

## Members of the Board and Members of the Audit & Supervisory Board (As of June 20, 2016)



### Members of the Board (Outside)

⑧ <b>Tsuguya Fukui, MD., MPH, Ph.D.</b> Member of the Board (Outside)	⑨ <b>Naoki Adachi</b> Member of the Board (Outside)
① <b>Hiroshi Toda</b> Member of the Board (Outside)	② <b>Noritaka Uji</b> Member of the Board (Outside)

### Members of the Board

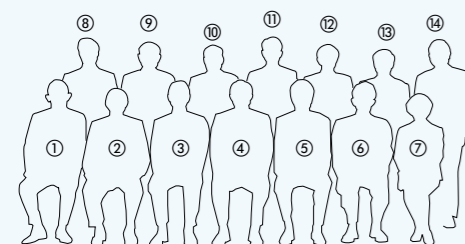
⑩ <b>Katsumi Fujimoto, Ph.D.</b> Member of the Board Senior Executive Officer	⑪ <b>Toshiaki Sai</b> Member of the Board Senior Executive Officer	⑫ <b>Toshiaki Tojo, Ph.D.</b> Member of the Board Senior Executive Officer
③ <b>Kazunori Hirokawa, MD., Ph.D.</b> Representative Director Executive Vice President	④ <b>Joji Nakayama</b> Representative Director President and CEO	⑤ <b>Sunao Manabe, DVM, Ph.D.</b> Representative Director Executive Vice President

### Members of the Audit & Supervisory Board

⑬ <b>Kazuyuki Watanabe</b> Member of the Audit & Supervisory Board	⑥ <b>Hideyuki Haruyama, Ph.D.</b> Member of the Audit & Supervisory Board
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### Members of the Audit & Supervisory Board (Outside)

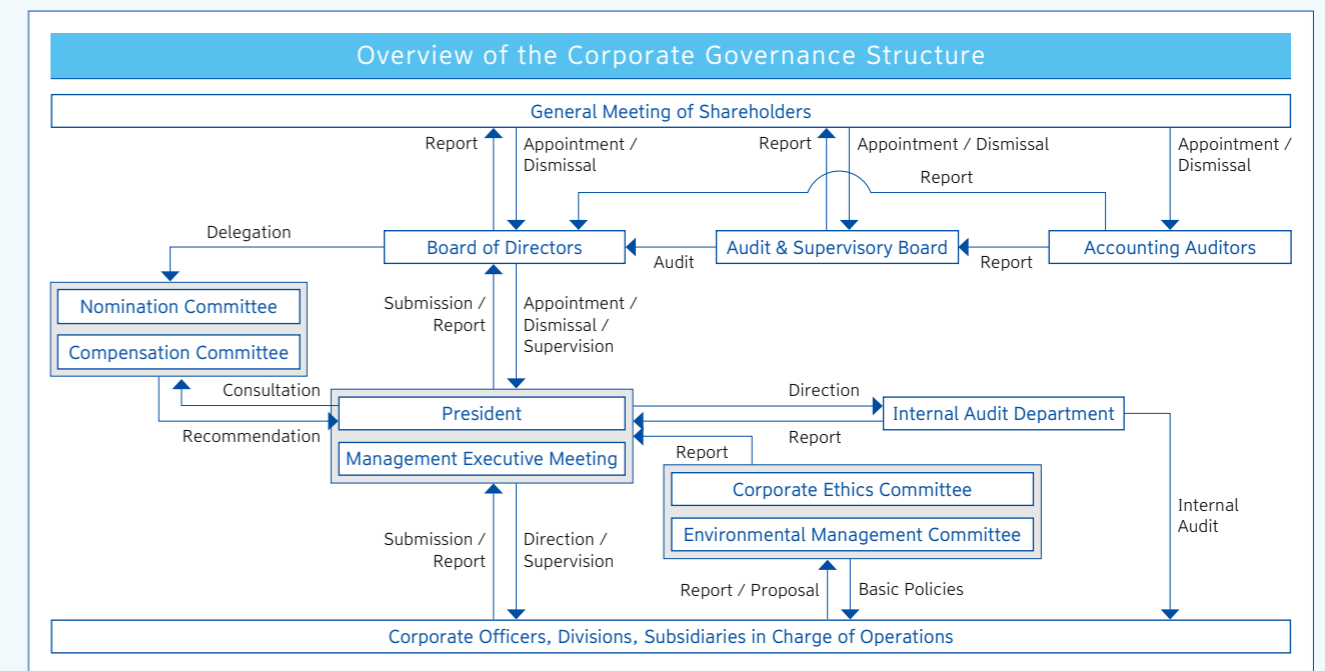
⑭ <b>Yutaka Katagiri</b> Member of the Audit & Supervisory Board (Outside)	⑦ <b>Akiko Kimura</b> Member of the Audit & Supervisory Board (Outside)
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In addition to creating a management structure that can respond speedily and flexibly to changes in the business environment, Daiichi Sankyo is working to secure legal compliance and management transparency and to strengthen oversight of management and the conduct of operations. We place great importance on building up a corporate governance structure that is responsive to the trust of our stakeholders, especially our shareholders.

