

Daiichi-Sankyo

Sustainability
Report

2017/2018

Base year - April 2017 to March 2018



Sakura is an ornamental cherry blossom tree of high symbolic value in Japanese culture. Every year, in early spring, the Japanese celebrate the ephemeral blooming of their pink flowers, which usually fall within a single week, spreading out with a shower of petals.

In 2018, George Nakayama, Global CEO of Daiichi Sankyo, planted a Sakura seedling at the Daiichi Sankyo Brasil plant, symbolizing the culture of diligence required for the Company to continue to blossom in the Country.

The visual concept of this report was based on the Sakura tradition, using light and organic elements and illustrations of the cherry blossom.

Contents





Welcome

[GRI 102-1 / 102-40 / 102-47 / 102-50 / 102-53 / 102-54](#)

to Daiichi Sankyo Brasil's Sustainability Report. This document aims to present to the Company's stakeholders how their management, performance and strategy generated value for society and the environment during the fiscal year between April 2017 and March 2018.

For the tenth consecutive year, the report is based on the guidelines of the Global Reporting Initiative (**GRI**), a voluntary standard adopted by thousands of companies worldwide for sustainability reporting. In addition, as of this year, the document will follow the guideline in its latest and updated version, known as Standards.

Throughout the report, the main operational aspects for the Company's environmental, social and financial sustainability will be addressed. In order to bring the most relevant information, Daiichi Sankyo Brasil consulted with its main stakeholders to find what topics they considered most important for the business to continue generating value in the short, medium and long term (learn more about this research on page 55).

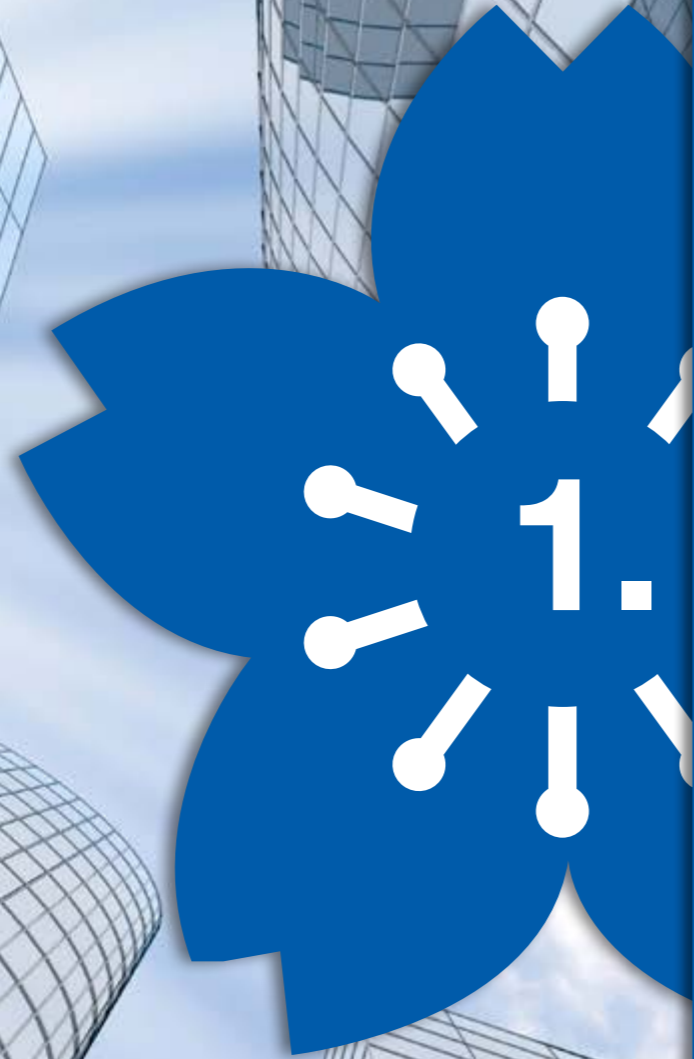


As a result of the research, the Company defined eight material themes that served to guide the entire content of the Report.

Following the **GRI** guidelines, in its core option, the material themes were used as the basis for choosing a series of indicators to be monitored, managed and reported by the Company. They can be found by the acronym **GRI** in the opening of the chapters throughout the report. The full list of indicators can be found in the **GRI** Standards Index on page 57.



To submit questions, suggestions or request more information about the report, contact us at responsabilidadesocial@dsbr.com.br



Message from the Leadership



Message from the Leadership GRI 102-14

It is with great satisfaction, we are publishing the 2017/2018 Daiichi Sankyo Brasil's Sustainability Report. In this document, we intend to demonstrate to all our stakeholders how our ethical and responsible performance generates value for society and the environment, while ensuring the conditions for our Company to be able to sustain itself in the short, medium and long term.

Sustainability, moreover, was a central theme of our strategy and management in the last fiscal year, since, in that period, we laid the foundations so that Daiichi Sankyo Brasil keeps growing in the coming years and decades.

Internally, the year was characterized by the retirement announcement of President Eloi Bosio after nine years at the head of our business. The succession process was conducted in an absolutely responsible manner, closely followed by the leadership of the region in which Brazil is inserted, prioritizing the management continuity. Result of this process, as of April 1st, Marcelo Gonçalves, former Director of Marketing & Sales, took over the Presidency of Daiichi Sankyo Brasil. With this change, Former President Eloi Bosio becomes a member of the Board of Directors.

We are very proud to have been chosen a member of our own Executive Committee, demonstrating our internal ability to assemble a competent team aligned with the Company's purpose. This is the only way, respecting the continuity of our history, we can be prepared to take even greater steps in the future.

Externally, 2017 was marked by weak growth in the Brazilian economy. After two consecutive years of retraction, the country's GDP registered 1% increase, indicating the end of the recessive cycle and showing market recovery signs for the upcoming years.

There could not be a better time to announce the strengthening in our portfolio with the approval of two new products, by ANVISA. Latuda (lurasidone hydrochloride) offers for physicians and patients an effective and safer alternative to the treatment of schizophrenia and bipolar depression type I. Lixiana (edoxabana), brings a safe and convenient alternative to oral anticoagulant for the treatment and prevention of recurrence of VTE (Venous Thromboembolism) and prevention of stroke and systemic embolism in patients with non-valvular atrial fibrillation. Also, we have launched Inovaflex, a beverage based on Hydrolyzed Collagen with Vitamin C.

With these new products, we have expanded the range of options available to the Brazilian society, improving the population's quality and life expectancy, while strengthening our product line, helping to ensure our long-term sustainability.

In order to be prepared for future growth, we offered 12.2 thousand hours of training, an average of 35 hours per employee. We also applied a 360° Performance Evaluation to all members of the Executive Committee and the Sales Force leadership, while all other employees received a 180° Performance Evaluation.

It was a year for strengthening teamwork, which became very clear during the implementation of the Integrity Program, which positively impacted the performance of all areas of the Company. The program seeks to ensure ethical conduct and the fight against corruption through the approval of Corporate Policies, training, risk mapping, and other mechanisms. This is an essential action for our strategic performance as we know that our Company will only be sustainable in the long term if we guarantee compliance with the highest ethical and moral standards.



Eloi Bosio
Daiichi Sankyo Brasil
member of the Board
of Directors



Message from the Leadership GRI 102-14

As for the environmental standpoint, we have entered into a free market energy purchase agreement that will ensure that our plant consumes only renewable energy in the coming years, considerably reducing our CO² emissions and our environmental impact.

It is important to highlight that sustainable development is part of our own strategy, signaled by our adherence to the Global Compact since 2010. Through it, we demonstrate our commitment to human rights, the environment and the fight against corruption.

And to top off our year, in March we received a visit from Daiichi Sankyo Global senior management, including CEO George Nakayama. Recognizing the importance of the Brazilian operation in the Organization structure, the visit presented an opportunity to get to know our operations closely and also to share the Group's global strategy with all our employees.

At the end of the visit, George Nakayama planted a seedling of Sakura tree in the outer area of our factory, the Japanese cherry tree. In a year marked by the idea of preparation and planning, the act was charged with symbolic value, represented by the planting of a tree that will grow and flourish for years on end.

All these actions had the central goal of ensuring the continuity of our business, allowing us to continue to generate value for our employees, suppliers, partners, physicians and, mainly, Brazilian patients, through the provision of quality products.



Marcelo Gonçalves
Daiichi Sankyo Brasil
CEO



Highlights



Highlights

Approvals of **Latuda and Lixiana** registration by Anvisa, products that will strengthen the Psychiatry/Neurology and Cardiology lines, respectively.

Launch of **Inovaflex**, starting the Food line.

Announcement and preparation of **retirement of President Eloi Bosio**, replaced by Marcelo Gonçalves, former Director of Marketing & Sales.

Visit from Daiichi Sankyo Group leadership, including CEO George Nakayama, to Daiichi Sankyo Brasil.

The Company was recognized as one of the **Best Companies to Work for in the Pharmaceuticals category**, according to Great Place To Work® Health (GPTW).

Implementation of the Integrity Program, with the publication of new corporate policies, offering training and conducting Compliance risk mapping.

The Company started to buy energy directly from the **free market**, ensuring that all the electricity consumed comes from **renewable sources**, contributing to reduce its CO² emissions.





Mission, Vision and Core Values



Mission, Vision and Core Values GRI 102-16

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.

Vision - 2025

Be a global pharma innovator company with competitive advantage in Oncology.

Core Values and Commitments

Innovation

It is our essence as well as a fundamental requirement aimed at creating innovative medicines that stand out at global level. Each and every employee at Daiichi Sankyo shares this innovation spirit.

Commitments:

1. To create innovative medicines changing the standard of care: universally applied best treatment practice in today's medical science;
2. To take a global perspective, and respect regional values;
3. To foster intellectual curiosity and strategic insight.

Integrity

It is our strength and a fundamental feature of our character. We always work so that our activities are done correctly and transparently, in order to improve the patients' health and well-being.

Commitments:

4. To provide the highest quality medical information;
5. To provide a stable supply of top-quality pharmaceutical;
6. To be an ethical, trusted, and respectful partner.

Accountability

It is our culture. We eagerly accept our duties and honor our commitments with all those who depend on us so that we can provide innovative medicines for patients all over the world.

Commitments:

7. To be accountable for achieving our goals;
8. To demonstrate professionalism, respect for others and teamwork.





Profile



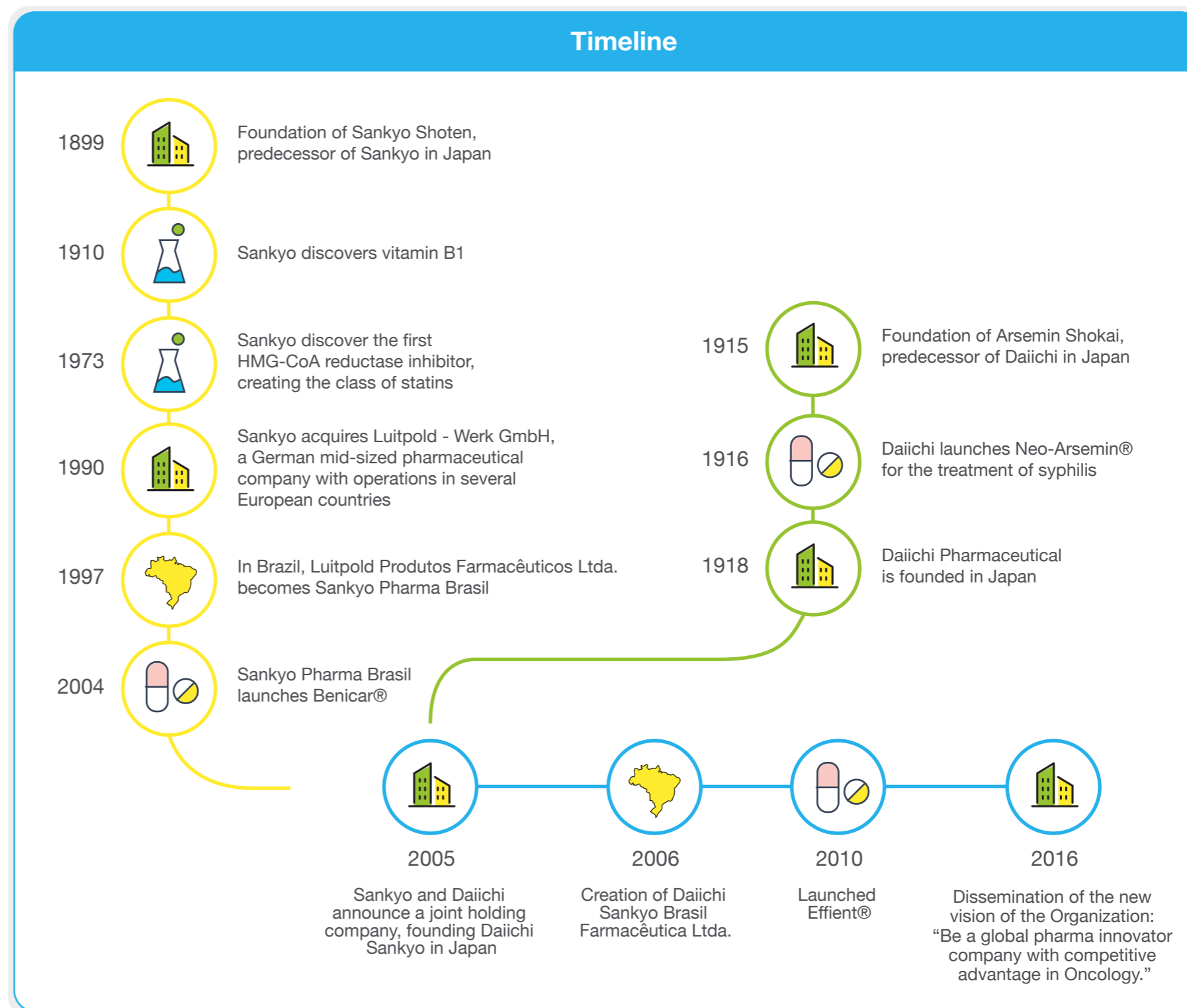
Profile

Who We Are

Daiichi Sankyo is a global pharmaceutical organization, with origin in Japan, established in 2005, through the merger of two large Japanese pharmaceutical companies, with more than one hundred years of history: Daiichi and Sankyo. The name Daiichi means “first”. Sankyo comes from the word san (three, in Japanese) and kyo (working together), referring to the fact that the company was founded by three friends.

Today, the Organization is present in more than 20 countries around the world, with more than 15,000 employees dedicated to the creation and supply of pharmaceuticals to meet diverse medical needs.

In 2006, Daiichi Sankyo was consolidated in Brazil and, since then, has maintained a line of products focused on specialties such as cardiology, psychiatry and orthopedics, marketed in all regions of the country and also exported to 12 other countries in Latin America.



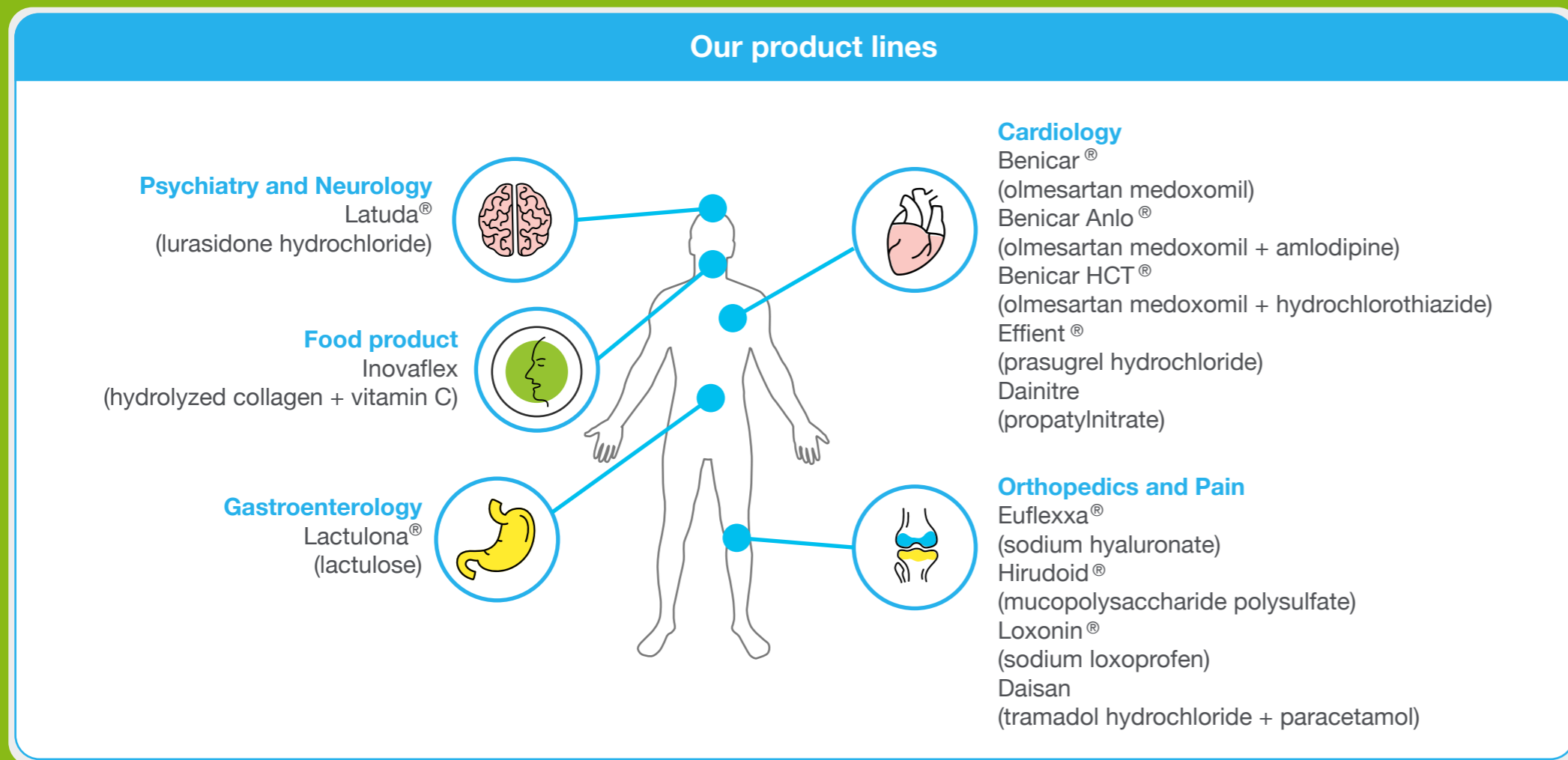


Profile

Medicines GRI 102-2

The chief manner Daiichi Sankyo Brasil generates value for patients, physicians and society in general is through the production and marketing of innovative medicines promoting a better quality of life for the population.

