Daiichi-Sankyo

Daiichi Sankyo Group

Value Report 2024

Passion for Innovation.
Compassion for Patients.™

DAIICHI SANKYO CO., LTD.

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Sustainability Department

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Explanation of the Cover

This cover embodies our commitment to continuously innovate and grow toward realizing our Group's Purpose of contributing to the health and enriched lives of people around the world, leveraging the Science & Technology (S&T), our greatest strength and the driving force behind the value creation.

Notes on the Publication of the Value Report 2024

In the Value Report, we aim to communicate the challenges and activities we are addressing from short-, medium-, and long-term perspectives to realize our Purpose and achieve the Vision of our Group. Additionally, we strive to convey our sustainable value creation cycle model, driven by initiatives that provide and co-create value with stakeholders, as a cohesive story. For the 2024 edition, we have structured the report into two sections to make these points more comprehensible for our readers. The first half focuses on the Value Creation Story, while the second half is dedicated to sustainability reporting, specifically disclosing ESG information. We hope that this report will help our stakeholders gain a deeper understanding of our Group's initiatives and encourage more constructive dialogue and efforts toward value co-creation.

Editorial Policy

Since FY2013, we have been issuing the Value Report, our integrated report. This report, which refers to the IIRC framework, provides updates on our sustainability activities and their outcomes as we work toward enhancing corporate value and realizing our Purpose and Vision. We position this report as a communication tool to help our shareholders and investors understand our initiatives aimed at achieving long-term corporate value and a sustainable society.

Reporting Scope

Reporting Period: April 1, 2023 to March 31, 2024 (FY2023), with some information included from after April 2024.

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

Inquiries Regarding the Value Report

Sustainability Department
https://www.daiichisankyo.com/contact/form/index.php

Sustainability-Related Information

Value Report

A communication tool designed to explain our company's short-, medium-, and long-term value creation process from both financial and non-financial perspectives, helping stakeholders understand the story behind our efforts to achieve sustained corporate value enhancement. Additionally, it serves as a tool for reporting our annual activities and data from an ESG perspective.

Environmental Data Book

A communication tool designed to help stakeholders understand our Group's environmental management initiatives, providing information from the Value Report and environmental data on our website, along with supplementary information

Sustainability Website

A comprehensive communication tool designed to help stakeholders fully understand Daiichi Sankyo's sustainability activities and philosophy, as we work toward achieving our Purpose and achieving a sustainable environment, society, and economy."

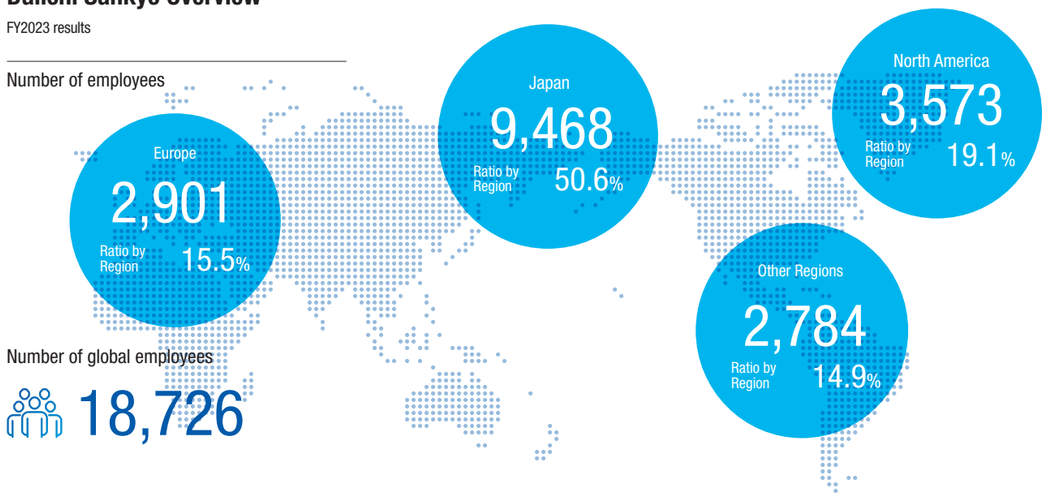
Guideline Reference Table

A reference table comparing the principles and standards of various guidelines (UN Global Compact, GRI Standards, Environmental Reporting Guidelines 2018) with our company's disclosure information.

At a Glance

Daiichi Sankyo Overview

FY2023 results



Number of global employees

18,726

Countries/regions with Group presence

30 countries and regions

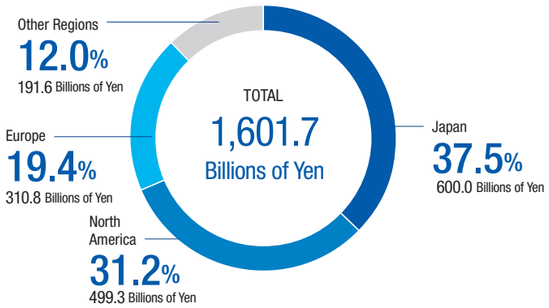
R&D locations

20 sites

Production locations

13 sites

Revenue by Region



Strengths in SCIENCE & TECHNOLOGY

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

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
- Intelligent Failure, a culture to learn from mistakes
- Penetration of Core Behaviors with the aim of fostering One DS Culture

Core Technologies

- Proprietary ADC technology platform
- Protein engineering, medicinal chemistry
- Pharmacological efficacy, translational research, and research DX infrastructure to support the above

Financial Highlights

FY2023 results

Revenue

1,601.7 Billions of Yen

FY2025 financial estimate 2.1trillion yen

Core Operating Profit (Amount and Ratio before R&D Expense)

559.6 Billions of Yen/ 34.9%

FY2025 Target 40%

Major Products Worldwide (Enhertu® / Lixiana®)

Enhertu 449.2 Billions of Yen

Lixiana 287.7 Billions of Yen

R&D Expenses (Amount and Ratio)

364.3 Billions of Yen/ 22.7%

ROE

12.8%

FY2025 Target Over 16.0%

DOE*

6.1%

FY2025 Target Over 8.0%

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

Non-Financial Highlights

FY2023 results

CO_2 emissions reduction rate (compared to FY2015 level)

Scope1 + Scope2

49.8%

FY2025 Target Reduction of 42% (compared to FY2015 level)

Number of countries and regions where Enhertu has been launched / Number of patients treated

53 countries and regions

approximately 52,400 patients

Positive Response Rate in Engagement Survey

79%
Corporate Culture / Work Environment

76%
Development and Growth Opportunities

FY2025 Target 80% or more, or an increase of 10% or more compared to FY2021

Ratio of Female Senior management employees*

18.7%

FY2025 Target 30%

*Female employees in the position of division head or equivalent or higher

CEO Message

Moving to the Next Stage, Confident in Becoming a Global Pharma Innovator with Competitive Advantage in Oncology

Representative Director, Executive Chairperson & CEO

Introduction

To our stakeholders, I would like to express my sincere gratitude for your continuing support and understanding of our business.

In FY2023, the third year of our current 5-year Business Plan (FY2021-FY2025), we made significant progress in expanding the sales and obtaining new indications for our main product, Enhertu®*1. The development of Dato-DXd*2 and HER3-DXd*3, which will follow Enhertu, has also progressed smoothly towards their market launch. Additionally, we have commenced a strategic alliance with Merck & Co., Inc., Rahway, NJ, USA (Merck) for HER3-DXd, I-DXd*4, and DS-6000*5, of which we have accumulated favorable clinical data, further enhancing the product potential. As a result, the development plans for the three partnered products have been rapidly expanding. With the smooth progress of the current 5-year business plan, we have gained greater confidence in achieving our FY2025 target of becoming a "Global Pharma Innovator with Competitive Advantage in Oncology." We are now moving towards a new stage to realize our 2030 Vision of becoming an "Innovative Global Healthcare Company Contributing to the Sustainable Development of Society." While striving to expand our revenue and profit, we are making investments for future growth. We are fully committed as a company to continuously enhancing our corporate value.

The successful establishment of the strategic alliance with Merck can be seen as evidence of the smooth start of the new regime under our new president, Mr. Okuzawa. As our company rapidly transforms into a global healthcare company, leadership that drives both growth strategies and internal transformation with a long-term perspective is crucial, along with effective business execution. President Okuzawa possesses both perspectives and capabilities, and in FY2023, he has driven further transformation to strengthen the executive structure and expand our global business. As global attention towards our company increases, we should meet the expectations of various global stakeholders and fulfill our corporate responsibilities appropriately. However, we will continue to work together as a group to achieve our Purpose, Mission, and 2030 Vision.

Looking at society, we face various changes and numerous challenges towards a sustainable society, such as the intensification of weather disasters and damage to infrastructure due to climate change, conflicts in various regions including the prolonged Russian invasion of Ukraine, and the acceleration of digital transformation (DX) and changes in life and work due to AI. In particular, the COVID-19 pandemic, which emerged in 2020, has left a significant mark on our lives, reinforcing the recognition that a sustainable society cannot be achieved without the health of its people. We have once again embraced the importance of our purpose, "Contribute to the enrichment of quality of life around the world," and are committed to practicing purpose-driven management.

*1 anti-HER2 ADC, Trastuzumab Deruxtecan (generic name)
*2 anti-TROP2 ADC, Datopotamab Deruxtecan (generic name)
*3 anti-HER3 ADC, Patritumab Deruxtecan (generic name)
*4 anti-B7-H3 ADC, Ifinatamab Deruxtecan (generic name)
*5 anti-CDH6 ADC, raludotatug deruxtecan (generic name in Japan not yet determined)

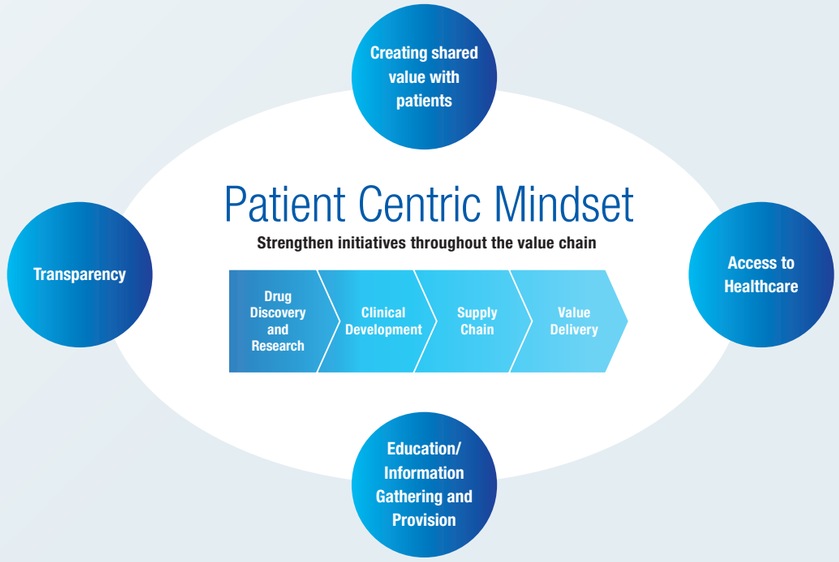
CEO Message

Practicing Purpose-Driven Management

For over 100 years, we have created numerous new drugs and delivered them to patients suffering from illnesses. We always consider what we can do for patients and practice purpose-driven management. When infectious diseases were a social issue, we contributed by introducing antibiotics. As the number of patients with lifestyle-related diseases increased, we released treatments for hypercholesterolemia, hypertension, and anticoagulants, thereby aiding patients. More recently, in response to the medical needs for cancer and emerging and re-emerging infectious diseases, we have launched and provided anti-cancer drugs and COVID-19 vaccines. By continuing the legacy of our founding DNA in drug discovery, we strive to continuously enhance Daiichi Sankyo's commitment to society.

We believe that this DNA of drug discovery is embodied in "Science & Technology", which we position as our greatest strength. The technology of drug development and the successful experiences of drug discovery have been cultivated and passed down within our organization, fostering the *craftsmanship* for creating drugs. Our Group's research institutes have an organizational culture that allows researchers to challenge uncertain and unexplored areas driven by their scientific curiosity and hypotheses. Despite facing numerous failures, we continue to take on valuable challenges, share the lessons learned, and apply them to future endeavors. The accumulation of this cycle has led to the buildup of unique knowledge and experience, which serves as the source of continuous innovation.

The passion supporting researchers who challenge innovation is driven by a "Patient Centric Mindset." If we can deliver the new drugs we create more quickly and to more patients, providing effective treatments, it will improve their lives and enhance the health of society as a whole. This is the very essence of practicing our Purpose. By positioning "compassion for patients and passion for innovation" at the core of our corporate activities, and ensuring that not only researchers but also individuals across all organizations embrace "Patient Centric Mindset," we will promote Patient Centricity initiatives throughout the entire value chain and practice purpose-driven management.



Towards a Innovative Global Healthcare Company

Last year, we entered into a strategic alliance with Merck for three DXd ADC products, which we believe was the best choice for achieving sustainable growth. For HER3-DXd, I-DXd, and DS-6000, we have accumulated favorable clinical data and have moved to a stage where we plan to maximize the value of these products. In addition, as many oncology companies are focusing on the development of ADCs and the development competition intensifies, the need to enhance capacity, resources, and capabilities to maximize the DXd ADC franchise has increased. Through joint development and co-promotion with Merck, we aim to maximize the value of these products. This alliance will enable us to "deliver innovative drugs to more patients more quickly," which aligns with our group's Purpose, "Contribute to the enrichment of quality of life around the world," and our Mission, "Create innovative pharmaceuticals addressing diverse medical needs." The alliance will accelerate the development of the three DXd ADC products, and by leveraging Merck's sales network, we will expand the countries and regions where they are marketed.

At the same time, we recognize that we are entering a period of rapid business expansion and globalization at an unprecedented level, necessitating the expansion and restructuring of our management foundation in various areas, including human resources and organizational structure. To promote global management, we are transforming our organization from regional management to global cross-functional management. We are building a structure to quickly share success stories and other key information from all organizations globally. Additionally, we are appointing many international talents to the roles of global heads of various functions, thereby strengthening our management foundation to enable rapid decision-making with diverse perspectives and a global outlook. In April of this year, we launched the "DS Academy" as a program to develop future global leaders. To ensure that Daiichi Sankyo provides value continuously and globally, lectures are given by our own executives in addition to outside experts. The program will focus on understanding the history of the Daiichi Sankyo Group as a century-old company and its DNA of innovation. We plan to develop the next generation of leaders by enhancing advanced management skills and the ability to view the business from a long-term and ultra-long-term perspective.

Amidst such rapid globalization and organizational transformation, the foundation of our group management towards realizing our Purpose and Vision is our "Core Behaviors," consisting of three modes of behaviors: "Be Inclusive & Embrace Diversity," "Collaborate & Trust," and "Develop & Grow." We are fostering a corporate culture where employees around the world, sharing common behaviors, can cooperate and trust each other, aiming to create a comfortable workplace where each individual's abilities and skills can be fully utilized. As part of our efforts to foster these behaviors, we hold discussions at the executive level based on the results of our annual engagement survey, and I communicate our global commitment to all employees. In FY2023, we promoted initiatives under the theme of "Fostering a Culture of Learning" and shared best practices through the Core Behavior Awards, where we recognized employees who exemplify the Core Behaviors. We believe that by having each employee globally collaborate towards common goals, we can continuously create innovative pharmaceuticals and provide better value to our customers.

CEO Message

Value Creation by the Daiichi Sankyo Group

Our Group leverages “Science & Technology” as its greatest strength to continuously create innovative pharmaceuticals and provide medicines that meet diverse needs. We practice long-term management to sustain the value creation model of our Group. Our strength in “Science & Technology” is the source of our sustainable value creation, and our DNA of drug discovery has been continuously passed down throughout the long history of our Group. Since last year, we have been promoting the Innovation Hub concept with the aim of actively incorporating the world’s most advanced technologies. Through the establishment of research centers in the Boston area in the U.S., a center of research innovation in life sciences, and in Europe, we plan to drive innovation in our research activities by leveraging external partnerships and resources.

Human resources are the most important capital driving sustainable value creation based on our strength in “Science & Technology.” To globally expand our oncology business, we believe that acquiring and developing diverse talent and implementing effective talent management are the sources of our competitive advantage. We are currently strengthening our human resources foundation, including our global organizational structure and human resources systems. In Japan, we are promoting initiatives to transform into a more productive and efficient organization in response to changes in the Japanese business environment. In addition, we are advancing the development of specialized professionals, including global professionals, bio-professionals, and DX professionals.

As a pharmaceutical company conducting business globally, we must address unmet medical needs, improve access to medicines, respond to global environmental issues, maintain high ethical standards as a life science company, and meet various social demands and expectations related to ESG. We must also sincerely address and respond to matters specific to each country and region. Therefore, we are promoting dialogue with stakeholders, including patients and investors, to flexibly respond to new social issues and changes in the social environment and to incorporate external perspectives into our management strategy. Through dialogue, we identify key issues that need to be addressed for sustainable growth as Materiality. We practice initiatives that lead to the sustainable development of society and business opportunities, such as creating innovative pharmaceuticals and expanding access to healthcare. By creating shared value with stakeholders, I believe we can provide them with the social and economic value we generate, and reinvesting it as capital in a circular process will achieve sustainable growth for both the company and society. President Okuzawa often expresses the sustainable growth of the company and society with the term *sanpoyoshi* (Three-Way Good), and I completely agree. Without creation of shared value with stakeholders, sustainable growth of the company cannot be achieved.

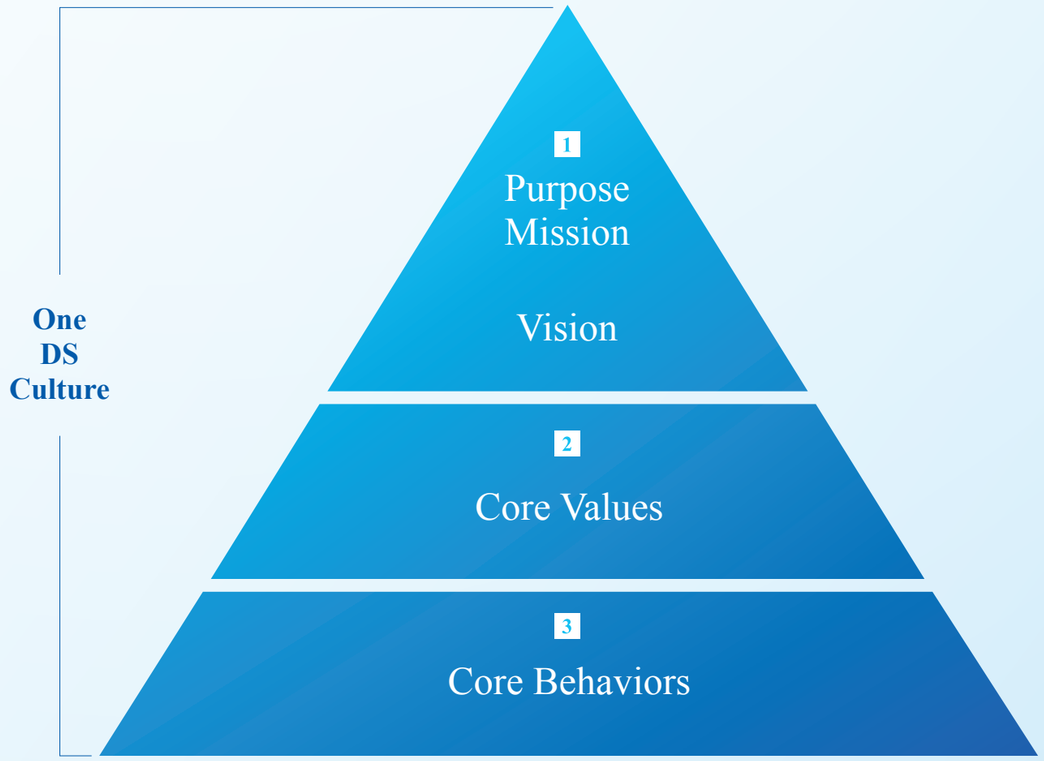
CEO Commitment for the Future

For our sustainable growth towards achieving our Purpose, I believe that enhancing our greatest strength, “Science & Technology,” developing human resources, and fostering “One DS Culture,” which will be the core of our value creation, are of utmost importance. Also linked to the practice of purpose-driven management, the Patient Centric Mindset is the driving force behind the growth of our company and the personal development of employees. I believe it is essential to further strengthen this mindset globally and cross-functionally. When I was young, I had the opportunity to work in a university pathology department, where I realized the importance of a patient-centered approach. In that setting, various departments within the hospital, including pathology, collaborated to ensure that physicians could provide the best diagnosis and treatment. This collaboration in the clinical setting played a crucial role in the diagnosis and treatment of patients. At the center of this collaboration was always the “patient.” As someone who believed that the goal of a pharmaceutical company was to create highly effective and safe drugs, this experience made me strongly recognize that our goal is not merely to manufacture pharmaceuticals, but to contribute to the “patient.”

With the new leadership under President Okuzawa, our company has entered an era of transformation and growth, driven by rapid business expansion and globalization. Additionally, the societal and business environment surrounding our Group is continuously changing, increasing the expectations and responsibilities from all our stakeholders. In such an environment, I am reaffirming the importance of listening to the voices of all our stakeholders, and integrating the various demands and expectations from society into our corporate management, in order to achieve sustainable growth for both the company and society.

For our shareholders and investors, we regularly hold briefings on R&D, Enhertu business, and ESG. We will continue to enhance information disclosure and dialogue in the future. Looking ahead to our 2030 Vision, we will further deepen discussions on the evolution of Materiality, the articulation of social value, and the value we co-create with stakeholders, including patients. As a company, we are united in our efforts to realize our Purpose.

Contribute to the enrichment of quality of life around the world



Daiichi Sankyo Group Philosophy

Purpose

Contribute to the enrichment of quality of life around the world

1 Mission

Create innovative pharmaceuticals addressing diverse medical needs

2030 Vision

Innovative Global Healthcare Company Contributing to the Sustainable Development of Society

2 Core Values

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

3 Core Behaviors

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

Collaborate & Trust
We treat each other with respect and build trust through transparency and willingness to listen, which enables us to collaborate simply and productively

Develop & Grow
We learn, experiment, and take initiative, which enables us to grow together every day and strengthen Daiichi Sankyo's capability

One DS Culture

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

History of the Daiichi Sankyo Group

Challenging to continue contributing to patients throughout a history of over 100 years

Daiichi Sankyo continues to challenge the creation of innovative pharmaceuticals by leveraging the strengths of Science & Technology (S&T) that have been passed down over a long period of 100 years. Moving forward, we will continue to create innovative pharmaceuticals sourced from S&T, addressing the unmet medical needs of each era, and "contributing to the enrichment of quality of life around the world" through the realization of our 2030 Vision.

History as a pharma innovator
(major products over the years)

1899
Launched Taka-Diastase®, a digestive enzyme agent

1902
Adrenalin, an adrenal cortex hormone agent

1915
Began domestic manufacturing of Salvarsan, a therapeutic drug for syphilis

1922
Began manufacturing of Bosmin®, a vasoconstriction/ hemostasis and asthma medicine

1951
Manufactured Chloromycetin®, the first antibiotic produced in Japan

1965
Transamin®, a hemostatic and anti-inflammatory agent

1985
Tarivid®, a broad-spectrum oral antimicrobial agent

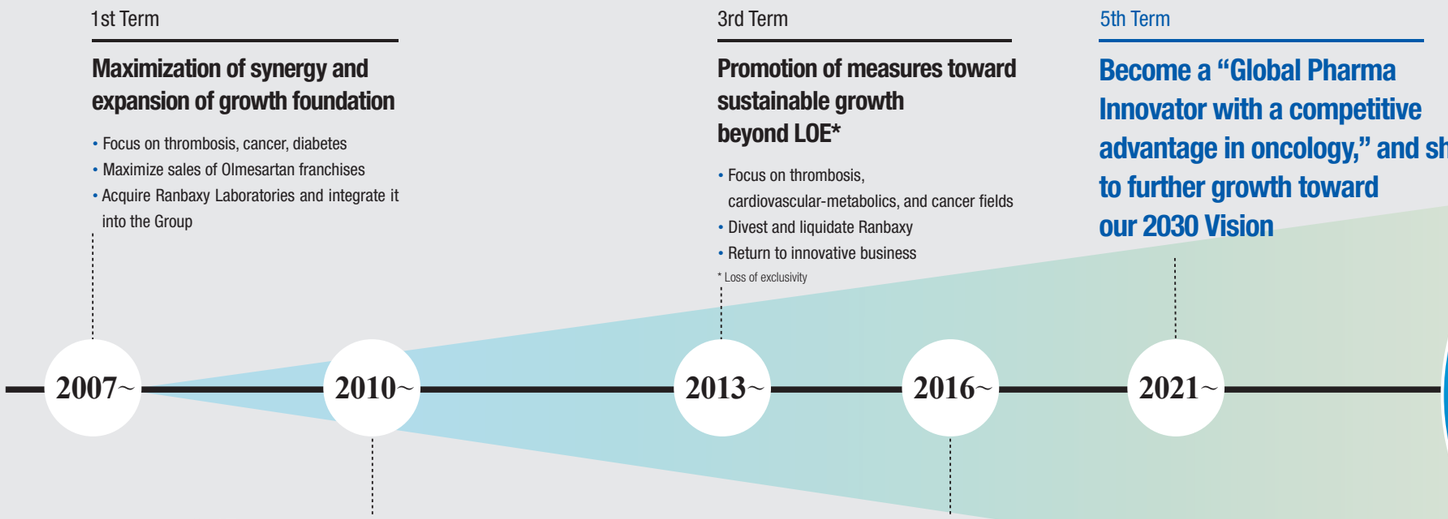
1986
Loxonin®, an anti-inflammatory analgesic

1989
Mevalotin®, hypercholesterolemia treatment

1993
Cravit®, a broad-spectrum oral antimicrobial agent

2002
Olmesartan (Olmetec. in Japan and Europe, Benicar. in the United States), an antihypertensive agent

Our 5-year business plan



1st Term

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

2nd Term

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

3rd Term

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

4th Term

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

- Grow beyond LOE
- Establish a foundation of sustainable growth

5th Term

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

2030 Vision

Innovative Global Healthcare Company Contributing to the Sustainable Development of Society

Breakthrough proprietary products that address "the unmet medical needs" of each era.

Infectious diseases (tuberculosis and pneumonia)	Lifestyle-related diseases	Cancer, dementia, and emerging and re-emerging infectious diseases
	• **2009** Efient®, an antiplatelet agent • **2010** Inavir®, anti-influenza treatment • **2011** Lixiana®, an anticoagulant	• **2019** Tarlige®, pain treatment • **2020** Enhertu®, an anti-cancer agent (HER2 directed antibody drug conjugate) • **2023** DAICHIRONA® for intramuscular injection vaccine against COVID-19

Value Creation Model Leveraging SCIENCE & TECHNOLOGY

Achieving Sustainable Value Creation through Value Co-Creation with Stakeholders

The Daiichi Sankyo Group, as a global pharmaceutical company, is addressing various demands from society, including responding to unmet medical needs. To meet these demands, we invest various forms of capital, including human and intellectual capital, and leverage our strength in Science & Technology—our source of competitive advantage—across the entire value chain. Through the development of pharmaceuticals that address diverse medical needs, the reduction of environmental impact, and the active participation of diverse talents, we provide social and economic value to a wide range of stakeholders, including patients and society at large. We aim to enhance our Group's sustainable corporate value and contribute to the sustainable development of society by co-creating value with stakeholders and continuously circulating the value creation.

Requirements from Society

- Work environments where a diverse range of people can maximize their potential
- Unmet medical needs
- Improved access to pharmaceuticals
- Corporate management with high ethical standards as a life science company
- Global environmental issues
- ESG initiatives, and other requirements

INPUT

Human capital

- Number of global employees: 18,726 (as of March 31, 2024)
  Japan: 9,468, North America: 3,573, Europe: 2,901, Asia, and other regions: 2,784
  Number of new employees (global): 2,840
- Training/development investments: 3.1 billion yen (FY2023)

Intellectual capital

- Oncology and other pipelines
- Technologies and know-how for discovering and delivering new drugs
- Accumulated pharmaceutical information
- Research and development investments: 364.3 billion yen (FY2023)

Manufactured capital

- 13 production sites globally
- Utilization of our collaboration with CMOs (Contract Manufacturing Organizations)
- Capital investments: 89.4 billion yen including CMO investments (FY2023)

Social and relationship capital

- Footprint in 30 countries/regions around the world (FY2023)
- Firm relationship with stakeholders
- Ensuring trust through compliance

Natural capital

- Total energy used: 732,769MWh (FY2023)
- Water consumed: 8,191 kilo m^3 (FY2023)

Financial capital

- Equity capital (total equity): 1.6886 trillion yen (as of March 31, 2024)
- Borrowed capital (total liabilities): 1.7725 trillion yen (as of March 31, 2024)

Our Mission

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

Current 5-year business plan (FY2021 to FY2025)

- Maximize 3ADCs
- Profit growth for current business and products
- Identify and build pillars for further growth
- Create shared value with stakeholders

Sources of Competitive Advantage

Materiality on Business

- Creating Innovative Pharmaceuticals
- Providing a Stable Supply of Top-Quality Pharmaceutical Products
- Providing the Highest Quality Medical Information
- Improving Access to Healthcare

Materiality on Business Foundations

- Promoting Environmental Management
- Promoting Compliance Management
- Corporate Governance Aimed at Fulfilling Our Mission
- Promoting the Success and Development of a Diverse Range of People Who Create Our Competitive Advantages

Core Values／Core Behaviors

OUTPUT

Pharmaceuticals Responding to Diverse Medical Needs

- Innovative pharmaceuticals
- Generic pharmaceuticals Vaccines
- Consumer healthcare products

Reducing Environmental Footprint

(Carbon neutrality)

Diverse Range of People

Value Created for Stakeholders

Patients

Reform standard of care
Improve Quality of Life

Example Outcomes
- Expand Enhertu® indications as well as launched countries and regions
- Achieve early launch and expansion of indications of innovative pharmaceuticals
- Create pharmaceutical information in line with medical needs

Shareholders and investors

Enhance corporate value
Improve total shareholder return

Example Outcomes
- Achieve DOE exceeding the cost of equity

Society and the natural environment

Respond to climate change
Respond to emerging and re-emerging infectious diseases of the future

Example Outcomes
- Decrease CO_2 emissions
- Decrease water consumption

Employees

Encourage the mutual continuous growth of both our employees and our Group

Example Outcomes
- The cultivation of specialized professionals who contribute to the creation of innovation
- Improve engagement

Sustainable enhancement of corporate value through the value creation cycle

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

COO Message

Aim to Become a Strong Organization Capable of Sustained Global Growth by Leveraging the Strengths of Science & Technology and Maximizing the Power of our Human Resources

Representative Director, President & COO

Reflecting on the First Year as President and COO

Last year, my first as President and COO, was a very fulfilling time for me as the company made significant progress towards the achievement of our 2025 Goals, “Global Pharma Innovator with Competitive Advantage in Oncology,” with the decision to form a strategic alliance with Merck & Co., Inc., Rahway, NJ, USA. I am also very pleased that we were able to contribute significantly to the public health and the security in Japan by supplying DAICHIRONA®, the first mRNA vaccine for COVID-19 made in Japan. This achievement is a testament to the strengths of the Science & Technology generated by our people.

Once again, I am reminded that the source of our global growth lies in our people. We are building a solid foundation to bring together highly specialized talent globally, leveraging our strengths in Science & Technology to create innovation, and to deliver these innovations to patients around the world.

One of the areas I have focused on is engaging in dialogue with our employees. During the “President’s Caravan” conducted in FY2023, I visited all our business locations in Japan, conveyed the company’s management policies and my thoughts, and engaged in two-way communication with approximately 9,000 employees. Through the caravan, I felt that employees began to perceive the company’s challenges and goals as their own. This experience also significantly heightened my expectations and confidence in the mutual sustainable growth of employees and the company. In the rapidly growing Daiichi Sankyo, I have the impression that many employees see opportunities to create their own careers through proactive career development. One thing I often convey to employees is the concept of an “Accountable Mindset,” which is the awareness to proactively take action, considering oneself part of the problem until the desired outcome is achieved, to break through the status quo. I believe that when diverse talents from around the world embrace this mindset and find alignment between the company’s Purpose and their own, we can create strong engagement, fostering strong organizations capable of continuous growth.

5-year Business Plan to achieve the 2025 Goals of becoming a “Global Pharma Innovator with Competitive Advantage in Oncology”

Three years have passed since we announced our 5-year business plan (FY2021-FY2025) aimed at achieving the 2025 Goals of becoming a “Global Pharma Innovator with Competitive Advantage in Oncology”. The four strategic pillars towards realizing our 2030 Vision of being an “Innovative Global Healthcare Company Contributing to the Sustainable Development of Society” are all progressing smoothly.

Realization of Maximizing 3ADCs

Maximizing the product value of the three DXd ADCs (Enhertu®, Dato-DXd, HER3-DXd, hereafter referred to as 3ADCs), which are ahead of the curve in commercialization and development, is the most important issue of the current 5-year business plan. Enhertu, launched in 2020, is contributing to patient treatment at a pace exceeding initial plans through steady market penetration, expansion of launch countries and regions, and acquisition of additional indications, meeting the expectations of the medical field. Following Enhertu, Dato-DXd and HER3-DXd are also progressing smoothly in their development, with preparations accelerating for their launch in FY2024. For HER3-DXd, along with I-DXd and DS-6000, we have entered into a strategic partnership with Merck & Co., Inc., Rahway, NJ, USA to deliver these treatments to more patients faster. We are working towards maximizing their value through joint development and promotion. In anticipation of increased demand for DXd ADC products with the acceleration of

COO Message

commercialization and development, we are also focusing on strengthening our production capacity.

Profit Growth of Existing Businesses and Products

Lixiana®, a product that generates stable profits, is steadily increasing its sales in Japan, Europe, and the Asia-Pacific and Latin American regions. Furthermore, the sales of products such as Tarlige®, Venofer®, and Nilemdo®/Nustendi® are also steadily increasing. The profits generated from these medicines serve as a source of investment for the sustainable growth of DXd ADC products and other initiatives. In addition, the transformation towards a revenue structure centered on new drugs is progressing smoothly in each country and region, accelerating the shift towards a business structure that supports sustainable profit growth.

Identification and Establishment of Further Growth Pillars

For I-DXd and DS-6000, accumulating favorable clinical data has further enhanced their product potential. As a result, we have positioned them as growth drivers following the 3ADCs. We are accelerating R&D activities by evolving our previous R&D strategy “3ADCs and Alpha” to “5DXd ADCs and Next Wave.” Additionally, we are advancing research and development towards selecting post-DXd ADC modalities, such as initiating clinical trials for the second-generation ADC DS-9606.