## Characteristics of Daiichi Sankyo's Corporate Governance

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



### Response to Japan's Corporate Governance Code

The Company has complied with and implemented all of the Principles of the Corporate Governance Code, which was enacted on June 1, 2015. We understand and respect the objectives and spirit of the code, and we are continually pursuing improvements in our corporate governance systems based on the code.

## Nomination Committee

The Nomination Committee has been established to deliberate matters required for the nomination of Members of the Board and Corporate Officers at the request of the Board of Directors and contribute to the enhancement of management transparency.

In fiscal 2015, meetings were held three times in April, October, and January 2016 to discuss matters required for nominating candidate Members of the Board and Corporate Officers and plan to train successors of the President and CEO.

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

- The candidates for Members of the Board shall meet the requirement of being personnel of excellent character and insight who contribute to maximizing the corporate value of the Daiichi Sankyo Group.
- The candidates for Members of the Board shall meet the requirements of being appropriate candidates with respect to term of office and age, and of being suitably competent of performing timely and accurate judgment, looking at the changes in the business environment while giving importance to the continuance of management policies, etc.
- The candidates for Members of the Board shall meet the requirements that there shall always be Members of the Board (Outside) included to strengthen the decision-making functions based on various perspectives and to strengthen the function of supervising business execution.

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

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

## Compensation Committee

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

In fiscal 2015, meetings were held a total of three times, two meetings were held in May and one meeting in February 2016, to discuss matters required for bonuses to

Members of the Board and Corporate Officers and share remuneration-type stock options.

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

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

- Remuneration to Members of the Board is designed to provide remuneration that contributes to maximizing corporate value. Specifically, in addition to basic remuneration, performance based bonuses serving as a short-term incentive and share remuneration-type stock options serving as a long-term incentive are adopted.
- Performance based bonuses serving as short-term incentives are determined by the degree of achievement of a single fiscal year measured by adopting revenue, operating profit margin and profit attributable to owners of the Company as the relevant indices.
- Share remuneration-type stock options serving as long-term incentives provide a scheme whereby stock options may not be exercised during the period in office of a Member of the Board and the value of current management efforts being reflected in future share price rises can be received.
- The level of remunerations is set to provide a medium-to-high level of remuneration in the industrial sector, referring to the levels of other companies based on surveys of external specialist institutions.
- In order to ensure that Members of the Board (Outside) and Members of the Audit & Supervisory Board

adequately perform their role, which is supervision of management, short-term and long-term incentives are not provided and only basic remuneration is granted.

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

- The General Meeting of Shareholders approves basic remuneration to Members of the Board of up to ¥450 million per fiscal year and share-based payments with stock options of up to ¥140 million per fiscal year. Performance bonuses are approved in the General Meeting of Shareholders for each relevant fiscal year.
- The General Meeting of Shareholders approved remuneration to Audit & Supervisory Board Members that consists of only the fixed basic remuneration of up to ¥120 million per fiscal year.
- The Compensation Committee, of which Outside Directors form a majority, sufficiently deliberates on matters that involve establishing the remuneration system for Directors and Corporate Officers and setting criteria thereof, examining and reviewing levels of remuneration for each position, confirming performance-based bonuses, and calculating and granting share-based payments with stock options.

