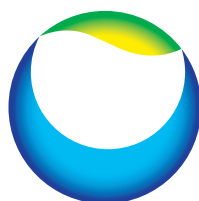


DAIICHI SANKYO Group  
Corporate Social Responsibility Report  
**2009**



Daiichi-Sankyo

## DAIICHI SANKYO Group Profile



Europe

### DAIICHI SANKYO EUROPE GmbH

Sales: ¥77.4 billion

Employees: 2,436



Japan



Asia

### DAIICHI SANKYO's Mission and Vision

**To Contribute to the Enrichment of Quality of Life around the World through the Creation and Provision of Innovative Pharmaceuticals**

#### Global

##### Expanding our Global Reach

Establish our own operations in key areas and strengthen our presence worldwide

#### Pharma

##### Fulfilling Unmet Medical Needs

Focus on pharmaceuticals and continuously develop novel therapies

#### Innovator

##### Creating an Innovative Business Model

Achieve scientific and technological innovations; create an innovative business model

## Distribution of Economic Value among Stakeholders

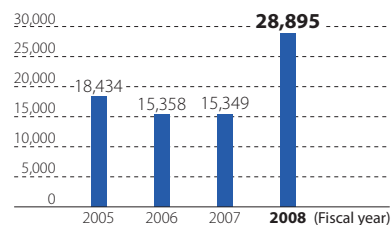
Stakeholders	Allocated amount for fiscal 2008 (¥ million)	Allocated amount for fiscal 2007 (¥ million)	Calculation method
Suppliers	437,185	397,246	Selling, general and administrative expenses (excluding personnel costs)
Employees	101,694	91,476	Personnel costs included in selling, general and administrative expenses
Shareholders	53,292	47,016	Dividend payments in the Consolidated Statements of Cash Flows
Creditors	1,916	128	Interest expenses included in nonoperating expenses
Government	-79,172	69,095	Income taxes paid
Environment	2,622	3,714	Independently calculated expenditure on the environment* Expenditure on environmental preservation calculated by environmental accounting
DAIICHI SANKYO	-268,791	50,644	Net income for the year excluding dividend payments

\* The amount allocated to the environment is also included under allocation to suppliers and employees.

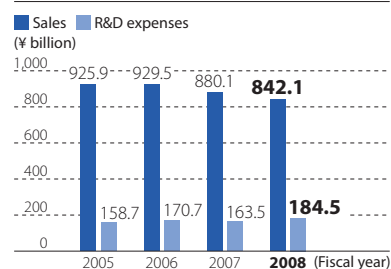
In fiscal 2008, the Group posted a net loss of ¥215.4 billion, the result of ¥351.3 billion in extraordinary losses due to a one-time write-down of goodwill pertaining to the investment in Ranbaxy. As a result, internal distribution of value, as well as the distribution of value to government and public administration, was significantly reduced.

## Operating Overview

### Employees



### Sales/R&D Expenses



56 countries,  
28,895 employees

#### DAIICHI SANKYO CO., LTD

Sales: ¥416.7 billion  
Employees: 5,960

#### DAIICHI SANKYO HEALTHCARE CO., LTD

Sales: ¥47.2 billion  
Employees: 401

#### DAIICHI SANKYO, INC.

Sales: ¥190.8 billion  
Employees: 2,875

#### Luitpold Pharmaceuticals, Inc.

Sales: ¥51.1 billion  
Employees: 477

#### Asia/Central & South America

Sales: ¥44.1 billion  
Employees: 1,693  
12,174 (Ranbaxy Laboratories Limited)

U.S.A.

Latin  
America

### DAIICHI SANKYO's Share of the World Pharmaceuticals Market by Geographical Region

#### Others

US\$87.3 billion (0.9%)

#### Emerging countries (seven countries\*1)

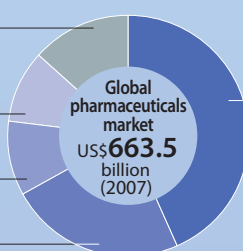
US\$65.2 billion (0.1%)

#### Japan

US\$65.8 billion (5.5%)

#### EU (five countries\*2)

US\$157.4 billion (0.2%)



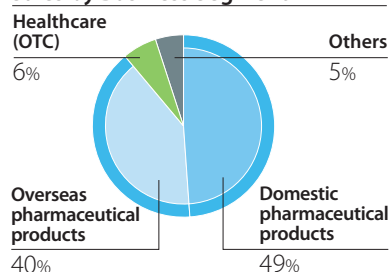
#### United States

US\$287.8 billion (0.6%)

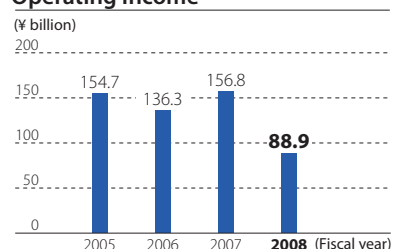
\*1 Brazil, Russia, India, China, South Korea, Turkey, Mexico

\*2 France, Germany, Italy, United Kingdom, Spain

### Sales by Business Segment



### Operating Income



## Main Products

### Pharmaceutical Products



#### Olmotec

An antihypertensive drug (generic name: Olmesartan medoxomil) currently sold in more than 50 countries worldwide



#### Cravit

A broad-spectrum antibacterial agent for oral administration (generic name: Levofloxacin) that has been sold in more than 100 countries since its 1993 launch in Japan



#### Mevalotin

An antihyperlipidemic agent (generic name: Pravastatin) that contributes to the treatment of hypercholesterolemia. It was first sold in Japan in 1989, and is currently marketed in more than 100 countries

### Over-the-counter (OTC) drugs



#### Shin LuLu A Gold

Provides effective relief from 11 symptoms, including sore throat, and runny and blocked noses. Can be administered from age six and up, a cold medicine for the entire family

# Remaining a sustainable company that society trusts

## The DAIICHI SANKYO Group's Objectives

DAIICHI SANKYO's mission is "To contribute to the enrichment of quality of life around the world through the creation and provision of innovative pharmaceuticals."

We build trust by endeavoring to satisfy, patients, medical professionals, employees, shareholders, suppliers, regional communities and all other stakeholders that surround the Group. In other words, the individual activities that make up the Group's everyday business are in themselves effectively corporate social responsibility (CSR) and the goal that we are seeking.

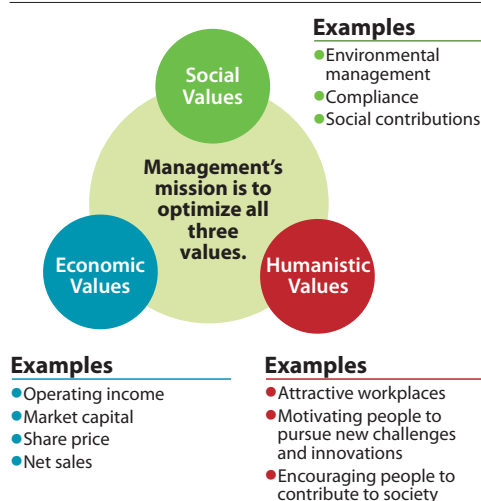
To achieve this goal, it is important to attain balanced improvements for our three sets of corporate values: social values, economic values and humanistic values. DAIICHI SANKYO views its social responsibility as contributing to the construction of a sustainable society by carefully guiding its corporate conduct from the perspective of these three value improvements, and thus

continuing to be a company that society trusts and remains sustainable. This, we believe, is the foundation of CSR and our business management.

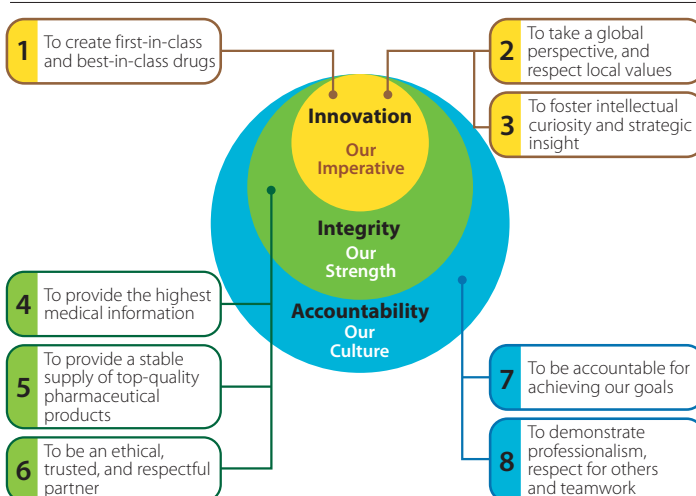
## Reflecting on the Strategic Priorities of Fiscal 2008

We positioned fiscal 2008 as a year for upgrading our business infrastructures in order to achieve our first mid-term business management plan objectives. This included such strategic business infrastructure reinforcement initiatives as welcoming Ranbaxy Laboratories Limited of India and U3 Pharma AG of Germany as members of the DAIICHI SANKYO Group, in addition to expanding our network of business units across Europe and the United States, strengthening human resources and promoting the global deployment of environmental management. These directives allowed the DAIICHI SANKYO Group to develop the necessary infrastructures to contribute to the enrichment of quality of life around the world. Further, we prioritized global penetration of Our

## Corporate Values



## Our Values and Commitments



Values and Commitments as advocated in our Code of Conduct, with partial revisions to embrace employees in North America and Europe, in a renewed bid to spur awareness.

The Group's global warming countermeasures for the year featured the introduction of alternative environmentally friendly fuel sources and turbo refrigerators and other initiatives. While this achieved uniform results in Japan, the impact of overseas business expansion prevented us from gaining overall CO<sub>2</sub> reductions groupwide.

### Outlook for Fiscal 2009

Fiscal 2009 is the final year of our mid-term plan. To prepare for progress in fiscal 2010 and beyond, we are stepping up promotion of the DAIICHI SANKYO Group's global business development and other management measures and policies. In particular, we recognize that the expectations and requirements of stakeholders will broaden and rise to new levels as we employ a Hybrid Business Model to pursue sustainable growth in the markets of both developed and emerging countries. Moreover, we shall continue to pursue the worldwide development of environmental management, including compliance promotion and measures to address climate change to ensure our progress as a higher-quality, more productive enterprise.

For these reasons, we are striving to enhance communications with stakeholders, implementing effective corporate activities to meet their expectations, and promoting management cycles utilizing their assessments and proposals.

I would sincerely like to thank all our stakeholders for their unflagging support and welcome their candid opinions and suggestions in the future.

September 2009

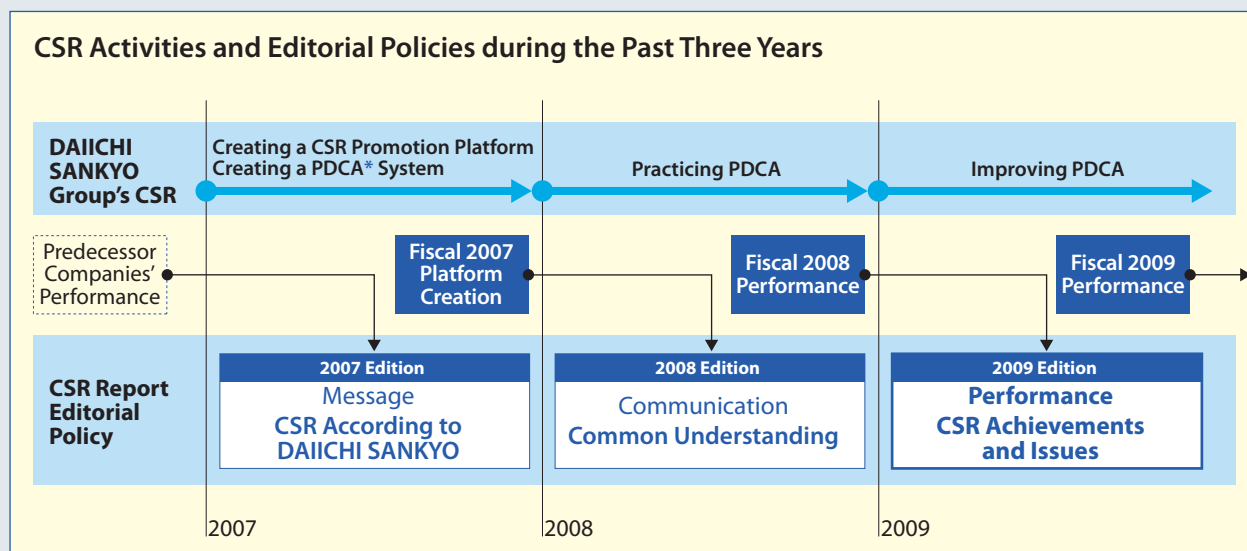


A stylized handwritten signature in black ink, consisting of a large 'S' followed by a horizontal line.

**Takashi Shoda**

Representative Director,  
President and CEO





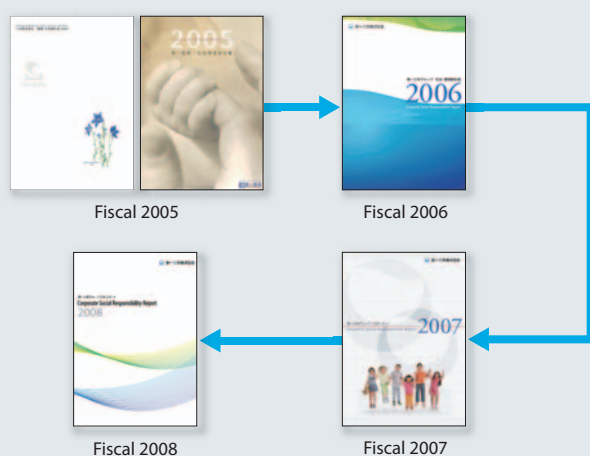
\* PDCA: Plan-Do-Check-Act. An iterative four-step problem-solving process used in business process improvement

### Report on Tangible Achievements

While our predecessor companies (Sankyo Co., Ltd., and Daiichi Pharmaceutical Co., Ltd.) each engaged in CSR activities to meet their corporate social responsibilities, the April 2007 business integration that created the DAIICHI SANKYO Group resulted in CSR promotion based on a new way of thinking.

*CSR Report 2007* conveyed the message of this new way of thinking about CSR to our stakeholders. *CSR Report 2008* plainly communicated the kind of systems we created in fiscal 2007 and the common understanding with respect to CSR.

*CSR Report 2009* focuses on performance in terms of the tangible achievements of PDCA implementation in fiscal 2008.



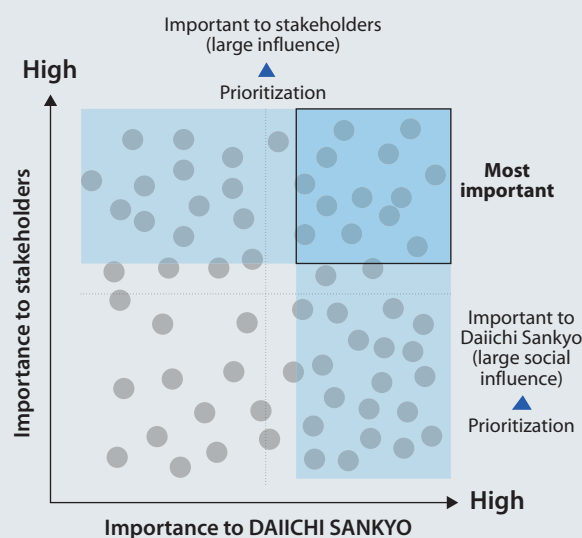
### Policy regarding Important Reporting Items

DAIICHI SANKYO Group's corporate social responsibility is the well-balanced advancement of Social Values, Economic Values and Humanistic Values in all its corporate activities to realize our corporate mission.

This initiative involves various items. This report highlights items determined to be important reporting items through communication with our stakeholders.

### Policy regarding Identification of Important Reporting Items within CSR Activities

Note: The blue areas represent the focuses of this report.



## Response to the Third-Party Opinion

### Previous Third-Party Opinion (Mr. Eiichiro Adachi)

**Overview** I expect to see a strengthening of activities that promote positive influences on society while mitigating the negative influences.

#### Issues Identified in the 2008 Edition of the CSR Report

##### Issue 1

Explanations regarding environmental load fluctuation are insufficient.

Example: You provide data on the amount of water input and emitted, but there is no reference to this in the text, nor any information about the impact fluctuation.

We strengthened our management concerning the input and emission of water. Also, we are considering the creation of numerical targets from fiscal 2010. ①

##### Issue 2

There is little reference to results of initiatives in the Fostering Employees section.

This has been addressed. (Please see pages 25–30.) ②

#### Expectations for the 2009 Edition and Future Reports

##### Expectation 1

Reporting on initiatives to prevent adverse drug reactions and address resulting injuries.

This has been addressed. (Please see pages 23–24.) ③

##### Expectation 2

Reporting on policies and initiatives regarding concerns over the effect of pharmaceuticals emitted from human bodies on the ecosystem.

We plan to begin reporting this in the 2010 edition.

##### Expectation 3

I hope to see the proactive introduction of key performance indicators (KPIs).

As much as possible, we provided KPIs and strengthened reporting with an awareness of PDCA. ④

##### Expectation 4

I hope you will collect external stakeholder feedback, verify gaps between external and internal perceptions and reflect them in your initiatives.

We expanded our section on external stakeholder third-party opinion. (Please see pages 55–59.) ⑤

##### Expectation 5

Reporting on support for social development in developing countries based on United Nations Millennium Development Goals. In particular, I hope you will clarify your policy regarding the supply of pharmaceuticals in developing countries.

We plan to begin reporting this in the 2010 edition.

## Report Scope

### ● Companies Covered

Principal domestic and overseas Group companies, which are listed on page 60 of this report. Ranbaxy Laboratories Limited became a Group company during the period covered by this report, and is therefore not listed on page 60.

### ● Period Covered

April 1, 2008, to March 31, 2009 (Fiscal 2008)  
Some sections of the report also discuss initiatives since April 2009.

### ● Reference Guidelines

Global Reporting Initiative (GRI)  
Sustainability Reporting Guidelines, 3rd Edition (G3)  
Japan's Ministry of the Environment's Environmental Reporting Guidelines, 2007 Edition

### ● Publication Date

September 2009 (Next publication scheduled for September 2010, previous publication date: September 2008)

## Contents

DAIICHI SANKYO Group Profile .....	1
Message from the President .....	3
Editorial Policy .....	5

## Special Features

### Special Feature 1

Aiming to cultivate trustworthy medical representatives (MRs) by utilizing information resourcefulness, human capacity and accountability .... 7

### Special Feature 2

For doctors and patients battling against rare disorders ..... 11

## CSR Framework

DAIICHI SANKYO Group's Key Responsibilities and Measures .....	15 ④
CSR Management .....	17
Corporate Governance .....	18
Compliance and Risk Management .....	19

## Responsibility to Our Stakeholders

Patients and Medical Professionals .....	23 ③
Employees .....	25 ②
Shareholders .....	31
Business Partners .....	32
Regional Communities .....	33

## Global Environmental Responsibilities

Environmental Policy and Environmental Management Goals and Achievements .....	37
Business Activities and Environmental Performance .....	39
Reducing Chemical Substance Use and Emissions .....	40
Initiatives to Prevent Global Warming .....	41
Reducing Waste .....	43
Addressing Environmental Risks .....	45 ①
Environmental Communication .....	47
Site Report .....	49
Reflecting on the Corporate Social Responsibility Report 2008 .....	53
Third-Party Opinions .....	55 ⑤
Responding to Third-Party Opinions .....	59
Corporate Information .....	60



Special  
Feature

1

Aiming to cultivate trustworthy medical representatives (MRs) by utilizing information resourcefulness, human capacity and accountability

**Providing Top-Quality Drug Information through an MR Crosswise Structure**

In April 2007, Daiichi Pharmaceutical Co., Ltd., and Sankyo Co., Ltd., integrated to form DAIICHI SANKYO CO., LTD. With the objective of leveraging the merits of business integration to an optimal degree, we opted for a new path forward as a single organization from the outset, rather than continuing activities based on the separate product lines of the two predecessor companies. With an array of approximately 170

products held by the two companies, we set three key objectives as an ethical, trusted, and respected partner:

- (1) To gather and provide comprehensive information relating to the pharmaceuticals we handle:
- (2) To approach therapeutic areas requiring highly

specialized expertise individually:

- (3) To respond in an appropriate and timely manner to needs for advancing and diversifying medical treatment and facilities.

Accordingly, we established the MR Crosswise Structure, which links MRs in charge of certain medical facilities and geographical areas with MRs supplying specialist data in specific medical and therapeutic fields, ensuring provision of high-quality information.

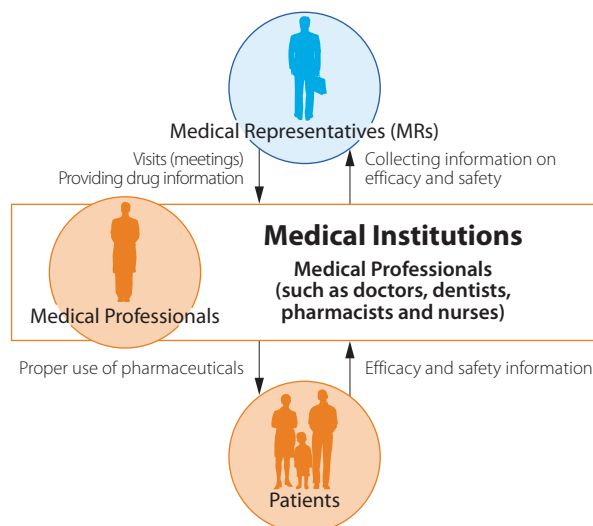
Furthermore, our policy on cultivating MRs cites



**Yoshihiko Suzuki**

Executive Officer  
Head of Sales & Marketing  
Division (JAPAN)

**MR Workflow**







three components—information resourcefulness, human capacity and accountability—under the slogan “Together We Can,” that correspond to “Our Values and Commitments” of innovation, integrity, and accountability. Furthermore, in terms of specific training measures, the DAIichi Sankyo High Performance Program (DASH) is an MR training program formulated by the Group that addresses the priority issue of accurately communicating the medical information held by the DAIICHI SANKYO Group’s two predecessors. Although this initiative to aggressively promote the acquisition of advanced knowledge and information communications skills among MRs has achieved specific results, it has also brought new issues to light. One of these is the disparity between hospitals and clinics in terms of the needs of patients and medical professionals and the expectations of MR activities. This has highlighted the fact that the uniform approach of the MR Crosswise Structure does not always meet the requirements of both types of medical institution.

Since the spring of 2008, we have integrated responsibilities for cancer and contrast media, which had both covered extensive areas. Further, we shifted from MRs serving specific therapeutic areas to MRs in charge of medical facilities in spring 2009 to facilitate accurate response to the needs and expectations of patients undergoing treatments in clinics and medical professionals conducting their treatments. Through such developments, we are continually evolving the MR Crosswise Structure.

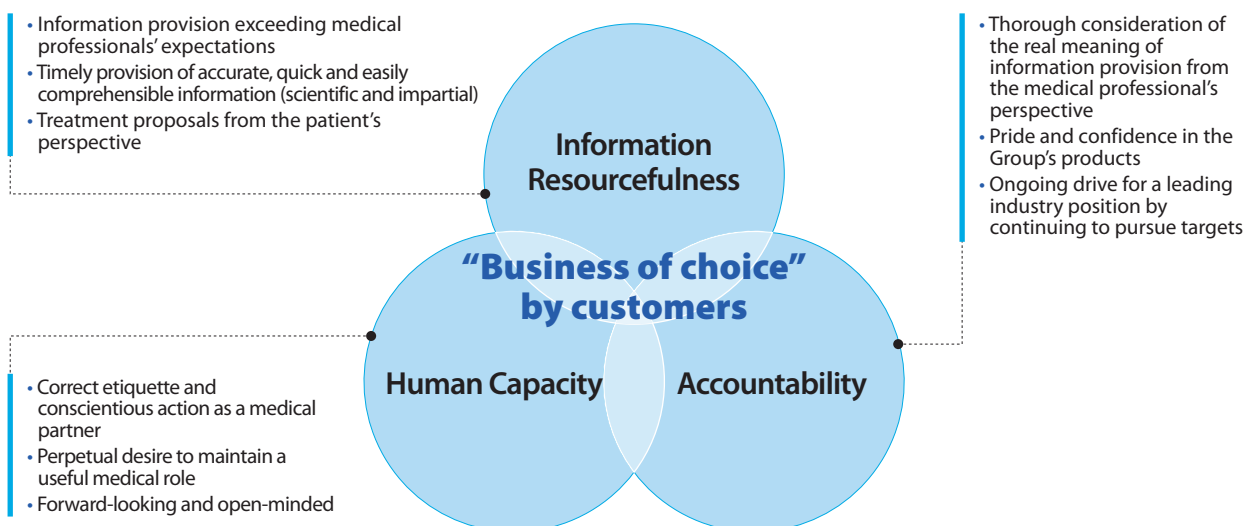
## Fostering Information Resourcefulness, Human Capacity and Accountability to be an Ethical, Trusted, and Respected Partner

Another key issue facing the Sales and Marketing Division (Japan) is the approach to information provision. Previously, because of our focus on ensuring that medical professionals knew about DAIICHI SANKYO and the characteristics of its products and on delivering the latest information, communications tended to be biased toward one-way provision of information.