The main products of Daiichi Sankyo Brasil are:



Portfolio Renewal

During fiscal year 2017/2018, Daiichi Sankyo Brasil renewed its product portfolio, discontinued two medicines, launched a food product and had registration approval for two new medicines by Anvisa (learn more on page 31).

Launch

- Inovaflex: Orthopedics and Pain line, was launched commercially throughout the country.

Approved

- Latuda®: Psychiatry and Neurology line.
- Lixiana®: Cardiology line.

Discontinued

- Scitalax: Psychiatry and Neurology line, was discontinued for commercial reasons.
- Ezobloc: Gastroenterology line, was discontinued for commercial reasons.



Profile

Market share

GRI 102-3 / 102-4 / 102-6 / 102-7/ 103-1/ 103-2 / 103-3

Daiichi Sankyo Brasil markets approximately 15 million packaging units, serving Brazilian and Latin American markets. They are widely used by physicians and patients in clinics, public and private hospitals and physician offices.

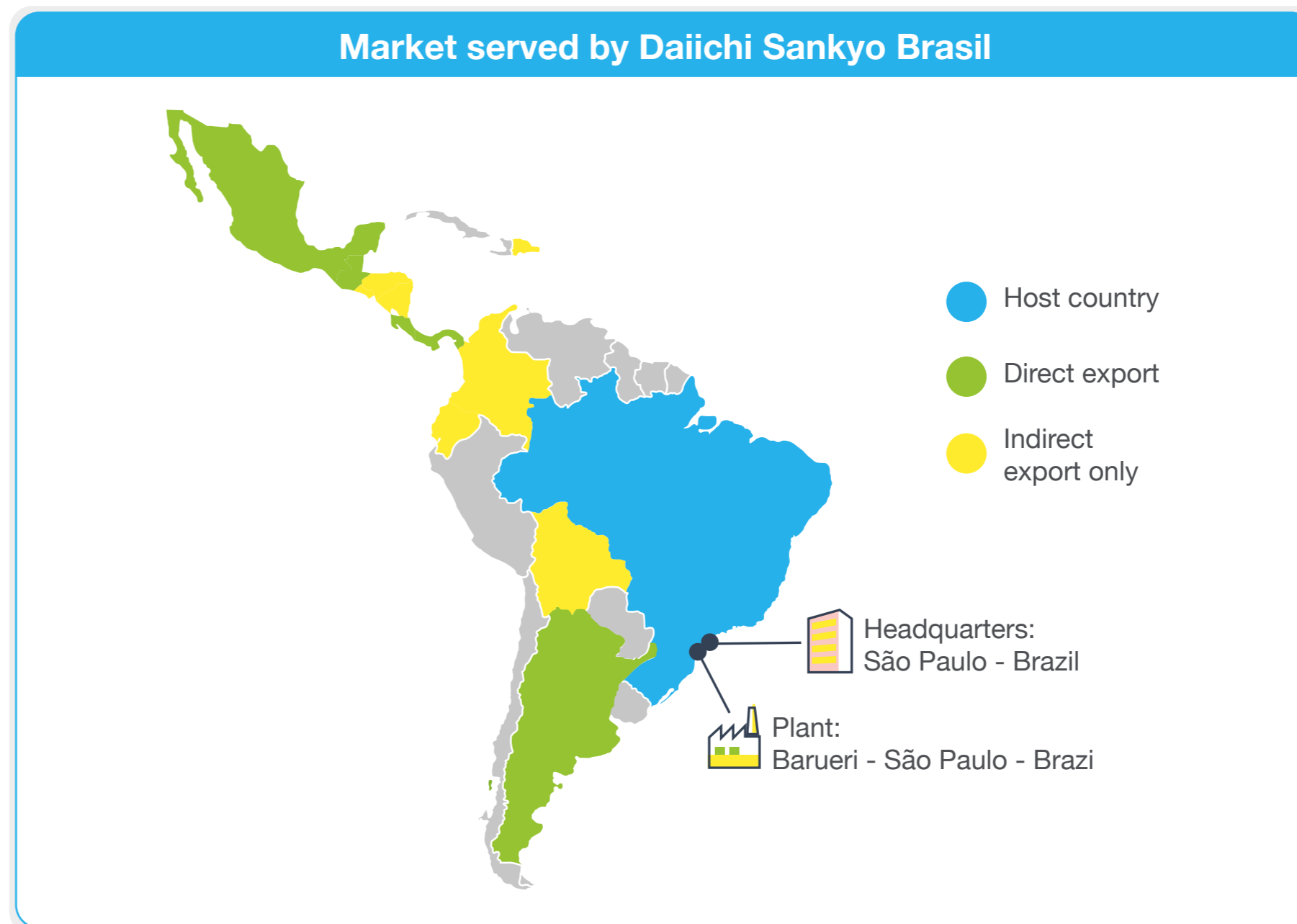
The Company has an administrative and commercial office located in São Paulo - SP, and a **productive plant** in Barueri (SP), which produces the medicines: Benicar®, Benicar HCT®, BenicarAnlo®, Loxonin®, Hirudoid®, and, in the future, Lixiana. In addition to these, Daiichi Sankyo Brasil also imports and directly markets the products: Lactulona®, Effient® and Euflexxa. Daisan, Dainitre and Inovaflex medicines are produced through local partners and marketed by the Company.

The promotion of medicines among Brazilian healthcare professionals is carried out by the Sales Force, and their commercialization are done by distributors and pharmaceutical networks in all Brazilian states.

Today, 24% of all production from the Brazilian factory is exported. Exports take place both in the direct model, in which the Company negotiates directly with an importing customer, and in the indirect model, in which the business occurs through another company located in Brazil.

In fiscal year 2017/2018, Daiichi Sankyo Brasil made direct exports to Guatemala, Mexico, Panama and Argentina. Indirect exports were to Colombia, Ecuador, Costa Rica, Bolivia, Dominican Republic, El Salvador, Honduras and Nicaragua.

Compared with the previous fiscal year, the Company stopped exporting to the Venezuelan market due to the economic and political crisis affecting that country.





Profile

Economic Performance

During 2017, the Brazilian economy began to show the first signs in favor of resuming economic growth, presenting an increase of 1% of GDP after two consecutive years of decline.

Since the Company markets products that directly improve patients' health, the pharmaceutical sector was less affected by the crisis, but still had its performance impacted by the restriction in the population purchasing power. With the resumption of the economy, the sector grew 10% in the year.

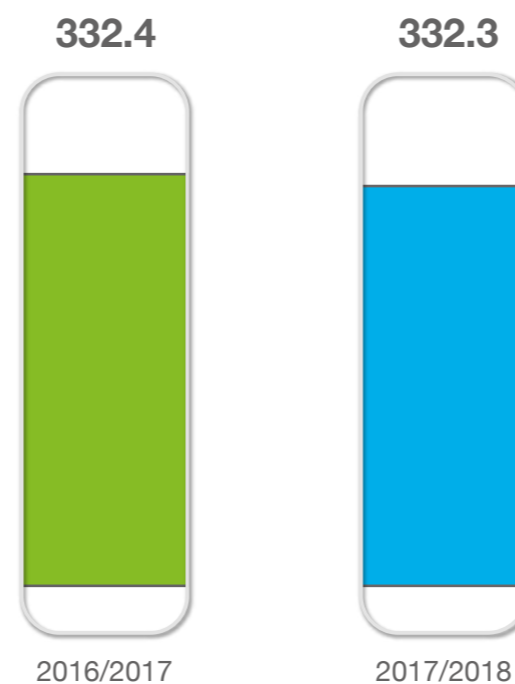
During this period, Daiichi Sankyo Brasil continued its efforts to sell its medicines and to launch new products, once again growing more than the sector. In 2017, the Company recorded a 16% increase in net sales in the local market.

The main factors responsible for the result were the launch of new products and, above all, the commercial performance of the Benicar family, which continued to grow. The increase in sales of the Company's products represents more than a good commercial result. It means that a larger portion of the population is having access to innovative medicines, improving their health and quality of life.

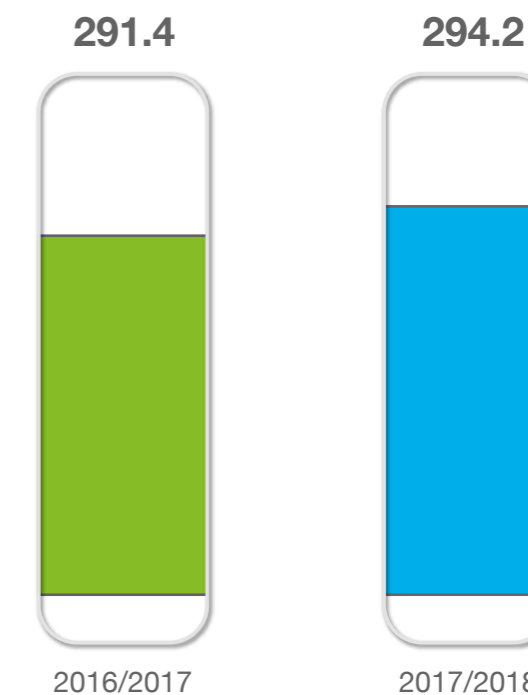
In the international market, the Company's sales were impacted by the end of exports to Venezuela. This reduction was partially offset by the expansion of exports to other regions of Latin America, such as Mexico and Central America. Even so, the result of exports was lower than in 2016.

As a final result, Daiichi Sankyo Brasil generated revenues of R\$ 294 million, 1% higher than in 2016. This demonstrates the Company's financial sustainability and the possibility of continuing to generate value for its stakeholders in the long term.

Gross Operating Revenue (in millions)



Net Operating Revenue (in millions)





Governance



Governance

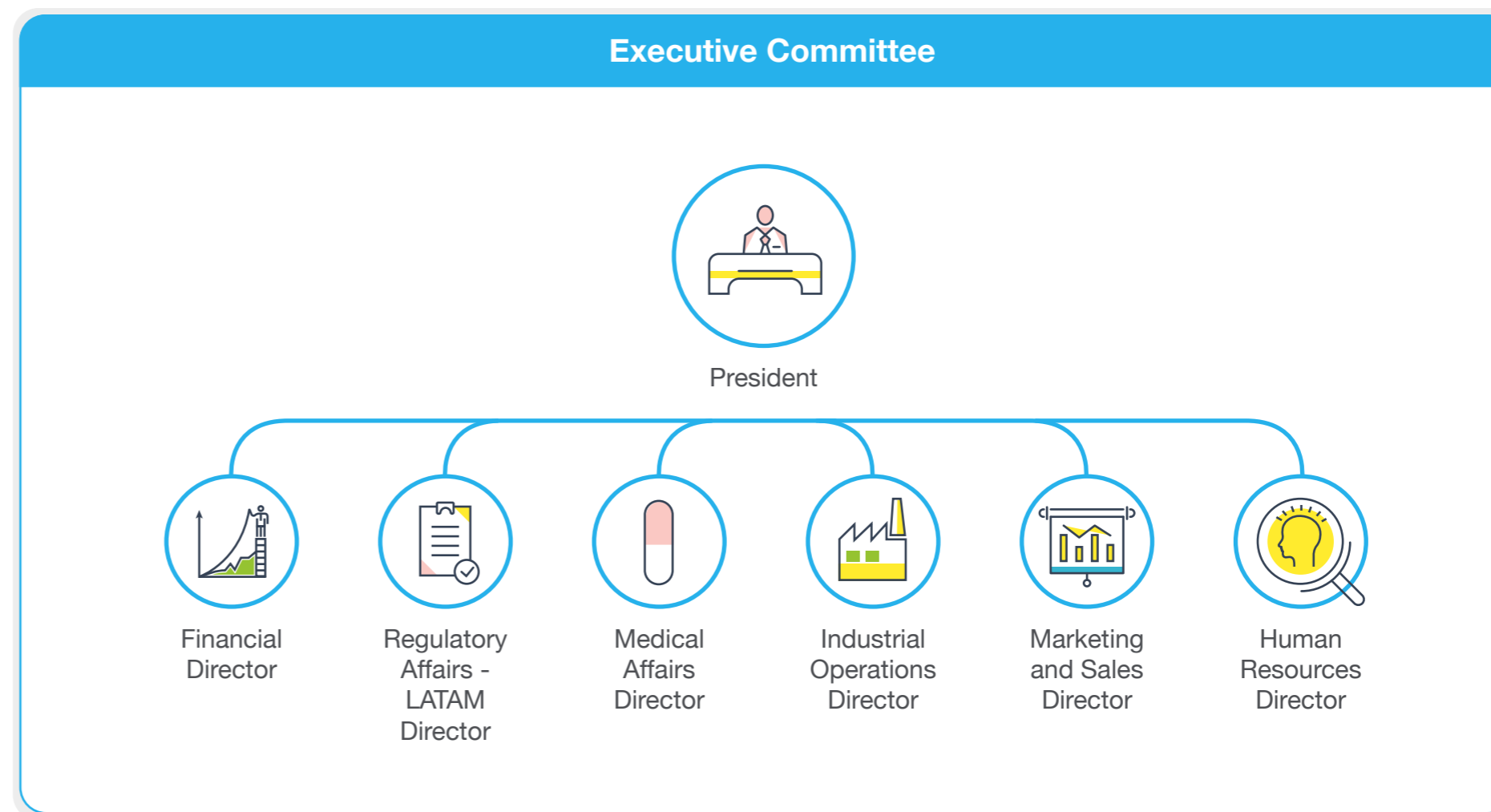
Structure [GRI 102-10 / 102-18 / 102-22 / 102-23](#)

The Corporate Governance of Daiichi Sankyo Brasil reflects a transparent and ethical stance in the relationship with all stakeholders, promoting business sustainability and generating long-term value.

The company governance structure is formed by the **Board of Directors**, the organization's highest body, and by the **Executive Committee**. The President is the professional who represents the company legally and is member of both: the Board and the Committee.

In addition to the President, the Board of Directors includes two other employees of the organization, who hold executive position in Japan.

The Executive Committee is composed of the President plus six directors, organized according to the organization chart:





Governance

During 2017, the Company announced the retirement of President Eloi Bosio, who remained in office until March 29, 2018. As of April 1st, the presidency was assumed by Marcelo Gonçalves, former Director of Marketing & Sales.

The entire transition process was conducted in a responsible and gradual manner, closely followed by the regional administration of the Organization. By choosing someone from the board of directors to perform the function, the Company signaled the continuity of its strategy and business management.

With the retirement, former president Eloi Bosio will become an independent member of the Board of Directors.

In addition to the Executive Committee, the company has a governance model structured in committees, responsible for defining the strategy and actions in order to ensure a smooth operation and transparency. The committees also help the Company to keep abreast of changes in the world and the current market, being able to quickly adjust the course if necessary. They are: Executive Committee, Results Meeting and Budget Review (Quarter Review), New Business Committee, LRR Committee (Launch Readiness Review), Labor Committee, S&OP Committee and Ethical Conduct Committee.

Close management and open dialogue

In order to strengthen a culture of alignment of all employees with its strategy, objective and governance, Daiichi Sankyo Brasil offers contact channels with the organization's top management



DOAR Group (Objectives and Results Analysis Disseminators Team)

Conducted quarterly, it brings together area leaders with the President and managers to analyze the Company's results, strategies and objectives and at the same time, collect comments and suggestions.



Dialogue with the President

Once every six months, the President and Executive Committee managers present the company's results to all employees, in order to ensure the transparency of management.



Coffee with the President

In order to bring together top management employees, twice a year 15 people participate in a conversation about diverse topics with the President.



