This section includes ESG-related information as initiatives to support value creation.
Fundamental Approach

The Mitsubishi Tanabe Pharma corporate philosophy is to “contribute to the healthier lives of people around the world through the creation of pharmaceuticals,” and our vision is “to be a global research-driven pharmaceutical company that is trusted by society.” To realize this philosophy and vision, the Mitsubishi Tanabe Pharma Group places the highest priority on fulfilling its responsibilities to all of its stakeholders, including shareholders, and working to achieve the sustainable growth of the Group and increases in its corporate value over the medium- to long-term. To that end, the Group works to ensure the transparency and objectivity of management by ensuring efficiency and promptness in management decision-making, enhancing monitoring and supervision through the outside directors, and enhancing the auditing system through the corporate auditors.

In accordance with this approach, the Group has formulated the Corporate Governance Policy of Mitsubishi Tanabe Pharma, and based on this policy the Group will continue working to realize an optimal corporate governance system.

In addition, although the Company is a consolidated subsidiary of Mitsubishi Chemical Holdings, the Company will continue its listing status and maintain independence in its management.

The following URL provides further information about the corporate governance policy.
https://www.mt-pharma.co.jp/e/company/pdf/cg_policy_e.pdf
Corporate Governance and Internal Control

■ Corporate Governance System

The Company has adopted the Company with Corporate Auditors system. In addition to the General Meeting of Shareholders and the Directors, the Company has established the Board of Directors, Corporate Auditors, and the Board of Corporate Auditors, and employs an independent auditor. In addition, as advisory bodies to the Board of Directors, the Company has established voluntary committees related to officer nomination and compensation.

<table>
<thead>
<tr>
<th>Organizational form</th>
<th>Company with Corporate Auditors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum number of directors stipulated in Articles of Incorporation</td>
<td>10</td>
</tr>
<tr>
<td>Term of office stipulated in Articles of Incorporation</td>
<td>1 year</td>
</tr>
<tr>
<td>Chairperson of the Board</td>
<td>President</td>
</tr>
<tr>
<td>Number of directors</td>
<td>10</td>
</tr>
<tr>
<td>Appointment of outside directors</td>
<td>3</td>
</tr>
</tbody>
</table>

■ Overview

To secure transparency and objectivity in management decision-making and supervision, the Board of Directors has 10 members (10 men, 0 women), including three outside directors. Regular meetings of the Board of Directors are held once a month, and additional meetings are held as needed. Decisions on important matters related to business execution are made in a flexible manner. In addition, the Company has adopted the executive officer system, whereby clarifying the division of roles between the decision-making/supervision function and the business execution function. In this way, management is conducted in a prompt and efficient manner. In regard to the business execution function, the Executive Committee, which includes the President and CEO and other managing executive officers, meets two or more times per month as a general rule. The committee discusses in advance the agenda of the meetings of the Board of Directors and deliberates on matters in order to assist in the decision-making of the President and CEO.

The Company implements an analysis and evaluation of the effectiveness of the Board of Directors once per year. In accordance with the results, in fiscal 2017, with consideration for the functions and roles of the Board of Directors and the Executive Committee, we revised decision-making and reporting standards. In this way, we worked to speed up management by delegating authority to the Executive Committee to the greatest extent possible. In addition, we took steps to increase the effectiveness of the Board of Directors, such as holding director seminars regarding the duties of directors in Group management, implementing information exchange between the President and Outside Directors, and, as needed, holding meetings of the Outside Directors Council to deepen shared understanding.

The Board of Corporate Auditors has four members (4 men, 0 women; of whom, 2 are outside corporate auditors). The Board of Corporate Auditors, as an entity independent from the Board of Directors, makes appropriate decisions from an objective standpoint in fulfilling its roles and responsibilities, which include the auditing of business execution of directors, accounting audits, and exercising its authority with respect to the selection and dismissal of independent auditors and audit compensation.

Furthermore, in an effort to strengthen the independence, objectivity, and accountability of the functions of the Board of Directors with respect to the nomination and compensation of its executives, the Company has established and operates voluntary committees that are chaired by an independent outside director and have independent outside officers (directors and corporate auditors) as a majority of the members. In line with inquiries from the Board of Directors, the Nomination Committee and the Compensation Committee hold transparent, objective discussions. The Nomination Committee holds these discussions regarding the selection/nomination standards for candidates for director, corporate auditor, and executive officer as well as the selection/nomination of each candidate. The Compensation Committee holds these discussions regarding revision of the compensation system for directors and executive officers as well as decisions on plans for individual amounts of compensation. Reports are then made to the Board of Directors.

