 2 of the Daiichi Sankyo Group Corporate Conduct Charter, and “We actively, effectively, and fairly disclose corporate information to the public and engage in an open and constructive dialogue with a wide range of stakeholders” in Article 3. Furthermore, we specify “We actively, effectively and fairly disclose Company information to the public and engage in an open and constructive dialogue with a wide range of stakeholders” in Chapter 2 “Society” of the Daiichi Sankyo Group Employee Code of Conduct.

## Basic Policy on Engagement

Changes in society are occurring at an unprecedented speed, including economic and geopolitical changes, demographic changes, and global environmental changes. Understanding the wide range of requirements of such a continuously changing society, and reflecting the expectations and needs of stakeholders, and opinions based on various values in corporate activities are crucial to the sustainability of our corporate activities.

We strongly desire to be a company that earns the trust of society

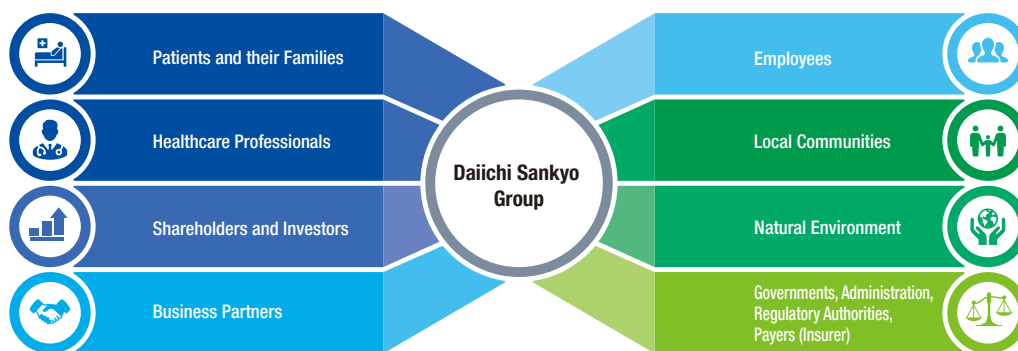
by actively engaging in dialogue with our stakeholders, recognizing the demands and expectations from society that are expected of us, and responding through our business activities. We also seek to collaborate with our stakeholders toward creating a sustainable society.

In our current 5-year business plan, we aim to “Create shared value with stakeholders” as the fourth strategic pillar, and we will not only engage with all stakeholders, but will also promote initiatives for creating shared value with patients, shareholders, society, and employees.

			Overview of Engagement	
Stakeholder	Purpose of Engagement	Engagement Method (Frequency)	FY2021 Engagement Activities	
Patients and their Families	Contributing to the improvement of patients' quality of life and bringing “life with a smile” to their families by: understanding the lives, difficulties, and hopes of patients and their families; gathering and analyzing the voice of patients and healthcare professionals and quality of life-related information; incorporating this feedback into our development.	• Dialogue with patients and healthcare professionals through COMPASS activities* (2-3 times/year)	• Held “DS Round Table Discussions” online to allow employees to interact directly and personally with cancer survivors and patients	
		• Dialogue with patients at Medical Information Center (as appropriate)	• Collected requests for the Group's products	
		• Dialogue with physicians and pharmacists as part of medical representatives (MRs) activities in Japan (as appropriate)	• Gained patient feedback on the Group's products through physicians and pharmacists	
Healthcare Professionals	Enhanced treatment options and transforming the standard of care through improving treatment satisfaction and understanding the needs of healthcare professionals by creating advanced pharmaceuticals and providing useful information to healthcare professionals.	• Gathered opinions from academic conferences and healthcare professionals (as appropriate)	• Conducted interviews to understand patient requests	
		• Dialogue with physicians and pharmacists as part of medical representatives (MRs) activities in Japan (as appropriate)	• Gathered feedback on needs for cooperation between medical institutions amid the COVID-19 pandemic	
Shareholders and Investors	To promote further mutual understanding and growth by actively disclosing management information that will help shareholders and investors understand our company, such as mid-to-long-term strategies and initiatives for sustainable growth which are based on the principles of transparency, fairness, and continuity, and by reflecting on opinions gained through constructive dialogue from a mid-to-long-term perspective in our corporate management.	• Conducted interviews with relevant academic associations, medical specialists, and other healthcare professionals (as appropriate)	• Held advisory meetings and interviews with medical specialists to exchange opinions on promoting the proper use of anti-cancer agents	
		• Conducted dialogue between investors and the management (as appropriate)	• Gathered investor opinions on disclosure of management strategy, R&D, ESG, etc. through IR activities	
Business Partners	To promote sustainable growth for both employees and the company by creating an environment for employees to be highly engaged, grow as individuals, and play an active role in the company by respecting diversity and promoting human resource development and success in all areas of the value chain.	• Conducted dialogue between investors and IR department (as appropriate)		
		• Conducting dialogue with business partners through sustainable procurement surveys and interviews based on survey responses (once every 3 years)	• Conducted and collected sustainable procurement surveys from key business partners in and outside of Japan	
Employees	To promote corporate initiatives further by disseminating management policies and developing mutual understanding toward the achievement of management targets, and to create a sense of unity among employees.	• Conducting engagement survey of all global employees (once/year)	• Conducted a survey to measure the degree of awareness of our Purpose and Core Behavior, in addition to engagement-related items	
		• Conducting direct communication between management and employees (as appropriate; twice in FY2021)	• Held virtual Town Hall Meeting for all Group employees, providing an opportunity for direct discussions between management and employees on initiatives to achieve the current 5-year business plan	
Local Communities	Aiming to strengthen medical infrastructures in each region by developing necessary human resources and providing healthcare services that meet local needs, thereby realizing “the enrichment of quality of life around the world.”	• Conducting surveys of NGOs and local government and medical institutions (as appropriate)	• Conducted a survey of NGOs and government agencies to understand the needs surrounding healthcare issues in Nepal	
		• Conducting interviews through NGOs (as appropriate)	• Conducted interviews with local residents, local government, medical institutions, etc.	
Natural Environment	Aiming to reduce risks to both our business and the natural environment by accurately capturing environmental conditions and societal requests which leads to reduction of environmental impact throughout the value chain such as resource conservation and resource re-cycling, and other activities throughout the value chain.	• Conducting collaboration with industry associations (4-5 times/year)	• Participated as a leader in the Low Carbon Society Action Plan Working Group of the Federation of Pharmaceutical Manufacturers' Associations of Japan to realize measures for climate change in the Japanese pharmaceuticals industry	
Governments, Administration, Regulatory Authorities, Payers (Insurer)	Contributing to the resolution of issues aimed at ensuring and expanding access to pharmaceuticals for patients around the world while creating a sustainable R&D investment cycle for the creation of innovative pharmaceuticals that meet unmet medical needs, by building appropriate trusting relationships with the policymakers, governments, administration, regulatory authorities, payers (insurer) of each country, and ensuring appropriate evaluations for pharmaceutical innovations.	• Conducting advocacy and dialogue through industry associations (as appropriate)	• The International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) kept track of discussions and its background at the World Health Assembly (WHO), the WTO Ministerial Conference, and other meetings regarding the early access to vaccines and treatments in a pandemic	
			• Exchanged opinions on drug discovery and the innovation of the pharmaceutical industry at the “Public-Private Dialogue for the Creation of Innovative Pharmaceuticals” organized by the Ministry of Health, Labour and Welfare	

\* Activities based on our slogan, “Compassion for Patients,” aimed to contribute to realizing “life with a smile” around the world, by providing opportunities for all the Group employees to understand the lives, difficulties, and hopes of patients and think about what we can do.

## Our Stakeholders



In order to sustainably grow and create corporate value over the mid-to-long-term in society, we must build and maintain productive, positive and professional relationships with stakeholders who are impacted by the Group's activities, or those who are influenced by our business. To build and maintain relationships with our stakeholders, including patients and their families, healthcare professionals, shareholders and

investors, business partners, employees, local communities, the natural environment, governments, administration, regulatory authorities, and payers (insurer), we aim to not only comply with the laws and regulations of each country and region, but also respect various international norms, diverse cultures and customs and engage in constructive dialogue.

Stakeholders' Feedback	How Feedback was Reflected in Business, Management Decisions, Materiality, etc.
<ul style="list-style-type: none"> <li>Importance of developing drugs that take into account dosing frequency and the impact of side effects on patients' daily lives</li> <li>Information on how to alleviate and cope with side effects is also important to improve patients' quality of life.</li> </ul>	<ul style="list-style-type: none"> <li>In the pursuit of efficacy and safety in drug research and development, we are fostering a Patient Centric Mindset in each member of the R&amp;D Division in Japan by learning about the actual side effects and recognizing the importance of improving patients' quality of life, including not only the reduction of side effects, but also their mitigation and coping methods.</li> </ul>
<ul style="list-style-type: none"> <li>Difficulty taking medication as the number of medication packages increases with progression of patients' conditions (rare diseases)</li> <li>Difficulty with inhaling, difficulty with sliding medicine tray while using (inhalers)</li> <li>Desire to receive product information that will enable continuous peace of mind in taking the medications (generic pharmaceuticals)</li> </ul>	<ul style="list-style-type: none"> <li>Addressed the development of higher concentration drug formulations and promoted reduction of dosage (rare disease pharmaceuticals)</li> <li>Modified the inhaler container for easier inhalation and smoother sliding of the medicine tray by enlarging the width of the air vent at the bottom of the container (inhaler)</li> <li>Provided easy-to-take medications and established a new website "for general users" to promote understanding of the products (generic pharmaceuticals)</li> </ul>
<ul style="list-style-type: none"> <li>Patients with difficulty in swallowing, including children and the elderly, struggle to take multiple or large tablets</li> </ul>	<ul style="list-style-type: none"> <li>Developed orally disintegrating tablets (OD tablets) that can be easily handled and taken by patients</li> </ul>
<ul style="list-style-type: none"> <li>Concern regarding the disruption of cooperation between medical institutions during the COVID-19 pandemic, which could lead to loss of treatment opportunities for patients</li> </ul>	<ul style="list-style-type: none"> <li>Contributed to the reduction of the loss of treatment access for patients by facilitating cooperation among medical institutions through online lectures</li> </ul>
<ul style="list-style-type: none"> <li>Unable to ensure equitable access to healthcare for patients due to conditions of use (facilities) set from the perspective of ensuring the safety of anti-cancer agents</li> </ul>	<ul style="list-style-type: none"> <li>Promoted information sharing within the area and conducted medical collaboration support (patient referral support) to ensure access to medical care for patients</li> </ul>
<ul style="list-style-type: none"> <li>Requests for disclosure on 5-year business plan that incorporates business growth in the oncology field and post-ADC strategies</li> </ul>	<ul style="list-style-type: none"> <li>Provided explanation of mid-to-long-term business strategies, including growth of oncology business and post-ADC R&amp;D strategies, at 5-year business plan briefing</li> </ul>
<ul style="list-style-type: none"> <li>Re-recognizing the growing societal interest in sustainability</li> <li>Unsure of how to engage in sustainability initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Planned external educational activities and training programs to promote sustainability activities among business partners</li> </ul>
<ul style="list-style-type: none"> <li>The Group's improvement areas are "Learn From Mistakes," "Procedure," and "Collaboration."</li> </ul>	<ul style="list-style-type: none"> <li>To create a culture of learning, the Management Executive Committee decided that all of Daiichi Sankyo Group across the globe will focus on (1) learning from mistakes and (2) developing managers to create an environment of learning within their teams.</li> </ul>
<ul style="list-style-type: none"> <li>Gained a broader understanding of the content of the current 5-year business plan of employees globally through the opportunity to engage in direct communication with the CEO</li> </ul>	<ul style="list-style-type: none"> <li>Established link to boosting individual motivation and employee engagement to accomplish the corporate initiatives in line with the 5-year business plan and achieving the materiality KPIs.</li> </ul>
<ul style="list-style-type: none"> <li>Lack of system for screening, diagnosis, and treatment of breast and cervical cancer, which are cancers specific to women</li> <li>Lack of knowledge among local residents about diseases, and lack of habit of getting screenings</li> </ul>	<ul style="list-style-type: none"> <li>Conducted "Breast Cancer and Cervical Cancer Screening Camp" to realize the provision of a one-stop service for screening and diagnostic treatment, which contributed to the improvement of the testing rate and the early detection of cancer</li> </ul>
<ul style="list-style-type: none"> <li>Requirement of a sustainable healthcare system within the climate crisis, due to WHO study on threat of climate change against health and survey showing high greenhouse gas emissions in the healthcare supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Promoted initiatives to make the pharmaceutical industry carbon-neutral, including taking the lead in drafting industry targets, and revised the CO<sub>2</sub> emissions reduction targets set in our materiality KPIs to more ambitious targets</li> </ul>
<ul style="list-style-type: none"> <li>Societal demands for early provision of vaccines and treatments in the event of a pandemic</li> </ul>	<ul style="list-style-type: none"> <li>IFPMA published Lessons Learned as the International Federation of Pharmaceutical Manufacturers and Associations, including the importance of ensuring intellectual property and other matters to ensure innovation, and proposed measures to speedily develop and deliver vaccines and treatments to the world in the next pandemic</li> </ul>
<ul style="list-style-type: none"> <li>The importance of developing the pharmaceutical industry, innovating vaccine research and development, bridging advanced university research toward industry, developing biopharmaceutical manufacturing technology, and addressing economic security</li> </ul>	<ul style="list-style-type: none"> <li>The Government of Japan formulated the "Strategy for Strengthening Vaccine Development and Production System" and "Pharmaceuticals Industry Vision 2021" based on the opinions of the pharmaceuticals industry</li> </ul>





71	Sustainability Activities
85	Value Chain Activities Message from the Head of Unit
91	10-Year Financial Summary
93	Consolidated Financial Statements
97	Financial Results and Financial Analysis
101	Major Products
103	Corporate Profile / Main Group Companies
105	ESG (Environmental, Social, and Governance) Data
107	Independent Assurance Report for Environmental and Social Indicators
109	Shareholders' Information

<b>E</b>	71 Environment
<b>S</b>	74 Sustainable Procurement 75 Access to Healthcare 77 Human Rights 79 Safety of Pharmaceuticals 80 Promoting the Success and Development of Human Resources
<b>G</b>	83 Compliance

# Activity Report

Environment (E)	Social (S)					Governance (G)
Environment	Sustainable Procurement	Access to Healthcare	Human Rights	Safety of Pharmaceuticals	Human Resources	Compliance

## Environment

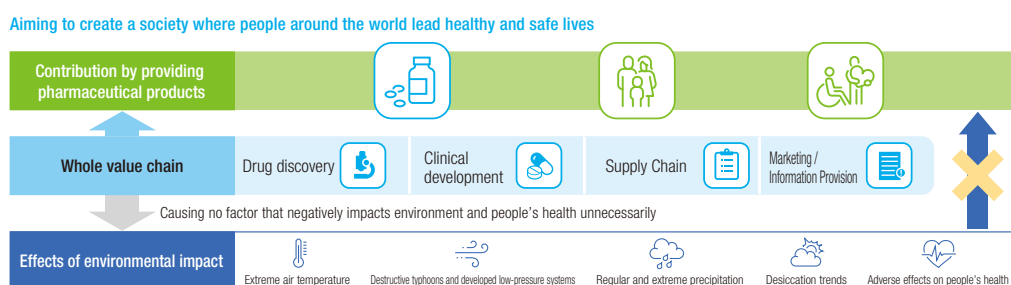
We promote environmental management as we recognize that environmental issues, including global warming and intensifying weather-related disasters which now threats to the sustainable development of society as well as people's health; which is a risk that could affect our long-term business foundation, including the stable supply of pharmaceuticals.

### Promoting Environmental Management

We conduct business activities to contribute to the enrichment of quality of life through providing pharmaceutical products. We know, however, that those activities could cause environmental impact that might raise environmental issues. What underlies our promotion of environmental management is the following belief: activities necessary to provide pharmaceutical products must not unnecessarily contribute

to environmental phenomenon that may threaten people's health and daily lives.

In the current 5-year business plan, we will contribute to the realization of a resilient and sustainable society by proactively challenging various initiatives to implement advanced measures to climate change and to reduce environmental impact from R&D to sales all across the value chain.



### Toward the Realization of a Decarbonized Society

We have defined three 2050 long-term targets toward realizing a sustainable society: carbon neutrality aimed at realizing a decarbonized society, a 100% recycling rate aimed at realizing a circular economy, and minimizing environmental risk to help fulfill our duties as a society co-existing with nature.

In FY2021, our CO<sub>2</sub> emissions were 191,399 tons (15.7% reduction from FY2015), which had an increase from the previous year. However, due to the shift of our Japanese operation sites to renewable electricity, we expect our FY2022 CO<sub>2</sub> emissions to be approximately 120,000 tons (45.0% reduction from FY2015).

We are also promoting the introduction of solar power systems to promote the use of renewable energy. At the Daiichi Sankyo Chemical Pharma Onahama Plant, which started operations in December of 2020, we reduced CO<sub>2</sub> emissions by 2,070 tons, more than the value assumed at the beginning of FY2021. We also expect to reduce our annual CO<sub>2</sub> emissions by approximately 350 tons due to the activation of our Pfaffenhofen Plant in Germany in February 2022. In addition, we

are currently installing solar power systems towards the activation of our Shanghai Plant in FY2022, which is expected to reduce our annual CO<sub>2</sub> emissions by 320 tons.

At our Pfaffenhofen Plant, we are actively promoting the installation of charging stations to contribute to the spread of electric cars in the region. We had installed ten such stations in 2021 and are aiming to install around 100 by 2024.



We have also expressed our support for the GX League<sup>\*1</sup>, which was established by the Ministry of Economy, Trade and Industry towards achieving carbon neutrality by 2050, and we will participate in the carbon-credit-market demonstration project to be started in September 2022.



<sup>\*1</sup> The GX League was established as a way to help achieve carbon neutrality by 2050, bringing groups of companies that actively work on GX (green transformation) the opportunity to come together within the industry, government, academia, and finance, to discuss about transforming economic and social systems towards attaining GX and to implement the creation of new markets.

### Reducing Environmental Risks through Appropriate Waste Disposal, etc.

We are working on reducing environmental risks by appropriately managing chemical substances, appropriately disposing waste, preventing soil and water pollution, and taking other such actions. In FY2021, we finished appropriately disposing the hazardous high-density PCB<sup>\*2</sup> waste stored by our Japan domestic Group companies in line with the Law Concerning Special Measures Against PCB Waste. We also finished appropriately disposing our low-density PCB waste in FY2017.

At our former Yasugawa Plant (in Yasu, Shiga Prefecture), we started the removal of facilities where soil polluted by agricultural chemical raw materials was stored. We are enhancing communication in appropriate frequency as we start this work, including having evaluation from a third-party organization against the suitability of the work plan, the

effectiveness of the results, and other details, while also providing briefing sessions and observation tours for the government and nearby residents. As we remove the storage facilities, we are striving to prevent the scattering into nearby areas by setting up a depressurized tent, and we are watching for environmental effects through regular environmental monitoring. Moreover, we are checking the site to ensure that any polluted soil and other materials that are carried out are appropriately disposed by disposal companies.



Depressurized tent to prevent scattering

<sup>\*2</sup> Abbreviation of Poly Chlorinated Biphenyl

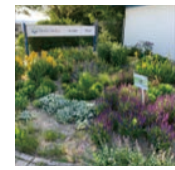


## Initiatives for Biodiversity

In recent years, the population of pollinators such as honey bees and butterflies has been on a decreasing trend around the world due to the effects of deforestation, agricultural chemicals, global warming, and other issues. At our Pfaffenhofen Plant in Germany, we cooperate with *Pfaffenhofen in Bloom*—an initiative started by the city of Pfaffenhofen aimed to increase the pollinator population that was—and we are actively working on encouragement of biodiversity on the plant premises. We are planting many flowers in the approximately 3,200m<sup>2</sup> area as an environment where honeybees and other insects can inhabit.

In addition, in April 2022, Daiichi Sankyo Europe, one of our overseas

Group companies, started planting one tree per one disposal of a notebook computer, and approximately 200 trees had already been planted. To promote this initiative, the company has secured enough land in Germany to plant approximately 3,000 trees, thereby working on achieving the Sustainable IT.



Planting on the plant premises



Reforestation activities via Sustainable IT

## Selected as 'A List' companies in CDP Climate Change 2021 for two consecutive years

Daiichi Sankyo was recognized for leadership in corporate sustainability by global environmental non-profit CDP<sup>\*3</sup> for its actions to cut emissions, mitigate climate risks and develop the low-carbon economy, securing a place on its prestigious 'A List' for tackling climate change for two consecutive years. In April 2022, the Group's CFO participated in the CDP 2021 Climate Change and Forest Reporting Conference panel discussion as a panelist. At the session, the CFO reported his thoughts on the Group's strategy for increasing its corporate value

through its initiatives against sustainability issues as well as the disclosure of sustainability information, and discussed about "the role of a CFO within the improvement on corporate value with sustainability considerations."

<sup>\*3</sup> A global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions



## TCFD

In May 2019, the Group expressed support for the TCFD<sup>\*4</sup> Recommendations, and, disclosed information such as governance and scenario analysis results in line with the TCFD disclosure framework by 2020. In addition, the Group promotes information disclosure in line with the revisions to the TCFD Recommendations dated October 2021,

and the Group is also aiming to significantly enhance our governance and business strategy in order to more actively respond to climate change, a key global issue.