Governance

Daiichi Sankyo CEO visit

On March 5, 6 and 7, Daiichi Sankyo Brasil was visited by Daiichi Sankyo Group leaders, including George Nakayama, Group's Chairman and CEO, and Koji Ogawa, President of the ASCA Company (an international region that includes countries in Asia and South & Central America). The visit was part of the **Management Caravan program** that toured Taiwan, Korea and China.

During the visit, separate sessions were held so that Factory, Office and Sales Force employees could have the opportunity to meet the CEO, exchange experiences and learn more about the role of the Brazilian operation in the Organization's strategy.

Visitors also attended the Sales Force National Meeting. In addition, the Executive Committee was able to present its areas, fiscal year 2017/2018 achievements and challenges for the following fiscal year.

In the factory premises in Barueri, SP, a ceremony was held in which the CEO planted a Sakura tree, the traditional Japanese cherry tree. This action has a special meaning in Japan, because it refers to the planting of a spiritual seed, which will grow and become a great tree of life for all mankind. The planting of **Sakura** symbolizes beauty, love, happiness, virtue, renewal and hope. In this way, the Organization demonstrated the importance of Daiichi Sankyo Brasil in its global strategy, with the desire that it continue to grow and flourish for the next years.



**Daiichi Sankyo
CEO visit**



Governance

Ethics and transparency [GRI 102-16 / 102-17 / 102-25 / 103-1 / 103-2](#)

Daiichi Sankyo Brasil conducts its business in an ethical and socially responsible manner, always attentive to the transparency of its actions and the fulfillment of their legal obligations. Therefore, the management seeks to reinforce the themes: Ethics, Compliance and Anti-Corruption.

The main body to deliberate on these topics is the **Ethical Conduct Committee**, composed of three members of the Executive Committee: Presidency, HR Department and Financial Department. The Committee is responsible for analyzing complaints and reports on conduct inconsistent with the principles of the Company, as well as recommending the application of any educational or punitive measures that may be necessary. Above all, the Ethical Conduct Committee must be committed to promoting awareness and engagement initiatives for the internal and external public on the theme, so that each employee become a multiplier of an ethical, transparent and responsible culture.


The ethical and moral principles guiding decision-making and action by employees are formalized in the **Code of Ethical Conduct**. Issues addressed include compliance with legislation, conflict of interest prevention and promotion of good practices in the relationship between employees, suppliers, government and patients, and many other issues.

A copy of the Code of Ethical Conduct is delivered to new employees on the day of their admission, and everyone agrees to follow the principles, norms and standards of behavior set forth in the document. After reading the material, the employee must sign a consent form, where he/she agrees and commits to comply with the principles of the Code. The material is


also available electronically, to be used as a source of information and reference.

Conflict of Interests


The Code of Ethical Conduct establishes that the interests of the Company should not be adversely affected over personal interests of its managers and employees. Therefore, points out the main situations in which conflicts of interest may occur and describes what should be the direction to be taken in each one of them. They are:




Parallel Activities




Gifts and Presents




Affective relationship between employees




Business Meals



Events and Hospitality



Free Samples and Test Products



Relatives of Employees

Upon hiring, all employees must inform the organization if there is any conflict of interest, which will be evaluated by the Compliance department.

In addition, the Code of Ethical Conduct is also made available to all suppliers and partners who enter into agreements with Daiichi Sankyo Brasil, in order to establish a minimum standard of conduct for those with whom the Company relates.

The Compliance area, together with the Ethics Committee and the Executive Committee, is responsible for monitoring the implementation of the Code of Ethical Conduct. The lack of adherence to any Code guideline is sent to the Ethical Conduct Committee, which analyzes the case and applies the disciplinary actions provided by law, which may vary from verbal warning to fair dismissal.

Daiichi Sankyo Brasil also has an **Anti-Corruption Policy**, which establishes the guidelines and clarifies concepts related to the subject, pointing out the areas that pose the greatest risks, presenting measures to avoid corruption, the expected conduct of employees and instructing on how to report possible violations of these standards. In 2017, Daiichi Sankyo launched a new Global Policy on the subject, which should lead to an update to the local policy next year in order to adapt to global principles.

In addition to these documents, the Company has the **Promotional Practices Guidelines**, which establish principles for interactions with Healthcare Professionals, public agents, Medical Institutions and Patient Organizations, as well as the promotion of pharmaceuticals products (learn more on page 34).

Governance

Integrity Program GRI 103-2 / 103-3 / 205-1 / 205-2

Daiichi Sankyo Brasil Integrity Program



Top Management Support



Code of Ethical Conduct, Applicable Policies and Legislation



Training and Communication



Hotline



Monitoring and Auditing

The year 2017 was marked by the implementation of the Integrity Program of Daiichi Sankyo Brasil. The program, developed on the basis of the Anti-Corruption Policy and the Code of Ethical Conduct, defines a robust communication and engagement plan for employees seeking to consolidate a culture based on five pillars.

The first pillar establishes the **Top Management Support**. This ensures the involvement of managers, especially the Executive Committee, in order to set the tone with which the Company will conduct its business. During the year, the Compliance area aligned its relationship with the various areas, seeking the commitment of the whole organization with the Integrity Program.

As for the pillar **Code of Ethical Conduct, Applicable Policies and Legislation**, the Company seeks to create and implement new policies that establish guidelines to increase its transparency and ethical conduct. In 2017, the corporate policy on the implementation of the Integrity Program was signed, which explains and establishes its principles, as well as the Retaliation and Complaint Reporting Policy, whose purpose is to disseminate communication channels to report non-compliant actions and establish the confidentiality and non-retaliation guidelines followed by the Company.

In addition, several other areas of the Company approved new corporate policies throughout the year, with the objective of improving controls, improving management and defining internal flows.

Corporate policies approved in 2017/2018

| Department | Policy |
|------------|--|
| Commercial | Returns Policy |
| Commercial | Business Policy |
| Compliance | Retaliation and Complaint Reporting Policy |
| Compliance | Integrity Program Policy |
| Financial | Accountability and Expenses Reimbursement Policy |
| Financial | Treasury Policy - Investment |
| Financial | Contract Management Policy |
| HR | Continuing Education Policy |
| HR | Retirement Plan Policy |
| HR | Employees Transfer Policy (Sales Force) |
| EFO | Sales Force Incentive Payment Policy - Demand Team |
| EFO | Sales Force Incentive Payment Policy - Commercial Team |



Governance

Regarding the **Training and Communication** pillar, the Company carried out 22 face-to-face / e-learning training and 21 communication actions with the objective of reinforcing the main concepts related to the Integrity Program.

At the beginning of the fiscal year, all employees participated in e-learning about the Code of Ethical Conduct. There was also face-to-face training for the Sales Force, Marketing and Events, Medical and Regulatory Affairs teams on the new Interfarma Code of Conduct (learn more on page 25). In all, 1,247 hours of training were conducted within the Program, impacting all employees.

Also, the Company has released “knowledge pills” about the Code of Ethical Conduct and the Anti-Corruption Policy for all employees.

The **Hotline** pillar establishes a series of options so that employees and third parties may report possible violations to the Code of Ethical Conduct, Internal Policies and applicable laws.

Communication Channels

The Code of Ethical Conduct establishes that any violation to what is proposed in the document should be immediately reported through the following channels:



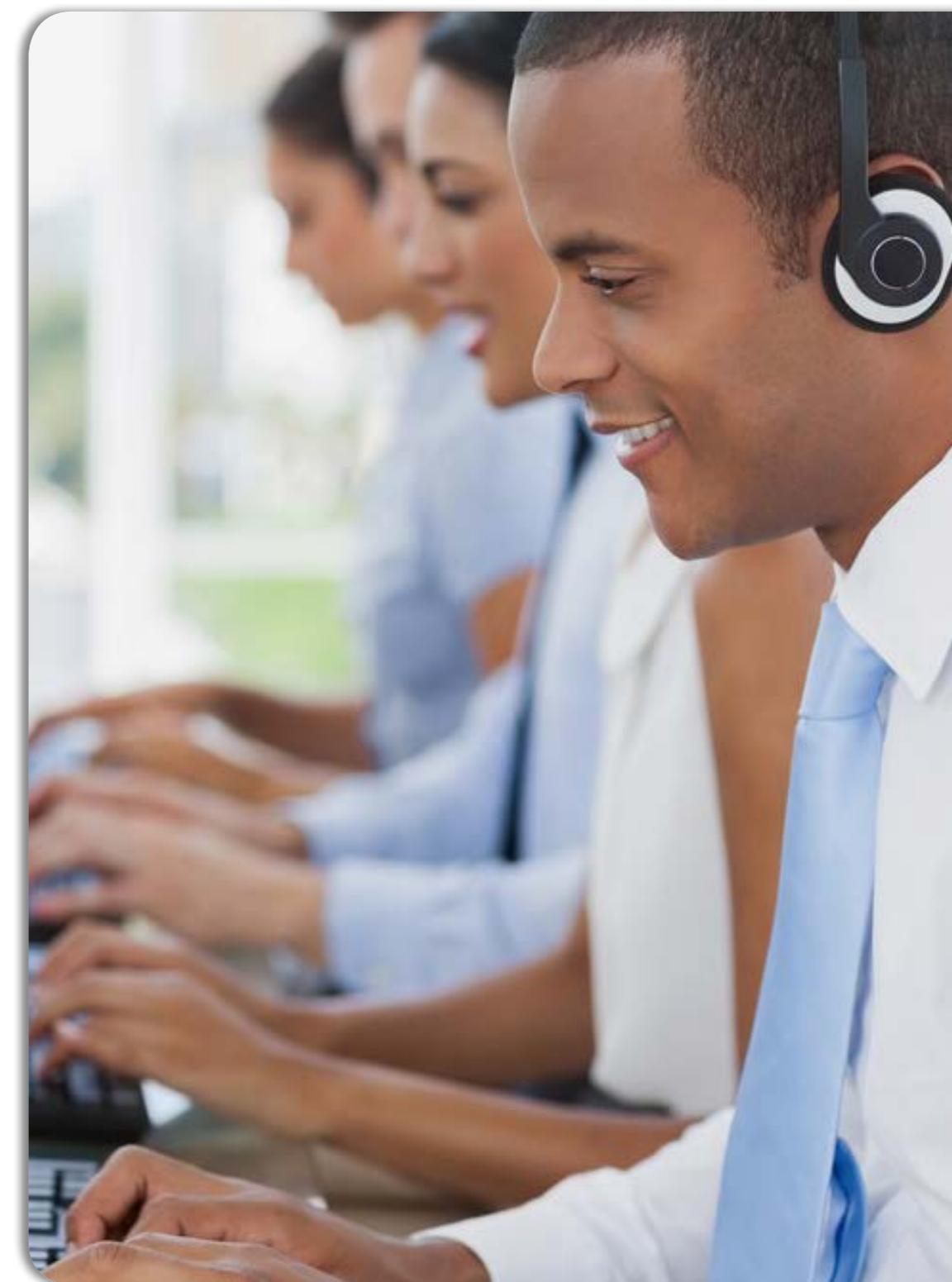
Direct Contact: employees may contact their immediate superior to report situations that should be analyzed by the Compliance area.



Confidential Channel: complaints can be made confidentially by calling 0800-741-0023 or through the website <https://canalconfidencial.com.br/daiichisankyo/#home>. The information is received by an independent company, ensuring absolute secrecy, and transmitted directly to top management.



Compliance Department email: in case of doubt, employees can also use the email compliance@dsbr.com.br





Governance

Lastly, under the **Monitoring and Auditing** pillar, the Company conducted a Compliance Risk Assessment with the objective of mapping processes and policies, identifying risks of non-compliance and opportunities for improvement. The process was supported by an independent consultancy and all departments, each area designating an employee as a focal point to assist in gathering information and solving doubts. A total of nine risk areas were mapped.

At the end of the process, the Company has drawn up an action plan to mitigate risks and propose improvements in all areas to be implemented during the next fiscal year.





Governance

Organizational development

Throughout 2017, Daiichi Sankyo Brasil underwent a series of restructuring with the aim of improving its processes through the implementation of new technologies and systems, focusing on quality, compliance and development of electronic routines. In this process, the **Internal Controls area** collaborated with the other areas of the Company in establishing its guidelines.

The changes led to a review of the strategy of the **IT department**, which began to lead the migration of several electronic systems used by the Company to ensure data integrity while strengthening processes robustness. In this sense, the area reduced the focus on the development of systems with internal resources and started to invest in the use of models developed by third parties, which are already widely used by the market. In addition, a server outsourcing project was initiated, which will ensure greater robustness in systems management and security information.

There was also the **digitization** process of previously paper-based procedures, such as Travel Expenses Reimbursement (RDV). The analytical routines performed in the factory laboratory are now controlled exclusively by electronic systems, eliminating the need of physical records. As a result, the Company, in addition to reducing its paper usage, increased the security and integrity of the information generated in its operation.

The HR area has adapted to the arrival of e-social, a new government system to report information on employees, taxes and data such as vacations and overtime. This required a cultural change, leading to a review of internal procedures and processes.

All these changes allowed Daiichi Sankyo Brasil to internally reorganize itself and prepare the bases that will sustain the growth that the Company aims to achieve in the coming years.

Commitments [GRI 102-12](#)

The continued focus on ethics and anti-corruption are reflected in the commitments of which the organization is a signatory:

- Since 2010, the company is a signatory to the **Global Compact**, an initiative of the United Nations (UN) to mobilize the business community to adopt principles that reflect core values in the areas of human rights, labor relations, environment and anti-corruption;
- As a member of the Pharmaceutical Research & Development Companies Association (Interfarma), Daiichi Sankyo Brasil follows the **Interfarma Code of Conduct**, a document that governs the daily practice of the pharmaceutical industry. This document underwent a review during 2015 and 2016, being re-launched in March 2017. After the review, 100% of Sales Force employees underwent training on the new Code, conducted at the Interfarma website.





Goals





Goals

| Commitments made in 2017 | What was done | Commitment Status |
|---|--|-------------------|
| Expand the product portfolio through partnerships, licenses, expansion of distribution and acquisition of new products. | Launch of a new product and approval of two others (learn more on page 31). | |
| To continue the leadership development plan in order to support them in managing teams (Leader Coach and Mentoring). | The leadership training programs continued. There was implementation of the 360° evaluation for the leadership and two employees went through the Coach program (learn more on page 39). | |

| Global Compact | | | |
|--|--|--|--|
| Support a precautionary approach to environmental challenges | Water: keep consumption below 0.0467 m³/ thousand units produced. | Water consumption was 0.0414 m³/ thousand units produced. | |
| | Energy: keep consumption below 0.0269 MWh / thousand units produced. | Energy consumption was 0.0208 MWh / thousand units produced. | |
| Anti-Corruption | Implement the training plan for the year 2017 through the Integrity Program. | We implemented the Integrity Program and started training (learn more on page 22). | |





Goals

Commitments made in 2018

1. Develop and implement a total quality program focused on process excellence.
2. Expand the product portfolio through partnerships, licenses, lines extension and acquisition of new products and launch two new products.
3. Maintain the training for the year 2018 through the Integrity Program.

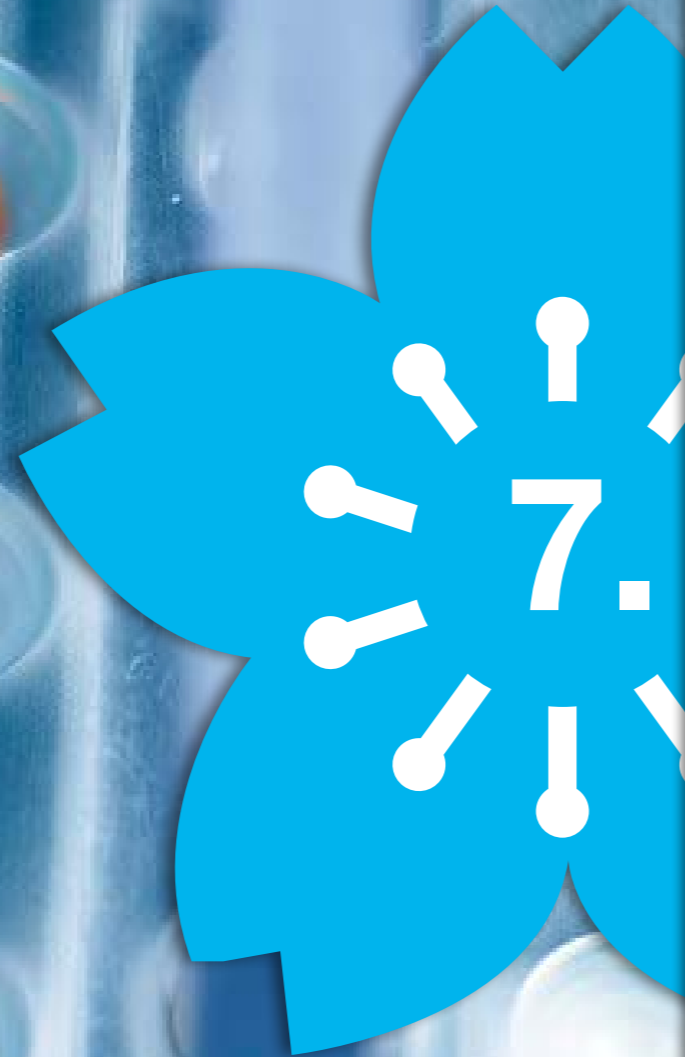
Global Compact

Support a precautionary approach to environmental challenges

Water: Reduce or keep at 0.041 m³

Energy: Reduce or keep at 0.0210 MWh





The Pharmaceutical Industry



The Pharmaceutical Industry

Regulatory Agencies GRI 103-1 / 103-2 / 103-3 / 417-2 / 419-1

So that Daiichi Sankyo Brasil remains creating long-term value for patients, physicians and society in general, it is essential to maintain a quality, effectiveness and safety assurance system for its products, in accordance with the laws and regulations of each country where it operates. Therefore, a careful evaluation of the regulations and the technical planning to better serve them are key to the business growth strategy in Latin America.