Create Shared Value with Stakeholders.

We have made progress in addressing pandemic risks, including the supply of DAICHIRONA, the first mRNA vaccine for COVID-19 made in Japan. Additionally, we have made progress in addressing environmental issues by joining “RE100,” an international initiative aiming to use 100% renewable energy for business operations. We are transitioning to renewable energy at our own sites and have begun engaging with business partners to reduce the environmental impact across the entire value chain. Additionally, we are fostering the One DS Culture across the entire Group, and creating an environment where the organization can move more cohesively towards its goals by promoting the mutual sustainable growth of employees and the company through the practice of Core Behaviors.

Over the past three years, the growth of Enhertu has significantly exceeded initial plans, achieving substantial sales and profit growth. As details will be provided in the message from CFO Ogawa, the revenue for FY2025 is projected to reach 2.1 trillion yen, exceeding the target by 500 billion yen due to increased revenue in the oncology business. The core operating profit margin before R&D expenses is aimed to achieve the initial plan of 40%. Additionally, by improving capital efficiency, we aim to achieve our target of an ROE of 16% or higher. We also aim to enhance shareholder returns further, targeting a DOE of 8.5% or higher, exceeding our initial goal of 8%.

For the CFO message, click P39

Towards Sustainable Growth Beyond FY2025

We are working to expand our pipeline to realize our 2030 Vision of becoming an innovative global healthcare company contributing to the sustainable development of society, and to drive sustainable growth beyond that. Needless to say what truly supports this growth is our people. It is our people who generate the strengths in Science & Technology, and it is also our people who strengthen the entire value chain to develop innovations and deliver them as products to patients. Going forward, we will strengthen our investment in human resources, continuously developing and enhancing them and enriching our intellectual property, including our pipeline, products, technologies, know-how, and information, to drive future growth.

Meanwhile, in the dynamic and highly competitive environment surrounding us, we must swiftly adapt to rapid changes inside and outside the company that impact our business. To facilitate our response to such changes, we are aligning our management and human resources strategies, advancing internal reforms, and creating an environment to acquire, develop, and enable the success of talent that will drive global management and business. Currently, we are actively advancing global recruitment and development, while also globalizing our organizational structure and establishing a unified global human resources system. Our corporate culture, the One DS Culture, is creating a highly engaged and diverse workforce, fostering an environment that generates competitiveness and advantages through the practice of Core Behaviors. Fostering the One DS Culture contributes to our performance, internal and external collaborations, and most importantly, our ability to create innovative pharmaceuticals that meet diverse medical needs.

The results of the Global Engagement Survey for FY2023 show that the overall score has increased by 2 points from FY2022, and scores for all questions have improved compared to the previous year. Through positive feedback from many employees, we were able to sense their commitment to contributing to patients around the world. The efforts towards fostering a “culture of learning,” which has been a challenge, have also improved the related engagement scores. We will continue to make organizational efforts in learning and create an environment where employees can actively share their successes and failures and discuss root causes and potential solutions.

It is also very important to support each employee’s challenges and develop internal talent who can lead and execute the next transformation with a global mindset. Through the practice of Develop & Grow, one of our Core Behaviors, we aim to foster a “culture of learning” where employees acquire new skills in addition to their existing experiences and knowledge, and a “culture of nurturing” where organizational leaders and senior employees take the lead in development efforts.

Furthermore, considering the rapidly changing business environment and the evolving skills required of employees, we are advancing “Project EPOCH” to further optimize the entire Japanese organization, including group companies, and to further promote globalization from Japan. To allocate talents to new areas and roles where needed, we are implementing personnel transfers along with talent development programs that ensure the acquisition and enhancement of new expertise through practical work in the new positions. This initiative aims to encourage employees to proactively consider their careers and support their new challenges in required roles and tasks.

For details on the specific initiatives of Project EPOCH, click P30

Developing global leaders is also one of our top priorities. In April, we launched the “DS Academy” with CFO Ogawa as its inaugural dean, aiming to cultivate leaders who will lead our global organization. This academy offers various programs to help participants acquire advanced management skills and leadership capabilities. Among these, we believe it is highly significant to deepen understanding of Daiichi Sankyo’s over 100-year history and DNA, and to discuss the strategies our company should adopt for the future.

Additionally, by adopting a new global management system that includes the appointment of senior members outside of Japan, we are strengthening the global management foundation that supports our business growth.

COO’s Commitment for the Future

Traditionally, Japan has a concept known as *sanpoyoshi* or the “Three-Way Good,” which means “Good for the seller, good for the buyer, and good for society.” This idea holds that business should be beneficial for all parties involved—ourselves, our customers, and society. In modern terms, this means creating shared value with multiple stakeholders, which is precisely Daiichi Sankyo’s value co-creation model. We aim to grow as a company by realizing our Purpose and contributing more to patients. The resources obtained from this growth will be returned to each stakeholder in a balanced manner. It is crucial for us to be a company that is recognized and continuously meeting the expectations of society, where all stakeholders can benefit from our growth. As a leader in Daiichi Sankyo, I will continue to take responsibility and put this into practice. We will continue to actively communicate with all our stakeholders and work together to advance our management.

Outside Director (Independent Director),
Chairperson of the Nomination Committee
Takaaki Nishii

Representative Director,
President & COO
Hiroyuki Okuzawa

Outside Director (Independent Director),
Chairperson of the Compensation Committee
Sawako Nohara

Director, Executive Officer,
Head of Global HR, CHRO
Takashi Matsumoto

Talent Strategy of the Daiichi Sankyo Group Aiming to Become an Innovative Global Healthcare Company

We had a discussion between Outside Directors and Inside Directors regarding the challenges and future initiatives of Daiichi Sankyo Group's human resources strategy towards achieving the 2030 Vision of being an innovative global healthcare company contributing to the sustainable development of society.

Please tell us about the corporate culture, strengths, and initiatives of the Daiichi Sankyo Group.

Okuzawa We regard our people as the most important asset in management, and we continuously strive to develop them in order to realize our Purpose: “Contribute to the enrichment of quality of life around the world.” Our Group is experiencing globalization at an unprecedented speed and scale, driven by the rapid expansion of our oncology business. We believe that the growth and increased engagement of each employee are essential to supporting this rapid business growth. At the core of Daiichi Sankyo Group, an innovative pharmaceutical company, lies a commitment to “putting patients first” and “making decisions based on science.” We are convinced that all employees embrace these two mindsets as the foundation for their daily activities and decision-making. Because of this, we believe our strength lies in our ability to unite and tackle even the most difficult challenges together.

Matsumoto When our Group shifted to the oncology business, there was a challenge of whether the existing culture could support our growth strategy. To become an organization that acts with a sense of speed as One Team globally, we analyzed what was lacking and what needed to be strengthened. Based on the results, we formulated our Core Behaviors. We then redefined and articulated this as the One DS Culture, incorporating it into our Purpose, Mission, Vision, and Core Values. Since it is important for the management to be united in order to promote the widespread understanding of the corporate culture, we first brought together around 200 global leaders several times, including the members of the Executive Management Committee (EMC) and their direct reports, to deepen their understanding of the importance of the One DS Culture. Furthermore, in 2022, we appointed Culture Ambassadors in each organization to promote the cultivation of the One DS Culture. We feel that the Ambassadors around the world who are advancing this initiative have created a positive movement, leading to the widespread penetration of the One DS Culture.

What do you think of the initiatives of the “One DS Culture” and the strengths in terms of talent and organizational culture?

Nohara While the globalization of Japanese companies often involves importing overseas talent strategies and human resources systems, our Group has fostered the One DS Culture without overly conforming to foreign workplace cultures. Instead, we have recognized and appreciated the strengths and differences of each culture, promoting mutual harmony. I believe this approach, distinct from what I’ve seen before, is uniquely characteristic of our company. As a result, many key positions in our overseas units are held by non-Japanese members who have worked with us for many years. We have numerous talented individuals who resonate with our company’s culture and values. Additionally, at the FY2024 Senior Management Meeting held this April, which was attended by about 160 core members from global units, I got the impression that all departments are working organically towards the 2030 Vision, fulfilling their roles to maximize profitability and contribute to patients. I believe our Group has become a workplace that is fulfilling, shares common goals, and inspires dreams.

Nishii Not only diversity but also the promotion of inclusion towards our Vision is undoubtedly one of our strengths. Currently, we are aiming to become a world-class company in the field of oncology, but it must have been quite challenging to find the path from the cardiovascular domain to oncology. Specifically, since we are a Japanese company, there is a cultural tendency for long-term employment within a single company. On the other hand, there can be a mismatch in values with the talent employed to expand our business primarily in Western countries. In creating the One DS Culture, I believe there must have been many conflicts, but I can sense the strength that has come from overcoming these challenges. In pursuing our Purpose and Vision, the business environment can change rapidly, and it is essential that our strategies adapt flexibly to these changes. Additionally,

Dialogue on Human Capital

all companies face the risk of organizational unrest and the breakdown of inclusion during times of poor performance. We strongly feel that, armed with the experiences we have overcome, we are currently in a period where we are leveraging Daiichi Sankyo's strengths to pursue our Purpose and Vision.

Please tell us about the positioning and importance of human resources in our Group aiming to achieve the 2030 Vision.

Okuzawa Despite the Tokyo Stock Exchange's "PBR below 1 issue," our company's PBR is currently at a very high level of 6 (as of the end of July in 2024). There is off-balance-sheet corporate value (intangible assets, products, and pipeline) that far exceeds the net assets on our balance sheet, and it is undoubtedly our employees who are creating this value. That is why we position our human resources as the most important invisible asset bearers. We believe that a condition for a sustainable company under our 2030 Vision: "Innovative Global Healthcare Company Contributing to the Sustainable Development of Society" is to consistently have our exceptional talent continue building intangible assets. I love the *sanpoyoshi* (benefit for all three parties) philosophy of the Omi merchants, and I want all our global employees to embrace this management philosophy. We aim to promote the belief that we always thrive and are supported within the development of society.

Matsumoto To realize a company that continually builds intangible assets, it is crucial to understand the talent needed and to undertake initiatives to bridge the gap between the current state and the desired outcome in terms of talent acquisition and development. For example, as our business shifts from a focus on small molecules to biopharmaceutical, there is a shortage of biopharmaceutical talent in various areas such as development, manufacturing, and quality assurance. Therefore, we are placing a strong emphasis on increasing biopharmaceutical talent both in Japan and internationally. Additionally, we believe that it is essential to develop talent capable of competing on a global scale. In March 2024, we established the Daiichi Sankyo Group People Philosophy, which serves as the foundation for our human resources initiatives aimed at globalization. Through this, we conveyed the message to all employees that people are our most important asset. We aim to establish a foundation where we can effectively secure, develop, and enable our talent to thrive, no matter where they are in the world.

Please tell us about the current challenges and the direction for strengthening our talent.

Nishii As a prerequisite for securing and developing talent, we believe that further discussion is needed regarding our desired state in 2030. Healthcare is a very broad field, and clearly defining the type of healthcare company we aspire to become is a significant challenge. During the consideration of our next 5-year business plan, we need to clearly define our Vision and have thorough discussions to clarify the type of talent required. We believe that the strategic partnership with global mega-pharma companies has not only yielded results in oncology but has also had a significantly positive impact on our talent and organizational culture. We hope to progress towards our 2030 Vision by learning from the strengths of our global partner.

Okuzawa I believe we have gained many valuable insights and experiences through partnering with a global mega-pharma company. We aim to see our Group grow into a true global company, one that can genuinely stand shoulder to shoulder with mega-pharma companies. To achieve this, we will first transform the EMC into a truly global management team. Since the EMC members are the heads of each unit, it can sometimes appear as if silos are being created within the scope of their respective roles and responsibilities, and the representatives of these silos coming together. While it is understandable and necessary to value one's own organization, as EMC members, we want to build a One Team that sets aside individual units to engage in discussions and decision-making for the overall optimization of our Group.

Nishii A good example from the EMC is the discussion of the 2024 budget. The increase in initial R&D costs, which deviated from the budget guidelines, was identified as a challenge. However, it was adjusted precisely within just a few months. The process at that time was neither a top-down approach nor a simple bottom-up process. Instead, it involved thorough discussions between each EMC member and their respective team members, and decisions were made after reaching a consensus. Deciding to prioritize R&D funding over the immediate profits of one's own organization is not an easy decision, and I believe it was a remarkable example of decision-making as a team. I believe this was possible because the long-term value of helping more patients in the future is shared across the entire company.

Nohara As the competition for talent domestically and internationally intensifies, the challenge is how to demonstrate our Group's position and continue to attract top performers. I believe that improving our recognition and branding overseas to attract both talent and intellectual property is also necessary. From the perspective of empowerment of women, while our Group is highly regarded for its efforts among Japanese companies, there is still a significant gap between Japan and other regions. The progress of globalization presents an opportunity to introduce overseas systems, ideas, and strengths into Japan, driving transformative change. Until now, discussions and measures to accelerate empowerment of women have been primarily led by Japanese members. However, I believe that by involving a more global team in these discussions moving forward, we can also drive changes in the domestic environment.

Matsumoto As globalization progresses within each unit and organization, we are currently working to unify our approach to evaluations, grades, and compensation globally to avoid conflicts between Japanese and international practices. At the same time, we are advancing the development of HR Information System, and we believe that once these supporting systems are in place, we can finally move on to the talent management, which is the next step. While it's important for Japanese employees to be able to compete globally, it's also crucial to establish a foundation that supports career development and enables overseas members to envision a long-term career with our company. Additionally, as Director Nohara pointed out, there are significant challenges regarding empowerment of women in Japan, and we need to develop systematic initiatives to globalize our approach to nationality and diversity as well.

Finally, please share your expectations for human resources strategies and strengthening human capital, as well as how you plan to be involved.

Nishii In aiming to become a global healthcare company, the perspective of digital transformation (DX) is indispensable for the future. In advancing transformations using technology, traditional Japanese practices and age-based role definitions may become obstacles. I am interested in how human resources (HR) will address and resolve these challenges. I believe that HR innovation is needed not only in terms of nationality and gender but also in recruiting and empowering those who have fresh and new knowledge in the digital field, and I would like to focus on this aspect.

Nohara The essence of Inclusion & Diversity goes beyond correcting formal disparities such as gender, nationality, or age. It involves cultivating an organizational culture where members with diverse values and expertise can engage in broad, multi-faceted discussions and create something meaningful from that dialogue. Many Japanese companies predominantly hire new graduates, which can lead to a somewhat standardized workforce. Moving forward, it is important to acquire and include talent with diverse careers, areas of expertise, and values to create a more inclusive workplace. I will also support the spread of such thinking and actions throughout all workplaces.

Matsumoto I am determined to develop and promote a robust human resources strategy that supports our business and management strategies. Currently, our development pipeline is attracting talent, but I have a dream of becoming a company where our culture and people act as a magnet, drawing others in. I aspire to create a workplace and company, both in Japan and globally, that makes people think "Daiichi Sankyo puts people first, and it's the people themselves that are the excellence of the company" and "I want to work for Daiichi Sankyo."

Okuzawa I'm glad we had such a meaningful and in-depth discussion. Our company has established the organizational culture known as "One DS Culture," which encompasses our Purpose and Mission, the 2030 Vision, Core Values, and Core Behaviors. By embedding these throughout the entire Group, we aim to foster and strengthen a global sense of unity. I believe it is most important for me, as the leader, to deeply commit to and actively practice these principles myself. Through this commitment, I aim to contribute to all our multi-stakeholders, including patients, shareholders, and employees, as a part of the Daiichi Sankyo Group.

As a leader, I will effectively convey our corporate philosophy, commitment to stakeholders, strengths in Science & Technology, and emphasis on human capital through two-way communication and dialogue with stakeholders. I value the feedback we receive from stakeholders and aim to utilize it into our management practices.

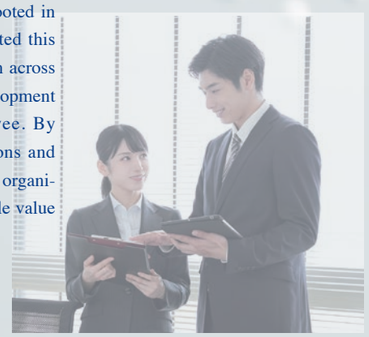
Special Feature

Daiichi Sankyo's "People"

Generating our Continued Innovation

Daiichi Sankyo Group is accelerating growth through the global expansion of our oncology business, with a particular focus on antibody-drug conjugates (ADCs), aiming for continued growth toward 2030 and beyond. To adapt to the rapidly changing business environment and contribute to a greater number of people worldwide, we are striving for further optimization across the entire organization. This approach aims to maximize our existing pipeline while continuously fostering the next wave of innovation.

The strength of our Science & Technology (S&T) capabilities, rooted in Japan, and the "people" of Daiichi Sankyo who have demonstrated this strength, has continuously served as a driving force for innovation across different eras. We aim to further strengthen our research and development capabilities by harnessing the full potential of each employee. By optimizing human capital to adapt to changing market conditions and achieving a transformation towards a more productive and efficient organization through globalizing our talent, we will realize our sustainable value creation.



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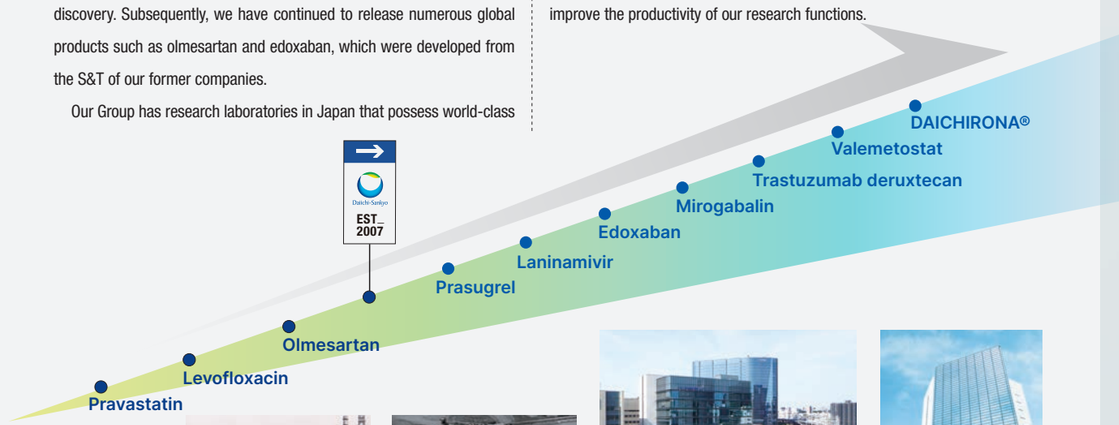
The Accumulated R&D Capabilities of Daiichi Sankyo

A Strong R&D DNA Inherited Over the Years as a Drug Discovery Company

Since our founding, our Group has grown by leveraging the strong R&D DNA that has been honed over many years, as a Japanese pharmaceutical company since its founding. We began our journey with the extraction of Adrenaline, the discovery of Oryzanin®, and the domestic production of Salvarsan, expanding our business with a focus on in-house drug discovery. Subsequently, we have continued to release numerous global products such as olmesartan and edoxaban, which were developed from the S&T of our former companies.

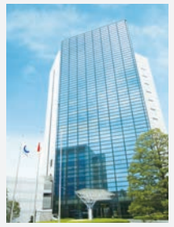
Our Group has research laboratories in Japan that possess world-class research and development capabilities and have developed new cancer therapies, including Enhertu®. These institutes serve as the foundation for our in-house drug discovery. To achieve sustained growth beyond 2030, we are committed to investing in our in-house drug discovery foundation and leveraging our global research innovation hubs to continuously improve the productivity of our research functions.



Shinagawa 1908

Kasai 1938

Shinagawa (Present)



Kasai (Present)

Incorporated as drug discovery-oriented companies originating from Japan

1902
Launched Adrenalin (product name: Adrenalin), the world's first adrenal cortex hormone agent to be extracted successfully

1910
Discovered the world's first vitamin B1 (Oryzanin) from rice bran, establishing the foundation for the theory of vitamins

1915
Realized domestic production of Salvarsan, a treatment for syphilis, which was a common disease in Japan

Creating and cultivating innovative pharmaceuticals in Japan

1965
Launched tranexamic acid (product name: Transamin®), an anti-plasmin agent

1981
Launched ticlopidine (product name: Panaldine®), a drug that pioneered anti-platelet therapy

1986
Launched loxoprofen (product name: Loxonin®), an anti-inflammatory and analgesic drug that is now also available as an over-the-counter (OTC) medication

Research capabilities producing groundbreaking products globally

1989
Launched pravastatin (product name: Mevalotin®), a cholesterol-lowering medication developed by applying biological fermentation technology, which revolutionized the world of medicine as an antihyperlipidemic agent.

1993
Launched levofloxacin (product name: Levaquin®), a broad-spectrum oral antibacterial agent that left a mark on the history of not only Japan but also the entire world with its broad spectrum of antibacterial activity

Development capabilities executing large-scale global clinical trials successfully

2002
Launched olmesartan (product names: Olmetec®, Benicar®), an antihypertensive agent on the global market. Japanese launch took place in 2004.

2009
Launched prasugrel (product name: Effient®), an antiplatelet agent developed for the global market

2011
Launched edoxaban (product names: LIXIANA,® SAVAYSA®), an anticoagulant developed for the global market

2020
Launched trastuzumab deruxtecan (product name: Enhertu), an anti-cancer agent developed for the global market that utilizes our proprietary DXd ADC technology

Innovation is Driven by Excellent “Talent” and the “Organization” that Makes Best Use of Them

The foundation for creating innovative pharmaceuticals in response to evolving needs is built on Daiichi Sankyo’s strengths in S&T, such as “scientific assessment capabilities” and “technological capabilities to refine medicines,” developed over a long period. This foundation is driven by the “people” at Daiichi Sankyo who generate these innovations.

❶ **Organizational Culture that Promotes Innovation**: Our company has an organizational culture that nurtures highly specialized talents who have long tenures and continue to pursue scientific research. This environment fosters innovation within our organization. Additionally, our culture promotes diversity, including the active participation of women and international talents and experts. This diversity contributes to the creation of further innovations.

❷ **Creation of Education and Growth Opportunities at Overseas Research Laboratories**: Our company creates opportunities for many researchers to study at overseas research laboratories with cutting-edge science. The growth and development of these employees lead to their active contributions upon returning to our research laboratories, thereby revitalizing the organization.

❸ **Human Resource Enhancement in Key Areas**: Our top-class achievements in drug discovery research have attracted exceptional talent in Japan. By continuously hiring outstanding talents, we aim to strengthen our workforce of employees with scientific and technological expertise. In addition, we strategically reassign highly skilled researchers within the company to key areas, fostering the development of specialized drug discovery talent. Furthermore, the high level of trust from management to the R&D organization leads to a strong motivation for the entire organization and individual researchers to produce results, creating a positive cycle that generates new value.

For more information on Daiichi Sankyo’s pipeline, click here

Message from the Head of R&D Division

Since before the incorporation, Daiichi Sankyo has been creating numerous new medicines. From the 1980s onwards, we have contributed to global healthcare by developing renowned medications such as Mevalotin, Cravit, Olmetec, Lixiana, and Enhertu, and have experienced substantial growth. The Shinagawa and Kasai research centers have served as the breeding grounds for such drug discoveries. With exceptional researchers coming together and keeping patients in mind, our research laboratories engage in the daily challenge of drug development. A culture of collaboration has taken root, where full and frank discussions occur, and individuals mutually enhance each other. In the development process, we have gained valuable experience through the formulation and implementation of development strategies that significantly transform the standard of care (SOC) in various therapeutic areas, allowing us to deliver our innovations to a greater number of patients. We believe that our growing research and development talents, along with this cycle of challenges and learning, form the foundation for the next wave of innovation and serve as the continuous source of our S&T strength.

Head of R&D Division
Executive Officer
Toshinori Agatsuma

Further enhancing the strengths of S&T for the continuous creation of innovation

Measures to strengthen science capabilities

In our research, we are focusing on multi-modality research with the goal of creating a new pillar following DXd ADC. We are advancing the application of Data-Driven Drug Discovery to various modalities and further promoting Research DX, including the smartification of our research laboratories. Additionally, we will further expand our Research Institutes established in Boston and Munich. In translational research, which connects research with clinical trials, we aim to improve the success rate of clinical trials through patient selection and dose optimization, and achieve precision medicine in real-world clinical settings. In addition to advancing various analytical technologies such as omics and pathology, we will leverage the vast analytical data obtained from clinical trials of our extensive pipeline to strengthen our understanding of diseases and patient backgrounds, and to elucidate mechanisms. We will also further develop systems to utilize these clinical insights in exploratory research.

Strengthening organizational culture and human resources

In addition to the accumulation of experience in continuously creating innovative pharmaceuticals, Daiichi Sankyo’s strength lies in respecting individual craftspersonship and fostering an organizational culture where open and free exchange of ideas is encouraged. Through hosting internal academic events such as R&D Forums and Science Symposium, we aim to activate and deepen communication, while also advancing global talent development and proactive career recruitment, particularly in the development sector. Our achievement of creating DXd ADC attracts outstanding talent and enables further strengthening of our S&T capabilities.

Message from the Head of Therapeutic Area Strategies, Research & Development Unit

I’m proud that Daiichi Sankyo is committed to building a culture of learning by reflecting on successes and failures. This will be vital to achieving our Purpose and Mission. The concept of "Intelligent Failure," also known around the world as "kaizen," is deeply rooted within the Daiichi Sankyo organization.In some business cultures, there is a prioritization of moving on to new challenges immediately after a project is completed, rather than taking the time to reflect. However, even if we make mistakes, I believe it is crucial to reflect on our actions by focusing on facts rather than judging people, and we can promote next challenges through this Lessons Learned processes by broadening our perspective, sharing with other teams, and accepting new discoveries flexibly. I believe this is extremely important to maintain our excellent DNA rooted in Daiichi Sankyo, which continuously generates innovation. Expanding this concept of "Intelligent Failure" to more functions and sections throughout our global organization will further enhance Daiichi Sankyo's strengths in Science & Technology and drive our initiative for growth.

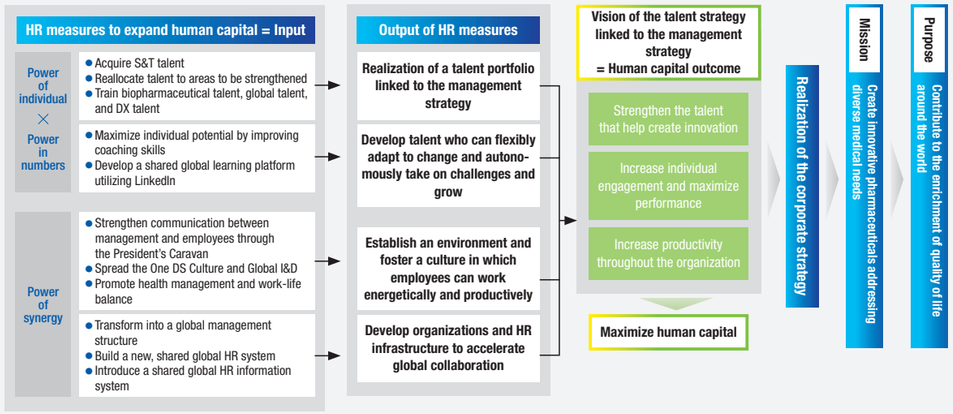
Head of Therapeutic Area Strategies, Research & Development Unit
Daiichi Sankyo, Inc.
Corporate Officer
Atsushi Tsukamoto

2

Strengthening Talent for Achieving an Innovative Global Healthcare Company

Approach to Human Capital Strategy

We empower our people as they are the most important asset. To achieve our Purpose and Mission, we aim to maximize human capital through the promotion and development of talent across various areas of the value chain, striving for mutual sustainable growth for both employees and the company. All business activities are supported by talent, and we believe that acquiring diverse talent and implementing effective human capital management in our global business expansion are sources of competitiveness. In our Group, "human capital" is defined as a combination of three elements: "Power of individual" (strengthening individual strengths), "Power in numbers" (continuous supply of talent to areas of focus), and "Power of synergy" (structures, systems, and measures to create synergy among people and organizations). In line with our business strategy, we monitor the various elements of human capital that need strengthening, while working on evaluating the effectiveness of measures and further enhancing human capital expansion.



Global Initiatives

We have established a global common top-level concept and guideline known as "People Philosophy," and based on this, we design and promote each HR measure. We are also committed to fostering a global common corporate culture, "One DS Culture," and through the practice of the three Core Behaviors, we strive to build trust across functions and regions and achieve collaboration. Since 2022, we have been implementing the "Core Behavior Awards," which recognize and reward employees who embody Core Behaviors, to promote and encourage these Behaviors. Additionally, to promote sustainable growth through global collaboration, we are advancing the construction and implementation of a global common HR system and HR information system.

In the FY2023, we have seconded 111 employees from Japan to the United States, 32 employees to Europe, and 22 employees to Asia, Central and South America. This allows for talent development through exposure to different cultures and management practices. Also, we have 11 employees seconded from overseas group companies to Japan, facilitating mutual exchange and development opportunities. Additionally, to support further employee growth, we have created global standardized content and conducted coaching and feedback training targeted at management positions. Furthermore, we have established the "Global I&D Statement," which clearly outlines our stance and approach to Inclusion & Diversity (I&D) both internally and externally. We believe that having all employees be accepted and able to fully demonstrate their abilities leads to global business expansion and the creation of innovation.

Number of employees transferred under the secondment program (as of FY2023)

Department	Areas to be transferred	Number of seconded employees
Japan	US	111
	EU	32
	Asia, and Central and South America	22
Overseas Group Companies	Japanese domestic	11

Global Culture Initiatives: Comment from Core Behavior Awards Recipient

As Daiichi Sankyo Europe GmbH consists of diverse backgrounds, having a mutual culture to unite us is very important to collaborate with each other. To exchange ideas and best practices about Core Behaviors, I held "Culture Talks" for members from different departments. I'm deeply honored to be recognized for embracing "Collaborate & Trust". It highlights how building trusting relationships can lead to real innovations and team success.

Global Corporate Planning Management Excellence EUCD
Graduate Trainee
Eva Papamichali

Initiatives towards Developing Specialized Professionals

Our Group is experiencing accelerated global growth, and the business environment is changing rapidly. As a result, the skills required of employees are also changing significantly. To robustly support this situation, we have identified our specialized professionals as "Biopharmaceutical (process development, manufacturing, quality assurance, etc.)," "Global Business," and "DX" as key areas for strengthening. We have established organizations responsible for developing specialized talent in these areas and are constructing systematic training programs. Additionally, to increase the number of specialized professionals, we implement an internal recruitment system (Career Challenge Program) to support employees' autonomous career development and reskilling efforts. Furthermore, to foster a "culture of learning and training" within the organizations responsible for development, we conduct "Trainer-Trainee Training" aimed at developing essential mindsets and skills for both trainers and trainees. We are planning to invest approximately 1 billion yen starting from the FY2023 towards developing specialized talent in three areas, including investment in necessary manufacturing facilities for the development of biopharmaceutical professionals.

Specialized Professional Development (Focus Areas)		Desired Talent Profile
Biopharmaceutical Professional	(Antibody Manufacturing Process Development)	Individuals who thoroughly understand the manufacturing processes related to biopharmaceuticals and can conduct process development research that contributes to drug discovery research and cost reduction of 5DXd ADCs.
	(Quality Control/Assurance, Regulatory Affairs, Manufacturing)	Individuals who understand the manufacturing processes of biopharmaceuticals and can demonstrate expertise within the technology unit and across the entire value chain to advance biopharmaceutical-related operations.
Global Professional (Global Business Areas in Various Departments)		Individuals who can rapidly and equitably share information and decision-making globally, possess global skills (such as proficiency in English, cross-cultural adaptability, and an international perspective), and are capable of performing global tasks regardless of their location.
DX Professional (Global DX and DX-Related Business Areas in Various Departments)		Individuals who understand both the business requirements and digital/data aspects across the Daiichi Sankyo Group's value chain, and can drive DX transformation in existing businesses and operational processes.

3

Expected Outputs and Outcomes

By implementing the above human capital measures, our Group believes that we can achieve the enhancement of S&T and global talent, support individual growth, and establish an organizational culture and environment where diverse talents can thrive. To deliver innovative pharmaceuticals and treatment solutions to people around the world, we aim to maximize human capital and strengthen our business foundation. This will drive the transformation into a highly productive, innovative organization and achieve sustainable value creation.

Creating Shared Value with Stakeholders

To achieve our Group's Purpose to "contribute to the enrichment of quality of life around the world," and continuously enhance corporate value, it is essential to understand and respond to various demands, including unmet medical needs from a constantly changing society, and to reflect these in our corporate activities. In our current 5-year business plan, we have positioned "creating shared value with stakeholders" as one of our strategies. We actively engage in dialogue with all stakeholders, including patients, shareholders/investors, society, and employees. We will integrate the expectations and needs based on diverse values identified through dialogue, into our management strategy as sustainability challenges that we should address. By aligning with our business activities, we will create unique value that only our company can provide. Through constructive dialogue with our stakeholders, we will continue to build and maintain healthy and productive relationships with those who are significantly impacted by our Group's activities and decisions, or who influence our Group's business. We aim to become a company that earns even greater trust from society.

