

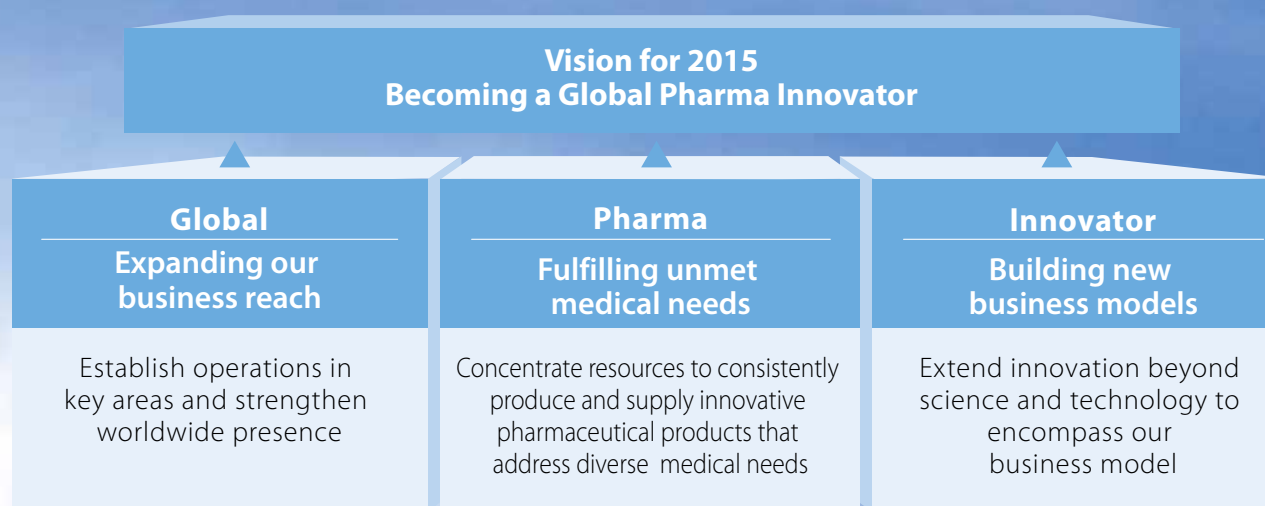
Corporate Social Responsibility Report 2011

DAIICHI SANKYO CO., LTD.



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

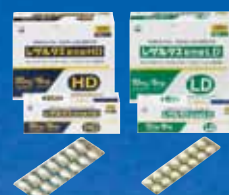
An antihypertensive drug sold in Japan under the name *Olmetec*. Currently sold in more than 70 countries worldwide.



Pharmaceutical Product

Olmesartan medoxomil, Azelnidipine

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



Pharmaceutical Product

Levofloxacin hydrate

A broad-spectrum antibacterial agent sold in Japan under the name *Cravit*. Currently being sold in more than 120 countries; launched in 1993 in Japan.



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

Memantine hydrochloride

A treatment for Alzheimer's Disease, called *Memary* in Japan. It was launched in Japan in June 2011.



Pharmaceutical Product

Laninamivir octanoate hydrate

An anti-influenza treatment that is administered through inhalation. It is sold under the name of *Inavir* in Japan. It was launched in Japan in October 2010.



OTC^{*1} Drugs

Shin LuLu A Gold DX

Shin LuLu A Gold DX is a comprehensive cold medicine that is very effective in alleviating major symptoms of sore throat, stuffy nose and cough and can be taken by the whole family (children from the age of 7).



OTC Drugs

Loxonin S

Loxonin S is an over-the counter anti-inflammatory analgesic that is very effective in rapidly treating headaches and menstrual pain.



^{*1} Over-the-counter (OTC) drugs are pharmaceutical products that can be purchased without a prescription from a doctor.

Response to the Third-Party Opinions / Editorial Policy

Response to the Third-Party Opinion

Major issues pointed out in the past that the Group has now addressed

- 1** CSR policies and specific initiatives should be conveyed more directly to employees.
➤ We are reinforcing our efforts with Group employees by revising our Corporate Conduct Charter see page 10
- 2** The report should include more detail on the information and initiatives specific to pharmaceutical companies in the compliance field.
➤ We made every effort to include information on the transparency of relationships with medical professionals see pages 27–28
- 3** Daiichi Sankyo should disclose information suited to a global company as soon as possible in a diversity report.
➤ We included global information as much as possible in Goal 2 see pages 35–36
- 4** The report should give an overall picture of communication with stakeholders.
➤ We are considering this in light of revisions to the Corporate Conduct Charter. — see page 10
- 5** Activities should take a more unified approach across the Group, in accordance with its policy for social contribution activities.
➤ We are working to expand medical access through our global social contribution activities see pages 11–18
- 6** The report should introduce the perspective of people who do not yet have access to pharmaceutical products and measures to maintain health and prevent disease.
➤ We are working to expand medical access through our global social contribution activities see pages 11–18

Major issues pointed out in the past that the Group has not yet addressed

- Daiichi Sankyo should hold a CSR Report Reading Session for community residents, including patients.
➤ We will consider a range of activities aimed at incorporating community residents' opinions.

Editorial Policy

In this report, we mainly provide information on initiatives and activities related to corporate social responsibility (CSR) undertaken by the Daiichi Sankyo Group in fiscal 2010. We see this report as an important tool for communicating with our stakeholders, and we gave special attention to the following points in editing its contents.

- We have included a special feature focusing on our global social contribution activities addressing the UN Millennium Development Goals (MDGs).
- We strove to describe the Group's approach to CSR and initiatives in a way that would be clear in light of global trends in CSR.
- Based on checking progress on the five CSR goals laid out in the Mid-Term CSR Policy, the report seeks to clearly describe initiatives that should be addressed in fiscal 2011 based on results in fiscal 2010, the first fiscal year of the plan.
- The report includes "Voice" sections, which demonstrate the respect the Group has for employee diversity by focusing on an individual and the work he or she does, in order to illustrate Group employees' job satisfaction.
- We summarized our response to issues pointed out in Third-Party Opinions in the section above.

● Companies Covered

Principal Group companies inside and outside Japan, which are listed on page 70 of this report.

● Period Covered

April 1, 2010 to March 31, 2011 (fiscal 2010)
Some sections of the report also discuss initiatives since April 2011.

● Reference Guidelines

Global Reporting Initiative (GRI)
Sustainability Reporting Guidelines Version 3.1
Japanese Ministry of the Environment's Environmental Reporting Guidelines, 2007 edition

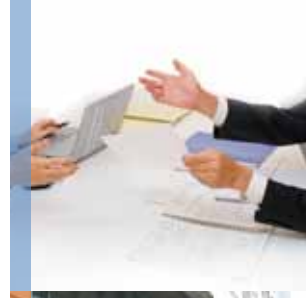
● Publication Date

August 2011
(Next publication scheduled for August 2012, previous publication date: September 2010)

This report is the English version of the Japanese report, which was published in August 2011.
In the case of any discrepancy between the two versions, the content of the Japanese version takes precedence.

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Message from the President

Having a Strong Will to Fulfill Our Corporate Social Responsibilities

Great East Japan Earthquake Brings Home the Importance of CSR in the Pharmaceutical Business

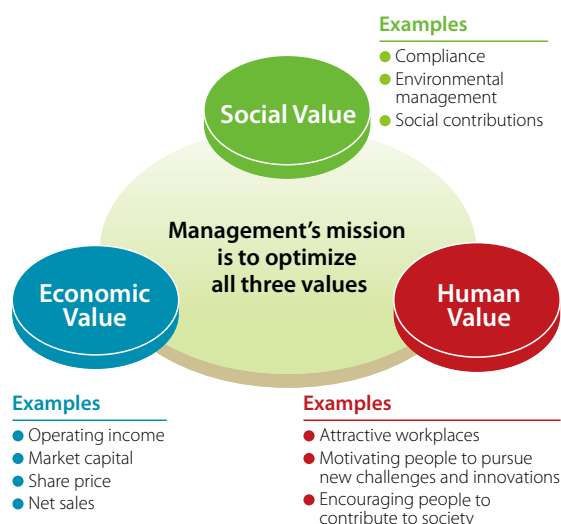
The Great East Japan Earthquake of March 11, 2011 was unprecedented in its scale, and is still having a major impact on the various regions and industries in Japan a half year later. We would like to express our sympathies once again for everyone affected by this disaster. Our own experiences in this dreadful earthquake made us rethink our definition of CSR for a company in the pharmaceutical industry. We reaffirmed our original role in serving the patient by rapidly supplying pharmaceutical products in emergencies, quickly offering pharmaceuticals whose launch date has been postponed, and reliably supplying pharmaceuticals that are already being administered. We will continue to fulfill these responsibilities. In addition, each individual employee will pursue his or her responsibilities with the firm will to realize the Daiichi Sankyo Group's corporate principle "to contribute to the enrichment of quality of life around the world through the creation and provision of innovative pharmaceuticals."

Daiichi Sankyo Group's CSR Initiatives

The Daiichi Sankyo Group aims to be a company that is trusted and counted on by all stakeholders, from patients and medical professionals to employees, shareholders, business partners and the local community. Since the beginning, we have aspired to fulfill our social responsibilities and improve the balance of social value, economic value and human value by putting our corporate principles into practice and acting in line with the Daiichi Sankyo Group Corporate Conduct Charter.

We have established five CSR domains and articulated five goals in the Second Mid-term Business Management Plan for fiscal 2010–2012.

Corporate Values



Five Domains and Goals for CSR in the Second Mid-term Business Management Plan



CSR Goals in the Second Mid-term Business Management Plan

In fiscal 2010, the first fiscal year of the Second Mid-term Business Management Plan, the Group appointed CSR managers at overseas Group companies in order to promote management of CSR globally. The Group also deepened understanding and shared awareness of the reasons and process behind the selection of the five goals, and set up an autonomous management system in each region. The Group is also building a framework and key performance indicators (KPI) for management based on the culture and customs in each region, while also pursuing internal alignment of CSR strategy.

In fiscal 2011, the Group will revise the Daiichi Sankyo Group Corporate Conduct Charter and deploy it globally as the core of its CSR. ISO 26000, the international CSR guidance issued in November 2010, has raised the bar on CSR. The Group's global business expansion makes it essential to integrate CSR with business development so that the Group can acknowledge and respond to the demands of society.

The Group will also share information on the direction and initiatives for global and local CSR and will develop a management foundation to identify and discuss shared issues and accelerate the establishment of the next policies and strategies. To achieve this, the Group will strengthen relationships among CSR managers, build IT infrastructure under a new global management structure, and will set up a system that always takes into account the overall mission while dividing up responsibilities at a sophisticated level.

Moreover, the Group will proactively address key issues at a global level. The Group will use global management to improve the transparency of the relationship between corporate activities and medical institutions, and contributions to international agreements on climate change and biodiversity. The Group also believes that global companies should take the initiative in helping to meet the Millennium Development Goals, and thus will give back to society in a way that reflects Daiichi Sankyo's unique spirit (see pages 11–18).

CSR Driven by Employee Diversity

I believe it is quite important to take stakeholders' expectations and wishes seriously and continually improve our activities. We have approximately 30,000 employees in over 50 countries, representing diverse values, personalities, individuality and cultures. When every one of us is committed to fulfilling our social responsibilities, our firm will be a good corporate citizen, trusted by society, and I hope our employees will be proud to be a part of it. We would highly appreciate your frank opinions and recommendations going forward.

August 2011

Joji Nakayama

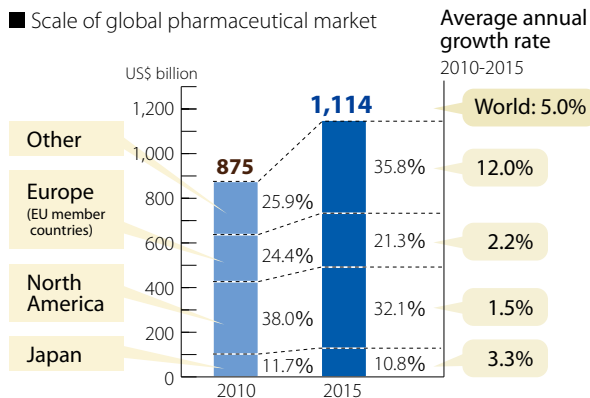
Representative Director, President and CEO



Integrating CSR with Business Development

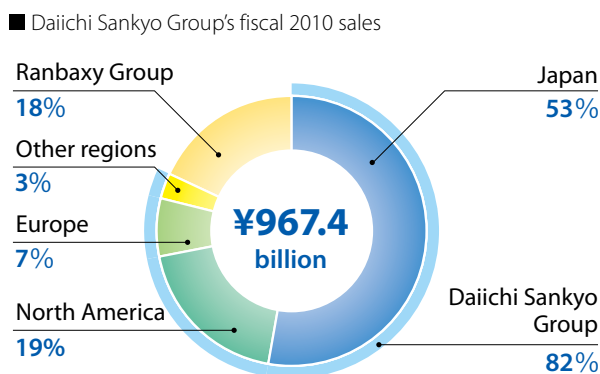
Overview of the Pharmaceutical Market

The global pharmaceutical market was worth about US\$875 billion in 2010. Average annual growth in the global market as a whole is expected to be about 5.0% by 2015. However, in developed countries, which include Japan, the population is aging at the same time as economic growth is slowing. This will pressure the financing of medical care, adding new intensity to efforts to curb medical costs and pharmaceutical costs. Despite this slowdown in the pharmaceutical market in developed countries, the market is expected to be growing 12.0% annually by 2015 in developing countries due to population gains and economic growth.



Copyright 2011 IMS Health. All rights reserved.
Source: Estimated based on Market Prognosis Global 2011-2015 World Pharmaceutical Market by Region (2010-2015) US\$ (billion) at Ex-Manufacturer Prices Using Constant Exchange Rates, reprinted with permission

The Daiichi Sankyo Group's sales were ¥967.4 billion in fiscal 2010. Earnings by group and region are shown below.



Assessment of Issues Affecting the Business

In developed countries, populations are aging at the same time as economic growth is faltering, and efforts are underway to curb medical and pharmaceutical costs just as generic drugs are gaining in popularity. At the same time, standards for determining the safety and efficacy of pharmaceutical products are growing more stringent, and the hurdles facing the development of new drugs are getting higher.

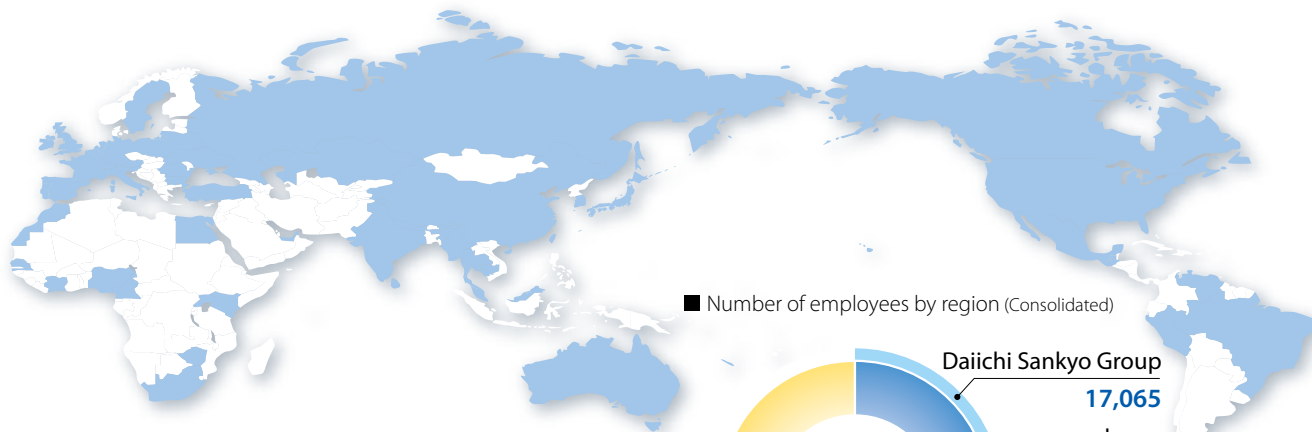
In regions other than developed countries, many countries are struggling to meet the healthcare-related targets under the UN Millennium Development Goals, such as the infant mortality rate, maternal mortality ratio, and HIV/AIDS and malaria prevalence rates. In certain other countries, economic growth and improvement in income levels are accompanied by an older population and urbanizing lifestyles, and just as in developed nations, the risk of lifestyle disease is beginning to rise.

Looking ahead to these changes in the business environment, Daiichi Sankyo is taking a wide range of measures to reinforce the Group's core businesses and foster and grow those businesses that will support its future.

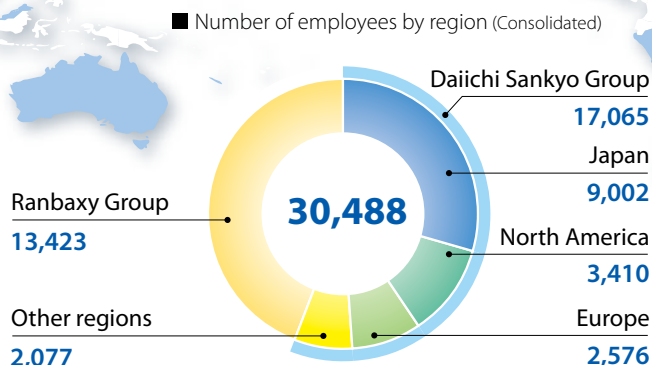
Global Activities

Daiichi Sankyo welcomed Ranbaxy into the Group in 2008 to promote growth in emerging markets. The Group currently operates in over 50 countries around the world with about 30,000 employees. Employees working outside of Japan account for about 70% of the Group's employees, bringing great diversity to the cultures, customs and values represented by the Group.

The Group has built global systems for efficient, integrated management and execution not only in marketing, but also in R&D. The Group also has begun to collaborate with Ranbaxy on social contribution initiatives as well (see pages 11-18).



Global Presence



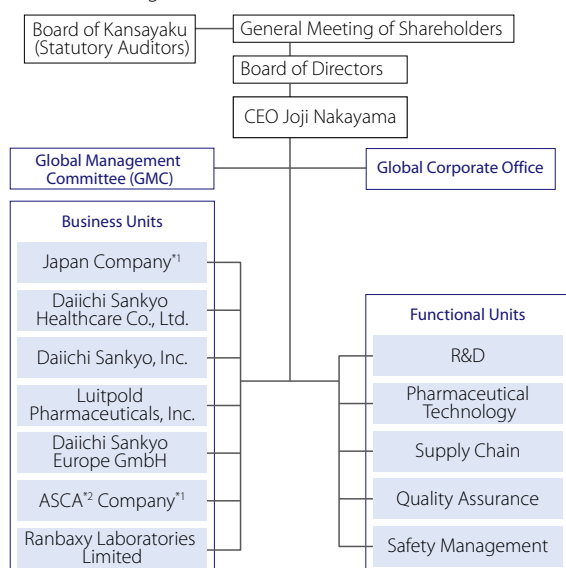
Global Management Structure

The Daiichi Sankyo Group established a new global management structure to coincide with the start of its Second Mid-term Business Management Plan.

The Group is working to enhance its strategic decision-making and the effectiveness of its strategies so that it can respond swiftly to the dramatic changes in the business environment and continue to grow.

The global management structure consists of seven Business Units and five Functional Units that report directly to the CEO, making possible a matrix management approach that balances the regional and functional centers worldwide. This ensures that the Group makes decisions in a timely manner and that its strategies are effective.

Global management structure



*1 Business organization in Japan

*2 Internal terminology indicating countries and regions other than Japan, the U.S. and Europe.

*3 Over-the-counter (OTC) drugs are pharmaceutical products that can be purchased without a prescription from a doctor.

An Executive Officer for Group CSR was appointed within the Global Corporate Office to draft global strategies on CSR and promote and manage these strategies. This is intended to promote global CSR operations. In pursuing CSR, dedicated CSR staff members are appointed, management resources are systematically and effectively invested, and ongoing improvements to activities are planned while verifying results.

Vision for 2015

The Daiichi Sankyo Group's vision for 2015 is to become a "Global Pharma Innovator." The Group has set milestones on the way to achieving this vision in its three-year, mid-term business management plans.

The second plan (fiscal 2010–2012) currently underway aims to achieve corporate growth exceeding average growth in the global market by providing pharmaceutical products that meet diverse medical needs. The Group will strengthen and augment its innovative pharmaceuticals business (new drugs) and will also add vaccines and established pharmaceuticals (generics and long-listed, off-patent drugs), and OTC^{*3} business. While generating synergies with Group company Ranbaxy, Daiichi Sankyo is pursuing a hybrid business model that looks to emerging markets with strong growth, as well as to Japan, the U.S. and Europe.

Basic Business Management Strategies

- Strengthening and expanding the innovative pharmaceuticals (new drugs) business
- Building on the foundation of OTC, vaccines and established pharmaceuticals (generic pharmaceuticals and long-selling, off-patent drugs) business

Integrating CSR with the Mid-term Business Management Plan

The Group has set a mid-term policy and five goals for CSR and is addressing these issues as an important part of its Second Mid-term Business Management Plan.

The policy and the five goals were established in fiscal 2010 by a management committee composed primarily of managers and executive officers, following the three steps at right. For more detail, please refer to pages 13–16 in last year's CSR report, from fiscal 2010.

STEP1 Basic research



STEP2 Deliberate on suitability for Daiichi Sankyo and study to assess importance



STEP3 Deliberate on mid-term CSR policy

Since fiscal 2010 was the first year of the Second Mid-term Business Management Plan, the Group endeavored to familiarize all employees with the Mid-term CSR policy and five 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.

		Rationale for goals	Direction of initiatives
Goal 1	Promote management of compliance globally P25–28	It is increasingly important that pharmaceutical companies comply with drug safety and efficacy criteria, which are becoming increasingly stringent around the world, and ensure that relationships with medical institutions are transparent.	<ul style="list-style-type: none"> Promote independent compliance management in each workplace, company and region Establish a system for sharing compliance information around the world Respond to global compliance risks
Goal 2	Realize a working environment which respects employee diversity P29–36	The Group has approximately 30,000 employees in over 50 countries, of which about 70% work in countries other than Japan. This means that the culture, customs and values of Group employees are quite diverse.	<ul style="list-style-type: none"> Foster an environment in which each employee's human rights and individuality are respected, going beyond differences in background such as race, gender and nationality. Create an inspiring working environment that generates innovation by working hard together while acknowledging differences.
Goal 3	Reinforce communication with stakeholders P37–44	Good communication with stakeholders from all walks of life is essential precisely because a company's very existence depends on its relationship with society.	<ul style="list-style-type: none"> Hold dialogues and collaborate with stakeholders in all business activities Pursue interactive communication so that CSR activities can be put into practice together with individual employees Practice CSR procurement through partnerships with suppliers
Goal 4	Reduce the environmental burden in every business operation P45–56	The Group carries out business activities on a global scale, and as such it is imperative that it identifies the environmental impact of business activities overall and proactively pursues programs to reduce the impact globally.	<ul style="list-style-type: none"> Reduce carbon dioxide emissions in all business operations to help prevent global warming Promote the 3Rs (Reduce, Reuse, Recycle) to contribute to a recycling-based society Reduce environmental risks through stringent efforts to prevent pollution and properly manage chemical substances Pursue green purchasing to balance quality and supply stability Pursue business activities that take into account biodiversity and ecosystem services and promote sustainable use Encourage environmental communication and collaboration with stakeholders
Goal 5	Broaden the opportunities of access to medical services, including medicine, globally P57–64	As a pharmaceutical company expanding its business on a global scale, the Group must not only respond to the diverse medical services meeting the various needs of patients, but must also help to alleviate global medical problems.	<ul style="list-style-type: none"> Make responsible social contributions befitting a pharmaceutical company that is expanding globally Assist developing countries in the health and medical field, a key international issue, using a global system

Revisions to Daiichi Sankyo Group Corporate Conduct Charter

In their global corporate activities, companies must ensure that they address environmental conservation, human rights and diversity. Further, pharmaceutical companies must provide patients with safe pharmaceutical products, and ensure that their relationships with medical institutions are transparent.

