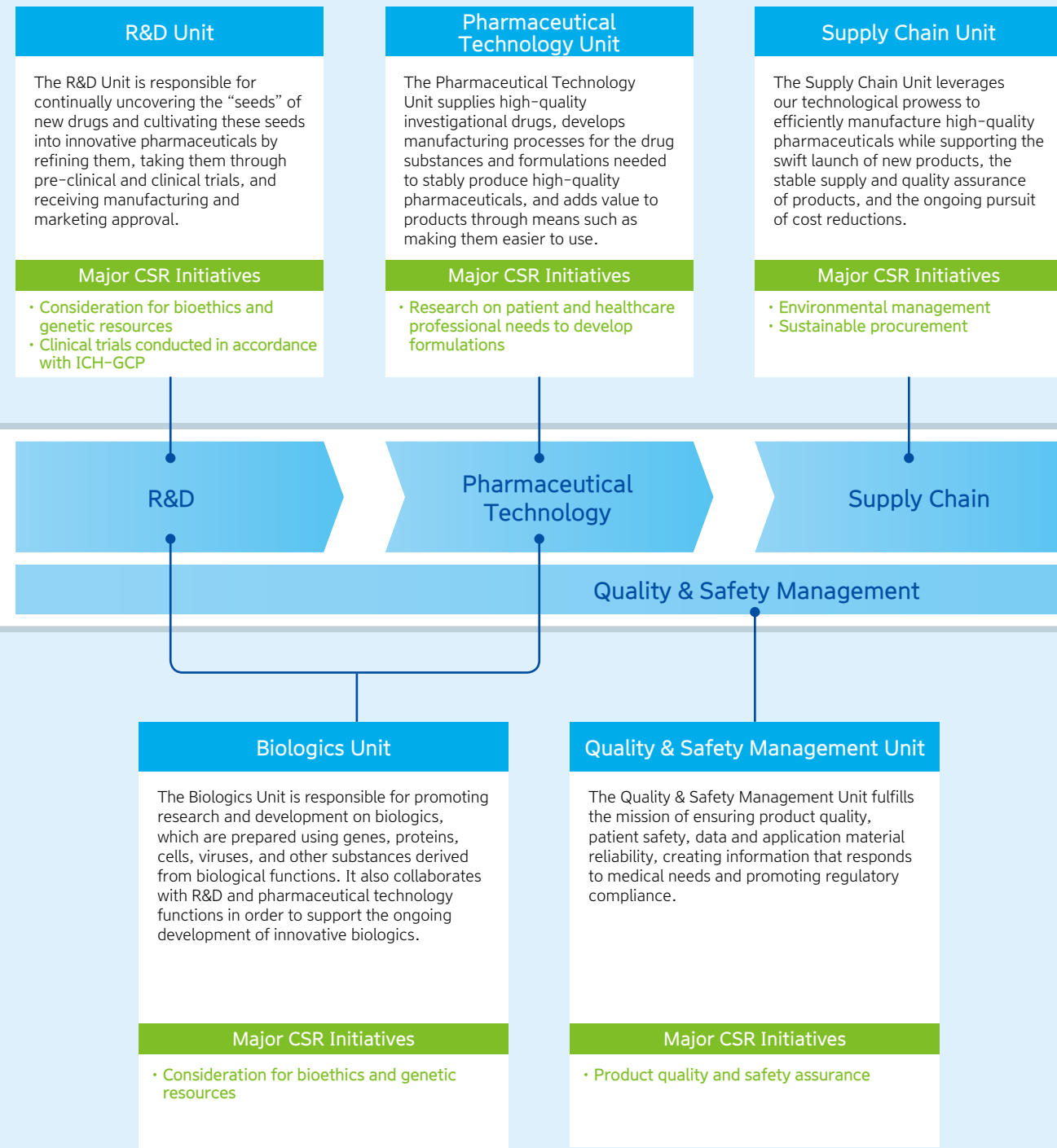
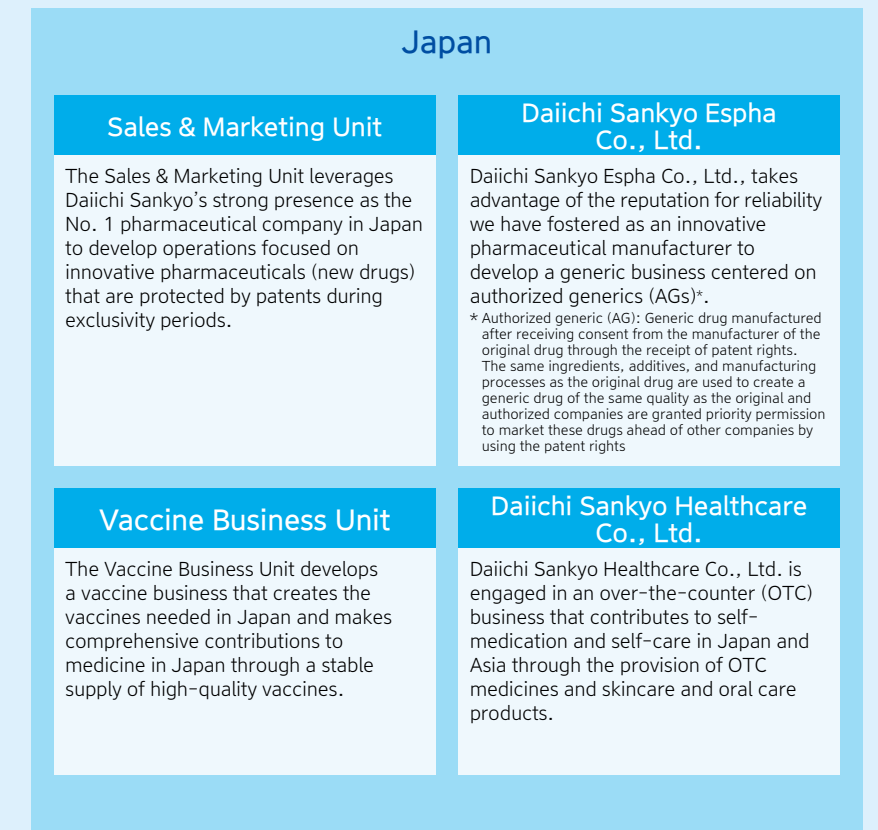


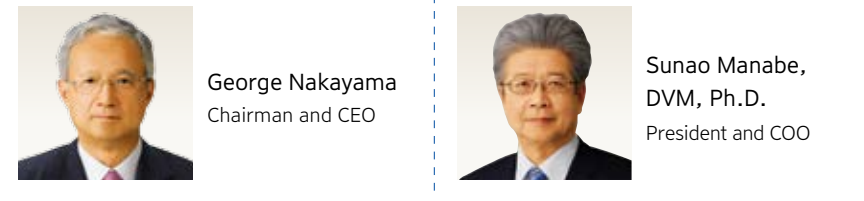
# The Daiichi Sankyo Group's Value Chain and Organization

The Daiichi Sankyo Group's value chain primarily encompasses research and development, pharmaceutical technologies, its supply chain, marketing and sales, and medical affairs. In conjunction with this value chain, we operate our organization in an independent manner that draws on our unique strengths—Science & Technology, Global Organization & Talent, and Presence in Japan.



## Marketing & Sales





George Nakayama  
Chairman and CEO

Sunao Manabe,  
DVM, Ph.D.  
President and COO

**Business Units**

**Japan**



Satoru Kimura  
Sales & Marketing Unit



Toshiaki Tojo,  
Ph.D.  
Vaccine Business Unit



Yoshiki Nishii  
Daiichi Sankyo Healthcare Co., Ltd.

**United States**



Ken Keller  
Daiichi Sankyo, Inc. (DSAC)



Ken Keller  
Luitpold Pharmaceuticals, Inc.

**Europe**



Jan Van Ruymbeke,  
MD.  
Daiichi Sankyo Europe GmbH

**Asia, South & Central America (ASCA)**



Koji Ogawa  
ASCA Company



Yoshihiro Aoyagi  
General Counsel

**Corporate Units**



Kazunori Hirokawa,  
MD., Ph.D.  
Corporate Strategy &  
Management Unit



Toshiaki Sai  
Global Brand Strategy Unit



Stuart Mackey  
Business Development Unit



Yoshihiro Aoyagi  
Corporate Affairs Unit

**Functional Units**



Glenn Gormley,  
MD., Ph.D.  
R&D Unit



Masayuki Yabuta,  
Ph.D.  
Biologics Unit



Takeshi Hamaura,  
Ph.D.  
Pharmaceutical Technology Unit



Katsumi Fujimoto,  
Ph.D.  
Supply Chain Unit



Hirosumi Izawa  
Quality & Safety Management Unit



This section provides detailed explanations of the business activities (business units and functional units) and the CSR activities.

**Business Activities**

**Business Units**

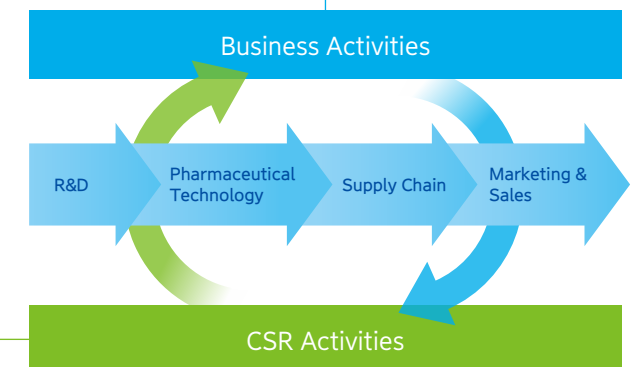
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Business Units (Japan)

# Sales & Marketing Unit

(Innovative Pharmaceuticals Business)

As an ethical, trusted, and respected partner that is worthy of the position as the No. 1 pharmaceutical company in Japan, the Sales & Marketing Unit contributes to the progress of medicine in Japan by continually providing high-quality innovative pharmaceuticals and accurate information to ensure patients can feel safe undergoing treatments.

## Sales & Marketing Unit 5-Year Business Plan

- Enhance our reputation as an ethical, trusted, and respected partner
- Advance field and product strategies based on information provision activities (BRIDGE\*)
- Construct systems and functions compatible with operating environment changes
- Promote multichannel approach

\* Bright Days Together (BRIDGE): By providing accurate information and products with an emphasis on the importance of interpersonal connections, we aim to form a bridge to bright days for patients, their families, and healthcare professionals. In addition, we hope that our ongoing efforts in this area will enhance Daiichi Sankyo's reputation as an ethical, trusted, and respected partner.

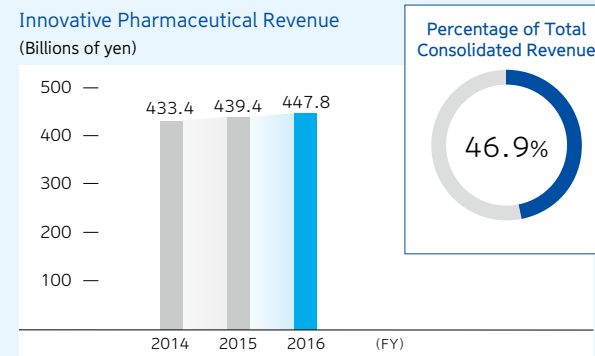
### Major Achievements in Fiscal 2016

- Achieved revenue of ¥447.8 billion (up 1.9% year on year)  
Revenue was impacted by national health insurance (NHI) drug price revisions and increased prescriptions of generic drugs. Nonetheless, overall revenue was up due to increased revenues from mainstay products, including *LIXIANA*, an anticoagulant; *NEXIUM*, an ulcer treatment; *Memary*, an Alzheimer's disease treatment; *PRALIA*, an osteoporosis treatment; *RANMARK*, a treatment for bone metastasis associated with cancer; *Efient*, an antiplatelet agent; and *TENELIA*, a type 2 diabetes mellitus treatment.

- MRs ranked No. 1 for fifth consecutive year  
In fiscal 2016, Daiichi Sankyo was ranked No. 1 in Japan in an overall assessment of MR activities in both the entire market and the hospital and private practice market categories\*. In the entire market category, we have maintained the top ranking for five consecutive years beginning with fiscal 2012. In addition, we have also been ranked No. 1 in media surveys by Nikkei Medical and other publications.

\* Survey conducted by ANTERIO Inc.

- All MRs pass certificate test for seventh consecutive year  
All MRs have passed the certificate test held in December for the seventh consecutive year since fiscal 2010.



### Initiatives for Fiscal 2017

- Achieve rapid growth in sales of mainstay innovative pharmaceuticals  
We will continue to expand our business by achieving rapid growth in sales of mainstay innovative pharmaceuticals, including *LIXIANA* as well as *NEXIUM*; *Efient*; type 2 diabetes mellitus treatment *TENELIA*, *CANAGLU*, and *CANALIA*; *PRALIA*; *RANMARK*; and epilepsy treatment *VIMPAT*.
- Build upon MR activities based on BRIDGE  
By providing accurate information and products with an emphasis on the importance of interpersonal connections, we aim to form a bridge to bright days for patients, their families, and healthcare professionals. In addition, we hope that our ongoing efforts in this area will enhance Daiichi Sankyo's reputation as an ethical, trusted, and respected partner.
- Promote and enhance area marketing  
We will commence full-fledged operation based on the area marketing system we have been building throughout fiscal 2016

and prior, which entailed reorganizing sales offices and teams within medical community areas and appointing staff responsible for supporting community medical collaboration. With this new system in place, we will deploy and accelerate marketing activities based on regional characteristics as we pursue sustainable growth as an ethical, trusted, and respected partner.

- Enhance information provision capabilities through multichannel approach  
By incorporating a multichannel approach utilizing lectures, e-promotions, and other venues in information provision activities by MRs, we will endeavor to provide information that is even more valuable in greater quantities.
- Promote compliance  
We exercise thorough compliance with a strong focus on acting with the highest level of ethics and social consciousness, which is essential for a life science-oriented company, in order to further increase society's trust in Daiichi Sankyo.

Examples of CSR Activities

• Initiatives to become a trusted medical partner to healthcare professionals and patients ..... Page 80

Business Units (Japan)

# Sales & Marketing Unit: Daiichi Sankyo Espha Co., Ltd.

(Generic Business)

Daiichi Sankyo Espha takes advantage of the reputation for reliability and peace of mind we have fostered as an innovative pharmaceutical manufacturer to act as an innovator in the domestic generic pharmaceutical industry. With an emphasis on quality control, stable supply, information provision, and affordability, we will contribute to national healthcare in a rapidly aging Japan.

## Daiichi Sankyo Espha Co., Ltd., 5-Year Business Plan

- Strengthen authorized generic (AG)\*1 lineup
- Steadily launch AGs and other day-one generics\*2 and secure market shares
- Step up coordination with partners in Japan and overseas

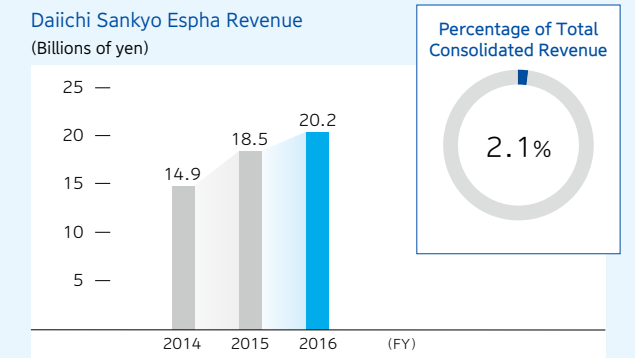
\*1 Authorized generic (AG): Generic drug manufactured after receiving consent from the manufacturer of the original drug through the receipt of patent rights  
\*2 Day-one generics: Generic drugs launched on the first day that sale of a generic is possible

**What are Authorized Generics?**  
Authorized generics are generic drugs manufactured after receiving consent from the manufacturer of the original drug through the receipt of patent rights. The same ingredients, additives, and manufacturing processes as the original drug are used to create a generic drug of the same quality as the original and authorized companies are granted priority permission to market these drugs ahead of other companies by using the patent rights.