Daiichi Sankyo Group Stakeholders

Purpose of Stakeholder Engagement

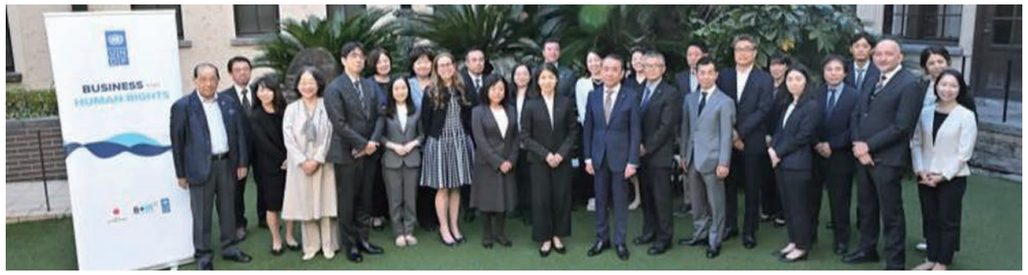
Patients and their Families	Understand the daily lives, needs, and hopes of patients and their families, through analyzing feedback and quality of life data from patients and healthcare professionals. Aim to improve the quality of life of patients and help them have an enjoyable life with their families with smiles on their faces by incorporating the results of this analysis into our initiatives.
Healthcare Professionals	Enhance therapeutic options and transform the standard of care by creating innovative pharmaceuticals and providing useful information to healthcare professionals to improve treatment satisfaction levels and understand the needs of healthcare professionals.
Shareholders and Investors	Further enhance mutual understanding and growth by providing disclosures based on the principles of transparency, fairness and continuity, including actively sharing mid-to-long-term strategies, initiatives for sustainable growth, and other management information that will help shareholders and investors understand the Company, while reflecting their opinions in corporate management through constructive dialogue from a mid- to-long-term perspective.
Business Partners	Grow together and enhance mutual value over the long term as trusted business partners by seeking their understanding of the Group's approach to sustainability based on the Business Partner Code of Conduct (BPCC) and promoting initiatives to create a sustainable society that takes human rights and the environment into consideration.
Employees	Create an environment in which employees are highly engaged, grow as individuals, and thrive by respecting the diversity of each employee and promoting and developing human resources in each area of the value chain. Promote the mutual sustainable growth of our employees and and the Company.
Local Communities	Enrich the quality of life around the world by collecting information on local needs, including local diseases and healthcare delivery systems, and using this information to provide the necessary human resource development and medical services in each region to advance and strengthen the healthcare infrastructure.
Natural Environment	Accurately grasp environmental conditions and social needs, reduce the environmental impact of our activities throughout the value chain, including by conserving resources and recycling resources, and reduce mutual risks between our business and the natural environment.
Governments, Administration, Regulatory Authorities, Payers (Insurer)	Contribute to ensure and expand access to drugs for patients around the world by building appropriate relationships of trust with national governments, administrations, regulatory authorities, and payers (insurer), and by ensuring appropriate evaluation of drug innovations, which will lead to a sustainable R&D investment cycle for creating innovative pharmaceuticals to address unmet medical needs.

Case Study 1 Dialogue for Promoting Human Rights Due Diligence

On October 16, 2023, Takashi Fukuoka, Head of Global Corporate Strategy overseeing our company's human rights initiatives, participated in the Round Table on Business and Human Rights for senior executives hosted by the UNDP*. Mr. Fukuoka exchanged views on promoting human rights due diligence (Human Rights DD) with domestic and international experts, institutional investors, and CEOs and related executives from seven leading Japanese companies with global operations. He shared initiatives and challenges related to human rights in business and reaffirmed the importance of top-level commitment to promoting human rights. By deepening our understanding of external opinions and the excellent initiatives of other companies, we will further accelerate the implementation of Human Rights DD within our group.

*The UNDP (United Nations Development Programme), with support from the Japanese government, held this roundtable session as part of the "Business and Human Rights Project" aimed at corporate management.

For more information on our human rights initiatives, click P90



Business and Human Rights Roundtable Attendees (October 16, 2023)

Case Study 2 Dialogue with Access to Medicine Foundation

Our Group has established Daiichi Sankyo Policy on Access to Healthcare and is working on "expanding access to healthcare" to deliver innovative pharmaceuticals to more patients around the world. Given the nature of our business, which has a strong focus on oncology, we recognize the challenges in reaching low- and middle-income countries. Therefore, we are engaging with the Access to Medicine Foundation and leading investors to improve access to healthcare. We are engaging in the initiative jointly with the Foundation in collaboration with our lead investor, Nomura Asset Management. On behalf of the investors, Nomura Asset Management communicated our requests and activities to the Foundation. At the same time, we received a great deal of feedback on the current status and challenges of our Group, which reaffirmed the importance of our information disclosure regarding access to healthcare. Additionally, through this engagement, the Foundation gained the opportunity to consider the significance of our efforts for expanding access to healthcare.

This initiative was featured in Nomura Asset Management's Responsible Investment Report.
https://www.nomura-am.co.jp/special/esg/library/ri-report.html

For more information on our access to healthcare initiatives, click P91

Dr. Iyer, CEO of the Access to Medicine Foundation, and Dr. Manabe, our CEO, held discussions on the challenges related to access to healthcare for Daiichi Sankyo products
(October 15, 2023)

Message from the Lead Investor, Nomura Asset Management

Our company participates in many international initiatives that address social issues, and we place significant importance on the activities of the Access to Medicine Foundation. Since 2023, we have been responsible for collaborative engagement with Daiichi Sankyo as the lead investor. It is not easy for Japanese pharmaceutical companies to enhance access to healthcare due to limited infrastructure such as distribution networks in low- and middle-income countries, to enhance access to healthcare. In this context, Daiichi Sankyo's efforts to improve access through its partnership with AstraZeneca are an excellent initiative. We are very pleased that through engagement, we were able to convey the significance and initiatives of the alliance model to the Access to Medicine Foundation, leading to a reconsideration of their evaluation of Daiichi Sankyo.

Nomura Asset Management Engagement Engagement Dept., Inagaki (left)
Responsible Investment Dept., Takeuchi (right)

Patient Centricity Initiatives

In our Group, "Patient Centricity" means that our corporate slogan, "Passion for Innovation. Compassion for Patients.®," which embodies our shared commitment of all employees to being a source of hope for patients in their treatment journey, is at the core of our corporate activities. We continually focus on patients and strengthen various initiatives across the entire value chain to further contribute to their well-being.

Initiatives in the Value Chain

Passion for Innovation. Compassion for Patients.®

Drug discovery and research	Clinical development	Supply chain	Sales/ Information provision

Patient-oriented value chain activities and creating shared value with patients. Listening to patient's voices, promoting PPI[*1] in everything from R&D to post-marketing activities, and providing information to patients, and support their activities.

Drug discovery and research	Clinical development	Supply chain	Sales/ Information provision
Understand unmet medical needs (COMPASS[*2] activities) Promote utilization of PRO[*3] in clinical trials Example ❷ Promote patient-focused drug development (PFDD[*4]) Example ❸ ・Prepare straightforward and easy-to-understand clinical trial-related explanatory documents ・Send Thank You Letters to participants ・Prepare and publish Lay Summary[*5]	Develop new patient-oriented dosage forms, combination drugs, and LCM formulations, and improve packaging Direct to patient activities: Supply investigational drugs to the homes or nearby facilities of patients who are unable to go to hospitals due to infectious disease outbreaks or other circumstances	Provide evidence for efficacy, safety, etc. according to the needs of healthcare professionals and patients and implement a drug risk management plan Example ❶ Provide medication assistance and respond to inquiries from healthcare professionals and patients Implement an EAP[*6] and patient support program

Collaboration with patient groups and patient advocacy activities (Solutions to problems related to policies and programs from the patient's perspective, support for the educational activities of patient groups, etc.)

*1 Patient and Public Involvement
*2 Compassion for Patients Strategy. Initiatives to understand the realities of diseases and treatments, as well as patient needs through communication with patients.
*3 Patient Reported Outcome: Patient-centered endpoints focusing on QoL and patient experience
*4 Patient-Focused Drug Development
*5 A summary of clinical trial results written in plain, easy-to-understand language
*6 Expanded Access Program: A system for providing unapproved drugs in clinical trials conducted from a humanitarian perspective

❶ CSPV Initiatives to Ensure Patient Safety

The CSPV (Clinical Safety & Pharmacovigilance) Unit has set a 2030 Vision to become a "Global Unit which contributes to ensuring patient safety by providing high quality safety information in a timely manner for all products while expanding oncology products and new modality from development to post-marketing." We lead proactive safety monitoring and risk management throughout the entire product lifecycle from development to post-marketing and ensure Patient Safety.

We implement various initiatives to ensure the safety of our medicines and enable patients in need to use them as quickly as possible, while complying with regulations in each country. The concept of Patient Centricity is the fundamental principle of our safety management..

For example, we have programs that allow patients to access our products imported from overseas prior to new drug approval and market launch. Even in such exceptional cases, to ensure patient safety, we implement various measures such as conducting training for healthcare professionals, distributing materials explaining proper usage, and continuously monitoring usage conditions. These efforts ensure that treatments are administered appropriately.

Additionally, under the leadership of the CSPV Unit, we implement safety management through close collaboration with the development department, medical affairs department, and partner companies.

We tailor our activities to the regulations and conditions of different countries around the world, by collecting safety-related needs from healthcare professionals and patients in various countries, sharing those safety issues and developing safety management strategies.

In Japan, we have established an information provision system using a real-time side effects search system. This system enables us to quickly provide healthcare professionals with the latest side effects information, including detailed clinical courses for individual patients. This helps reduce the risks of side effects and improves treatment continuity for patients.

Activities of CSPV: Proactive Safety Monitoring and Risk Management

Message from the Head of CSPV Division

Medicines become truly effective only when "top-quality pharmaceutical products" are combined with the "provision of appropriate information." Additionally, no matter how excellent a drug's efficacy may be, there is no medication without the risk of side effects. It is important to analyze the safety and efficacy information of pharmaceuticals, evaluate them based on the benefit-risk balance, and provide the necessary information to ensure that our products with excellent efficacy are used appropriately. The CSPV Unit upholds the "Patient First" mindset and implements safety monitoring and risk management globally throughout the product lifecycle, from development to post-marketing. We strive to provide timely and appropriate usage information so that healthcare professionals, particularly physicians, can offer optimal treatments to patients, ensuring that patients can use our products with confidence.

Head of CSPV Division
Wada Kento

❷ Promoting the Use of Patient-Reported Outcomes (PRO)

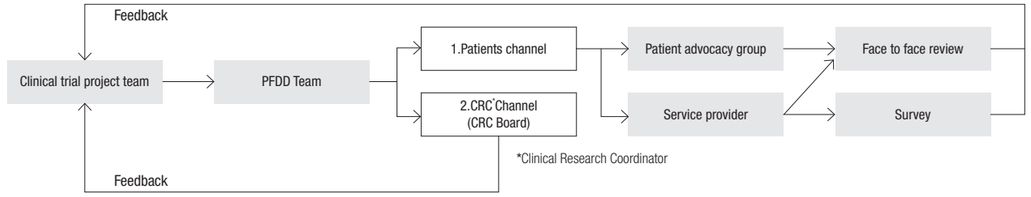
Our Group actively utilizes Patient-Reported Outcomes (PRO), which incorporate patients' subjective assessments of symptoms, Quality of Life (QOL), and other factors into clinical trials. For Enhertu®, the PRO-DUCE study conducted in Japan demonstrated that breast cancer patients who used electronic Patient-Reported Outcomes (ePRO) monitoring via devices such as smartphones, in addition to usual care, showed a significant improvement in QOL scores compared to the usual care group. Additionally, the DESTINY-Breast02, 03, and 04 trials have also demonstrated significant control and improvement of health conditions, such as fatigue and pain, during the treatment period. Moving forward, we will continue to utilize PRO to accurately capture the patient's perspective and pursue further contributions.

❸ Patient-Focused Drug Development (PFDD) Reflecting Patients' Voices in Drug Development

Reflecting "patients' voices" in clinical trials leads to reduced burden on patients, improved understanding, enhanced quality of clinical trials, and accelerated progress, ultimately allowing new drugs to reach patients more quickly. Since 2022, we have established a specialized team within our development function dedicated to executing Patient-Focused Drug Development (PFDD) initiatives that reflect "patients' voices" in drug development. This team has built a framework for timely communication with patients and clinical trial coordinators, focusing on the review of clinical trial-related materials and actively engaging in Patient and Public Involvement (PPI). As specific examples of our activities, we not only review clinical trial protocols and informed consent forms (ICF) but also provide lay summaries and Thank You Letters[*7]. Based on the feedback from patients, we have made changes to clinical trial plans, including adjustments to in-hospital waiting times for patients, the testing schedule related to the initiation of investigational drug administration, and the relaxation of exclusion criteria. For the ICF, we addressed issues such as literal translations from English that resulted in awkward Japanese expressions, insufficient explanations of medical terminology, and sentence structures that could easily lead to misunderstandings. These improvements have been incorporated into the templates for clinical trial-related documents. Currently, PFDD initiatives are being implemented in Japan. However, we plan to expand these efforts globally by taking into consideration ICH and FDA guidelines and collaborating with our overseas Group companies. Moving forward, we will strive to contribute to better healthcare by promoting and strengthening industry-wide efforts to reflect "patients' voices" into clinical trials.

*7 A card that includes a thank you message to clinical trial participants and information about the disclosure of clinical trial results.

PFDD Framework



Patient Centricity Panel Discussion

Outside Director (Independent Director)
Yasuhiro Komatsu

Executive Officer, Head of Medical Affairs Division,
Japan Business Unit Special Assignment on Patient Centricity
Shizuko Ueno

Towards Realizing Daiichi Sankyo's Patient Centricity

~ Listening to Patient Voices, Collaborating for Shared Value

As one of the strategic pillars of our current 5-year business plan, "Creating Shared Value with Stakeholders," we have strengthened the promotion of Patient Centricity as a core of our business activities throughout the entire value chain. In this regard, we organized a panel discussion involving the Outside Director with experience in clinical medicine and public health, the Patient Centricity Special Assignment, and top managements from our global organizations, who are leading Patient Centricity initiatives in the oncology and specialty areas to exchange opinions on our Group's perspective regarding Patient Centricity.

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

Head of European Specialty Business Unit
Oliver Appelhans

Ueno I was appointed to Patient Centricity Special Assignment starting this fiscal year. Patient Centricity is a vital value for our Group, as it serves as a core of our business activities. To further contribute to patients, the entire Group must share the understanding of Patient Centricity and strengthen it globally and cross-functionally. In this panel discussion, I would like to share our activities based on our compassion for patients, and exchange opinions on Patient Centricity, focusing on the challenges faced in the medical field. I hope to convey our concept of Patient Centricity to all our readers.

Introduction of experiences, insights, and current positions regarding Patient Centricity

Ueno First, Dr. Komatsu, could you share your opinions on the current state of Patient Centricity in the medical field, based on your own experiences and insights?

Komatsu When considering Patient Centricity, direct care for patients, the hospital management & administration, research and policy initiatives are important. Among these, the essence of Patient Centricity at the direct care level is to share common goals and values between patients and healthcare professionals[*1]. In the healthcare field, there has been an increasing emphasis on healthcare that takes into account the values and perspectives of patients. However, despite our efforts as healthcare professionals to understand and explain what is important to patients and provide healthcare, there is still a challenge of patients unable to voice the questions they want to ask. It is necessary to build a trusting relationship where patients can freely communicate so that healthcare providers can truly understand their needs. 40 years ago, the paternalistic model was predominant in healthcare where physicians decided the treatment for the patient and obtained patients' consent. However, nowadays, Shared decision-making, which involves collaboration between healthcare professionals and patients, considering both medical and patients' needs, is highly valued. In my opinion, the essence of Patient Centricity is to discuss what is most important and optimal for each patient and reach a mutually agreeable conclusion.

Ueno Next, I would like to ask Gissoo and Oliver about promoting Patient Centricity within our company. Based on your own experiences and insights, could you tell us how you are fulfilling your roles?

Gissoo As the Head of Advocacy, Global Oncology Medical Affairs, I encourage our internal and external stakeholders to be focused on the needs of the patients and always keep the patient at the top of their mind when they go through their day-to-day work. Particularly in the field of oncology, asking patients' perspectives about their lived experience with cancer and considering how to meet the unmet needs of the patients is very important. For example, we strive to incorporate the voices and perspectives of patients throughout the development process, from preclinical stages to late-stage clinical trials all the way to commercialization and every step in between. What we truly aim for is "inclusion" of patients in the entire process to share their valuable lived experiences which will make our processes more robust and patient centric.

Oliver Looking back at the start of my career in the pharmaceutical industry, I worked as a sales representative 20 years ago. At that time, I had the opportunity to experience direct exchange with patients, by educating and raising awareness among patients. It also left me with the fundamental understanding that patients really must be the foundation of our decision-making.

This experience perfectly aligns with the concept of Patient Centricity that our Group aims for. One concrete example of putting this experience into practice is the launch of Lixiana®, the anticoagulant, in Europe, where I collaborated with Arrhythmia Alliance, the leading global Patient Organization in the field of arrhythmias. Together, we promoted various initiatives and educational campaigns with a patient-centric approach. Additionally, while I served as General Manager at Daiichi Sankyo Germany, I established strong relationships with patient organizations such as the German Stroke Foundation and the German Hypertension League. We discussed the current status and challenges of cardiovascular diseases (CVD) with diverse stakeholders from the patient's perspective and provided support to improve quality of life (QOL).

Global Initiatives for Patient Centricity

Ueno Please provide specific examples of initiatives and achievements related to Patient Centricity in the oncology and specialty fields.

Gissoo The Global Patient Advocacy team that I lead primarily focuses on cancer patients, caregivers, and other like-minded stakeholders. We focus on activities that add value to patients through our pharmaceutical products and services and enable cancer patients to live longer and better lives with less side effects. Specifically, we actively engage with many patients to gain a better understanding of their daily lives and the challenges they face in their treatment, access to medicines, mental health support and overarching survivorship needs. Additionally, we engage with over 900 patient advocacy groups worldwide throughout the year. We are actively collaborating with the most suitable organizations to establish long-term relationships and jointly develop programs such as awareness-raising campaigns and educational initiatives that will help patients' quality of life. Regarding the process, we developed the Patient Steering Committee that reflects the patients' voices. Within this committee, we have identified challenges for cancer patients and are conducting activities to tackle the challenges based on our Advocacy Engagement Strategy (see Figure 1). One of the goals of our Advocacy Engagement Strategy is to identify the unmet needs of patients in the disease areas of interest to our pipeline assets. For instance, many cancer patients

*1 https://doi.org/10.1377/hlthaff.2012.1133

face various challenges such as a not being aware of clinical trials or understanding of biomarker testing. To address these issues, we collaborate with relevant organizations to raise awareness of the importance of testing and to provide support in improving patient access to clinical trials and increase biomarker testing rates. Additionally, we conduct surveys to directly ask patients about their reasons for choosing specific treatments or clinical trials, and we also established advisory committees with a focus on patient experiences with ADCs in both the US and Europe. These initiatives provide us valuable insights. Furthermore, we support public education and campaigns to raise awareness in order to reduce the social stigma associated with cancer. Our daily efforts are to improve the quality of life for patients, with the goal for them to "thrive with cancer", and to provide the necessary support for patients and their families to live better and longer lives.

Oliver I will discuss Patient Centricity with a focus on CVD. CVD is a leading cause of death worldwide, with Europe alone experiencing more than 10,000 deaths per day. Additionally, it is projected that the population of individuals aged 65 and above in Europe will reach 155 million by 2040, further increasing the incidence of CVD. Considering this situation, the EU Specialty Business Unit has implemented three specific initiatives. Firstly, we established a Patient Engagement function in 2023 to strengthen our collaboration with patient organizations. This function is working closely with the Oncology Business Unit Patient Advocacy team to ensure a consistent approach across our entire Group. We aim to support healthcare professionals in managing the entire life journey of patients with cardiovascular disease from a long-term perspective, providing comprehensive care and support. The second is to strengthen our relationship with patient organizations. We have conducted surveys with patient organizations in 10 European countries and recognized that our company is widely known throughout Europe and there is an expectation for further collaboration. Based on these results, we have established cooperative relationships with 4 relevant patient organizations in Europe[*2]. The third initiative is to raise patients' awareness through education and campaigns. We have launched disease awareness campaigns for atrial fibrillation and dyslipidemia through two patient-focused websites[*3], to increase their literacy and also to promote the prevention in a holistic and human-centric way. We also provide information on CVD through the website, "We Care for Every Heartbeat[*4] ", which serves as a central hub for all activities. Furthermore, in collaboration with the Oncology Business Unit, we organize the "O-Mamori Award" to support organizations implementing innovative projects that contribute to improving the quality of life, prevention, and education for patients. Following last year's event, we are planning to hold the "Dyslipidemia Flash Mob" event for disease awareness on this year's World Heart Day, with the sponsorship of three patient organizations.

Figure1 Advocacy Engagement Strategy

Strategic imperatives	Actions to close gaps	Measures of success
・Identify unmet patient needs in treatment on current compounds targets ・Low patient awareness of biomarker testing and the impact on appropriate treatment decisions ・Understanding patient lived experience including importance of Clinical Trials, QOL, side effect management and tolerability ・Counter cancer stigma to avoid discrimination feeling and overcome barriers	・Patient advisory committees (US and EU) focused on burden of disease, MOA, lived experience and ADCs ・Direct support of PAGs, medical societies and coalitions to increase knowledge, access and testing rates for patients ・Develop caregiver specific information through partnerships ・Engage cancer Patients through advisory boards and surveys to better understand treatment choices and adherence to regimens ・Support Public education campaigns / PSAs to reduce stigma for lung cancer patients	・Development of tools for physicians to engage in more effective Shared Decision-making conversations ・Increased patient access to biomarker testing ・Improved patient AE support/management leading to improved QOL PRO ・Increase in patient referral to care

As part of the "We Care For Every Heartbeat" initiative, we are conducting the European Survey of Cardiovascular Disease to assess the current understanding and perceptions of CVD in order to improve early diagnosis and treatment for patients. *The survey targets over 6,000 individuals from five countries (Germany, Italy, the Netherlands, Spain, and the UK) and will take place in October 2021.

Challenges towards realizing Patient Centricity in the medical field

Ueno I would like to ask Dr. Komatsu about the challenges in realizing Patient Centricity in the healthcare field, from the perspective of an expert in clinical and public health.

Komatsu While Patient Centricity is an important concept, many challenges and barriers still exist. For example, in the clinical setting, there is a significant gap in understanding between healthcare professionals and patients. Even if healthcare professionals strive to understand patients' values, there are still cases where patients themselves are unaware of their own needs. Therefore, it is necessary for us to strengthen our relationship with patients and their families and create opportunities for patients to freely express their thoughts, in order to identify their individual values and needs. To accurately understand patients' needs, we need to utilize various channels. One initiative I am working on is the development of decision-making support and communication tools for patients. The tool is composed of a six-page note in which patients can record their daily lives, changes in their condition, and any questions they may have. By sharing this with their doctors during consultations, it enables patients and doctors to communicate smoothly and certainly. Even patients who may hesitate to express their concerns verbally can share information through the note. Developing such materials and tools can be challenging for individual healthcare institutions, so I believe that involving pharmaceutical companies and advocacy organizations in development would be beneficial for both patients and healthcare professionals.

Challenges and expectations for the future promotion of Patient Centricity

Ueno Oliver, Gissoo, could you share your thoughts on the challenges in promoting Patient Centricity within your respective organizations and the expectations for our Group in promoting further co-creation of value with patients?

Oliver We have varying strict regulatory environments in Europe. Therefore, significant efforts are required to communicate with patients in meaningful ways and provide value. Patients now have access to a wealth of information about their symptoms, diseases, and side effects, and their needs and demands have become diverse. In particular, in recent years, the importance of prevention has increased significantly, and patient organizations are increasingly engaged in disease awareness and education. In the midst of these societal changes, the pharmaceutical industry has a responsibility to support communication between healthcare professionals and patients and contribute to the transformation of healthcare by not only providing valuable contributions through medicines but also enhancing patient empowerment through the provision of comprehensive disease awareness information. In our global market strategy, in order to enable healthcare professionals, payers, and other stakeholders to make the best choices for patients, we focus on providing information from a deeper patient perspective and support on their activities. Collaboration with patient organizations is essential in these activities. We will continue to work responsibly and build long-term trusted relationships with patient organizations, as we believe that this is the key to success.

Gissoo I agree with Oliver's opinion. It is a wonderful thing to have cross-organizational activities, especially when significant changes are happening throughout our organization. Patient Centricity is a challenge that concerns all of us. It is important for each individual, within their respective organizations and daily work, to consider how they can take actions with the patients' perspectives. Although some teams may not be able to engage directly with patients, all of our work is ultimately connected to providing value to patients. I think "listening" is the most important part, hearing what the patient's needs are and working internally with all of our cross-functional partners and alliance partners to be able to deliver on that promise to the patients that we could make their quality of lives better.

Komatsu There is a concept called the Socio-Ecological Framework that is highly regarded in public health. It suggests that various levels of interaction, such as individual, interpersonal, community, and societal/policy levels, influence people's health and behavior. Although companies have limited contact with individuals, society, and policy levels due to various regulations, I believe that they can contribute to the Socio-Ecological Framework by supporting patients in collaboration with healthcare providers. Furthermore, patient involvement is needed to enhance the quality of clinical trials. To encourage active patient participation in clinical trials, it is important for patients to consider themselves not just as research subjects but as "co-creators of pharmaceuticals" whose participation can benefit other patients. Through this process, doctors and pharmaceutical companies can gain insights from patients' experiences in clinical trials and Patient Journeys. By reflecting them, I believe we can achieve further improvement and success in clinical trials. In addition to individual patients, social-wide public awareness initiative is also important. This is something that cannot be achieved by healthcare providers alone in hospitals, and I believe that pharmaceutical companies should exert greater influence in this area.

Ueno Through today's discussion, we have gained many insights from each specialized field. Firstly, it is necessary to further spread the mindset of Patient Centricity in all countries, regions, and organizations within the Daiichi Sankyo Group. Everything we do as pharmaceutical companies contributes to improving patients' lives. By carefully listening to patients' opinions and incorporating their voices into our work and decision-making processes, we can provide effective solutions.

Collaboration with various stakeholders, including patient organizations, is essential for co-creating value with patients. We will continue to strengthen communication with various organizations and work towards a better society with Patient Centricity as our guiding principle.

*2 Global Heart Hub, FH Europe, European Patients Forum, and the European Patients Academy for Therapeutic Innovation
*3 https://www.healthy-heart.org/
https://www.afibmatters.org/
*4 www.wecareforeveryheartbeat.com

CFO Message

As we aim to achieve our 2025 goals and realize our 2030 Vision, we are committed to pursuing sustainable growth by balancing investments for future growth with shareholder returns.

Executive Officer
Head of Global Corporate Planning
and Management, CFO

Koji Ogawa

A Look Back Over the Past Year

It has been a year since I assumed the role of CFO in April 2023. Reflecting on this past year, I find the following three points particularly significant. First, the decision to establish a strategic alliance with Merck & Co., Inc. in the United States. This alliance has enabled us to deliver our products to more patients, more quickly, while also enhancing our internal capacity, resources, and capabilities. The second significant point is that we updated the expectation on numerical targets (KPIs) for FY2025 under our current 5-year business plan (FY2021-FY2025) and simultaneously decided to acquire our own shares. Over the past year, I have had the opportunity to engage in dialogue with many investors and shareholders. Based on these engagements, I believe we have successfully balanced future-oriented growth investments with enhanced shareholder returns. The final point is the preparation for the launch of our global organizational structure. Aiming to become a true business partner, we initiated a new global organizational structure with standardized processes in April 2024. With this structure, we believe we can now execute swift and accurate decision-making and optimal resource allocation on a global scale, under the leadership of the CFO. Moving forward, I am committed to continuing to provide leadership toward realizing our 2030 Vision of becoming an “Innovative Global Healthcare Company Contributing to the Sustainable Development of Society.”

Progress and update on the current 5-year business plan (FY2021-FY2025)

The Daiichi Sankyo Group is working on its current 5-year business plan (FY2021-FY2025) aimed at achieving its FY2025 target of becoming an innovative global healthcare company with a competitive advantage in oncology and shift to further growth to achieve our 2030 Vision. Specifically, by implementing the four strategic pillars and strengthening the foundation that supports these strategies, we aim to achieve our KPI targets of ¥1.6 trillion in revenue (¥600 billion or more from the oncology business), a core operating profit ratio before R&D expenses[*1] of 40%, Return on Equity (ROE) of 16% or more, and DOE (dividend on equity ratio)[*2] of 8% or more in FY2025, which is the final fiscal year of the plan.

Three years have passed since the launch of the current 5-year business plan, and the four strategic pillars are progressing smoothly, increasing our confidence in achieving the FY2025 goals. I will provide an update on the progress of “Maximizing 3ADCs” and “profit growth for current business and products.”

Regarding the most important of the four strategic pillars, “Maximizing 3ADCs,” our global product, the anticancer agent Enhertu®, has been growing steadily across countries and regions, exceeding our initial expectations.

In the United States, we have secured market leadership across all indications obtained, particularly in breast cancer. While market share has grown to a significantly high level, Enhertu represents a major shift from traditional standard treatments, and some physicians remain cautious about switching from established therapies. Currently, we are strengthening information provision to such physicians while aiming to further expand our market share. In Europe, market share is steadily growing in major markets like Germany and France, and market penetration is progressing smoothly in Italy, where the product was newly launched in 2023. In Japan as well, prescriptions are steadily increasing, particularly for breast and gastric cancers, securing top market share across all obtained indications. Furthermore, in the ASCA (Asia, South & Central America) regions, prescriptions have grown significantly, especially in Brazil and China.

Regarding “profit growth for current business and products,” the sales of our global product, the anticoagulant Lixiana® are progressing smoothly in Japan, Europe, and the ASCA regions. Additionally, sales of the pain treatment Tarlige® in Japan, the iron deficiency anemia treatment Venofer® in the U.S., and the hypercholesterolemia treatments Nilemdo®/Nustendi® in Europe have shown steady growth, significantly contributing to the creation of resources for investments in sustainable growth and shareholder returns. Furthermore, the profits from the steadily growing American Regent, which sells iron deficiency anemia treatment drugs and generic injectables in the United States, and Daiichi Sankyo Healthcare, which sells OTC pharmaceutical products in Japan, are steadily growing. It is expected that their profits will account for approximately half of the consolidated core operating profit in FY2024.

*1 Excluding temporary income and expenses (gains/losses related to sales of fixed assets etc.) from operating income
*2 Dividend on Equity = Total dividend amount / Equity attributable to owners of the company

Expectation on achieving FY2025 KPIs
(As of Apr. 2024)

	At the time of planning 5YBP	As of Apr. 2024
Revenue	1.6 Tr JPY	**2.1 Tr JPY**
Revenue in Oncology	600 Bn JPY	**1,000 Bn JPY**
Core Operating Profit ratio*1 before R&D expenses	40%	**40%**
ROE	16%	**16%**
DOE*2	8%	**8.5%**
Currency rate assumptions	1 USD=105 JPY 1 EUR=120 JPY	**1 USD=145 JPY 1 EUR=155 JPY**

CFO Message

Expectation on FY2025 KPI achievement (as of April 2024)

Based on the steady progress over the three years since the start of the current 5-year business plan, we anticipate that FY2025 revenue will reach ¥2.1 trillion, exceeding our target of ¥1.6 trillion by ¥500 billion, driven by increased revenue projections in the oncology field.

In FY2025, we anticipate that revenue from the oncology field will exceed ¥1 trillion within the consolidated revenue. However, the revenue forecast for Dato-DXd in FY2025 has been revised downward due to a reevaluation of the target patient population based on clinical trial results and adjustments to the timeline. On the other hand, for Enhertu, we anticipate further revenue growth in the breast cancer market based on clinical trial results. Additionally, due to the revenue impact from the upfront payment received upon entering into the strategic alliance with Merck in the U.S. for HER3-DXd, I-DXd, and DS-6000, we expect oncology revenue for FY2025 to exceed ¥1 trillion, surpassing the target of ¥600 billion by ¥400 billion.

With the increase in revenue, we expect higher costs of sales and selling, general, and administrative expenses. However, improvements in cost ratios due to changes in product mix and efficient, effective expense management will enable us to continue aiming for a core operating profit margin before R&D expense of 40%. Furthermore, as the potential of our R&D pipeline continues to expand smoothly, we will actively invest in research and development for sustained growth. We aim to maintain a ROE of 16% or more. Additionally, we anticipate that our DOE will exceed our target of 8% and reach 8.5% or more, due to improved capital efficiency and enhanced shareholder returns.

Three years have passed since the start of the current 5-year business plan, we strongly feel that the profit expansion phase moving beyond the investment phase is now approaching.

Well-Balanced investment for growth and shareholder returns (Cash Allocation)

During the current 5-year business plan period, we will follow a policy of well-balanced cash allocation between investment for growth and shareholder returns. Specifically, a portion of the cash allocation will be dedicated to investment for growth (such as R&D and capital expenditures) and shareholder returns. The remaining portion will be flexibly allocated based on the progress of the R&D pipeline, considering a balance between further growth-oriented R&D investments and shareholder returns.

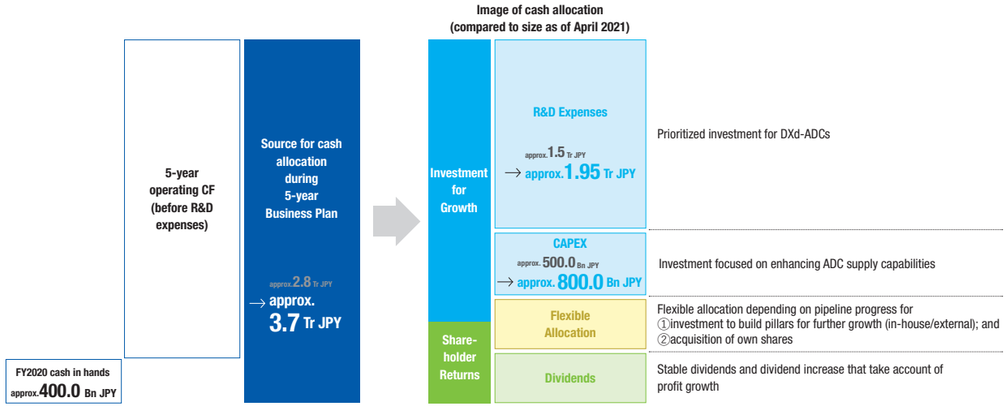
The cash allocation for the current 5-year business plan period, comprising the initial cash on hand at the start of the current 5-year business plan and the operating cash flow before R&D expenses over the five years, is expected to increase by approximately ¥900 billion to around ¥3.7 trillion compared to the initial forecast, due to the receipt of upfront payments from the strategic alliance with Merck in the U.S. The increased cash allocation will primarily be used for enhancing R&D investments, capital expenditures for future growth, and further strengthening shareholder returns.

For R&D expenses prioritized for the development of DXd ADCs, we plan to increase the allocation by ¥450 billion compared to the initial forecast of the current 5-year business plan, totaling approximately ¥1.95 trillion over the five years. Of this, the R&D expenses for FY2024 and FY2025 are expected to be around ¥1 trillion, due to the initiation of new trials for products such as Enhertu. Compared to the initial forecast, for HER3-DXd, I-DXd, and DS-6000, we will accelerate development to maximize product value through strategic alliance with Merck in the U.S., which will speed up expansion trials and the initiation of new trials. On the other hand, due to the impact of development cost sharing from the strategic alliance, the projected R&D expenses for these three products have decreased compared to one year ago. The resources secured through development cost sharing will be actively invested in initiatives for sustainable growth, progressing towards building new pillars of growth following the 5DXd ADCs. Additionally, we anticipate an increase in R&D expenses due to expanded medical affairs activities (new evidence creation and delivery) along with such as expanding evidence creation and information dissemination related to the expansion of indications for Enhertu, and the launch of Dato-DXd and HER3-DXd. We will also further strengthen our R&D infrastructure including expanding our development staff to accelerate and expand the development of 5DXd ADCs and other products.