In recent years, institutions have promoted a team approach to medical treatment, broadened healthcare cooperation, implemented more thorough information disclosure, conducted patient satisfaction surveys, gained ISO certification and carried out a host of other innovations. In addition, the spread of information networks has facilitated the acquisition of greater medical knowledge for patients and their families, raising expectations of medical professionals to new heights.

In this environment, determining how to provide information that meets the expectations of medical professionals and providing assistance in resolving issues will become major responsibilities for MRs. We have begun to reinforce communications with a view to MR training that combines renewed information resourcefulness, human capacity and accountability. This step up in communications transforms from one-way delivery of information to a cycle of bilateral exchange.

## Three Criteria for “Business of Choice” by Customers





## Focus on Measures to Hone our Listening Skills to Bolster Communications

One of DAIICHI SANKYO's specific measures, implemented from the spring of 2009, involves focusing on improving its listening capacity. This spans listening to medical professionals, taking their opinions on board, and responding appropriately. Communications based on this premise start from the knowledge of what type of medical practice medical professionals are aspiring to provide to patients and what DAIICHI SANKYO can do in this environment. In short, our measures to cultivate listening skills aim to transform our stance of passing on information to an approach of making proposals that are beneficial to patient treatment.

This facilitates speedier two-way communications when DAIICHI SANKYO's pharmaceuticals are prescribed. For example, feedback on data relating to performance in terms of efficacy, safety and other parameters received from medical professionals can be swiftly disseminated as safety information. As such, building up our listening capacity (the ability to understand needs and take opinions on board) in addition to supplementing our conventional communications

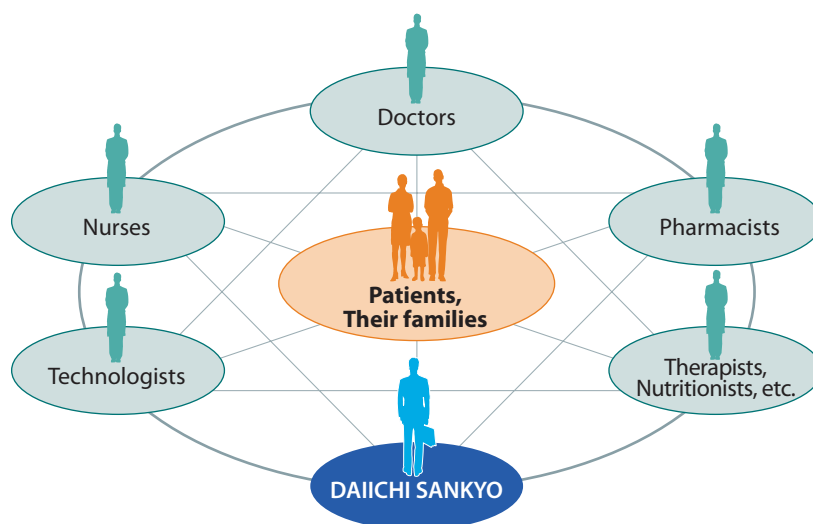
(information provision capacity) is integrally linked to establishing bilateral communications, and consequently a communications cycle. Through the proper operation of such a communications cycle, we aim to be of true benefit to patients as a partner deserving of enhanced trust.

Although we have only just instigated our measures to boost listening capacity, concrete results are already evident. In the future, we will continue to strive to be of the utmost use to patients, gaining the trust of patients and their families and of the many professionals engaged in medical treatment.

## Result 1 Top Approval Rating from Doctors for Information Provision Capacity

To ensure ongoing improvements to its MR activities, DAIICHI SANKYO conducts periodic surveys by questionnaire, targeting medical professionals. These investigations are carried out independently, with the cooperation of an external research company, the latest of which took place in January 2009, with 2,407 valid responses.

## Aiming to Be the "Business of Choice" for Customers



By improving listening skills, we aim to facilitate proposals that are beneficial to patient treatment and to be an ethical, trusted, and respected partner to medical professionals.

DAIICHI SANKYO has gained the top rating in the field of cardiovascular medicine in three consecutive surveys, held in February and July 2008 and January 2009. These assessed the levels of nine pharmaceutical companies by diagnosis and treatment department on such promotion skills as accurate response to questions and proposal capacity for drug treatments that provide specific cases and target patients. In the January 2009 survey, we also attained the highest overall assessment, including other diagnosis and treatment departments.

In April 2009, Nikkei Medical Custom Publishing Inc. held a survey of pharmaceutical companies with 1,000 valid responses in which DAIICHI SANKYO took the top position from among 44 companies in terms of satisfaction levels among doctors toward MRs (*Nikkei Medical MR Survey 2009 Report*, by Nikkei Medical Custom Publishing Inc.).

We believe that our focus on accurate information provision during the two years since integration has been a major factor in such high assessment results. In the future, we will further cultivate listening skills to reinforce information provision capacity in tune with doctors' needs and communications prioritizing bilateral dialog over one-way delivery of information, while continuing to foster universally trusted MRs.

## Questionnaires

	August 2007	February 2008	July 2008	January 2009
Overall Assessment* <sup>1</sup> of MRs	3rd Position (N=800)	2nd Position (N=1,930)	2nd Position (N=2,228)	1st Position (N=2,407)
Company Valuation as the Leading Circulatory Organ Manufacturer* <sup>2</sup>	3rd Position (N=205)	1st Position (N=357)	1st Position (N=390)	1st Position (N=433)

Source: DAIICHI SANKYO survey

\*<sup>1</sup> Grading of MR assessments: 1st position, 3 points; 2nd position, 2 points; 3rd position, 1 point; 4th and below, 0 points

\*<sup>2</sup> Rate of selection as the leading manufacturer of circulatory organs by cardiologists

## Result 2 Shift to MRs that Prioritize Listening over Preaching in Order to Make Proposals Beneficial to Patients

DAIICHI SANKYO has instigated a listening skills training program to cultivate communications from the perspective of listening to medical professionals, taking their opinions on board, and responding appropriately.

At a training session held in May 2009 on the theme of "What is expected of MRs?", we impressed the importance of attentive listening using DVDs featuring interviews with doctors. This was supplemented by studying measures implemented by other companies, watching "The Listening MR", a DVD featuring actual interview situations, and group discussions based on case studies of specific illnesses.

Only two months have elapsed since we began our listening skills training program, but already we have received reports of being able to hear doctors' true opinions on medical treatment, standards for drug selection, advice on drug forms and other subjects. More than 600 such responses are certain evidence of the results of this program. Based on enhanced listening skills, we shall deepen communications with medical professionals in the future. As we learn their needs, we will share and develop this information in house to evolve our approach of making proposals that are beneficial to patient treatment.



Training materials



Special  
Feature

2

## For doctors and patients battling against rare disorders

### The Mission of a Pharmaceuticals Company is to Develop Drugs and Facilitate Their Effective Use by as Many People as Possible

Drug development requires investment in R&D; patents have to be gained at the research stage. Basically, this means that only the pharmaceutical company responsible for development is positioned to supply any given drug. Moreover, correct prescribing of drugs by doctors for efficacious use by patients is the social responsibility of pharmaceutical companies.

These principles also apply to drugs for the treatment of rare disorders. There are cases where these drugs are administered to such small numbers of patients that R&D expenses are not recovered. It is recognized that a drug needs to be used to treat approximately 200,000 patients to offset development costs and show a profit.

Accordingly, drugs for the treatment of rare disorders can be supplied by designation from the Minister of Health, Labour and Welfare.

### Priority Treatment for the Development of Drugs for Rare Disorders

- (1) Drugs for rare disorders can be prioritized over other pharmaceuticals in clinical trial consultations and screening.
- (2) Rescreening can be extended to a maximum of 10 years from the standard period of four to eight years. In the meantime, exclusive market rights can be considered as granted. For medical devices, the period can be extended to a maximum of seven years.
- (3) National subsidies are available for the development of drugs for rare disorders.
- (4) Preferential tax measures are also available.

#### All the following standards must be met for designation of drugs for the treatment of rare disorders by the Minister of Health, Labour and Welfare.

- The disorder must be a severe disease that affects less than 50,000 patients in Japan.
- There must be a particularly high need for the drug from the standpoint of medical care. (There should be no alternative appropriate drugs and treatment methods, or the new drug should offer a significant improvement in efficacy and safety over existing drugs.)
- The possibilities of successful development must be high. (There should be a rational basis for using the drug with recognized valid development plans.)

Regulations governing recipients of designated drugs for rare disorders were amended from fiscal 2006, clarifying the calculation method for confirming that the number of patients receiving treatment is below 50,000. Accordingly, vaccines for people intending to travel and preventative vaccines for new strains of virus can also be designated if the number of recipients is estimated at less than 50,000 at the time of application.

### Case Study 1 Biopten

## Improving the future for children diagnosed with PKU

### Working to Improve the Quality of Life for as Many People as Possible

Just two DAIICHI SANKYO MRs travel around the country visiting medical facilities to promote the widespread use of drug treatment methods for phenylketonuria (PKU). Their role is to promote Biopten Granules 2.5%, an alternative PKU treatment among PKU sufferers who battle with highly restrictive dietary treatment, their families and doctors faced with treating this ailment.

However, there are several points for consideration to ensure comprehension when delivering information:

- (1) Biopten Granules 2.5% is thought to be efficacious for approximately 30% of PKU patients. Therefore, patients have to be carefully examined by their doctors to assess whether there is a possibility that they can be released by the drug from arduous dietary treatment.
- (2) The consensus of medical specialists is that commencing a course of Biopten Granules 2.5% and





relaxing dietary restrictions renders a return to the original dietary treatment even more difficult. As a result, patients opting to take Biopten Granules 2.5% need to have a lifelong commitment to continuing the course of treatment.

Precisely because this is a problem impacting a patient's entire life, we want him or her to make this decision cautiously on the basis of sufficient understanding of the various risks involved. In this hope, DAIICHI SANKYO staff have produced booklets and other publicity tools to enhance understanding among PKU sufferers, their families and related parties, in addition to providing information to doctors.

Furthermore, our staff members also endeavor to supply adequate data relating to the burden of high-cost medical care and its associated problems.

Involvement with such drugs for the treatment of rare disorders as Biopten Granules 2.5% is not connected to generating profits. The mission of a pharmaceuticals company is to play a role of raising the quality of life for as many patients as possible through drugs developed or introduced by the company. DAIICHI SANKYO staff tour the country inspired by this sense of pride and responsibility.

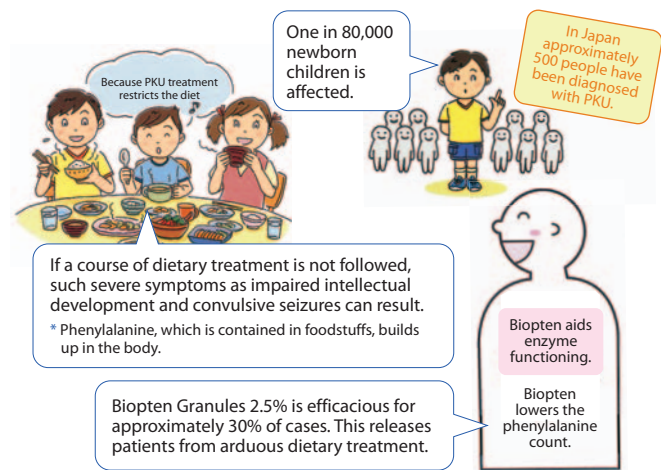
## About PKU

### • Symptoms

Phenylketonuria (PKU) is a genetic disorder that is characterized by the inability of the body to utilize one of the essential amino acids, phenylalanine. This results in a phenylalanine buildup inside the body, leading to developmental disorders.

### • The difficulties with dietary treatment

The intake of phenylalanine, which is included in high protein foods, needs to be restricted. Accordingly, ongoing dietary methods to supplement deficiencies in other nutrients are the only available treatment. However, it is not easy for patients and their families to subscribe to long-term ongoing dietary treatment to restrict protein intake, which includes limiting meat and fish for children with their naturally voracious appetites.



## Comments

### Acting as a model case for pharmaceutical companies of the future through our approach to supporting team treatment

PKU patients can lead normal lifestyles with ongoing dietary treatment, although the dietary restrictions are extremely demanding. Many patients and their families long to escape from this tough dietary regime. However, before treatment begins, doctors, patients and their families must fully understand the highly sensitive issue of risks involved. Beyond drug information, this includes support to ensure a comfortable environment in which the patient can take the drug.

Covering the entire country makes for an extremely demanding schedule for just two full-time MRs. However, there are many requests from doctors for explanatory visits, which can provide opportunities to discuss individual patient cases. This makes the role highly rewarding for me as an MR, but most importantly I have the understanding of my family with regard to the importance of the work I am pursuing.

In the field of drugs for the treatment of rare disorders, we need to work together with doctors in medical practice, the academic community and patient groups in trying to help patients. This is related to our approach to team treatment support, which we will share with DAIICHI SANKYO employees in the future in a bid to create a new model case that fulfills our mission as pharmaceuticals company.



**Kouki Ichinose**

Specific Diseases Group  
Product Marketing  
Department  
Sales & Marketing Division  
(Japan)



## Case Study 2 ITB Therapy

### Alleviating extreme suffering

#### Empathy and Understanding Prerequisites for Doctors to Train in This Therapy

Intrathecal Baclofen (ITB) therapy helps improve the quality of life for patients suffering from severe spasticity. This treatment method works by administration of drugs through a medical device (a pump and a catheter) implanted in the patient's body. Emergency response in the eventuality of equipment failure and other malfunctions and other features create a system indispensable to peace of mind for the patient receiving ongoing treatment. DAIICHI SANKYO staff provide detailed information to all doctors administering ITB therapy, including training support and troubleshooting case compilations that simulate various emergency response scenarios. In addition, they sometimes

accompany patients to operations (pump implants) and drug replenishments to ensure correct handling of equipment. Staff members are permitted to enter medical practices, which differentiates their work from that of regular MRs. To maintain this trust, DAIICHI SANKYO staff conduct their everyday business with a great sense of responsibility.

Letting patients and their families know of the existence of ITB therapy and explaining what it is about are also important tasks. We produce pamphlets and DVDs for patients, including children, outlining not only the merits of ITB therapy, but also its risks and precautions for everyday life in a drive to encourage them to make cautious decisions about their treatment.

The hope of DAIICHI SANKYO staff is that ITB therapy can reduce some of the suffering and improve the

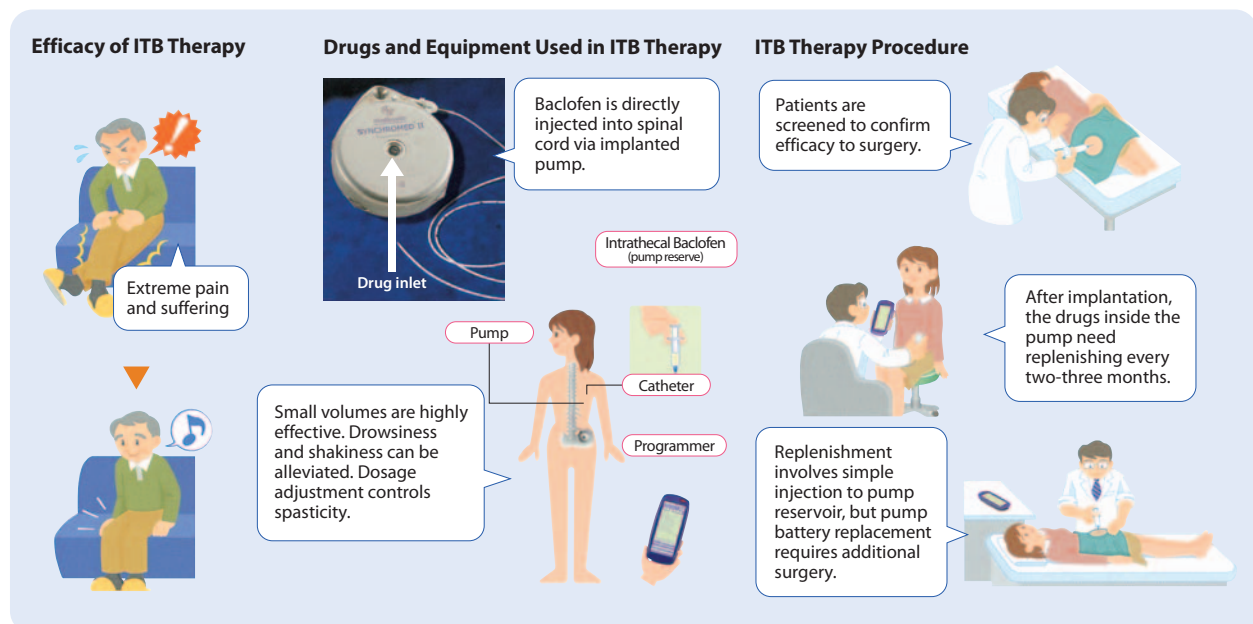
#### ITB Therapy

##### • Symptoms: Spasticity

Muscle strain causes involuntary stiffness of the body, extending to contortions of the arms and legs. If spasticity becomes severe, it prevents free bodily movement, causes pain and seriously affects sleep.

##### • Method

A pump and catheter, eight centimeters in diameter and two centimeters thick, need to be implanted in the abdomen by surgical operation.





quality of life for patients and alleviate the physical and mental stresses placed on family members. In the future, we shall continue to promote the spread of ITB therapy,

while presenting challenges to the medical equipment sector, as we fulfill a great social responsibility through activities to stimulate more efficacious use of drugs.

## Comments

### Taking pride in doing things that only we can do

Soon after I took charge of ITB therapy products when I was dispatched to observe an operation in a U.S. hospital, a patient's family told me that I was embarking on a wonderful job and asked me to help spread this treatment in Japan. I still feel that encouragement.

There are many things that require attention in promoting the widespread use of ITB therapy. For example, it is important for patients to discuss treatment objectives and lifestyle improvement targets thoroughly with their doctors. As "doctors" embraces a range of specialists and medical institutions—surgeons, specialists in internal medicine and rehabilitation—progressing with a collaborative "team treatment" approach is essential.

The number of patients requiring ITB therapy is low. However, precisely because cases are rare their suffering has been overlooked in the past, which has frustrated many healthcare professionals. We are providing them with a new treatment method that, through doctors, can help alleviate the suffering of patients to some extent. This is the gist of our mission.

Moreover, I have been directly involved in this treatment since its development stage, and it brings me a sense of satisfaction and meaning to apply myself to, and to be entrusted with, such socially committed work. I hope to continue to rise to this responsibility in the future.



**Takao Saito**

Specific Diseases Group  
Product Marketing  
Department  
Sales & Marketing Division  
(Japan)

## Topic: The Mission of Pharmaceuticals Companies

### Aiming for a prompt stable supply of a vaccine to save children from bacterial meningitis

ActHIB is a haemophilus influenza type b conjugate vaccine, created by the United States National Institutes of Health and developed and produced by French human vaccine company, Sanofi Pasteur. It gained approval in 1992 in France and in 1993 in the United States and is currently marketed in more than 100 countries worldwide.

Hib systemic infection is particularly prevalent in children up to the age of five, and appears most commonly as a disease in the form of bacterial meningitis. It has been cited as a severe public health problem. At present, its prevention is aggressively pursued overseas through inoculation using a vaccine, which has led to a decline in patient numbers.

There have also been calls for early introduction of a vaccine as a preventative measure in Japan. Sanofi Pasteur Daiichi-Sankyo Vaccine Co., Ltd., began domestic phase III trials in 2000, confirming overseas clinical trial findings of high immunogenicity and safety. Manufacturing and sales approval was granted in January 2007, and DAIICHI SANKYO began marketing a vaccine in December 2008.

Since this launch, demand has exceeded initial supply capacity, leading to ongoing shortages. Through a tie-up with the manufacturer, Sanofi Pasteur, we are hastening to increase production with the aim of protecting as many children as possible from Hib infection.



**Yasuhiro Suzuki**

Infectious Disease,  
Inflammation,  
and Urology Group  
Product Marketing  
Department  
Sales & Marketing Division  
(Japan)

# DAIICHI SANKYO Group's Key Responsibilities and Measures

Classification	Item	DAIICHI SANKYO Group's Principal Responsibilities (Corporate Conduct Charter)	Principal Methods and Means for Daily Communications	Item
Economy		<ul style="list-style-type: none"> <li>We will strive to rationalize and streamline our entire business management and actively work on the improvement of our management structure.</li> </ul>		Sales
				Operating income margin
				Overseas sales ratio
CSR Framework	Corporate governance	<ul style="list-style-type: none"> <li>Board members and corporate auditors of the DAIICHI SANKYO Group will take the initiative by building and maintaining an effective system to implement this Charter, and ensure it is understood by all members within the group.</li> <li>We will not give in to any unreasonable or illegal demand from antisocial forces or groups that may threaten the order or safety of society.</li> </ul>		
	Compliance	<ul style="list-style-type: none"> <li>We will carry out corporate activities in compliance with the laws and regulations of each country and region, while respecting their various cultures and customs and contributing to their development.</li> <li>We will take all possible measures to protect our and other companies' confidential and personal information obtained in the course of our business activities.</li> </ul>		
Society	Patients/ Medical professionals	<ul style="list-style-type: none"> <li>We aim to improve productivity with the spirit of challenge and creative ingenuity in order to respond diligently to medical needs. We will provide beneficial, safe, and reliable pharmaceuticals and services.</li> </ul>	<ul style="list-style-type: none"> <li>Drug information provision activities (MRs)</li> <li>Customer consultation services</li> </ul>	High-quality drug information provision
	Employees	<ul style="list-style-type: none"> <li>We will respect diversity in the personal values and qualities, and individuality of our employees, and will maintain a pleasant working environment that is safe and politically correct.</li> </ul>	<ul style="list-style-type: none"> <li>Management by objectives</li> <li>Surveys</li> <li>President's Mailbox</li> </ul>	Stable supplies of high-quality pharmaceuticals
				Human rights Labor compliance
				Retaining and cultivating outstanding people
	Shareholders	<ul style="list-style-type: none"> <li>We will actively communicate with our stakeholders by disclosing corporate information in a timely and appropriate manner in accordance with the principles of corporate accountability.</li> </ul>	<ul style="list-style-type: none"> <li>Results briefings</li> <li>Shareholder reports, email magazine</li> </ul>	Comfortable working environment, work-life balance
	Suppliers	<ul style="list-style-type: none"> <li>We will carry out our corporate activities in a fair and transparent manner and maintain a healthy and normal relationship with our stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Briefings to suppliers</li> </ul>	
	Social contribution activities	<ul style="list-style-type: none"> <li>We will actively engage in social action programs as a good corporate citizen.</li> </ul>		
Environment		<ul style="list-style-type: none"> <li>We will voluntarily and actively engage in activities aimed at the protection of the global environment.</li> </ul>	<ul style="list-style-type: none"> <li>Environmental communication</li> </ul>	Preventing Global Warming
				DAIICHI SANKYO Group (Domestic)
				Factories and R&D centers
				Offices
				Company vehicles
				Recycling contributions
				Waste management
				Chemical substance management
				Environmental communication

