Initiatives Aimed at Realizing a Sustainable Society

The Daiichi Sankyo Group is working to address many issues related to sustainability as part of our medium-to-long-term initiatives and challenges. We fulfill our corporate social responsibility (CSR) by addressing social challenges through business activities and enacting improvements for corporate value based on the DAIICHI SANKYO Group Corporate Conduct Charter, which is the basis of its business activities. The following introduce the Group’s initiatives aimed at realizing a sustainable society.

Daiichi Sankyo Group’s Initiatives for SDGs

The Daiichi Sankyo Group is working to address business and sustainability issues based on the DAIICHI SANKYO Group Corporate Conduct Charter.

In light of the Sustainable Development Goals (SDGs) and other international frameworks, the Group has made revisions to the DAIICHI SANKYO Group Corporate Conduct Charter in April 2019 and has declared that it will contribute to the realization of a sustainable society.

With a philosophy of “Leave no one behind,” 17 Goals and 169 Targets to be accomplished by 2030 were established as SDGs to resolve global social issues for realizing a sustainable, diverse and inclusive society. This idea is in line with the philosophy of the Group, “to contribute to the enrichment of quality of life around the world.”

For “Goal 3: Ensure healthy lives and promote well-being for all at all ages” the Group is especially working to resolve unmet medical needs, such as cancer and other non-communicable diseases, rare diseases, malaria, tuberculosis, and neglected tropical diseases through innovation (Goal 9). To address climate change (Goal 13), the Group is working to reduce the environmental impact and risks in all its business activities and to effectively use resources. As for partnership (Goal 17), the Group is working together with various partners in the fields of industry, academia and government for the above initiatives.

https://www.daiichisankyo.com/about_us/responsibility/csr/sdgs/index.html#gc_list

The 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. Seventeen goals to be accomplished by 2030 have 169 targets.

Ensure healthy lives and promote well-being for all at all ages

The Group will contribute to ensuring healthy lives and promoting well-being for all by working to resolve unmet medical needs, such as cancer and other non-communicable diseases, rare diseases, malaria, tuberculosis, and neglected tropical diseases.

Innovation

The Group will promote human resource development and an organization that creates innovation, thereby contributing to fulfilling its mission through creating innovative pharmaceuticals.

Climate Change

The Group promotes the realization of a sustainable society through working to reduce environmental impact and risks in all its business activities and to effectively use resources.

Partnership

The Group addresses issues in research and development of medicines and access barriers to essential healthcare through diverse partnerships with industry, academia, government, and others.
Initiatives for Sustainability Issues

The Daiichi Sankyo Group is working to address many CSR issues related to sustainability. So far, we have identified CSR issues based on international frameworks such as the Ten Principles of the United Nations Global Compact (UNGC) and the TCFD* and rankings by Access to Medicine Index, which evaluate practices and contributions to improving availability of pharmaceuticals in developing countries. We further categorizes these issues into six priority areas for activities (promoting compliance management, mutual growth of employees and the Company, enhancing communication with stakeholders, promoting environmental management, improving access to healthcare, and social contribution activities).

In addition, among these six activity areas, we have set “promoting environmental management”, “promoting compliance management”, and “improving access to healthcare” as the medium-term-long-term initiatives in order to realize a sustainable society and to improve the corporate values in the medium-long-term.

* 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.

Organizing Sustainability Issues

For our initiatives for Sustainability issues, we need to periodically conduct self-assessments and revise them according to the progress in resolving issues and changing requirements from stakeholders and society. In fiscal 2018, the third year of our 5-year business plan, we organized CSR issues for the purpose of appropriately responding to requirements and expectations from assessment results by ESG rating agencies and through stakeholder communication. As a result of these efforts we established new issues to be addressed, consolidated issues, and lowered the priorities of issues that we determined have sufficiently been addressed. The result of this activity was discussed during the meeting of the Global Management Committee (GMC) in December 2018 and the issues were organized into 21 issues as shown in the table below.