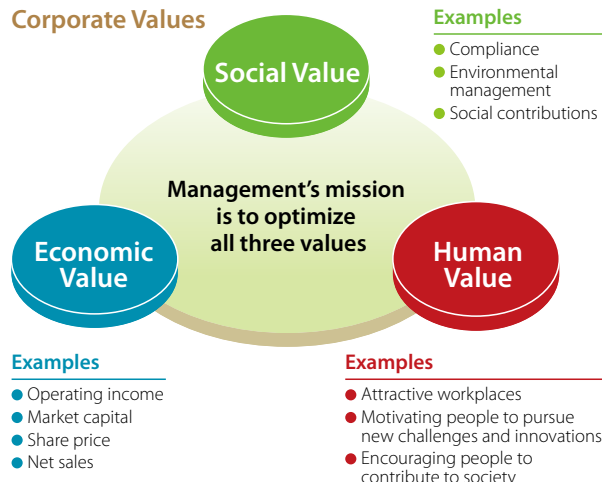
In addition, November 2011 saw the issuance of ISO 26000, which is the first international guidance standard on social responsibility.

Since society's expectations around social responsibilities have changed and continue to expand, the Daiichi Sankyo Group is revising its Corporate Conduct Charter. Pursuing corporate activities based on this Corporate Conduct Charter leads to a good balance between the three types of value—social, economic and human—and contributes to the creation of a sustainable society.

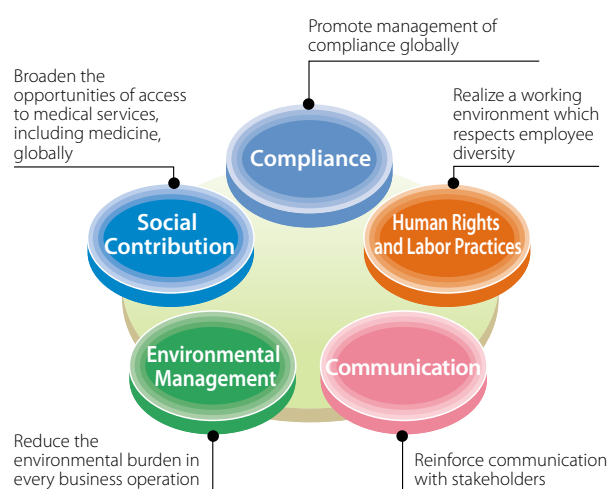
Relationships with Stakeholders

Relationships with a wide range of stakeholders are an indispensable part of the Daiichi Sankyo Group's corporate activities. The Group clearly lays out standards for its actions in the Daiichi Sankyo Group Corporate Conduct Charter and the Code of Conduct for Compliance at each group company.

Corporate Values



Five Domains and Goals for CSR in the Second Mid-term Business Management Plan



Stakeholders	Daiichi Sankyo Group's responsibilities
Patients and medical professionals	The Group strives to maintain and improve people's health and improve quality of life through its pharmaceutical products.
Employees	The Group strives to train personnel who respect values diversity by offering employees as many opportunities for skill development and professional growth as possible.
Shareholders	The Group endeavors to earn trust as a highly transparent and open company by disclosing information in a timely and fair manner.
Business partners	The Group maintains equitable and sound relationships with its business partners based on contracts that comply with laws and appropriate customs, with respect to their positions, rights and profits.
Global environment	The Group voluntarily and proactively acts to contribute to sustainable social development.
Local communities	The Group believes that considering the global environment is a company's social responsibility, and, going beyond complying with the law, voluntarily and proactively strives to protect and improve the environment.

Distribution of Economic Value Among Stakeholders

Stakeholders	Allocated amount for fiscal 2009 (¥ million)	Allocated amount for fiscal 2010 (¥ million)	Calculation method
Business partners	456,110	442,378	Selling, general and administrative expenses (excluding personnel costs)
Employees	122,454	121,164	Personnel costs included in selling, general and administrative expenses
Shareholders	49,275	42,235	Dividends paid from retained earnings
Creditors	5,719	5,519	Interest expenses included in nonoperating expenses
Governments	50,016	41,806	Income taxes paid
Environment	2,666	2,392	Independently calculated expenditure on the environment Expenditure on environmental preservation calculated by environmental accounting
Daiichi Sankyo	-7,427	27,882	Total change in retained earnings during fiscal year under review



AFRICA

Photos by Plan Japan



Special Feature

Daiichi Sankyo Joins the Effort to Support the UN Millennium Development Goals

Aiming to become a “Global Pharma Innovator,” the goal set out in the Daiichi Sankyo Group’s Vision for 2015, Daiichi Sankyo has established its Second Mid-term Business Management Plan, which covers the period from fiscal 2010 to fiscal 2012. Under the plan, the group is proactively implementing the Mid-term CSR Policy which specifies five goals. One of the goals is to broaden the opportunity of access to medical services including medicine, globally. In its efforts to contribute to the global community, Daiichi Sankyo believes that helping to achieve the United Nations Millennium Development Goals (MDGs) is the most suitable aspiration for the Group.



INDIA



Still a Long Way to Go to Achieve MDGs 4–6

The MDGs are a common framework created by integrating the UN Millennium Declaration adopted at the UN Millennium Summit held in September 2000 and international development goals adopted at major international conferences and summit meetings held during the 1990s. The eight goals, to be achieved by 2015, are:

- Goal 1: Eradicate extreme poverty and hunger
- Goal 2: Achieve universal primary education
- Goal 3: Promote gender equality and empower women
- Goal 4: Reduce child mortality**
- Goal 5: Improve maternal health**
- Goal 6: Combat HIV/AIDS, malaria and other diseases**
- Goal 7: Ensure environmental sustainability
- Goal 8: Develop a global partnership for development

Key Performance Indicators (KPI) have been set for goals 1–6. Progress in achieving these goals is shown below. The international community has made little progress on goals 4–6 in particular.

● Goal 4: Reduce child mortality

The six main causes of child mortality—pneumonia, diarrhea, neonatal issues,*¹ malaria, measles and HIV/AIDS—are largely preventable simply by improving basic medical services vaccinations and other available measures. Since 37% of infants die within one month of birth, improving maternal and child health would certainly help save the lives of many newborns.

● Goal 5: Improve maternal health

To significantly reduce the death rate of women in childbirth, it is vital that deliveries are attended by skilled health personnel, appropriate facilities are made available, and a medical facility referral system be prepared for cases with delivery complications. Moreover, pre-natal care is an effective way of ensuring the health of both the mother and the newborn. Appropriate family planning is equally important.

● Goal 6: Combat HIV/AIDS, malaria and other diseases

Improving programs to prevent diseases such as HIV/AIDS and malaria is leading to steady results in lessening the number of new patients infected, but the supply of the drugs needed to treat those infected is not keeping up with the demand.

MDGs 4–6 are all issues related to the medical profession, and as such, Daiichi Sankyo is determined to play a role in achieving these goals.

■ Progress towards 2015 targets

(Source: *The Millennium Development Goals Report 2009, 2010*)

			2015 Target
Target 1	Proportion of people living on less than \$1.25 a day	<div> <div>23</div> <div>2015 Target</div> <div>46</div> <div>27</div> </div>	Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day
Target 2	Net enrollment ratio in primary education	<div> <div>100</div> <div>2015 Target</div> <div>89</div> <div>82</div> </div>	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling
Target 3	Girls' primary school enrolment in relation to boys	<div> <div>100</div> <div>2015 Target</div> <div>96</div> <div>91</div> </div>	Eliminate gender disparity in all levels of education no later than 2015
Target 4	Under-five mortality rate per 1,000 live births	<div> <div>33</div> <div>2015 Target</div> <div>100</div> <div>72</div> </div>	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate
Target 5	Maternal deaths per 100,000 live births	<div> <div>120</div> <div>2015 Target</div> <div>480</div> <div>450</div> </div>	Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio
Target 6	Number of people living with HIV (Millions)	<div> <div>7.3</div> <div>33.4</div> </div>	Have halted by 2015 and begun to reverse the spread of HIV/AIDS

The figures for targets 1 to 5 are data from developing regions.

Regarding target 6, the targets for HIV and malaria are qualitative and therefore not included in the graph.

*¹ Neonatal issues are problems faced by infants less than one month old, such as premature birth, suffocation and sepsis which are mainly responsible for the high infant mortality rate.



Mobile Healthcare Vans Deliver Medical Care

Improving access to medical services is essential to achieving the Millennium Development Goals (MDGs). However, medical facilities tend to be concentrated in urban regions, so access to medical care is a major problem in countries where roads and railways are not well developed. In places like these, a mobile health clinic in a van can be a real blessing. It is easy to see how mobile healthcare field clinics can offer great potential for the future.

A mobile clinic van has medical equipment and supplies for basic medical care. Making the most of its mobility, it can provide greater access to medical and primary healthcare and save many lives in areas that are far from regular healthcare facilities.

The Daiichi Sankyo Group has introduced mobile clinic vans through the initiatives of Daiichi Sankyo Inc. of the United States and Ranbaxy Laboratories Limited of India and has achieved impressive results.



Activities in the state of Haryana, India

Despite experiencing rapid economic growth, India still faces various challenging social issues, including vast disparities in access to medical services depending on income level, social status, and region.

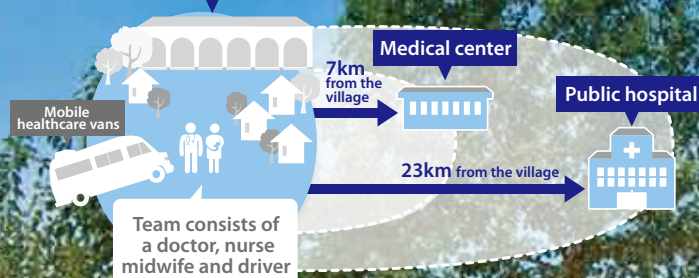
Ranbaxy, a Daiichi Sankyo Group company, started community healthcare activities to provide local medical services to people living in rural areas in the year 1979 under the banner "Ranbaxy Rural Development Trust" (RRDT). It was later rechristened as "Ranbaxy Community Health Care Society" (RCHS) in 1994. Currently, RCHS uses 16 mobile clinic vans to cover remote areas in India with a total population of over 550,000 to provide a range of medical services, primarily for pregnant woman and newborns.

In 2004, RCHS started the activities illustrated below in Aklimpur village in the state of Haryana.

Regularly visits different regions at a pace of about one visit every two weeks

Treats chronic diseases, provides medicine free of charge, visits critical patients, provides education on health and hygiene

Aklimpur village, 1,500 people/250 households





VOICE

We rely on the mobile clinics.

The hospital is a long way from our village. So the weekly visits of the mobile clinic have been really helpful. Now that we have a medical facility, we can receive care from a doctor that we trust and I've learned a lot about how to care for newborns, the importance of breastfeeding and proper nutrition. I am really grateful for the mobile clinic and only wish it could come every day. We will continue to rely on this great service.

A mother with a baby



VOICE

Every person we help is a delight.

I've been doing this for nine years. The RCHS vans provide easy access to medical services for anyone who needs them, regardless of income level or social status. Thanks to our van, these communities have access to an essential service. The local mortality rate among pregnant women and newborns has declined significantly, which is a matter of both happiness and pride for me as a doctor. I hope that we can bring even more mobile healthcare field clinics, doctors and other associates, so that we can improve the health of as many people as possible. Every person counts.

Dr. Nisha Bhat

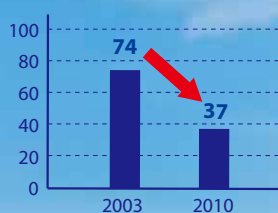


Activities at Urban Family Welfare Centre (Delhi)

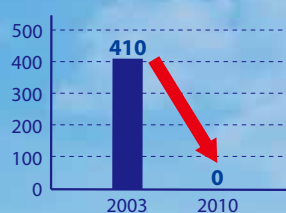
Ranbaxy operates the Urban Family Welfare Centre, established in 1990 in Delhi, with government support. The centre caters to 50,000 people, providing free health checkups, family planning services, vaccinations and educational activities primarily to women and children. The centre is managed by six dedicated staff, including one doctor and three nurses, and provides a wide range of medical services. During the operational period of the centre from 2002–2010, the contraceptive prevalence rate (CPR) in the served area improved from 55.5% (4,767 users out of 8,575 eligible couples) in 2000 to 82% (9,935 users out of 12,105 eligible couples) in 2010. The infant and maternal mortality rates were also reduced during this period. Due to impacts like these, the centre is seen as making a major contribution to the future of the community.



■ Infant mortality rate (per 1,000 live births) in Aklampur village



■ Maternal mortality ratio per 100,000 live births in Aklampur village





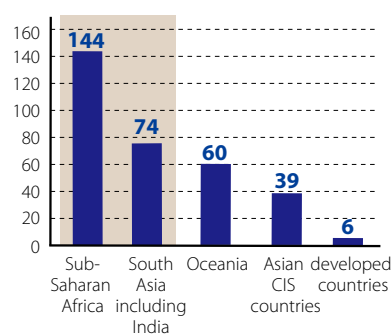
Global Social Contributions Undertaken by Daiichi Sankyo

Daiichi Sankyo has a Mid-term CSR Policy and has set five specific goals in its Second Mid-term Business Management Plan. One of the goals is to broaden access to medical services, including medicine, globally. The Group has clearly declared its commitment as a "Global Pharma Innovator" to making social contributions worldwide as part of its CSR initiatives.

In pursuing these global contributions, Daiichi Sankyo believes that making the most of Ranbaxy's expertise and resources to implement mobile healthcare field clinics will ensure that the company will make a social contribution fully befitting its stature as a global leader in healthcare.

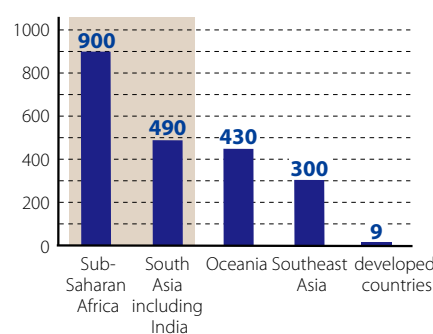
■ Under-five mortality rate per 1,000 births (2008)

Source: The Millennium Development Goals Report 2010

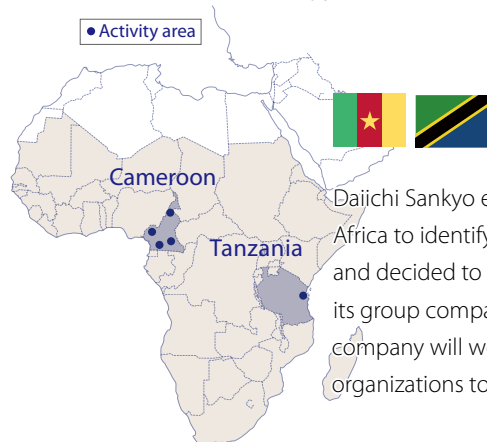


■ Maternal mortality ratio per 100,000 births (2005)

Source: The Millennium Development Goals Report 2010



"Sub-Saharan Africa" and "South Asia including India" are specified as regions in which social contribution activities are carried out.



Support in Cameroon and Tanzania

Daiichi Sankyo examined the situations of specific countries in Africa to identify those where progress on the MDGs was lagging and decided to focus its efforts on Cameroon and Tanzania where its group company Ranbaxy has business operations. The company will work in cooperation with non-governmental organizations to implement its initiatives there.



Photos by Plan Japan

►Goals

Goal 4: Reduce child mortality

Goal 5: Improve maternal health

►Performance Indicators

Percent of 1-year-old children immunized against measles

Percentage of pregnant women receiving pre-natal checkups

►Targets (five-year)

Vaccinations for 230,000 people

Pre-natal checkups for 144,000 people

►Services

Mobile healthcare field clinics

•Basic medical services, vaccinations, pre-natal checkups

•Provision of medical information, raising awareness

►Period

2011–2015

►Partner

International NGO Plan

(an international NGO with activities in 50 countries in Asia, Africa and Latin America)

VOICE

I want more people to be able to receive basic health services.

Daiichi Sankyo's proposal to provide mobile healthcare field clinics made it possible for services to be provided in places like Tanzania and Cameroon, where medical and health services do not reach distant regions. Since both of these countries have one of the world's highest infant and maternal mortality rates, local people have high hopes that this will enable effective medical services across the region, with smaller investment. I hope that the company's resources and our expertise can be smoothly integrated so that we can achieve significant and visible results over the next five years.



Katsuro Sato,
Director
NGO Plan Japan



Support for Madhya Pradesh, India

India accounts for about 20% of the world's under-five child deaths. The state of Madhya Pradesh has one of the poorest medical care facilities in India, with high infant mortality rates and inadequate maternal healthcare. For this reason, the Dewas district of Madhya Pradesh was chosen for these activities.

Ranbaxy manufactures pharmaceuticals in the district and the local residents have expressed a strong desire for more mobile clinic services. This led to the start of the new project. Three entities cooperate, with Daiichi Sankyo taking the overall lead, Ranbaxy coordinating with the government and hospitals and providing support, and RCHS executing and managing activities. Two new mobile healthcare vans are set to be added to the Dewas district to further reinforce and strengthen the medical services being provided in this area.

In May 2011, several project participants visited this district located in the central region of India. The staff met with district administrators, the public hospital's chief medical officer, head of a village and accredited social health activists (ASHAs) who support the health of local residents in a variety of ways. The participants gave their views on various local issues—including the difficulty of finding doctors to work in such a remote place, water problems and the lack of hospitals and other facilities. They also spoke of their high expectations for the project and assured their cooperation in every respect.





Dialogue

Significance of Daiichi Sankyo's Contributions to Help Achieve the MDGs in India

On June 1, 2011, project managers held a dialogue at India's Ranbaxy headquarters.

MC

The United Nations established the Millennium Development Goals (MDGs) as key global challenges. I hope that our dialogue today helps us gain a better understanding of the significance of Daiichi Sankyo's independent efforts in India to help achieve three of these MDGs: reducing child mortality, improving maternal health and combating HIV/AIDS, malaria and other diseases.

Manabe

As a pharmaceutical company, we are delighted to have the opportunity to contribute to the achievement of the three health-related MDGs in India. We enjoy the sense of challenge we feel when facing such a complex issue. Japan is a developed nation with adequate infrastructure to help its own citizens maintain their health. However, we have to face the difficult fact that there are many countries in which more than 8 of every 100 babies born do not live to their fifth birthday. India is currently one of these countries.

Making Social Contributions on a Global Scale

Sunao Manabe, DVM, PhD

Corporate Officer,
Head of Group HR Strategy and Head of Group CSR,
Daiichi Sankyo Co., Ltd.

Adige

Ranbaxy, a group company headquartered in India, set up Ranbaxy Community Healthcare Services (RCHS) in 1994 to meet its social responsibilities. RCHS has proactively contributed and achieved remarkable results primarily in Punjab state and around Delhi by using vans to deliver

healthcare, among other initiatives. However, India's population is over 1.2 billion, accounting for about one-sixth of the world's population, and its landmass is about nine times that of Japan. So there are limitations to what Ranbaxy can do on its own.

Jalali

India has one of the highest infant and maternal mortality rates in the world, and it has many problems involving access to medical care. As an Indian citizen, I have great expectations from Daiichi Sankyo since Ranbaxy, India's largest pharmaceutical company, became a member of the Daiichi Sankyo group.

Capitalizing on Our Strengths to Help Achieve MDGs

Rajinder Jalali MBBS, MD (Medicine)

Member of the Governing
Council of RCHS and Vice
President, Medical Affairs &
Clinical Research and Head,
Global Pharmacovigilance,
Ranbaxy Laboratories Limited



Bakshi

Our project is unique because we do not simply hand out medicines but also focus on giving local residents a comprehensive education on medical care and health so that they can establish their own health systems in the region in future. I think that forming relationships with the government and local administrators is extremely important in this process.



Manabe

We hope to expand the reach of mobile healthcare field clinics in Madhya Pradesh, located in central India, with RCHS's cooperation. We plan to bring in two vans in November, aiming to help improve the health of 100,000 people living in 100 villages in the first fiscal year of this charitable endeavor.

MC

Tell us a little bit about Madhya Pradesh, where Daiichi Sankyo will be making its contribution.

Bakshi

Madhya Pradesh has an infant and maternal mortality rate that is high even for India and access to medical and healthcare facilities is also extremely difficult.

Working with RCHS, Ranbaxy has been carrying out healthcare activities in Punjab and its vicinity in northern India, but also looks to take action in other areas to redress regional disparities.



Focusing on Educating the Local Community

Ranbir Bakshi MBBS

Chief Medical Officer, RCHS

Adige

Ranbaxy has a pharmaceutical manufacturing plant in Madhya Pradesh Province. We think this is a region in which

Daiichi Sankyo can make a big difference since the local administrators have long hoped for mobile clinics, and we can fulfill our social responsibilities by giving back to the region around the plant.

Fulfilling Social Responsibilities by Giving Back to the Region around the Plant

Ramesh L. Adige

President, Corporate Affairs & Global Corporate Communications, Ranbaxy Laboratories Limited



Jalali

We want to see specific improvements in this vast country as a result of initiatives aimed at achieving the MDGs, with Daiichi Sankyo, Ranbaxy and RCHS all making the most of their strengths to help as many people as possible.

Manabe

We believe that Daiichi Sankyo has really set a precedent in Japan as a pharmaceutical company that is collaborating with pharmaceutical firms in emerging economies. Pharmaceutical companies' social contributions tend to be limited to initiatives in the country in which their headquarters are located, but we are working hard in India to gain recognition as Japan's first pharmaceutical company to play a clear role in giving back on a global scale. We are also moving forward with similar projects in Cameroon and Tanzania in Africa. We hope we can continue to work together.

Corporate Governance

Basic Policy

In addition to creating a management structure that can speedily and flexibly respond 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. The Group places great importance on building a corporate governance structure that is responsive to the trust of shareholders and all other stakeholders.

Corporate 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 the 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 the Nomination Committee and the Compensation Committee. To secure further propriety, outside directors are in the majority on these committees. Furthermore, Daiichi Sankyo has adopted a Kansayaku (Statutory Auditor) system, and the Company's Board of Kansayaku (Statutory Auditors)—comprising four statutory auditors, including two outside statutory auditors—audits the legal compliance and soundness of management. The two outside statutory auditors maintain a neutral and impartial position as independent statutory auditors. 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.

The Board of Directors and Board of Kansayaku do not currently have any female members.

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. Outside directors constitute the majority of the committee to ensure complete propriety.