Initiatives and Objectives			
	Fiscal 2009 Targets	Fiscal 2008 Initiatives and Achievements	Page no.
	¥960 billion	¥842.1 billion	1
	25%	10.6%	
	More than 40%	44.3%	
	<ul style="list-style-type: none"> <li>Ensure compliance and flexible Board of Directors oversight</li> </ul>	<ul style="list-style-type: none"> <li>Held 16 meetings of the Board of Directors</li> <li>Carried out audits based on audit plans</li> </ul>	18
	<ul style="list-style-type: none"> <li>Implement global compliance program policies and plans</li> </ul>	<ul style="list-style-type: none"> <li>Evaluated and analyzed 88 incidences of important risks</li> <li>Carried out training for relevant business heads</li> <li>Improved the Compliance Newsletter intranet portal for compliance information</li> <li>Constructed infrastructure for global compliance</li> <li>Carried out compliance training via e-learning (undertaken by 100% of employees)</li> <li>Conducted crisis training</li> </ul>	19-22
	<ul style="list-style-type: none"> <li>Supply more extensive drug information supply and propagate effective information</li> </ul>	<ul style="list-style-type: none"> <li>Upgraded the MR Crosswise structure</li> <li>Carried out training to boost attentive listening skills</li> <li>Gained a high-quality ranking in external evaluation of "quality of response"</li> </ul>	7-10 23-24
	<ul style="list-style-type: none"> <li>Share important management and management unit risks</li> <li>Clarify risk response policies</li> <li>Implement response policies according to schedule</li> </ul>	<ul style="list-style-type: none"> <li>Implemented Business Continuity Plans</li> <li>Upgraded and expanded the Crisis Response Procedures Sheet and conducted relevant training</li> </ul>	20
	<ul style="list-style-type: none"> <li>Achieve global focus on human rights</li> <li>Provide fair assessments and treatment that reflect roles and achievements</li> </ul>	<ul style="list-style-type: none"> <li>Carried out training on human rights and compliance</li> <li>Introduced employee systems for workplace selection and working hour restrictions and a system for registration of retired employees</li> <li>Publicized human rights, compliance, and work rules and guidelines through training for managers and new company employees</li> <li>Carried out e-learning for all employees on work rules and guidelines</li> </ul>	27
	<ul style="list-style-type: none"> <li>Enforce a human resources system based on roles and achievement</li> <li>Arrange personnel and human resources cultivation programs that reflect individuality and business goals achievement</li> </ul>	<ul style="list-style-type: none"> <li>Implemented training plans for each main business office or affiliated company to attain their business goals and carried out on-the-job-training by supervisors</li> </ul>	26
	<ul style="list-style-type: none"> <li>Continue to review and improve work-life balance support program</li> <li>Provide support for child-raising</li> <li>Implement preventive physical and mental health measures</li> <li>Raise percentage of physically or mentally challenged employees to more than 2.0%</li> <li>Step up measures to shorten working hours</li> </ul>	<ul style="list-style-type: none"> <li>Achieved a 100% health check screening rate</li> <li>Established a new system providing leave of absence for medical check-ups</li> <li>Attained a physically or mentally challenged peoples employment ratio of 1.9%</li> <li>Enhanced the system to support the dual responsibilities of work and childcare and achieved the objectives of our childcare action plan (received Kurumin certification)</li> <li>Improved use of paid holidays from 47.5% in fiscal 2007 to 54.0% in fiscal 2008</li> </ul>	29-30
	<ul style="list-style-type: none"> <li>Approach existing and new shareholders more proactively than in fiscal 2007</li> <li>Achieve 100% payout ratio</li> </ul>	<ul style="list-style-type: none"> <li>Held 15 information meetings for retail investors</li> <li>Delivered biweekly investor relations email magazine</li> <li>Included in the MS-SRI since fiscal 2008</li> </ul>	31
	<ul style="list-style-type: none"> <li>Build procurement strategy and build procurement foundations</li> <li>Make and deploy procurement processes</li> <li>Ensure procurement compliance</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced supplier selection and groupwide external contractor management guidelines as part of our procurement management reinforcement drive</li> <li>Carried out training on thorough compliance in procurement activities and other themes for procurement officers and staff</li> <li>Held information meetings in Tokyo for DAIICHI SANKYO CHEMICAL PHARMA raw materials suppliers</li> </ul>	32
	<ul style="list-style-type: none"> <li>Produce and implement comprehensive social contribution activities program</li> <li>Improve evaluations of targets of our social contribution activities</li> </ul>	<ul style="list-style-type: none"> <li>Hosted the Rainbow Campaign</li> <li>Conducted social contribution activities in various regions</li> </ul>	33-36
	<ul style="list-style-type: none"> <li>176,844 metric tons (Reduce to 10% below fiscal 2007 level)</li> </ul>	<ul style="list-style-type: none"> <li>191,680 metric tons (Reduce to 3% below fiscal 2007 level)</li> </ul>	41-42
	<ul style="list-style-type: none"> <li>162,108 metric tons (Reduce to 4% below fiscal 2007 level)</li> </ul>	<ul style="list-style-type: none"> <li>176,314 metric tons (Reduce to 3% below fiscal 2007 level)</li> </ul>	41-42
	<ul style="list-style-type: none"> <li>5,212 metric tons (Reduce to 7% below fiscal 2007 level)</li> </ul>	<ul style="list-style-type: none"> <li>5,341 metric tons (Reduce to 6% below fiscal 2007 level)</li> </ul>	41-42
	<ul style="list-style-type: none"> <li>9,524 metric tons (Reduce to 10% below fiscal 2007 level)</li> </ul>	<ul style="list-style-type: none"> <li>10,025 metric tons (Reduce to 5% below fiscal 2007 level)</li> </ul>	41-42
	<ul style="list-style-type: none"> <li>Reduce to between zero and 1%</li> </ul>	<ul style="list-style-type: none"> <li>Waste generation volume up 854 metric tons; waste emission volume down 2,751 metric tons</li> <li>Recycling rate improved from 55.4% (fiscal 2007) to 58.7% (fiscal 2008)</li> <li>Final disposal rate improved from 1.28% (fiscal 2007) to 0.89% (fiscal 2008), achieving zero emissions</li> </ul>	43-44
	<ul style="list-style-type: none"> <li>4% reduction in atmospheric emissions compared to fiscal 2007</li> </ul>	<ul style="list-style-type: none"> <li>Reduced the use of PRTR target substances by 826 tons</li> <li>Began environmental impact evaluation index across all production processes including the amount of chemical substances used</li> </ul>	40
	<ul style="list-style-type: none"> <li>Continue to identify environmental demands of society and other stakeholders and create analytical framework</li> <li>Employ information obtained to produce framework for reflecting it in environmental policies and measures</li> </ul>	<ul style="list-style-type: none"> <li>Number of submissions for our Contest for Environmental Communication Tools increased from 42 entries in fiscal 2007 to 241 entries in fiscal 2008</li> <li>Regional clean-up activities increased by six events to a total of 64 activities, while the number of participants grew by 46 people to a total of 1,847 participants</li> </ul>	47-48

# CSR Management

## Basic Approach to CSR

All our corporate activities are part of our drive to realize our mission, and all involve balanced improvements to our three values: Social Values, Economic Values and Humanistic Values. This is the essence of the DAIICHI SANKYO Group's CSR.

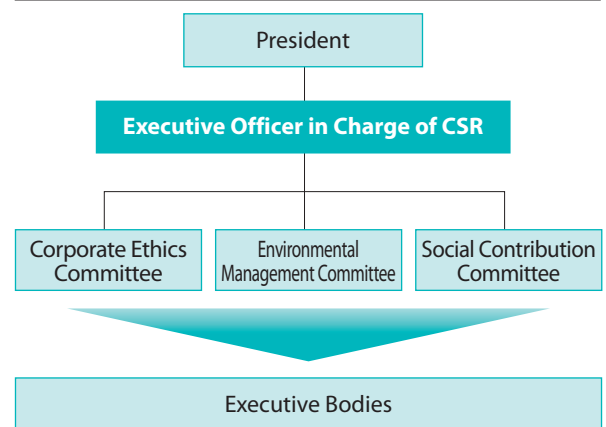
We recognize the need for CSR in all corporate activities: in supplying innovative new drugs on an ongoing basis; in providing the highest medical information and ensuring a stable supply of top-quality pharmaceutical products; in raising drug value in step with changing medical needs; and in preserving the global environment and contributing to society as befitting for a pharmaceuticals company.

To this end, we established a Group Corporate Conduct Charter to set down principles of action for the DAIICHI SANKYO Group. We are working to promote Our Values and Commitments laid out therein as standards of deportment to each and every employee so they might conduct themselves with high ethical standards and social decorum as part of a business that impacts people's lives and so we might progress with balanced improvements to our three values. Through such initiatives, we aim to contribute to realizing a sustainable society, while continuing as a corporate group with the trust of society.

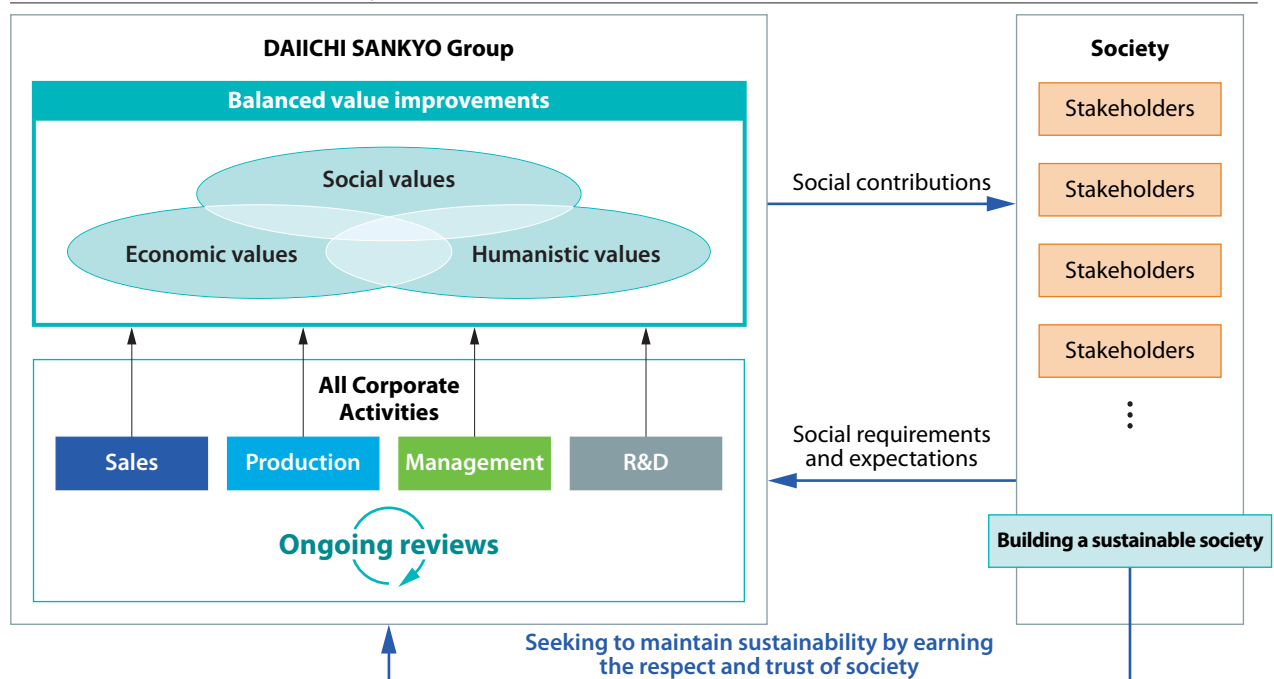
## CSR Promotion Structure

The DAIICHI SANKYO Group's executive officer responsible for CSR, appointed in April 2009 presides over three CSR-related bodies: the Corporate Ethics Committee, the Environmental Management Committee, and the Social Contribution Committee. This new position will enable systematic and effective injection of management resources into CSR activities, in turn facilitating verification of the results of our CSR endeavors and ongoing improvements to our activities.

### CSR Promotion Structure



## Our CSR Plan-Do-Check-Act Cycle (PDCA)





# Corporate Governance

## Our Stance on Corporate Governance

In addition to creating a management structure that can respond speedily and flexibly to changes in the business environment and ensuring legal compliance and transparency in management, DAIICHI SANKYO has strengthened oversight of management and conduct of operations. Our key aim is to maintain an environment responsive to the trust of our stakeholders, especially our shareholders.

## Governance Structure

In concrete terms, the board members' term of office is set at one year to clarify management responsibility and to create an optimal system that can respond swiftly to changes in the business environment. In addition, four of our 10 directors are appointed from outside the Group to strengthen oversight of all aspects of corporate administration and to ensure management transparency.

Furthermore, the Company employs a Corporate Officer System, under which the board of directors appoints corporate officers responsible for the conduct of corporate affairs for a one-year term of office. The corporate officers are in charge of specific aspects of corporate administration under the control and supervision of the President. Those appointed as corporate officers have a high level of expertise in their relevant business fields.

With regard to audits, the Company has adopted a corporate auditor system, under which the Board of corporate auditors, comprising four corporate auditors, including two outside corporate auditors, audits the legality and soundness of the management.

To make our management more transparent, we have voluntarily established a nomination committee and a compensation committee with duties, delegated by the

board of directors, to discuss matters such as personnel affairs and remuneration of directors and corporate officers. Outside directors are in majority in both committees.

## Decision-Making Process

The Board of Directors meets once a month, in principle, to resolve important business execution matters and supervise the execution of duties by Directors. In addition, the Company strives to improve the speed and appropriateness of management decisions by holding a meeting of the Management Executive Meeting once a week, in principle, and holding discussions on business execution.

## Corporate Auditors and the Internal Audit Department

To contribute to sound and sustainable management, each Corporate Auditor attends important meetings, including meetings of the Board of Directors and the Management Executive Meeting, gives opinions at such meetings in accordance with the Corporate Auditor Audit Standards, verifies the details of reports received from Directors, employees and others, and investigates the state of the business and property of the company. The Internal Audit Department implements internal audits on the compliance system, risk management system, internal control system and others in accordance with the audit plan.

### Remuneration for the Directors

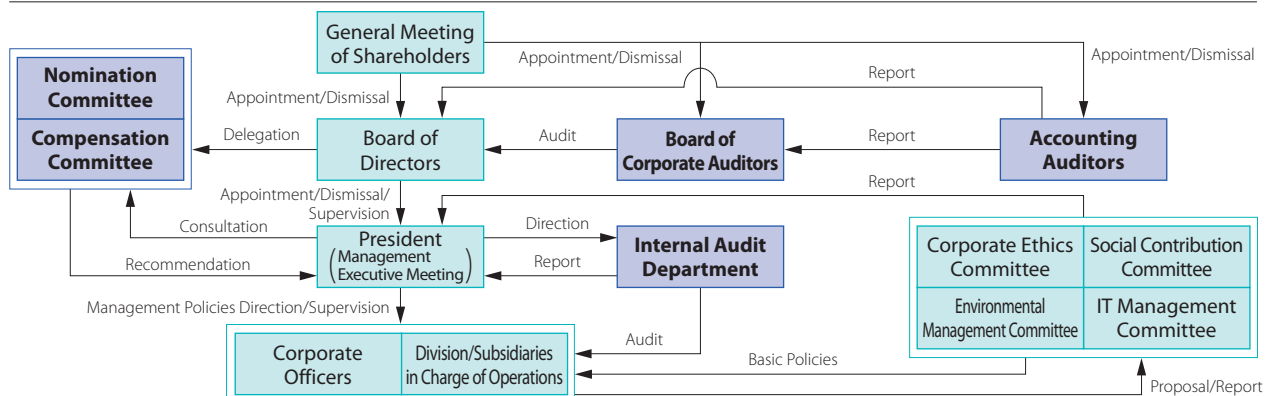
Annual remuneration: ¥424 million (including ¥69 million for outside directors)  
Stock option compensation: ¥96 million (not extended to Outside Directors)

\* No bonuses were paid to directors for fiscal 2008 in consideration of business performance and other factors.

### Remuneration for the Corporate Auditors

Annual remuneration: ¥112 million (including ¥37 million for outside corporate auditors)

## Corporate Governance Structure



# Compliance and Risk Management

## Fiscal 2008 Major Achievements and Results

- Carried out compliance training via e-learning (undertaken by **100** % of employees)
- Carried out e-learning relating to information security for new employees
- Conducted crisis training

## Our Approach to Compliance

The DAIICHI SANKYO Group is resolved to comply with laws and regulations and with its own corporate ethical standards and has placed compliance as a top management priority.

To promote compliance management, we established the Group Corporate Conduct Charter, which comprises common compliance regulations to which each company in the Group subscribes. Based on this directive, we formulated the Code of Conduct for Compliance, which provides specific guidance for the deportment of officers and employees, taking into consideration the business of Group companies in Japan and overseas and the laws, ordinances, rules and other regulations pertaining to each country.

## Compliance Structure

In April 2009, the President appointed the executive officer responsible for CSR as the Compliance Officer, who supervises the Group's overall compliance.

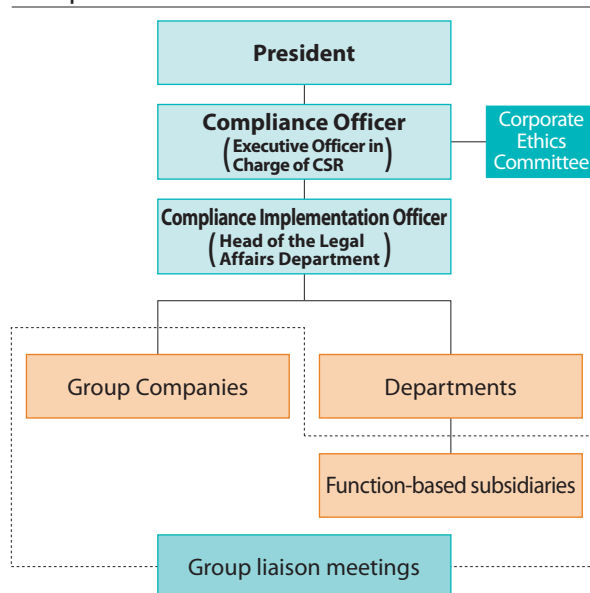
The Compliance Officer oversees the compliance program, which embraces standards of conduct for compliance and related regulations, implementation plans and other facets of compliance, in addition to presiding over the Corporate Ethics Committee, which is the decision-making body on compliance issues.

The Head of the Legal Affairs Department spearheads promotion of this program, with the head of each department taking responsibility within their own domain.

In addition, to bolster the level of groupwide activities we hold Compliance Promotion Liaison Meetings for Group companies in Japan, invite external specialists to deliver lectures, and arrange mutual visits between the officer in charge of compliance for the DAIICHI SANKYO Head Office and the those in charge of

compliance from Group companies, and conduct other regular events.

## Compliance Structure



## Compliance Awareness Survey

We conducted a compliance awareness survey in February 2008 for employees. Many responses indicated that better communication and open workplaces would be the best way to make compliance in the corporate culture effective.

The survey findings prompted us to make "Open Communication" our slogan for fiscal 2008, in line with which we present compliance cases and hold group discussion-based training sessions in each workplace at least once semiannually.

The DAIICHI SANKYO Group plans to continue to carry out periodic compliance awareness surveys to

ensure that the opinions of employees are reflected in improvements to future activities. The latest survey was conducted in June 2009.

## Compliance Measures

### Measures Relating to Important Business Activities

The DAIICHI SANKYO Group is involved in research, development, manufacture and sales of highly beneficial, top-quality drugs and supplies accurate information to its customers.

Accordingly, we comply with laws and regulations in all the processes of our corporate activities. In particular, we implement various measures to ensure thorough compliance in our R&D and provision of medical information, which require exacting ethical standards and exemplary social decorum.

### R&D Compliance

We stipulate ethical guidelines and regulations to ensure that our research and development is carried out to ethical standards befitting an enterprise that directly impacts people's lives. Moreover, our concept of compliance spans conformance with the standards of Good Laboratory Practices relating to pharmaceutical

safety and Good Clinical Practices, in addition to consideration for bioethical and animal testing restraint.

In addition, we extensively educate all personnel engaged in research and development to ensure that they adhere to the highest ethical standards in their R&D activities and beyond.

#### • Bioethics

We formulated Instructions on Bioethics for Human Tissue or Other Human Material Research and established the Ethical Evaluation Committee.

The committee comprises men and women and always includes some external members. The majority are academics from the humanities and social sciences, boosted by members of the general public. We have established this structure to ensure that the validity of our research is fairly and impartially screened from an ethical and scientific perspective.

#### • Animal Research Guidelines

We formulated Rules for Animal Testing from the basic standpoint of respect for life and the humane treatment of animals. We base our rules on the principles of replacement (applying alternative testing methods), reduction (in the number of animals used), and refinement (minimizing pain and suffering) to ensure scientific and ethical experimentation, establishing detailed rules for reasonable experimentation that limits pain towards animals to the best of our abilities.

## Starting the Day with Compliance Newsletter

### DAIICHI SANKYO LOGISTICS Tokyo Distribution Center

There are many people away from their desks during the day. We are aware that there are also many people who consequently do not have the opportunity to read the Compliance Newsletter intranet portal. Compliance underpins our corporate activities; the lack of time or PC access can be no excuse for ignorance of compliance issues. To resolve this problem, we began introducing articles and themes from the Compliance Newsletter in our morning meetings from the latter half of 2008. To make the contents digestible for all our workplace staff, we employed such means to maintain interest and enhance understanding as making masks and performing



sketches (in doing so, feeling rather embarrassed!), producing graphs to display extracted numerical data and highlights, and utilizing a large board to keep the viewers' attention.

In the future, we will continue to deploy such devices to enhance compliance awareness in a light-hearted and enjoyable atmosphere.

## Column



**Fusako Mano** (front)  
**Katsutoshi Yodonawa**  
 Tokyo Distribution Group  
 Operations Department  
 DAIICHI SANKYO LOGISTICS

# Compliance and Risk Management

## Compliance in MR Activities

Our MRs act in keeping with the Pharmaceutical Affairs Law, fair competition regulations, and a pharmaceuticals promotion code.

To bolster the effectiveness of compliance, branches hold monthly promotion code compliance meetings at which fair competition rules officials present everyday case studies. These events aid the thorough implementation of compliance and provide feedback to our divisions.

## Preventing Bribery

Offering domestic and overseas civil and quasi-civil servants gifts or bribes for their private gain is a source of gross distrust for a company. The DAIICHI SANKYO Code of Conduct for Compliance prohibits acts that can be construed as bribery or corruption, in particular forbidding the provision of entertainment or goods to public hospitals or other medical professionals, with which there are ample opportunities to do business.

## Training and Educational Activities

During fiscal 2008, we carried out combined development of measures by individual divisions attuned to divisional business contents and characteristics and uniform measures spanning all divisions and Group companies. This approach was based on an action plan formulated by the Corporate Ethics Committee at the beginning of the fiscal year.

We conducted ongoing training specific to job categories for new Group employees, newly appointed managers and other particularly suitable candidates, in addition to training for divisional compliance promotion staff. Other initiatives to boost compliance awareness included seven seminars, organized for each division, delivered by external experts targeting general managers.

In addition, we held training sessions in each Group workplace, enhanced mutual communications and boosted levels of compliance knowledge and awareness.

We also implemented e-learning for all Group employees centered on external case studies. This program reached a total of 9,995 employees, representing 100% of the workforce and focused attention on points for caution in the execution of everyday activities. DAIICHI SANKYO also maintains the "Compliance Newsletter" intranet portal, which offers

simple compliance tips and otherwise disseminates information on compliance issues.

Overseas Group companies, too, implemented education and training based on their respective compliance promotion systems. For example, DAIICHI SANKYO PHARMACEUTICAL (BEIJING) CO., LTD., held seven training sessions delivered by internal or external experts on bribery and corruption and on promotion codes during the year.

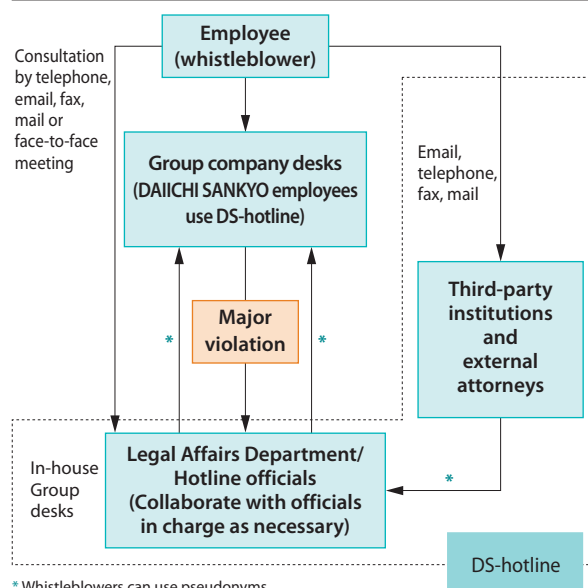
## Whistleblower System

Each of our domestic Group companies has also established desks to handle whistleblower cases. We also run the DS-hotline, which serves the entire Group. The DS-hotline comprises three reporting channels, through the DAIICHI SANKYO Legal Affairs Department, third-party institutions and external attorneys. A framework is in place to ensure that users of this service are protected from any unfavorable treatment as a consequence of reporting.

During fiscal 2008, there were 20 consultations via the DS-hotline regarding questions of compliance in the execution of business. The operators of the service strive to provide appropriate responses to all such inquiries.

