

Medium-to-Long-Term Initiatives and Challenges

Daiichi Sankyo is working to enhance our long-term corporate value, as well as to engage in medium-to-long-term initiatives and challenges in order to realize a sustainable society.

We have positioned the constant creation of innovative pharmaceuticals and the provision of pharmaceuticals addressing diverse medical needs as the basis for our value creation and have been delivering values to society by committing ourselves to solving issues on sustainability, including social and environmental problems, through our corporate activities.

We will explain the following eight issues that Daiichi Sankyo should address in its corporate activities on a medium-to-long-term basis.

Promoting Environmental Management P22

Daiichi Sankyo Group recognizes, with great importance, environmental issues such as global warming or extreme weather which have impacts on our work and life, and we also understand that these issues are risks that may affect long-term business itself. We work to promote environmental management based on this understanding, and we believe that doing so contributes to a sustainable society and helps build long-term foundations for corporate growth.

Corporate Governance Aimed at Fulfilling Our Mission P61

Daiichi Sankyo Group is working to secure legal compliance and management transparency, and to strengthen the oversight of management and the conduct of operations in addition to creating a management structure that can respond speedily and flexibly to changes in the business environment. We are promoting a corporate governance structure aimed at fulfilling our mission.

Promoting Compliance Management P23

At Daiichi Sankyo Group, we recognize that thorough compliance is essential for maintaining and improving our corporate value over the long term. We remain compliant with all relevant laws and regulations and manage compliance with a strong focus on ensuring the highest level of ethics and social consciousness, which we believe is essential for a life science-oriented company.

Promoting the Success and Development of a Diverse Range of Human Resources Who Can Produce Competitive Advantages P24

In order to achieve sustainable business activities, it is essential to promote the success and development of a diverse range of human resources. Based on Daiichi Sankyo Group's Human Resources Management Philosophy, we respect the diversity of each and every employee, and we aim to achieve mutual growth between employees and the company in order to produce competitive advantages.

Creating Innovative Pharmaceuticals P25

Daiichi Sankyo Group is united to create innovative pharmaceuticals and resolve the social issue of overcoming illnesses. To meet patients' unmet medical needs, our diverse global members are united to enhance our science & technology, with the aim of delivering innovative pharmaceuticals to help treat as many people as possible, as quickly as possible.

Improving Access to Healthcare P26

Within Daiichi Sankyo Group, we work to address access to healthcare issues including unmet medical needs (UMN) regarding diseases for which an effective method of treatment does not exist, and access barriers to healthcare caused by social factors such as public health, education and income inequality.

Providing the Highest Quality Medical Information P27

Pharmaceuticals are crucial for the life of each and every patient. As such, it is vital to create and convey high-quality information, so that patients can use pharmaceuticals correctly. Within Daiichi Sankyo Group, we continually establish high-quality information and deliver this information in an appropriate manner, thereby promoting the proper use of our pharmaceuticals and enhancing their product value (contribution to patient treatment in the medical field).

Providing a Stable Supply of Top-Quality Pharmaceutical Products P28

Pharmaceutical companies have an imperative mission to provide high-quality pharmaceuticals in an appropriate and stable manner. As we at Daiichi Sankyo Group work to expand our product lineup to meet demand for a high level of manufacturing technologies, we strive to fulfill this mission by continually providing high-quality pharmaceuticals to the world in a stable manner over a long-term period, even in the event of an earthquake or other emergency.

Promoting Environmental Management

Basic Policy

Daiichi Sankyo Group recognizes, with great importance, environmental issues such as global warming or extreme weather which have impacts on our work and life, and we also understand that these issues are risks that may affect long-term business itself. We work to promote environmental management based on this understanding, and we believe that doing so contributes to a sustainable society and helps build long-term foundations for corporate growth.

Introduction of Our Initiatives

Expressing Agreement with the Recommendations of the TCFD (Task Force on Climate-related Financial Disclosures)

In April 2019, Daiichi Sankyo Group was the first pharmaceutical company in Japan to express support for the TCFD* recommendation, which were formulated to encourage companies to disclose information about the risks and opportunities presented by climate change in business activities.