### Major Achievements in Fiscal 2016

- Achieved revenue of ¥20.2 billion (up 9.2% year on year)  
Although revenue was impacted by the NHI drug price revisions instituted in April 2016, we were able to achieve revenue growth that exceeded the market average thanks to government measures for promoting generic usage and the benefits of new products. *Levofloxacin tablet*, which was launched in December 2014 as the Group's first AG in Japan, continued to earn strong praise, maintaining a share of approximately 50% of the generic market.

- Expanded product portfolio  
We launched generic drugs with two new active ingredients in June 2016 and two new ingredients in December, bringing our total portfolio to 163 products with 64 active ingredients. In order to strengthen our AG lineup, a central pillar of our 5-year business plan, we acquired manufacturing and marketing approval for AGs with 10 new active ingredients in February 2017, including AGs for such major drugs as *olmesartan*, the *telmisartan* family, and *rosuvastatin*. These products were not limited to AGs of Daiichi Sankyo products but also included AGs for which permission was acquired from other companies.



### Initiatives for Fiscal 2017

- Reinforce operating foundations and prepare to launch major products  
The multiple AGs for which manufacturing and marketing approval was acquired in February 2017 will no doubt make large contributions to earnings in fiscal 2017 and beyond. Accordingly, we will work to ensure smooth launches of these products.
- Improve recognition and understanding regarding AGs  
The Japanese government has set the goal of raising the portion of the pharmaceutical market represented by generic drugs to more than 80% on a unit basis. Accomplishing this goal will require the development of an environment in which both healthcare professionals and patients are able to more proactively choose generics. Daiichi Sankyo Espha is working to improve recognition and understanding regarding AGs to make patients with concerns regarding generics more willing to choose AGs among other generics.

Examples of CSR Activities

• Provision of information on premium generics featuring formulation, display, and packaging innovations via the website



Business Units (Japan)

# Vaccine Business Unit

(Vaccine Business)

As vaccines become increasingly more important to Japanese society, the Vaccine Business Unit is working to contribute to public health in Japan by creating innovative vaccines that address social needs and reliably supplying high-quality vaccines.

## Vaccine Business Unit 5-Year Business Plan

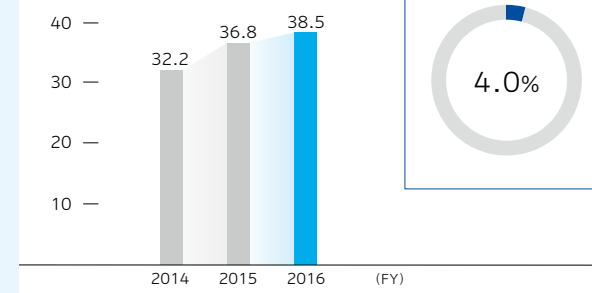
- Establish stable and low-cost supply systems
- Complete the establishment of a development and production system for new influenza vaccines\* and maintain production systems in preparation for future pandemics
- Develop and encourage early adoption of new influenza vaccines boasting potential for high efficacy and new, exceptionally convenient combination vaccines

\* Open application project spearheaded by the Ministry of Health, Labour and Welfare to establish development and production systems for new influenza vaccines and secure venues for swift supply in the case of influenza outbreaks or pandemics

### Major Achievements in Fiscal 2016

- Achieved revenue of ¥38.5 billion (up 4.7% year on year) *Squarekids*, a 4-valent combination vaccine for the prevention of pertussis, diphtheria, tetanus, and poliomyelitis (polio), contributed to higher revenues.
- Stably supplied HA vaccine for seasonal influenza  
By basing vaccine supply activities on the seasons in which the vaccines are used, we realized a substantial decrease in the amount of vaccines returned.
- Recommended production of measles-rubella combined vaccine (MR vaccine)  
Following the voluntary recall of the MR vaccine in fiscal 2015, we resolved the issues faced by this vaccine and recommenced production to resume shipments.

Vaccine Business Unit Revenue (Billions of yen)



### Initiatives for Fiscal 2017

- Maintain reliable supplies and reduce costs to secure profits  
In fiscal 2017, new organizations specializing in planning, production, and other functions were established. Coordination will be pursued among these organizations to revise operating processes in order to reduce costs at production sites and lower expenses through refinements to the manufacturing processes for existing vaccines.
- Reinforce foundations for quality and safety management  
We aim to contribute to stable supplies of high-quality products by enhancing quality assurance systems. In addition, training, education, and other human resources development initiatives will be implemented in order to reinforce internal foundations for quality and safety management.
- Advance project for establishment of a development and production system for new influenza vaccines  
We will formulate manufacturing measures that guarantee to establish a vaccine supply system for 40 million people in six months, and work toward the accomplishment of the project's targets.
- Conduct research and development  
Daiichi Sankyo will move ahead with the research and development of highly convenient vaccines such as trivalent combination vaccine for the measles, mumps, and rubella and new vaccines such as nasal spray influenza live attenuated vaccines, DPT-IPV / Hib vaccines, for which social needs are high.

Examples of CSR Activities

- Provision of basic knowledge on vaccines to patients via the website

Business Units (Japan)

# Daiichi Sankyo Healthcare Co., Ltd.

(OTC Business)

As a consumer healthcare company, Daiichi Sankyo Healthcare promotes self-medication and self-care. We seek to contribute to higher quality of life for all individuals hoping to be healthier and more attractive through the provision of OTC medicines as well as skincare and oral care products.

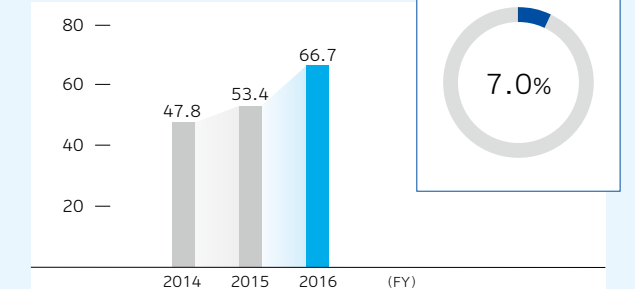
## Daiichi Sankyo Healthcare Co., Ltd., 5-Year Business Plan

- Improve product brand value in the OTC business
- Accelerate growth of the direct marketing business through synergies with Im Co., Ltd., in the direct marketing business
- Achieve independence in overseas businesses
- Strengthen operating foundations to ensure responsiveness to market environment changes

### Major Achievements in Fiscal 2016

- Achieved revenue of ¥66.7 billion (up 25.0% year on year)  
Substantial revenue growth was achieved due to the steady expansion of sales of mainstay OTC medicine brands, higher sales in the functional skincare field, and contributions from Im Co., Ltd., a direct marketing company for which all shares were acquired in 2015.
- Grew sales through improved brand value and enhanced lineup  
Smooth sales growth was once again seen for *Lulu* and *MINON* brand products. As for the *Loxonin S* brand, we enhanced our lineup of ingested medicines with the launch of *Loxonin S Premium* while also introducing external application *Loxonin S* products, including tapes, cataplasms, and gels.
- Increased sales of direct marketing subsidiary Im  
In addition to establishing direct marketing operating foundations, we achieved a large increase in sales of Im's mainstay *RICE FORCE* brand of skincare products.
- Expanded overseas  
A new operating base was established in China, and we succeeded in launching *MINON Amino Moist* in this market.

Daiichi Sankyo Healthcare Revenue (Billions of yen)



### Major Brands of Daiichi Sankyo Healthcare

- *Loxonin S*
- *MINON*
- *Transino*

### Initiatives for Fiscal 2017

- Expand new product pipelines based on consumer perspective  
In April 2017, two new organizations were established, one equipped with marketing research, product planning, and licensing functions and the other designed to quickly reflect customer input in business activities. Through these new organizations, we will formulate product strategies and conduct product planning based on a consumer perspective to cultivate strong brands and products that win customer favor.
- Maximize revenue of the *Loxonin S* and *Lulu* brands and further expand skincare and oral care brand revenue in OTC business
- Expand sales of Im's mainstay *RICE FORCE* brand and launch new *BRIGHTAGE* skincare brand in direct marketing operations  
Leveraging Im's infrastructure and know-how, we will seek to quickly cultivate the new *BRIGHTAGE* brand to further grow skincare product sales.
- Expand overseas operations in China  
*MINON Amino Moist* will be positioned as a strategic brand in China, which we entered into with the establishment of a Group operating site in 2016, and other countries as we endeavor to expand into new areas.

Examples of CSR Activities

- Provision of product information in various languages via the websites

Business Units (United States)

# Daiichi Sankyo, Inc.

(DSAC\*)

Daiichi Sankyo, Inc., is branching out from the cardiovascular field, which centers on physicians in private practices, to transform into a company with product portfolios for the pain, oncology, and other specialty fields. This company is committed to contributing to the advancement of medicine in the United States by supplying new drugs that help people live longer and healthier lives and providing reliable evidence based on high-quality clinical and outcomes data.

\* Daiichi Sankyo, Inc., Administrative & Commercial Operations

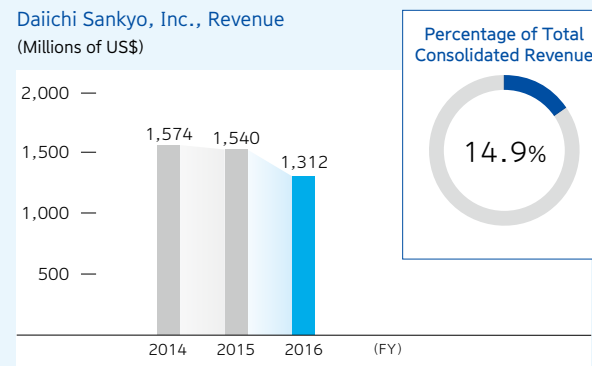
## Daiichi Sankyo, Inc., 5-Year Business Plan

- Become a leader in pain care
- Build and grow oncology capabilities
- Maximize profit for mature products through LOE\* timeframe

\* LOE: Loss of exclusivity

### Major Achievements in Fiscal 2016

- Achieved revenue of US\$1,312 million (down 14.8% year on year)  
*Effient* grew, but total sales revenue decreased due to the impact of LOE of *olmesartan*.
- Grew *MOVANTIK*, a treatment for opioid-induced constipation (OIC)  
Co-promoting with AstraZeneca, the co-promotion revenue was US\$38 million increased by US\$22 million year on year.
- Integrated LPI sales force into DSAC  
Launched *Injectafer* into new key markets for the treatment of iron deficiency anemia, with a priority on gastrointestinal conditions (GI). Follow up with women's health, cardiovascular and other key markets where unmet medical needs exist.
- Bolstered our pain franchise  
Signed licensing agreement with Inspirin Delivery Sciences, LLC for two ADF opioids: *MorphaBond ER* (morphine sulfate) and *RoxyBond* (oxycodone hydrochloride).  
Launched [www.CommitmentsinPainCare.com](http://www.CommitmentsinPainCare.com), which hosts an overview of our company's approach to responsible pain management and our dedication to being part of the solution to controlled substance abuse as we prepare to enter the opioid marketplace.
- Divested packaging plant in Bethlehem



### Initiatives for Fiscal 2017

- Accelerate *MOVANTIK* growth
- Accelerate *Injectafer* revenue  
Expand into new markets with unmet medical needs
- Demonstrate launch success for *MorphaBond ER* and *RoxyBond*
- Maximize remaining opportunities for *Effient*, *Welchol* and hypertension products
- Enhance operational excellence

Examples of CSR Activities

- Participation in U.S. Initiative for Ending Hunger around the World..... Page 87

Business Units (United States)

# Luitpold Pharmaceuticals, Inc.

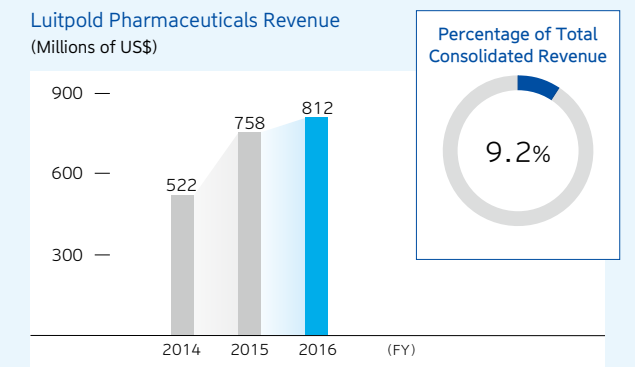
Luitpold Pharmaceuticals, Inc., is contributing to healthcare in the United States as an injectable medication specialty pharmaceutical company. This company is driving the growth of the IV iron market with its high-value branded injectable medications while also increasing the flexibility of its growing generic injectable medication franchise in response to market needs.

## Luitpold Pharmaceuticals 5-Year Business Plan

- Build *Injectafer* into flagship product and market leader
- Expand generic injectable portfolio with a variety of products to support customer needs

### Major Achievements in Fiscal 2016

- Achieved revenue of US\$812 million (up 7.2% year on year)
- Initiated business collaboration on *Injectafer* with DSAC  
Expanded market reach by leveraging the established market presence in Hem/Onc and marketing excellence.
- Initiated phase 3 trial to investigate *Injectafer* for heart failure patients with iron deficiency
- Expanded generic injectable portfolio  
Submitted 4 ANDAs\* and gained 1 ANDA approval.  
\* Abbreviated New Drug Applications
- Enhanced manufacturing capabilities  
Started capital investment to become a one of top players in the U.S. generic injectable market.



### Initiatives for Fiscal 2017

- Accelerate *Injectafer* growth  
Strengthen leading position in the IV iron market segment with *Venofer* and *Injectafer*.
- Expand generic injectable franchise  
Grow business via optimization of in-market assets and new pipeline development.  
Submit 3 NDAs and 3 ANDAs.
- Execute R&D and clinical programs to support business growth
- Continue to increase manufacturing capacity and execute the capital project plan

Examples of CSR Activities

- Heart Walk Event for Raising Heart Disease Prevention Awareness in the United States ..... Page 87

Business Units (Europe)

# Daiichi Sankyo Europe GmbH

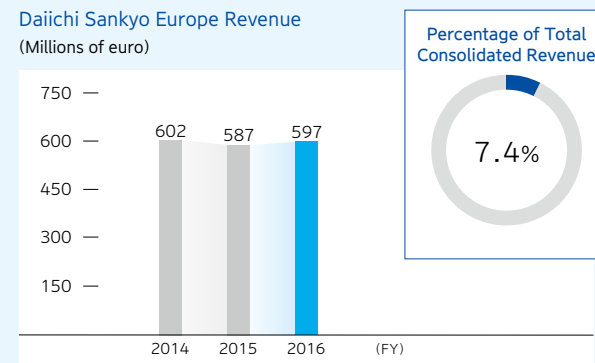
Daiichi Sankyo Europe GmbH is evolving into a specialty care-focused company to complement the manufacturing and sales foundations it has established in the cardiovascular field. As the most prominent Japanese pharmaceutical company with operating foundations in Europe, Daiichi Sankyo Europe develops its business in 12 European countries will partnering with companies in other parts of Europe to contribute to the advancement of medicine in this region.