In the United States, the families of employees of DAIICHI SANKYO, INC., can also utilize an internal whistleblower hotline. Promotional materials for families, including a contact number, are distributed to families to encourage access.

## DS-hotline Framework



## Risk Management

We are equipped to capably address the underlying risks of our business activities and minimize the human, social and corporate impacts of crises.

In terms of the factors that could prevent us from attaining our organizational goals, we provide information on procedures for identifying, specifying, analyzing, and assessing underlying risks and for responding to them (by retaining, reducing, avoiding, or shifting risks). Another role of the department is to oversee risk education and enlightenment.

## Risk Management Structure

DAIICHI SANKYO has established a risk management structure, centered on a Chief Risk Management Officer—a post either filled by or assigned by the President—and a Risk Management Promotion Officer, which is carried out by the Corporate Business Management Department Head. During fiscal 2008, 88 cases of serious risk were identified, which were analyzed and assessed from the standpoint of social needs and environmental changes.

## Risk Management Measures

### Business Continuity Planning

During fiscal 2007, we established a Business Continuity Plan to cover the eventuality of earthquakes and other major disasters. Building on this initiative, we introduced

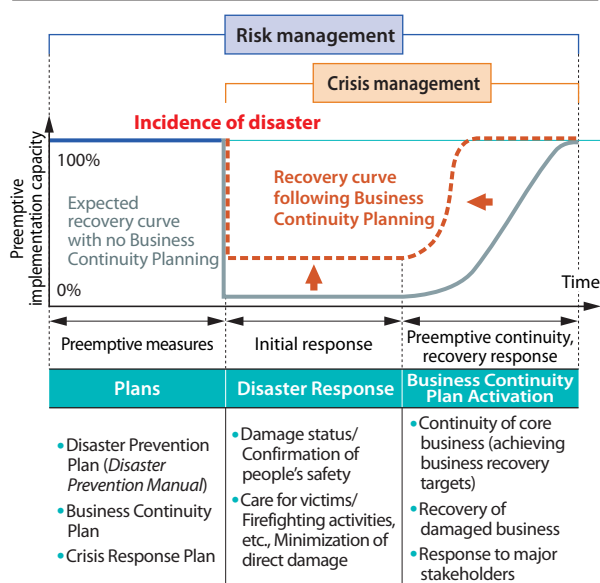
companywide pandemic countermeasures in October 2008. Each division's infection control precautions and other emergency practices, in addition to measures to ensure continuity of product supply, have been assigned a response level in the formulation of an action plan. We have calculated the number of months' inventory needed for continuous supply in the advent of a two-month production suspension due to a pandemic. We are also finalizing such precautionary measures as a procurement plan for infection control equipment and contingency for IT-related costs to support work from home.

## Crisis Training

We carried out joint (disaster) training at our Shinagawa R&D Center (Tokyo) in October 2008, and our Kasai R&D Center (Tokyo) and Pharmaceutical Technology Division (Kanagawa) in March 2009. The purpose is to verify the effectiveness of the DAIICHI SANKYO's *Business Continuity Plan and Crisis Management Procedural Manual*, which stipulate the Group's protocols in the event of a disaster.



## Approach to Risk Management



## Safeguarding Personal Information and Reinforcing Information Security

DAIICHI SANKYO is promoting the proper handling of personal information and information security, based on in-house regulations. We aim to foster thorough management to eradicate loss or theft of personal computers taken outside Company premises. By encouraging employees to carry an Emergency Contact Card, we familiarize staff with the contact routes in the eventuality of such mishaps.

During fiscal 2008, all new employees and all executives and regular employees of domestic companies joining the DAIICHI SANKYO Group participated in information security e-learning in a bid to boost information security levels throughout the Group.

In addition, we are strengthening our across-the-board security measures and promoting information management as a step toward preventing information leakage from Company personal computers.



# Patients and Medical Professionals

### Fiscal 2008 Major Achievements and Results

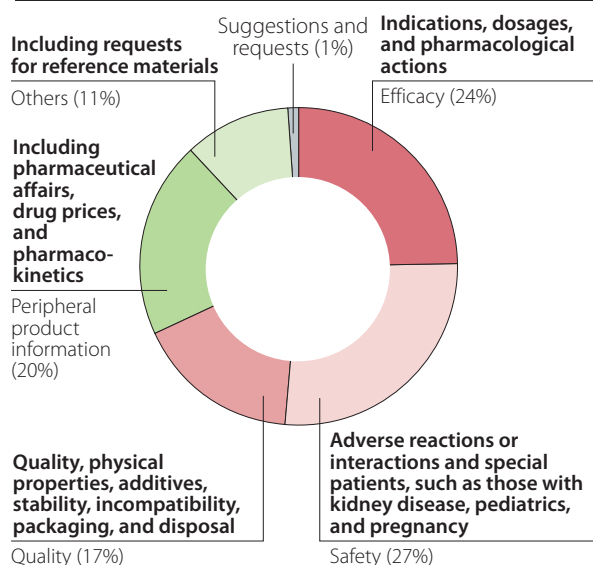
- Gained a high-quality ranking in external evaluation of “quality of response”
- Executed our Mid-Term Policy to Promote Safety Measures as planned, thus completing infrastructure construction
- Formulated a Business Continuity Plan for Stable Product Supply and instigated countermeasures for a pandemic outbreak (See “Business Continuity Planning” on page 22 for details)
- Achieved a **top** approval rating from doctors for our information provision capacity (See “Special Feature 1” on page 7 for details)

### Basic Approach to Responding to Inquiries from Patients and Medical Professionals

The Product Information Center, under the auspices of the Product Information Management Department, is responsible for responding to customers’ product inquiries.

We operate this service under the slogan, “Growing Customer Confidence Reflected in Rise in Customers’ Expression of Thanks.” Through this approach, we are targeting the industry’s top-level response, to make patients and medical professionals satisfied and grateful for the assistance provided in response to their inquiries.

#### Breakdown of Inquiries by Content (Fiscal 2008)



### Information Provision to Patients

DAIICHI SANKYO is aiming to improve its skills in responding to patients who are worried or uncertain. Initiatives to this end include the establishment of a Response Quality Review Committee, which invites specialists in the field of pharmaceutical communications

to deliver lectures and hosts training sessions. During fiscal 2008, we provided training that covered the “narrative approach,” a counseling technique used in the field of psychology.

In recent years, many patients already have detailed knowledge of medicines and other pharmaceutical issues. This tends to lead to consultations with requests for further information. To meet such patient expectations, we upgraded our database to enable us swiftly and accurately to investigate basic product information, FAQs, and other inquiries, and established a toll-free hotline for patients on October 1, 2008.

Results of an evaluation of response quality that we commissioned to an external research company recognized DAIICHI SANKYO’s call center services as deserving of a high quality ranking. Specifically, we were praised for the standards of our customer empathy and information provision. However, investigations revealed that our verbal communications still need work. We will work to improve this aspect through communication skills training.

The number of inquiries from foreign patients residing in Japan and patients taking medication on their travels overseas has increased. To meet their needs, we are producing an English-language *Kusuri-no-shiori* (Drug Information Sheet) that explains dosage and administration.

### Examples of Measures during Fiscal 2008

#### Specialist study workshop

Training activities to enhance specialist knowledge, divided to cover various DAIICHI SANKYO product groups (four to five times per month)

#### Communications skills training

Sessions by external trainers to bolster communications skills (several times per year)

#### Patient toll-free hotline

Established on October 1, 2008  
0120-693-132 (Japan only)

## Maintaining Product Safety

During the two years since the launch of the DAIICHI SANKYO Group, two groups have driven our progress to maintain safety: a safety evaluation group, which accurately evaluates and responds to adverse reactions and events that occur in Japan and overseas; and the safety planning group, which plans and promotes product safety measures (revised precautions for use, etc.). However, during fiscal 2008 we functionally integrated this framework into a single group responsible for both evaluation and planning. The objective of this integration is to speed up safety maintenance decision-making through consistent implementation by a single group, from safety evaluations through planning for commercialized and investigational products.

### Domestic Safety Measures

(Target: Products manufactured and sold by DAIICHI SANKYO)

	Amendments to precautions for use	Provision of information on proper usage
FY2007	11	2
FY2008	13	4

The aim of safety planning is to establish safety profiles through the accurate evaluation and analysis of safety information collected exhaustively from Japan and overseas. Objective data analysis then serves as a

basis for feedback of data on proper usage to medical treatment facilities on a timely basis, thus bolstering product reliability.

Based on this new implementation system, we are striving to instigate targeted post-marketing safety measures (such as for high dosages of Cravit and pediatric administration of Zyrtec) during fiscal 2009 for new, newly standardized and existing products.

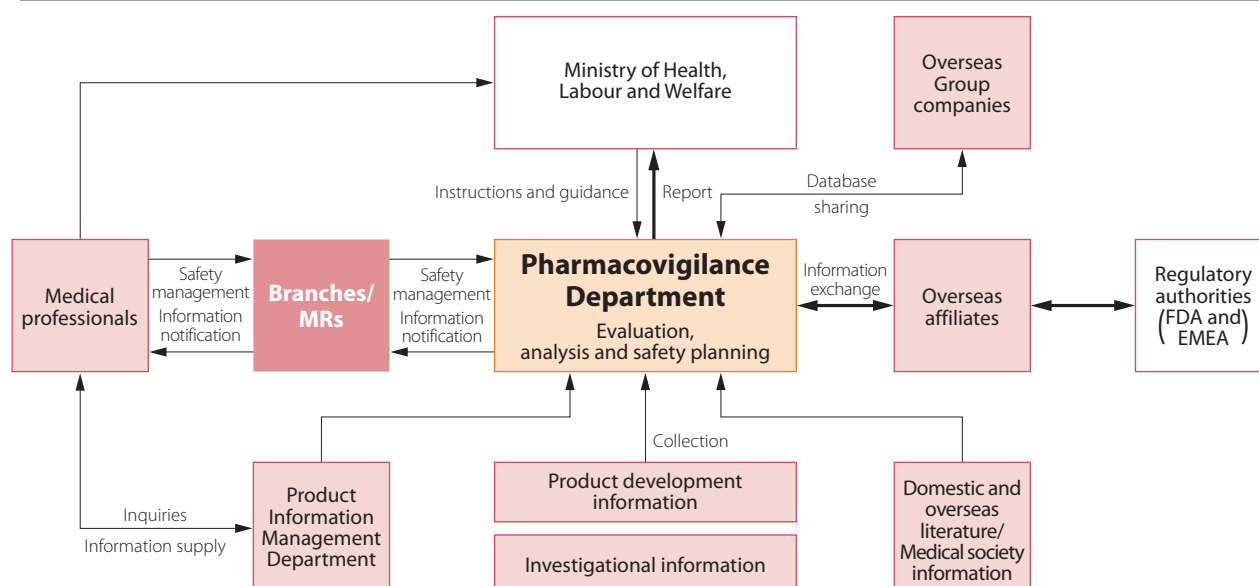
We have also concluded successive PV\* agreements on safety information exchange with overseas affiliated companies in the last two years. During fiscal 2009, we are reconstructing our global PV structure in step with the establishment of global matrix management. We aim to further improve and enhance this framework in preparation for fiscal 2010.

\* Pharmacovigilance (PV): The pharmacological science relating to the detection, assessment, understanding and prevention of adverse effects of medicines.

## Collecting and Feeding Back Information

MRs gather information on around 5,600 cases each year relating to pharmaceutical safety in Japan. Including literature and information from domestic and overseas affiliated companies, the annual data volume rises to 23,000 cases. The Pharmacovigilance Department uses a safety database to conduct factorial analysis pertaining to adverse reactions. The information on proper use that this generates is shared with medical professionals through MRs.

### Safety Management Data Collection through Information Notification



# Employees: Human Resource Vision and Policies

## Human Resource Vision and Policies

We are pursuing our mission and vision of becoming a Global Pharma Innovator. We are also endeavoring companywide to look after human resources better in line with our corporate values. We respect the individuality of each employee and foster our people in keeping with Our Values and Commitments of innovation, integrity and accountability. We believe that cultivating professionals through human resource management enables us to apply our mission and fulfill our vision. We thoroughly implement the Human Resources Management Policy to enhance employee capabilities, thereby heightening our competitiveness.

whose distinguished actions cultivate corporate culture, significantly contributing toward the realization of DAIICHI SANKYO as a Global Pharma Innovator.

In fiscal 2008, we presented 11 Group employees in Japan the DS Innovation Award and 35 the DS Value Award.

### Human Resource Management Policy

We develop and reward professionals who achieve excellent individual performance to optimize organizational performance.

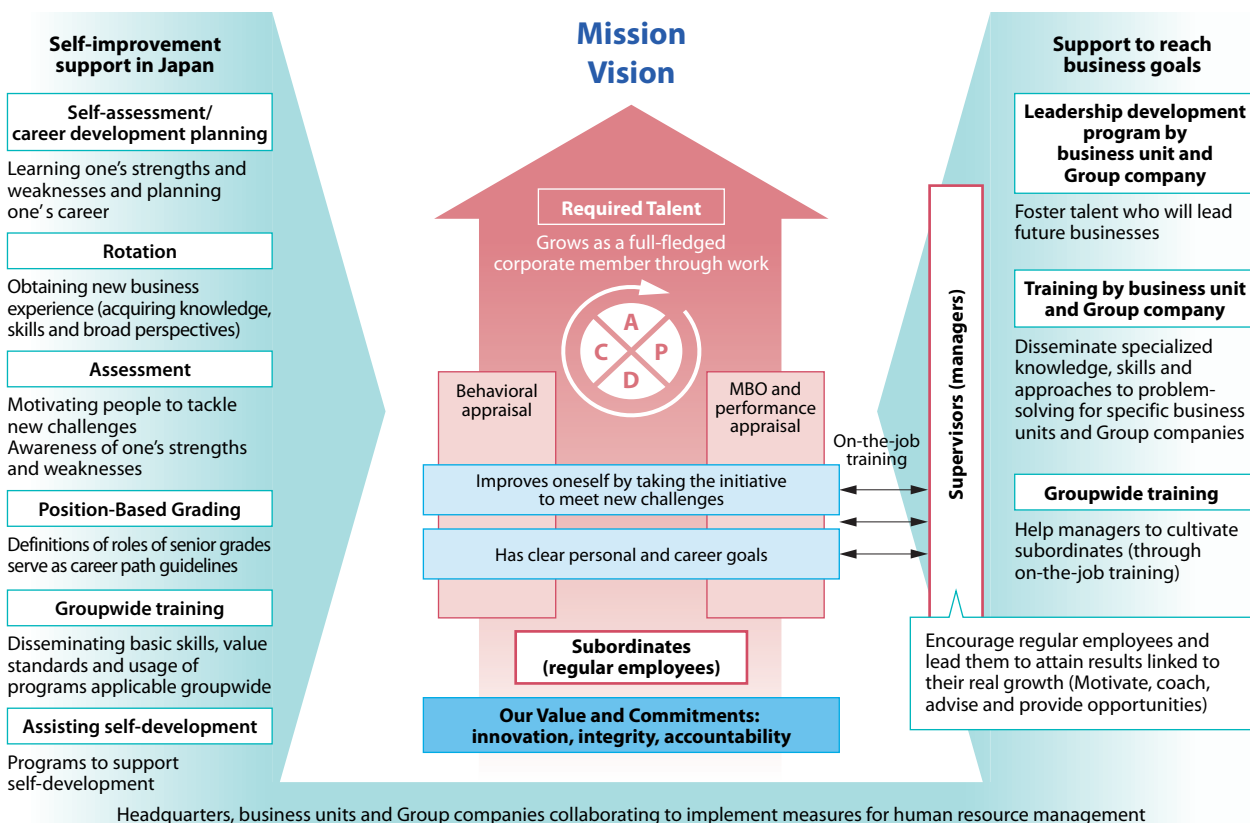
### Approach to Human Resource Development

The Group undertakes all human resource initiatives needed to foster personal growth through work. We motivate individuals to identify and meet new challenges of their own accord.

## Recognition Scheme Established in Japan

In fiscal 2009, we established the DS Innovation Award, which recognizes meritorious service, and the DS Value Award, which recognizes the nurturing of corporate culture. This scheme honors employees who demonstrate innovative and prominent achievements as well as those

## Required Talent and Human Resource Development Program



# Employees: Human Resource Development

## Fiscal 2008 Major Achievements and Results

- Held groupwide training for **114** new graduates, **455** new team leaders, **195** new managers and **62** new line managers
- Assisted personal growth by providing **811** employees with distance learning subsidies, **322** employees with TOEIC subsidies and **58** employees with optional training
- Provided ¥ **162,000** per employee for education and training

## Human Resources Programs and Human Resource Development

We offer two types of individual growth support. The first is that we assist employees to develop their careers within our organization. The second is that we help our people gain the professional qualifications they need to reach their business goals.

In terms of internal individual growth support, the DAIICHI SANKYO Group developed and manages a companywide platform for employees to independently promote their own growth that includes position-based grading, assessment and a self-assessment/career development planning program. In terms of support for the achievement of performance goals, we implement training plans and on-the-job-training by managers in accordance with the business goal achievements of respective main business offices and affiliated companies, through which we help employees acquire skills, appropriate mindsets and expertise. In this way, we approach human resource development from both short- and long-term perspectives.

## Cultivating Human Resources Performance and Behavioral Appraisals

The DAIICHI SANKYO Group's appraisal program is divided into an individual performance evaluation, which assesses the level of achievement in meeting individual performance targets, and a behavioral appraisal, which assesses how employees act in pursuing their objectives according to the code of conduct for DAIICHI SANKYO Group employees, resulting in an appraisal program that, rather than focusing solely on performance, recognizes achievements toward the realization of becoming a required talent fulfilling his or her prescribed role.

Supervisors and subordinates meet four times each year to establish goals and discuss interim reviews, self-assessment of annual evaluations and assessment

feedback. This communicative process helps each employee to grow. We have developed training for managers and assessors, as well as various manuals that instruct users on the methods and purpose of communication between supervisors and subordinates. We pay careful attention to the management and implementation of the above.

## Self-Assessment/Career Development Planning Program

We make the most of employee diversity in human resource management by using a self-assessment/career development planning program that corresponds to short- and medium-term self-realization. The program covers a wide range of issues that employees may want to share with management to improve their work, health and even post-retirement housing. Supervisors interview employees based on self-assessment/career development planning, sharing information on specific support measures so employees can pursue self-actualization and grow.

We believe that this program will improve motivation and work awareness among all employees and allow us to build strong bonds between them and the Company to foster mutual growth.

## Human Resources Department Express

Human Resources Department Express is a section in our self-assessment/career development planning sheets. Employee statements in that section bypass supervisors and go directly to the Human Resources Department. This enables employees to communicate about matters that they do not wish to tell their supervisors or express their opinions about our human resources management in an attempt to improve the workplace and working environment.

# Employees: Human Rights and Employment Issue Initiatives

### Fiscal 2008 Major Achievements and Results

- Introduced employee programs, including ones that allows employees to choose work locations and shorter hours, as well as a program that registers retired employees
- Publicized human rights, compliance, and work rules and guidelines through manager and new-hire training
- Carried out e-learning for all employees on work rules and guidelines

### Responsibility to Our Employees

The DAIICHI SANKYO Group places importance on the humanistic values of its employees. This is meant to clearly indicate our corporate responsibility to our employees, whom we view as important stakeholders.

#### Our Main Responsibilities to our Employees



### Employment without Discrimination

We do not employ or reward employees on the basis of gender, age, nationality, faith, or physique. We respect the personality and individuality of each employee, creating workplaces in which diverse people can demonstrate their talents and work with pride.

DAIICHI SANKYO continues to enhance employment systems that include a post-retirement rehire system that, as a rule, rehires all employees who seek employment after the mandatory retirement age of 60 years old, an employee program that allows employees to select work locations and work shortened working hours that realizes a flexible work style supporting life events, and a registration system for employees who have to quit because of temporary

childcare or other personal reasons but who would like to return to work as regular employees at a later date.

### Safeguarding Human Rights

To meet our responsibilities to our employees, we believe it is important to respect the inherent rights, personality and individuality of each employee. Our Corporate Conduct Charter underpins our domestic and international activities, stating that, "We will respect diversity in the personal values and qualities, and individuality of our employees, and will maintain a pleasant working environment that is safe and proper." Our work rules and guidelines prohibit discrimination, child and forced labor, sexual and power harassment, and enshrine fair evaluations and treatment in keeping with employee roles and achievements. We promote internal educational activities and treat rule violations severely.

We concluded a labor agreement with our Labor Union that guarantees the right of employees to organize and engage in collective bargaining and action. We also assure the rights of employees by discussing and addressing many labor-management issues in keeping with the policies of the International Labour Organization.

### Human Rights Initiatives

#### Human Rights Training

DAIICHI SANKYO promotes a comfortable workplace environment for employees with diverse values through the ongoing implementation of human rights protection training as part of our internal educational activities.

In fiscal 2008, we publicized human rights, compliance and work rules and guidelines through manager training and new-hire training and carried out e-learning for all employees on work rules and guidelines. In addition these annual training sessions, we also plan to conduct harassment counselor training once each year.



# Employees: Support for Diversity

## Fiscal 2008 Major Achievements and Results

- Awarded Woman of the Year 2009 in the Hit Maker category
- Launched the Women's Activity Promotion Project and commenced companywide initiatives according to the project plan
- Exceeded the statutory ratio with **1.90%** of our workforce being physically or mentally challenged

## Equal Opportunity Policies

We aim to create comfortable workplaces for both men and women that respect the individuality of all employees. Nonetheless, we recognize the importance of increasing the participation of women in corporate life by prioritizing three elements. First, we support them at each life stage so they can remain with the organization. Second, we endeavor to better employ women by helping develop their careers and changing the mindsets of supervisors and colleagues. Third, we are striving to employ more women and expand the job categories available to them.

From the perspective of sustainability, we are proactively engaged in the promotion of work-life balance, which is combined with childcare support (next page). To strengthen our efforts on enrichment of work opportunities for women, we set up a companywide Women's Activities Promotion Project through which we are developing additional programs.

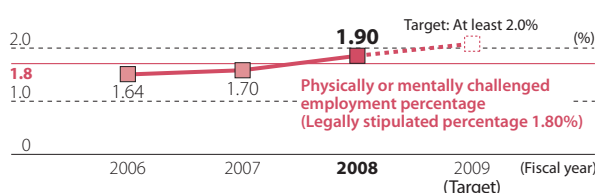
## Promoting Employment of Physically and Mentally Challenged People

Group companies in Japan and DAIICHI SANKYO HAPPINESS Co., Ltd. (a special subsidiary that we created

in line with the Disabled People Employment Promotion Act) engage in ongoing efforts to raise the employment of physically and mentally challenged people to the statutory employment ratio. We create working environments that cater for these people to foster the spirit of normalization\* among all employees.

\* Normalization: Viewing physically or mentally challenged people and senior citizens in a non-discriminatory fashion as being able to participate in society in the same ways as other people.

## Percentage of Employees Who are Physically or Mentally Challenged



## Diversity Indexes

Fiscal 2008 Employment Highlights	
Number of physically or mentally challenged people hired	16
Temporary workers as percentage of total	9.0%
Number of female managers and percentage of all managers	45, 2.1%

Note: Temporary workers as percentage of total and female manager percentage and numbers are as of March 31, 2009.

Note: Last year's temporary workers as percentage of total and female manager percentage and numbers reflect only DAIICHI SANKYO CO., LTD. This year's figures reflect the entire DAIICHI SANKYO Group in Japan.

## Awarded Woman of the Year 2009 in the Hit Maker Category

DAIICHI SANKYO HEALTHCARE develops many products for women, seeking to view things from a woman's standpoint. *TRANSINO* was developed in response to women's distress over melasma (a localized skin discoloration), which were unknown to women even as sales of the product were launched. This represented the significance of information for women by women. I am thankful that this product was selected by *Nikkei Woman's* Woman of the Year, the result of working from this perspective.



Nevertheless, given the fact that there are so many areas outside R&D where women can play a significant role, I am disappointed that there are not more women involved in product planning and marketing. Needing nothing more than being a woman, I hope to see the ratio of women increase and a workplace comfortable for women to energetically work in created throughout the entire Company.



**Asami Watake**  
R&D Department  
DAIICHI SANKYO  
HEALTHCARE

# Employees: Balancing Work and Private Lives

## Fiscal 2008 Major Achievements and Results

- Enhanced our support of the dual responsibilities of work and childcare and achieved the objectives of our childcare action plan (received *Kurumin* certification)
- Improved use of paid holidays from **47.5%** in fiscal 2007 to **54.0%** in fiscal 2008

### Creating a Comfortable Workplace

The DAIICHI SANKYO Group respects the lifestyle of all employees and aims to create a work climate full of creative power where employees can work autonomously and efficiently, manifesting their diverse values and skills. We created and promote discretionary labor and flextime systems, life event and paid holidays, and other flexible working programs so that employees can choose from a variety of work styles that best suit their work environments and living conditions, with particular importance placed on initiatives that help balance work, childbirth and childcare.