We see "Climate Action," Goal 13 in the SDGs (Sustainable Development Goals), to be an important issue within environmental management, and we are actively engaged in initiatives to independently disclose climate-related financial information in line with the recommendations of the TCFD and in response to requests from stakeholders.



* TCFD (Task Force on Climate-related Financial Disclosures): This task force was established in December 2015 by the FSB (Financial Stability Board). The FSB is an international organization joined by central banks and financial regulators from the major powers.

Building a System to Secure the Reliability of Environmental Performance Data

We recognize actions to secure the reliability of environmental performance data, including climate change, to be the most crucial issue within environmental management. As such, we have gained third-party certification in order to enhance the reliability of our data.

We have built a system that can collate all applicable data with external evidence such as electricity and gas meter readings. We received a high evaluation from the third-party certification body for this system as it ensures the accuracy of data.



Third party certificate

Other initiatives: Structure for promoting environmental management; response to water risks; effective use of resources; control of chemical substances; initiatives for biodiversity conservation. The Company updates its corporate website with information regularly. https://www.daiichisankyo.com/about_us/responsibility/csr/business/environment/index.html

We have also issued an environmental data book that focuses on disclosing environmental performance data, with the aim of providing information related to the environment.

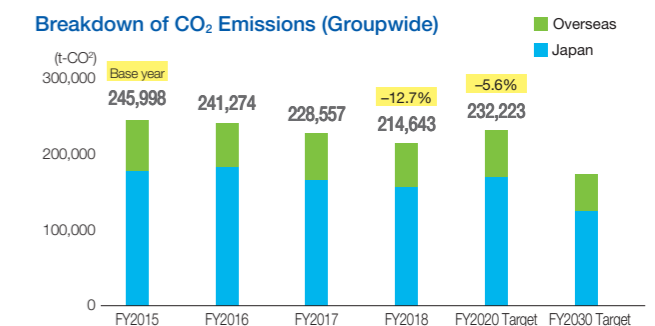
Setting a Target to Reduce CO₂ (by 27% Compared to 2015) with Consideration for Long-Term Goals

We have set a target at Daiichi Sankyo Group to reduce greenhouse gases, and this target has been approved by the Science Based Targets initiative (SBTi)*. Our target to reduce greenhouse gases emitted through business activities at the Group falls in line with the necessary degree of reduction for keeping the average increase in global temperature below 2°C.

CO₂ emissions target for fiscal 2020:
5.6% reduction from fiscal 2015

In fiscal 2018, we achieved a 12.7% reduction of CO₂ emissions from fiscal 2015, meaning that we have gone beyond our target for fiscal 2020. We will continue to engage in initiatives for CO₂ reduction in consideration of long-term goals in 2030.

* Science Based Targets initiative (SBTi): An international initiative that encourages companies to set CO₂ 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.



Medium-to-Long-Term Initiatives and Challenges

Promoting Compliance Management

Basic Policy

At Daiichi Sankyo Group, we recognize that thorough compliance is essential for maintaining and improving our corporate value over the long term. We remain compliant with all relevant laws and regulations and manage compliance with a strong focus on ensuring the highest level of ethics and social consciousness, which we believe is essential for a life science-oriented company.

Introduction of Our Initiatives

Entrenching Compliance Awareness Among Employees

Daiichi Sankyo Group companies have developed compliance conduct standards in their respective regions based on the Daiichi Sankyo Group Corporate Conduct Charter and the Daiichi Sankyo Group Individual Conduct Principles. Compliance officers at each company send out messages and carry out other activities in order to entrench awareness of these standards among all employees, including executive officers.

At the beginning of fiscal year 2018, we adopted a “Blue Tree” symbol as our Groupwide compliance logo. This logo is utilized to “brand” compliance-related materials and activities, and serves as a reminder of the importance of compliance to employees.