One of the company's challenges is the diversity of regulations among the various countries for which it exports, each one requiring different technical standards for the approval of new medicines. In order to deal with this diversity, Daiichi Sankyo Brasil has local consultants in some countries, who provide support to the submission of new medicines in accordance with local legislation. In other countries, the organization operates through partner companies.

In 2017, Daiichi Sankyo Brasil hired an international consulting firm specialized in quality to carry out an internal audit with the purpose of evaluating the level of quality that confirmed that its factory in Barueri (SP), is already compliant to the standards proposed by the main international authorities, such as the American **(FDA)** and the European **(EMA)**. That demonstrates that the Company follows the most rigorous global manufacturing practices and is prepared for regulatory advances in all countries where it operates.

In Brazil, Daiichi Sankyo interacts directly with the **Anvisa** (National Sanitary Surveillance Agency). During the year 2017, Law 13.411 came into force, which sets deadlines for the agency to issue its final opinion on whether or not to approve a new drug.

The new deadlines are 120 days for registration approval of priority medicines, such as those for the treatment of neglected diseases and emergencies in public health. As for ordinary medicines, the deadline is 365 days. Both have the possibility of extending the deadline by up to one third at Anvisa request. If inquiries are sent to the companies, the deadlines are interrupted until the new information is received.

The new rule, which is still being implemented by the agency, is a milestone in Brazilian legislation, which should bring greater predictability to the pharmaceutical sector. This is especially important for manufacturers of innovative medicines, such as Daiichi Sankyo Brasil, who may now plan their launches more precisely, bringing the best treatments available in the world to Brazilian patients.

As a consequence of its commitment to local laws, the Company has not been fined or sanctioned for non-compliance with laws and regulations regarding products' information and labeling or their economic and social interactions.



Colombia

Following the submission of clinical information to **Invima** (Instituto Nacional de Vigilancia de Medicamentos y Alimentos) in Colombia, the Company obtained the approval for the registration first stage of a new drug in the country.



Mexico

In Mexico, **Cofepris** (Comisión Federal para la Protección contra Riesgos Sanitarios) approved the change in the manufacturing location of a drug exported to the country, which will no longer be produced in Germany and will be manufactured in Brazil.



The Pharmaceutical Industry

New medicines

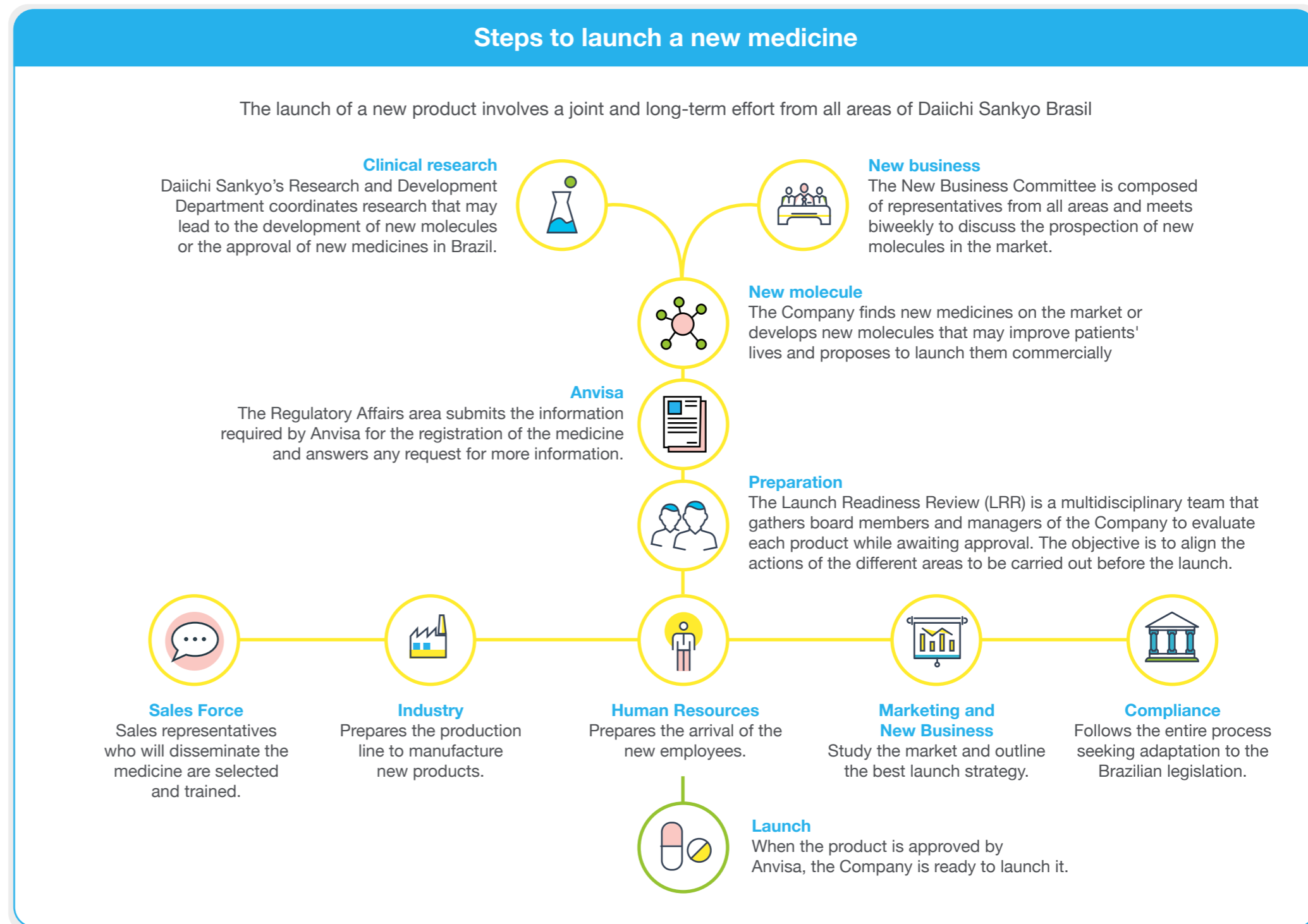
Expanding its medicine portfolio is one of the main ways in which Daiichi Sankyo Brasil guarantees to continue generating value for its long-term stakeholders. For the internal public, the arrival of new products means an increase in revenues and financial sustainability of the Company. For physicians, it means an increase in the treatments available in their specialty. For patients and society in general, it represents another possibility to treat a disease and improve their quality of life.

During fiscal year 2017/2018, Daiichi Sankyo Brasil's efforts with Anvisa led to the approval of three new products by the Agency.

Inovaflex was launched in August 2017, and is part of the Food Line. It is not really a medicine, but a food product, based on hydrolyzed collagen and vitamin C.

Latuda was approved by Anvisa. It is an atypical antipsychotic indicated to treat schizophrenia and type I bipolar depression.

Lixiana is an oral anticoagulant used to reduce the risk of stroke and systemic embolism in patients with non-valvular atrial fibrillation (FANV) or to treat venous thromboembolism (TEV), including deep vein thrombosis (TVP) and pulmonary embolism (EP) and prevention of recurrent TEV (TVP and/or EP). The drug was approved by Anvisa in March 2018.





The Pharmaceutical Industry

Membership in Associations GRI 102-13

Daiichi Sankyo Brasil actively participates in the discussion and proposal of public policies that contribute to the development of the pharmaceutical sector in Brazil by participating in the following associations:



Interfarma: association that represents Brazilian and foreign companies and researchers responsible for promoting the development of the scientific and technological research industry in Brazil, especially for the production of pharmaceutical inputs, raw materials, medicines and related.

One of the Association's main activities is to establish a constant channel of communication among the society, the pharmaceutical sector and federal, state and municipal governments. Daiichi Sankyo Brasil participates in 11 of 12 Interfarma committees with the aim of discussing industry issues.



Sindusfarma: Pharmaceutical Industry Union, whose role is to defend the causes of this industry in the State of São Paulo, providing services to its associates.



In fiscal year 2017/2018, the Company joined **ABIMIP** (Brazilian Association for the Nonprescription Medicines Industry), which brings together national and multinational industries that operate in the manufacturing, importing or marketing of prescription-free medicines.



Daiichi Sankyo Brasil ranked 2nd in the **TOP Credinfar Award**, which yearly recognizes the pharmaceutical companies that participated and contributed the most to the Association of Credit and Collection Professionals of Pharmaceutical and Related Industries (Credinfar), through the presence in meetings, suggestions, attendance and provision of information.



Healthcare Professionals



Healthcare Professionals

Relationship with healthcare professionals

Healthcare professionals - including physicians, dentists and pharmacists - represent one of the main stakeholders of Daiichi Sankyo Brasil, responsible for prescribing their medicines and monitoring the outcome of the treatments. Therefore, it is crucial for the Company to approach and disseminate scientifically proven information about its products to this public.

For that reason, the company promotes the **Continued Medical Education Program**, bringing knowledge about diseases, innovative medicines and different types of treatments to these professionals. The program includes events and lectures with national and international experts, bringing the main novelties within their specialties.

The Company also has a Medical Information Department, which is responsible for ensuring that the information provided to physicians in promotional materials or in demand to requests for information is scientifically accurate, with clear bibliographical references and complying with Brazilian standards.

The Medical Scientific Liaison gathers consultants and medical managers who work in relationships with researchers, professors and other opinion leaders in the medical field, discussing and sharing scientific updates. In 2017/2018, the area deepened its relationship with psychiatrists and oncologists in order to achieve its vision of being an innovative global pharmaceutical Company with a competitive advantage in oncology.

The relationship with health professionals receives great attention from the Compliance area, ensuring that relationships are conducted in an ethical, responsible and perfect manner. They should always guarantee the autonomy of the professional when prescribing medicines, prioritizing the interest to bring the safest and most efficient treatments to patients.

During fiscal year 2017/2018, the Company began to require the prior approval of the Compliance area for the preparation of promotional materials, sponsorships, scientific events, distribution of free samples, gifts and donations, among other actions.

The Company has also updated its **Promotional Practices Guidelines** based on the new Interfarma Code of Conduct, on the Daiichi Sankyo Global Marketing Code of Conduct and on the ABIMIP Code of Conduct. The document is aimed at Sales Force, Marketing, Medical and Regulatory Affairs employees, with the objective of providing guidelines and good practices in the relationship with healthcare professionals, medical institutions and patient organizations.



Payments to physicians

During fiscal year 2017/2018, Daiichi Sankyo Brasil created a document standardizing the fees to be paid to health professionals in case they render services to the Company. This document has brought objective criteria based on the market value to define compensation, avoiding arbitrariness and conflicts of interest.

In the same period, the state law of Minas Gerais No. 22440/2016 came into force, which establishes that the drug industry must declare all relations with health professionals that may configure potential conflicts of interest. Accordingly, according to the legislation, Daiichi Sankyo Brasil began to report to the Minas Gerais state government all direct and indirect payments made to health professionals, further improving its control and transparency on the subject.



Healthcare Professionals

Sales Force

Daiichi Sankyo Brasil considers the relationship with healthcare professionals so important for its sustainability that it counts on a team totally dedicated to establishing a daily relationship with this public: the Sales Force team. They are responsible for visiting doctors' offices, hospitals, clinics and pharmacies to bring updated scientific information about Daiichi Sankyo Brasil products.

The Sales Force is formed by trainee sales promoters, sales representatives, hospital consultants, district and regional managers. The Company's guidelines establish that the relation with health care professional must be based on ethics and transparency, limited to imparting knowledge about the product and its therapeutic area, and supporting the doctor in his final decision on which product to prescribe to patients.

During the fiscal year 2017/2018, the Compliance area began conducting field trips together with the Sales Force team with the healthcare professionals in order to evaluate compliance with the Company's Code of Ethical Conduct and the Promotional Practices Guidelines.

During the visits, the Sales Force team has materials developed by the Marketing area, supported by the Medical Affairs and Regulatory Affairs areas, and a promotional agenda outlined for each product of the company. In fiscal year 2017/2018, approval from the Compliance area was needed for each of these materials in order to ensure its alignment with internal policies and standards.

Since 2016, Daiichi Sankyo Brasil has instituted a new promotional cycle model, which has gone from one month to three months. The model, not widely used in the country yet, allowed to increase the number of physicians visited, covering regions that were not yet included while offering a more efficient targeting of professionals.

The Company recognizes the need to regularly update the Sales Force team knowledge by ensuring that sales representatives bring the most up-to-date scientific information on diseases and their treatments to health professionals. Therefore, the company conducts periodic training through the University of Daiichi Sankyo Brasil, an e-learning tool aimed at the technical training of all sales representatives, regardless of the region of the Country where they are located.

In fiscal year 2017/2018, the Company trained the managers responsible for each Sales Force team to become coaches for their team. In this way, they can complement the formation learned at the **University of Daiichi Sankyo Brasil** with more personalized trainings, geared to the particular need of each sales representative.

With the prospect of new product launches, the area also needed specific training for employees who will interact with healthcare professionals who will prescribe the medications.



Gamification

To support the training of its Sales Force team, Daiichi Sankyo Brasil has focused on the development of innovative games that reinforce the sales representative knowledge in a playful way. In 2017/2018, the Company launched an online game in the form of product Q&A. For the next fiscal year, the Company is studying to launch new games, including a mobile app that will allow interaction and challenging other players



Healthcare Professionals

Events

One of the main tools used by Daiichi Sankyo Brasil to bring updated scientific knowledge to healthcare professionals is through the participation, organization and sponsorship of medical events. In the fiscal year 2017/2018, the Company participated in 106 events, 78 of which were domestic and 28 international, including Congresses, Sponsorships, Launches and Daiichi Sankyo Brasil Events.

One of the highlights of the year was the organization and coordination of **Latuda's Speaker Training**, which brought together national and international psychiatry specialists to share with 80 health professionals the main medical and scientific aspects regarding the characteristics of the new medicine. Another highlight was the symposium presented by the Company at the **Brazilian Congress of Psychiatry (CBP)**, which had more than 800 participants.

The Company also organized and coordinated an event for the **Franchise Movement** launch, which brings together all products in Orthopedics, Pain and Food lines.

In addition to these, the Company also participated in the main national, international and regional congresses in the areas of Cardiology, Psychiatry and Orthopedics, including:

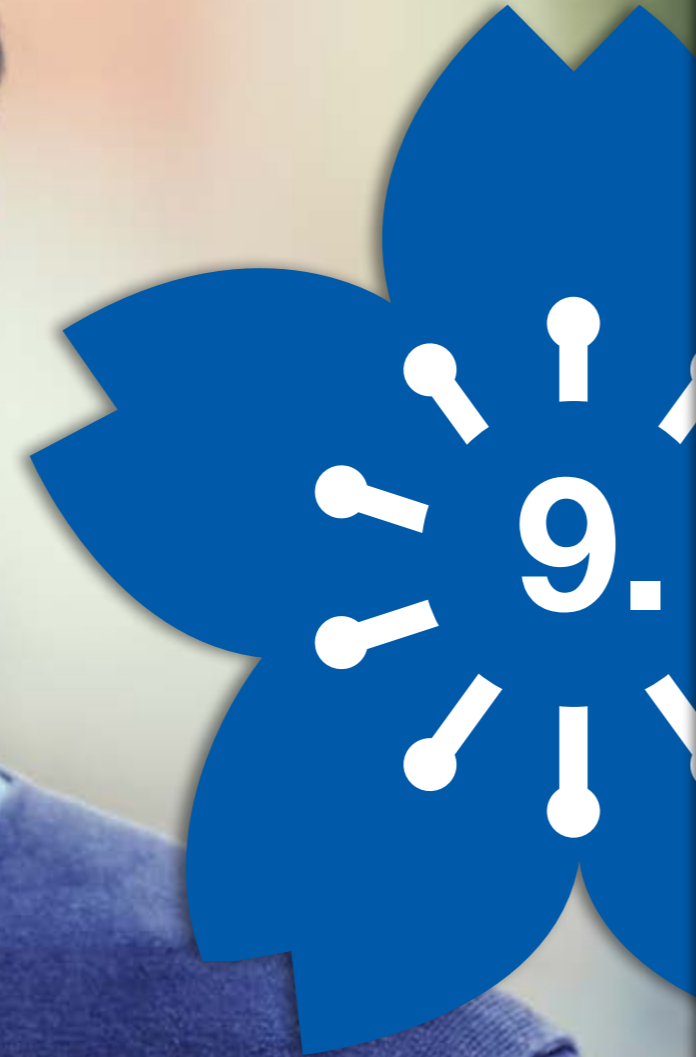
- Congresso Brasileiro de Cardiologia – CBC- (Brazilian Congress of Cardiology);
- Congresso Brasileiro de Ortopedia e Traumatologia – CBOT - (Brazilian Congress of Orthopedics and Traumatology);

- Congresso Americano de Cardiologia (American College of Cardiology – ACC and American Heart Association – AHA)
- Congresso Americano de Psiquiatria (American Psychiatric Association – APA)
- Congresso Europeu de Psiquiatria (European Congress of Psychiatry - ECNP);
- Congresso Europeu de Cardiologia (European Congress of Cardiology – ECC);
- Congresso da Sociedade de Cardiologia do Estado de São Paulo – SOCESP (Congress of Rio Grande do Sul Cardiology Society);
- Congresso da Sociedade de Cardiologia do Rio Grande do Sul – SOCERGS (Congress of Rio Grande do Sul Cardiology Society); and
- Congresso da Sociedade de Cardiologia do Rio de Janeiro – SOCERJ (Congress of Rio de Janeiro Cardiology Society).