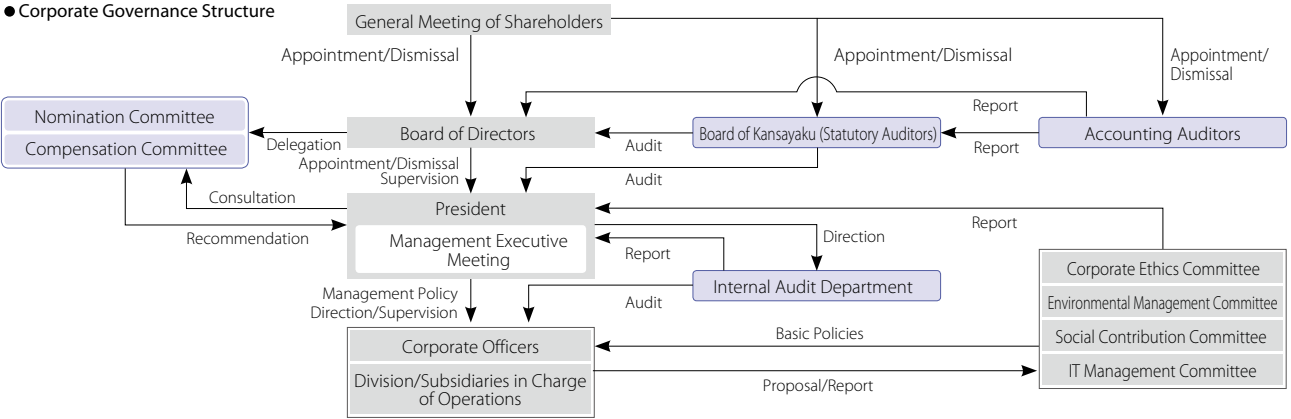
The Role of Statutory Auditors

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

Compensation of Directors
Compensation (annual):
¥419 million (including ¥63 million for outside directors)
Directors' bonuses:
¥143 million (not extended to outside directors)
Share-remuneration type stock option program:
¥120 million (not extended to outside directors)
Total: ¥681 million (including ¥63 million for outside directors)

Compensation of Statutory Auditors
Compensation (annual):
¥107 million (including ¥32 million for outside statutory auditors)
Total: ¥107 million (including ¥32 million for outside statutory auditors)
·Fiscal year ended March 31, 2011.
·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

The Daiichi Sankyo Group is fully prepared to effectively address the underlying risks of its business activities and minimize the human, social and corporate impacts of crises. In terms of the factors that could prevent the Group from attaining its organizational goals, the Group seeks to identify, specify, analyze and assess underlying risks and respond by retaining, reducing, avoiding or diversifying them. The Group also provides information, training and insight concerning risks.

The Daiichi Sankyo Group defines risk as the possibility of an occurrence or condition existing prior to the occurrence of an adverse event. The Group deals with the possible occurrence of secondary adverse events arising from an initial adverse event through crisis management.

Under its risk management structure, the president, or a person appointed by the president, serves as the Chief Risk Management Officer (CRO), and the executive officer in charge serves as the Risk Management Promotion Officer.

Crisis Management

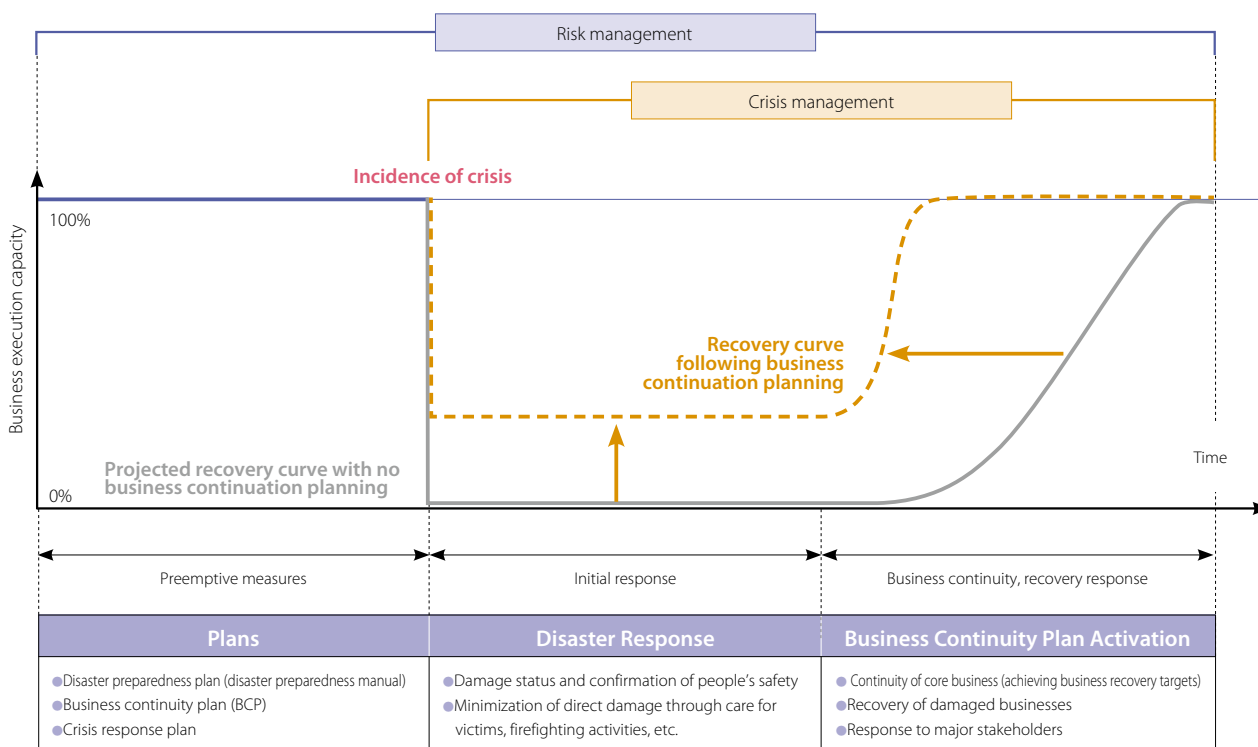
The president or person appointed by the president serving as CRO responds to the occurrence of a crisis (adverse event) by establishing a standards-based system that correlates with the degree of human, social and corporate impact and the extent to which public notification is possible. The Daiichi Sankyo Group responds to crises by placing priority on the safety of all of its stakeholders, including patients, medical professionals, local residents and employees.

Example of a Crisis Response

● Response to Great East Japan Earthquake

Daiichi Sankyo's response to the Great East Japan Earthquake is reported on pages 21–22.

● Conceptual Diagram of Risk Management



Response to Great East Japan Earthquake

Timetable after earthquake

March 11, 2011 (Friday)

14:46

Great East Japan Earthquake occurs

14:50

Start of initial response by emergency response office

- Confirmation of employee safety
- Confirmation of damage to buildings
- Means of communication secured
- Confirmation of status of those having difficulties returning home

16:00

- Preparations to transport emergency supplies
- Preparations to receive victims in evacuation centers
- Preparations to form local aid group
- Confirmation of status of those unable to go home and alternative housing

20:00

Confirmation of safety of all employees

March 12, 2011 (Saturday)

Establishment of countermeasure team

Implementation of emergency measures to support quake-affected areas

March 13, 2011 (Sunday)

Arrival of emergency supplies at destination

Arrival of aid team

System and Response Immediately after Earthquake

●Initial Response Based on Business Continuity Plan (BCP)

Immediately after the occurrence of the Great East Japan Earthquake, Daiichi Sankyo set up an emergency response office at its headquarters and established a system to gather information about the affected areas and direct the response under the direction of top management. The General Affairs Department, which served as the secretariat of the emergency response office, centralized the information gathering, such as confirmation of employee safety, confirmation of damage to buildings, securing means of communication, and confirming status of those having difficulties returning home. This system enabled the status of the entire company to be ascertained within five hours of the earthquake, while also allowing managers to make rapid decisions based on their overall understanding of conditions. Under this initial response system, all preparations were completed by the morning after the earthquake, such as forming a local support team, preparing to transport emergency supplies stored around the country as daily provisions, transporting and making evacuation arrangements for victims, and responding to those having difficulties returning home. Execution of these specific support measures was rapid.

Moreover, the day after the earthquake, a countermeasure team managed by Senior Executive Officer Yoshikazu Takano was set up with members from Group companies in Japan to address issues such as local support activities, preventing further damage and public information activities. The team provided more wide-ranging support and took steps to prevent the damage from worsening.

Crisis management procedures were established so that the Group could respond effectively with measures even in the midst of the upheaval in the immediate aftermath of the earthquake. In addition to augmenting the disaster infrastructure, by, for instance, establishing in advance a safety confirmation system, storing emergency supplies and securing means of transportation, and always having emergency supplies stockpiled at the office, daily training on disaster prevention has also had positive results.

●From a Crisis Management to a Risk Management System

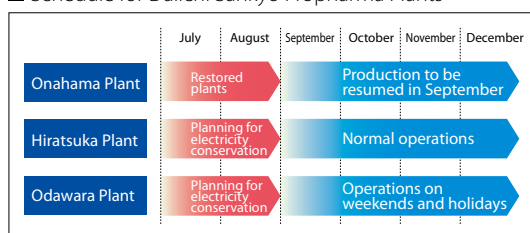
After the initial response to the earthquake was complete, the internal system shifted to risk management to restore business so that the Group could ensure a reliable supply in line with its mission as a pharmaceutical company. Specifically, an earthquake risk management team was formed with managers from all related divisions as members and the president serving as team leader. The aim was to ensure fast decision-making on key issues. The team discussed departments' response measures on a range of issues related to the earthquake, including restoring the production system, responding to the Fukushima nuclear disaster and planning for electricity conservation. As a result of the team's activities thus far, the risks to the stable supply of products have been minimized.

The Role Expected of a Pharmaceutical Company

●Impact on Product Supply

- The Group has inventory of pravastatin sufficient to ensure a stable supply, including exports, and the Onahama Plant—which went off-line in the earthquake and is the production site for the active pharmaceutical ingredients—has resumed production in September 2011.
- The active pharmaceutical ingredients of olmesartan are produced at both the Odawara Plant and the Onahama Plant, and the Odawara Plant—the main plant—was able to compensate for the Onahama Plant by expanding production volume.
- The Hiratsuka Plant, which manufactures core final products (oral and injectable formulations) such as olmesartan, is taking steps such as having back-up inventory manufactured at the Takatsuki Plant and the Daiichi Sankyo Europe Pfaffenhofen Plant, in addition to ensuring the requisite supply by operating on holidays.
- A stable supply system was secured for *Memary*, whose launch date had been pushed back, and it was launched on June 8, 2011.

■ Schedule for Daiichi Sankyo Propharma Plants



●Medical-use and OTC^{*1} Pharmaceutical Products Offered

Daiichi Sankyo coordinated with the Japan Pharmaceutical Manufacturers Association and quickly provided medical products such as hemostatic drugs, anti-inflammatory analgesic agents, hypertension drugs, and antibacterial agents. In addition, the company listed healthcare products, including OTC drugs, and began providing them for free through the Japan Self-Medication Industry. The company continues to provide cough and cold medications such as *LuLu* mouthwash and *LuLu Attack EX*, as well as masks.

Please refer to page 61 for information on disaster support such as donations and employee volunteer activities.

Message from the Director in Charge

We Were Ready When It Really Mattered Because We Prepared in Advance

As the person responsible for the countermeasure team set up after the earthquake, I had to address a range of issues.

As described above, we were successful in working together as a team in our initial response after the earthquake and were able to fulfill our role and social responsibilities as a pharmaceutical company by continuing to provide a stable supply of pharmaceutical products, even in the quake-affected regions. This was made possible by our advance establishment of a crisis and risk management system and the formulation of a business continuity plan.

In addition to the massive earthquake, the tsunami and nuclear disaster also had a major impact, but the countermeasure team succeeded in unifying the management of information and making prompt decisions, as well as addressing a range of other issues.

The earthquake forced us to confront many issues and taught us a lot, and also reaffirmed the need to learn more on a daily basis about how we can reduce the damage done by disasters. I will reinforce our disaster preparedness going forward based on these experiences.



Yoshikazu Takano
Senior Executive Officer
Head of Administration
Division of Japan
Company

*1 Over-the-counter (OTC) drugs are pharmaceutical products that can be purchased without a prescription from a doctor.

Fiscal 2010 Goals and Achievements, and Fiscal 2011 Goals

Goals	Items	Fiscal 2010 Goals	
GOAL 1 Promote Management of Compliance Globally	Compliance	<ul style="list-style-type: none"> Promote autonomous compliance management in each workplace, company and region Establish system for sharing compliance information across the globe Respond to global compliance risks 	
GOAL 2 Realize a Working Environment Which Respects Employee Diversity	Human Resource Development	<ul style="list-style-type: none"> Establish a base of human resource management for enhancing the vitality and productivity of each employee 	
	Human Rights and Employment	<ul style="list-style-type: none"> Carry out further education for all employees to raise awareness on human rights and prevention of harassment Expand various work styles Continue to appropriately hire temporary staff 	
	Creating Attractive Workplaces	<ul style="list-style-type: none"> Reinforce measures to prevent mental illness (particularly reinforce line check guidance) Improve hiring and working environments for physically or mentally challenged persons Begin company-wide initiatives for the career promotion of female employees 	
GOAL 3 Reinforce Communication with Stakeholders	Patients and Medical Professionals	<ul style="list-style-type: none"> Strengthen skills to deepen trust Provide the information physicians need by understanding their areas of specialty Promote interactive (avoid one-way) communication 	
	Shareholders	<ul style="list-style-type: none"> Reinforce interactive communication activities Obtain top assessment in the pharmaceutical industry in annual evaluation by the Japan Investor Relations Association, etc. 	
	Business Partners	<ul style="list-style-type: none"> Formulate basic guidelines on CSR procurement Implement CSR procurement training and education for employees in charge of procurement 	
	Engaging with Employees	<ul style="list-style-type: none"> 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 	
GOAL 4 Reduce the Environmental Burden in Every Business Operation	Initiatives to Prevent Global Warming	<ul style="list-style-type: none"> 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%) 	
	Reducing Waste	<ul style="list-style-type: none"> Maintain zero emissions (final disposal rate target: 0.56%) Further reduce office paper consumption 5.4% from fiscal 2009, to 75.2 million sheets 	
	Addressing Environmental Risks	<ul style="list-style-type: none"> Identify global environmental risks Maintain soil contamination management 	
	Chemical Substance Management	<ul style="list-style-type: none"> Reduce amount of chemical substances used and manage amount discharged and transferred 	
	Environmental Communication	<ul style="list-style-type: none"> Implement global environmental communication and share information 	
GOAL 5 Broaden the Opportunity of Access to Medical Services, Including Medicine, Globally	Promoting Hybrid Businesses	Innovative pharmaceuticals (new drugs)	
		<ul style="list-style-type: none"> Launch manufacture and sales of the antihypertensive agent <i>Rezaltas</i> and the anti-influenza virus agent <i>Ianinamivir</i> (generic name) in Japan 	
		Established pharmaceuticals (generics and long-listed, off-patent drugs)	
		<ul style="list-style-type: none"> Establish Daiichi Sankyo Espha Co., Ltd., build domestic business structure 	
		Vaccines	
		<ul style="list-style-type: none"> Establish a joint venture with the Kitasato Institute Develop an integrated system for R&D, production, and sales of vaccines 	
	Social Contribution Activities	OTC drugs	
		<ul style="list-style-type: none"> Enhance information provision 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 	
		Creating synergies with Ranbaxy	
		<ul style="list-style-type: none"> Maintain momentum of Ranbaxy's business expansion 	
		<ul style="list-style-type: none"> Commence social contribution activities in line with the Basic Policies on Group Social Contribution Activities Develop global social contribution system 	

Fiscal 2010 Achievements	Fiscal 2011 Goals	Pages
<ul style="list-style-type: none"> Promoted measures to minimize compliance risks in the workplace Ascertained the status of compliance management at overseas Group companies 	<ul style="list-style-type: none"> Take adequate measures in response to the JPMA transparency guideline on the relation between corporate activities and medical institutions (information disclosure) Establish a system for sharing compliance information on a global basis Respond to compliance risks globally 	P26
<ul style="list-style-type: none"> Revised administration of human resources system (appraisal and treatment) Diversified recruiting measures Promoted development measures for employees ready to work on the global stage 	<ul style="list-style-type: none"> Promote human resource management enabling employees to grow and perform together with the company 	P31 P35
<ul style="list-style-type: none"> Conducted education training on human rights for managerial employees and new hires Conducted harassment prevention education training for all employees and education for managerial employees on labor management Promoted compliance with the laws for temporary staff 	<ul style="list-style-type: none"> Carry out further education for all employees to raise awareness on human rights and harassment prevention Expand in a diverse number of working styles Continue to promote compliance with the laws for temporary staff 	P32 P36
<ul style="list-style-type: none"> Educated managerial employees on mental health thus significantly decreasing the number of employees taking temporary leave due to mental illness Raised percentage of physically or mentally challenged employees to 2.10%, above the ratio in fiscal 2009 Began company-wide training and leader training for career promotion of female employees Increased the number of male employees working shorter hours and number taking child nursing-care leave 	<ul style="list-style-type: none"> Promote dialogue in the workplace Continue to reinforce measures to prevent mental illness Improve hiring and working environments for physically or mentally challenged employees Increase number of female managerial employees and expand their scope of working fields by further the strengthening measures for career promotion of female employees Conduct a work system that encourages more diverse employment 	P33 P36
<ul style="list-style-type: none"> Outside evaluation conducted of corporate stance and MR activities <ul style="list-style-type: none"> Company rated No. 1 in the area of cardiovascular medicine MRs rated No. 2 overall 	<ul style="list-style-type: none"> Take initiatives aimed at becoming a trusted medical partner <ul style="list-style-type: none"> Strengthen ability to propose treatments in line with doctors' needs Contribute to medical treatment by providing new medicines 	P38
<ul style="list-style-type: none"> Held briefings for individual investors in Osaka and Nagoya Made available exclusive telephone number in Japan for shareholders and investors made available from March 2011 Selected for the Dow Jones Sustainability Index (DJSI) Asia Pacific for the first time 	<ul style="list-style-type: none"> Hold briefings for individual investors in Tokyo, Osaka, Nagoya and other places Be worthy of inclusion in the DJSI and FTSE4Good again 	P42
<ul style="list-style-type: none"> Upgraded information on company-wide procurement Provided practical procurement education Promoted global procurement 	<ul style="list-style-type: none"> Formulate basic guidelines on CSR procurement Provide CSR procurement training Expand CSR procurement to business partners 	P43
<ul style="list-style-type: none"> President visited all offices in Japan Town hall meetings were held in Europe, the U.S. and Asia 	<ul style="list-style-type: none"> 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 English and Japanese newsletters 	P44
<ul style="list-style-type: none"> Group CO₂ emissions were 481,612 metric tons, up 4.5% from the previous fiscal year CO₂ emissions totaled 157,016 metric tons for Group companies in Japan, 11.8% down from the previous fiscal year, beating the target of a more than 10% reduction 	<ul style="list-style-type: none"> Implement CO₂ reduction measures on an ongoing basis to achieve medium-term goal (fiscal 2012) Take measures to reduce electricity usage in the wake of Great East Japan Earthquake 	P49
<ul style="list-style-type: none"> Maintained zero emissions (final disposal rate: 0.33%) Reduced office paper consumption to 72.46 million sheets (8.9% below fiscal 2009) 	<ul style="list-style-type: none"> Maintain zero emissions (final disposal rate target : less than 1%) Further reduce office paper consumption, to 72.20 million sheets (0.4% below fiscal 2010) 	P51
<ul style="list-style-type: none"> Identified environmental risks in environmental audits of Group companies outside Japan Completed project to detoxify underground agricultural chemicals at the site of former Yasugawa Plant Reduced water consumption by 1,894,000m³ 	<ul style="list-style-type: none"> Continue to identify environmental risks in environmental audits of Group companies outside Japan Continue to implement measures to prevent soil contamination Strengthen biodiversity initiatives 	P53
<ul style="list-style-type: none"> Reduced amount of PRTR substances used by 1,010 metric tons from the previous year Reduced amount of PRTR substances discharged and transferred by 939 metric tons from the previous year 	<ul style="list-style-type: none"> Reduce amount of chemical substances used and manage amount discharged and transferred 	P55
<ul style="list-style-type: none"> Rolled out "Environment Month" art contest events globally Pictures : 38 in Japan, 168 outside of Japan; Comic haiku : 178 in Japan Education programs focused on the environment : 49 participants 	<ul style="list-style-type: none"> Reinforce internal environmental communication on a global basis Continue environmental education 	P56
<ul style="list-style-type: none"> Began manufacture and sales of the antihypertensive agent <i>Rezaltas</i> and the anti-influenza virus agent <i>laninamivir</i> (generic name) in Japan 	<ul style="list-style-type: none"> Begin manufacture and sales of <i>Memary</i>, a treatment for Alzheimer's disease, and <i>Lixiana</i>, a direct oral factor Xa inhibitor in Japan; begin distribution and sales of the proton pump inhibitor <i>Nexium</i> in Japan 	P58
<ul style="list-style-type: none"> Established Daiichi Sankyo Espha and developed the business structure in Japan 	<ul style="list-style-type: none"> Expand business foundation 	P59
<ul style="list-style-type: none"> Established a joint venture with the Kitasato Institute Developed an integrated system for R&D, production, and sales of vaccines 	<ul style="list-style-type: none"> Develop vaccines for new strains of influenza and establish a new plant Expand R&D, production and sales systems 	
<ul style="list-style-type: none"> Completely renewed the company's website and strengthened the provision of information on products and diseases Launched <i>Loxonin S</i>, an Rx-to-OTC switch formulation of the Group's anti-inflammatory analgesic 	<ul style="list-style-type: none"> Expand business foundation through growth of Category 1 OTC drugs such as <i>Loxonin S</i> and mainstay cough and cold preparations 	
<ul style="list-style-type: none"> Secured momentum for Ranbaxy business expansion 	<ul style="list-style-type: none"> Expand business through initiatives such as building up the product lineup 	
<ul style="list-style-type: none"> Engaged in activities at each office that contributed to communities in accordance with local needs Conducted 139 plant tours for over 1,800 people and opened facilities to the public 253 times Developed a global social contribution system 	<ul style="list-style-type: none"> Implement social contribution activities in line with the Basic Policies on Group Social Contribution Activities Implement the global social contribution system 	P61

GOAL

1

Promote Management of Compliance Globally

It is increasingly important that pharmaceutical companies comply with drug safety and efficacy criteria, which are becoming increasingly stringent around the world, and ensure that relationships with medical institutions are transparent.



Compliance

Fiscal 2010 Achievements

- Promoted measures to minimize compliance risks in the workplace
- Ascertained the status of compliance management at overseas Group companies



Fiscal 2011 Goals

- Take adequate measures in response to the JPMA transparency guideline on the relation between corporate activities and medical institutions (information disclosure)
- Establish a system for sharing compliance information on a global basis
- Respond to compliance risks globally

Basic Approach to Compliance

The Daiichi Sankyo Group complies with laws and regulations in its business operations worldwide to ensure that compliance is treated with the highest priority in its corporate management, and conducts compliance management with the strong ethical view and common sense relevant to a life-science oriented company. The Daiichi Sankyo Group Corporate Conduct Charter was established in order to fulfill the Group's corporate social responsibility (CSR). Based on the spirit of the Charter, each Group company has developed a code of conduct suited to each region and its social requirements, and is holding all executive officers and employees accountable to it.

System for Promoting Compliance

The corporate officer in charge of Group CSR, who oversees global CSR functions, has been appointed by the President to the position of Compliance Officer with responsibility for Group-wide compliance. The Compliance Officer oversees programs such as the code of conduct and related rules and implementation plans. In addition, the Compliance Officer serves as the chairperson of the Corporate Ethics Committee, the decision-making body for compliance-related issues. The Corporate Ethics Committee is made up of 10 internal members, including the chairperson, and an external attorney to ensure that the committee is administered in a transparent and reliable manner. In principle, the committee meets three times a year.