Revising and Enforcing the Daiichi Sankyo Group Global Marketing Code of Conduct

We established a Global Marketing Code of Conduct on October 1, 2016, with the aim of maintaining high standards in interactions with healthcare professionals, medical institutions and patient organizations, as well as in the promotion of pharmaceutical products. This Code of Conduct is applicable to, and enforced throughout, Daiichi Sankyo Group companies. In January 2019 the Code was updated to incorporate revisions made to the IFPMA (International Federation of Pharmaceutical Manufacturers & Associations) Code of Practice that address the prohibition of providing gifts and promotional aids to healthcare professionals. We promote appropriate marketing activities based on this Code.

Establishing the Daiichi Sankyo Group Global AntiBribery & Anti-Corruption Policy

The laws and regulations that pertain to 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 with global operations to implement initiatives for the prevention of bribery and other forms of corruption.

We established the Daiichi Sankyo Group Global Anti-Bribery & Anti-Corruption Policy in October 2017, which includes details such as prohibiting cash payments to government officials and healthcare professionals. We are working to bolster our corporate structure by conducting measures in a focused manner, taking special measures against bribery and other unwanted activities in business in high-risk countries.

Respecting Human Rights in Accordance with the UN Guiding Principles on Business and Human Rights

As a pharmaceutical company that operates businesses around the globe, Daiichi Sankyo Group promotes business activities that consider the human rights of a diverse range of stakeholders. Examples include, a focus on ethics in R&D, as addressed in the Declaration of Helsinki; showing respect for the human rights of people within the supply chain; and providing a workplace environment where employees can work easily without harassment or discrimination. Based on the UN Guiding Principles on Business and Human Rights, we began to build a structure for human rights due diligence at all of our companies in fiscal 2019 so that the issues regarding human rights can be understood on a global scale.



Other initiatives: Compliance system; sustainable procurement; information security; R&D ethics. The Company updates its corporate website with information regularly. https://www.daiichisankyo.com/about_us/responsibility/csr/business/fair/index.html

Promoting the Success and Development of a Diverse Range of Human Resources Who Can Produce Competitive Advantages

Basic Policy

In order to achieve sustainable business activities, it is essential to promote the success and development of a diverse range of human resources. Based on Daiichi Sankyo Group's Human Resources Management Philosophy, we respect the diversity of each and every employee, and we aim to achieve mutual growth between employees and the company in order to produce competitive advantages.

Introduction of Our Initiatives

Promoting Diversity and Inclusion

Within Daiichi Sankyo Group, we engage in initiatives to foster a culture of actively accepting all employees with a wide range of diverse characteristics depending on each type of job position, including varied specialties, mindsets, values, and lifestyles, in addition to nationality, gender, age, and other attributes; and also a culture of respecting one another in order that all employees can exercise their abilities to the greatest extent possible. In addition to achieving diversity within the Group, through acquiring talent from outside and promoting the Global Management Structure, we realize a form of management where a wide range of employees can achieve success through their individual differences and strengths, working beyond national and organizational boundaries. (E.g.: Daiichi Sankyo conducts training programs about Diversity Management for employees who have been newly appointed to management positions. A total of 134 people participated in fiscal 2018)