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into liability limitation contracts with outside directors and outside corporate auditors that limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, within the limits stipulated by laws and regulations.

■ Reasons for Adoption of the Current Corporate Governance System

The Company is a pharmaceutical company in an industry that is regulated based on the health care system. As such, management decision-making requires deep knowledge and experience related to pharmaceutical regulatory and business affairs. In this setting, the Board of Directors includes not only directors with abundant operational experience and knowledge in the pharmaceutical industry but also independent outside directors with abundant experience and wide-ranging knowledge as managers. In this way, the Company has established a system that secures transparency and objectivity in management decision-making and supervision. In addition, the Board of Corporate Auditors includes not only corporate auditors with abundant operational experience and knowledge in the pharmaceutical industry but also independent outside corporate auditors with experience and expertise in such fields as finance, accounting, and law. In this way, the Company has established a system that facilitates appropriate auditing from an objective viewpoint by the Board of Corporate Auditors, as an institution independent from the Board of Directors.

Accordingly, Mitsubishi Tanabe Pharma believes that the Company with Corporate Auditors system is the most effective form of corporate governance for the Company at present.

■ Auditing System

Corporate Auditors attend important meetings, such as meetings of the Board of Directors and the Executive Committee. In addition, they conduct interviews on the execution of duties with Directors, Executive Officers, and members of each Company division, review
Names of Outside Corporate Auditor, Relationships between Outside Officers and the Company, and Reason for Nomination

<table>
<thead>
<tr>
<th>Outside Corporate Auditor</th>
<th>Relationship</th>
<th>Reason for nomination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tadashi Fukuda</td>
<td>Tadashi Fukuda works as Executive Partner of Daiichi Law Office and as Outside Corporate Auditor of EXEDY. There are no special conflicts of interest between the Company and Tadashi Fukuda or these companies.</td>
<td>Tadashi Fukuda has abundant experience and highly sophisticated knowledge as an attorney. The Company believes that he will utilize this experience and knowledge in appropriately executing his duties as an Outside Corporate Auditor and be able to contribute to the sustainable growth of the Group and to the establishment of a corporate governance system, and thus has nominated him as an Outside Corporate Auditor.</td>
</tr>
<tr>
<td>Hiroshi Enoki</td>
<td>There are no special interests between Hiroshi Enoki and the Company.</td>
<td>Hiroshi Enoki, as a certified public accountant, has abundant experience in accounting audit and professional service to companies that are going to be listed on a stock exchange. As a consultant in areas related to enhancing corporate governance to increase corporate value, he also has professional expertise and experience, including ESG. The Company believes that he will, as an Outside Corporate Auditor, be able to contribute to the sustainable growth of the Group and to the establishment of a corporate governance system, based on his experience and knowledge, and thus has nominated him as an Outside Corporate Auditor.</td>
</tr>
</tbody>
</table>

In regard to the Company’s Criteria for Independence of Outside Board Directors and Outside Corporate Auditors, please refer to the Mitsubishi Tanabe Pharma Corporate Governance Report.
https://www.mt-pharma.co.jp/e/company/pdf/gr_mtpc180625_e.pdf
Corporate Governance and Internal Control

Compensation of Directors and Corporate Auditors
The Company’s basic policy is to have an appropriate and balanced compensation plan for the Board Directors that can be tied to medium- and long-term performance and also improve corporate value. The Company reviews the level of compensation by taking into consideration objective data, such as compensation surveys conducted by outside professionals, and the balance with the level of salaries of the Company’s employees.

The compensation plan for the Board Directors (excluding part-time directors) is comprised of “base compensation,” “bonuses” that are tied to short-term performance, and “stock compensation” that is tied to medium- to long-term performance. This is a compensation plan with a high degree of linkage with the Company’s performance and stock value. “Bonuses” will be paid in the range of 0% to 200% depending on position and on the evaluation of company performance and individual performance in the relevant fiscal year. “Stock compensation” will be paid in the range of 0% to 200% depending on the degree of achievement of revenue and net profit as performance indicators.

Policy concerning the compensation of Board Directors and the content of the compensation of individual Board Directors are determined by the Board of Directors through deliberation of the Compensation Committee, which is chaired by an Independent Outside Board Director and for which a majority of members are Independent Outside Board Directors.