<sup>\*4</sup> The Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board (FSB) to review the way to address disclosure of climate-related information and financial institutions

### ❖ Governance

We establish the EHS Management Committee formed of the Chief Executive Officer of EHS Management as Chairperson and Head of related Divisions (including Directors) and the President of the Group companies as members, in an effort to protect the environment and ensure health and safety. We hold discussions and reporting on policies, target setting, and activities related to global EHS management at this

committee twice a year, and discussed and reported matters are reported and directed by the Board of Directors. In FY2021, we discussed about increasing our CO<sub>2</sub> emission reduction targets to achieve carbon neutrality, utilizing renewable energy, responding to the revised TCFD Recommendations, and other details.

### ❖ Risk management

We strive to recognize risks that could necessitate changes to our business activities—including risks related to climate change and water—and take the necessary measures.

The EHS Management Committee evaluates and manages the financial impact of the risks and opportunities for the Group's business caused by climate change, and plays an important role in terms of increasing the Company's resilience, such

as reporting material risks to the Board of Directors and comprehensively managing risks. In addition, the Committee discusses and makes decisions related to our short and medium-term targets and implementation plans as we aim to transition to carbon neutrality in the long term.

[Read more about risk management.](#)

▶ P. 47

### ❖ Strategy

As the impact of various environmental factors increases, we must realize a sustainable society to continue our corporate activities. Particularly for pharmaceuticals, which are life-related products, disruption of the supply chain due to worsening meteorological disasters and a decline in the supply capacity of pharmaceuticals are major risks, both from business and social perspectives. On the

other hand, CO<sub>2</sub> emissions are characterized by low direct emissions from business activities (Scope 1 and Scope 2) and high indirect emissions from the supply chain (Scope 3). Based on this understanding of the environment, we conducted a scenario analysis in accordance with the recommendations of the TCFD in order to clarify the resilience of our businesses towards climate change.

### Scenario analysis implementation

In FY2021, we set up a cross-departmental task force to provide an overview of our scenario analysis and IEA<sup>\*5</sup>/IPCC<sup>\*6</sup>-related workshops for related departments, and we considered business risks and opportunities from 2030 onward. By using IEA/IPCC scenarios, we identified both transition and physical risks and opportunities throughout the supply chain, and these risks and opportunities were then discussed, evaluated, and ultimately approved by the EHS Management Committee. More specifically, we identified risks and opportunities from the perspectives of procurement, direct operations, and product and service demand, and grouped them up into six categories. We selected the IEA/IPCC decarbonization scenario (1.5°C) and scenario in which decarbonization is not achieved (4°C) due to the decision that it is important

to assume extreme cases in terms of both physical risks and transition risks and prepare accordingly. Regarding each scenario, we organized the information based on the potential effects on and resilience of our business from the perspectives of occurrence frequency, business effects, and the existence of investor interest—with additional consideration for the perspective of investors in terms of financial effects—and we comprehensively evaluated risks and opportunities for the period from 2030 to 2050.

<sup>\*5</sup> International Energy Agency

<sup>\*6</sup> Intergovernmental Panel on Climate Change

## ❖ Results of scenario analysis

For each value chain, the potential impact and resilience were clarified, and a comprehensive evaluation was performed, taking into account financial impact as well as investor perspectives.

Scenario	Change in Business Environment	Risks and Opportunities	Potential Impact on Daiichi Sankyo	Impact*	Actions for Ensuring Daiichi Sankyo's Resilience	Business Risk*
1.5°C scenario (world with advanced transition)	Tightening of policies and regulations related to decarbonization	Introduction of carbon taxes	• Assuming that the carbon tax rises to 130 dollars/t-CO <sub>2</sub> as of 2030, the annual cost burden will be about 1.5 to 3.0 billion yen.	Minor	• Financial impact is limited and will be further minimized by promoting upgraded climate change measures aligned with the 1.5°C target.	Minor
		Avoidance of the carbon tax burden by introducing renewable energy	• It will be important to reduce emissions by procuring renewable energy as a countermeasure to the future introduction of carbon taxes and increase in tax rate.	Minor	• Avoid the annual carbon tax burden by approximately 1.6 to 3.2 billion yen as of 2030 by making active use of renewable energy. • Shift to renewable energy for 100% of electricity used at domestic and overseas business sites by FY2030.	Opportunity
		Higher cost of introducing renewable energy facilities	• Energy sources are mainly electricity and gas. Renewable electricity is already being purchased in some areas. • Replacing all electricity used within the Group with renewable energy will cost 0.3 to 0.6 billion yen per year.	Minor	• Reduce costs by promoting our measures, as additional costs for renewable energy and energysaving facilities are on a downward trend.	Minor/Opportunity
		Higher cost of energy	• Decarbonization measures will be implemented by energy utilities, but if installation and operating costs for the measures themselves increase, it may lead to higher energy procurement costs.	Minor	• While the cost of fossil fuel-derived energy is expected to rise, the impact is currently limited.	Minor
	Greater impact of decarbonization efforts on corporate reputation	Prices passed on to procurement costs	• Reducing emissions across the supply chain is important because procurement costs may increase as business partners pass on their own carbon tax burden to prices.	Medium	• Work with business partners to reduce Scope 3 emissions, thereby avoiding the carbon tax burden and limiting the rise in procurement costs.	Minor/Opportunity
		Enhanced corporate value	• Our decarbonization efforts are appreciated by ESG investors, which will lead to enhanced corporate value, including a higher stock price.	Major	• Improve our reputation by working toward a decarbonized society, proactively respond to TCFD recommendations, and disclose information that meets the expectations of shareholders and investors.	Opportunity
4°C Scenario (world with increasing physical impacts)	Increased frequency and scale of weather-related disasters (such as heavy rain, floods, and typhoons)	Supply chain disruption	• Heightened risk of disruptions to stable supply. • Risk of plant shutdown or decline in sales due to the inability to produce or ship.	Major	• Strengthen inventory control to ensure stable supply in the event of a disaster. • Purchase from multiple suppliers and consider alternative suppliers for raw materials currently being procured from a single supplier.	Medium
		Temporary suspension of operations at company sites	• Key research centers may be flooded (total cost of flooding damage is approximately 9.4 billion yen). • While some of our manufacturing bases are located near a river, they are unlikely to be flooded. However, traffic disruption may lead to temporary suspension of operations.	Major	• Continue to strengthen our operating bases by conducting flooding risk evaluations in light of our BCP. • Strengthen our response and countermeasures for flooding in our emergency drills and establish and verify our flood disaster manual.	Minor
		Deadstock caused by extreme weather (inundation)	• Possible damage to product inventory as well as a shutdown of operations due to flooding of distribution centers and other sites.			
	Rise in temperature	Increased prevalence of diseases associated with climate change	• Increased demand for pharmaceuticals related to malignant melanoma, cardiovascular, respiratory, and tropical diseases, greater demands and expectations from society. • Potential decrease in demand for existing products due to changes in disease structure.	Major	• Secure production lines to meet growing demand and strengthen inventory control. • Consider conducting research and development, along with the possibility of collaborating with external resources, to address unmet medical needs and diseases for which there is a strong social demand for treatment, including structural changes in diseases and pandemics.	Medium/opportunity
		Increase in air conditioning costs	• In principle, our operations are performed indoors at our head office, research and development bases, and manufacturing bases, so the cost of air conditioning is expected to increase as the temperature rises. However, the impact will be limited.	Negligible	• Continue to improve energy efficiency, although the financial costs are within an absorbable range and their impact is small.	Minor
		Increase in insurance and BCP costs	• Fire insurance premiums are already on the rise due to the growing severity of wind and flood damage caused by rising temperatures. However, prospects for future premium increases are limited.	Negligible	• In Japan, flood frequency is expected to increase by a factor of 4 when the temperature rises by 4°C. However, even if insurance premiums rise several times as a result, the financial impact will be negligible.	Minor
	Water shortages	Temporary suspension of operations at corporate bases	• Plants in China and Brazil are at greatest water withdrawal risk and are likely to be shut down because of flooding • Possibility of unexpected short-term drought at other locations.	Medium	• Promote drought countermeasures such as installation of rainwater tanks and use of recycled water. • Consider emergency supply measures, such as using other manufacturing sites and outsourcing manufacturing, in line with trends in pharmaceutical regulations in the event of a prolonged drought.	Medium
	Loss of biodiversity	Reduced productivity of products derived from natural compounds	• If production is halted due to unavailability of raw materials caused by the loss of biodiversity, the expected annual loss will be approximately 2.0 billion yen.	Medium	• Take prompt action before the risk materializes, as we have secured several years' worth of inventories for raw materials.	Minor

\* The degree of impact is evaluated based on a scale of: Negligible (below 0.1 billion yen); Minor (between 0.1 to 5.0 billion yen); Medium (between 5.0 to 10.0 billion yen); Major (between 10.0 to 30.0 billion). Business risks are comprehensively assessed based on the degree of impact and frequency of occurrence.

Although our understanding is that we face only limited direct transition risks in terms of the Group's business activities, with regard to the supply chain, there is a future risk of cost increases due to carbon taxes and transition measures. In addition, regarding physical risks, there are concerns about the ability to maintain a stable supply as meteorological disasters worsen. Based on the above analysis results, regarding transition risks, we will use them as an opportunity to reduce our costs by avoiding the burden of carbon taxes, etc., such as by continuing to promote our energy saving measures, utilizing renewable energy, introducing decarbonization technology, and cooperating with our business partners. Similarly, regarding physical risks, we will

aim to avoid damage to the group and continuously improve corporate value by strengthening our business continuity plan—including flood damage measures—implementing preventive measures to increase the stability of the supply chain, ensuring diversity, ensuring support measures, ensuring alternative measures, and implementing other measures as necessary.

The EHS Management Committee and Board of Directors will manage the Group's progress on measures to address important risks evaluated and identified by our scenario analysis.

## ❖ Indicators and targets

As a result of reviewing our climate change KPIs in FY2021 based on the progress of our current 5-year business plan (FY2021–FY2025), in addition to increasing our Scope 1 and Scope 2 target levels to those necessary for a 1.5°C scenario world, and for Scope 3, we updated the CO<sub>2</sub> emission reduction targets demanded of our

suppliers to the “1.5°C level” as a supplier engagement target.

We are also paying medium-term performance-based share compensation to our Directors according to their level of achievement of climate change targets, including ESG indicators.

For details, see the EHS Management Policy (FY2021–FY2025) and targets in our current 5-year business plan.

[Read more here. ▶ https://www.daiichisankyo.com/sustainability/the\\_environment/policy-system/#anc02](https://www.daiichisankyo.com/sustainability/the_environment/policy-system/#anc02)

For details, see the information on medium-term performance-based share compensation.

[Read more here. ▶ https://www.daiichisankyo.com/about\\_us/governance/compensation/](https://www.daiichisankyo.com/about_us/governance/compensation/)

Environment (E)	Social (S)					Governance (G)
Environment	Sustainable Procurement	Access to Healthcare	Human Rights	Safety of Pharmaceuticals	Human Resources	Compliance

## Sustainable Procurement

To realize our 2030 Vision, to become an “Innovative Global Healthcare Company Contributing to the Sustainable Development of Society,” we promote sustainable procurement activities with the aim of contributing to a better society, to the environment, and to economic development.

### Business Partner Code of Conduct

Today, companies are required to respond to global social issues through their entire value chains. We believe that not only do we, but our business partners play an extremely important role. For this reason, in April 2019, we revised the Daiichi Sankyo Group Corporate Conduct Charter and clarified what we deemed to be “responsible procurement” and “encouragement for our business partners to take actions” and, at the same time, we established a new Business Partner Code of Conduct. This Code of Conduct articulates our commitment and expectations we have for our business partners with whom we do

business. It comprises of six items: business integrity based on ethics; labor and respect for human rights; health and safety; promoting environmental management; optimal quality, cost and stable supply; and management system. The code is applicable to all business partners that provide us with products and services. We aim to work with our business partners to fulfill our social responsibilities and achieve a sustainable society, ensuring their activities comply not only with this Code of Conduct, but with all relevant laws, regulations, policies, and industrial standards.

### Sustainable Procurement Survey

We conduct a sustainable procurement survey based on the Business Partner Code of Conduct with our major business partners in Japan and overseas on a three-year cycle. The survey is used to understand the status of our partners’ initiatives for social issues. After collecting the survey, we conduct follow-up surveys and other forms of

communication to promote the PDCA cycle for sustainable procurement and to ensure we and our business partners share a mutual understanding of sustainability. We are carrying out our second round of this survey (FY2020-FY2022).

### Establishing Business Partner Management System

We are working to establish a business partner management system to avoid any risks of damage to our corporate value resulting from problems caused by our business partners. The system is based on risk assessments when first commencing transactions with potential partners, followed by continuous monitoring.

In September 2021, we established guidelines outlining the work

processes for business partner management in Japan. Since then, we have carried out IT-based risk assessments and monitoring of our business partners. We are also working towards establishing a business partner management system for our overseas Group companies; in this way, we will promote initiatives that ensure proper transactions with business partners across the entire Group.

### Stable Procurement Initiatives

In recent years—due to various risks that are difficult to predict, including large-scale natural disasters, pandemics, and conflicts between countries—maintaining and ensuring the stability of the supply chain, including not only Tier 1 suppliers but also Tier 2 and Tier 3 suppliers, has become an important issue for many companies. Regarding the approximately 1,600 raw material items our Group’s five major plants in Hiratsuka, Odawara, Onahama, Tatebayashi, and Kitamoto purchase, we strive to understand the geographical infor-

mation (company names and addresses) of raw material suppliers and major processes beyond Tier 1 in order to quicken the initial response to potential risks. We conducted the sustainable procurement survey targeting 36 of our non-Tier 1 suppliers of particularly important raw materials (raw material suppliers from Tier 2 and beyond who do not have a direct relationship with the Company) in an effort to enhance stable procurement.

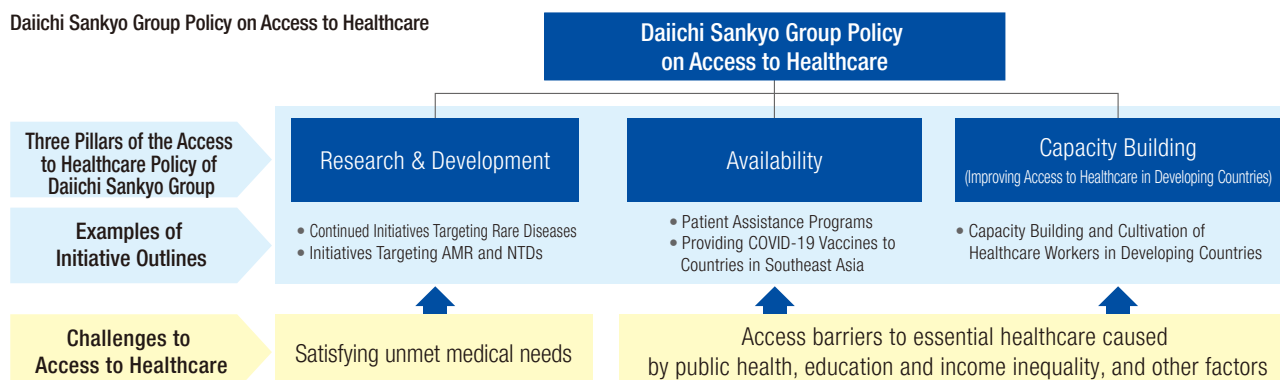


Environment (E)	Social (S)					Governance (G)
Environment	Sustainable Procurement	Access to Healthcare	Human Rights	Safety of Pharmaceuticals	Human Resources	Compliance

## Access to Healthcare

We have established the “Head of Access to Healthcare,” and are striving to resolve issues related to access to healthcare. Our Daiichi Sankyo Group Policy on Access to Healthcare prioritizes activities in three areas: Research & Development, Availability, and Capacity Building. Going forward, we will continue working to expand access to healthcare.

### Daiichi Sankyo Group Policy on Access to Healthcare



## Research & Development

### ❖ Continued initiatives targeting rare diseases

There is high societal demand for drugs for rare diseases because of the small number of patients and the lack of effective treatments. We have been actively engaged in the development of pharmaceuticals for rare diseases. In November 2021, we launched *Delytact*<sup>®</sup>, a re-regenerative medical product for the treatment of malignant glioma. *DS-5141*, a nucleic acid drug that utilizes our proprietary nucleic acid modification technology, is now undergoing phase 1/2 clinical trials in Japan as a treatment for Duchenne muscular dystrophy. *DS-4108*, a drug that uses the same technology to target glycogen storage disease

type Ia (GSDIa), is undergoing pre-clinical studies. The TNAP inhibitor *DS-1211*, which targets pseudoxanthoma elasticum, is being evaluated in phase 1 clinical trials in the United States. A phase 1 clinical trial of *DS-6016* (anti-ALK2 antibody), which targets fibrodysplasia ossificans progressiva, is ongoing in Japan.

Using our strengths in Science & Technology, we will continue to take on the challenge to create innovative pharmaceuticals in rare diseases.

### ❖ Initiatives to solve Antimicrobial Resistance (AMR) issues

The spread of AMR<sup>\*1</sup> bacteria is a significant global public health issue, and its impact on surgery and treatment by anti-cancer drugs is of particular concern. A recent research<sup>\*2</sup> reports that AMR was the cause of 1.27 million deaths around the world in 2019; due to its steady spread, it has been called the “silent pandemic.”

In order to combat this issue, in July 2020 we decided to participate in and contribute US\$20 million to the AMR Action Fund, which was established to support the clinical development of new antibiotics and to realize a sustainable antibiotics market. In addition to our vaccine initiatives, in April 2021 we established the Emerging and Re-emerging

Infectious Diseases Research Special Team (EReDS) and commenced activities to stimulate research and development into anti-infective agents. By leveraging our Group's strength in drug discovery and promoting industry-government-academia cooperation, we are seeking to fulfill our mission as a pharmaceutical company through the creation of novel drugs.

<sup>\*1</sup> Abbreviation of Antimicrobial Resistance

<sup>\*2</sup> “Global burden of bacterial antimicrobial resistance in 2019: a systematic analysis,” *The Lancet*

### ❖ Initiatives for malaria, tuberculosis, and neglected tropical diseases (NTDs) through partnerships with the GHIT Fund

Our Group promotes partnership-based drug discovery. Indeed, collaborations with partners who have networks and possess cutting edge scientific knowledge around the world bring synergies to initiatives that cannot be accomplished by the Group alone. These initiatives contribute to Goal 17: “Partnerships for the Goals” of the Sustainable Development Goals (SDGs).

We have contributed to the Global Health Innovative Technology (GHIT) Fund, a public-private partnership originating in Japan that aims to enhance research and development of drugs for combating

infectious diseases in developing countries, since it was established in April 2013. We are utilizing partnerships formed through the GHIT Fund to undertake a number of projects, including: screening for active compounds for drugs to treat both Malaria and the neglected tropical disease (NTD) Chagas; and investigating candidate anti-tuberculosis drugs from natural products. In order to



accelerate such initiatives, in July 2022 we hosted an in-house lecture given by Osamu Kunii, CEO of the GHIT Fund. The lecture helped raise

awareness among our Group employees of the importance of improving access to healthcare, including measures to prevent infectious diseases.

## Availability

### ❖ Providing COVID-19 vaccines to countries in Southeast Asia

Under contract manufacturing of the COVID-19 vaccine “Vaxzevria™ intramuscular injection” developed by AstraZeneca, Daiichi Sankyo and Daiichi Sankyo Biotech have engaged in formulating the vaccine—including vial filling and packaging—since March 2021. After being dispatched from Daiichi Sankyo Biotech to AstraZeneca, the vaccine

has been delivered to countries in Southeast Asia via the Japanese government, and to various other countries and regions via COVAX Facility\*<sup>3</sup> and related schemes.

\*<sup>3</sup> COVAX Facility is an international scheme led by the Gavi, the Vaccine Alliance; the Coalition for Epidemic Preparedness Innovations (CEPI); and the World Health Organization (WHO) to jointly purchase vaccines and distribute them to developing countries.

## Capacity Building (Improving Access to Healthcare in Developing Countries)

### ❖ Capacity Building projects

In developing countries, access to healthcare is restricted due to various factors such as the relative lack of healthcare systems and healthcare infrastructure and shortages of healthcare professionals. To resolve such issues, we are implementing several projects in FY2021 as shown in the table below, by forming partnerships with NGOs that possess robust infrastructure for conducting local activities:



Project	Country	NGO/NPO Partner	Period
Mobile Healthcare Services with Mobile Clinic Vehicles	Myanmar	Plan International Japan	April 2019–March 2022
Breast and Cervical Cancer Screening Camp	Nepal	AMDA Multisectoral & Integrated Development Services (AMDA-MINDS)	January 2021–December 2023
Strengthening Healthcare Infrastructure for SRHR* <sup>4</sup> and for Breast and Cervical Cancers	Zimbabwe	Plan International Japan	April 2021–March 2024

\*<sup>4</sup> Sexual and Reproductive Health and Rights

### ❖ Participation in Access Accelerated Initiatives

Daiichi Sankyo has participated in Access Accelerated Initiatives, which was launched in 2017 with the goal of improving the prevention, diagnosis, and treatment of non-communicable diseases (NCDs) in low and lower-middle income countries. Access Accelerated is a collective of more than 20 biopharmaceutical companies from Japan, the United States, and Europe, which works in partnership with The World

Bank Group and the Union for International Cancer Control. Access Accelerated is working to improve access to healthcare in various countries, as part of its efforts to achieve one of the targets of Goal 3 of the SDGs: “by 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.”