Regarding capital expenditures, we plan to increase the allocation by ¥300 billion compared to the initial forecast of the current 5-year business plan, totaling approximately ¥800 billion over five years. The primary purpose of this increase is to strengthen our production infrastructure, with a significant portion allocated to enhancing the production infrastructure for DXd ADCs. We will address the growing demand for DXd ADCs resulting from the steady growth of the Enhertu business, advancements in the development of Enhertu and Dato-DXd, and the strategic alliance and development progress with Merck in the U.S. for HER3-DXd, I-DXd, and DS-6000. Going forward, we will continue to invest in both our own production facilities and external contract manufacturing organizations in a balanced manner. For DXd ADCs production facilities, we will invest not only in our plants in Japan but also in utilizing our facilities in the U.S. and Germany as DXd ADCs production sites.

We will further strengthen shareholder returns through increased dividends in line with profit growth and flexible acquisition of our own shares. These aspects will be explained in detail in the following section.

Well-balanced investment for growth and shareholder returns
Cash allocation



Shareholder return policy

In the current 5-year business plan, we have adopted DOE as a KPI for shareholder returns, aiming to achieve a rate of 8% or more, which exceeds the cost of equity capital, in FY2025.

DOE is an indicator that combines ROE and the dividend payout ratio, encompassing both capital efficiency and shareholder returns, which are crucial for enhancing corporate value. As the company transitions to a profit growth phase under the current 5-year business plan, it is essential to consider dividends in conjunction with capital costs and capital efficiency. Therefore, we have adopted DOE as our key indicator.

Regarding ROE, we aim to achieve a rate in the high 11% range for the FY2024 and 16% or more for the FY2025 by expanding capital efficiency through revenue growth driven by Enhertu and flexible acquisition of our own shares.

Regarding the equity ratio, we consider approximately 60% to be an appropriate level from both financial security and capital efficiency perspectives. Although the equity ratio has temporarily decreased due to the strategic alliance with Merck, where a portion of the upfront payment received is recorded as deferred revenue (liability) for future sales revenue, we expect to gradually bring the equity ratio back to around 60% over the coming years as we recognize deferred revenue as sales revenue. Regarding cross-shareholdings, we generally do not hold listed shares, except when it is deemed to contribute to maintaining or strengthening long-term business relationships and enhancing our corporate value. We are progressively selling these shares, taking into account their impact on the market and other factors.

We aim to further enhance shareholder returns through increased dividends in line with profit growth and flexible acquisition of our own shares. With the expansion of Enhertu sales, the likelihood of achieving the key numerical targets for FY2025 has increased, so we plan to continue increasing dividends in FY2024, as we did in FY2022 and FY2023. Additionally, to enhance shareholder returns and improve capital efficiency, we have decided and are implementing own shares acquisition program with a total purchase amount of ¥200 billion and a maximum of 55 million shares.

As a result of these initiatives, we expect DOE to exceed the target of 8% by 0.5%, reaching 8.5% or more.

DOE (Dividend on Equity) = Total Dividends ÷ Shareholders' Equity
= ROE (Net Income ÷ Shareholders' Equity) × Payout Ratio (Total Dividends ÷ Net Income)

Commitment as CFO towards maximizing shareholder value

In the year since my appointment as CFO, I have engaged in discussions with many shareholders and investors about our Group's sustainable growth through advancements in the oncology business and our innovative development pipeline. Through these dialogues, I aim to enhance our company's valuation in the stock market. Our company aims to manage in a way that contributes to the increase in Total Shareholder Return (TSR), which is the sum of dividends and capital gains divided by the investment amount. As of the end of July 2024, our market capitalization exceeds ¥11 trillion, and the PBR (Price-to-Book Ratio) is over 6 times, indicating that our company's value is highly appreciated by the stock market. Moving forward, we will continue to strive for maximizing corporate value through active dialogue with shareholders, investors, and all stakeholders.

Risk Management

Major Risks and Corresponding Responses

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. 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.

For details on our risk management system, crisis management, and BCP (Business Continuity Plan), please click Here

Areas	Material Risks	Risk Summary	Status of Risk Management
Research and Development & Alliances with Partner Companies	○	The potential of discontinuation of research and development, failure to obtain approval due to changes in approval review criteria, or changes or termination of contract terms related to collaborations in the development of new drug candidates. This includes Trastuzumab Deruxtecan (T-DXd/DS-8201: Anti-HER2 ADC, product name: ENHERTU®) and Datopotamab Deruxtecan (Dato-DXd/DS-1062: Anti-TROP-2 ADC) in partnership with AstraZeneca, as well as Patritumab Deruxtecan (HER3-DXd/U3-1402), Ivnatamab Deruxtecan (I-DXd/DS-7300), and DS-6000 (R-DXd) in partnership with Merck.	Establish a Joint Committee with AstraZeneca and Merck, 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; Ensure constant communication with pharmaceutical regulatory authorities in each country, as a means of managing and reducing risks; Ensure distribution of manufacturing and logistics bases, and install private electricity generators; Strengthen IT foundations, such as by ensuring redundancy in core systems
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.	Consistent quality assurance through the enhancement of management systems compliant with GMP and GDP standards; Regular audits of group company facilities and business partners are conducted; Perform objective assessments, reviews, and analysis of safety management information (e.g., information on side effects) globally collected; and share this information with health care professionals in an appropriate manner; Provide all employees with training in safety management information every year
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	Appoint risk management officers at group companies outside of Japan, and collect and share information on a regular basis; When a problem occurs, the risk management officer serves as a hub for coordinating with local Group companies, aiding prompt problem resolution
Manufacturing and Procurement	○	Risks affecting manufacturing and procurement activities may include damage to Group-owned facilities, impairment of social infrastructure, and technical issues	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; Continuously improve BCP by reviewing operations and organizational structure related to priority supply items, etc.; Periodically review list of priority supply items
Environment & 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.	Establish and ensure continuous monitoring of independent management standards that are more rigorous than those set by local authorities; Disclose information according to recommendations of the TCFD
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.	Maximize value and minimize risks for the creation and protection of intellectual property; Establish systems to minimize the impact of intellectual property disputes on business by working together with internal and external parties
Litigation	○	Lawsuits may arise over pharmaceutical side effects, product liability, employment/labor issues, and fair trade-related litigations, among others.	Minimize legal risks and maximize business opportunities under applicable laws and regulations, contracts, and dispute prevention and resolution
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.	Revise wholesale prices and rebates in light of NHI drug price system reforms and distribution improvement guidelines; Draw up and implement appropriate sales contracts; Monitor drug price policies in each country
Legal Risk	○	There is always legal risk the Group is cognizant of, including the serious risk associated with illegal conduct by executives and employees.	Monitor business operations to detect any inappropriate activities as early as possible; Prevent violations through strict compliance with laws and regulations and through educational and awareness-raising activities; Establish measures to prevent compliance violations and take strict action when violations occur
Financial Market and Exchange Rate Fluctuations	○	Negative effects may result from stock market behavior, interest rate trends, or exchange rate fluctuations.	Reduce cross holdings; Implement mid-term reviews of pension fund asset allocations; Execute currency hedging transactions
IT security and information management	○	Network virus infection, cyber-attacks, and other similar events may result in a system shutdown or leakage of confidential information including personal data.	Under the leadership of the CDXO, promoting measures related to information management and security, and establishing policies and rules; Provide employees with continuous information management training; Establish security systems with defense functions and infringement detection and countermeasure function; Strengthen information security infrastructure and improve its operation; Regular monitoring of personal information management practices
Securing Talent		Increasingly competitive job markets may result in an inability to secure sufficient talent with the high levels of expertise required for various roles.	Strengthening planned recruitment activities and fostering and securing talents through diverse approaches; Establishment and implementation of a globally unified HR system and human resource information system; Promote both One DS Culture and Inclusion & Diversity (I&D), and analyze and improve employee engagement through global engagement surveys

Initiatives for Information Management and Security

Our Group has established a global information security policy to ensure the stable supply of products and the provision of reliable information to our customers. Under the leadership of the Head of Global Information Security, we are implementing information security measures on a global scale. Additionally, the Chief Digital Transformation Officer (CDXO), the chief officer in the digital domain with information management functions, supervises digital transformation for the entire organization and oversees the conduct of its operations.

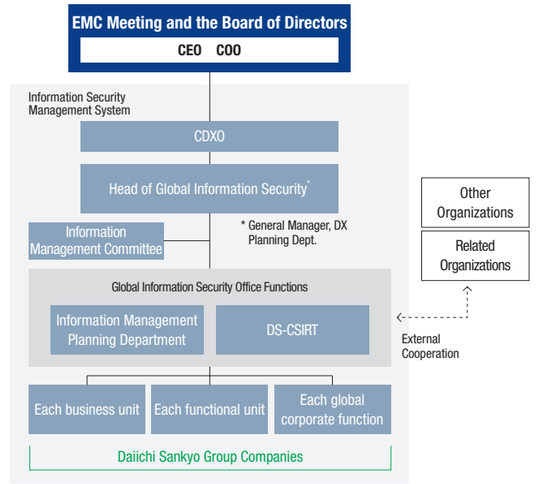
Our information and system assets referred to in the information security policy include information on our business units, as well as our business partners and customers, and data, media, information systems, and industrial systems that include the information. We have standardized information management measures among Group companies in Japan and are continuously assessing them to ensure thorough information management. In information security, we have established the Daiichi Sankyo Group Information Security Standard to enhance the level of security measures globally. We assess compliance with these standards and implement continuous improvements based on the results. Furthermore, since FY2023, we have transferred the information security function to the digital transformation management department, “Global DX”, to further strengthen information security across the entire group. To protect information resources from security threats, raising awareness among all employees is crucial. As part of our information security awareness activities tailored to the specific circumstances of each company, we educate employees about cyber-attacks and targeted e-mails, etc. on an ongoing basis.

Moreover, under the leadership of the Head of Global Information Security, we operate a Computer Security Incident Response Team (CSIRT)*2, which conducts 24-hour security monitoring with the support of external security partners. To effectively counter cyberattacks, collaboration with other organizations is essential. We work closely with external expert organizations and other CSIRTs to gather information and develop and promote security measures. By building such cooperative relationships, we contribute not only to the security within our Group but also to the overall enhancement of security in society.

Furthermore, to address the risk of cyberattacks on control devices and systems involved in the pharmaceutical manufacturing process, we are actively promoting Operational Technology (OT) security measures. Specifically, we are advancing security measures by designing a standard model that organizes recommended security technologies, as well as processes for evaluating and managing OT security risks. With these measures, we minimize risks related to quality control and stable supply, thereby contributing to the provision of pharmaceuticals to patients.

*1 Abbreviation for Chief Digital Transformation Officer

*2 A framework for dealing with incidents relating to computer security in enterprises

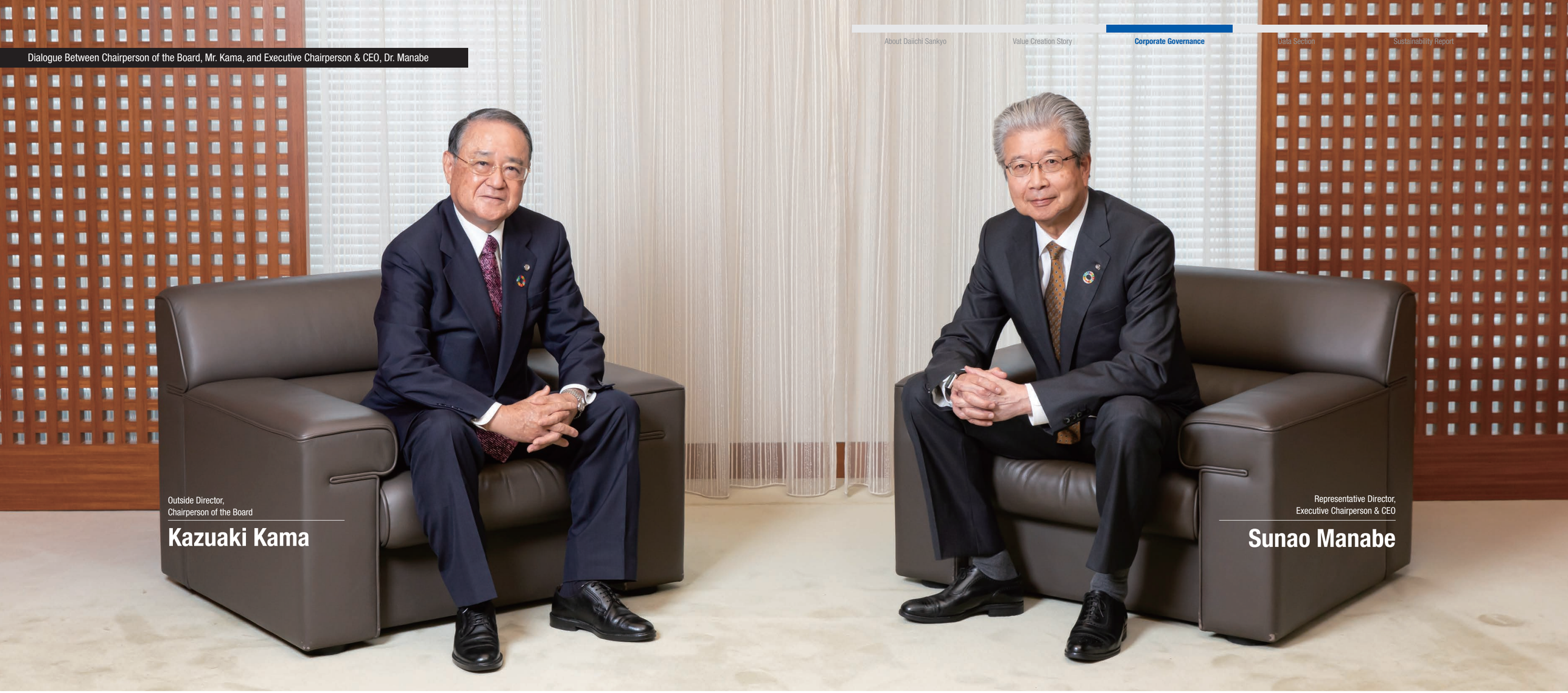


Strengthening the Management System for Safety and Quality Assurance

To deliver safe and high-quality products that patients can use with confidence, we have established and strengthened a management system that complies with Good Manufacturing Practice (GMP) for pharmaceutical manufacturing and quality control, as well as Good Distribution Practice (GDP) for ensuring the quality of pharmaceuticals during transportation and storage. This comprehensive quality assurance approach covers the entire process, from the procurement and storage of raw materials to pharmaceutical manufacturing and distribution. In addition, we conduct regular audits of our group company sites and business partners to ensure the maintenance and enhancement of an appropriate quality management system, as well as to reduce risks.

Regarding safety, we have established a system that enables us to conduct safety monitoring activities on a global scale. We promote activities aimed at minimizing risks on patient safety by evaluating, reviewing, and analyzing safety information (such as side effect information) collected from around the world and promptly providing the results to healthcare professionals. Additionally, we conduct annual training on safety information for all employees, striving to foster a strong awareness of Patient Safety.

Dialogue Between Chairperson of the Board, Mr. Kama, and Executive Chairperson & CEO, Dr. Manabe



Outside Director,
Chairperson of the Board
Kazuaki Kama

Representative Director,
Executive Chairperson & CEO
Sunao Manabe

The Supervisory and Executive Structure Aimed for by Daiichi Sankyo Group as it Expands its Oncology Business Globally

Striving to Optimize the Balance Between Oversight and Execution to Further Enhance Trust

Increasing the Weight of "Offensive Governance" to Support the Executive Side, Aiming for Governance Unique to Daiichi Sankyo

Please tell us about your initiatives during the past year as the new chairperson of the Board. And what do you think of the new executive structure following the appointment of President Okuzawa?

Director Kama I am working to ensure a clear separation between the execution and supervision of management. In addition, based on the annual board evaluation, I am striving to further strengthen the oversight function by improving operational aspects.

The role of the Board of Directors is to "enrich discussions aimed at sustainable growth and steadily fulfill its supervisory role." Last year, we deepened discussions on long-term strategies and initiatives for globalization. Additionally, based on the revised matters for deliberation and reported matters of the Board, we are optimizing items for deliberation and reporting and advancing the delegation of authority from the Board of Directors to the execution team. We also conduct thorough pre-meetings with the CEO and COO regarding the selection and content of agenda items.

As we enter a phase of full-scale globalization, we selected Mr. Okuzawa as the President and COO based on his extensive global work experience and ability to embody our Core Values and Core Behaviors that serve as the foundation for fostering our company culture, which will be crucial skills and experiences required for the president over the next few years. Amid the rapidly changing business environment, we highly appreciate President Okuzawa's leadership in driving organizational transformation to strengthen global management. This includes establishing an executive structure that appoints members of diverse nationalities to serve as Global Heads, clarifying key personnel in Japan, and initiating organizational transformation. We believe that the introduction of

the CEO/COO structure has effectively advanced the goal of strengthening the executive structure.

Please tell us about the initiatives related to one of the priority measures for FY2023, "Enhancement of discussion on key matters such as long-term strategies and globalization for further strengthening the oversight functions of the Board."

Director Kama We have focused our discussions on long-term strategies, business strategies, business investments, globalization, Materiality, and risk management. Specifically, besides discussions on the portfolio centered on the ADC business, we also discussed global human resources and the One DS Culture. Additionally, we have been receiving timely reports on the globalization of corporate functions, the CxO structure initiated in FY2023, and the progress of various projects. As the Board of Directors, we believe it is important to ensure that appropriate business plans and progress are being made, and that appropriate risks are being taken as part of "offensive governance." Therefore, we monitor whether the necessary actions are taken and ask the relevant questions to encourage the executive side. In this way, as an Outside Director and the Chairperson of the Board, I strive to participate in discussions and manage the board operations from a third-party perspective. Particularly last year, through discussions on the strategic alliance with Merck & Co., Inc., Rahway, NJ, USA, we were able to enhance our discussions on long-term strategies.

Amid the rapid expansion of our global business and the acceleration of global management, we aim to deepen discussions on the "global healthcare company" we are aiming to become, while listening to the challenges and progress reported by the executive side.

In light of the remarks from Director Kama, would you please update us on the progress of the executive initiatives? In particular, we would like to hear about the key discussion points regarding the strategic alliance with Merck.

CEO Manabe There have been various opinions within the company regarding our strategic alliance with Merck. I believe that we have chosen the best means to embody our Purpose, "Contribute to the enrichment of quality of life around the world," and our Mission, "Create innovative pharmaceuticals addressing diverse medical needs," in order to deliver innovative medicines to more patients more quickly. We determined that, considering the increasing need to enhance capacity, resources, and capabilities for maximizing the DXd ADC franchise, as well as the intensifying competition in development, opting for a strategic alliance rather than pursuing in-house development and commercialization would achieve greater corporate and product value. This conclusion was reached after thorough deliberation by the execution team, taking into account both internal and external environmental changes. We believe that, in terms of speed and scale, we can expect to create a social impact that Daiichi Sankyo alone could not achieve. Furthermore, through the upfront payment received as part of the strategic alliance agreement, we have the opportunity to allocate funds towards increased research and development expenses, facility investments, and further strengthening of shareholder returns for future growth.

During the Board of Directors' deliberations, the execution team engaged in extensive discussions with Outside Directors from various perspectives. These discussions included the risks associated with entering into a new alliance in addition to the existing one with AstraZeneca, as well as the potential for business growth independently. From an oversight perspective, we received various advice on the content of the deliberations, helping us understand and support the fact that this decision is crucial for the company's mid- to long-term growth.

Regarding the strategic alliance with Merck, could you please elaborate on the key points that the Board of Directors emphasized, the future challenges, and the details of the discussions?

Director Kama The recent strategic alliance with Merck has a significant impact on our business strategy. The Board of Directors received multiple briefings and engaged in extensive discussions about it. We also addressed concerns regarding entering a strategic alliance with another company while we are already partnered with AstraZeneca, and discussed the reasons for selecting Merck as our new partner. From the perspectives of pursuing our Purpose and Mission, ensuring sustainable growth, enhancing corporate value, and strengthening competitiveness, I believe we have selected the best partner under the best terms. The Board of Directors also felt that we were able to support the executives from the standpoint of "offensive governance".

While maximizing the business value in the oncology field is crucial, from the perspective of "defensive governance," it is also essential for the Board of Directors to appropriately oversee the execution team's efforts to strengthen internal controls, manage company-wide risks, and ensure proper compliance.

Governance includes not only supervision but also supporting and encouraging the executives. We believe it is necessary to clearly distinguish between risks to be taken and risks to be avoided, thereby increasing the emphasis on offensive governance. As the Chairperson of the Board, I am committed to facilitating discussions that will contribute to the sustainable growth and long-term enhancement of corporate value for Daiichi Sankyo.

Striving to Optimize the Balance Between Oversight and Execution, and Strengthening Operations to Enhance the Effectiveness of the Oversight Function

Please tell us about the initiatives related to one of the priority measures for FY2023, "Enhancement in terms of operation for further strengthening of the decision-making functions and oversight functions of the Board."

Director Kama In order to review the balance between supervision and execution for our company and to optimize the matters for deliberation and reporting, we revised the standard for submitting matters for deliberation and reported matters of the Board, effective from FY2023. Specifically, we advanced the delegation of authority from the Board of Directors to the execution team, streamlined the matters for deliberation and reporting, and enriched discussions on important business execution matters. We believe this has also enhanced flexibility and agility in business operations. Additionally, in FY2023, we also revised the matters for deliberation and reporting within the Nomination Committee and the Compensation Committee.

As for opportunities for discussions outside the Board of Directors, a total of nine meetings were held last year, including Outside Directors' meeting, briefing for Outside Directors and Outside Audit & Supervisory Board Members, and meetings to exchange views among Directors and Audit & Supervisory Board Members. We are enhancing discussions among board members to further strengthen the decision-making and oversight functions of the Board of Directors. We also held quarterly meetings consisting solely of Outside Directors and Outside Audit & Supervisory Board Members, where active discussions took place.

We also conducted detailed pre-meetings with the CEO and COO regarding the selection and content of agenda items and carefully worked out the time allocation. I feel that the Board of Directors, particularly the Outside Directors, are having a more active exchange of opinions. This is not just my impression; I have also received similar feedback from everyone during the meetings for Outside Directors and Outside Audit & Supervisory Board Members and in the board evaluation.

Please tell us about the division of roles in the operations of the Board of Directors and decision-making in management, as well as efforts to deepen discussions.

CEO Manabe Detailed monthly meetings are held with the Chairperson of the Board, including the COO, regarding the selection and management of board agenda items. For Outside Directors, we provide individual pre-meetings to explain the content of the Board meetings and invite them to attend the Executive Management Committee (EMC) Meeting as observers, ensuring that discussions at the Board meetings are more in-depth. As for the matters for deliberation and reporting at the Board of Directors, the execution team thoroughly discusses these items at the EMC Meeting and then reports them to the Board. We believe the Board's role is to supervise these discussions, provide expert advice, and assess risks.

Outside of the Board meetings, we held briefings to deepen their understanding of the ADC business strategy, R&D activities and other initiatives on the executive side. We deeply feel that all Outside Directors strongly empathize with and support our company's Purpose and Vision. Additionally, we received numerous valuable insights from them, leveraging their experiences to support the sustainable growth of our Group. Particularly, we received precise and insightful comments in the discussions about our strategic alliance with Merck, including both positive and negative viewpoints.

Please tell us about the operational status of the Nomination Committee and the Compensation Committee, as well as the performance evaluations of the CEO and COO conducted by the joint meeting.

Director Kama Both committees, which had been established as advisory bodies to the President, were restructured as advisory bodies to the Board of Directors in 2020. The two committees were composed of four Outside Directors, with one Outside Audit & Supervisory Board Member participating as an observer. However, starting from FY2024, with the addition of Director Honma, the committees now consist of five Outside Directors. In the FY2021 board evaluation by a third-party organization, our Board of Directors and its advisory bodies, the Nomination Committee and the Compensation Committee, were assessed as functioning appropriately. We also plan to conduct a third-party evaluation this fiscal year.

In FY2023, the Nomination Committee convened nine times, and the Compensation Committee eleven times. In addition to the regular committee meetings, joint meetings of the Nomination Committee and the Compensation Committee were held in March and September for further discussions. Regarding the goal setting and evaluation of the CEO and COO, in March we conducted the final evaluation of the current fiscal year's performance and set the goals for the next fiscal year. In September, we reviewed the progress towards achieving these goals. In the September discussions, we deliberated on the reappointment or dismissal of the CEO and COO. The performance evaluations conducted in March are then connected to the discussions of the Compensation Committee. The activities of both committees and joint meetings are reported to the Board of Directors every three months. We believe that through these processes, which ensure objectivity and transparency, we are strengthening governance and that the Board of Directors is fully fulfilling its expected role.

Increasing the Number of Outside Directors to Optimize the Composition of the Board of Directors, and Initiatives for Globalization and Development of Next-Generation Leaders

Please provide an update on the initiatives related to the FY2023 priority measures of "Further considerations for optimizing the Board composition." Additionally, please explain the reasons for appointing Outside Director Honma.

Director Kama Our Board of Directors has identified nine key skills that are considered particularly important in light of our company's management direction, our Purpose and Mission, long-term management direction, and business strategies. These skills are crucial for realizing the 2030 Vision and for the Board to fulfill its functions effectively. Regarding Directors, we select Board members from among the candidates by considering diversity and balance to ensure none of these skills are lacking. This selection is based on strengthening the decision-making and oversight functions. Recognizing the need for a majority of Outside Directors, we decided to increase the number of Outside Directors in FY2023 and appointed Yo Honma, the President and CEO of NTT Data Group Corporation (stepping down in June 2024), starting in FY2024. Outside Director Honma brings extensive experience and broad knowledge in overall corporate management, IT and digital technology, and corporate globalization, stemming from his background as a company executive in the information and communication sector. We are confident that he will leverage his extensive experience and broad knowledge to address challenges related to global management transformation and the acceleration of innovation through digital transformation (DX), which are critical for our company's sustainable growth.

We continue to recognize challenges related to the number of Directors, the ratio of Inside to Outside Directors, and diversity in terms of gender and international representation. We are actively considering these factors to achieve an optimal board composition.

Please share your thoughts on management diversity, including gender and international representation, as well as the optimal composition of members, including the executive structure.

CEO Manabe Against the backdrop of the rapid business expansion in oncology and the acceleration of global management, ensuring diversity among Directors, including gender and international representation, is more important than ever for the Board of Directors. We sometimes receive external opinions regarding the appointment of executives and CxO experienced individuals from companies in the same industry. However, we intend to actively consider capable candidates regardless of whether they are from companies in the same industry.

On the executive side, as globalization progresses, there is a need to expand and build the management foundation, including organization and human resources. We are promoting the appointment of candidates of diverse nationalities to Global Head positions, strengthening the global management structure, and fostering global leaders and talents.

In April, we launched the "DS Academy," a program aimed at developing future global leaders, and it has had a successful start as expected. In order for the Daiichi Sankyo Group to continuously and globally provide value, we aim to develop the next generation of leaders by having not only external lecturers but also our own executives take the rostrum. They will focus on deepening understanding of the history, innovation, and DNA of the Daiichi Sankyo Group as a century-old company. In addition to advanced management skills, we seek to strengthen their ability to see the business from a long-term and ultra-long-term perspective.

Sustainable Growth and Further Enhancement of Corporate Value

Please share your initiatives and thoughts on realizing the 2030 Vision and enhancing corporate value.

CEO Manabe With the expansion of our oncology business and the global

strengthening of each function, it is essential to enhance our most important capital—human capital—by securing and developing talents. Additionally, we aim to realize our Purpose and Vision by promoting the One DS Culture, which is fundamental to our value creation process. In 2024, we have established the Daiichi Sankyo Group People Philosophy, focusing on creating an inclusive environment where diverse employees can maximize their abilities through mutual cooperation and trust, and where each individual's opinions are respected. Through these initiatives focusing on human resources, we will maximize "human capital" and make it the driving force for sustainable value creation, thereby enhancing corporate value even further.

Additionally, strengthening "Science & Technology," the source of value creation, is crucial for sustainable growth. Even in uncertain fields or uncharted territories, fostering an organizational culture that encourages researchers to pursue their scientific interests, supports valuable challenges with hypotheses, repeats worthwhile challenges, and shares learnings from many failures to inform the next endeavor, is key. The accumulation of those cycles leads to the buildup of unique knowledge and experiences, which serve as a continuous source of innovation. We believe that the continued trust placed in our research and development capabilities by successive generations of management has been instrumental in driving innovation.

Our Group has positioned "creating shared value with stakeholders" as one of the strategic pillars of our current 5-year business plan. With "Passion for Innovation. Compassion for Patients." at the core of our corporate activities, we are promoting Patient Centricity initiatives across the entire value chain. Through these initiatives, we aim to enhance our social significance by keeping patients in mind in all our business activities, and always returning to our Purpose, "Contribute to the enrichment of quality of life around the world,".

Please share the challenges to enhance sustainable corporate value, the role of the Board of Directors in addressing these challenges, and your message to stakeholders.

Director Kama To support "Science & Technology" and to continuously create innovative new medicines, we need to maintain active investment. On the other hand, while balancing returns to shareholders, we believe it is necessary to secure a flexible allocation framework that can respond to changes in the business environment, and to invest for sustainable growth and enhancement of corporate value with an eye on 2030 and beyond.

To speed up execution through the delegation of authority to the execution team, it is also important to build trust alongside optimizing the balance between oversight and execution. Although we believe that a sufficient level of trust has already been established, we aim to further enhance this relationship through discussions on the pursuit of Daiichi Sankyo's Purpose and the enhancement of corporate value.

It is necessary to have continuous discussions about what the corporate value of our company is for all stakeholders, including patients and healthcare professionals, by considering the value provided by the Daiichi Sankyo Group as a combination of social value, environmental value, and financial value. This fiscal year, we will continue to engage in high-quality discussions from a long-term perspective. By achieving sustainable growth for the company and enhancing mid- to long-term corporate value, we will ultimately meet the expectations and trust of all our stakeholders.

Corporate Governance

In addition to creating a management structure that can respond speedily and flexibly to changes in the business environment, Daiichi Sankyo Group is working to secure legal compliance and management transparency and to strengthen oversight functions over 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 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 the Compensation Committee as voluntary committees. In addition to that, 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. In 2024, a new Outside Director was appointed, bringing the total to five.

Through these efforts, we are committed to establishing the governance system for the Board of Directors to make important business decisions and oversee its management appropriately, establishing an internal control system that ensures proper delegation of power from the Board of Directors, and making sure the Board of Directors will improve its function and effectiveness.

Going forward, we will continue to work on further optimizing the Board of Directors' composition, strengthening 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

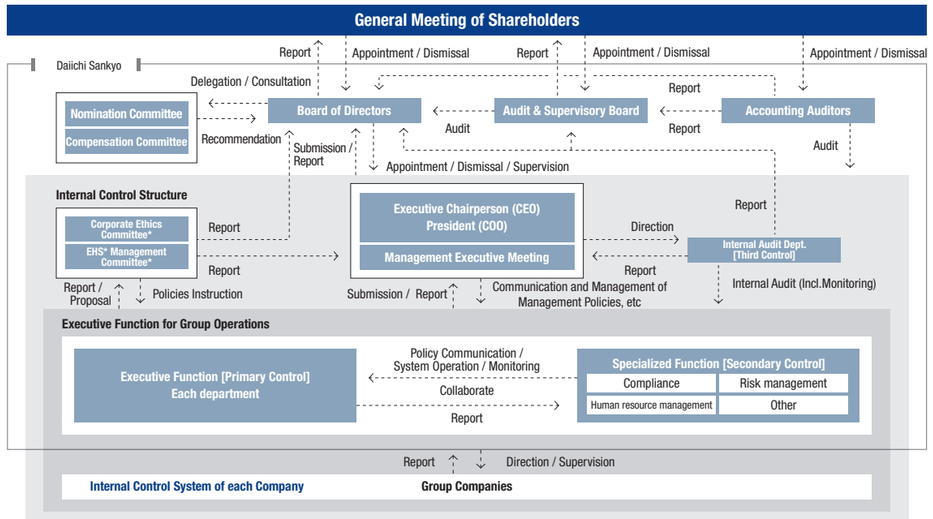
		2007	2014	2016	2017	2018	2019	2020	2021	2022	2023	2024
Chairperson of the Board		Chairman	CEO				Chairman	Outside Directors				
Directors	Outside	4 persons					4 persons, including 1 female member					5 persons, including 1 female member
	Inside	6 persons				5 persons						
Audit & Supervisory Board Members	Outside	2 persons	2 persons, including 1 female member		3 persons, including 2 female members							
	Inside	2 persons									2 persons, including 1 female member	
Nomination Committee		2 Outside persons and 1 Inside person	4 Outside persons		4 Outside persons, 1 Outside Audit & Supervisory Board Member (Observer)							5 Outside persons, 1 Outside Audit & Supervisory Board Member (Observer)
Compensation Committee		2 Outside persons and 1 Inside person	4 Outside persons		4 Outside persons, 1 Outside Audit & Supervisory Board Member (Observer)							5 Outside persons, 1 Outside Audit & Supervisory Board Member (Observer)
Compensation System (Incentives)		Short term: Annual performance-based bonus							Clawback provision			
		Long term: Share remuneration-type stock option			Long term: Restricted share-based compensation				Long term: Medium-term performance-based share compensation			
Corporate Governance Code			Explained about 3 items immediately after applying the Code		Complied with all the items	Explained about 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 five out of our ten Directors are Outside Directors. Since June 2020, an Outside Director has been appointed Chairperson of the Board of Directors. To ensure management transparency, the Company has established two voluntary committees as advisory bodies to the Board of Directors: the Nomination Committee and the Compensation Committee. Both committees respectively deliberate on selections or dismissals of CEO and COO, the succession plan of CEO, selections of Director and Audit & Supervisory Board Member candidates, the compensation policy for Directors, the individual amounts of compensation of Directors, and other matters. It is comprised by five 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 Directors and Audit & Supervisory Board Members. Under the global management structure, the Management Executive Meeting with CxOs, Unit Heads, and Heads of Global Corporate Functions 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 to consist 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). We have adopted this corporate governance structure to be optimal for establishing a management structure that can respond swiftly and flexibly to changes in the business environment, for ensuring legal compliance and management transparency, and for strengthening the oversight functions over the management and the execution of business.