In fiscal 2017, basic compensation for directors and corporate auditors was as shown in the table below. The Company and consolidated subsidiaries paid ¥91 million and ¥8 million, respectively, to Ernst & Young ShinNihon LLC as compensation for auditing and verification.

<table>
<thead>
<tr>
<th></th>
<th>Basic compensation</th>
<th>Number of people</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (excluding outside directors)</td>
<td>¥309 million</td>
<td>7</td>
</tr>
<tr>
<td>Corporate auditors (excluding outside corporate auditors)</td>
<td>¥74 million</td>
<td>3</td>
</tr>
<tr>
<td>Outside officers</td>
<td>¥55 million</td>
<td>5</td>
</tr>
</tbody>
</table>

Guidelines Related to Measures to Protect Minority Shareholders in the Event of Transactions, etc., with Controlling Shareholder
Mitsubishi Chemical Holdings (MCHC), which is Mitsubishi Tanabe Pharma’s parent company, is a holding company. To leverage the human and tangible resources held by the MCHC Group, MCHC and the Company share know-how; jointly use assets and facilities, including IT systems, and Group networks; and exchange human resources, and the Company deposits funds with MCHC. However, there are no transactions that have the potential to significantly influence the results of the Company, and there are no plans to engage in such transactions in the future. In regard to transactions between the Company and MCHC or other companies in the MCHC Group, in making decisions the highest priority is given to increasing the enterprise value of the Mitsubishi Tanabe Pharma Group in order to maximize the benefit to all of the Company’s shareholders.

In regard to transactions between the Company and MCHC or other companies in the MCHC Group, the Company verifies the appropriateness and economic rationality of the transactions, such as whether the terms and conditions are equivalent to those of general transactions. Significant transactions are subject to sufficient deliberations and approval by the Board of Directors, which includes two or more independent outside directors, from the perspective of ensuring the common interests of the Mitsubishi Tanabe Pharma Group and shareholders.

Other Special Matters that May Have a Significant Impact on Corporate Governance
In regard to the independence of the Company from its parent company, MCHC, both companies have agreed that the Company will remain listed and that, in principle, for 10 years from October 1, 2007, MCHC would maintain its shareholding ratio in the Company. Both companies have also agreed that the Company will be operated based on the principle of independent decisions and judgment as a publicly listed company. The abovementioned time limit was reached at the end of September 2017, but at this point in time MCHC has no plans to increase or decrease the shareholding ratio. The Company believes that it has secured its independence from its parent company.

Disclosure of Information to Stakeholders
In order to promote understanding of the Company and to obtain fair evaluations of the Company, Mitsubishi Tanabe Pharma strives to disclose in a fair, timely, and appropriate manner important Company information related to its activities, such as its management policies, management objectives, and financial situation, to all of its stakeholders, including shareholders, investors, patients and health care workers, and local communities. We adhere to the Financial Instruments and Exchange Law and other Japanese laws and regulations relating to information disclosure and stock exchange regulations for listed securities. Also, based on our information disclosure regulations, and in accordance with the relevant internal systems, we are working to ensure that both the content and timing of our information disclosure are fair to all stakeholders.

We give a range of presentations to explain the Company’s financial situation, describe the development of new products, and explain important management policies and business developments. These presentations include results briefings for institutional investors and business presentations. To enable individual and overseas investors to access presentations, the audio and video for presentations are distributed via the Company’s website, and the content of Q&A sessions is also released. In addition, in fiscal 2017 we held seven presentations for individual investors. Furthermore, as an initiative related to corporate social responsibility, the Company has established a CSR website on the corporate website, where the Company’s CSR activities are published and updated in a timely manner, and the CSR Activities Report for fiscal 2017 (PDF version) is also published.
Kobayashi It has been a year since you became an Outside Director of the Company. Over that period, we were able to achieve our longstanding goal of taking the first step in accelerating U.S. business development with the launch of Radicava in the U.S. In addition, the Board of Directors has engaged in multiple discussions of important matters, such as the investment of ¥124.0 billion for the acquisition of NeuroDerm, of Israel, in October 2017. The Company is highly appreciative of the valuable opinions that we received from you and the other Outside Directors.