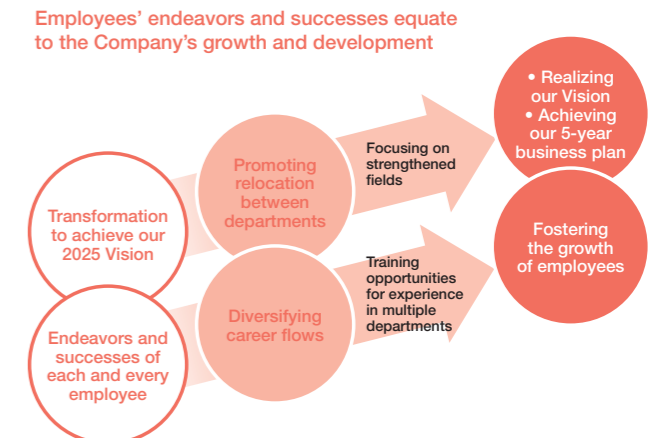
Promoting Group Talent Management

Within Daiichi Sankyo Group, we aim for optimal human resources to achieve success as leaders, regardless of their nationality, gender, or age. To this end, we actively promote and acquire human resources with a broad range of experience from both inside and outside the Group, and we promote Group talent management with a primary focus on continually producing quality leaders in future generations. In particular, we have identified global key positions that are vital for realizing our Vision and 5-year business plan, and we are effectively promoting leadership development activities through training programs, opportunities, and positions that allow for further growth among successor candidates. We have also been actively providing opportunities for global business experience (international assignment and overseas study programs), to allow future leaders to expand their knowledge and comprehend global business. As of April 2019, 99 individuals are engaged in work outside of Japan.

Focusing Efforts on Strengthened Fields to Realize Our 2025 Vision: the COF Project

The COF (Create Our Future) Project started in 2017 with the aim of achieving our 2025 Vision of becoming a “Global Pharma Innovator with competitive advantage in oncology,” by taking the talented people who are the source of our competitiveness and allocating them to strengthened fields where they can maximize their ability. Apart from seeking to actively allocate personnel to our oncology business and other strengthened fields, we work to achieve mutual growth between employees and the company, using our internal portal to send out information needed to make career choices, including information on job positions and organizations as “Career Path Models.” We strive to foster an organizational culture in all business areas and functions within the company for developing an independent mindset regarding career development, so that we can continue to undertake even greater challenges than before.

COF Project Overview



Other initiatives: Promotion of occupational health and safety; signing of a Statement of Support for the Women's Empowerment Principles (WEPs). The Company updates its corporate website with information regularly. https://www.daiichisankyo.com/about_us/responsibility/csr/business/human/index.html

Medium-to-Long-Term Initiatives and Challenges

■ Creating Innovative Pharmaceuticals

Basic Policy

Daiichi Sankyo Group is united to create innovative pharmaceuticals and resolve the social issue of overcoming illnesses. To meet patients' unmet medical needs, our diverse global members are united to enhance our science & technology, with the aim of delivering innovative pharmaceuticals to help treat as many people as possible, as quickly as possible.

Introduction of Initiatives

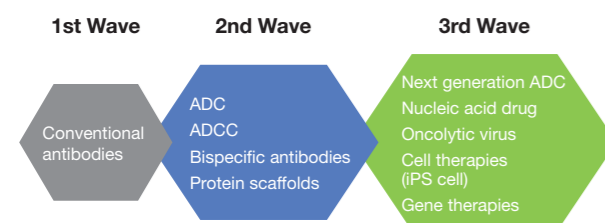
Mid-to-long-term Initiatives in R&D

Since its founding, Daiichi Sankyo has been focusing on expanding its business through in-house drug discovery. In-house drug discovery that lead to business expansion requires researchers with a high degree of specialization and expertise based on a wealth of experience. Researchers at Daiichi Sankyo are involved in many projects through various opportunities and have acquired the ability to deliver a message that draws people around us. Our researchers deepen their awareness of diverse experiences and create a network of global researchers by studying at leading universities and laboratories in and outside Japan. Such experience leads to the development of researchers with far-sightedness in identifying future directions, creating a culture that allows researchers to conduct research activities as they wish according to their interests and based on science without fear of failure.

The path to drug discovery is not seamless, rather it is a series of challenges and these challenges lead to the discovery of *DS-8201* and other medicines in the ADC franchise. We will continue creating innovative pharmaceuticals through such experience.

New Modalities

Daiichi Sankyo has been advancing research on modalities in which, in addition to small molecules and *DS-8201* in the ADC franchise, we conduct research of next generation ADC, bispecific antibodies, nucleic acid drugs, oncolytic viruses, cell therapy (including iPS cells), gene therapy, and so on. Through such research, we have been advancing multi-modality strategies to select the optimal forms of modality for drug discovery targets or find the diseases on which the characteristics of these modalities are best utilized.