## VOICE



Maiko Kobayashi  
Country Director, Nepal Office,  
AMDA-MINDS

### Breakthrough the Barriers of Social Norms: For the Future of Women!

In Nepal, where medical screenings are not yet commonplace, the “Breast and Cervical Cancer Screening Camp Project” has succeeded in steadily increasing the number of women undergoing screenings. In light of this success, the city of Gokarneshwar has determined to provide support for a one-stop service that offers “screenings ⇒ complete examinations ⇒ definitive diagnoses,” and has started providing post-diagnosis subsidies.

This joint project with Daiichi Sankyo has been a great success in strengthening our ties with the local administration, and established a new scheme for screenings, diagnoses, and treatment for female-specific cancers in the region. Going forward, we intend to hold this project up as an example of best practice, and expand it to other regions; in this way, we hope to contribute both to the early detection of breast and cervical cancers, and to reductions in mortality rate.

Environment (E)	Social (S)				Governance (G)	
Environment	Sustainable Procurement	Access to Healthcare	Human Rights	Safety of Pharmaceuticals	Human Resources	Compliance

## Human Rights

We believe that respect for human rights is the foundation for the corporate activities to put our Mission into practice. To this end, we are strengthening our human rights initiatives in line with the Daiichi Sankyo Group Human Rights Policy.

### Human Rights Due Diligence

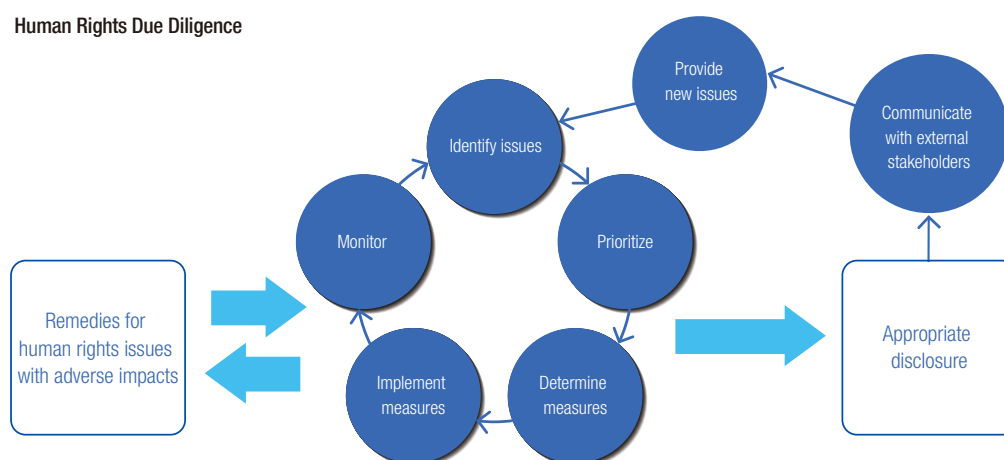
#### ❖ Systems

After establishing the Daiichi Sankyo Group Human Rights Policy in FY2020, we set up an internal, cross-functional team—for which the Sustainability Promotion Department serves as administrative office—to address human rights issues and carry out human rights due diligence\*<sup>1</sup>. We will continue to identify the need to review salient

human rights issues through human rights risk assessments and communication with our stakeholders, and make efforts to avoid any negative impact on human rights that may be an inadvertently consequence of our Group's business activities.

\*<sup>1</sup> A framework to assess, identify, prevent and mitigate any actual or potential human rights risks arising from our business activities

Human Rights Due Diligence



#### ❖ Human rights risk assessment

In FY2019, prior to the establishment of the Human Rights Policy, we conducted a human rights risk assessment to examine the status of risk management in five areas of our business: wages; discrimination and inhumane treatment; human rights in the supply chain; human rights of participants of clinical trials; and access to healthcare.

As the next step after the above assessment, a questionnaire survey covering human rights due diligence topics was issued to all Group companies in FY2020. We checked the content of the survey as shown in the table below, and found no significant risks related to the

International Labor Organization (ILO) Core Labor Standards, such as no risk of forced labor of foreign workers and of child labor; prevention of discrimination; and respect for collective bargaining rights. We provided feedback on the results of the survey to each Group company in order to improve our initiatives. We plan to conduct the assessment every three years.

The Contents of the Questionnaire

Item	Contents
Dissemination of human rights policies	Status of Human Rights Policy dissemination, Status of implementation of trainings related to human rights
Address to human rights issues	Forced labor and human trafficking, Child labor, Discrimination, Freedom of association and collective bargaining rights, Working hours, Wage and employment contract, Inhumane treatment, Privacy, Negative impact on local communities, Health and safety, Considerations for human rights in research and development
Management	Stakeholder engagement, Operation of reporting channels, Status of responsible procurement



## Awareness Raising Activities on Human Rights

In order to fulfill our responsibilities on respecting human rights, we recognize the importance of deepening the awareness on the relationship between business activities and human rights for our executives and employees. We are conducting various educational

- E-learning or training on human rights at all Group companies
- Training on procurement compliance and sustainable procurement for employees in charge of procurement operations in Japan
- CEO message on the World Human Rights Day
- We endorsed the "My Human Rights Declaration Project," organized by the Ministry of Justice in Japan; we announced the "My Human Rights Declaration" of the Daiichi Sankyo Group, and we shared this declaration on our internal portal site in Japan.

and other training programs related to human rights. In addition, a management message is delivered every year on December 10th, the World Human Rights Day. In FY2021, we conducted the following educational and training programs:



Human rights training video in the U.S.

## Human Rights Issues Related to the Daiichi Sankyo Group's Business Activities

### ❖ Human rights related to clinical trials

In the life science industry, high ethical standards are necessary because of the responsibility and impact of our work on patients. We are deeply committed to the safety of people's and patients' health and lives and are dedicated to fostering values based on a high level of ethics.

With regard to the implementation of clinical trials, Daiichi Sankyo has established the "Global Policy of Clinical Trials Standards," and conducts clinical trials in accordance with global standards taking into consideration human rights and safety of participants in clinical trials, and applying high ethical and scientific standards. Clinical trials are conducted in compliance with applicable regulations, the Declaration of Helsinki<sup>\*2</sup>, and ICH<sup>\*3</sup> GCP<sup>\*4</sup>, upon obtaining individuals' voluntary consent after providing detailed information (informed consent).

We conduct all clinical trials after both ethical propriety and scientific validity are confirmed in accordance with internal review processes. In particular, we ensure the first-in-human study is appropriate ethically

and scientifically through clinical trial review meetings that include qualified physicians as review members. Furthermore, clinical trials are conducted after external independent committee (Institutional Review Board / Independent Ethics Committee) reviews the ethics (human rights of trial participant, etc.) and scientific validity, and approves the conduct of clinical trials.

We ensure the training of standard operating procedures aimed for the ICH-GCP and clinical trial ethics to all individuals who are engaged in clinical trials.

An independent department of the Company conducts the audits of clinical trial activities and drives remedial actions and preventive measures.

<sup>\*2</sup> Ethical principles for medical research involving human subjects.

<sup>\*3</sup> International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use.

<sup>\*4</sup> Acronym of "Good Clinical Practice," an international ethical, scientific and practical standard to which all clinical research is conducted.

### ❖ Promotion of Inclusion and Diversity (I&D)

In the Daiichi Sankyo Group, "Inclusion" refers to the acceptance of diversity, and "Diversity" refers to diversity in various aspects, including gender, race, religion, sexual orientation, age, disability, values, and beliefs. We are working to reinforce a culture of mutual respect among

employees from both global and domestic perspectives, in which all employees proactively embrace individual diversity; by doing so, we believe we can empower all employees to maximize their potential.

### ❖ Employee health and safety initiatives

We have adopted the Health and Safety Declaration, which states, "The Daiichi Sankyo Group of companies recognizes that the mental and physical health and safety of employees is essential for employees and the company to achieve mutual growth toward the realization of the company's Purpose and Vision. The Daiichi Sankyo Group of companies hereby declares commitment to proactively create an environment in which all employees can work safely and maintain and improve

their health." Based on this declaration, we have formulated a global health and occupational safety strategy and are working to promote the health and safety of our employees. Group companies in Japan are also promoting health and safety measures based on the Health and Occupational Safety Strategy Map, which illustrates measures to address management issues and their expected results.

For further information regarding workplace health and safety, please see

P.82

Environment (E)	Social (S)					Governance (G)
Environment	Sustainable Procurement	Access to Healthcare	Human Rights	Safety of Pharmaceuticals	Human Resources	Compliance

## Safety of Pharmaceuticals

We have been achieving the high standards incorporated into the GMP (Good Manufacturing Practice) of Japan, Europe, the United States, and other countries, to ensure product quality by managing all processes based on scientific evidence, from receiving raw materials to manufacturing and releasing products, and to fulfill our responsibility for the market.

### Initiatives to Achieve Quality

To deliver safe, top-quality products to patients and ensure safe use, we have established a management system that complies with GMP and GDP (Good Distribution Practice). We strive for consistency in quality assurance throughout our management, including raw material procurement and storage, pharmaceutical manufacturing, as well as the distribution.

We also regularly conduct audits of both Group company and business partners in an effort to maintain and strengthen suitable

quality management system and reduce quality risks. All Group-internal organizations implementing GMP or GDP are covered by the above. In FY2021, we conducted both document-based audit and remote audits, as on-site audits remained difficult due to the COVID-19 which shows no signs of abating.

In addition, in FY2021, our Group companies underwent 25 regulatory authority inspections, but no critical observation was identified.

### Safety Management Structure

In Japan, our marketing supervisor-general, quality assurance supervisor and safety management supervisor (manufacturing/marketing triumvirate) report regularly to the management on the status of quality management and safety management of pharmaceuticals and other related matters, and the executives confirm that quality management and safety management are being properly implemented.

In addition to the reports on the status of regulatory authority inspections and quality events related to pharmaceuticals, etc., as well as the status of initiatives to address quality issues, regular reports are

also made to management regarding the handling of Company-wide/cross-departmental quality risks and issues as well as proposals for addressing issues and continuous improvements and other ideas. We have also started conducting Quality Management Reviews with the management, thereby creating a structure in which the management takes a leadership role in quality.

We establish a system to promptly inform governments, wholesalers, medical institutions, and other stakeholders of any problems and to voluntarily recall products.

### Measures for Combating Counterfeit Pharmaceuticals

In response to the growing threat of counterfeit pharmaceuticals, Daiichi Sankyo Co., Ltd. is reviewing the sealing materials and box design of our products and introducing anti-counterfeit technologies. Serialization has been introduced in global pharmaceutical markets as one of the tools to prevent counterfeit pharmaceuticals and we have been applying it to our products in accordance with the regulations of each country. In Japan, for products shipped beginning in April 2021, the labeling of GS1 codes incorporating data on expiration dates and manufacturing numbers on the sales package unit and the tertiary package unit has become obligatory in order to enhance the traceability of pharmaceutical products. We have completed the requirements for all products subject to these obligations. In addition, the labeling of GS1 codes for medical narcotic products, which were previously exempted

from GS1 code labeling, will become obligatory moving forward, and we therefore plan to proceed with GS1 code labeling for these products as well. As a pharmaceutical supplier, we will continue to strengthen anti-counterfeit measures and traceability of our products in accordance with the respective risks in collaboration with the pharmaceutical industry and related bodies.

We are actively promoting compliance with GDP to ensure the quality and integrity of our products during the storage and transportation of pharmaceuticals. We are also striving to precisely respond in accordance with the regulations and risks in all countries and regions where we operate, in order to combat the global issue of counterfeit pharmaceuticals and are engaging in diligent study to ensure we can safely deliver pharmaceuticals to patients.

Environment (E)	Social (S)					Governance (G)
Environment	Sustainable Procurement	Access to Healthcare	Human Rights	Safety of Pharmaceuticals	Human Resources	Compliance

## Promoting the Success and Development of Human Resources

We position our “people” as the most important “asset” for achieving the Daiichi Sankyo Group’s Mission and Vision, so we strive to acquire and develop human resources who not only possess skills and expertise but also have the ability to think and act in ways that lead to organizational and individual growth and social contribution.

### Proactive Acquisition of Global Talent

To achieve our 2030 Vision, which is to become an innovative global healthcare company contributing to the sustainable development of society, we actively recruit and employ global talents. In our corporate staff internships, we set up opportunities for students to communicate with foreign employees in order to objectively certify their conversational English skills. In addition, in the hiring of new graduates for corporate staff, we conduct interviews to confirm the students’ ability to think and respond in a variety of situations based on their cross-cultural

experiences. We are also actively working to acquire global talents, and we are continuously hiring such human resources residing overseas through our fully online recruitment activities.

We have also launched a global talent acquisition project, in which the hiring managers at Daiichi Sankyo’s global sites in Japan, the United States, Europe, Asia, Central and South America, and other regions collaborate to promote initiatives that will lead to the active acquisition of global talents.

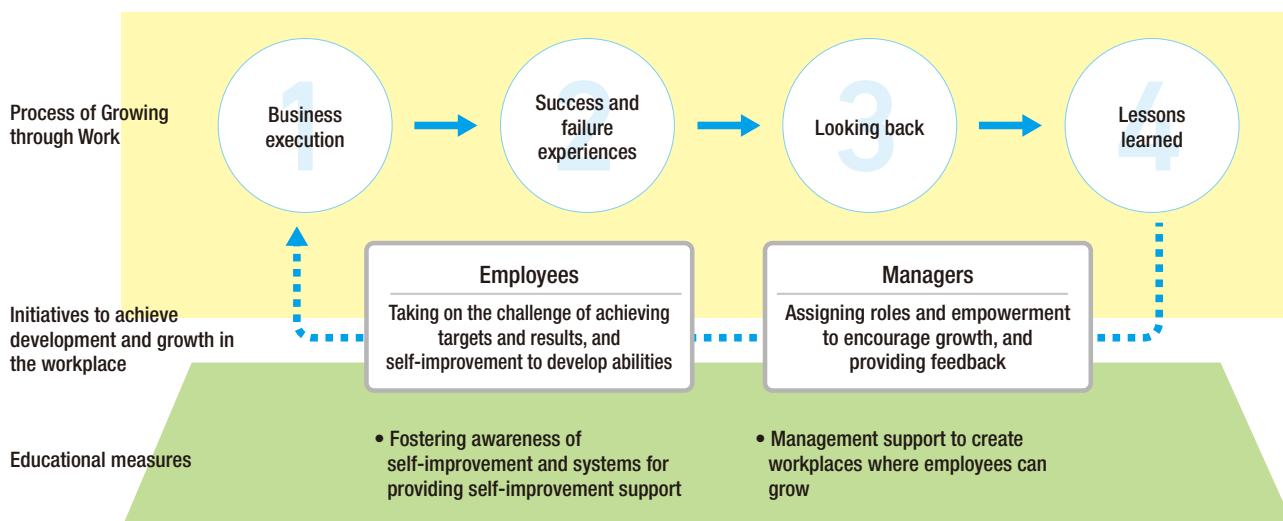
### Our Approach to Human Resource Development

Based on the principle of growth through work, we utilize every possible personnel measure related to human resource development, including personnel shifting, evaluation, and training, to develop human resources we require. We also support individual employees who are voluntarily taking on challenges and striving to improve themselves through autonomous actions.

By linking the PDCA cycle of on-the-job training and evaluation at each workplace unit with self-improvement and various types of training opportunities, we are working to enhance the career development of each of our employees.

As an example, we continuously provide selective leadership development training for both mid-level and young employees. By having trainees understand and acquire the knowledge, skills, and mindset required for one level above their current positions and roles at an earlier stage, we are aiming to achieve early promotion to leadership positions and further career development, and thus realize our Vision by improving the capability of the organization. We also consider the promotion of a more active role for women in connection with the above initiatives, which contributes to an increase in the number of females in managerial and other high-level positions.

#### The Daiichi Sankyo Group’s Human Resource Development Policy





## Inclusion and Diversity

We take a broad definition of diversity, which includes not only nationality, race, gender, age, and other attributes but also various specialties, approaches, values, religions, and lifestyles for each job category. We strive to create a corporate culture in which employees respect each other from both a global perspective and a Japanese perspective, believing that if all Group employees actively embrace the diversity of different individuals, they will be able to fully demonstrate their abilities, which will lead to our global business development and the creation of innovation.

As a global initiative, we promote “Creating One DS Culture through fostering our Core Behaviors,” which is included in the strategic pillars

of the current 5-year business plan. In March 2022, as part of these Core Behaviors, we announced our “Global I&D Statement” for all Group employees to promote inclusion and diversity throughout our global organization. We have also become a member of the “Healthcare Businesswomen’s Association,” which promotes more active leadership roles for women, to globally express our active promotion of such roles for women. In addition, as a global I&D measure, the leaders of each Daiichi Sankyo Group company produced a video message to express our company’s support for the LGBTQ+ community in June 2022 (Pride Month). This video is also available from outside the Company via social media.

### Global I&D Statement

#### “Be Inclusive & Embrace Diversity”

We value people for who they are as individuals, and welcome diverse perspectives in our work, which enables us to achieve more as Daiichi Sankyo.

We are committed to creating a culture of inclusion and embracing the diversity of all, which enables our employees to realize their full potential in the workplace and create innovative treatments that impact our patients around the world.

#### Our Focus

Respect and appreciate people with diverse backgrounds and strive to create a working environment where everyone feels safe, heard, and valued, building a sense of belonging.

Ensure that all employees have equal opportunities to succeed, regardless of their gender, race, religion, sexual orientation, age, disability or other dimensions of diversity.

Encourage inclusive and diverse thinking and actions through the active collaboration across the global organization.

## Promoting Occupational Health and Safety

To realize our Purpose, it is essential to ensure the mental and physical health of our employees. We consider the health of our employees to be an important management resource, and we therefore promote health

management based on our health and occupational safety strategy.

## EHS Management Promotion Structure

Through our EHS (Environment, Health, and Safety) Management Committee, we have established global occupational health and safety (OHS) measures and targets to promote health and safety initiatives in each country and company. The EHS Management Committee has set numerical targets of “occupational accident frequency rate” and “the

number of people who took 30 days or more of non-occupational injury or illness leave” as KPIs for OHS activities to establish healthy, safe workplaces. In addition, we also promote health and safety measures based on our medium-term policy for health and safety management.

### External Evaluations in Japan

- Kurumin / Platinum Kurumin certification
- Eruboshi Certification (three stars)
- Certificate of Outstanding Small- and Medium-sized Business Owners for the Employment of Persons with Disabilities (Monisu Certification): Daiichi Sankyo Happiness Co., Ltd.
- “Gold” at PRIDE Index 2021
- Award for Outstanding Offices for the Employment of Persons with Disabilities (Minister of Health, Labor and Welfare Award, JEED president’s Award)
- 2022 Certified Health and Productivity Management Organizations Recognition Program (Large Enterprise Category)—White 500
- Received a Minister of Health, Labor and Welfare Award (Special Encouragement Award) at the FY2021 Minister of Health, Labor and Welfare Awards for Companies that Promote Telework (the Kagayaku Telework Awards)



## Initiatives Related to Health and Safety

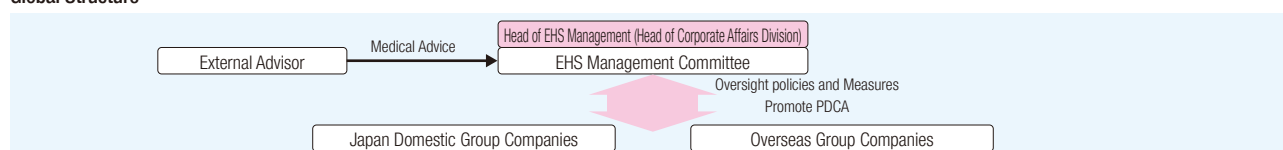
We promote a Health Promotion Plan in all sites of the Group companies globally with high-priority areas (lifestyle disease measures, mental health measures, and providing an environment that encourages employees to undergo medical checkups). In April 2021, we implemented Occupational Health and Safety Management System (OHSMS) based on ISO45001 as a safety measure. In FY2022, we held a contest for posters and slogans aimed at raising awareness of health and safety, and displayed the excellent works at all of our sites.

In Japan, we have established the position of Chief Health Officer (Japan Domestic) to oversee health management, and this position is handled by the CEO in order to promote measures to create an

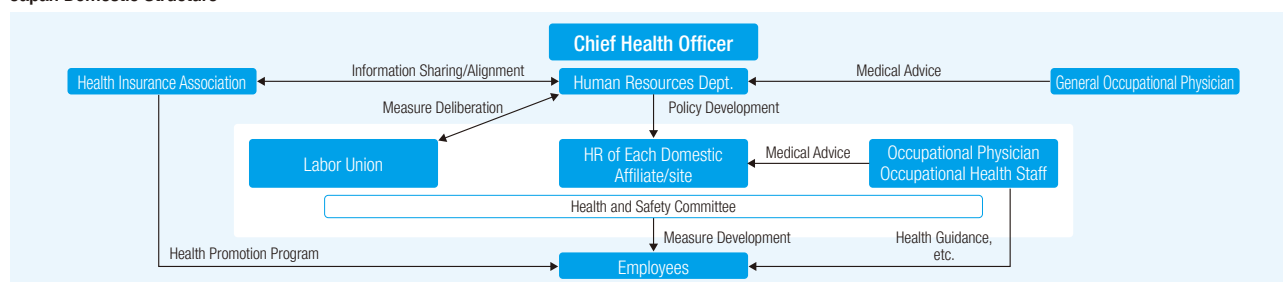
environment enabling our employees to stay healthy and safe at work. In FY2021, we established new evaluation metrics (see the figure below) and targets related to health maintenance and improvement with the aim of improving employee productivity, and we are promoting various measures, mainly in relation to our high-priority areas in Japan (improving lifestyle habits, cancer, motor function, and mental health). In FY2021, we also started providing an online health program tailored to diverse needs, with a total of almost 4,000 employees participating. In addition, we were selected for the White 500 of the 2022 Certified Health and Productivity Management Organizations Recognition Program (Large Enterprise Category).