Kamijo As a company executive, I have had to make decisions on important matters, and at those times I understood the value and significance of opinions from outside directors and outside corporate auditors, who can speak from different viewpoints. Based on this experience, as an outside director I am striving to directly communicate my opinion on important matters. For example, in regard to M&A and other large investments, I am working to confirm the extent to which the Company is anticipating legal risks and if the investment offers value that is commensurate with the amount of the investment.

However, I think that the most important point is to focus on whether or not the project is aligned with the vision of Mitsubishi Tanabe Pharma.
Kobayashi That is an excellent point. For matters like the recent NeuroDerm investment, the Board of Directors conducts repeated discussions and offers answers to the various questions asked by the outside directors. Through this process, our vision is further clarified as we ask ourselves what kind of value we want to provide to society, in what markets and what fields.

Kamijo In particular, the business environment has been changing at a rapid pace in recent years, and there have been many cases in which companies have taken too long to make decisions on M&As and related projects and as a result opportunities were lost. Accordingly, it is important that the Company clarify its vision. If we do so, then as we determine the pros and cons of a particular project, we will naturally identify the highest priority items that need to be confirmed, and we should be able to make decisions in a rapid yet reasonable manner.

To that end, it is important to always hold discussions, exchange information, and ensure that we are all in agreement on the Company’s objectives. In that sense, I think that the Company’s Board meetings are dynamic and that the level of communication is excellent.

Kobayashi Thank you. We are working to foster good communications on a Companywide basis. Next, I would like to ask your opinion about current issues in regard to the Company’s corporate governance.

Kamijo As the Company expands its focus from domestic business to overseas business, I think that one issue will be the establishment of a global governance system, including overseas subsidiaries. This is an issue that I have also encountered in my career. Looking at compliance, there are certain matters that do not involve any legal issues in Japan but do present legal conflicts overseas, and of course there are also matters that are the reverse. In addition, there are major differences among countries and regions in regard to what is considered to be conventional wisdom. However, even if they are located in a different country or region, they are still members of the Mitsubishi Tanabe Pharma Group. It is essential that overseas Group employees also share a common understanding of what must be done to maintain good relationships with the Group’s stakeholders. I believe it will be necessary to focus on building systems and frameworks to support that understanding.

Kobayashi Until a few years ago, the Company’s ability to implement clinical trials in the U.S. was limited to following instructions from Japan. Now, however, our U.S. operations can take the lead in advancing clinical trials. Moreover, with the launch of Radicava we also have our own in-house sales capability in the U.S. In this setting, I fully realize the importance and necessity of the types of initiatives that you mentioned.

In 2017, in order to help Group employees around the world to realize the corporate philosophy and vision, we formulated the Code of Conduct as a guide to behavior based on the Corporate Behavior Charter and the Declaration of Compliance. In addition, as needed, we have begun to establish global policies aligned with business activities. If the actions of employees, including employees of overseas subsidiaries, depart from those policies, then we request that those actions be corrected. This process is repeated, and through this cycle we are working to promote the adoption of these policies.
Kamijo Some time will be necessary for the adoption of those policies. Based on my own experience, the most effective approach for obtaining the understanding of employees is to explain the risks associated with damage to the Mitsubishi Tanabe Pharma brand, as well as what types of actions could end up damaging the brand. I would definitely like to see this implemented.

Kobayashi The scope of employee actions that enhance the corporate brand should not be changed, even if there are differences among countries. Finally, I would like to hear your thoughts about further reinforcing corporate governance.

Kamijo Since the introduction of the Corporate Governance Code in 2015, Japanese companies have strengthened their corporate governance systems. I believe that Mitsubishi Tanabe Pharma has also made steady progress, such as implementing evaluations of the effectiveness of the Board of Directors, establishing the Compensation Committee and the Nomination Committee as voluntary committees, introducing a performance-linked stock compensation plan, and increasing the number of outside directors.

However, strengthening corporate governance will always be an ongoing task. The reason is that corporate governance entails earning the trust of stakeholders. It is only natural that the things that stakeholders want from the Company will change. In response, I believe it is important to continue to have an approach of enhancing and advancing corporate governance.

Kobayashi I agree. Measures to address the Corporate Governance Code were principally static in the sense that they focused on adjusting the form. However, to earn the trust of stakeholders it is necessary to focus on dynamic initiatives appealing to stakeholders, including communications. In particular, in advancing its business activities the Company places the highest priority on earning the trust of patients, who are important stakeholders.