In June 2009, we enhanced a system to support the dual responsibilities of work and childcare and achieved the objectives of our childcare action plan, receiving *Kurumin* certification.



Kurumin certificate

Assistance for the Dual Responsibilities of Work and Childcare	
Maternity leave	<ul style="list-style-type: none"> <li>Before childbirth: Six weeks up to and including due date (14 weeks in the event of multiple pregnancies) (non-paid)</li> <li>After childbirth: Eight weeks starting the day after delivery (non-paid)</li> </ul>
Special leave for spouses whose wives have given birth	<ul style="list-style-type: none"> <li>Five days to be taken within 14 days of birth (paid)</li> </ul>
Childcare leave program	<ul style="list-style-type: none"> <li>Eligibility: Employees caring for children who are not yet one year old</li> <li>Up to the day before the child's first birthday (non-paid)</li> <li>(When leave is necessary beyond this period, it can be extended until the day before the child turns 18 months old or until the first April 30 after the child turns one year old)</li> </ul>
Child nursing-care leave program	<ul style="list-style-type: none"> <li>Eligibility: Employees caring for children through third year of primary school</li> <li>Up to 10 days of leave (of which five are paid)</li> </ul>
Childcare hours	<ul style="list-style-type: none"> <li>Eligibility: Employees caring for children not yet one year of age</li> <li>Time guaranteed for childcare (paid): Up to two hours per day in 30-minute increments (can be divided among AM and PM)</li> </ul>
Shortened working-hour childcare program	<ul style="list-style-type: none"> <li>Eligibility: Employees caring for children through third year of primary school</li> <li>Fixed-hour system (non-paid): daily starting and ending times can be shortened by up to two hours (30-minute increments)</li> <li>Flextime system (non-paid): One day, as long as total monthly working hours (for example, number of fixed-hour working days multiplied by five hours and 45 minutes) do not change; starting and ending times can be changed upon approval of supervisor (shortened working-hour program is the same as fixed-hour program)</li> </ul>
Other types of leave and vacation	
Work-life balance day	Twice each month, we recommend leaving the office at the end of regular business hours to ensure employees take time to engage in family activities and pursue self-enriching interests.
Life event holidays	We promote the use of paid leave to celebrate one's birthday or the birthday of a family member, or to celebrate anniversaries and other special occasions.
Rejuvenation holidays	For those who have been employed for 10 or more years, we offer a rejuvenation holiday every five years (five consecutive days off)
Measures to Promote the Use of Childcare Leave among Male Employees (Launched in April 2009)	
1. Childcare leave program	Applicable to those with spouses who do not work (or who are currently on childcare leave), may be retaken one time only
2. Shortened working-hour childcare program	Applicable to those with spouses who do not work outside the home (or who are currently on childcare leave) or who are currently on the shortened working-hour childcare program
3. Child nursing-care leave program	Can be taken in half-day increments

## Aiming to be a Company Where Female MRs Can Work Effectively over Long Periods

## Column

As working in the Sales Division typically involves long and demanding working hours and frequent transfers, it is difficult for women, especially those who are looking after families, to remain here for long. DAIICHI SANKYO has introduced several initiatives to address the situation that female MRs face. One example is the program begun in October 2009 that enables employees to choose work locations, working days and hours to meet their family needs.

In addition, the corporate culture must motivate women to play a more active role. To this end, a Three Star Forum is held regularly for female MRs to discuss their ideal workplaces and working styles. At the first forum, held in 2008, the participants agreed that to realize a satisfying workplace, it was important to create an atmosphere of mutual understanding between superiors and subordinates. To encourage this understanding, sales office managers were invited to the second forum, in 2009. This forum helped managers understand what female



MRs normally experience in the workplace and provided an opportunity to discuss mutual expectations and necessary commitments.

We are promoting other initiatives along these lines, such as publishing a magazine to stimulate and encourage interaction among female MRs. Through such initiatives, we will continue working to become a company where both male and female MRs can work effectively over a long period of time.



**Yukiko Makishima**  
Sales Planning Department  
Sales & Marketing Division  
(Japan)

# Employees: A Safe and Healthy Work Environment

## Fiscal 2008 Major Achievements and Results

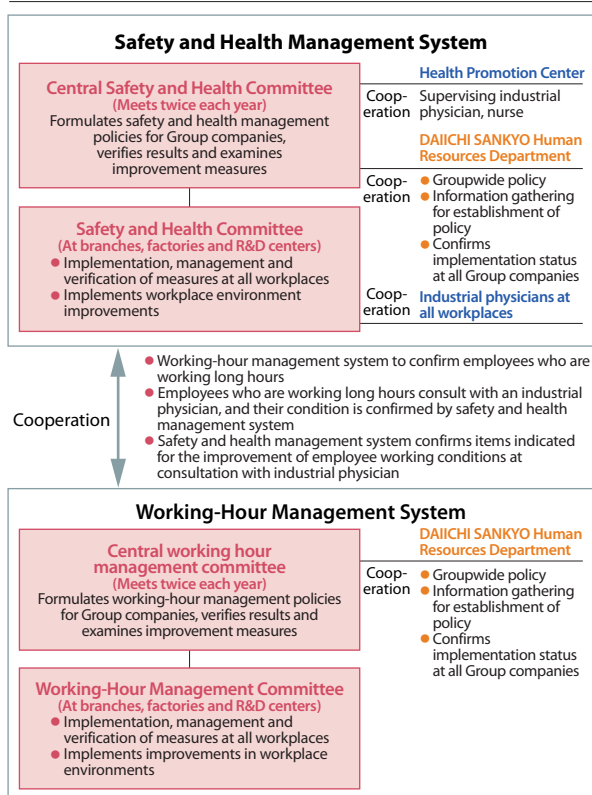
- **100%** of employees underwent legally required health check screening
- Established a new system for employees providing leave of absence for medical check-ups
- Achieved a **50** working-hour reduction compared to the previous year

## Work Safety and Health

We strive to ensure employee safety and health and prevent long working hours.

We have established safety and health committees to promote safe and healthy working conditions and working hour management committees to examine long working hour countermeasures for labor and management at all Group companies and in each workplace, building a reliable PDCA cycle that includes policy determination, implementation of measures and verification of results.

### Safety and Health Management Structure



## Work Safety and Health

### • Policies for People Working Long Hours

We implemented a system in which employees

habitually working long hours (defined as working more than 80 non-regular hours, including work on holidays) must consult a Company doctor. We also educate their supervisors about the issues and monitor progress. We offer vacations to prevent overwork, having managers instruct those serving long hours to take paid leave the following month and confirm compliance with those requests. In addition, implementation of our physician consultation and leave systems to prevent overwork are near 100%.

### • Regular Health and Medical Checks

In fiscal 2008, 100% of employees underwent legally required health checks, and employee health improved. Starting in 2009, we established a new system to provide leaves of absence for medical check-ups and proactively encourage employees to take advantage of this option.

### • Fostering Mental Health

We set up an integrated industrial physician at our Group headquarters, creating a system to support unification at the national level, as well as contracted an employee assistance program to create a system where employees and their families are provided easy access to consultation.

In addition to the enhancement of internal and external consultation systems, we are making an effort to develop self-care for employees through the creation and education of mental healthcare guidance and the implementation of a mental health check as well as ongoing annual training involving line check guidance for the duties incumbent upon managers.

### • Return-to-Work Assistance

### • Health Support System

## Group Long-Term Disability System

In preparation for the unlikely event that an employee is rendered incapable of working for a medium or long term as a result of sickness or injury, we introduced a Group long-term disability system to provide those employees with a fixed portion of income as compensation up to retirement age.

# Shareholders

### Fiscal 2008 Major Achievements and Results

- Delivered biweekly investor relations email magazine
- Included in the Morningstar Social Responsible Investment Index since fiscal 2008

### Disclosure Policy

We aim to earn broad social trust by extensively disclosing information to shareholders, investors, and other stakeholders so they can properly understand and evaluate our position.

We base disclosure on transparency, impartiality and continuity, acting in compliance with the Securities and Exchange Act and the timely disclosure requirements of stock exchanges. We pursue timely and proactive disclosure to aid comprehension of the Group.

Our Corporate Conduct Charter and our Code of Conduct for Compliance include commitments to disclosure and building fair and positive relationships with stakeholders. We also maintain disclosure rules and are bolstering our internal systems to enhance disclosure.

See the following site for disclosure policy details:  
<http://www.daiichisankyo.com/ir/policy/index.html>

### Prompt and Easy to Understand Information Disclosure

We inform stakeholders promptly through the Tokyo Stock Exchange's Timely Disclosure Network, news releases, and earnings announcements.

Stakeholders can access our website for details of our financial results, information materials and webcasts, shareholder reports, annual reports, development pipeline, news releases, and shareholder meeting notices. We also distribute an investor relations email magazine and maintain a site for retail investors, which are both available only in Japanese.

Investor Relations Website  
<http://www.daiichisankyo.com/ir/index.html>

### Interactive Investor Relations Activities

We issue a Japanese-language email magazine with the latest investor relations information twice monthly.

Since 2007, we have included a questionnaire in our investor relations email magazine. In addition to addressing issues of greatest interest to investors, in November 2008 President Shoda responded to investor questions using streaming video on the Internet.

We will continue to reflect investor opinions in our daily investor relations activities.

### Policy Regarding Shareholder Returns

The distribution of the profits gained through Group business activities is positioned as one of our most important management tasks. In addition to emphasizing profit distribution that reflects the perspectives of earnings and capital efficiency, we will continue to take a comprehensive view in determining the distribution of profits, with consideration for internal reserves necessary to execute our long-term growth strategy and other management issues.

Our policy is to distribute an amount equivalent to all of the net income generated for fiscal 2007 to 2009 through dividends and share buybacks.

#### Cash Dividend Per Share (Yen)

	Interim	Full Year
Fiscal 2007	35	70
Fiscal 2008	40	80
Fiscal 2009	30 (Forecast)	60 (Forecast)

# Business Partners

## Fiscal 2008 Major Achievements and Results

- Established guidelines for the entire Group regarding the selection of business partners and outsourcer management
- Conducted training under the theme of thorough compliance in procurement for those staffs
- Held an information meeting in Tokyo for DAIICHI SANKYO CHEMICAL PHARMA's raw materials business partners

## Procurement Management System

To clarify its responsibilities to business partners, the DAIICHI SANKYO Group formulated a Procurement Mission and Basic Procurement Policies.

### Procurement Mission

1. Optimize Group procurement
2. Generate sustainable profits
3. Comply strictly with regulations

### Basic Procurement Policy

1. Maintain optimal quality and stable supplies
2. Optimize purchasing prices
3. Fairly and impartially choose best suppliers and pursue mutual progress
4. Improve procurement skills
5. Comply strictly with related regulations and internal rules
6. Pursue Green procurement

In line with this mission and policy, we strive to practice efficient procurement activities that observe compliance by encouraging each department engaging in procurement to formulate specific rules to govern their business activities, while promoting independent procurement management based on the PDCA cycle.

In fiscal 2008, we established groupwide procurement process guidelines for supplier selection and outsourcer management and shared it with all employees involved in procurement. To improve our internal information infrastructure, we created a procurement business partner register containing background information collected from across the Group and made available to all employees on our internal portal. In particular, this enables employees in charge of procurement to understand who is buying how much of what, for where and from which Group business partner.

We give suppliers adequate notice of revisions in standards, changes because of quality issues, and discontinuations in transactions. We ensure compliance with Japanese legislation prohibiting delays in payments to subcontractors.

## Procurement Compliance

We conduct procurement training for all Group companies, with particular focus on compliance in procurement and procurement process clarification.

### Procurement Training in Japan

- **Implementation:** July 7—8, 2008
- **Participants:** DAIICHI SANKYO Group executives in charge of procurement and staff members (95 in total)

### Major Topics

- **Procurement compliance**  
Compliance with DAIICHI SANKYO procurement rules and regulations, and legislation banning delays in subcontractor payments
- **Procurement process**  
Supplier selection process clarification  
New business partner selection procedure  
Procurement business partner register (sharing of business partner procurement background information)
- **Outsourcer Management**  
Business outsourcer assessment and management

## Business Partner Auditing and Explanatory Meetings

As a general rule, we conduct an audit when engaging in raw materials procurement from a new business partners. We regularly audit suppliers in new and subsequent dealings with them. Procurement, quality assurance, and other departments independently or jointly check vendors in terms of quality, supply stability, and compliance (notably, employee human rights, safety and health, and anti-discrimination policies).

Furthermore, in addition to regularly checking up on the business partner after the transaction begins, we hold consultations aimed at ensuring steady supplies, and when any issues arise, we suggest guidance and improvements.

We also conduct explanatory meetings, and in fiscal 2008 we held an information meeting in Tokyo for DAIICHI SANKYO CHEMICAL PHARMA's newest raw materials business partners.



# Regional Communities

### Fiscal 2008 Major Achievements and Results

- Conducted **67** factory tours for over **1,200** people and opened facilities to over **4,800** people
- Engaged in activities at each office that contributed to communities in accordance with regional needs (see “Initiative Case Study”)

### Social Contribution Activities

Social contribution activities are a key corporate social responsibility that we have enshrined in our Group Corporate Conduct Charter commitment to good corporate citizenship. Based on the slogans “Uniquely DAIICHI SANKYO social contribution activities—providing people with hope through contributions to life and science,” and “Policies that are to encourage employee volunteerism and engagement in collaborative programs and to shift from solely funding to participating in worthwhile programs,” we formulated Basic Policies on Group Social Contribution Activities, which proactively promotes initiatives that contribute to the development of science and research (medical and pharmaceutical), initiatives related to human life and the will to live, such as social welfare, and initiatives related to natural life, such as conservation of the environment.

In terms of specific initiatives, we established the Social Contributions Committee, which the president or someone he designates chairs. That body considers all aspects of social contributions, confirming the suitability of specific proposals and ensuring transparency.

#### Basic Global Social Contributions Policy

- We will help create a sustainable society, engaging in activities to contribute to society.
- We will particularly prioritize progress in medicine and pharmacology, social welfare, and environmental conservation.
- We will also assist with disaster restoration, youth education, and promote culture and the arts.
- We will foster healthy social development by participating in and supporting voluntary activities.
- We will engage with and prosper with communities.

### Initiative Case Study

#### First Children's Science Class

DAIICHI SANKYO PROPHARMA invited 5th and 6th graders (approximately 50 students) from elementary schools in Hiratsuka City to its Hiratsuka Factory to participate in the First Children's Science Class. Aimed at cultivating an interest in science, the Children's Science Class focused on experiments and observations.

In recent years, the lack of interest in technology and science among young people has become a dilemma in society. Children who like science say the reason is because the experiments and observations are interesting. The DAIICHI SANKYO Group will hold this class to cultivate an interest in science among children through experiments and observations.



#### Science and Pharmacology Seminar for High School Students

We held a researcher-led science and pharmacology seminar for high school students on August 25, 2008, at the Shinagawa R&D Center. In line with our aim of contributing to regional communities and youth education, we provided those in attendance with a brief overview of the center, a lecture from the Center Chief, a tour of the center and a dialogue with young R&D staff members.

Afterward, we distributed a questionnaire in which 94% of the participants indicated that their interest in science and pharmacology had increased as a result of the seminar. We plan on conducting this seminar on an ongoing basis in the future.



## Research Internships

ASUBIO PHARMA CO., LTD., offers research internships to graduate students every year. The internships aim to provide prospective young researchers with opportunities that are normally unavailable at graduate schools and show them how interesting it can be to create drugs and follow projects as they progress.

In fiscal 2008, a total of 13 graduate students received internships, four students were accepted into chemical organic synthesis courses, and nine were accepted into biological assessment courses, with the help of researchers from the Biomedical Research Laboratories in Osaka, experienced various processes related to research into new drugs.

Students who participated noted that they clearly recognized the social merit of their research, and were aware of the difference from university research in terms of the way in which research was conducted.



## Participation in Collaborative Projects with Pharmaceutical Companies

TULIPE uses donations from pharmaceutical companies to quickly respond to medical needs resulting from acute health crises, natural disasters and conflict. TULIPE promptly provides medical supplies and drugs tailored to people's needs.

Unused drugs and medical supplies from emergency missions are reassigned to other programs run by select French organizations that have agreed to comply with TULIPE guidelines.



Photo by Franck Parisot

## The Health Management of Hypertension Patients

This partnership with the Portuguese Hypertensive Patients' Association (Associação dos Hipertensos de Portugal) and the Auchan Group supermarket chain provides blood pressure control, cholesterol level, weight and glycaemia measurements conducted by health care professionals. Hundreds of patients were evaluated, and as expected, many of them were unaware that they were hypertensive or had uncontrolled blood pressure levels. These patients were advised to visit a physician as soon as possible.



## Mobile Health Clinic

As part of its Corporate Social Responsibility initiatives, DSI is sponsoring operating costs for the Highlands Health Van, an innovative, 'eco-friendly' mobile medical facility that is part of an outreach program of the Zufall Health Clinic. The clinic, headquartered in the city of Dover, New Jersey, is a state-licensed, not-for-profit, private community health center providing low-cost medical treatment to under-insured and uninsured patients in New Jersey. The Highlands Health Van will provide affordable family medical care in a mobile, eco-friendly setting.



### Regional Communities

#### Donating Wheelchairs to Nursing Homes

Through the provision of high quality pharmaceuticals, Shanghai Sankyo Pharmaceuticals Co., Ltd., not only contributes to the health and society of Chinese people, but also regional communities through the continued involvement in public-interest activities.

We donated wheelchairs to senior citizens and the physically disabled in nursing homes and communities in China's Zhangjiang Functional District.



#### Assisting Orphaned Children

The Pajama Program provides new pajamas and books to children in need, many of whom are waiting and hoping to be adopted. These children live in orphanages, group homes and shelters and are often shuffled between temporary living facilities. This past year, Luitpold staff purchased 127 new pajamas and 83 children's books.



#### Doctor and Pharmacist Training Programs

Since 2004, DAIICHI SANKYO PHARMACEUTICAL (BEIJING) has donated funds to doctor and pharmacist training programs centered on governmental organization health department international exchange collaborations whose aim is to improve medical technology.

Approximately 2 million Yuan was donated between 2007 and 2009, bringing the total amount donated since 2004 to approximately 4 million Yuan, which has been useful for study tours of Europe and other related activities.



#### Rainbow Campaign

With the aim creating a society in which all of those afflicted with cancer can have hope and live positively, we have conducted the Rainbow Campaign activities in collaboration with NPO Japan Wellness to support all of the people afflicted with cancer.

In fiscal 2008 we held the 6th Patient Active Forum, a collaborative project event and tours of DAIICHI SANKYO PROPHARMA's Hiratsuka Factory.





## Community Open Lectures

In the belief that a correct and thorough understanding of one's ailment is the patient's first step toward treatment, we cooperate with community open lectures.

In fiscal 2008, we supported nine community open lectures in five locations, including Aomori, Hiroshima and Kumamoto. The lectures presented various topics including the prevention of strokes and lifestyle diseases to approximately 3,000 participants.



## Assisting People in Africa

Since April 2008, DAIICHI SANKYO ITALY has been supporting a nonprofit organization known as "Progetto Marco," or Project Marco. This Rome-based welfare organization works in Malawi and Cameroon to assist people in these countries in the fields of health, nutrition and education.



## Communicating with Local Communities

We believe that contributions to the regional communities where we conduct business activities are also an important aspect of CSR. Therefore we are involved in various initiatives with regional citizens. In fiscal 2008, we participated in cleaning drives and anti-crime patrols around our offices. We open our gym, grounds, and meeting and exchange spaces, and participate in and fund fire drills, festivals, and other local activities. We also make donations.

We will contribute further to prosper with communities as a good corporate citizen.



Odawara Factory clean-up activities  
DAIICHI SANKYO PROPHARMA



Odawara Factory New Year's fire prevention ceremony  
DAIICHI SANKYO CHEMICAL PHARMA



Hiratusuka Factory Sagami River local situation investigation/clearing/planting  
DAIICHI SANKYO PROPHARMA CO., LTD.

# Environmental Policy and Environmental Management Goals and Achievements

### Fiscal 2008 Major Achievements and Results

- In Japan, we created an environmental management promotion system for offices and vehicles as well as factories and research facilities
- Overseas, we created an environmental management promotion system for factories and research facilities that will begin in fiscal 2009

### Basic Approach to Environmental Management

Caring for the environment is one of our social responsibilities. Our basic environmental policy is in line with the Group Corporate Conduct Charter, which states that, "We will voluntarily and actively engage in activities aimed at the protection of the global environment." Furthermore, in accordance with this charter, we promote environmental management through the formulation of a medium-term environmental management policy focused on global warming, the reduction and recycle of waste materials, the reduction of chemical substance emissions into the atmosphere, a response to ground pollution, the promotion of green procurement and the promotion of green chemistry.

### Basic Environmental Management Policy

Safeguarding the environment is the bedrock of all Group operational management. We pursue environmental management that contributes to a sustainable society and enhances our good corporate citizenship.

Group efforts:

1. Confirm the environmental impacts of each business process, from R&D to production, distribution, usage and consumption, and disposal, and reduce environmental loads.
2. Comply strictly with environmental laws and ordinances, regional covenants, and voluntary standards.
3. Construct and operate an environmental management system.
4. Use resources and energy efficiently, reduce carbon dioxide emissions, and recycle and reduce waste.
5. Protect the environment and respect biodiversity by helping preserve the ecosystem.
6. Address environmental risks.
7. Communicate with internal and external stakeholders about environmental issues.

### Mid-Term Environmental Management Policy, Targets, and Fiscal 2008 Achievements

Mid-Term Environmental Management Policy	Environmental Performance Benchmarks	Fiscal 2008 Results	Fiscal 2007 Results	Evaluation	Mid-Term Environmental Management Plan (Fiscal 2009 targets)
Cutting carbon dioxide emissions from all factories, R&D centers, offices, vehicles and other sites to help prevent global warming	DAIICHI SANKYO Group CO <sub>2</sub> emissions in Japan	191,680 metric tons	196,881 metric tons	Y	10% less than in fiscal 2007
	Carbon dioxide emissions from energy usage at factories and R&D centers	176,314 metric tons	181,624 metric tons	Y	4% less than in fiscal 2007
	Carbon dioxide emissions from office building energy usage	5,341 metric tons	5,678 metric tons	Y	7% less than in fiscal 2007
	Carbon dioxide emissions from Company vehicles	10,025 metric tons	9,578 metric tons	N	10% less than in fiscal 2007
Cutting landfill and endeavoring to reduce environmental impact by increasing resource recycling rates	Final disposal divided by total amount generated	0.89%	1.28%	Y	Between zero and 1%
	Amount of office paper consumed	86.45 million sheets	91.71 million sheets	Y	7% less than in fiscal 2007
Cutting atmospheric releases of chemical substances	Atmospheric releases of PRTR*1 substances	207 metric tons	151 metric tons	N	4% less than in fiscal 2007
Properly addressing soil remediation risks	—	Implemented according to plan (P45)	Have identified soil remediation risks	Y	Reduce Group soil remediation risks and establish response basics
Pursuing green purchasing to balance quality and supply stability	Percentage of online purchasing of environmentally friendly office supplies	45.5%	71.2%	N	At least 60% *2
Employing green chemistry to reduce environmental loads	—	Implemented according to plan (P40)	Have developed assessment technique	Y	Fully deploy process research incorporating in-house environmental impact assessment indices

Yes: Achieved No: Not achieved

\*1 PRTR = Pollutant Release and Transfer Register

\*2 Objective revised to reflect change from recycled paper problem to eco-friendly products

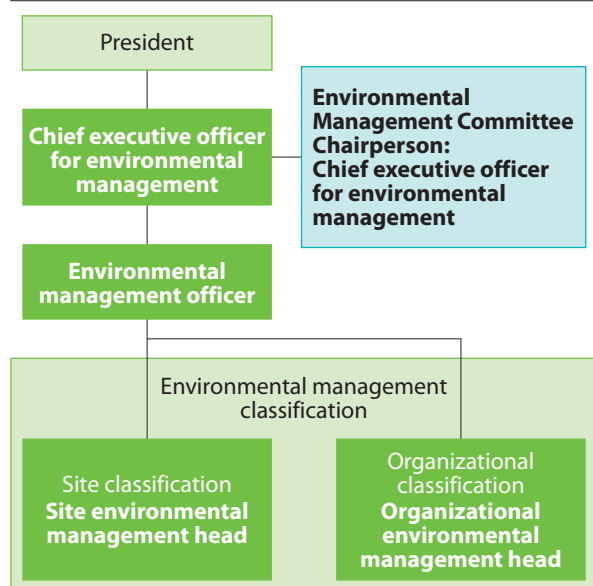


## Environmental Management System

The executive officer for CSR is the chief executive officer for environmental management. We set up the Environmental Management Committee to advise him and deliberate on important environmental matters. We appoint officials to oversee site- and organizational-based environmental management.

