



Turning Diversity into Power

DAIICHI SANKYO GROUP
Corporate Social Responsibility Report
2010



Response to the Third-Party Opinion

Major issues pointed out in the past that we were able to address

- ① I would like to see more clarity regarding the important items to be reported.
➡ We established the Mid-term CSR Policy and set goals and targets (see pages 13–16).
- ② The Company should conduct social responsibility activities with an “awareness of integration” that strikes a balance from a global perspective.
➡ We considered this point in developing the Mid-term CSR Policy (see pages 13–16).
- ③ Value judgments regarding the current state of affairs and cause analysis for unachieved targets need to be included in the report.
➡ We stated our basic approach and the direction of our initiatives on the opening page for each Goal.
- ④ I expect information disclosure as befitting a global enterprise.
➡ We sought to disclose as much global information as possible through the VOICE and other sections.
- ⑤ We need to report on occupational safety conditions and specific measures.
➡ We disclosed specific information through the VOICE and data sections (see page 28).
- ⑥ The report lacks messages to medical professionals, and such data as the number of inquiries is omitted, which renders a candid assessment of the situation difficult.
➡ We made it easier to grasp the situation by increasing the contents of VOICE and data (see pages 30–33).
- ⑦ Explanations regarding environmental burden fluctuation are insufficient.
➡ We reported the reasons for the fluctuation in the graph showing changes in CO₂ emissions (see page 41).
- ⑧ I hope the Company will clarify its policy regarding the supply of pharmaceuticals in developing countries.
➡ We stated our policy in Goal 5: Broaden the opportunity of access to medical services, including medicine, globally (see pages 49–58).

Major issues pointed out in the past that we were unable to address

- I would like to see the Company participating in the United Nations Global Compact* initiative.
➡ We are considering this issue with regard to future participation.

* A global framework for realizing sustainable growth through the voluntary efforts of participating organizations on the ten principles related to human rights, labor, the environment and prevention of corruption.

Editorial Policy

In this report, we mainly provide information on initiatives and activities related to CSR (Corporate Social Responsibility) undertaken by the Daiichi Sankyo Group during fiscal 2009.

We have positioned this report as an important tool for communicating with our stakeholders, and paid special attention to the following points in editing its contents.

- The Highlight section was composed with a focus on “Diversity” and “Research and Development,” which we chose from among themes we consider to be important.
- Our basic policy on measures and reports on actual activities have been composed along the lines of the 5 Goals of our Mid-term CSR Policy.
- To reflect the diversity of our employees, we introduced in the VOICE section the actual voices of many employees, including those of our overseas affiliates.
- We summarized our response to issues pointed out in Third-Party Opinions in the section above.
- We used guidelines such as the GRI to ensure completeness of coverage and materiality of the information contained.

Report Scope

• Companies Covered

Principal domestic and overseas Group companies, which are listed on page 68 of this report. Ranbaxy Laboratories Limited (hereafter Ranbaxy) has been included in the report starting from this fiscal year.

• Period Covered

April 1, 2009 to March 31, 2010 (Fiscal 2009)
Some sections of the report also discuss initiatives since April 2010.

• Reference Guidelines

Global Reporting Initiative (GRI)
Sustainability Reporting Guidelines 2006 (G3)
Japan’s Ministry of the Environment’s *Environmental Reporting Guidelines*, 2007 edition

• Publication Date

September 2010 (Next publication scheduled for August 2011, previous publication date: September 2009)

This report is the English version of the Japanese report, which was published in September 2010.
In the case of any discrepancy between the two versions, the content of the Japanese version takes precedence.

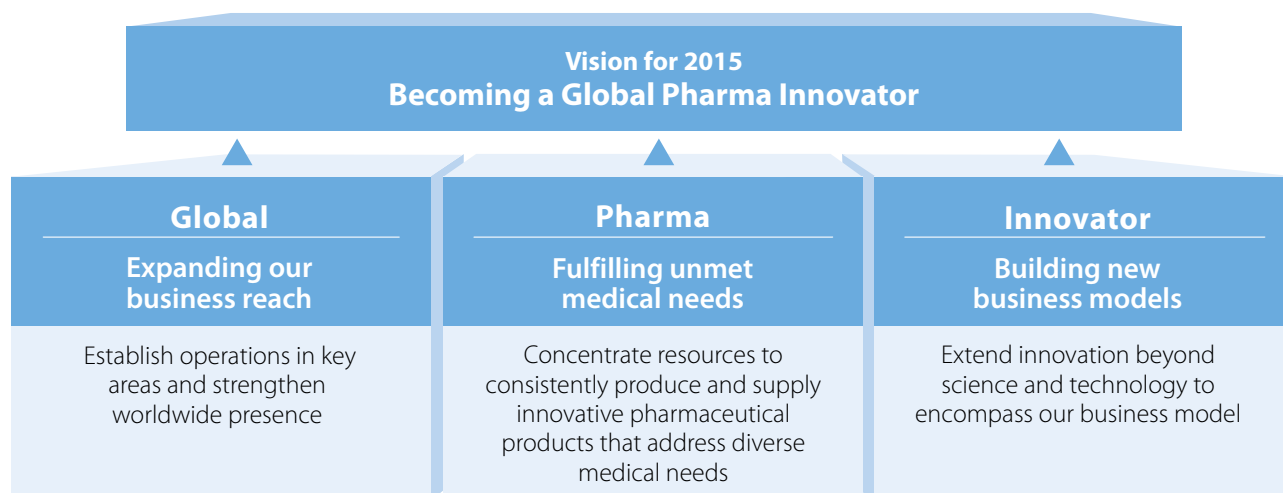


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Daiichi Sankyo's Mission

To contribute to the enrichment of quality of life around the world through the creation of innovative pharmaceuticals, and through the provision of pharmaceuticals addressing diverse medical needs



Main Products

Pharmaceutical Product

Olmesartan medoxomil

An antihypertensive drug sold in Japan under the name *Olmetec*. Currently sold in more than 60 countries worldwide.



Pharmaceutical Product

Olmesartan medoxomil, Azelnidipine

A combination drug of Olmesartan and calcium channel blocker azelnidipine. Sold in Japan under the name *Rezaltas*. The drug was launched in Japan in April 2010.



Pharmaceutical Product

Pravastatin sodium

An antihyperlipidemic agent sold in Japan under the name *Mevalotin*. It was first sold in Japan in 1989 and is currently marketed in more than 100 countries.



Pharmaceutical Product

Levofloxacin hydrate

A broad-spectrum antibacterial agent sold in Japan under the name *Cravit*. Currently being sold in more than 100 countries; launched in 1993 in Japan.



OTC* Medicine

LuLu Attack EX

A combination cold remedy that is highly effective against colds accompanied by sore throats and fevers due to the combined effects of anti-inflammatory agents tranexamic acid and ibuprofen.



OTC Medicine

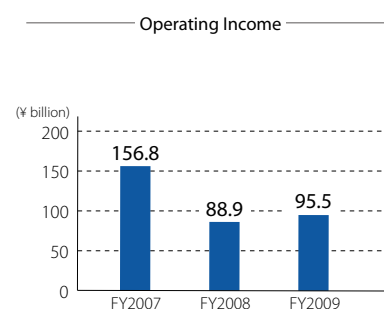
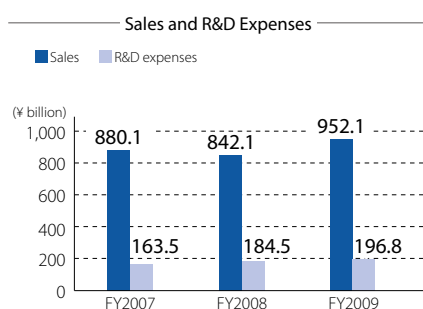
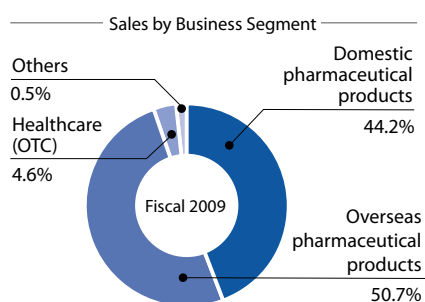
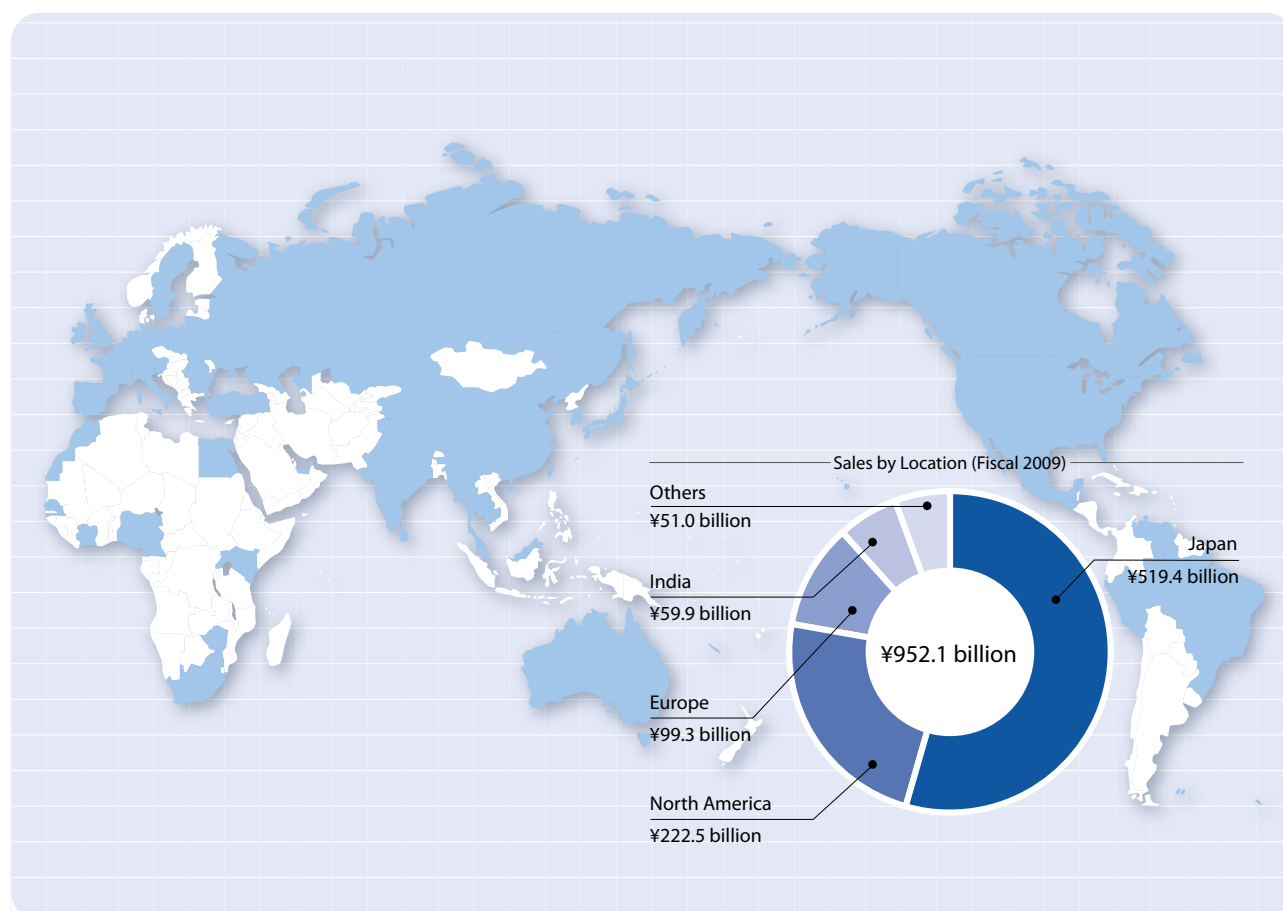
Gaster 10

A gastrointestinal agent containing H₂ blockers that effectively alleviates stomachaches, heartburn, stomach upsets and nausea by controlling excess gastric acid.



* Abbreviation for Over The Counter in reference to medicine that can be purchased without a doctor's prescription.

■ Major Global Bases



Distribution of Economic Value Among Stakeholders

Stakeholders	Allocated amount for fiscal 2008 (¥ million)	Allocated amount for fiscal 2009 (¥ million)	Calculation method
Suppliers	437,185	456,110	Selling, general and administrative expenses (excluding personnel costs)
Employees	101,694	122,454	Personnel costs included in selling, general and administrative expenses
Shareholders	53,321	49,275	Dividends paid from retained earnings
Creditors	1,916	5,719	Interest expenses included in nonoperating expenses
Government	-79,172	50,016	Income taxes paid
Environment	2,622	2,666	Independently calculated expenditure on the environment Expenditure on environmental preservation calculated by environmental accounting
Daiichi Sankyo	-269,959	-7,427	Total change in retained earnings during fiscal year under review

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

Establishing Value in Society Commensurate with Our Standing as a Global Pharma Innovator

Objectives of the Daiichi Sankyo Group's CSR (CSR = Corporate Social Responsibility)

Daiichi Sankyo pursues business activities to realize its mission: "To contribute to the enrichment of quality of life around the world through the creation of innovative pharmaceuticals, and through the provision of pharmaceuticals addressing diverse medical needs."

While the fundamental responsibility of any company is to contribute to society through its business operations, Daiichi Sankyo aspires to be an outstanding company in the eyes of patients, medical professionals, employees, shareholders, suppliers, local communities and all other stakeholders that surround the Group.

To achieve this goal, we must attain balanced improvements in our social values, economic values and humanistic values. We can help create a sustainable society by carefully guiding our corporate conduct under these three values and by taking actions based on high ethical standards and social decorum commensurate with a business that

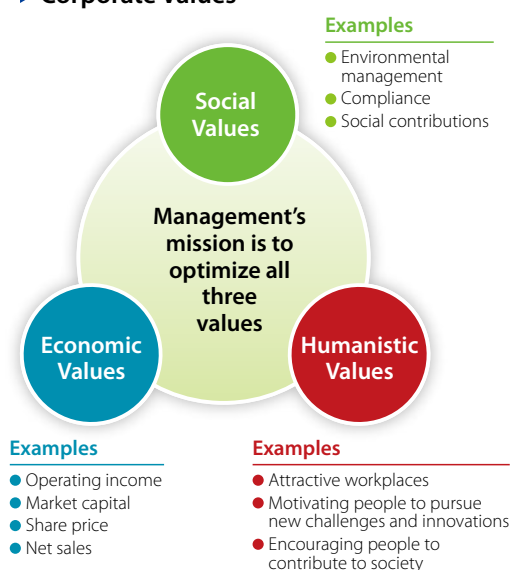
impacts people's lives. This will enable us to continue to be a sustainable company that is trusted by society.

Significance of CSR in the Second Mid-term Business Management Plan

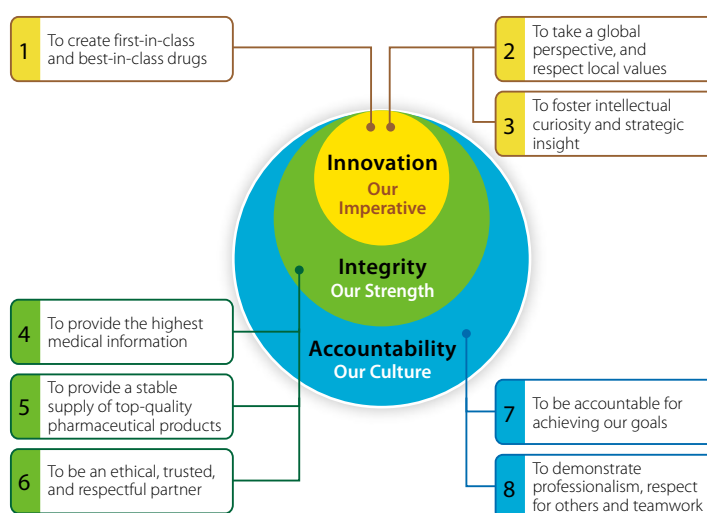
During the First Mid-term Business Management Plan from fiscal 2007 to 2009, we established a framework for promoting key CSR themes, including compliance, environmental management and social contribution.

However, in light of society's rising demands and expectations for corporations on such issues as human rights and diversity, aid for emerging countries, climate change and biodiversity, we recognize that we will not be able to meet these expectations by simply maintaining the status quo. Neither can we say that each and every employee maintained a high level of awareness and understanding of CSR, which presented an additional challenge from the standpoint of pursuing CSR at a Group-wide level.

► Corporate Values



► Our Values & Commitments



To achieve steady progress in CSR, we decided to position CSR promotion as part of the backbone of the Second Mid-term Business Management Plan for fiscal 2010 to 2012, which pursues the balanced expansion of our three values and leads to our 2015 vision of becoming a Global Pharma Innovator.

To deepen every employee's understanding of CSR, we formulated our Mid-term CSR Policy and 5 Goals by reflecting the demands and expectations placed upon us by various stakeholders, including CSR experts, employees at Group companies and institutional investors focused on CSR activities, and with the Daiichi Sankyo Group's mission and business strategies.

In fiscal 2010, the first year of the Second Mid-term Business Management Plan, we intend to establish a corporate climate in which awareness of the Mid-term CSR Policy and the 5 Goals is shared throughout the Group and key performance indicators for CSR promotion have been set.

Pursuing CSR by Turning Diversity into Power

Daiichi Sankyo is a richly diverse corporate enterprise, in which 30,000 employees with different values work in over 50 countries around the world. Diversity drives our competitiveness. Our employees freely express their opinions regardless of positions and titles. They fully embrace Our Values & Commitments, and act beyond national and cultural boundaries to meet the highest CSR standards.

I hope Daiichi Sankyo will continue to be a company that employees proudly talk about with their families.

We place high priority on constantly improving our work by paying close attention to the demands and expectations of our stakeholders. I hope you will continue to share with us your candid opinions and suggestions as we proceed together into the future.

September 2010

Mid-Term CSR Policy

Harmonize with society and the global environment by enhancing employee diversity and valuing consideration to others as a company that supports humanity and health

Goals

- Promote management of compliance globally
- Realize a working environment which respects employee diversity
- Reinforce communication with stakeholders
- Reduce the environmental burden in every business operation
- Broaden the opportunities of access to medical services, including medicine, globally

Joji Nakayama

Representative Director,
President and CEO



Turning Diversity into Power

Daiichi Sankyo is a richly diverse corporate enterprise, in which 30,000 employees with different values work in over 50 countries around the world. Recognizing that the source of our competitive strength lies in the diversity of our employees, we intend to become a dynamic company in which employees can fully demonstrate their individual characteristics.



Japan

Reflecting the Voice of Our Customers in Our Products

As most customers who contact the Consumer Service Office are seeking an answer or advice, we strive to respond quickly and accurately to their questions or requests for consultation.

We also receive complaints, which we view as opportunities for improving our products and services. "The body cures illness; medicines simply help the body do its work"—it is important to correctly understand this point and to obtain maximum benefit through the correct application of medicines. Therefore, it is absolutely essential to provide appropriate information at the point of sales, and the Consumer Service Office plays a vital supportive role in fulfilling our social responsibility of

providing such information to our customers.

I felt somewhat hesitant when I was assigned to this center, but now I realize that this is a department in which the know-how I have accumulated can be put to good use, and I will continue to reflect the voice of customers in our products as well as the education of younger employees.



Nobuo Hiwatari

Manager of Consumer Service Office
Quality and Safety
Management Department
DAIICHI SANKYO HEALTHCARE CO., LTD.



U.S.A.

Creating a Culture that Encourages Innovation

At Daiichi Sankyo Pharma Development, we have found that the best way to achieve business results is through strong working relationships. In Human Resources, we are passionate about building relationships with our business leaders to help them solve complex and sensitive personnel issues.

We want to create a culture that stimulates

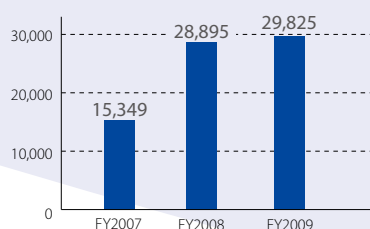
innovation. Our goal is to hire people who are not afraid to be innovative—*those* are the people who make an impact on patients' lives.



Keith Tucker

Director, Human Resources
DAIICHI SANKYO, INC. (U.S.A.)

Number of Employees (Consolidated)



Number of Employees by Region (Consolidated)

	FY2007	FY2008	FY2009
Japan	9,048	9,148	8,892
U.S.A.	2,944	3,376	3,580
Europe	1,815	2,504	2,516
ASCA*	1,542	13,867	14,837
Total	15,349	28,895	29,825

* ASCA: Acronym for Asia, South and Central America and in-house term for markets outside Japan, the United States and Europe.



Europe The Diversity of Our Business

Cultural, religious and regulatory diversity plays a major role in our daily work, as Daiichi Sankyo France is not only responsible for the French market but is also in charge of the registration and promotion of our products in 15 French-speaking African countries. Thus, every day we deal with diverse partners from countries where standards often differ from our European point of view. By implementing processes based on trust

and mutual respect, we have successfully established strong co-operations and achieved a high level of support locally. I am convinced that Daiichi Sankyo's values and commitments, including the respect for local values, are an important basis for our success in these countries.

Gilles Pingris
Export Director
DAIICHI SANKYO FRANCE SAS



ASCA As a Member of the Daiichi Sankyo Group

After joining Daiichi Sankyo's former Shanghai Office in 1999, I was involved in launching plant operations and also worked in the Quality Assurance Department. I now work at the CM&C Planning Office, where I am involved in introducing new products and maintaining overall supervision of technology transfers, supplying investigational substances and processing applications.

China is currently in the midst of a high economic growth phase, and while we are seeing an explosive rise in the use of raw materials and energy, environmental problems such as the loss of forests and farmland are now coming to public attention. In 2008, the City of Shanghai enacted a regulation restricting the use of plastic bags and

began charging for shopping bags in stores. Daiichi Sankyo is also implementing environmental measures by, for example, setting limits to air-conditioning temperatures, reducing the frequency of switching office lights on and off, and using less lighting in corridors. On my own desk, I have a cactus, which absorbs radiation from the PC and toxic gases such as formaldehyde and benzene. As a member of the Daiichi Sankyo Group, I will strive to live and work in a way that is gentle on the earth and provide high-quality drugs at reasonable prices to patients in China and the entire world.

Guan Limeng
Operation Deputy Director
Production Planning
CMC Department
DAIICHI SANKYO PHARMACEUTICAL
(SHANGHAI) CO., LTD.



Our Commitment to Quality in Research and Development

Drug creation is a serious profession that affects the lives of patients.

That is why we spend considerable lengths of time creating and cultivating drugs with integrity and care.

Basic Research

2 to 3 years

Drug development begins with research aimed at discovering or chemically producing new substances (components) that are future drug candidates.

Non-Clinical Studies

3 to 5 years

We conduct research on the efficacy and safety of drug candidates.

Clinical Trials

3 to 7 years

We ascertain whether new drug candidates that have passed the non-clinical study stage are safe and effective for human use by conducting three-phased trials.

Ever Mindful of Innovation and Integrity

The most important thing about drug creation is delivering a new drug to anxious patients as quickly as possible. On the other hand, conducting clinical trials in compliance with the law and undertaking sufficient analysis and assessment to provide information on the drug needed by doctors and patients are also decisive for ensuring the drug is of high quality in terms of effectiveness and safety. Maintaining a balance between fast delivery and the assured quality of a drug is no

simple task, but this is precisely how we demonstrate our spirit of innovation and integrity.



Motonobu Yoshimura
Group IV
Clinical Development Department I
R&D Division
DAIICHI SANKYO CO., LTD.

Enhancing Quality in Various Aspects

As part of a business that impacts people's lives, the Daiichi Sankyo Group consistently aspires to enhance quality at every stage of its operations, such as drug creation, from research and development to launch of a new drug, and post-marketing surveillance and drug development—making further improvements to a drug based on feedback from the patients who use it.

Quality is a single word that has broad connotations and varied requirements. In addition to the quality of the drug itself, we must also ensure we provide highly reliable information that is genuinely needed by professionals on the ground. We uphold high ethical values that acknowledge where interpretations are divided over the effectiveness or side effects of a drug, or where questions remain, and we seek answers by inviting objective opinions from experts and maintaining accurate records of the process through which we sought to improve the reliability of our data. We are working to ensure quality and speed in the delivery of drugs with ever higher value that correspond to the medical needs of professionals who are closest to patients.