### Health and Productivity Management Promotion Structure

#### Global Structure



#### Japan Domestic Structure



### Evaluation Metrics/Targets for Maintaining/Improving Health

	Evaluation metrics	Benchmark (FY)	FY2021 results	Numerical targets			
				FY2021	FY2022	FY2025	Comments
①	Absenteeism (Number of employees who took sick leave for 30 days or longer persons on personal sick leave for at least 30 days)	99 Persons (2019)	124 Persons	No settings*	No settings*	80 Persons	Down 20% from the standard value
②	Percentage of loss from Presenteeism	18.3% (2020)	13.5%			14%	Down 20% from the standard value
③	Percentage of individuals with anomalous findings	Blood lipids 40.6% (2019)	40.6%			30%	Improved to less than the general average in Japan (based on data provided by KENPOREN, National Federation of Health Insurance Societies, in 2019)
		Blood pressure 22.9% (2019)	23.0%			16%	
		Hepatic function 21.3% (2019)	20.4%			15%	
④	Incidence of accidental falls at work	24 Cases (2018)	19 Cases			12 Cases	50% lower than the standard value
⑤	Percentage of employees dealing with high-stress	4.0% (2020)	5.0%			3.0%	
⑥	Rate of participation in health events	8.1% (2020)	29%	15%	35%	40%	Number of participants in event/all employees
⑦	Ratio of conducting specific health guidance	39.6% (2019)	59.6%	50%	65%	70%	
⑧	Smoking rate	16.9% (2019)	12.6%	13%	11%	8%	0% in FY2030

\*Medium-term targets. Targets are not set for a single year.

## Support for Diverse Work Styles

We promote work style reforms in line with the situations of each unit and country. As an example, our R&D Unit has been promoting the global optimization of employee work-life balance in FY2021, by implementing measures such as No-Meeting Times globally. In Japan, under the DS Smart Work initiative, we are promoting the development of an environment enabling the selection of optimal work styles from three perspectives: diverse work style promotion, offices, and IT infrastructure. To promote diverse work styles, we have established flexible work systems, including a flex time system without core time, and diverse

leave schemes to contribute to work styles suitable for different business characteristics and lifestyles. In addition, we have gradually expanded our telework system ever since we first introduced the system in 2010, and all of our employees engaged in work for which telework is possible can now utilize the telework system without limitation on the number of days they can work. Our efforts in this regard have also been recognized, and, in FY2021, we won a Minister of Health, Labor and Welfare Award (Special Encouragement Award) at the Kagayaku Telework Awards organized by the Ministry of Health, Labor and Welfare.

Environment (E)		Social (S)				Governance (G)
Environment	Sustainable Procurement	Access to Healthcare	Human Rights	Safety of Pharmaceuticals	Human Resources	Compliance

## Compliance

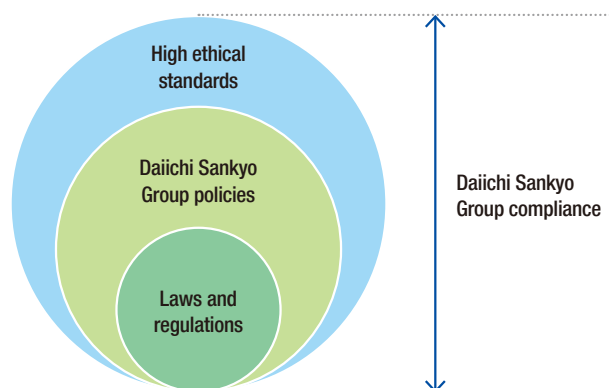
**Compliance is indispensable to the sustainable growth of a company. The Daiichi Sankyo Group's approach to compliance management involves not only adhering to the applicable laws, regulations, and internal standards, but upholding high ethical standards and social norms becoming of a healthcare company when doing business.**

### Basic Approach

As a pharmaceutical company operating in the global marketplace, we consider compliance to be an all-encompassing factor that we must continue to address if we are to earn the trust of our diverse stakeholders. It also forms the basis of our decision making and value judgements in keeping with one of our core values—"Integrity". We do more than just abide by laws, regulations, and rules of business; we undertake activities with high ethical standards in consideration of not only our internal standards, but also social consciousness, mission, and our contributions to society.

To that end, we have established the Daiichi Sankyo Group Corporate Conduct Charter and the Daiichi Sankyo Group Employee Code of Conduct. Also, the Company and Group companies in Japan and overseas have formulated their own compliance code of practice as a detailed internal standards based on the spirit of the above-mentioned codes of conduct in order to meet the demands of society in their

respective regions. We ensure that all executives and employees have a thorough understanding of all these rules.



### Compliance System

The development of a compliance system is stipulated in the Group's basic policy on establishing an internal control structure. In accordance with that policy, the head of the Corporate Affairs Division acts as the Compliance Officer to oversee the Group's compliance programs. Compliance officers are also appointed in each Group company in Japan and overseas as part of a Group-wide compliance system for promoting compliance practices in each company. We have also established a Corporate Ethics Committee partially comprising external

experts to deliberate and reach decisions on important issues, as well as a Global Compliance Advisory Committee chaired by the head of the Legal Affairs Department and comprised of compliance officers from Group companies in Europe and the United States as permanent committee members. This committee functions as an advisory board to the Corporate Ethics Committee and facilitates the global implementation of compliance practices.

### Global Policy

In recent years, companies with global operations have been required to develop broad policies regarding the code of conduct for individuals in their respective organizations. We established the Daiichi Sankyo Group Employee Code of Conduct (the ECC) and regularly organize training programs in connection with the ECC in an effort to raise awareness about how every employee should conduct themselves. Personal information protection and the prevention of bribery and corruption are also topics of growing importance for companies that operate globally with tougher restrictions being enforced worldwide. In order to provide broader, uniform standards and further drive home an understanding of

these issues, we added new provisions to the ECC and also established the Daiichi Sankyo Group Privacy Policy and the Daiichi Sankyo Group Anti-Bribery & Anti-Corruption Policy. We will continually endeavor to abide by, and implement these policies.



### Compliance Training and Awareness Activities

Ongoing compliance training, education, and awareness activities are indispensable to the promotion of compliance.

We are striving to further raise awareness of compliance among all employees by, for example, regularly sending out messages from the CEO to Group companies in Japan and overseas regarding the importance of compliance.

Every year Daiichi Sankyo and the Group companies in Japan conduct small group discussion training (interactive) using training

materials developed in-house. We also conduct compliance training annually for new employees and newly appointed managers in Japan. Furthermore, we periodically hold training by external specialists on a regular basis for the Company's executives, the presidents of domestic Group companies, and compliance officers. Training is also offered at our overseas Group companies with the use of case studies, e-learning or other methods, as appropriate to each region.



## Ethical Marketing

In addition to establishing a code for the Company and our Group companies that complies with the industry code of each country and territory in which we operate based on the International Federation of Pharmaceutical Manufacturers & Associations Code of Practice (IFPMA Code), we have also established the Daiichi Sankyo Group Global Marketing Code of Conduct as a global policy with the aim of maintaining a high level of standard when interacting with healthcare professionals, medical institutions, and patient organizations, and also when promoting pharmaceutical products. In this policy, we have

clearly stated that our focus must rest on providing information about pharmaceuticals to healthcare professionals, providing scientific and educational information, and supporting medical research and education. The policy also prohibits the provision of entertainment, cash, and other personal gifts and stipulates stricter contractual terms and conditions in cases where we pay remuneration to healthcare professionals, as well as the appropriateness of that remuneration. In this way, we undertake appropriate marketing practices in accordance with the IFPMA Code.

## Compliance Awareness Survey

Every three years at Daiichi Sankyo and domestic Group companies, executives and employees are asked to participate in a compliance awareness survey. In FY2020, around 9,500 people were surveyed, and we gained an idea of our strengths and issues to address going forward by analyzing how well employees understand the Group's mission and compliance policies, compliance implementation, and the state of our internal systems. Also, in FY2021 we started conducting, on

a Group-wide basis, a corporate culture awareness survey. The results of that survey are being managed as a KPI and will also be leveraged in measures aimed at fostering a culture that will lead to the building of a platform for compliance management. Up ahead, we intend to conduct the compliance awareness survey more regularly and make use of the results to promote compliance throughout the Group.

## Introduction of Global Hotline and use of Whistleblowing System

The Group launched a global hotline that allows employees and people from outside of the Group to report compliance reporting and consultation anonymously. The reports received via the hotline are then dealt with appropriately at each Group company. We are also making it easier for employees at Daiichi Sankyo or domestic Group companies to submit reports about, or discuss, compliance matters by establishing and operating dedicated phone lines and e-mail addresses at each Group company along with harassment reporting and consultation service within the Company's Human Resources Department and each worksite. In accordance with the revision of the Whistleblower Protection

Act in Japan, which took effect on June 1, 2022, the Company and the Group companies in Japan are also currently revising our policies for handling whistleblowing and related matters in a timely manner. We also maintain a procedure that enables employees to report, or discuss, misconduct by an executive of an overseas Group company.

In order to foster an open workplace environment, we will continue to communicate not only the significance and importance of the reporting system but also the confidentiality, to the extent possible, of reporters and individuals seeking consultation to ensure its effective operation.

\*Compliance Data for FY2021 (Global consolidated)

•Number of allegations received (excluding through our compliance monitoring processes): 157

•Measures: On the basis of the reports received, we conducted appropriate investigations for cases determined to require investigation. In case allegations have been found to be substantiated, we took appropriate measures, including disciplinary actions against any infringer.

Note: The results included in this information for FY2021 were calculated by each Group company based on the individual criteria; as such, the calculation of the number of allegations may be impacted by regional differences in laws, employment practices, and local policies and procedures.

### VOICE



Kana Shimazu  
Ethics & Compliance Group, Legal  
Affairs Department

### Promoting Compliance on a Global Scale

The Ethics & Compliance Group of the Legal Affairs Department, to which I belong, plays a central role in the compliance promotion activities of the entire Group. In the promotion activities, it is necessary to develop and educate employees on various measures and rules, and to detect compliance risks at an early stage, etc. We believe it is important to foster an open workplace culture as a foundation for such activities. In an employee survey on corporate culture conducted in FY2021, we received 84% positive responses, and we hope to make the workplace culture more favorable for our employees. All of the domestic and overseas compliance members I spoke with shared the same view, and we have set a FY2022's common goal for the Group to once again address the importance of fostering an open workplace culture. In order to establish a workplace culture where each and every employee can feel comfortable expressing his or her opinions and ideas by listening to others, we will implement a variety of measures, respecting the local culture of each region, together with our colleagues in Japan and overseas who are promoting compliance.

## Japan Business Unit

### Initiatives for 5-year Business Plan

In Japan, we have earned the trust of medical professionals in the primary care field by providing therapeutic agents for a wide range of diseases, including cardiovascular diseases such as thromboembolism, lifestyle-related diseases, diseases related to the central nervous system, and diseases related to pain. Under the current 5-year business plan, we aim to become the most trusted healthcare partner in the oncology field by focusing on *Enhertu*<sup>®</sup>, which we launched in May 2020. In addition to creating efficacy and safety information related to cancer therapy, we are going to deliver information with sincerity from the perspective of total patient-centered care. And we are always exploring ways to contribute to the medical community as members of comprehensive business that offering our many primary care products, oncology products, vaccines, and generic drugs.

Furthermore, as a strong partner to healthcare professionals in Japan, our goal is to be the best company in Japan, both in name and reality, capable of accurately responding to all needs, from prevention to treatment and in reducing healthcare costs.

### FY2021 Major Results

In FY2021, new organization, "Japan Business Unit," has started to increase our contribution to patients at the level of No. 1 in Japan by the effective collaboration among Medical Affairs (MA), Marketing, and Sales functions and by use of our strengths in the primary market to grow in the oncology market.

April 2021, we launched *Emgality*<sup>®</sup>, a migraine attack suppressant with a new mechanism of action. We were able to provide a new treatment option for patients that suffer from migraines. *Enhertu* is now in its second year on the market, and by continuing to focus on safety and ensuring that it is used appropriately by patients, *Enhertu* has grown to capture the top market share in both the breast and gastric cancer fields.

In FY2021, we maintained our No. 1 rating in MA activities (cardiovascular field), MR activities, and inquiry response in a survey of healthcare professionals conducted by an external organization.



**Shoji Hirashima**

Head of Japan Business Unit

Shoji Hirashima joined the company in 1988. He worked in R&D, Global Marketing, and planning of the 5-year business plan as CEO of U3 Pharma GmbH, Head of Global Brand Strategy Division, and Head of Corporate Strategy Division. He was appointed to his current position as Head of Japan Business Unit in April 2022. In June 2022, he was appointed Representative Director and Senior Executive Officer.

## Oncology Business Unit

### Initiatives for the 5-year Business Plan

The Oncology Business Unit (OBU) will contribute to our current 5-year business plan by maximizing our antibody-drug conjugates (ADCs), changing the standard of care for cancers such as certain breast and lung cancers, and establishing Daiichi Sankyo as a global oncology leader.

The OBU's paramount responsibility is to ensure our medicines reach the right patients, at the right time, in the U.S. and European markets. We collaborate with the healthcare community, market access decision-makers, and patient advocacy groups to provide them with the information they need about our medicines in order to make the best treatment decisions for patients.

### FY2021 Major Results

The OBU, established in April 2021, is now a highly collaborative, accountable, and agile organization working as one unified team seeking to transform the oncology landscape through medicines that change the standard of care. We entered year two having increased revenue from the OBU by nearly 46.9%, reaching ¥69.6 billion. This contribution is primarily due to sales

of *Enhertu* (fam-trastuzumab deruxtecan-nxki) in the U.S. and Europe, as well as strong sales of TURALIO<sup>™</sup> (pexidartinib) in the U.S. Our team successfully launched *Enhertu* in the U.S. and Europe in 2021 for the treatment of adult patients with unresectable or metastatic HER2 positive breast cancer who received two or more prior anti-HER2-based regimens in the metastatic setting, while preparing for additional launches in FY2022. The OBU is proud to have significantly contributed to *Injectafer* (ferric carboxymaltose injection) enjoying its strongest quarterly performance since its launch in 2013 as a result of our continued co-promotion with our affiliate, American Regent. Demand was driven by accurate and compelling communications and engagement with our customers regarding our products' strong clinical profiles.

As we prepare for multiple launches over the coming years, we have established a world-class launch excellence platform enabling continuous learning. We attracted and developed talent and formed global and regional leadership teams of experts in the fields of medical care, marketplace dynamics, patient access, and more. What drives us is a deep sense of responsibility to patients and to each other.



**Ken Keller**

Head of Oncology Business Unit

Ken Keller has more than 30 years of general management, commercial, and joint venture leadership experience in therapeutic areas such as oncology, bone health, inflammation, and primary care. Prior to Daiichi Sankyo, Ken led successful, high-profile business units in the U.S. and Europe at other innovative healthcare companies.

## EU Specialty Business Unit

### Initiatives for the 5-year Business Plan

We care for every heartbeat. Our goal is to protect people from cardiovascular disease and help those who suffer from it, so they can enjoy every precious moment that life has to offer. For us care goes beyond providing medicines. We seek to understand the needs of patients, caregivers, and healthcare professionals to inform everything we do. Through the strategic use of digital technology and advanced analytics, we create a deep understanding of how we can become better every day at supporting our customers to make the best decisions for patients and explore ways to complement and expand CV care to improve health outcomes. Our Specialty organization is fully focused on delivering outstanding customer experience and living a truly patient centric mindset.

Another important element is our contribution to the sustainable development of society. One focus area is reducing our environmental impact. Another one is our efforts around

Inclusion & Diversity to ensure that everybody can bring their best to the table to deliver value to patients and play an active role in shaping our One DS Culture. Our major challenge going forward is the current geopolitical uncertainty and economical volatility, and its possible impact on our business.

### FY2021 Major Results

We focus on maximizing *Lixiana*® and growing *Nilemdo*® / *Nustendi*®. *Lixiana* shows a steady growth in most countries with increasing market shares. We also launched *Nilemdo* / *Nustendi* successfully in further European countries. For the first time in our history as Daiichi Sankyo in Europe we were able to reach a revenue of €1 billion. This is the success of our talented and engaged teams all over Europe.



**Jan Van Ruymbeke**

Head of EU Specialty Business Unit

Jan joined Daiichi Sankyo Europe GmbH in 2012 as Managing Director, CEO. A medical doctor by education, Jan joined the pharmaceutical industry in 1989. After positions as General Manager at Janssen-Cilag Hungary and Country President at Novartis South Africa, from 2005 to 2012 he was Grunenthal's General Manager for Spain and Iberia and Head of Latin America. Throughout his career Jan has been focusing on creating customer centric organizations.

## ASCA Business Unit

### Initiatives for the 5-year Business Plan

The ASCA Business Unit is responsible for the Asia and South & Central America regions. The Unit manages the operations of seven local affiliates in China, Taiwan, Korea, Thailand, Vietnam, Hong Kong, and Brazil, providing support for marketing activities, medical affairs activities, market access and pricing activities, and export businesses of our partners. Under the banner of "One ASCA," which combines our existing business and oncology business, we aim to secure high profitability and build a foundation to transform into an oncology business by 2025. Our 2030 Vision is to "deliver our products faster and to more patients in ASCA region. Focusing on the oncology business and showing presence in each country/region."

We plan to enhance our business in China, launch our ADC franchise promptly, and expand our business in Australia and Singapore in order to strengthen our sustainable business foundation.

### FY2021 Major Results

China, which has a large number of patients, is expanding the application of its volume-based procurement (VBP) program as a drug price control measure. In order to efficiently invest management resources of local affiliates, we reviewed our sales organization structure in China, expanded sales channels for VBP- items through new channels, and spun off the CRAVIT business. Our growth driver, *Lixiana*, maintained its top market share in South Korea and the second largest in Taiwan, and is steadily increasing its presence across all the regions we serve. In April 2021, we reached an agreement with Esperion to negotiate the in-licensing of bempedoic acid, a drug for hypercholesterolemia, and will begin full preparations for its launch in South Korea, Brazil, Taiwan, Hong Kong, Macau, Thailand, Vietnam, Myanmar and Cambodia.

For *Enhertu*, we contributed to providing early access to medical care by launching the Early Access Program (Importation Program) in Hong Kong, China, and Taiwan. In addition, we obtained approval and began marketing in Brazil, Hong Kong, and Taiwan. We will continue to do our utmost to deliver our products promptly to as many patients as possible.



**Kiminori Nagao**

Head of ASCA Business Unit

Kiminori Nagao has been engaged in the development of new drugs since joining the company in 1988. In his previous position as the Head of Development Division in Japan, he promoted development of new drugs globally, including in Japan and Asia. For two years from 2014, he was the Head of Clinical Development and Regulatory Affairs in Asian countries excluding Japan. He assumed his current role in April 2021.



## American Regent Unit

### Initiatives for the 5-year Business Plan

American Regent strives to continue to supply and deliver superior quality products that healthcare providers rely on for their patients while focusing on fulfilling unmet needs in healthcare by providing industry leading US manufactured Sterile Injectables. To support the needs of the current 5-year business plan, American Regent will grow through development of our product pipeline, expanded indications/patient population of existing product and M&A activity. In the coming years, we will look to take advantage of our simplified supply chain and our Capex investment in on-shore manufacturing.

### FY2021 Major Result

The COVID-19 pandemic created worldwide supply chain challenges and disruption of supply. With proactive planning, advanced ordering and increasing inventory levels of needed materials, American Regent was able to meet and exceed all financial targets by supplying medically necessary drug products. Much of our success was came from meeting market demand created by supply interruptions of other manufactures. Revenue targets were exceeded in our three major categories. *Injectafer* achieved ¥53.1billion. *Venofer* achieved ¥33.8 billion. Generic injectables achieved ¥54.7 billion.



**Paul Diolosa**

Head of American Regent Unit

Prior to joining American Regent, Paul served as Director of Engineering at Altana Pharmaceuticals for 10 years. His leadership in modernizing manufacturing operations led to promotions of increasing responsibility since he joined the company in 2008. He has spent the past 13 years committed to implementing significant investments in the company's facilities, equipment, people, and practices, including a state-of-the-art manufacturing expansion with a capacity to help millions of patients. He assumed the role of President and CEO of American Regent, Inc. in April 2021.

## Daiichi Sankyo Healthcare Unit

### Initiatives for the 5-year Business Plan

To achieve sustainable growth, Daiichi Sankyo Healthcare Unit is driving the following market strategies with the goal of reaching ¥100 billion in revenue in the 5-year business plan toward 2025.

1. Domestic in-store sales business: Strive to capture the top share in our target OTC markets (excluding tonic drinks) and expand our core brands in the functional skincare and oral care markets.
2. Mail-order business: Expand skincare business and strengthen development in the lifestyle improvement field
3. Overseas business: Accelerate growth in our China business by collaborating with cross-border Electronic Commerce (EC) companies and strengthening our product lineup.

With regard to the environment surrounding us as we strengthen our existing businesses, consumers are becoming increasingly conscious of their health as "self-care" and "self-medication" has become widespread, as part of efforts to prevent disease, improve health, and extend their healthy lifespans.

