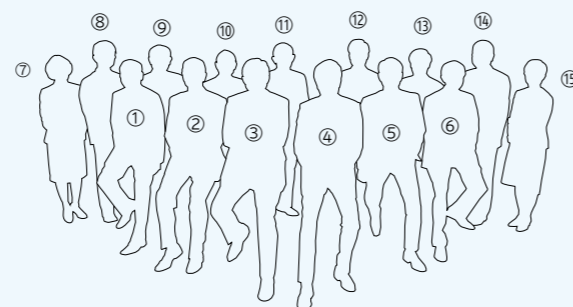


Members of the Board and Members of the Audit and Supervisory Board (As of June 19, 2017)



- | | | |
|--|---|--|
| ⑦
Akiko Kimura
Member of the Audit and Supervisory Board (Outside) | ⑧
Hideyuki Haruyama, Ph.D.
Member of the Audit and Supervisory Board | ⑮
Sayoko Izumoto
Member of the Audit and Supervisory Board (Outside) |
| ⑨
Naoki Adachi
Member of the Board (Outside) | ⑩
Noritaka Uji
Member of the Board (Outside) | ⑬
Kazuyuki Watanabe
Member of the Audit and Supervisory Board |
| ⑪
Hiroshi Toda
Member of the Board (Outside) | ⑫
Tsuguya Fukui, MD., MPH, Ph.D.
Member of the Board (Outside) | ⑭
Yutaka Katagiri
Member of the Audit and Supervisory Board (Outside) |
| ①
Katsumi Fujimoto, Ph.D.
Member of the Board, Senior Executive Officer | ②
Kazunori Hirokawa, MD., Ph.D.
Representative Director, Member of the Board, Executive Vice President and CFO | ⑤
Toshiaki Sai
Member of the Board, Senior Executive Officer |
| ③
George Nakayama
Representative Director, Chairman and CEO | ④
Sunao Manabe, DVM, Ph.D.
Representative Director, Member of the Board, President and COO | ⑥
Toshiaki Tojo, Ph.D.
Member of the Board, Senior Executive Officer |



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

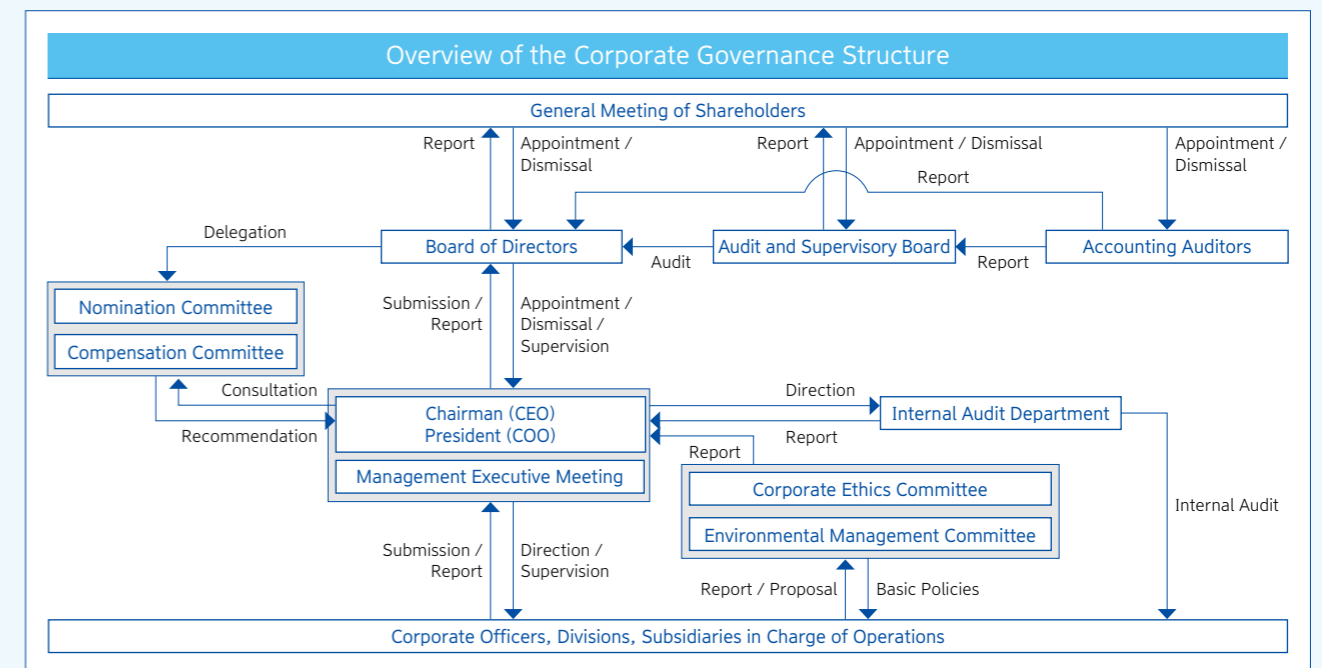
In 2017, the following steps were taken to further enhance the Company's corporate governance systems.