Daiichi Sankyo Brasil received the award as the largest sponsor of the **Brazilian Association of Psychiatry**, on account of its support for continuing medical education projects.





Employees





Employees

Profile

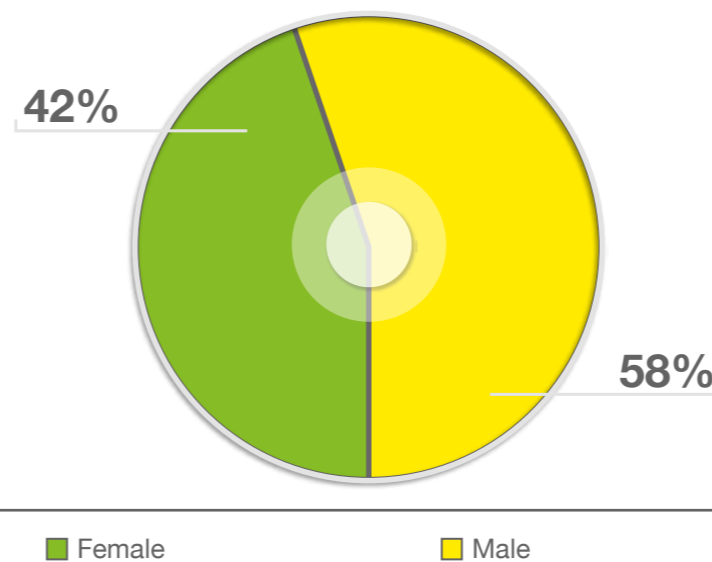
GRI 102-8 / 202-1

Daiichi Sankyo Brasil considers the engagement of its employees an essential factor to continue generating value for society, patients and physicians in the long run. Without their daily dedication manufacturing, disseminating and marketing products, the Company would not fulfill its mission of providing innovative medicines capable of improving the population quality of life.

For this reason, the Company seeks to value the effort and dedication of each employee, recognizing their talent and performance by paying a salary considerably higher than the local minimum, and the lowest compensation paid by Daiichi Sankyo Brasil is approximately 89% higher than the minimum wage.

The Company also recognizes the importance of having a diverse staff, capable of reflecting the plurality of the Brazilian population. Therefore, it takes into account only meritocracy when hiring and promoting. On March 31, 2018, Daiichi Sankyo Brasil had 356 own employees, divided as follows:

Employees by gender

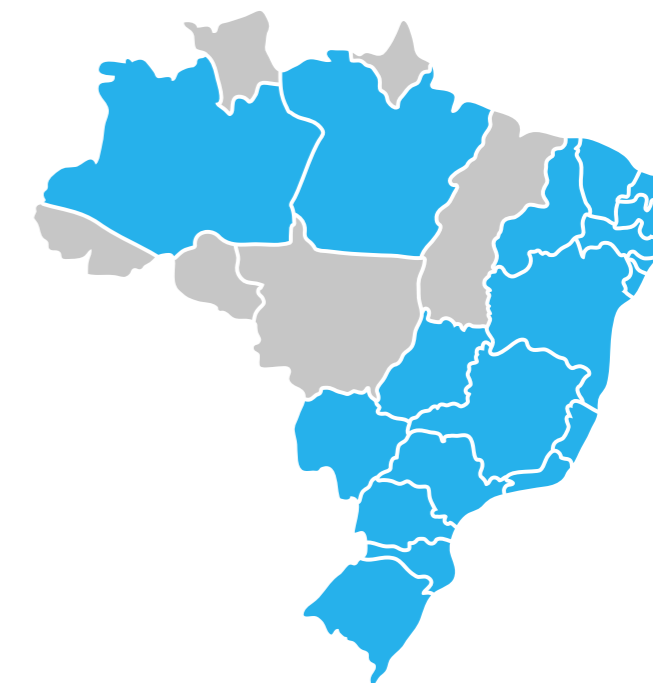


In addition to its own employees, the Company also has six trainees and 82 outsourced employees, all based in São Paulo, reaching a total of 444 employees.

| Type of contract | Male | Female | Total |
|------------------|------------|------------|------------|
| Full time | 207 | 149 | 365 |
| Interns | 1 | 5 | 6 |
| Third-party | 33 | 49 | 82 |
| Total | 241 | 203 | 444 |

Factory and administrative office employees are based in the state of São Paulo, while the Sales Force team is present in all regions of the Country:

Distribution of own employees*



*the Company considers the distribution of its employees by state as strategic information and does not disclose this data.



Employees

Career [GRI 103-1 / 103-2 / 103-3 / 404-2 / 404-3](#)

Daiichi Sankyo Brasil believes that the ability to develop, produce and market innovative medicines is directly related to the management focus in updating the employees' knowledge, keeping them abreast of the latest in the market and in the pharmaceutical sector.

Therefore, it has a series of programs and initiatives aimed at developing the skills necessary for the Company's good performance, in addition to prioritizing the training of future leaders aligned with its strategic objectives.

During fiscal year 2017/2018, the Company conducted a **360-degree Performance Evaluation** with all members of the Executive Committee and Sales Force leadership, comprising a total of 25 leaders. This tool allows the employee to be evaluated by their superiors, peers, subordinates and clients, in addition to providing a self-assessment. As a result, a Coach Program was implemented for two executives and an Individual Development Plan was developed for each Sales Force leader.

Daiichi Sankyo Brasil also performed a **180° Performance Evaluation** with all employees, where the employee is evaluated by the manager and performs a self-assessment based on his/her competencies, in addition to being recognized based on his/her deliverables.

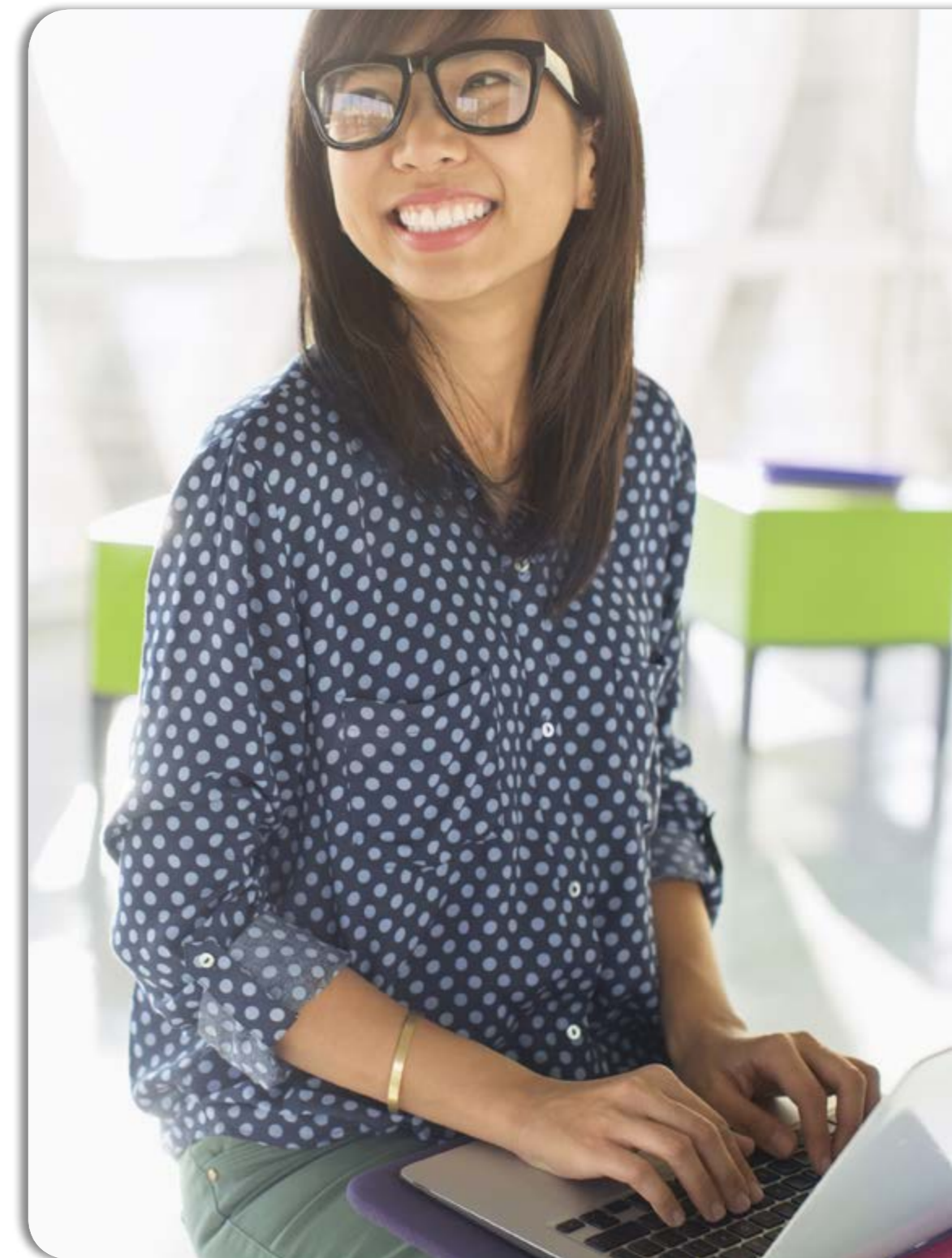
During fiscal year 2017/2018, the Company implemented a new training matrix, mapping all aspects, policies, procedures and knowledge related to organizational culture that should be continuously reinforced among the employees of all areas of the Company. From there, specific trainings were defined for each hierarchical level, from initial integration to promotion to leadership positions.



Daiichi Sankyo Brasil was recognized as one of the "Best Places to Work" in the Pharmaceutical companies' category, according to the **Great Place To Work® (GPTW) Health**.

This is the second time that the Company appears in the ranking, conducted in partnership between GPTW and Live Healthcare (the first time was in 2014).

In 2016, Daiichi Sankyo Brasil had already been recognized as one of the best places to work, according to the Great Place to Work® (GPTW) - Barueri and Region.





Employees

In addition to training focused on organizational culture, the Company has the following programs:

- **Leadership School:** behavioral training with the objective of develop and enhance the essential management and leadership skills in hired and newly promoted managers. During fiscal year 2017/2018, four leaders were trained.
- **Administrative and Operational Group:** to develop the behavioral skills and communication skills of all Company employees using the same methodology as the Leadership School. 53 employees were trained.
- **Internship Program:** has the goal of developing and enhancing the trainees' abilities, aiming at a higher performance in their professional career. During the year, nine trainees were trained.
- **Integration Program:** encompasses the new employees with the objective of receiving them, providing a smooth adaptation and understanding of the processes, HR management philosophy and organizational culture. 39 employees were trained during the year.



“Mais Saúde” Program

In January 2018, the Company implemented the “Mais Saúde” (More Health) Program, which brings together a series of corporate actions to improve the quality of life and health of employees and their families, including the publication of a monthly newsletter with tips on healthy habits. The main initiatives covered by the program are:

- **Occupational Medicine:** occupational health management.
- **“Já Mudei” Program:** mobile app that provides tips on healthy eating habits and weight management.
- **“Medida Certa” Program:** medical and nutritional monitoring and coaching for weight reduction and control.
- **Gympass:** network of gymnasiums for the practice of physical exercises.
- **Pregnancy Program:** follow-up for the pregnancy period, postpartum and puerperium up to two years of age.
- **“Gerenciando sua Saúde” Program:** follow-up of employees and dependents who present some health condition that needs continuous attention.





Employees

Training GRI 404-1

In addition to programs to engage and develop the career of employees, Daiichi Sankyo Brasil also conducts training aimed at developing specific talents in order to contribute to the current and future challenges of the organization:

- **Continued Education Program:** aims to train, recycle and develop employees who need knowledge and specific technical improvement to develop their activities immediately or in the short term. 212 employees were trained.

- **Educational Training Program:** aims to provide the professional development and improve the knowledge of the employee for the exercise of their current role or for future challenges that require specialized technical training. Ten employees went through the training.

- **Language Educational Incentive Program:** provides foreign language learning (English, Spanish or Japanese), aiming to improve the short and medium term performance. Six employees received the benefit.

- **Self-development:** partnerships with institutions for undergraduate, graduate, MBA and Languages courses, offering discounts to all employees and their dependents.

- **Job Rotation:** professional development tool consisting in the exchange of employees between the various areas of the organization. During 2017, one employee went through the experience.

- **Short Assignment:** offers exchange of best practices among the subsidiaries of Daiichi Sankyo while presenting the opportunity of an international experience to the employees. During 2017, one employee went through the experience.

- **Christmas game:** held in December, presents questions on specific topics of the organization, such as the Sustainability Report, products, Code of Ethical Conduct and corporate branding. All employees can answer and compete for a prize a day. In addition to the topics covered in other years, the game dedicated a week to the Compliance area, due to the International Anti-Corruption Day.

- **Meeting on Quality:** annually held, this year the event had 'time management' as theme, bringing employees together to reflect on the importance of planning time and its impact on the quality of work.

Besides these, along 2017/2018 training on Ethics topics were applied as part of the Integrity Program (described on page 23).

Sales Force team receives specific technical training through the University of Daiichi Sankyo Brasil (page 35) and factory employees began to receive training through a new system, the PIER (Remote Education Integrated Program), which allows control over the training matrix of each employee, the immediate availability of the content after its update and the execution

of online tests. In addition, the PIER system allows the management of practical exercises aimed at implementing the training routines of all the technical activities performed in the factory.

In total, 12.2 thousand hours of training were carried out, an average of 35 hours per employee.

| Functional category | Average hours of training per employee |
|----------------------------|--|
| Sales Force Representative | 62.0 |
| Sales Force Manager | 5.5 |
| Administrative | 12.6 |
| Manager | 16.2 |
| Executive Committee | 30.0 |
| Operational | 5.3 |
| Coordinator | 26.2 |
| Total employees | 35 |



10.

Society



Society

Product safety [GRI 103-1 / 103-2 / 416-1 / 416-2](#)

The main positive impact of Daiichi Sankyo Brasil's operation to society takes place through the supply of innovative medicines, which contribute to increase the population's expectation and quality of life. This impact on longevity is even more significant when one takes into account that one of the Company's focuses is to produce cardiology specialty drugs, since heart diseases are the major causes of mortality in Brazil and worldwide. New research in the oncology field should further increase this value creation for society.

Therefore, the Company values the **quality and safety** of its products. Those values are important not only for the Company's long-term sustainability, but also on the health of the Brazilian population. The **Pharmacovigilance** area is responsible for monitoring the safety profile of products during the post-sale.

During the manufacturing process of all medicines, the Company evaluates the quality attributes to ensure their safety and efficacy. During fiscal year 2017/2018, no changes to these attributes were recorded.

After selling the products, the Company remains alert to collect new information about its safety. In Brazil, the main source of information on adverse effects comes from reports of the patients themselves, collected by the Customer Service Department (SAC).

This information is collected locally and compiled into a global database, allowing the Organization to analyze a massive volume of information and to identify any changes in the safety profile of medicines. If any possible risk is identified, the Company analyzes the subject with maximum scientific technical rigor in order to substantiate the necessary preventive and / or corrective actions.

During fiscal year 2017/2018, the Pharmacovigilance area of Daiichi Sankyo Brasil had a prominent presence in the global context of the Organization, being part of work groups formed by teams from all over the world and acting in global risk mitigation.

In March, employees from the area participated in a MedDRA (Medical Dictionary for Regulatory Activities) training, which establishes internationally standardized medical terminology for reporting adverse events.

Over the period, the Company also implemented a new **Pharmacovigilance Quality and Regulatory Affairs** area, following a global recommendation, with the purpose of reducing risks for the Company and patients. Daiichi Sankyo Brasil was the first unit of the Organization outside Japan, the United States and Europe to have a team dedicated to this theme.

The new area operates through quality and process planning, seeking the inclusion of new routines from the analysis of metrics and identification of positive and negative trends mainly related to product safety. One of its main tools for risk identification is the periodic audits in internal processes and partners.