In response to these trends, we are focusing on developing products that meet the diverse needs of consumers to be

healthy and beautiful, with the aim of achieving sustained growth.

### FY2021 Major Results

Although the outlook remains uncertain due to continued slump in consumption stemming by the COVID-19 pandemic, we have been actively engaged in marketing activities by developing new products with an eye on new lifestyles and optimizing the allocation of investment to growing brands. In addition, we strived to revitalize the market by further strengthening information delivery and in-store promotion activities that reflect changes in consumption trends triggered by the pandemic.

As a result, our growth surpassed that of the OTC market YoY, and we are in a position to capture the top share in our target OTC markets (excluding tonic drinks).

In addition, outside of our existing businesses, we have launched the Sleep Consortium initiative as a new business incorporating DX to realize our 2030 Vision, and we are planning to start a business selling sleep assessments to other companies in the future.



**Katsuhiko Yoshida**

Head of Daiichi Sankyo Healthcare Unit

Katsuhiko Yoshida joined Daiichi Sankyo Healthcare Co., Ltd. on April 1, 2007, after working in corporate strategy for many years. He served as Director, Senior Executive Officer and Vice President of Corporate Strategy Division before assuming the position of President and Representative Director (Head of Daiichi Sankyo Healthcare Business Unit) in April 2019.

## Research & Development Unit

### Initiatives for the 5-year Business Plan

The current mission of the R&D Unit is to continue strengthening our global research and development capabilities and maximizing the value of our oncology pipeline, particularly our 3ADCs. We will deliver assets based on our strength in ADC technology, with promising targets such as HER2 and TROP2, to patients around the world. We also will continue to accelerate research and development of our superior oncology pipeline including the rest of the DXd-ADC family and the next generation ADCs, and explore new modalities in both the oncology and specialty medicine therapeutic areas.

We also innovate in central nervous system (CNS) and rare disease areas with high unmet medical needs, leveraging our unique R&D capabilities, advanced technologies, and precision medicine - to revolutionize the standard of care.

### FY2021 Major Results

In FY2021, the R&D Unit achieved many milestones through the efforts of R&D members and through collaborations with

Daiichi Sankyo RD Novare and external global partners. We achieved outstanding results with our 3ADCs. The DESTINY-Breast03 and DESTINY-Breast04 study results for *Enhertu* are expected to dramatically change the standard of care in some cancers. We also achieved great progress with the "Rising Stars" in the DXd-ADC family and in strengthening the modality technology and research intended to support further growth of the pipeline, as well as progress in the development of *DS-5670*, a COVID-19 vaccine. And we also launched products such as *Edoxaban*. In addition we achieved important milestones in the Alpha oncology and specialty medicine projects and advanced research programs, and implemented organizational and capability enhancements to realize the Global RD One Team approach.

We are focusing on new and sustainable ways of working to ensure that all in the R&D Unit can contribute to our Purpose and Mission, to deliver our innovative and important Science & Technology to patients around the world.



**Ken Takeshita**

Head of Research & Development Unit

Ken Takeshita was engaged in research at the University of Tokyo and other universities after earning a bachelor's degree in molecular biology from Harvard University and his medical degree from Yale University. He then joined the pharmaceutical industry and led drug development programs including anti-cancer drugs at several global pharmaceutical companies. He served as Global Head of Development as well as interim Head of Research at Kite Pharma since 2019. He was appointed as Daiichi Sankyo's Global Head of R&D as of April 2021.

## Biologics Unit

### Initiatives for the 5-year Business Plan

In the current 5-year business plan, the Biologics Unit aims to maximize the value of Daiichi Sankyo's ADCs while enhancing its own antibody technologies, with the goal of becoming a technology unit that maximizes the value of ADCs and creates Beyond ADCs with cutting-edge biotechnologies. Furthermore, our 2030 Vision is to become a "technology unit which transforms medical modalities through antibody, cell, and gene engineering technologies." In line with this, we are developing not only technology for antibody pharmaceuticals, but also the fundamental and production technologies necessary to create innovative pharmaceuticals based on cells and genes, which are expected to become next-generation modalities.

### FY2021 Major Results

In FY2021, we provided support for antibody manufacturing technologies in the manufacturing division to prepare for future increase in demand for antibodies used in 3ADCs. In addition, we have established antibody production methods for Dxd-ADCs following 3ADCs, and supplied the antibodies for clinical trials as planned. As for proprietary technology development, we have developed manufacturing technology

for the practical application of CHO-MK, a new cell line produced in-house with excellent antibody production activity, proliferation speed, and stability in culture, in order to apply this cell line to antibody pharmaceuticals in the future. We have also established manufacturing methods for antibodies to be used in next-generation ADCs and new-concept ADCs that will follow Dxd-ADCs.

In the areas of regenerative medicine and cell therapy, we provided technical support for the commercial production of *Yescarta*® intravenous drip infusion and support for obtaining approval of *Delytact*® injection, which led to the launch and production of our regenerative medicine products. For mRNA vaccines, while promoting the COVID-19 project (*DS-5670*), we explored antigen designs for various mutant strains of the new coronavirus and established a mass production method for mRNA. Furthermore, we established a manufacturing method for adeno-associated virus (AAV) for gene therapy introduced from Ultragenyx Pharmaceutical Inc. in-house, and created the foundation and production technology for next-generation modalities.



**Masayuki Yabuta**

Head of Biologics Unit

Masayuki Yabuta joined Pharmaceutical Division of Suntory Ltd. in 1985. He was engaged in the research of manufacturing methods and construction of manufacturing facilities for recombinant proteins and peptides, and accumulated experience in the development of manufacturing methods for many biopharmaceuticals. In 2010, he joined Daiichi Sankyo, where he worked in the Pharmaceutical Technology Division and R&D Division before assuming his current position in 2017 with the establishment of the Biologics Unit.

## Pharmaceutical Technology Unit

### Initiatives for the 5-year Business Plan

The mission of the Pharmaceutical Technology Unit is to leverage advanced pharmaceutical technologies to enhance the value of pharmaceuticals discovered through R&D and deliver them to patients. Over the course of the current 5-year business plan, we aim to maximize value of 3ADCs in parallel with rapid development of Alpha assets by steadily transferring our technologies to a number of CDMOs, ensuring the supply of investigational drugs to each country and region, submitting applications for approval and change control in countries and regions where we are not experienced in, and also designing high quality and user-friendly pharmaceuticals. As part of this effort, we will quickly develop new technologies for various modalities. We will take on the challenge of establishing the pharmaceutical technologies and CMC regulatory strategies needed for a variety of inexperienced modalities such as next-generation antibodies/ADCs, LNP-mRNA, and gene therapy, by fully leveraging the knowledge and experience we have accumulated through small molecule and DXd-ADC development.

Furthermore, in response to globalization of our stakeholders, we will strive to maximize our global organization capability by enhancing individuals' strength (embracing diversity) through developing human resource and improving way of working.

### FY2021 Major Results

In the Pharmaceutical Technology Unit, we steadily expanded the number of countries where *Enhertu* is marketed and added production sites to ensure a stable supply. At the same time, we worked to provide a flexible supply of investigational drugs in accordance with clinical plans, established robust commercial manufacturing methods, and transferred technologies to numerous production sites to support the rapid development of *Dato-DXd*, *HER3-DXd*, and Alpha assets. Furthermore, in terms of COVID-19 vaccine response, which has become a pressing social issue, we contributed to improving healthcare both in Japan and abroad by enabling shipments of VAXZEVR<sup>TM</sup> (AstraZeneca's COVID-19 vaccine) to Asia through providing support for the technology transfer to production site in Japan and through supporting CMC regulatory activities. In addition, we advanced the development of production technology for the first Japanese LNP-mRNA vaccine (*DS-5670*) at an unprecedented pace.

Moreover, we have contributed to ESG management by promoting green chemistry and exploring the application of biomass plastic for packaging materials.



**Toshi Kajiro**

Head of Pharmaceutical Technology Unit

Toshi Kajiro joined Sankyo Co., Ltd. in 1992 and worked in analytical evaluation research for 24 years, focusing on small molecules. She spent two years in the CMC Planning Department, where she was involved in unit operations and strategy development. In 2018, she became Senior Director of research group for biopharmaceuticals under the Analytical & Quality Evaluation Research Laboratories and contributed to obtaining approval for *Enhertu*. She was appointed as Vice President of Analytical & Quality Evaluation Research Laboratories in April 2020, and assumed her current position in April 2022.

## Supply Chain Unit

### Initiatives for the 5-year Business Plan

Under our 2030 Unit Vision to "contribute to maximizing the value of ADC products and to realize Smart Supply Chain" we are working on the following key challenges. First, we are establishing an optimal supply system for the antibody, bio drug substance, drug formulation, and packaging processes by leveraging our plants and CMOs to ensure a stable supply of ADC products and expand our supply capacity. Then, for new modalities that will follow the ADCs, we will optimize our supply system by selecting commercial manufacturing sites in the development phase, taking into consideration our manufacturing technologies and resources as well as the option of using CMOs.

Meanwhile, as part of our digital transformation initiatives, we are actively introducing digital technologies in supply and demand management, manufacturing, and logistics with the aim of ensuring stable supply, improving quality and productivity, strengthening human resource development, and streamlining business operations. Furthermore, we will strengthen supply chain resilience to enable continuous supply of pharmaceuticals in the event of natural disasters, a pandemic, or other risks that may materialize.

### FY2021 Major Results

In addition to ensuring a stable supply of *Enhertu* in line with the market launch and sales progress in each country, we pushed forward with establishing new facilities to meet the future increase in demand and developing a production system for the DXd-ADC family under development. As for new modalities, we also proceeded with preparations for the production of *DS-5670* (mRNA vaccine) at Daiichi Sankyo Biotech with the aim of launching it by the end of 2022.

Meanwhile, in terms of digital transformation initiatives, we created a Digital Transformation Promotion Roadmap for introducing digital technologies into the manufacturing and logistics. In addition, we proceeded with the introduction of a new supply-demand management system that shares production, sales, and inventory information for *Enhertu* across all countries in real time. Furthermore, in the face of rising raw material prices and production disruptions and delivery delays at suppliers caused by the COVID-19 pandemic, we worked to stabilize procurement while also strengthening our supply chain resilience by multi sourcing and alternative purchasing for raw materials and consumables for manufacturing with high procurement risk.



**Hiroto Kashiwase**

Head of Supply Chain Unit

Hiroto Kashiwase joined Sankyo Co., Ltd. in 1989 and engaged in exploratory research of antiviral agents for 12 years. After working in corporate strategy and management, he contributed to the merging into Daiichi Sankyo. Following the merger, he worked in the Pharmaceutical Technology Division, managed the US organization, and served as the Head of Pharmaceutical Technology Division before assuming his current position in April 2022.

## Quality Assurance & Regulatory Affairs Unit

### Initiatives for the 5-year Business Plan

Our oncology business is undergoing rapid expansion with the acceleration of global development of 3ADCs and other products. The Quality Assurance & Regulatory Affairs Unit will steadily implement measures to (1) assure the reliability of many clinical trials to maximize product value by adding new indications, (2) respond to regulatory filings and approvals and assure product quality to expand markets in more countries/regions and supply capacity, and (3) ensure the reliability of the management system for safety information, which is important in the oncology field.

In addition, we will develop a reliability assurance system for our first two regenerative medical products, mRNA vaccines and other new modalities, and extend this further to include DTx (digital therapy) and other diverse healthcare solutions in the future.

As we navigate these changes in the business environment, we will continue to develop measures to foster a quality culture throughout the entire Group, based on our fundamental principle of "Quality First."

### FY2021 Major Results

We promoted measures to start production and ensure quality at new manufacturing sites handling 3ADCs as planned. In

particular, for *Enhertu*, we completed the requirements for GMP certification in the U.S. and other countries and regions in a timely manner, which contributed secure approvals in these countries. In response to the addition of new manufacturing sites and changes in manufacturing processes, we took appropriate quality assurance measures and meticulously complied with different regulatory requirements in each country and region, contributing to the stable supply of products. In addition, we have implemented measures to comply with GCP regulations in various clinical trials, and have successfully completed the rigorous GCP inspections by the authorities.

With regard to the *Delytact* injection, a regenerative medicine product, we promptly completed the GCTP inspection of the manufacturing site and contributed to the early launch of the product.

In addition, we contributed to the smooth launch of new products by handling GMP inspections and implementing quality assurance measures, and obtained approval for additional drug substance manufacturing sites as planned to ensure a stable global supply of our existing mainstay products.

For existing MAH products in Japan, we actively worked to improve customer satisfaction and achieved a substantial reduction in quality complaints caused by manufacturing process (45% reduction from the previous fiscal year).



**Toshinobu Taki**

Head of Quality Assurance & Regulatory Affairs Unit

Toshinobu Taki joined the company in 1987 and started his career as a plant quality assurance. After gaining experience in quality assurance for both marketed and investigational medicinal products and in CMC management, he was appointed as the Vice President of Quality Assurance Department in 2017 and the Vice President of Post-Marketing Regulatory Affairs Department in 2019. He assumed his current position in April 2022.

## Clinical Safety & Pharmacovigilance Unit

### Initiatives for the 5-year Business Plan

A medicinal product must have a high level of quality combined with the provision of appropriate information. Also, even if it is highly effective, no medicinal product comes available without the risk of side effects.

Under the current 5-year business plan, we have been promoting R&D for new modalities, while working on the global expansion of oncology drugs. Along with such initiatives, an increase in the amount of safety information and the diversity and complexity of risk management issues are already occurring.

In the Clinical Safety & Pharmacovigilance Unit, we have set three main targets as part of the 5-year business plan, consisting of establishing high-quality safety risk management, streamlining operational processes, and strengthening global systems and functions.

### FY2021 Major Results

In FY2021, the Clinical Safety & Pharmacovigilance Unit worked on the following four targets.

#### 1. Global Risk Management for *Enhertu*

In addition to contributing to the application for approval in each country and region from the safety perspectives and

thorough post-marketing risk management, we established and implemented a risk management system to ensure the safe use of *Enhertu* in special treatment programs in Asia countries, where *Enhertu* is not yet approved. Through these activities, we contributed towards expanding access to healthcare for patients.

#### 2. Proactive risk analysis and reinforcement of timely safety measures

By introducing an analytic tool for *Enhertu* that enables easy and comprehensive search and analysis of clinical trial data, we enhanced the analysis function of safety data and enabled timely provision of information.

#### 3. Integrate global process and management of case evaluation

By promoting global integration of the case evaluation process, we have established the foundation for conducting efficient case evaluations.

#### 4. Maintain and strengthen pharmacovigilance infrastructure

We began operating a new global governance system in FY2022.

We will continue to execute proactive safety monitoring and risk management to achieve our 5-year business plan and contribute to ensuring patient safety.



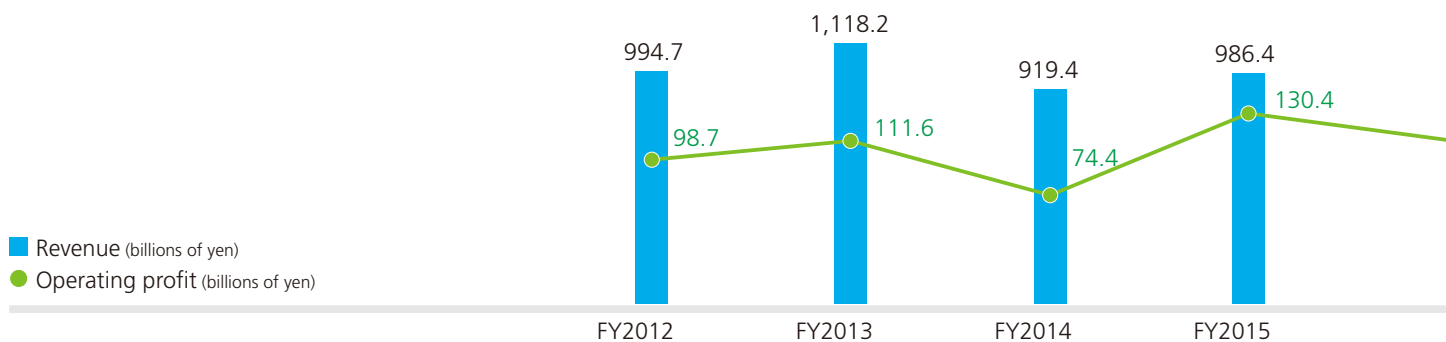
**Kento Wada**

Head of Clinical Safety & Pharmacovigilance Unit

Kento Wada joined Santory Limited in 1991 and was responsible for works including new drug development, project management in Japan and the U.S., the launch of subsidiary in the U.S., and business planning. After transferring to Daiichi Sankyo in 2010, he was engaged in global clinical safety and pharmacovigilance. He assumed the Head of Clinical Safety & Pharmacovigilance Division in April 2020 after serving as Vice President, Pharmacovigilance Department and Vice President, Post Marketing Study Department.



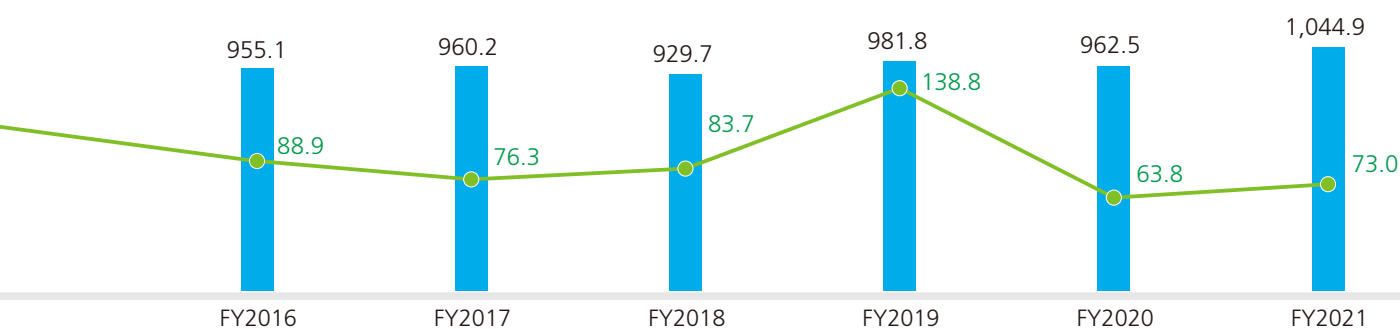
# 10-Year Financial Summary



(IFRS)	FY2012	FY2013	FY2014	FY2015
<b>Financial Results</b>				
Revenue	994.7	1,118.2	919.4	986.4
Overseas revenue	483.2	584.5	392.4	430.7
Ratio of overseas revenue to revenue (%)	48.6	52.3	42.7	43.7
Operating profit	98.7	111.6	74.4	130.4
Ratio of operating profit to revenue (%)	9.9	10.0	8.1	13.2
Profit attributable to owners of the Company	64.0	60.9	322.1	82.3
Research and development expenses	184.4	191.2	190.7	208.7
Ratio of research and development expenses to revenue (%)	18.5	17.1	20.7	21.2
Depreciation and amortization	45.3	51.5	42.0	44.3
Capital expenditure	65.1	49.2	36.3	23.3
<b>Financial Position</b>				
Total assets	1,684.9	1,854.0	1,982.3	1,900.5
Total equity	938.5	1,007.5	1,307.0	1,233.5
<b>Cash Flows</b>				
Net increase (decrease) in cash and cash equivalents	(37.8)	(23.7)	(10.7)	45.4
Free cash flows*1	20.4	(124.1)	121.5	168.3
<b>Per Share Information</b>				
Basic earnings per share (yen)*2	30.32	28.86	152.52	39.79
Equity per share attributable to owners of the Company (yen)*2	429.31	464.01	617.43	600.63
Annual dividends per share (yen)*3	60	60	60	70
<b>Main Financial Indicators</b>				
Return on equity attributable to owners of the Company (ROE) (%)	7.4	6.5	28.2	6.5
Ratio of equity attributable to owners of the Company to total assets (%)	53.8	52.9	65.8	64.8
Ratio of dividends to equity attributable to owners of the Company (DOE) (%)	4.9	4.5	3.7	3.8
Price-earnings ratio (PER)	20.0	20.1	4.2	21.0
Stock price at the end of the year (yen)	1,815	1,738	1,907	2,502
Market capitalization*4	1,277.7	1,223.5	1,342.6	1,710.2
Average exchange rates (USD/JPY)	83.11	100.24	109.94	120.14
(EUR/JPY)	107.15	134.38	138.78	132.57
<b>Number of Employees</b>				
Japan	32,229	32,791	16,428	15,249
North America	9,251	9,145	8,543	8,589
Europe	3,331	3,402	3,322	2,321
Others	2,556	2,226	2,094	1,997
	17,091	18,018	2,469	2,342

\*1 Cash flows from operating activities + Cash flows from investing activities

\*2 Effective October 1, 2020, Daiichi Sankyo implemented a three-for-one share split of its ordinary shares. "Basic earnings per share" and "Equity per share attributable to owners of the Company" are calculated on the assumption that the share split had been implemented the beginning of FY2011.