### Remuneration for Members of the Board for Fiscal 2015

Classification	Members of the Board		Members of the Audit & Supervisory Board		Total	
	Payment recipients	Amount paid	Payment recipients	Amount paid	Payment recipients	Amount paid
	Number of persons	Millions of yen	Number of persons	Millions of yen	Number of persons	Millions of yen
Fees (annual amount) [Of which Members of the Board (Outside) and Members of the Audit & Supervisory Board (Outside)]	13 [6]	380 [60]	6 [2]	105 [30]	19 [8]	485 [90]
Members of the Board bonuses (Excluding Members of the Board (Outside) and Members of the Audit & Supervisory Board)	6	128	—	—	6	128
Share remuneration-type stock option remuneration (Excluding Members of the Board (Outside) and Members of the Audit & Supervisory Board)	6	106	—	—	6	106
Total [Of which Members of the Board (Outside) and Members of the Audit & Supervisory Board (Outside)]	13 [6]	612 [60]	6 [2]	105 [30]	19 [8]	717 [90]



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

### Members of the Board

**Joji Nakayama**

**Career Summary, Positions, Assignments, and Material Concurrent Positions**

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



**Sunao Manabe**

**Career Summary, Positions, Assignments, and Material Concurrent Positions**

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



**Katsumi Fujimoto**

**Career Summary, Positions, Assignments, and Material Concurrent Positions**

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



### Members of the Audit & Supervisory Board

**Hideyuki Haruyama**

**Career Summary, Positions, Assignments, and Material Concurrent Positions**

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



**Kazunori Hirokawa**

**Career Summary, Positions, Assignments, and Material Concurrent Positions**

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



**Toshiaki Sai**

**Career Summary, Positions, Assignments, and Material Concurrent Positions**

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



**Toshiaki Tojo**

**Career Summary, Positions, Assignments, and Material Concurrent Positions**

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

(Material Concurrent Positions)  
 Representative Director and President of Kitasato Daiichi Sankyo Vaccine Co., Ltd.



**Kazuyuki Watanabe**

**Career Summary, Positions, Assignments, and Material Concurrent Positions**

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



### Member of the Board (Outside) (Independent Director)

**Noritaka Uji**

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

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

This topic was discussed when formulating this 5-year business plan. However, more important than planning for this period will be steadily implementing that plan. Based on this belief, I will fulfill my responsibilities based on the perspective of "aggressive governance."

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

I also am interested in helping Daiichi Sankyo improve its corporate value by contributing to the enrichment of quality of life around the world through the union of medicine, healthcare, and information and communication technology.



**Career Summary, Positions, Assignments, and Material Concurrent Positions**

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

(Material Concurrent Positions)  
 Adviser of Nippon Telegraph and Telephone Corporation  
 Outside Director of Yokogawa Electric Corporation  
 Chairman of Japan Institute of Information Technology  
 President of Japan Telework Association

### Member of the Board (Outside) (Independent Director)

**Hiroshi Toda**

Over the next five years, Daiichi Sankyo's management will be faced with one of the toughest and most challenging periods it has ever experienced. During this period, management will need to undertake a bold transformation to a new business model, build global business operation systems, and tackle other tasks. Of course, this means that the number of important management decisions to be made by President Nakayama and other members of the executive team will continue to increase.

In this challenging period, I will aspire to go about my duties as an Outside Member of the Board based on an in-depth understanding of Daiichi Sankyo's mission, strategies, corporate culture, and history. In addition, I will make sure not to forget the perspective of ensuring that the Company's fiduciary duty and accountability duties toward shareholders are being fulfilled.

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



**Career Summary, Positions, Assignments, and Material Concurrent Positions**

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

(Material Concurrent Positions)  
 Outside Director (Part Time) of Yusen Logistics Co., Ltd.  
 Special Adviser of UBS Securities Japan Co., Ltd.

## Member of the Board (Outside) (Independent Director)



### Naoki Adachi

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

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

#### Career Summary, Positions, Assignments, and Material Concurrent Positions

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

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

## Member of the Audit &amp; Supervisory Board (Outside) (Independent Auditor)



### Akiko Kimura

Japanese companies are rapidly expanding their business on a global basis. Accordingly, these companies need to promptly establish corporate governance systems at their subsidiaries and affiliates in foreign countries as well as those in Japan. This task requires an enormous amount of efforts by Japanese companies, because they have historically been managed in Japan where a single language is used and the society is relatively homogenous. Furthermore, in the case of Daiichi Sankyo, as research and development, manufacture, and sales of pharmaceuticals are subject to strict regulations in every country, it is imperative for the Company to establish systems for securing compliance with those regulations in each country of its operation and also to establish a global framework for monitoring the situation of such compliance.

The Company is standing at a significant turning point with its “2025 Vision” and the 5-year business plan being prepared. It could be said that the establishment of global corporate governance systems is a prerequisite for accomplishing such vision and business plan.