Overview of the Corporate Governance Structure



*The Corporate Ethics Committee and the EHS (Environment, Health, and Safety) Management Committee each held two meetings in FY2023. For more details, please refer to our website.

For information about the Corporate Ethics Committee, click **Here**

For information about the EHS Management Committee, click **Here**

Activities of the Board of Directors

- **As a general rule, the Board of Directors is held once a month.**
- **A total of 16 meetings were held in FY2023, and all Directors and Audit & Supervisory Board Members attended all of the meetings.**

*Of the Board of Directors held in FY2023, Takaaki Nishii and Miyuki Arai attended only those held after their appointment on June 19, 2023

Items Discussed by the Board of Directors: Long-term strategies and Business strategies / Annual business plan and budget / Financial results and forecast / Execution status of business investments / ESG and Materiality KPI / Risk management / Internal audit plans and results / Selection of candidates for Directors and Audit & Supervisory Board Members / Selection of Representative Directors and Executive Directors / Revision of Global Management structure and organizations / Selection of CxOs, Unit Heads and Heads of Global Corporate Function in Global Management structure / Selection of Corporate Officers / Selection of candidate representatives of major Group companies / Board evaluation / Payment of annual performance-based bonuses to Directors and Corporate Officers / Compensation amounts for individual Directors and Corporate Officers / Evaluation coefficients for Medium-term performance-based share compensation / Payment of monetary compensation receivables for restricted shares and disposal of own shares / Daiichi Sankyo Group Monthly Business Report

Nomination Committee, Compensation Committee, and Audit & Supervisory Board

	Nomination Committee	Compensation Committee	Audit & Supervisory Board
Chairperson	Outside Director	Outside Director	Full-time Audit & Supervisory Board Member
Composition	5 Outside Directors (Observer: 1 Outside Audit & Supervisory Board Member)	5 Outside Directors (Observer: 1 Outside Audit & Supervisory Board Member)	2 Full-time Audit & Supervisory Board Members 3 Outside Audit & Supervisory Board Members
Purpose	To deliberate matters required for selection and dismissal of the CEO/COO, successor plan of the CEO, and selection of candidates for Directors, at the request of the 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 as well as the individual amounts of compensation at the request of the 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 FY2023	9	11	14

Message from the Chairperson of the Board

As the new chairperson, I have strived to operate with a clear separation between the execution and oversight of the management. With the revised standard for submitting deliberation and reported matters of the Board, we are now able to allocate sufficient time for deliberation, leading to more active discussions. I believe that the Board of Directors was able to support the executive side by holding multiple discussions regarding the strategic partnership with Merck. An additional Outside Director was appointed, bringing the number of Inside and Outside Directors to five each. In our efforts to optimize the composition of the Board of Directors, we recognize challenges related to the total number of members, the ratio of Inside to Outside Directors as well as diversity in terms of gender and international representation, and we will continue to review these matters. This fiscal year, we will continue to enhance discussions aimed at the sustainable growth of our group, supporting the executive side with offensive governance while also ensuring that we fulfill our supervisory role with defensive governance. In doing so, we will consistently keep in mind the perspectives of our stakeholders, including patients and healthcare professionals.

Outside Director
(Independent Director)
Kazuaki Kama

Requirements for Director Candidates

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/or DX and IT. Directors shall meet the requirements that there shall always be Outside Directors included to strengthen the decision-making functions, based on various perspectives and to strengthen the oversight function over the conduct of operations. In principle, it is a requirement that Outside Directors have 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 the Board of Directors and maintain an attendance rate of at least 75% or more unless there are unavoidable circumstances. 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 functions and the oversight function of the Board of Directors. The Company will continue to discuss the selection of candidates for Directors with such aspects in mind.

Skill Matrix of the Board of Directors

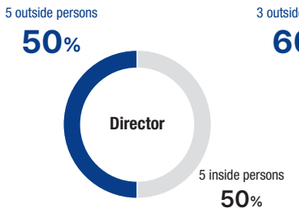
The Company has identified the skills (knowledge, experience, and abilities) that Board of Directors should possess to properly fulfill its decision-making and management oversight functions, and has set up Skill Matrix that organizes the possession status of such skills by Directors and Audit & Supervisory Board Members. In light of our Purpose, Mission, and 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. When appointing Directors, we consider the diversity and balance of these skills. Audit & Supervisory Board Members are appointed based on the requirements for candidates separately set by the Audit & Supervisory Board.

Skill Matrix

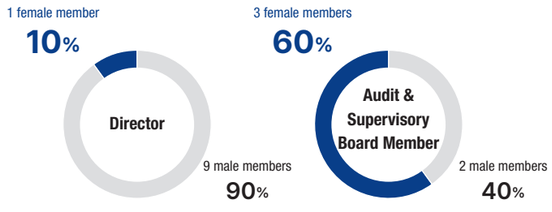
	Name	Outside Independent	Term of office	Board of Directors	Nomination Committee	Compensation Committee	Corporate Management/ Management Strategy	Finance/ Accounting	Science & Technology	Business Strategy/ Marketing	Global Business	Human Resources/ Human Resource Development	Legal/Risk Management	Sustainability/ ESG	DX/IT	Qualification
Director	Sunao Manabe		10 years	○			●		●	●	●	●		●		Veterinarian
	Hiroyuki Okuzawa		3 years	○			●	●		●	●	●	●			
	Shoji Hirashima		4 years	○			●	●	●	●	●		●			
	Takashi Fukuoka		2 years	○			●		●		●			●		Veterinarian
	Takashi Matsumoto		-	○			●				●	●		●		
	Kazuaki Kama	○	5 years	◉ Chairperson	○	○	●	●			●	●	●	●		
	Sawako Nohara	○	5 years	○	○	◉ Chairperson	●		●	●				●	●	
	Yasuhiro Komatsu	○	2 years	○	○	○			●			●	●			Doctor
	Takaaki Nishii	○	1 year	○	◉ Chairperson	○	●			●	●	●		●		
	Yo Honma	○	-	○	○	○	●			●	●	●		●	●	
Audit & Supervisory Board Member	Kenji Sato		5 years	○					●			●	●			
	Miyuki Arai		1 year	○					●				●			Pharmacist
	Yukiko Imazu	○	6 years	○		□ (Observer)						●	●			Lawyer
	Masako Watanabe	○	3 years	○				●					●			Certified public accountant
	Mitsuhiro Matsumoto	○	2 years	○	□ (Observer)							●	●			

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

Percentage of Outside Directors



Percentage of Female Board Members



Policies and Procedures for Appointment/Dismissal

The Company has defined policies and procedures for the appointment and dismissal of Directors, the CEO, and the COO, as well as for the appointment of Audit & Supervisory Board Members. When selecting the candidates for Directors, the Board of Directors shall select the candidates after they have been sufficiently deliberated by the Nomination Committee, of which Outside Directors form a majority. When selecting the candidates for Directors and Audit & Supervisory Board Members, the General Shareholders Meeting shall select them after the relevant proposal. 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 and the COO 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 the duties defined in the Companies Act or the Directors Regulations, following deliberation at the Nomination Committee and the 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 and COO shall be called into account in light of the Companies Act, defined CEO eligibility requirements or requirements for the execution of duties, and determined in the same manner as appointment, by resolution of the Board of Directors over a recommendation from the Nomination Committee that the Committee submits after sufficient deliberation.

Message from the Chairperson of the Nomination Committee

I believe that the role of the Nomination Committee is to thoroughly deliberate and make recommendations to the Board of Directors in order to select and dismiss the CEO, COO, and other key executives who will lead our company as an “innovative global healthcare company,” and to establish the appropriate structure of the Board and the Audit & Supervisory Board, considering the necessary skills that the Board should possess. Last year, the Nomination Committee undertook activities essential for the succession plan, including monitoring the effectiveness of the newly established CEO and COO structure and the advancement of our global management structure, as well as conducting interviews with potential next-generation leaders. Additionally, the committee deliberated on the composition-related issues of the Board of Directors, including the number of members, the ratio of Inside and Outside Directors, and diversity, including the appointment of women. Based on these discussions, we provided recommendations to the Board of Directors regarding this year’s structure.This year, our global management is expected to progress even further. I anticipate that discussions related to the 6th 5-year business plan will also become more active. With this in mind, the Nomination Committee will deepen its discussions accordingly.

Outside Director
(Independent Director)
Takaaki Nishii

Message from the Newly Appointed Outside Director

Daiichi Sankyo is leveraging its strengths in Science & Technology to contribute to the realization of its purpose of “contributing to the enrichment of quality of life around the world.” This involves the creation of innovative pharmaceuticals, the development of a total care ecosystem, and the construction of a total care platform in collaboration with other companies. Additionally, the company is striving to achieve “Healthcare as a Service (HaaS),” which aims to provide optimal health and medical services tailored to each individual. For many years, I have been committed to contributing to the growth of numerous businesses by leveraging IT and digital technologies, as well as addressing various social issues. Our company has set forth our 2030 Vision to become an “Innovative Global Healthcare Company Contributing to the Sustainable Development of Society” To achieve this, we are actively promoting digital transformation (DX) by creating new value through the utilization of data and effectively leveraging advanced digital technologies. To ensure that these initiatives lead to tangible results, I aim to contribute by leveraging my experience and expertise in areas such as DX and IT, global operations, and sustainability and ESG perspectives.

Outside Director
(Independent Director)
Yo Honma

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

Compensation level

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)

The compensation structure consists of four components: 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 ratio of the compensation for the President and CEO is designed as shown in Figure 1. 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.

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.

(Figure 1) Ratio of the Composition of Compensations

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

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

1. Calculation formula for annual performance-based bonuses

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 Executive Chairperson and the President will be determined after deliberation at a joint meeting of the Nomination Committee and the Compensation Committee.

For other Directors, the evaluation decided by CEO 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 the Board of Directors of the Company, and Directors will pay the paid monetary compensation receivables as in-kind contribution assets of the Company's ordinary shares and will be issued them.

*If a share split of the Company's ordinary shares (including a gratis allotment of the Company's ordinary shares) or a share consolidation occurs, or if there is any other reason that requires adjustment of the total number, the Company will adjust the number in a reasonable range as necessary according to the split or consolidation ratio.

Message from the Chairperson of the Compensation Committee

I will continue to serve as the Chairperson of the Compensation Committee this year. The Compensation Committee deliberates and discusses matters related to the compensation policy and compensation system for our Company's executives and provides recommendations to the Board of Directors.

The current executive compensation system, established in FY2021, is planned to be continuously implemented until FY2025, during the current 5-year business plan period. However, as our Group expands its oncology business, the development of personnel policies related to globalization, such as the global management structure and global HR system, is rapidly progressing. Therefore, in addition to our usual deliberations, we plan to receive reports on the compensation of top executives within the global management structure, including CxOs, Unit Heads, and Heads of Global Corporate Function. We will also examine and discuss future issues and points of consideration regarding our executive compensation system by analyzing the compensation systems and trends at benchmark companies both domestically and internationally.

Outside Director
(Independent Director)
Sawako Nohara

Medium-term performance-based share compensation (long-term incentive compensation)

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 (excluding Outside 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 the 5-year business plan 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, and 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

Daiichi Sankyo will set forth a clawback clause that can request 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 the 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 the Board of Directors to ensure the appropriateness of compensation for Directors 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 appointment of the members. The Compensation Committee fully discusses the compensation policy, the level of compensations, the composition of the compensation, the ratio of the composition of compensations, Clawback provision, the compensation governance and decision-making process, amount of annual performance-based bonuses, allocation of restricted share, and result of medium-term performance-based share compensation. In addition, the Compensation Committee discusses and confirms the detailed design of indices for the achievement of each compensation, and also verifies the compensation levels for each position.

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 the Board within the total amount of compensation resolved at the General Shareholders Meeting.

See Here for an overview of the compensation system

Our Approach to Audit & Supervisory Board Member Compensation

Compensation to Audit & Supervisory Board Members is only basic, fixed compensation in view of the role of oversight of management and no position to take charge of business execution. The level of basic compensations is set aiming to provide high level compensations in the industrial sector, referring to the levels of other companies learned from the surveys of external specialist institutions. Specifically, a group of companies is selected for comparison from the top 100 listed companies on the Tokyo Stock Exchange with the largest market capitalization. The Company also refers to the levels of other leading domestic pharmaceutical companies. The amount of the compensation for each Audit & Supervisory Board Member has been determined through the discussion and with the unanimous consent in the Audit & Supervisory Board meetings within the total amount of the compensation approved by the General Shareholders Meeting.

Enhancing the Effectiveness and Functions of the Board of Directors

The Company utilizes the board evaluation in order for the 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 the 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.

Implementation Method of the Board of Directors Evaluation for FY2023

The Company determines the board evaluation items including the items to be evaluated by the Directors themselves in addition to the evaluation of the Board of Directors as a whole as the contents and items for evaluation relating to the effectiveness of the Board as a whole with reference to the principle and supplementary principle associated with the general principle 4, “Roles and Responsibilities of the Board” of Japan’s Corporate Governance Code. The major evaluation items in the questionnaire are as follows:

(1) Roles and responsibilities of the Board of Directors (2) Operation of the Board of Directors (3) Composition of the Board of Directors (4) Functions of the Nomination Committee and the Compensation Committee (5) Issues and matters for improvement regarding effectiveness of the Board of Directors (6) Resolution of issues identified in the previous fiscal year’s board evaluation, and improvement measures (7) Overall corporate governance

All Directors and Audit & Supervisory Board Members self-evaluated the above matters by selecting grades and answering free descriptions, and the analysis results and the details are reported to the Board of Directors. The latest round of self-evaluation generated quite a few candid opinions by selecting grades and using a free-description format. Based on these results, the Company has identified the issues and matters which leads to improvements in the Board of Director’s functions and effectiveness.

Results of the Board Evaluation for FY2023

The result of the Board of Directors Evaluation for FY2023, concluded that in terms of its roles, responsibilities, operation and composition, the Board of Directors of the Company, as well as the Nomination Committee and the Compensation Committee, which are advisory bodies to the Board of Directors, are functioning appropriately, and that the effectiveness of the Board of Directors as a whole has been ensured. In addition, the Company confirmed that improvements are being made in 1 through 3 below, which were identified as items that need further improvements in the evaluation of the previous fiscal year, with the following efforts.

	Issues for Improvement (identified in FY2022)	Major Initiatives in FY2023
1	**Enhancement of discussions on key matters to strengthen the oversight function of the Board of Directors**	• In the Board of Directors and the meetings for Outside Directors and Outside Audit & Supervisory Board Members, and others, the Board of Directors especially focused on the discussions regarding long-term strategies, globalization, materiality, ESG, and risk management.
2	**Strengthening in terms of operation to strengthen the Board of Directors’ decision-making and oversight functions**	• The Company discussed the optimal balance between oversight and execution for the Company and operated the Board based on revised optimizing matters for deliberation and reported matters of the Board of Directors. • The Company revised the optimizing matters for deliberation and reported matters of the Nomination Committee and Compensation Committee which were advisory boards of the Board of Directors from the perspective of the optimal balance between oversight and execution for the Company, revised “Nomination Committee Regulations” and “Compensation Committee Regulations” and operated these Committees. • The Company has continued to set up opportunities for discussion, including occasions other than the Board of Directors (e.g. meetings to exchange views among Directors and Audit & Supervisory Board Members, meetings for Outside Directors and Outside Audit & Supervisory Board Members, briefing sessions for Outside Directors and Outside Audit & Supervisory Board Members).
3	**Further considerations for optimizing the Board of Directors composition**	• In the Board of Directors and Nomination Committee, the members discussed the optimal composition of members of the Board for the Company with the objective of enhancing corporate governance and further strengthening the oversight functions of the Board of Directors. • The additional appointment of one Outside Director was resolved on the Board of Directors.

Priority Measures for FY2024

Drawing on the evaluations of FY2023, 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 FY2024:

1. **Enhancement of discussion on key matters for further strengthening the oversight functions of the Board of Directors (long-term strategy, 5-year business plan, globalization, etc.)**
2. **Enhancement in terms of operation for further strengthening of the decision-making functions and oversight functions of the Board of Directors**
3. **Further considerations for optimizing the Board of Directors composition**

In FY2021, the Company conducted a board evaluation by a third-party organization. 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 Audit by Audit & Supervisory Board Members for FY2023

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

The Company is a company with an Audit & Supervisory Board, and the Audit & Supervisory Board 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.

The Company has the Office of Audit & Supervisory Board Members with four full-time staff independent of the execution of business operations, to provide assistance in the execution of the duties of Audit & Supervisory Board Members.

Activities of Audit & Supervisory Board and its Members

As a general rule, Audit & Supervisory Board meeting is held once a month. Aside from Audit & Supervisory Board meetings, exchanges of views among Audit & Supervisory Board Members are held after the Board of Directors (the Board), etc. 20 proposals were placed on the meeting agenda this fiscal year, and approximately 130 minutes was devoted to a regular monthly Audit & Supervisory Board meeting on average.

Specific Sharing and Considerations in Audit & Supervisory Board meetings

- Audit policy, audit plans, and division of duties
- Audit Report by Audit & Supervisory Board
- Consent for the Proposal in General Shareholders Meeting "Election of Audit & Supervisory Board Members"
- Evaluation and appointment /reappointment of Accounting Auditors
- Consent for Remuneration of Accounting Auditors
- Evaluation of the effectiveness of Audit & Supervisory Board
- Internal audit plans and the results
- Non-assurance services by provided Accounting Auditors
- Status report on audit by Audit & Supervisory Board Members of domestic Group companies
- Monthly execution status of duties by Audit & Supervisory Board Members

Activities of Audit & Supervisory Board Members

Activities		Relevant Members
Regular Meetings with Representative Directors	Held twice a year	Full-time / Outside
Regular Meetings with Chairperson of the Board	Held twice a year	Full-time
Meetings with Directors	Held once a year	Full-time
Attendance at important meetings	The Board, Executive Management Committee	Full-time / Outside
	Corporate Ethics Committee and EHS Management Committee	Full-time
	Nomination Committee and Compensation Committee	Outside
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 the Board and Executive Management Committee meeting of such companies and perusal of important documents of such companies	Full-time
Perusal of documents	Important documentation that includes important approval documents, materials and minutes of important meetings	Full-time
Interviews by Audit & Supervisory Board Members	All Heads of Unit, Heads of global corporate functions, Heads of Division, Vice Presidents (department), Presidents of domestic and overseas Group companies, etc.	Full-time / Outside
Visits by Audit & Supervisory Board Members	Major domestic and overseas business sites	
Cooperation with Outside Directors	Holding meetings to exchange views	Outside
	Holding Individual interviews	Full-time
Meetings with Audit & Supervisory Board Members of domestic Group companies	Held three times a year	Full-time
Cooperation with secondary control corporate functions	Receiving reports on the status of establishing and implementing the internal control system, as well as obtaining relevant information	Full-time
Cooperation with the Internal Audit Department	Receiving explanation of Reporting internal audit plans and the results	Full-time / Outside
	Engaging in exchange of views, confirming audit points before internal audits, information-sharing and exchange of views at monthly meetings etc.	Full-time
	Attendance of Internal Audit Department at meetings between Audit & Supervisory Board Members and Accounting Auditors	Full-time
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 exchange of views on recent topics on a monthly basis, consultation about Key Audit Matters (KAM)	Full-time / Outside

Audit & Supervisory Board Evaluation for FY2023

Audit & Supervisory Board evaluation for FY2023 is conducted to heighten its effectiveness of the Audit & Supervisory Board.

Method of the Audit & Supervisory Board evaluation

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

Evaluation results of the Audit and Supervisory Board

The results confirmed that Audit & Supervisory Board largely carries out its activities appropriately and that its effectiveness has been ensured.

In the next fiscal year, Audit & Supervisory Board will pay particular attention to the status of further strengthening corporate functions in the midst of global business expansion, as well as monitoring the progress of building a data-driven management platform.

Message from Outside Audit & Supervisory Board Members

Questions

① **Please tell us about the role you have played based on your experience and expertise, and discuss the challenges that lie ahead for enhancing the corporate value of our group.**

② **What are the types of governance that is appropriate for our company and your initiatives to improve transparency and fairness?**

Outside Audit & Supervisory Board Member (Independent Auditor)

Yukiko Imazu

① It is of utmost importance that our company complies with laws and regulations and maintains a constant awareness of legal risks to maintain a sound corporate governance system that lives up to society's trust in the Company. Based on my many experiences as an attorney-at-law, I have contributed to the sound and legal corporate management of Daiichi Sankyo by expressing my opinions objectively as an Outside Audit & Supervisory Board Member with a legal mindset, thereby avoiding unnecessary legal risks.

② To improve the transparency and fairness of corporate management, it is necessary not only to further strengthen internal autonomy and self-regulatory functions but also to be always mindful of external perspectives. In addition to having an Outside Director serving as Chairperson of the Board since 2020, Outside Directors and Outside Audit & Supervisory Board Members participate very actively in discussions of the Company, resulting in a highly transparent and fair corporate governance system that fully reflects the opinions of Outside Directors and Outside Audit & Supervisory Board Members. I will continue to make every effort to further improve the transparency and fairness of our corporate management, fully aware of the importance of the role expected from an Outside Audit & Supervisory Board Member.

Outside Audit & Supervisory Board Member (Independent Auditor)

Masako Watanabe

① Based on my extensive experience and knowledge as a certified public accountant, having conducted audits of numerous companies' financial statements, I have actively provided insights and verified the appropriateness of financial reporting, the nature of information disclosure—including non-financial information—and the effectiveness of internal control systems from an external perspective. Through these efforts, I have contributed to enhancing governance functions. Additionally, I have facilitated effective communication with internal audits (Global Internal Audit) and the accounting auditors, contributing to the enhancement of audit effectiveness and efficiency.

② As our stakeholders continue to expand, the importance of transparency and fairness in corporate management has increased. To enhance these aspects, it is essential to have a governance system that allows external directors to accurately understand the actual state of the company's management and effectively reflect their opinions. At our company, we continuously implement initiatives such as pre-meeting briefings, opinion exchange sessions, and site visits to deepen the understanding of external directors about our business. These efforts contribute to active Board of Directors and Audit & Supervisory Board meetings. Going forward, we will continue to hone our skills and diligently fulfill our role as auditors to contribute to the enhancement of transparency and fairness in corporate management.

Outside Audit & Supervisory Board Member (Independent Auditor)

Mitsuhiro Matsumoto

① Where cyberattacks and economic security issues are among the factors that could impede the smooth development of our global structure. Drawing on my experience in addressing these challenges, I tried my best to provide the necessary checks as an Audit & Supervisory Board Member. With globalisation and the alliance with Merck & Co., Inc., our stakeholder base, is expanding further; we need to gain and retain their trust. We must further consolidate our governance to this end.

② To gain investor confidence, risks must be operated fairly. Organisational practices and behaviors perceived as opaque or unfair by global standards create reputational risks. Constant efforts must also be made to eliminate external diseconomies. In order for R&D, manufacturing, quality assurance, sales and marketing and other business sites to contribute to society and continue to earn the trust of the market, it is necessary to create a fair governance system makes risk factors transparent, eliminates them and prepares for unforeseen risks.

Introduction of Directors and Audit & Supervisory Board Members

Directors

Representative Director,
Executive Chairperson & CEO

Sunao Manabe

Representative Director,
President & COO

Hiroyuki Okuzawa

Director, Executive Officer,
Head of Global HR, CHRO

Takashi Matsumoto

Outside Director (Independent Director),
Chairperson of the Board

Kazuaki Kama

(Material Concurrent Positions)
- Senior Counselor, IHI Corporation
- Outside Director of Japan Exchange Group, Inc.

Outside Director
(Independent Director),
Chairperson of the Nomination Committee

Takaaki Nishii

(Material Concurrent Positions)
- Senior Corporate Advisor of Ajinomoto Co., Inc.
- Outside Director of Kao Corporation

Outside Director
(Independent Director)

Yo Honma

(Material Concurrent Position)
- Chief Corporate Advisor of NTT Data Group Corporation

Outside Audit & Supervisory Board Member
(Independent Auditor)

Yukiko Imazu

(Material Concurrent Positions)
- Partner, Attorney-at-Law, Anderson Mōri & Tomotsune
- Outside Director and Audit & Supervisory Committee Member, dip Corporation
- Outside Director, ALCONIX CORPORATION

Outside Audit & Supervisory Board Member
(Independent Auditor)

Masako Watanabe

(Material Concurrent Position)
- Outside Director, Sakata Seed Corporation

Representative Director,
Senior Executive Officer,
Head of Japan Business Unit

Shoji Hirashima

Director, Senior Executive Officer,
Head of Global Corporate Strategy,
CStO

Takashi Fukuoka

Outside Director (Independent Director),
Chairperson of the Compensation Committee

Sawako Nohara

(Material Concurrent Positions)
- President of IPSe Marketing, Inc.
- Outside Director of Keikyu Corporation
- Outside Director of Resona Holdings, Inc.

Outside Director
(Independent Director)

Yasuhiro Komatsu

(Material Concurrent Positions)
- Professor Emeritus and Professor (Specially appointed for Quality & Safety Science) at Gunma University
- Vice president of Itabashi Chuo Medical Center
- Advisory Board Member of Gunma University Hospital

Audit & Supervisory Board Members

Audit & Supervisory Board Member

Kenji Sato

Audit & Supervisory Board Member

Miyuki Arai

Outside Audit & Supervisory Board Member
(Independent Auditor)

Mitsuhiro Matsumoto

(Material Concurrent Position)
- Outside Director of Japan Exchange Group, Inc.

For the biographies of the executives, please refer here

List of Materiality KPIs and Results

		FY2025 KPI Targets	FY2023 results	① Economic value creation ② Social value creation
Materiality on Business	Creating Innovative Pharmaceuticals	❶ 3ADC: 8 indications launched (as new indications during the mid term plan period) ❷ Multiple projects to become the new growth driver after 3ADCs are in or above late development or more advanced stage ❸ Post DXd-ADC modality is in development stage ❹ Number of designations to the priority review system (report the cumulative number)	❶ Enhertu •Approval for HER2 mutant NSCLC 2L+ (JP: Aug. 2023,EU: Oct. 2023） •Application for HER2 positive solid tumors (US: Jan. 2024) •HER2+ breast cancer 2L launch (CN: Jun. 2023) •Approval for HER2 low breast cancer who received prior chemotherapy (CN: Jul. 2023) Dato-DXd •Application for Nonsquamous NSCLC 2L/3L (US: Feb. 2024, EU: Mar. 2024) •Application for HR+/HER2- mBC (JP/EU : Mar. 2024) HER3-DXd •Application for EGFR mut NSCLC 3L (US: Dec. 2023) ❷ •Vanflyta Approval for FLT3-ITD positive AML 1L (JP: May 2023,US: Jul. 2023, EU: Nov. 2023） •Valemetostat Application for Peripheral T-call lymphoma (JP: Jan. 2024） •DS-7300 Top line result in Ph1/2 study in several types of advanced solid tumors (Sep. 2023) •DS-3939 First subject dosed in Ph1/2 study in several types of advanced solid tumors (Sep. 2023) ❸ DS-5670 (LNP-mRNA) Original monovalent vaccine (Aug. 2023)Approval for monovalent vaccine against Omicron strain (Nov. 2023), Supplied 1.4 Mil. doses (JP: Dec. 2023) ❹ FY2023 10 cases, Cumulative 30 (from FY2021)	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
	Providing a Stable Supply of Top-Quality Pharmaceutical Products	In house capital investment and CMO investment for the construction of ADC production system and stable supply of top quality pharmaceuticals to patients (including capital expenditure): Maximum 300 billion yen	•Expansion of supply capacity in response to demand forecast (Decision made to invest approx. 121 billion yen FY2023 (cumulative total from FY2021, approx. 266 billion yen) •Stable inventory secured for current commitments	
	Providing the Highest Quality Medical Information	Improvement of evaluation scores from stakeholders including healthcare professionals	•Japan Business Unit MR: 1st in all markets, MA: 1st in cardiovascular area, Product Information Center: 1st both in health insurance pharmacy pharmacists and hospital pharmacists[*1]	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
	Improving Access to Healthcare	❶ Increase the number of launched countries through collaboration with partners ❷ Achievement of supply of COVID-19 vaccine (AZD-1222) of AstraZeneca as planed (FY2021) to contribute to mitigating new risks through cooperation with the regulatory authorities and other companies, Progress in development of DS-5670 as planed	❶ Enhertu launched: 53 countries and regions (FY2023: 18 countries and regions), Number of patients treated: Appx. 52,400 patient[*2] ❷ DS-5670 •Approval for original monovalent vaccine (Aug. 2023) •Approval for monovalent vaccine against Omicron strain (Nov. 2023), Supplied 1.4 Mil. doses (JP: Dec. 2023)	
Materiality on Business Foundations	Promoting Environmental Management	❶ Reduction of CO_2 emissions (Scope1 + Scope2)[*3] by 42% from FY2015 ❷ • Reduction of CO_2 emissions intensity based on sales (Scope3, Cat.1)[*3] by 15% from FY2020 • At least 70% of business partners (as procurement amount) set targets at the SBT level (1.5°C target)[*4] ❸ Renewable electricity utilization rate more than 60% ❹ Maintenance of waste plastic recycling rate by over 70% ❺ Reduction of disposal of hazardous waste by 10% from FY2020	❶ 49.8% reduction from FY2015 (109,239t-CO_2[*5]) ❷ 6.3% increase from FY2020 (242.7t-CO_2/billion yen) Conducted engagement with 10 business partners in Japan ❸ 80.0%[*5] ❹ 72.4%[*5] ❺ 2.4% reduction from FY2020 (5,474t[*5])	① Enhance 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
	Promoting Compliance Management	❶ Number of significant compliance violations[*6]: 0 ❷ Number of Notable Industry Code Violations (NICV)[*7]: 0 ❸ Improvement of periodic employee survey scores on ethical culture following baseline ❹ Conduction of continuous compliance and promotional activities monitoring at each company ❺ Sustainable procurement survey coverage rate 75% ❻ Internal education and dissemination of our thoughts with business partners, Disclosing the result of education and training ❼ No case of violation with ILO Core Labour Standards[*8] as a result of human rights risk assessment through DS Group ❽ Disclosure of results of business partners risk reduction initiatives related to ILO Core Labour Standards[*8]	❶ 0 ❷ 7 ❸ 86% of positive response rate (+2 pt YoY) ❹ Conducted monitoring at each company ❺ Implemented the 3rd sustainable procurement survey globally ❻ Conducted the first external training session (30 companies) and interviewed suppliers (3 companies) ❼ Prepared 2nd internal risk assessment ❽ Conducted engagement with 9 business partners in Japan	① Enhance 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
	Corporate Governance Aimed at Fulfilling Our Mission	❶ Complying 100% with all the principles of the revised Corporate Governance Code in Japan ❷ Evaluating the effectiveness of the Board of Directors and implementing measures for improvement (including third party evaluation, two times by the end of FY2025) ❸ Continuously evaluating and improving the effectiveness of the Audit & Supervisory Board ❹ Disclosure through various communication materials with improved transparency in order to help stakeholders to understand the company's corporate governance	❶ Confirmed 100% compliance with the revised Corporate Governance Code ❷ •Continued to optimize the operation of Board of Directors Meeting based on the revised agenda selection rules •Continued to discuss priority themes, as priority measures to address challenges identified in the Board Evaluation for FY2022. •Conducted self-assessment of the Board Evaluation for FY2023. Identified priority themes for FY2024. •Partially amended the Regulations of the Nomination/Compensation Committee to promote the separation of management and execution. ❸ •Implemented improvement measures to address issues identified in the FY2022 effectiveness evaluation •Conducted self-evaluation on the FY2023 effectiveness evaluation of the Audit & Supervisory Board and identified challenges to be addressed in FY2024 ❹ •Enhanced the disclosure of corporate governance information in various media •Participation of the chairperson of the Board of Directors at the ESG Briefing (Feb.2023)	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
	Promoting the Success and Development of a Diverse Range of People Who Create Our Competitive Advantages	❶ Percentage of female in senior managerial employees[*9] to 30% ❷ Positive response rate (%) on corporate culture & work environment through engagement survey to 80% or more, or 10% or more increase compared to FY2021 ❸ Positive response rate (%) on development & growth opportunities through engagement survey to 80% or more, or 10% or more increase compared to FY2021 ❹ Disclosure of the result of the amount of training/development investments per employee	❶ 18.7% (-0.5pt YoY) ❷ 79% of positive response rate (+2pt YoY) ❸ 76% of positive response rate (+1pt YoY) ❹ 166,906 (+¥21,172 YoY)	① Enhance corporate value through developing talents to carry out business activities ② Diversity of human resources, respect for human rights, talent development

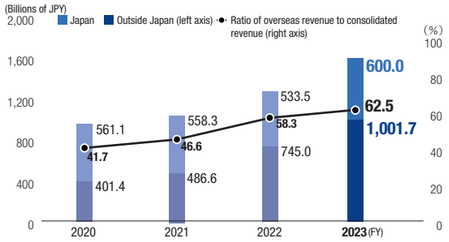
*1 MR: Feb. 2024, INTAGE Healthcare Inc. (Rep-i), MA: Feb. 2024, INTAGE Healthcare Inc. Product Information Center: Nov. 2023, transcosmos inc. and The Japan Research Institute, Limited
*2 Estimated based on the formula dividing "total sales volume" by the "amount of use required by one patient per year"
*3 Scope1: Direct emissions from the reporting company's factories, offices, vehicles, Combustion of fuels etc.
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
*4 Addition of KPI target in FY2023
*5 Subject to the third-party assurance
*6 Compliance violations which occur in domestic and overseas group companies are regarded as significant when disclosure under the relevant laws or regulations is required by the Daiichi Sankyo Group
*7 Cases where there have been healthcare-related findings by the pharmaceutical regulatory authorities and industry-related organizations that may materially discredit or reduce confidence in Daiichi Sankyo Group of companies
*8 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, occupational safety and health
*9 Senior managerial employees: percentage of women who are in positions equivalent to division heads or higher positions. The definition of senior managerial employees in the Group companies was changed in FY2020.

Financial and Non-Financial Highlights

For more information on Daiichi Sankyo's pipeline, click Here

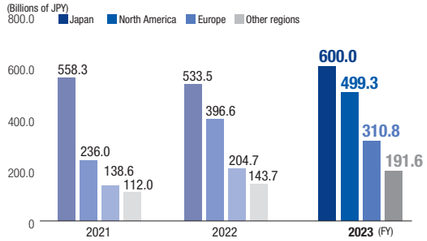
Changes in financial data

Ratio of overseas revenue to consolidated revenue



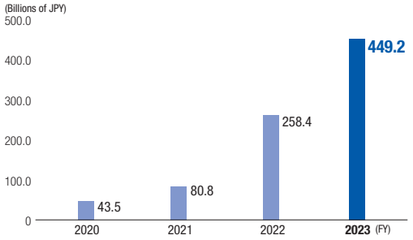
Due to the growth of global key products such as Enhertu and Lixiana, along with increased revenue driven by the depreciation of the yen, the ratio of overseas revenue is rising.