Kamijo That is a good point. Corporate management is not something that always proceeds according to plan. In particular, pharmaceuticals are a business that requires long-term initiatives over periods of 5 years or 10 years, and accordingly there are delays in plans that exceed expectations. However, I believe that if Mitsubishi Tanabe Pharma clearly shares its direction with stakeholders through communications, then that trust will be maintained.

Moving forward, I think we should continue working to foster an understanding of the Company’s direction and the concepts incorporated into it, while holding repeated discussions with Directors. In addition, we should ask whether we are making the decision that is truly best for patients and other stakeholders.

Kobayashi Beginning with the acceleration of our U.S. business development, we are moving forward into a world in which we have no experience. In consideration of your own experience in starting up a business in the U.S., I would like to request that you continue to provide your frank opinion as we go forward. Thank you for participating in today’s discussion.

In particular, in advancing its business activities the Company places the highest priority on earning the trust of patients, who are important stakeholders.
We maintain the highest ethical standards, place top priority on fairness and integrity in all activities, and act in accordance with the following guidelines.

<table>
<thead>
<tr>
<th>Corporate Behavior Charter</th>
<th>We maintain the highest ethical standards, place top priority on fairness and integrity in all activities, and act in accordance with the following guidelines.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pride and Sense of Mission</td>
<td>As people involved in the creation of pharmaceuticals, we work with pride and a sense of mission as we endeavor to research and develop pharmaceuticals that are needed by society and to ensure product safety and quality.</td>
</tr>
<tr>
<td>Challenge and Innovation</td>
<td>With acute sensitivity and a broad perspective, we focus on our future direction, decisively take on the challenge of meeting higher goals, and strive to create innovative value.</td>
</tr>
<tr>
<td>Trust and Collaboration</td>
<td>We promote free and open communication to understand and respect each other, and collaborate with mutual trust to maximize our results.</td>
</tr>
<tr>
<td>Harmonious Coexistence with Society</td>
<td>We work to achieve harmonious coexistence with society by acting with consideration for local communities and the environment.</td>
</tr>
</tbody>
</table>

Risk Management

■ Business Activity Risk Management
With the objective of appropriately managing the risks resulting from its business activities, the Company has formulated risk management regulations. We ascertain the areas and types of risks that we face in our business activities and ensure that the necessary countermeasures are implemented by the relevant department. To handle risks at the Companywide level, we established the Risk Management Committee, which is led by the President and CEO and, as a general rule, meets twice per year. The committee has overall responsibility for risk management, such as consideration of the progress of the Group’s risk reduction measures, and has established and operates a system to advance risk management.

■ Preparation for Large-Scale Disasters
To secure a stable supply of pharmaceuticals, which is the mission of a pharmaceutical manufacturing and sales company, we have formulated disaster regulations, such as Business Continuity Management Rules for Large-Scale Disaster. The Company is advancing a variety of countermeasures to large-scale disasters, such as an earthquake, tsunami, pandemic, or terrorist incident, and related risks. In this way, the Company is working to increase its disaster resilience. In an emergency, we will work to accomplish our mission with a Companywide system based on collaboration among the head office and each base, with our highest priority being the stable delivery of pharmaceuticals to patients.

Compliance

■ Compliance Promotion System
To ensure sound business activities, Mitsubishi Tanabe Pharma has formulated the Corporate Behavior Charter, which identifies the top priorities for directors and employees in the implementation of business activities, and the Mitsubishi Tanabe Pharma Group Declaration of Compliance, which provides specific behavioral guidelines. In accordance with the code, members of the Board of Directors and Board of Corporate Auditors take the lead in strictly adhering to laws, regulations, and the Company’s Articles of Incorporation. Also, the Company is taking steps to create a Companywide compliance system, including Group companies, centered on the Compliance Promotion Committee, which is chaired by the Chief Compliance Officer. A total of 136 compliance implementation personnel, including managers and staff, meet semiannually (overall / individually). These meetings are held to facilitate coordination among individual workplaces, heighten sensitivity to risk associated with compliance and potential scandals, share information on related problems, and enhance the capacity of workplaces to address compliance issues.

■ Compliance Training
Once per year, we are implementing Companywide compliance training and department-level compliance training. The objectives of this training are to cultivate a high level of ethical standards and awareness of norms and to further foster compliance awareness. In addition, through e-learning we perform a compliance understanding check twice per year to confirm understanding of such matters as laws, regulations, and internal rules. This enables officers and employees to act in accordance with consistent evaluation standards.