Maximizing Created Value

With the aim of obtaining approval and launching new drug candidates as quickly as possible, we have been evolving our R&D process. To strengthen the creation of cancer treatment medicines, in particular, we have combined oncology field research and development into one sub unit. Also, in collaboration with Medical Affairs and Global Marketing, we make decisions swiftly and optimize resource allocation. Furthermore, in an attempt to strengthen our translational research*, we have built and started the operation of a platform that enables us to make the most of our clinical data. Going forward, we will store and utilize data from other institutions working in our joint research. Using knowledge obtained from this database, we will develop companion diagnostics and conduct small-scale clinical trials with high success rates. Storing data through this platform also enables us to react immediately and appropriately upon obtaining new scientific knowledge.

In clinical development, we develop clinical trial plans, taking into account the specialty of the doctor and medical institution based on the characteristics of the project as well as from a global viewpoint. Thus, we conducted the phase 1 study for *DS-8201* in Japan ahead of other countries. Meanwhile, we collaborate with major laboratories in the U.S. that have a wealth of experience and expertise in the field of oncology and authentic academia with a track record of success to introduce different types of know-how on the development of pharmaceuticals for cancers.

Furthermore, we continue to create information by collecting real world data to increase product value, and also strive to advance highly sophisticated manufacturing technologies such as ADC, enhance the product supply system, and strengthen the quality assurance system on a global basis. Throughout the entire process for creating pharmaceutical products, we also solidify the intellectual property strategy covering technology and use.

* Translational research: the research, method, and process of deepening the understanding of diseases, drug interaction mechanisms, and so on through the mutual use of information and other materials from clinical and non-clinical studies.

■ Improving Access to Healthcare

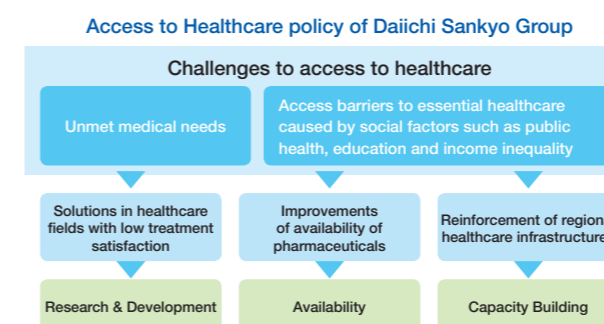
Basic Policy

Within Daiichi Sankyo Group, we work to address access to healthcare issues including unmet medical needs (UMN) regarding diseases for which an effective method of treatment does not exist, and access barriers to healthcare caused by social factors such as public health, education and income inequality.

Introduction of Our Initiatives

Establishing the Access to Healthcare Policy of Daiichi Sankyo Group

We established Access to Healthcare policy of Daiichi Sankyo Group in 2018 in order to eliminate access barriers to healthcare within developing countries and all other regions around the world. We work to address access to healthcare challenges in the following three activity areas: "Research & Development", "Availability", and "Capacity Building".



Initiatives Targeting Rare Diseases (Research & Development)

There is a continually high level of UMN regarding rare diseases with a small number of patients and with no established method of treatment. Within Daiichi Sankyo Group, we actively undertake initiatives to develop pharmaceuticals for these rare diseases with significant social needs.