## Daiichi Sankyo Europe 5-Year Business Plan

- Maximize profit from established brands through focused investment
- Maximize *LIXIANA*'s potential  
Rapid penetration in countries where Daiichi Sankyo Europe has a presence, in other countries collaboration with sales partners
- Diversify portfolio
- Establish oncology business
- Develop organization to further evolve into specialty care provider

### Major Achievements in Fiscal 2016

- Achieved revenue of €597 million (up 1.8% year on year)
- Further launches of *LIXIANA*  
After *LIXIANA* launched in five European countries (Germany, the United Kingdom, the Netherlands, Switzerland and Ireland) in Fiscal 2015, launched in Belgium, Spain, Italy, Austria and Portugal in Fiscal 2016.
- Partnership for *LIXIANA*  
Agreement for a sales partnership with MSD\* for the distribution rights for *LIXIANA* in 14 Northern and Central Eastern European countries as well as agreed with Servier Russia in 15 Russia and CIS countries. *LIXIANA* launched in Sweden, Norway and Denmark via the partnership with MSD.  
\* Merck Sharp & Dohme Corp.: a European subsidiary of Merck & Co., Inc.
- Very good performance of *LIXIANA* in Germany  
Since its launch, *LIXIANA* has grown steadily and the market share reached 7.2% in March 2017.
- Licensing agreement with Nektar Therapeutics for *ONZEALD*
- Adaptation of organizational structures for further evolution into a specialty care provider



### Initiatives for Fiscal 2017

- Grow market share of *LIXIANA* in countries where DSE has a presence
- Launch *LIXIANA* in more European countries via partnerships
- Strengthen life-cycle management (LCM) activities  
Our longest and largest pivotal studies as well as our ongoing clinical research program help to reassure healthcare professionals of the dosing, safety and efficacy when prescribing *LIXIANA* to their patients.
- Establish oncology business  
Build-out of oncology business unit for flawless execution of our oncology strategy.
- Further evolution into a specialty care provider  
Continue to work within the market access model and maintain alignment of European organizational structure with go-to market strategy.

Examples of CSR Activities

- Receipt of Award for Patient-Accommodating Package Design ..... Page 80

Business Units (ASCA\*)

# ASCA Company

The network of the ASCA Company stretches throughout the ASCA region with manufacturing and sales bases in China and Brazil and sales bases in South Korea, Taiwan, Hong Kong, and Thailand. By developing operations that respond to the market and customer needs and regional value\* of each country, the ASCA Company contributes to the development of medicine in these countries.

\* Country- and region-specific business strategies

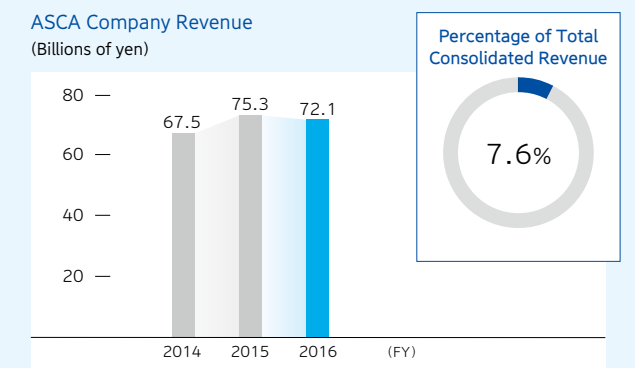
\* Asia, South & Central America

## ASCA Company 5-Year Business Plan

- Maintain and expand sales of existing products
- Quickly develop, launch, and expand sales of new products
- Enhance portfolio of products matched to the specific needs of respective regions and countries
- Accelerate product development in China
- Strengthen business capabilities and implement measures targeting growth markets with an eye to fiscal 2021 and beyond

### Major Achievements in Fiscal 2016

- Achieved revenue of ¥72.1 billion (down 4.2% year on year)  
Revenue was down year on year due to the impacts of foreign exchange rate movements. Nonetheless, we witnessed steady growth in revenue in each country of operation when calculated on a local currency basis. Factors contributing to this growth included efforts to maximize sales of *Cravit*, *Olmotec*, and other mainstay products as well as the proactive utilization of external resources through alliances (joint sales and promotions) and product in-licensing. In China, specifically, we strengthened coordination with local alliance partners and thereby achieved increases in sales of products including *Cravit*, *Asmeton*, a cough suppressant and expectorant; *Olmotec*; and *Mevalotin*.
- Launched and expanded sales of *LIXIANA*  
In South Korea, where *LIXIANA* saw its first ASCA region launch in February 2016, the share of sales accounted for by this product grew steadily, coming to 15.6% on March 31, 2017. In addition, we were able to release *LIXIANA* in Taiwan, Hong Kong, and Thailand in fiscal 2016.



### Initiatives for Fiscal 2017

- Maximize sales of *Olmotec*, *Cravit*, *Mevalotin*, and other existing mainstay products
- Rapidly grow sales of *LIXIANA*  
Daiichi Sankyo plans to directly introduce *LIXIANA* into the Brazilian market. In countries where we do not possess our own sales bases, this product will be commercialized via alliances with other companies.
- Augment production capacity in China  
In China, following the commencement of a new injectable production line at the Beijing Plant, we have been constructing a new formulation manufacturing building at the Shanghai Plant. In this manner, we plan to augment production capacity in line with the growth of our operations in China.
- Launch other pipelines on schedule  
In addition to *LIXIANA* and other global products, we will focus on launching pipelines that address the needs and regional value of specific countries on schedule.
- Create business opportunities and enhance product portfolio by acquiring and utilizing external resources  
The ASCA Company is working to enhance its product portfolio by acquiring external resources through means such as in-licensing from companies in other countries. In addition, we are forming alliances with local companies in each country of operation and with regard to specific product lines and otherwise utilizing external resources. Through these efforts, we aim to efficiently establish sales networks and increase sales productivity in order to further increase revenue and operating profit.

Examples of CSR Activities

- Cultivation of healthcare workers in China ..... Page 85
- CPR training in South Korea ..... Page 87

The R&D Unit is tasked with utilizing the R&D capabilities Daiichi Sankyo has fostered over years of operation as a drug discovery-oriented company in order to continuously create innovative pharmaceuticals. Our passion is to develop treatments and preventative methods that can improve patients' health and become global standards of care.

R&D Unit 5-Year Business Plan

- Continuously generate innovative pharmaceuticals changing the standard of care in the primary focus area of oncology as well as the new horizon areas of pain, central nervous system diseases, heart and kidney disease, and rare diseases
- Acquire approval of at least two major indications per year
- Proceed to phase 3 with at least four major indications per year
- Enter phase 1 with at least 9 new molecular entities per year

Major Achievements in Fiscal 2016

- Acquired approval for two drugs
  - Narurapid Tablet (immediate-release tablets) for cancer pain (JP)
  - Narusus Tablet (extended-release formulation) for cancer pain (JP)
- Submitted applications for two drugs
  - Hydromorphone Injection for cancer pain (JP)
  - PRALIA Subcutaneous Injection Syringe for rheumatoid arthritis (JP: Application for partial change related to additional indication)
- Began phase 3 clinical trials for two indications
  - Quizartinib: Acute myeloid leukemia (first-line treatment)
  - Esaxerenone (CS-3150): Essential hypertension
- Began phase 1 clinical trials for two new compounds
  - DS-1001: Malignant brain tumors (gliomas)
  - U3-1402: HER3 positive refractory and metastatic breast cancer
- Other accomplishments
  - Reorganized oncology R&D organizations  
In April 2016, Daiichi Sankyo integrated its oncology R&D organizations, inviting Antoine Yver, an individual with a breadth of experience and an accomplished background in the field of global cancer treatment development, as its leader. This organization, named the Cancer Enterprise, selected two franchises to focus allocation of management resources, antibody drug conjugate (ADC) and acute myeloid leukemia (AML) franchises.
  - Promoted open innovation  
Daiichi Sankyo commenced joint research with Asahikawa Medical University regarding capillary stem cells (CapSCs) in April 2016 and also began research on new immuno-oncology treatments with the National Institutes of Biomedical Innovation, Health and Nutrition in March 2017.
  - DS-8100 (Heartcel cell therapy for ischemic heart failure)  
In May 2016, we concluded an in-licensing agreement with U.K.-based Cell Therapy Ltd. (Celixir at present) granting exclusive development and sales rights for Heartcel in Japan.
  - DS-8201 (anti-HER2 ADC)  
In November 2016, DS-8201 received Fast Track Designation for HER2 positive metastatic breast cancer from the U.S. FDA.
  - KTE-C19 (anticancer cell therapy)  
In January 2017, Daiichi Sankyo entered into a strategic partnership with Kite Pharma, Inc., of the United States that grants the Company exclusive rights for development, manufacturing, and commercialization in Japan of KTE-C19 as well as optional licensing rights for other product candidates, some of which will progress into the clinical development stage over the next three years.

Examples of CSR Activities

- Initiatives based on R&D ethics ..... Page 77
- Good clinical practice and other development-related training ..... Page 106

Initiatives for Fiscal 2017

- Pass major milestones identified for fiscal 2017
  - Entrench operation of Cancer Enterprise and activate further  
The R&D Unit will accelerate development and maximize the value of DS-8201 and other compounds belonging to either the ADC or AML franchise.
  - Optimize R&D procedures for cardiovascular-metabolics and other therapeutic areas
  - Improve productivity in research, translational research, biomarker and companion diagnostics\*, and development
  - Enhance portfolio of competitive pipelines  
In-licensing and open innovation activities will be stepped up.
  - Efficiently and effectively manage financial and human resources
- \* Pre-examination to predict the effects and adverse drug reaction risks of specific pharmaceuticals in individual patients

Fiscal 2017 Major R&D Milestone Events

As of August 2017

Project	Indication/Study	Q1	Q2	Q3	Q4	FY18-Q1
Denosumab	Rheumatoid arthritis (JP)	Approved				
	Fibromyalgia Phase 3 study (US / EU)	TLR*				
Mirogabalin	PHN Phase 3 studies (JP / Asia)	TLR				
	DPNP Phase 3 studies (JP / Asia)		TLR			
Pexidartinib	Tenosynovial giant cell tumor Phase 3 study (US / EU)		TLR			Submission
Quizartinib	QuANTUM-R AML 2nd line treatment Phase 3 study (US / EU / Asia)	Interim analysis				TLR
Esaxerenone (CS-3150)	Hypertension Phase 3 study (JP)			TLR	Submission	
	Diabetic nephropathy Phase 3 study (JP)			Study initiation		
DS-8201	HER2-positive Breast Cancer (T-DM1 failure) Phase 2 study (pivotal) (JP / US / EU)		Study initiation			
	HER2-positive Gastric Cancer (Herceptin failure) Phase 2 study (pivotal) (JP / Korea)			Study initiation		
U3-1402	EGFRm NSCLC Phase 1 study			Study initiation		
DS-5141	Duchenne Muscular Dystrophy Phase 1/2 study (JP)	SAKIGAKE				TLR

\* Topline results

Major R&D Pipelines (In-House Development Projects, as of August 2017)

Therapeutic area	Phase 1	Phase 2	Phase 3	Application
Oncology	Conduct trials on healthy volunteers*1 to assess safety of drug, including side effects	Conduct trials on a small group of patient volunteers to assess safety, efficacy, dosage and administration regimen	Conduct trials on a large number of patient volunteers to assess safety and efficacy in comparison with existing drugs	
Cardiovascular Metabolics	<ul style="list-style-type: none"> <li>DS-1040 (US / EU / JP) (Acute ischemic stroke / TAF1a inhibitor)</li> <li>DS-2330 (Hyperphosphatemia)</li> <li>DS-9231 / TS23 (Thrombosis / α2-P1 inactivating antibody)</li> </ul>	<ul style="list-style-type: none"> <li>Esaxerenone (JP) (CS-3150 / DM nephropathy / MR antagonist)</li> </ul>	<ul style="list-style-type: none"> <li>Edoxaban (JP) (DU-176b / AF / FXa inhibitor)</li> <li>Prasugrel (JP) (CS-747 / Ischemic stroke / Anti-platelet agent)</li> <li>Esaxerenone (JP) (CS-3150 / Hypertension / MR antagonist)</li> </ul>	<ul style="list-style-type: none"> <li>Edoxaban (ASCA*2, etc.) (DU-176b / AF / FXa inhibitor)</li> <li>Edoxaban (ASCA, etc.) (DU-176b / VTE / FXa inhibitor)</li> </ul>
Others	<ul style="list-style-type: none"> <li>DS-1971 (Chronic pain)</li> <li>DS-1501 (US) (Osteoporosis / Anti-Siglec-15 antibody)</li> <li>DS-7080 (US) (AMD / Angiogenesis inhibitor)</li> <li>DS-2969 (US) (Clostridium difficile infection / GyrB inhibitor)</li> <li>DS-5141 (JP) (DMD / ENA oligonucleotide)</li> <li>VN-0102 / JVC-001 (JP) (MMR vaccine)</li> </ul>	<ul style="list-style-type: none"> <li>Laninamivir (US / EU) (CS-8958 / Anti-influenza / out-licensing with Biota)</li> </ul>	<ul style="list-style-type: none"> <li>Mirogabalin (US / EU) (DS-5565 / Fibromyalgia / α2δ ligand)</li> <li>Mirogabalin (JP / Asia) (DS-5565 / DPNP / α2δ ligand)</li> <li>Mirogabalin (JP / Asia) (DS-5565 / PHN / α2δ ligand)</li> <li>VN-0105 (JP) (DPT-IPV / Hib vaccine)</li> <li>Laninamivir (JP) (CS-8958 / Anti-influenza / nebulizer)</li> </ul>	<ul style="list-style-type: none"> <li>Hydromorphone (JP) (DS-7113 / Cancer pain / Opioid μ-receptor agonist &lt;Injection&gt;)</li> <li>Intradermal Seasonal Influenza Vaccine (JP) (VN-100 / prefilled i.d. vaccine for seasonal flu)</li> <li>VN-0107 / MEDI3250 (JP) (Nasal spray flu vaccine)</li> </ul>

\*1 Patient volunteers may be included depending on the tests  
\*2 Asia, South & Central America



## Functional Units

# Biologics Unit

Established in April 2017

The Biologics Unit is responsible for all processes spanning for the discovery to the marketing of high-quality and reliable biologics\* that are also safe and effective. To fulfill this duty, the Biologics Unit pursues seamless collaboration with R&D and pharmaceutical technology functions in order to determine the optimal forms of modality for drug discovery targets and construct systems for swift and efficient production process development and investigational drug provision.

\* Biologics differ from small molecule drugs in that they are derived from genes, proteins, cells, viruses, and other biological mater or utilize biological functions. Daiichi Sankyo is developing such biologics as well as others that include chemically synthesized pharmaceuticals, known as medium-sized molecule compounds, such as nucleic acids, peptides, and other synthesized materials.

## Biologics Unit 5-Year Business Plan

- Contribute to accelerating launch of *DS-8201* and other ADC franchise drugs
- Develop manufacturing technologies and accelerate clinical development for biologics
- Discover innovative and cutting-edge forms of modality
- Construct and reinforce technology and human resource platforms for commercializing cell therapies and other biologics

### Initiatives for Fiscal 2017

- Prepare for accelerating commercialization of *DS-8201*
- Swiftly launch products under development and enhance technology platforms through promotion of development projects  
The on-schedule supply of antibody drug substances will be pursued to maximize the value of *DS-8201* and other biologics through swift launches and expansion of indications. The Biologics Unit will accumulate experience through these efforts to further enhance technology platforms.
- Deploy advanced multi-modality strategies  
The Biologics Unit will establish competitive and innovative modality technologies for next-generation ADCs, peptides, nucleic acids, and other substances and make contributions to new drug discovery projects through coordination with the R&D Unit. (See table below)
- Construct technology platforms in relation to cell therapies  
The Biologics Unit will undertake the formulation and promotion of concrete plans related to investigation drugs and commercial production processes for *KTE-C19* and other development projects. Also, cell therapy-related platforms will be established by introducing technologies from partners and by drafting development and regulatory affairs strategies.
- Cultivate human resources capable of contributing to diverse biologics drug discovery projects
- Achieve efficient operation of new organization and formulate clear vision for future  
Functions related to biologics will be effectively consolidated within the new organization in order to quickly stabilize its operations, increase the speed and accuracy of decision-making, and flexibly and appropriately allocate resources. At the same time, research productivity will be improved, human resources will be secured and cultivated, and facilities and equipment will be optimized in order to ensure compatibility with cell therapies and the diverse range of other biologics.