■ Establishment of Hotlines
The Company has established internal and external hotlines as systems for reports and consultation regarding actual or possible violations of laws, regulations, and social rules. The use of the hotlines leads to the prevention or reduction of scandals, etc., before major problems develop. Also, through regular compliance training and other means, we are reporting the most recent trends and examples worthy of special mention.
Compliance at Overseas Group Companies
The Group consults regularly with relevant departments in the Group concerning action programs to strengthen compliance and risk management systems at Group companies outside Japan. The Group has bases in North America, Europe, China, Asia, ASEAN, and the Middle East. We are sharing policies that are important in Group management while considering the values of each country, such as the cultures, laws, and business practices. In this way, we are advancing the compliance and risk management of Group companies.

Implementation of Employee Survey
We conduct an employee survey once a year with the objective of tracking employee motivation. This survey includes compliance awareness. In this way, we are tracking and periodically observing awareness on a Companywide level. We are utilizing the results to advance compliance by providing them to each division as feedback. In addition, we will work to continue to increase compliance awareness among employees through such means as Companywide compliance training.

Prevention of Bribery and Corruption
With the objective of strengthening measures to prevent bribery and corruption in business, the Group has formulated the Mitsubishi Tanabe Pharma Group Global Anti-Bribery and Corruption Policy, which has been adopted by all Group companies. Moreover, to further clarify the content of this policy, we formulated corruption prevention guidelines in Japan, China, South Korea, Taiwan, Indonesia, and Thailand, and we are implementing appropriate responses in line with the laws, regulations, and business practices of each country.

Exclusion of Antisocial Elements / Checking Of Suppliers for Relationships with Antisocial Forces
In regard to antisocial elements, as an organization, in the face of unreasonable demands the Group follows a resolute approach that is unyielding and uncompromising. Furthermore, in accordance with the Company’s business conduct guidelines, all executives and employees are required to adhere strictly to relevant laws and ordinances in all of their day-to-day business activities, avoid relationships with antisocial elements, and act in accordance with social ethics. Also, the Group cooperates closely with specialized external specialist institutions, such as the police, etc. In addition, prior to starting transactions with new business partners, the Company checks for affiliations between the supplier and antisocial elements. In this way, the Company is working to exclude relationships with antisocial elements.

Personal Information Protection
In regard to the important personal information of customers, we have formulated and announced the Privacy Policy: Personal Information Protection Policies. In accordance with the basic policy of suitable and secure handling of personal information, we gather personal information through appropriate means and use personal information within the scope necessary to fulfill the purpose of use.

Appropriate Relationships with Medical Institutions and Patient Organizations
In accordance with guidelines formulated by the Japan Pharmaceutical Manufacturers Association (JPMA), in July 2011 the Company formulated its guidelines for transparency in relationships with medical institutions, etc. In accordance with these guidelines, from fiscal 2012 we have followed a policy of releasing related information on the Company’s website. This information includes payments to medical institutions as research and development expenses, etc., academic research support expenses, manuscript/writing fees, etc., information provision-related expenses, and hospitality and other expenses. The purpose of these initiatives is to secure a broad understanding from society in regard to the contribution made by the Company’s business activities to progress in medicine, pharmacology, and the other life sciences and in regard to the Company’s high ethical standards in its business activities. In addition, in August 2014 the Company formulated guidelines for managing conflicts of interest with medical and research institutions, etc. We have established principles for avoiding problems with conflicts of interest and a system for managing conflicts of interest, and are working to operate this system in an appropriate manner.

In particular, in regard to scholarships and donations to domestic medical institutions, which are included in research and development expenses, to secure transparency in April 2016 the Company started a system of publicly inviting applications on the Internet. Funding is provided after screening is conducted by a third-party unit.

In addition, in regard to relationships with patient organizations, first it is important for corporate activities to be based on a high level of ethical standards and mutual understanding with respect for the independence of patient organizations. On that basis, to secure a broad understanding from society in regard to our contribution to the activities and development of patient organizations, in accordance with the guidelines of the JPMA, in April 2013 we formulated our guidelines for transparency in relationships with patient organizations. From fiscal 2013, information regarding the funds and labor provided to these patient organizations is provided on the Company’s website.

Furthermore, in regard to the provision of compensation or funds to doctors or to health care-related institutions or organizations in Europe or the U.S., we are conducting information disclosure in an appropriate manner in accordance with guidelines and laws formulated in Europe and the U.S.