- Increased the number of Members of the Audit and Supervisory Board (Outside) by one (three out of five Members of the Audit and Supervisory Board are Members of the Audit and Supervisory Board (Outside)) to enhance its audit structure
- Strengthened management team by replacing the former one-person system (President and CEO) with a two-person system (Chairman and CEO and President and COO)
- Introduced the restricted stocks remuneration system for Members of the Board (excluding Members of the Board (Outside)) to further promote share value between shareholders and them

Daiichi Sankyo will continue to implement initiatives for enhancing its corporate governance systems going forward.

Characteristics of Daiichi Sankyo's Corporate Governance

- To clarify the management responsibility of Members of the Board and reinforce their oversight of management and the conduct of operations, their **terms of office are set at one year, and four out of our ten Members of the Board are Members of the Board (Outside)**.
- To ensure management transparency, nomination of candidates for Member of the Board and Corporate Officer and compensation thereof are deliberated on by the **Nomination Committee** and the **Compensation Committee**, respectively, which are established as voluntary committees. These committees consist of at least three Members of the Board, of whom Members of the Board (Outside) form a majority, and are **chaired by a Member of the Board (Outside)**. Both committees are comprised **entirely of Members of the Board (Outside)**.
- For audits of legal compliance and soundness of management, the Company has adopted an **Audit and Supervisory Board system** and established the **Audit and Supervisory Board**, which is comprised of **five members, a majority of which are Members of the Audit and Supervisory Board (Outside)**.
- The Company prescribes specific criteria on the judgment of independence of Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside) and basic matters regarding execution of duties by Members of the Board and Members of the Audit and Supervisory Board.
- The Company employs a **Corporate Officer system** which contributes to appropriate and swift management decision-making and the conduct of operations.



Response to Japan's Corporate Governance Code

The Company has complied with and implemented all of the Principles of the Corporate Governance Code. We understand and respect the objectives and spirit of the code and emphasize the importance of the underlying principles of corporate governance, and are continually pursuing improvements in our corporate governance systems based on the code.

Nomination Committee

The Nomination Committee has been established to deliberate on matters required for the nomination of Members of the Board and Corporate Officers at the request of the Board of Directors and to contribute to the enhancement of management transparency. In fiscal 2016, meetings were held seven times, in April, May, July, September, October, and November 2016 and in January 2017, to discuss matters required for nominating candidate Members of the

Policies and Procedures for Appointment and Nomination of Candidates for Members of the Board and Members of the Audit and Supervisory Board

- The candidates for Members of the Board shall meet the requirement of being personnel of excellent character and insight who contribute to maximizing the corporate value of the Daiichi Sankyo Group.
- The candidates for Members of the Board shall meet the requirements of being appropriate candidates 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 of the continuance of management policies, etc.
- The candidates for Members of the Board shall meet the requirements that there shall always be Members of the Board (Outside) included to strengthen decision-making functions based on various perspectives and to strengthen the function of supervising business execution.

Board and Corporate Officers and plans for training successors for the President and CEO.

Chairperson: Noritaka Uji, Member of the Board (Outside)
Members: Hiroshi Toda, Naoki Adachi, and Tsuguya Fukui, Members of the Board (Outside)

- When appointing candidates for Members of the Board, the Board of Directors shall appoint the candidates after they have been sufficiently deliberated on by the Nomination Committee, in which Members of the Board (Outside) form a majority.
- The candidates for Members of the Audit and Supervisory Board shall be examined prudently concerning their suitability as Members of the Audit and Supervisory Board, such as whether they can fulfill their duties, ensuring their independence from the Representative Directors, Members of the Board, and Corporate Officers.
- The candidates for Members of the Audit and Supervisory Board (Outside), in addition to meeting the aforementioned requirements, shall be confirmed to have no problems according to specific criteria relating to the judgment of independence.
- When appointing the candidates for Members of the Audit and Supervisory Board, the Board of Directors shall appoint the candidates after the relevant proposal has been sufficiently verified and agreed to by the Audit and Supervisory Board.

Compensation Committee

The Compensation Committee has been established to deliberate on necessary matters related to policies on compensation of Members of the Board and Corporate Officers at the request of the Board of Directors and contribute to the enhancement of management transparency. In fiscal 2016, meetings were held a total of five times, in April and May 2016 and in January, February, and March 2017, to discuss matters related to bonuses for Members

of the Board and Corporate Officers, share remuneration-type stock options, and revisions to directors' remuneration, as well as other matters.

Chairperson: Hiroshi Toda, Member of the Board (Outside)
Members: Noritaka Uji, Naoki Adachi, and Tsuguya Fukui, Members of the Board (Outside)

Basic Design of Remuneration to Members of the Board and Members of the Audit and Supervisory Board

- Remuneration to Members of the Board is designed to provide remuneration that contributes to maximize corporate value. Specifically, in addition to a basic remuneration, performance based bonuses serving as short-term incentive and restricted stocks remuneration serving as long-term incentive are adopted.
- Performance based bonuses serving as short-term incentives are determined by the degree of achievement of a single fiscal year measured by adopting revenue, operating profit margin and profit attributable to owners of the Company as the relevant indices.