### Deployment of Multi-Modality Strategies

Modality (Molecule Type)	Strategy
<b>Antibodies</b>	Create foundations for quick launches of <i>DS-8201</i> and other biologics and establish innovative and competitive modality technologies for drugs such as next-generation ADCs
<b>Antibody drug conjugates (ADCs)</b>	
<b>Bispecific antibodies</b> Antibodies with two antigen-binding sites enabling them to bind to different types of antigens	Utilize Daiichi Sankyo's globally competitive, original T-cell-activated agonist antibody to cultivate important platforms for conducting drug discovery in the immuno-oncology field
<b>Proteins and peptides</b> Newly designed and prepared proteins and peptides that do not exist naturally in the human body	Expand range of target molecules for drug discovery that possess high specificity and compatibility Target development of platform for oral administration modalities for peptides
<b>Nucleic acids (ENA<sup>®</sup> oligonucleotides, etc.)</b> Natural nucleic acids, which contain DNA, RNA and other genetic information, and modified nucleic acids	Continue trend of <i>DS-5141</i> , which utilizes Daiichi Sankyo's proprietary ENA <sup>®</sup> oligo-nucleotide technology, to develop pipelines targeting rare diseases
<b>Vaccine and adjuvants</b>	Pursue preventative medicine and treatment benefits through development of adjuvants that are administered together with vaccines to augment their effectiveness
<b>Viruses</b>	Provide innovative treatment methods for previously difficult to treat diseases, such as modifying viruses for therapeutic purposes, administering normally functioning cells to support the functioning of abnormal cells, and utilizing cells from a patient or another individual to treat diseases
<b>Genes</b>	
<b>Cells</b>	

Utilize diverse and innovative modalities to broaden the possibilities for drug discovery

## Functional Units

# Pharmaceutical Technology Unit

The Pharmaceutical Technology Unit is committed to contributing to product value in terms of ease of use, customer satisfaction, and peace of mind. It thus works to realize a timely supply of the new drug candidates discovered through R&D in the form of investigational drugs. The unit also designs manufacturing processes for realizing consistent manufacturing of high-quality pharmaceuticals.

## Pharmaceutical Technology Unit 5-Year Business Plan

- Accelerate and improve efficiency of oncology development
- Enhance key technologies of biologics manufacturing platforms (for ADCs)
- Develop high-value-added formulations, reduce costs, and establish new production methods

- Process technology
  - Formulation technology
  - Analytical and quality evaluation technology
- Develop compounds into pharmaceutical products

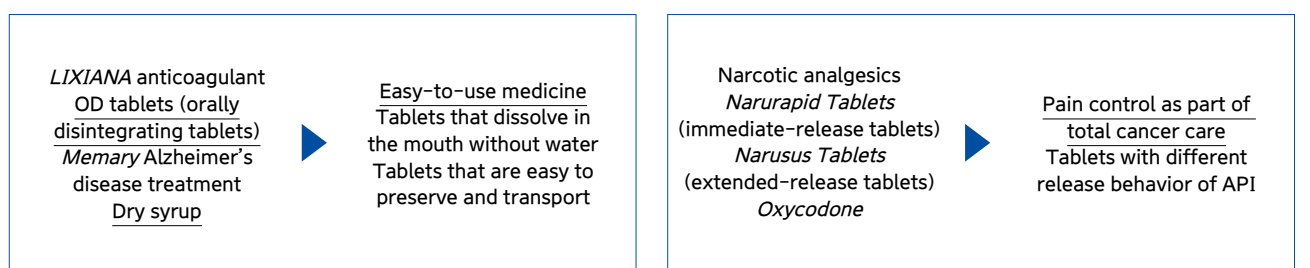
### Major Achievements in Fiscal 2016

- Provided flexible support for accelerating the development of *DS-8201*  
Close coordination was pursued with the Cancer Enterprise to realize the quick and efficient supply of investigational drugs to support the acceleration of clinical development.
- Developed formulations that accurately address patient needs and improve quality of life  
Applications for manufacturing and marketing approval were submitted for *LIXIANA OD Tablet* (a highly stable orally disintegrating tablet<sup>\*1</sup> that does not require a drying agent) and *Memary Dry Syrup*<sup>\*2</sup>. At the same time, manufacturing and marketing approval was received for *Narurapid Tablets* (immediate-release tablets<sup>\*3</sup>) and *Narusus Tablets* (extended-release tablets<sup>\*4</sup>), two narcotic analgesics that alleviate pain over different periods of times.  
\*1 Tablets that dissolve in the mouth without water  
\*2 Formulations in the form of granules or powders that become syrups when mixed with water and are thus easy to preserve and transport  
\*3 Tablets that immediately release their active ingredient  
\*4 Tablet designed to release their active ingredient gradually over time
- Quickly launched *LIXIANA OD Tablet* through strategic application  
A quick launch of *LIXIANA OD Tablet* was achieved by strategic consulting with the authorities and carrying out efficient clinical trials to submit approval applications six months ahead of schedule (in August 2016).

### Initiatives for Fiscal 2017

- Advance CMC strategies\* and reinforce fundamental technologies for ADC development  
In addition to promoting the transfer of technologies to prepare for commercial production of *DS-8201*, the Pharmaceutical Technology Unit will acquire fundamental ADC technologies and apply these technologies to pipelines. In addition, CMC strategies will be formulated and implemented to facilitate applications and approvals for ADC franchise drugs.  
\* Chemistry manufacturing and controls strategies: R&D strategies pertaining to drug substances, formulations, and quality that aim to maximize the value of pharmaceuticals
- Accelerate and improve efficiency of development projects to expand product pipelines  
Accelerate development of anticancer drugs while also enhancing technology management to maximize product value.
- Develop and utilize advanced technologies  
New technologies will be developed and utilized in regard to the manufacture and quality assessment of drug substances and formulations.
- Quickly and effectively launch under-development products to increase earnings  
Supply investigational drugs and transfer manufacturing technologies as required by development strategies in a timely and waste-free manner while steadily submitting applications and receiving approval.

### Formulation Technologies Catering to Diverse Needs



Examples of CSR Activities

Incorporation of input from overseas healthcare professionals into formulation development ..... Page 80



Functional Units

# Supply Chain Unit

The Supply Chain Unit consistently supplies high-quality drugs to patients around the world by utilizing its advanced technological capabilities to carry out efficient production. In response to changes in product variety, the unit promotes and supports the early launch of new products and the expansion of businesses with existing products.

## Supply Chain Unit 5-Year Business Plan

- Transform and rebuild supply chain structures adopted to change the product volume and the product mix in the medium-to-long term
- Advance cost reduction measures globally
- Establish new manufacturing systems and absorb new technologies based on pipeline and life-cycle management strategies
- Optimize inventory and capital expenditure globally
- Contribute to expansion of the opioid analgesics business in Japan

### Major Achievements in Fiscal 2016

- Commenced construction of manufacturing systems for anticancer drugs and biologics  
Established capital investment and staffing plans for manufacturing Active Pharmaceutical Ingredients (API) and Drug Product (DP) to support biologics, such as *DS-8201* and also for wide-variety, low-volume product of anticancer drugs. These plans were implemented to work toward quick launches of products in these areas.
- Developed manufacturing and supply systems optimized to specific regions  
The Hiratsuka Plant of Daiichi Sankyo Chemical Pharma Co., Ltd., completed its final product activities (and is scheduled for closure on September 30, 2017) and the Bethlehem Plant of a U.S. subsidiary was sold. Meanwhile, production facilities were augmented at the Beijing Plant and the Shanghai Plant in preparation for the expansion of operations in China. These moves will enable us to optimize our global manufacturing and supply systems over the medium-to-long term.
- Achieved stable supply corresponding to *edoxaban* demand forecast

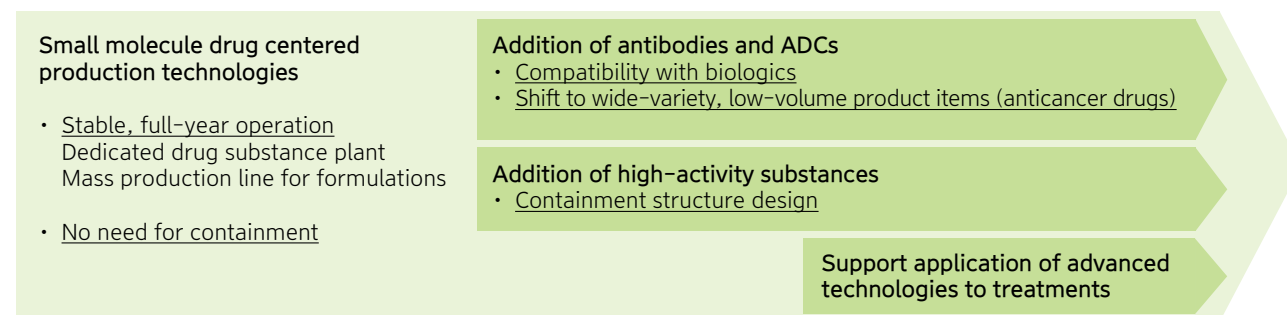
### Initiatives for Fiscal 2017

- Construct manufacturing systems for anticancer drugs and biologics  
Based on API and DP equipment investment plans, we will design and commence construction of equipment for product, including wide-variety, low-volume product, of ADCs. At the same time, we will secure human resources for the biologics field and enhance their skills to furnish the foundations for manufacturing systems.
- Support introduction of *edoxaban* into other countries and maintain stable supply  
In addition to Japan, the United States, and Europe, manufacturing and supply systems will also be introduced into the ASCA region in order to support the introduction of *edoxaban* into other countries and maintain a stable supply.
- Contribute to expansion of opioid analgesics business in Japan  
The Supply Chain Unit will help ease the pain of patients suffering from cancer pain and improve their quality of life by stably supplying opioid analgesics, developing new formulations, and preparing for launches.

## Transition to Supply Chain Compatible with Shift to Oncology and Biologics



Previous → Current → Future



- Examples of CSR Activities
- Sustainable Procurement Promotion ..... Page 77

Functional Units

# Quality & Safety Management Unit

The Quality & Safety Management Unit strives to deliver reliable medicines to patients and healthcare professionals around the world. To this end, it strives to ensure product quality and safety for patients, guarantee the accuracy of data and application materials, create information that matches the needs of the medical field, and practice good regulatory affairs compliance.

## Quality & Safety Management Unit 5-Year Business Plan

- Continue post-marketing study on *edoxaban* and *prasugrel* to create additional evidence
- Introduce quality risk analysis and evaluation systems for new fields and new technologies
- Strengthen safety monitoring measures and verify effectiveness of safety measures



### Major Achievements in Fiscal 2016

- Steady advancement of safety measures and post-marketing study for innovative pharmaceuticals
  - Safety measures were advanced by the provision of information to healthcare professionals on the importance of monitoring seasonal blood pressure fluctuations.
  - Safety information was globally collected and identified risks were distributed to Japanese healthcare professionals
  - We sought to reinforce platforms for the practical application of medical database research utilizing big data.
  - Post-marketing study coordinators were introduced, and large-scale studies on *edoxaban* and *prasugrel* were carried out as planned.
- Improvement of product quality (GMP) and application materials reliability
  - Quality management systems in factories were reinforced to assure product quality.
  - Audit systems were established to ensure that clinical trials in China were advanced appropriately.
- Implementation of regulatory affairs measures that contribute to product life-cycle management
  - Proper regulatory affairs measures were implemented to facilitate new product launches, expand existing products, and maintain stable supplies.
  - Inspections for consistency between marketing approval documents and actual manufacturing process were conducted to confirm that there were no issues that could impact product quality or safety.

### Initiatives for Fiscal 2017

- Steadily advance safety measures and post-marketing surveillance for innovative pharmaceuticals
  - Appropriate measures will be taken to ensure patient safety.
  - Systems will be constructed to grow oncology field operations into a core business.
  - Medical database research will be accelerated in light of revisions to ordinances pertaining to good post-marketing study practices.
  - Large-scale post-marketing studies on *edoxaban* and *prasugrel* will be advanced steadily.
- Continue to improve reliability with regard to products manufactured by the Daiichi Sankyo Group (adhere to GMP) and application materials
  - Quality management systems will be established in preparation for the launch of *DS-8201*.
  - Reinforce quality management systems with a view to the growth of mainstay products and launches of new products.
- Realize regulatory affairs measures that contribute to product life-cycle management
  - Appropriate regulatory affairs measures will be implemented to expand usage and ensure stable supplies of existing products on a global scale.
  - Scientific data inspections will be enhanced and compliance measures will be reinforced in response to regulatory affairs-related laws and systems.
- Support efforts to receive approval for regenerative medicines and establish related systems

- Examples of CSR Activities
- Good vigilance practice training related to pharmaceutical safety ..... Page 106

Functional Units

# Medical Affairs Division

The Medical Affairs Division implements a value linkage scheme that connects functions related to the collection, analysis, evaluation, creation, and distribution of information related to pharmaceuticals. Through this scheme, the division strives to maximize product value evaluated as contribution to treatment in the medical field and thereby contribute to the development of medicine.

## Medical Affairs Division 5-Year Business Plan

- Conduct large-scale observational studies for *prasugrel* and *edoxaban* and collect clinical evidence
- Create and distribute information on priority drugs and new products based on the Medical Strategies\*
- Develop more sophisticated medical affairs systems corresponding to environment changes
- Strive to improve customer loyalty
- Enhance medical information (information related to pharmaceuticals)
- Entrench practice of utilizing Voice of Customer (VOC)

\* Strategies for improving product value and establishing and increasing Daiichi Sankyo's market presence that entail identifying clinical questions and creating and distributing information in response to these questions

### Major Achievements in Fiscal 2016

- Quickly achieved target enrollment of large-scale observational studies for *prasugrel* and *edoxaban*
- Started new clinical research for collecting clinical evidence in relation to priority drugs
- Established Daiichi Sankyo Medical Library\* as a new information distribution tool
- Established guidance for Medical Affairs Division staff when interacting with individuals from outside of the Company and conducted education programs to improve compliance
- Formulated grand design for new global systems and decided to appoint medical science liaisons\* inside Japan organizations
- Ranked No. 1 in inquiry responses by pharmacists working in pharmacies utilizing health insurance plans

\* New tool for distributing medical information to healthcare professionals through the Internet

\* Position responsible for collecting clinical evidence and identifying and answering clinical questions by engaging in medical and scientific discussions with healthcare professionals and researchers and by promoting clinical research and academic activities

\* Based on a survey we conducted through an outside private research company

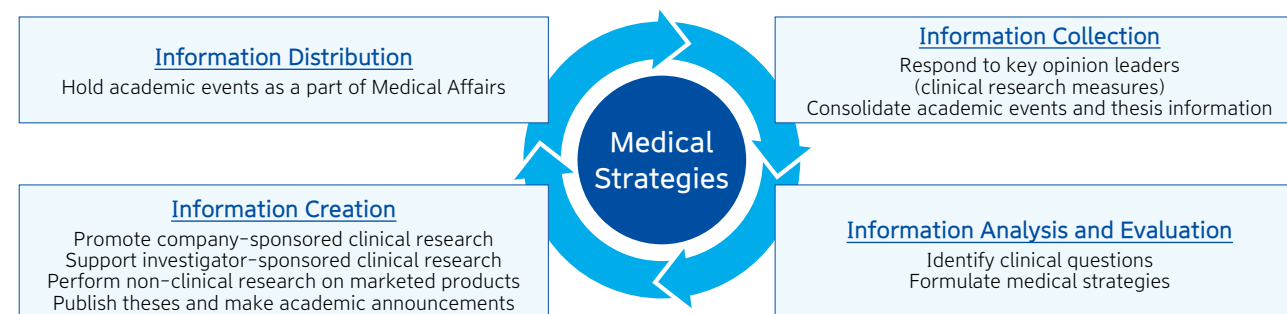
### Initiatives for Fiscal 2017

- Create and distribute information based on the enhancement of Medical Strategies for *edoxaban* (domestically and globally)
- Create and distribute information based on the enhancement of Medical Strategies for *prasugrel* and other priority drugs
- Execute measures for reinforcing domestic functions and systems and construct and institute global systems
- Enhance medical intelligence\*
- Continue to be ranked No. 1 in inquiry responses by pharmacists working in pharmacies utilizing health insurance plans
- Examine the possibility of introducing artificial intelligence (AI) technologies to reinforce inquiry response functions

\* Meaningful (valuable) information that has been created by collecting, integrating, evaluating, and analyzing medical information

### Value Linkage Based on Medical Strategies

Daiichi Sankyo collects, analyzes, and evaluates information to identify clinical questions and then formulates medical strategies for creating and distributing information. Based on these strategies, the Company enhances and steps up coordination between functions related to processes spanning from collection to distribution of information in order to create the value linkage that is essential to medical affairs activities.