For further information about corporate governance and internal control, please refer to the Company’s CSR website.

CSR Website

CSR Activities Report 2018 (PDF version)
Board of Directors

As of August 1, 2018

**Masayuki Mitsuka**
President & Representative Director, Chief Executive Officer

1982 Entered Mitsubishi Chemical Industries (currently, Mitsubishi Chemical)
1999 General Manager of Pharmaceuticals Discovery Laboratory of Yokohama Research Center of Mitsubishi-Tokyo Pharmaceuticals
2004 President and Board Director of ZOEGENE
2007 Associate Director, General Manager of Product Strategy Department of Mitsubishi Pharma
2008 Executive Officer, General Manager of Global Product Strategy Department of the Company
2009 Board Director, Executive Officer, General Manager of Global Product Strategy Department of the Company
2012 Board Director, Managing Executive Officer, Division Manager of Development Division of the Company
2014 Representative Director, Senior Managing Executive Officer of the Company
2017 Board Director of Mitsubishi Chemical Holdings

Masayuki Mitsuka entered Mitsubishi Chemical Industries in 1982. He worked as a researcher in the Pharmaceutical Research Department. After studying as a research student overseas, in 1999 he became General Manager of Pharmaceuticals Discovery Laboratory of Yokohama Research Center of Mitsubishi-Tokyo Pharmaceuticals. In 2000, he became Assistant Manager of the Corporate Strategic Planning Office and the Life Science Business Promoting Office at Mitsubishi Chemical, and he was responsible for the reform of the R&D system. In addition, he worked on the merger of Mitsubishi-Tokyo Pharmaceuticals and Wellcome. Subsequently, in 2002 he moved to ZOEGENE, a bio-related subsidiary established by Mitsubishi Chemical, and in 2004 he became President and Board Director of ZOEGENE. After Mitsubishi's Tanabe Pharma was established, he worked in such positions as Board Director, Executive Officer, General Manager of Global Product Strategy Department, and Managing Executive Officer, Division Manager of Development Division. In 2014, he became President & Representative Director, Chief Executive Officer, and since then he has worked to speed up decision-making and reform the corporate constitution. Under Medium-Term Management Plan 16–20: Open Up the Future, which started from fiscal 2016, those policies have been continued, and the Company is implementing its four strategic priorities. In addition, he also works as Board Director of The KAITEK Institute.

**Takashi Kobayashi**
Representative Director, Senior Managing Executive Officer

In charge of Internal Control Office, Future Design Department, Global Quality Assurance Department, Global Regulatory Affairs Department, Clinical, Research & PV Quality Assurance Department, and Medway Business Management Office

1980 Entered the Company
2004 General Manager of Pharmaceuticals Sales & Marketing Department of Marketing Planning Division of the Company
2007 Executive Officer, General Manager of Corporate Management Department of the Company
2009 Board Director, Executive Officer, General Manager of Corporate Strategic Planning Department of the Company
2012 Board Director, Managing Executive Officer, in charge of Business Unit, responsible for Special Assignments from the President of the Company
2014 Board Director, Managing Executive Officer, Division Manager of Research Division of the Company
2015 Board Director, Managing Executive Officer, Division Manager of Sohyaku. Innovative Research Division of the Company
2016 Representative Director, Senior Managing Executive Officer, Division Manager of Sohyaku. Innovative Research Division of the Company
2017 Representative Director, Senior Managing Executive Officer, Division Manager of CMC Division of the Company
2018 Representative Director, Senior Managing Executive Officer, in charge of Internal Control Office, Future Design Department, Global Quality Assurance Department, Global Regulatory Affairs Department, Clinical, Research & PV Quality Assurance Department, and Medway Business Management Office of the Company
2019 Chief Compliance Officer (current)