- An introduction of the restricted stocks remuneration system serving as long-term incentive has been approved at the 12th Ordinary General Meeting of Shareholders which took place on June 19, 2017. The system was introduced in order to provide the Members of the Board (excluding Members of the Board (Outside)) with an incentive to sustainably increase the Company's corporate value and to further promote shared value between shareholders and them, in place of the existing share remuneration-type stock option plan designed for them, as part of the revision to its remuneration package for Members of the Board.
- The level of remunerations is set aiming to provide medium to high level remunerations in the industrial sector, referring

to the levels of other companies learned from the surveys of external specialist institutions.

- In order to ensure that Members of the Board (Outside) and Members of the Audit and Supervisory Board adequately perform their role, which is supervision of management, short-term and long-term incentives are not provided and only basic remuneration is granted.

Determination of Procedures for Remuneration to Members of the Board and Members of the Audit and Supervisory Board

- The General Meeting of Shareholders has approved basic remuneration of Members of the Board at a maximum limit of 450 million yen per fiscal year and a total amount of restricted stocks remuneration to be granted to Members of the Board at a maximum limit of 140 million

yen per fiscal year. Performance based bonuses are approved by the General Meeting of Shareholders for each relevant fiscal year.

- The General Meeting of Shareholders has approved a basic, fixed remuneration to Members of the Audit and Supervisory Board, which shall be the only remuneration they receive, at a maximum limit of 120 million yen per fiscal year.
- The Compensation Committee, in which Members of the Board (Outside) form a majority, sufficiently deliberates on matters that involve establishing the remuneration system for Members of the Board and Corporate Officers and setting criteria thereof, examining and reviewing levels of remuneration for each position, confirming the results of performance based bonuses, and allocating restricted stocks remuneration.

Remuneration for Members of the Board and Member of the Audit and Supervisory Board for Fiscal 2016

Classification	Members of the Board		Members of the Audit and Supervisory Board		Total	
	Payment recipients	Amount paid	Payment recipients	Amount paid	Payment recipients	Amount paid
	Number of persons	Millions of yen	Number of persons	Millions of yen	Number of persons	Millions of yen
Fees (annual amount) [Of which Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside)]	12 [4]	383 [60]	4 [2]	105 [30]	16 [6]	488 [90]
Members of the Board bonuses (Excluding Members of the Board (Outside) and Members of the Audit and Supervisory Board)	6	81	—	—	6	81
Share remuneration-type stock option remuneration (Excluding Members of the Board (Outside) and Members of the Audit and Supervisory Board)	6	115	—	—	6	115
Total [Of which Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside)]	12 [4]	578 [60]	4 [2]	105 [30]	16 [6]	683 [90]

Fiscal 2016 Evaluation of Board of Directors

Daiichi Sankyo conducted a self-evaluation of the Board of Directors in fiscal 2016 in order to recognize the current status of the functions and effectiveness of the Board of Directors and to implement improvements.

Method of Evaluation of Board of Directors

The Company determines the self-evaluation items and contents including the items to evaluate Members of the Board itself 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. All Members of the Board self-evaluated the roles and responsibilities, operation and composition of the Board of Directors, and the improvement status compared to the previous fiscal year's self-evaluation by selecting grades and answering free descriptions. In addition, the analysis results and the details were reported to the Board of Directors.

Results of the Evaluation of the Board of Directors

The evaluation of the Board of Directors conducted in fiscal 2016 concluded that the Board of Directors of the

Company is functioning appropriately and that the overall effectiveness of the Board of Directors has been ensured. In addition, improvements were confirmed in regard to issues identified in the evaluation for fiscal 2015, namely the need to increase the amount of information provided to Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside) prior to meetings of the Board of Directors in order to facilitate understanding. Specific improvements included the holding of briefings on relevant themes of concern to Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside) during fiscal 2016.

Based on the evaluation from fiscal 2016, the Company will strive to improve the functions and effectiveness of the Board of Directors by continuously implementing improvement related to the operation of the Board of Directors in order to ensure more robust and in-depth discussions at meetings of the Board of Directors.