New Drug Approval

Reference: Japan Pharmaceutical Manufacturers Association website

Application for Approval and Review

1 to 2 years

After a drug is verified for its effectiveness, safety, and quality through comprehensive trials, we apply for approval from the Ministry of Health, Labour and Welfare, and regulators in other countries.

Once a drug candidate passes a review and receives approval, we can start manufacturing and launch it.

Post-Marketing Surveillance

We continue collecting information on side effects and appropriate usage after the drug has been launched to ensure safe use of the drug and to make any improvements possible.

■ Providing Safe and Highly Effective Drugs

Our commitment to quality continues even after the prolonged period through which a drug is developed and made available to patients. After launching a drug, we collect information on side effects that were not evident during development. We also amass appropriate usage data to improve the drug and make it even safer and easier to use.

What is the best way to incorporate the most effective information from a multitude of data and use it to improve the drug? An essential factor in achieving this objective is to raise the skills and knowledge of employees who are engaged in this task, so we hold regular seminars and study meetings for them. We also produce our own leaflets to deliver up-to-date warning information to medical institutions that have not experienced any incidents of side effects.

We are working every day to deliver safe, highly effective drugs by undertaking various high-quality measures toward our goal of contributing to the enrichment of quality of life around the world.

Continuously Working Behind the Scenes

My work mainly involves assessing information on side effects in Japan and overseas and accurately grasping the safety profile of a pharmaceutical product to enable its proper use by doctors and patients. While side effects may have a negative image, I am convinced that steady accumulation of safety assessments of each individual case leads to more appropriate use of drugs. Data on side effects in Japan and overseas is exchanged with the affiliates and license partners in other countries for the



benefit of doctors and patients everywhere. I intend to continue working behind the scenes to contribute to the health of patients worldwide.

Akiko Fukuma
Safety Evaluation & Planning Group I
Pharmacovigilance Department
Quality and Safety
Management Division
DAIICHI SANKYO CO., LTD.

	Classification	Stakeholder
<p>DAIICHI SANKYO Group Corporate Conduct Charter</p> <p>The DAIICHI SANKYO Group fulfill its mission of “To contribute to the enrichment of quality of life around the world through the creation and provision of innovative pharmaceuticals.” In order to fulfill our corporate social responsibility (CSR) in global corporate activities, we will comply with the relevant laws, regulations, rules, codes and guidelines and act with the highest ethical standards and a good social conscience appropriate for a company engaged in a business that affects human lives, based on the following principles.</p> <ul style="list-style-type: none"> We will strive to rationalize and streamline our entire business management and actively work on the improvement of our management structure. 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. 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. We will carry out corporate activities in compliance with the laws and regulations of each country or region, while respecting their various cultures and customs and contributing to their development. We will take all possible measures to protect our and other companies' confidential and personal information obtained in the course of our business activities. <ul style="list-style-type: none"> 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. 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. 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. We will carry out our corporate activities in a fair and transparent manner and maintain a healthy and normal relationship with our stakeholders. We will actively engage in social action programs as a “good corporate citizen.” <ul style="list-style-type: none"> We will voluntarily and actively engage in activities aimed at the protection of the global environment. 	Economy	
	Management	
	Society	Patients/ Medical professionals
		Employees
		Shareholders
		Suppliers
		Local communities
	Environment	

Items of the Corporate Conduct Charter shown here have been rearranged in this order so that they can be easily linked to the priority issues.

	Item	Fiscal 2009 Targets		Fiscal 2009 Initiatives and Achievements		Page number
	Sales*1	¥960 billion		¥952.1 billion		p. 04
	Operating income margin*1	25.0%		10.0%		
	Overseas sales ratio*1	More than 40%		50.7%		
	Corporate governance	• Ensure compliance and flexible Board of Directors oversight		• Held 13 meetings of the Board of Directors • Carried out audits based on audit plans		p. 59
	Compliance	• Implement global compliance program policies and plans		• Promoted measures to minimize compliance risks in our business • Continued to carry out training specific to job categories for new Group employees, newly appointed managers, and others • Conducted compliance awareness survey • Conducted autonomous education and training activities at overseas Group companies		p. 18–20
	High-quality drug information provision	• Supply more extensive drug information supply and propagate effective information		• Continued to carry out training to boost attentive listening skills • Evaluated promotional skills (conducted by Daiichi Sankyo) Cardiovascular diseases: No. 1; Overall ranking: No. 2		p. 09–10 p. 30–33
	Stable supplies of high-quality pharmaceuticals	• Share important management and management risks • Clarify risk response policies • Implement response policies according to schedule		• Established a crisis system in response to the spread of the H1N1 influenza pandemic and implemented necessary measures		p. 60
	Human rights Labor compliance	• Achieve global focus on human rights • Provide fair assessments and treatment that reflect roles and achievements		• Continued to conduct education through training for managers and new company employees • Carried out e-learning on sexual and power harassment for all employees • Directly hired over 100 temporary staff		p. 24–25
	Retaining and cultivating outstanding people	• Enforce a human resource system based on roles and achievement • Arrange personnel and human resource cultivation programs that reflect individuality and business goals achievement		• Revised human resource systems and management tools for enhancing the engagement (relationship of mutual development) between employees and the company • Introduced company-wide award programs First year award recipients: DS Innovation Award: 11; DS Value Award: 35		p. 23
	Comfortable working environment, work-life balance	• Continue to review and improve work-life balance support program • Provide support for child-raising • Implement preventive physical and mental health measures • Raise percentage of physically or mentally challenged employees to more than 2.0% • Step up measures to shorten working hours		• Achieved physically or mentally challenged peoples employment ratio, exceeding previous year at 2.06% • Achieved a 100% legally mandated health check screening rate, and improved employee health • Reduced annual working hours by 30 hours compared to the previous year		p. 26–28
		• Approach existing and new shareholders more proactively than in fiscal 2007 • Achieve 100% payout ratio		• Held first briefing session for individual shareholders • Included in FTSE4Good*3 for second consecutive year • Continued to be included in the Morningstar Socially Responsible Investment Index		p. 34
		• Build procurement strategy and build procurement foundation • Make and deploy procurement processes • Ensure procurement compliance		• Established procurement foundation • Built procurement information infrastructure • Trained 200 relevant employees about properly handling contractors and complying with legislation banning delays in subcontractor payments		p. 35
	Social contribution activities	• Produce and implement comprehensive social contribution activities program • Improve evaluations of targets of our social contribution activities		• Engaged in activities at each office that contributed to communities in accordance with regional needs • Conducted 137 plant tours for over 2,200 people and opened our facilities to the public 216 times		p. 54–58
	Global warming prevention	Plants and R&D centers	162,108 t-CO ₂	Plants and R&D centers	163,740 t-CO ₂	p. 41–42
		Offices	5,212 t-CO ₂	Offices	4,686 t-CO ₂	
		Sales vehicles	9,524 t-CO ₂	Sales vehicles	9,666 t-CO ₂	
		Total	176,844 t-CO ₂	Total	178,092 t-CO ₂	
	Recycling contributions	Waste management	Achieve zero emissions*2	Waste management	Achieved zero emissions (0.77%)	p. 43–44
		Chemical substance management	Atmospheric emissions 145 t	Chemical substance management	Atmospheric emissions 180 t	p. 40
	Environmental communication	• Continue to identify environmental demands of society and other stakeholders and create analytical framework • Employ information obtained to produce framework for reflecting it in environmental policies and measures		• Held local communication meetings • Conducted Environment Month activities within the entire Group including overseas companies • Implemented environmental e-learning (number of participants: 10,023) • Held environmental management seminars		p. 47–48

*1 Figures for sales, operating income margin, and overseas sales ratio represent targets under the First Mid-term Business Management Plan.

*2 Zero emissions = final disposal represents less than 1% of total production.

*3 Leading global index for Socially Responsible Investment (SRI) provided by the FTSE Group, jointly established by the British financial newspaper *The Financial Times* and the London Stock Exchange.

Aiming to Realize CSR by Turning Diversity into Power as an Engine of Growth

Leading up to the Realization of Our Mid-term CSR Policy

Under our First Mid-term Business Management Plan (from fiscal 2007 to fiscal 2009), we made a committed effort in the area of important CSR themes such as compliance, environmental management and social contribution. As a result, we have begun to receive a certain level of external recognition, as evidenced by our inclusion in the FTSE4Good Global Index* in September 2009.

However, we are aware of the need to address issues pertaining to the development of a united Group effort for global CSR promotion. In addition, as our global presence has expanded dramatically since welcoming Ranbaxy into the Daiichi Sankyo Group, we have felt the need for setting and sharing more concrete guidelines and goals to raise awareness and encourage the practice of our CSR among each of our 30,000 employees in over 50 countries around the world.

Direction of the Mid-term CSR Policy

We formulated the Mid-term CSR Policy and 5 Goals, and incorporated them into our Second Mid-term Business Management Plan as important pillars. While it is not easy to implement the measures on a global basis, we intend to proceed by taking one steady step at a time, from identifying the current status to sharing an awareness of the issues and taking action. We have designated fiscal 2010, which marks the first year of the plan, as the year in which we will promote global CSR and build a CSR management infrastructure. We will thus strive to share the Mid-term CSR Policy and 5 Goals within the Group and develop our own CSR promotion system with full consideration for diverse cultures and customs.

► MESSAGE



Yoshikazu Takano
Senior Executive Officer
DAIICHI SANKYO CO., LTD.

Aiming to become a great company

In formulating our Mid-term CSR Policy and 5 Goals, we sought to reflect external opinions as much as possible and followed a process of consideration that emphasized close in-house communication. Each of the 5 Goals that have been identified is of great importance, and we intend to actively encourage communication both inside and outside of the company in seeking solutions. This reflects our thinking that communication is the most important factor in promoting global CSR. For example, the single word “diversity” may be understood differently from region to region because of cultural differences. To promote our CSR, which contains broad concepts and values, we must be careful with each word we use, confirming what it means to both the sender and receiver. The Daiichi Sankyo Group will spare no effort to earn an outstanding social reputation and remain a source of pride for employees and their families.

* Leading global index for Socially Responsible Investment (SRI) provided by the FTSE Group, jointly established by the British financial newspaper *The Financial Times* and the London Stock Exchange.

■ Process of Formulating the Mid-term CSR Policy

The Management Executive Meeting formulated our Mid-term CSR Policy through the following process.

STEP 1 Basic Research

We began by developing an awareness of the current status of Daiichi Sankyo's CSR and identifying the issues.

Major Research Undertaken

- Survey on CSR issues of the pharmaceuticals industry
- Hearings conducted with 2 experts in Japan and 4 from overseas
- In-house hearings, etc.

The research revealed 74 CSR issues that Daiichi Sankyo needs to address.

CSR issues covered
by global SR (Social Responsibility) guidance
ISO 26000*1 (DIS*2)



CSR issues of the pharmaceutical industry

CSR issues of Daiichi Sankyo

Identification through basic research



Daiichi Sankyo's 74 CSR issues

Voice of an Expert

Stephen B. Young

Global Executive Director
Caux Round Table



Expectations of Daiichi Sankyo in 2015 include to listen to and learn from customers, and to create a brand image as a leading pharmaceutical company with the highest quality standards.

My understanding of the 3 Values is as follows.

The basis of societal value is "trust." Therefore, drugs that pollute/disrupt natural processes in society or humans should not be marketed or sold.

Economic value is to be based on a cash-flow analysis.

The most important aspect in human value is to help customers live a better life.

Voice of an Expert

Junichi Mizuo

Ph.D. (Business Management)
Professor of the Faculty of
Economics, Surugadai University
Graduate School of Economics, Vice
President of the Japan Association
for Performance Excellence



From Daiichi Sankyo, which aims to become an outstanding company, I expect a hybrid business model based on "glocal management" (global + local management) from the ISO 26000 standpoint—targeting global consumers with deep roots in each region. It is important to aggressively pursue strategic CSR, leveraging Daiichi Sankyo's unique core competence along with a solid defensive management in its compliance activities with the aim of providing social solutions for the BOP class*3. I hope the company, employees and labor union will unite in pursuit of excellent performance quality activities through an integrated offensive-defensive CSR strategy.

*1 ISO 26000: An international guidance standard on social responsibility for companies and organizations in general that does not require third-party certification.

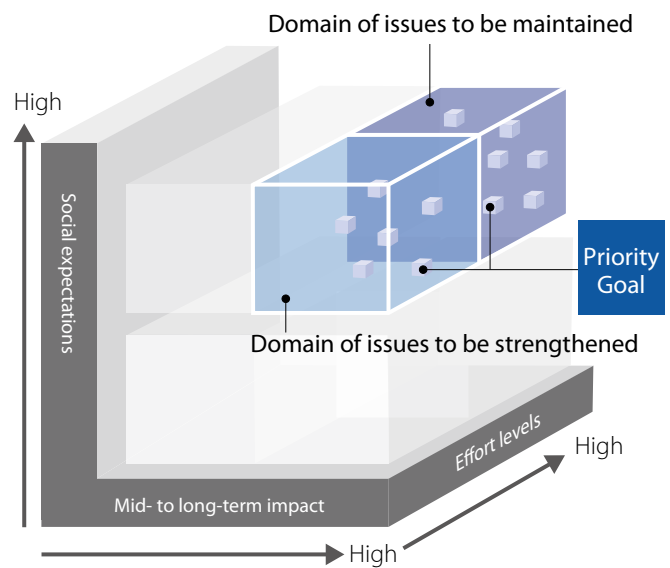
*2 DIS: Draft International Standard

*3 BOP class: Abbreviation for Base/Bottom of the Pyramid. Refers to the approximately four billion people comprising the world's poorest socioeconomic group.

STEP 2

Consideration of Daiichi Sankyo's Characteristics and Survey on Materiality Evaluation

Based on research undertaken in Step 1, we added "Daiichi Sankyo's characteristics" to our consideration in Step 2 and conducted a survey on materiality evaluation for our 74 CSR issues. In considering "Daiichi Sankyo's characteristics," we discussed ways to incorporate our mission, Our Values & Commitments, and the three corporate values that are important in pursuing CSR, as well as the fact that we are a company founded in Japan. In the survey, we created a graph on which we plotted each of the 74 issues in terms of their mid- to long-term impact and required effort levels to analyze social expectations of Daiichi Sankyo.



STEP 3

Consideration of Mid-term CSR Policy

Using the above research results, top management led deliberations on the Mid-term CSR Policy. We decided to include a policy statement that reflects our mission, signifying the "direction to be taken by Daiichi Sankyo

over the mid-term in the area of CSR" (WHAT) and the "stance of measures to be taken" (HOW). We set five specific goals.

Mid-term CSR Policy

Harmonizing with society and the global environment by enhancing employee diversity and valuing consideration to others as a company that supports humanity and health.

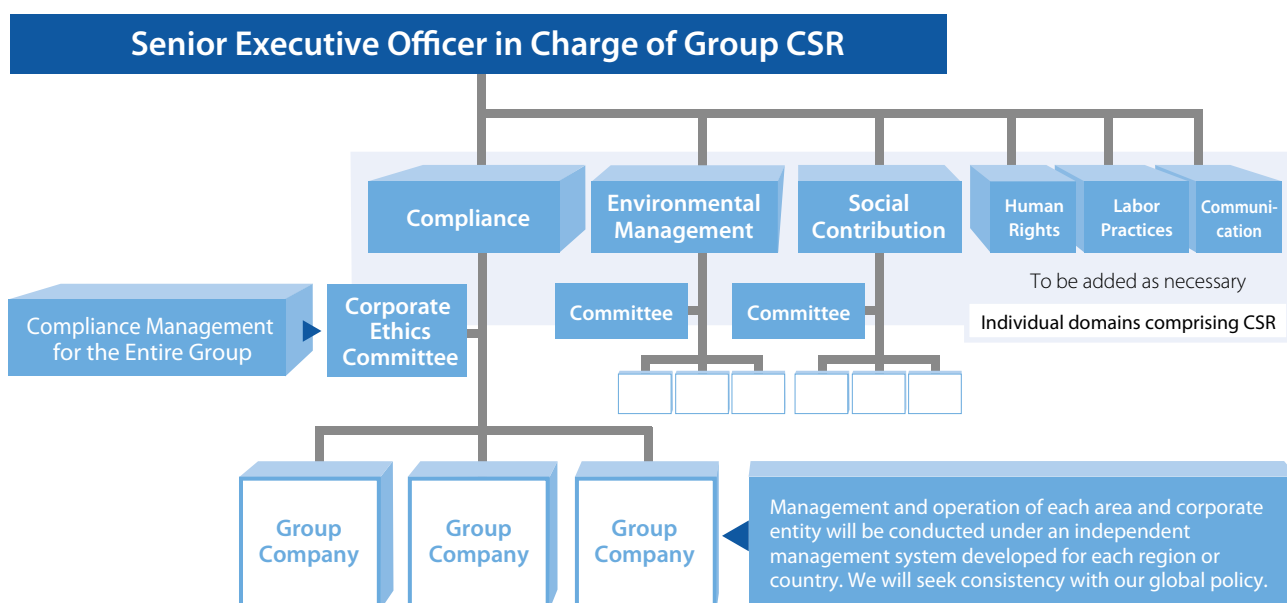
		Page
Goal 1	Promote management of compliance globally	p. 17–20
Goal 2	Realize a working environment which respects employee diversity	p. 21–28
Goal 3	Reinforce communication with stakeholders	p. 29–36
Goal 4	Reduce the environmental burden in every business operation	p. 37–48
Goal 5	Broaden the opportunities of access to medical services, including medicine, globally	p. 49–58

CSR Management

We launched a new system in April 2010 to more flexibly manage evolving CSR needs. Under the Senior Executive Officer in charge of Group CSR, departments handle their own CSR domains and global management systems to improve their expertise and clarify responsibilities. Group

CSR staffers constantly verify and improve our activities.

In fiscal 2010, the first year of our Second Mid-term Business Management Plan, we aim to ensure Group-wide awareness of our Mid-term CSR Policy and 5 Goals and to formulate key indicators for CSR performance.



Relationship with Stakeholders

Our relationship with stakeholders is an essential element of our corporate activities. We have clearly defined our codes of conduct with respect to stakeholders in the Daiichi

Sankyo Group Corporate Conduct Charter and the Code of Conduct for Compliance.

Stakeholder	Daiichi Sankyo Group's Responsibility
Patients and Medical Professionals	We will consistently deliver safe and high-quality innovative pharmaceuticals that contribute to people's health.
Employees	We will respect human rights and individuality to create workplaces in which diverse people can demonstrate talents and work with pride.
Shareholders	We will enhance corporate value and appropriately distribute profits.
Business Partners	We will build solid partnerships for mutual growth.
Global Environment	We will contribute to a sustainable society by reducing the overall environmental burden of our business activities.
Regional Communities	We will voluntarily and actively engage in activities as our corporate contribution to the development of a sustainable society.

GOAL 1

Promote Management of Compliance Globally

Our Basic Approach to Goal 1

The safety and efficacy of pharmaceutical products are safeguarded through compliance with the many laws and regulations that govern research and development, production and sales. To promote compliance, the Daiichi Sankyo Group has set up specialized organizational units and established procedure sheets to mandate certain responses.

We view compliance beyond its legal aspects to encompass corporate ethics. Each Group company in Japan and overseas has developed a compliance system that adheres to the requirements of its country or region. We recognize our future depends upon compliance management that is commensurate with the global business development of the Daiichi Sankyo Group.

Direction of Our Initiatives for Goal 1

Under our compliance management, Our Values & Commitments and the Daiichi Sankyo Group Corporate Conduct Charter are shared globally. These are what each Group company strives to practice by thoroughly establishing policies and programs that correlate with their respective countries, regions or workplaces, with each employee adhering to our ethical requirements.

In Japan, the United States and Europe, compliance is secured through efforts that are unique to each region. In the future, we will have each company in Japan, the United States and Europe share information with companies in the ASCA* region to establish a global system of compliance befitting the Daiichi Sankyo Group's business.



► MESSAGE



Takashi Chiba
General Counsel
Vice President, Legal Affairs
Japan Company
DAIICHI SANKYO CO., LTD.

We will further develop each employee's sense of ethics

Legal compliance is second nature to the Daiichi Sankyo Group as a pharmaceutical company. We should constantly strive to be a leader at a higher level of compliance management. There are times, however, when doing the right thing may not be as easy as it seems. Moreover, it is difficult to benchmark or quantify our efforts in raising awareness of compliance and to set suitable targets. We are nevertheless determined to enhance each employee's sense of ethics through dialogue, one dedicated step at a time.

Compliance is an essential element of management that is put into practice by each individual employee. How should we raise awareness of compliance among employees who hold diverse values as individuals with different cultural backgrounds and ways of thinking? This is where we will be tested, and we will work diligently in the hope that new values will emerge through in-depth discussion.

* In-house term for markets outside Japan, the United States and Europe.

Fiscal 2009 Achievements

- Promoted measures to minimize compliance risks in our business
- Conducted compliance awareness survey
- Conducted autonomous educational and training activities at overseas Group companies



Fiscal 2010 Goals

- Promote autonomous compliance management in each workplace, company and region
- Establish system for sharing compliance information across the globe
- Respond to global compliance risks

Our Basic Approach to Compliance

We uphold the highest ethical standards befitting a life science-oriented enterprise and we comply with prevailing laws and regulations, such as the Pharmaceuticals Affairs Law, and industry rules, such as Promotion Codes*1.

We established the Daiichi Sankyo Group Corporate Conduct Charter as shared compliance guidelines for all Group companies, and each Group company across the globe has set up a Code of Conduct for Compliance based on the charter to provide a concrete standard of action for employees.

System for Promoting Compliance

The Senior Executive Officer in charge of Group CSR, who oversees global CSR functions, has been appointed to the position of Compliance Officer responsible for Group-wide compliance.

The Compliance Officer oversees compliance programs, such as the code of conduct and related rules and implementation plans, and chairs the Corporate Ethics Committee, which is the decision-making organization for compliance.

The Corporate Ethics Committee comprises nine internal members, including the chairman, as well as an external attorney to ensure the transparency and reliability of the committee's management.

To bolster the level of Group-wide activities, we hold Compliance Promotion Liaison Meetings for Group companies in Japan, invite external specialists to deliver lectures, and arrange mutual visits and teleconferences so that the Daiichi Sankyo Head Office and those in charge of compliance from Group companies can exchange information.

Measures Related to Important Business Activities

The Daiichi Sankyo Group complies with laws and regulations in all the processes of its 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

As a life science-oriented enterprise, we are deeply involved in people's health and well-being. Through this awareness, we uphold stringent ethical standards in R&D activities and stipulate ethical guidelines and regulations on animal testing, genetic modification experiments and human tissue or other human material research to maintain compliance with laws and regulations as well as GLP*2 and GCP*3.

● Ethical Consideration for the Use of Human Samples

Before conducting clinical trials, we must confirm how a drug will react to human samples, such as tissue and blood, in order to predict its effects and side effects when administered to humans. In accordance with national guidelines, Daiichi Sankyo has established an Ethical Evaluation Committee composed of internal and external experts as well as members of the general public to ascertain the necessity and benefits of any research and ensure that research subjects are accorded full ethical consideration.

*1 Standards established by the Japan Pharmaceutical Manufacturers Association. In addition to topics related to the Pharmaceutical Affairs Law and codes of ethics, it covers printed materials and advertising, methods of conducting research seminars and lectures, and promotional goods.

*2 GLP (Good Laboratory Practices) is a safety standard for conducting non-clinical studies of pharmaceutical products.

*3 GCP (Good Clinical Practices) is a standard for conducting clinical trials of pharmaceutical products.

● Ethical Considerations in Clinical Trials

The development of pharmaceutical products requires clinical trials to determine effectiveness and safety. During clinical trials, we give top priority to protecting human rights and the personal information of patients participating in the trials to ensure their safety and welfare.

Clinical trials are conducted in compliance with various regulations, including the Pharmaceutical Affairs Act and Good Clinical Practices (GCP)*¹. We have also established the Ethical and Scientific Review Board to secure and monitor the ethical and scientific validity of the trials.

● Animal Research Guidelines

Our basic stance consists of replacement (applying alternative testing methods), reduction (in the number of animals used) and refinement (minimizing pain and distress), which serve as the scientific and ethical foundations for animal experimentation. We formulated our Rules for Animal Testing in compliance with the Law for the Humane Treatment and Management of Animals and the basic policies for the conduct of animal experimentation set out by the Ministry of Health, Labour and Welfare. Based on the Rules, all animal experiments conducted by Daiichi Sankyo are reviewed by the Institutional Animal Care and Use Committee, and we ensure experiments have been properly conducted by examining completion reports.