As a result of all these efforts, the Company has not recorded any cases of non-compliance with regulations and voluntary codes related to the impacts of the products on the health and safety of customers.





Society

Customer Service GRI 103-3

Daiichi Sankyo Brasil recognizes the direct impact of its operation on the health and well-being of its consumers. Therefore, it is considered a central part of its management and strategy to provide care to patients through the **Customer Service (SAC)**.

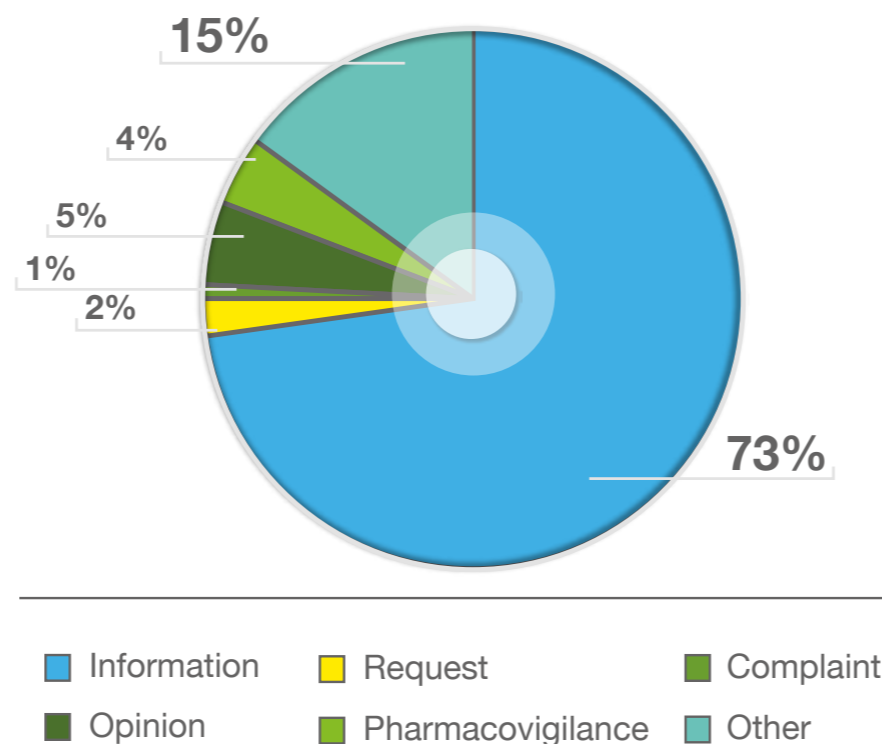
This service is important, primarily because SAC is the main gateway to information on adverse drug events, serving as a central data source for the Pharmacovigilance area.

In Brazil, the SAC department also ends up supplying a lack of information for the patients, who seek the service to request technical advice on the correct use of the medicines, including for information on their dosage, precautions during pregnancy and actions to be taken in case of over dosage.

As all this information needs to be provided and recorded directly by the attendant, Daiichi Sankyo Brasil considers essential that trained pharmacists perform this service. During fiscal year 2017/2018, the team underwent several training on technical and quality issues, including the Pharmacovigilance and Customer Service area.

In fiscal year 2017/2018, the SAC handled 11,360 consultations. Of these, 4% were related to pharmacovigilance and 73% related to information requests, which included questions about technical information and doubts about the existence of Discount Programs and the Logistic Support Service, aimed at commercial partners.

Consultations handled by the SAC



All criticisms and complaints received by SAC are recorded and answered by the Company. When the patient experiences a problem with the product itself, such as a damaged packaging or the absence of a tablet, the case is referred to the Quality Assurance department, which analyzes the sample and generates a conclusion report.

The other criticisms are recorded and forwarded to the responsible departments, which draw up plans for situation analysis and remediation.



SAC

The Company's Customer Service (SAC) is offered by telephone 08000 55 65 96, by online chat, Contact Us on the institutional website or by the e-mail sac@dsbr.com.br.

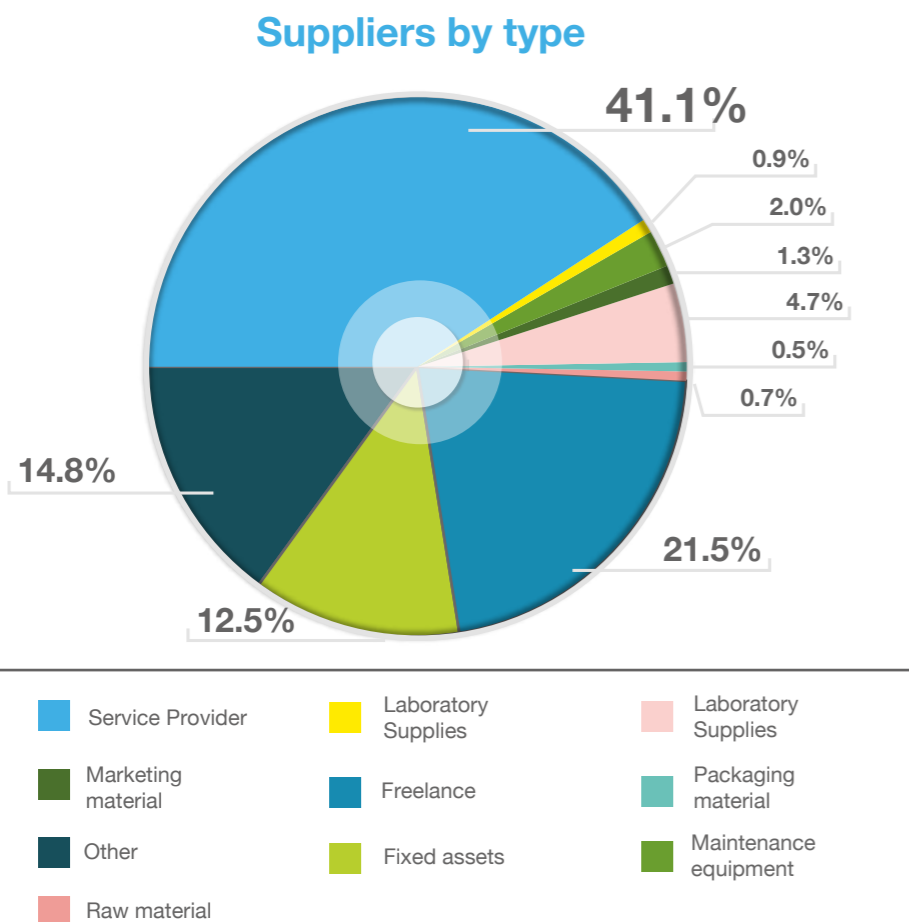


Society

Suppliers GRI 102-9/ 204-1

Another way in which Daiichi Sankyo Brasil creates value for society is by hiring responsible suppliers. During fiscal year 2017/2018, the Company spent R\$ 166.2 million with 2,038 suppliers. Of this amount, R\$ 69.8 million was spent on international suppliers and R\$ 96.4 million on local suppliers.

In total, the Company has 10,092 suppliers registered in its system, divided as follows:



In order to ensure that the Company is investing in responsible partners, that create value for society and the environment, Daiichi Sankyo Brasil has a Supplier Qualification Program. It carries out audits regarding the quality of materials and compliance with the regulations pertinent to the sector.

The audits are carried out by the Quality and EHS areas, contemplating the following scopes:

- **Quality:** with a strict focus on quality aspects following Good Manufacturing Practices (GMP) and validation of the Operating Licenses.
- **EHS:** focus on Environment, Health and Safety at Work, verifying the validity of CETESB (Environmental Company of the State of São Paulo) and IBAMA (Brazilian Institute of Environment and Renewable Natural Resources) licenses. The EHS area has audited three suppliers since 2016.

In addition, the contracts themselves require compliance with all legal obligations by suppliers, including anti-corruption and slave labor laws. One of the clauses describes the Company's Code of Ethical Conduct (see page 21), requiring prior knowledge of its guidelines. The contractor must also demonstrate awareness of its commitment to the Global Compact, recognizing its commitment to the principles proposed in the document (described on page 25). In that sense, the agreement serves not only to describe practices that are not accepted by the Company, but also to disseminate best practices to the market, helping to raise awareness of its productive chain.

During the 2017/2018 fiscal year, a **Supplier Guidelines Booklet** was drawn up, establishing the internal flow for contracting a supplier. Among other requirements, the document establishes that all contracts must pass through the evaluation of the Legal area, ensuring greater governance on this process. Throughout the year, the area promoted trainings with the key managers involved in contracting suppliers to update them on the new Booklet.

The Company has also developed a Due Diligence Program, which will be implemented in the next fiscal year. It provides for the mapping of high-risk suppliers, for further conducting a reputational research and evaluation process.



Society

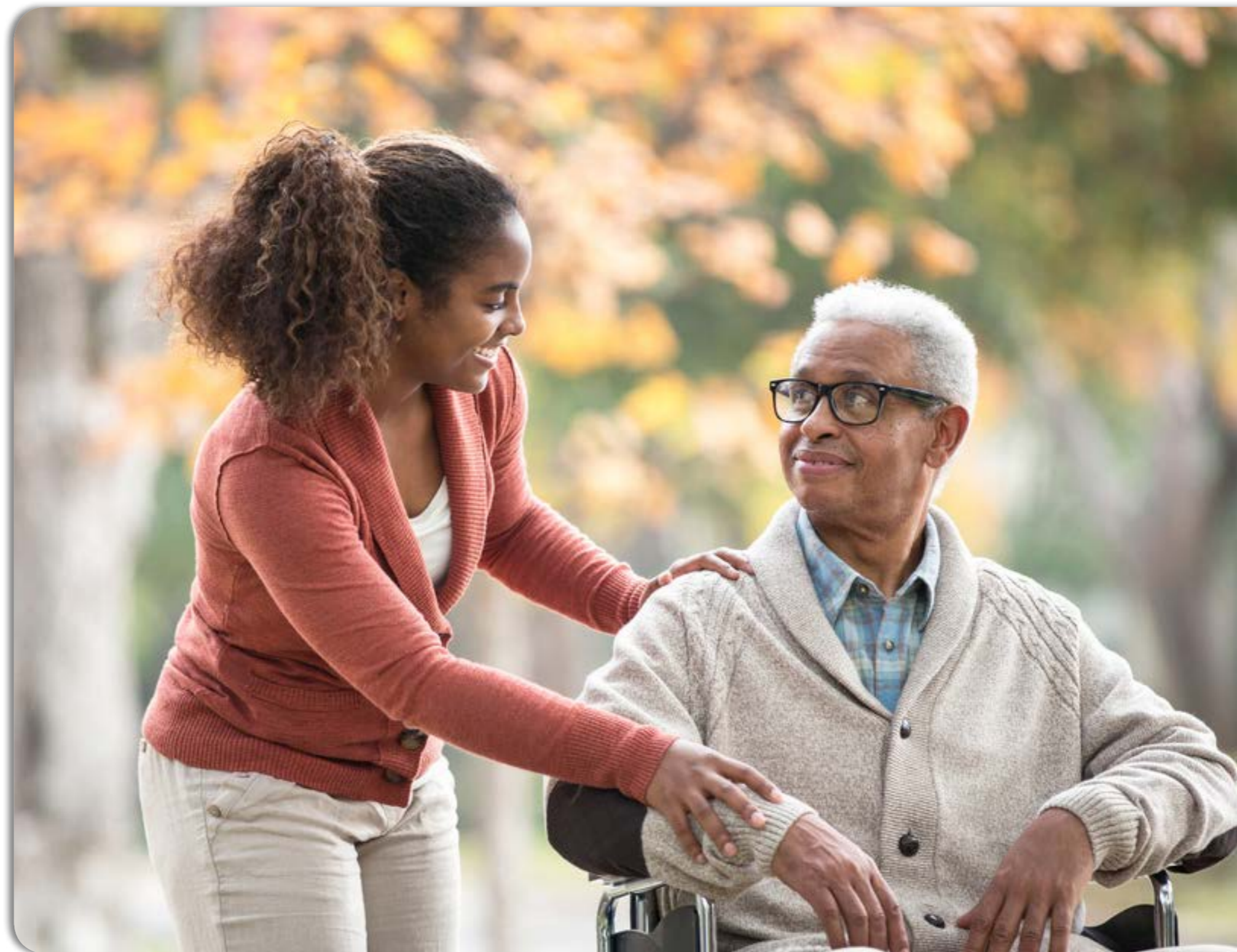
Social Impact

Daiichi Sankyo Brasil also has a series of social initiatives that expand its capacity to create value for society.

The main one is the support to **Associação Amigos do Coração** - Friends of the Heart Association (AAC), an organization that has the objective of humanizing the hospital environment and promoting better quality of life for patients with heart diseases hospitalized in the Heart Institute. Instituto do Coração (InCor). The company maintains a Volunteer Program in partnership with AAC, in which its employees can carry out visits to hospitalized patients, in addition to making donations totaling R\$ 36,000.00 in the fiscal year.

Throughout the year, the Company also supported:

- **Solidarity Easter Campaign:** collection of chocolate Easter eggs for donation to InCor inpatients.
- **Christmas Social Action:** collection of lunch box items and participation of volunteers at the AAC Christmas Party.
- **Assistance for Community Projects and Human Security:** donation of medicines to Japanese community in Porto Alegre.
- **Environmental Awareness Program:** financial contribution for the publication of an Educational Booklet by the Municipal Secretary of Natural Resources and Environment of Barueri - SP.
- **General Project in Health:** an initiative of Interfarma focused on health education, developed and executed by the Oficina de Ideias. Daiichi Sankyo Brasil continued to financially support the project in 2017/2018.





11.

Environment



Environment

Environmental management GRI 102-11/ 103-1/ 103-2/ 103-3

The constant reduction of environmental impact in the production of medicines is a central concern for Daiichi Sankyo Brasil's operation. Therefore, the Company's environmental management seeks to optimize processes, in order to reduce the use of natural resources and train employees to reduce waste.

The organization's environmental guidelines are set out in the Global Environmental Management Policy. At its plant, the Company applies an **Environmental Management System** (SGA) based on the ISO 14001 methodology, which monitors a series of indicators, such as electricity and water consumption, solid waste generation, the emission of black smoke, effluents and the generation of waste. Annually, environmental targets are established (see more on page 27), which become the focus of the Company's operation.

In January 2018, the SGA underwent an audit process to carry out the maintenance of the **ISO 14001** certification and the transition to the 2015 version of the latest and most rigorous standard. As a result, the Company received the recommendation for re-certification, proving the efficiency of its environmental management.

The organization also has a Kaizen area, which promotes actions for continuous process improvement, waste reduction, stimulating the analytical view of routines and leading to constant improvements in environmental indicators.



The Company also has an Open Channel — the Green Line — so that all interested parties may voice their alerts and complaints regarding the environmental impact of their operations. The channel can be accessed by email linhaverde@dsbr.com.br.

During the fiscal year 2017/2018, no complaints were received by the channel.





Environment

Energy and Emissions [GRI 302-1/ 302-3 /302-4/ 305-1/ 305-7](#)

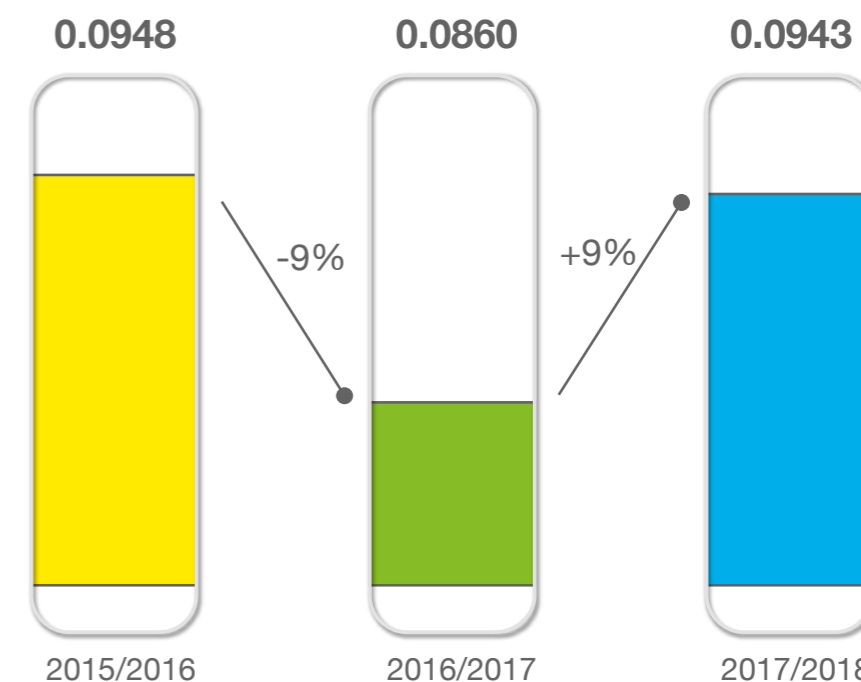
One of the main focuses of the Environmental Management System (SGA) of Daiichi Sankyo Brasil is the monitoring and control of the energy consumption in its operation. This aspect is paramount not only to the sustainability of the Company, but to the planet itself, since burning fossil fuels to generate energy is the main responsible for CO² emissions, the main gas contributing to climate change.