Measures Related to Important Business Activities

The Daiichi Sankyo Group ensures thorough compliance in all divisions throughout its business operations. The following measures receive special focus in the process of R&D and provision of medical information.

R&D Compliance

As the R&D organization of a life science-oriented company, the Research and Development Division is deeply involved in people's health and well-being. Recognizing this, the division upholds stringent ethical standards in R&D activities and stipulates 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 Good Laboratory Practice (GLP)*¹ and Good Clinical Practice (GCP)*².

● 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, we have 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.

● 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

*1 GLP is a safety standard for conducting nonclinical studies on pharmaceutical products

*2 GCP is a standard for conducting clinical trials on pharmaceutical products

Compliance

regulations, including Japan's Pharmaceutical Affairs Act and Good Clinical Practice (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

In animal research, we strive to apply the basic principles 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 Rules for Animal Testing in compliance with Japan's Act on Welfare and Management of Animals and the Guidelines for Proper Conduct of Animal Experiments set out by the Ministry of Health, Labour and Welfare. Based on the Rules, all animal experiments are reviewed by the Institutional Animal Care and Use Committee, and we ensure that experiments have been properly conducted by examining completion reports.

● Biohazard 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 Medical Representatives (MRs)^{*2} take action by giving top priority to compliance with Japan's Pharmaceutical Affairs Act and other related laws, fair competition regulations, and the Japan Pharmaceutical Manufacturers Association (JPMA) Promotion Code for Prescription Drugs.^{*3} Our global policy recommends compliance to be implemented in a way that is responsive to the circumstances in each locale.

● Transparency of Relationship between Corporate Activities and Medical Institutions

We are in the process of deliberations to develop a guiding principle which articulates its method of increasing the transparency of relations with medical institutions, based on the Japan Pharmaceutical Manufacturers Association (JPMA) Transparency Guideline for the Relations between Corporate Activities and Medical Institutions / Healthcare Professionals.

Prohibition of Bribery and Corruption

Offering 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.

Whistleblower System

Each Group company provides reporting channels for whistleblowers, such as a hotline or e-mail.

In the United States, Daiichi Sankyo, Inc. runs a 24-hour hotline staffed by an outside service organization to receive anonymous information regarding compliance. The hotline number is posted on both internal and external websites.

In Japan, the DS-hotline has been set up as a reporting channel serving the entire Group. The DS-hotline comprises reporting channels that include external attorneys as well as the Legal Affairs Department, and can also be used by external parties. In addition, we have put in place regulations to govern the handling of internal whistle-blowing cases, which specify that the whistleblower's confidentiality will be protected and that they will be protected from any unfavorable treatment as a consequence of reporting. In fiscal 2010, the DS-hotline addressed 15 reports concerning problems in the workplace environment and other issues.

^{*1} GCP is a standard for conducting clinical trials on pharmaceutical products

^{*2} Medical representative (MR) is primarily responsible for visiting medical professionals to compile and provide information on the safety management of pharmaceutical products in order to ensure that the products are used appropriately.

^{*3} JPMA Promotion Code for Prescription Drugs stipulates standards of conduct established by the Japan Pharmaceutical Manufacturers Association. In addition to content related to the Pharmaceutical Affairs Law and ethical codes, it covers publications and advertising, methods for holding seminars and study meetings, and the giving of gifts.

□ Compliance Awareness Survey

The Group in Japan conducts a compliance survey every other fiscal year. The previous survey was conducted in June 2009. In fiscal 2010, we identified issues to be addressed based on the results, further raised awareness of the hotline, and are revising the Compliance Guidebook.

□ Training and Educational Activities

We are proactive in providing compliance training and education tailored to the unique characteristics of each region.

In fiscal 2010, we developed measures to reduce compliance risks in the workplace as an integral measure covering all divisions in Japanese Group companies. In detail, each department, section or group as a unit identified the compliance risks presumed to be latent in its workplace and held discussions to select the most important risks, taking into account the likelihood of each risk and its impact. In addition, each unit established and implemented measures such as training and self-inspection, which led each individual employee to take the initiative in managing risk.

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

● Training by Job Category Conducted in Fiscal 2010

Training	Duration (minutes)	Number of participants (persons)	Major themes
Training for new hires	50	76	Case studies on CSR
Training for executive candidates	40	199	Corporate responsibility and compliance
Training for newly appointed managers	30	68	Compliance required of a leader
Training for mid-career hires	30-50	19	Daiichi Sankyo's initiatives on compliance, case studies, etc.
Total		362	

▶ VOICE

Building further trust by disclosing information

Pharmaceutical companies must work with many medical professionals as an essential part of their corporate activities. The pharmaceutical industry in Japan has determined to voluntarily disclose information about financial payments made to medical professionals so that the public has an accurate understanding of the industry's corporate activities, and to build trust in the industry. Daiichi Sankyo is

currently working on its guidelines for annual disclosure of the previous fiscal year's information, and will start doing so in fiscal 2013. We believe that it is crucial that the activities of a company so involved with patients' lives be transparent, and we will work earnestly to enhance our transparency.



Haruhisa Yamada

Pricing and Ethics Group, External Affairs Department,
Business Intelligence Division, Japan Company
DAIICHI SANKYO CO., LTD.



A full-page photograph of three business professionals walking down the stone steps of a modern building with large glass windows. On the left, a man in a light blue striped shirt and dark trousers walks towards the center. In the middle, a woman with blonde hair, wearing a blue cardigan over a white top and a grey skirt, walks towards the right. On the right, a man in a pink short-sleeved shirt and dark trousers walks towards the center. They are all smiling and appear to be in conversation. The building's facade is made of grey stone and glass, and the ground is paved with light-colored tiles.

GOAL

2

Realize a Working Environment Which Respects Employee Diversity

The Daiichi Sankyo Group has approximately 30,000 employees in over 50 countries, of which about 70% work in countries other than Japan. This means that the culture, customs and values of Group employees are quite diverse.

Human Resource Vision and Principles

■ Aiming to Become a “Global Pharma Innovator”

The Daiichi Sankyo Group aspires to put its mission into practice and realize its vision for 2015 to become a Global Pharma Innovator through employees’ activities. The Group conducts human resource management with the aim of improving the balance of the three types of corporate value it pursues—social value, economic value and human value.

The Group believes that its mission and vision for 2015 will be realized by encouraging each employee to optimize his or her individuality and skill in line with “Our Values and Commitments” shared by all Group employees as the basis for determining actions and making decisions.

While the Group pursues a hybrid business model as a business strategy, its activities are increasingly diverse and take place on a global scale. Globally competitive human resources comprise employees that respect other cultures and differing values, accepting diversity with a powerful sense of ethical standards and mission.

As stipulated in “Our Values and Commitments,” the Group encourages every employee to be committed “to demonstrate professionalism, respect for others and teamwork.” The Group strives to foster a corporate culture which attracts the employees needed to drive a hybrid business and ensures they can be trained and work as a diverse team ready to put its mission into practice.

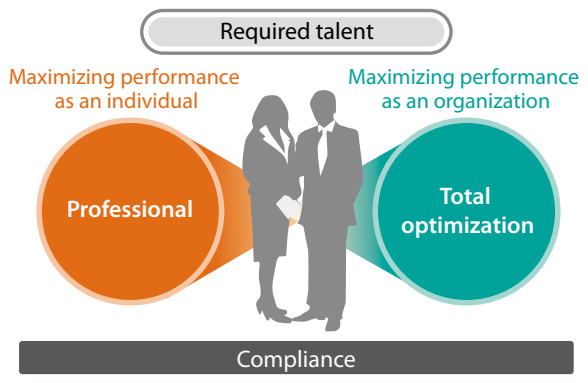
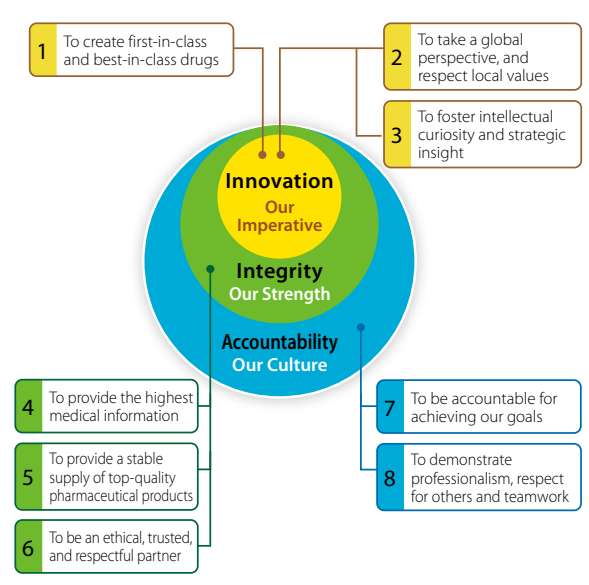
Human Resource Management Principle

In order to optimize organization performance, of the Group, 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.

● Daiichi Sankyo Group’s required talent



Human Resource Development—Efforts in Japan

Fiscal 2010 Achievements		Fiscal 2011 Goals
<ul style="list-style-type: none"> ● Revised administration of human resources system (appraisal and treatment) ● Diversified recruiting measures ● Promoted development measures for employees ready to work on the global stage 	>	<ul style="list-style-type: none"> ● Promote human resource management enabling employees to grow and perform together with the company

Revisions to Administration of Human Resources System

In fiscal 2010, we continued efforts from fiscal 2009 and made revisions to part of our human resources system. This was done with the aims of improving employee satisfaction with appraisal and treatment, and energizing managerial employees to grow and take on challenges through the long-term. We did not simply revise the system, but also made efforts to accelerate the growth of both employees and the company by ensuring that employees correctly understood the scope of the revisions and that they were involved in the organizational management.

Skill Development Guide

As part of the revisions to the administration of the human resources system, we defined skills and levels at each employee grade and prepared the Skill Development Guide that visualizes methods to enhance skills. This guide will go into full-scale use in Group companies in Japan in fiscal 2011. By using this guideline, we will further strengthen employees' confidence in appraisals and accelerate initiatives to promote individual employees' growth.

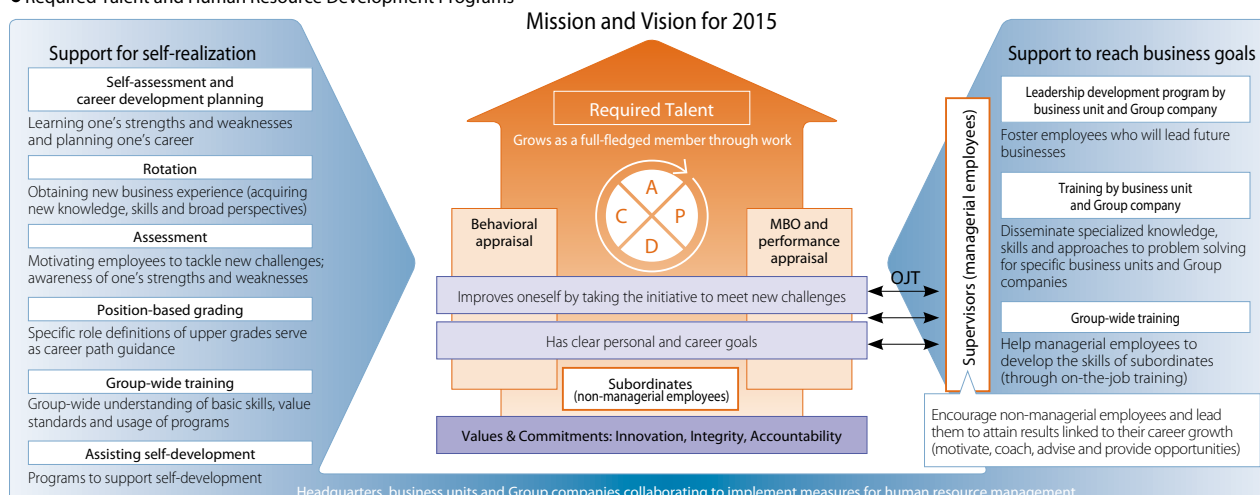
Establishing the Human Resource Development Environment and Promoting Personal Self-Development

We continue to provide Group-wide training for Group companies in Japan targeting employees such as new hires and those who have been promoted. The training, which began to be offered in fiscal 2008, aimed to enhance understanding of one's role and strengthen interest in self-development, which have helped to form a foundation for growth. In fiscal 2010, a total of 783 new hires, managerial employees and employees promoted to senior positions participated in the training. In addition, training was given by the respective divisions and Group companies in Japan to acquire and improve the expertise required for each function. We believe that these training sessions are mutually beneficial and lead to the effective growth of human resources. Educational costs for Group companies in Japan overall increased 5% in fiscal 2010 over the previous year.

In fiscal 2011, plans are in place to develop measures to improve the management skills of line managers, while continuing with this training.

We also provide subsidies for distance learning and external course costs in order to promote self-development, and will continue to provide support through these programs in fiscal 2011.

Required Talent and Human Resource Development Programs



| Human Rights and Employment Issues—Efforts in Japan

Fiscal 2010 Achievements

- Conducted education training on human rights for managerial employees and new hires
- Conducted harassment prevention education training for all employees and education for managerial employees on labor management
- Promoted compliance with the laws for temporary staff



Fiscal 2011 Goals

- Carry out further education for all employees to raise awareness on human rights and harassment prevention
- Expand in a diverse number of working styles
- Continue to promote compliance with the laws for temporary staff

Basic Principle on Human Rights

To meet its responsibilities to employees, we believe it is important to respect their rights, personalities and individualities. Our employment regulations and guidelines prohibit discrimination, child and forced labor, as well as sexual and power harassment. Fair appraisal and treatment are ensured in keeping with employee roles and achievements. We conduct internal educational activities and deal severely with rule violations. In order to deal with incidents of harassment, we have set up dedicated counseling desks and respond in a sincere manner about all the specific cases by conducting independent interviews and taking appropriate measures.

Safeguarding Human Rights

We strive to build a comfortable workplace environment for employees with diverse values through ongoing training at all job grades, from new hires to managerial employees, in the protection of human rights as part of our internal educational activities. Harassment is clearly forbidden by employment regulation and all employees have been given harassment prevention training. In addition, harassment counseling desks have been set up in the head office, each office and labor union, and each case is brought forward and addressed on an individual basis.

Employment without Discrimination

We prohibit employment discrimination on the basis of nationality, race, gender or disability at any stage, whether it be hiring, job assignment, compensation, training or retirement. We strive to create a rewarding workplace where diverse employees can perform to their capacity and feel a sense of pride. We continue to enhance employment systems that include: a post-retirement rehire system that rehires all employees who seek reemployment after the mandatory retirement age of 60; a program that allows employees to select work locations and work shorter hours

for a more flexible work style that supports life events; and a registration system for employees who have to stop working temporarily to handle childcare or for other personal reasons but are eager to return to work as regular employees at a later date. In addition, we have promoted compliance with the laws for temporary staff by training line managers on upholding the same labor management standards for temporary staff as regular employees, providing work in line with legislation, and switching to direct hiring.

Communicating with the Labor Union

We have concluded a labor agreement with the labor union that guarantees the right of employees to organize and engage in collective bargaining and action. The rights of employees are assured by quickly discussing and addressing many labor-management issues, in keeping with the principles of the International Labour Organization (ILO). We have established the Labor Management Committee to address work safety and health and labor time management. The committee ensures that labor and management together address these issues appropriately through the PDCA cycle.^{*1} Prioritizing mutual collaboration in addressing concerns, the Daiichi Sankyo Group does not in principle use the method "labor-management negotiations" internally, but rather pursues "discussion," on the premise of conducting positive discussions to resolve problems and disclose information with high transparency. Union membership is almost 100% in Group companies in Japan due to the union shop system.

● Employee Data As of April 1, 2011

	Men	Women	Total
Number of employees by gender	7,328	2,140	9,468
Number of new graduate hires ⁽¹⁾	69	33	102
Average age	40.9	37.5	40.2
Average years employed	16.6	14.8	16.2
Average annual salary (JPY) ⁽²⁾	¥9,747,632		

Average age, average years employed and average annual compensation are data for Daiichi Sankyo on a non-consolidated basis.

(1) Number of new graduate hires in fiscal 2011

(2) Average salary for managerial employees and non-managerial employees as of March 31, 2011. Compensation based on base pay, bonus, overtime pay (annual), annual total for benefits

*1 The PDCA (Plan, Do, Check, Act) cycle is a management process based on the feedback provided in order to ensure that managerial operations proceed smoothly according to plan.

| Creating An Attractive Workplace—Efforts in Japan

Fiscal 2010 Achievements

- Educated managerial employees on mental health thus significantly decreasing the number of employees taking temporary leave due to mental illness
- Raised percentage of physically or mentally challenged employees to 2.10%, above the ratio in fiscal 2009
- Began company-wide training and leader training for career promotion of female employees
- Increased the number of male employees working shorter hours and number taking child nursing-care leave

Fiscal 2011 Goals

- Promote dialogue in the workplace
- Continue to reinforce measures to prevent mental illness
- Improve hiring and working environments for physically or mentally challenged employees
- Increase number of female managerial employees and expand their scope of working fields by further the strengthening measures for career promotion of female employees
- Conduct a work system that encourages more diverse employment

□ Creating a Corporate Culture that Respects Individuality

We strive to create comfortable workplaces that ensure mutual respect for individuality. We believe that there are three keys create comfortable workplaces: Communication actively among employees; Caring that brings about mutual acceptance and understanding; and Commitment of all employees to fulfill their responsibilities. Applying these three C's, we are always striving to create a dynamic corporate culture.

□ Industrial Safety and Health

We strive to ensure employee safety and health and prevent long working hours. With the participation of labor and management, we have established safety and health committees to promote safe and healthy working conditions, and have also established working hour management committees to examine ways to reduce long working hours at all Group companies and in each workplace. These committees build a reliable cycle of setting principle, taking action, and verifying results. Furthermore, by employing an industrial physician at Group headquarters who belongs to a nationwide network of industrial physicians, we have set up a unique system which provides support using a unified approach on the national level. We have also set up a counseling system for employees and their families in affiliation with an external employee assistance program (EAP).

● System and Initiatives for Labor Safety

System	Initiatives
Measures for people working long hours	Adopted a physician consultation system and a leave program to prevent overwork. Achieved nearly 100% implementation of both systems and individual working hours' decrease by 10 hours a year.
Medical checkup program	Adopted a medical checkup leave program and about 40% of employees received checkups. (Medical costs are covered by the health insurance association)
Fostering mental health	Preparation of brochures and managerial employees training to promote line care ^{*1} in all offices and work sites Providing training for coaching to promote communication.
Return-to-work assistance	The number of employees taking leave due to mental health issues decreased 50% and the number of work days lost fell about 12% due to reinforced line care.
Health databank	Approach based on disease characteristic analysis Consultation with and guidance from industrial physicians through an online system.
Group long-term disability system	Providing employees rendered incapable of working for a long-term period due to sickness or injury with a fixed portion of their income as compensation, up to retirement age.

● Indicators on Work Safety and Health

	FY2008	FY2009	FY2010
Usage rate of paid holidays (%)	57.5	56.5	55.5
Total annual working hours	1,925	1,891	1,881
Number of occupational injuries	76	76	83

□ Promoting Employment of Physically or Mentally Challenged Persons

Group companies in Japan and Daiichi Sankyo Happiness Co., Ltd., a special subsidiary that the Group created in line with Japan's Act on Employment Promotion of Persons with Disabilities, promote employment of physically or mentally challenged persons and encourage a commitment to normalization^{*2} among all employees in order to create a working environment where everyone can perform well.

● Percentage of Employees Who Are Physically or Mentally Challenged (%)

FY2008	FY2009	FY2010
1.90	2.06	2.10

Statutory employment ratio: 1.8%

*1 Supervisors learn to understand specific ways they can address mental health issues in the workplace and ways of interacting with subordinates.

*2 "Normalization" refers to a society where people of every ability live together as a matter of course without any particular distinction being made based on physical or mental challenges they face, and this is deemed to be the ideal practice.

□ Career Promotion for Female Employees

The Group's principle is to create a working environment in which employees can work with plenty of energy and prove their abilities regardless of their gender. With the aim of encouraging further career promotion for female employees in particular, we shifted our focus from actively supporting women's work-life balance to developing programs and systems in fiscal 2010 to optimize women's skills and increase their opportunities.

We support female employees so that they can continue employment by augmenting the maternity and childcare leave program, providing information that helps them smoothly return to work after maternity leave, and encouraging interaction among them using the intranet.

We also focus on providing maximum opportunities to female employees by conducting "career encouragement training" to help them find fulfilling careers and "career assistance training" for managerial employees who have female subordinates. Both training programs have had around 100 employees' participation.

In addition, we started a training program for selected candidates with the capacity to become the next generation's leaders in order to increase the number of female managerial employees. Moreover, we focus on developing the careers of female MRs,*1 which have relatively low retention ratios. As a result, the average retention period almost doubled to three years, with six women now engaging in MR activities while raising children.

We will continue to actively create opportunities for women with the aim of improving the organization's dynamism and performance.

● Ratio of Female Employees and Ratio of Female Managerial Employees

	FY2009	FY2010	FY2011
Ratio of female employees	18.5	18.8	19.0
Ratio of female managerial employees	2.3	2.7	3.2

Daiichi Sankyo on non-consolidated basis, each year as of April 1

□ Creating Comfortable Workplaces

We respect the lifestyle of all employees and strive to create a work climate enriched with creative energy, where employees can work autonomously and efficiently, manifesting their diverse values and skills. We have established and implemented various systems such as discretionary labor and flextime systems, life event and paid holidays, a post-retirement rehire system, options to select work location and work shorter hours, and other flexible working programs so that employees can choose from a variety of work styles that best suit their work situation and living conditions, in order to maintain their work-life balance.

We particularly prioritize initiatives that help balance work, childbirth and childcare. In June 2009, we upgraded the system for supporting the dual responsibilities of work and childcare and achieved the objectives of its childcare action plan, receiving *Kurumin***2 certification. We aspire to obtain this certification for the next action plan, as well. We also focus on efforts to encourage male employees to participate in child-rearing, enabling men to take childcare leave, to work shorter hours, and to take child nursing-care leave in half-day units, even if their spouses are unemployed. As a result, more male employees have taken child nursing-care leave.

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

● Number of Employees Who Took Childcare Leave and Child Nursing-care Leave

	FY2008	FY2009	FY2010
Number of employees who took childcare leave (Women)	128	137	156
(Men)	3	6	6
Number of employees who took nursing-care leave (Women)	213	293	270
(Men)	82	147	156

▶ VOICE

Building upon advances step by step without forgetting initial goals

I am in charge of sorting, distributing and collecting all mail at the Head Office of Daiichi Sankyo. Before, I was not good at talking to other employees, but I came to enjoy communicating with them through my work. I also came to determine by myself whether a document was urgent and make sure it was reliably delivered.



Accomplishing my task successfully every day is a great joy for me. When I become sloppy due to getting used to it, I remind myself of my initial goals and pull myself together so that I come closer to my goal of becoming a real leader of my group, while building upon my advances step by step.

Shunichi Watanabe

DAIICHI SANKYO HAPPINESS CO., LTD.



*1 A medical representative (MR) is primarily responsible for visiting medical professionals to compile and provide information on the safety management of pharmaceutical products in order to ensure that the products are used appropriately.