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

#### Career Summary, Positions, Assignments, and Material Concurrent Positions

Apr. 1973 Entered Nishimura, Komatsu & Tomotsune (currently Anderson Mōri & Tomotsune), Attorney-at-law  
 Jan. 1977 Partner of Nishimura, Komatsu & Tomotsune  
 Oct. 1997 Member of the Council Committee on Foreign Exchange and Other Transactions of the Ministry of Finance of Japan  
 Jan. 2001 Member of the Council on Customs Duties, Foreign Exchange and Other Transactions of the Ministry of Finance of Japan  
 Jan. 2011 Of Counsel, Anderson Mōri & Tomotsune (to present)

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

## Member of the Board (Outside) (Independent Director)



### Tsuguya Fukui

Medicine is among the most important elements of the underlying infrastructure for a society in which everyone can feel at ease, and drugs form the foundation of medicine. As a pharmaceutical company, it is important to determine the drugs that are worth developing from the perspectives of patients and health-care professionals. These drugs must then be created by collectively utilizing modern-day science, such as biomedicine, pharmacy, and chemistry, and cutting-edge technologies, after which their safety and efficacy will need to be verified so that these drugs may be quickly delivered to the frontlines of the medical field. Moreover, these noble social contributions are to be made while increasing returns through the unique competitive mechanism of a capitalist society.

As a physician, I have utilized numerous pharmaceuticals in a clinical setting. Over the past 40 years, I have witnessed substantial changes in the rates of occurrence and shocking drops in the fatality rates of countless illnesses. It is from this experience as a clinician and a medical scientist and from my standpoint as a manager of a hospital and a university that I offer opinions at meetings of the Board of Directors.

Daiichi Sankyo is currently at a crossroads with regard to determining the illnesses and fields it will target in drug development. In this juncture, I am committed to helping the Company faithfully practice the high level of corporate governance society expects of a first-rate company so that it may grow with confidence.

#### Career Summary, Positions, Assignments, and Material Concurrent Positions

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

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

## Member of the Audit &amp; Supervisory Board (Outside) (Independent Auditor)



### Yutaka Katagiri

Two years have passed since I became an Outside Member of the Audit & Supervisory Board at Daiichi Sankyo. In these two years, several movements have been made to reinforce corporate governance among Japanese companies, including the implementation of the revised Companies Act and the establishment and enactment of Japan’s Corporate Governance Code. At the same time, this has been a period during which we have been unfortunate in witnessing numerous corporate scandals.

Daiichi Sankyo has faithfully endeavored to appropriately implement the new governance frameworks. While engaging in active discussion among the Board of Directors, compliance was achieved for all 73 requirements of the Corporate Governance Code, and we also put regulations into place for the Audit & Supervisory Board.

However, as stated by Kabuki actor Ichikawa Enou I, “It’s easy to make the form, but difficult to put the heart into it.” Even if we have these governance systems in place, putting our heart into them will be no easy task. The real struggle therefore lies ahead of us.

Pharmaceutical companies are charged with the important mission of protecting people’s health and safeguarding their lives. I hope to continue aiding Daiichi Sankyo in fulfilling this mission and growing in a sound manner.

#### Career Summary, Positions, Assignments, and Material Concurrent Positions

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

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

## Criteria for Independence as Member of the Board (Outside) and Member of the Audit & Supervisory Board (Outside)

1. A Member of the Board or a Member of the Audit & Supervisory Board shall be determined to be independent from the Company and may not have a conflict of interests with general shareholders of the Company unless any of the following categories applies to him or her:
- (1) A candidate or his or her immediate family member who:
    - i) is or has been an Executive Officer, of the Company or sister company or subsidiary (referring to a director other than outside director, corporate officer, executive officer or other employee; provided, however, limited to those who are important persons in terms of relationship with immediate family members. The same shall apply hereafter.); or
    - ii) has received during any of the last three fiscal years more than ¥10 million in direct compensation for his or her services as a consultant, a specialist in law, accounting or tax, or a healthcare professional, etc. from the Company, other than compensation as Member of the Board or Member of the Audit & Supervisory Board.
 