Introduction of Members of the Board and Members of the Audit and Supervisory Board

Members of the Board

George Nakayama



Career Summary, Positions, Assignments, and Material Concurrent Positions

Apr. 1979 Entered Suntory Limited ("Suntory")
 Mar. 2000 Director of Suntory
 Dec. 2002 President of Daiichi Suntory Pharma Co., Ltd.
 Mar. 2003 Resigned as Director of Suntory
 Jun. 2003 Member of the Board of Daiichi Pharmaceutical Co., Ltd. ("Daiichi")
 Jun. 2006 Member of the Board, Vice President of Corporate Strategy Department of Daiichi
 Apr. 2007 Corporate Officer, Vice President of Europe / US Business Management Department of the Company
 Apr. 2009 Executive Officer, Vice President of Overseas Business Management Department of the Company
 Apr. 2010 Executive Vice President, President of Japan Company of the Company
 Jun. 2010 Representative Director, President and CEO of the Company
 Apr. 2017 Representative Director, Chairman and CEO of the Company (to present)

Sunao Manabe



Career Summary, Positions, Assignments, and Material Concurrent Positions

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

Katsumi Fujimoto



Career Summary, Positions, Assignments, and Material Concurrent Positions

Apr. 1980 Entered Sankyo Company, Limited ("Sankyo")
 Nov. 2005 Vice President, Development CMC Planning Department of Sankyo
 Apr. 2007 Vice President, CMC Planning Department, Pharmaceutical Technology Division of the Company
 Apr. 2011 Corporate Officer, Vice President, CMC Planning Department, Pharmaceutical Technology Division of the Company
 Jun. 2011 Corporate Officer, Head of Pharmaceutical Technology Division of the Company
 Apr. 2014 Executive Officer, Head of Pharmaceutical Technology Division of the Company
 Apr. 2015 Executive Officer, Head of Supply Chain Division of the Company
 Apr. 2016 Senior Executive Officer, Head of Supply Chain Division of the Company
 Jun. 2016 Member of the Board, Senior Executive Officer, Head of Supply Chain Division of the Company (to present)

Members of the Audit and Supervisory Board

Hideyuki Haruyama



Career Summary, Positions, Assignments, and Material Concurrent Positions

Apr. 1980 Entered Sankyo Company, Limited ("Sankyo")
 Jul. 2003 Vice President, IT Management Department of Sankyo
 Jun. 2004 Corporate Officer, Head of Research Division and Vice President of IT Management Department of Sankyo
 Feb. 2005 Corporate Officer, Head of Research Division of Sankyo
 Apr. 2007 Corporate Officer, Vice President of R&D Planning & Management Department of the Company
 Apr. 2010 Corporate Officer, In charge of Research, R&D Division of the Company
 Apr. 2011 President, Daiichi Sankyo R&D Novare Co., Ltd. ("Novare")
 Apr. 2015 Member of the Board of Novare
 Jun. 2015 Member of the Audit and Supervisory Board of the Company (to present)

Kazunori Hirokawa



Career Summary, Positions, Assignments, and Material Concurrent Positions

Apr. 1975 Entered Daiichi Pharmaceutical Co., Ltd. ("Daiichi")
 Oct. 2000 Vice President, Drug Safety Administration Department of Daiichi
 Oct. 2002 Vice President, Medical Planning & Coordination Department of Daiichi
 Jun. 2003 Member of the Board, Vice President of Medical Planning & Coordination Department of Daiichi
 Oct. 2004 Member of the Board, Vice President of R&D Strategy Department of Daiichi
 Jun. 2005 Senior Corporate Officer, Vice President of R&D Strategy Department of Daiichi
 Apr. 2006 Executive Vice President, Daiichi Sankyo, Inc. in the U.S.
 Apr. 2007 Executive Officer, Head of R&D Division of the Company
 Apr. 2010 Senior Executive Officer, Head of R&D Division of the Company
 Jun. 2010 Member of the Board, Senior Executive Officer, Head of R&D Division of the Company
 Apr. 2012 Member of the Board, Senior Executive Officer, Head of Corporate Strategy Division of the Company
 Apr. 2013 Member of the Board, Senior Executive Officer, Head of Corporate Strategy Division, and Head of Business Intelligence Division, Japan Company of the Company
 Apr. 2014 Member of the Board, Senior Executive Officer, Head of Corporate Strategy Division of the Company
 Apr. 2015 Member of the Board, Executive Vice President, Head of Corporate Management Division of the Company
 Jun. 2015 Representative Director, Member of the Board, Executive Vice President, Head of Corporate Management Division of the Company
 Apr. 2017 Representative Director, Member of the Board, Executive Vice President and CFO, Head of Corporate Strategy & Management Division of the Company (to present)

Toshiaki Sai



Career Summary, Positions, Assignments, and Material Concurrent Positions

Apr. 1979 Entered Daiichi Pharmaceutical Co., Ltd.
 Apr. 2007 Vice President, Management System Department of the Company
 Apr. 2008 Vice President, Corporate Communications Department of the Company
 Apr. 2010 Corporate Officer, Vice President of Corporate Communications Department of the Company
 Apr. 2012 Corporate Officer, Vice President of Global Brand Strategy Department, Corporate Strategy Division of the Company
 Apr. 2014 Executive Officer, Vice President of Corporate Strategy Department, Corporate Strategy Division of the Company
 Apr. 2015 Senior Executive Officer, Head of Corporate Strategy Division of the Company
 Jun. 2015 Member of the Board, Senior Executive Officer, Head of Corporate Strategy Division of the Company
 Apr. 2017 Member of the Board, Senior Executive Officer, Head of Global Brand Strategy Division of the Company (to present)