Disease	Drug name
Atypical hyperphenylalaninemia	<i>Biopten</i>
Severe spastic paralysis	<i>Gabalon</i> intrathecal injection
Toxic methemoglobinemia	<i>Methylene Blue</i>
Acute myeloid leukemia	<i>Quizartinib</i>
Tenosynovial giant cell tumor	<i>Pexidartinib</i>
Glioblastoma	<i>DS-1647 (G47Δ)*</i>
Duchenne muscular dystrophy	<i>DS-5141*</i>
Large B Cell Lymphoma	<i>Axi-Cel®*</i>

* under development

Global Market Access & Pricing (Availability)

In order to contribute to patients' good health by providing pharmaceuticals, Daiichi Sankyo Group launched the Global Market Access & Pricing Department in April 2017 with the aim of more reliably delivering the pharmaceuticals needed by each patient at a reasonable price. We strive to improve patients' access to pharmaceuticals while giving consideration to the appropriate market access from early stages in clinical trials. This is achieved by setting appropriate prices for pharmaceuticals based on their value and in consideration of healthcare systems, income levels, and other environmental differences within each country and region.

Participating in the Global Health Innovative Technology (GHIT) Fund (Capacity Building)

The Global Health Innovative Technology (GHIT) Fund* aims to achieve drug discovery for combating infectious diseases in developing countries. Daiichi Sankyo Group has contributed to the Fund since its establishment. We are also promoting collaboration research with the GHIT Fund by providing our compound library (consisting of small molecules and natural substances) in a screening program to explore candidate compounds to treat malaria, tuberculosis and neglected tropical diseases (NTDs), namely leishmaniasis and Chagas disease.

* Global Health Innovative Technology (GHIT) Fund: It was established in 2013 through a public-private partnership originating in Japan, and is supported by the government of Japan, six pharmaceutical companies, and the Bill & Melinda Gates Foundation.



Other initiatives: Participating in Access Accelerated; vaccine production technology transfer for Vietnam. The Company updates its corporate website with information regularly.
https://www.daiichisankyo.com/about_us/responsibility/csr/business/medical/index.html

Medium-to-Long-Term Initiatives and Challenges

■ Providing the Highest Quality Medical Information

Basic Policy

Pharmaceuticals are crucial for the life of each and every patient. As such, it is vital to create and convey high-quality information, so that patients can use pharmaceuticals correctly. Within Daiichi Sankyo Group, we continually establish high-quality information and deliver this information in an appropriate manner, thereby promoting the proper use of our pharmaceuticals and enhancing their product value (contribution to patient treatment in the medical field).

Introduction of Our Initiatives

Developing Pharmaceuticals Based on Statistical Evidence

In order to receive approval for a pharmaceutical, it is necessary to verify its efficacy and safety through clinical studies carried out appropriately and scientifically. At Daiichi Sankyo Group, we include statistical experts in the project team as we develop the optimal plan for conducting an objective evaluation, enabling us to carry out high-quality pharmaceutical development.

Managing Safety Information and Promoting Proper Use

We collect safety management information (such as information on adverse events) globally, use this information to conduct objective assessments, review, and analysis, and then we provide the results to the front line of medical field in order to promote the proper use of pharmaceuticals. In addition, we strive to minimize the safety risk for patients by conducting training for all employees every year about safety management information, as well as by thoroughly enforcing safety management activities.

Generate Information (Evidence) Through Clinical Research and Other Activities

The Medical Affairs Division works to generate new evidence through clinical research, so that our products can contribute even more toward the treatment of patients. We design trials that closely follow the actual conditions of patient treatment by using real-world database*, and we deliver information about the evidence gained in these studies through academic meetings, conferences, and other similar events.

* A database containing data that originates from real-life activities in diagnosis and treatment, such as data on medical fee payment requests, medical records, and checkup data

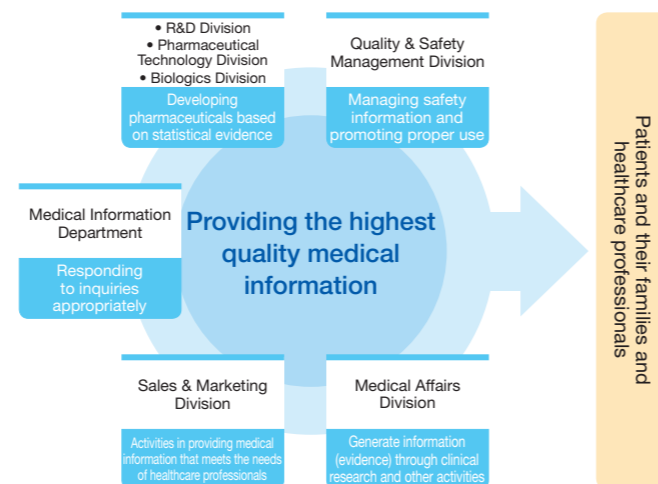
Activities in Providing Medical Information that Meets the Needs of Healthcare Professionals