*2 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.

| Efforts Overseas

Human Resource Development

► VOICE

Employees' competencies form the basis for all human resources tools

A sound knowledge and understanding of the competencies required for a position allow employees to better meet their job requirements and develop the competencies required. In 2009, HR managers of Daiichi Sankyo in Europe therefore started to create a joint competency model that is based on the European brand positioning and that can be applied to all staff across the region. This defines the specific set of skills and attitudes for each position within Daiichi Sankyo Europe. To ensure it is a practical, value-adding model and not a theoretical exercise, more than 150 colleagues from different countries, functions and organizational levels were first asked which competencies a Daiichi Sankyo employee needs. The result was a list of more than 150 practices, skills and attitudes. This formed the basis for intensive discussions within the project team, which finally summarized the findings in ten European competencies that represent the three global values of Innovation, Integrity and Accountability and the European brand elements of Passion and Precision.

However, not all of Daiichi Sankyo's 2,500 employees in Europe should have an identical set of competencies,

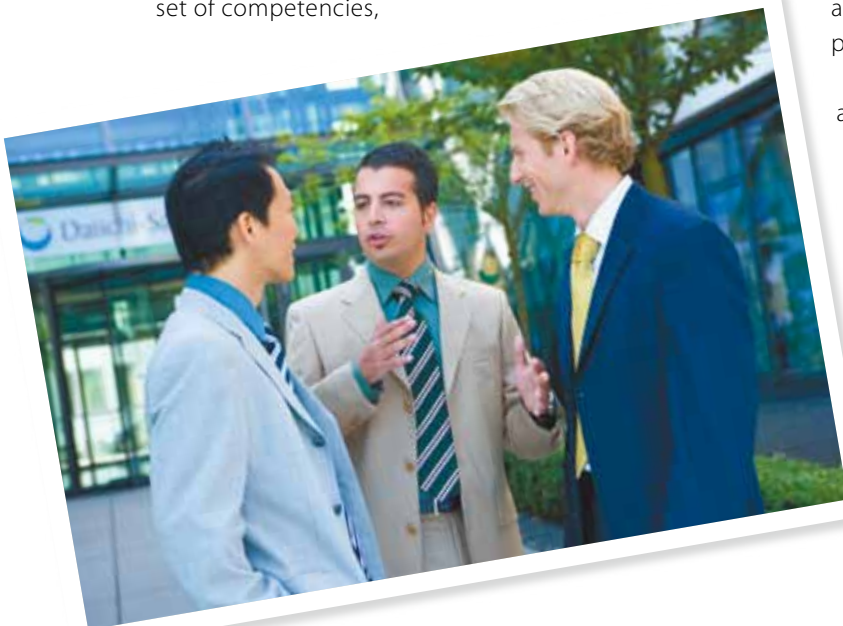
but instead one that is in line with their individual responsibilities. Of course, customer-oriented competencies will play a greater role in sales functions. In general, the higher the management level, the higher the level of competencies required. Thus, in a European "Job Evaluation Project" reference profiles for around 60 standard job roles in the affiliates have been agreed.

To enable all employees to easily understand this relatively abstract model, the European Competency Model is based on behavioral indicators from real life. They contain details of observable examples of individual behavior. Since fiscal 2011, they are used in regular competency-based feedback meetings in which all employees discuss with their manager which target level they have reached for each individual competency or where improvement is necessary. The results of competency-based feedback dialogue are then used for selecting the right development program for each employee.

The European Competency Model applies to all Daiichi Sankyo employees in Europe and is being integrated into all HR tools and programs. Consequently, comprehensive communication measures including a booklet, PodCast, posters, training, workshops and regular information in the different internal communication channels in all local languages accompanied the implementation of the concept. Implemented in all affiliates, the European Competency Model enables Daiichi Sankyo to become a more target-oriented and more transparent company and make better use of the existing strengths.

Elmar Siemers

Vice President, Human Resources
Legal & General Administration
DAIICHI SANKYO EUROPE GmbH



Human Rights and Hiring

► VOICE

Women's Forum: Self-empowerment leads to reform

Self empowerment is a prominent theme in DSI Women's Forum programs.

We believe that self-empowerment leads to innovation by promoting confidence in one's self to express ideas or take actions that may not fit current paradigms. As Chairperson of the Women's Forum Programs Committee, I am proud of what we have accomplished in terms of coaching women toward self-empowerment fostering a harmonious work environment. Employees are urged to be innovative at all time.

Our Leadership Immersion program provides DSI women the opportunity to focus on self-empowerment and innovative thinking through peer-mentoring, workshops and professional development activities. Leadership Immersion graduates inspire others within the organization to "dare to innovate."

The Women's Forum believes in using existing talent to develop programs for the larger employee base.

We developed the In Partnership series and hosted our first session, Managing Differences in the Workplace, as a partnership between the Women's Forum and Sales Training.

As Senior Manager of New Product Planning, Oncology, working on multiple global new product teams, my personal



goal is to foster an environment where teams work together in harmony. One of the most important elements of developing a harmonious team is understanding differences in team members' work styles, personalities and cultural norms so that diverse perspectives are always taken into account.

Mary Ann Ruszinko

Senior Manager, New Product Planning
DAIICHI SANKYO, INC. (U.S.A.)

Creating Attractive Workplaces

► VOICE

The best employer in Turkey

In Turkey, Daiichi Sankyo is still a rather young company. In the spring of 2011, we celebrated our third anniversary—which gives us more the feeling of a start-up business than a global Group rich in tradition. As it is the employees who need to build up the business and raise interest in the company and its products in the market, we have been investing in many ways to create a motivating work environment. Through training, team meetings and by offering professional growth opportunities, we have been able to establish very good relationships among co-workers. We are using every opportunity to make our senior executives visible and accessible to all employees in the country. In addition, we clearly communicate our business goals and objectives to ensure we all head into the same direction.

That these measures pay off was proven by AON Hewitt, a renowned international human resources consulting firm. In March 2011, Daiichi Sankyo Turkey was selected as the "Best Employer 2010" in Turkey—across all industries. Furthermore it was the first time that a pharmaceutical company ranked first. It was the first time we entered the competition and our company immediately reached the No.1 spot. It shows that Daiichi Sankyo is a best-in-class employer with highly motivated and highly engaged staff.



Melisa Kurşunoğlu

Human Resources Manager
DAIICHI SANKYO İLAÇ TİCARET Ltd. Şti

A close-up photograph of a doctor in a white lab coat and a light blue surgical mask. The doctor is using a black stethoscope to examine the back of a young child. The child is wearing a white long-sleeved shirt and a colorful patterned garment. The background is slightly blurred, showing a clinical setting.

GOAL 3

Reinforce Communication with Stakeholders

Good communication with stakeholders from all walks of life is essential precisely because a company's very existence depends on its relationship with society.

Patients and Medical Professionals

Fiscal 2010 Achievements

- Outside evaluation conducted of corporate stance and MR activities
 - Company rated No. 1 in the area of cardiovascular medicine
 - MRs rated No. 2 overall



Fiscal 2011 Goals

- Take initiatives aimed at becoming a trusted medical partner
 - Strengthen ability to propose treatments in line with doctors' needs
 - Contribute to medical treatment by providing new medicines

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. Daiichi Sankyo's goal is to be recognized as a trusted medical partner by the entire medical profession. In fiscal 2011, Daiichi Sankyo hopes to offer new drugs in fields with unmet medical needs, such as Alzheimer-type dementia and venous thromboembolism, so that the company can help to enhance the quality of life for as many people as possible. To achieve this goal, Daiichi Sankyo will train MRs who can appropriately convey the value of these products to medical professionals.

Providing Information That Meets Real Needs

The Sales and Marketing Division's mission is for each of its MRs to take pride in the company and their own work, which is the key to bringing greater happiness to more patients. The Division seeks to provide an organization

that fosters an environment in which employees can work as a team to produce results. As part of these efforts, the Sales and Marketing Division strives to improve and enhance MR activities on an ongoing basis by conducting periodic surveys via questionnaires sent to medical professionals with the cooperation of an external research company. In fiscal 2010, cardiologists ranked Daiichi Sankyo No. 1 in their responses to a question on evaluation of its activities as the leading manufacturer of cardiovascular medicine.

Daiichi Sankyo was also ranked No. 2 or higher in an overall assessment of MR activities, including new products to be launched in other diagnostic and treatment departments.

Assessment by Questionnaire

	Jul. 2008	Jan. 2009	Jun. 2009	Jan. 2010	Jun. 2010	Dec. 2010
Overall Assessment of MRs*1	No. 2 (N=2,228)	No. 1 (N=2,407)	No. 2 (N=2,375)	No. 2 (N=2,418)	No. 1 (N=2,407)	No. 2 (N=2,648)
Evaluation as the Leading Manufacturer of Cardiovascular Medicine*2	No. 1 (N=390)	No. 1 (N=433)	No. 1 (N=379)	No. 1 (N=391)	No. 1 (N=290)	No. 1 (N=320)

*1 Grading of MR assessments (three points for No. 1, two points for No. 2, one point for No. 3 and zero points for No. 4)

*2 Rate of selection by cardiologists as the leading manufacturer of cardiovascular medicine. Source: Research commissioned by Daiichi Sankyo

VOICE

Building bridges between information and people

I work as a field coach in charge of preparing high-quality content and implementing training based on strategies and policies for products, particularly new products. This ensures that our approximately 2,400 MRs can all implement the same strategy. With so many new products being launched, it is extremely important that MRs understand the products and product strategies in new fields. At the same time, medical professionals and patients are very interested in selecting the most appropriate treatments available. So I have the heavy responsibility of preparing training content and carrying out training with an understanding of both sides. This is also what makes my work so interesting. I hope to continue to play a part in contributing to patient health by offering a wide range of treatment options through MRs.



Taichi Ara

Promotion Management Department, Sales and Marketing Division, Japan Company
DAIICHI SANKYO CO., LTD.



*1 Medical representative (MR) is primarily responsible for visiting medical professionals to compile and provide information on the safety management of pharmaceutical products in order to ensure that the products are used appropriately.

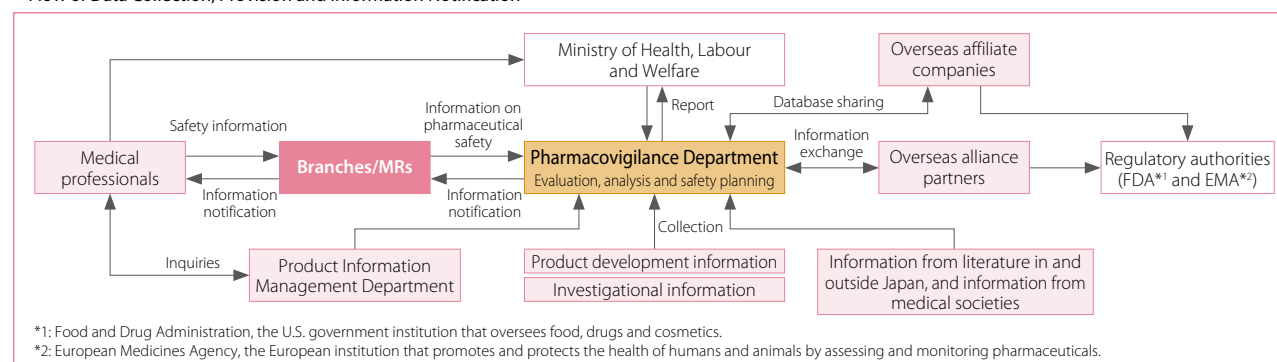
| Patients and Medical Professionals

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, and literature and information from affiliates both in and outside of Japan, the annual volume of data has risen to 76,000

cases. The Pharmacovigilance Department enters safety information into database for expedited submission for authorization, and safety profile analysis. The information on proper use that this generates is shared with medical professionals through MRs.

Flow of Data Collection, Provision and Information Notification



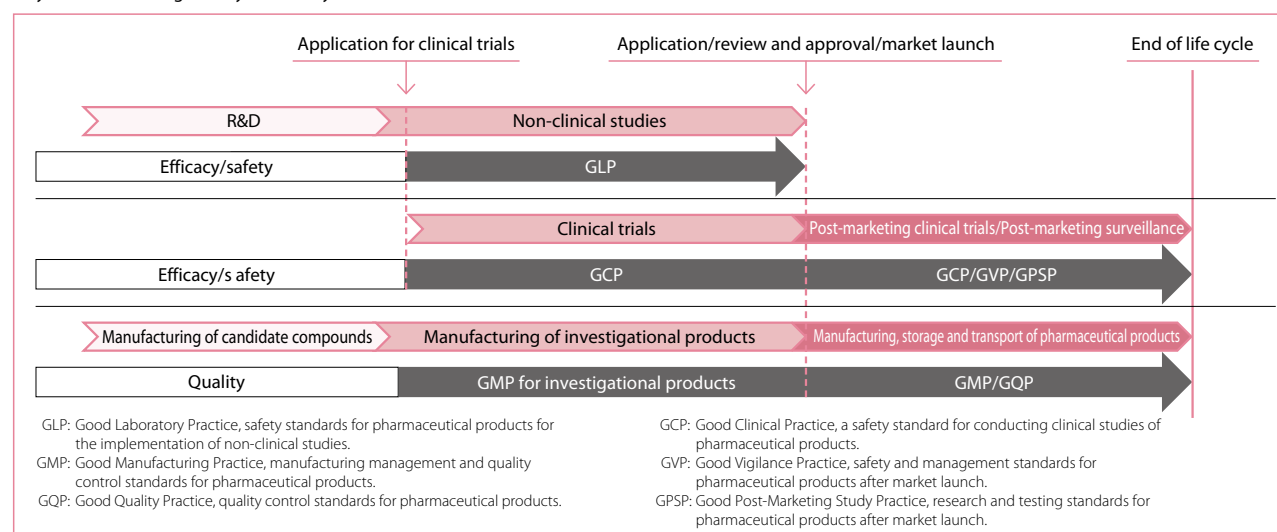
Efforts on Quality and Safety Management

Daiichi Sankyo shoulders a significant responsibility as an enterprise whose activities directly impact people's lives, and is required to comply with various regulations, including Japan's Pharmaceutical Affairs Act. Sets of good-practice standards collectively referred to as "GxP"*2 have 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, Daiichi

Sankyo conducts its own reviews to ensure compliance with GxP and improve its operations. The company has established a structure in its manufacturing operations to ensure a stable supply of high-quality pharmaceutical products and maintain standards of high quality and safety upon which the patients and healthcare professionals who use Daiichi Sankyo products can rely.

System for Ensuring Quality and Safety



*1 Medical representative (MR) is primarily responsible for visiting medical professionals to compile and provide information on the safety management of pharmaceutical products in order to ensure that the products are used appropriately.

*2 GxP are standards set by the government and other public organizations to ensure safety and reliability.

■ Maintaining Product Safety

In addition to safety measures for products under development and existing products, the Pharmacovigilance Department takes post-marketing safety measures for both existing products and new and newly standardized products. The department evaluates safety information on both commercialized and investigational products in Japan and overseas, and instigates safety measures such as revising enclosed product information. This department endeavors, on a daily basis, to ensure that the medical profession is well-versed in appropriate product use by establishing a solid safety profile based on science and providing information to medical professionals in a timely manner.

■ Efforts on Product Quality

A pharmaceutical product, including packaging, is designed to demonstrate efficacy for its indications in an effective and safe manner. In addition, Daiichi Sankyo has established its own policy on product package and label design, reflecting its efforts to ensure medical safety and usability and reduce environmental impact on the basis of its product quality guarantee. This approach drives Daiichi

Sankyo's efforts to provide pharmaceutical products with a commitment on quality from all aspects. Daiichi Sankyo produces commercial products with designed quality at the development stage, which is aligned with the latest global standards, and has set up a worldwide supply structure for delivering highly reliable pharmaceutical products.

■ Anti-counterfeiting drugs

Recently, counterfeit drugs that lack active ingredients or that contain substances other than those indicated have become a major health hazard. Daiichi Sankyo carefully manages the distribution of its pharmaceutical products, and also takes steps to counter fraudulent drugs by using radio-frequency identification (RFID)*¹ and special printing technology such as holograms*² and micro-letters on its labels and boxes. Daiichi Sankyo is also considering adopting cutting-edge technology such as small letter printing and identification tags directly on tablets. Daiichi Sankyo is examining these possibilities with an eye to introducing them as soon as possible.

▶ VOICE

Fulfilling the company's social responsibilities through packaging

Based on stronger attention on drug safety among medical professionals, the role of pharmaceutical product packaging has changed, with a greater demand for clear labeling and easily identifiable designs. We plan to address issues through promoting a universal design for containers and packaging and using environment-friendly packaging materials. As the first step in this process, we have established a policy on product package and label design to articulate our thinking so far. Packaging is the face of the product and the company, and expresses the roots and attitude of the company. We will ensure that Daiichi Sankyo fulfills its social responsibility by addressing specific issues based on this policy, which takes into account the need to prevent medical accidents, the importance of usability, the need to provide pertinent information, and environmental considerations, in addition to the prerequisite of ensuring product quality.



Michihiro Katayama

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



*1 Radio frequency identification (RFID) is a means of identification and management using a wireless microchip.

*2 Holograms are a special printing method that uses optical technology.

| 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

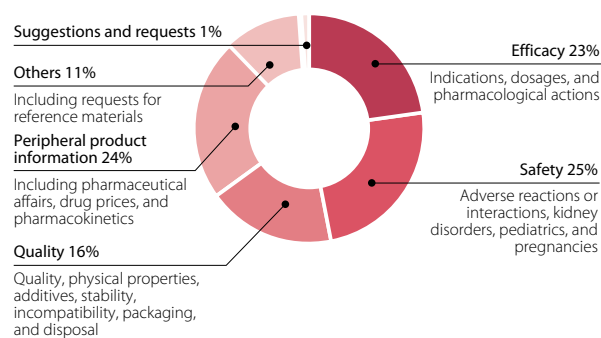
Daiichi Sankyo has received more inquiries since setting up the toll-free number for patients in October 2008. The company has set up the Committee for Satisfactory Responses to Customers' Inquiries to improve the skill of the Product Information Center's staff in responding to patients' concerns and anxieties so that the service becomes more satisfactory and their call is rewarded.

The committee plans regular training sessions and provides opportunities for the staff to polish their skills, and also created a medical glossary (used in

training for the staff). Everyone in the Center strives on a daily basis to ensure that they can respond to patients' inquiries, so that patients can understand easily. 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.

In April 2010, we 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. Our mission is to quickly convey inquiries to everyone concerned in the company, which leads to the improvement of our products and creation of new products.

● Breakdown of Inquiries by Content (Fiscal 2010)



● Number of Inquiries Received (Pharmaceutical Products)

FY2008	FY2009	FY2010
110,000 cases	130,000 cases	134,000 cases

▶ VOICE

Importance of providing information

I work on preparing and revising enclosed product information and post-marketing surveys, work which takes place in the six months after a new drug is launched for safety monitoring. It is important to accurately compile and evaluate the large volume of information that we receive from the medical frontlines, but it is also crucial that we appropriately and accurately convey this information to the recipients.

When I was younger, I worried about drugs and their side effects, but my current work has given me an understanding of information on drug safety that reassures me.

I work hard every day with sympathy for patients in the hope that we can improve their health by providing safe and readily use drugs.

Emiko Iida

Pharmacovigilance Management Group
Pharmacovigilance Department, Quality and Safety
Management Division
DAIICHI SANKYO CO., LTD.



Shareholders

Fiscal 2010 Achievements

- Held briefings for individual investors in Osaka and Nagoya
- Made available exclusive telephone number in Japan for shareholders and investors made available from March 2011
- Selected for the Dow Jones Sustainability Index (DJSI)*¹ Asia Pacific for the first time



Fiscal 2011 Goals

- Hold briefings for individual investors in Tokyo, Osaka, Nagoya and other places
- Be worthy of inclusion in the DJSI and FTSE4Good*² again

□ Prompt and Easy-to-Understand Information Disclosure

Daiichi Sankyo discloses timely information to stakeholders 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,*³ news releases, and materials related to shareholder meetings. The company also distributes an investor relations email magazine and maintains 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 (In Japanese only)

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

□ Interactive Investor Relations

Daiichi Sankyo emphasizes interactive communication with individual investors and shareholders. The company issues a Japanese-language email magazine with the latest investor relations information twice monthly (investor relations email magazine). Since 2007, a questionnaire has been included in this magazine. Daiichi Sankyo also plans to hold briefings around the country for individual shareholders in particular, beginning in fiscal 2011. The company will expand these sessions beyond their role as a forum for explaining its corporate activities to provide an opportunity for listening directly to what shareholders have to say.

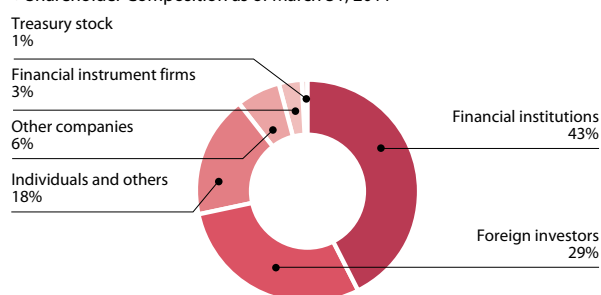
□ Policy Regarding Shareholder Returns

It is Daiichi Sankyo's policy to provide stable shareholder returns by maintaining annual cash dividends per share at 60 yen, while considering the importance of investing for future growth, preparing for the redemption of corporate bonds and returning profits to investors. The company will consider raising dividends beginning in fiscal 2012 based on earnings levels.

● Cash Dividends per Share

	Interim	Year-end	Total
FY2009	¥30	¥30	¥60
FY2010	¥30	¥30	¥60
FY2011	(Forecast) ¥30	(Forecast) ¥30	(Forecast) ¥60

● Shareholder Composition as of March 31, 2011



Communication with shareholders

Annual report

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

*1 The Dow Jones Sustainability Index (DJSI) is the world's first socially responsible investment (SRI) index, established by Dow Jones in the U.S.

*2 FTSE4Good is an SRI index developed by FTSE in the UK.

*3 "Pipeline" refers to the process from the initial development of a compound to its launch as a drug product by a pharmaceutical company.

Business Partners

Fiscal 2010 Achievements	Fiscal 2011 Goals
<ul style="list-style-type: none"> ● Upgraded information on company-wide procurement ● Provided practical procurement education ● Promoted global procurement 	<ul style="list-style-type: none"> ● Formulate basic guidelines on CSR procurement ● Provide CSR procurement training ● Expand CSR procurement to business partners

Procurement Management System

Within Daiichi Sankyo's framework of procurement, where each department engaging in procurement independently undertakes its own respective PDCA^{*1} cycle, in fiscal 2010 the company focused on analyzing information on business partners and clarifying the procurement process. With respect to clarifying the procurement process, the company facilitated competing bids and competition, regularly reviewed ongoing procurement transactions, and revised the procurement procedure manuals established by each office in order to ensure the inclusion of new business partners. In addition, the company analyzed information on business partners by analyzing company-wide procurement data for three years in terms of procurement type, organization and supplier, and shared this information with the procurement manager in each office.

Initiatives to Put CSR Procurement into Practice

Daiichi Sankyo established the CSR Procurement Overview to facilitate its cooperation with business partners in this area. It will continue to explain and encourage understanding of CSR procurement policy to overseas Group companies. The company selects suppliers of raw materials, a direct material, after confirming that the candidates meet its standards with regard to quality, cost, delivery, and cooperativeness, and also that they have solid financial and compliance records. In addition, after transactions with a business partner begin, the quality assurance departments

conduct regular audits in such areas as quality and the environment, and exchange information with the procurement departments.