● Biohazard*² Measures

The Daiichi Sankyo Recombinant DNA Safety Committee and the Daiichi Sankyo Biosafety Committee develop in-house rules and review experiments to ensure the proper and legal handling of research materials that may become contaminated with genetically modified organisms or pathogens. We maintain an established system for in-house reporting and for promptly notifying authorities in the event accidents related to these experiments occur.

Compliance in MR Activities

Our MRs*³ take action by giving top priority to compliance with the Pharmaceutical Affairs Law, fair competition regulations, and a pharmaceuticals promotion code*⁴. The basic stance of our worldwide policy is to allow each

country to implement compliance in a way that reflects its specific circumstances.

Prohibition of Bribery and Corruption

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.



VOICE

Susan Romanus

Vice President, Chief Ethics and Compliance Officer
DAIICHI SANKYO, INC. (U.S.A.)

"Our Values Unite Us. Our Ethics Set Us Apart." These statements represent the theme of an internal communications

campaign launched in the United States by the Business Practices & Ethics Group responsible for compliance. The Business Practices & Ethics Group believes that the best way to ensure compliance is to partner with the business. As partners, we must drive *innovation*, but always in a compliant manner. We must meet patient needs, but always with the utmost *integrity*. We must engage in our work each day knowing we each have *accountability* for our actions.

If every individual employee stays true to the company's global values, then collectively as an organization our ethics will set us apart.

Within the Business Practices & Ethics Department, our goal is to help the company achieve its business, research and development goals, delivering value to shareholders, and, most importantly, meeting our commitment to patients. However, we must always do so with laws, regulations and our company values in mind. We want to be known not only for our quality medicines, but also for the ethical practices by which we bring them to market and the integrity demonstrated by our employees.

*¹ Clinical trial standards for pharmaceutical products.

*² Disaster caused by the release of hazardous organisms (in particular, protozoa, true fungi, bacteria, rickettsia and viruses) or their components into the environment.

*³ Abbreviation for Medical Representative. Primarily engaged in collecting and providing information on the proper use of pharmaceuticals by visiting medical professionals to encourage the responsible use of pharmaceutical products.

*⁴ Standards established by the Japan Pharmaceutical Manufacturers Association. In addition to items related to the Pharmaceutical Affairs Law and codes of ethics, the standards also cover printed materials and advertisements, methods for holding research seminars and lectures, and promotional goods.

■ Whistleblower System

Each of our domestic Group companies has established desks to handle whistleblower cases. We also run the DS-hotline, which serves the entire Group in Japan. The DS-hotline comprises reporting channels that include external attorneys as well as the Daiichi Sankyo Legal Affairs Department. 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 2009, there were 12 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, families of employees of Daiichi Sankyo, Inc., can also use an internal whistleblower hotline. Materials for family members, including a contact number, are distributed to families to promote hotline use.

■ Training and Educational Activities

During fiscal 2009, we carried out actions for reducing compliance risk in business activities as a uniform measure spanning all divisions and Group companies based on an action plan formulated by the Corporate Ethics Committee. Specifically, each department, section or group identified its compliance risks as a unit to determine the probability of occurrence and the potential impact. Each unit then formulated and implemented its own measures for reducing the risks that were deemed most significant. We intend to continue these activities in fiscal 2010 to prevent misconduct.

We conducted training specific to job categories for new employees, newly appointed managers and other

● Training by Job Category Conducted in Fiscal 2009

Training	Duration (minutes)	Number of participants (persons)	Major themes
Training for new hires	90	132	Basic knowledge on compliance, case studies, etc.
Training for executive candidates	40	176	Corporate responsibility and compliance
Training for newly appointed managers	50	88	Compliance required of a leader
Training for mid-career hires	30–50	23	Daiichi Sankyo's efforts on compliance, case studies, etc.
Total		419	

particularly suitable candidates, as well as training that correlates to the business content of each division.

We also strive to communicate information to reinforce compliance, such as through the Compliance Newsletter intranet portal, which introduces case studies.

Overseas Group companies are also implementing education and training aligned with their respective local characteristics.

■ Compliance Awareness Survey

In June 2009, we surveyed the entire Daiichi Sankyo Group in Japan to determine the degree of compliance awareness among employees and received about 9,000 responses.

The majority responded positively to questions about such topics as "actions based on awareness of compliance," "understanding of business-related laws and in-house rules," "honest relations with business partners," and "proper management of information," enabling us to determine the degree to which awareness on compliance had become established among our employees.

On the other hand, the survey revealed needs for operation-specific guidebooks and for additional DS-hotline publicity, which we will address in future compliance activities.

● Results of the Compliance Awareness Survey (excerpt) (Unit: %)

		Absolutely	More or less	Neither	Not quite	Not at all
(1)	Have sufficient understanding of the content of the Code of Conduct for Compliance	23.8	61.6	12.8	1.6	0.2
(2)	Aware of compliance in conducting daily operations	41.4	51.3	6.7	0.5	0.1
(3)	Have sufficient understanding of laws and in-house rules related to my own operation	22.5	62.8	12.5	2.1	0.1

GOAL 2

Realize a Working Environment Which Respects Employee Diversity

Our Basic Approach to Goal 2

The Daiichi Sankyo Group rapidly expanded its global reach with the addition of Ranbaxy Laboratories, and today employs approximately 30,000 employees in over 50 countries around the world. In pursuing its vision of becoming a **Global Pharma Innovator**, the Daiichi Sankyo Group must establish a working environment that inspires employees by respecting their diversity.

However, because of this diversity, there is no single solution in our quest for employee satisfaction and the ideal working environment for attaining our goal of “realizing a working environment which respects employee diversity.”

Direction of Our Initiatives for Goal 2

The deployment of human resource initiatives naturally requires due consideration for the cultural background and labor conditions of each country. Our approach should be primarily based on understanding initiatives which are underway in each nation.

We must also provide more opportunities for employee exchanges. Allowing employees to work in other countries would lead to an even more solid management foundation for the future of the Daiichi Sankyo Group.



► MESSAGE



Kyohei Nonose
Executive Officer
DAIICHI SANKYO CO., LTD.

Caring for each individual and respecting diversity through provision of human resource initiatives that inspire employees

Our human resources represent our most valuable management resource. Energizing human resources, by respecting their diversity is therefore in itself a key management goal. Employees are also important stakeholders, and raising their level of satisfaction is indeed a goal of CSR.

We have been gradually establishing programs through our human resource initiatives that are designed to support the diverse working styles of employees. While we continue to carry out further improvements in the future, it is also important for each individual employee to make optimal use of these programs. To do so, all employees must change how they view their jobs. For example, they should not view work-life balance as simply working fewer hours to gain more free time at home; they should design their own work styles from the perspective of both quality and quantity based on the company's initiatives.

CSR from the standpoint of labor can only be realized when the motivations of the company and employees are closely aligned. To that end, I believe the essence of human resource management ultimately lies in paying close attention to the needs of each individual. We intend to implement measures that inspire initiative among our human resources through respect for diversity and consideration toward each individual employee.

Human Resource Vision and Policies

Human Resource Vision and Policies

In pursuit of our vision to become a **Global Pharma Innovator**, we are endeavoring company-wide to nurture human resources into becoming more in line with our three corporate values, especially humanistic values. We respect the individuality of each employee and foster our employees in keeping with Our Values & Commitments: Innovation, Integrity and Accountability. We believe that cultivating professionals through human resource management enables us to fulfill our mission and vision.

During the period covered by the Second Mid-term Business Management Plan, we will concentrate even more of our efforts into cultivating a globally competent culture of human resources capable of thinking for themselves and taking action in the midst of the changes around us. Globally competitive human resources comprise employees that respect other cultures and differing values, accepting diversity with a powerful sense of ethical standards and mission.

We intend on creating a dynamic corporate culture with a foundation upon which employees can demonstrate their individual talents. We will do this by actively seeking to re-energize communication for sharing and empathizing, enhancing a sense of commitment that enables all employees to fulfill their respective responsibilities, and increasing mutual respect and caring by taking interest in others and their work.



VOICE

Priscila Moeller

Human Resources Coordinator
DAIICHI SANKYO BRASIL FARMACÊUTICAL LTDA.

The Human Resources Department at Daiichi Sankyo Brazil has an important role to engage the employees to participate in a sustainable growth strategy.

Daiichi Sankyo Brazil projects are one source of employee pride, generating engagement and ownership. There are several projects ongoing and I would like to highlight the Innovation and Quality Program in which all employees can participate by identifying opportunities to Daiichi Sankyo Brazil. One example was a suggestion that, after implemented, reduced CO₂ emissions and also brought savings to the company.

Daiichi Sankyo Brazil believes that recruiting and developing talent, coupled with a diversified environment, are important aspects that have made Daiichi Sankyo Brazil into a successful affiliated company.

Human Resource Management Policy

In order to optimize organization performance, we develop and reward professionals who achieve excellence in individual performance.

Approach to Human Resource Development

The Group is responsible for all human resources initiatives that improve the work-life balance and foster personal growth within the company. We are committed to support those individuals who identify and meet new challenges of their own accord.



VOICE

Karen Wiseman

Director of Human Resources
LUITPOLD PHARMACEUTICALS, INC. (U.S.A.)

Our manufacturing facility employs 180 local residents. Several years ago, Luitpold was approached by Mill Neck Services, a local

sign language interpreter service company, about the possibility of employing hearing impaired individuals at our manufacturing facility. The nature of the work performed in our manufacturing facility would suit these individuals since the majority of work performed is routine in nature.

Since 2004, Luitpold has successfully worked with Mill Neck in screening candidates in order to ensure there is a great fit between what the candidate is looking for as well as what our company needs. The jobs performed by our employees includes packing, sterile filling, inspection and material handlers. Once a person is hired, Mill Neck provides on-going support to the employee. During the initial stages of employment, the new employee's consultant will maintain contact to ensure the transition into the new position is smooth. The consultant comes in regularly in order to provide training as well as meetings and any other type of exchange.

Luitpold couldn't be happier with the current five employees that we have hired through Mill Neck. One employee has been with us since the start of the program in 2004, two others have been employed for four years and two have been employed for two years. All five employees are dedicated to giving 100% producing quality pharmaceutical products. Luitpold will continue to partner with Mill Neck since our partnership has been so successful.

Human Resource Development—Efforts in Japan

Fiscal 2009 Achievements	Fiscal 2010 Goal
<ul style="list-style-type: none"> ● Revised human resource systems and management tools for enhancing the engagement (relationship of mutual development) between employees and the company ● Introduced company-wide award programs First year award recipients: DS Innovation Award: 11; DS Value Award: 35 	<ul style="list-style-type: none"> ● Establish a base of human resource management for enhancing the vitality and productivity of each employee

Cultivating Human Resources

● Performance and Behavioral Appraisals

We appraise employees based on their performance and behavior with respect to how well they were able to fulfill their respective (individual) roles, and the results are reflected in human resource development and treatment. The Human Resources Department has introduced appraisal audits to ensure fair appraisal and treatment. As part of these audits, appraisal guidelines are applied to each division. We are promoting an original management style that maintains close communication between appraisers and evaluatees. This is part of a management approach that strengthens employees' confidence in the appraisal process and motivates them to continue improving.

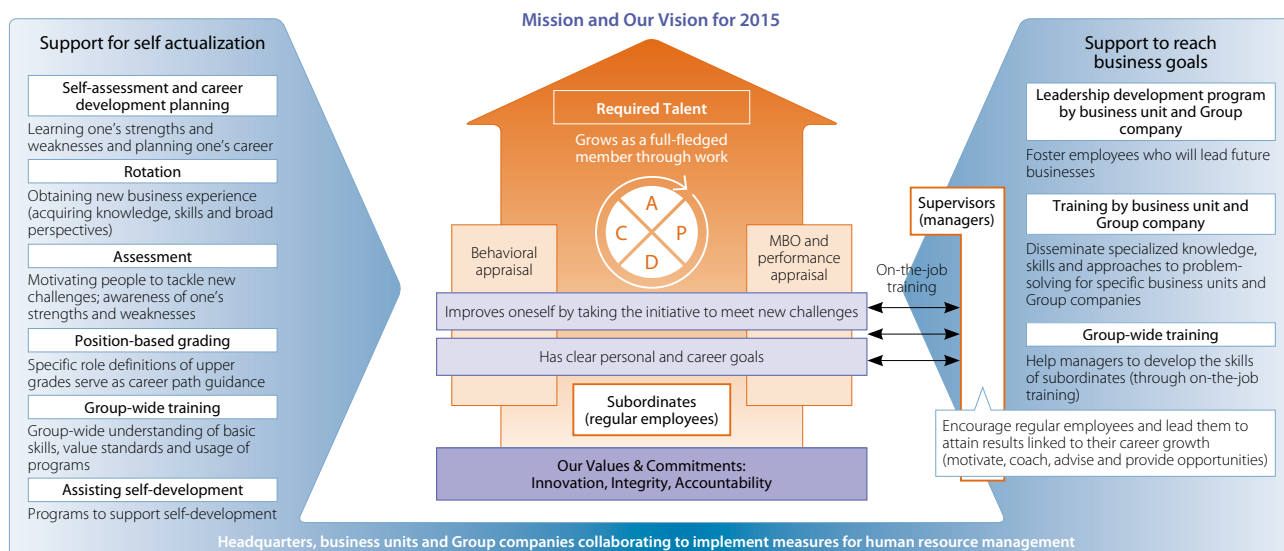
● Self-Assessment and Career Development Planning Program

We fully respect employee diversity by providing a program for developing human resources on a short- and long-term basis and supporting employee self-actualization. The program encompasses a broad range of topics, including work, career planning, and health. Supervisors interview employees based on this program sheet (which employees make previously) to share information on specific support measures so that each employee can achieve their full potential and grow.

● Human Resources Department Direct Express

This section is included in the self-assessment and career development planning sheet, enabling employees to directly express their opinions and requests about the workplace and working environment to the Human Resources Department. It is also used as a tool for identifying each employee's concerns and challenges.

● Required Talent and Human Resource Development Program



Human Rights and Employment Issues—Efforts in Japan

Goal

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Realize a Working Environment Which Respects Employee Diversity

Fiscal 2009 Achievements

- Continued to conduct education through training for managers and new company employees
- Carried out e-learning for all employees on sexual and power harassment
- Directly hired over 100 temporary staff



Fiscal 2010 Goals

- Carry out further education for all employees to raise awareness on human rights and prevention of harassment
- Expanded various work styles
- Continue to appropriately hire temporary staff

Responsibility to Our Employees

The Daiichi Sankyo Group seeks to enhance the Economic Value, Social Value and Humanistic Value of its employees. We intend on achieving mutual growth for the Company and its employees, with a particular emphasis on generating strength from the energy of work undertaken by diverse employees. In addition to enhancing our economic and social values, our corporate responsibility is to our employees, whom we view as important stakeholders in the Company.

Our Main Responsibilities to Our Employees



Employment Without Discrimination

We employ and reward employees irrespective of gender, age, nationality, faith and 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 reemployment after the mandatory retirement age of 60. The program allows employees to select work locations and work shorter hours for a more flexible work style that supports life events. It also includes a registration system for employees who stop working to handle temporary childcare or for other personal reasons but would like to return to work as regular employees at a later date.

The Daiichi Sankyo Group is also actively improving the status of temporary staff. Specifically, we are training managers to supervise temporary staff with the same standards as regular employees, modifying their tasks in response to prevailing legal constraints, and promoting transition to regular employee status. We have directly hired over 100 temporary staff.

Examples of Employment Programs that Enable Employees to Demonstrate Their Diverse Talents

Post-retirement rehire system	In principle, reemploying all employees who wish to remain with the Company after reaching the mandatory retirement age of 60
Program that allows employees to choose work locations and shorter working hours	Realizing flexible work style corresponding to life events
Retired employees registration program	Rehiring employees who had left the Company for childcare or other personal reasons

Human Rights and Employment Issues—Efforts in Japan

Basic Policy on Human Rights

To meet our responsibilities to our employees, we believe it is important to respect their rights, personalities and individualities. Our Corporate Conduct Charter underpins our domestic and international activities, stating that, “We will respect diversity in the personal values and qualities, and the individuality of our employees, and will maintain a pleasant working environment that is dependable, trustworthy and appropriate.” Our work rules and guidelines prohibit discrimination, child and forced labor, as well as sexual and power harassment. The company enshrines fair evaluations and treatment in keeping with employee roles and achievements. We conduct internal promotional activities and deal severely with rule violations. We use our counseling desk and other means to deal with incidents of harassment. Specific cases are dealt with by conducting interviews and taking appropriate measures.

Safeguarding Human Rights

Daiichi Sankyo promotes a comfortable workplace environment for employees with diverse values through ongoing training in the protection of human rights as part of its internal educational activities. In fiscal 2009, we incorporated human rights, compliance and work rules into training for managers and new-hires and conducted e-learning courses on harassment prevention for all employees. In addition to these annual training sessions, we also plan to train counseling desk staff on tackling harassment.



Education on human rights and harassment

Communicating with the Labor Union

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

Based on the premise of conducting positive discussions to resolve problems and disclose information with high transparency, the Daiichi Sankyo Group does not in principle use the term “labor-management negotiations” internally, preferring the word “discussion” to emphasize mutual collaboration in addressing concerns.



Group labor-management discussion

VOICE

Akihiro Komine

Vice President
Daiichi Sankyo Workers' Union

The Daiichi Sankyo Workers' Union constantly makes sure the Daiichi Sankyo Group management has adopted a stance of respect for people. The Workers' Union has a wide range of responsibilities, including improving labor conditions and developing the working environment. As an official responsible for the union's education and training, I emphasize cultivating human resources to enhance our value as people and improving communication to nurture a sense of organizational solidarity in our daily work.

To encourage the independence and growth of union members, I give considerable energy to creating a healthy and vibrant working environment for employees by providing opportunities for thinking about one's life and career and to enhance our comprehensive capabilities and skills. I hope the combined efforts of the company and the Workers' Union will supplement each other and lead to the development of a better organization.

Outstanding people work in the Daiichi Sankyo Group. Unless we are all facing the same direction, however, we will not be able to demonstrate our full strength as an organization. This requires greater communication among those of us working at the Daiichi Sankyo Group, and I intend to continue providing opportunities for this level of communication.

Creating Attractive Workplaces—Efforts in Japan

Goal

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Realize a Working Environment Which Respects Employee Diversity

Fiscal 2009 Achievements

- Improved percentage of physically and mentally challenged persons to 2.06% of all employees
- Achieved a 100% mandatory health check screening rate, and improved employee health
- Reduced annual working hours by 30 hours compared to the previous year



Fiscal 2010 Goals

- Begin company-wide initiatives for the career promotion of female employees
- Improve hiring and working environments for physically or mentally challenged persons
- Reinforce measures to prevent mental illness (particularly reinforce line check guidance*1)

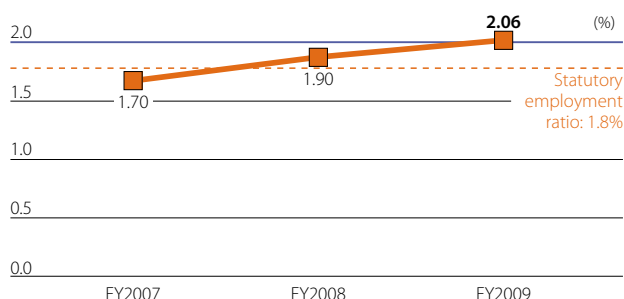
Creating a Workplace that Respects Individuality

We strive to create comfortable workplaces that ensure mutual respect for individuality. The keys to creating comfortable workplaces are active communication among employees, caring that brings about mutual acceptance and understanding, and the commitment of all employees to fulfilling their responsibilities. Applying these values, we pursue projects that create a corporate culture that is independent of employees' individual backgrounds.

Promoting Employment of Physically or Mentally Challenged Persons

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 maintain employment of physically and mentally challenged people to meet the statutory employment ratio. We create working environments that support these workers to foster the spirit of normalization*2 among all employees. In fiscal 2009, we interviewed physically and mentally challenged employees and their managers to identify ways for improving the working environment and labor conditions, and we are implementing initiatives toward creating better workplaces.

● Percentage of Employees Who are Physically or Mentally Challenged



VOICE

Eiji Nakayama

Management Group
DAIICHI SANKYO HAPPINESS CO., LTD.

My work at Happiness involves scheduling and adjusting workloads to ensure that cleaning operations run smoothly. Currently, 52 employees

at Happiness are engaged in work that includes cleaning, printing business cards, preparing sales promotional goods, collecting and shredding confidential documents, and cleaning testing equipment. Starting in fiscal 2010, we also handle delivery and dispatch operations at the in-house post office serving the Nihonbashi area.

While offering creative guidance and training for each individual may pose some challenges in the workplace, each employee has a strong sense of commitment and very few are ever late for work or absent. Even so, Happiness is not very well known within the Daiichi Sankyo Group, and I hope we can increase the visibility of our staff's work so others can see what is being done here. I will endeavor to increase opportunities for highlighting their contribution to Daiichi Sankyo's competitive workforce, and thereby take one step further than simply meeting our statutory employment obligations.

*1 Supervisors learn how to concretely understand workplace interactions and how to interact with their employees as one of the mental healthcare practices for which they are responsible.

*2 Concept under which it is normal and proper for all individuals to participate in social life without discrimination from people who are not disabled based on physical or mental disabilities.

Creating Attractive Workplaces—Efforts in Japan

Equal Opportunity Measures

We seek to create attractive workplaces for both men and women. Particularly with respect to advancing the careers of female employees. In fiscal 2009, we actively pursued efforts for achieving a work-life balance from the standpoint of enabling women to remain with the company. We have now advanced to the next stage: creating systems and programs that optimize skills and increase opportunities. We are also promoting childcare leave for male employees. Men can take childcare leave and take part in shortened working hour childcare programs even if their spouses are unemployed, and they can also take child nursing-care leave in half-day units. As a result, we observed a significant increase in the number of male employees who took childcare and child nursing-care leaves.

Indicators of Equal Opportunity

		FY2007	FY2008	FY2009
Number of employees who took childcare leave	Women	130	128	137
	Men	1	3	6
Number of employees who took child nursing-care leave	Women	200	213	293
	Men	59	82	147
Ratio of female supervisors		1.9	2.3	2.7

Creating Comfortable Workplaces

We respect the lifestyle of all employees and strive to create a work climate enriched with creative energy and where employees can work autonomously and efficiently, manifesting their diverse values and skills. We established 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 priority on initiatives that help balance work, childbirth and childcare.

In June 2009, we upgraded our system for supporting the dual responsibilities of work and childcare and achieved the objectives of our childcare action plan, receiving *Kurumin**1 certification.

We are also endeavoring to balance work and nursing needs and have newly established a nursing leave program that exceeds statutory standards and a nursing leave program that can be taken in half-day units.



VOICE

Haruhi Mizushima, Ph.D.

Medical Writing Group
New Drug Regulatory Affairs Department
R&D Division
DAIICHI SANKYO CO., LTD.

I took a three-month paternity leave when my daughter was seven months old to help my wife return to work and achieve her work-life balance. It was something that I enjoyed very much. Spending all day with my daughter, I could get to know her character and watch her grow. I feel this experience has been good for my work. After returning to the workplace, I've found I can set my priorities more easily and work more intensively than before. I think paternity leave is increasingly seen as an option in Japan although few men take it.



VOICE

Yoshiko Kubo

Josai Sales Office, Area Sales Promotion
Department II
Tokyo Branch, Sales & Marketing Division
Japan Company
DAIICHI SANKYO CO., LTD.

I returned to work from childcare leave in April 2009, and I am now raising two children while working as an MR*2 dealing with general practitioners. The key to balancing the raising of children and work is to always be grateful to those around you and avoid trying to do everything on your own by constantly reporting, informing and seeking advice from others. I do get overwhelmed at times, but I'm enjoying my life and have a positive attitude with help from those around me. There are times in the course of raising children when you can't get your point across to them. This has led me to realize once again the importance of seeing things the way that others see them. This is the same with the work of an MR.

I hope more women will balance their work and life by utilizing systems designed for long-term employment, such as the program that allows us to choose work locations, working days and hours to meet family needs.

*1 The Ministry of Health, Welfare and Labour established this program to foster employee childcare. Companies or corporations that meet a certain set of criteria are permitted to use the *Kurumin* mark on their advertisements and products.