Initiatives for CSR issues organized into six priority areas for activities

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<tr>
<th>Priority areas for activities</th>
<th>Issues</th>
<th>Examples of initiatives</th>
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| Promoting Compliance Management |        | - Continued operation of the compliance system  
- Implementation of a Compliance Awareness Survey  
- Review of a Global Marketing Code of Conduct  
- Delegation of the ICP  
- Compliance training and educational activities  
- Response to thorough information (subcontract security)  
- Spread of Global Policies Related to Preventing Bribery and Corruption  
- Consideration for R&D ethics, bioethics, and genetic resources  
- GCP and other development-related training  
- Thornough R&D ethics  
- Fair utilization of genetic resources  
- Maintaining reliability for ensuring product quality and safety  
- Safety-related training (SAR) training  
- Quality audit of raw material and other suppliers  
- Product recall information  
| Ethical marketing practices |        | - Compliance with the Guidelines on Providing Sale Information  
- Strengthening the review system for sale promotion materials  
- Proper advertisement  
- MR accreditation test results  
| Sustainable procurement |        | - Through compliance in procurement  
- Implementation of self-CSF examinations  
- Codes of conduct of business partners  
| Report on breaches of laws and legal cases |        | - Disclosure of business and other risks  
| Respect for rights of all people involved in business activities |        | - Initiatives for promoting respect for human rights  
- Training related to the UNGC  
| Developing issues / Acquire and retain talented individuals |        | - Promote the acquisition of talent  
- Groom Our Future (GOF) project  
- Talent retention activities  
| Diversity & Inclusion |        | - Acquisition of the Highest Level of Ethnic Certification based on the Act on Promotion of Women’s Participation and Advancement in the Workplace  
- Development of environment for balancing life and work and work-life balance initiatives  
- Implementation of the Women’s Empowerment Principles (WEPs)  
- Participation in International Alliances  
- Support for the Career Development and Work Styles of Women Employees  
- Promotion of career development of employees in Japan  
- Initiatives Based on Action Plan for Empowering Women  
- Acquisition of the Kajaran certification  
- Promotion of the employment of individuals with disabilities  
- Systems and measures to support diverse work styles (Japan)  
| Policy of equal pay for equal jobs |        | - Training related to the UNGC  
| Work-life cycle |        | - Promotion of the ‘Work-Life Cycle’ (Japan)  
| Prevent occupational accidents |        | - Promotion of occupational health and safety  
- Systems and initiatives for supporting occupational health and safety (Japan)  
| Enhancement of Communication with Stakeholders |        | - Stakeholder engagement  
- Communication with healthcare professionals and patients  
- Communication with shareholders and investors  
- Communication with employees  
- Communication with local communities  
- Communication with ESG rating agencies  
- Communication with the group shareowners  
| Reliable external reports |        | - External verification of environmental reports  
| Promoting Environmental Management |        | - Environment of the TCFD  
- Initiatives based on energy conservation and prevention of global warming  
- CO2 emissions reduction targets and performance  
- CO2 emissions reduction initiatives  
- Biodiversity initiatives  
| Response to environmental risks and hazardous substance management |        | - Usage reduction and emission and transfer control of chemical substances  
| Waste and water resource management |        | - Response to water risk  
- Appropriate use of water resources  
- Environmental audit  
- Waste reduction targets and performance  
| Improving Access to Healthcare |        | - Participation in the Access Accelerated  
- Participation in the GHT Fund  
- Initiatives targeting newly diagnosed patients  
- Mobile Healthcare Field Clinic Services in Tanzania  
- Cultivation of healthcare workers in China  
- Technical cooperation related to manufacturing the combined measles-rubella vaccine (MR vaccine) in Vietnam  
- Clinical trials to be conducted from a humanitarian viewpoint  
- Participation in the Manufacturing Technology Association of Biologics  
- OIPE project  
| Measuring health and productivity management |        | - Measures to combat counterfeit medicines  
- Promotion of compliance for waste management  
| Measures to combat counterfeit medicines |        | - Measures to combat counterfeit medicines  
- Promotion of compliance for waste management  
| Supply of affordable pharmaceutical products |        | - Measures to combat counterfeit medicines  
| Social Contribution Activities |        | - Measures to combat counterfeit medicines  
- Promotion of compliance for waste management  
| Social contribution activities appropriate for the Daiichi Sankyo Group |        | - Measures to combat counterfeit medicines  
- Promotion of compliance for waste management  
| Mutual Growth of Employees and the Company |        | - Support for cancer patients and their families  
- Support for medical care of the Great East Japan Earthquake  
- Support for medical and pharmaceutical research (scholarships, etc.)  
- Social welfare (Table for Two, etc.)  
- Environmental preservation activities (cleanup activities around operating sites, etc.)  
- Health development (science and pharmacology seminars for high school students, etc.)  
| Social activities |        | - Measures to combat counterfeit medicines  
- Promotion of compliance for waste management  