\* An "immediate family member" includes a person's spouse, parents, children, siblings, grandparents, grandchildren, mothers and fathers-in-law, sons and daughters-in-law, spouses of siblings, grandchildren-in-law, and brothers and sisters-in-law. The same shall apply hereafter.
  - (2) A candidate or his or her immediate family member who is or has been within the last ten years, an Executive Officer, of a corporation or other association that falls under the following items:
    - i) Business relationship
      - (a) A company that has made payments to, or received payments from, the Group for products or services in an amount which, in any of the last three fiscal years, exceeds 2% of any of the companies' consolidated gross revenues;
      - (b) A consulting firm, law firm, auditing firm, tax accounting firm or incorporated educational institution, etc. that receives remuneration from the Group exceeding 10% of its gross revenue in any of the last three fiscal years; or
      - (c) A lender from whom the Group obtained a loan of more than 10% of its consolidated total assets at the end of the fiscal year immediately before nomination.
    - ii) Major shareholder
 

A corporation or other legal entity that is a major shareholder of the Company or a corporation that the Company is a major shareholder of at the time of determining the independence. A major shareholder means a shareholder holding at least 10% of total shares outstanding of the Company.
    - iii) Recipient of charitable contributions
 

An organization to which the Company's discretionary charitable contributions in any of the last three fiscal years are more than ¥10 million and 2% of annual gross revenues of that organization or other associations.
    - iv) Accounting auditor
 

An audit firm that is or has been for the last three years an accounting auditor of the Group.
    - v) Cross-directorship arrangement
 

A listed company in which an Executive Officer of the Company is a current Member of the Board (Outside) or Member of the Audit & Supervisory Board (Outside).
2. Even though any of the above apply to a candidate for Member of the Board / Member of the Audit & Supervisory Board (Outside), when the Board of Directors or the Audit & Supervisory Board judge him or her to be ensured of independent after comprehensive review, it may be determined that he or she satisfies the criteria for independence as Member of the Board / Member of the Audit & Supervisory Board (Outside).

## Basic Policy on Establishing Internal Control Structure

Concerning systems for ensuring compliance with laws and ordinances and the Company's Articles of Incorporation in the execution of duties by Members of the Board and other systems for securing appropriateness of duties, the Company has resolved the basic policies at the Board of Directors' Meeting held on April 28, 2015 and effective on May 1, 2015, as follows. Major changes from the previous basic policy are to fulfill (1) a system on the Group's internal control and (2) a system on arranging audit environment for Members of the Audit & Supervisory Board, considering the revision of the Companies Act in 2014.

### A Systems for Ensuring Compliance with Laws and Regulations and the Company's Articles of Incorporation in the Execution of Duties by Members of the Board

- The Company shall establish a compliance system by stipulating the Daiichi Sankyo Group Corporate Conduct Charter, Daiichi Sankyo Group Principles of Individual Behavior, etc. as the code of conduct for Members of the Board and employees and setting up a meeting body, including outside experts.
- The Company shall appoint Members of the Board (Outside) for the strengthening and enhancing the function to supervise management.
- Members of the Audit & Supervisory Board shall audit the execution of duties by Members of the Board, process and contents of decision making and the status of the establishment and implementation of internal control systems.

### B Systems Regarding the Retention and Management of Information Relating to the Execution of Duties by Members of the Board

- The Company shall establish information security systems, and properly store and manage information relating to the execution of duties by Members of the Board, including the minutes of the Board of Directors, in accordance with laws, ordinances and internal regulations of the Company.

### C Rules and Other Systems for Risk Management

- The Company shall stipulate various internal regulations to establish risk management systems.
- The Internal Audit Department shall audit the status of operation of the systems mentioned above.

### D Systems for Ensuring the Efficient Execution of Duties by Members of the Board

- The Company shall form a Management Executive Meeting—consisting of Members of the Board excluding Members of the Board (Outside), and executives appointed by the President who are responsible for the main regions, corporate bodies and functions—which shall deliberate important matters for strategic decision-making by the President. The Company shall also set up an approval system as a means of decision-making.
- The Company shall introduce a corporate officer system in consideration of speedy decision making and execution of duties.

### E Systems for Ensuring Compliance with Laws and Ordinances and the Company's Articles of Incorporation in the Execution of Duties by Employees

- The Company shall establish a compliance system by stipulating Daiichi Sankyo Group Corporate Conduct Charter, Daiichi Sankyo Group Principles of Individual Behavior, etc. as the code of conduct for Members of the Board and Members of the Audit & Supervisory Board and employees and setting up a meeting body, including outside experts.
- Vice Presidents and executives responsible for the main regions, corporate bodies and functions who receive orders from the President shall manage duties in their charge and supervise, manage and direct members of their business units in accordance with the Global Management Regulations, the Organizational Management Regulations and other Company rules.
- Each of the functions related to the improvement of systems concerning personnel management, risk management, etc. shall convey policies to manage and guide each department.
- The Internal Audit Department shall implement internal audit of the status of compliance with laws and ordinances, and the Articles of Incorporation and internal regulations.