(Billions of yen)					
FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
955.1	960.2	929.7	981.8	962.5	1,044.9
375.2	341.9	333.8	374.1	401.8	486.6
39.3	35.6	35.9	38.1	41.7	46.6
88.9	76.3	83.7	138.8	63.8	73.0
9.3	7.9	9.0	14.1	6.6	7.0
53.5	60.3	93.4	129.1	76.0	67.0
214.3	236.0	203.7	197.5	227.4	260.2
22.4	24.6	21.9	20.1	23.6	24.9
47.4	46.7	46.2	52.6	57.4	58.2
23.9	26.9	38.3	29.0	40.1	56.2
1,915.0	1,897.8	2,088.1	2,105.6	2,085.2	2,221.4
1,171.4	1,133.0	1,249.7	1,306.3	1,272.1	1,350.9
24.4	115.2	(116.7)	186.6	(49.5)	265.3
39.4	217.0	(50.5)	278.3	153.0	351.6
26.54	30.44	48.07	66.40	39.17	34.94
591.00	583.11	642.93	671.64	663.85	704.76
70	70	70	70	27	27
4.4	5.2	7.8	10.1	5.9	5.1
61.4	59.7	59.8	62.0	61.0	60.8
3.9	4.0	3.8	3.5	4.0	3.9
31.5	38.6	35.4	37.3	82.3	76.7
2,507	3,526	5,100	7,434	3,225	2,680
1,662.7	2,283.7	3,304.2	4,817.7	6,179.6	5,137.0
108.42	110.86	110.91	108.75	106.06	112.38
118.84	129.70	128.40	120.83	123.70	130.56
14,670	14,446	14,887	15,348	16,033	16,458
8,648	8,765	8,865	8,754	8,979	9,135
2,464	2,191	2,172	2,380	2,602	2,706
1,578	1,582	1,778	1,953	2,137	2,279
1,980	1,908	2,072	2,261	2,315	2,338

\*3 "Annual dividends per share" of 27 yen (interim dividend of 13.5 yen and year-end dividend of 13.5 yen) is stated on the assumption that the share split had been implemented at the beginning of FY2020.

\*4 Market capitalization is calculated excluding treasury stocks.

# Consolidated Financial Statements

IFRS

## Consolidated Statement of Profit or Loss

	FY2020 (For the year ended March 31, 2021)	(Millions of yen) FY2021 (For the year ended March 31, 2022)
Revenue	962,516	1,044,892
Cost of sales	338,289	353,328
Gross profit	624,227	691,563
Selling, general and administrative expenses	333,079	358,309
Research and development expenses	227,353	260,228
Operating profit	63,795	73,025
Financial income	12,916	6,114
Financial expenses	2,755	5,753
Share of profit (loss) of investments accounted for using the equity method	168	129
Profit before tax	74,124	73,516
Income taxes	(1,705)	6,543
Profit for the year	75,830	66,972
Profit attributable to:		
Owners of the Company	75,958	66,972
Non-controlling interests	(127)	—
Profit for the year	75,830	66,972
Earnings per share		
Basic earnings per share (yen)	39.17	34.94
Diluted earnings per share (yen)	39.11	34.91

## Consolidated Statement of Comprehensive Income

	FY2020 (For the year ended March 31, 2021)	(Millions of yen) FY2021 (For the year ended March 31, 2022)
Profit for the year	75,830	66,972
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	12,499	(4,590)
Remeasurements of defined benefit plans	7,847	5,831
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	18,805	62,078
Other comprehensive income (loss) for the year	39,151	63,319
Total comprehensive income for the year	114,982	130,292
Total comprehensive income attributable to:		
Owners of the Company	115,110	130,292
Non-controlling interests	(127)	—
Total comprehensive income for the year	114,982	130,292

## Consolidated Statement of Financial Position

	(Millions of yen)	
	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	380,547	662,477
Trade and other receivables	232,036	266,675
Other financial assets	444,368	181,368
Inventories	200,860	217,910
Other current assets	10,607	16,838
Total current assets	1,268,420	1,345,271
Non-current assets		
Property, plant and equipment	265,281	304,070
Goodwill	77,706	83,555
Intangible assets	172,822	163,884
Investments accounted for using the equity method	1,440	1,425
Other financial assets	139,991	131,509
Deferred tax assets	128,525	138,173
Other non-current assets	30,990	53,513
Total non-current assets	816,757	876,131
Total assets	2,085,178	2,221,402

	(Millions of yen)	
	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Trade and other payables	297,499	324,784
Bonds and borrowings	20,391	20,394
Other financial liabilities	9,359	10,766
Income taxes payable	6,096	6,910
Provisions	6,051	6,795
Other current liabilities	14,173	25,616
Total current liabilities	353,571	395,268
Non-current liabilities		
Bonds and borrowings	163,441	143,067
Other financial liabilities	36,983	42,615
Post-employment benefit liabilities	3,929	2,624
Provisions	8,741	18,290
Deferred tax liabilities	17,516	12,444
Other non-current liabilities	228,941	256,219
Total non-current liabilities	459,553	475,262
Total liabilities	813,125	870,530
Equity		
Equity attributable to owners of the Company		
Share capital	50,000	50,000
Capital surplus	94,494	—
Treasury shares	(261,252)	(37,482)
Other components of equity	111,479	168,147
Retained earnings	1,277,332	1,170,208
Total equity attributable to owners of the Company	1,272,053	1,350,872
Total equity	1,272,053	1,350,872
Total liabilities and equity	2,085,178	2,221,402



## Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the Company					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Subscription rights to shares	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2020	50,000	94,633	(162,519)	1,611	51,218	29,264
Profit for the year	—	—	—	—	—	—
Other comprehensive income (loss) for the year	—	—	—	—	18,805	12,499
Total comprehensive income (loss) for the year	—	—	—	—	18,805	12,499
Purchase of treasury shares	—	(138)	(100,054)	—	—	—
Disposal of treasury shares	—	—	1,320	(572)	—	—
Dividends	—	—	—	—	—	—
Changes associated with losing control of subsidiaries	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(1,347)
Total transactions with owners of the Company	—	(138)	(98,733)	(572)	—	(1,347)
Balance as of April 1, 2021	50,000	94,494	(261,252)	1,038	70,024	40,416
Profit for the year	—	—	—	—	—	—
Other comprehensive income (loss) for the year	—	—	—	—	62,078	(4,590)
Total comprehensive income (loss) for the year	—	—	—	—	62,078	(4,590)
Purchase of treasury shares	—	—	(15)	—	—	—
Disposal of treasury shares	—	—	776	(216)	—	—
Cancellation of treasury shares	—	(94,494)	223,009	—	—	—
Dividends	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(604)
Total transactions with owners of the Company	—	(94,494)	223,770	(216)	—	(604)
Balance as of March 31, 2022	50,000	—	(37,482)	822	132,103	35,221

(Millions of yen)

	Equity attributable to owners of the Company					
	Other components of equity			Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total other components of equity	Retained earnings			
Balance as of April 1, 2020	—	82,094	1,241,600	1,305,809	464	1,306,274
Profit for the year	—	—	75,958	75,958	(127)	75,830
Other comprehensive income (loss) for the year	7,847	39,151	—	39,151	—	39,151
Total comprehensive income (loss) for the year	7,847	39,151	75,958	115,110	(127)	114,982
Purchase of treasury shares	—	—	—	(100,192)	—	(100,192)
Disposal of treasury shares	—	(572)	(474)	273	—	273
Dividends	—	—	(48,946)	(48,946)	—	(48,946)
Changes associated with losing control of subsidiaries	—	—	—	—	(336)	(336)
Transfer from other components of equity to retained earnings	(7,847)	(9,194)	9,194	—	—	—
Total transactions with owners of the Company	(7,847)	(9,767)	(40,226)	(148,866)	(336)	(149,203)
Balance as of April 1, 2021	—	111,479	1,277,332	1,272,053	—	1,272,053
Profit for the year	—	—	66,972	66,972	—	66,972
Other comprehensive income (loss) for the year	5,831	63,319	—	63,319	—	63,319
Total comprehensive income (loss) for the year	5,831	63,319	66,972	130,292	—	130,292
Purchase of treasury shares	—	—	—	(15)	—	(15)
Disposal of treasury shares	—	(216)	(274)	285	—	285
Cancellation of treasury shares	—	—	(128,514)	—	—	—
Dividends	—	—	(51,744)	(51,744)	—	(51,744)
Transfer from other components of equity to retained earnings	(5,831)	(6,435)	6,435	—	—	—
Total transactions with owners of the Company	(5,831)	(6,652)	(174,096)	(51,473)	—	(51,473)
Balance as of March 31, 2022	—	168,147	1,170,208	1,350,872	—	1,350,872

## Consolidated Statement of Cash Flows

(Millions of yen)

	FY2020 (For the year ended March 31, 2021)	FY2021 (For the year ended March 31, 2022)
Cash flows from operating activities		
Profit before tax	74,124	73,516
Depreciation and amortization	57,382	58,245
Impairment loss	607	10,446
Financial income	(12,916)	(6,114)
Financial expenses	2,755	5,753
Share of (profit) loss of investments accounted for using the equity method	(168)	(129)
(Gain) loss on sale and disposal of non-current assets	829	(2,700)
(Increase) decrease in trade and other receivables	83,093	(19,060)
(Increase) decrease in inventories	(21,222)	(603)
Increase (decrease) in trade and other payables	23,882	13,290
Others, net	7,315	28,107
Subtotal	215,683	160,750
Interest and dividends received	2,889	2,836
Interest paid	(1,839)	(1,779)
Income taxes paid	(24,525)	(22,580)
Net cash flows from (used in) operating activities	192,207	139,226
Cash flows from investing activities		
Payments into time deposits	(568,192)	(180,675)
Proceeds from maturities of time deposits	746,544	316,820
Acquisition of securities	(352,431)	(328,952)
Proceeds from sale and redemption of securities	203,043	476,150
Acquisitions of property, plant and equipment	(31,245)	(62,736)
Proceeds from sale of property, plant and equipment	33	5,260
Acquisition of intangible assets	(32,848)	(13,946)
Acquisition of subsidiaries	(4,401)	—
Payments for loans receivable	(24)	—
Proceeds from collection of loans receivable	725	379
Others, net	(449)	40
Net cash flows from (used in) investing activities	(39,246)	212,339
Cash flows from financing activities		
Repayments of bonds and borrowings	(40,389)	(20,391)
Purchase of treasury shares	(100,192)	(15)
Proceeds from sale of treasury shares	2	0
Dividends paid	(48,946)	(51,730)
Repayments of lease liabilities	(12,907)	(14,095)
Others, net	0	0
Net cash flows from (used in) financing activities	(202,433)	(86,231)
Net increase (decrease) in cash and cash equivalents	(49,471)	265,334
Cash and cash equivalents at the beginning of the year	424,184	380,547
Effect of exchange rate change on cash and cash equivalents	5,834	16,595
Cash and cash equivalents at the end of the year	380,547	662,477

# Financial Results and Financial Analysis

## Consolidated Financial Results for FY2021

### Consolidated financial results

(Billions of yen)

	FY2020 results	FY2021 results	YoY	
<b>Revenue</b>	962.5	1,044.9	82.4	(+8.6%)
Cost of sales	337.8	348.0	10.3	
Selling, general, and administrative (SG&A) expenses	318.5	352.1	33.7	
Research and development (R&D) expenses	227.4	254.1	26.7	
<b>Core operating profit*</b>	78.9	90.6	11.8	(+14.9%)
<b>Operating profit</b>	63.8	73.0	9.2	(+14.5%)
<b>Profit before tax</b>	74.1	73.5	-0.6	(-0.8%)
<b>Profit attributable to owners of the Company</b>	76.0	67.0	-9.0	(-11.8%)

### Yen exchange rates for major currencies (annual average rate)

	FY2020 results	FY2021 results	YoY
USD/JPY	106.06	112.38	+6.32
EUR/JPY	123.70	130.56	+6.86

\* Starting in FY2021, the Group is disclosing core operating profit, which excludes temporary income and expenses from operating profit, as an indicator of ordinary profitability. Temporary income and expenses include gains/losses on sale of non-current assets, gains/losses associated with business restructuring (excluding gains/losses on sales of developed products and products on the market), impairment losses on property, plant and equipment, intangible assets, and goodwill, compensation for damages or settlement, and non-recurring and large gains/losses.

## 1. Revenue

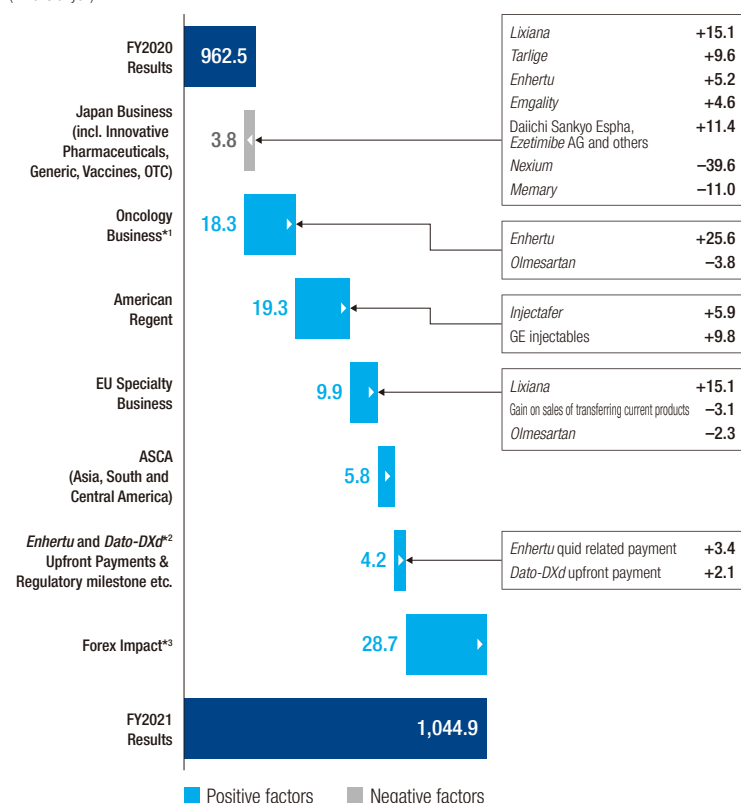
Consolidated revenue in FY2021 increased by ¥82.4 billion, or 8.6% year on year, to ¥1,044.9 billion.

The foreign exchange impact placed upward pressure on revenue to the extent of ¥28.7 billion. When the impact is excluded, the increase in revenue was ¥53.7 billion.

### Revenue

#### Increased by ¥82.4 billion (increased by ¥53.7 billion excl. forex impact)

(Billions of yen)



Although our Japan Business saw an increase in sales due to the release of *Lixiana*®, *Tarlige*® and *Enhertu*® as well as *Emgality*® in April of 2020 and the contribution of Daiichi Sankyo Espha's products, we also saw decreased revenue due to the end of our cooperative sales promotion of *Nexium*® with AstraZeneca September 2021 and the release of a generic alternative to *Memary*®, which ultimately resulted in an overall revenue decrease of ¥3.8 billion yen.

Regarding our Oncology Business, although the sales of *Olmesartan* decreased, the sales of *Enhertu* increased in the United States and Europe, leading to a revenue increase of ¥18.3 billion.

American Regent saw a revenue increase of ¥19.3 billion due to increased sales of *Injectafer* and generic injectables.

Regarding our EU Specialty Business, although there was a decrease in the gain on sales of transferring existing products as well as the sales of *Olmesartan*, sales of *Lixiana* increased, resulting in an overall revenue increase of ¥9.9 billion.

The amount of revenue for the year recognized for the strategic collaboration between *Enhertu* and *Dato-DXd*, including the upfront payment, amounted to a revenue increase of ¥4.2 billion yen.

\*1 Revenue for Daiichi Sankyo, Inc. and Daiichi Sankyo Europe's oncology products

\*2 Dato-DXd: Datopotamab deruxetecan (DS-1062)

\*3 Forex impact USD: +12.7, EUR: +7.2, ASCA: +8.7

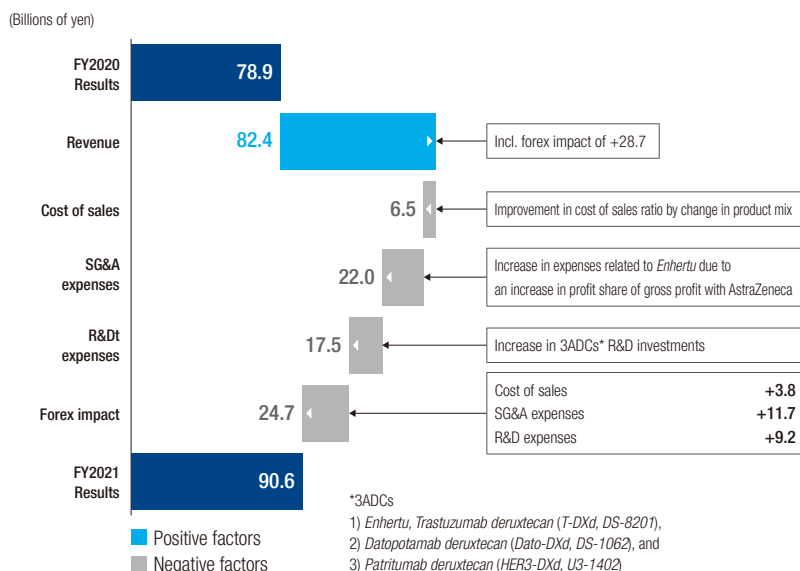
## 2. Core operating profit

Core operating profit in FY2021 increased by ¥11.8 billion, or 14.9% year on year, to ¥90.6 billion.

The actual increase in operating profit excluding the foreign exchange impact and special items (items having a transitory and material impact on operating profit) was ¥7.9 billion.

### Core operating profit

**Increased by ¥11.8 billion** (increased by ¥7.9 billion excl. forex impact)



Revenue increased by ¥82.4 billion, including a revenue increase of ¥28.7 billion due to the foreign exchange impact.

Cost of sales was limited to an increase of ¥6.5 billion because we improved our cost ratio by changing our product mix, including increasing the sales of *Lixiana*, *Enhertu*, and other products developed in house.

SG&A expenses increased by ¥22.0 billion due to increased profit sharing with AstraZeneca related to *Enhertu* and other factors.

R&D expenses increased by ¥17.5 billion due to increased investment in 3ADCs research and development.

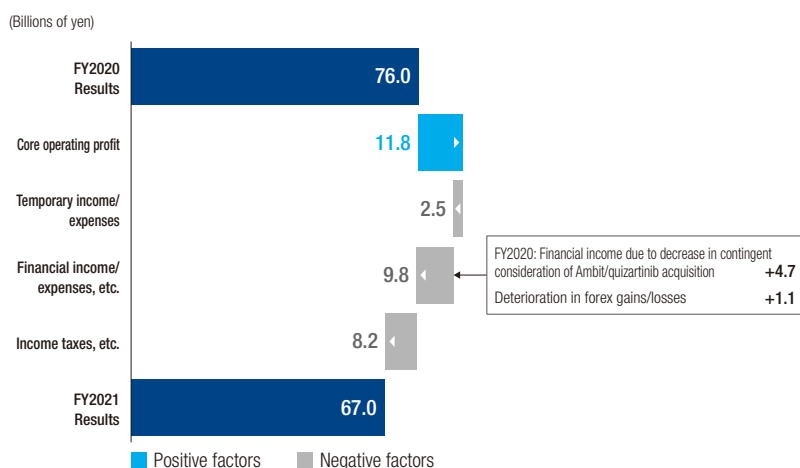
Costs increased by a total of ¥24.7 billion due to the impact of foreign exchange, and the actual increase in our core operating profit excluding this impact was ¥7.9 billion.

## 3. Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased ¥9.0 billion, or 11.8% year on year, to ¥67.0 billion.

### Profit attributable to owners of the Company

**Decreased by ¥9.0 billion**



Core operating profit increased by ¥11.8 billion.

Temporary income/expenses reduced our profit by ¥2.5 billion year on year. In FY2020, we recorded ¥15.6 billion as loss compensation related to the termination of the vaccine business collaboration with Sanofi. In FY2021, although we recorded temporary revenue of ¥3.9 billion due to gains related to sale of fixed assets of Osaka logistics center, we also recorded temporary costs of ¥21.5 billion due in part to the environmental expenditures related to former Yasugawa plant and losses related to closure of Plexxikon, our R&D subsidiary, due to the reorganization of our R&D structure. Financial income/expenses, etc. reduced our profit by ¥9.8 billion year on year due in part to us recording ¥4.7 billion in financial income as a result of a contingent consideration reduction upon acquiring *Quizartinib* during the last fiscal year. Income taxes, etc. increased by ¥8.2 billion year on year in spite of a reduction in the tax rate due to the impact of tax credit for R&D expenses and others.

Income taxes, etc.

	FY2020 results	FY2021 results	YoY
Profit before tax	74.1	73.5	-0.6
Income taxes, etc.	-1.7	6.5	+8.2
Tax rate	-2.3%	8.9%	+11.2%



## Financial Position

## 1. Assets, liabilities, and equity

## Assets

Total assets as of the fiscal year-end were ¥2,221.4 billion, an increase of ¥136.2 billion from the previous fiscal year-end, mainly due to increases in cash and cash equivalents and property, plant and equipment, which were partially offset by a decrease in other financial assets (current assets).

## Liabilities

Total liabilities as of the fiscal year-end were ¥870.5 billion, an increase of ¥57.4 billion from the previous fiscal year-end, mainly due to increases in trade and other payables and other non-current liabilities, which were partially offset by a decrease in bonds and borrowings (non-current liabilities).