Revenue by segment



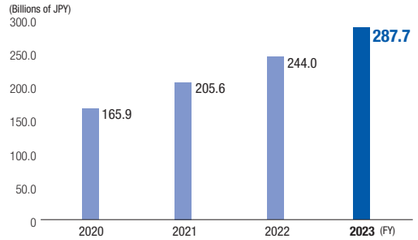
The growth of global key products has led to increased revenue in all countries and regions.

Global revenue / **Enhertu®**



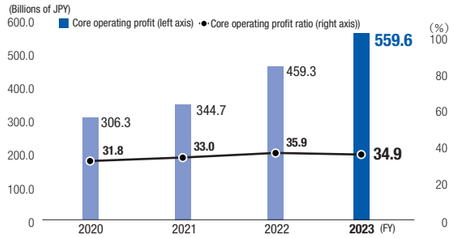
Significant revenue growth was achieved through market penetration in countries and regions where the product is already launched and expansion into new markets.

Global revenue / **Lixiana®**



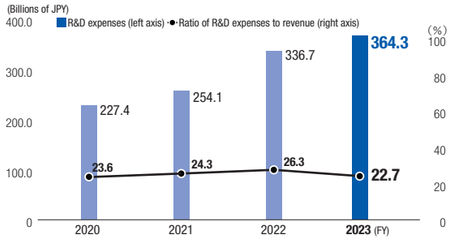
Sales in Japan, Europe, and other regions showed steady growth.

Core operating profit before R&D expenses / Core operating profit ratio



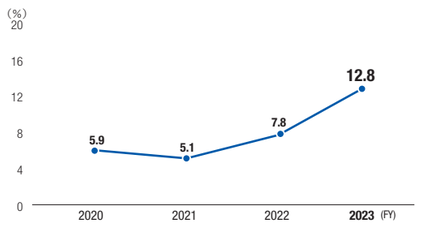
Along with the increase in revenue, core operating profit also grew.

R&D expenses / Ratio of R&D expenses to revenue



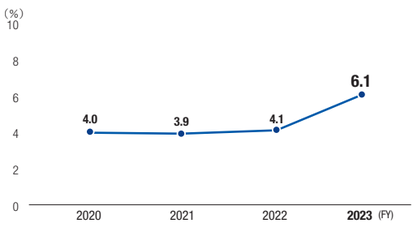
R&D expenses increased due to investments aimed at maximizing the product value of 5DXd ADCs and other related initiatives.

ROE



We are working to improve ROE, aiming for over 16%, which is our target for FY2025.

DOE*

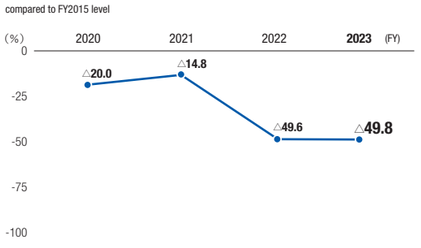


Along with the dividend increase, DOE has risen, and we are striving to maximize shareholder value with a target of over 8% by FY2025.

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

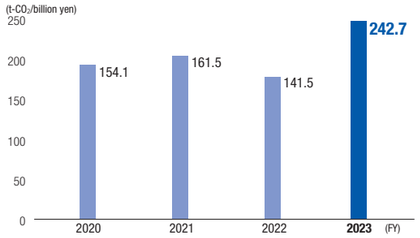
Changes in environmental data

CO_2 emissions (Scope 1 + Scope 2) reduction rate



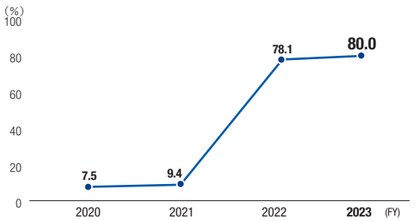
Since FY2022, we have switched to renewable energy for the electricity used at our domestic facilities, significantly reducing Scope 2 CO_2 emissions.

CO_2 emissions (Scope 3, Cat.1) intensity based on sales (t-CO_2/billion yen)



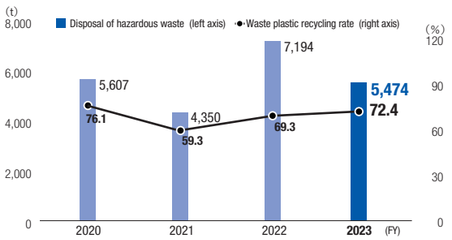
In FY2023, the intensity increased due to changes in the calculation method and an increase in activity levels. We plan to recalculate the figures for the base year of FY2020 and past years in the future.

Renewable electricity utilization rate



We are actively promoting the transition to renewable energy for electricity use at our domestic facilities.

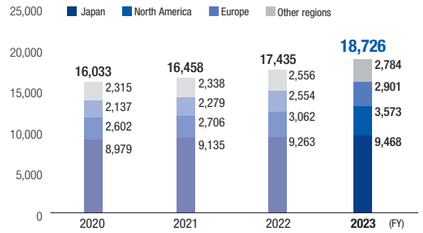
Disposal of hazardous waste, Waste plastic recycling rate



Hazardous waste emissions have been reduced below the baseline of FY2020 due to our ongoing efforts. Additionally, in FY2023, the recycling rate for plastic waste has been achieved at over 70%, meeting our target through continuous recycling initiatives.

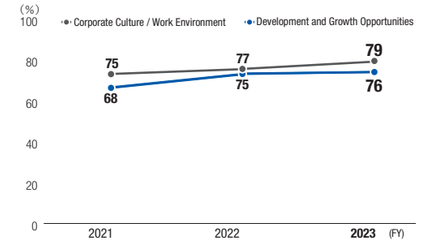
Changes in social data

Number of employees by region



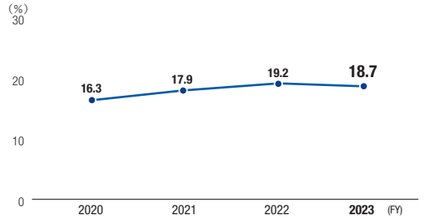
We are strengthening efforts to secure outstanding global talent in response to the expansion of our global operations.

Positive response rate on engagement survey



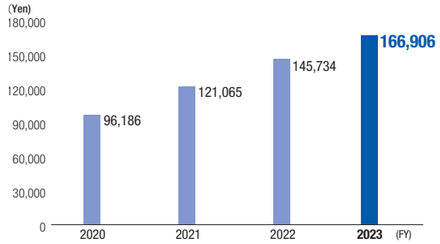
We are implementing analysis and improvement measures based on a global engagement survey to enhance employee engagement.

Percentage of female in senior managerial employees (global)



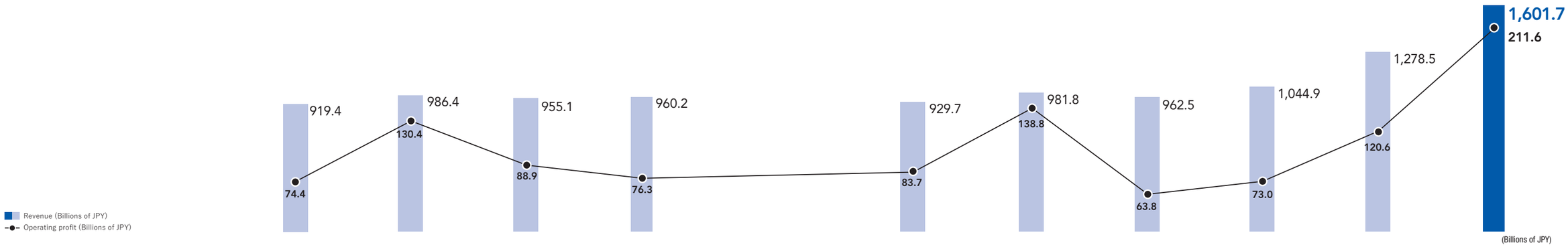
We are committed to promoting women's empowerment to ensure that female employees can build long-term careers and excel in their roles.

Amount of training/development investments per employee



We are focused on developing and strengthening our talents to enhance business competitiveness through various approaches, including internal education programs.

10-Year Financial Summary (IFRS)



	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Financial Results										
Revenue	919.4	986.4	955.1	960.2	929.7	981.8	962.5	1,044.9	1,278.5	1,601.7
Overseas revenue	392.4	430.7	375.2	341.9	333.8	374.1	401.8	486.6	745.0	1,001.7
Ratio of overseas revenue to revenue (%)	42.7	43.7	39.3	35.6	35.9	38.1	41.7	46.6	58.3	62.5
Operating profit	74.4	130.4	88.9	76.3	83.7	138.8	63.8	73.0	120.6	211.6
Ratio of operating profit to revenue (%)	8.1	13.2	9.3	7.9	9.0	14.1	6.6	7.0	9.4	13.2
Profit attributable to owners of the Company	322.1	82.3	53.5	60.3	93.4	129.1	76.0	67.0	109.2	200.7
Research and development expenses	190.7	208.7	214.3	236.0	203.7	197.5	227.4	260.3	341.6	365.2
Ratio of research and development expenses to revenue (%)	20.7	21.2	22.4	24.6	21.9	20.1	23.6	24.9	26.7	22.8
Depreciation and amortization	42.0	44.3	47.4	46.7	46.2	52.6	57.4	58.2	67.8	59.6
Capital expenditure	36.3	23.3	23.9	26.9	38.3	29.0	40.1	56.2	71.5	89.4
Financial Position										
Total assets	1982.3	1,900.5	1,915.0	1,897.8	2,088.1	2,105.6	2,085.2	2,221.4	2,508.9	3,461.1
Total equity	1,307.0	1,233.5	1,171.4	1,133.0	1,249.7	1,306.3	1,272.1	1,350.9	1,445.9	1,688.6
Cash Flows										
Net increase (decrease) in cash and cash equivalents	(10.7)	45.4	24.4	115.2	(116.7)	186.6	(49.5)	265.3	(232.9)	193.1
Free cash flows*1	121.5	168.3	39.4	217.0	(50.5)	278.3	153.0	351.6	(143.3)	316.6
Per Share Information										
Basic earnings per share (JPY)*2	152.52	39.79	26.54	30.44	48.07	66.40	39.17	34.94	56.96	104.69
Equity per share attributable to owners of the Company (JPY)*2	617.43	600.63	591.00	583.11	642.93	671.64	663.85	704.76	754.09	880.40
Annual dividends per share (JPY)*3	60	70	70	70	70	70	27	27	30	50
Main Financial Indicators										
Return on equity attributable to owners of the Company (ROE) (%)	28.2	6.5	4.4	5.2	7.8	10.1	5.9	5.1	7.8	12.8
Ratio of equity attributable to owners of the Company to total assets (%)	65.8	64.8	61.4	59.7	59.8	62.0	61.0	60.8	57.6	48.8
Ratio of dividends to equity attributable to owners of the Company (DOE) (%)	3.7	3.8	3.9	4.0	3.8	3.5	4.0	3.9	4.1	6.1
Price-earnings ratio (PER)	4.2	21.0	31.5	38.6	35.4	37.3	82.3	76.7	84.7	45.6
Stock price at the end of the year (JPY)	1,907	2,502	2,507	3,526	5,100	7,434	3,225	2,680	4,822	4,777
Market capitalization*4	1,342.6	1,710.2	1,662.7	2,283.7	3,304.2	4,817.7	6,179.6	5,137.0	9,244.5	9,159.7
Average exchange rates (USD/JPY)	109.94	120.14	108.42	110.86	110.91	108.75	106.06	112.38	135.48	
(EUR/JPY)	138.78	132.57	118.84	129.70	128.40	120.83	123.70	130.56	140.97	
Number of Employees	16,428	15,249	14,670	14,446	14,887	15,348	16,033	16,458	17,435	18,726
Japan	8,543	8,589	8,648	8,765	8,865	8,754	8,979	9,135	9,263	9,468
North America	3,322	2,321	2,464	2,191	2,172	2,380	2,602	2,706	3,062	3,573
Europe	2,094	1,997	1,578	1,582	1,778	1,953	2,137	2,279	2,554	2,901
Others	2,469	2,342	1,980	1,908	2,072	2,261	2,315	2,338	2,556	2,784

*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.

*3 "Annual dividends per share" of 27 JPY (interim dividend of 13.5 JPY and year-end dividend of 13.5 JPY) 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.

Major Products

Innovative pharmaceuticals *Major products cited in the text

Brand Name (Generic Name)		Efficacy	Launched	Marketed countries and regions	Remarks
Enhertu®	(trastuzumab deruxtecan)	Anti-cancer agent (HER2 directed antibody drug conjugate)	2020	Global	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.
Lixiana®	(edoxaban)	Anticoagulant	2011	Global	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.
Tarlige®	(mirogabalin)	Pain treatment	2019	Japan	An $\alpha 2\delta$ ligand. The pain therapy agent to reduce the neurotransmitter release from nerve terminals.
Venofer®	(iron sucrose injection)	Iron deficiency anemia treatment	2000	America	Iron replacement product. Effective for treatment of iron deficiency anemia in dialysis patients, etc.
Nilemdo®/ Nustendi®	(bempedoic acid or combination tablet of bempedoic acid and ezetimibe)	Cholesterol-lowering treatment	2020	EU	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.

Enhertu

Lixiana

OTC drug

Lulu

Minon

Shareholders' Information

Common Stock (As of March 31, 2024)

Number of shares authorized	8,400,000,000
Number of shares issued	1,947,034,029 (including 29,531,339 treasury shares)
Number of shareholders	92,038

Major Shareholders (As of March 31, 2024)

Name	Number of Shares Held (Thousands ofshares)	Ratio(%)
The Master Trust Bank of Japan, Ltd. (trust account)	320,049	16.69
Custody Bank of Japan, Ltd. (trust account)	163,473	8.53
JP MORGAN CHASE BANK 385632	117,255	6.11
Nippon Life Insurance Company	85,863	4.48
STATE STREET BANK AND TRUST COMPANY 505001	53,230	2.78
SSBTC CLIENT OMNIBUS ACCOUNT	52,935	2.76
STATE STREET BANK WEST CLIENT-TREATY 505234	36,407	1.90
GOVERNMENT OF NORWAY	29,150	1.52
JP MORGAN CHASE BANK 385781	26,213	1.37
Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	25,014	1.30

Share Registrar

Mitsubishi UFJ Trust and Banking Corporation

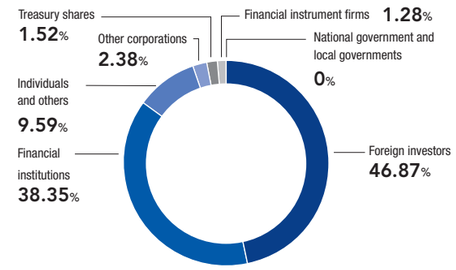
Mailing address and telephone number

Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division

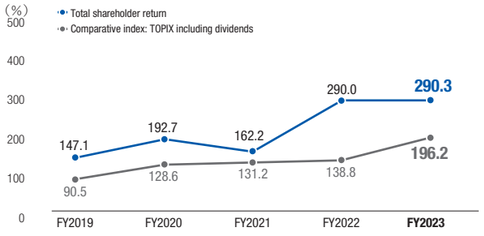
Shin-TOKYO Post Office post office box No.29, 137-8081, Japan

Tel: 0120-232-711 (toll free within Japan)

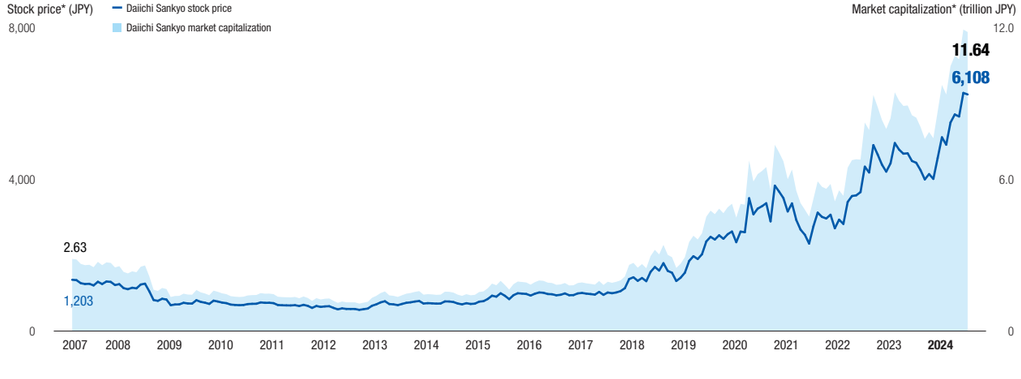
Distribution of Shareholders (As of March 31, 2024)



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 2008 to August 2024. 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.

Sustainability Report

Message from CStO (Chief Strategy Officer)

We set our 2030 Vision “Innovative Global Healthcare Company Contributing to the Sustainable Development of Society”, and we aim to be a company that continues to take on the challenge of providing innovative solutions as well as solving the social issues such as creating innovative pharmaceuticals and contributing to SDGs (Sustainable Development Goals).

To solve social issues, we promote ESG management based on a long-term perspective that enhances both financial and non-financial value by reflecting ESG elements in business strategies, from the perspectives of E (Environment), S (Society), and G (Governance). We believe that this long-term focused management will lead to sustainable growth of both our company and society.

In our current 5-year business plan, we have identified material issues that must be addressed to achieve sustainable growth as “materiality” and been promoting initiatives that lead to sustainable development of society and business opportunities, such as the creation of innovative pharmaceuticals and improvement of access to healthcare. In addition to the promotion of environmental management and compliance management, we are also working to promote the success and development of a diverse range of people who create our competitive advantages, which is the source of our strengths.

We believe that the pipeline of innovative pharmaceuticals and the value we contribute to our shareholders & investors, employees, and other stakeholders, as well as society and the natural environment, which are created through these efforts, will lead to non-financial value, and we will further promote ESG management in order to enhance mid-to-long-term corporate value.

Director
Senior Executive Officer
Head of Global Corporate Strategy
CStO

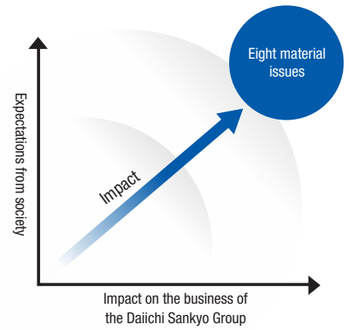
Takashi Fukuoka

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 then sorted these issues into two groups: Materiality on business and Materiality on business foundations. Upon formulating our current 5-year business plan, in addition to long-term targets and challenges for each Materiality, we set Materiality key performance indicators (KPIs) as initiative indicators.

Materiality Identification 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 based on several reviews and active discussions at Executive Management Committee and Board of Directors, and dialogue with our stakeholders. Subsequently, we announced KPIs, indicators of initiatives for each Materiality in April 2021. Our Materiality identification and KPI setting process is shown in the figure below.



Materiality identification and KPI setting process (FY2015 to FY2021)

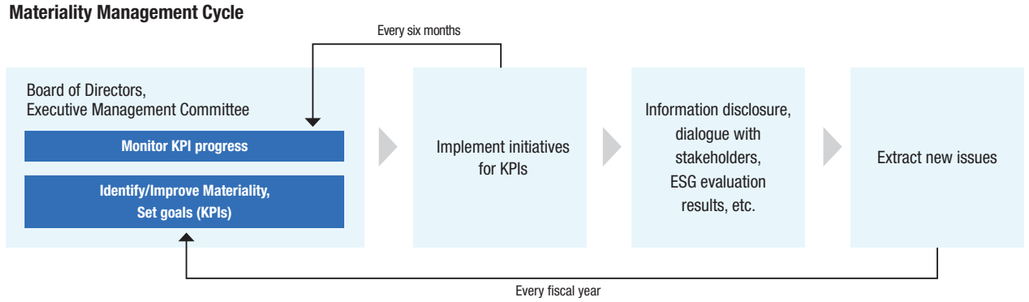
1 Address key issues in CSR activities
- Extract 36 CSR issues
- Narrow down issues to 21

2 From CSR issues to Materiality
- Extract mid-to-long-term initiatives and challenges
- Materiality proposal with consideration of ESG factors (from the viewpoint of corporate value enhancement)

3 Identify Materiality
- Identify eight material issues after meetings of the Board of Directors

4 Set KPIs
- Following consideration by relevant organizations and subsequent multiple discussions with the members of the Board of Directors, deliberate on and approve the KPIs and targets linked to the current 5-year business plan at the Board of Directors and Executive Management Committee
- Announce KPIs

Materiality Management Cycle



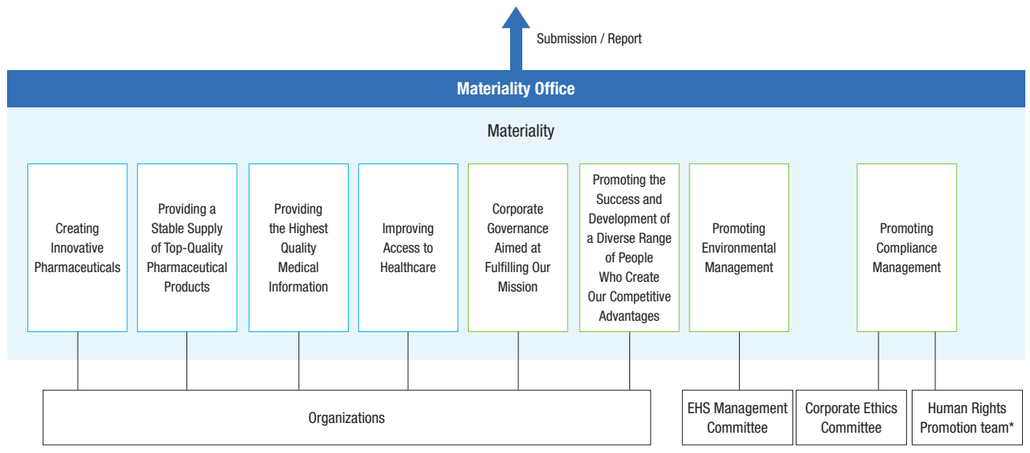
Materiality Management

We promote Materiality management under a system in which the Corporate Planning Department and Sustainability Department serve as the administrative office. In addition, regarding matters related to EHS management and compliance management, our cross-organizational committees (EHS Management Committee, Corporate Ethics Committee) decide on our action policies and strive to promote them throughout our company while also reporting important issues to the Executive Management Committee and Board of Directors.

In order to promptly reflect any change in the impact on the business of the Group due to changes in the expectations and requests from society as well as our external environment to our Materiality and to work toward further evolution, we set targets and conduct reviews of each relevant material issue, manage the progress, and promote regular discussions by the Executive Management Committee and Board of Directors in the annual management cycle. During our FY2023 discussions, the progress and evolution of the Materiality was reported and discussed twice at the Board of Directors and the Executive Management Committee, and it was decided to continue the current Materiality and KPIs in FY2024.

Through the implementation of ESG briefings and daily interview, we engage in constructive dialogue with our stakeholders both within and outside the Company, including investors, to gain an understanding of the expectations and needs of society and to apply the knowledge to sustainability promotion.

Materiality Management System



*A team that promotes human rights due diligence as a cross-functional organization within the Company

EHS Management Committee

Striving to protect the environment and ensure health and safety while achieving the uniform management and promotion of environment, health, and safety management for which there is a high likelihood of risks occurring

Corporate Ethics Committee

Promoting management that complies with domestic and international laws and corporate ethics as well as corporate ethics and fulfills our CSR, ensuring that executives and employees put compliance into practice

Environment

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.

Climate change

Ambitious on Climate Change

We define the following three main targets as our long-term vision for 2050 to realize a sustainable society: "carbon neutrality" to achieve a decarbonized society, "100% recycling rate" to strive for a circular economy, and "minimization of environmental risks" to fulfill our responsibility to realize a society that is in harmony with nature.

With the growing social demand for carbon neutrality, we revised the target to a more ambitious one in June 2022. Specifically, we established targets to reduce CO_2 emissions by 42% in FY2025 and 63% in FY2030 compared to FY2015 emissions. To achieve these targets, we have achieved our FY2025 target of a renewable electricity utilization rate of more than 60%. For FY2030, we aim to achieve a renewable electricity utilization rate of 100% as set forth in RE100*1 as early as possible. In July 2023, these targets were recognized as scientifically based targets in line with the 1.5°C target by the SBTi*2.

*1 International initiative that brings together companies committed to 100% renewable energy. It is run by The Climate Group, an international environmental NGO, and CDP, an NPO that supports companies in disclosing their climate change measures

*2 An international initiative that encourages companies to set CO_2 reduction targets in line with the Paris Agreement goals

Implement various initiatives to reduce environmental impact and contribute to society and the environment

Social and environmental challenges	Decarbonized society	Circular economy	Society in harmony with nature
Daiichi Sankyo's long-term targets (for 2050)	Carbon neutral	100% recycling	Minimize environmental risk

Initiatives throughout the value chain

Research and Development → Pharmaceutical Technology → Supply Chain → Offices, Sales

- DX utilization
- Green Chemistry*3
- Renewable energy
- Next-generation batteries
- Electric vehicles
- Chemical substances mgt.
- Bioplastics utilization
- Collaboration with suppliers
- Hydrogen utilization
- ZEB*4

*3 Manufacturing process in consideration of the sustainability of the global environment, including prevention of environmental pollution, and reduction of raw material and energy consumption

*4 Net Zero Energy Building

Indicator and Target

CO_2 emissions (Scope 1 + Scope 2)	2025 target : 42% reduction from FY2015 2030 target : 63% reduction from FY2015
CO_2 emission intensity based on sales (Scope 3, Cat1)	2025 target : 15% reduction in CO_2 emission intensity based on sales compared to FY2020
Business partner engagement (Scope 3, Cat1)	2025 target : Have more than 70% of business partners set targets based on the 1.5°C
Renewable electricity utilization rate	2025 target : 60% or more 2030 target : 100%

Environmental Management System

Climate Change

Climate Change Risks

The Group recognizes environmental issues such as global warming or extreme weather which have impact on our work and lives. Under the Daiichi Sankyo Group Corporate Conduct Charter and the Daiichi Sankyo Group EHS*5 Policy, we are promoting environmental management and practicing responsible corporate activities to mitigate climate change and other environmental challenges. We expressed our support for the recommendations of the TCFD*6 in May 2019, and disclosed information such as governance and results of scenario analysis in accordance with the TCFD disclosure framework in 2020. In addition, we will disclose information in accordance with the TCFD recommendations revised in October 2021, and aim to further strengthen our climate change-related governance and business strategies to proactively respond to climate change, which is a global issue.

We have established the EHS Management Committee in an effort to protect the environment and ensure the health and safety of employees while achieving uniform management. The committee is chaired by the Chief Executive Officer of EHS Management, and consists of relevant division heads and presidents of the group companies. The EHS Management Committee discusses and reports on policies, target setting, and activities related to global EHS management twice a year, and matters to be discussed and reported are submitted to the Board of Directors, which supervises the committee activities. In FY2023, the committee discussed the promotion of business partner engagement for Scope 3 reduction and the development of a net-zero transition plan.

*5 Environment, Health, Safety

*6 The Task Force on Climate-Related Financial Disclosures (TCFD): A task force set up in December 2015 by the Financial Stability Board (FSB), an international organization joined by central banks and financial regulators of major countries.

Information disclosure based on the recommendations of the TCFD

Contribute to the realization of a decarbonized society

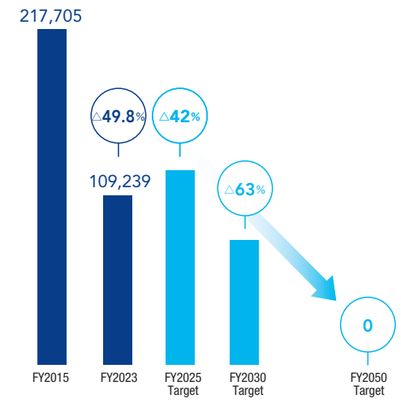
CO_2 emissions (Scope1+Scope2) for FY2023 were 109,239 t-CO_2, a 49.8% reduction compared to FY2015. Not limited to our efforts to “mitigate” CO_2 emissions and other environmentally hazardous actions, we facilitate initiatives to “adapt” to impacts that have become tangible or influence that is inevitable in the mid- to long-term. By scope, FY2023 performance for the entire Group was 85,245 t-CO_2 for Scope 1 and 23,994 t-CO_2 for Scope 2, which were 0.9% lower and 1.1% higher than in FY2022, respectively.

Scope 3 CO_2 emissions were 4,430,241t, showing an increase from FY2022. The increase is largely due to an increase in purchased goods and services (Cat.1).

To reduce Scope 3 (Cat. 1) emissions, we have set a KPI in our current mid-term business plan for more than 70% of suppliers to have a 1.5°C targets, and are currently strengthening engagement.

FY2025 and FY2030 Target(Scope1+2) toward Carbon Neutrality

(t-CO_2)



Utilization of Renewable Energy

At the Daiichi Sankyo Europe Pfaffenhofen Plant in Germany, which has been converting all purchased electricity to electricity generated from renewable energy since 2014, a self-consumption solar power system (annual energy production of 580 MWh) constructed on the plant’s premises began operation in February 2022, and its amount of electricity generated is increasing every year. Moreover, in FY2023, we began converting to renewable fuels by using biomass wood pellets for steam production.

In addition, in January 2023, the Daiichi Sankyo Pharmaceutical (Shanghai) Shanghai Plant began using a solar power plant (with annual energy production of approx. 540 MWh), which is able to cover the annual energy consumption of the plant’s administrative building. This is expected to reduce CO_2 emissions by 300 t-CO_2 per year.

Moreover, at the Daiichi Sankyo Chemical Pharma Onahama Plant, which started operation of the solar power system with annual energy production of approx. 4,000 MWh in December 2020, finished construction of the Daiichi Sankyo Group’s first Nearly ZEB-certified building, its new office, in March 2023. This office generates electricity using solar power and saves energy by effectively combining high-efficiency air conditioning, water heating, and lighting equipment, thereby cutting standard building energy consumption by 78% (51.9% from energy savings and 26.9% from energy generation).

The Group is a member of RE100 and aims to achieve a 100% utilization rate of electricity derived from renewable energy sources by FY2030 and a materiality KPI of at least 60% by FY2025. The renewable electricity utilization rate in FY2023 is 80.0%, well on track to achieve RE100. We will continue to actively introduce various renewable energy sources, including solar power generation.

Daiichi Sankyo Chemical Pharma
Onahama Plant New management building

Daiichi Sankyo Pharmaceutical (Shanghai)
Shanghai Plant

Listed on CDP’s Climate Change A List 2023

In February 2024, the Group has been recognized for leadership in corporate transparency and performance on climate change by global environmental non-profit CDP*7, securing a place on its prestigious “A List” for the fourth consecutive year. With the growing social demand for carbon neutrality, the Group revised the target to a more ambitious one with the 1.5°C target of the Paris Agreement in June 2022. Our GHG emission reduction targets and supplier engagement target have been approved as 1.5°C targets by SBTi in July 2023. Furthermore, we have submitted a commitment letter to the SBTi declaring its goals for reducing GHG emissions, including net-zero standard. To achieve net-zero GHG emissions by FY2050, we aim to obtain net-zero certification for our “Transition Plan for Climate Change” and targets.

*7 Global non-profit that runs the world’s environmental disclosure system for companies, cities, states and regions

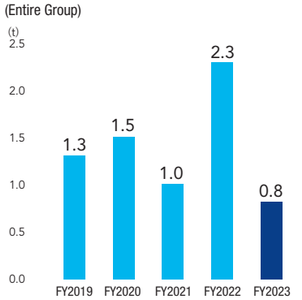
Pollution

Preventing Air and Water Pollution

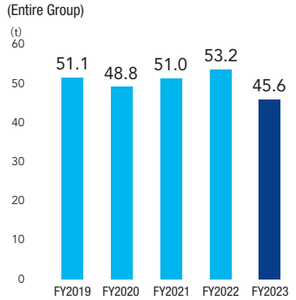
As a pharmaceutical company handling various chemical substances, the Group considers proper management of chemical substances as an important initiative and issue. To prevent air and water pollution, the Group companies' plants outside of Japan, including Daiichi Sankyo Pharmaceutical (Shanghai), Daiichi Sankyo Europe (Germany), and Daiichi Sankyo Brasil Farmaceutica regularly monitor their emissions to ensure compliance with the laws and regulations of each country and region. In Japan, the Group has established voluntary control standards that are stricter than legal requirements and properly monitors the emissions at plants and research & development (R&D) centers in Group companies.

Air

SOx Emissions (Entire Group)

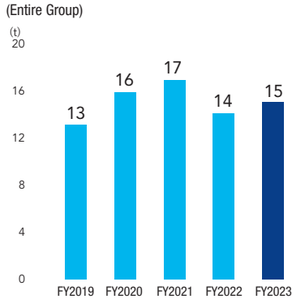


NOx Emissions (Entire Group)



Water

COD (Entire Group)



Preventing Soil Contamination

The Group makes efforts to prevent soil and groundwater contamination at plants and research centers. In Japan, when an investigation is required based on the Soil Contamination Countermeasures Act and related prefectural ordinance, we conduct the appropriate investigation according to the laws and regulations on discussion with the governmental offices.

Furthermore, we also conduct investigations according to the laws and regulations even in the cases where mandatory regulations do not apply, such as the closing of offices and change of use purpose.

If contamination occurs, we report it to the related government offices and properly disclose information to members of the surrounding community, and take appropriate measures, such as prevention of diffusion and purification according to the extent of contamination. The offices that have already taken measures, such as purification, continue to monitor and report the result of analysis to governmental offices and community members.

Progress of Measures for Soil Purification

Office	Overview
The site of former Yasugawa plant (Yasu City, Shiga)	We have been continuously monitoring the groundwater since we completed on-site environmental improvement work in 2006. As a result, contamination was found in part of the soil. We are currently conducting a soil investigation in consultation with regulatory authorities to perform appropriate purification work. We also confirmed the presence of mercury used as a material for pesticides that exceeded environmental standards on the grounds of the former plant site in 1993. Since then, we have installed a robust underground storage facility in adherence to regulatory guidance to manage the soil appropriately. Although there have been no reports of leakage or health issues to date, we decided to remove the storage facility in view of increasing safety and security in the region and in response to requests from the local community. We issued a press release announcing our decision in April 2020, and we are conducting removal work in consultation and coordination with all concerned parties. During excavation, we take due care not to affect the surrounding environment through measures such as temporally setting up negative-pressure tents that cover the entire storage facility to prevent soil from scattering.