Toshiaki Tojo



Career Summary, Positions, Assignments, and Material Concurrent Positions

Apr. 1980 Entered Daiichi Pharmaceutical Co., Ltd.
 Apr. 2010 Vice President, Supply Chain Technology Department, Supply Chain Division of the Company
 Apr. 2011 Corporate Officer, Vice President, Supply Chain Technology Department, Supply Chain Division of the Company
 Jun. 2011 Corporate Officer, Vice President, Supply Chain Planning Department, Supply Chain Division of the Company
 Apr. 2013 Corporate Officer, Head of Quality and Safety Management Division of the Company
 Apr. 2014 Executive Officer, Head of Quality and Safety Management Division of the Company
 Apr. 2016 Senior Executive Officer, In charge of Vaccine Business of the Company
 Jun. 2016 Member of the Board, Senior Executive Officer, In charge of Vaccine Business of the Company (to present)

(Material Concurrent Positions)
 Representative Director and President of Kitasato Daiichi Sankyo Vaccine Co., Ltd. (a consolidated subsidiary company of the Company).

Kazuyuki Watanabe



Career Summary, Positions, Assignments, and Material Concurrent Positions

Apr. 1978 Entered Daiichi Pharmaceutical Co., Ltd. ("Daiichi")
 Jun. 2006 General Manager, Secretariat Department of Daiichi
 Apr. 2007 Vice President, General Affairs Department of the Company
 Apr. 2012 Vice President, External Affairs Department, Business Intelligence Division, Japan Company of the Company
 Apr. 2014 Corporate Officer, Vice President of External Affairs Department, Business Intelligence Division, Japan Company of the Company
 Apr. 2015 Corporate Officer, In charge of External Affairs of the Company
 Jun. 2015 Member of the Audit and Supervisory Board of the Company (to present)

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



Noritaka Uji

Member of the Board (Outside) (Independent Director)

Career Summary, Positions, Assignments, and Material Concurrent Positions

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

(Material Concurrent Positions)
 Outside Director of Yokogawa Electric Corporation
 Chairman of Japan Institute of Information Technology
 President of Japan Telemarketing Association

Corporate governance is a common topic of discussion lately. There is a clear need for management systems capable of furnishing a quick and flexible response to changes in the operating environment and a Board of Directors' structure that sufficiently incorporates outside viewpoints. I therefore feel immense responsibility to live up to expectations with this regard as a Member of the Board (Outside).

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

This topic was discussed when formulating the 5-year business plan. Steadily implementing this plan, even when faced with a difficult operating environment, will be of utmost importance. Based on this belief, I will fulfill my responsibilities with regard to the implementation of this plan while incorporating the perspective of "aggressive governance."

I am committed to offering viable advice and suggestions based on my experience as a manager in the information and communication industry and the insight gained through this experience, thereby contributing to more lively discussions among the Board of Directors. At the same time, from my outside standpoint, I will strive to facilitate effective corporate governance with regard to such areas as formulating visions and conducting appropriate investments for future growth and selecting members of the management team.

I also think it is important for Daiichi Sankyo to improve its corporate value by contributing to the enrichment of quality of life around the world through the union of medicine, healthcare, and information and communication technology.

Message as Chairperson of the Nomination Committee

The Nomination Committee is a positioned as an advisory committee to the Board of Directors. The primary roles of this committee are to maintain transparency while making proposals for the appointment and dismissal of Members of the Board and Corporate Officers. As the Chairperson of the Nomination Committee, I have led discussions from the perspective of the ongoing growth of Daiichi Sankyo and the qualities required of its management. Based on these discussions, the Company was able to strengthen its management team through the appointment of George Nakayama as Chairman and CEO and Sunao Manabe as President and COO. Going into fiscal 2017 with this new team, Daiichi Sankyo is poised to accomplish the goals of the 5-year business plan in the midst of the difficult operating environment.

Looking ahead, I will continue to examine measures for realizing a more diverse and younger team of Corporate Officers and cultivating candidates for future management positions in order to support the ongoing growth of Daiichi Sankyo.



Hiroshi Toda

Member of the Board (Outside) (Independent Director)

Career Summary, Positions, Assignments, and Material Concurrent Positions

Apr. 1975 Entered Nomura Securities Co., Ltd.
 Jun. 1991 President of Nomura Bank (Switzerland) Limited
 Jun. 1997 Director, Head of Financial Market of Nomura Securities Co., Ltd.
 Jun. 2000 Senior Managing Director, Head of Investment Banking of Nomura Securities Co., Ltd.
 Oct. 2001 Director of Nomura Holdings, Inc. and Senior Managing Director, Head of Global Wholesale of Nomura Securities Co., Ltd.
 Jun. 2003 Deputy President and Chief Operating Officer of Nomura Holdings, Inc. and Deputy President and Chief Operating Officer of Nomura Securities Co., Ltd.
 Apr. 2008 Vice Chairman of Nomura Securities Co., Ltd.
 Mar. 2009 Resigned as Vice Chairman of Nomura Securities Co., Ltd.
 Jul. 2010 Ambassador extraordinary and plenipotentiary to Greece
 Jun. 2014 Member of the Board (Outside) of the Company (to present)

(Material Concurrent Positions)
 Outside Director (Part Time) of Yusen Logistics Co., Ltd.