Please refer to the Daiichi Sankyo website for the organized 21 CSR issues list. [https://www.daiichisankyo.co.jp/about_us/Responsibility/csr_management/csr_manage/index.html]
CSR Management

The Daiichi Sankyo Group is working on CSR issues through its business under the global management structure. By establishing and continuing to promote a CSR management cycle which includes extracting and reviewing issues to be addressed based on requirements and expectations from society, addressing issues in cooperating with related divisions, and conducting self-assessment through stakeholder communication, we will improve corporate value in the long term.

Extracting CSR issues

Issues are extracted based on expectations and needs identified through stakeholder communications or investigations done by ESG rating agencies and various CSR initiatives, and these are shared with related divisions and group companies.

Reviewing issues to be addressed

Issues that need attention are reviewed based on business strategies and requests from stakeholders, etc. By continuing to conduct these activities and thereby improving external CSR/ESG evaluations and increasing awareness of employees, we improve long term cooperate value as a result.

Properly responding to issues to be addressed

Addressing issues is promoted in cooperation with related sections.

Stakeholder communication

We conduct self-assessment based on stakeholder communication such as investigations by ESG rating agencies and disclosure of responses regarding issues.

The progress on addressing issues is reported during a meeting of the Global Management Committee (GMC) and other meetings along with evaluation from stakeholders, etc. By continuing to conduct these activities and thereby improving external CSR/ESG evaluations and increasing awareness of employees, we improve long term cooperate value as a result.

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

To address sustainability issues, we pursue ongoing improvements to our corporate values. These efforts have been highly appreciated, resulting in the Group being selected for the following ESG indices as of June 2019.

Selected for the “World Index” in the pharmaceutical sector for two consecutive years

The DJSI is jointly managed by S&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 investors to select investment targets. The Company has been included in the DJSI World Index for two consecutive years since last year and the DJSI Asia/Pacific for nine consecutive years. The Group was selected for the DJSI World Index as the first Japanese corporation in the pharmaceutical sector last year as is being selected as the only Japanese company among the seven companies selected for the pharmaceutical sector.

Items that received the highest appraisal in the pharmaceutical sector

- Environmental aspects: Environmental efficiency in operation
- Social aspects: Corporate citizenship and social contribution, Occupational health and safety

Selected consecutively for eleven years/three years

The FTSE4Good Index Series and the FTSE Blossom Japan Index are indices that reflect the performance of corporations that excel in environmental, society, and governance (ESG) factors, established by FTSE Russell, a global index provider and wholly-owned subsidiary of the London Stock Exchange.

The Company has been selected for eleven consecutive years as a component of the FTSE4Good Global Index from 2009 and for three consecutive years as a component of the FTSE Blossom Japan Index from 2017.

This index is one of four indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stocks.

Selected consecutively for two years

The SNAM Sustainability Index is an SRI fund managed by Sompo 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 (environment, society, governance). The Company has been included in this index for four consecutive years.

Selected consecutively for four years

The MSCI Japan Empowering Women (WIN) Select Index is an index of MSCI in the U.S. that assesses gender diversity in corporations such as the percentage of females among new recruits, employees, average work years and the percentage of female executives, and comprises corporations that excel in these factors. The Company has been included in this index for two consecutive years from 2018. This index is one of four indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stock.

The MSCI Japan Empowering Women (WIN) Select Index is an index of MSCI in the U.S. that assesses gender diversity in corporations such as the percentage of females among new recruits, employees, average work years and the percentage of female executives, and comprises corporations that excel in these factors. The Company has been included in this index for the first time. This index is one of four indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stock.

As of June 2019