During fiscal year 2017/2018, through actions to raise employees' awareness and the delivery of a project to improve the air compressor, the Company was able to reduce by 0.66% the energy consumption by the factory.

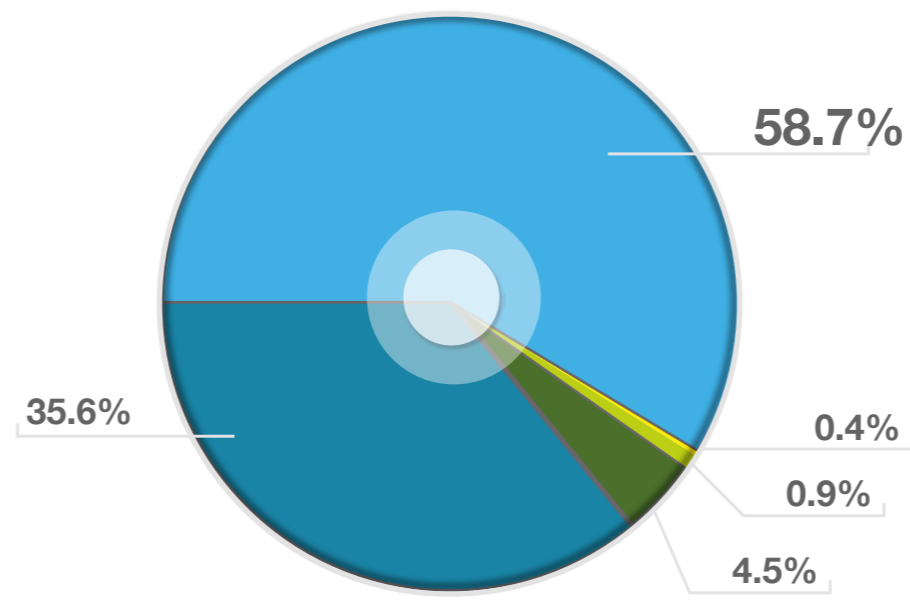
However, the energy consumption has increased because the use of fuels by the Sales Force team has generated an energy consumption of 32,508 GJ, 22% higher than the previous year.

In this case, the total consumption was of 55,061 GJ, 13% higher than in the previous year.

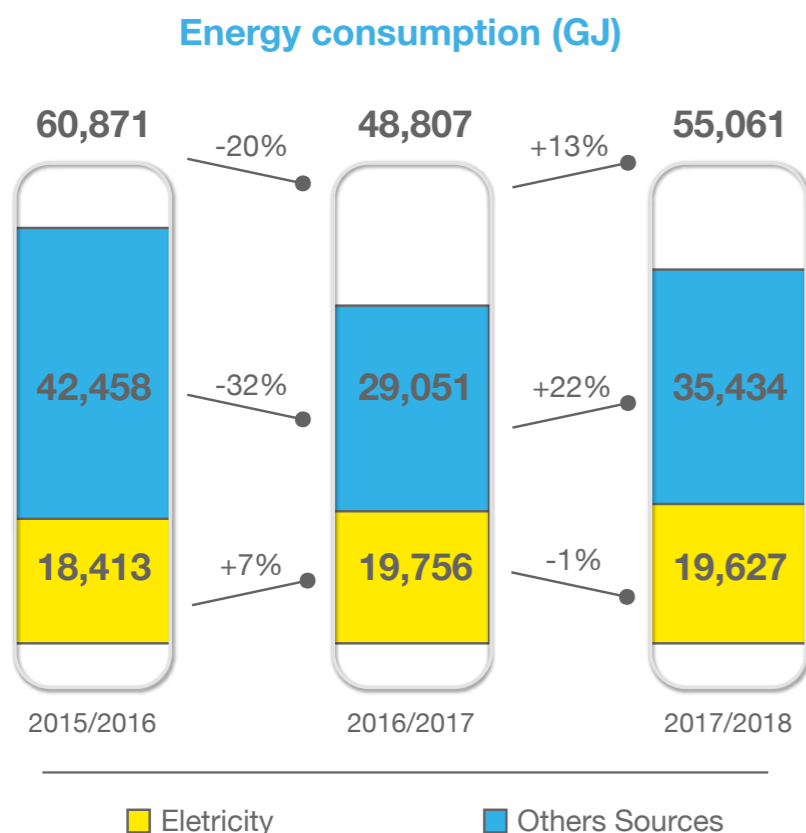
Energy intensity (GJ per thousand units produced)



Energy consumption by source



- Gasoline (Sales Force fleet)
- Ethanol (Sales Force fleet)
- Diesel
- LPG
- Electricity



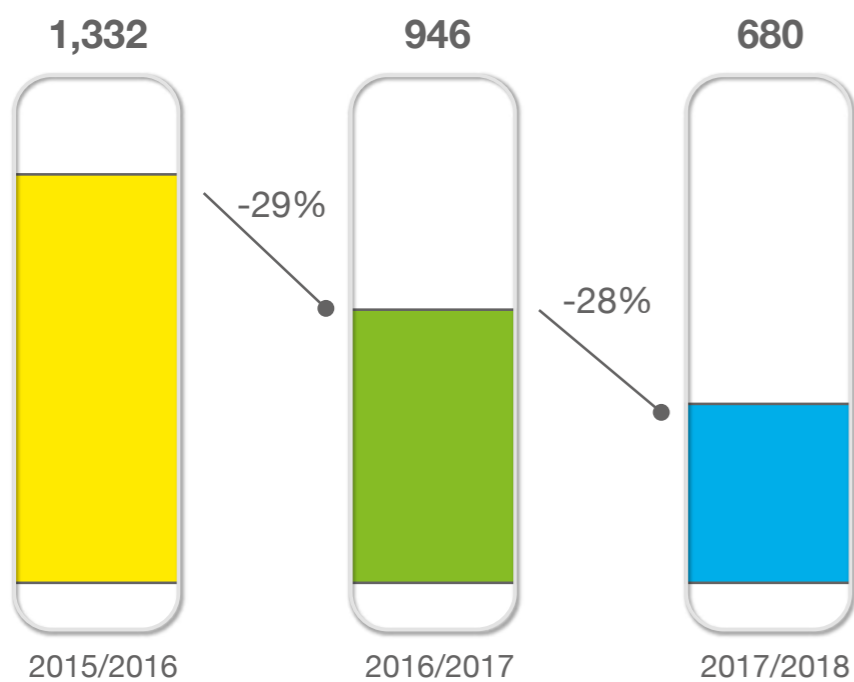


Environment

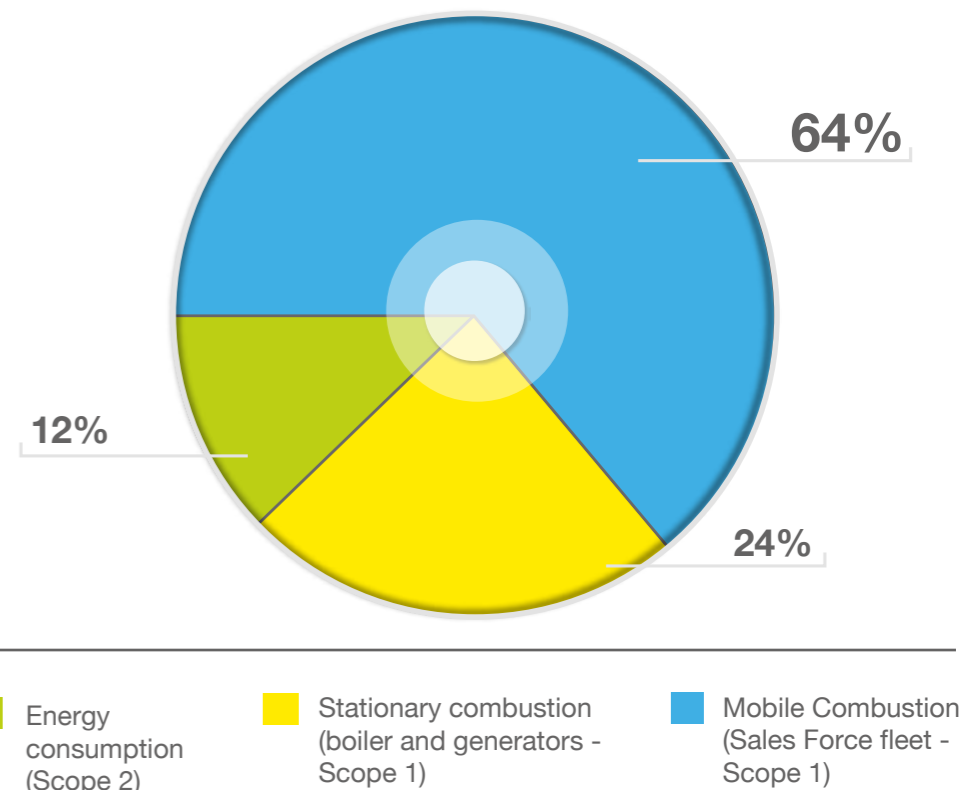
As of June 2017, the Company began to buy all energy used in its plant from the free market, starting to consume energy exclusively from renewable sources.

This purchase agreement of renewable energy made it possible to reduce GHG emissions by 28% in relation to the previous year, totaling 680 tons of CO₂e emitted.

CO₂ Emissions (in tCO₂e)



CO₂ emission by source



Due to the characteristics of its operation, the Daiichi Sankyo Brasil plant does not emit large amounts of SO_x and NO_x, and its reporting to environmental agencies is not required. Nevertheless, since N₂O is one of the NO_x components, it is possible to estimate the emission of this pollutant as 19.07 tons in the period.



Environment

Effluent and Waste [GRI 103-1/ 103-2/ 103-3/ 306-1/ 306-2](#)

By dealing with a large quantity of chemicals in the production of its medicines, the disposal of its effluents and waste is a central concern of the environmental management of Daiichi Sankyo Brasil.

Throughout fiscal year 2017/2018, the Company discarded 9,040 m³ of water in the public sewage system, a volume 5% lower than in the previous year. The disposal process complies with the parameters established by state decree 8468 / 76A, and the water discarded has no significant amount of chemical components.

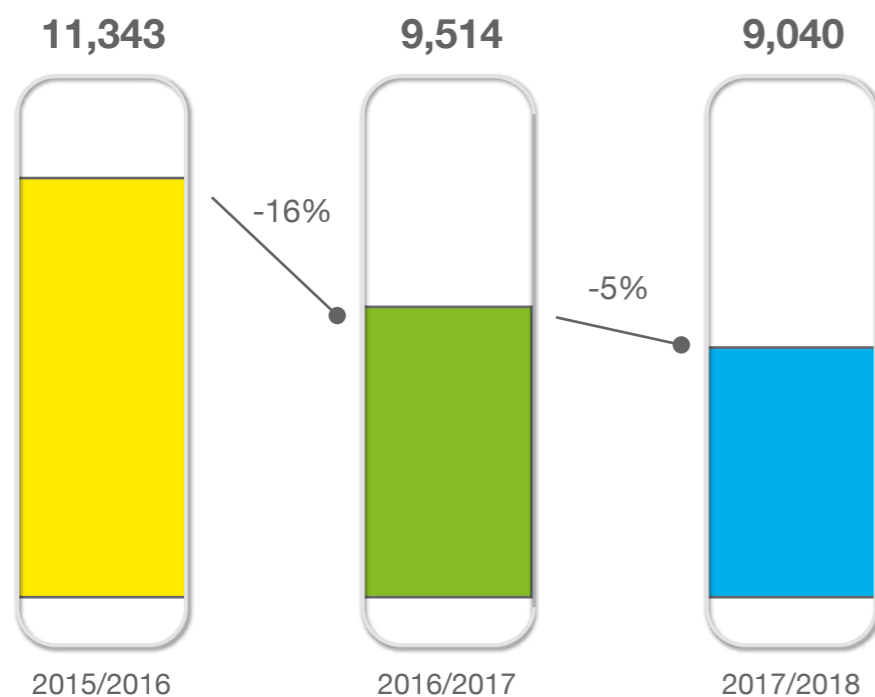
The Company follows the requirements of the National Solid Waste Policy and seeks to control the generation of waste throughout its production chain.

During the fiscal year 2017/2018, the Company generated 154.3 tons of waste, 26.6% more than in the previous year.

The increase in the amount of waste generated can be partly explained by the increase in plant production, in addition to the volume of works carried out on site, including the paving of the parking lot.

The proportion of waste incinerated and disposed of is due to the very nature of the Company's operation. As a matter of public health, all wastes that come in contact with the chemicals used to manufacture the medicines cannot be sent to the landfill or recycled, and must necessarily go through this process

Effluents (m³)



| Type of waste | Destination | Weight (tons) |
|----------------------------|----------------------------|---------------|
| Hazardous waste | | |
| Solid waste | Coprocessing/ Incineration | 23.3 |
| Machine oil | Recovery | 270 (liters)* |
| Non-hazardous waste | | |
| Paper | Recycling | 32.7 |
| Boxes | Recycling | 4.6 |
| Plastic | Recycling | 11.1 |
| Blister | Recycling | 5.9 |
| Metal | Recycling | 4.5 |
| Wood | Recycling | 6.8 |
| Gardening | Landfill | 8.8 |
| Rubble | Landfill | 34.1 |
| Organic | Landfill | 22.5 |

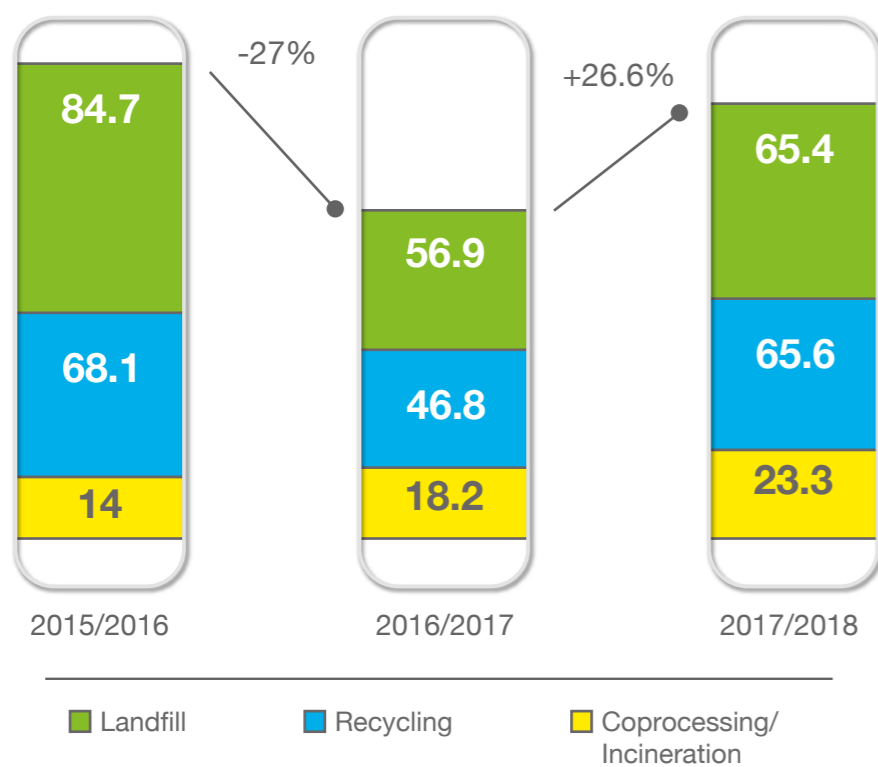
* because it is calculated in liters, the discard of machine oil is not included in the calculation of the total weight of waste.



Environment

During the same period, the Company built a dedicated area to collect waste from the plant in Barueri - SP. The action should impact safety and better control of waste.

Disposal of waste (in tons)



Reverse logistics

Daiichi Sankyo Brasil has partnered with Recicladora Urbana, a company specializing in the reverse logistics of discarded electronic equipment. The IT area collected electrical and electronic equipment waste, such as desktops, notebooks, tablets, printers and cell phones, which were dismantled and sent for recycling. Some appliances have been remanufactured and intended for social entities, where they are used to teach children and adults about the use of new technologies. After the action, the Social Responsibility area carried out a campaign to collect the electronic waste generated by employees and their families.