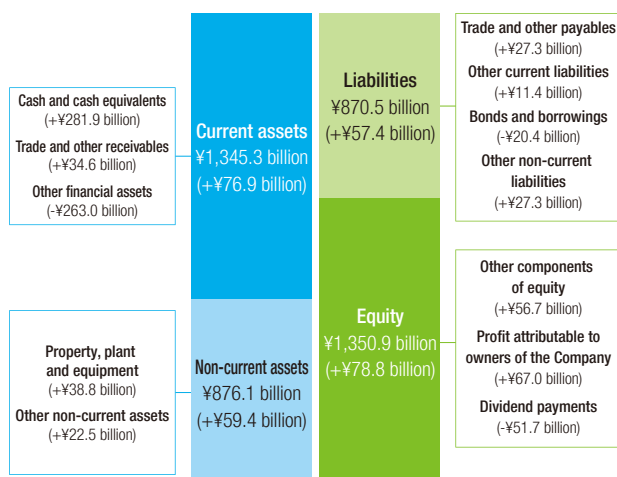
## Equity

Total equity as of the fiscal year-end was ¥1,350.9 billion, an increase of ¥78.8 billion from the previous fiscal year-end, mainly because of the profit for the year, which was partially offset by dividend payments.

## Summary of consolidated statement of financial position

As of March 31, 2022; parentheses ( ) indicate comparison to March 31, 2021

## Consolidated total assets ¥2,221.4 billion (+¥136.2 billion)



## 3. Capital expenditure

We continuously invest in plants and equipment, aiming to enhance and streamline production facilities as well as strengthen and facilitate research and development. The investment amount for FY2021 was ¥56.2 billion.

	FY2020 results	FY2021 results	YoY
Capital expenditure	40.1	56.2	16.1
Depreciation (property, plant and equipment)	31.3	33.2	1.9

## 2. Cash flows

Cash and cash equivalents increased by ¥281.9 billion during the year ended March 31, 2022 to ¥662.5 billion.

## Cash flows from operating activities

Cash inflows from operating activities totaled ¥139.2 billion (previous year: ¥192.2 billion inflow), besides profit before tax (¥73.5 billion) and non-cash items such as depreciation and amortization (¥58.2 billion), which mainly reflected cash inflows from the receipt of the upfront fee for the strategic collaboration regarding *Dato-DXd*.

## Cash flows from investing activities

Cash inflows from investing activities totaled ¥212.3 billion (previous year: ¥39.2 billion outflow), mainly due to proceeds from maturities of time deposits, which were partially offset by acquisitions of property, plant and equipment and intangible assets.

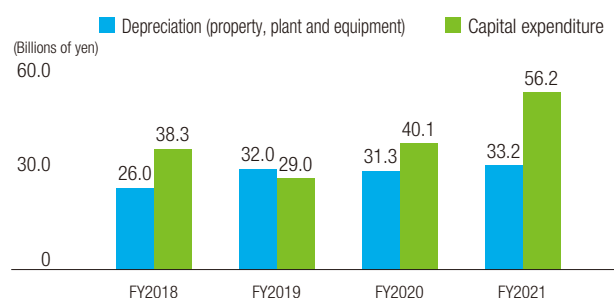
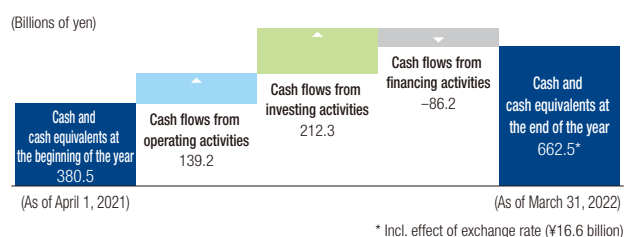
## Cash flows from financing activities

Cash outflows from financing activities totaled ¥86.2 billion (previous year: ¥202.4 billion outflow), which reflected spending on dividend payments and repayments of borrowings.

	FY2020 Results	FY2021 Results	YoY
Cash flows from operating activities	192.2	139.2	-53.0
Cash flows from investing activities	-39.2	212.3	251.6
Cash flows from financing activities	-202.4	-86.2	116.2
Net increase in cash and cash equivalents	-49.5	265.3	314.8
Effect of exchange rate change on cash and cash equivalents	5.8	16.6	10.8
Cash and cash equivalents at the end of the year	380.5	662.5	281.9
Free cash flows*	153.0	351.6	198.6

\* Free cash flows = cash flows from operating activities + cash flows from investing activities

## Summary of consolidated statement of cash flows



## Forecast for FY2022

The revenue is expected to increase by ¥105.1 billion year on year to ¥1.150 trillion due to increased sales of our mainstay products, including *Enhertu*, *Lixiana*, and *Tarlige*, in spite of negative factors such as the drug price revision in Japan and the termination of the sales collaboration for *Nexium*.

Core operating profit is expected to increase by ¥14.4 billion year on year to ¥105.0 billion due to an improvement in cost-to-sales ratio as a result of a change in the product mix, an expected increase in profit sharing payments to AstraZeneca due to increased *Enhertu* sales and

the expansion of 3ADCs development plan, etc.

Operating profit is expected to be equal to our core operating profit.

Profit attributable to owners of the Company is expected to increase by ¥16.0 billion year on year to ¥83.0 billion due to the fact that the normal level is assumed for FY2022 while, during the previous fiscal year, there were effects from experimental and research cost deductions, and the tax rate was lower than normal.

### Forecast of consolidated financial results for FY2022

	FY2021 results	FY2022 forecast	(Billions of yen)	
			YoY	
Revenue	1,044.9	1,150.0	105.1	(+10.1%)
Core operating profit	90.6	105.0	14.4	(+15.9%)
Operating profit	73.0	105.0	32.0	(+43.8%)
Profit before tax	73.5	105.0	31.5	(+42.8%)
Profit attributable to owners of the Company	67.0	83.0	16.0	(+23.9%)

Yen exchange rates for major currencies (annual average rate)

	FY2021 results	FY2022 forecast
USD/JPY	112.38	130.00
EUR/JPY	130.56	140.00

## Shareholder Returns

In order to achieve sustainable growth in corporate value, the basic management policy determines profit distributions by comprehensively evaluating essential investments for strategic growth and profit returns to shareholders.

In line with the shareholder return policy in our current 5-year business plan, in addition to maintaining ordinary dividends of ¥27 per share, we will increase dividend according to our profit growth or flexibly purchase treasury shares to further enhance shareholder returns.

We will also adopt a dividend on equity (DOE) ratio based on shareholders' equity as a KPI to help ensure stable shareholder returns.

Our target is a DOE ratio of 8% or more in FY2025 exceeding the cost of shareholders' equity to maximize shareholder value. In FY2021, our total dividend amounted to ¥27 per share (after the share split), including interim dividends of ¥13.5 per share and year-end dividend of ¥13.5 per share.

Our DOE ratio for the year was 3.9%, and we will continue to aim for a DOE ratio of 8% or more in FY2025.

For FY2022, based on the shareholder return policy of the current 5-year business plan, we intend to pay an annual dividend of ¥27 (on a post-split basis) per share.

# Major Products

## Japan Business Unit

Brand Name (Generic Name)		Efficacy	Launched	Remarks	Revenue (Billions of yen)	
					FY2021 results	YoY
					489.5	0.4
Emgality	(galcanezumab)	Prophylaxis of migraine attacks	2021	Humanized CGRP monoclonal antibody. It binds specifically to calcitonin gene-related peptide (CGRP), which is considered to be associated with migraine, and thereby inhibits migraine attacks.	4.6	4.6
Enhertu	(trastuzumab deruxtecan)	Anti-cancer agent (HER2 directed antibody drug conjugate)	2020	Antibody-drug conjugate which is composed of a humanized monoclonal antibody specifically targeting HER2, one of the Epidermal Growth Factor Receptor (EGFR) family proteins, and a covalently linked drug (payload) via a cleavable linker. Payload is a potent and membrane permeable DNA topoisomerase I inhibitor which enables elimination of both target tumor cells and the surrounding tumor cells.	9.6	5.2
Tarlige	(mirogabalin)	Pain treatment	2019	An $\alpha 2 \delta$ ligand. The pain therapy agent to reduce the neurotransmitter release from nerve terminals.	30.1	9.6
Canalia	(teneligliptin / canagliflozin)	Type 2 diabetes mellitus treatment	2017	A first combination drug of the DPP-4 inhibitor teneligliptin and the SGLT2 inhibitor <i>canagliflozin</i> approved in Japan, which demonstrates blood glucose-lowering activity through a complementary pharmacological effect.	16.8	1.4
Vimpat	(lacosamide)	Anti-epileptic agent	2016	Sodium channel blocker. Suppresses the excessive excitation of nerves in the brain, and reduces the occurrence of epileptic seizures.	18.3	3.7
Efient	(prasugrel)	Antiplatelet agent	2014	ADP receptor inhibitor. Inhibits platelet aggregation and reduces the incidence of artery stenosis and occlusion due to thrombosis.	16.7	2.7
Pralia	(denosumab)	Treatment for osteoporosis / inhibitor for rheumatoid arthritis-induced progression of bone erosion	2013	Human monoclonal anti-RANKL antibody. Subcutaneous formulation which controls bone resorption and bone destruction by specifically inhibiting RANKL.	37.9	3.3
Tenelia	(teneligliptin)	Type 2 diabetes mellitus treatment	2012	DPP-4 inhibitor. The agent facilitates glucose-dependent insulin release and inhibits glucagon release, thereby demonstrating the blood glucose-lowering activity.	23.7	-0.6
Ranmark	(denosumab)	Treatment for bone disorders caused by bone metastases from tumors	2012	Human monoclonal anti-RANKL antibody. This controls abnormal bone destruction caused by osteoclasts, and reduces the occurrence of fractures and other skeletal related events (SRE). Approved for the indication of giant cell tumors of bone in 2014 and was designated as an orphan drug.	20.4	1.1
Lixiana	(edoxaban)	Anticoagulant	2011	Orally active Factor Xa inhibitor. Prevents the formation of blood clots by specifically, reversibly and directly inhibiting the enzyme, Factor Xa, a clotting factor in the blood.	92.5	15.1
Inavir	(laninamivir)	Anti-influenza treatment	2010	Neuraminidase inhibitor that inhibits influenza viral proliferation. Treatment is completed with a single inhaled dosage.	1.3	-2.3
Rezaltas	(olmesartan)	Antihypertensive agent	2010	A combination drug of two antihypertensive agents: an angiotensin II receptor blocker, <i>olmesartan medoxomil</i> , and a calcium ion antagonist, <i>azelnidipine</i> . This combination demonstrates the effect of decreasing blood pressure through a complementary pharmacological effect.	12.0	-1.1
Loxonin	(loxoprofen)	Anti-inflammatory analgesic	1986	Nonsteroidal anti-inflammatory analgesic. Suppresses the production of prostaglandin associated with inflammation, and thereby demonstrates an analgesic effect. Also available as transdermal agents (poultice, gel, tape).	22.2	-2.0
(Daiichi Sankyo Espha products)					82.8	11.4
(Vaccines business)					14.8	-3.7

### Japan Business Unit (Daiichi Sankyo Espha products)

Brand Name	Efficacy
<i>Olmesartan</i>	Antihypertensive agent
<i>Memantine OD</i>	Alzheimer's disease treatment
<i>Gefitinib</i>	Treatment for malignant tumors
<i>Bicalutamide</i>	Prostate cancer treatment
<i>Tamoxifen</i>	Anti-breast cancer agent

### Japan Business Unit (Vaccines business)

Brand Name
<i>Influenza HA Vaccine</i>
<i>Live Attenuated Measles-Rubella Combined Vaccine</i>
<i>Live Attenuated Mumps Vaccine</i>
<i>H5N1 Influenza Vaccines</i>



Enhertu



Lixiana

## Oncology Business Unit

Brand Name (Generic Name)		Efficacy	Launched	Remarks	Revenue (Billions of yen)	
					FY2021 results	YoY
					69.6	22.2
Enhertu	(trastuzumab deruxtecan)	Anti-cancer agent (HER2 directed antibody drug conjugate)	2020	Antibody-drug conjugate which is composed of a humanized monoclonal antibody specifically targeting HER2, one of the Epidermal Growth Factor Receptor (EGFR) family proteins, and a covalently linked drug (payload) via a cleavable linker. Payload is a potent and membrane permeable DNA topoisomerase I inhibitor which enables elimination of both target tumor cells and the surrounding tumor cells.	54.4	28.7
TURALIO	(pexidartinib)	Treatment for symptomatic tenosynovial giant cell tumor (TGCT)	2019	TURALIO is an oral small molecule that inhibits CSF1R (colony stimulating factor-1 receptor), which is a primary growth driver of abnormal cells in the synovium that cause TGCT.	2.8	1.0

## American Regent Unit

Brand Name (Generic Name)		Efficacy	Launched	Remarks	Revenue (Billions of yen)	
					FY2021 results	YoY
					149.5	27.7
Injectafer	(ferric carboxymaltose injection)	Iron deficiency anemia treatment	2013	Effective for patients who have intolerance to oral iron or have had unsatisfactory response to oral iron, or who have non-dialysis-dependent chronic kidney disease	53.1	8.9
Venofer	(iron sucrose injection)	Iron deficiency anemia treatment	2000	Iron replacement product. Effective for treatment of iron deficiency anemia in dialysis patients, etc.	33.8	4.9

## EU Specialty Business Unit

Brand Name (Generic Name)		Efficacy	Launched	Remarks	Revenue (Billions of yen)	
					FY2021 results	YoY
					128.2	16.6
<i>Nilemdo/ Nustendi</i>	<i>(bempedoic acid or combination tablet of bempedoic acid and ezetimibe)</i>	Cholesterol-lowering treatment	2020	Bempedoic acid is an oral treatment which lowers cholesterol. It inhibits ATP Citrate Lyase, an enzyme which is involved in the production of cholesterol in the liver. Bempedoic acid/ezetimibe reduces absorption of dietary cholesterol in the gut; it is an oral treatment which combines two complementary ways of reducing blood cholesterol levels.	3.1	2.6
<i>Lixiana</i>	<i>(edoxaban)</i>	Anticoagulant	2015	Orally active Factor Xa inhibitor. Prevents the formation of blood clots by specifically, reversibly and directly inhibiting the enzyme, Factor Xa, a clotting factor in the blood.	96.9	20.2
<i>Olmetec</i>	<i>(olmesartan)</i>	Antihypertensive agent	2002	<i>Olmetec: Olmesartan</i>	20.3	-1.2
<i>Olmetec Plus</i>			2005	<i>Olmetec Plus: A combination drug of olmesartan medoxomil and hydrochlorothiazide (diuretic)</i>		
<i>Sevikar</i>			2009	<i>Sevikar: A combination drug of olmesartan medoxomil and amlodipine besylate (calcium channel blocker)</i>		
<i>Sevikar HCT</i>			2010	<i>Sevikar HCT: A triple combination drug of olmesartan medoxomil, hydrochlorothiazide, and amlodipine besylate</i>		

## ASCA Unit

Brand Name (Generic Name)		Efficacy	Launched	Remarks	Revenue (Billions of yen)	
					FY2021 results	YoY
					114.1	14.5
Enhertu	(trastuzumab deruxtecan)	Anti-cancer agent (HER2 directed antibody drug conjugate)	2022	Antibody-drug conjugate which is composed of a humanized monoclonal antibody specifically targeting HER2, one of the Epidermal Growth Factor Receptor (EGFR) family proteins, and a covalently linked drug (payload) via a cleavable linker. Payload is a potent and membrane permeable DNA topoisomerase I inhibitor which enables elimination of both target tumor cells and the surrounding tumor cells.	1.4	1.4
Lixiana	(edoxaban)	Anticoagulant	2016	Orally active Factor Xa inhibitor. Prevents the formation of blood clots by specifically, reversibly and directly inhibiting the enzyme, Factor Xa, a clotting factor in the blood.	14.3	5.4

## Daiichi Sankyo Healthcare Unit

Brand Name	Efficacy	Revenue (Billions of yen)	
		FY2021 results	YoY
		64.7	-2.5
Lulu	Combination cold remedy		
Loxonin S	Antipyretic analgesic / topical anti-inflammatory analgesic		
Transino	Melasma improvement / treatment against spots and freckles		
Minon	Skincare		
Breath Labo	Oral care		
Clean Dental	Oral care		



Lulu



Minon

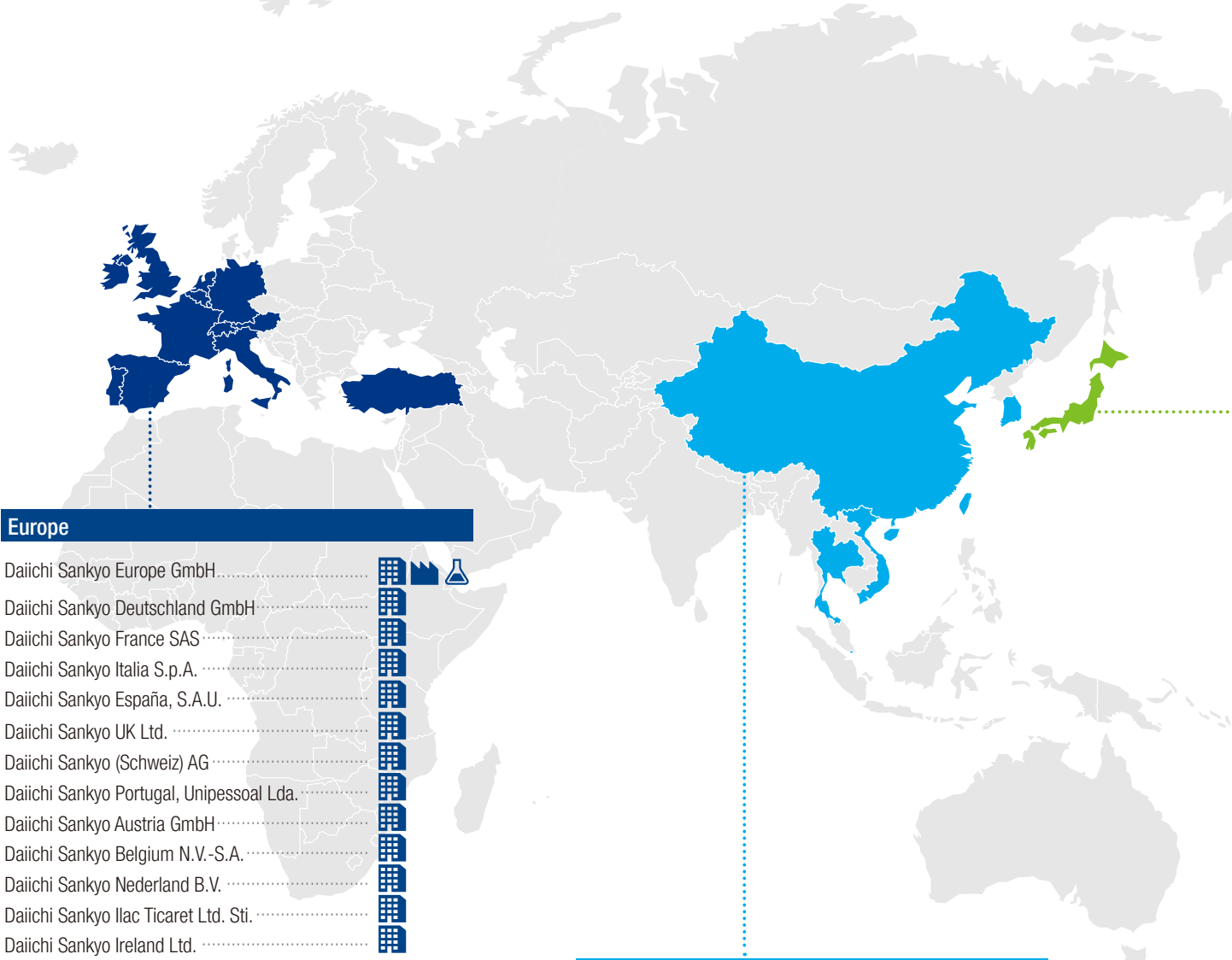


# Corporate Profile / Main Group Companies

## Corporate Profile

(As of March 31, 2022)

<b>Company name</b>	DAIICHI SANKYO CO., LTD.
<b>Established</b>	September 28, 2005
<b>Business</b>	Research and development, manufacturing, import, sales, and marketing of pharmaceutical products
<b>Share capital</b>	¥50,000 million
<b>Number of global employees</b>	16,458
<b>Headquarters</b>	3-5-1, Nihonbashi-honcho, Chuo-ku, Tokyo 103-8426, Japan
<b>Branches</b>	Sapporo, Tohoku, Tokyo, Chiba, Saitama, Yokohama, Kanetsu, Tokai, Kyoto, Kansai, Chugoku, Shikoku, and Kyushu



### Europe

Daiichi Sankyo Europe GmbH	Building, Factory, Flask
Daiichi Sankyo Deutschland GmbH	Building
Daiichi Sankyo France SAS	Building
Daiichi Sankyo Italia S.p.A.	Building
Daiichi Sankyo España, S.A.U.	Building
Daiichi Sankyo UK Ltd.	Building
Daiichi Sankyo (Schweiz) AG	Building
Daiichi Sankyo Portugal, Unipessoal Lda.	Building
Daiichi Sankyo Austria GmbH	Building
Daiichi Sankyo Belgium N.V.-S.A.	Building
Daiichi Sankyo Nederland B.V.	Building
Daiichi Sankyo Ilac Ticaret Ltd. Sti.	Building
Daiichi Sankyo Ireland Ltd.	Building
Daiichi Sankyo Altkirch Sarl	Factory, Flask
Daiichi Sankyo Oncology France S.A.S	Flask
Daiichi Sankyo Nordics	Building
Daiichi Sankyo Northern Europe GmbH	Building

**Number of Employees : 2,279**

### ASCA\*

Daiichi Sankyo (China) Holdings Co., Ltd.	Building, Factory, Flask
Daiichi Sankyo Taiwan Ltd.	Building, Flask
Daiichi Sankyo Korea Co., Ltd.	Building, Flask
Daiichi Sankyo (Thailand) Ltd.	Building, Flask
Daiichi Sankyo Vietnam Co., Ltd.	Building, Flask
Daiichi Sankyo Hong Kong Ltd.	Building, Flask
Daiichi Sankyo Brasil Farmaceutica LTDA.	Building, Factory, Flask

\* Asia, South & Central America

**Number of Employees: 2,338**

-  Sales
-  Manufacturing
-  Research and development

## North America

Daiichi Sankyo, Inc. ....  
American Regent, Inc. ....