- Examples of CSR Activities
- Communication with healthcare professionals and patients ..... Page 80

# CSR Management

In this section, we explain Daiichi Sankyo's corporate social responsibility (CSR) activities, which are integrated into its business activities and based on the DAIICHI SANKYO Group Corporate Conduct Charter (see below).

In order to address social, environmental, and other sustainability issues, we have identified and organized CSR issues into six priority areas on which the Group will concentrate its resources. Actual activities are promoted through a system of committees with cross-organizational membership. We will also engage in active communication with our various stakeholders, taking their evaluations of the Group to heart and reflecting these evaluations in CSR activities.

## The Principles of Our Corporate Activities to Fulfill Our Mission

### DAIICHI SANKYO Group Corporate Conduct Charter

The DAIICHI SANKYO Group fulfills its mission to "To contribute to the enrichment of quality of life around the world through the creation of innovative pharmaceuticals, and through the provision of pharmaceuticals addressing diverse medical needs."

We comply with laws, regulations and rules regarding global corporate activities, and act with the highest ethical standards and a good social conscience appropriate for a company engaged in a business that affects human lives based on the following principles. We fulfill our corporate social responsibility (CSR) by actively responding to an ever-changing society and enacting improvements for corporate value.

- Article 1 We diligently address medical needs by providing beneficial, safe, and reliable pharmaceuticals and services.
- Article 2 We conduct business in an ethical, fair and competitive manner, and maintain a healthy and professional relationship with our stakeholders, which include medical professionals and governments.
- Article 3 We actively communicate with our stakeholders by disclosing corporate information in a timely and appropriate manner in accordance with the principles of corporate accountability. We take appropriate measures to manage and protect personal and customer information and the confidential information of our and other companies.
- Article 4 The globalization of business activities requires that we operate by being compliant with the laws of each country and region, and by being respectful to all international norms including human rights, various cultures and customs. As a result, we contribute to the development of the local economy and society.
- Article 5 We respect diversity in the personal values, qualities and individuality of our employees, and ensure a safe and working environment that does not tolerate inappropriate treatment such as discrimination or harassment. We provide employees the opportunity to develop their skills and abilities for the mutual development of the employee and the corporation.
- Article 6 We responsibly manage the environmental impact of our operations as environmental issues are common challenges for mankind and such concerns are integral to our corporate activities and our very survival.
- Article 7 We actively engage in community activities and philanthropic programs focused on social causes.
- Article 8 We do not support or conduct our business with antisocial forces, prohibited entities or groups that may threaten the order or safety of civil society.
- Article 9 Executives of the DAIICHI SANKYO Group actively build and maintain effective systems to implement this Charter, ensure it is understood by all Group companies and make this Charter known to our business partners.
- Article 10 If the Charter is violated, executives of DAIICHI SANKYO Group Companies ensure that there is a commitment to determine the cause of infringement, take corrective action as necessary and make efforts to prevent similar violations in the future. Executives are accountable for promptly making required disclosures and upon discerning responsibility regarding the infringement, impose appropriate disciplinary action, including upon Executives themselves.

## The Daiichi Sankyo Group's CSR Activities

### CSR Activities Based on the DAIICHI SANKYO Group Corporate Conduct Charter

Based on the DAIICHI SANKYO Group Corporate Conduct Charter (see page 71), we are conducting CSR activities as part of all of our corporate activities. The DAIICHI SANKYO Group Corporate Conduct Charter defines principles to be practiced in all of the Company's activities in order to fulfill its corporate mission. Taking each of these principles seriously and complying with legal regulations and rules, we act with the highest ethical standards and good social conscience appropriate for a company engaged in a business that affects human lives. Through this commitment, we strive to meet the diverse requirements and expectations of society to improve corporate value and thereby fulfill our corporate social responsibility (CSR).

### CSR Activities for Addressing Diverse and Changing Sustainability Issues


We must respond to a diverse range of social, environmental, and other sustainability issues, including those related to human rights, gender equality, corruption prevention, environmental preservation, and global health. In responding to sustainability issues, we have clarified the CSR issues that the Group will focus on based on their medium-to-long-term relationship to our business and arranged these into six priority areas for CSR activities (see steps 1 and 2 below).

Step 1	Step 2
<p><b>Identify CSR Issues</b></p> <p>We have identified 36 CSR issues that pharmaceutical companies generally need to address by referencing the inspection criteria of international CSR initiatives (Ten Principles of the United Nations Global Compact<sup>*1</sup>, ISO 26000<sup>*2</sup>, etc.) and ESG indices (Dow Jones Sustainability Indices, FTSE4Good Index Series, Access to Medicine Index, etc.) as well as the policies and visions of pharmaceutical company organizations (International Federation of Pharmaceutical Manufacturers &amp; Associations, Japan Pharmaceutical Manufacturers Association, etc.).</p>	<p><b>Arrange CSR Issues into Priority Areas for CSR Activities</b></p> <p>The 36 CSR issues related to CSR activities were further organized and arranged into six priority areas for activities:</p> <ol style="list-style-type: none"> <li>Promoting compliance management</li> <li>Mutual growth of employees and the Company</li> <li>Enhancement of communication with stakeholders</li> <li>Promoting environmental management</li> <li>Improving access to healthcare</li> <li>Social contribution activities</li> </ol> <p>(See "Issues to Be Addressed as Part of Responsible Corporate Activities" on the right.)</p>

\*1 A voluntary initiative in which companies and organizations demonstrate leadership and act as upstanding members of society by participating in the creation of global frameworks aimed at realizing sustainable growth  
 \*2 An international guidance standard aimed at helping companies and other organizations assess and address the social responsibilities relevant to their business

### The Daiichi Sankyo Group's SDGs Initiatives

Sustainable Development Goals (SDGs) are a set of goals for 2030 to address the key issues facing the world and have been adopted by the member states of the United Nations. 17 goals to be accomplished by 2030 have 169 targets. The Group is conducting activities to contribute to "Goal 3: Ensure healthy lives and promote well-being for all at all ages" in particular as a pharmaceutical company. The Group's initiatives with regard to the 17 SDGs have been compiled into a list of the Daiichi Sankyo Group's initiatives related to the SDGs.

 A list of the Daiichi Sankyo Group's initiatives related to the SDGs can be found on its corporate website.  
[http://www.daiichisankyo.com/about\\_us/responsibility/csr/gc/index.html](http://www.daiichisankyo.com/about_us/responsibility/csr/gc/index.html)



### Issues to Be Addressed as Part of Responsible Corporate Activities

<p><b>Promoting Compliance Management (12 Issues)</b></p> <ul style="list-style-type: none"> <li>Observe Group-wide codes of conduct</li> <li>Anti-corruption</li> <li>Ensure transparency of corporate activities</li> <li>Conduct clinical trials in accordance with ICH-GCP</li> <li>Ensure product quality and safety</li> <li>Ethical marketing practices</li> <li>Consider bioethics and genetic resources</li> <li>Sustainable procurement</li> <li>Report on critical recalls</li> <li>Report on breach of laws and legal cases</li> <li>Respect human rights in business activities</li> <li>Tax strategy</li> </ul>	<p><b>Enhancement of Communication with Stakeholders (5 Issues)</b></p> <ul style="list-style-type: none"> <li>I identify, respond to, and disclose material CSR issues</li> <li>Improve customer satisfaction</li> <li>Respond to complaints</li> <li>Stakeholder engagement</li> <li>External verification for CSR reports</li> </ul>
<p><b>Mutual Growth of Employees and the Company (8 Issues)</b></p> <ul style="list-style-type: none"> <li>Develop human resources</li> <li>Acquire and retain talented individuals</li> <li>Promote diversity</li> <li>Communication between labor and management</li> <li>Respect human rights in labor practices</li> <li>Pay equal wages to men and women</li> <li>Promote work-life balance</li> <li>Prevent occupational accidents</li> </ul>	<p><b>Promoting Environmental Management (6 Issues)</b></p> <ul style="list-style-type: none"> <li>Address climate change</li> <li>Manage chemical substances</li> <li>Control water usage volumes</li> <li>Manage waste</li> <li>Preserve biodiversity</li> <li>Receive ISO 14001 and other environmental management system certifications</li> </ul>
	<p><b>Improving Access to Healthcare (4 Issues)</b></p> <ul style="list-style-type: none"> <li>Address global health issues</li> <li>Measures to combat counterfeit medicines</li> <li>Addressing cost burden</li> <li>Health outcome contribution</li> </ul>
	<p><b>Social Contribution Activities (1 Issue)</b></p> <ul style="list-style-type: none"> <li>Conduct social contribution activities suited to a pharmaceutical company</li> </ul>

Based on the above CSR issues, we have defined the following priority areas for CSR activities in the 5-year business plan, and are acting accordingly.

### CSR Targets (5-Year Business Plan) and Progress

Priority Areas for CSR Activities	Targets	Initiatives and Accomplishments in Fiscal 2016	Pages
<b>Promoting Compliance Management</b>	Dissemination of global compliance policies, such as the Daiichi Sankyo Group Individual Conduct Principles	Established the Global Compliance Advisory Committee Formulated the Global Marketing Code of Conduct	P 76
<b>Mutual Growth of Employees and the Company</b>	Human resources development to realize value creation and secure competitive advantage through our core values of innovation, integrity, accountability, and respect for diversity	Conducted Group talent management Advanced initiatives based on action plan for empowering women employees	P 78
<b>Enhancement of Communication with Stakeholders</b>	Effective disclosure and evaluation improvement related to CSR and ESG	Maintained inclusion in ESG indices Actively communicated with shareholders and investors	P 74 P 81
<b>Promoting Environmental Management</b>	Reducing environmental impacts and risks and addressing climate change (Fiscal 2020 CO <sub>2</sub> emissions target: 5.6% reduction from fiscal 2015)	Achieved 4.0% reduction in CO <sub>2</sub> emissions from fiscal 2015 in fiscal 2016 Received an award related to energy conservation	P 82
<b>Improving Access to Healthcare</b>	Promoting R&D for intractable diseases, rare diseases, and global health Mobile healthcare field clinics, healthcare professional development, and health and hygiene training for locals in regions facing a lack of medical infrastructure	Participated in Access Accelerated initiative Moved forward with joint research with the Global Health Innovative Technology (GHIT) Fund	P 84 P 85
<b>Social Contribution Activities</b>	Advance activities based on global and regional needs Provide support for post-Great East Japan Earthquake reconstruction	Dispatched employee volunteers as part of ongoing support for the Coastal Forest Restoration Project Participated in U.S. initiative for ending hunger around the world	P 86 P 87



## Promotion of CSR Activities

Initiatives related to compliance management, environmental management, and social contribution activities are promoted by specific committees set up for each area (Corporate Ethics Committee, Environmental Management Committee, and Social Contributions Committee). Relevant Company divisions serve as the secretariat for each of these committees, which are membered by individuals from across the organization. In addition, important matters related to CSR are reported to and discussed by the Management Executive Meeting.

### Corporate Ethics Committee (Secretariat: Legal Affairs Department)

The Corporate Ethics Committee promotes management that complies with domestic and international laws and regulations as well as corporate ethics and fulfills our CSR. In fiscal 2016, this committee met twice, in July 2016 and February 2017.

**Chairperson:** Compliance officer (Head of the Corporate Affairs Division)

**Members:** The committee consists of 11 members including 10 members internally assigned by the chairperson and an external attorney for ensuring the transparency and reliability of the committee.

### Environmental Management Committee (Secretariat: CSR Department)

The Environmental Management Committee promotes environmental management, which elaborates to reduce environmental burden and harmonize with global environment and contributes to building sustainable society through overall corporate activities. In fiscal 2016, this committee met twice, in June 2016 and March 2017.

**Chairperson:** Chief executive officer of environmental management (Head of the Corporate Affairs Division)

**Members:** The committee consists of 12 members, including the Environmental Management Officer (Vice president of the CSR Department).

### Social Contributions Committee (Secretariat: CSR Department)

The Social Contributions Committee promotes social contribution activities from the perspective of fulfilling CSR as a good corporate citizen. In fiscal 2016, this committee met once each quarter.

**Chairperson:** Head of the Corporate Affairs Division

**Members:** The committee consists of 6 members appointed by the chairperson.

The chairperson and members of each committee described above are as of April 1, 2017.




The CSR Department works to identify sustainability issues and, based on the global management structure (see page 54), collaborates with relevant divisions and Group companies to support and promote the Group's CSR activities.

## External CSR and ESG Evaluations and CSR Communication

### Inclusion in ESG Indices in Reflection of External CSR and ESG Evaluations

We pursue ongoing improvements in corporate value by integrating our CSR activities for addressing sustainability issues into our business activities. These efforts have been highly evaluated, resulting in the Company being included in the following ESG indices: Dow Jones Sustainability Indices (DJSI), FTSE4Good Global Index, Morningstar Socially Responsible Investment Index, and SNAM Sustainability Index.

Overviews of each index and the status of the Company's inclusion are as follows (as of September 30, 2017).

 <p>The DJSI is managed cooperatively by S&amp;P Dow Jones Indices LLC, of the United States, and RobecoSAM AG, of Switzerland. This ESG index evaluates the sustainability of a company and provides important criterion for the selection of investment targets by investors. The Company has been included in DJSI World Index for the first time and DJSI Asia Pacific for eight consecutive years.</p>	 <p>Morningstar Japan K.K. selects 150 companies each year for inclusion in the Morningstar Socially Responsible Investment Index. Chosen from among Japanese listed companies, this index includes those companies that have been assessed from the perspectives of governance, environmental, social, and human resources development. The Company has been included in this index for ten consecutive years beginning with 2008.</p>
 <p>The FTSE4Good Index Series is created by FTSE Russell, a wholly owned subsidiary of London Stock Exchange Group plc. The series is designed to evaluate the companies from the perspective of environmental, social, and governance (ESG) practices. The FTSE4Good indices are an important criterion for the selection of investment targets by investors. The Company has been included in the FTSE4Good Global Index for nine consecutive years.</p>	 <p>The SNAM Sustainability Index is an ESG fund managed by Sampo Japan Nipponkoa Asset Management Co., Ltd., aimed at pension funds and institutional investors that invest in a wide range of companies highly rated in terms of ESG factors. The Company has been included in this index for two consecutive years.</p>

## CSR Communication

We engage in active communication with the institutions supporting CSR initiatives, ESG investigation firms, institutional investors that emphasize CSR and ESG, and CSR experts. In addition to explaining the Group's CSR activities (see the "CSR Issues and Initiatives" table below), we use such communications as an opportunity to understand requests and expectations of our various stakeholders for the Group to keep our understanding current and to reflect this understanding in CSR activities.