Daiichi Sankyo instituted a new management team consisting of Chairman and CEO Nakayama and President and COO Manabe, and then the second year of 5-year business plan started under this leadership.

I understand that Daiichi Sankyo's management is in the midst of a period that is growing ever more challenging. During this period, management will need to undertake a bold transformation to a new business model, build global business operation systems, and tackle other tasks. Of course, this means that the number of important management decisions to be made by Chairman and CEO Nakayama, President and COO Manabe, and other members of the executive team will continue to increase steadily. In this challenging period, I will aspire to go about my duties as a Member of the Board (Outside) based on an in-depth understanding of Daiichi Sankyo's mission, strategies, corporate culture, and history. In addition, I will make sure not to forget the perspective of ensuring that the Company's fiduciary duty and accountability duties toward shareholders are being fulfilled.

Japan's Corporate Governance Code states that one of the responsibilities of the Board of Directors is "setting the broad direction of corporate strategy." To help accomplish this objective, I hope to facilitate lively discussion among the Board of Directors with regard to the structure of the pharmaceutical industry and nature of competition therein, analyses of risks anticipated in future business activities, measures to improve corporate value, and other matters. I thereby aim to contribute to the setting of directives based on which we will articulate profit plans and capital policy, present targets for profitability and capital efficiency, and provide explanations with respect to the allocation of management resources and specific measures that will be taken in order to achieve the plans and targets.

Message as Chairperson of the Compensation Committee

I am the Chairperson of the Compensation Committee, an advisory committee to the Board of Directors. The main goal of this committee is to create systems that offer compensation in line with the responsibilities of each Member of the Board and Corporate Officer in order to heighten their motivation and thereby improve performance. At the same time, we engage in discussions examining the possibility of implementing measures for increasing the link between the compensation of Members of the Board and Corporate Officers and the performance of the Company based on the perspective of shareholders.

Given the rising need for management to be conducted from a global perspective, our next step must be to move ahead with the development of a single, uniform standard for determining the compensation of Members of the Board and Corporate Officers in Japan and overseas.

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



Naoki Adachi
Member of the Board (Outside) (Independent Director)

Career Summary, Positions, Assignments, and Material Concurrent Positions

- Apr. 1962 Entered Toppan Printing Co., Ltd. ("Toppan")
- Jun. 1993 Director, General Manager of Commercial Printing Subdivision, Commercial Printing Division of Toppan
- Apr. 1995 Director, General Manager of Commercial Printing Division of Toppan
- Jun. 1995 Managing Director, General Manager of Commercial Printing Division of Toppan
- Oct. 1996 Managing Director, General Manager of Commercial Printing Division; Head of Finance Instruments and Securities Division of Toppan
- Jun. 1997 Senior Managing Director, General Manager of Commercial Printing Division; Head of Finance Instruments and Securities Division of Toppan
- Apr. 1998 Senior Managing Director, In charge of Corporate Sales & Marketing; Head of Finance Instruments and Securities Division and Commercial Printing Division of Toppan
- Jun. 1998 Representative Executive Vice President, In charge of Corporate Sales & Marketing; Head of Finance Instruments and Securities Division and Commercial Printing Division of Toppan
- Jun. 2000 President & Representative Director of Toppan
- Jun. 2010 Chairman & Representative Director of Toppan (to present)
- Jun. 2015 Member of the Board (Outside) of the Company (to present)

(Material Concurrent Positions)
Chairman & Representative Director of Toppan Printing Co., Ltd.
Director of Toppan Forms Co., Ltd.
Director & Advisor of Tosho Printing Co., Ltd.
Director of Toyo Ink SC Holdings Co., Ltd.

I firmly believe a company should have a strong social presence that is trusted and respected by society. At TOPPAN PRINTING CO., LTD., where I serve as chairman and representative director, I remind our officers and employees of this need at every opportunity. To grow beyond being a company that simply pursues earnings growth to become a company that earns the respect of all of its stakeholders, the construction and implementation of an appropriate corporate governance system is of the utmost importance. However, there is no such thing as the "right" corporate governance system. Rather, companies must find the system that is best suited to maximizing their particular corporate value and the value for their shareholders. Based on this perspective, I hope to help contribute to the ideal corporate governance system for Daiichi Sankyo.