Daiichi Sankyo plans to give a questionnaire on CSR procurement to its raw materials suppliers, and to work with business partners to promote CSR procurement once current conditions have been assessed.

CSR Procurement Outline

- **Comply with laws and enhance CSR activities**
 - Protect human rights, labor rights
 - Ensure workplace safety and health
 - Comply with relevant laws and international conventions
 - Contribute to society and community
- **Promote fair trade and ethics**
 - Prohibit corruption and bribery
 - Promote fairness, transparency, free competition and sound trade
- **Consider environment**
 - Reinforce environmental management systems
 - Reduce waste and use resources effectively
 - Control hazardous chemicals in products
 - Green Procurement
- **Secure optimal quality and cost**
 - Establish and implement quality management system
 - Secure good product quality
 - Offer competitive prices
- **Ensure stable supply**
 - Secure steady delivery time and stable supply
- **Keep information security**
 - Secure computer networks against threats
 - Prevent the leakage of confidential personal and customer information

^{*1} PDCA (Plan, Do, Check, Action) is a feedback-type management cycle used to ensure that management functions proceed smoothly according to plan.

Engaging with Employees

Fiscal 2010 Achievements

- President visited all offices in Japan
- Town hall meetings were held in Europe, the U.S. and Asia



Fiscal 2011 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 English and Japanese newsletters

Communicating with Employees

Fiscal 2011 will be a year to move steadily ahead with a clear focus on the goals that have been set. Japan suffered an earthquake of unprecedented scale, as a result of which some Daiichi Sankyo Group business functions were also impaired. This became an opportunity to reassess the social significance of the company's business and the roles that each employee must play. Daiichi Sankyo will confront this together with employees, and intends to communicate the future direction and goals of Daiichi Sankyo in terms that are easy to understand and support the creation of a workplace where all employees will be able to reflect on how they can contribute. Management will engage more with employees, notably through visits by the president to business units and town hall meetings.

Company Visits and Town Hall Meetings

After his appointment, the president visited all offices in Japan and held town hall meetings in Europe and the U.S. He spoke about business policies and management issues that should be addressed, and conveyed his enthusiasm to make Daiichi Sankyo Japan's top-ranked company and his expectations for employees.

He took employees' eager questions and facilitated a lively exchange of views on a wide range of topics from expectations for businesses to thoughts on M&A and Ranbaxy's issues. Company visits and town hall meetings are also planned for fiscal 2011 with the aim of reinforcing interactive communication.

▶ VOICE

Connecting people through technology

Making connections to people is part of our human nature. Social media platforms like Facebook and Twitter make those connections easier and far-reaching. Connecting people through technology is the most interesting part of my role as a Manager of Communications and Change Management for the IT Department in Parsippany, NJ.

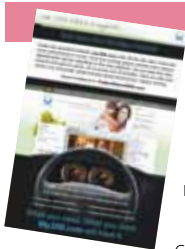
Recently, the IT team re-defined how we will deliver excellence to the business. My role is to facilitate a communications plan enabling IT employees to understand this change and to flourish. DSI's newly re-designed and interactive intranet, my.dsi.com, is an ideal conduit for communicating our ideas and successes as we strive for excellence! The "411," an IT newsletter on the intranet makes our achievements transparent so we can learn from each other. We also introduced the IT BLOG on my.dsi.com to connect us to our business partners in a public forum to share innovative ideas, improve the way we work, and use current technology in new ways.

My adventure at DSI began in 1997. The positive environment has endured, and every day I have the opportunity to use my creative side, grow personally, and innovate in ways that help others.

I feel my contributions become part of the company's history, just as DSI is part of mine.

Karen Felix

Manager, Information Technology
DAIICHI SANKYO, INC. (U.S.A.)





GOAL 4

Reduce the Environmental Burden in Every Business Operation

The Daiichi Sankyo Group carries out business activities on a global scale, and as such it is imperative that it identifies the environmental impact of business activities overall and proactively pursues programs to reduce the impact globally.

Environmental Management

Basic Approach to Environmental Management

Recognizing that caring for the environment is one of its key social responsibilities, the Daiichi Sankyo Group not only complies with the law but has declared its commitment to “voluntarily and actively engage in activities aimed at the protection of the global environment” in the Daiichi Sankyo Group Corporate Conduct Charter. The Group has 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.

Moreover, the Mid-Term CSR Policy in the Group’s Second Mid-Term Management Plan specifies “reducing the environmental impact of all business activities” as an environmental issue to address.

Environmental Management System

The corporate officer for Group CSR, appointed by the president, is the chief executive officer for environmental management. To deliberate on important environmental matters, the Group has set up the Environmental Management Committee chaired by this officer and composed of officers responsible for the global value chain.

The Group’s global environmental management system consists of officials appointed to the head offices of Group companies in Europe and the U.S., and officials at each umbrella organization in the Asia and South and Central American regions. In Japan, the environmental management system is operated for each site classified for environmental management, as determined in consideration of the characteristics of the business and local community, and officials are appointed to oversee that effort at each site. The Group’s 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 (Group companies in 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*1 (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 (PRTR) 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

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

Environmental Management

ISO 14001 Certification Progress

The majority of plants that generate a considerable environmental impact have received ISO 14001 certification. There was no major improvement guidance in audits to renew or maintain certification in fiscal 2010.

In fiscal 2010, the Tatebayashi Plant of Daiichi Sankyo Propharma Co., Ltd. launched its effort to obtain ISO 14001 certification.

● ISO 14001-Certified Sites (As of March 31, 2011)

Company	Site
DAIICHI SANKYO PROPHARMA CO., LTD. *1: Includes Daiichi Sankyo Research Center. *2: Includes Daiichi Sankyo Research Center and Daiichi Sankyo Happiness Co., Ltd. *3: Includes Daiichi Sankyo Logistics Co., Ltd.	Akita Plant
	Onahama Plant*1
	Hiratsuka Plant*2
	Odawara Plant
	Takatsuki Plant*3
DAIICHI SANKYO CHEMICAL PHARMA CO., LTD	Osaka Plant
	Hiratsuka Office and Plant
	Odawara Plant
Ranbaxy Laboratories Limited	Toansa Plant
	Dewas Plant
	Mahali Plant
	Malanpur Plant

● Kanagawa Prefecture Contribution to Environmental Preservation Award

Daiichi Sankyo Propharma's Hiratsuka Plant has earned praise for its success with environmental conservation activities over many years, and won the Shonan Region Prefectural Administration Center Director's Award for its environmental conservation activities.



Basic Approach to Environmental Auditing

The Group's auditing system for environmental management is comprised of three complementary approaches that are implemented in accordance with the situation at each site classified for environmental management. The Group internally assesses its business sites, secures evaluations from ISO assessment organizations, and has its environmental management department perform environmental audits.

Environmental audits on waste management have been performed at all sites classified for environmental management in Japan under a three-year plan that began in fiscal 2008. There was no improvement guidance associated with major environmental risks from fiscal 2008 through fiscal 2010.

Environmental audits will be carried out starting in fiscal 2011 with a three-year focus on the theme of legal compliance.

Daiichi Sankyo Europe and Daiichi Sankyo Pharmaceutical (Shanghai) conducted audits of legal compliance and environmental management at two plants in fiscal 2010.



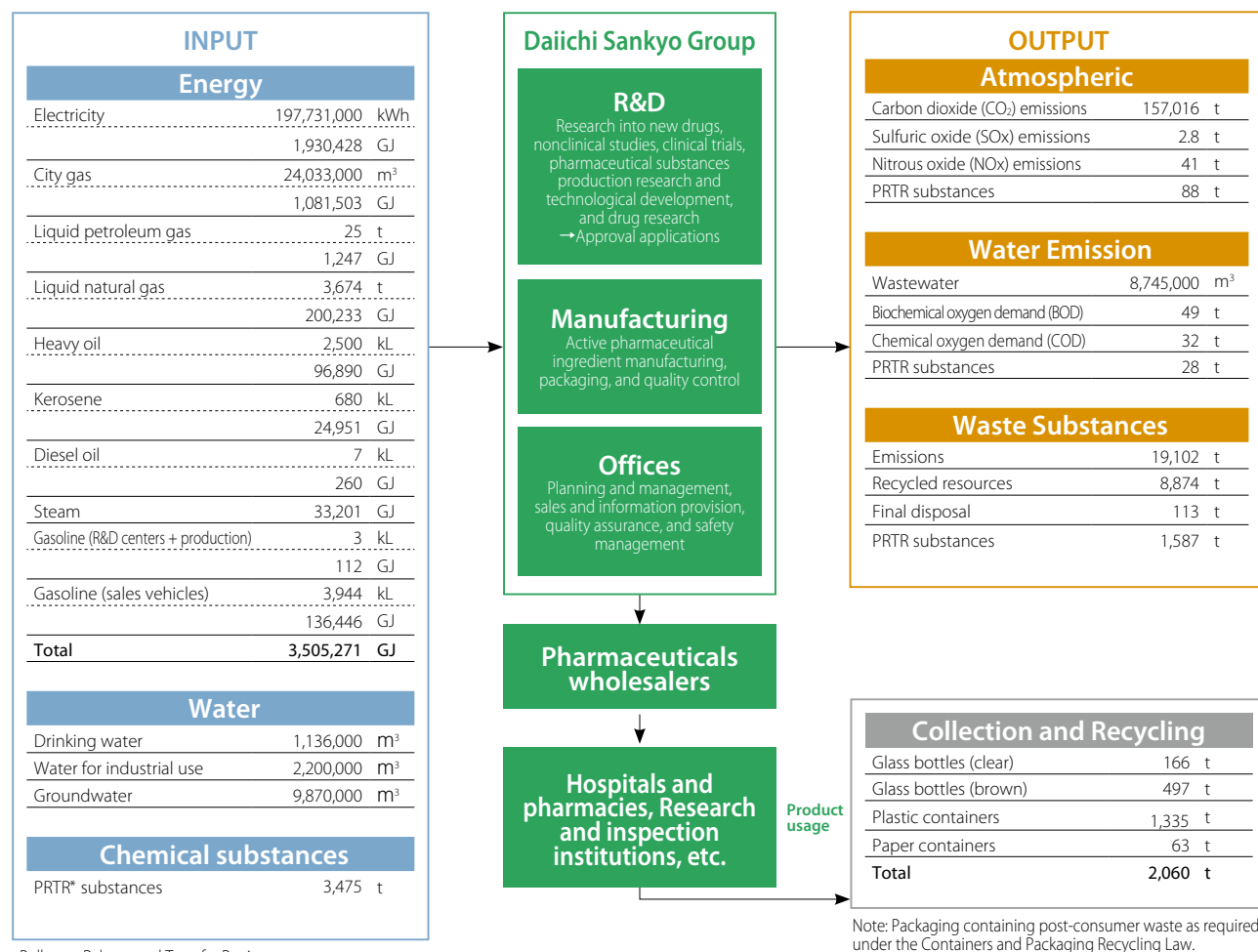
Daiichi Sankyo Europe



Daiichi Sankyo Pharmaceutical (Shanghai)

Business Activities and Environmental Performance

Group Business Activity, and Input and Output in Fiscal 2010 (Japan)



* Pollutant Release and Transfer Register

Environmental Accounting (Group in Japan) (Fiscal 2010)

Conservation Costs (millions of yen)

Environmental Items	Investments	Expenses
Pollution prevention	242	462
Global warming prevention	619	104
Resource recycling	26	1,049
Upstream and downstream	0	46
Management activity	9	701
R&D	0	19
Social activity	0	1
Environmental remediation	0	10
Total	896	2,392

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

Economic Benefits (millions of yen)

Sales of waste with commercial value	13
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Environmental Conservation Benefits

	Units	Fiscal 2010	Change	Percentage change
Energy	GJ	3,505,271	-375,056	-9.7%
Water	1,000 m³	13,207	-1,894	-12.5%
PRTR substances	t	3,475	-1,010	-22.5%
Carbon dioxide emissions	t-CO ₂	157,016	-21,076	-11.8%
Waste substances generated	t	34,594	-6,009	-14.8%
Waste substances discharged (amount outsourced)	t	19,102	3,119	19.5%
Waste recycling	t	8,874	-589	-6.2%
Final waste disposal	t	113	-200	-63.9%
Recycling ratio	%	46.5	—	-21.5%
Containers and packaging	t	2,060	-190	-8.4%
BOD emissions	t	49	-2	-3.9%
SO _x emissions	t	2.8	-1.1	-28.2%
NO _x emissions	t	41	-3	-6.8%

Initiatives to Prevent Global Warming

Fiscal 2010 Achievements

- Group CO₂ emissions were 481,612 metric tons, up 4.5% from the previous fiscal year
- CO₂ emissions totaled 157,016 metric tons for Group companies in Japan, 11.8% down from the previous fiscal year, beating the target of a more than 10% reduction



Fiscal 2011 Goals

- Implement CO₂ reduction measures on an ongoing basis to achieve medium-term goal (fiscal 2012)
- Take measures to reduce electricity use following the Great East Japan Earthquake

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 curb global warming.

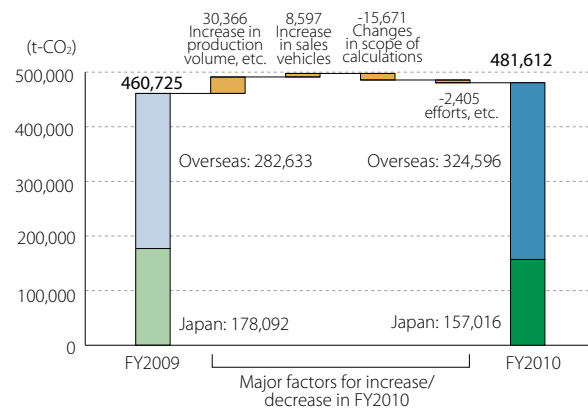
CO₂ Reduction Targets and Achievements

As part of the Second Mid-Term Environmental Management Plan for Group companies in Japan, CO₂ emissions targets for fiscal 2012 were set for each category, aiming to achieve reductions of 20.2% in plants and R&D centers, 10.2% in offices, and 32.1% in sales vehicles compared to fiscal 2007 levels, for a total reduction of 20.5% across the entire Group in Japan. In fiscal 2010, CO₂ emissions totaled 157,016 metric tons, a reduction of 11.8% compared to fiscal 2009 levels.

Outside Japan, Group companies sought to reduce CO₂ emissions by using biomass energy and introducing fuel-efficient and hybrid vehicles, but did not achieve reductions sufficient to absorb the impact of an increase in production volume. As a result, the Group's overall CO₂ emissions totaled 481,612 metric tons, up 4.5% over the previous fiscal year.

The Daiichi Sankyo Group continues to strive to raise the operational efficiency of heat-source equipment, such as air conditioners and boilers, while also introducing new energy-saving equipment with significantly lower CO₂ emissions.

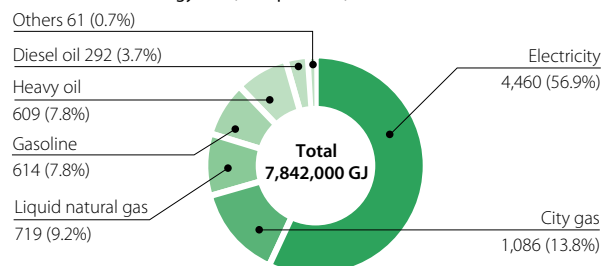
CO₂ Emissions by Factors for Increase/Decrease (Entire Group)



CO₂ Emissions by Activity

Environmental Items	Entire Group	Group in Japan	Group outside of Japan
Direct emissions due to fuel consumption	159,291	75,095	84,197
Indirect emissions due to purchases of electricity, etc.	281,273	72,765	208,507
Emissions from other activities (sales, etc.)	41,048	9,156	31,892
Total	481,612	157,016	324,596

Breakdown of Energy Use (Group overall)



Plants and R&D Centers

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

To implement further measures, the Group developed the Mid-Term Capital Investment Plan for Preventing Global Warming (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% below the fiscal 2007 level, within three years. These measures are linked to efforts underway for achieving the environmental voluntary action targets*¹ set by the Japan Pharmaceutical Manufacturers Association.

Offices

The Group encouraged employees to dress in casual business attire at office buildings of the headquarters and branch offices in Group companies in Japan throughout the year. The Group also pursued more efficient operation of air conditioners and replacement of older systems. Lights and air conditioning are turned off in unused conference rooms, and energy conserved during off hours on the designated regular Work-Life Balance Day. The Group also participated in the lighting conservation campaign run by Japan's Ministry of the Environment.

Despite these diverse measures, CO₂ emissions increased 392 metric tons over the previous fiscal year (up 8.4%) due to the impact of the unseasonably hot summer in Japan in 2010.

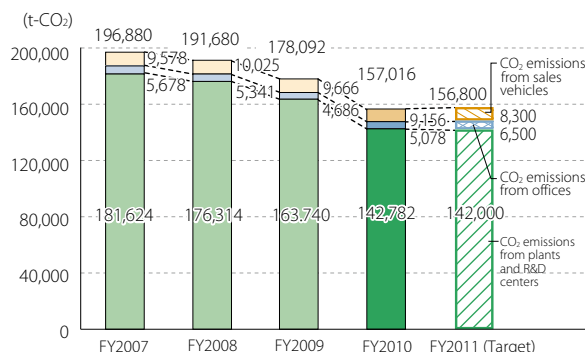
Initiatives Related to Employee Travel

The Group promotes environmentally friendly driving and is gradually switching to low-emission vehicles that consume less fuel (including hybrid vehicles), and is also taking steps to reduce its fleet by optimizing the number of sales vehicles used.

The Group in Japan reduced CO₂ emissions by 510 metric tons (down 5.3%) from the previous fiscal year. Carbon offset-type sales vehicles were leased so that CO₂ emissions from sales vehicles were entirely offset and real CO₂ emissions were zero.

The Group also reduced non-emergency, unnecessary business trips and encouraged the use of video conferencing for meetings.

Breakdown of CO₂ Emissions (Group in Japan)



Note: The Group calculated the emission factor for CO₂ from electrical power in Japan at 0.368 metric tons per kWh.

Using Renewable Energy

The Pfaffenhofen Plant of Daiichi Sankyo Europe in Germany uses 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 was run by electricity generated from thermal heat by April 2009. This reduced annual CO₂ emissions by 2,000 metric tons. In addition, every year, the Shinagawa R&D Center in Japan purchases 1,000,000 kWh of green power generated from bagasse, which is derived from sugarcane waste.

Global Warming Subcommittee Meeting

In November 2010, the first Global Warming Subcommittee Meeting was held, attended by plant and laboratory facility managers and energy management officers. This subcommittee's objective is to share information with administrators considering the Group's energy-saving and global warming measures and to engage peer groups more fully in implementing the Group's policies. At the meeting, the Group's initiatives to date, future measures, and medium-term plans were described, and examples of ways to effectively utilize heat pump systems and steam, and ways to reduce steam loss, were introduced.

*1 Reduce CO₂ emissions in fiscal 2010 (five-year average for fiscal 2008–2012) to a level below that of fiscal 1990

Reducing Waste

Fiscal 2010 Achievements

- Maintained zero emissions (final disposal rate: 0.33%)
- Reduced office paper consumption to 72.46 million sheets (8.9% below fiscal 2009)

Fiscal 2011 Goals

- Maintain zero emissions (final disposal rate target: less than 1%)
- Further reduce office paper consumption, to 72.20 million sheets (0.4% below fiscal 2010)

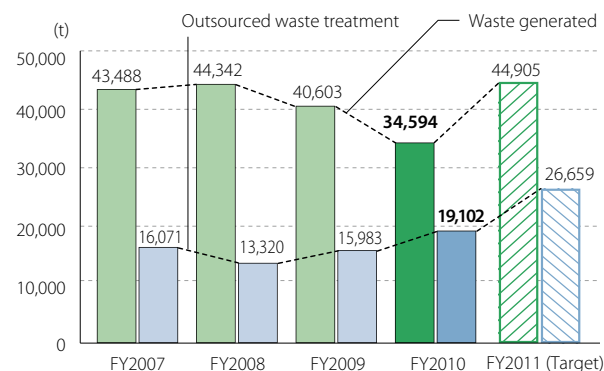
The final disposal rate is for plants and laboratories in Japan, and office paper is for the Group companies in Japan

Waste Reduction Targets and Achievements

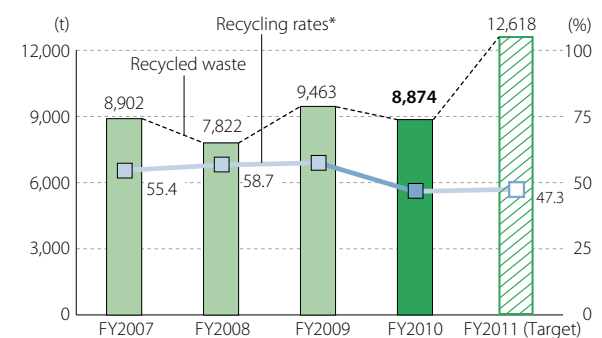
The Daiichi Sankyo Group defines zero emissions as final disposal representing less than 1% of total amount of waste. The Group made zero emissions by fiscal 2009 one of the goals in its First Mid-Term Environmental Management Policy for the Group in Japan and has maintained zero emissions since attaining the target a year ahead of schedule in fiscal 2008. At plants, the Group believes it is important to reduce waste and more efficiently use resources. Consequently, it is pursuing resource savings through efforts such as the streamlining of resources used in manufacturing and packaging processes, comprehensive separation of waste materials, reduction of total waste material volume, and resource recycling. Whenever possible, the Group chooses waste disposal firms that recycle thoroughly. In research activities and at offices the Group recommends printing on both sides of office paper and separating waste by category for recycling.

In fiscal 2010, the Group's recycling rate fell by 12.7 percentage points, although it generated 6,009 metric tons less waste compared to the previous fiscal year. Final disposal was 113 metric tons, a decrease of 200 metric tons compared to the previous year, achieving its zero emissions goal with a final disposal rate of 0.33%.

Waste Generation and Disposal (Group in Japan)

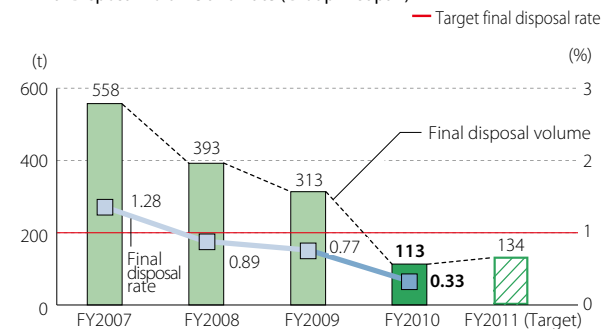


Recycled Waste and Recycling Rates (Group in Japan)



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

Final Disposal Volume and Rate (Group in Japan)



Waste Processing Facility Inspection

Inspectors from 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 2010, inspections were carried out at waste processing facilities as planned.

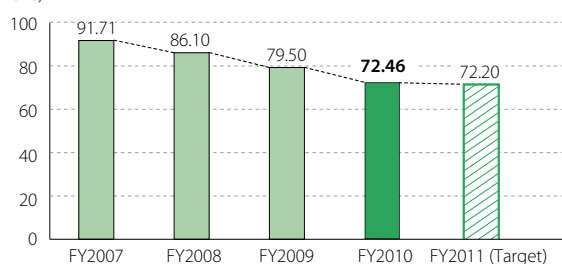
■ Reducing Office Paper Use

We are seeking to reduce paper usage at offices by promoting double-sided copying and N-up printing (printing multiple pages on a single sheet). In addition, employees are now very comfortable using projectors and shared servers to reduce the amount of paper distributed as reference material.