In fiscal 2008, we created an environmental management promotion system for offices and vehicles in Japan as well as factories and research facilities. We also created an environmental management promotion system for overseas factories and research facilities, which are being prepared to begin operations from fiscal 2009.

### Environmental Management System



## ISO 14001 Certification Progress

The majority of our domestic factories have received ISO 14001 certification, and undergo certification renewal or maintenance inspection each year.

We received no major improvement guidance in audits to renew or maintain certification in fiscal 2008.

### ISO 14001-Certified Sites

Company	Site	Certification
DAIICHI SANKYO PROPHARMA CO., LTD.	Akita Factory	March 2000
	Onahama Factory *1	January 1998
	Hiratsuka Factory *2	November 2000
	Odawara Factory	February 1998
	Shizuoka Factory *1	October 2001
	Takatsuki Factory *3	June 2001
	Osaka Factory	December 2000
DAIICHI SANKYO CHEMICAL PHARMA CO., LTD.	Hiratsuka Office and Factory	November 1999
	Odawara Factory	January 2001

\*1 Includes DAIICHI SANKYO Research Center

\*2 Includes DAIICHI SANKYO Research Center and DAIICHI SANKYO HAPPINESS Co., Ltd.

\*3 Includes DAIICHI SANKYO LOGISTICS Co., Ltd.

## Environmental Auditing

Our auditing system on environmental management comprises three complementary approaches. We internally assess our business sites, secure evaluations from ISO assessment organizations, and have the General Affairs Department perform audits.

Between September and December 2008, we implemented an environmental audit of waste management based on eight environmental management classification site. While they identified no important environmental risks, they did point out the need for some minor improvements, and a response plan was formulated to swiftly implement improvements. In fiscal 2009, an audit based on the remaining nine environmental management site and organization will be conducted.

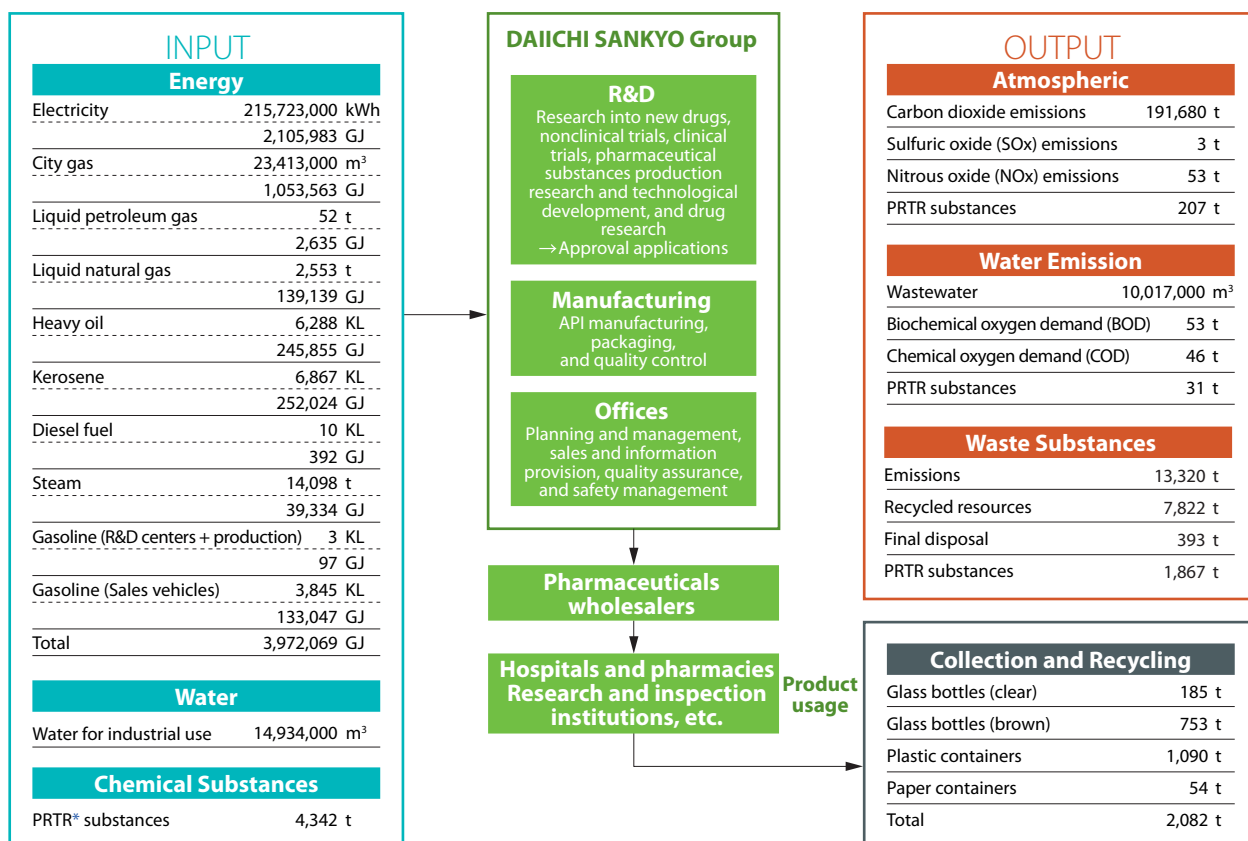


## Initiatives for Biodiversity

Our basic environmental management policy states that we have a responsibility to protect the environment and respect biodiversity by helping preserve the ecosystem. Also, we conduct business through the creation of procedures that comply with the Act on the Conservation and Sustainable Use of Biological Diversity through Regulations on the Use of Living Modified Organisms (Cartagena Law).

# Business Activities and Environmental Performance

## Group Business Activities and Inputs and Outputs in Fiscal 2008



\* PRTR = Pollutant Release and Transfer Register

Note: Packaging containing post-consumer waste as required under the Law for Recycling Containers and Packaging

## Environmental Accounting in Fiscal 2008

### Conservation Costs (Millions of yen)

Environmental Items	Investments	Expenses
Pollution prevention costs	366	452
Global warming prevention costs	440	88
Resource recycling costs	33	1,053
Upstream and downstream costs	0	26
Management activity costs	21	794
R&D costs	0	20
Social activity costs	0	4
Environmental remediation costs	0	185
<b>Total</b>	<b>860</b>	<b>2,622</b>

### Economic Benefits (Millions of yen)

Sales of waste with commercial value	10
--------------------------------------	----

### Environmental Conservation Benefits

	Units	Fiscal 2008	Change	Percentage Change
Energy	GJ	3,972,069	-96,635	-2.4%
Water	1,000 m³	14,934	-363	-2.4%
PRTR substances	t	4,342	-826	-16.0%
Carbon dioxide emissions	t-CO <sub>2</sub>	191,680	-5,201	-2.6%
Waste substances generated	t	44,342	854	2.0%
Waste substances discharged (amount outsourced)	t	13,320	-2,751	-17.1%
Waste recycling	t	7,822	-1,080	-12.1%
Final waste disposal	t	393	-165	-29.5%
Recycling ratio	%	58.7	3.3	—
Biochemical oxygen demand emissions	t	53	13	33.7%
Sulfuric oxide emissions	t	3	-5	-63.6%
Nitrous oxide emissions	t	53	-152	-74.3%

# Reducing Chemical Substance Use and Emissions

## Fiscal 2008 Major Achievements and Results

- The amount of Pollutant Release and Transfer Register (PRTR) substances used decreased **826** metric tons
- Began environmental impact assessments on all manufacturing processes, including the amount of chemical substances used

## Reduction and Management of Chemical Substances

As a result of initiatives started in fiscal 2008 to switch to safer alternatives for chemical substances and reduce the amount of chemical substances discharged and transferred, we achieved a year-on-year reduction of 826 metric tons of PRTR substances used. However, as a result of an increase in the amount of toluene used and other factors, the amount of PRTR substances that were emitted into the atmosphere increased 56 metric tons, compared to the previous year.

## Polychlorinated Biphenyl (PCB) Management

Each business site strictly manages wastes containing polychlorinated biphenyl (PCB) in keeping with the PCB Special Measures Law. During the fiscal 2008 dismantling of our old buildings, we discovered stabilizers containing PCBs, and in accordance with the above law, we took an appropriate response and store them properly.

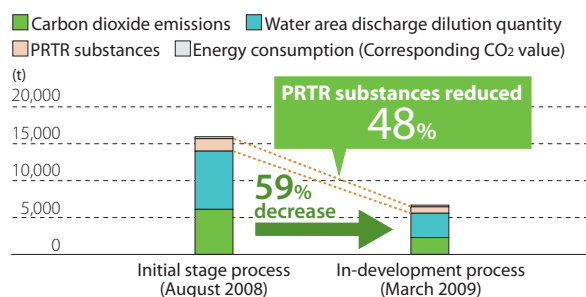
In addition, we employ the early registration system for PCB disposal to accelerate processing. We have already partly shipped such wastes to processing facilities. We will continue to properly manage all waste materials containing PCBs.

## Environmental Impact Assessment of the Manufacturing Process

We have always prioritized product quality and costs in choosing production processes, but we are now also focusing our efforts on establishing our own environmental impact assessment index that includes safety, waste material generation, raw materials attributes and the efficient use of reagents.

In fiscal 2008, we assessed the environmental impact on all manufacturing processes related to candidates for development in the areas of immunity, allergies, and sugar and fat metabolisms. As a result, we developed a manufacturing process that significantly reduced the amount of PRTR substances used in developing candidates in the immunity and allergy areas.

## Environmental impact Assessment Implementation (Integrated Index)



## Discharge and Transfers of PRTR Substances in Fiscal 2008

(Metric tons, or mg-TEQ for dioxins)

Substance	Amounts Handled	Amounts Discharged		Amounts Transferred	
		Air	Water	Sewers	Waste
Acetonitrile	1,094.5	11.0	0.0	23.0	292.6
Ethylenediamine	77.0	0.0	0.1	0.0	5.5
Xylene	25.4	2.0	0.0	0.0	16.2
Chloroform	20.7	1.9	0.0	0.1	12.9
Chloromethane (Methyl chloride)	78.7	43.2	0.0	0.0	0.0
Dichloromethane (Methylene chloride)	66.6	6.5	0.0	0.0	52.7
N, N-Dimethylformamide	449.8	2.0	0.0	0.0	379.3
Organotin compounds	96.1	0.0	0.0	0.0	2.1
Styrene	118.3	0.0	0.0	0.0	0.0
Toluene	2,205.6	136.3	0.0	0.1	1,099.9
Boron and its compounds	22.7	1.4	7.6	0.0	2.2
Formaldehyde	64.7	1.4	0.0	0.2	0.0
Dioxins	0.0	0.206	0.151	0.156	14.447

Note: We handled more than 10 metric tons annually of each of the above substances. There were no discharges into soil.

# Initiatives to Prevent Global Warming

## Fiscal 2008 Major Achievements and Results

- Reduced CO<sub>2</sub> emissions in Japan by approximately **5,200** metric tons
- Took steps to reduce CO<sub>2</sub> emissions overseas
- Continued to deploy renewable energy

## CO<sub>2</sub> Reduction Targets and Achievements

We consider global warming prevention measures to be a common task of all Group companies and we are engaged in various initiatives to reduce CO<sub>2</sub> emissions.

Our fiscal 2009 targets for our Group companies in Japan use fiscal 2007 factory, R&D center, office and Company vehicle emission levels as a baseline. We targeted CO<sub>2</sub> reductions of 4% in production and R&D operations, 7% in offices and 10% in Company vehicles compared to fiscal 2007 levels, totaling more than 8,000 metric tons of CO<sub>2</sub>. In fiscal 2008, we reduced CO<sub>2</sub> emissions approximately 5,200 metric tons.

Outside Japan, we sought CO<sub>2</sub> emission reductions through the use of biomass energy and the introduction

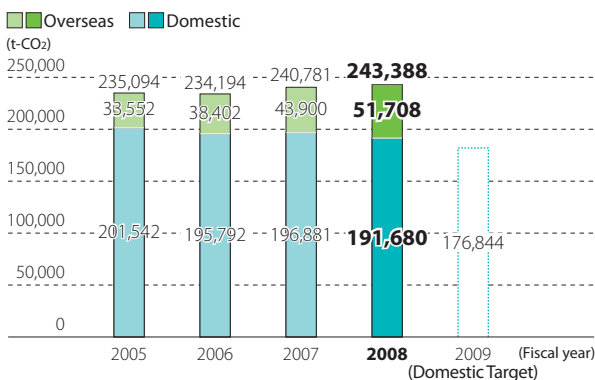
of fuel-efficient and hybrid vehicles, but CO<sub>2</sub> emissions increased 7,800 metric tons as a result of expanded operations.

## Factories and R&D Centers

Achieving targets created by the Japan Pharmaceutical Manufacturers Association's environmental voluntary action plan,\* by implementing the following initiatives at each factory and R&D center, we were able to reduce the amount of CO<sub>2</sub> emitted compared to the previous year.

\* Environmental voluntary action plan targets: Maintaining CO<sub>2</sub> emissions at or below fiscal 1990 levels in fiscal 2010 (average amount for the five years from fiscal 2008 to fiscal 2012)

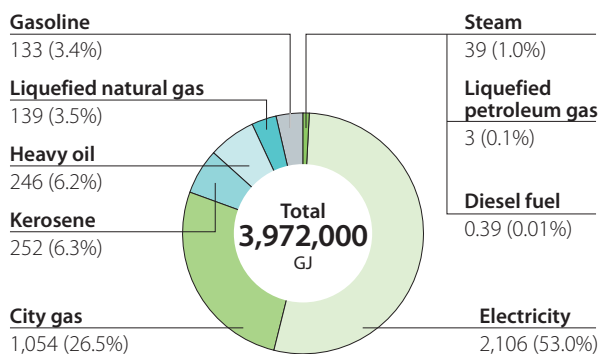
## DAIICHI SANKYO Group CO<sub>2</sub> Emissions



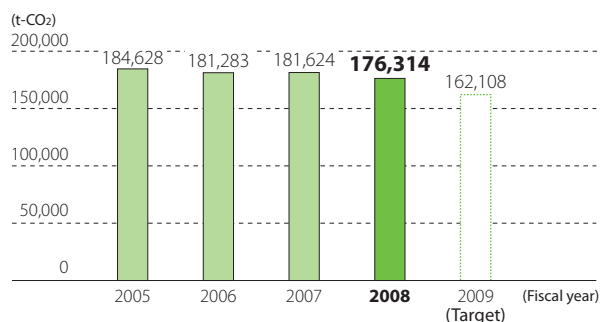
## Major Initiatives in Fiscal 2008

- Shinagawa R&D Center: Installed energy-saving absorption-type refrigerators in welfare housing and cafeteria
- Kasai R&D Center: Reviewed air conditioner use at night
- DAIICHI SANKYO PROPHARMA Hiratsuka Factory: Replaced turbo freezer
- DAIICHI SANKYO PROPHARMA Odawara Factory: Installed through flow boiler
- DAIICHI SANKYO PROPHARMA Akita Factory: Made biological treatment aeration blower more energy-efficient
- DAIICHI SANKYO CHEMICAL PHARMA Hiratsuka Office: Made incinerator operation more efficient
- DAIICHI SANKYO CHEMICAL PHARMA Odawara Factory: Installed energy-efficient transformer
- ASUBIO PHARMA BioPharma Center: Reviewed distiller use
- ASUBIO PHARMA Biomedical Research Laboratories: Improved the air conditioning usage pattern

## Energy Usage (Including for Company Vehicles)



## Factory and R&D Center CO<sub>2</sub> Emissions



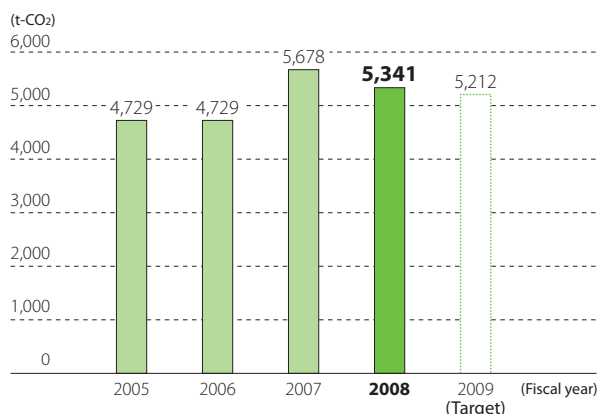
## Offices

We engaged in various energy-saving activities at headquarters, the branch offices, and other sites. For example, we encouraged employees to dress casually throughout the year, kept air-conditioners operating at reasonable temperatures, reviewed operating hours, turned off unnecessary lights and shut down computers when not in use.

DAIICHI SANKYO headquarters shortened air conditioner operating times, improved cooling system operations, installed energy-saving fluorescent lights, and used motion sensors to shorten lighting times, resulting in a 10% reduction in CO<sub>2</sub> (100 metric tons) compared to the previous year.

Some branch offices are participating in the lighting conservation campaign of the Ministry of the Environment.

### Office CO<sub>2</sub> Emissions



## Company Vehicles

We promoted eco-driving, switched to hybrid and other vehicles that consume less fuel, and reduced fleet numbers as a result of optimizing the number of Company vehicles.

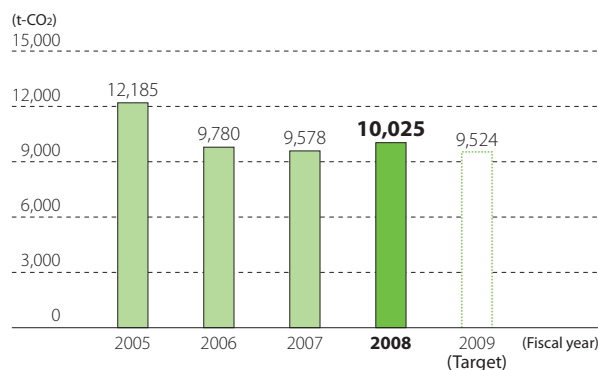
In Japan, our ratio of fiscal 2010 fuel efficiency standard vehicles is over 85%, but CO<sub>2</sub> emissions from Company vehicles increased in fiscal 2008 as a result of an increase in operating activities, causing an approximately 445-metric-ton increase in CO<sub>2</sub> compared to the previous fiscal year. However, the CO<sub>2</sub> emissions from Company vehicles were offset by the introduction of carbon-offset lease vehicles.

We are also promoting the use of energy-efficient vehicles at our overseas locations. The introduction of

fuel efficient and hybrid vehicles at DAIICHI SANKYO INC. in the United States has resulted in a 32.5% improvement in average fuel efficiency. We are examining the full-scale introduction of fuel-efficient vehicles overseas.



### Company Vehicle CO<sub>2</sub> Emissions



## Using Renewable Energy

Since fiscal 2005, the Shinagawa R&D center has bought green power created by Bagas, which is derived from sugar cane waste.

The Pfaffenhofen Factory of DAIICHI SANKYO EUROPE GmbH in Germany uses energy generated from onsite biomass, promoting the use of thermal heat from its regional heating facilities using biomass.



Green purchasing certificate



# Reducing Waste

## Fiscal 2008 Major Achievements and Results

- The total amount of waste generated increased by **854** metric tons, and that of waste outsourced decreased by **2,751** metric tons
- Improved resource recycling ratio from **55.4** % in fiscal 2007 to **58.7** % in fiscal 2008
- Improved final disposal ratio from **1.28** % in fiscal 2007 to **0.89** % in fiscal 2008, achieving zero emissions

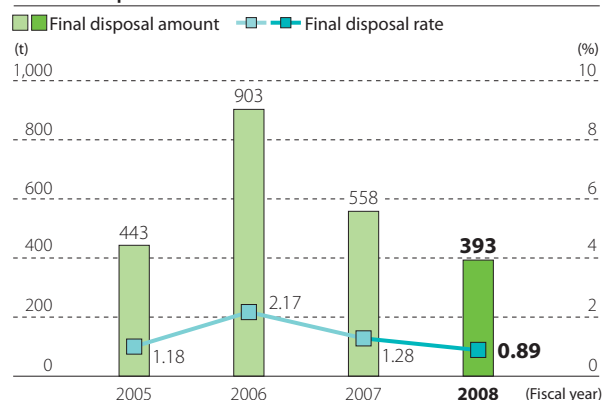
## Waste Reduction Targets and Achievements

For the DAIICHI SANKYO Group, zero emissions means that final disposal represents less than 1% of total production. We target zero emissions by fiscal 2009 as our medium-term environmental management goal. Believing this to be an important step to reduce waste and more efficiently use resources, we are also pursuing savings in manufacturing and packaging processes, thoroughly separating waste materials, reducing the volume through internal processes and drainage equipment and recycling at our factories. As well as separating waste, we print on both sides of paper at research centers and offices. As far as possible, we choose waste disposal firms that recycle significantly.

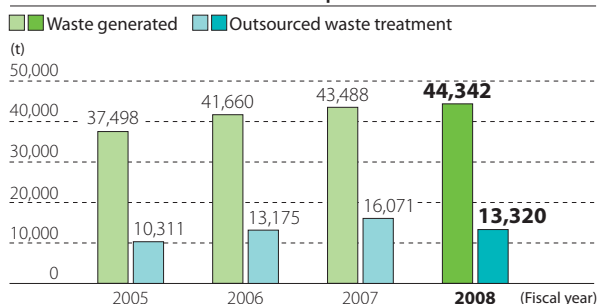
In fiscal 2008, we generated 854 metric tons more waste compared to the previous fiscal year. However,

through the volume reduction and internal processing of waste materials, we were able to reduce the amount of waste materials outsourced by 2,751 metric tons compared to the previous year, improving our recycling rate by 6 points. Final disposal was 393 metric tons, a decrease of 165 metric tons compared to the previous year, achieving zero emissions with a final disposal rate of 0.89%.

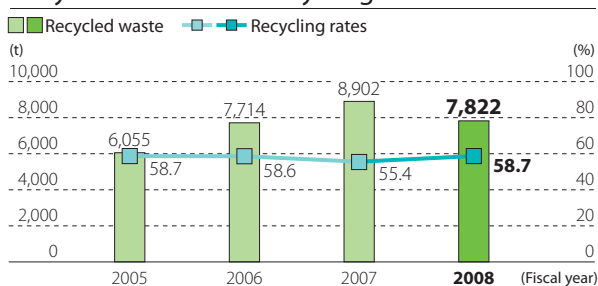
## Final Disposal Amount and Ratio



## Waste Generation and Disposal



## Recycled Waste and Recycling Rates



Note: Recycling rates = amount of recycled waste/amount of outsourced waste

## Waste Material Reduction Initiatives

### Sludge Reduction

In fiscal 2009, the final year of our medium-term targets, we will continue to strive for the goal of zero emissions.

In December 2008, the DAIICHI SANKYO PROPHARMA Shizuoka Factory began operating a biofringe to cultivate a food chain and reduce sludge. We anticipate a significant reduction in sludge.



Biofringe

## Waste Processing Facility Inspection

Our factories and R&D centers regularly conduct inspections at processors' sites. Using a checklist and other items, the inspectors confirm compliance and whether processors are meeting the terms of agreement and conducting processes properly.



Waste processing facility

Checklist used for inspections

### Main Check List

- Permits
- Relationship with authorities and communities as related to disposal sites
- Administrative disposition
- Processing charges
- Collection and transportation
- Waste material storage
- Documentation archive

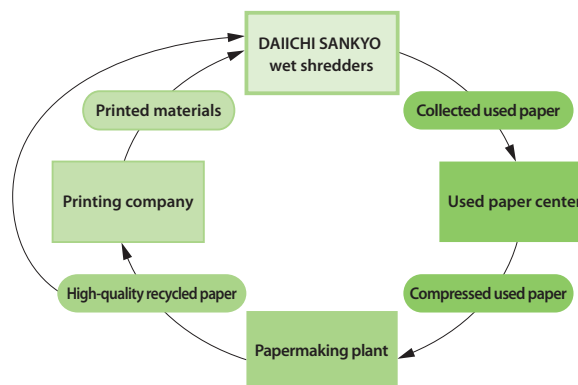
## Recycling Paper

Wet shredders process paper without damaging the fibers, so that they can be reused to create fine quality paper material.