Furthermore, I view my role as a Member of the Board (Outside) that is also an independent director to be to aid in ensuring the soundness of the Company to the greatest degree possible. Calling upon the insight I have gained through my interactions with various companies over my long career as well as during my time as a corporate manager, I will proactively swap opinions with other Members of the Board while striving to be of assistance to Daiichi Sankyo's management.



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

Career Summary, Positions, Assignments, and Material Concurrent Positions

- Jan. 1992 Professor, Department of General Medicine of Saga Medical School Hospital
- Mar. 1994 Professor, Department of General Medicine of Kyoto University Hospital
- Apr. 1999 Professor, Department of Clinical Epidemiology, Kyoto University Graduate School of Medicine
- Apr. 2000 Professor, Department of Clinical Epidemiology, Professor, Department of Health Informatics, Dean, School of Public Health, Kyoto University Graduate School of Medicine
- Feb. 2001 Professor, Department of Clinical Epidemiology, Professor, Department of Health Informatics, Director, EBM Collaborative Research Center, School of Public Health, Kyoto University Graduate School of Medicine
- Sep. 2004 Chief of Staff, Department of Internal Medicine, Vice President, St. Luke's International Hospital
- Apr. 2005 President of St. Luke's International Hospital (to present)
- Apr. 2012 Chairperson of the Board of Trustees of St. Luke's College of Nursing (currently St. Luke's International University)
- Jun. 2015 Member of the Board (Outside) of the Company (to present)
- Apr. 2016 President of St. Luke's International University (to present)

(Material Concurrent Positions)
President of St. Luke's International University
President of St. Luke's International Hospital
Executive Director of Japan Hospital Association
President of The Japan Medical Library Association

Japan's Corporate Governance Code, which was applied to listed companies on June 1, 2015, defines corporate governance as "a structure for transparent, fair, timely and decisive decision-making by companies, with due attention to the needs and perspectives of shareholders and also customers, employees and local communities." I share this view. Accordingly, I see my role as a member of the Board (Outside) to be voicing opinions at meetings of the Board of Directors from the perspectives of transparency and impartiality in order to ensure that Daiichi Sankyo practices good compliance and pays due heed to the interests of shareholders, employees, and other stakeholders.

In managing a pharmaceutical company like Daiichi Sankyo, it is crucial to make a distinction between short-term, medium-term, and long-term visions and to remain considerate of CSR. In regard to CSR, even contributions that may, at first glance, seem unrelated to the activities and interests of a company can prove to be in the interest of not only all of a company's stakeholders, but also the company itself. This is because, for example, the resolution of environmental issues and the invigoration of local communities can lead to a long-term increase in consumers. Given the breakneck speed of change in today's society, it is difficult to formulate long-term visions and to develop a narrative based on these visions. Nevertheless, I want Daiichi Sankyo to hold a long-term vision that is like something you would dream of.



Akiko Kimura
Member of the Audit and Supervisory Board (Outside) (Independent Auditor)

Career Summary, Positions, Assignments, and Material Concurrent Positions

- Apr. 1973 Entered Nishimura, Komatsu & Tomotsune (currently Anderson Mōri & Tomotsune), Attorney-at-law
- Jan. 1977 Partner of Nishimura, Komatsu & Tomotsune
- Oct. 1997 Member of the Council Committee on Foreign Exchange and Other Transactions of the Ministry of Finance of Japan
- Jan. 2001 Member of the Council on Customs Duties, Foreign Exchange and Other Transactions of the Ministry of Finance of Japan
- Jan. 2011 Of Counsel, Anderson Mōri & Tomotsune (to present)
- Apr. 2013 Member of the Certified Public Accountants and Auditing Oversight Board of the Financial Services Agency (to present)
- Jun. 2014 Member of the Audit and Supervisory Board (Outside) of the Company (to present)

(Material Concurrent Positions)
Of Counsel, Anderson Mōri & Tomotsune
Outside Auditor of Fuji Electric Co., Ltd.
Outside Director of Nomura Asset Management Co., Ltd.

Japanese companies are rapidly expanding their business on a global basis. Accordingly, it is becoming important for these companies to establish corporate governance systems of their subsidiaries within and outside Japan. Furthermore, in the case of Daiichi Sankyo, because research and development, manufacture, and sales of pharmaceutical products are subject to strict regulations in every country, it is also necessary to establish systems for securing compliance with these regulations in all relevant countries.

Upon establishing these systems, the Company would need to maintain close communication with its subsidiaries in order to secure appropriate implementation of these systems. This task requires an enormous amount of efforts, since Japanese companies have historically been managed within Japan where the only language is Japanese and the society is relatively homogeneous.

The Company, having established its 2025 Vision and the 5-year business plan, is currently standing at a significant turning point in terms of its business strategies. I must say the establishment and implementation of global corporate governance systems is a prerequisite for accomplishing such vision and business plan.

As I have been practicing law primarily in the area of international transactions, I will make my best efforts to contribute to sound development of Daiichi Sankyo's global business from a legal perspective.