*2 Abbreviation for Medical Representative. Primarily engaged in collecting and providing information on the proper use of pharmaceuticals by visiting medical professionals to encourage the responsible use of pharmaceutical products.

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. We have also established working hour management committees to examine long working hour countermeasures for labor and management at all Group companies and in each workplace. These working hour management committees build a reliable cycle of setting policy, take action, and verify results. Furthermore, we employ an industrial physician at our Group headquarters who belongs to a nationwide network of industrial physicians, thus uniting us with other organizations on a national level.

Work Safety and Health

● Policies for People Working Long Hours

We implemented a system in which employees habitually working long hours must consult a Company doctor, and we educate their supervisors about the issues.

We offer vacations to prevent overwork and have managers instruct those working long hours to take paid leave the following month. In addition, the implementation of our physician consultation and leave system to prevent overwork is near 100%.

● Medical Check Attendance

Starting in 2009, we established a new system to provide leaves of absence for medical check-ups. Since then, the number of employees receiving medical checks has increased considerably.

● Fostering Mental Health

We promoted line check guidance* by publishing pamphlets, developing curriculums, and conducting training sessions to strengthen communication and coaching.

● Return-to-Work Assistance

After an employee returns to work following leave due to mental illness, it is important to closely monitor the situation to prevent recurrence. Our industrial physician takes the lead in developing a plan for each of these employees.

● Health Databank

To reinforce primary prevention of illnesses, we introduced a system that enables employees to access the results of their health check-ups from their PCs so they can utilize the data to privately manage their own well-being.

● 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 period 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.

● Indicators on Work Safety and Health

	FY2007	FY2008	FY2009
Usage rate of paid holidays (%)	47.9	53.8	50.8
Total annual working hours	1,983	1,925	1,891
Number of occupational injuries	59	76	76



VOICE

Shinji Kamiakutsu

Employee Relations Group Manager, Human Resources Department, Administration Division
Japan Company
DAIICHI SANKYO CO., LTD.

As exemplified by our emphasis on the term "humanistic value," employees are indeed the most valuable resource of the

Daichi Sankyo Group, and we intend to create workplaces that are comfortable for all of them.

In my daily involvement with work safety and health, I often feel that no matter how well the company does its part to improve the working environment, there cannot be positive results unless employees are satisfied and feel secure in their personal lives. With that in mind, I hope that in addition to creating a comfortable workplace we can enhance the quality of personal life that surrounds our work. This is done by improving the physical and mental health of employees and their families and by providing more leisure time, which leads to a sense of satisfaction. This would ideally generate synergies between work and life.

I will continue developing an environment wherein this ideal can be realized, certain that it will provide the foundation for a genuine win-win relationship and the source of a powerful bond between Daichi Sankyo and its employees.

* Supervisors learn how to concretely understand workplace interactions and how to interact with their employees as one of the mental healthcare practices for which they are responsible.

GOAL 3

Reinforce Communication with Stakeholders

Our Basic Approach to Goal 3

The Daiichi Sankyo Group is a new enterprise developed by the integration of two companies, and we feel that our efforts to communicate with stakeholders have not been sufficient. We believe we must leave behind the one-way information provision of the past and better engage with stakeholders through two-way communication.

While we have always pursued business on a global scale, the recent addition of India's Ranbaxy to the Group has renewed our awareness of the need for an even more global approach to communication.

Direction of Our Initiatives for Goal 3

Communication is the only means for achieving our crucial objective of building a lasting partnership with our stakeholders. To reinforce our communication globally, we must focus with even greater intensity on the three elements of timeliness, fairness and transparency. Building partnerships with our stakeholders through meaningful interactive communication is therefore the direction in which we are moving and a key aspect of the Daiichi Sankyo Group's mission.

► MESSAGE



Toshiaki Sai
Corporate Officer
Vice President, Corporate
Communications
DAIICHI SANKYO CO., LTD.

Building a Win-Win Relationship through Communication

A company cannot exist apart from society, and it is essential for us to maintain open communication with diverse stakeholders.

I believe we can fulfill our responsibility to stakeholders and thus contribute to society by consistently maintaining high standards of quality and fostering innovation in every aspect of our operations toward becoming a Global Pharma Innovator, the Daiichi Sankyo Group's vision for 2015.

Communication is the means for building a win-win relationship with our stakeholders and a key process for enhancing our corporate value. We will continue making advances in our contributions to society by winning recognition for accurately responding to ever-diversifying needs.

Patients and Medical Professionals

Goal

1

2

3

4

5

Reinforce Communication with Stakeholders

Fiscal 2009 Achievements

- Continued to carry out training to boost attentive listening skills
- Corporate stance and MR activities evaluated
 - Company valuation in the area of cardiovascular medicine: No. 1
 - Overall assessment of MRs*1: No. 2



Fiscal 2010 Goals

- Strengthen skills to deepen trust
 - Provide the information physicians need by understanding their areas of specialty
 - Promote interactive (avoid one-way) communication

Basic Approach to Medical Professionals

The role of the MR is particularly vital in gathering, providing and disseminating information for medical professionals, such as doctors and pharmacists. Our goal is to be recognized as a trusted medical partner by the entire medical profession. Our stance of being willing to learn and apply attentive listening skills allows us to receive the opinions of medical professionals, gain a deeper understanding of them, and ascertain their precise needs. Through these efforts, we will cultivate MRs who possess the three key elements of a trusted medical partner—information resourcefulness, human capacity and accountability.

Providing Information that Meets Needs

To ensure ongoing improvements to its MR activities, the Sales & Marketing Division conducts periodic surveys by questionnaires targeting medical professionals with the cooperation of an external research company. Cardiologists have consistently ranked us at the top across five consecutive surveys since February 2008 in their responses to the question on evaluating our activities as the leading manufacturer of cardiovascular medicine. We also received strong recognition in an overall assessment of activities, including other diagnostic and treatment departments, ranking No. 2 in the most recent survey conducted in January 2010.

Assessment by Questionnaire

	Aug. 2007	Feb. 2008	Jul. 2008	Jan. 2009	Jun. 2009	Jan. 2010
Overall Assessment of MRs*1	3rd position (N=800)	2nd position (N=1,930)	2nd position (N=2,228)	1st position (N=2,407)	2nd position (N=2,375)	2nd position (N=2,418)
Evaluation as the Leading Manufacturer of Cardiovascular Medicine*2	3rd position (N=205)	1st position (N=357)	1st position (N=390)	1st position (N=433)	1st position (N=379)	1st position (N=391)

*1 Grading of MR assessments: 1st position, 3 points; 2nd position, 2 points; 3rd position, 1 point; 4th position and below, 0 points.

*2 Rate of selection by cardiologists as the leading manufacturer of cardiovascular medicine.

Source: Research by Daiichi Sankyo



VOICE

Ryo Miyagi

Yokohama Sales Office I, Area Sales Promotion Department I, Yokohama Branch, Sales & Marketing Division, Japan Company DAIICHI SANKYO CO., LTD.

This is my sixth year with the company, and I am currently responsible for university hospitals as the staff in charge

of medical facilities within the MR Crosswise Structure*2. This structure has the advantage of providing us with different perspectives since MRs in charge of medical facilities and MRs in charge of specific medical and therapeutic fields work together as one team. This configuration is effective for dealing with highly specialized drugs.

The most important part of my work as an MR is building relationships of trust with medical professionals. We respond to expectations by avoiding one-way communication and sharpening our listening skills to become more attentive and better understand the needs of other people. In some situations, we may even recommend a drug developed by another company.

In the future, I would like to help create an even better medical environment by taking another step forward from partnering in medical diagnosis to facilitating a medical collaboration in which the entire local community looks after a patient. I hope to contribute by always keeping in mind the best interests of the patient who will ultimately use the drug.

*1 Abbreviation for Medical Representative. Primarily engaged in collecting and providing information on the proper use of pharmaceuticals by visiting medical professionals to encourage the responsible use of pharmaceutical products.

*2 A structure that links MRs in charge of certain medical facilities and regional areas with MRs supplying specialist data in specific medical and therapeutic fields, ensuring the provision of high-quality information.

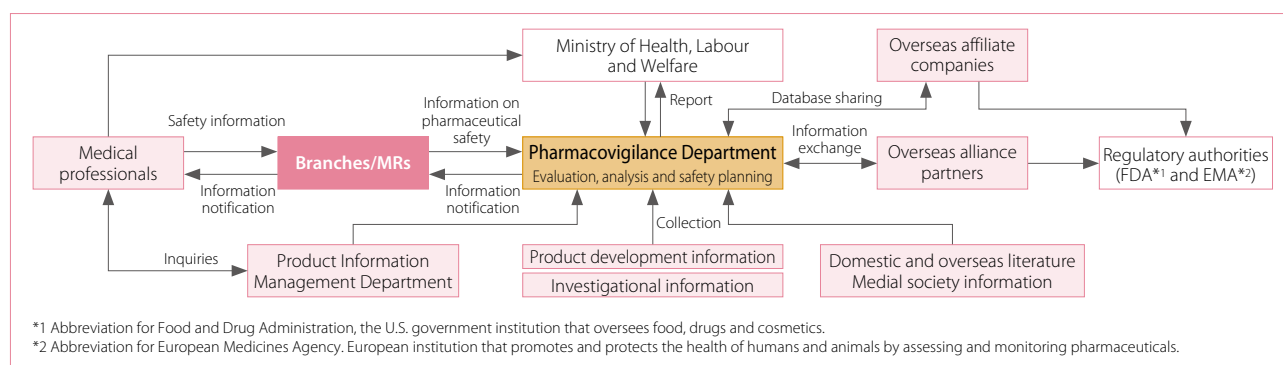
Patients and Medical Professionals

Collecting of Information and Feedback

MRs*¹ gather information on around 13,000 cases relating to pharmaceutical safety each year. Including safety information on drugs under development, literature and information from domestic and overseas affiliated companies, the annual volume of data has risen to 45,000

cases. The Pharmacovigilance Department maintains a database of this information for aggregate causal analyses pertaining to adverse reactions. The information on proper use that this generates is shared with medical professionals through MRs.

Flow of Data Collection, Provision and Information Notification



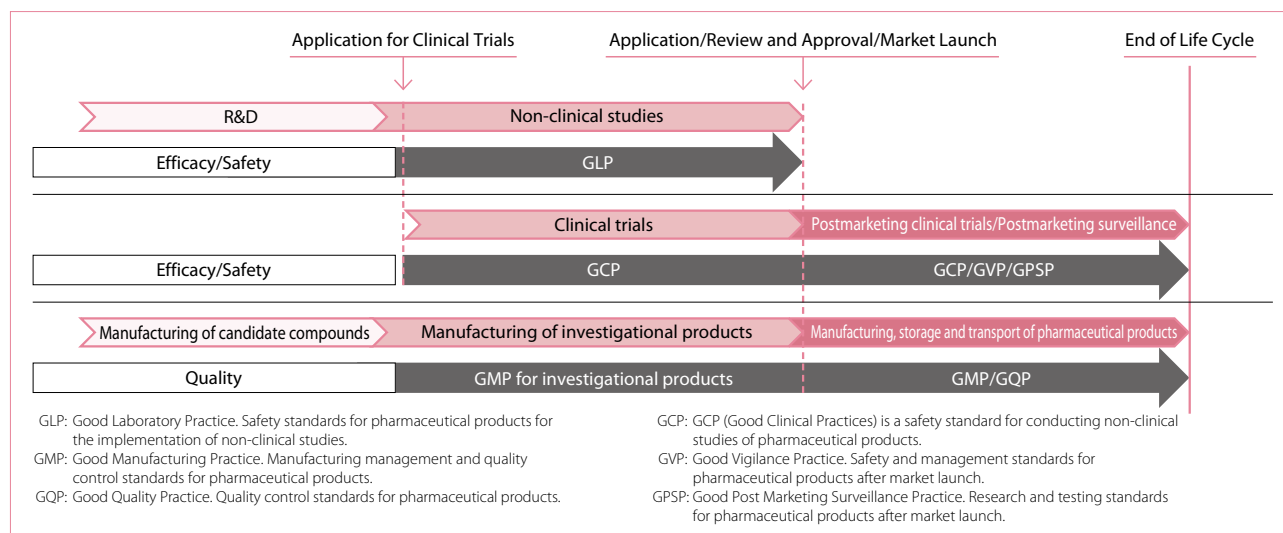
Efforts on Quality and Safety Management

We shoulder a significant responsibility as an enterprise whose activities directly impact people's lives, and we are required to comply with various regulations, including the Pharmaceutical Affairs Act. A set of standards known as GXP*² has been established for each legal item of particular importance.

Operations in each Daiichi Sankyo Group division

are based on GXP. In addition to government audits, we conduct our own reviews to ensure compliance with GXP and improve our operations. We have established a structure in our manufacturing operations to ensure a stable supply of high-quality pharmaceutical products (see Highlight 2 on pages 9–10 for our efforts in R&D and sales) and maintain standards of high quality and safety upon which patients and healthcare professionals who use our products can rely.

System for Ensuring Quality and Safety



*1 Abbreviation for Medical Representative. Primarily engaged in collecting and providing information on the proper use of pharmaceuticals by visiting medical professionals to encourage the responsible use of pharmaceutical products.

*2 Standards established by such public institutions as national governments for securing safety and reliability.

■ Maintaining Product Safety

The Pharmacovigilance Department evaluates on a daily basis side effects and adverse reactions and events that occur in Japan and overseas with respect to commercialized and investigational products. It also plans and implements product safety measures (revised precautions for use, etc.).

The aim of safety planning is to establish even more reliable 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 on proper usage to medical treatment facilities through our MRs on a timely basis, thus bolstering product reliability.

In fiscal 2009, we instigated post-marketing safety measures for both existing products as well as for new and newly standardized products.

We also sought to further enhance and promote our global safety measures by reconstructing our global PV* structure.

- Domestic Safety Measures (Target: Products manufactured and sold by Daiichi Sankyo)
Feedback on information on proper usage (amendments to precautions for use, etc.)

Fiscal Year	Feedback Responses
2007	13
2008	17
2009	29

■ Efforts on Product Quality

A pharmaceutical product, including packaging, is designed to effectively and safely demonstrate effectiveness for its indications. To reproduce the quality of the product as designed in the manufacturing process and provide a stable supply of dependable products, Daiichi Sankyo has established its own stringent, globally competitive standards in its safety and quality management structure, and has set up a worldwide supply structure for delivering highly reliable pharmaceutical products.

VOICE

Michihiro Katayama

Director, Packaging Research Group
Formulation Technology Research Laboratories
Pharmaceutical Technology Division
DAIICHI SANKYO CO., LTD.

The most important aspect of packaging for pharmaceutical products is that it safeguards the quality of the contents

against hazards such as moisture, light and physical impact. In addition to this basic presupposition, we are aware of four distinctive perspectives in our daily work in packaging design: displaying the name of the product in an easily readable manner to avoid confusion between formulations, making the product easy for users to handle, communicating accurate information in an appropriate manner, and considering environmental aspects. While packaging is disposed of as waste after use, it represents the “public face” of the product and of the company until it is used. Thus, packaging plays a vital role in corporate operations, and we as designers cannot create good packaging without understanding the medical treatment site and how our products are actually being used.

In the course of improving or creating prototypes for new products, I believe that visiting the site of medical treatment as frequently as possible and listening to what people really have to say can lead to better packaging designs. This is the effort that goes into the creation of packaging, and our motivation rises when these efforts turn into a final product that is launched for sale. Packaging for pharmaceutical products tends to be excessive from the standpoint of guaranteeing quality. In the future, we will actively take on the challenge of reducing packaging materials from an environmental perspective and strive to create packaging that further polishes Daiichi Sankyo's reputation.

VOICE

Takeshi Fukunishi

Quality Assurance Section, Takatsuki Plant
DAIICHI SANKYO PROPHARMA CO., LTD.

The Takatsuki Plant is responsible for the formulation of injectable products and solid formulations, and my job at the Quality Assurance Section

involves GMP management of the manufacturing process for pharmaceutical products and management of the regulatory pharmaceutical approval process.

My predominant concern in my work is to stay aware that we are manufacturing pharmaceutical products. Most of the time, patients who need to be medicated are physically weak and in emergency situations, so pharmaceuticals must without question be of a high quality.

While accidents such as equipment malfunctions do occur in the course of manufacturing, we strive to prevent contamination by foreign substances through advanced maintenance of the manufacturing environment, and we provide a stable supply of high-quality pharmaceuticals by meticulously monitoring quality during the manufacturing process and conducting stringent tests during shipment. As the staff responsible for quality, I rigorously apply my philosophy of never shipping when there is even the slightest doubt about product quality.

I intend to continue my efforts so that people will feel safe to use Daiichi Sankyo products.

* Pharmacovigilance

Patients and Medical Professionals

Basic Approach to Inquiries from Patients and Medical Professionals

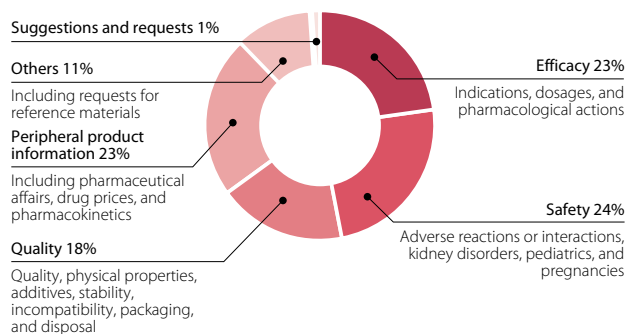
The Product Information Center, under the auspices of the Product Information Management Department, strives to personally serve patients and medical professionals by delivering accurate information with integrity, one of the values we uphold, and by putting into practice two of our eight commitments: to provide the highest quality medical information and to be an ethical, trusted, and respectful partner. We also exercise care in the provision of high-quality, consistent information by consulting a wide range of pharmaceutical databases.

Information Provision to Patients

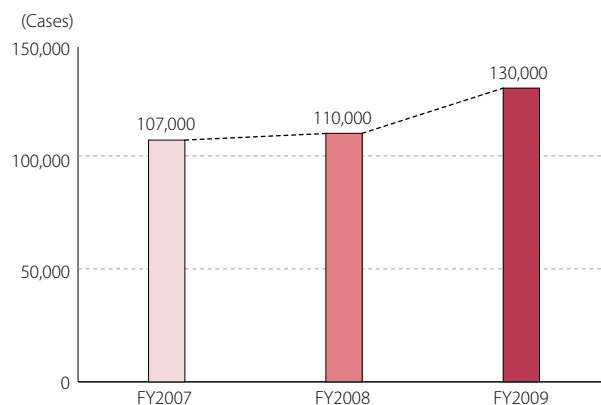
While it has become easier in recent years to obtain pharmaceutical information on the Internet or from books, medical terminology is generally difficult to understand. The Product Information Center has created its own medical glossary, which center staff use in training, and strives on a daily basis to offer explanations that are easily understood by patients. It is important that we understand the narrative behind each patient and that we listen attentively to grasp the background of their requests and comments, particularly when they are asking about illnesses. We seek to sharpen our listening skills to better understand the true intentions behind patients' inquiries and find a solution that best suits their needs.

At the same time we focus on another major theme: how to make use of patients' comments and requests to improve our products and enhance our provision of information. We recently constructed a system for quickly sharing in-house the customer feedback received by the Product Information Center, which enables us to analyze as well as visualize problem areas. The voice of the customer is valuable. Our major challenge for the future is to improve our products and create new products based on the voices of our customers, who provide us with discoveries that are difficult to come upon from a corporate perspective.

● Breakdown of Inquiries by Content (Fiscal 2009)



● Number of Inquiries Received (Pharmaceutical Products)



VOICE

Hiroyuki Shinohara

Director, Product Information Center Group III
Product Information Management Department
Business Intelligence Division
Japan Company
DAIICHI SANKYO CO., LTD.

We receive about 3,500 inquiries from patients and their families each year.

While most patients call to inquire about specific drugs, some approach us with a desperate need to learn about drugs and to recover their health. We are grateful for these callers, and we do our best to listen attentively with sincerity to their needs. We may be unable to offer a satisfactory response to all callers, since each patient has a different history of illness. However, we strive every day to better satisfy our customers by developing our skills for explaining our pharmaceutical products and providing knowledge about illnesses in terms that are easy to understand.

Fiscal 2009 Achievements

- Held first briefing session for individual shareholders
- Included in FTSE4Good*¹ for second consecutive year
- Continued to be included in the Morningstar Socially Responsible Investment Index



Fiscal 2010 Goals

- Reinforce interactive communication activities
- Obtain top assessment in the pharmaceutical industry in annual evaluation by the Japan Investor Relations Association, etc.

Prompt and Easy to Understand Information Disclosure

We inform stakeholders promptly through news releases and other means. Stakeholders can access our website for details of our financial results, information materials and webcasts, shareholder reports, annual reports, development pipeline*², news releases, and shareholder meeting notices. We also distribute an investor relations email magazine and maintain a site for individual investors, both of which are available in Japanese.

Investor Relations Website

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

Individual Investor Website

<http://www.daiichisankyo.co.jp/individual/index.html>

Interactive Investor Relations

We emphasize interactive communication with individual investors and shareholders. We issue a Japanese-language email magazine with the latest investor relations information twice monthly (investor relations email magazine). Since 2007, we have included a questionnaire in this magazine.

In addition, we began holding briefing sessions in fiscal 2009 primarily intended for individual shareholders. We plan to hold briefings nationwide in fiscal 2010. We will expand these sessions beyond their role as a forum for explaining our corporate activities and to provide an opportunity for directly hearing what our shareholders have to say.

Policy Regarding Shareholder Returns

Our Second Mid-term Business Management Plan, announced in March 2010, includes the following goals.

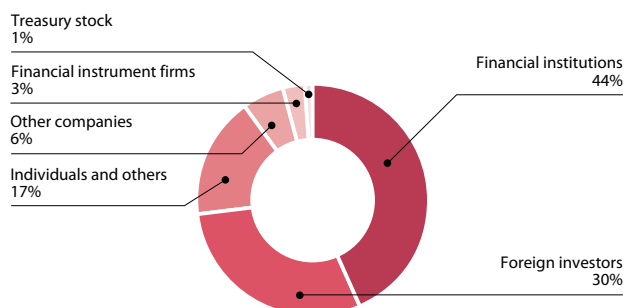
With respect to financial strategy, we will strengthen our financial position and secure funds for investment, setting our fiscal 2012 targets for EPS*³ of at least ¥140 and for ROE*⁴ of at least 10%.

We will provide stable shareholder returns by maintaining cash dividends per share at the fiscal 2009 level of ¥60, and will consider raising dividends based on earnings levels.

● Cash Dividends per Share

	Interim	Year-end	Total
FY2007	¥35	¥35	¥70
FY2008	¥40	¥40	¥80
FY2009	¥30	¥30	¥60
FY2010	(Forecast) ¥30	(Forecast) ¥30	(Forecast) ¥60

● Distribution of Shares by Shareholder as of March 31, 2010



*¹ Leading global index for Socially Responsible Investment (SRI) provided by the FTSE Group, jointly established by the British financial newspaper *The Financial Times* and the London Stock Exchange.

*² The successive stages followed by a pharmaceuticals manufacturer from drug development to sales.

*³ Earnings Per Share. Final earnings per share after taxes.

*⁴ Return on Equity. Indicator of how much profit was generated using shareholders' equity.

Business Partners

Fiscal 2009 Achievements

- Established procurement foundation
- Built procurement information infrastructure
- Trained 200 relevant employees about properly handling contractors and complying with legislation banning delays in subcontractor payments

Fiscal 2010 Goals

- Formulate basic guidelines on CSR procurement
- Implement CSR procurement training and education for employees in charge of procurement



Procurement Management System

Within Daiichi Sankyo's framework of procurement, where each department engaging in procurement independently undertakes its own respective PDCA* cycles, we focused on managing information on business partners and fully establishing the procurement process in fiscal 2009.

With respect to managing information on business partners, we updated the basic information listed in the procurement business partner register available on our internal portal and conducted data comparison and trend analysis to visualize the content of our procurement from external suppliers.

We also ensured that departments research the creditworthiness of prospective business partners.

Meanwhile, with respect to fully establishing the procurement process, we sought to train employees in charge of procurement to clarify the process of choosing business partners and promote strict adherence throughout the approval process.