## CSR Issues and Initiatives

	CSR Issues	Topics Covered in Value Report 2017	Page	Topics Covered on Corporate Website	
Promoting Compliance Management	Observe Group-wide codes of conduct	• Continued operation of the compliance system • Establishment of Global Marketing Code of Conduct	76 76	• Dissemination of the ICP • Compliance training and educational activities • Information security	
	Anti-corruption	• Initiatives for anti-corruption	76		
	Ensure transparency of corporate activities			• Measures for ensuring the transparency of corporate activities	
	Conduct clinical trials in accordance with ICH-GCP	• GCP and other development-related training	106		
	Ensure product quality and safety	• Safety-related training (GVP training) • MR accreditation test results	106 56		
	Ethical marketing practices	• Ethical promotional activity	56		
	Consider bioethics and genetic resources	• R&D ethics	77	• Fair utilization of genetic resources	
	Sustainable procurement	• Sustainable procurement promotion	77	• Promotion of compliance in procurement • Sustainable Procurement Guideline	
	Report on critical recalls			• Product recall information	
	Report on breach of laws and legal cases			• Business risks	
Respect human rights in business activities			• Training related to the Ten Principles of the UNGC		
Tax strategy			• Our Approach to Tax		
Mutual Growth of Employees and the Company	Develop human resources	• Group talent management	78	• Human resources development policy • Development of entry- and mid-level employees • Cultivation of line managers (organization heads)	
	Acquire and retain talented individuals	• Efforts to Secure and Retain Human Resources	78	• Promotion of compliance in procurement • Daichi Sankyo Human Resources Management Philosophy	
	Promote diversity	• Support for the career development and work styles of diverse employees • Initiatives based on action plan for empowering women	78 78	• Promotion of Diversity and Inclusion • Support for the career development of women employees (Japan) • Endorsement of The Women's Empowerment Principles (WEPs) • Systems and measures to support diverse work styles (Japan)	
	Communication between labor and management	• Communication with labor unions	79		
	Respect human rights in labor practices	• Initiatives promoting respect for human rights	79	• Policy for respecting human rights	
	Pay equal wages to men and women			• Training related to the Ten Principles of the UN Global Compact	
	Promote work-life balance			• Promotion of the "Work-Life Cycle" (Japan)	
	Prevent occupational accidents	• Promotion of occupational health and safety	79	• Systems and initiatives for supporting occupational health and safety (Japan)	
	Enhancement of Communication with Stakeholders	Identify, respond to, and disclose material CSR issues	• CSR management	71	
		Improve customer satisfaction	• Communication with healthcare professionals and patients	80	
Respond to complaints		• Communication with healthcare professionals and patients	80	• Compliance reporting system	
Stakeholder engagement		• Communication with shareholders and investors • Communication with employees • Communication with local communities	81 81 81	• Provision of valuable information to healthcare professionals • Collection and communication of input from healthcare professionals	
External verification for CSR reports				• External verification of environmental reports	
Promoting Environmental Management		Address climate change	• Conserving Energy • Adapting on Climate Change and Combating Global Warming	82 82	• CO <sub>2</sub> emissions reduction targets and performance • CO <sub>2</sub> emissions reduction initiatives
	Manage chemical substances			• Usage reduction and emission and transfer control of chemical substances	
	Control water usage volumes			• Appropriate use of water resources	
	Manage waste	• Auditing Environmental Management	82	• Waste reduction targets and performance • Promotion of compliance for waste management	
	Preserve biodiversity			• Biodiversity initiatives	
Improving Access to Healthcare	Receive ISO 14001 and other environmental management system certification			• ISO 14001 certification acquisition	
	Address global health issues	• Participation in Access Accelerated initiative • Mobile healthcare field clinic services in Tanzania • Cultivation of healthcare workers in China • Participation in the GHIT Fund • Technical cooperation for MR vaccine production	84 84 84 85 85	• Initiatives targeting rare diseases	
	Measures to combat counterfeit medicines			• Measures to combat counterfeit medicines	
	Addressing cost burden			• Patient Assistance Programs (United States)	
	Health outcome contribution			• Expanding access to clinical trial data	
Social Contribution Activities	Conduct social contribution activities suited to a pharmaceutical company	• Support for cancer patients and their families • Reconstruction support following the Great East Japan Earthquake • Participation in U.S. initiative for ending hunger around the world • Walking event for raising heart disease awareness in the United States • CPR training in South Korea	86 86 87 87 87	• Advancement of medicine and pharmacology (scholarships, etc.) • Social welfare (TABLE FOR TWO, etc.) • Environmental preservation activities (cleanup activities around operating sites, etc.) • Disaster relief (disaster relief support, etc.) • Youth development (science and pharmacology seminars for high school students, etc.) • Promotion of culture and the arts (Activities honoring the achievements of Dr. Jokichi Takamine)	

# Promoting Compliance Management

No matter how successful or strongly performing a company may be, it will be unable to continue growing within society if it does not practice good compliance. Therefore, as a global pharmaceutical company, the Daiichi Sankyo Group practices management founded on compliance.

## Basic Policy

At the Daiichi Sankyo Group, we define integrity as one of our Core Values. We have therefore positioned compliance as the standard we use in making decisions and value judgments. In conducting our global business operations, we remain compliant with all relevant laws and regulations and conduct compliance management with a strong focus on ensuring the highest level of ethics and social consciousness, which is essential for a life science-oriented company.

To guide us in these efforts, we have established the DAIICHI SANKYO Group Corporate Conduct Charter and the Daiichi Sankyo Group Individual Conduct Principles (ICP), which are applied throughout our operations. Based on the essence of the Charter and the ICP, the Company and other Group companies have developed compliance conduct standards appropriate to their respective regions and social requirements. Awareness regarding these standards is being entrenched among all executive officers and employees.

## Directives for Initiatives

- Appropriate operation of the global compliance system
- Enhance compliance education and conduct effective monitoring at domestic Group companies
- Steadily implement measures for ensuring transparency of corporate activities

## Examples of Initiatives

### Continued Operation of the Compliance System

The vice president of the Legal Affairs Department of the Company plays a central role in promoting compliance throughout the Daiichi Sankyo Group and the Compliance Group positioned within this department is responsible for advancing concrete activities (See "Voice" on page 77.).

In Japan, the head of the Corporate Affairs Division serves as the compliance officer, a position that entails managing our entire compliance program, which includes the Daiichi Sankyo Code of Conduct for Compliance and related rules and annual objectives. The compliance officer also serves as the chairperson of the Company's Corporate Ethics Committee in Japan. This committee is a deliberation and decision-making body for compliance that meets twice per year, in principle, and is made up of 11 members,

including the chairperson and nine other internal representatives as well as an appointed external attorney, who ensures that the committee operates in a transparent and reliable manner.

In addition, a compliance officer is appointed at each Group company in Japan and overseas to promote and oversee compliance programs at their respective company.

In April 2016, we established the Global Compliance Advisory Committee as an advisory organ to the Corporate Ethics Committee to further evolve our global compliance system. Full-time members of the new committee include compliance officers from subsidiaries in Europe and the United States, and the committee is responsible for examining the global policies and annual targets of the Group.

### Establishment of Global Marketing Code of Conduct

In the past, the Company and other Group companies have implemented internal codes inspired by the IFPMA Code of Practice of the International Federation of Pharmaceutical Manufacturers and Associations as well as the industry codes based on the IFPMA Code of Practice in various countries and regions. We took another step forward with the establishment of the Global Marketing Code of Conduct on October 1, 2016. This shared, Group-wide code is designed to ensure even higher levels of ethics in the Group's interactions with healthcare professionals, medical institutions, and patient groups and in pharmaceutical promotions. This code was introduced to all domestic and overseas Group companies during fiscal 2016 and is now being put into practice.

### Initiatives for Anti-Corruption

Daiichi Sankyo is committed to preventing bribery and corruption, and does not provide, promise, or offer any money, gifts, or other advantages to domestic or foreign public officials or other third parties for the purpose of illicitly gaining or securing business advantages. The laws and regulations against bribery and other forms of corruption in countries around the world are growing stricter with each coming year. Thus, it is becoming increasingly important for companies developing their operations on a global scale to implement initiatives for preventing bribery and other forms of corruption.

One of the Individual Norms defined in the ICP states our commitment to preventing corruption and bribery. To uphold this commitment, we continue efforts to actively incorporate such topics into compliance training programs.

In addition, we are currently preparing for the launch of a more detailed global anti-bribery and anti-corruption policy in October 2017 to further enhance our efforts on this front.

## Sustainable Procurement Promotion

To further promote sustainable procurement practices, particularly with regard to procurement of raw materials, initiatives centered on the Supply Chain Unit are implemented on a three-year cycle. During fiscal 2016, the second year of the current cycle, we provided feedback to the 194 suppliers asked to fill out CSR Self-Assessment Questionnaires (of which 170, or 87.6%, responded). We worked together with the seven companies that scored the lowest on these self-assessments to help them implement improvements. These assessments evaluated suppliers based on the six perspectives of how they (1) comply with laws and enhance socially responsible activities (promotion of voluntary employment, prevention of child labor, payment of appropriate wages, guarantee of reasonable work hours, management of safety, etc.), (2) promote fair trade and ethics (free competition, information disclosure, etc.), (3) consider the environment (resource conservation, waste reduction, biodiversity preservation, etc.), (4) secure optimal quality and costs (quality assurance, safety evaluation, etc.), (5) ensure stable supply (raw material management, system construction, etc.), and (6) keep information security (personal information protection, etc.). In fiscal 2017, the third year of the cycle, we plan to confirm the progress of these improvements.

Going forward, we will continue our initiatives to practice socially responsible procurement activities together with

partners (suppliers). This concept will guide us in promoting sustainable procurement activities as part of our efforts to ensure sustainability in our corporate activities while securing superior quality, steady supplies, and low costs.

## R&D Ethics

Maintaining social trust is crucial to our company's business activities. In life science-oriented industries, in particular, higher ethical standards are required because of the impact of our work on patients. In fiscal 2016, Daiichi Sankyo's R&D Division defined "ethics and patient safety first" (a statement that encapsulates our commitment to prioritizing ethics and patient safety above scientific or business interests) as its global R&D unit core value. We are committed to improving patients' lives including our responsibilities for drug safety, and we therefore emphasize values based on bioethics.

## Other Initiatives



The Company updates its corporate website with information on the following initiatives.

[http://www.daiichisankyo.com/about\\_us/responsibility/csr/business/fair/index.html](http://www.daiichisankyo.com/about_us/responsibility/csr/business/fair/index.html)

- Compliance training and educational activities
- Dissemination of the ICP
- Exhaustive information security

## VOICE

### Efforts to Put a Face on Compliance Promotion

The Compliance Group of the Legal Affairs Department is responsible for promoting compliance on a Group-wide basis.

In fiscal 2016, we deployed a program of activities based on the concept of "putting a face on the Compliance Group." Compliance training is conducted individually by each organization at domestic Group companies. Through this program, members of the Compliance Group sat in on the trainings of 276 out of the 493 organizations in the Group during fiscal 2016. Moreover, members in attendance offered guidance based on concrete examples of compliance violations and took part in discussion-oriented trainings at each organization. Having Compliance Group members sit in on the trainings of various organizations in this manner had palpable benefits in helping employees realize their individual responsibilities with regard to compliance, which was accomplished through the use of examples, and in improving understanding of ethical standards, which was fostered through more active discussion.

In fiscal 2017, we will continue to implement initiatives of this manner. At the same time, we will contribute to the establishment of more detailed global anti-bribery and anti-corruption policies in order to help foster even higher levels of compliance awareness.



**Shunsuke Matsumoto**  
Senior Director, Compliance Group  
Legal Affairs Department, Corporate  
Affairs Division  
Daiichi Sankyo Co., Ltd.



# Mutual Growth of Employees and the Company

The Daiichi Sankyo Group considers its people to be its most important asset, and pursues long-term growth by practicing innovation, integrity and accountability as described in its Core Values.

## Basic Policy

At Daiichi Sankyo, we believe that employees, through their embodiment of the Daiichi Sankyo Group's Core Values and their diligent daily efforts to carry out our Commitments in and outside the Company, will be a strong driving force behind realizing our vision and fulfilling our mission.

The Daiichi Sankyo Human Resources Management Philosophy was designed to support the development, empowerment, and fair treatment of employees that, irrespective of their location in the world, share in the principles of innovation, integrity, and accountability. At the same time, we expect employees to uphold the ethics and standards we have defined and to work toward the realization of our corporate vision.

To improve the speed and quality of the Daiichi Sankyo Group's global operations, it is essential that businesses in different regions coordinate and collaborate closely with one another. We are further expanding our global business by providing rotational opportunities for our employees among our locations in different countries and regions, thus enabling employees to experience different cultures and ways of thinking and creating an environment in which diversity is respected.

## Directives for Initiatives

- Cultivate employees with highly competitive skills based on workforce strategies
- Promote diversity and inclusion (D&I) to foster creativity within the organization and increase success
- Develop a corporate culture and organizational atmosphere based on our Core Values

## Examples of Initiatives

### Group Talent Management

At the Daiichi Sankyo Group, human resources representatives from Japan, Europe, the United States, and Asia & South and Central America (ASCA) meet regularly to exchange information on the progress of shared global initiatives for cultivating future leaders along with information on initiatives and their progress in each region.

In fiscal 2012, we introduced the Daiichi Sankyo Core Competency Model to facilitate efforts for realizing the Daiichi Sankyo Human Resources Management Philosophy. This model has been incorporated into human resources

systems in each country of operation, heralding the start of our Group talent management initiatives for furthering human resources development.

Since fiscal 2015, we have been using standardized tools in shared Group-wide practices and enhancing talent review and development plans in certain regions.

### Efforts to Secure and Retain Human Resources

Daiichi Sankyo identifies positions that are key to the accomplishment of its corporate vision and the goals of its medium-term management plan on a global basis. We clearly designate the individuals that are potential successors to these key positions and provide them with opportunities and roles that allow them to tackle new challenges in order to further their growth. We thereby seek to secure and retain human resources.

### Support for the Career Development and Work Styles of Diverse Employees

In Japan, when it comes to the career development of our employees, we have put in place an evaluation system that contributes to their growth, while at the same time providing opportunities for placement and development based on their individual aptitudes and capabilities, regardless of nationality, age, gender, disability, or other personal characteristics. Moreover, instead of having to leave their job, we endeavor to ensure that employees can continue to do meaningful work during or after a major life event, such as getting married, having and raising a child, or caring for a family member. To this end, we have established flexible work and leave systems, hold seminars on balancing child-rearing or care provision with one's work, and are implementing other measures on an ongoing basis to build a workplace environment where a diverse range of employees can readily work.

### Initiatives Based on Action Plan for Empowering Women

In Japan, to further empower the women in its workforce, the Daiichi Sankyo Group seeks to address three main tasks: (1) supporting work-life balance, (2) encouraging the professional development of women employees, and (3) fostering a positive workplace culture. We are implementing a wide range of initiatives to address these tasks including providing various training programs and enhancing systems for supporting work-life balance.