Environment

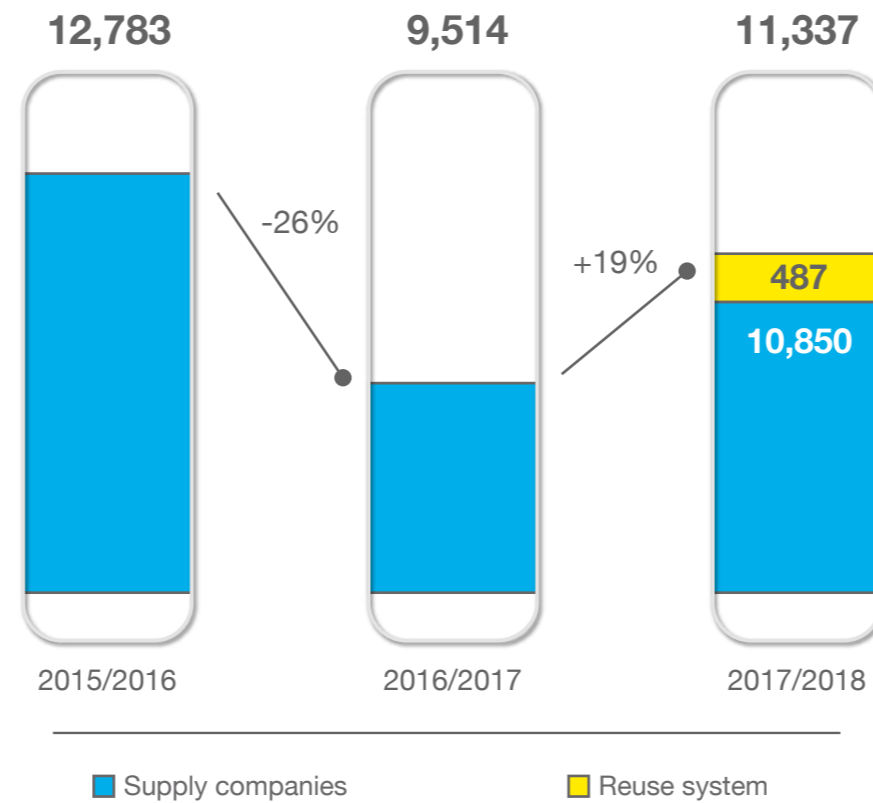
Water [GRI 103-1/ 103-2/ 103-3/ 303-1/ 303-2/ 303-3](#)

Water is one of the main inputs we use in our factory to produce quality medicines. Conscious that this is a finite resource, we use our Environmental Management System, featuring a strict consumption control, seeking to reduce waste year by year.

During fiscal year 2017/2018, the Company consumed 11,337 m³ of water, 19% higher than in the previous year. If the reuse water were not considered in the calculation, the increase would be of 14%, a level that is in line with the increase in production in the factory.

The Company does not significantly affect water sources with its water withdrawal, since 96% of the entire volume is collected from water supply companies. The remaining volume is captured by a reuse system, which collects and reuses the waste water from the water purification system used in medicine manufacturing. Until the previous year, this volume of water was sent to the cisterns of the factory, where, along with the rainwater, was reused to flush toilets, gardening and cleaning of outdoor areas. As of February 2018, this volume began to be sent to the plant's main reservoir, feeding the plant's own operation.

Water consumption (m³)





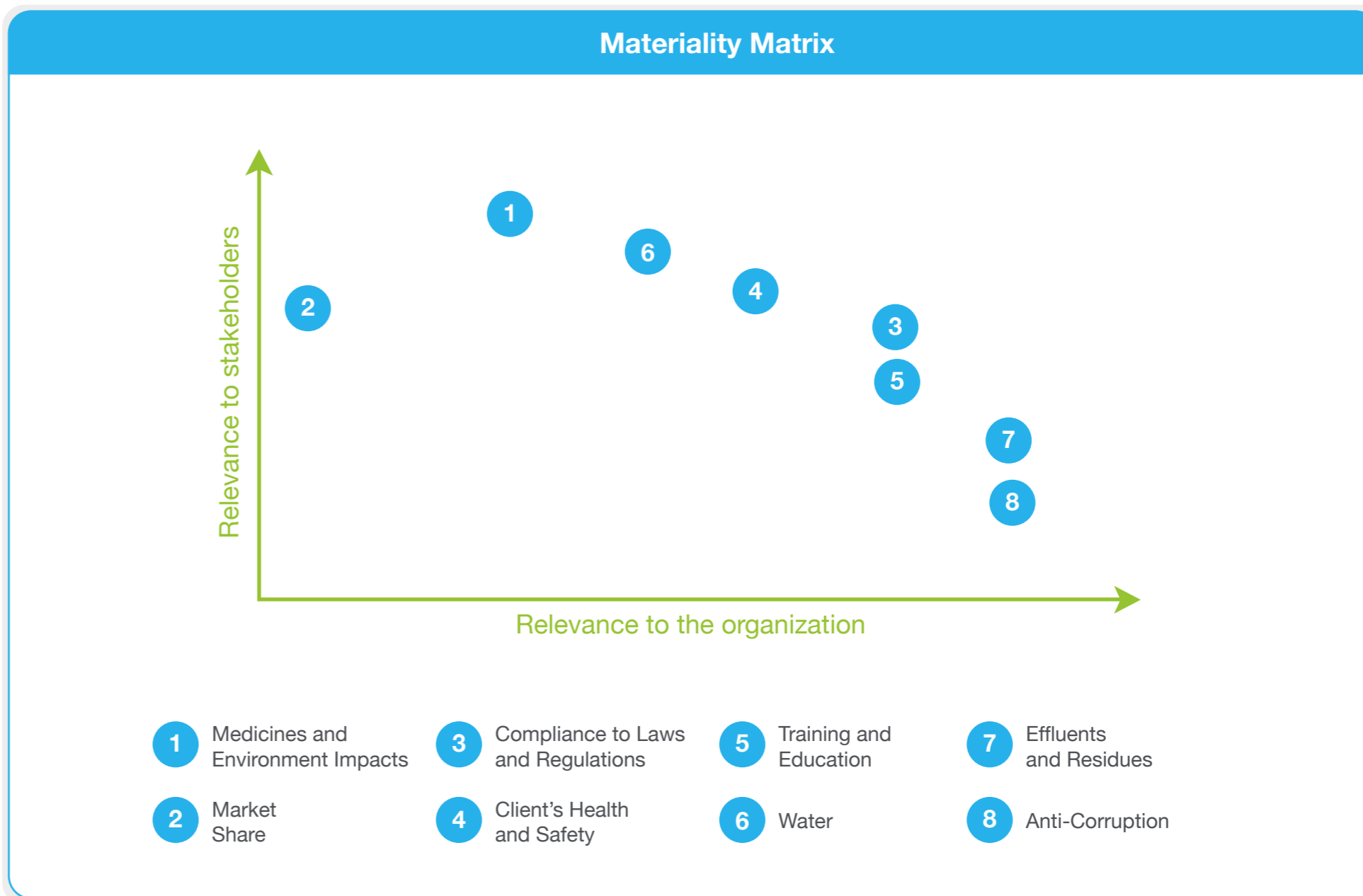
About the Report



About the Report GRI 102-42 / 102-46 / 103-1

Daiichi Sankyo Brasil conducted a consultation with its stakeholders between 2015 and 2016 in order to find out which management and strategy themes have the greatest capacity to impact value creation for its stakeholders.

16,405 stakeholders were consulted, including employees, suppliers, patients, physicians, regulatory agencies, distributors and pharmaceutical industries. In 2017, the topics raised during the survey were taken to the Company's executives to express their opinion on whether or not they are important to the sustainability of the business in the short, medium and long term. Accordingly, the Company concludes that the eight topics remained relevant, within the following matrix:





About the Report GRI 102-42 / 102-46 / 102-49 / 103-1

At the beginning of 2018, the Company carried out a study outlining the limits of each material topic, showing which public, internal or external, they present a greater impact:

| | Material topics | Internal boundary | External boundary |
|---|------------------------------------|--------------------------------|--|
| 1 | Medicines and Environment Impacts | Daiichi Sankyo Group Employees | Patients - Physicians - Regulatory Agencies - Pharmaceutical Industries - Community |
| 2 | Market Share | Daiichi Sankyo Group Employees | Suppliers - Patients - Physicians - Regulatory Agencies - Distributors - Pharmaceutical Industries - Community |
| 3 | Compliance to Laws and Regulations | Daiichi Sankyo Group Employees | Suppliers - Patients - Physicians - Regulatory Agencies - Distributors - Pharmaceutical Industries - Community |
| 4 | Client's Health and Safety | Daiichi Sankyo Group Employees | Patients - Physicians - Regulatory Agencies - Pharmaceutical Industries |
| 5 | Training and Education | Daiichi Sankyo Group Employees | Suppliers - Patients - Physicians - Regulatory Agencies |
| 6 | Water | -- | Community |
| 7 | Effluents and Residues | Daiichi Sankyo Group | Regulatory Agencies - Distributors - Community |
| 8 | Anti-Corruption | Daiichi Sankyo Group Employees | Suppliers - Physicians - Regulatory Agencies - Distributors - Pharmaceutical Industries - Community |



GRI Standards Content Index



GRI Standards Content Index GRI 102-55

| General Disclosures | | Page / Direct Answer |
|-------------------------------|---|--|
| General Disclosures | | |
| Organizational Profile | | |
| 102-1 | Name of the organization | Page 4. |
| 102-2 | Primary brands, products, and services | Page 14. |
| 102-3 | Location of the organization's headquarters | Page 15. |
| 102-4 | Number of countries where the organization operates | Page 15. |
| 102-5 | Nature of ownership and legal form | Daiichi Sankyo Brasil Farmacêutica Ltda. |
| 102-6 | Markets served | Page 15. |
| 102-7 | Scale of the organization | Page 15. |



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Organizational Profile

102-8

Information on employees and other workers

The profile of Daiichi Sankyo Brasil employees can be found on page 38. The total number of employees can also be classified by type of employment:

| Type of employment | Male | Female | Total |
|--------------------|------|--------|-------|
| Full time | 240 | 199 | 439 |
| Part Time | 1 | 4 | 5 |

102-9

Description of the organization's supply chain

Page 45.

102-10

Significant changes to the organization's size, structure, ownership, or supply chain

Page 18.

102-11

Whether and how the organization applies the Precautionary Principle or approach

Page 48.

102-12

List of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses

Page 25.

102-13

List of the main memberships of industry or other associations, and national or international advocacy organizations

Page 32.

Strategy

102-14

A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization

Page 6.



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| Ethics and Integrity | | |
|------------------------|--|--|
| 102-16 | Description of the organization's values, principles, standards, and norms of behavior | Pages 11 and 21. |
| 102-17 | Mechanisms for advice and concerns about ethics | Page 21. |
| Governance | | |
| 102-18 | Governance structure of the organization, including committees | Page 18. |
| 102-22 | Composition of the highest governance body and its committees | Page 18. |
| 102-23 | Report whether the chair of the highest governance body is also an executive officer in the organization | Page 18. |
| 102-25 | Processes for the highest governance body to ensure conflicts of interest are avoided and managed | Page 21. |
| Stakeholder Engagement | | |
| 102-40 | List of stakeholder groups engaged by the organization | Page 4. |
| 102-41 | Percentage of total employees covered by collective bargaining agreements | 100% of Daiichi Sankyo Brasil employees are covered by collective bargaining |
| 102-42 | Basis for identifying and selecting stakeholders with whom to engage | Page 55. |



GRI Standards Content Index GRI 102-55

Stakeholder Engagement

| | | |
|--------|--|---|
| 102-43 | The organization's approach to stakeholder engagement, including frequency of engagement | <p>Stakeholder engagement is a practice of Daiichi Sankyo Brasil, and is not limited to the time of writing this report.</p> <ul style="list-style-type: none"> • Physicians: periodic, in congresses and visits by sales representatives and scientific consultants; • Employees: daily and on demand by the Confidential Channel; • Suppliers: on demand; • Patients: contacts received by the SAC; • Distributors: periodic; • Anvisa and other regulatory bodies: on demand; • Interfarma: monthly; • Sindusfarma: on demand. |
| 102-44 | Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns | <p>The most relevant topics pointed out by the categories of stakeholders are:</p> <ul style="list-style-type: none"> • Employees and pharmaceutical Industries: market presence; • Medical class: anti-corruption; • Daiichi Sankyo group: health and safety at work; • Suppliers: training and education; • Distributors: employment. |

Reporting Practices

| | | |
|--------|---|--|
| 102-45 | List of all entities included in the organization's consolidated financial statements or equivalent documents | Daiichi Sankyo Brasil has no subsidiary companies, therefore it is the only entity included in its financial statements. |
| 102-46 | An explanation of the process for defining the report content and the topic Boundaries | Page 55. |
| 102-47 | List of the material topics identified in the process for defining report content | Page 4. |



GRI Standards Content Index GRI 102-55

Reporting Practices

| | | |
|--------|--|--|
| 102-48 | The effect of any restatements of information given in previous reports, and the reasons for such restatements | There were no restatements of information provided in previous reports |
| 102-49 | Significant changes from previous reporting periods in the list of material topics and topic Boundaries | Page 56. |
| 102-50 | Reporting period for the information provided | Page 4. |
| 102-51 | Date of the most recent previous report | The previous report covers the fiscal year from 04/01/2016 to 03/31/2017 |
| 102-52 | Reporting cycle | Annual. |
| 102-53 | Contact point for questions regarding the report or its contents | Page 4. |
| 102-54 | Claim made by the organization, if it has prepared a report in accordance with the GRI Standards | Page 4. |
| 102-55 | GRI content index | Page 58. |
| 102-56 | A description of the organization's policy and current practice with regard to seeking external assurance for the report | The report was not submitted to external assurance |



GRI Standards Content Index GRI 102-55

| DMA | | |
|-----------------------|---|---|
| 103-1 | Explanation of the material topic and its Boundary | Explanations on material topics can be found on pages 15, 21, 30, 39, 43, 48, 51, 53 e 55. On page 56 we bring information about the boundaries of each theme |
| 103-2 | The management approach and its components | Pages 15, 21, 22, 30, 39, 43, 48, 51 e 53. |
| 103-3 | Evaluation of the management approach | Pages 15, 22, 30, 39, 44, 48, 51 e 53. |
| Economic Disclosures | | |
| Market Presence | | |
| 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | Page 38. |
| Procurement Practices | | |
| 204-1 | Proportion of spending on local suppliers | Page 45. |
| Anti-corruption | | |
| 205-1 | Total number and percentage of operations assessed for risks related to corruption and significant risks related to corruption identified through the risk assessment | The compliance risk assessment is described on page 22. The risks identified will not be disclosed because they are confidential and impact the Company's strategy. |
| 205-2 | Communication and training about anti-corruption policies and procedures | Page 22. |
| 205-3 | Confirmed incidents of corruption and actions taken | During fiscal year 2017/2018 Daiichi Sankyo Brasil was not cited in any public judicial process or investigation related to corruption. |



GRI Standards Content Index GRI 102-55

Environmental Disclosures

Energy

| | | |
|-------|---|----------|
| 302-1 | Energy consumption within the organization | Page 49. |
| 302-3 | Energy intensity | Page 49. |
| 302-4 | Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives | Page 49. |

Water

| | | |
|-------|---|----------|
| 303-1 | Water withdrawal by source | Page 53. |
| 303-2 | Water sources significantly affected by withdrawal of water | Page 53. |
| 303-3 | Water recycled and reused | Page 53. |

Emissions

| | | |
|-------|--------------------------------|---|
| 305-1 | Direct (Scope 1) GHG emissions | The emission calculation was performed according to the FGV GHG Protocol spreadsheet tool, based on the Brazilian GHG Protocol Program. In addition to the data on page 49, the Company emitted 4.35 tons of CH ₄ and 14.9 tons of N ₂ O. |
|-------|--------------------------------|---|



GRI Standards Content Index GRI 102-55

| Emissions | | |
|------------------------|--|---|
| 305-2 | Energy indirect (Scope 2) GHG emissions | The data on page 49, were calculated according to the FGV GHG Protocol spreadsheet tool, based on the Brazilian GHG Protocol Program. |
| 305-7 | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | Page 49. |
| Effluents and Waste | | |
| 306-1 | Water discharge by quality and destination | Page 51. |
| 306-2 | Waste by type and disposal method | Page 51. |
| 306-3 | Total number and total volume of recorded significant spills | There were no significant spills during 2017/2018. |
| Social Disclosures | | |
| Training and Education | | |
| 404-1 | Average hours of training that the organization's employees have undertaken during the reporting period, by gender and employee category | The division of training hours by functional category can be found on page 41. The Company does not control training by gender. |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | Competency management and continuous learning programs are described on page 39. During the fiscal year, the Company also developed a Retirement Plan, which should be implemented in the next fiscal year. |



GRI Standards Content Index GRI 102-55

Training and Education

404-3

Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period

Page 39.

Customer Health and Safety

416-1

Assessment of the health and safety impacts of product and service categories

Page 43.

416-2

Incidents of non-compliance concerning the health and safety impacts of products and services

Page 43.

Marketing and Labeling

417-2

Incidents of non-compliance concerning product and service information and labeling

Page 30.

Socioeconomic Compliance

419-1

Non-compliance with laws and regulations in the social and economic area

Page 30.



Credits

Coordination

Human Resources Department | Communication

Editorial project, content writing, GRI consulting and translation

RICCA Sustentabilidade

Graphic design, illustrations and layout

RICCA Sustentabilidade

Photos

Daiichi Sankyo Image Bank

Contact: responsabilidadesocial@dsbr.com.br

Acess:



[Linkedin.com/company/daiichi-sankyo-brasil-ltda](https://www.linkedin.com/company/daiichi-sankyo-brasil-ltda)



[Facebook.com/DaiichiSankyoBrasil](https://www.facebook.com/DaiichiSankyoBrasil)



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