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 suppliers and pursue mutual progress
4. Improve procurement skills
5. Comply strictly with related regulations and internal rules
6. Pursue Green procurement

Efforts for Practicing CSR Procurement

We select raw materials suppliers by including in our evaluation such aspects as level of cooperativeness, in addition to quality, cost and delivery. We also confirm suppliers have solid financial and compliance records. With respect to raw materials, information is exchanged between Japan, the United States and Europe to establish common selection guidelines. Furthermore, after transactions with a business partner begin, our quality assurance departments conduct regular audits in such areas as quality and the environment and also exchange information with the procurement departments.



VOICE

Shigeo Yanagihara

Material Group, Procurement Department
Supply Chain Division
DAIICHI SANKYO CO., LTD.

Before entering into business with a new supplier, we conduct thorough inspections not only on quality but on everything from plant location and

environmental efforts to management policy and employee occupational health and safety from the standpoint of stable supply. We make an extra effort to confirm the actual situation with respect to business partners in emerging countries, where the understanding of such CSR issues is significantly inconsistent. We visit them after transactions begin on a regular basis to explain our thinking and to encourage them to incorporate what they feel will benefit their operations.

Due to an expansion in the scope of our supplier countries, global procurement of raw materials requires a versatile response to regulations and customs in various countries. I think it's important to build good relationships in which the partner's standpoint is valued. I hope that through these relationships, win-win outcomes can be gained.

* A management cycle based on a feedback process for facilitating the implementation of operational management plans. Acronym for Plan, Do, Check, Act.

Engaging with Employees

Fiscal 2009 Achievements

- Globally established Our Values & Commitments
- Held town hall meetings in Europe and the United States
- Released latest information and news from worksites via the internal portal site and in-house newsletters
- Held a CSR Report 2009 reading session at the Sapporo Branch



Fiscal 2010 Goals

- Have president visit branches, subsidiaries, and other businesses in Japan and hold town hall meetings overseas
- Further enhance information sharing via internal portal site and in-house newsletters

Communicating with Employees

Fiscal 2010 will be a year of major change for employees. It will be the first year of the Second Mid-term Business Management Plan and the year our global matrix management is fully deployed and Mr. Nakayama assumes the presidency. Amid these changes, we intend to communicate the future direction and goals of Daiichi Sankyo in terms that are easy to understand and support the creation of a workplace wherein all employees will be able to reflect on how they can contribute. Management will engage more with employees, notably through visits to business units and town hall meetings featuring President Nakayama.

Town Hall Meetings

In August 2009, former President Shoda visited Group companies during his travels to Europe and the United States for meetings with overseas investors. He spoke about the latest factors surrounding the Daiichi Sankyo Group and held question-and-answer sessions and informal meetings with employees. The town hall meeting at Daiichi Sankyo Europe GmbH was attended by the employees of U3 Pharma GmbH, which joined the Group in fiscal 2008. Participants listened intently to the former president's lecture, and there was a lively exchange during the dialogue with employees, covering a broad range of topics from expectations for *Effient/Efient*, an antiplatelet agent launched for sale in Europe, to the outlook for challenges faced by Ranbaxy and future R&D strategy. In fiscal 2010, a town hall meeting was held by our new president Nakayama in the United States in July, while another meeting was held for European Group companies in October.

CSR Report 2009 Reading Session

In November 2009, we held the first in-house CSR Report 2009 reading session at our Sapporo branch. A wide-ranging exchange of views was held with regard to working with a sense of satisfaction and social contribution efforts befitting a pharmaceutical company. Participants also noted that while the CSR Report contained information that employees should know about, they are not likely to read it without having opportunities such as reading sessions. The session provided pointers for improving CSR communication in the future.



VOICE

Olaf Lamberz

Vice Director, Corporate Communications
DAIICHI SANKYO EUROPE GmbH

At Daiichi Sankyo Europe we are well aware that supplying our employees with all relevant corporate and product information in time is important for

people's motivation, identification with the Daiichi Sankyo Group and finally the company's success. As we have about 2,500 employees in Europe working in more than 20 different locations, we developed an innovative intranet portal, which can be accessed anytime and anyplace. Thus, people also working in production or as medical representatives can stay up-to-date this way. Moreover, employees from different locations can work together and share materials via so-called TeamSites. A special characteristic of Europe is that we always need to consider the language diversity as in our 12 affiliates eight different national languages are spoken. As a consequence, key materials, such as Our Values & Commitments or other corporate information need to be translated and adapted locally. Our intranet facilitates these processes and allows us to ensure that we all share the same information and transport the same messages to our different stakeholders.

GOAL 4

Reduce the Environmental Burden in Every Business Operation

Our Basic Approach to Goal 4

The Daiichi Sankyo Group has rapidly expanded its global presence. We must urgently identify the overall environmental impact of operations and step up global initiatives to reduce that impact.

We are particularly focused on the priority themes of taking action to prevent global warming by setting targets for moderating climate change, and of promoting the sustainable use of biodiversity and ecosystem services by pursuing business activities that take them into consideration. We will set common targets for the entire Group for these themes and will implement concrete initiatives and activities to achieve the targets.

Direction of Our Initiatives for Goal 4

Our emphasis will be on optimizing the scope of our environmental management and seeking qualitative enhancement. To optimize the scope, we will include all companies that have joined the Group and encompass all business locations, from plants and research centers to offices. We will enhance the quality of management by setting common themes, such as the prevention of global warming, along with additional areas of focus, such as chemical substance management and the preservation of biodiversity, as specific efforts to be undertaken in accordance with the characteristics of each business location. Concrete targets and measures will be identified for the entire Group as well as for each business location to reduce the environmental impact by completely incorporating these activities into our business operations. We will evaluate the status and performance of these activities for future improvement.

► MESSAGE



Hitoshi Matsuda
Member of the Board
Senior Executive Officer
DAIICHI SANKYO CO., LTD.

We will further enhance the quality of our environmental management as a Group.

Environmental management, as laid out in our Basic Environmental Management Policy, contributes to a sustainable society and enhances our good corporate citizenship. It also represents an essential element in the Daiichi Sankyo Group's pursuit of sustainable business operations. In other words, it is synonymous with corporate management, and I believe that enhancing the quality of our environmental management will lead to enhancing the quality of our business operations. We will conduct environmental management with the same dedication with which we pursue our mission of providing pharmaceuticals that address diverse medical needs.

As our global presence expanded with the addition of Ranbaxy to the Group, we observed that the scope of operations covered by environmental management dynamically expanded as well. Group companies and business locations operating in each region differ in character, and while some are more advanced in their efforts to prevent global warming, others are actively engaged in preserving biodiversity. We will learn from each other by exchanging information and by creating an information-sharing mechanism toward our goal of enhancing the quality of our environmental management as a Group.

Environmental Management

Basic Approach to Environmental Management

Realizing that caring for our environment is one of our social responsibilities, we not only comply with the law but have declared our stance to “voluntarily and actively engage in activities aimed at the protection of the global environment” in the Daiichi Sankyo Group Corporate Conduct Charter. We have also formulated rules for conducting environmental management and established the Basic Environmental Management Policy based on these rules.

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.

Environmental Management System

The senior executive officer for Group CSR is the chief executive officer for environmental management. To deliberate on important environmental matters, we set up the Environmental Management Committee chaired by the chief executive officer for environmental management and composed of officers responsible for the global value chain. We appoint officials to oversee site- and organizational-based environmental management. Our management targets have been established under the Second Mid-term Environmental Management Policy as presented below.

Second Mid-term Environmental Management Targets

	Second Mid-term Environmental Management Policy	Second Mid-term Environmental Management Targets for Fiscal 2012 (Japan)
1	Reduce carbon dioxide emissions in all business operations to help prevent global warming	• CO ₂ emissions: 20% less than in fiscal 2007
2	Promote the 3Rs (Reduce, Reuse, Recycle) to contribute to a recycling-based society	• Maintain zero emissions*5 (Final disposal ratio: less than 1%) • Amount of office paper consumed: 20% less than in fiscal 2007
3	Reduce environmental risks through stringent efforts to prevent pollution and properly manage chemical substances	• Reduce atmospheric releases of Pollutant Release and Transfer Register substances • Maintain efforts to prevent air and water pollution • Assess and reduce environmental liabilities and risks
4	Pursue Green Purchasing to balance quality and supply stability	• Online purchasing of environmentally friendly office supplies Percentage of designated items: over 90%; Percentage in terms of costs: over 70%
5	Pursue business activities that take into account biodiversity and ecosystem services and promote sustainable use	• Establish system for promotion and collaboration • Properly use ecosystem-dependent resources
6	Encourage environmental communication and collaboration with stakeholders	• Enhance environmental awareness among all employees and improve environmental education • Strengthen communication and collaboration with business partners and with regional and private nonprofit organizations

*5 Final disposal ratio = Final disposal amount (waste disposed by landfill) / Total amount of waste (all waste generated by business sites).

*1 International standard for environmental management issued by the International Organization for Standardization (ISO).

ISO 14001 Certification Progress

The majority of plants that generate a considerable environmental burden have received ISO 14001 certification*1. We received no major improvement guidance in audits to renew or maintain certification in fiscal 2009.

ISO 14001-Certified Sites

Company	Site
DAIICHI SANKYO PROPHARMA CO., LTD.	Akita Plant
	Onahama Plant*2
	Hiratsuka Plant*3
	Odawara Plant
	Takatsuki Plant*4
DAIICHI SANKYO CHEMICAL PHARMA CO., LTD.	Osaka Plant
	Hiratsuka Office and Plant
	Odawara Plant
Ranbaxy Laboratories Limited	Toansa Plant
	Dewas Plant
	Mahali Plant

*2 Includes Daiichi Sankyo Research Center.

*3 Includes Daiichi Sankyo Research Center and DAIICHI SANKYO HAPPINESS CO., LTD.

*4 Includes DAIICHI SANKYO LOGISTICS CO., LTD.

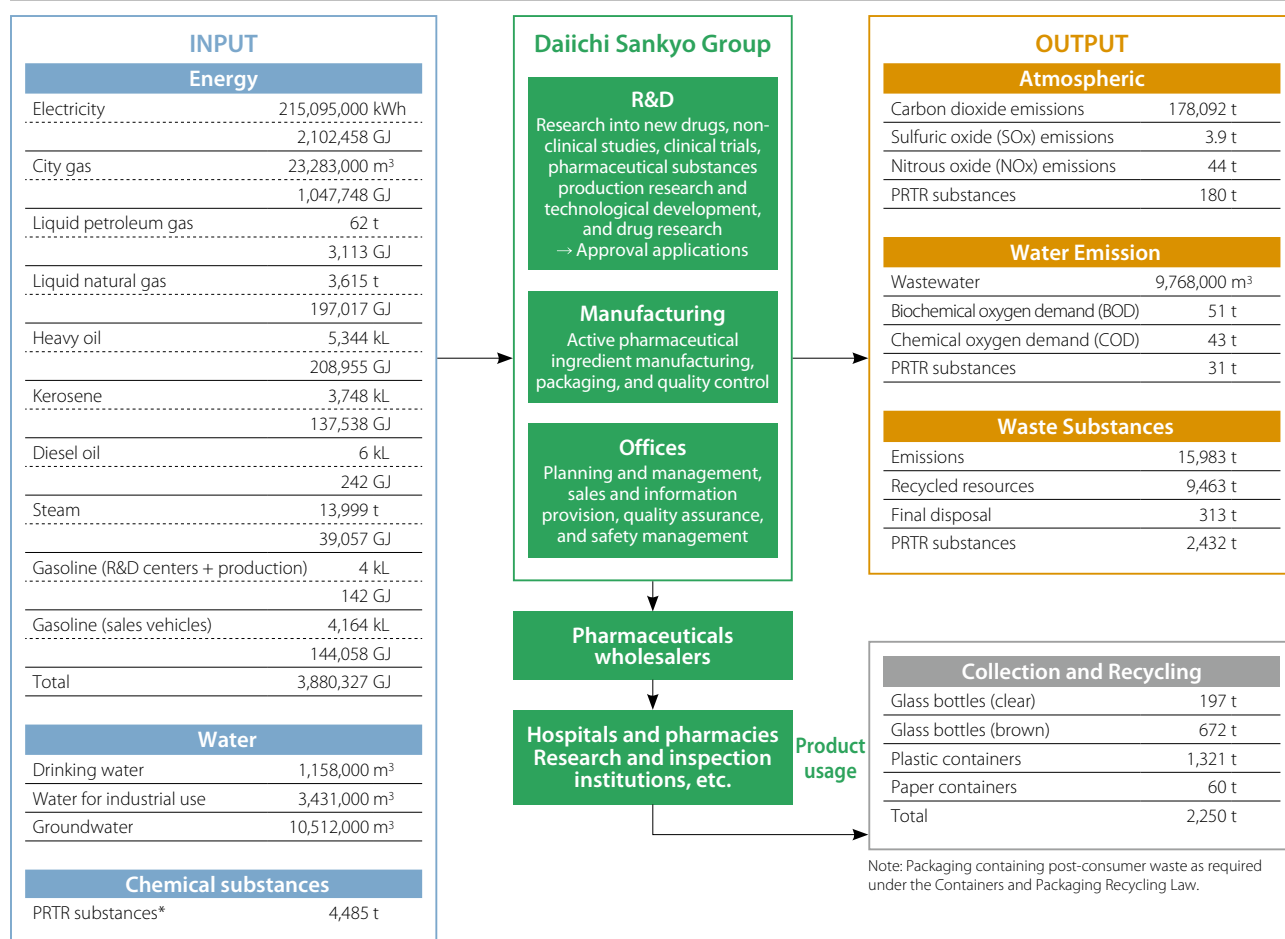
Basic Approach to Environmental Auditing

Our auditing system on environmental management comprises three complementary approaches that are implemented in accordance with the situation at each environmental management classification site. We internally assess our business sites, secure evaluations from ISO assessment organizations, and have our environmental management department perform environmental audits.

In particular, we have been performing environmental audits on waste management at all environmental management classification sites in Japan under a three-year plan that began in fiscal 2008. We received no improvement guidance associated with major environmental risks in fiscal 2008 or 2009.

Business Activities and Environmental Performance

Group Business Activity Input and Output in Fiscal 2009 (Japan)



* Pollutant Release and Transfer Register

Environmental Accounting for Fiscal 2009 (Group in Japan)

● Conservation Costs (Millions of yen)

Environmental Items	Investments	Expenses
Pollution prevention	227	473
Global warming prevention	421	186
Resource recycling	38	972
Upstream and downstream	0	43
Management activity	8	701
R&D	0	20
Social activity	0	3
Environmental remediation	0	268
Total	694	2,666

Note: Depreciation costs are not within the scope of this calculation.

● Economic Benefits (Millions of yen)

Sales of waste with commercial value	17
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● Environmental Conservation Benefits

	Units	Fiscal 2009	Change	Percentage Change
Energy	GJ	3,880,327	-91,742	-2.3%
Water	1,000 m³	15,101	167	1.1%
PRTR substances	t	4,485	143	3.3%
Carbon dioxide emissions	t-CO ₂	178,092	-13,588	-7.1%
Waste substances generated	t	40,603	-3,739	-8.4%
Waste substances discharged (amount outsourced)	t	15,983	2,664	20.0%
Waste recycling	t	9,463	1,641	21.0%
Final waste disposal	t	313	-80	-20.4%
Recycling ratio	%	59.2	—	0.8%
Containers and packaging	t	2,250	168	8.1%
BOD emissions	t	51	-1	-2.8%
SOx emissions	t	3.9	0.8	24.2%
NOx emissions	t	44	-9	-16.4%

Chemical Substance Management

Goal

1

2

3

4

5

Reduce the Environmental Burden in Every Business Operation

Fiscal 2009 Achievements

- Amount of PRTR substances used increased 143 metric tons year-on-year
- Amount of PRTR substances discharged and transferred increased 537 metric tons year-on-year



Fiscal 2010 Goal

- Reduce amount of chemical substances used and manage amount discharged and transferred

Reduction in Amount of Chemical Substances Used and Management of Amount Discharged and Transferred

Chemical substances that may be hazardous to human health or the ecosystem are being properly managed under the PRTR system in accordance with the Law for Promoting Confirmation and Management of Chemical Substance Emissions. In fiscal 2009, the amount of PRTR substances we used in Japan increased by 143 metric tons year-on-year to 4,485 metric tons. Similarly, the amount discharged into the environment (atmosphere and water) and the amount transferred outside our business sites as waste increased by 537 metric tons to 2,642 metric tons. While product changes led to increases in both the amount of chemical substances used and the amount discharged and transferred, we will continue to manage these substances to reduce their use and control the amount discharged and transferred.

Environmental Impact Assessment of the Manufacturing Process

Drug production processes are strictly regulated under the Pharmaceutical Affairs Law, and at present it is difficult to change a process once production has started at plants because of the time and effort involved. It is therefore important to consider various aspects during the research stage of the production process.

When considering and selecting production processes, we review the safety aspects and seek to reduce environmental impact by setting our own environmental impact assessment index*, which includes waste material generation, raw materials attributes and the efficient use of reagents, instead of only focusing on quality and cost.

● Discharge and Transfers of PRTR Substances in Fiscal 2009

(Metric tons, or mg-TEQ for dioxins)

Substances (for which the amount handled exceeds 1 metric ton per year)	Amounts Handled	Amounts Discharged and Transferred (There were no discharges into soil)			
		Air	Water	Sewer	Waste
Acetonitrile	1,070.8	13.2	0.0	23.0	625.6
Allyl alcohol	6.0	0.0	0.0	0.0	5.7
Ethylbenzene	5.1	2.0	0.0	0.0	3.1
Ethylenediamine	68.7	0.0	0.0	0.0	0.8
Xylene	23.6	0.0	0.0	0.0	16.2
Chloroform	20.1	1.3	0.0	0.0	8.2
Chloromethane (Methyl chloride)	69.3	33.0	0.0	0.0	0.0
1,2-Dichloroethane	3.2	0.0	0.0	0.0	0.0
Dichloromethane (Methylene chloride)	69.3	7.0	0.0	0.0	57.3
N,N-Dimethylformamide	579.8	7.6	0.0	0.0	469.8
Styrene	140.0	0.0	0.0	0.0	0.0
Toluene	2,329.7	113.7	0.0	0.0	1,243.3
Nickel	5.8	0.0	0.0	0.0	0.0
Boron and its compounds	15.2	0.2	7.3	0.0	1.6
Formaldehyde	78.2	1.8	0.0	0.1	0.0
Total	4,484.9	180.0	7.4	23.2	2,431.7
Dioxins	—	0.101	0.026	0.002	18.907

* Solvents and reagents are assessed on the quantitative value of their impact on reducing the environmental burden based on how they rate in terms of safety, toxicity, operating conditions, solvent-collecting method, and liquid waste disposal method.

Initiatives to Prevent Global Warming

Fiscal 2009 Achievements

- Carbon dioxide (hereinafter "CO₂") emissions
 - Reached Group's first mid-term environmental management target in Japan (reductions of 9.5% compared to fiscal 2007 levels)
 - Reduced CO₂ emissions for all Group businesses except Ranbaxy by 3.7% year-on-year

Fiscal 2010 Goals

- Implement active measures for reducing CO₂ emissions for the entire Group
- Reduce CO₂ emissions in Japan to 159,017 t-CO₂ (year-on-year reductions over 10%)

Basic Approach to Preventing Global Warming

As stated in the Mid-term Environmental Management Policy, the Daiichi Sankyo Group is striving to reduce CO₂ in all of its business activities to help prevent global warming.

CO₂ Emissions by Activity

Direct emissions due to fuel consumption	179,102 t-CO ₂
Indirect emissions due to purchases of electricity, etc.	239,805 t-CO ₂
Emissions from other activities (sales, etc.)	41,818 t-CO ₂
Total	460,725 t-CO ₂

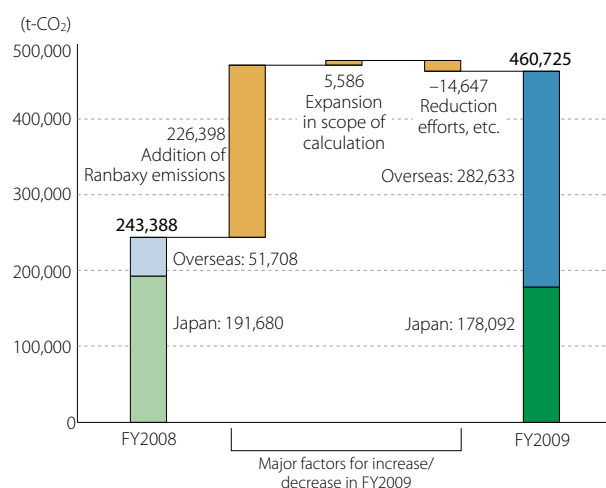
CO₂ Reduction Targets and Achievements

As part of the First Mid-term Environmental Management Plan for Group companies in Japan, CO₂ emissions targets for fiscal 2009 were set for each category toward achieving reductions of 4% in plants and R&D centers, 7% in offices, and 10% in sales vehicles compared to fiscal 2007 levels, for a total reduction of 4.4% across the entire Group in Japan. In fiscal 2009, CO₂ emissions totaled 178,092 metric tons, a reduction of 9.5% compared to fiscal 2007 levels, significantly exceeding the target.

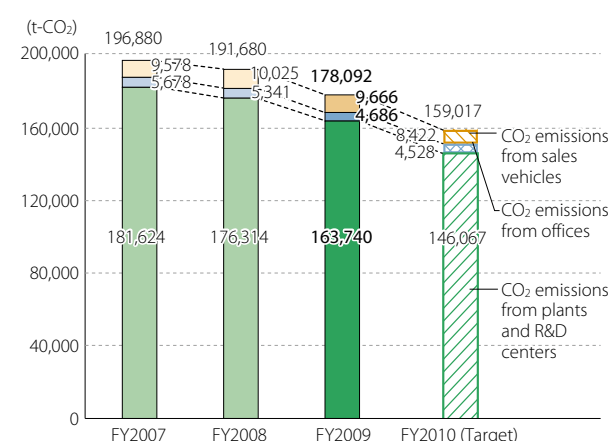
Outside Japan, we sought CO₂ emission reductions through the use of biomass energy and the introduction of fuel-efficient and hybrid vehicles, and achieved year-on-year reductions of 3.7% (9,061 metric tons) across the Group excluding Ranbaxy.

We will seek to raise the operational efficiency of heat source equipment, such as air conditioners and boilers, in line with our business operations, while also implementing initiatives for fuel conversion and introducing energy-saving equipment that could lead to significant reductions in CO₂ emissions.

CO₂ Emissions by Factors for Increase/Decrease (Entire Group)



Breakdown of CO₂ Emissions (Group in Japan)



Note: We integrated the domestic emission factor for CO₂ from electrical power at 0.368 metric tons per kWh.

Plants and R&D Centers

We endeavored to reduce CO₂ emissions by combining “hardware”-related actions, such as fuel conversion, and “software”-related measures, such as reviewing the operations of air conditioners.

To implement further measures, we developed the Mid-term Capital Investment Plan for Global Warming Prevention (from fiscal 2010 to fiscal 2012) for Group companies in Japan. Ongoing efforts will focus on achieving the target of reducing emissions by more than 18,000 metric tons, or 20% less than fiscal 2007 levels, in three years. These measures are linked to efforts underway for achieving the environmental voluntary action targets* set by the Japan Pharmaceutical Manufacturers Association.

Offices

We encouraged employees to dress in business casual in office buildings of the headquarters and branch offices in Group companies in Japan throughout the year. We also more efficiently operated air conditioners, replaced old air conditioning systems, turned off lights and air conditioning in unused conference rooms, conserved energy during off hours by designating Work-Life Balance Day, and participated in the lighting conservation campaign of the Ministry of the Environment. As a result, CO₂ emissions were reduced by 655 metric tons, or 12.3% compared to the previous year.

Sales Vehicles and Distribution

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 sales vehicles.

Emissions of CO₂ were reduced by 359 metric tons, or 3.6% year-on-year, at Group companies in Japan. Emissions of CO₂ from sales vehicles are completely offset through the use of carbon-offset lease vehicles, enabling us to achieve zero emissions.

Using Renewable Energy

The Pfaffenhofen Plant of Daiichi Sankyo Europe GmbH in Germany promotes the use of thermal heat supplied by a nearby wood-fueled biomass power plant. The phased introduction of electricity supply to plant facilities began in December 2006, and the entire plant received electricity generated by thermal heat by April 2009. This is expected to reduce annual CO₂ emissions by 2,000 metric tons.

Every year, the Shinagawa R&D Center purchases 1,000,000 kWh of green power created by bagasse, which is derived from sugarcane waste.