Yutaka Katagiri
Member of the Audit and Supervisory Board (Outside) (Independent Auditor)

Career Summary, Positions, Assignments, and Material Concurrent Positions

- Apr. 1975 Entered National Police Agency
- Feb. 2001 Chief of Community Safety Bureau of Tokyo Metropolitan Police Department
- Jan. 2002 Director General of Kyoto Prefectural Police
- Aug. 2003 Chief Inspector General of National Police Agency
- Aug. 2004 Director General for Secretariat's Policy Matters, Commissioner General's Secretariat of National Policy Agency
- Jan. 2007 Chief of Community Safety Bureau of National Policy Agency
- Aug. 2008 Chief of Commissioner General's Secretariat of National Policy Agency
- Jun. 2009 Deputy Commissioner General of National Police Agency
- Oct. 2011 Commissioner General of National Police Agency
- Jun. 2013 President of Council for Public Policy (to present)
- Jun. 2014 Member of the Audit and Supervisory Board (Outside) of the Company (to present)

(Material Concurrent Positions)
President of Council for Public Policy
Consultant of Sompo Japan Insurance Inc.
Special Advisor of The Japan Chamber of Commerce and Industry and The Tokyo Chamber of Commerce and Industry

I worked as a police officer for many years. One day I had the opportunity to ask a famous police investigator, the one that led the investigation of the series of terrorism acts perpetrated by the Aum Shinrikyo religious group in the 1990s, in fact, what he viewed as important to his role as a chief investigator. His reply was quite simple. He said, "To abandon selfish motives." I could not comprehend what he meant at first. He continued, "Concern for fame, or reputation, or honor only get in the way of investigations. I just focus on the task at hand: uncovering the truth and catching the criminal."

I think this principle goes beyond police investigations, and can be applied to the leaders of companies and other organizations as well. There is no shortage of managers that stray from their path due to the pursuit of fame, or reputation, or honor, whether for themselves or for their organization. It is therefore best to focus on one's mission. In the case of pharmaceutical companies, this is to make quality pharmaceuticals in order to improve people's health and save their lives and thereby contribute to society. If a company focuses on its mission, remaining steadfast in its efforts, success and social praise are sure to follow.

However, this requires time. I hope that the shareholders and other stakeholders of Daiichi Sankyo will be patient in their support of the Company.

In line with this principle, Shugoro Yamamoto, author of *The Tales of Dr. Redbeard*, once said, "More than being laughed at for being simple and honest, I fear being praised for a talent that I do not possess."



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

Career Summary, Positions, Assignments, and Material Concurrent Positions

- Mar. 1976 Joined Tohmatsu Awoki & Co. (currently "Deloitte Touche Tohmatsu LLC")
- Mar. 1979 Registered as Certified Public Accountant
- Jul. 1995 Partner of Tohmatsu & Co. (currently "Deloitte Touche Tohmatsu LLC")
- Jan. 2007 Member of Business Accounting Council, Financial Services Agency
- Jan. 2015 Member of Information and Communications Council, Ministry of Internal Affairs and Communications (to present)
- Aug. 2016 Representative, Izumoto Certified Public Accountant Office (to present)
- Apr. 2017 Member of Information Disclosure and Personal Information Protection Review Board, Ministry of Internal Affairs and Communications (to present)
- Jun. 2017 Member of the Audit and Supervisory Board (Outside) of the Company (to present)

(Material Concurrent Positions)
Member of Business Accounting Council, Financial Services Agency
Member of Information Disclosure and Personal Information Protection Review Board, Ministry of Internal Affairs and Communications
Representative of Izumoto Certified Public Accountant Office
External Audit and Supervisory Board Member of Freund Corporation
Outside Director of Hitachi Transport System, Ltd.

I assumed my position as a Member of the Audit and Supervisory Board (Outside) after being appointed at the 12th Ordinary General Meeting of Shareholders held on June 19, 2017.

As a certified public accountant, I have been positioned in audit firms in the past, and have thus accumulated a breadth of experience in conducting accounting and financial audits at companies of various industries and business models as well as in setting accounting standards and audit standards in Japan. I am now moved by a new sense of commitment to call upon my experience in order to contribute to stronger corporate governance systems and ongoing improvements in corporate value at the Daiichi Sankyo Group.

The Group has adopted the International Financial Reporting Standards (IFRS), which allow for more global and transparent financial reporting, and also discloses accurate information on the R&D investments and business development activities that are crucial to the ongoing growth of pharmaceutical companies. However, I am fully aware of the fact that the pharmaceutical industry entails greater responsibilities and risks in relation to large investments than other companies. Acting in my capacity as a Member of the Audit and Supervisory Board (Outside) and as a specialist in corporate accounting and auditing, I will work diligently to ensure that initiatives for achieving Daiichi Sankyo's 2025 Vision can be advanced in a healthy manner. I will also go about my duties with the goal of ensuring that Daiichi Sankyo is viewed as reliable by employees, customers, business partners, members of local communities, and all of its other stakeholders.