Furthermore, in February 2017 we established the Shining Women's Advancement Network (SWAN), a network for women managers, and held a forum for discussing with senior management for members of this

network. We plan to continue holding such forums in order to give management an opportunity to express its support for the contributions of women managers and to provide a venue for network members to share their concerns and contribute to each other's growth and development in addition to their own (See "Voice" below).



Discussion forum between members of senior management and women line managers

### Initiatives Promoting Respect for Human Rights

The Daiichi Sankyo Group is promoting the development of a workplace environment in which a diverse range of employees can readily and respectfully work with one another. In Japan, we conduct ongoing training related to human rights for all employee groups—from newly hired employees to management. In addition to implementing daily awareness raising activities, we have implemented training that uses case studies and is designed to improve the counseling skills of the Harassment Call Center staff. This staff is stationed at each work location within Japan and at the labor union. Each and every alleged violation is treated seriously; we emphasize appropriate behavior and seek the opinions of external individuals, including legal counsel, and put necessary preventative measures in place to avoid a recurrence. In addition, we have made hotlines available on an individual country and global basis as venues for consultation and reports on human rights and labor issues. These hotlines can be accessed 24 hours a day and are available to individuals both inside and outside of the various member companies of the Daiichi Sankyo Group, and assistance is provided as needed. We have also created tools to help facilitate understanding with regard to the Ten Principles in four areas of the United Nations Global Compact (UNGC), and these tools are deployed at domestic and overseas Group companies.

## VOICE

### Creation of a Company Where All Women Can Shine

Japan has long been criticized for being behind the times when it comes to empowering women in the workplace, and the pharmaceutical industry is no exception. However, the government of Japan has been active in recent years, laying out policies to promote the empowerment of women. Amid these positive steps, I was named as Daiichi Sankyo's first woman branch head in April 2017. Seeing the opportunities created by these trends, we were able to establish the SWAN women's network with the support of many individuals. The goal of our various initiatives for empowering women employees is to make Daiichi Sankyo into a company where all women can shine. In the future, I aim to create a network that is not just for women line managers, but rather will allow for networking between women of all generations, from new employees to department heads. I hope that, through such a network, we can further the development of the empowered and capable women employees that will drive the future development of Daiichi Sankyo.



Shigeko Okumura

Head of Kobe Branch, Sales & Marketing Division  
Daiichi Sankyo Co., Ltd.

### Communication with Labor Unions

In Japan, we value trusting relationships with labor unions, and we protect the rights of our employees by engaging in dialogue between labor and management, through which we constructively discuss resolutions to problems and disclose information in a highly transparent manner.

We have established the Labor Management Committee to handle matters related to occupational health and safety and work-hour management in Japan. Matters discussed at this committee are shared with all employees through the Company intranet, and we are faithfully implementing labor management practices based on a plan-do-check-act (PDCA) cycle.

### Promotion of Occupational Health and Safety

In Japan, while collaborating with occupational physicians, we advance occupational health and safety programs that are focused on preventing occupational accidents and ensuring employees are in good physical and mental health. In addition, we coordinate with the Daiichi Sankyo Group Health Insurance Association and an external Employee Assistance Program (EAP) to provide health management and counseling systems for employees of the company in Japan and their families.

### Other Initiatives

The Company updates its corporate website with information on the following initiatives.

[http://www.daiichisankyo.com/about\\_us/responsibility/csr/business/human/index.html](http://www.daiichisankyo.com/about_us/responsibility/csr/business/human/index.html)

- Support for The Women's Empowerment Principles (WEPIs)
- Promotion of the "Work-Life Cycle" (Japan)
- Support for the career development of women employees in Japan
- Systems and initiatives for supporting occupational health and safety in Japan



# Enhancement of Communication with Stakeholders

Responding to the social demands and expectations for the Daiichi Sankyo Group is crucial to the sustainability of corporate activities. We therefore communicate with our various stakeholders to foster mutual understanding, while pursuing cooperation.

## Basic Policy

We believe that sustainable growth and the medium-to-long-term growth of corporate value are made possible by the resources and support we obtain from various stakeholders such as patients, their families, healthcare professionals, shareholders, investors, employees, business partners, and communities. By communicating with these various stakeholders, we are able to learn about their demands and expectations for us. Moreover, by explaining the Group's initiatives, we will foster mutual understanding and facilitate cooperation for realizing a sustainable society.

## Directives for Initiatives

- Become a trusted medical partner to healthcare professionals and patients
- Step up investor relations (IR) activities based on interactive communication with market players
- Promote changes to employee attitudes and behaviors based on the key message of "Transformation"
- Understand requirements from ESG rating agencies and improve evaluations

## Examples of Initiatives

### Communication with Healthcare Professionals and Patients

Medical representatives (MRs) play a particularly important role in providing, gathering, and disseminating information to healthcare professionals. Daiichi Sankyo's MRs strive to be capable at accurately communicating the value of the Company's products to healthcare professionals in order to contribute to improved quality of life for the greatest possible range of patients.

In Japan, surveys<sup>\*1</sup> of physicians are conducted to encourage ongoing improvement in the MR activities of pharmaceutical companies. In fiscal 2016, Daiichi Sankyo was ranked No. 1 in Japan in an overall assessment on MR activities by surveyed physicians in the entire market, hospital, and private practice market categories.

Our Medical Information Center strives to serve patients and healthcare professionals respectfully and empathetically by delivering accurate information in response to inquiries regarding Daiichi Sankyo pharmaceuticals. The Center puts into practice its four

commitments: providing highly specialized information, making consistent and high-quality responses, addressing customers cordially, and utilizing customer feedback. In fiscal 2016, the customer's perspective was adopted in implementing initiatives for allowing for quicker connection to an operator, ensuring explanations are easy to understand, and improving response speeds. As a result of these efforts, in fiscal 2016 Daiichi Sankyo's Medical Information Center was ranked No. 1 among several pharmaceutical companies in terms of overall customer satisfaction based on a questionnaire survey<sup>\*2</sup> of Japanese pharmacies for the second consecutive year. Moreover, the Center ranked No. 1 in all items in the fiscal 2016 survey (See "Voice" on page 81).

\*1 Survey conducted by ANTERIO Inc.

\*2 Survey we conducted through an outside private research company

### • Incorporation of Input from Overseas Healthcare Professionals into Formulation Development

Daiichi Sankyo seeks to develop formulations that provide value in the forms of ease of use, satisfaction, and peace of mind through attentiveness to the true needs seen in the medical field. Part of our approach to accomplishing this goal is communication with patients and healthcare professionals. As one facet of these activities, researchers involved in formulation development visit overseas pharmacies and hospitals in order to solicit direct feedback from the healthcare professionals working therein and develop an understanding of customer needs from a global as well as Japanese perspective. Through coordination with overseas Group companies, we were able to expand the scope of these visits. Continuing the tradition started by visits to the United States and Brazil in fiscal 2014, researchers visited medical institutions in South Korea and China in fiscal 2016.

These activities have also had a positive side effect in the form of increased desire to contribute to society among researchers.

### • Receipt of Award for Patient-Accommodating Package Design

In October 2016, Daiichi Sankyo Europe GmbH received an award for a package design that contributed to increased ease of use for patients. We employ various techniques for improving medical adherence among patients. In addition to designing packages that are easy to open for elderly patients and patients with movement restrictions, we also utilize displays of dates on which medicine was taken in order to prevent patients from forgetting to take or mistakenly taking their medicine as well as QR codes that have access to the product information online.

## Communication with Shareholders and Investors

The Company engages in timely and proactive disclosure of information for shareholders, investors, and other market players based on the principles of transparency, impartiality, and continuity and in compliance with disclosure regulations.

In fiscal 2016, our IR activities included the General Meeting of Shareholders as well as a briefing session for shareholders held in Osaka. We also conducted quarterly financial results presentations and conference calls by the president and CEO, R&D Day, and the Daiichi Sankyo Seminar for institutional investors. In addition, we participated in conferences held by securities companies and visited and held teleconferences with institutional investors. These activities were conducted on approximately 300 occasions both in and outside of Japan.

In addition, we issued an IR e-mail magazine containing recent topics related to the Group to investors twice per month, and a video message from the president and CEO was distributed three times during the year. Thirteen briefings for individual investors were held at locations across Japan, with roughly 900 participants in total.

## Communication with Employees

In fiscal 2016, Daiichi Sankyo implemented the Management Caravan program in which the president and CEO and other directors visited 40 operating bases located across Japan. These management representatives spoke directly with line managers to facilitate understanding regarding the 2025 Vision and the 5-year business plan. The visits also provided an opportunity to share information on issues faced with those on the frontline of operations. In addition, discussion forums were held at work sites across Japan around the same time as the Management Caravan in order to gather questions and input from employees and share the information gained from the Management through Caravan visits. These initiatives were designed to help employees better realize their role as proponents of the 5-year business plan.

## VOICE

### Contribution to Medicine through Cordial and High-Quality Responses

The Medical Information Center receives around 500 inquiries from healthcare professionals and patients every day. Inquiries can be incredibly varied as they relate to Daiichi Sankyo's approximately 200 products.

My colleagues and I endeavor to acquire knowledge related to Daiichi Sankyo's products and the diseases they treat so that we can provide swift and accurate responses to a wide range of customer responses.

Inquiries from customers arise from various circumstances and needs. This fact, as well as the inability to see the other party's facial expressions when speaking via the telephone, means that responses require a high degree of skill. We always endeavor to speak in an easy-to-discern tone and to develop an understanding of the circumstances and needs from which the inquiries of each individual customer arise. For inquiries that require a high degree of specialized knowledge, we coordinate with product representatives in order to supply quick and accurate responses.

Based on the slogan of "Trust built with every word of thanks," the entire Medical Information Center team is working toward our shared goal of providing earnest responses that leave customers with inquiries satisfied.



Miyuki Tanaka

Medical Information Center Group |  
Medical Information Department,  
Medical Affairs Division  
Daiichi Sankyo Co., Ltd.

## Communication with Local Communities

### • Operation of the Daiichi Sankyo Kusuri Museum<sup>\*1</sup>

We opened the doors of the Daiichi Sankyo Kusuri Museum in 2012. This facility is entering its sixth year of operation, and an aggregate total of 74,000 people<sup>\*2</sup> have visited over the years. Museum exhibits include those that provide easy-to-understand explanations of the activities of pharmaceutical companies and the proper usage of medicine. Located in the Nihonbashi district of Tokyo, which has historically been associated with medicine, the facility welcomes visitors of all ages, and is even used for company training, school trips, and industry research by job hunters as well as by parents aimed at fostering a sense of curiosity in their children.

In 2017, the Museum began exhibiting videos in its theater that enable viewers to learn about the mechanisms behind cancer, a primary focus area for the Company's R&D activities, and about state-of-the-art treatment methods. In addition, public relations (PR) videos using the Museum's original characters are distributed via media outlets and social networking sites in order to spread understanding with regard to Daiichi Sankyo's activities.

\*1 A venue which offers an entertaining, "experienced-based" learning opportunity to visitors, introducing medicine in an accessible, easy-to-understand way  
\*2 As of April 2017



Inside the Daiichi Sankyo Kusuri Museum

## Other Initiatives

The Company updates its corporate website with information on the following initiatives.

[http://www.daiichisankyo.com/about\\_us/responsibility/csr/business/communication/index.html](http://www.daiichisankyo.com/about_us/responsibility/csr/business/communication/index.html)

- Provision of valuable information to healthcare professionals
- Communication with stakeholders with regard to the environment

# Promoting Environmental Management

As the impact of various environmental factors increases, we will need to help realize a sustainable society if we are to continue our corporate activities. Accordingly, we are promoting environmental management in order to reduce our environmental impact, manage environment risks and address climate change issues across the entirety of our business operations.

## Basic Policy

Environmental issues such as global warming and extreme weather could be seen as very closely related to our lifestyles and work. We are practicing environmental management on a global scale in accordance with the DAIICHI SANKYO Group Corporate Conduct Charter and the Basic Environmental Management Policy, which sets forth rules for these management practices. We thereby aim to address such environmental issues through responsible corporate activities.

### Basic Environmental Management Policy

Safeguarding the environment is the foundation of all Group operational management. We pursue environmental management that contributes to a sustainable society and enhances our good corporate citizenship.

## Directives for Initiatives

- Conserve energy and resource usage, and reduce greenhouse gas and waste emissions
- Ensure stringent environmental compliance and continue improving environmental management systems
- Manage external risks that have the potential to generate changes to business operations, such as climate change and water risks
- Preserve biodiversity and practice sustainable use of ecosystem services
- Improve reliability of environmental information disclosure and enhance environmental communication

## Examples of Initiatives

### Enhancing Environmental Management System

The head of the General Affairs Division of Daiichi Sankyo serves as the chief executive officer of environmental management and oversees environmental management on a Group basis, while the vice president of the CSR Department promotes environmental management as the Environmental Management Officer. As for the Group's environmental management promotion system, we have set up environmental management units based on the

corporations and internal companies that manage businesses. Each environmental management unit defines environmental management sites as necessary out of consideration for their region and function.

In addition, we have established an Environmental Management Committee chaired by the chief executive officer of environmental management as part of our corporate governance structure (see page 89). This committee discusses the formulation of environmental management policies and other important matters.

### Auditing Environmental Management

In fiscal 2016, environmental audits were conducted at Asubio Pharma Co., Ltd.; the Hiratsuka site of Daiichi Sankyo Propharma Co., Ltd.; the Tohoku Branch; the Yokohama Branch; the Osaka Branch; the Pfaffenhofen Plant in Germany; and the Altkirch Plant in France. The audits confirmed that good compliance was being practiced and that there were no concerns with the potential of leading to major environmental risks.



Environmental audit at the Pfaffenhofen Plant in Germany

### Conserving Energy

Daiichi Sankyo has developed an energy management system that entails setting energy consumption and other targets for all Group operating sites, including those overseas, monitoring progress toward these targets, and conducting periodic audits. This system has earned external recognition, resulting in the Company receiving the FY2016 Kanto Bureau of Economy, Trade and Industry Award for Businesses Practicing Superior Energy Management.

### Adapting on Climate Change and Combating Global Warming

The Fourth Medium-Term Environmental Management Policy states that we should “Lower the environmental impact of all operations by conserving energy and resources, or reducing greenhouse gas emissions and

waste.” Acting in accordance with this policy, we are working to use resources and energy more efficiently.

To facilitate responsible corporate activities that address climate change, we have set a CO<sub>2</sub> emissions target for fiscal 2020—the final year of the 5-year business plan—of pursuing a 5.6% reduction from fiscal 2015 based on our long-term CO<sub>2</sub> emissions target for fiscal 2030 and the approach of the Science Based Targets (SBT)\* initiative. This target led to Daiichi Sankyo being the second Japanese company certified by the SBT initiative, and the Company's SBT-minded initiatives are used as an example by the Ministry of the Environment as it attempts to promote the activities of SBT.

In fiscal 2016, CO<sub>2</sub> emissions were 4.0% lower than in fiscal 2015.

\* Science Based Targets (SBT): An international initiative that encourages companies to set CO<sub>2</sub> reduction targets based on scientific evidence in order to help accomplish the goal of the Paris Agreement of keeping the average increase in global temperature below 2°C

### Improving Environmental Performance Data Reliability

Aiming to improve the reliability of the information it discloses to stakeholders, Daiichi Sankyo receives third-party verification for its environmental performance data.