VOICE

Hiroaki Ejiri

Engineering Work Section, Onahama Plant
DAIICHI SANKYO PROPHARMA CO., LTD.

When we introduce new facilities, we must determine how to reduce environmental impact and lower cost without affecting the quality of our

drugs. The difficult part of our latest fuel conversion to LNG (liquid natural gas) was helping people on the shop floor adjust their operational processes, which they had been using for more than two decades. After significant trial and error over a two-month testing period, the facility is now operating smoothly. Looking ahead, we plan to proactively advance the environmental facilities in our plants through measures such as a phased conversion to LED lighting and the adoption of inverter-based ventilation for the waste incineration facilities. We hope to make our plants even more environmentally friendly by incorporating renewable energy such as solar and wind power.



LNG facility

* Reduction of CO₂ emissions in fiscal 2010 (mean level of five-year period from 2008 to 2012) to below that of baseline level in fiscal 1990.

Reducing Waste

Fiscal 2009 Achievements

- Achieved zero emissions (final disposal ratio: 0.77%)
- Reduced office paper consumption 13.3% from fiscal 2007, to 79.5 million sheets

Fiscal 2010 Goals

- Maintain zero emissions (final disposal ratio target: 0.56%)
- Further reduce office paper consumption 5.4% from fiscal 2009, to 75.2 million sheets

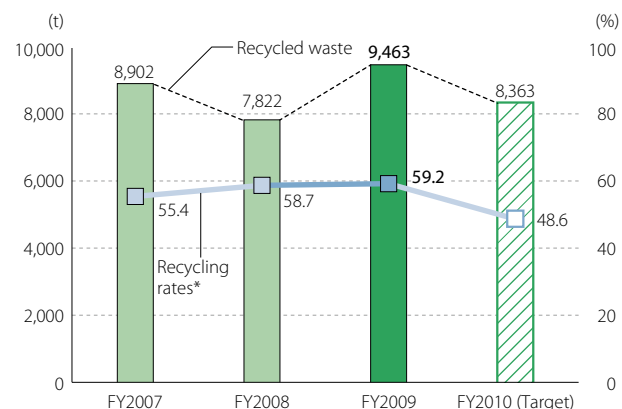
Waste Reduction Targets and Achievements

For the Daiichi Sankyo Group in Japan, zero emissions means that final disposal represents less than 1% of total production. We targeted zero emissions by fiscal 2009 as our first medium-term environmental management goal for the Group in Japan and have maintained zero emissions since attaining the target a year in advance in fiscal 2008. At our plants, we believe it is important to reduce waste and more efficiently use resources. Consequently, we are pursuing resource savings through efforts such as manufacturing and packaging process resource maximization, comprehensive separation of waste materials, reduction of total waste material volume, and resource recycling. In our research activities and at our offices we print on both sides of office paper and separate waste. As far as possible, we choose waste disposal firms that recycle thoroughly.

In fiscal 2009, we generated 3,739 metric tons less waste compared to the previous fiscal year, and improved our

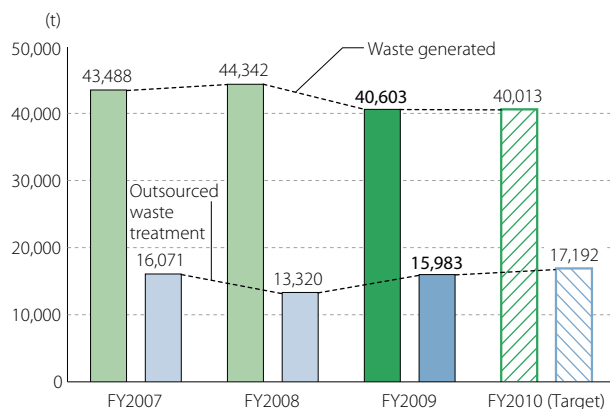
recycling rate by 0.5%. Final disposal was 313 metric tons, a decrease of 80 metric tons compared to the previous year, achieving zero emissions with a final disposal rate of 0.77%.

● Recycled Waste and Recycling Rates (Group in Japan)

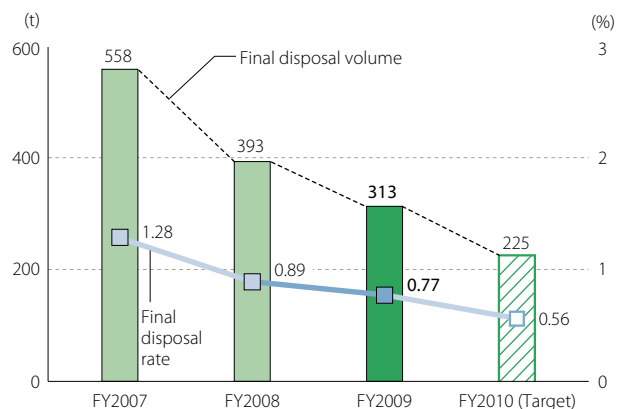


* Recycling rates = amount of recycled waste/amount of outsourced waste.

● Waste Generation and Disposal (Group in Japan)



● Final Disposal Volume and Ratio (Group in Japan)



Waste Processing Facility Inspection

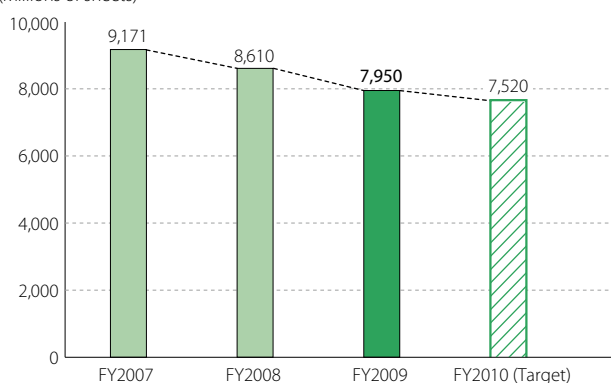
Inspectors from our plants and R&D centers regularly visit processor sites to fill out checklists for confirming compliance, the execution of contracts, approvals and licensing, and other points. In fiscal 2009, inspections were carried out at more than 70 waste processing facilities.

Reducing Office Paper Use

We are seeking to reduce paper usage at our offices by promoting two-sided copying and N-up printing (printing multiple pages on a single sheet). In addition, employees have become more familiar with the use of projectors and shared servers to reduce the amount of paper distributed as reference material.

Office Paper Usage Volume (Group in Japan)

(Millions of sheets)



Promotion of Recycling

Sludge Recycling

The Daiichi Sankyo Propharma Shizuoka Plant switched to a processing method that recycles pharmaceutical waste and incinerated ash from sludge into materials for roadbeds and cement. As a result, a total of 270 metric tons of used medical supplies and sludge were completely recycled in fiscal 2009, resulting in further reductions in final disposal volume.

Recycling Paper

The Shinagawa R&D Center and Daiichi Sankyo Propharma's Hiratsuka Plant have installed wet shredders that process paper without damaging the fibers, so that they can be reused to create fine quality paper material. In fiscal 2009, 149 metric tons were recycled into paper, equivalent to 15 million sheets of office paper.

Recycling Cardboard

Daiichi Sankyo Logistics reuses cardboard for assorted packages. Of the outer box used in fiscal 2009, 39% was reused.

Recycling Solvents

We are also recycling solvents used at each plant. Daiichi Sankyo Altkirch SARL in France installed a new distillation unit in 2009, which enabled the reuse of purified ethanol used in its manufacturing process.



VOICE

Franck Navet

Engineering Manager,
DAIICHI SANKYO ALTKIRCH SARL (France)

In 2009, we installed a new methanol distillation unit. Every year we need about 1,300 metric tons of purified methanol in different steps of our

production. With this facility, we can reuse about 97 percent of it. Thus, we are consuming less resources, produce less waste and heavily reduce the number of solvents transportation by trucks. These are a clear benefits for the environment and people's security – both in our own company and in the neighborhood. I am proud to work in a company, where accountability is so highly valued that the suppliers who carry out the reconstruction works also have to follow the highest environmental and security standards.



Altkirch Plant

Addressing Environmental Risks

Fiscal 2009 Achievements

- Completed environmental countermeasure construction at former Yasugawa Plant
- Completed groundwater monitoring of former Kyushu Sankyo Kumamoto Plant
- Reduced drainage water by 249,000 m³

Fiscal 2010 Goals

- Identify global environmental risks
- Maintain soil contamination management

Preventing Soil and Groundwater Pollution

Daiichi Sankyo implements decisive countermeasures to prevent contamination of soil and sewage at its plants and R&D centers.

We voluntarily conduct soil and groundwater surveys at relevant sites in accordance with the Soil Contamination Countermeasures Law for closing or modifying the use of facilities as part of business reorganization, even when not subject to legal mandates. In the event contamination is discovered, we quickly inform the relevant authorities and residents while taking the appropriate remedial actions. We also continually monitor business sites where remedial actions have already been completed.

Detoxification Efforts for Residual Underground Agricultural Chemicals (Former Yasugawa Plant)

In 1972, we buried used agricultural chemicals designated as a persistent organic compound within the premises of the former Yasugawa Plant for underground storage in an operation funded by the Japanese government. Since then, we have been properly managing the site and filing regular status reports to the Governor of Shiga Prefecture and Mayor of Yasu City. In December 2009, Yasu Consortium for the Safe Disposal of Agricultural Chemicals was formed between Daiichi Sankyo and Yasu City, and detoxification efforts for underground agricultural chemicals (removal work and detoxification) were launched. We received guidance and funding from the authorities and properly conducted the operation in accordance with guidelines for appropriate disposal set by the Ministry of the Environment. We held meetings with residents in advance to explain the operation, and with their understanding and cooperation, we were able to safely complete the entire process in June 2010.

● Soil Contamination Countermeasures Progress Report

Business Site	Overview
Daiichi Sankyo Propharma Takatsuki Plant (Takatsuki, Osaka Prefecture)	We are continuing to monitor groundwater after completing remediation work in 2004 for soil contaminated with volatile organic compounds and arsenic.
Daiichi Sankyo Chemical Pharma Hiratsuka Plant (Hiratsuka, Kanagawa Prefecture)	A voluntary survey identified some volatile organic compound contamination in 2007, and we have continued to pump and purify the water using a barrier well.
Daiichi Sankyo Chemical Pharma Odawara Plant (Odawara, Kanagawa Prefecture)	Volatile organic compound contamination was confirmed in part of the site through a voluntary investigation. Since implementing contaminated soil clean-up work in 2008 and 2009, we have continued to monitor groundwater.
Former Yasugawa Plant (Yasu, Shiga Prefecture)	We have been continually monitoring groundwater since implementing environmental improvement construction from 2006 to 2008. In fiscal 2009, we conducted a government-funded detoxification effort for residual underground fertilizer.
Former Kyushu Sankyo Kumamoto Plant (Uto, Kumamoto Prefecture)	In 2005, we implemented government-funded soil remediation construction, including detoxification. Since then, an Environmental Review Commission, a third-party commission comprising residents, authorities and experts, has continued to monitor the groundwater. In 2009, the Commission declared the site safe and terminated monitoring.

VOICE



Satoru Kobayashi

CSR Management Group, General Affairs Department, Administration Division
Japan Company
DAIICHI SANKYO CO., LTD.

In the event of incidents such as soil or groundwater contamination, we will establish a relationship of trust with

residents and alleviate concerns regarding health risks through two-way communication with due consideration for the following four points: promptly disclosing information; publicly announcing specific countermeasures; emphasizing the standpoint of local residents; and providing comprehensible information by avoiding the use of technical terms. We also hold meetings as necessary to explain the issues to residents face-to-face.

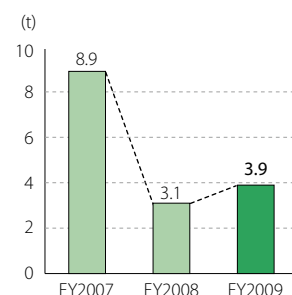
Furthermore, in relation to our former Yasugawa Plant and former Kyushu Sankyo Kumamoto Plant, with which I was personally involved, we steadfastly worked to gain the understanding and cooperation of local residents by holding tours of the remediation site work as well as meetings of the Environmental Review Commission, in addition to explanatory briefings. I still remember the words of encouragement we received from residents after we explained the countermeasures.

Preventing Air and Water Pollution

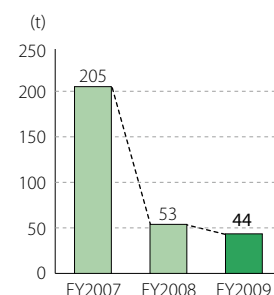
To prevent air and water pollution, we established voluntary control standards that are stricter than legal requirements and we conduct proper monitoring and measurement at all facilities in Japan.

We also regularly monitor overseas Group company plants, including at 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.

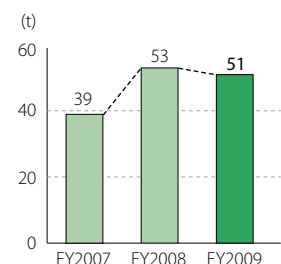
● SOx (Sulfuric Oxide) Emissions (Group in Japan)



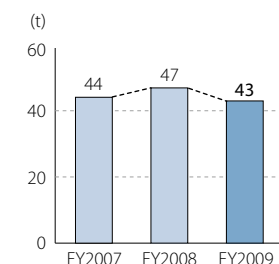
● NOx (Nitrous Oxide) Emissions (Group in Japan)



● BOD (Biochemical Oxygen Demand) (Group in Japan)



● COD (Chemical Oxygen Demand) (Group in Japan)



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 measured values in fiscal 2009 were within standard ranges.

We promptly investigated resident complaints about noise from one plant and made improvements. At the plants of overseas Group companies, we regularly conduct inspections and measurements in accordance with the laws and regulations of each country and region.

Initiatives for Biodiversity

As stated by our basic environmental management policy, we are responsible for protecting the environment and respecting biodiversity by helping preserve the ecosystem.

In the Mid-term Environmental Management Plan that began in fiscal 2010, we declared our intention to promote the sustainable use of biodiversity and ecosystem services by pursuing business activities that take them into consideration.

We concur with the purpose of the Declaration of Biodiversity by Nippon Keidanren Promotion Partners, and we will pursue even more concrete measures based on its policies in the future.

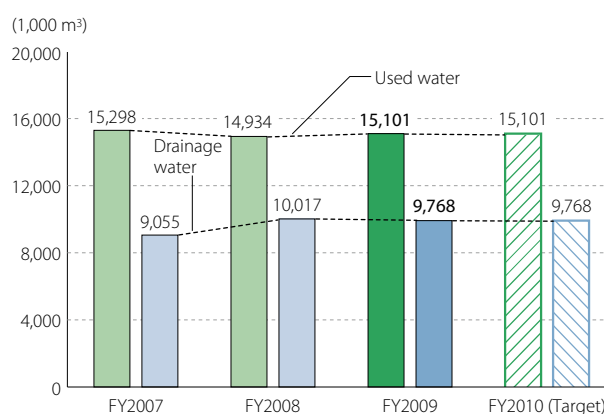
We conduct our R&D activities through the creation of procedures that comply with the Act on the Conservation and Sustainable Use of Biological Diversity through Regulations on the Use of Living Modified Organisms (Cartagena Law).

Effective Use of Water Resources

We pursue the appropriate use of water resources as part of our business activities that take ecosystem services into consideration. The amount of used water increased 167,000 m³ from the previous fiscal year.

We intend to manage used water and drainage water to achieve our fiscal 2010 monitoring target of reducing water used at our plants and R&D centers to below fiscal 2009 levels.

● Volume of Used and Drainage Water (Group in Japan)



Environmental Communication

Fiscal 2009 Achievements

- Held local communication meetings
- Rolled out Environment Month events globally
- Implemented environmental e-learning (number of participants: 10,023)
- Held environmental management seminars

Fiscal 2010 Goal

- Implement global environmental communication and share information

Basic Policy

The Daiichi Sankyo Group proactively promotes environmental communication to prevent and resolve environmental problems by sharing information and fostering stakeholder dialogues about the environment.

In the rare event of an accident, we will carefully consider the possible impact on the surrounding community and make every effort to share information and exchange ideas with local residents around our plants and R&D centers and conduct disaster prevention countermeasures in collaboration with them.

Examples of Measures

● Environmental Art Contest

We held an Environmental Art Contest during this year's Environment Month. The event was conducted on a global scale that included our overseas Group companies and resulted in a substantial increase in the number of combined entries for the visual art and "senryu" categories from 241 in fiscal 2008 to 362 in fiscal 2009. In the visual art category, entries from Daiichi Sankyo Inc. in the United States and Daiichi Sankyo Venezuela received First Prize at the award ceremony. Prize-winning entries were announced through our global intranet to raise environmental awareness.



Award ceremony

● Raising Awareness of Global Warming

The three months from December to February are designated as a period for raising awareness of global warming.

Prize-winning entries from the Environmental Art Contest were used for the fiscal 2009 posters, which were written in both Japanese and English and are being displayed at Group companies in each country as global educational tools.



Poster encouraging greater awareness of global warming

● Environmental Education

We conducted e-learning for Group companies in Japan to build up their general knowledge on environmental issues and understanding of the Group's environmental efforts. The attendance rate was 97.2%, representing a total of 10,023 employees, including contract employees and temporary staff.

We also invited an outside lecturer to conduct a waste management seminar within which specialized training was given to employees responsible for environmental affairs; 47 employees attended.



Waste management seminar

● Local Communication Meetings

Our R&D centers and plants regularly communicate with local citizens to develop a better understanding of the issues and demands specific to each region.

The Daiichi Sankyo Propharma Hiratsuka Plant held its third regional communication meeting, which welcomed 27 members of the local residents' association. The plant explained its efforts related to the environment, health and safety, disaster prevention, and social contribution activities as well as the status of its drug research. These presentations were followed by a tour of the plant and an exchange of opinions. The meeting deepened mutual understanding with local residents.



Third regional communication meeting

The Daiichi Sankyo Propharma Onahama Plant holds an environmental report meeting each year to cultivate mutual understanding and foster relationships of trust by sincerely

responding to questions posed by outside stakeholders. In fiscal 2009, the plant reported its efforts and achievements related to the environment, safety, disaster prevention and social contribution activities to an audience of 22 local residents.



Environmental report meeting for fiscal 2009

● Regional Clean-up Activities

We regularly conduct regional clean-up activities in regions where our plants and R&D centers are located.

The Daiichi Sankyo Propharma Akita Plant conducts annual clean-ups outside its premises as part of its Environment Month activities. A total of 17 clean-ups have been conducted since 1993. In fiscal 2009, 85 participants collected approximately 50 kilograms of waste.



Clean-up activity outside plant premises

● Kanagawa Prefecture Contribution to Environmental Preservation Award

The Daiichi Sankyo Chemical Pharma Odawara Plant was recognized for its waste reduction efforts with an Award for Activities to Reduce Waste Generation and Promote Reuse and Recycling, one of Kanagawa Prefecture's Fiscal 2009 Contribution to Environmental Preservation Awards, which were presented by the head of the Seisho Region General Prefectural Administration Center.



Award ceremony



GOAL 5

Broaden the Opportunity of Access to Medical Services, Including Medicine, Globally

Our Basic Approach to Goal 5

Providing innovative pharmaceutical products that fulfill unmet medical needs will remain a key mission in view of our aspiration to become a **Global Pharma Innovator**. We are also aware the social environment surrounding pharmaceutical companies is constantly evolving, driving demand for medical services that not only include innovative pharmaceuticals but also pharmaceuticals that respond to the diverse needs of patients seeking to purchase drugs at reasonable prices, prevent diseases and manage their own health.

Direction of Our Initiatives for Goal 5

We will respond to the diversifying needs of the market and the medical profession and help expand access to medical services by pursuing a Hybrid Business Model based on the four core businesses of innovative pharmaceuticals, established pharmaceuticals*¹, vaccines and OTC products*².

We will take various steps to fulfill our social mission as a global pharmaceutical company. For example, we will develop businesses in emerging and developed countries, inform and educate on disease prevention and cures, and assist those without access to medical services.

► MESSAGE



Tsutomu Une, Ph.D.
Member of the Board
Senior Executive Officer
DAIICHI SANKYO CO., LTD.
Chairman
Ranbaxy Laboratories Limited

We will further advance our efforts to deliver drugs throughout the world

When we merged to become Daiichi Sankyo, we intensely debated what our message should be as a company that impacts people's lives. We decided to incorporate the idea of "ensuring delivery," beyond simply producing pharmaceuticals, into the part, "creation of innovative pharmaceuticals" from our mission statement in order to encapsulate our desire to contribute to society by both producing and delivering our products as part of our mission.

When we turn our eyes to the world, we see diverse social environments. We must therefore possess our own diverse channels to respond to needs. Our vision is to contribute to the enrichment of quality of life around the world by offering innovative pharmaceuticals, established pharmaceuticals, vaccines and OTC products, and by expanding the options available to medical professionals and patients.

Ranbaxy, which recently joined the Group, is a partner with whom we can realize our vision by mutually addressing each other's gaps. The Daiichi Sankyo Group will continue to advance its efforts to deliver drugs throughout the world, with the relentless pursuit of innovation as its starting point.

*1 Daiichi Sankyo term encompassing generic and long-selling drugs.

*2 Abbreviation for Over The Counter in reference to medicine that can be purchased without a doctor's prescription.

Fiscal 2009 Achievements

- Launched sale of *Effient* antiplatelet agent in the United States
- Launched sale of 500mg formulation of multi-purpose oral antibacterial agent *Cravit*



Fiscal 2010 Goals

- Launch sales of antihypertensive agent *Rezaltas* in Japan
- Launch sales and manufacture anti-influenza virus agent laninamivir (generic name) in Japan

Basic Policy

As a company engaged in the healthcare industry, we are responsible for contributing to the economy by enhancing our business performance and shouldering our fair share of the medical service system. We intend to maintain the highest possible standards in fulfilling these dual responsibilities.

There are many diseases in the world for which treatment is unsatisfactory or for which a cure has yet to be discovered. The mission of a pharmaceuticals company lies in creating effective drugs and delivering them to patients as quickly as possible to serve the common desire for life and health.

Examples of Measures

We deliver innovative pharmaceuticals that represent the fruit of our knowledge and technology accumulated over many years. With each year, we have enjoyed growing support for our mainstay medical products, such as the antihypertensive agent *Olmotec*, the antihyperlipidemic agent *Mevalotin* and the multiple-purpose oral antibacterial agent *Cravit*. *Olmotec* is sold in over 60 countries and *Mevalotin* and *Cravit* in over 100 countries worldwide, thereby broadening access to medical services.

We also leverage our knowledge and technology in the area of "orphan drugs," or drugs for treating rare disorders with relatively few patients, by providing drugs such as Biopren and ITB therapy*¹.

VOICE

Yoichi Katayama, M.D., Ph.D.

Dean and Professor, Department of Neurological Surgery
Nihon University School of Medicine

Contributing to society through medical progress

More than a decade has passed since we sought to introduce the ITB therapy that Daiichi Sankyo commercialized in Japan. Since then, I have witnessed many patients completely controlled of their bouts of spasticity*². I am writing out of a pure desire to communicate the joy I share with patients' families upon seeing the effects of the therapy and the overwhelming emotion we as doctors experience when someone clasps our hands in gratitude.

The effects of medical progress are, in fact, not easily recognizable at the site of medical treatment. With the changes brought about by the effectiveness of ITB therapy, however, only a second is needed to observe this progress. Since it is easy to understand the effects of medical progress, it is extremely encouraging for those of us working on site. Meanwhile, medical advances come at greater costs, and we are certainly feeling the crunch in areas of personnel and drug expenses amid the overall trend to restrain medical spending. I would like to express my respect and gratitude for your corporate efforts in contributing to the development of medicines while at the same time fulfilling your social responsibility in areas that do not simply translate into profit. I also feel it is important for the public to know about these activities.

I hope Daiichi Sankyo will continue to lend its hand to the development of spinal cord drug injection therapy, where we expect significant pharmaceutical impact in the future.



*¹ Therapy for alleviating spasticity by directly injecting baclofen (product name: gabalon intrathecal injection) around the spinal cord, where the drug takes effect.

*² The state in which the body unintentionally jerks, or the legs and arms become twisted by excessive tension.

Established Pharmaceuticals

Fiscal 2009 Achievement

- Strengthened collaborative structure with Ranbaxy (in Africa and other regions)

Fiscal 2010 Goals

- Establish Daiichi Sankyo Espha Co., Ltd., build domestic business structure
- Maintain momentum of Ranbaxy's business expansion

Basic Policy

In developed countries, the trend toward constraining medical expenses and drug-related expenditures is becoming stronger by the day due to the steady graying of populations and low economic growth. Emerging countries, on the other hand, need to deliver high-quality pharmaceutical products at reasonable prices to as many patients as possible.

