Activating Human Resources

Fundamental Approach to Human Resources

Mitsubishi Tanabe Pharma is working to further enhance its competitiveness and achieve sustained growth by giving individual employees the opportunity to demonstrate their full potential. To that end, we focus on our people as a management resource, and we operate the Comprehensive Management System for Human Resources. Furthermore, we are aiming to develop human resources who act in accordance with the guidelines of pride and sense of mission, challenge and innovation, trust and collaboration, and harmonious coexistence with society. In addition, under Medium-Term Management Plan 16–20 we are aiming to implement reforms to become a “pharmaceutical company that works with a sense of speed and is the first to deliver original value,” and on that basis we are working to “realize a corporate culture with a sense of speed and a profitable business structure.”

We are implementing a range of human resources development initiatives that address the ongoing globalization of our business. To that end, we are implementing not only on-the-job training but also various off-the-job measures to help employees learn about foreign cultures and develop business English skills. These measures include a variety of group training and language study programs. In fiscal 2017, we began to recruit volunteers for overseas training and to assign them to work at overseas bases.

Enhancing Personnel Training

To strengthen our corporate vitality and competitiveness, we must work to enhance the capabilities of our human resources, who are the source of that vitality and competitiveness. Aiming to develop people with key attributes, we support the development and demonstration of the capabilities of employees through the smooth coordination of four frameworks: employing diverse human resources, on-the-job and off-the-job training through management by objectives (MBO), transfers and rotations, and fair evaluations. To that end, we are enhancing individual capabilities through daily on-the-job and in-house training programs and through the assignment of the right person to the right place. The Company is also working to provide support for autonomous employee career management and individual skill development and to develop next-generation leaders and global human resources who will be future managers. In fiscal 2017, we started career consultations with the objective of enhancing career management support, and revised our training systems and self-education support programs in order to further expand our viewpoints and establish independent study habits. We entered the second year of MT-VIVID, a management rapid development program for the development of the next-generation of leaders, and will continue working to strategically develop managers. In addition, to develop global human resources, which is an increasingly urgent task, we commenced OJTO, a training program that particularly emphasizes on-the-job training initiatives overseas.

Actively Utilizing Diverse Human Resources

The Group has positioned its approach to diversity and inclusion as one of its management strategies. With the objective of leveraging diverse human resources and maximizing results, the Company is conducting human resources development to draw on the skills of diverse employees, establishing systems and frameworks that make it easy for diverse employees to do their jobs, and providing opportunities for a diverse range of people. Managers will implement diversity management to leverage diverse employees and maximize results, which will lead to the generation of synergies by each employee.

In regard to diversity, we take into account both visible diversity (gender, gender identity (including LGBT), age, career background, nationality, disability status, time restrictions due to childcare, nursing care, etc.) and non-visible diversity (knowledge, skills, experience, values, ways of thinking, etc.). Moving forward, we will enjoy these differences and strive to realize a corporate culture that can draw on differences as strengths.

In fiscal 2017, we conducted training for all managers on the implementation of diversity management. In addition, we took steps to enhance understanding of LGBT issues through lectures by LGBT people, and distributed ally stickers, which show understanding of and support for LGBT people. Furthermore, we offered nursing care seminars to deepen understanding of nursing care for those with an interest in this issue.

In regard to the enhancement of career opportunities for women, we continued to implement www28 training (www: abbreviation for Win–Win–Woman), which considers the careers of women who have not yet experienced such life events as marriage and childbirth. In addition, we provided free e-learning and online English conversation classes for employees on childcare leave in order to enable them to quickly enjoy active careers after they return to work. We also introduced external study sessions for employees on childcare leave, and started childcare support through babysitters as a measure to support both work and childcare. Moreover, we established consultation hotlines for childcare, nursing care, and LGBT issues.

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<th>Percentage of Female Employees with Second Qualifications* or Higher in Management Specialist Positions</th>
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* Employees who serve in specialist and leadership roles, considered equivalent to subsection managers.
Initiatives to Raise Human Rights Awareness

The Mitsubishi Chemical Holdings (MCHC) Group signed the United Nations Global Compact (UNGC) in May 2006. As a member of the MCHC Group, the Mitsubishi Tanabe Pharma Group also respects the 10 principles of the UNGC, which address human rights, labor, the environment, and anticorruption, and upholds these principles in its business activities in line with its Corporate Behavior Charter. The Company’s Human Rights Awareness Promotion Committee, chaired by the president, plays a key role in advancing human rights education as one facet of the promotion of diversity. These measures include internal training for officers and employees. In addition, we are implementing Companywide human rights education initiatives, including collaboration with outside experts and participation in outside lectures.