In fiscal 2016, we expanded the scope of data for which this verification is sought to additionally include data on CO<sub>2</sub> emissions, water use, and wastewater emissions at two plants in China. In Japan, third-party verification is received for waste discharge as well as for biochemical oxygen demand (BOD) and chemical oxygen demand (COD), both of which are indicators of water pollution, of emissions into public water areas from production and research facilities. Through these efforts, we strive to improve the reliability of environmental performance data (See “External Voice” below).

## External Voice

### Improvement of Information Disclosure Reliability through Third-Party Verification

In 2015, the Government Pension Investment Fund became a signatory to the Principles for Responsible Investment, indicating a rise in interest in investment that is mindful of ESG concerns in Japan.

In conjunction with this trend, companies are increasingly being expected to disclose non-financial information and to ensure the transparency and accuracy of this information.

SGS Japan Inc. provides services for verifying the accuracy of information disclosed by companies from an independent, third-party perspective. For companies, these services enable them to increase the reliability and transparency of the information they disclose by receiving verification.

The Daiichi Sankyo Group has been receiving third-party verification for its CO<sub>2</sub> emissions data since fiscal 2015 with the aim of improving transparency and better fulfilling its responsibility to society. Beginning with fiscal 2016, the Group will be receiving verification for a greater number of items and a wider range of locations. I see this move as demonstrating the Daiichi Sankyo Group's integrity in its quest to respond to society's expectations by improving the reliability of the information it discloses.

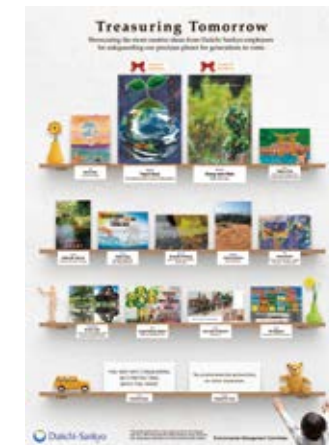
I hope that the Group will continue to exercise high levels of ethics and improve transparency, further expanding the scope of verification in order to ensure even greater degrees of reliability in the information it discloses.



**Yuji Takeuchi**  
Certification and Business Enhancement  
Business Manager  
SGS Japan Inc.

### Improving Awareness of the Need to Combat Global Warming

The three-month period from December to February is designated as a period for improving awareness of the need to combat global warming. Every year, we create a poster using the award-winning works from the Environmental Art Contest to raise environmental awareness. Copies of the poster are exhibited at Group companies and operating sites.



Poster for raising environmental awareness

### Other Initiatives

The Company updates its corporate website with information on the following initiatives.

[http://www.daiichisankyo.com/about\\_us/responsibility/csr/business/environment/index.html](http://www.daiichisankyo.com/about_us/responsibility/csr/business/environment/index.html)

- ISO 14001 certification
- Initiatives for biodiversity conservation
- Promotion of compliance for waste management



# Improving Access to Healthcare

Improving access to healthcare is an important mission as a pharmaceutical company. We are effectively utilizing Daiichi Sankyo's resources to contribute to the resolution of social issues related to health and medicine, such as global health issues in developing countries and limited access to medicine for difficult-to-treat and rare diseases in developed countries.

## Basic Policy

The member states of the United Nations have adopted 17 Sustainable Development Goals (SDGs) in relation to issues needing to be addressed on a global scale. Of these, "Goal 3: Ensure healthy lives and promote well-being for all at all ages," is particularly applicable to the healthcare field. With the aim of contributing to the accomplishment of this goal, the Daiichi Sankyo Group is advancing in-house development and partnering with external research institutions in order to create new pharmaceuticals and improve access to healthcare in developing countries.

In April 2017, the Global Health Team was established within the CSR Department in order to clarify the directives for the Group's global health initiatives under the 5-year business plan. With this new team in place, we will position the issues seen in regard to R&D, pharmaceutical technology, supply chain, marketing & sales, quality & safety management, medical affairs, and other areas of operation as tasks to be addressed throughout our entire business in order to promote global health initiatives in an integrated manner with our business.

Various issues impede access to medical products in developing countries, including insufficient healthcare systems and medical infrastructure, a lack of people capable of manufacturing and managing the quality of medical products, and a shortage of healthcare professionals. By addressing these issues, we will strive to fulfill our mission, which is "To contribute to the enrichment of quality of life around the world through the creation of innovative pharmaceuticals, and through the provision of pharmaceuticals addressing diverse medical needs."

## Directives for Initiatives

- Provide mobile healthcare field clinic services, cultivate healthcare workers, and educate local residents about healthcare and hygiene in regions lacking sufficient medical infrastructure
- Promote R&D activities for addressing difficult-to-treat diseases, rare diseases, and global health issues

## Examples of Initiatives

### Participation in Access Accelerated Initiative

Daiichi Sankyo participates in Access Accelerated, an initiative through which 22 pharmaceutical companies from Japan, the United States, and Europe work together with The World Bank Group and the Union for International Cancer Control to improve prevention, diagnosis, and treatment options for non-communicable diseases\* in low-income and lower-middle income countries.

Access Accelerated is working toward achieving one of the targets under Goal 3 of the SDGs, specifically "By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being."

\* Non-communicable diseases include cancer, cardiovascular diseases, chronic respiratory disease, and diabetes

### Mobile Healthcare Field Clinic Services in Tanzania

In Tanzania, we have been operating mobile healthcare field clinics in cooperation with non-governmental organizations (NGOs), local governments, and local communities since fiscal 2011 in order to contribute to regions where medical infrastructure, doctors, and transportation to hospitals are all in insufficient supply. In fiscal 2016, it was decided that these services would continue to be offered, but in a different region, and a kickoff ceremony was held for this new chapter of the project in February 2017. With a focus on contributing to the accomplishment of SDG Goal 3, we will seek to increase the immunization ratio among infants along with the ratio of women who receive antenatal care.



Mobile healthcare field clinics

### Cultivation of Healthcare Workers in China

In July 2015, the Company commenced a project targeting approximately 60,000 households in six townships in Guangnan County, in the Yunnan Province of China. This area has a particularly high number of children suffering from developmental disorders. Daiichi Sankyo is supporting activities in the aforementioned regions for cultivating healthcare workers capable of contributing to better healthcare for children and mothers and for providing healthcare education to local residents. The Company is focusing on improving the health and nutrition among children aged five and under in this impoverished area. Over the project's five-year period, we will work to cultivate healthcare professionals through a series of Integrated Management of Childhood Illness (IMCI) strategy training sessions while also establishing community centers to offer education for improving the ability of local residents to address pediatric diseases.

To date, approximately 260 healthcare professionals (village doctors) have taken part in IMCI training sessions through which they have learned about how to respond to pediatric diseases and provide care to infants. Furthermore, we have established community centers in all six townships, through which programs for educating parents are conducted. Over the past two years, approximately 6,200 local residents have taken part in these programs. We look forward to the start of activities by village doctors that have undergone IMCI training as well as the expanded efforts of local residents.

### Participation in the Global Health Innovative Technology Fund

The Daiichi Sankyo Group has funding the Global Health Innovative Technology (GHIT) Fund since its establishment in April 2013. The GHIT Fund is a public-private partnership originating in Japan supported by the government of Japan, six Japanese pharmaceutical companies, and the Bill & Melinda Gates Foundation that was created to promote the development of drugs for combating infectious diseases in developing countries.

Daiichi Sankyo is participating in joint development with the Fund by utilizing its compound library (consisting of small molecules and natural substances) in a screening program through the Fund for exploring candidate compounds to treat tuberculosis, malaria, and neglected tropical diseases, namely leishmaniasis and Chagas disease. This program is at the lead compound optimization stage for malaria and the lead compound creation stage for tuberculosis, leishmaniasis, and Chagas disease (See "Voice" below).

### Technical Cooperation for MR Vaccine Production

Kitasato Daiichi Sankyo Vaccine Co., Ltd.(KDSV) has been conducting the Measles-Rubella combined vaccine production technology transfer under a five-year contract started in May 2013, following the Project for Strengthening Capacity for Measles Vaccine Production as part of international cooperation between the Japanese and Vietnamese governments. The project provided the production technology for measles vaccine to POLYVAC\*, in Hanoi, Vietnam.

Sales approval for MR vaccine was applied during fiscal 2016 and was approved in March 2017.

KDSV makes a significant contribution to Vietnam in the prevention of measles and rubella infections by establishing a system for stable production of MR vaccine in the country.

\* Center for Research and Production of Vaccines and Biologicals in Vietnam

## Other Initiatives



The Company updates its corporate website with information on the following initiatives.

[http://www.daiichisankyo.com/about\\_us/responsibility/csr/business/medical/index.html](http://www.daiichisankyo.com/about_us/responsibility/csr/business/medical/index.html)

- Measures to combat counterfeit medicines
- Patient support programs in the United States
- Disclosure of clinical data
- Initiatives targeting rare diseases

## VOICE

### Quest to Create Global Health Benefits that Are Recognized Both Inside and Outside of Daiichi Sankyo

Since the GHIT Fund was established in 2013, Daiichi Sankyo has been taking part in its project for exploring treatments related to global health. In this project, we began with screening the Company's unique compounds and then moved on to research in a phased manner, and we are currently engaged in exploratory research on treatments for malaria, tuberculosis, and the neglected tropical diseases leishmaniasis and Chagas disease. Research in all of these areas is still in the initial phases. Those of us on Daiichi Sankyo's research team are working together with research partners as we forge ahead with research with the aim of fully utilizing the Company's drug discovery expertise to save patients.

These efforts are still relatively unknown outside of the Company. For this reason, I see it as my quest to create results that are recognized both inside and outside of the Company as an indication of Daiichi Sankyo's dedicated efforts to aid various stakeholders around the world.



**Tsuyoshi Watanabe**  
Medical Chemistry Management Group, Research Function R&D Division Daiichi Sankyo Co., Ltd.



# Social Contribution Activities

We will not only contribute to society through our business activities but also voluntarily seek to help resolve the various issues that we face in ensuring the sound development of society.

## Basic Policy

The Daiichi Sankyo Group has established the Basic Group Social Contribution Policy, which guide various initiatives for contributing to other organizations and society as a whole. These initiatives aid in the advancement of medicine and pharmacology. We view our activities as inherently representing social contributions as our responsibility to society, and continue to identify the areas on which we should focus from among relevant social issues and challenges. In advancing initiatives, we emphasize collaborating with a wide range of stakeholders, such as NPOs, NGOs, local volunteer groups, government organizations, and public-sector institutions.

Furthermore, we view employees' participation in volunteer activities as a chance for them to step away from their day-to-day work and experience a completely new perspective, with the goal of fostering concern for society. We believe that this broadening of one's horizons helps link the healthy development of society with the sound development of the Company. We therefore are working to cultivate an environment and provide opportunities that support employees' participation in volunteer activities.

### Basic Group Social Contribution Policy

- We will help create a sustainable society engaging in activities to contribute to society.
- We will particularly prioritize progress in medicine and pharmacology, social welfare, and environmental conservation. We will assist with disaster restoration, youth education, and promote culture and arts.
- We will foster healthy social development by participating in and supporting voluntary activities.
- We will engage with and prosper with communities.

## Directives for Initiatives

- Advance activities based on global and regional needs
- Provide support for post-Great East Japan Earthquake reconstruction

## Examples of Initiatives

### Support for Cancer Patients and their Families

Daiichi Sankyo has been holding the "Daiichi Sankyo Presents Family Tie Theater" program in cooperation with the Shiki Theatre Company and NPO Cancer Support Community Japan every year since fiscal 2010. Through this program, we invite cancer patients and their family members to enjoy musicals by the Shiki Theatre Company out of our desire to help underscore the importance of family ties in supporting one another and to give them the strength to continue their fight against cancer.

In fiscal 2016, eight employees volunteered from the Group to carry out this event. One comment received from a patient was "Please make new medicine that will allow cancer patients to have a more positive outlook." Taking these sentiments to heart, Daiichi Sankyo will continue to forge ahead with drug discovery (See "Voice" on page 87).

### Reconstruction Support Following the Great East Japan Earthquake

Daiichi Sankyo endorses the ideals of the Coastal Forest Restoration Project, a long-term post-Great East Japan Earthquake reconstruction support program conducted by Natori City, in Miyagi Prefecture, and has been supporting this initiative since 2012. This project was commenced in 2011, with the aim of restoring the coastal forests that were lost to the tsunamis that followed the earthquake. Initiatives for accomplishing this goal include raising 500,000 seedlings of tree varieties, including Japanese black pine (*Pinus thunbergii*), and planting and caring for these trees and conducting other afforestation activities over an area of approximately 100 hectares by the time of the Tokyo 2020 Olympic and Paralympic Games.

In September 2016, 23 employee volunteers from the Daiichi Sankyo Group assisted in planting and caring for these trees. Specific tasks included clearing away wild soybean (*Glycine soja*), kudzu (*Pueraria montana var. lobata*), and other weeds around the Japanese black pine trees. Some volunteers participating in this project stated how it provided a good opportunity to reflect on the Great



Employee volunteers after conducting afforestation activities

East Japan Earthquake with others commenting on how meaningful the project was and how important they felt ongoing support would be.

### Participation in U.S. Initiative for Ending Hunger around the World

Daiichi Sankyo, Inc., is participating in the activities of Rise Against Hunger, an organization that aims to end hunger around the world. In fiscal 2016, 250 employees volunteered, packaging roughly 50,000 nutritious meals. These meals were delivered to starving children in Africa.



Employee volunteers packaging nutritious meals

### Heart Walk Event for Raising Heart Disease Prevention Awareness in the United States

Luitpold Pharmaceuticals, Inc., of the United States, has been holding a Heart Walk event since fiscal 2012 with the aim of supporting the American Heart Association and raising awareness about the risk of heart disease. Luitpold held this event for the fifth time in 2016, and 65 employees participated by measuring people's blood pressure for free and soliciting donations. These activities have succeeded in raising approximately US\$87,000 in donations to date. This event is both a contribution to the local community and a valuable opportunity for employees.



Heart Walk event

### CPR Training in South Korea

At Daiichi Sankyo Korea Co., Ltd., all employees have acquired cardiopulmonary resuscitation (CPR) instructor certificates, and employees are currently engaged in CPR training programs targeting elementary school students. In fiscal 2016, approximately 530 elementary school students took part in these training programs in which they were given a hands-on opportunity to learn about how to use automated external defibrillators (AEDs) and to practice CPR on mannequins. The programs thereby helped endow children with the skill necessary to respond in the case of an emergency. For employees, these training programs are an opportunity to learn about the preciousness of life as members of a pharmaceutical company.



CPR training program

## Other Initiatives

The Company updates its corporate website with information on the following initiatives.

[http://www.daiichisankyo.com/about\\_us/responsibility/philanthropy/index.html](http://www.daiichisankyo.com/about_us/responsibility/philanthropy/index.html)

- Advancement of medicine and pharmacology (scholarships, etc.)
- Environmental preservation activities (cleanup activities around operating sites, etc.)
- Developmental support for youths (community contributions through drug education for junior high school and high school students)

## VOICE

### Activities as an Employee Volunteer

I once found myself questioning if I was truly fulfilling my mission of contributing to patients' lives through the development of pharmaceuticals. This period of doubt coincided with the application period to volunteer for the "Daiichi Sankyo Presents Family Tie Theater" program. I applied and was placed in charge of the reception desk on the day of the event. Witnessing the conversations between patients and their families, their facial expressions, and the atmosphere of the event, I could feel their strong desire to be healthy and to live a fulfilling life even in the face of illness. This experience also sparked within me a commitment to doing my part in transforming the Daiichi Sankyo Group into a conglomerate boosting strength in terms of cancer so that we can help such individuals.



**Tomoko Yokosaka**  
Administration and Quality Control Group, Clinical Development Department  
Daiichi Sankyo RD Novare Co., Ltd.