To respond to these social needs, we intend to contribute to the healthcare of the general public by providing products sought by customers in the domains of generic drugs and established pharmaceuticals, which include off-patent long-sellers with proven marketplace presence.

Examples of Measures

In November 2008, we welcomed Ranbaxy into the Daiichi Sankyo Group and began taking the first steps toward realizing our Hybrid Business Model, which is focused on "developed markets + emerging markets" and "innovative pharmaceuticals + established pharmaceuticals." In Japan we established Daiichi Sankyo Espha Co., Ltd., on April 1, 2010 as a wholly owned subsidiary and entered the generic business in Japan, where we expect growing demand from patients and medical institutions.

We will build these companies into a solid collaborative structure with Daiichi Sankyo in the areas of quality, information and stable supply, the most important aspects of pharmaceutical products, to meet customer expectations. At the same time, we will leverage the advantages from Ranbaxy's business expertise, cost competitiveness and network of pharmaceutical companies in Japan and overseas toward augmenting our pipeline*¹ and continuously delivering a stable supply of products.

VOICE

Ramesh L. Adige

President
Corporate Affairs & Global Corporate
Communications
Ranbaxy Laboratories Limited

As a responsible global generic pharmaceutical company, Ranbaxy has made a deliberate decision to pool its

resources to fight the scourge of HIV/AIDS. Ranbaxy views its ARV programme as a not for profit business, and additionally as a service to society. The Company supplies high quality, affordable, Antiretroviral drugs to needy patients, particularly in developing and underdeveloped countries. Currently, more than 500,000 patients in over 60 countries across Africa, Latin America, CIS*² and Asia benefit from the use of Ranbaxy's ARV medicines.

Ranbaxy has also been responsible for consistently bringing down the cost of therapy. As an example, our Avocomb N, a Fixed dose combination of Lamivudine + Zidovudine + Nevirapine, twice daily, costs less than \$150 USD per year per patient. We believe this product alone is supplied to around 200,000 patients annually. We also plan to come out with newer second generation ARV's and Protease inhibitors*³ at affordable prices that are much needed in the developing world.

Ranbaxy's special efforts and significant focus on reducing child mortality, improving maternal health and combating HIV/AIDS, malaria and other neglected diseases tie in seamlessly with the Millennium Development Goals (MDG) set forth by the United Nations Development Programme (UNDP).

Ranbaxy's products are prequalified under the WHO QSM*⁴ scheme and this ensures that high quality bioequivalent products reach patients around the world.

Ranbaxy, India's largest pharmaceutical company, offers a wide range of quality, affordable generic medicines trusted by healthcare professionals and patients in over 125 countries.



Avocomb-NTM
Tablets



Valacyclovirhydrochloride
Tablets

*1 Sequence (structure) followed by pharmaceutical companies covering the process from development to sales of each drug.

*2 Abbreviation for the Commonwealth of Independent States. A loose-knit community of former republics formed after the dissolution of the Soviet Union in December 1991.

*3 One of the most promising anti-HIV drugs.

*4 Quality Assurance and Safety of Medicine

Fiscal 2009 Achievements

- Established the Vaccine Business Planning Department
- Held educational forums to convey the importance of vaccines to the media



Fiscal 2010 Goals

- Establish a joint venture with the Kitasato Institute
- Develop an integrated system for R&D, production, and sales of vaccines

Basic Policy

The sudden emergence of H1N1 influenza in 2009 and the subsequent rapid spread of the disease led many to believe that the global community has to be prepared for a pandemic. This heightened awareness of infectious diseases and of preventive measures against them has resulted in a growing need for vaccines, both in terms of quality and quantity. In addition, vaccines cut down medical costs by reducing expensive treatments.

In response to these social conditions, we established the Vaccines Business Planning Department (VBPD) in October 2009. We believe that the vaccine business is well-aligned with our corporate mission of “contributing to the enrichment of quality of life around the world through the creation of innovative pharmaceuticals and through the provision of pharmaceuticals addressing diverse medical needs.” With the mindset of becoming a crucial part of the public health system, we hope to develop our vaccine business into one of Daiichi Sankyo’s core operations in Japan.

Examples of Measures

Even before forming the VBPD, Daiichi Sankyo has been accumulating expertise in vaccine development and sales. Currently, we sell nine Kitasato Institute products, including vaccines for influenza and measles, and also Sanofi Pasteur’s ActHIB, a product of joint development in Japan by Sanofi Pasteur and Daiichi Sankyo. In December 2008, we signed a mutual collaboration agreement with the Kitasato Institute to facilitate research on novel vaccine candidates. As for the sales force, each of our sales branches is staffed with at least one vaccine specialist so that relevant information can



Hib vaccine (ActHib)

be delivered to healthcare workers in a timely manner.

Our vaccine business also provides us with opportunities to fulfill corporate social responsibility. We have been collaborating with vaccine experts in sponsoring a “Vaccine and Preventive Medicine Forum.” The objective of the forum is to build a fostering environment for the progress of preventive medicine, which will ultimately lead to a society with an extensive immunization program and free of all vaccine-preventable diseases.

VOICE

Masahiko Kikuchi, Ph.D.

Vice President
Vaccine Business Planning Department
Business Intelligence Division, Japan Company
DAIICHI SANKYO CO., LTD.

Today, infectious diseases still claim millions of lives around the globe. Malaria, for instance, affects 400 million

people and causes 2.1 million deaths annually. In many parts of the world, including Japan, hopes run high for creation of novel vaccines and introduction of existing vaccines available elsewhere. Vaccines not only protect millions of lives by preventing infection, but they also help cut down medical costs by reducing expensive treatments. Other areas of contribution include providing technical assistance to developing countries and helping them achieve domestic vaccine production, and developing new, fool-proof devices and formulations and exporting them to countries where immunization programs are limited by a shortage of doctors.

Through its contribution to society, our vaccine business will play a significant role in realizing our corporate mission. Social contribution is also the source of our motivation. Of course, carrying out vaccine business burdens us with a grave responsibility. With this in mind, we will commit ourselves to every stage of vaccine business, from R&D to production to sales, and do our part to make this society a better place to live.

Fiscal 2009 Achievements	Fiscal 2010 Goals
<ul style="list-style-type: none"> ● Enhanced information provision to promote appropriate use of OTC^{*1} medicines following the enactment of Japan's amended Pharmaceutical Affairs Law ● Made full-scale entry into the functional skincare business with Minon Amino Moist cosmetics for sensitive skin 	<div data-bbox="810 504 853 593" style="text-align: center;">➤</div> <ul style="list-style-type: none"> ● Enhance information provision <ul style="list-style-type: none"> • Enhance provision of information on products and diseases through a complete redesign of the corporate website • Enhance tools to support counseling by pharmacists selling Category 1 drugs^{*2}

Basic Policy

The healthcare business is a core business segment, encompassing OTC medicines, quasi-medicines and functional skincare products. We are further promoting self-medication^{*3} through DAIICHI SANKYO HEALTHCARE CO., LTD.

Daiichi Sankyo Healthcare is dedicated to enriching the quality of life of those seeking improved health and beauty. The company's goal is to consistently provide highly satisfying products and services by full leveraging its R&D and marketing capabilities gained from its origins as a pharmaceuticals manufacturer. By engaging in a business that is important to everyday life, Daiichi Sankyo Healthcare is building a solid relationship of trust with stakeholders.

Examples of Measures

In June 2009, amendments to Japan's Pharmaceutical Affairs Law were fully enacted and a new system came into effect in which OTC medicines are sold under three classifications, Category 1, 2 and 3, based on assessment of the contained substances in terms of side effects, combined use with other drugs, and degree of caution that should be exercised in administering a drug. Daiichi Sankyo Healthcare is enhancing the information provided on Category 1 drugs, which cannot not be sold without a pharmacist providing required information to customers, and on other drugs to promote the proper use of medications under each classification.

New products launched in fiscal 2009 included *LuLu Attack EX*, *Regain ZERO*, *Minon Amino Moist*, and *Patex Usupita Shippu*. *Minon Amino Moist* is a skincare cosmetics product with a hypoallergenic formula centered on amino acids, the skin's natural moisture retention factor. The product helps

to retain moisture and was developed to meet the growing needs of women with sensitive or dry skin.

Daiichi Sankyo Healthcare will provide information on safety as well as the efficacy of its products and will work every day for improvements that will make our products even safer for customers to use. We will continue to listen intently to customer feedback toward incorporating their thoughts into the development of better products.



VOICE

Masaru Mitoori

Category Management Group II
Marketing Department
DAIICHI SANKYO HEALTHCARE CO., LTD.

Rules for selling OTC medicines were revised with the enactment of the amended Pharmaceutical Affairs Law, and the sale of Category 1 drugs now require that pharmacists counsel customers on their use. This new method of sales generated some confusion, and many customers have told us that they rely on pharmacists and expect them to provide them with a complete explanation. I often notice things when I visit a pharmacy, and I imagine myself in the customers' shoes. As a manufacturer, we tend to focus more on legal compliance, but this is not enough. In principle, drugs should be sold with proper counseling. Daiichi Sankyo Healthcare provides appropriate usage charts to supplement explanatory notes for customers and storefront tools offering comprehensive descriptions of our products' features. We intend to continue adopting the customer's perspective when thinking about ways for encouraging communication between customers and pharmacists.

^{*1} Abbreviation for Over-The-Counter in reference to medicine that can be purchased without a doctor's prescription.

^{*2} Drugs that have been sold over-the-counter for only a short period or drugs that require a degree of caution for safety reasons due to side-effects or combined use with other drugs.

^{*3} Attending to health management, mild illnesses and injuries on one's own, using available information and knowledge related to health and medications.

Social Contribution Activities

Goal

1

2

3

4

5

Broaden the Opportunity of Access to Medical Services, Including Medicine, Globally

Fiscal 2009 Achievements

- Engaged in activities at each office that contributed to communities in accordance with regional needs
- Conducted 137 plant tours for over 2,200 people and opened our facilities to the public 216 times



Fiscal 2010 Goals

- Commence social contribution activities in line with the Basic Policies on Group Social Contribution Activities
- Develop global social contribution system

Basic Policy

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 catchphrases “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 promote initiatives worldwide that contribute to the development of science and research (medical and pharmaceutical), initiatives related to human life and the will to live, and initiatives related to natural life, such as conservation of the environment.

Basic Group 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 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.

Promotion Structure

In terms of specific initiatives, we established the Social Contributions Committee, which is chaired by the senior executive officer for Group CSR. This body considers all aspects of social contributions, confirming the suitability of specific proposals and ensuring transparency.

Global Support for Disaster Victims

The Daiichi Sankyo Group extended approximately ¥9.5 million in relief money and medical supplies worth ¥144 million to victims of the Haiti Earthquake that occurred in January 2010. We also donated approximately ¥5.4 million in relief money as a matching gift*.



Certificate of Appreciation from the Japanese Red Cross Society

* System in which a company donates the same amount contributed by its employees.

Social Contribution Activities

Major Activities in Japan

● Science and Pharmacology Seminar for High School Students

We held a researcher-led science and pharmacology seminar for high school students on August 3, 2009, 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 by a researcher, a tour of the center and a dialogue with young R&D staff members.

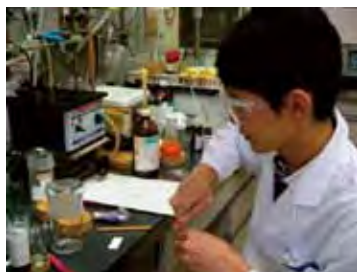
Afterward, we distributed a questionnaire in which 90% of the participants indicated that their interest in science and pharmacology had increased as a result of the seminar. We plan on conducting this seminar on an ongoing basis in the future.



Lecture given by a researcher

● Research Internships

ASUBIO PHARMA CO., LTD. offers research internships to graduate students. The purpose of the internships is to provide first-hand experience of the fascination of



An intern working in the laboratory

developing drugs and the atmosphere of the laboratory through a five-day work experience that includes lab work and group work, culminating in a presentation on the final day. In fiscal 2009, a total of 13 graduate students received internships; 4 students were accepted into chemical organic synthesis courses, 9 were accepted into biological assessment courses, and all experienced the various processes involved in researching new drugs. Participating students noted that teamwork and communication were just as important as individual knowledge and skills in conducting drug research.

● Communicating with Local Communities

We believe that contributions to the local 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 2009, we carried out clean-up activities and cooperated in providing curbside guidance during traffic safety campaigns around our offices. We opened our gym, grounds, meeting and exchange spaces, and participated in local activities such as disaster drills and festivals. We also made donations.

In the future, we will continue such contribution activities in order to prosper along with local communities as a good corporate citizen.



Clean-up activity around the plant



VOICE

Tetsuya Akada

Director, General Affairs Section, Osaka Plant
DAIICHI SANKYO PROPHARMA CO., LTD.

The Osaka Plant has been operating for nearly 85 years, and due to its convenient location close to the center of Osaka, the neighborhood is now surrounded by high-rise condominiums. Over the years, we have been able to steadily deepen our relationship with residents' associations and those involved in the local schools.

In addition to allowing a local youth development group to use the tennis courts on plant grounds on holidays, several employees organize a bi-monthly patrol team to patrol the area around the school and streets within the school district when students are going home. The patrol team is not limited to employees from specific departments; annual schedules are drawn up to enable employees from each department to take turns. Everyone participates in social contribution activities—this is the Osaka Plant way.

The Osaka Plant is scheduled to be closed in March 2011, leaving us with little time to continue our social contribution activities in the community. Even after employees are relocated to their new departments and begin participating in different activities, I am certain they will carry with them the spirit of participation we all cultivated at the Osaka Plant.

Major Activities Overseas

● Volunteer Commitment Program

At Daiichi Sankyo, Inc. in the United States, a new program was launched to encourage employee volunteerism. Employees who volunteer more than 40 hours per year on activities undertaken by non-profit organizations nominated their non-profit for a US\$1,000 donation. To date, a total of US\$58,000 has been donated to 58 organizations in 27 states, including groups supporting health-related activities such as the American Heart Association, local sports organizations, and animal protection groups.



Voluntary activities at an animal protection organization



● Cultivating Next-Generation Human Resources for the Pharmaceutical Industry

Luitpold Pharmaceuticals, Inc. in the United States has been extending donations to St. John's University College of Pharmacy to cultivate the future leaders of the pharmaceutical industry. As part of its curriculum for fifth- and sixth-year pharmacology students, the university offers an elective course on pharmaceutical information to provide students with a deeper understanding of the industry. We received the Best On-site Training Teacher of the Year Award in recognition of the education and experience-based curriculum we offer in this course.

In July 2010 we launched a two-year fellowship program in which students with a masters degree in pharmacology

can acquire marketing skills for the pharmaceutical industry by honing their communication capabilities.



Award recipient Mr. William C. Fridrich, R.Ph., M.B.A.

VOICE

Jo-ann Straat

Senior Manager, Public Affairs and Head of U.S. Corporate Philanthropy
DAIICHI SANKYO, INC. (U.S.A.)



Our efforts here in the U.S. to develop an active and impactful corporate philanthropy program harmonize well

with the global goal of developing a more visible CSR presence.

As part of our corporate philanthropy program, we sponsor a comprehensive *Clinical Pharmacy Services and Education Program* at the Zufall Health Center, a federally qualified health center that serves over 9,000 low-income and un-insured patients annually. A significant portion of the Health Center's patients (as many as 40%) have been diagnosed with diabetes, hypertension, or other chronic diseases. With DSI's support, the Health Center retained a part-time dedicated bilingual (Spanish and English) pharmacist who meets with patients and reviews their prescriptions in order to reduce medication errors and adverse drug events, thereby providing better access to medications and improving health outcomes. Since its inception last year, this multifaceted program has impacted the lives of almost 800 patients coping with diabetes, hypertension, or using anticoagulation therapy. Through the combination of education, medication monitoring, and coordination of prescription drugs, this program has made a positive impact in reducing medication errors and improving the health outcomes of Zufall's patient population.

Social Contribution Activities

● Supporting Children with Heart Disease

Daiichi Sankyo France supports Mécénat Chirurgie Cardiaque, a Paris-based organization dedicated to saving the lives of children around the world by providing cardiac surgery. The organization helps children who do not have access to the required surgery in their home countries by offering them treatment free of charge. It also invites doctors from other countries to France so they can acquire the skills necessary for cardiac surgery.



Photograph by Ari Rossner

● Supporting Doctor and Pharmacist Programs

Since 2004, Daiichi Sankyo Pharmaceutical (Beijing) has donated funds to medical doctor and pharmacist training programs conducted by the International Health Exchange and Cooperation Center, Ministry of Health P.R. China, which aims to improve medical technology. In fiscal 2009, donations were used for an academic exchange project between China and Europe.



Academic exchange in Europe

● Contributing to Enhancing the Quality of Life

Instability in public safety affects the lives of those living in Yala Province, located in southern Thailand near the border with Malaysia. Daiichi Sankyo (Thailand) donated 50,000 baht to enhance the quality of life at a nursing home for 80 elderly residents in the hope that people in this region could enjoy long and healthy lives.



Nursing home residents

● Giving Sick Children the Will to Live

Daiichi Sankyo Venezuela supports an NGO of volunteer clowns who perform at hospitals, encouraging the will to live among the patients. Our volunteers assist hospitals in the country to entertain the patients suffering from cancer with the support of members of NGO, delivering gifts to children and reading the children's storybook "Voices of the Heart."



A scene from voluntary activities



● Bringing Cheers and Laughter to Children

The South Africa team at Ranbaxy Laboratories held a Christmas party with children at Centurion Hospice. During the party, children hospitalized with life-threatening diseases, such as HIV, performed a moving concert for the team. We intend to continue engaging these children in various activities, such as by holding Easter and Spring Day parties.



Christmas Party

● Creating New Smiles with Old Clothes

Ranbaxy Laboratories participates in the "Creating new smiles with old clothes" campaign, in which used clothing and toys collected by employees are sent to children in the care of the NGO called SOS Village. We help bring smiles to the faces of children by delivering toys and stationery along with used clothing.



Children at the SOS Village



VOICE

Dr. Ranbir Bakshi

Chief Medical Officer, Ranbaxy Community Healthcare Society
Ranbaxy Laboratories Limited

Ranbaxy has a strong element of Corporate Social Responsibility inscribed in its values and its concern for society extends well beyond its business.

Incorporated as an Independent society in 1994 Ranbaxy Community Healthcare Services (RCHS) traces its inception back to 1979. Perceiving the need for a program that would ensure delivery of primary healthcare to the people in the areas around its facilities in India, Ranbaxy launched mobile healthcare services. Today Ranbaxy's medical teams serve a population of over 200,000 people in 110 rural and urban slum areas in Punjab, Haryana, Himachal Pradesh, Madhya Pradesh and Delhi. The programme is based on an integrated approach of preventive, promotive and curative services, covering areas of maternal child health, family planning, reproductive health, adolescent health, and health education including AIDS awareness. During 2009, maternal and infant mortality were the focus of particular attention.

Ranbaxy also partners with the state governments and the central Government of India in eradication of critical areas of HIV/AIDS, tuberculosis, malaria, polio, non-communicable chronic diseases and female foeticide.

Most recently, Ranbaxy has entered into a Public Private

Partnership (PPP) with the Punjab State Government, to deliver healthcare services in identified districts of Punjab. This program will be rolled out in a phased manner.

Ranbaxy also extends a helping hand in hour of need across shores. This year through the Clinton Foundation, it supported Haiti's victims by providing them with medicine. The Company also offers a large portfolio of antiretroviral (ARV) medicines at an affordable cost to needy patients. Today over 5,00,000 patients in more than 60 countries covering Africa, Latin America, CIS and Asia benefit from Ranbaxy's ARVs.

In its effort to promote scientific endeavors through the Ranbaxy Science Foundation, every year Research Awards are given to outstanding scientists in India. This year, 12 scientists and 9 young scholars were honored by the Foundation.



Providing medical services

Corporate Governance

Basic Idea

In addition to creating a management structure that can respond speedily and flexibly to changes in the business environment, the Daiichi Sankyo Group is working to secure legal compliance and management transparency and to strengthen oversight of management and the conduct of operations. We place great importance on building up a corporate governance structure that is responsive to the trust of our stakeholders, especially our shareholders.

Governance Structure

To clarify the board members' management responsibility and reinforce their oversight of management and the conduct of operations, their terms of office are set at one year, and four of our ten Directors are appointed from outside the Group. To ensure management transparency, in addition to the appointment of Outside Directors, the nomination and compensation of Directors and Corporate Officers are deliberated by a Nomination Committee and a Compensation Committee. To secure further rightfulness, Outside Directors are in majority in these committees.

Furthermore, for supervision of legal compliance and sound management, the Company has adopted a Kansayaku (Statutory Auditor) system and established a Board of Kansayaku comprising four Kansayaku, including two Outside Kansayaku.

The Company also employs a Corporate Officer System under the supervision of the Board of Directors for swift and appropriate management decision-making and the conduct of operations.

System for Safeguarding Efficient, Accountable Decision-Making

The term of office for Directors and Corporate Officers is set at one year to respond swiftly to changes in the business environment and to clarify management responsibility. Nomination of Directors and Corporate Officers is discussed at the voluntarily established Nomination Committee. To secure further rightfulness, Outside Directors are in majority in the committee.

The Role of Kansayaku (Statutory Auditors)

To contribute to sound and sustainable management, each Kansayaku attends important meetings, including the Board of Directors and management executive meetings, and expresses their opinions in accordance with the Kansayaku Audit Standards. In addition, each Kansayaku verifies the details of reports received from Directors, employees, and others and investigates the state of corporate operations and property.

Remuneration for Directors

Fees (annual amount): ¥427 million (including ¥72 million for Outside Directors)
 Directors' bonuses: ¥154 million (not extended to Outside Directors)
 Share remuneration-type stock option remuneration: ¥134 million (not extended to Outside Directors)
 Total: ¥715 million (including ¥72 million for Outside Directors)

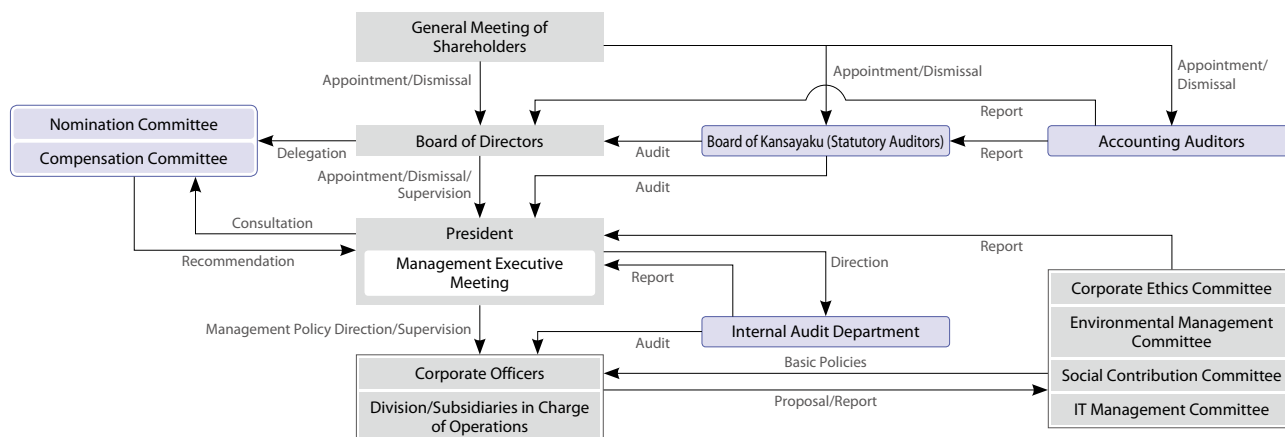
Remuneration for Kansayaku

Fees (annual amount): ¥111 million (including ¥36 million for Outside Kansayaku)
 Total: ¥111 million (including ¥36 million for Outside Kansayaku)

* Fiscal year ended March 31, 2010.

** The names of those receiving bonuses and compensation exceeding ¥100 million are individually disclosed in the Securities Report.

Corporate Governance Structure



Risk Management

Risk Management

We are fully prepared to effectively 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 seek to identify, specify, analyze and assess underlying risks and respond by retaining, reducing, avoiding or shifting them. We also provide information, training and insight concerning risks.