Chemical Substances

We manage chemical substances that may adversely affect human health or the ecosystem based on the PRTR*1 system provided in the Act on Confirmation, etc. There was no transport, import, export, or treatment of waste that was deemed hazardous or any transport of waste that was shipped internationally as described in the terms of the Basel Convention Annex I, II, III, and VIII.

*1 Pollutant Release and Transfer Register

Group in Japan

(Unit: metric ton; mg-TEQ for dioxins)

Substance (Annual handling amount of 1 or more metric tons)	Handling Amount	Emission (except for emission into soil)		Transfer Amount		
		Air	Public Water	Sewage	Out of Offices (recycle)	Out of Offices (others)
Chloroform	2.1	0.1	0.0	0.0	2.0	0.0
Cobalt and its compounds	1.1	0.0	0.0	0.0	0.0	0.0
Methylene dichloride	9.5	0.6	0.0	0.0	8.9	0.0
Triethylamine	140.3	0.3	0.0	0.0	140.0	0.0
Toluene	773.8	0.5	0.0	0.0	7.1	570.0
N-Hexane	10.9	0.8	0.0	0.0	7.8	1.8
Tetrahydrofuran	397.4	0.2	0.0	0.0	0.0	300.0
Methyl isobutyl ketone	4.3	0.0	0.0	0.0	0.0	0.0
Total	**1339.5**	**2.6**	**0.0**	**0.0**	**165.8**	**871.8**
Dioxins	0.000	0.000	0.000	0.000	0.000	0.000

Environmental Impact Assessment of the Manufacturing Processes

The Group conducts the necessary environmental impact assessments for its pharmaceuticals based on the guidelines of relevant countries and implements measures as appropriate.

The Group realizes that one of the sustainability risks associated with its business activities is the possible negative impacts of pharmaceutical manufacturing and its by-products on the environment. There have been incidents in the past in which by-products of pharmaceutical manufacturing were detected in rivers and other natural environments. The Group is aware that social concern is rising with regard to this issue as well as its potential environmental repercussions. The Group watches closely such social responses and the global trend toward promotion of initiatives for EPS*2 by the European Federation of Pharmaceutical Industries and Associations (EFPIA).

We believe that we need to continuously coordinate with governments, industry organizations, and research institutions to examine more appropriate risk evaluations and risk management.

*2 EPS (Eco-Pharmaco-Stewardship): Voluntary initiatives to prevent environmental impacts throughout the lifecycle of pharmaceuticals and eco-friendly product management.

Water, Biodiversity

Water Risks

The Group considers the ability to utilize adequate freshwater at all operating sites and throughout the value chain to be extremely important for promoting and continuing our business.

Water risks include physical, regulatory, reputation and other risks, for which we carry out comprehensive risk evaluations based on the results of analyses of local water risks using the WWF-DEG Water Risk Filter and the survey results on water risks emanating from plants and research facilities.

These evaluations indicate that operating sites with the highest water risks among our Group are one plant in China and one in Brazil. Water withdrawal restrictions and other strengthened regulations are considered to be major risk factors. In those plants, we are paying attention to regulatory trends and optimizing water usage.

Water use by plants located in high water risk areas (FY2023)

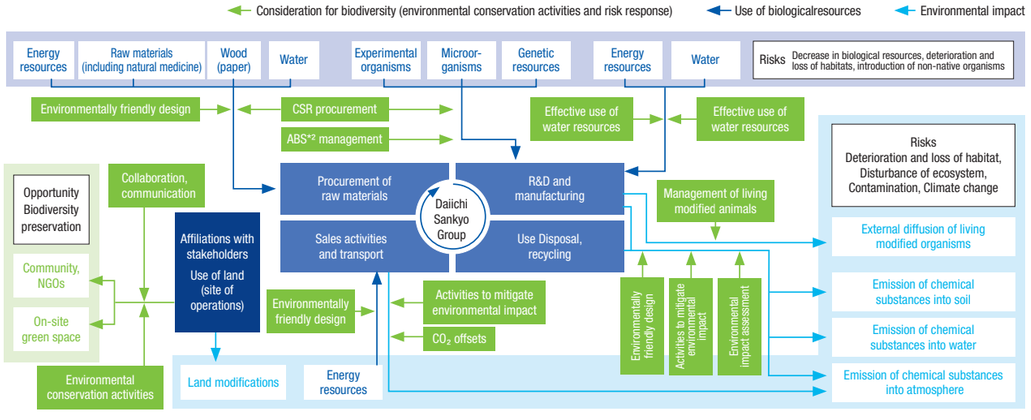
Site	River basin	Water withdrawals(kilo m^3)	Water discharges(kilo m^3)	Water consumption(kilo m^3)
Shanghai Plant (China)	Yangtze River	41.4	33.8	7.6
Alphaville Plant (Brazil)	Parana	10.1	5.5	4.6
Total		51.5	39.3	12.2

Initiatives for Biodiversity

EHS Basic Policy and EHS Management Policy (FY2021-FY2025) stipulate that business activities must consider biodiversity and ecosystem services. The Group has established the Basic Biodiversity Principles and Action Guidelines based on these policies. When these were established, the Group surveyed its initiatives on biodiversity, the use of natural resources, and status of efforts to comply with the Cartagena Protocol both inside and outside of Japan. Additionally, the Group assessed the relationship between its business activities and biodiversity.

The Group believes that biodiversity conservation and sustainable use of ecosystem services are essential in performing business. We promote raising awareness and understanding of employees, as well as the strengthening of environmental conservation activities in collaboration with business partners and private groups, to procure materials with less environmental burden, and to socially contribute towards biodiversity conservation.

Map of Corporate Activities and Biodiversity*1



*1 Prepared with reference to the "Map of Corporate Activities and Biodiversity" developed by the Japan Business Initiative for Conservation and Sustainable Use of Biodiversity (JBIB)
*2 Access to genetic resources and benefit sharing

Biodiversity Conservation Activities

Our group is promoting activities to contribute to the conservation of local biodiversity at each site. In March 2023, we participated in 30by30 Alliance for Biodiversity launched by the Ministry of the Environment of Japan.

Case 1 **Tatebayashi site (Japan)**

To preserve the golden orchid and the silver orchid, we have prohibited entry into the forested area of the property at the Tatebayashi site where the plant naturally grows (approximately 1,000 m^2). The continued conservation effort has resulted in an increase in the population of the species and expansion of breeding range.


Golden orchid (Tatebayashi site)


Planting in the premises (Pfaffenhofen plant)

Case 2 **Pfaffenhofen Plant (Germany)**

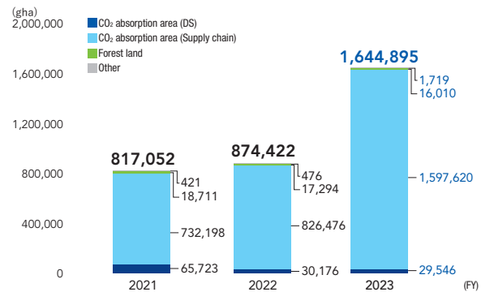
We cooperate with Pfaffenhofen in Bloom - an initiative started by the city of Pfaffenhofen aimed to increase the pollinator population - and we are planting many flowers in the approximately 3,200 m^2 area on the plant premises as an environment where honeybees and other insects can inhabit.

Ecological Footprint

We assess the ecological footprint (EF), an indicator of biodiversity, jointly with experts from the NGO Global Footprint Network, to examine all environmental burdens in the business activities of Group companies in Japan. The assessed EF is used as a comprehensive indicator of environmental burdens, including those related to biodiversity, by reviewing and monitoring long-term changes in the relationship between the reduction of environmental burdens and biodiversity conservation (trade-off) in the Group.

This initiative has been recognized as an action for achieving the Aichi Target (20 targets) that was adopted at COP10 (the 10th Meeting of the Conference of the Parties to the Convention on Biological Diversity in Nagoya) and has been registered on the Nijyu-Maru Project as well.

Ecological Footprint of Group Companies in Japan



TNFD Disclosure

The Group believes that biodiversity conservation and sustainable use of ecosystem services are essential in performing business. We promote biodiversity initiatives to achieve the 2030 Nature Positive*1.

In May 2024, we registered as a "TNFD*2 Adopter"*3, which indicates our support for the TNFD recommendations and our commitment to TNFD disclosure. Currently, we are conducting a brief evaluation of nature-related risks in our supply chain for our main products, and identifying key issues and conducting a locality Analysis. Based on the results, we are aiming for initial disclosure in line with TNFD recommendations by the end of FY2024.

*1 To halt and reverse biodiversity loss to put nature on a path to recovery for the benefit of people and planet
*2 Task Force established in June 2021 to provide a framework for the management and disclosure of nature-related risks. Final recommendations (v1.0) of the TNFD published in September 2023 to provide a framework for companies and financial institutions to identify, assess, manage and disclose nature-related issues
*3 TNFD Adopter : Organizations that have committed to start making disclosures aligned with the TNFD (Taskforce on Nature-related Financial Disclosures) Recommendations in their corporate reporting by the financial year 2024 (or earlier) or 2025.
https://tnfd.global/engage/tnfd-adopters/

Resource Use and Circular Economy

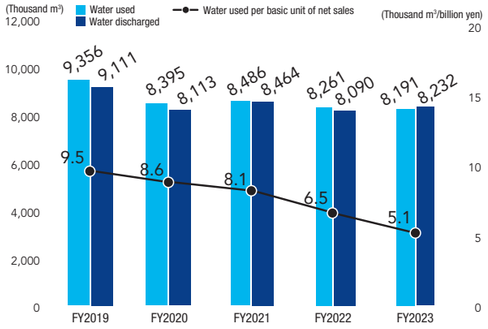
Resources inflows and outflows

Water is an important resource which is essential for pharmaceutical production, and we recognize that it is one ecosystem service that should be used sustainably. In addition to understanding the risks and challenges associated with water consumption and the status of water resources in countries and regions where our operation sites are located, we also implement measures including consuming water reasonably and efficiently, promoting reuse with purification equipment, and reducing the amount of water used.

The water consumed per unit of net sales in FY2023 was 5.1 Thousand m^3/billion yen (down 40.7% from FY2020); while the total volume of water used by the entire Group was 8,191 thousand m^3 (down 2.4% from FY2020).

Furthermore, water intake by the Group did not have significant impact on water sources.

Water consumed (Withdrawal) and Wastewater Discharged
Global (Plants and research falicilites)



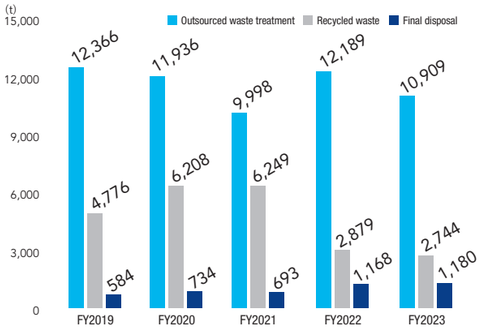
Waste Reduction Targets and Performance

The Group defines zero emissions for waste as the final disposal rate representing less than 1% of the total amount of waste.

At our plants and research centers, the Group has established waste reduction and resource efficiency as important issues. Consequently, we seek to save resources through efforts such as the streamlining of resources used in manufacturing and packaging processes, the comprehensive separation of unnecessary and waste materials, the reduction of the total volume of unnecessary and waste material, and resource recycling. Whenever possible, the Group chooses waste disposal firms that recycle thoroughly.

At each office, we promote the thorough separation of trash, double-sided printing of office paper, paperless operations and other measures.

Outsourced waste treatment, Recycled Waste, and Final disposal amount
Global (Plants and research falicilites)



Outflow of resources related to products and services

After use PTP Sheet Recycling Program

Daiichi Sankyo Healthcare has started Japan's first demonstration experiment of the "After use PTP Sheet Recycling Program" in the city of Yokohama in October 2022.

As of the end of September 2024, the collection sites were set up at 102 locations in pharmacies, drugstores, hospitals, and public facilities and a cumulative total of approximately 5 tons of used PTP sheets have been collected. The collected PTPs are recycled into new products. Collection boxes are also available at the Daiichi Sankyo Kusuri Museum on the first floor of the headquarter building in Japan.

"Okusuri Sheet Kururin BOX" at the Daiichi Sankyo Kusuri Museum

Closed-loop Recycling Efforts

Our special subsidiary, Daiichi Sankyo Happiness's Hiratsuka site, conducts closed-loop recycling*1 as a contribution to a recycling-oriented society through employing disabled people. Collected documents and other materials are sorted into reusable paper only and recycled into toilet paper by a partner company, which is then used at the site where the documents and other materials are collected. We contribute to solving social issues by horizontally spreading the program to other sites and introducing it as a good practice in our environmental e-learning program for all employees.

*1 Reusing or recycling materials recovered from their own used products into their own product.

Social

The driving force behind the realization of Purpose is the enthusiasm of all Group employees to help patients suffering from illnesses. We promote the success and development of a diverse range of people who create our competitive advantages, respect for human rights, contribution to improving access to healthcare, ensuring safety of pharmaceuticals, and corporate activities that continuously respond to the expectations of society.

Our Group Employees

Talent Acquisition & Development Policies

We position “people” as our most important “asset” and respect the diversity of our individual employees based on our People Philosophy enabling us to achieve mutual sustainable growth in both our employees and ourselves.

We recruit talents who share our Purpose, who have not only skills and expertise, but also the ability to think and act in ways that lead to organizational and individual growth and social contribution, and who meet the following three criteria:

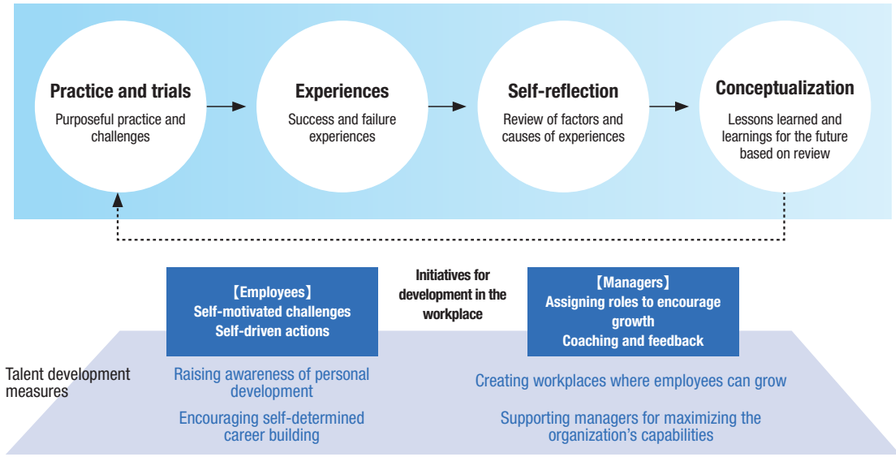
(1) Respect each other as individuals and welcome diverse perspectives proactively in the course of their work

(2) Treat others with respect and build trustful relationship through transparency and a willingness to listen

(3) Have the ability to grow every day as individuals by continuously learning, experimenting, and taking the initiative

We train human resources we need by implementing a range of human resource development measures based on the principle of growth through work. We also support individuals who voluntarily take on stretch goals and take the initiative to improve themselves.

Growth process through work



Our Group Employees

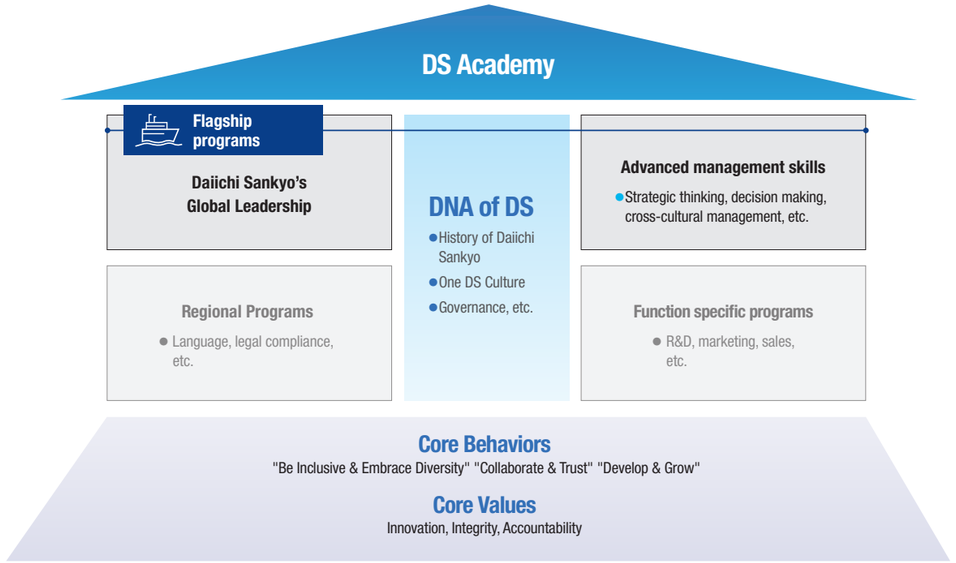
Talent Acquisition

We are actively recruiting global talents to achieve our 2030 vision of becoming an "Innovative Global Healthcare Company Contributing to the Sustainable Development of Society." Recent examples of our efforts include the participation of employees with nationality outside of Japan in various recruitment events and the use of recruiting agents who specialize in recruiting global talents. To further enhance our strengths, namely our position as a global organization and our talents, we need external talents who understand diverse environments and cultures, respect different values, and are able to grow together.

In addition to the above, we are promoting a project called "Global Talent Acquisition." Employees responsible for recruiting at Daiichi Sankyo's global offices in Japan, the U.S., the EU, Asia and Oceania, South and Central America, etc., continue to cooperate to share information and collaborate to proactively hire global talents.

Human Resource Development and Career Support

We provide various training and self-learning platforms as learning opportunities for employees to achieve our 2030 Vision. We also offer training and seminars to support career path development, and have established a career support help desk. In terms of global human resource development, we promote global talent management and leadership development in cooperation with Group Companies outside of Japan, and we have a system in place to nurture the next generation of leaders. In April 2024, we established DS Academy and embarked on a flagship program to develop global leaders by touring Japan, Europe, and the U.S. In the future, we will expand the target personnel of the program and promote talent management throughout the DS Group.



Inclusion & Diversity (I&D)

The Group defines diversity as a broad range of diversity that includes nationality, race, gender, age, expertise, perspectives, values, religions, and lifestyles. We believe that by proactively embracing individual diversity among all employees in the Group, we will be able to maximize our abilities, leading to global business development and creation of innovation.

We are globally promoting "practice of Core Behaviors to foster One DS Culture" in order to create a culture of mutual respect among employees based on this belief. As part of practicing our Core Behaviors, we have released a Global I&D Statement to all Group employees in order to promote inclusion and diversity throughout the global organization. We are committed to improving employee engagement and contribution to our various stakeholders, including patients, and to the diverse countries, regions, and communities in which we live.

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.	Encourage inclusive and diverse thinking and actions through the active collaboration across the global organization.	Ensure that all employees have equal opportunities to succeed, regardless of their gender, race, religion, sexual orientation, age, disability or other dimensions of diversity.

Support for Diverse Work Styles

We support diverse work styles of our individual employees based on our People Philosophy.

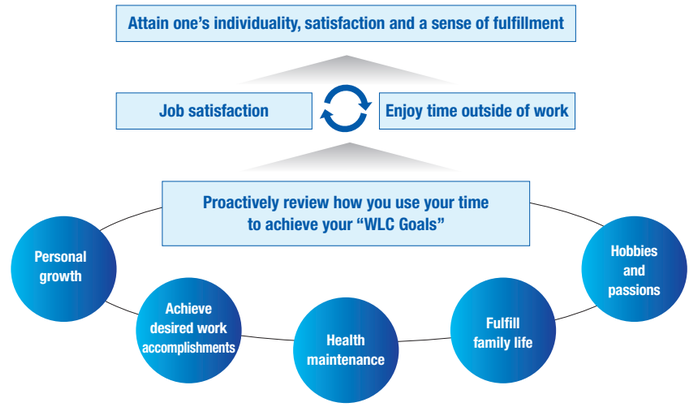
In Japan, as part of our efforts to promote women's empowerment, we are implementing various training programs and expanding systems for all employees including: (1) correcting unconscious bias, (2) supporting their work-life balance, and (3) fostering a workplace culture that embraces diversity.

To enchance inclusiveness for members of the LGBTQ+ community, we hold e-learning sessions for all Group employees in Japan, and we have introduced an LGBTQ+ support system, established an external hotline, and revised internal systems to ensure that employees in same-sex partnerships (same-sex marriages) receive the same marriage and family support as employees in opposite sex marriages.

In terms of the employment of older people, in Japan, if an employee who is approaching retirement age wishes to continue working for us after reaching the age of retirement, we will rehire that employee up to the age of 65. We have also introduced a system to extend the employment of employees who meet certain requirements up to the age of 70.

In terms of the employment of people with disabilities, we have established a mid-term policy and are promoting the employment of people with disabilities at Daiichi Sankyo Happiness (a special subsidiary that meets the definition in the Law for Employment of Disabled Persons*) and other Group companies, and we are developing a comfortable working environment for people with disabilities, by establishing a complaints hotline and conducting interviews regarding employment-related considerations.

*A subsidiary in which the employer has given special consideration to the employment of people with disabilities in order to promote and stabilize the employment of people with disabilities.



Our Group Employees

Promotion of Occupational Health and Safety

The Group's EHS*1 Management Committee has established global health and occupational safety policies, targets, and measures, while at group companies in Japan, Health and Productivity Management Promotion Structure headed by the Chief Health Officer has been established to promote health and safety measures based on a mid-term policy for health and safety management agreed by the labor union.

Based on the People Philosophy of "We create an environment that energizes our employees and enables them to thrive by cultivating their own well-being," we are cooperating with the Daiichi Sankyo Group Health Insurance Association and the Daiichi Sankyo Group Federation of Labor Unions to maintain and promote the health of employees at group companies in Japan.

Under our 5-year mid-term EHS Management Policy (FY2021-FY2025), we are working to "create a rewarding workplace." In terms of promoting health, we have designated "lifestyle-related diseases, cancer, mental health, and exercise" as priority areas and we are working to promote the health of our employees.

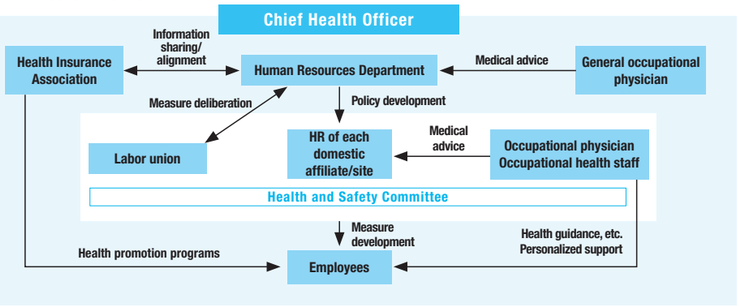
In terms of occupational safety, we have introduced an Occupational Health and Safety Management System at all of our offices to prevent occupational accidents, minimize damage in the event of an occupational accident, and ensure the safety of our employees.

Group companies in Japan have set "improving health awareness" as a key issue, have established evaluation indicators and targets to develop an environment in which employees may fully understand their state of health and work to maintain and promote their health, and are working to further promote health and productivity management by strengthening measures such as health guidance and employee education to achieve these targets.

*1 EHS : Environment, Health and Safety

Global Structure

Japan Domestic Structure



Human Rights of Employees

Article 5 of the Daiichi Sankyo Group Corporate Conduct Charter, the cornerstone of the Group's sustainability activities, specifies "respecting the diversity of our employees, seeking to include a diversity of thought in our daily work and ensuring a healthy and safe working environment without harassment and discrimination." At the same time, "to respect human rights of all people and comply with labor standards" is defined in the Daiichi Sankyo Group Employee Code of Conduct, that specifies the principles by which all executives and employees are expected to conduct their work.

Employee Human Rights Initiatives

Click Here for more information on our Inclusion & Diversity initiatives

Human Rights

Our Approach

We strongly recognize the need to consider human rights in our business activities and have established the Daiichi Sankyo Group Human Rights Policy with the approval of the Board of Directors. Furthermore, we expect all our business partners, including suppliers, to support this policy.

Initiatives

Human Rights Due Diligence

We strive to understand human rights issues and avoid negative impacts on human rights through human rights risk assessments and communication with stakeholders.

The human rights risk assessment involves a questionnaire survey issued to all group companies that operate businesses to examine the status of their human rights risk management efforts in five areas (wages, discrimination/ inhumane treatment, human rights in our supply chain, human rights of participants in clinical trials, access to healthcare) relevant to the group's businesses.

We confirm that there are no significant issues related to the ILO core labor standards*1 shown in the table below, and we provide feedback on the results of the survey to each group company to improve our initiatives.

In addition, we conduct Sustainable Procurement Survey of our business partners to confirm the status of their response to human rights.

Sustainable Procurement

*1 Minimum labor standards to be complied set by the International Labor Organization (ILO), including the prohibition of forced labor and child labor

The Contents of the Questionnaire

Item	Contents
Dissemination of human rights policies	Status of Human Rights Policy dissemination, Status of implementation of training 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

Grievance Mechanism*2

A global whistleblowing hotline (Global Hotline), which can be used anonymously by people inside and outside the company, accepts reports including those related to human rights. Inquiries are also accepted in the Inquiry Form in the corporate website.

Contact Us

*2 An effective operational level system of handling grievances that the company establishes for the benefit of individuals and communities adversely affected

Education and Awareness-raising Activities

To deepen the awareness among all executives and employees about the relationship between human rights and business activities, we conduct various education and training programs, including e-learning on human rights at all group companies, and issue messages from the CEO on the World Human Rights Day each year.

Collaboration with Stakeholders

To advance our human rights initiatives, we participate in the Human Rights Due Diligence Working Group of GCNJ*3 to gain opinions from outside the company and knowledge of best practices of other companies. In FY2023, the Head of Global Corporate Strategy attended the UNDP-organized CEO Round Table on Business and Human Rights*4 for executives, and exchanged opinions and deepened his knowledge with experts and corporate executives from inside and outside of Japan.

*3 Global Compact Network Japan

*4 A session for companies' top managements organized by UNDP (United Nations Development Programme)

Access to Healthcare

Daiichi Sankyo Group Policy on Access to Healthcare

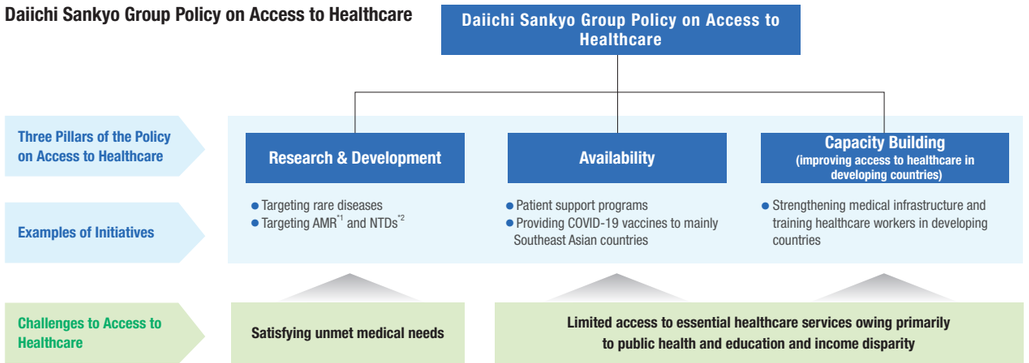
The goal of pharmaceutical companies is to act for the benefit of patients and their families by creating pharmaceuticals to respond to the various medical needs seen around the world.

Our Purpose is “to contribute to the enrichment of quality of life around the world” and seeking to accomplish this mission, our Group utilizes various internal capital such as human capital, intellectual capital, financial capital, and social and relationship capital through partnerships and open innovation to take advantage of its strengths of science and technology and thereby contributing to the evolution of society.

Pharmaceutical companies have the various challenges of access to healthcare to be addressed such as the unmet medical needs, access barriers to essential healthcare caused by social factors such as public health, education and income inequality. The Group works to address access to healthcare across its entire value chain, which spans everything from drug discovery and research, clinical development, supply chain, and value delivery, and prioritizes the following three areas: Research & Development, Availability, and Capacity Building. Our Group established a “Head of Access to Healthcare” to promote efforts to resolve these issues related to access to healthcare and improves access to healthcare through collaboration with partners as well as related organizations within the Group.

Through addressing these issues, our Group contributes to the accomplishment of the Sustainable Development Goals set forth by the United Nations, particularly “Goal 3: Ensure healthy lives and promote well-being for all at all ages.”

Daiichi Sankyo Group Policy on Access to Healthcare



*1 Antimicrobial Resistance
*2 Neglected Tropical Diseases

P92 Research & Development
P93 Availability
P94 Capacity Building

Research & Development

Partnership with the GHIT Fund

We are promoting partnership-based drug discovery to make the best use of its accumulated scientific findings and global network. Partnerships bring synergies to initiatives that cannot be completed by the Group alone. This initiative contributes to Goal 17: “Partnerships for the Goals” of the Sustainable Development Goals (SDGs) adopted by the United Nations member states.

The Group has funded the Global Health Innovative Technology Fund (hereinafter referred to as the “GHIT Fund”) since its establishment in April 2013. To promote the development of drugs for combating infectious diseases in developing countries, the GHIT Fund was established as a public-private partnership originating in Japan and was supported by the government of Japan, five Japanese pharmaceutical companies, and the Bill & Melinda Gates Foundation.

We are utilizing the partnership through the GHIT Fund structure to undertake a number of projects, including one to explore clinical candidate compounds for the treatment of Chagas disease, which is considered to be a neglected tropical disease (NTD), and another to explore candidate anti-tuberculosis drugs from natural products.

Efforts to address Antimicrobial Resistance (Participation in AMR Action Fund)

The threat of antimicrobial resistance (AMR) is now a major global public health issue. Unless appropriate measures are taken now, antimicrobial-resistant bacteria may cause approximately 10 million deaths per year by 2050. Thus, in July 2020, the AMR Action Fund was established to support the clinical development of novel antimicrobials and to create a sustainable antimicrobial market. The Fund aims to commercialize two to four new antibiotics by 2030 by providing a total of USD 1 billion in investments and technical assistance to several small biotech companies, and as of the end of May 2023 investments in five companies, Adaptive Phage Therapeutics, Venatorx Pharmaceuticals, BioVersys AG, Vedanta Biosciences, and Pattern Bioscience, have been announced. We have contributed a total of USD 20 million to the Fund to promote the development of innovative antimicrobials and contribute to the rapid resolution of AMR issues around the world.

Access to Healthcare

Availability

Expansion of Access to Investigational Drugs

There are cases in which pre-approval pharmaceuticals are used in clinical settings to treat diseases that greatly impact patient lives and for which existing treatment methods are ineffective. In these cases, we weigh the risks and benefits and will provide access to these pre-approval pharmaceuticals granted that the development of the pharmaceuticals in question will not be adversely impacted by this act.

The Expanded Access Program for investigational drugs provides access to Daiichi Sankyo's pre-approval pharmaceuticals (investigational drugs). The Expanded Access Program refers to the provision of pre-approval pharmaceuticals to patients who are not participating in clinical trials and applies before the drug is approved or generally available in each country and regional health care system.

Since laws and regulations differ from country to country and region to region, a separate determination must be made as to whether or not the Expanded Access Program can be applied, and this determination is based on factors such as feasibility of manufacture and supply.

Patient Assistance Programs

A commitment to ensure that our pharmaceuticals are available to those who need them most is just as important as our commitment to developing innovative treatments. The patient assistance programs of our U.S. subsidiaries Daiichi Sankyo, Inc. (DSI) and American Regent, Inc. (ARI) make it possible for tens of thousands of patients in the United States to use the Company's pharmaceuticals.

The Daiichi Sankyo Open Care Program provides free products to those who are prescribed DSI's products and are under- or uninsured , as well as unable to identify alternative payment sources.

ARI also has a support program targeting some pharmaceuticals for patients who are either uninsured or lack sufficient coverage. Furthermore, DSI participates in Partnership for Prescription Assistance(PPA) program as a member of Pharmaceutical Research and Manufacturers of America. The PPA is a national coalition of pharmaceutical companies, doctors and other healthcare providers, patient advocates, and community groups, etc. PPA helps patients identify potential assistance programs, assesses potential eligibility, and supports their enrollment.

Regional Access & Affordability

We strive to sell pharmaceuticals at appropriate prices based on the healthcare systems, insurance systems, and the standards of living of people in each country. We also strive to provide timely and appropriate support to patients who need our pharmaceuticals and face difficulties to obtain access due to coverage limitation.

Access to Healthcare

Capacity Building

We form partnerships with NGOs and other organizations to address the lack of medical infrastructure in developing countries. We select and determine partners after fully understanding the medical needs of the candidate location and confirming the risk of any conflict of interest with our commercial transactions though our Social Contributions Committee.

Country	Project	NGO/NPO Partner	Period
Nepal	Breast and cervical cancer screening camp	AMDA Multisectoral & Integrated Development Services	January 2021–December 2023
Zimbabwe	Improving healthcare infrastructure for SRHR* and breast/cervical cancer	Plan International Japan	April 2021–March 2024
Kenya	Promoting cervical cancer screening for preventive awareness	Japanese Organization for International Cooperation in Family Planning (JOICFP)	July 2022–June 2025
Honduras	Promoting breast/cervical cancer screening for preventive awareness	AMDA Multisectoral & Integrated Development Services	December 2022–November 2025
Vietnam	Adolescent sexual and reproductive health services for safeguarding maternal and child health	Save the Children Japan	January 2021–May 2025

*Sexual and reproductive health and rights

Vietnamese high school students learning about sexual and reproductive health through a quiz competition

Parents' club of ethnic minorities in Vietnam learning about precautions and physical changes when interacting with adolescents

Safety of Pharmaceuticals

Dedication to Quality

We recognize that we must earn the trust and confidence of our customers every day, not only through the efficacy and safety of our products, but through the quality of their manufacture as well. Manufacturing Practice (GMP) in Japan, US, Europe, and other countries with high standards, and assuring the quality of its pharmaceutical products through science-based management from the supply of raw materials to manufacture and shipment of products. We will continue to assure quality at the global standard to ensure the safety and reliability of our products for all people.

Safety Management Structure

We have established internal systems to take every possible safety management measure while also striving to raise employee awareness of safety measures.

In Japan, we collect safety management information (e.g., information on side effects) and deliver information for appropriate use,which is based on objective assessments, safety reviews, and analysis, to the medical field.