In April 2007, we installed a wet shredder at the Shinagawa R&D Center. As a result, the Shinagawa R&D Center no longer needs to incinerate sensitive documents.

We also installed a wet shredder at the DAIICHI SANKYO PROPHARMA Hiratsuka Factory in April 2008, and after conducting educational activities, the site has made thorough use of the wet shredder, resulting in 12,739 kg of recycled paper, a significantly larger amount than the 1,500 kg originally forecast.

## Paper Recycling Cycle

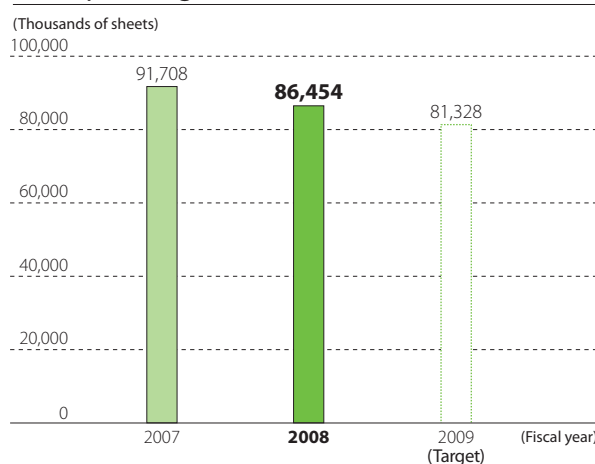


## Reducing Office Paper Use in Offices

We promote the reduction of paper used by office paper through two-sided copying and aggregate printing. At DAIICHI SANKYO HEALTHCARE CO., LTD., we attempt to improve the shared awareness of reduction by posting the monthly OA paper volume usage per employee at each business site on the intranet for employees.

As a result, in fiscal 2008 the volume of OA paper used decreased by 5.7% compared to the previous year.

## OA Paper Usage Volume



# Addressing Environmental Risks

## Fiscal 2008 Major Achievements and Results

- Continued to implement of countermeasures for air and water pollution, noise, vibration and odors
- All sites completed soil remediation as planned

## Preventing Soil and Groundwater Pollution

DAIICHI SANKYO implements clear countermeasures to prevent contamination of soil and sewage at its factories and R&D centers. Even when not subject to legal restrictions regarding the closing of facilities or changes in their usage as part of business reorganizations, we conduct voluntary soil and groundwater surveys at relevant sites in accordance with the Soil Contamination Countermeasures Law. We also conduct continual monitoring of business sites where countermeasure work has already been completed. Furthermore, even when land with no previous history of hazardous substance usage is purchased or sold, we conduct voluntary surveys in accordance with the Soil Contamination Countermeasures Law if necessary.

In the event that groundwater or soil are discovered to be contaminated, we actively inform the relevant authorities and residents while implementing the appropriate countermeasures.



DAIICHI SANKYO CHEMICAL PHARMA Odawara Factory soil remediation site



DAIICHI SANKYO CHEMICAL PHARMA Hiratsuka Office sewage disposal facility

## Soil Contamination Countermeasures Progress Report

Business Site	Overview
DAIICHI SANKYO PROPHARMA Takatsuki Factory (in Takatsuki, Osaka)	In 2004, remediation efforts entailed excavating soil contaminated with volatile organic compounds and arsenic and injecting iron filings. We are continuing to monitor groundwater.
DAIICHI SANKYO CHEMICAL PHARMA Hiratsuka Office (in Hiratsuka, Kanagawa Prefecture)	A voluntary survey identified some volatile organic compound contamination, and we installed a barrier well to pump and purify the water.
DAIICHI SANKYO CHEMICAL PHARMA Odawara Factory (in Odawara, Kanagawa Prefecture)	Volatile organic compound contamination was confirmed in part of the site through a voluntary investigation, and from March 2008 to January 2009 we implemented contaminated soil clean-up measures and reported the results to the authorities and local residents. We continuously monitor groundwater.
Former Yasugawa Factory (in Yasugawa, Shiga Prefecture)	In 2008 we completed environmental improvement construction that began in 2006 and reported the results to the authorities and local residents. We continuously monitor groundwater.

### Soil Contamination Countermeasures at DAIICHI SANKYO CHEMICAL PHARMA Kuji Office (Site of Former Sankyo Organic Synthesis Headquarters) Kawasaki, Kanagawa Prefecture

Partial soil contamination was confirmed at the site as a result of investigations in accordance with laws and regulations as part of the dismantling of closed facilities in line with business reorganization. While informing local residents and following instructions from the authorities, we implemented replacement work of all soil that exceeded environmental standards, completing all work and procedures, including the submission of notification to the authorities, in May 2009.

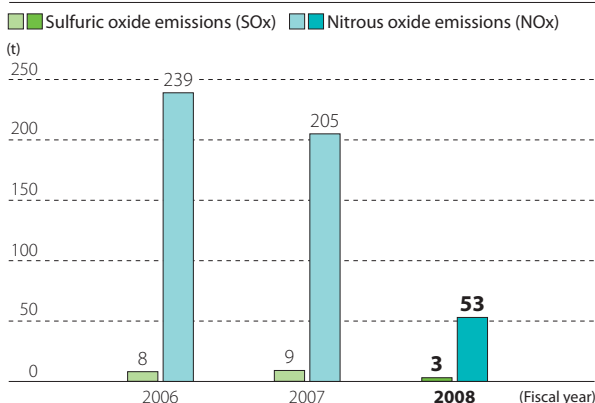


## Preventing Air and Water Pollution

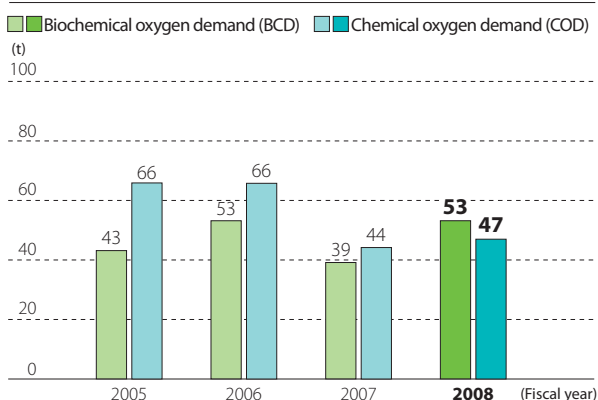
To prevent air and water pollution, we established voluntary control standards that are stricter than legal requirements and conduct proper monitoring and measurement at all domestic facilities.

We also conduct regular monitoring at overseas Group company factories including DAIICHI SANKYO PHARMACEUTICAL (BEIJING), DAIICHI SANKYO PHARMACEUTICAL (SHANGHAI) and DAIICHI SANKYO EUROPE GmbH in Germany to comply with the laws and regulations of each country and region.

### SOx/NOx Emissions Volume



### BOD/COD Levels



## Preventing Noise, Vibration, and Odors

We strictly comply with laws and ordinances to prevent noise, vibration and odors, and constantly monitor and measure conditions. All measurements in fiscal 2008 were within standard values.

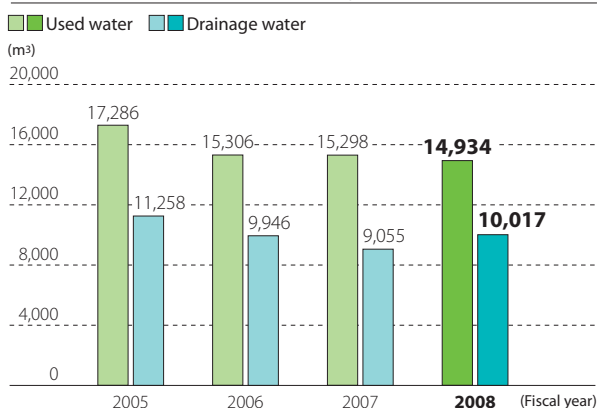
We promptly investigated resident complaints about noise from one factory and undertook improvements.

At the factories of overseas Group companies, we conduct regular inspections and measurements in accordance with the laws and regulations of each country and region.

## Appropriate Use of Water Resources

While we were able to reduce the amount of used water 364 m<sup>3</sup> from the previous year, drainage increased 962 m<sup>3</sup>. We will continue to carefully manage both used water and drainage to make appropriate use of our water resources.

### Volume of Used and Drainage Water



### Incident Improvement Progress Report

Ethyl acetate was vaporized into the atmosphere at the DAIICHI SANKYO PROPHARMA Onahama Factory. The accident was the result of a combination of rainwater seepage into an electromagnetic valve box that had become deteriorated and corroded due to human error.

As a result, in addition to facility repairs, we took measures to prevent recurrence, including the improvement of manufacturing methods and enhanced awareness.

# Environmental Communication

## Fiscal 2008 Major Achievements and Results

- Entries in our Environmental Art Contest increased from 42 in fiscal 2007 to **241**
- Regional clean-up activities increased by **6** projects compared to the previous year, for a total of **64** projects, with participants totaling **1,847** people, an increase of **46** participants compared to the previous year

### Basic Policies

In an attempt to prevent and resolve environmental problems by sharing information and fostering a dialogue with stakeholders regarding the environment, the DAIICHI SANKYO Group proactively promotes environmental communication.

In the event that an accident were to occur, in consideration of the possible effects on the surrounding community, we make every effort to share information and exchange opinions with local residents around our factories and R&D centers and implement disaster prevention countermeasures with them.

### Environmental Communication Initiatives

#### Environmental Art Contest

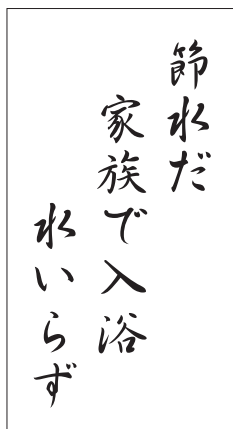
As in fiscal 2007, during this year's Environment Month we held the Environmental Art Contest. In addition to the Photography and Essay categories, we added an Eco-Senryu category in fiscal 2008 that resulted in a substantial increase in entrants, to a total of 241 contest entries compared to just 42 in the previous year. Works were nominated and selected for First Prize (one entrant) and Second Prize (multiple entrants) in each category. The prize-winning entries are shared throughout the Company in an attempt to improve environmental awareness.



Prize-winning entries in the Photography and Essay categories



Award ceremony



Prize-winning entries in the Eco-Senryu category

### Improving Awareness of Global Warming

During the three months from December to February, the DAIICHI SANKYO Group conducts activities to improve the awareness of global warming.

In addition to displaying posters at each business site to improve awareness among employees, we launched an internal website that allows users to investigate how to implement various global warming prevention measures.



Poster highlighting ways to prevent global warming

### Environmental Education

Individual employee awareness is important to environmental management, so we put a lot of effort into enlightening our people about the issues.

In addition to environmental education designed to meet the particular characteristics of each environmental management classification in each region and business, in fiscal 2008, we conducted training for practical business leaders of environmental management and employees in charge of environmental business under the theme of global warming prevention and waste material management.



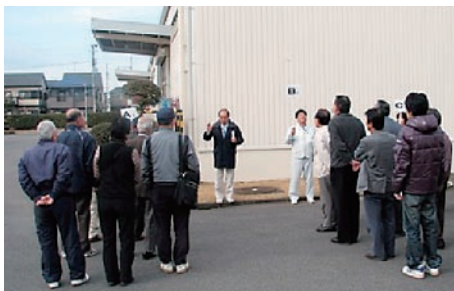


## Local Communication Meetings

Our R&D centers and factories regularly communicate with local citizens to understand the issues and demands specific to each region.

### DAIICHI SANKYO PROPHARMA Hiratsuka Factory

In February 2009, the DAIICHI SANKYO PROPHARMA Hiratsuka Factory held a regional communication meeting that welcomed 28 members of the local residents' association. After an informational meeting that featured a video about the Hiratsuka Factory, the participants were given an explanation of the Company's environmental, disaster and social contribution activities.



### DAIICHI SANKYO CHEMICAL PHARMA Odawara Factory

In March 2009, the DAIICHI SANKYO CHEMICAL PHARMA Odawara Factory held a regional communication meeting for local residents to deepen mutual understanding and friendship. Directors from the Takada-Beppori and Koza 15-ward residents' associations were invited as representatives of the local citizenry. They took a factory tour, received a report on our environmental protection activities, and engaged in a Q&A session and an exchange of ideas.



## Regional Clean-Up Activities

We conduct regular regional clean-up activities in regions where our factories and R&D centers are located. In fiscal 2008, we conducted a total of 64 regional clean-up activities at 14 domestic facilities and their surrounding environs with the help of 1,847 employee participants. We consider this an important opportunity to communicate with the local community, and plan to continue these activities in the future.



## Participation in Global Environment Exhibition

In December 2008, The Summit of World Zero Meter Cities and Global Environment Exhibition were held, sponsored by Tokyo's Edogawa ward.

DAIICHI SANKYO's booth at this exhibition presented energy-saving initiatives at the Shinagawa and Kasai R&D Centers as well as company vehicle carbon offset initiatives.

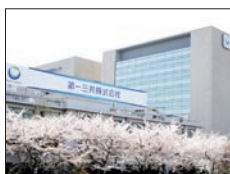


## Site Report

Information on CO<sub>2</sub> Emissions and Energy Usage at Principal Factories and R&D Centers

### Shinagawa R&D Center

**Location:** 1-2-58, Hiromachi, Shinagawa-ku, Tokyo  
**Principal Activities:** Pharmaceuticals R&D



#### Targets and Results

	Fiscal 2008 Results	Fiscal 2009 Targets
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	19,179	19,149
Energy usage (GJ)	416,767	416,079

### DAIICHI SANKYO PROPHARMA CO., LTD., Hiratsuka Factory

**Location:** 1-12-1, Shinomiya, Hiratsuka, Kanagawa  
**Principal Activities:** Pharmaceuticals manufacturing



#### Targets and Results

	Fiscal 2008 Results	Fiscal 2009 Targets
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	38,015	38,015
Energy usage (GJ)	816,877	816,877

### Kasai R&D Center

**Location:** 1-16-13, Kitakasai, Edogawa-ku, Tokyo  
**Principal Activities:** Pharmaceuticals R&D



#### Targets and Results

	Fiscal 2008 Results	Fiscal 2009 Targets
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	19,799	19,563
Energy usage (GJ)	416,183	410,904

### DAIICHI SANKYO PROPHARMA CO., LTD., Osaka Factory

**Location:** 2-9-63, Nagarahigashi, Kita-ku, Osaka  
**Principal Activities:** Pharmaceuticals manufacturing



#### Targets and Results

	Fiscal 2008 Results	Fiscal 2009 Targets
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	3,130	3,251
Energy usage (GJ)	74,907	77,639

### Fukuroi Research Center

**Location:** 717, Horikoshi, Fukuroi, Shizuoka  
**Principal Activities:** Pharmaceuticals research

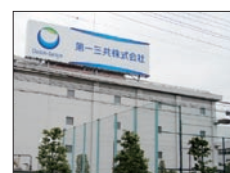


#### Targets and Results

	Fiscal 2008 Results	Fiscal 2009 Targets
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	5,764	5,349
Energy usage (GJ)	101,468	95,444

### DAIICHI SANKYO PROPHARMA CO., LTD., Takatsuki Factory

**Location:** 4-38, Aketacho, Takatsuki, Osaka  
**Principal Activities:** Pharmaceuticals manufacturing



#### Targets and Results

	Fiscal 2008 Results	Fiscal 2009 Targets
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	12,748	12,026
Energy usage (GJ)	293,077	277,368

**DAIICHI SANKYO PROPHARMA CO., LTD., Shizuoka Factory**

**Location:** 1-588, Kanaya-Azuma, Shimada, Shizuoka  
**Principal Activities:** Pharmaceuticals manufacturing

**Targets and Results**

	Fiscal 2008 Results	Fiscal 2009 Targets
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	26,933	27,221
Energy usage (GJ)	476,358	484,297

**DAIICHI SANKYO PROPHARMA CO., LTD., Akita Factory**

**Location:** 1-10-1, Mukaihama, Akita  
**Principal Activities:** Pharmaceutical substances manufacturing

**Targets and Results**

	Fiscal 2008 Results	Fiscal 2009 Targets
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	9,593	9,942
Energy usage (GJ)	160,783	166,977

**DAIICHI SANKYO PROPHARMA CO., LTD., Odawara Factory**

**Location:** 450, Takada, Odawara, Kanagawa  
**Principal Activities:** Pharmaceutical substances manufacturing

**Targets and Results**

	Fiscal 2008 Results	Fiscal 2009 Targets
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	7,691	8,644
Energy usage (GJ)	143,392	161,792

**DAIICHI SANKYO CHEMICAL PHARMA CO.LTD. Hiratsuka Factory**

**Location:** 4-4-8, Nishi-Yawata, Hiratsuka, Kanagawa  
**Principal Activities:** Pharmaceutical substances manufacturing

**Targets and Results**

	Fiscal 2008 Results	Fiscal 2009 Targets
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	6,815	6,883
Energy usage (GJ)	146,407	148,817

**DAIICHI SANKYO PROPHARMA CO., LTD., Onahama Factory**

**Location:** 389-4, Izumimachi Shimokawa Aza Otsurugi, Iwaki, Fukushima  
**Principal Activities:** Pharmaceutical substances manufacturing

**Targets and Results**

	Fiscal 2008 Results	Fiscal 2009 Targets
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	23,754	8,624
Energy usage (GJ)	414,358	159,235

**DAIICHI SANKYO CHEMICAL PHARMA CO.LTD. Odawara Factory**

**Location:** 477, Takada, Odawara, Kanagawa  
**Principal Activities:** Pharmaceutical substances manufacturing

**Targets and Results**

	Fiscal 2008 Results	Fiscal 2009 Targets
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	8,501	8,330
Energy usage (GJ)	149,804	146,792

## Site Report

### ASUBIO PHARMA CO., LTD., BioPharma Center

**Location:** 2716-1 Aza-Kurakake, Ooaza-akaiwa, Chiyoda-machi, Oura-gun, Gunma  
**Principal Activities:** Pharmaceuticals research and manufacturing



#### Targets and Results

	Fiscal 2008 Results	Fiscal 2009 Targets
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	8,005	7,774
Energy usage (GJ)	161,505	156,713

### DAIICHI SANKYO TAIWAN LTD. Chung-Li Factory

**Location:** No. 350, Jhongfong Rd., Pingjhen City, Taoyuan County 324, Taiwan, R.O.C  
**Principal Activities:** Pharmaceuticals manufacturing



#### Results

	Fiscal 2008 Results
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	325
Electric power purchased (Thousands of kWh)	760
Diesel (kl)	11

### ASUBIO PHARMA CO., LTD., Biomedical Research Laboratories

**Location:** 1-1-1 Wakayamadai, Shimamoto-cho, Mishima-gun, Osaka  
**Principal Activities:** Pharmaceuticals research



#### Targets and Results

	Fiscal 2008 Results	Fiscal 2009 Targets
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	2,848	2,848
Energy usage (GJ)	67,928	67,928

### DAIICHI SANKYO PHARMACEUTICAL (BEIJING) CO., LTD., Factory

**Location:** No. 5 Yong Chang Zhonglu, Beijing Economic Technological Development Area, China  
**Principal Activities:** Pharmaceuticals development and manufacturing



#### Results

	Fiscal 2008 Results
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	4,877
Electric power purchased (Thousands of kWh)	4,030
Steam (Metric tons)	11,672

### DAIICHI SANKYO PHARMACEUTICAL (SHANGHAI) CO., LTD., Factory

**Location:** 500 Juli Rd., Zhangjiang Hi-Tech Park, Pudong New Area Shanghai 201203, China  
**Principal Activities:** Pharmaceuticals development and manufacturing



#### Results

	Fiscal 2008 Results
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	1,414
Electric power purchased (Thousands of kWh)	2,450
Natural gas (kNm <sup>3</sup> )	261

**DAIICHI SANKYO EUROPE GmbH Pfaffenhofen Factory**

**Location:** Luitpoldstrasse 1 85276 Pfaffenhofen, Germany

**Principal Activities:** Group supervision/Pharmaceuticals development and manufacturing

**Results**

	Fiscal 2008 Results
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	4,105
Electric power purchased (Thousands of kWh)	6,120
Diesel (kl)	59
Natural gas (kNm <sup>3</sup> )	753
Amount of heat used from regional heat supply facility using biomass (MWh)	4,025

**Luitpold Pharmaceuticals, Inc., Factory**

**Location:** One Luitpold Drive, Shirley, New York, NY 11967, U.S.A.

**Principal Activities:** Manufacturing of pharmaceuticals and drugs for animals

**Results**

	Fiscal 2008 Results
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	3,689
Electric power purchased (Thousands of kWh)	5,660
Natural gas (kNm <sup>3</sup> )	46

**DAIICHI SANKYO BRASIL FARMACÉUTICA LTDA. Factory**

**Location:** Av. Dr. Chucuri Zaidan, 920-15th Floor/Vila Cordeiro Sao Paulo/SP 04583-904, Brazil

**Principal Activities:** Pharmaceuticals manufacturing

**Results**

	Fiscal 2008 Results
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	1,370
Electric power purchased (Thousands of kWh)	2,590
Liquid petroleum gas (Metric tons)	2

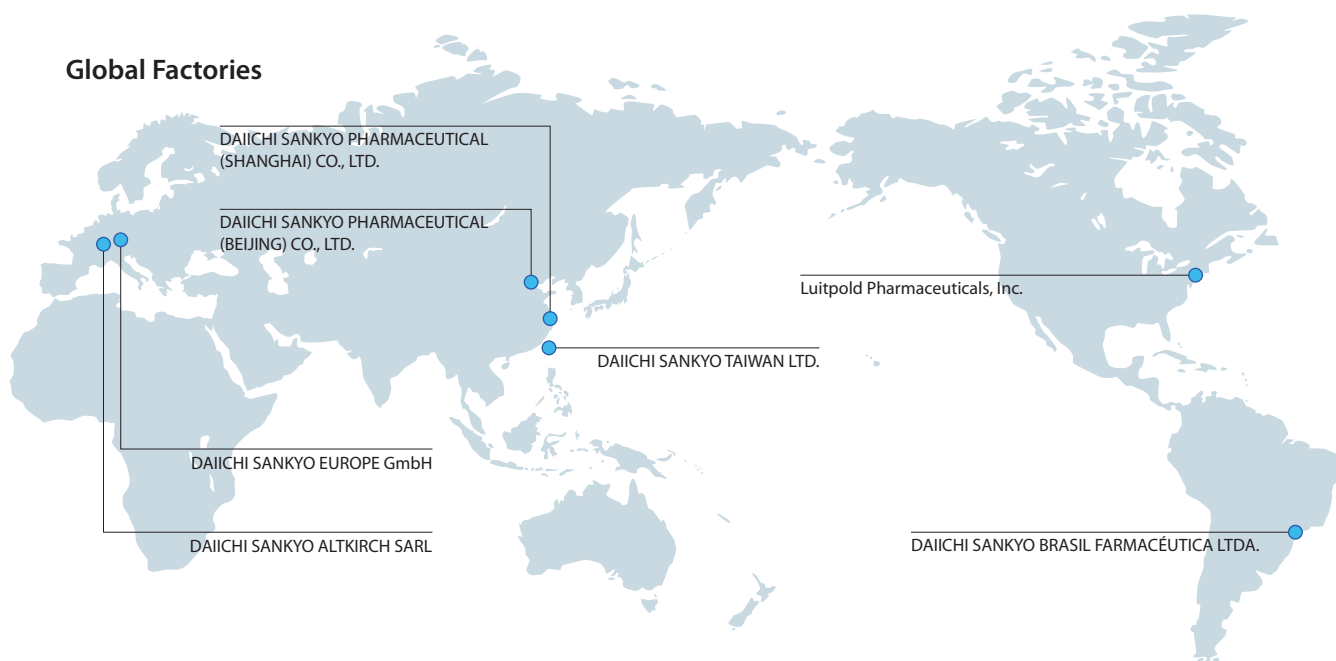
**DAIICHI SANKYO ALTKIRCH SARL Factory**

**Location:** 39, rue du 3eme Zouaves Altkirch F-68130, France

**Principal Activities:** Manufacturing materials etc. for pharmaceuticals

**Results**

	Fiscal 2008 Results
CO <sub>2</sub> emissions from energy use (t-CO <sub>2</sub> )	1,755
Electric power purchased (Thousands of kWh)	1,400
Heavy oil (kl)	542
Vehicle gasoline (kl)	2

**Global Factories**





## Reflecting on the *Corporate Social Responsibility Report 2008*

The CSR report is an important communication tool. We conducted a CSR Report Reading session where participants read the CSR report and then shared their opinions to improve the quality of communication with our stakeholders.