The Daiichi Sankyo Group defines risk as the possibility of occurrence or state prior to the occurrence of an adverse event. We deal with the possible occurrence of secondary adverse events arising from an initial adverse event through crisis management. Under our risk management structure, the president, or a person appointed by the president, serves as the CRO (Chief Risk Management Officer), and the executive officer in charge serves as the Risk Management Promotion Officer.

Crisis Management

The president or person appointed by the president serving as CRO responds to the occurrence of a crisis (adverse event) by establishing a standards-based system that correlates with the degree of human, social and corporate impact and the extent to which public notification is possible.

The Daiichi Sankyo Group responds to crises by placing priority on the safety of all our stakeholders, including patients, medical professionals, local residents and employees.

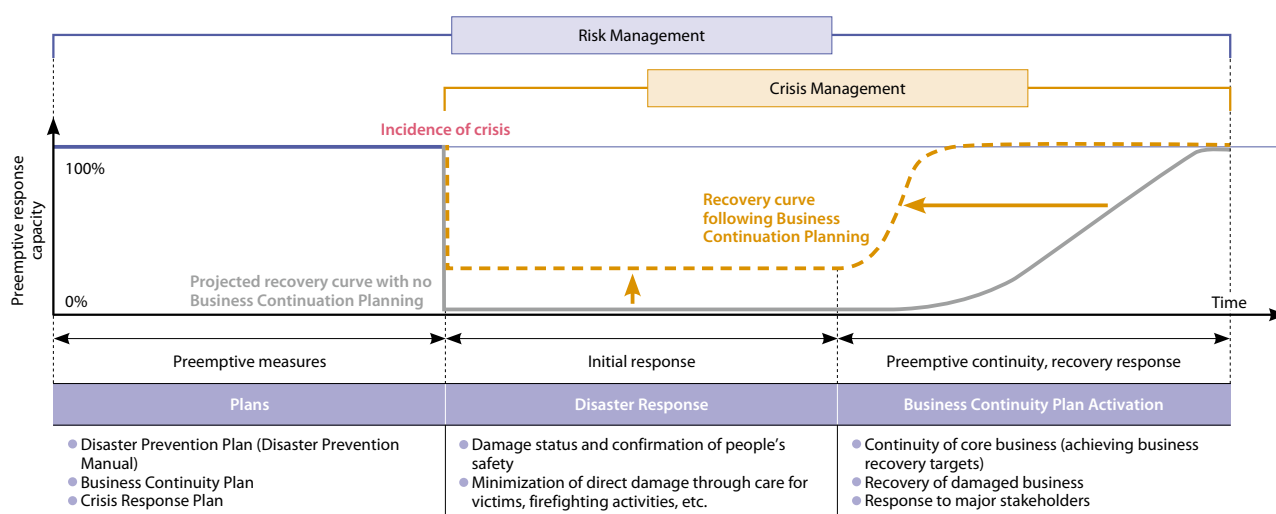
Example of a Crisis Response

Responding to the H1N1 Influenza Epidemic

When the H1N1 influenza virus epidemic began to emerge as a pandemic in 2009, we decided a crisis had occurred and responded by establishing a crisis management system and implementing the following major actions.

- Restricted overseas travel
- Distributed manuals and masks to prevent infection of new influenza viruses
- Granted special leaves of absence to employees suspected of being infected with the new influenza virus
- Implemented flexible working hours such as staggered start and finish times for rush hour avoidance
- Subsidized a portion of the cost of vaccination against the new influenza virus

Conceptual Diagram of Risk Management





Reflecting on Corporate Social Responsibility Report 2009

Each year, the Daiichi Sankyo Group conducts a CSR Report reading session to gather participant feedback on the report. We consider this to be an important tool for communicating with our stakeholders.

As in the previous year, we received valuable opinions this year from students of the Aoyama Gakuin University School of Business.



»» Theme 01

Impressions upon reading CSR Report 2009

+ Pros

- Improvements have been made in response to suggestions from the previous year's reading session.
- Abundant photographs and graphs made it easier to comprehend.
- Communicated a sense of responsibility for the work done by the Company.
- Efforts are being made to create a comfortable workplace.

— Cons

- Technical terms were difficult to understand, and the style of writing was monotonous and stiff.
- Which message was of most importance was not made clear to the reader.
- Too much blank space coupled with small print made it difficult to read.
- Too little mention of the Company's work and appeal of its major products.
- Lack of reference values made it difficult to understand the points of the environmental report.
- Not enough information on overseas activities or mention of emerging countries.
- Not enough information on financial and business performance.

»» Theme 02

Points that should be incorporated into CSR Report 2010

- Follow a consistent theme in creating the report and clearly state the Company's goals and outlook for the future.
- Include information on employee dissatisfaction and aspects in need of improvement as well as feedback from clients and newly hired employees.
- Explain the actual work being done at the Company and the process through which a drug is delivered to us.
- Use photographs that help give context to the content, such as photographs of people actually using the donated item instead of the item itself, the smiling face of the president or the Company's major products.
- Adopt a unified style of writing.
- Consider ways for making the frequently used table of contents easier to read.
- Include inside cover pages to mark content categories.

Overview of Reflecting on Corporate Social Responsibility Report 2009

Date: March 15, 2010

Time: 10:00–17:00

Place: Meeting Room, Daiichi Sankyo Propharma Hiratsuka Plant

Theme: Reviews of the Daiichi Sankyo Group CSR Report

Content: Plant visit and discussion

Participants: 24 students from the Ken Takeda Seminar,
Aoyama Gakuin University School of Business



Corresponding Improvements to Daiichi Sankyo Group CSR Report 2010

- Additional consideration was given to enhance readability by using larger print and universal design fonts.
- Additional consideration was given to making the report easier to understand, such as by visually differentiating categories, changing the table of contents page and including product photographs.
- Content was ordered according to the goals of the Mid-term CSR Policy, and the executive officer in charge of each one expressed the future outlook in his own words.
- Actual voices of a broad range of employees were presented, including those working at overseas Group companies.
- Introduced the actual work being done by the Company and the thoughts of employees through comments from employees engaged in a variety of tasks.



VOICES

Comments from Participants of Daiichi Sankyo Group CSR Report 2009 Reading Session

- The Company listened to our inexperienced opinions. Being involved with a company like this was a valuable experience for me.
- I had always imagined pharmaceutical companies to be stiff and solemn, but that image changed after being around employees who listened to student opinions.
- Kindness shown by the employees helped the discussions proceed smoothly and provided me with the valuable experience of presenting my views to a company.
- Learning about how a CSR report is created made me realize the difficulty of communicating CSR to stakeholders.
- It was an excellent opportunity for learning about the many concrete aspects of a company's activities.

GRI Guidelines Index

Item	Indicator	Report Page/Content
1. Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	5–6
1.2	Description of key impacts, risks, and opportunities.	11–12, 13–16
2. Organizational Profile		
2.1	Name of the organization.	68
2.2	Primary brands, products, and/or services.	3
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	68
2.4	Location of organization's headquarters.	68
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	4, 68
2.6	Nature of ownership and legal form.	34
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	4
2.8	Scale of the reporting organization.	3–4, 7–8
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	1
2.10	Awards received in the reporting period.	48
3. Report Parameters		
Report Profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	1
3.2	Date of most recent previous report (if any).	1
3.3	Reporting cycle (annual, biennial, etc.)	1
3.4	Contact point for questions regarding the report or its contents.	Back cover
Report Scope and Boundary		
3.5	Process for defining report content.	13–16
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	1
3.7	State any specific limitations on the scope or boundary of the report.	1
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	1
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	30, 41
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	N/A
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	1
GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report.	63–64
Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	No external assurance
4. Governance, Commitments, and Engagement		
Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	16
4.2	Indicate whether the chairperson of the highest governance body is also an executive officer.	Chair also an executive officer
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	59
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	34, 36
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	59
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	59
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	59
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	5–6
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	16
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	16
Commitments to External Initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	60
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Not participating
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	Japan Pharmaceutical Manufacturers Association/ International Federation of Pharmaceutical Manufacturers & Associations (IFPMA)
Stakeholder Engagement		
4.14	List of stakeholder groups engaged by the organization.	16
4.15	Basis for identification and selection of stakeholders with whom to engage.	16
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	11–12
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	21–58

Economic			
Economic Performance			
EC1.	CORE	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	4
Market Presence			
EC6.	CORE	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	35
Indirect Economic Impacts			
EC8.	CORE	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	54–58
Environmental			
Energy			
EN3.	CORE	Direct energy consumption by primary energy source.	39
EN4.	CORE	Indirect energy consumption by primary source.	39
EN5.	ADD	Energy saved due to conservation and efficiency improvements.	41
EN6.	ADD	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	41–42
Water			
EN8.	CORE	Total water withdrawal by source.	39, 46
Biodiversity			
EN14.	ADD	Strategies, current actions, and future plans for managing impacts on biodiversity.	46
Emissions, Effluents, and Waste			
EN16.	CORE	Total direct and indirect greenhouse gas emissions by weight.	41
EN17.	CORE	Other relevant indirect greenhouse gas emissions by weight.	41
EN18.	ADD	Initiatives to reduce greenhouse gas emissions and reductions achieved.	41–42
EN20.	CORE	NOx, SOx, and other significant air emissions by type and weight.	45–46
EN21.	CORE	Total water discharge by quality and destination.	46
EN22.	CORE	Total weight of waste by type and disposal method.	43
EN23.	CORE	Total number and volume of significant spills.	45
Products and Services			
EN26.	CORE	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	40
EN27.	CORE	Percentage of products sold and their packaging materials that are reclaimed by category.	44
Compliance			
EN28.	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	45
Transport			
EN29.	ADD	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	41–42
Overall			
EN30.	ADD	Total environmental protection expenditures and investments by type.	39
Labor Practices & Decent Work			
Employment			
LA1.	CORE	Total workforce by employment type, employment contract, and region.	7–8
LA3.	ADD	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	24, 27–28
Occupational Health and Safety			
LA7.	CORE	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	28
LA8.	CORE	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	28
LA9.	ADD	Health and safety topics covered in formal agreements with trade unions.	25
Training and Education			
LA11.	ADD	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	24
Diversity and Equal Opportunity			
LA13.	CORE	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	26–27
Human Rights			
Freedom of Association and Collective Bargaining			
HR5.	CORE	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	25
Child Labor			
HR6.	CORE	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	25
Forced and Compulsory Labor			
HR7.	CORE	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	25
Society			
Corruption			
SO3.	CORE	Percentage of employees trained in organization's anti-corruption policies and procedures.	20
Product Responsibility			
Customer Health and Safety			
PR1.	CORE	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	30–33
Product and Service Labeling			
PR5.	ADD	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	30
Marketing Communications			
PR6.	CORE	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	19

Third-Party Opinions



Shigeki Morimoto

Manager, General Administration Division
Healthcare Corporation Keishinkai Kyoto
Takeda Hospital

Mr. Morimoto began working at the hospital in April 2000 and has served as Manager of the General Administration Division since April 2008 with the primary responsibility of third-party assessment and CSR.

I would like to offer my comments on the Daiichi Sankyo Group's CSR report as a third-party opinion. Considering reports from newspapers and other media, it seems as though "safety and security" have collapsed over the past few years. We are all aware that in the information age we live in today, corporate activity can have a major impact on the public sphere. This makes the CSR report extremely important for the activities of any organization in society.

Daiichi Sankyo has improved its CSR report in response to past opinions in order to clearly present the content under each goal of the Mid-term CSR Policy, and I found

it very easy to read. I admire the Company for pursuing initiatives in line with the times, such as incorporating e-learning in harassment training as part of its human rights efforts. The CSR Report reading session is another undertaking I hope the Company will continue into the future. If I may add to this idea, I would like to see the session expanded so that local residents, including patients, can also participate. Local residents have diverse views, which can lead us to the discovery of improvements that are difficult to notice from inside the Company. As a corporate stakeholder, we expect the Daiichi Sankyo Group to continue developing its CSR activities.

The Keishinkai Kyoto Takeda Hospital

The Kyoto Takeda Hospital seeks to practice its philosophy of "medical treatment that emphasizes the human touch," and has provided safety and security to local residents as a foundation for people's health. The hospital is focusing on third-party evaluations in its goal of becoming a healthcare facility that provides safe, satisfying and comfortable medical services.



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 the perspectives of environmental management and CSR.

As in the past, the Company has responded with sincerity by reflecting last year's third-party opinions in this year's report. I think Daiichi Sankyo has made significant progress by clearly stating the issues that are important. In particular, the Group has given prominent positions to the issues of diversity, communication with stakeholders, and broadening access to medical services across the globe. I consider this a very accurate conclusion when viewed from the combined perspectives of society's expectations for the Daiichi Sankyo Group and the characteristic nature of its business.

That said, limiting the report on diversity to the Group's efforts in Japan was somewhat disappointing. A global enterprise should proactively disclose such information early on. With respect to communication with

stakeholders, providing an overall picture of this aspect of communication may have deepened understanding. It would clearly illuminate how the Group initiates communications as well as how others approach the Group. The perspectives of local communities, government and legislature are also indispensable. With respect to broadening access to medical services across the globe, I strongly hope the Company will include the perspectives of those with no access to medicine as well as measures for maintaining health and preventing diseases. Furthermore, pharmaceutical companies by nature are required to address specialized issues in compliance. In the future, I expect Daiichi Sankyo to provide background information on these issues and report on its efforts.

The Japan Research Institute, Limited

The Japan Research Institute is a comprehensive information services enterprise with three functions: systems integration, consulting, and think tank functions. One aspect of its operations is to provide corporate data to facilitate socially responsible investment.





Ikuro Sato

General Manager
Program Manager
Plan Japan

Mr. Sato has long supported developing nations, including eight years of service in overseas assignments. He assumed his current post in 2010 and is responsible for overall organizational management as well as monitoring and assessing regional development projects.

I offer my opinion on *Daiichi Sankyo Group CSR Report 2010* from the standpoint of an NGO supporting community development of developing countries in Asia, Africa, and Central and South America.

First, diverse unmet medical and healthcare needs exist in developing regions, where infectious diseases such as malaria and HIV are widespread, and standards for maternal and children's care are dismally low. Ensuring that the poor have access to inexpensive, high-quality pharmaceutical products is a global concern that must be addressed to achieve the Millennium Development Goals of the United Nations. In this context, I commend the Daiichi Sankyo Group for identifying broadening access to medical services across the globe as one goal of its Mid-term CSR Policy. The

Group's efforts, however, still appear to be in their initial stages. For example, in the future I would like the Group to pay due consideration to the realities of income and education, human rights, and other factors in promoting the dissemination of generic drugs for the poor, and to report its progress.

Second, it appears that in the past, social contribution activities by employees of Group companies were undertaken separately by each company or business unit. Now that the Basic Policies on Group Social Contribution Activities have been established, I hope these activities will take on a more unified direction in the future. I think it is necessary to more firmly incorporate social contributions by employees into corporate activities and to assess them.

Plan Japan

Plan Japan is an NGO that promotes community development alongside the children of developing countries. "Plan" is an international NGO officially recognized by and registered with the United Nations, and maintains political and religious neutrality. The organization actively engages in 8 areas, including education and healthcare, in 48 countries in Asia, Africa, and Central and South America.



Takeshi Asano

Vice Chairman
Federation of Daiichi Sankyo
Workers' Union

Elected Vice Chairman at the first regular general meeting of the Federation of Daiichi Sankyo Workers' Union in September 2008, Mr. Asano was appointed President of the Daiichi Sankyo Workers' Union at its fourth regular central meeting in August 2010.

This year's CSR Report expressed the Company's policy of respecting employee diversity in pursuing its CSR activities and included concrete initiatives that are being undertaken. As the Workers' Union, we intend to join in the Company's direction of deriving power from diversity in pursuing CSR activities and to assist in shaping a united labor-management effort to enhance humanistic value.

In reviewing the Daiichi Sankyo Group's CSR policy and concrete initiatives from an employee's perspective, CSR has been given greater significance as the very backbone

of the Second Mid-term Business Management Plan, and there is a need to deepen understanding of CSR at the level of each individual employee. Unfortunately, I do not think CSR is sufficiently understood at this level. The Company has already identified this as an issue that must be addressed, and I think greater effort will be required in the future to directly communicate the CSR policies and concrete initiatives to employees. I believe that enhancing employee understanding will result in all the Company's stakeholders recognizing the Daiichi Sankyo Group as a sound enterprise.

Federation of Daiichi Sankyo Workers' Union

The Federation comprises approximately 6,100 members from the 5 workers' unions at Daiichi Sankyo, Daiichi Sankyo Propharma, Daiichi Sankyo Healthcare, Daiichi Sankyo Chemical Pharma and Asubio Pharma. The organization serves as a counterbalance and partner as the Company's closest stakeholder.



Responding to Third-Party Opinions



Yoshikazu Takano

Senior Executive Officer
Head of Group CSR
DAIICHI SANKYO CO., LTD.

We received third-party opinions on this report from Shigeki Morimoto of the Keishinkai Kyoto Takeda Hospital, Ikuro Sato of Plan Japan, Eiichiro Adachi of the Japan Research Institute, and Takeshi Asano of the Federation of Daiichi Sankyo Workers' Union. I thank them for taking the time to express their opinions and recommendations on our CSR report. Their comments will be seriously considered and we will respond to the important issues they have raised for the entire Daiichi Sankyo Group.

Viewing this report as a key tool for communicating with our stakeholders, we sought to present the Group's initiatives and achievements on CSR as comprehensively as possible. In particular, we clarified the process through which we formulated the Mid-term CSR Policy for our Second Mid-term Business Management Plan covering the period that began in fiscal 2010, what we consider to be the important issues, our awareness of each individual issue, and how we intend to address all of them. We hope that by doing so, we were able to help our stakeholders understand that our CSR initiatives are inseparable from our business activities and that we will accelerate our efforts as vital for our management.

Having reviewed the third-party opinions, I was gratified to find that this point had been understood by the contributors. Meanwhile, Mr. Morimoto expressed his hope that local residents, including patients, would participate in future CSR Report reading sessions. This valuable insight will guide our plans for reinforcing communication with stakeholders. Mr. Sato requested that we pay due consideration to human rights and the realities of income

and education and provide progress reports with regard to our goal of broadening access to medical services across the globe. On this point, we are planning to present a clearer report on the results of our social contribution activities, keeping in mind the ultimate purpose of these activities. Mr. Adachi's recommendations focused on four points, including diversity and communication with stakeholders. Recognizing the significance of each point, we will incorporate them into our annual CSR Plan for the next fiscal year and use them as guidelines for deploying CSR toward our Vision for 2015. Mr. Asano pointed out that more work will be required in the future to directly communicate the CSR policies and concrete initiatives to employees from the perspective of enhancing humanistic value. We will thus seek even closer coordination with the relevant divisions toward improvements.

The Daiichi Sankyo Group will seek to fulfill its corporate social responsibilities by adding collaboration with Ranbaxy to our past business operations in developed countries in order to serve as a **Global Pharma Innovator** in every corner of the globe, including emerging countries. We will continue to provide pharmaceutical products in response to diverse medical needs as our basic mission, while extending our support to healthcare and medicine. In addition, the Company will promote environmental management with consideration for biodiversity and measures to create workplaces where staff gain meaningful employment, and continue its journey toward becoming a sustainable Company that is trusted by its stakeholders.

Corporate Information

Company Profile (As of March 31, 2010)

Company Name: DAIICHI SANKYO COMPANY, LIMITED
Established: September 28, 2005
Headquarters:
 3-5-1, Nihonbashi-honcho, Chuo-ku, Tokyo, 103-8426, Japan
URL: <http://www.daiichisankyo.co.jp>

Business:
 Research and development, manufacturing, and sales of pharmaceutical products
Paid-in Capital: ¥50,000 million
Employees: 29,825 (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), Fukuroi (Shizuoka Prefecture)
Factories:
 Akita, Onahama (Fukushima Prefecture), Tatebayashi (Gunma Prefecture), Hiratsuka (Kanagawa Prefecture), Odawara (Kanagawa Prefecture), Takatsuki (Osaka), Osaka

Main Group Companies

Japan

Company Name	Principle Business Activities
Daiichi Sankyo Espha Co., Ltd.	Manufacturing and sales of pharmaceuticals
DAIICHI SANKYO HEALTHCARE CO., LTD.	Manufacturing and sales of OTC drugs, cosmetics, medical equipment, food, and beverages, among others
DAIICHI SANKYO PROPHARMA CO., LTD.	Manufacturing of pharmaceuticals
DAIICHI SANKYO CHEMICAL PHARMA CO., LTD.	Manufacturing of active pharmaceutical ingredients and intermediates
DAIICHI SANKYO LOGISTICS CO., LTD.	Distribution and related affairs
ASUBIO PHARMA CO., LTD.	Research and development 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

U.S.A.

Company Name	Principle Business Activities
DAIICHI SANKYO, INC.	Research, development, and sales of pharmaceuticals
Luitpold Pharmaceuticals, Inc.	Manufacturing and sales of pharmaceuticals and veterinary medicine

Europe

Company Name	Principle Business Activities
DAIICHI SANKYO EUROPE GmbH	Development and manufacturing of pharmaceuticals
DAIICHI SANKYO FRANCE SAS	Sales of pharmaceuticals
DAIICHI SANKYO DEUTSCHLAND GmbH	Sales of pharmaceuticals
DAIICHI SANKYO ITALIA S.p.A.	Sales of pharmaceuticals
DAIICHI SANKYO ESPAÑA, S.A.	Sales of pharmaceuticals
DAIICHI SANKYO UK LIMITED	Sales of pharmaceuticals
DAIICHI SANKYO (SCHWEIZ) AG	Sales of pharmaceuticals
DAIICHI SANKYO PORTUGAL, LDA.	Sales of pharmaceuticals
DAIICHI SANKYO AUSTRIA GmbH	Sales of pharmaceuticals
DAIICHI SANKYO BELGIUM N.V.-S.A.	Sales of pharmaceuticals
DAIICHI SANKYO NEDERLAND B.V.	Sales of pharmaceuticals
DAIICHI SANKYO İLAÇ TİCARET Ltd. Şti	Sales of pharmaceuticals
DAIICHI SANKYO IRELAND LTD.	Sales of pharmaceuticals
DAIICHI SANKYO ALTKIRCH SARL	Manufacturing of materials, etc. for pharmaceuticals
U3 Pharma GmbH	Ethical pharmaceutical research
DAIICHI SANKYO DEVELOPMENT LTD.	Ethical pharmaceutical development

ASCA*

Company Name	Principle Business Activities
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 TAIWAN LTD.	Sales of pharmaceuticals
DAIICHI SANKYO KOREA CO., LTD.	Sales of pharmaceuticals
DAIICHI SANKYO (THAILAND) LTD.	Import, sales, and agency of pharmaceuticals/chemical products
DAIICHI SANKYO HONG KONG LIMITED	Marketing of pharmaceuticals
DAIICHI SANKYO BRASIL FARMACÉUTICA LTDA.	Manufacturing and sales of pharmaceuticals
DAIICHI SANKYO VENEZUELA S.A.	Manufacturing and sales of pharmaceuticals
DAIICHI SANKYO INDIA PHARMA PRIVATE LIMITED	Research and development of pharmaceuticals
Ranbaxy Laboratories Limited	Research, development, manufacturing, and sales of pharmaceuticals

Note: Group companies of Ranbaxy Laboratories Limited are not included in this list.

* In-house term for markets outside Japan, the United States and Europe.

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

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The Color Universal Design Organization has certified that this report conforms to 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 ₂)
Resource procurement (paper, ink, and printed plates)	1,806
Production	449
Distribution and sales	4
Disposal and recycling	398
Total	2,657



This report was printed using green power generated by wind. Electrical energy used to print 4,000 copies of the report was estimated at 1,059 kWh.



Daiichi Sankyo has been included in the Asia Pacific Index of the renowned Dow Jones Sustainability Indexes, the world's first socially responsible investment indexes. (Included following publication of Japanese version of this report.)



Daiichi Sankyo has been included for two consecutive years in the FTSE4Good Global Index, the world's leading global index.



Daiichi Sankyo has been included in the Morningstar Socially Responsible Investment Index, Japan's first SRI index, as one of 150 select companies in Japan evaluated for their excellence in social responsibility. (As of September 1, 2010)



This report was printed using 100% biodegradable printing inks from vegetable oil.



The waterless printing method used for this report minimized the use and release of harmful liquid wastes.