To educate employees about reducing waste, a notice is posted near copy machines showing trends in paper use, and each organization's achievements in reducing paper usage and their initiatives are shared at meetings and other forums.

● Office Paper Usage Volume (Number of Sheets, Group in Japan)

(Millions)



■ Promotion of Recycling

● Reducing sludge

The Hiratsuka Office and Plant of Daiichi Sankyo Chemical Pharma compost*1 100% of the excess sludge dehydration cake generated by effluent treatment facilities and recycles it. In fiscal 2010, 273 metric tons of excess sludge was composted.

● Recycling Paper

The Takatsuki Plant of Daiichi Sankyo Propharma regularly conducts environmental patrols and promotes recycling to ensure that garbage is sorted appropriately.

In addition, emissions were reduced by 539 kg by recycling paper towels instead of incinerating them, as was the practice until now. These measures led to a recycling rate of more than 99%. The plant will continue to work on raising its recycling rate.

● Recycling Cardboard

Daiichi Sankyo Logistics reuses cardboard for assorted packages. Of the outer box cardboard used in fiscal 2010, 37% was reused.

● Recycling Solvents

The Group is 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.

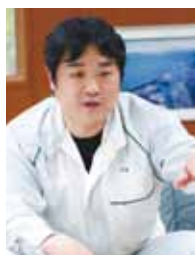
● Sign and Packaging Policy

The Group's new Sign and Packaging Policy strives for medical safety and ease of use, while at the same considering the environment. The Group is currently considering packaging materials that would conserve resources and reduce CO₂.

▶ VOICE

Working to take environmental programs to the next level

At the Akita Plant, we carry out environmental conservation activities based on the themes of "preservation and harmony of the natural environment" and "harmony with local society." For example, effluent containing a high concentration of fluorine, which is emitted in the plant's manufacturing process, is detoxified via various processes. The sludge generated in the process is recycled as raw material for fluorinated acid and cement. In addition, we confirm that the waste water discharged from the plant into the ocean always meets proper water quality standards. An herb garden has been planted on the grounds of the plant, and about 48% of the premises is now covered by greenery. These are just two of the ways that we help to reduce the plant's environmental impact. A single person alone cannot resolve environment's problems. I hope that we can all work together to take our efforts to the next level.



Seiko Ito

Environmental Management Officer, Akita Plant,
DAIICHI SANKYO PROPHARMA, CO., LTD.



*1 Composting refers to the fermentation of kitchen garbage, leaves, and sewage sludge to make nutrient-rich soil improver.

Addressing Environmental Risks

Fiscal 2010 Achievements

- Identified environmental risks in environmental audits of Group companies outside Japan
- Completed project to detoxify underground agricultural chemicals at the site of former Yasugawa Plant
- Reduced water consumption by 1,894,000m³

Fiscal 2011 Goals

- Continue to identify environmental risks in environmental audits of Group companies outside Japan
- Continue to implement measures to prevent soil contamination
- Strengthen biodiversity initiatives

Preventing Soil and Groundwater Pollution

Daiichi Sankyo implements decisive countermeasures to prevent contamination of soil and groundwater at its plants and R&D centers. The company voluntarily conducts soil and groundwater surveys at relevant sites in accordance with Japan's Soil Contamination Countermeasures Act 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, the company quickly informs the relevant authorities and residents while taking the appropriate remedial actions. The company will continue to monitor the situation at sites that have already completed appropriate remedial actions, inform the relevant authorities of the results on a regular basis, and report to residents.

Soil Contamination Countermeasures Progress Report

Business Site	Overview
Daiichi Sankyo Propharma Takatsuki Plant (Takatsuki, Osaka Prefecture)	The company is continuing to monitor groundwater after completing remediation work in 2004 for soil contaminated with volatile organic compounds and arsenic. In fiscal 2010, the company carried out soil contamination surveys in accordance with Osaka regulations when building new offices and equipment rooms. The results showed that the construction work had resulted in contamination by arsenic of soil intended for transport outside of the plant. This was reported to the authorities and the contaminated soil was appropriately handled and disposed off premises.
Daiichi Sankyo Chemical Pharma Hiratsuka Plant (Hiratsuka, Kanagawa Prefecture)	A voluntary survey identified some volatile organic compound contamination in 2007, and the company has continued to pump and purify the water and prevent it from leaking off the premises.
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, the company has continued to monitor groundwater. In fiscal 2010, soil intended for transport outside of the plant was found to be contaminated by construction work for a new building. This was reported to the authorities and the appropriate remedial actions were taken.
Former Yasugawa Plant (Yasu, Shiga Prefecture)	After work to improve the environment in 2006, the company continued to monitor the groundwater. In fiscal 2009, the company detoxified underground agricultural chemicals under a project run by the local government, and completed its one-year monitoring of groundwater.
Shinagawa R&D Center (Shinagawa-ku, Tokyo)	In fiscal 2010, the company carried out a soil contamination survey in accordance with Tokyo regulations when it built its new research facilities, and confirmed that there was no contamination. The survey showed that the soil transported outside as a result of the construction work was contaminated with naturally occurring arsenic and fluorine, and this was appropriately treated after reporting it to authorities.
Kasai R&D Center (Edogawa-ku, Tokyo)	In fiscal 2010, the company carried out a soil contamination survey in accordance with Tokyo regulations when it built its new research facilities. The results showed that the soil transported outside as a result of the construction work had been contaminated by arsenic, selenium and fluorine, and this was appropriately treated after reporting it to authorities.



Daiichi Sankyo Propharma Takatsuki Plant
Construction of new office buildings

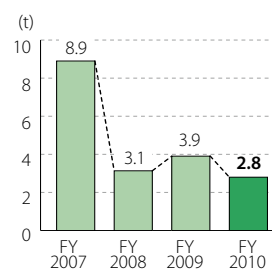


Shinagawa R&D Center
Loading of contaminated soil

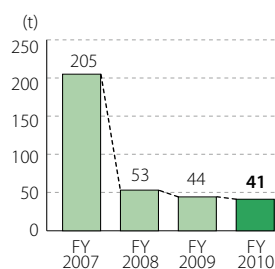
Preventing Air and Water Pollution

To prevent air and water pollution, the Daiichi Sankyo Group has established voluntary control standards that are stricter than legal requirements and conducts proper monitoring and measurement at each facility in Japan. The Group also regularly monitors Group company plants outside Japan, including at Daiichi Sankyo Pharmaceutical (Beijing), Daiichi Sankyo Pharmaceutical (Shanghai) and Daiichi Sankyo Europe GmbH in Germany and Daiichi Sankyo Brasil to ensure compliance with the laws and regulations of each country and region.

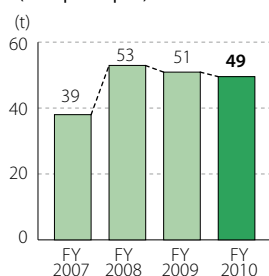
SOx (Sulfuric Oxide) Emissions (Group in Japan)



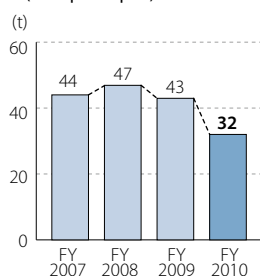
NOx (Nitrous Oxide) Emissions (Group in Japan)



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



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



Preventing Noise, Vibration and Odors

The Daiichi Sankyo Group strictly complies with laws and ordinances on preventing noise, vibration and odors, and constantly monitors and measures conditions. All measured values in fiscal 2010 were within standard ranges. Group companies outside Japan regularly conduct inspections and measurements at plants in accordance with the laws and regulations of each country and region.

Initiatives for Biodiversity

The Group's Basic Environmental Management Policy stipulates that the Group will protect the environment and respect biodiversity by helping preserve the ecosystem, and the Second Mid-Term Environmental Management Policy, which began in fiscal 2010, also states the Group's commitment to promote the sustainable use of biodiversity and ecosystem services by pursuing business activities that take them into consideration.

Moreover, the Group concurs with the purpose of the Declaration of Biodiversity by Nippon Keidanren Promotion Partners. Working to develop more specific measures based on these policies, the Group held a briefing on biodiversity preservation for those responsible for the major value chains, taking into account the outcome of the tenth meeting of the Conference of the Parties to the Convention on Biological Diversity.

Moreover, the Group surveyed overall initiatives on biodiversity at its relevant plants and laboratories in Japan and plants and laboratories outside of Japan, the sustainable use of natural resources, the relationship between business activities and biodiversity, and the

status of efforts to comply with the Cartagena Protocol.

In addition, the Group assessed the relationship between its business activities and biodiversity, identified issues through an analysis of the Group's risks and opportunities, and established policies based on the issues.

The Group will develop its action plan based on policy and carry out ongoing programs by incorporating biodiversity preservation in its environmental management system.

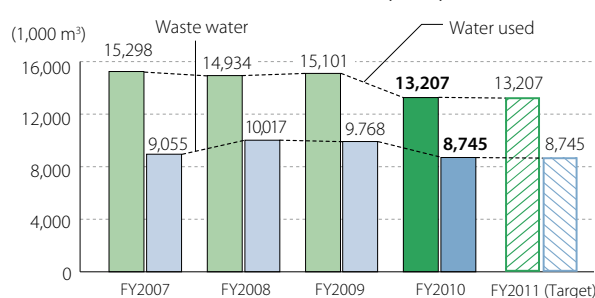
Environmental Impact Assessment of Pharmaceutical Products

In Europe and the U.S., guidelines for the assessment of the environmental impact of pharmaceutical products have been established. Tests are conducted in line with European and U.S. guidelines when applying for the approval of new pharmaceutical products. In addition, similar environmental impact assessments will likely be required in Japan within the next few years. The Daiichi Sankyo Group is reviewing and implementing assessments of the impact of its pharmaceutical products on the ecosystem that are compatible with each country's programs.

Effective Use of Water Resources

The Group pursues the appropriate use of water resources as part of its business activities that take ecosystem services into consideration. The amount of water used was reduced by 1,894,000 m³ from the previous fiscal year. The Group intends to manage water used and waste water to achieve the fiscal 2011 monitoring target of reducing water used at plants and R&D centers to below fiscal 2010 levels.

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



Chemical Substance Management

Fiscal 2010 Achievements	Fiscal 2011 Goals
<ul style="list-style-type: none"> ● Reduced amount of PRTR substances used by 1,010 metric tons from the previous year ● Reduced amount of PRTR substances discharged and transferred by 939 metric tons from the previous year 	<ul style="list-style-type: none"> ● 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 Japan's Act on Promoting Confirmation and Management of Chemical Substance Emissions. In fiscal 2010, the amount of PRTR substances used by the Group in Japan decreased by 1,010 metric tons year-on-year to 3,475 metric tons. Similarly, the amount discharged into the environment (atmosphere and water) and the amount transferred outside business sites as waste decreased by 939 metric tons to 1,703 metric tons. While product changes led to decreases in both the amount of chemical substances used and the amount discharged and transferred, the Group 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 Japan's 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, the Group reviews the safety aspects and seeks to reduce environmental impact by using its own environmental impact assessment index,^{*1} which includes factors like waste material generation, raw material attributes and the efficient use of reagents, instead of merely focusing on quality and cost.

Discharge and Transfers of PRTR Substances in Fiscal 2010

(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 to soil)			
		Atmosphere	Water	Sewer	Waste
Sodium azide	35.7	0.0	0.0	0.0	0.0
Acetonitrile	508.4	8.4	0.0	18.7	168.8
Ethylbenzene	16.8	0.3	0.0	0.0	17.0
Ethylenediamine	66.8	0.0	0.0	0.0	0.8
Xylene	9.8	0.0	0.0	0.0	15.0
Chloroform	31.6	1.2	0.0	0.0	7.5
Chloromethane	64.0	3.1	0.0	0.0	0.0
Dichloromethane	23.8	3.6	0.0	0.0	71.0
N,N-Dimethylacetamide	248.3	9.1	0.0	1.8	129.5
N,N-Dimethylformamide	497.2	2.8	0.0	0.0	423.0
Styrene	24.1	0.0	0.0	0.0	0.2
Triethylamine	7.2	0.0	0.0	0.0	2.8
Toluene	1,860.9	56.2	0.0	0.0	737.2
n-hexane	13.8	1.4	0.0	0.0	12.4
Boron compound	19.2	0.2	7.3	0.0	2.0
Formaldehyde	46.9	1.3	0.0	0.0	0.0
Total	3,474.6	87.8	7.3	20.5	1,587.2
Dioxins		0.071	0.298	0.008	0.002

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

Environmental Communication

Fiscal 2010 Achievements

- Rolled out “Environment Month” art contest events globally
Pictures: 38 in Japan, 168 outside of Japan
Comic haiku: 178 in Japan
- Education programs focused on the environment: 49 participants



Fiscal 2011 Goals

- Reinforce internal environmental communication on a global basis
- Continue environmental education

Basic Policy

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

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

Environmental Communication Initiatives

Environmental Art Contest

Environmental communication measures are carried out to improve employees' environmental awareness.

Every year in June, which is designated as “Environment Month” by the Group, a contest is held for artwork that gives the viewer an impression of the environment. Artwork is solicited from Group employees both in and outside of Japan



Award ceremony for top prize

Raising Awareness of Global Warming

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

Both Japanese and English versions of the fiscal 2010 posters were produced using the award-winning art work from the contest. The posters were displayed at Group companies to raise awareness globally.



Environmental Education

The Group provides specialized training every year at Group companies in Japan. In fiscal 2010, the training was entitled “Applying Environmental Law on the Front Lines Based on Recent Legislative Changes.” The event was attended by 49 environmental administrators from plants, laboratories and sales branches.

Communicating about the Environment with Local Communities

At the request of Earth Kids Space, which is a foundation supporting the Japanese government's Program for Children's Activities in the Local Community, a class was held on the environment for children and their parents at the Daiichi Sankyo Propharma Hiratsuka Plant in July 2010. The event attracted 22 elementary school students and their parents. On a tour of the plant, participants were surprised by the air shower taken on entering the buildings and observed the manufacturing and packaging processes very intently.

They were also very interested in the garbage sorting and recycling at the waste warehouse. During the Q&A session, the students asked many questions about the medicine they had seen and the environment.

GOAL 5

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

As a pharmaceutical company expanding its business on a global scale, the Group must not only respond to the diverse medical services meeting the various needs of patients, but must also help to alleviate global medical problems.



Promoting Hybrid Businesses

Fiscal 2010 Achievements

Innovative pharmaceuticals (new drugs)

- Began manufacture and sales of the antihypertensive agent *Rezaltas* and the anti-influenza virus agent *Ianinamivir* (generic name) in Japan



Fiscal 2011 Goals

Innovative pharmaceuticals (new drugs)

- Begin manufacture and sales of *Memary*, a treatment for Alzheimer's disease, and *Lixiana*, a direct oral factor Xa inhibitor in Japan; begin distribution and sales of the proton pump inhibitor *Nexium* in Japan

Basic Policy

Medical needs are diversifying as a result of the growing importance of emerging economies in the global market, with consumers demanding new drugs to satisfy unmet medical needs as well as high-quality, low-cost drugs. Addressing this situation, the Daiichi Sankyo Group is working to reinforce and expand its operations to provide drugs that meet patients' unique needs. The company categorizes its efforts into four businesses: innovative pharmaceuticals (new drugs), established pharmaceuticals (generics and long-listed, off-patent drugs), vaccines and OTC^{*1} drugs. At the same time, the company is creating synergies with Ranbaxy throughout its value chain and expanding its hybrid businesses.

Innovative Pharmaceuticals

Basic Policy

As a company engaged in the healthcare industry, Daiichi Sankyo is responsible for contributing to the economy by enhancing its business performance and supporting its fair share of the medical service system. The company intends 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 universal desire for life and good health.

Example of Measures

In April 2010, Daiichi Sankyo began marketing *Rezaltas*, a compound of the high blood pressure drugs *Olmetec* and *Calblock*. *Rezaltas* gives a new option to patients for whom just one drug was not effective enough in reducing blood pressure. The launch of the new Alzheimer's disease drug *Memary* in fiscal 2011 is also expected to contribute to patient health. In the field of orphan drugs,^{*2} Daiichi Sankyo has capitalized on its knowledge and technology to offer *Biopten* and ITB therapy.^{*3}

TOPICS

The three Daiichi Sankyo projects below were included in the status report on R&D on diseases in the developing world^{*4} issued by the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA).

Disease	Partners	Project overview
Tuberculosis	DBT-Department of Biotechnology, India	Compound library screening
Malaria	MMV ^{*5}	Compound screening
Dengue / Dengue Hemorrhagic Fever	ICGEB - International Centre for Genetic Engineering and Biotechnology, India DBT - Department of Biotechnology, India	Compound library / Plant extract screening

*1 Over-the-counter (OTC) drugs are pharmaceutical products that can be purchased without a prescription from a doctor.

*2 Orphan drugs are pharmaceutical products developed to treat a rare medical condition suffered by relatively few patients.

*3 Intrathecal baclofen therapy (IBT) eases spasms by injecting baclofen (product name: Intrathecal Gabalon) directly into the spinal cord, the active site.

*4 The IFPMA Status Report discusses the status of R&D by IFPMA member companies on infectious diseases and specific diseases that are rampant in the developing world (tuberculosis, malaria, African trypanosomiasis [sleeping sickness], leishmaniasis, dengue fever, onchocerciasis, Chagas' disease, schistosomiasis, leprosy, lymphatic filariasis).

*5 Medicines for Malaria Venture (MMV) is a foundation established by the government of Switzerland, the UK's Department for International Development, the government of the Netherlands, the World Bank, and the Rockefeller Foundation to develop antimalarial drugs.

Promoting Hybrid Businesses

Fiscal 2010 Achievements	Fiscal 2011 Goals
<p>Established pharmaceuticals (generics and long-listed, off-patent drugs)</p> <ul style="list-style-type: none"> ● Established Daiichi Sankyo Espha and developed the business structure in Japan <p>Vaccines</p> <ul style="list-style-type: none"> ● Established a joint venture with the Kitasato Institute ● Developed an integrated system for R&D, production, and sales of vaccines <p>OTC drugs</p> <ul style="list-style-type: none"> ● Completely renewed the company's website and strengthened the provision of information on products and diseases ● Launched <i>Loxonin S</i>, an Rx-to-OTC switch formulation of the Group's anti-inflammatory analgesic <p>Creating synergies with Ranbaxy</p> <ul style="list-style-type: none"> ● Secured momentum for Ranbaxy business expansion 	<p>Established pharmaceuticals (generics and long-listed, off-patent drugs)</p> <ul style="list-style-type: none"> ● Expand business foundation <p>Vaccines</p> <ul style="list-style-type: none"> ● Develop vaccines for new strains of influenza and establish a new plant ● Expand R&D, production and sales systems <p>OTC drugs</p> <ul style="list-style-type: none"> ● Expand business foundation through growth of Category 1 OTC drugs such as <i>Loxonin S</i> and mainstay cough and cold preparations <p>Creating synergies with Ranbaxy</p> <ul style="list-style-type: none"> ● Expand business through initiatives such as building up the product lineup

Established Pharmaceuticals (Generics and Long-listed, Off-patent Drugs)

Basic Policy

In line with the Group's corporate mission to provide pharmaceuticals addressing diverse medical needs, Daiichi Sankyo Espha markets generic pharmaceuticals, which have been attracting higher demand in Japan. It aims to help meet the market's growing push for control over medical costs, given the nation's aging society and slow economic growth. It also markets Daiichi Sankyo's long-selling products, well-established for their efficacy and safety.

Example of Measures

Daiichi Sankyo Espha was established in April 2010 and began selling 19 of Daiichi Sankyo's off-patent products, consisting of seven different compounds, including Pantosin, SM Combination Powder and Miltax Pap, and 57 generics consisting of 28 different compounds, including pioglitazone and amlodipine (as of August 2011). The company will strive to contribute to patient health with products that not only provide the quality, information and stable supply so critical to pharmaceuticals, but also offer peace of mind at the lower cost of generics.

Vaccines

Basic Policy

The 2009A (H1N1) influenza pandemic led many to believe that the global community should be more prepared for a pandemic. In addition, the use of vaccines

means reduced medical costs, as they can prevent diseases and thereby reduce expensive treatments. The Group believes that the vaccine business is well-aligned with its 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 medium- to long-term vision of becoming a crucial part of Japan's public health system, the company is working to develop its vaccine business into one of Daiichi Sankyo's core operations in Japan.

Example of Measures

Daiichi Sankyo has built up its marketing and development expertise in the vaccine business, marketing nine products in the Japanese market thus far, including the Kitasato Institute's influenza vaccine, and jointly developing and marketing Sanofi Pasteur's Hib vaccine. The company took its vaccine business to the next level by establishing Kitasato Daiichi Sankyo Vaccine Co., Ltd., in April 2011. This move was intended to improve Japan's public health and augment and spread preventive medical care.

In recent years, global outbreaks of new strains of influenza have become a major social problem. Daiichi Sankyo is helping to address this issue by participating in the Japanese government's project to establish a system for development and production of pandemic influenza vaccines and is carrying out its own business activities to fulfill its responsibilities as a pharmaceutical company.

In addition to these business activities, Daiichi Sankyo brings together vaccine experts at the Vaccine and Preventive Care Forum several times a year to contribute to society. The company aspires to reinforce the environment for preventive medicine in Japan, create a society with access to cutting-edge vaccines, and eradicate diseases that can be prevented with vaccines.



Freeze-dried live attenuated measles and rubella combined vaccine

OTC^{*1} Drugs

Basic Policy

Daiichi Sankyo strives to help people with self-mediation^{*2} through provision of over-the-counter medicines via Daiichi Sankyo Healthcare Co., Ltd. Daiichi Sankyo Healthcare capitalizes on the R&D strengths at the foundation of Daiichi Sankyo, as well as marketing strengths to continuously create products and services that satisfy consumers and raise the quality of life for people aspiring to greater health and beauty. In addition, Daiichi Sankyo Healthcare endeavors to build trusting relationships with the public as a business that is so integral to daily life.

Example of Measures

In fiscal 2010, Daiichi Sankyo Healthcare began selling *Loxonin S*, an Rx-to-OTC switch formulation of the Group's anti-inflammatory analgesic.

Loxonin S is designated as a Category 1 OTC drugs,^{*3}

and the company has put a particular focus on ensuring appropriate usage of the drug. It did this by not only providing information to pharmacies and drugstores, the distributors of the product, but by having the pharmacist distribute a pamphlet on administration and warnings on use when the drug is purchased to supplement the pharmacist's consultation.

Moreover, Daiichi Sankyo Healthcare added to its lineup in the functional skin care field, a priority area, with the launch of *Minon Amino Moist Amino-Full Shower*, a moisture-rich face lotion mist. This met the demands of fans of the *Minon Amino Moist* skincare series for sensitive and dry skin.



Minon Amino Moist Amino-Full Shower

Creating Synergies with Ranbaxy

Daiichi Sankyo has steadily pursued collaboration with Ranbaxy to ensure the success of its hybrid businesses, which are responsive to market needs and changes in both developed countries' markets and emerging markets. In August 2010, Ranbaxy's Romanian subsidiary began selling levofloxacin, a synthetic antibacterial agent that is one of Daiichi Sankyo's mainstay products, under the name *Tavanic*.

Ranbaxy reached the 50th anniversary of its founding in June 2011, with its steady efforts having paid off with business locations in 46 countries around the world. The company will continue to pursue its hybrid businesses, which benefit from its synergies with Daiichi Sankyo.