This year, we asked students from the Aoyama Gakuin University School of Business to provide us with feedback to improve DAIICHI SANKYO Group CSR activities and the CSR report.

### Theme 1

#### What was your take on the DAIICHI SANKYO Group's corporate posture?

- Seemed sincere and ambitious towards society.
- More globally active than I had imagined.
- I felt they highly focused on employee training.
- Seems like an easy place to work, as employees actively communicate with one another.
- I thought they are doing what is expected.
- Environmental consideration is a strong point (e-factor initiatives, etc.).
- The fact that they hold these kinds of activities when creating their CSR report demonstrates their high awareness of CSR.
- Even though they would be unable to sell medicine if everyone became healthy and never got sick, I think DAIICHI SANKYO is a company that places people's health first.

### Theme 2

#### Does the CSR report contain information relevant to stakeholders?

##### Student perspective

- I want to know about their maternity leave system and usage.
- Have they inculcated a work-life balance?
- I would like to see a simple overview of corporate activities (job details?).
- I would be happy to read more from the employees themselves.
- I want them to promote the fact that they have opportunities for liberal arts students.

##### Ordinary citizen's perspective

- I want to see information about mainstay and household medicines.
- I want them to include information about pharmaceutical safety initiatives.

##### Regional community citizen's perspective

- They need to explain environmental indices and data.
- They need to be more creative so that regional communities can understand the necessity and importance of the environmental countermeasures they are engaged in.
- I want them to clearly identify the background of the environmental issues they address.



### Overview of Reflecting on the **DAIICHI SANKYO Group CSR Report 2008**

**Date:** June 3, 2009

**Time:** 17:00-19:00

**Place:**

Meeting Room 1, 10th floor, DAIICHI SANKYO Head Office

**Participants:**

19 students from the Ken Takeda Seminar, Aoyama Gakuin University School of Business

**Theme:** Read the DAIICHI SANKYO Group CSR Report

## Theme 3

### What areas would improve the CSR report as a communication tool

- The technical terminology was difficult to understand, they should create a glossary page.
- I want them to create specialized CSR reports for each age group and type of reader.
- I want them to consider the reader and include captions for each category.
- I want to see more about overseas operations, particularly with regard to medicine supply structures in developing countries and emerging economies.
- I think that holding more events focused on young people will directly affect improvements in communication with young people.
- I want them to clearly indicate the improvements achieved by their PDCA\* CSR activities.
- I want them to create a dynamic layout that attracts the interest of the reader.
- The purpose and use of the CSR report needs to be clearly explained.

\* PDCA: Plan-Do-Check-Act.

### Participants' Comments

- I look forward to changes resulting from the incorporation of our feedback in the next CSR report (3rd year female).
- DAIICHI SANKYO clearly understands modern trends, and I think the Company will grow even more in the future (3rd year female).
- Although we provided very critical feedback, the employees never scowled and earnestly listened to all our comments, which struck me as very promising (3rd year male).
- Pursuing profit alone will not contribute to society; this opportunity gave me pause to reflect anew on the significance of the corporation (4th year male).

### Corresponding Improvements to the 2009 **DAIICHI SANKYO Group CSR Report**

- Difficult to quantify areas including personnel policies and social assessment have been presented in terms of the PDCA cycle.
- We included more employee comments.
- In the pursuit of ease of understanding, we avoided technical terminology and clearly explained the meaning of numerical data.
- We continued to include negative information.
- We constructed the page layout from the perspective of someone who was unfamiliar with the DAIICHI SANKYO Group.
- We created a new contents page to ease access to the sections that interest readers.

Note: Any feedback not incorporated into this year's CSR report will be considered for inclusion in future reports.

## Third-Party Opinions



**Tatsuto Okuda**  
Head of the CSR Promotion Office  
Keijinkai Corporation

Keijinkai Corporation established a CSR Promotion Office in April 2009 to promote its CSR activities as a medical corporation. Mr. Okuda assumed his current position leading the unit from a background of social work and care management. He has also held positions as adviser to the Hokkaido Association of Certified Social Worker and to the Sapporo Social Welfare Council.

The following third-party opinion on the DAIICHI SANKYO Group's CSR activities is given from the perspective of a medical corporation.

The general expectations of a pharmaceutical company in terms of the provision of medical services comprise: (1) MR proposal and response competencies; (2) new drug development management; and (3) stability and security as a partner. I commend the DAIICHI SANKYO CSR Report highly for communicating the Group's sincere efforts with respect to these criteria.

One of the special features provides details on measures to improve MR capabilities, and the second focuses on the development of drugs for rare disorders. This spotlights the Group's impressive CSR endeavors in little-publicized operational areas. Including doctor and patient would have improved these special features.

From a medical standpoint, a pharmaceutical company exists more as a partner than a stakeholder,

and as such its primary areas of concern are stability, security and compliance. During the fiscal year under review, DAIICHI SANKYO appointed an executive officer responsible for CSR and established systems to implement governance in the fields of corporate ethics, environmental management and social contributions. I highly appreciate this initiative.

However, the coverage of "Responsibility to Our Stakeholders" lacks messages to medical professionals, and such data as the number of inquiries received is omitted, which renders a candid assessment of the situation difficult. Examples of inquiries and responses, as given in the previous year's report, foster an environment where we can make inquiries without hesitation.

The inclusion of such elements as proactively employing disabled people, building a friendly workplace environment for female employees and environmental management—aspirations that are difficult to put into practice—is worthy of commendation as testament to the Group's progressive approach.

Finally, I would like to comment on a point that perpetually vexes me in my profession. Even with an effective drug, health management is dependent on correct administration. However, in practice there are increasing numbers of patients for whom drug administration can be problematic, such as patients with dementia living alone. I would like to see initiatives to develop drugs that are effective with reduced dosage frequency (thus enabling fewer visits by helpers) and to construct automatic dispensation mechanisms.

### The Keijinkai Group

The Keijinkai Group manages four corporations that provide healthcare, social welfare and welfare services in and around the Sapporo area, providing the best possible service through mutual cooperation in health maintenance, care and welfare. The Keijinkai philosophy is to provide a sense of security and satisfaction, establish trust, pursue a professionalism and pursue innovation. Its mission is to provide seamless health maintenance, care and welfare services and support the life-long needs of regional citizens.

As one of DAIICHI SANKYO's major stakeholders and as the first medical institutions to publish a CSR Report, we asked the Keijinkai Group to provide a third-party opinion based on their leadership in CSR initiatives.







**Kenichi Oi**  
Program Director  
The Wellness Community Tokyo

Mr. Oi is responsible for planning and operating a psychosocial support program for cancer patients and their families. This involves initiatives to promote multi-stakeholder cooperation from a community standpoint, spanning the public and private sectors, industry and academia.

Enterprises can be said to exist within a social context. Companies are but one element in the mechanism of society and cannot exist apart from this framework. Accordingly, as members of society, it goes without saying that they must abide by laws and ordinances and, beyond that, they have responsibilities to fulfill toward society.

I would like the DAIICHI SANKYO Group to consider the following four points, all based on the theme of “community,” when carrying out its social responsibility activities:

The first is awareness of workplace. The DAIICHI SANKYO Group can always address practical problems

through its direct involvement in tackling workplace-specific issues in its social responsibility activities. When focused on real problems, mere financial support, such as acts of endowment, may just highlight unsolvable problems. This can, however, enable us to learn about the need for human and physical support.

The second point is awareness of the public—the ability to sense feedback on actual results of social responsibility activities through active participation in civic action and deliberations as a corporate citizen.

The third is awareness of region. I think the Group should conduct its social responsibility activities with sufficient consideration of various regional conditions.

The fourth is awareness of integration. This involves not placing disproportionate emphasis on issues rooted in the community in the execution of social responsibility activities. I would like the Group to continually assess its activities to ensure it strikes a balance that embraces Japan as a whole, as well as a global perspective.

I hope that the DAIICHI SANKYO Group will be active not just in its social responsibility activities as a community member, but as a force in pioneering and complementary social responsibility activities as a community leader.

## The Wellness Community Tokyo

The Wellness Community Tokyo is the Japan branch of The Wellness Community of the United States, an organization which has been carrying out activities to support cancer sufferers since 1982. Established in 2001, The Wellness Community Tokyo provides psychosocial support to cancer patients and their families, centered on the Patient Active concept, and engages in such activities as managing support groups, offering autogenic training programs, hosting Zen, yoga, aromatherapy and other alternative therapy sessions, and providing medical information and second opinion advice. The organization currently has more than 1,500 members throughout Japan.

The DAIICHI SANKYO Group has been involved with The Wellness Community Tokyo as a sponsor and by providing facilities for patient support activities. Moreover, we launched the Rainbow Campaign (page 35) in collaboration with the organization in fiscal 2008. We have asked a member of The Wellness Community Tokyo to contribute a Third-Party Opinion to this CSR Report.



## Third-Party Opinions



### Eiichiro Adachi

Research Chief  
The Japan Research Institute,  
Limited

Mr. Adachi is responsible for providing corporate data to facilitate socially responsible investments through eco-funds, SRI funds and other instruments, specializing in conducting industry surveys and corporate assessments from an environmental management and CSR perspective.

I have continued to observe DAIICHI SANKYO's CSR activities since its merger in April 2007. Outstanding integration has been accomplished in the field of CSR, from formulating a common understanding through setting targets and putting measures into practice. Furthermore, this report illustrates a sincere response to the Third-Party Opinion I submitted for the CSR Report 2008. The report has been improved in terms of its completeness of coverage and volume of information. This leads me to the following three opinions that I wish to express regarding the next CSR Report 2010:

First, I would like to see more clarity regarding the important items that are to be reported. CSR for a pharmaceuticals company is in fact about conducting its business in the sense of its products contributing to people's health. Meanwhile, thoughtful consideration

should be given to concerns and demands from stakeholders, including adverse effects such as drug-induced damage and calls for aggressive supply of medical products to developing countries. In this respect, the emphasis from a business perspective is on recognizing the materiality of these issues. In this report, although this way of thinking is expressed in the Editorial Policy, it is not necessarily clear in the selection of the individual content of important items reported.

Second, the next step after "CSR achievements and problems," as stated in the current Editorial Policy, is to begin making improvements. In preparation for the next fiscal year, I feel that there is a greater necessity in this report for value judgments regarding the current state of affairs (for example, whether it is acceptable for just 2.1% of managers to be female) and cause analysis for unachieved targets (such as the background for the increase in volume of atmospheric discharges of PRTR substances).

Third, I think it would be effective for DAIICHI SANKYO, as a leading Japanese enterprise pursuing management with multifaceted vision in both developed and developing countries, to integrate CSR measures by domestic and overseas business sites and carry out information disclosure as befitting a global enterprise in both name and reality. Even though the Group is unable to integrate CSR measures in a short period of time, then I think that the pace of this development needs to be stepped up.

### The Japan Research Institute, Limited

The Japan Research Institute is a comprehensive information services enterprise with three functions: systems integration, consulting, and serving as a think tank. One aspect of its operations is to provide corporate data to facilitate socially responsible investment to financial institutions and other bodies. CSR management trend surveys conducted by the Japan Research Institute have provided very thought-provoking analysis, questions and other content. We have asked Eiichiro Adachi, Research Chief of the Institute, to provide a Third-Party Opinion for this year's report. This follows on his contribution in interviewing the DAIICHI SANKYO president in the Top Interview section in the CSR Report 2007 and his Third-Party Opinion in the CSR Report 2008.







### **Masafumi Naramoto**

Chairman  
Federation of  
DAIICHI SANKYO Group  
Workers' Unions

In April 2007, at the same time that the DAIICHI SANKYO Workers' Union was established, Mr. Naramoto was appointed as Chairman of the Central Executive Committee. Since October 2007, he has concurrently served as Chairman of the Federation of DAIICHI SANKYO Group Workers' Unions.

The CSR Report refers to DAIICHI SANKYO's three values— Social Values, Economic Values, and Humanistic Values. After reading this CSR Report, the Company seems most effectively to communicate its endeavors to improve humanistic values. The Workers' Union is perpetually confirming that management's stance is respectful of people, and I would like to focus my comments on this perspective.

The first point concerns "Responsibility to Our Employees." Specifically, this refers to "Personnel Systems and Human Resources Development," "Support for Diversity," and "Balancing Work and Private Lives." These systems themselves are relatively well developed, but understanding and awareness of systems as they pertain to individual employees still seems inadequately covered. In particular, I accept that there must be many issues that arise related to communications between superiors and subordinates, and among coworkers in

the Company. I would like to see evidence of the Company's awareness of this issue and more aggressive remedial measures in place.

Safety and health forms the second point. Above all, safety and health constitutes prevention of occupational accidents and building a safe workplace environment. Although the report introduces occupational health measures, such as for the prevention of long working hours and promotion of health, there is still a need to address occupational safety conditions and specific measures. For example, the status of, numerical improvement targets for, and strategies to reduce the occupational injury rate in Japan and overseas\* could be included.

The third point relates to compliance. The pharmaceutical sector is subject to great expectations as a leading industry. Among these, I foresee the need to step up educational activities among employees and management in the future.

Finally, the DAIICHI SANKYO Group currently employs some 28,900 workers across 56 countries. As a corporate citizen, it has social responsibilities that it needs actively to fulfill in the international community. In this regard, I would like to see the Company participating in the United Nations Global Compact initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, the environment and anti-corruption.

\* Occupational injury rate: The number of people killed or injured through occupational accidents per million work hours.

### **The Federation of DAIICHI SANKYO Group Workers' Unions**

The Federation of DAIICHI SANKYO Group Workers' Unions was established in October 2007 as an affiliated organization for the DAIICHI SANKYO Workers' Union, the DAIICHI SANKYO PROPHARMA Workers' Union and the DAIICHI SANKYO HEALTHCARE Workers' Union. In September 2009, the DAIICHI SANKYO CHEMICAL PHARMA Workers' Union joined the federation, bringing total membership from the four unions to approximately 6,300.

As an organization composed of employees, an enterprise's closest stakeholders, the Federation of DAIICHI SANKYO Group Workers' Unions assumes a dual "check & partner" role to ensure that the Company pursues healthy development while fulfilling its social responsibilities and that it gains the trust of society and remains a company that employees love and are proud to work for.

We have asked a member of the Federation of DAIICHI SANKYO Group Workers' Unions to contribute a Third-Party Opinion to this CSR Report as a representative of the Group's most vital stakeholders, its employees.



## Responding to Third-Party Opinions



**Yoshikazu Takano**

Executive Officer in Charge of CSR  
and External Affairs  
DAIICHI SANKYO CO., LTD.

I believe that listening to the expectations and requirements of all stakeholders is important to improve the contents of CSR activities and to become a company that society trusts and remains sustainable.

To include the opinions of a greater number of stakeholders for the current fiscal year, we once again called on the services of CSR specialist Eiichiro Adachi of the Japan Research Institute, Limited, and requested further Third-Party Opinions from Tatsuto Okuda of the CSR Promotion Office, Keiinkai Corporation, Kenichi Oi of The Wellness Community Tokyo, and Masashi Naramoto, Chairman of the Federation of DAIICHI SANKYO Group Workers' Unions.

I would like to thank all these contributors for reading our CSR Report, despite the high demands on their time, and for offering their opinions and recommendations. All advice and suggestions received will be accepted with sincerity, and we would like to respond to all of these as individual issues facing the entire DAIICHI SANKYO Group. Furthermore, we anticipate that the results of this feedback will be reflected in successive CSR Reports, from 2010 and beyond.

Mr. Okuda's comments included suggestions that we might include coverage of impressions by doctors and patients, messages to medical professionals, examples of inquiries and responses, and specific examples of how we are adequately communicating with stakeholders. He also pointed out the importance of nurturing close relationships with stakeholders. We are aware of the vital importance of this as a springboard to propel the Group in fulfilling its corporate social responsibilities. Accordingly, we plan to carry out more effective communications, including

revisions to measures implemented to date, and establish a framework to ensure that activities are conducted in accordance with the wishes of stakeholders.

In response to comments by all parties contributing Third-Party Opinions, we accept the point that we should rise to the challenges of becoming a Group with expanded global presence in both developed and developing countries and take on a corresponding balanced of social responsibilities. We recognize that this is also an important issue facing the DAIICHI SANKYO Group in promoting management with Hybrid Business Model. In addition to compliance with the laws of each nation in which we operate, we respect the various cultures and customs of these countries and regions and are intensifying measures to contribute to their development.

There are many other remarks and suggestions that have been made through the Third-Party Opinions. We will continue to improve the quality of our initiatives as we investigate any possible gaps between our stakeholders and in-house awareness.

In the future, the DAIICHI SANKYO Group will use its main business of drug discovery as a foundation to contribute to the enrichment of quality of life in its bid to fulfill its corporate social responsibilities. In addition, the Company will strive to secure supplies of pharmaceuticals for developing countries, will promote environmental preservation measures to ensure no further damage to the planet we leave for future generations to inherit and measures to build workplaces where staff gain meaningful employment, and continue our efforts to become a sustainable Company that is trusted by its stakeholders.

# Corporate Information

## Company Profile (As of March 31, 2009)

**Company Name:** DAIICHI SANKYO CO., LTD.

**Foundation:** September 28, 2005

**Head Office Address:**

3-5-1, Nihonbashi-honcho, Chuo-ku, Tokyo 103-8426

**URL:** <http://www.daiichisankyo.co.jp>

**Nature of Enterprise:**

Research and development, manufacturing and sales of pharmaceutical products

**Capital:** ¥50 billion

**Employees:** 28,895 (DAIICHI SANKYO Group)

## Japan Office Locations

**Branches:**

Sapporo, Tohoku (Miyagi Prefecture), Tokyo, Chiba, Saitama, Yokohama, Kita-Kanto (Tokyo), Koshinetsu (Tokyo), Tokai (Aichi Prefecture), Kyoto, Hokuriku (Ishikawa Prefecture) Osaka, Kobe, Chugoku (Hiroshima Prefecture), Shikoku (Kagawa Prefecture), Kyushu (Fukuoka Prefecture)

Note: The Company has sales offices in all major Japanese cities

**Research Laboratories:**

Shinagawa (Tokyo), Kasai (Tokyo), Hiratsuka (Kanagawa Prefecture), Fukuroi (Shizuoka Prefecture), Gunma, Osaka

**Factories:**

Akita, Onahama (Fukushima Prefecture), Hiratsuka (Kanagawa Prefecture), Odawara (Kanagawa Prefecture), Shizuoka, Osaka, Takatsuki (Osaka)

## DAIICHI SANKYO Group in Japan (Main Group Companies)

Company Name	Principal Business Activities
DAIICHI SANKYO PROPHARMA CO., LTD.	Manufacturing of pharmaceuticals
DAIICHI SANKYO RD ASSOCIE CO., LTD.	Support of research and development in the Group
DAIICHI SANKYO BUSINESS ASSOCIE CO., LTD.	Business support in the Group
DAIICHI SANKYO HAPPINESS CO., LTD.	Business support in the Group
DAIICHI SANKYO LOGISTICS CO., LTD.	Distribution and related affairs

Company Name	Principal Business Activities
DAIICHI SANKYO CHEMICAL PHARMA CO., LTD.	Manufacturing of pharmaceuticals
DAIICHI SANKYO HEALTHCARE CO., LTD.	Development, manufacturing and sales of healthcare products
ASUBIO PHARMA CO., LTD.	Research and development, manufacturing and sales of pharmaceuticals

## World Wide Group

Company Name	Principal Business Activities
<b>USA</b>	
DAIICHI SANKYO, INC.	Research, development and sales of pharmaceuticals
Luitpold Pharmaceuticals, Inc.	Manufacturing and sales of pharmaceuticals and drugs for animals
<b>England</b>	
DAIICHI SANKYO DEVELOPMENT LTD.	Ethical pharmaceutical development
<b>Germany</b>	
U3 Pharma GmbH	Ethical pharmaceutical research
DAIICHI SANKYO EUROPE GmbH	Control of Group/development and manufacturing pharmaceuticals
<b>France</b>	
DAIICHI SANKYO ALTKIRCH SARL	Manufacturing materials etc. for pharmaceuticals (DAIICHI SANKYO Europe group)
<b>Austria</b>	
DAIICHI SANKYO AUSTRIA GmbH	Sale of pharmaceuticals (DAIICHI SANKYO Europe group)
<b>Belgium</b>	
DAIICHI SANKYO BELGIUM N.V.-S.A.	Sale of pharmaceuticals (DAIICHI SANKYO Europe group)
<b>Switzerland</b>	
DAIICHI SANKYO (SCHWEIZ) AG	Sale of pharmaceuticals (DAIICHI SANKYO Europe group)
<b>Germany</b>	
DAIICHI SANKYO DEUTSCHLAND GmbH	Sale of pharmaceuticals (DAIICHI SANKYO Europe group)
<b>Spain</b>	
DAIICHI SANKYO ESPAÑA S.A.	Sale of pharmaceuticals (DAIICHI SANKYO Europe group)
<b>France</b>	
DAIICHI SANKYO FRANCE SAS	Sale of pharmaceuticals (DAIICHI SANKYO Europe group)
<b>Italy</b>	
DAIICHI SANKYO ITALIA S.p.A.	Sale of pharmaceuticals (DAIICHI SANKYO Europe group)
<b>The Netherlands</b>	
DAIICHI SANKYO NEDERLAND B.V.	Sale of pharmaceuticals (DAIICHI SANKYO Europe group)

Company Name	Principal Business Activities
<b>Portugal</b>	
DAIICHI SANKYO PORTUGAL LDA.	Sale of pharmaceuticals (DAIICHI SANKYO Europe group)
<b>England</b>	
DAIICHI SANKYO UK LIMITED	Sale of pharmaceuticals (DAIICHI SANKYO Europe group)
<b>Turkey</b>	
DAIICHI SANKYO İLAÇ TICARET Ltd. Şti.	Sale of pharmaceuticals (DAIICHI SANKYO Europe group)
<b>Ireland</b>	
DAIICHI SANKYO IRELAND LTD.	Sale of pharmaceuticals (DAIICHI SANKYO Europe group)
<b>China</b>	
DAIICHI SANKYO PHARMACEUTICAL (BEIJING) CO., LTD.	Development, manufacturing and sales of pharmaceuticals
DAIICHI SANKYO PHARMACEUTICAL (SHANGHAI) CO., LTD.	Research, development, manufacturing and sales of pharmaceuticals
DAIICHI SANKYO HONG KONG LIMITED	Marketing of pharmaceuticals
<b>Korea</b>	
DAIICHI SANKYO KOREA CO., LTD.	Sales of pharmaceuticals
<b>Thailand</b>	
DAIICHI SANKYO (THAILAND) LTD.	Import, sales and agency of pharmaceuticals/chemical products
<b>Taiwan</b>	
DAIICHI SANKYO TAIWAN LTD.	Sales of pharmaceuticals
<b>India</b>	
DAIICHI SANKYO INDIA PHARMA PRIVATE LIMITED	Sales of pharmaceuticals
Ranbaxy Laboratories Limited	Research, development, manufacturing and sales of pharmaceuticals
<b>Brazil</b>	
DAIICHI SANKYO BRASIL FARMACEUTICA LTDA.	Manufacturing and sales of pharmaceuticals
<b>Venezuela</b>	
DAIICHI SANKYO VENEZUELA, S.A.	Sales of pharmaceuticals

Inquiries:

**DAIICHI SANKYO CO., LTD.**

Corporate Communications Department  
Public Relations & CSR Group  
3-5-1, Nihonbashi Honcho, Chuo-ku,  
Tokyo, 103-8426, Japan  
Tel: +81-3-6225-1126  
Fax: +81-3-6225-1132  
<http://www.daiichisankyo.com>

**Considerations in Producing and Printing this CSR Report**



The Color Universal Design Organization has certified that the report conforms with its requirements by presenting color schemes and graphics that people with different color perceptions can identify.



Through purchases from CARBON OFFSET JAPAN, we effectively eliminated carbon dioxide emissions from all processes related to publishing this report, as categorized below.

	Carbon dioxide emissions (kg-CO <sub>2</sub> )
Resource procurement (paper, ink, and printing plates)	1,523
Production	294
Distribution and sales	22
Disposal and recycling	350
Total	2,188



This CSR report 2009 was entirely printed with green power generated by wind. Electrical energy for printing 3,000 copies of the report was estimated to 567kWh.



We printed this publication with ink from 100% biodegradable vegetable oil.



The waterless printing method used for this publication minimized the usage and releases of harmful liquid wastes.