Securing Occupational Health and Safety

Aiming to promote environmentally friendly activities and to realize workplaces where employees can work in a healthy, enthusiastic, safety, and comfortable manner, the Group is strengthening its initiatives in the areas of Environment, Health, and Safety (EHS).

Securing the safety of employees in business activities is our highest priority, and to that end we are implementing a range of initiatives. In particular, in regard to the prevention of disasters, we are maintaining and strengthening our environmental management capabilities. In addition, it is important to enhance the risk sensitivity of all employees in regard to safety in their work, and accordingly we are implementing a wide range of safety training. To eliminate workplace disasters, we will continue to implement highly effective training and activities to reduce risks related to facilities and operations. We will work to realize KAITEKI, which is being advanced by the entire Mitsubishi Chemical Holdings Group.

Employee Health Management

The Group considers health management to be an important issue for corporate management. In April 2016, to effectively and appropriately advance activities related to employee health, we formulated the MTPC Group Health Policy in accordance with our Philosophy, Vision, and Corporate Behavior Charter. We are striving to promote awareness of work–life balance, improve mental and physical health, and implement varied working styles.

The Group will further strengthen activities related to the promotion of employee health, including its approach to working-style reforms. From fiscal 2017, we have highlighted the issues of promoting working-style reforms, strengthening our mental health measures, bolstering measures to prevent lifestyle-related diseases, and cultivating health awareness among employees, and are already implementing initiatives to address these areas.

Implementation of Employee Survey

Since fiscal 2011, the Mitsubishi Tanabe Pharma Group has implemented employee surveys to provide a comprehensive understanding of employee attitudes toward their jobs and of the Company’s workplace environments in order to improve management initiatives. In fiscal 2017, many items recorded year-on-year gains, and in particular improvement was recorded in the item regarding how the Company values its employees. The overall indicator for management philosophy, management policies, and corporate culture reached a record-high level. On the other hand, a number of issues were identified. In consideration of these issues, we will strive to establish a work environment that facilitates dynamic managers and to implement career formation measures for professionals. In addition, we will take steps to establish workplaces in which diverse employees are able to work in a healthy, energetic, and active manner.

For further information about initiatives to activate human resources, please use the following URL.

CSR Website

For further information about KAITEKI, please see the MCHC website.

http://www.mitsubishichem-hd.co.jp/english/kaiteki_management/kaiteki/

For further information about initiatives to activate human resources, please see the MCHC website.

| Labor Practices —> Human Resources Development

| Human Rights —> Initiatives for Employees
Activating Human Resources

Please describe the specific initiatives of the Health Promotion Group.

Kuroda

The operating environment for domestic pharmaceutical companies is increasingly challenging. In this setting, a significant role is played by human resources support initiatives, such as promoting active careers for diverse human resources and implementing working-style reforms. Health is indispensable for the achievement of maximum performance with limited human resources. Taking steps to ensure that employees are able to work in a healthy and energetic manner has a number of benefits. It increases their individual quality of life by enhancing their work lives, and it also bolsters the Company's overall productivity and competitiveness. For the Company to achieve sustained growth, our role in implementing health management measures will be increasingly important.

The Human Resources Department's Health Promotion Group was established in fiscal 2017 as a unit specialized in health management, centered on health care professionals. Over the short period since its establishment, the group has already rolled out a number of new measures. For example, we have introduced the i2 Healthcare (i2 HC) program and a three-year smoking cessation program. We also started a blood pressure management program by risk level. In addition, we introduced an external Employee Assistance Program* (EAP) to strengthen our mental health measures, and prepared a health white paper with the objectives of verifying the effectiveness of measures and understanding health issues.

Shigematsu

I will explain in more detail about i2 HC, which is an original platform developed by the MCHC Group with the objective of supporting employee and workplace health. When employees access a dedicated website, they can confirm a wide range of information on their personal page. In addition to employee health examination data and working-style data, this also includes data obtained from wristwatch-style wearable devices, such as numbers of steps, activity levels, and sleep data. In addition, with the information accumulated on this platform, we can understand health management issues that were previously difficult to monitor, facilitating a health management PDCA cycle, such as for the formulation of measures and the confirmation of results.

Kuroda

Within the MCHC Group, the Company took the lead in implementing i2 HC initiatives, which have gotten off to a good start. The Company lends wearable devices to employees after

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Health Promotion Group, Human Resources Department

Kazumi Kuroda

Ms. Kuroda is certified as an occupational health nurse, and worked in occupational health after joining the Company. Since 2010, she has worked in the Human Resources Department to advance overall health management operations.

Michiko Shigematsu

Ms. Shigematsu has experience working as a hospital nurse and as a local government public health nurse. From 2010, she worked in health affairs for the Company health insurance association, and in 2017 she joined the Human Resources Department’s Health Promotion Group.