VOICE

I want to improve quality of life with trusted and reliable brands.

The "S" in *Loxonin S* refers to the "S" in switch since this is an Rx-to-OTC switch formulation, moved from requiring a prescription to become an over-the-counter medicine. I believe that this gives a new option to consumers suffering from pain.

Ensuring that pharmacists and consumers understand the appropriate way to use *Loxonin S* as an OTC product is essential, so we have been focusing our activities on providing information. This primarily means product briefings for pharmacists, so that pharmacists can clearly instruct consumers in drug administration. Thanks to these efforts, the response was tremendous after the drug was launched, and I felt that it reaffirmed the social significance of *Loxonin S*'s launch. I will continue my work to ensure that it is used correctly in the hope that it will improve quality of life for more people suffering from pain.



Jun Okamoto

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



*1 Over-the-counter (OTC) drugs are pharmaceutical products that can be purchased without a prescription from a doctor.

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

*3 Category 1 OTC drugs are OTC drugs that have not been used as such for a long time yet, and whose side effects, instructions for taking with food or other medicines, and other safety issues require particular caution.

Social Contribution Activities

Fiscal 2010 Achievements	Fiscal 2011 Goals
<ul style="list-style-type: none"> ● Engaged in activities at each office that contributed to communities in accordance with local needs ● Conducted 139 plant tours for over 1,800 people and opened facilities to the public 253 times ● Developed a global social contribution system 	<ul style="list-style-type: none"> ● Implement social contribution activities in line with the Basic Policies on Group Social Contribution Activities ● Implement the global social contribution system

Basic Policy

Social contribution activities are a key corporate social responsibility that Daiichi Sankyo has enshrined in its Group Corporate Conduct Charter. Based on the catchphrases “Uniquely Daiichi Sankyo social contribution activities—providing people with hope through contributions to life and science,” and “Policies that encourage employee volunteerism and engagement in collaborative programs and foster the shift from mere funding to participating in worthwhile programs,” the Group formulated Basic Policies on Group Social Contribution Activities, which guide 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.

Implementation Structure

To implement specific initiatives, Daiichi Sankyo established the Social Contributions Committee, which is chaired by the corporate officer for Group CSR. This body considers all aspects of social contributions, confirming the suitability of specific initiatives and ensuring transparency.

Aid for Disasters

The Group donated a total of 190,970,049 yen to the Japanese Red Cross Society and other countries' Red Cross Societies. This includes 100 million yen donated by the Group, 40,988,639 yen donated by Group employees and 49,981,410 yen in matching funds contributed by the Group through its matching gift program.*1

In addition, a total of 64 people, including employees selected from many applicants and secretariat members, volunteered for disaster support activities in Ishinomaki in Miyagi prefecture. Their work ranged from clearing the rubble from private homes and hauling away mud and debris piled outside, to cleaning up disordered fishing equipment at the request of fishermen engaged in aquaculture.



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

Daiichi Sankyo Presents

Family Ties Theater 2010

The “Daiichi Sankyo Presents Family Ties Theater 2010” was held for cancer patients and their families for three days on July 25 and August 1 and 8, 2010. This event, which uses the form of a musical to convey emotion and strength, was carried out with the support of the Shiki Theatre Company and the NPO, The Wellness Community Tokyo, which shared Daiichi Sankyo’s aims and hopes for this event.

This year, a total of 74 groups, consisting of 206 people, were invited to the Shiki Theatre Company’s musical, “The Sound of Music,” which addresses family love and the desire for peace. Daiichi Sankyo Group employees supported the event by volunteering as ushers and guides.



Daiichi Sankyo Group employees volunteering at the event



Views from the audience

- My mom hasn't really been able to take her mind off her troubles, but today I think she really had fun. She barely talked about her illness for a change today.
- I am fighting stomach cancer. I came here today with my family. I hope this event continues. I'm really grateful to everyone.
- I was able to really enjoy myself with my family, and I really liked all of the empowering songs. Thank you very much.
- I have really looked forward to this day ever since I received the invitation. It made me feel how wonderful and precious life is and how amazing it is to be alive. I will take good care of myself so that I can come to the next event as well.



VOICE

I want our community to watch over cancer patients with warmth and empathy.

Please tell us about The Wellness Community Tokyo's activities.

Most of our activities are designed to support cancer patients and their families. They are based around three concepts: support, education and hope. Our support consists of group therapy intended to help cancer patients overcome their despair, isolation and loss of independence and give them back a sense of their own self. In our educational activities, we advise cancer patients on ways of facing cancer, including mental techniques such as Zen meditation, and other methods like aromatherapy and yoga. To foster hope, we bring cancer patients together to give newly diagnosed patients a chance to meet with others who have experience with cancer and gain greater courage by learning how they have fought the disease courageously.

Please tell us what you think about the recent collaboration with Daiichi Sankyo.

The Family Ties Theater is one of the programs we carry out in collaboration with Daiichi Sankyo. Daiichi Sankyo's corporate slogan “creating hope in patients' lives” coincides with one of the concepts behind our activities—hope, so we have been happy to receive Daiichi Sankyo's support for several years now.

Recently, we have developed good systems for supporting patients themselves, but their family members also have a lot of worries, which makes them almost like secondary sufferers. I think Family Ties Theater is particularly significant because it is a support program that involves the family as well as the patient.

Kenichi Oi. DDS

Program Director, The Wellness Community Tokyo, NPO



| Social Contribution Activities

▣ Regional Initiatives

| Science and Pharmacology Seminar for High School Students

On August 3, 2010, the company held a science and pharmacology seminar for high school students at the Shinagawa R&D Center as part of its efforts to help educate youth and give back to the local community. An overview of the center was given, followed by a lecture by a researcher, a tour of the center and an informal talk with young R&D staff members. The researchers answered earnest questions from the students—for instance, about what they should study to become a researcher.



| Science Class for Children

On July 30, 2010, fourth, fifth and sixth graders from an elementary school in Takatsuki were invited with their teachers and guardians (for a total of 78 people) to a science class for children. This program was part of Daiichi Sankyo's efforts to address the social problem of children's loss of interest in scientific technology and math. The children participated in a program designed to encourage their curiosity about science and show them how fun experiments can be, including a tour of the manufacturing line for pharmaceutical products and experiments to learn about the marvels of drug formulation. This was a valuable day not simply for the opportunity it provided to give children an interest in science, but also for the company to interact with the local community and help employees renew their motivation.



| Research Internships

Asubio Pharma Co., Ltd., gives research internships to students aspiring to be researchers. This program is intended to give students the rare opportunity to experience the appeal of pharmaceutical research and the atmosphere of a research institute. In fiscal 2010, a total of 61 students participated over three days. One student described his impressions as follows: "I realized that creating a single drug can have a major impact on the world."



| Youth Education on HIV/AIDS in Bangkok, Thailand

Daiichi Sankyo (Thailand) Ltd. collaborates with the NPO PH-Japan to arrange Peer to Peer Youth Education to enhance knowledge, improve understanding, raise awareness, and help prevent HIV infection among high school students in Bangkok. The education uses a map of the human body, shows how HIV infection spreads, and covers contraception. So far, 130 representative students have been assigned by their teachers to pass on the knowledge they gained to other students and friends who could not participate in the program. This activity is helping to increase awareness among youth who may not have had adequate or appropriate knowledge about HIV infection.



Communicating with Local Communities

Daiichi Sankyo's plants and research laboratories regularly communicate with local residents to identify issues and desires specific to that community.

The Hiratsuka Plant of Daiichi Sankyo Propharma Co., Ltd., invited 29 local government representatives to its fourth local communication session. After explaining the plant's environmental, safety and disaster prevention initiatives and social contribution activities and the status of its research on pharmaceutical products, the company gave a tour of the plant and held an exchange of views. This session succeeded in deepening mutual understanding between the plant and the community.

The Daiichi Sankyo Propharma Onahama Plant holds environmental briefings every year with the aim of strengthening mutual understanding and trusting relationships by earnestly addressing questions from those outside the company. Ten community members participated in the fiscal 2010 session, in which the plant reported on its initiatives addressing the environment, health and safety, disaster prevention, and social contribution, and the achievements of these activities.



Community Clean-up Activities

The Daiichi Sankyo Propharma Akita Plant has held an off-site clean-up program every year since 1993, for 18 straight years. The fiscal 2010 clean-up had 81 participants, who collected about 35 kg of garbage. Other plants and research laboratories also help clean up their communities by volunteering to clean the surrounding roads and rivers.



The Daiichi Sankyo Group plans to issue a Social Contribution Activities Report online with more details on its social contribution activities.

▶ VOICE

Our contributions to improving quality of life for heart disease patients

In 2002, Daiichi Sankyo Brazil (DSBR) started its social responsibility activities in partnership with the "Monte Azul" Association, responsible for social projects to help children and young people in need. During 2009, this partnership was ended, allowing DSBR to dedicate itself to new projects in the health area, and a new partnership begun with "Amigos do Coração" (Friends of the Heart) Association, an organization based inside the Heart Institute Hospital, an important Brazilian Hospital with a focus on Cardiology, in São Paulo. The purpose of Amigos do Coração is to improve the quality of life of cardiac patients admitted to the hospital and under the administration of the public health system.



I believe my work is valuable when I have the opportunity to pursue new projects in order to positively impact Daiichi Sankyo stakeholders, as I have done with our new partnership with this association. Thus, I feel honored for being a part of a group that is globally concerned about social matters and invests time and effort in that area.

I feel my work has been special and that motivates me to achieve goals such as creating a volunteer program in DSBR. I also believe that I can personally and professionally grow at DSBR.

Rachel Arruda

Organizational Communication Analyst, Communications and Social Responsibility Department
DAIICHI SANKYO BRASIL FARMACÊUTICA LTDA.



GRI Guidelines Index (version 3.1)

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.	7–10, 23–24
2. Organizational Profile			
2.1		Name of the organization.	70
2.2		Primary brands, products, and/or services.	2
2.3		Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	70
2.4		Location of organization's headquarters.	70
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.	7–8, 70
2.6		Nature of ownership and legal form.	42, 70
2.7		Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	7–8
2.8		Scale of the reporting organization.	1–2, 7–8, 70
2.9		Significant changes during the reporting period regarding size, structure, or ownership.	No change
2.10		Awards received in the reporting period.	36, 47
3. Report Parameters			
3.1	Report Profile	Reporting period (e.g., fiscal/calendar year) for information provided.	3
3.2		Date of most recent previous report (if any).	3
3.3		Reporting cycle (annual, biennial, etc.).	3
3.4		Contact point for questions regarding the report or its contents.	Back cover
3.5	Report Scope and Boundary	Process for defining report content.	3, 7–10
3.6		Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	3
3.7		State any specific limitations on the scope or boundary of the report.	3
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.	N/A
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.	38, 50, 51, 55
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.	No change
3.12	GRI Content Index	Table identifying the location of the Standard Disclosures in the report.	65–66
3.13	Assurance	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			
4.1	Governance	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	19
4.2		Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	In order to ensure speedy operation of management functions, the chairperson of the highest governance body is also an executive officer.
4.3		For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	19
4.4		Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	19, 32, 42
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).	19
4.6		Processes in place for the highest governance body to ensure conflicts of interest are avoided.	19
4.7		Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	19
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.	1, 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.	7–10, 11–12
4.10		Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	8
4.11	Commitments to External Initiatives	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	20
4.12		Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	11–12
4.13		Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization.	Japan Pharmaceutical Manufacturers Association/ International Federation of Pharmaceutical Manufacturers & Associations (IFPMA)
4.14	Stakeholder Engagement	List of stakeholder groups engaged by the organization.	10
4.15		Basis for identification and selection of stakeholders with whom to engage.	10
4.16		Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	10
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.	23–24

Economic			
Management Approach			7–10
EC1	Economic Performance	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.	10
EC6	Market Presence	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation.	43
EC8	Indirect Economic Impacts	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	11–18, 61–64
Environmental			
Management Approach			45, 46, 47, 56
EN3	Energy	Direct energy consumption by primary energy source.	48
EN4		Indirect energy consumption by primary source.	48
EN7		Initiatives to reduce indirect energy consumption and reductions achieved.	50
EN8	Water	Total water withdrawal by source.	48, 54
EN14	Biodiversity	Strategies, current actions, and future plans for managing impacts on biodiversity.	54
EN16	Emissions, Effluents, and Waste	Total direct and indirect greenhouse gas emissions by weight.	48, 49
EN17		Other relevant indirect greenhouse gas emissions by weight.	49
EN18		Initiatives to reduce greenhouse gas emissions and reductions achieved.	49–50
EN20		NOx, SOx, and other significant air emissions by type and weight.	48, 54
EN21		Total water discharge by quality and destination.	48, 54
EN22		Total weight of waste by type and disposal method.	48, 51
EN23		Total number and volume of significant spills.	53
EN26	Products and Services	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	55
EN27		Percentage of products sold and their packaging materials that are reclaimed by category.	52
EN28	Compliance	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	53
EN29	Transport	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	50
EN30	Overall	Total environmental protection expenditures and investments by type.	48
Labor Practices and Decent Work			
Management Approach			29–34
LA1	Employment	Total workforce by employment type, employment contract, and region, broken down by gender.	8
LA2		Total number and rate of new employee hires and employee turnover by age group, gender, and region.	32
LA3		Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	33–34
LA4	Labor/Management Relations	Percentage of employees covered by collective-bargaining agreements.	32
LA7	Occupational Health and Safety	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	33
LA8		Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	33
LA9		Health and safety topics covered in formal agreements with trade unions.	32
LA11	Training and Education	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	32
LA13	Diversity and Equal Opportunity	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	33–34
LA14		Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	32
Human Rights			
Management Approach			32
HR5	Freedom of Association and Collective Bargaining	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	32
HR6	Child Labor	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	32
HR7	Forced and Compulsory Labor	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	32
Society			
Management Approach			11–18, 61
SO3	Corruption	Percentage of employees trained in organization's anti-corruption policies and procedures.	28
Product Responsibility			
Management Approach			37–41
PR1	Customer Health and Safety	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.	26–27, 38–41
PR3	Product and Service Labeling	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	38–41
PR5		Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	38–41
PR6	Marketing Communications	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	27, 40

Third-party Opinions



Eiichiro Adachi

Counselor, Head of ESG Research Center
The Japan Research Institute, Limited

Mr. Adachi's work is focused on industry research and corporate evaluation from the perspective of corporate social responsibility, with a focus on environmental initiatives. He provides corporate information to financial institutions to help promote socially responsible investment and environmentally friendly lending. Mr. Adachi represented Japan as an expert in the ISO26000 working group from March 2005 to May 2009.

There are two aspects of CSR that are consistently expected of the Daiichi Sankyo Group.

First, the Group is expected to address issues specific to the pharmaceutical industry as a frontrunner in this field. As such, it is essential that the Group base its CSR measures on the management approach it chooses. While I found the "Five Domains and Goals" to be very persuasive, I would like to see the Group be consistently sensitive to the impact that its decision-making and business activities have on society and the environment. I was keenly interested in the report covering the Group's response to the Great East Japan Earthquake. I would also like to see more information on compliance in the R&D process and the provision of medical information, and on safety evaluation for side effects. The Group should also make clear its views on the recent reports of medicinal compounds being detected in Japan's rivers and tap water, thought to be caused by non-metabolized drugs remaining in excreta and unused or unneeded drugs disposed of improperly.

Second, the Daiichi Sankyo Group should play a role commensurate with its status as one of Japan's prominent global companies. The appointment of responsible officials relating CSR at Group companies outside of Japan in fiscal 2010 was noteworthy. I also appreciated the section on the Group's contributions to the achievement of the United Nations Millennium Development Goals (MDGs) and its efforts to make medical services accessible around the world. This section gave me the impression that there has been great progress generating synergies with Ranbaxy, not only in business development, but also in CSR. I do hope that the Group will consider adopting key performance indicators and use them to report the progress of its initiatives. I would also like to see the Group consolidate its HR program on a global basis, and achieve true diversity and inclusion.

Introduction of the Japan Research Institute, Limited

The Japan Research Institute is a comprehensive information services company that brings together system integration, consulting and think-tank functions.

One of its roles is to provide financial institutions and others with corporate information to help inform socially responsible investing. The CSR Management Trends Survey conducted by the Japan Research Institute features questions and analysis replete with insights. Our *CSR Report 2007* carried Mr. Adachi's interview of the president at that time. He provided a third-party opinion for the *CSR Report 2008* as well, so we asked him to do so again in this report.





Sachiko Kishimoto

Executive Director

The Center for Public Resources Development

After working for a private company and a research institute and studying outside Japan, Ms. Kishimoto helped to found the non-profit organization, The Center for Public Resources Development, in 2000. She works on promoting philanthropic donations, improving corporate social responsibility (CSR) and supporting mission-oriented management for non-profits.

She is a part-time lecturer at Rikkyo University's Graduate School of Social Design Studies, Yokohama National University's International Graduate School of Social Sciences, and Meiji Gakuin University's Faculty of Law.

My opinions here are based on Daiichi Sankyo's *CSR Report 2011*. Daiichi Sankyo is clearly committed to incorporating CSR in its business activities, and I believe it has begun some ambitious initiatives with a global perspective.

● Particularly impressive points

Daiichi Sankyo's Mid-Term CSR Policy and priority goals are well defined, and based on the Group's business strategy and business strengths.

In the section on compliance management, the company identifies the specific topics it must address as a pharmaceutical firm, such as bioethics, animal experiments, biohazards, and monetary payments to medical professionals, and then reports on the status of its initiatives in each of these areas.

The Group is making a serious effort to address global issues, for instance, by working to support the UN Millennium Development Goals through specific measures such as operating mobile healthcare field clinics, a program which it plans to further expand. In implementing this project, the Group has taken steps to ensure the project's effectiveness, such as undertaking surveys of local conditions, selecting partner NGOs and setting clear targets.

The Group has opened regular channels of communication with local residents near its plants

and research laboratories, and strives to meet their expectations for safety and security.

● Areas for improvement

The Group has built the foundation needed to ensure transparency in compliance, for instance, by having external lawyers participate in the Corporate Ethics Committee and including people from a wide range of backgrounds in the Ethical Evaluation Committee. I would, however, like to see greater transparency in terms of compliance activities in R&D in the future. I think the Group needs to take steps to include external participation in key processes such as the Ethical and Scientific Review Board, the Institutional Animal Care and Use Committee, Recombinant DNA Safety Committee and the Biosafety Committee.

Providing information to medical institutions and patients and communicating effectively with them is the most important form of dialogue with stakeholders for a pharmaceutical company. Although the Group undertakes a variety of measures, primarily developing its team of MRs, it is hard to understand the Group's basic policies on information dissemination, gathering and feedback. In particular, I would like to see policies laid out from the perspective of responsibility to the patient, who is the final consumer.

Introduction of Center for Public Resources Development

The Center for Public Resources Development is a private, non-profit, practical think tank and consulting firm that aims to develop public resources through partnerships and collaboration, with the aim of strengthening the non-profit sector and establishing new social systems.

The Center fosters a philanthropic culture, supports fundraising, evaluates organizations to inform socially responsible investment, develops community loan and investment programs, supports mission-based management, and promotes CSR.

Daiichi Sankyo asked the Center to provide a third-party opinion because of its rich links to the individuals and diverse social actors in its network as an NPO.



In Response to Third-party Opinions



Sunao Manabe, DVM, PhD
Corporate Officer
Head of Group Human Affairs and Group CSR
Daiichi Sankyo Co., Ltd.

Eiichiro Adachi of the Japan Research Institute and Sachiko Kishimoto of the Center for Public Resources Development provided third-party opinions for the *CSR Report 2011*. We truly appreciate their generosity in taking time from their busy schedules to read the report and provide their opinions and recommendations. We take their views very seriously, and want to sincerely respond to each issue as a Group.

Mr. Adachi had two expectations for us. His first was that we address issues specific to the pharmaceutical product industry as a frontrunner in this field. We are aware that there are growing social demands to take responsible actions, guided by an appropriate awareness of the impact of our decision-making and business activities on society and the environment. We are considering undertaking an evaluation of the impact of the emission of medicinal compounds on the environment, as he suggested, and are determined to fulfill our responsibilities as a global pharmaceutical company.

Mr. Adachi's second expectation was that the Group should respond responsibly to society as a global company. We will closely watch appropriate indicators to track our activities and report the results as clearly as we can, while always keeping our sights set on the vision we aspire to. We also hope to expand our HR system to provide opportunities for employees to demonstrate their individual abilities and skills and shine on the global stage.

Ms. Kishimoto expressed the hope that we would further improve the transparency of our compliance activities in R&D and lay out certain policies in terms of

responsibility to patients. As regards the first, as a company working in an area so closely related to life itself, we are deeply involved in the health and lives of people. Given the high standard of ethics demanded by society, we will consider and implement various measures, including enhancing our committees as suggested. As regards the second, we will better articulate policies for our operations—including MR activities, responses to inquiries and product safety—with an awareness that all of these efforts are linked to responsibility for the patient, the final consumer.

At the Daiichi Sankyo Group, we are working hard to achieve the five goals of our fiscal 2010–2012 Second Mid-Term Management Plan, aiming to achieve our vision for 2015 of becoming a **“Global Pharma Innovator.”** Building upon our achievements in fiscal 2010, in fiscal 2011—the first year of our mid-term plan—we are taking up the challenge of global social contribution activities to directly support achievement of the United Nations Millennium Development Goals (MDGs). We believe this is one vital way to “broaden the opportunity of access to medical services, including medicine, globally,” as stated in one of our goals.

To fulfill our social responsibilities, we will continue to do all we can to provide medical products that meet diverse medical needs, and to support the health and medical sectors. Moreover, we will move forward with initiatives including reducing the environmental impact of all of our business activities and building a highly motivating workplace that respects diversity. In short, we are determined to continue striving to become a company that society can trust and count on.

Corporate Information

Company Profile (As of March 31, 2011)

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.com>

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)

Business: Research and development, manufacturing, import, sales and marketing of pharmaceutical products

Paid-in Capital: ¥50,000 million

Employees: 30,488 (consolidated basis)

Research Laboratories:

Shinagawa (Tokyo), Kasai (Tokyo), Fukuroi (Shizuoka Prefecture)

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

Main Group Companies

Japan

Company Name	Main 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 of the Group
DAIICHI SANKYO BUSINESS ASSOCIE CO., LTD.	Business support of the Group
DAIICHI SANKYO HAPPINESS CO., LTD.	Business support of the Group
Kitasato Daiichi Sankyo Vaccine Co., Ltd.	Research and development, manufacturing, and sales of vaccine

* DAIICHI SANKYO RD ASSOCIE CO., LTD. will be renamed DAIICHI SANKYO RD NOVARE CO., LTD. on October 1, 2011.

U.S.A.

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

Europe

Company Name	Main Business Activities
DAIICHI SANKYO EUROPE GmbH	Development and manufacturing of pharmaceuticals
DAIICHI SANKYO FRANCE S.A.S.	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 TICARET 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^{*1}

Company Name	Main 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 services of pharmaceuticals
DAIICHI SANKYO HONG KONG LIMITED	Marketing of pharmaceuticals
DAIICHI SANKYO BRASIL FARMACÊUTICA LTDA.	Manufacturing and sales of pharmaceuticals
DAIICHI SANKYO VENEZUELA S.A.	Manufacturing and sales of pharmaceuticals
DAIICHI SANKYO MEXICO S.A. DE C.V.	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.

*1 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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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 for two consecutive years.



Daiichi Sankyo has been included for three consecutive years in the FTSE4Good Global Index, one of the world's leading indexes of firms that meet globally recognized corporate responsibility standards.



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