

The Daiichi Sankyo Group identifies risks as those factors that may prevent the Group from attaining its organizational goals and targets and that can be predicted in advance. The Group is promoting risk management through such means as taking steps to address risks inherent in corporate activities through retaining, reducing, avoiding, or transferring these risks. In addition, we seek to minimize the adverse impacts of risks on people, society and the Group should risks actualize.

Risk Management

Risk Management System

The chief financial officer (CFO) oversees Groupwide risk management as the risk management officer (RMO) and operates the risk management system in conjunction with an annual cycle for formulating and implementing business plans. In addition, the heads of each division autonomously manage risks to aid in the accomplishment of their divisions' goals and targets. To this end, they analyze and evaluate individual risks, formulate and implement yearly risk management plans, and provide employees with information on underlying risks in the organization, education and insight concerning risk management.

Directors Meeting (see the conceptual diagram below on the Group's risk level classification). Individuals who have been assigned responsibility for each risk formulate risk response measures (Plan), which are then enacted through coordination with relevant organizations (Do). The progress of risk response measures is monitored twice a year (Check). The risk response measures are corrected or improved upon as necessary (Action). Should precursors of the potential appearance of a material risk be detected, related information will quickly be assembled for provision to the RMO, and appropriate measures will be taken.

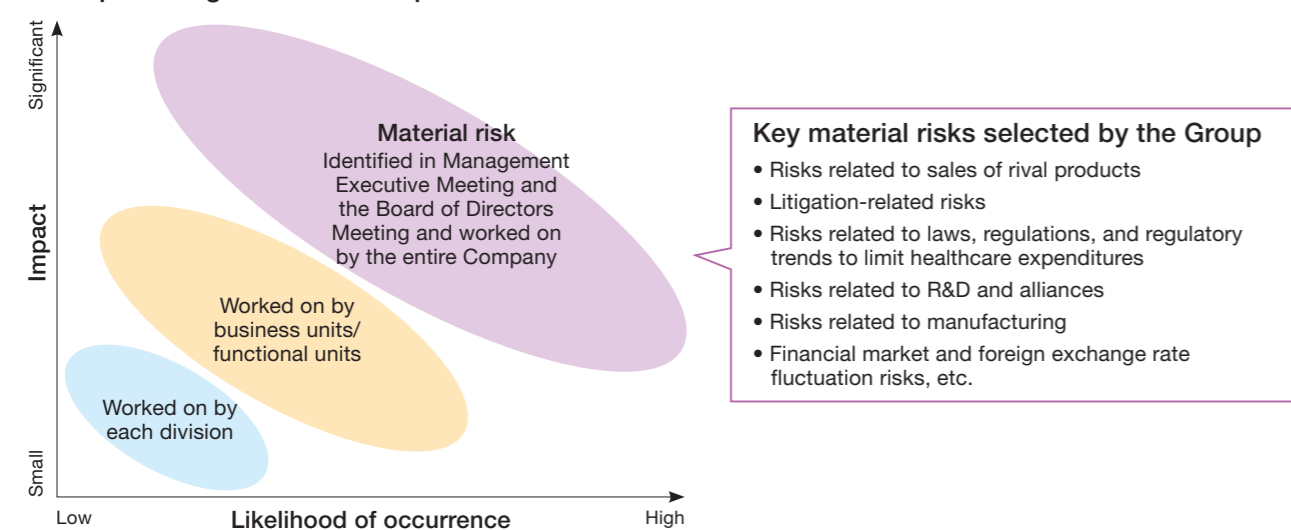
As part of the risk management scheme, the Group has a business continuity plan (BCP) that stipulates preparations for and measures to be instituted in the event of a disaster as well as for provisions for crisis management.

* Business Continuity Plan

Annual Cycle for Management of Material Risks

Based on assessment of impact and the likelihood of occurrence, risks with the potential to significantly impact the management of the Company are identified by the Management Executive Meeting and the Board of

Conceptual diagram of the Group's risk level classification



Business Continuity Plan (BCP)

The Group has a BCP to prepare for four major threats to business continuity: natural disasters, facility accidents, H5N1 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.

Based on its experiences following the Great East Japan Earthquake, the Group revised its BCP in 2012. Since then, we have continued to improve upon the BCP through such means as incorporating revisions to national disaster response plans and adjusting for changes in workflow procedures and organizations related to drugs for which supply should be prioritized based on social

needs. In this manner, we strive to ensure effective response measures are taken in the event that a risk appears. In addition, we regularly revise the list of priority supply drugs to guarantee we can quickly supply drugs used by a large number of patients, drugs needed in emergencies, and drugs with no substitutes.

To ensure the steady supply of its pharmaceutical products, the Company is taking steps to create backup supply systems by dispersing manufacturing and distribution sites and maintaining relationships with multiple suppliers for important raw materials. In addition, we have introduced private electricity generators to help minimize the impact of any interruption in the supply of electricity. Furthermore, we are strengthening IT infrastructure including the redundancy of key systems.

Crisis Management

The Daiichi Sankyo Group defines crises as factors that may cause an adverse event or a secondary event arising from an initial occurrence with the possibility of leading to serious negative effects on the Group or its stakeholders. Crisis management is defined by the Group as appropriate responses to such events conducted based on prompt and rational management and analyses of their potential impact.

In the event of a crisis, the appointed representative in the affected section or division shall issue an initial report to the individual responsible for first responses to crises, the vice president of the General Affairs and Procurement

Department. This individual will then report to the chief crisis management officer (CCMO), either the CEO or the officer appointed by the CEO, to determine whether or not Companywide measures are necessary, after which they will issue a more detailed report. This individual will also share the information with the RMO to quickly formulate first response and subsequent emergency response measures. In responding to crises, the Group defines its top priority as ensuring the health, safety, and peace of mind of all of its stakeholders, including patients, healthcare professionals, members of local communities, and employees.

Initial Response to Crisis