### F Systems for Ensuring the Proper Operation of the Group, Consisting of the Company and Its Subsidiaries

- The Company shall establish Global Management Regulations and Internal Control System Establishment Regulations to clarify the management control system of the Daiichi Sankyo Group, and transmit management policies, etc. to Group companies and set a system in place for receiving reports on management and financial results from the Board of group companies.
- The Company shall establish Group Company Management Regulations to clarify responsibilities and authorities of each group company.
- The Company shall establish Risk Management Promotion Regulations to develop the Daiichi Sankyo Group risk management system.
- The Company shall establish Daiichi Sankyo Group Principles of Individual Behavior, etc. to develop it to all Group companies and also arrange the Group's compliance promotion system to keep all Group companies informed about it.
- The Company shall establish Internal Control Regulations on Financial Reporting and ensure the reliability of financial reporting by properly implementing those regulations.
- The Company shall establish Internal Audit Regulations and implement internal audit on Group companies.

### G Systems Regarding Employees Assisting Duties of Members of the Audit & Supervisory Board, when Members of the Audit & Supervisory Board Ask to Appoint Such Employees

- The Company shall appoint full-time staffs who assist with the duties of Members of the Audit & Supervisory Board.

### H Matters Regarding the Independence of the Employees Specified in the Preceding Paragraph (G) from Members of the Board and Ensuring of Effectiveness of Instructions by Members of the Audit & Supervisory Board

- Full-time staffers assisting Members of the Audit & Supervisory Board shall be independent of Members of the Board, and shall execute duties under the directions and orders from Members of the Audit & Supervisory Board.
- Personnel changes, performance appraisal, etc. of full-time staffers assisting Members of the Audit & Supervisory Board shall require prior consent of the Audit & Supervisory Board.

### I Systems of Reporting to Members of the Audit & Supervisory Board of the Company by Members of the Board and Employees of the Company and Subsidiaries and Other Systems Regarding Reporting to Members of the Audit & Supervisory Board of the Company

- The Company shall establish a system under which when Members of the Board find facts that could badly hurt the Company, they shall immediately report the facts to Members of the Audit & Supervisory Board.
- Members of the Audit & Supervisory Board of the Company shall receive reports on the status of execution of duties from executives and employees of the Company as well as executives and employees of Group companies.
- Members of the Audit & Supervisory Board of the Company shall attend the Management Executive Meeting and other important meetings.
- To verify process and details of approvals, the Company shall establish the Members of the Audit & Supervisory Board as permanent recipients of approval document notification.

### J Other Systems for Ensuring the Effective Audit by Members of the Audit & Supervisory Board

- Members of the Audit & Supervisory Board of the Company shall have meetings with Representative Members of the Board on a regular basis to check management policies and exchange views concerning important issues related to auditing.
- Members of the Audit & Supervisory Board of the Company shall exchange information with Members of the Audit & Supervisory Board of the Group companies and closely cooperate with them.
- Members of the Audit & Supervisory Board of the Company shall coordinate and exchange views with external auditors and the Internal Audit Department.
- The Company shall not treat unfairly any person who reports under the second item in the preceding paragraph (I) or any person who reports according to Daiichi Sankyo Group Principles of Individual Behavior, etc. because of the fact of such reporting.
- The Company shall bear expenses that may be occurred in executing the duties of the Members of the Audit & Supervisory Board.

### K Basic Ideas About and Systems for Eliminating Antisocial Forces

- The Company shall take a firm stance toward antisocial forces and organizations that threaten the order and safety of civil society. To prevent antisocial forces and organizations from being involved in the Company's management activities and to stop such forces and organizations from harming the Company, the Company shall stipulate, as its basic policy, in the Daiichi Sankyo Group Corporate Conduct Charter, etc. that it shall thoroughly forbid relations with antisocial forces and organizations. In addition, the Company shall establish an organizational structure to that end, and strive to eliminate relations with antisocial forces and organizations through means such as collecting information in cooperation with the police and other bodies, and conducting activities to train Members of the Board and other Officers, and employees.