With changes in the environment such as integrated community medical systems in Japan, the needs of healthcare professionals are changing all the time. Our marketing division engages in activities to provide medical information through a wide range of methods, including lectures, web seminars, and websites on the Internet. Apart from providing information, MRs play an important role in gathering and reporting information on safety. We also aim to enhance the level of specialized knowledge among MRs by implementing an MR qualification system and reinforcing our training programs.

Responding to Inquiries Appropriately

The Medical Information Department in Japan receives about 10 thousand inquiries each month from healthcare professionals and patients. The department has secured the leading rank* in all surveyed categories, including "Ease in Getting through when Calling by Phone," "Swift Responses," "Good Collaboration with MRs," and "Attitude and Politeness of Staff." The department started running a system using AI from April 2018, enabling optimal information to be delivered even more quickly.

* Survey of pharmacists in health insurance pharmacies conducted by an outside research company



■ Providing a Stable Supply of Top-Quality Pharmaceutical Products

Basic Policy

Pharmaceutical companies have an imperative mission to provide high-quality pharmaceuticals in an appropriate and stable manner. As we at Daiichi Sankyo Group work to expand our product lineup to meet demand for a high level of manufacturing technologies, we strive to fulfill this mission by continually providing high-quality pharmaceuticals to the world in a stable manner over a long-term period, even in the event of an earthquake or other emergency.

Introduction of Our Initiatives

Developing Manufacturing Processes

We develop manufacturing processes before receiving approval so that the new drugs created through R&D can be produced in a high-quality, stable, and efficient manner. In addition, we transfer the developed manufacturing process to global commercial production.

Manufacturing and Supply Systems (Supply Chain Management)

At Daiichi Sankyo Group, we have constructed flexible and efficient manufacturing and supply systems (supply chains) that integrate two main groups of functions: systematic manufacturing functions that involve collaborating with global manufacturing bases and procuring raw materials stably; and logistics functions for shipping swiftly and reliably after receiving an order. Unlike traditional small molecule drugs, *DS-8201* and other antibody drugs present technical hurdles including the optimization of production cells for manufacturing. In addition, the process of creating an antibody drug conjugate (ADC) by conjugating an antibody with a drug payload requires advanced technological capabilities, such as for conjugating the payload (drug) with a linker and then lyophilizing to produce a formulation. We strive to build efficient manufacturing and supply systems using new facilities and technologies, and we aim to undertake new

challenges every day to achieve innovative technologies as well as to develop manufacturing and supply systems for innovative pharmaceuticals.

Quality Assurance at a Global Standard

At Daiichi Sankyo Group, we guarantee the quality of our products in adherence with GMP (Good Manufacturing Practice: rules on managing the production and quality of pharmaceuticals), whereby we use a scientifically backed method of managing all processes, from receiving raw materials to manufacturing and shipping products. We collaborate with many global suppliers in order to maintain and enhance our global level of quality assurance.

Systems for Achieving Stable Supply During Emergencies

Daiichi Sankyo Group has a business continuity plan (BCP) in preparation for four major threats to business continuity: natural disasters, facility accidents, pandemic influenza and other infectious diseases, and system failures. Based on this plan, systems are in place to quickly restore operations in the event of an emergency and to ensure a steady supply of pharmaceutical products with assured quality to help support the continued provision of medical services.

For details, refer to page 74.

Daiichi Sankyo Group's production sites (as of October 2019)