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To increase labor productivity, Japanese companies are implementing working-style reforms, which are the focus of increasing attention. In this environment, there is growing activity in the area of promoting active careers for human resources through “employee health management.” In this section, the Company's initiatives in this area are introduced by Kazumi Kuroda and Michiko Shigematsu from the Human Resources Department's Health Promotion Group, which is in charge of health management measures for Mitsubishi Tanabe Pharma.
obtaining their consent in regard to the provision of the acquired data to i2 HC. As of the end of 2017, 75% of employees had already given their consent. The major reason is that managers have actively taken the lead and given their consent. Also, as one of the events to commemorate the 10th anniversary of the Company, we worked together with the health insurance association to hold a charity walk using wearable devices. There were about 1,000 participants. Wearable devices were used to measure the number of steps taken by the employees, and the Company and the health insurance association jointly donated funds to ALS patient organizations, etc., with the amount of the donations based on the number of steps. I think that this was a successful example of initiatives to motivate employees to use i2 HC.

— The Company was selected for two consecutive years under the Health & Productivity Management Outstanding Organizations (White 500) program, which is promoted by the Ministry of Economy, Trade and Industry. In what areas was the Company highly evaluated?

Shigematsu This system recognizes companies, medical corporations, and others that have done a particularly good job at health management. In fiscal 2018, 541 companies, including Mitsubishi Tanabe Pharma, were recognized in the large enterprise category (White 500). A number of evaluation items have been established in accordance with a framework that includes management philosophy (awareness of leaders), organizational structure, systems / policy implementation, evaluation / improvement, and observance of laws and regulations / risk management. In evaluation / improvement, the Company received the highest evaluation in the industry for the item regarding understanding indicators for work hours / leave, etc.

Kuroda This recognition system looks at initiatives to build a platform for health management, and short-term initiatives alone are not highly evaluated. In 2013, Mitsubishi Tanabe Pharma commenced full-scale efforts to build a health management administration system, with a focus on the alignment of labor management and health management. In addition, in the same year we introduced a health management system with integrated control extending from health management to labor management. In 2016, with the objective of advancing activities related to employee health in an effective and appropriate manner, we formulated the MTPC Group Health Policy and the Health Management Rules, which give concrete shape to the policy. In these ways, we steadily advanced the establishment of a platform for the implementation of health management.

Shigematsu In addition, as feedback following this recognition, we received a comment that there was still room for improvement in regard to the prevention of lifestyle diseases, etc. In particular, in regard to the high smoking rate, we recognize smoking as a challenge. In fiscal 2017, we set specific numerical targets and launched a three-year smoking cessation program, and are advancing a variety of initiatives to achieve those targets. For example, in the first year we made every Friday a no-smoking day, with the smoking rooms in our offices closed all day. Next, in the second year smoking was prohibited during working hours, and the smoking rooms were closed outside of break time. In these ways, we are advancing in stages. In the final year, fiscal 2019, we will aim to completely prohibit smoking in buildings.

In implementing this program, at the end of the first year we asked employees to fill out a questionnaire. As a result, we understood that, overall, 86% of employees approved of the program, including smokers. In addition, it is clear that more than 60% of smokers want to quit at some point. I believe that the extent to which we can encourage these employees to quit smoking will serve as a demonstration of our abilities.

— Finally, what would the Health Promotion Group like to see people focusing on going forward?

Shigematsu The Health Promotion Group cannot implement all of the health management measures by itself. Moving forward, we will actively step up cooperative initiatives both inside and outside the Company. This collaboration will include not only related departments inside the Company but also the health insurance association and subcontractors, as well as joint research with external research institutions. Moreover, the Company has not appointed a chief industrial physician, and the current system handles health management for more than 5,000 employees with nine nurses, including the two of us. In this setting, in order to advance health management measures for employees who are temporarily reassigned and those who are posted overseas, as well as for the families who support the employees, we will need to take on the challenge of new initiatives that extend beyond current frameworks. To that end, we will implement various initiatives, such as establishing systems that utilize ICT to provide health support even in distant locations. The entire nine-person nursing staff will work together to contribute ideas and strive to realize them.

Kuroda Fiscal 2018 will be the second year since the establishment of the Health Promotion Group, and it will be a year for seeing the results of initiatives implemented to date. However, health management is something that will always continue, and accordingly not all initiatives will generate results in the short term. To help employees to enjoy healthy, more fulfilling lifestyles after they retire, I believe that the mission of the Health Promotion Group is to encourage them to deepen their understanding of health and to develop healthy habits. To that end, we will work to leverage a health management PDCA cycle as we pursue results one by one. In this way, we will strive to further enhance a range of health management measures as we move forward.