Number of Employees: **2,706**

## Japan

Daiichi Sankyo Espha Co., Ltd. ....  
Daiichi Sankyo Healthcare Co., Ltd. ....  
Daiichi Sankyo Propharma Co., Ltd. ....  
Daiichi Sankyo Chemical Pharma Co., Ltd. ....  
Daiichi Sankyo Biotech Co., Ltd. ....  
Daiichi Sankyo RD Novare Co., Ltd. ....  
Daiichi Sankyo Business Associe Co., Ltd.  
Daiichi Sankyo Happiness Co., Ltd.



Number of Employees: **9,135**

## Number of Bases

(As of April 1, 2022)

Group companies

**52**

Number of countries/regions with bases

**26**

R&D bases

**17** bases in

**10** countries/regions

Production bases

**13** bases in

**6** countries/regions

# ESG (Environmental, Social, and Governance) Data

## Environmental

### Promoting Environmental Management

Aspect	Classification	Item	Scope*1	Unit	FY2019	FY2020	FY2021	
CO <sub>2</sub>	CO <sub>2</sub> emissions		In Japan	t-CO <sub>2</sub>	152,486	130,572	✓ 143,774	
			Global	t-CO <sub>2</sub>	207,035	182,865	✓ 191,399	
	CO <sub>2</sub> emissions by Greenhouse Gas Protocol	Scope 1*2		In Japan	t-CO <sub>2</sub>	78,597	69,103	✓ 68,736
				Global	t-CO <sub>2</sub>	100,411	86,785	✓ 88,249
		Scope 2*2		In Japan	t-CO <sub>2</sub>	73,889	61,468	✓ 75,038
				Global	t-CO <sub>2</sub>	106,624	96,080	✓ 103,150
		Scope 3, category 1		In Japan	t-CO <sub>2</sub>	612,885	609,954	✓ 513,874
Energy*3*5	Total energy used*4		In Japan	1,000GJ	2,967	2,658	✓ 2,818	
			Global	1,000GJ	3,853	3,710	✓ 3,903	
	Electricity*5		Global	1,000GJ	2,040	1,976	2,034	
	Renewable electricity		Global	1,000GJ	—	161	210	
	Renewable electricity utilization rate*5		Global	%	—	7.5	✓ 9.4	
Water resources	Water consumed		Global (Factories and research laboratories)	1,000m <sup>3</sup>	9,356	8,395	✓ 8,486	
	Water discharged		Global (Factories and research laboratories)	1,000m <sup>3</sup>	9,111	8,113	✓ 8,464	
Waste	Total amount of industrial waste, etc. discharged (outsourced waste treatment)		Global (Factories and research laboratories)	t	12,366	11,890	✓ 9,998	
	Waste plastic recycling rate*6		Global (Factories and research laboratories)	%	—	—	✓ 59.3	
	Disposal of hazardous waste*6		Global (Factories and research laboratories)	t	—	—	✓ 4,350	

✓ Information with this mark is assured by KPMG AZSA Sustainability Co., Ltd.

## Social

### Mutual Growth of Employees and the Company

Aspect	Classification	Item	Scope*1	Unit	FY2019	FY2020	FY2021	
Employees	Employee data*7	Number of employees by region	In Japan	Persons	8,754	8,979	✓ 9,135	
			Outside Japan	Persons	6,594	7,054	✓ 7,323	
			Global	Persons	15,348	16,033	✓ 16,458	
		Number of male employees	In Japan	Persons	6,608	6,683	✓ 6,753	
			Outside Japan	Persons	3,232	3,410	✓ 3,504	
			Global	Persons	9,840	10,093	✓ 10,257	
		Number of female employees	In Japan	Persons	2,146	2,296	✓ 2,382	
			Outside Japan	Persons	3,362	3,644	✓ 3,819	
			Global	Persons	5,508	5,940	✓ 6,201	
		Average years of service	In Japan	Male	Years	20.4	20.9	21.1
				Female	Years	15.2	15.1	15.4
				All	Years	19.1	19.4	19.6
		New employees	In Japan	Male	Persons	218	187	166
				Female	Persons	154	140	136
				All	Persons	372	327	302
			(non-consolidated: 236)		(non-consolidated: 211)	(non-consolidated: 155)		
			Global	Male	Persons	885	777	769
				Female	Persons	850	749	842
				All	Persons	1,735	1,526	1,611
		Employees	Diversity*7	Percentage of female employees	In Japan	%	24.5	25.6
Outside Japan	%				51.0	51.7	✓ 52.2	
Global	%				35.9	37.0	✓ 37.7	
Female employees in managerial positions	In Japan			Persons	213	235	✓ 248	
				%	7.3	7.9	✓ 8.4	
				Persons	1,097	1,258	✓ 1,357	
	Outside Japan			%	49	49	✓ 49	
				Persons	1,310	1,493	✓ 1,605	
				%	25.3	26.9	✓ 28.1	
Percentage of female in senior managerial employees*8	In Japan			%	1.7	3.7	4.4	
	Global			%	22.8	16.3*9	17.9	
Employment rate of people with physical or mental disabilities	In Japan			%	2.33	2.34	✓ 2.35	
Positive response rate (%) on corporate culture & work environment through engagement survey	Global			%	—	—	75	
Human resource development	Amount of training/development investments per employee			Global	Yen	—	96,186	121,065
	Turnover rate (due to personal reasons)			Global	%	5.3	4.1	5.2
	Positive response rate (%) on development & growth opportunities through engagement survey			Global	%	—	—	68

✓ Information with this mark is assured by KPMG AZSA Sustainability Co., Ltd.

## Mutual Growth of Employees and the Company

Aspect	Classification	Item	Scope*1	Unit	FY2019	FY2020	FY2021
Employees	Occupational health and safety	Lost time injuries frequency rate*10	In Japan	—	0.41	0.12	0.17
			Outside Japan*11	—	2.56	2.09	2.31
			Global*11	—	1.34	1.01	1.11
	Labor union	Coverage of collective bargaining	Global	Persons	—	0	0
			In Japan	%	100	100	100
			Global	%	68	82	88

Information with this mark is assured by KPMG AZSA Sustainability Co., Ltd.

## Enhancement of Communication with Stakeholders

Aspect	Classification	Item	Scope*1	Unit	FY2019	FY2020	FY2021
Patients and medical professionals	Evaluation of corporate stance and MR activities	Overall assessment of MRs (all responding physicians)*12	In Japan	Rank	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>
		Overall assessment of MRs (hospital doctors)*12	In Japan	Rank	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>
		Overall assessment of MRs (private-practice physicians)*12	In Japan	Rank	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>
	Number of inquiries received by the product information center from outside the Company (prescription pharmaceutical)		In Japan	Cases	90,000	70,000	70,000

## Improving Access to Healthcare

Aspect	Classification	Item	Scope*1	Unit	FY2019	FY2020	FY2021
Social	Number of people who received breast cancer/cervical cancer screening	Aggregate (January to March)	In Nepal	Persons	—	186	1,091
		Aggregate (January to December)	—	Cases	4	6	4

## Social Contribution Activities

Aspect	Classification	Item	Scope*1	Unit	FY2019	FY2020	FY2021
Social	Amount of contributions		In Japan	Millions of yen	1,396	1,464	1,356
Employees	Number of employees taking short-term volunteer leave		In Japan	Persons	16	0	11

## Governance

Aspect	Classification	Item	Scope*1	Unit	FY2019	FY2020	FY2021
Governance	Structure of Board of Directors	Directors	Non-consolidated	Persons	9	9	9
		Number of outside directors	Non-consolidated	Persons	4	4	4
		Number of female directors	Non-consolidated	Persons	1	1	1
	Structure of Audit & Supervisory Board	Number of Audit & Supervisory Board Members	Non-consolidated	Persons	5	5	5
		Number of Outside Audit & Supervisory Board Members	Non-consolidated	Persons	3	3	3
		Number of Outside Audit & Supervisory Board Members (female)	Non-consolidated	Persons	2	2	2
	Remuneration of Directors	Total	Non-consolidated	Millions of yen	683	547	959
	Remuneration of Audit & Supervisory Board Members	Total	Non-consolidated	Millions of yen	120	120	154

## Promoting Compliance Management

Aspect	Classification	Item	Scope*1	Unit	FY2019	FY2020	FY2021
Compliance	Compliance training	Total	In Japan	Persons	593	615	549
		Training on Daiichi Sankyo Group Individual Conduct Principles	Outside Japan	Persons	Approx. 3,140	4,813	Approx. 4,270
	Corporate culture through an employee survey*6	Positive response rate	Global	%	—	—	84
	Compliance Data	Number of allegations received	Global	Reports	248	185	157
		Ratio of GVP-related employees undergoing training	Non-consolidated	%	100	100	100
	GVP*14 compliance training	Number of employees undergoing training for all employees	Non-consolidated	Persons	5,822	5,849	5,873
	Development-related training (including GCP)	Aggregate number of e-learning programs and group training sessions	Non-consolidated	Times	92	141	127
	Number of recalls (class 1*15)	Number of recalls	Global	Reports	0	0	0

\*1 In Japan: Daiichi Sankyo (non-consolidated) and consolidated subsidiaries in Japan. Outside Japan: consolidated overseas subsidiaries. Global: Daiichi Sankyo (non-consolidated) and all its consolidated subsidiaries.

\*2 Scope 1: For sites in Japan, the emission factors stipulated by the Act on Promotion of Global Warming Countermeasures are used. The emissions from renewable energy and waste incineration are included. For overseas sites, the emission factors stipulated by each country's regulations are generally used. If the specific factors are not available, the emission factors stipulated by the Act on Promotion of Global Warming Countermeasures are used. Scope 2: Generally, the emission factors are determined by the power contract or each country's regulations. If the specific factors are not available, the latest factors (as of 2019) published by the International Energy Agency (IEA) are used instead. The emissions from renewable energy are included.

\*3 The unit calorific values defined by the Act on the Rational Use of Energy are used to calculate the energy consumption of electricity and fuel.

\*4 Including renewable energy purchased externally and renewable energy used for on site power generation.

\*5 Starting in FY2020, the indicated values are divided between renewable energy derivatives and non-renewable energy derivatives.

\*6 Indicated starting in FY2021

\*7 The number of employees as of the settlement date of each Group company (as of March 31, 2022, for FY2021)

\*8 Percentage of women who are in positions equivalent to division heads or higher positions

\*9 The definition of senior managerial employees in Group companies has been changed since FY2020.

\*10 Number of work-related deaths and injuries ÷ total number of hours actually worked × 1,000,000

\*11 The number of work-related deaths and injuries is calculated by counting the number of cases that involved at least a day of leave.

\*12 The overseas and global frequency rates for FY2019 to FY2020 were revised based on the revised total number of hours worked overseas.

\*13 Conducted by ANTERIO Inc. (FY2019–FY2021)

\*14 Global Health Innovative Technology Fund

\*15 A Good Vigilance Practice: Standard for post-marketing safety control of pharmaceuticals, quasi-pharmaceutical products, cosmetics, and medical devices

\*16 A situation where there is a reasonable probability that the use of or exposure to the product will severely affect the health or cause death



The Company updates its corporate website with other ESG data.

<https://www.daiichisankyo.com/sustainability/performance-reports/esg/>



# Independent Assurance Report for Environmental and Social Indicators



## Independent Assurance Report

To the President and CEO of Daiichi Sankyo Co., Ltd.

We were engaged by Daiichi Sankyo Co., Ltd. (the “Company”) to undertake a limited assurance engagement of the environmental and social performance indicators marked with ☒ (the “Indicators”) for the period from April 1, 2021 to March 31, 2022 included in its Value Report 2022 (the “Report”) for the fiscal year ended March 31, 2022.

### The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company’s reporting criteria”), as described in the Report.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and the ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company’s responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company’s reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and recalculating the Indicators.
- Making inquiries and reviewing materials including documented evidence of the Odawara plant of Daiichi Sankyo Chemical Pharma Co., Ltd. selected on the basis of a risk analysis, as alternative procedures to a site visit.
- Evaluating the overall presentation of the Indicators.

### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the Report.

### Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Kazuhiko Saito, Partner, Representative Director  
KPMG AZSA Sustainability Co., Ltd.  
Tokyo, Japan  
October 28, 2022

## Inclusion in ESG Indices in Reflection of External CSR and ESG Evaluations

Our ongoing efforts to address sustainability issues have been highly appreciated, resulting in the Group being selected for the following ESG indices as of September 2022.

### Selected for the “World Index” in the pharmaceutical sector for five consecutive years

Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

#### Items that received the highest appraisal in the pharmaceutical sector

Economic aspects	• Marketing Practice
Environmental aspects	• Environmental Reporting • Environmental Policy & Management System
Social aspects	• Social Reporting

The Dow Jones Sustainability Indices (DJSI), managed by S&P Global are ESG indices evaluating the sustainability of a company and provides important criterion for investors to select investment targets. The Company has been included in the DJSI World Index for five consecutive years from 2017 and the DJSI Asia/Pacific for twelve consecutive years from 2010. Specifically, the Company was recognized for its strong performance in the areas of Marketing Practice, Environmental Reporting, Environmental Policy & Management System and Social Reporting.

### Selected consecutively for fourteen years/six years



FTSE4Good



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index

The FTSE4Good Index Series and the FTSE Blossom Japan Index are indices that reflect the performance of corporations that excel in environmental, society, and governance (ESG) factors, established by FTSE Russell, a global index provider and wholly-owned subsidiary of the London Stock Exchange.

The Company has been selected for fourteen consecutive years from 2009 as a component of the FTSE4Good Global Index and for six consecutive years from 2017 as a component of the FTSE Blossom Japan Index. Also, we have been selected as a constituent of the FTSE Blossom Japan Sector Relative Index (launched in March 2022), a selective ESG index evaluated from three perspectives: FTSE Russell's ESG rating, carbon emission intensity (greenhouse gas emissions based on sales volume), and a company's management policy of climate change risks and opportunities. This index is one of five indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stock.

This index is one of five indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stocks.

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Daiichi Sankyo Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of Japanese companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products. FTSE Russell confirms that Daiichi Sankyo Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

### Selected consecutively for five years

#### 2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

The MSCI Japan Empowering Women (WIN) Select Index is an index of MSCI in the U.S. that assesses gender diversity in corporations such as the percentage of females among new recruits, employees, average work years and the percentage of female executives, and comprises corporations that excel in these factors. The Company has been included in this index for five consecutive years from 2018. This index is one of five indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stocks.

### Selected consecutively for four years

#### 2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

The MSCI Japan ESG Select Leaders Index is an index of MSCI in the U.S. that comprises corporations among corporations included in the MSCI Japan IMI Top 700 Index that are highly assessed in ESG (environment, society, and governance) evaluations. The Company has been included in this index for four consecutive years from 2019. This index is one of five indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stocks.

THE INCLUSION OF DAIICHI SANKYO CO., LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF DAIICHI SANKYO CO., LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

### Selected consecutively for seven years



The SOMPO Sustainability Index, independently managed by SOMPO Asset Management Inc., is an index for pension funds and institutional investors that invest broadly in companies with high ESG (environmental, social and governance) ratings. Approximately 300 companies are selected each year, and we have been selected for seven consecutive years.

(As of September 2022)

# Shareholders' Information

## Common Stock (As of March 31, 2022)

Number of shares authorized	8,400,000,000
Number of shares issued	1,947,034,029
	(including 30,247,523 treasury shares)
	* Treasury shares as of April 15, 2021 180,000,000 shares were retired.
Number of shareholders	106,373

## Major Shareholders (As of March 31, 2022)

Name	Number of Shares Held (Thousands of shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	339,508	17.71
Custody Bank of Japan, Ltd. (trust account)	158,722	8.28
JP MORGAN CHASE BANK 385632	134,325	7.01
Nippon Life Insurance Company	85,863	4.48
STATE STREET BANK AND TRUST COMPANY 505001	49,650	2.59
Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	43,208	2.25
SSBTC CLIENT OMNIBUS ACCOUNT	36,731	1.92
The Shizuoka Bank, Ltd.	32,922	1.72
STATE STREET BANK WEST CLIENT - TREATY 505234	30,811	1.61
JP MORGAN CHASE BANK 385781	24,722	1.29

Notes: 1. The Company held 30,247,523 treasury shares as of March 31, 2022, which are excluded from the above list.  
2. Treasury shares are not included in the computing of equity stake.

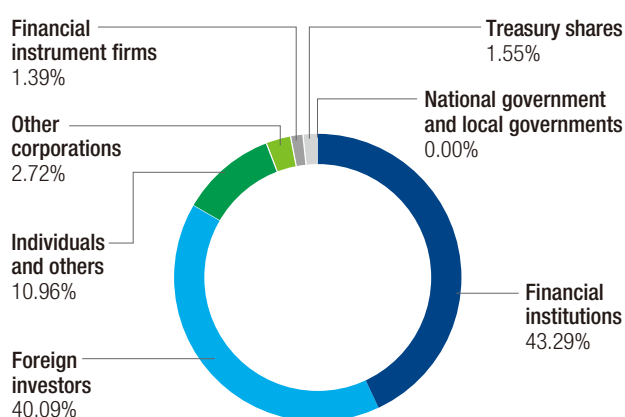
## Share Registrar

Mitsubishi UFJ Trust and Banking Corporation

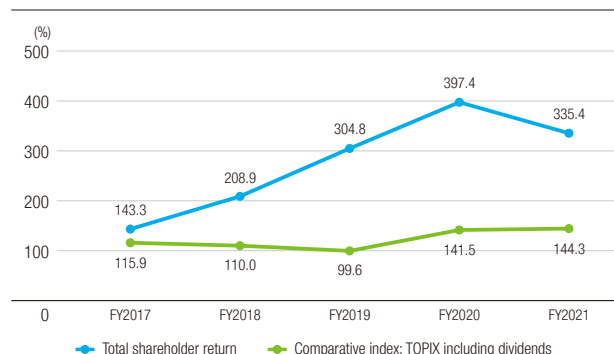
### Mailing address and telephone number:

Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division  
Shin-TOKYO Post Office post office box No.29, 137-8081, Japan  
Tel: 0120-232-711 (toll free within Japan)

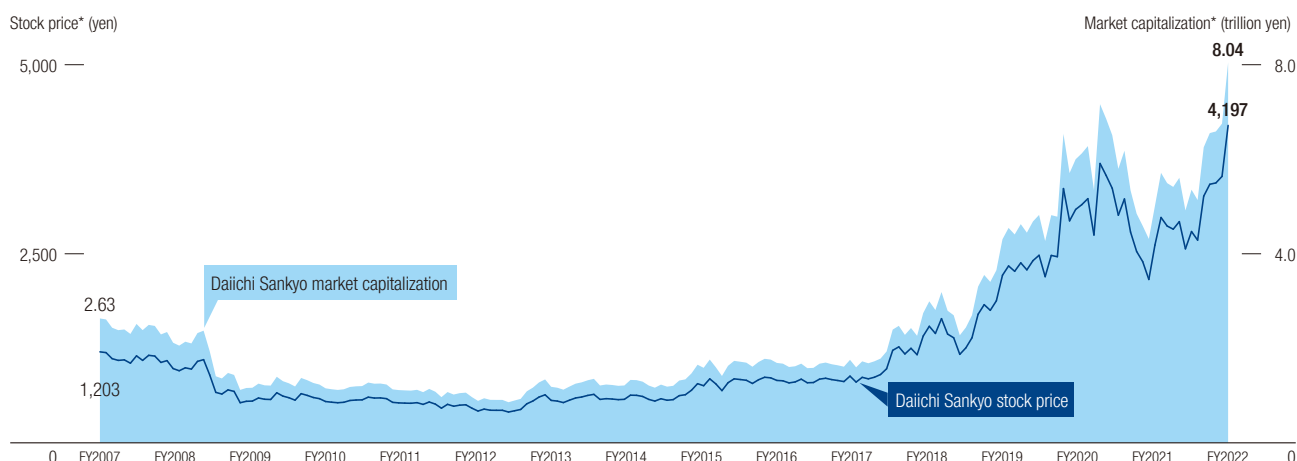
## Distribution of Shareholders (As of March 31, 2022)



## Trends in Total Shareholder Return



## Market Capitalization and Changes in Stock Price



\* Stock prices and market capitalization are based on closing price at the end of month from March 2007 to August 2022. Stock price is post-share split base (Effective October 1, 2020, Daiichi Sankyo implemented a three-for-one share split of its ordinary shares). Market capitalization is calculated excluding treasury stocks.





## External Evaluations

(as of September 30, 2022)

Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA



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**2022 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)**

**2022 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX**

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"Eruboshi"  
Certification Mark



"Monisu"  
Certification Mark



"Kurumin"  
Certification Mark



Logo given to Certified Health and Productivity Management Organization (White500)



**DAIICHI SANKYO CO., LTD.**

3-5-1, Nihonbashi-honcho, Chuo-ku, Tokyo 103-8426, Japan  
Sustainability Promotion Department

Contact  
<https://www.daiichisankyo.com/contact/form/index.php>



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