The Daiichi Sankyo Group identifies factors that may prevent the Group from attaining its organizational goals and targets and that can be predicted in advance as risks. The Group is promoting risk management by taking steps to address risks inherent in corporate activities by retaining, reducing, avoiding, or eliminating these risks. In addition, we seek to minimize the adverse impacts of risks on people, society, and the Group should they occur. Specifically, in addition to the risk management system that defines steps to address risks inherent in corporate activities, the Group has a business continuity plan (BCP*) that enables it to continue to operate even in the event of disasters, etc., that may affect its business, as well as a crisis management system to minimize loss should a risk greater than expected occur.

Business Continuity Plan

The Group has a business continuity plan (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 occurs. 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, in particular, 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 reinforcing our IT foundations by installing redundancy into major systems.

Crisis Management

In response to the declaration to "ensure crisis management" in Article 9 of the DAIIICHI SANKYO Group Corporate Conduct Charter that was revised in April 2019, the Group has established a new Global Crisis Management Policy. This policy collectively defines crises as events that have occurred and require immediate response and other events with extremely high likelihood of occurrence, among potential risks in business activities. For the purpose of minimizing loss due to the occurrence of a crisis, the policy stipulates basic items related to crisis management. The Global Crisis Management Policy stipulates that "In the event of a crisis, crisis management shall be conducted promptly and certainly to minimize the loss of people, society, and the company with the principle of ‘Securing the lives of Daiichi Sankyo Group employees and related parties and the safety of the local community’ and ‘Fulfilling the responsibilities of a company that is engaged in a business that affects human lives’ and making efforts to ensure business continuity and early recovery from the crisis.”

While independently promoting crisis management in each region, function, and group company, we also have a structure to flexibly and globally respond to crisis depending on the type (disaster/accident, incident including terrorism, scandal, breach of laws, information management-related problem, product-related problem) or the degree of impact of the crisis.

We have clearly defined the reporting criteria and channels and established the crisis management officer (CMO), either the CEO or an officer appointed by the CEO, and the person responsible for the initial crisis management (the vice president of the General Affairs and Procurement). For a crisis with a global impact requiring company-wide response, we strive to prevent the situation from escalating and to resolve it by sharing the relevant information with the RMO (CFO) and through quick and appropriate initial response. After the crisis has been resolved, we conduct ex-post analysis to prevent a recurrence of the crisis and improve our response.

Key material risks selected by the Group
• Risks related to sales of rival products
• Litigation-related risks
• Risks related to laws, regulations, and regulatory trends to limit healthcare expenditures
• Risks related to R&D and alliances
• Risks related to business development overseas
• Risks related to manufacturing
• Risks related to the financial market and foreign exchange rate fluctuations
• Risks related to information management, etc.