We also collect, assess, and review safety management information from outside of Japan, and as the Clinical Safety & Pharmacovigilance division of a global pharmaceutical company, we ensure that safety measures are implemented globally. By objectively analyzing safety management information from inside and outside of Japan and providing information to the medical field, we promote the proper use of pharmaceuticals and ensure that safety risks to patients are minimized.

Stable Manufacturing and Supply Chain

Pharmaceutical companies have a mission to reliably and consistently supply high-quality pharmaceuticals. The Group is fulfilling this role by integrating its operations to consistently procure raw materials and systematically manufacture pharmaceuticals, as well as by using its logistics function to rapidly and reliably distribute products. This integration facilitates the centralized management of information, enabling a flexible and efficient manufacturing and supply system (supply chain management).

The Group has also established a stable supply system for the global market by seamlessly linking its production bases inside and outside of Japan. Consistently supplying highly reliable products that reproduce the quality of the pharmaceutical as designed requires a production management system relying on technical verification of both facility and human operations. Through its quality and safety management system, the Group has established its own high standards with world-class validation processes and has developed a highly reliable global supply system.

Measures for Combating Counterfeit Pharmaceuticals

In response to the growing threat of counterfeit pharmaceuticals, we are reconsidering the sealing materials and changing the specifications of individual packaging for our products, as well as investigating and introducing anti-counterfeit technologies. We have achieved application of GS1 codes to our pharmaceutical products and medical narcotic products which was the requirement to incorporate expiration dates and serial numbers on each package for traceability purpose. We will continue to fulfill our roles as a marketing authorization holder and conduct product risk mitigation measures by collaborating with the pharmaceutical industry and related organizations.

We also actively comply with GDP*1 to ensure the quality and integrity of our products during storage and transportation. By precisely responding to the regulations and risks in each country and region, we pursue excellence to deliver our drugs to patients safely.

＊1 Good Distribution Practice

G

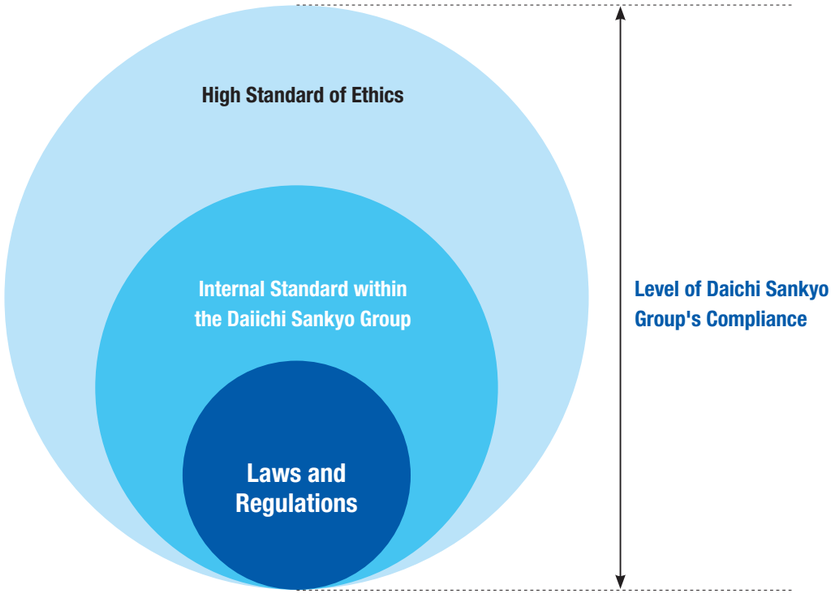
Governance

As a global group of pharmaceutical companies, we consider compliance practices as continuing to earn the trust of our diverse stakeholders, and we conduct activities with high ethical standards that take into account not only internal standards, but also social consciousness, philosophy, and social contribution, while adhering to the applicable laws and regulations of the markets in which we operate.

Compliance

Basic Policy

The Group defines “Integrity” as one of our Core Values. We have therefore positioned compliance as the standard we use in making decisions and judging values. In conducting our global business operations, we conduct compliance management with a strong focus on ensuring the high standards of ethics, which is essential for a healthcare company. To help employees deepen their understanding of this concept and embody it in practice, we have established the Daiichi Sankyo Group Corporate Conduct Charter and the Daiichi Sankyo Group Employee Code of Conduct as the Group’s common codes of conduct. In addition, as specific internal guidance based on the spirit of these codes, each Group company has established its own code of conduct that meets the social needs of each region and ensures that all executives and employees are familiar with these standards.



Compliance

Internal Control System and Compliance

We consider adhering to high ethical standards, laws, regulations, industry codes, and the Group's employee code of conduct, and various internal rules when executives and employees conduct their work, as well as building an internal control system for ensuring compliance with such norms, laws, regulations, codes, and policies as a priority in continuously creating corporate value. Therefore, the development of a compliance system has been described in the basic policy for building an internal control system.

Together with establishing the Daiichi Sankyo Group Corporate Conduct Charter, the Daiichi Sankyo Group Employee Code of Conduct, and other codes of conduct for executives and employees, each Group company has established its own compliance committee or conference body regarding compliance matters. In addition, the Company has established a committee that includes outside experts to oversee the compliance system of the Group as a whole.

Furthermore, persons in charge of major regions, corporations, and functions appointed by the parent Company's CEO in accordance with the Daiichi Sankyo Group Global Management Policy and the heads of organizations, etc. appointed by the President of each Group company in accordance with each company's Organizational Management Regulations take charge of the operations for which they are responsible, and supervise, manage, and provide instructions to members belonging to such regions, corporations, and functions.

Our specialized functions related to system development, such as human resource, legal affairs, compliance, risk management, etc., communicate and manage policies and provide guidance to all organizations of the Group. The Internal Audit Department conducts internal audits of the various companies within the Group with regards to the status of compliance with laws and regulations, the Articles of Incorporation, and various internal policies and procedures in the Group.

Operation of the Compliance System

The CEO has appointed a Chief Compliance Officer (CCO), to oversee and manage the global compliance and risk management unit. In accordance with the Compliance Promotion Rules, the Company's Corporate Ethics Committee serves as a deliberation and decision-making body for compliance across the Group. The Committee is chaired by Daiichi Sankyo Company, Limited (the "Company")'s compliance officer and consists of 13 members, including 12 internal representatives and an appointed external attorney who ensures that the committee operates in a transparent and reliable manner. The committee convenes twice per year, and full-time members of the Company's Audit and Supervisory Board and the heads of the Company's Internal Audit Department and the Business Management Department also participate as observers. Each Group company has a designated compliance officer or an equivalent staff who is responsible for overseeing the compliance programs and promoting compliance programs within their respective companies. Furthermore, to ensure the effectiveness of the Group's global compliance system, the Global Compliance Advisory Committee has been established as an advisory board to the Company's Corporate Ethics Committee. This Committee, chaired by the CCO, includes compliance officers from the Group company subsidiaries in Japan, the United States and Europe. Its responsibilities include examining the global policies, annual compliance objectives of the Group and proposing global compliance initiatives. The discussions of the Company's Corporate Ethics Committee and the Global Compliance Advisory Committee are reported to the Company's CEO and Board of Directors as part of the compliance promotion activities for the fiscal year.

Matters to be Reported to the Board of Directors Regarding Compliance Promotion Activities in FY2023

- Summary of Matters Discussed and Reported by the Corporate Ethics Committee
- Overview of Compliance Promotion Activities (Global and in Japan)
- Responding to Compliance Incidents
- Global Compliance Targets for FY2024

Compliance with the Employee Code of Conduct and Related Internal Policies and Regulations

The Daiichi Sankyo Group Employee Code of Conduct (the ECC) was established in April 2020 to provide clearer global uniform standards of the individual behavior expected of the Group's executives and employees. We conduct training programs regularly to increase awareness of the ECC.

In accordance with the Daiichi Sankyo Group Corporate Conduct Charter and the ECC, the Company and the Group companies in Japan have established their own local Codes of Conducts. In Japan, the Codes of Conduct also take into account the contents of the JPMA Compliance Program Guidelines of the Japan Pharmaceutical Manufacturers Association. Group companies outside of Japan have established internal rules, local codes of conduct, policies, and procedures that are tailored to the laws, regulations, and characteristics of their respective countries and regions as necessary.

Daiichi Sankyo Employee Code of Conduct

Compliance Training and Educational Activities

In order to promote the awareness of compliance, encourage the highest ethical standards, and cultivate an open workplace environment, the Company and the Group companies in Japan conduct small group discussion periodically (Compliance Communication Meeting) using training materials developed in-house.

Furthermore, the Company conducts compliance training by external specialists on a regular basis for the Company's Board Members, members of the Audit and Supervisory Board, corporate officers of the Company, and Presidents and Auditors in Group companies in Japan. The Group companies in Japan also conduct compliance training annually for new employees and managers.

Group companies outside of Japan conduct compliance training through the face-to-face conversation, e-learning or other methods, as appropriate to each region.

Furthermore, we are striving to further raise compliance awareness within the Group by conducting activities, such as periodic messages (twice a year) from our CEO to the Group regarding the importance of compliance.

Employee Survey on Ethical Culture

As part of our efforts to promote "compliance management" as a Materiality in the business foundation, the Company conducts an annual global compliance survey on corporate culture, targeting all executives and employees of domestic and overseas Group companies. This initiative will be measured as a Key Performance Indicator (KPI) until FY2025. The Company also conducts periodic employee surveys on ethical culture for executives and employees of all domestic Group companies. Most recently, in FY2023, approximately 9,800 individuals participated in the survey.

Protection of Whistle-blowers, Animal Welfare

Global Hotline and Compliance Reporting System

The Group has introduced a global unified whistleblowing hotline (Global Hotline) for compliance reporting. The Global Hotline is available 24 hours a day, 365 days a year, for compliance reporting and consultation. It is available in the languages of all countries and regions where the Group companies are located. The Group also accepts reports and consultations from people outside the Group on the Company and Group websites. In Japan, we have established and operated internal hotlines for whistleblowing via dedicated telephone lines and e-mail addresses, as well as a harassment reporting and consultation service. In addition, the Group maintains a procedure requiring a direct report to the Chief Compliance Officer of the Group when a compliance officer of any Group company worldwide suspects significant misconduct involving specific Senior Executives (Senior Executive Misconduct Reporting Procedure: SEMRP). 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 revising their rules for handling whistleblowing and related matters in a timely manner.

Compliance Data for FY2023 (Global consolidated)

Number of allegations received (excluding through our compliance monitoring processes): 315

- Measures: On the basis of the reports that we received, we conducted appropriate investigations for cases determined to require investigation. In cases in which allegations were found to be substantiated, we took appropriate measures, including disciplinary actions against any infringer.

Note: The results included in this information for FY2023 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.

Animal Welfare (R&D Ethics)

Daiichi Sankyo has established an internal regulation called the “Detailed Regulations on Animal Experimentation,” which is based on Japanese laws and guidelines, including the “Act on Welfare and Management of Animals,” the “Standards for the Care and Keeping of Laboratory Animals and the Alleviation of Pain and Suffering,” and the “Basic Guidelines for the Conduct of Animal Experiments at the Conducting Institutions under the Jurisdiction of the Ministry of Health, Labor and Welfare.” We promote the 3Rs of Animal Usage[*1] based on our understanding of the importance of the above.

All animal-use protocol must be reviewed at the planning stage for scientific appropriateness, alternative methods, and experiment details, including the 3Rs of Animal Usage, by the Company’s Institutional Animal Care and Use Committee, and only the protocols that have been approved can be carried out. We also provide in-house annual training for animal experimentation personnel.

The R&D Division has continued to receive its full accreditation from the AAALAC International[*2]. The Vaccine Research Laboratories have continued to receive its certification from the Center for Accreditation of Laboratory Animal Care (the Japan Pharmaceutical Information Center).

*1 Replacement (methods that avoid using animals), Reduction (use of fewer animals), and Refinement (minimize or eliminate pain and distress).
*2 Association for Assessment and Accreditation of Laboratory Animal Care International.

Detailed Regulations on Animal Experimentation Here

Relationship with Business Partners

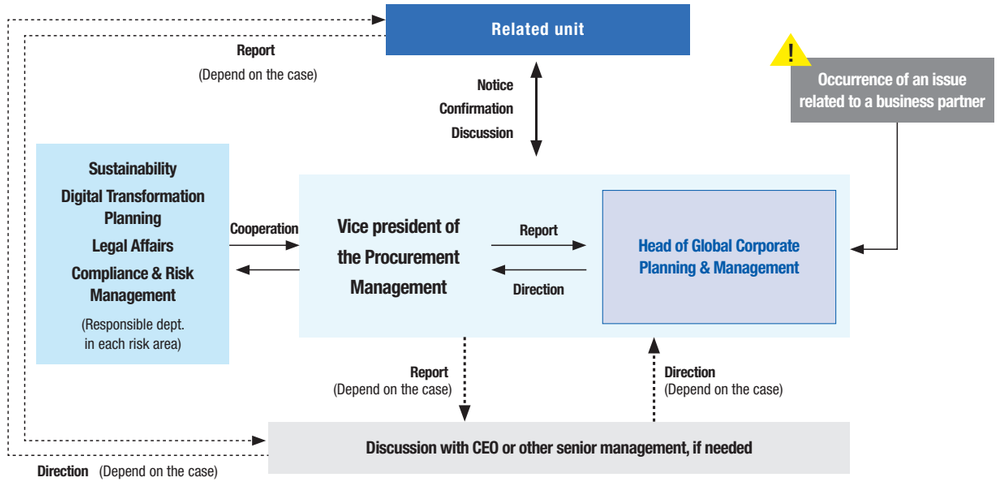
Business Partner Code of Conduct

The Group has established its Business Partner Code of Conduct based on the Daiichi Sankyo Group Procurement Policy. This code sets out our expectations for our business partners who provide products and services to us to help creating a sustainable society. We are committed to fulfilling our social responsibilities and achieving a sustainable society through communicating and working together with our business partners.

- Daiichi Sankyo Group Procurement Policy
- Business Partner Code of Conduct

Establishment of a Business Partner Management System

The Group mitigates potential risk related to business partner selection and ongoing relationships through due diligence assessments, which begin at the outset of business partner onboarding and continue through regular monitoring in the fields of corruption, data privacy and confidentiality, human rights and environmental protection. We are monitoring approximately 6,400 companies at this point. For business partners identified as high risk before and during the transaction, the Group decides on the advisability of the transaction, considering the impact on the business and social credibility of the Group. In Japan, Daiichi Sankyo established the Business Partner Management Guideline (Japanese version), which summarizes the Business Partner Management process, in September 2021. For Group companies outside of Japan, the Daiichi Sankyo Group Business Partner Management Guidelines (Global Guidelines) were established in October 2022.



Relationship with Business Partners

Sustainable Procurement Survey

We conduct a “Sustainable Procurement Survey” with key business partners on a three-year cycle in order to confirm their understanding of and alignment with the Group's approach to sustainability and to strengthen interactive communications.

In this survey, respondents are asked to answer some questions related to the following six areas based on the Business Partner Code of Conduct: “business activities with integrity based on ethical standards,” “respect for human rights and labor,” “health and safety,” “promoting environmental management,” “securing optimal quality, cost, and stable supply,” and “management systems”. The survey is also aligned with the principles of the PSCI[*1], a non-profit organization composed of global pharmaceutical companies.

During the cycle covering the period of FY2020-FY2022, the survey was sent to 403 business partners of Daiichi Sankyo in Japan and overseas, and as of the end of March 2023, 399 companies (99%) have responded. Based on the survey results and scoring, further communications with 20 selected business partners were conducted. Also, 30 of those key business partners took our training on environment. We have started our 3rd survey cycle using an updated questionnaire.

*1 PSCI (Pharmaceutical Supply Chain Initiative) is a non-profit membership organization formed by large pharmaceutical companies with the objective of improving social, economic, and environmental outcomes through the supply chain. It aims to ensure safe working conditions for workers, promote sustainable processes and factory facilities, contribute to economic development, and maintain a clean environment in local communities.

Sustainable Procurement

Measures to Ensure Stable Procurement

In recent years, many companies are facing unprecedented natural disasters, infectious diseases, and geopolitical risks. Maintaining and stabilizing the supply chain, not limited to Tier 1 suppliers, but including Tier 2 or 3, which are upstream suppliers, is a challenge. In Japan, we conducted a retrospective assessment of suppliers covering approximately 1,200 raw materials for our five main plants in Hiratsuka, Odawara, Onahama, Tatebayashi and Kitamoto to understand geographical risks. Of these, we asked Non-Tier 1 suppliers of critical raw materials, upstream suppliers of raw materials for our products that have no direct contracts with Daiichi Sankyo, to complete the above Sustainable Procurement Survey. While seeking an understanding of our policy and strengthening co-creation relationships through mutual understanding, we will continue to reinforce our efforts for stable procurement through interactive communication with our business partners.

Declaration of Partnership Building

The Group endorses the purpose of the “Conference for the Promotion of Building Partnerships for the Future,” which is being promoted by the Cabinet Office, the Small and Medium Enterprise Agency, and other public and private organizations, and joined the “Declaration of Partnership” as of January 30, 2023. We will focus on co-existence and co-prosperity throughout the supply chain, new partnerships that transcend scale and affiliation, and compliance with the “Promotion Standards,” aiming to build new partnerships with supply chain business partners and value-creating businesses.

Prevention of Corruption and Bribery

Ethical Marketing Practice

In addition to establishing Daiichi Sankyo Group Marketing Code of Conduct in accordance 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 established the “Daiichi Sankyo Group Global Marketing Code of Conduct” in FY2016 and as of 2024, we revised the title to "Daiichi Sankyo Group Policy on Interactions with Healthcare Professionals and Healthcare Organizations", adding new provisions and updated the contents. This document serves as the Group’s common global policy with the aim of maintaining a high standard of ethics when interacting with healthcare professionals, medical institutions, and patient organizations, as well as when promoting pharmaceutical products.

In this global policy, we clearly state that relationships between each Group company and healthcare professionals must be maintained for the purpose of improving the quality of healthcare, with a focus on providing information on pharmaceutical products to healthcare professionals, providing scientific and educational information, and supporting medical research and education.
In line with the revision of the IFPMA Code in January 2019, we revised the policy, prohibiting the provision of gifts and promotional aids to healthcare professionals, etc. We also prohibit the provision of entertainment, cash, and other personal gifts and stipulate stricter terms and conditions of contract in cases where we pay remuneration to healthcare professionals, as well as consider the appropriateness of the remuneration. In this way, we promote appropriate marketing practices in accordance with the IFPMA Code.

Compliance with Global Policies Related to Preventing Bribery and Corruption

Laws and regulations against bribery and other forms of corruption in countries around the world continue to be strengthened each year. Thus, it is becoming increasingly important for global companies to implement initiatives for detecting and preventing bribery and other forms of corruption.

The Group has specified the prevention of bribery and corruption in the ECC. In order to further ensure compliance particularly in this regard, we have also established the Daiichi Sankyo Group Anti-Bribery & Anti-Corruption Policy, which sets forth more detailed rules on the prevention of bribery and corruption, including the prohibition of cash payments to government officials and healthcare professionals.

The Group also continues to conduct training for anti-bribery and anti-corruption to further bolster our anti-bribery and anti-corruption structure. In addition, we have implemented at each Group Company a due diligence monitoring process for bribery and corruption risks of our third-party suppliers.

Daiichi Sankyo Group Anti-Bribery & Anti-Corruption Policy

External ESG Evaluations

Inclusion in ESG Indices

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 2024.

FTSE4Good Index Series

FTSE Russell, a subsidiary of the London Stock Exchange and a global index provider, produces indexes that reflect the performance of companies that excel in ESG. Daiichi Sankyo has been selected as a constituent of the FTSE4Good Global Index for the 16th consecutive year since 2009.

FTSE Blossom Japan Index*1

Daiichi Sankyo has been selected as a constituent of the FTSE Blossom Japan Index for the 8th consecutive year since 2017. This index is one of five indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stock.

*1 As the result of a third-party audit, FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) hereby attests that Daiichi Sankyo satisfies the conditions of listing on the FTSE Blossom Japan Index and has been made a constituent stock of such index. The FTSE Blossom Japan Index was created by FTSE Russell, a global index provider, and has been designed to measure the performance of Japanese companies demonstrating excellent environmental, social, and governance (ESG) practices.

FTSE Blossom Japan Sector Relative Index*2

Daiichi Sankyo has 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 for the 3rd consecutive years. This index is one of five indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stock.

*2 The FTSE Blossom Japan Index is widely used in the creation and evaluation of sustainable investment funds and other financial products.
As the result of a third-party audit, FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) hereby attests that Daiichi Sankyo satisfies the conditions of listing on the FTSE Blossom Japan Sector Relative Index and has been made a constituent stock of such index. The FTSE Blossom Japan Sector Relative Index is widely used in the creation and evaluation of sustainable investment funds and other financial products.
https://www.ftserussell.com/products/indices/blossom-japan

MSCI Japan ESG Select Leaders Index*3

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 the 6th consecutive year from 2019. This index is one of five indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stock.

*3 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.

Sompo Sustainability Index

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 nine consecutive years.

CDP

Daiichi Sankyo has been recognized for leadership in corporate sustainability by global environmental non-profit CDP*4, securing a place on its prestigious "A List" for its leadership in transparency and performance in corporate sustainability on climate change.

*4 CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions.

SX (Sustainability Transformation) Brands

Daiichi Sankyo was selected and awarded as "the SX (Sustainability Transformation) Brands", which is initiated by Ministry of Economy, Trade and Industry and Tokyo Stock Exchange, Inc. SX (Sustainability Transformation) means promoting long-term and sustainable creation of corporate value by engaging in constructive dialogues with investors and other parties, incorporating society's sustainability issues and needs into their own growth, and making necessary management and business reforms. These enterprises will be selected and awarded as the Sustainability Transformation Brands.

Digital Transformation Stocks (DX Stocks)

Daiichi Sankyo was selected and awarded as "Digital Transformation Stocks (DX Stocks)", which is initiated by Ministry of Economy, Trade and Industry and Tokyo Stock Exchange, Inc., and the Information-technology Promotion Agency, Japan (IPA) . From among TSE-listed companies, METI and the organizations select outstanding companies that have internally established systems for promoting DX, an approach that contributes to improving corporate value, and that have achieved outstanding utilization of digital technologies as DX Stocks.

Health & Productivity Stock Selection Brand

Daiichi Sankyo was selected as the "Health & Productivity Stock Selection Brand", which is initiated by Ministry of Economy, Trade and Industry and Tokyo Stock Exchange, Inc. We have been recognized as a Certified Health & Productivity Management Outstanding Organization under the Large Enterprise Category (White 500) for the 7th consecutive year from 2018.

Independent Assurance Report for Environmental and Social Indicators

Independent Assurance Report

To the Representative Director Executive Chairperson and CEO of Daiichi Sankyo Company, Limited

We were engaged by Daiichi Sankyo Company, Limited (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, 2023 to March 31, 2024 included in its Value Report 2024 (the "Report") for the fiscal year ended March 31, 2024.

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.
- Visiting the Company's Shinagawa R&D Center selected on the basis of a risk analysis.
- 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 Management

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 Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

/s/ Yoshimitsu Nagasaka
Yoshimitsu Nagasaka, Director
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
September 30, 2024

Notes to the Reader of Independent Assurance Report:
This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.

Global Reporting Initiative (GRI) Standards

Statement of use	Daiichi Sankyo Group has reported in accordance with the GRI Standards for the period from April 1st, 2023 to March 31st, 2024.
GRI 1 used	GRI 1: Foundation 2021

Universal Standards

General Disclosures 2021

Item	Indicator	Relevant Pages in Value Report 2024
1. The organization and its reporting practices		
2-1	Organizational details	–
2-2	Entities included in the organization's sustainability reporting	–
2-3	Reporting period, frequency and contact point	2
2-4	Restatements of information	–
2-5	External assurance	107
2. Activities and workers		
2-6	Activities, value chain, and other business relationships	25-34/69
2-7	Employees	3/66/109-110
2-8	Workers who are not employees	–
3. Governance		
2-9	Governance structure and composition	51-54
2-10	Nomination and selection of the highest governance body	51-54
2-11	Chair of the highest governance body	51/61-62
2-12	Role of the highest governance body in overseeing the management of impacts	63-64/73-74
2-13	Delegation of responsibility for managing impacts	–
2-14	Role of the highest governance body in sustainability reporting	After creating the Value Report, it is reviewed and approved by the chairman of the Board, CEO and CFO, and then issued.
2-15	Conflicts of interest	–
2-16	Communication of critical concerns	51-52/98-101
2-17	Collective knowledge of the highest governance body	–
2-18	Evaluation of the performance of the highest governance body	58
2-19	Remuneration policies	55-57
2-20	Process to determine remuneration	57
2-21	Annual total compensation ratio	–

Item	Indicator	Relevant Pages in Value Report 2024
4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy	5~10
2-23	Policy commitments	90-91/99-100/102
2-24	Embedding policy commitments	90-91/99-103
2-25	Processes to remediate negative impacts	98-101
2-26	Mechanisms for seeking advice and raising concerns	98-101
2-27	Compliance with laws and regulations	98-101
2-28	Membership associations	–
5. Stakeholder engagement		
2-29	Approach to stakeholder engagement	31-32
2-30	Collective bargaining agreements	–

Material Topics , Topic Standards Here

ESG Data

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Environment

Promoting Environmental Management

Aspect	Classification	Items	Boundary*1	Unit	FY2021	FY2022	FY2023
CO_2	CO_2 emissions	Total	In Japan	t-CO_2	143,774	66,798	☑ 66,020
			Global	t-CO_2	191,399	109,735	☑ 109,239
	CO_2 emissions by Greenhouse Gas Protocol classification	Scope 1*2	In Japan	t-CO_2	68,736	64,388	☑ 63,848
			Global	t-CO_2	88,249	86,006	☑ 85,245
		Scope 2*2	In Japan	t-CO_2	75,038	2,409	☑ 2,173
			Global	t-CO_2	103,150	23,729	☑ 23,994
		Scope 3 (Cat.1*3)	Global	t-CO_2	513,874	1,809,230	☑ 3,887,790
Energy*4	Energy use	Total	In Japan	MWh	503,727	500,873	☑ 546,663
		Non-renewable electricity	Global	MWh	208,383	50,609	51,260
		Renewable electricity	Global	MWh	21,596	179,962	204,554
		Total	Global	MWh	678,890	680,723	☑ 736,789
	Renewable electricity utilization rate		Global	%	9.4	78.1	☑ 80.0
Water resources	Water used (municipal water, industrial water, fresh ground water)		Global(Plants and research facilities)	kilo m^3	8,486	8,261	☑ 8,191
	Wastewater		Global(Plants and research facilities)	kilo m^3	8,464	8,090	☑ 8,232
Waste	Total amount of waste discharged (outsourced waste treatment)		Global(Plants and research facilities)	t	9,998	12,189	10,909
	Total amount of waste discharged (excluding hazardous waste)		Global(Plants and research facilities)	t	5,648	4,995	☑ 5,435
	Waste plastic recycling rate		Global(Plants and research facilities)	%	59.3	69.3	☑ 72.4
	Disposal of hazardous waste		Global(Plants and research facilities)	t	4,350	7,194	☑ 5,474

Social

Mutual Growth of Employees and the Company

Aspect	Classification	Items	Boundary*1	Unit	FY2021	FY2022	FY2023
Employees	Number of employees by region*5	Japan	In Japan	Persons	9,135	9,263	☑ 9,468
		Outside Japan Total	Outside Japan	Persons	7,323	8,172	☑ 9,258
		Total	Global	Persons	16,458	17,435*6	☑ 18,726*6
	Employee data*5	Number of female employees	In Japan	Persons	2,382	2,471	☑ 2,615
				%	26.1	26.7	☑ 27.6
			Outside Japan	Persons	3,819	4,469	☑ 5,068
				%	52.2	54.7	☑ 54.7
			Global	Persons	6,201	6,940	☑ 7,683
				%	37.7	39.8	☑ 41.0
		Number of male employees	In Japan	Persons	6,753	6,792	☑ 6,853
			Outside Japan	Persons	3,504	3,701	☑ 4,184
			Global	Persons	10,257	10,493	☑ 11,037
		Average years of service	In Japan	Years	19.6	19.7	19.4
			In Japan (male)	Years	21.1	21.4	21.1
			In Japan (female)	Years	15.4	15.2	15.1
		Managerial employees (female)	In Japan	Persons	248	267	☑ 288
				%	8.4	9.1	☑ 10.0
			Outside Japan	Persons	1,357	1,755	☑ 2,073
				%	49	53	☑ 53.3
			Global	Persons	1,605	2,022	☑ 2,361
				%	28.1	32.4	☑ 34.8
		Female senior managerial employees*7	In Japan	%	4.4	5.6	8.2
			Global	%	17.9	19.2	18.7
		Total new employees	In Japan (male)	Persons	166	198	255
			In Japan (female)	Persons	136	135	169
			In Japan (total)	Persons	302	333	424
			Global (male)	Persons	769	983	1,280
			Global (female)	Persons	842	1,180	1,560
			Global (total)	Persons	1,611	2,164*6	2,840
	Employement rate of people with physical or mental disabilities		In Japan	%	2.35	2.44	☑ 2.57
	Amount of training/development investments per employee		Global	JPY	121,065	145,734	166,906
	Positive response rate (%) on corporate culture & work environment through engagement survey		Global	%	75	77	79
	Positive response rate (%) on development & growth opportunities through engagement survey		Global	%	68	75	76
	Occupational health and safety	Lost time injuries frequency rate*8 (Full-time employees, contract employees, temporary employees, etc)*9	In Japan	-	-	0.17	0.17	-
			Outside Japan	-	-	2.31	2.03	-
			Global	-	-	1.11	1.05	-
		Lost time injuries frequency rate*8 (Full-time employees, contract employees)*10	In Japan	-	-	-	-	☑ 0.23
			Outside Japan	-	-	-	-	☑ 2.69
			Global	-	-	-	-	☑ 1.42
		Lost time injuries frequency rate*8 (Temporary employees)*11	Global	-	-	-	-	☑ 1.47
		Occupational accident fatalities	Global	Persons	0	0	☑ 0
	Labor Union	Coverage of collective bargaining	In Japan	%	100	100	100
			Global	%	88	89	89

Enhancement of Communication with Stakeholders

Aspect	Classification	Items	Boundary*1	Unit	FY2021	FY2022	FY2023
Patients and medical professionals	Evalutaion of corporate stance and MR activities	Overall assessment of MRs (all responding physicians)*12	In Japan	Rank	1st	1st	1st
		Overall assessment of MRs (hospital doctors)*12	In Japan	Rank	1st	1st	1st
		Overall assessment of MRs (private-practice physicians)*12	In Japan	Rank	1st	1st	1st
	Number of inquiries received by the product information center from outside the company (prescription pharmaceuticals)		In Japan	Cases	70,000	60,000	60,000

Improving Access to Healthcare

Aspect	Classification	Items	Boundary*1	Unit	FY2021	FY2022	FY2023
Social	Number of people received breast cancer/cervical cancer screening	Aggregate (January to March)	In Nepal	Persons	1,091	1,006	2,556
	Number of participants in breast cancer/cervical cancer awareness	Aggregate (April to March)	In Zimbabwe	Persons	3,651	13,384	11,466
	Number of development projects conducted through the GHIT *13	Aggregate (January to December)	-	Cases	4	4	4

Social Contribution Activities

Aspect	Classification	Items	Boundary*1	Unit	FY2021	FY2022	FY2023
Employees	Number of employees taking short-term volunteer leave		In Japan	Persons	7	0	9

Governance

Aspect	Classification	Items	Boundary*1	Unit	FY2021	FY2022	FY2023
Governance	Structure of Board of Directors	Number of 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 and 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 to Members of the Board	Total	Non-consolidated	JPY Million	959	1,092	1,200
	Remuneration to Members of the Audit and Supervisory Board	Total	Non-consolidated	JPY Million	154	154	154

Promoting Compliance Management

Aspect	Classification	Items	Boundary*1	Unit	FY2021	FY2022	FY2023
Compliance	Compliance training	Total	In Japan	Persons	549	599	450
	Training on Daiichi Sankyo Group Employee Code of Conduct	Number of employees participating in e-learning and group training	In Japan	Persons	9,412	9,454	9,637
			Outside Japan	Persons	Approx. 4,270	2,370	5,880
	Periodic employee survey on ethical culture	Positive response rate	Global	%	84	-	86
	Compliance data	Number of allegations received	Global	Cases	157	207	315
	GVP*14 training	Ratio of GVP-related employees undergoing training	Non-consolidated	%	100	100	100
	GVP*25 training	Number of employees (excluding GVP-related employees) undergoing training	Non-consolidated	Persons	5,873	5,909	5,980
	Development-related training (including GCP)	Aggregate number of e-learning programs and group training sessions	Non-consolidated	Times	127	79	126
	Number of recalls(Class I*15)	Number of recalls	Global	Cases	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 regulation 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 published by country "Emissions Factors 2023" of the International Energy Agency (IEA) are used instead. The emissions from renewable energy are included. *3 In FY2023, CO_2 emissions increased due to changes in calculation methods, such as revision of emissions intensity allocation, and an increase in the activities. Figure for FY2021 is for Daiichi Sankyo Company, Limited and Daiichi Sankyo Healthcare Co., Ltd. *4 The heat values per unit described in the Act on Rationalization of Energy Use and Shift to Non-fossil Energy are used for fuel and electricity. *5 The numbers of employees as of the settlement date of each Group company (as of March 31, 2024 for fiscal 2023). Average years of service is as of April 1 of the next fiscal year *6 Including non-binary category based on the requests *7 Female employees in a division head or higher position *8 Number of work-related deaths and injuries/Total hours worked × 1,000,000 The number of work-related deaths and injuries counts cases that involved at least a day of leave *9 Temporary employees, contractors, and outsourced contractors are not included in the figures for domestic consolidated subsidiaries. Temporary employees, contractors, and outsourced service providers are included in the data for overseas consolidated subsidiaries *10 Outside Japan and Global in FY2023 do not include Daiichi Sankyo Australia, Daiichi Sankyo Singapore, and Daiichi Sankyo Canada *11 Global in FY2023 do not include Daiichi Sankyo Inc, Daiichi Sankyo Australia, Daiichi Sankyo Singapore, and Daiichi Sankyo Canada *12 Survey by Antelrio Co., Ltd. in fiscal 2021,INTAGAE Healthcare Inc (Rep-i) between fiscal 2022 and 2023 *13 Global Health Innovative Technology Fund *14 Good Vigilance Practice. Standards for safety management of pharmaceuticals, quasi-pharmaceuticals, cosmetics, and medical devices after manufacturing and selling *15 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