Takashi Kobayashi entered Tanabe Sotoryu in 1980. He worked as a researcher in the Safety Research Laboratories. In 1997, he moved to the Human Resources Division, where he was engaged in the operation of the personnel system. He worked as General Manager of Secretary's Office of Administrative Division and as General Manager of Pharmaceuticals Sales & Marketing Department of Marketing Planning Division. After Mitsubishi Tanabe Pharma was established, he worked as Executive Officer, General Manager of Corporate Management Department, and in 2009 he became Board Director, Executive Officer, General Manager of Corporate Strategic Planning Department. Subsequently, he became Board Director, Managing Executive Officer, in charge of Business Unit, responsible for Special Assignments from the President, and he worked to implement structural reforms and to resolve quality control issues and other issues in sales and corporate divisions. Subsequently, as Division Manager of Research Division and as Division Manager of Sohyaku. Innovative Research Division, he implemented reforms of the research system, and in 2016, he became Representative Director, Senior Managing Executive Officer, Division Manager of Sohyaku. Innovative Research Division. In 2017, he became Division Manager of CMC Division (Chemistry, Manufacturing, and Control), and started up the Future Design Department. Together with employees, he is working to identify the form of the pharmaceuticals of the future.

**Yoshiaki Ishizaki**
Board Director, Managing Executive Officer

In charge of Sales & Marketing Division, OTC Business Department, and Tokyo Head Office

1978 Entered Yoshitomi Pharmaceutical Industries
2006 General Manager of Distribution Management & Wholesalers Relations Department of Sales & Marketing Division of Mitsubishi Pharma
2007 General Manager of Tokyo Branch of Sales & Marketing Division of the Company
2008 Associate Director, General Manager of Tokyo Branch of Sales & Marketing Division of the Company
2009 Executive Officer, General Manager of Tokyo Branch of Sales & Marketing Division of the Company
2011 Executive Officer, Division Manager of Pharmaceutical Quality Assurance Division of the Company
2012 Managing Executive Officer, Division Manager of Pharmaceutical Quality Assurance Division of the Company
2014 Managing Executive Officer, Division Manager of Pharmaceutical & Quality Assurance Division of the Company
2015 Board Director, Managing Executive Officer, Division Manager of Sales & Marketing Division of the Company
2018 Board Director, Managing Executive Officer, in charge of Sales & Marketing Division, OTC Business Department, and Tokyo Head Office of the Company (current)

Yoshiaki Ishizaki entered Yoshitomi Pharmaceutical Industries in 1978. He worked in the sales and marketing department of Yoshitomi Pharmaceutical Industries, and in 1994 he became General Manager of Tokyo Joetsu Office I. In 2006, he became General Manager of Distribution Management & Wholesalers Relations Department of Sales & Marketing Division of Mitsubishi Pharma. After Mitsubishi Tanabe Pharma was established, he became General Manager of Tokyo Branch of Sales & Marketing Division, and in 2009 he became Executive Officer, General Manager of Tokyo Branch of Sales & Marketing Division of the Company. After joining Yoshitomi Pharmaceutical Industries, he contributed to the Company's results on the front lines of sales. Subsequently, he worked in such positions as Managing Executive Officer, Division Manager of Pharmaceutical Quality Assurance Division. In 2014, he became Board Director, and in 2015 he became Division Manager of Sales & Marketing Division. Leveraging the wide-ranging experience he acquired through many years on the front lines of sales, he is taking steps to build a strong sales system suitable for the future market environment, such as strengthening area marketing and reforming MR activities through the use of digital marketing.
**Seiichi Murakami**

Board Director, Managing Executive Officer

In charge of Ikyaku, Integrated Value Development Division and Vaccine Business Development Office

1980 Entered the Company

2003 General Manager of Remicade Department of Pharmaceuticals Sales & Marketing Division of the Company

2006 Executive Officer, Deputy Division Manager of Pharmaceuticals Sales & Marketing Division of the Company

2009 Executive Officer, Division Manager of Development Division of the Company

2012 Managing Executive Officer, in charge of Management Strategy of the Company

2014 Managing Executive Officer, Division Manager of Sales & Marketing Division of the Company

2015 Board Director, Managing Executive Officer, Division Manager of Sales & Marketing Division of the Company

2018 Board Director, Managing Executive Officer, in charge of Ikyaku, Integrated Value Development Division and Vaccine Business Development Office of the Company (current)

Seiichi Murakami entered Tanabe Seiyaku in 1980. He worked in the area of in-licensing in the global development group at Tanabe Seiyaku. In 1983, he worked on the development of Mantain in the domestic development group, and subsequently he worked in sales and marketing on the launch of new products. After working as Manager in Corporate Strategic Planning Department, in 2003 he became General Manager of Remicade Department of Pharmaceuticals Sales & Marketing Division and Manager of Corporate Strategic Planning Division. He supported the development of Remicade and contributed to Remicade’s growth into a major drug. In 2006, he became Executive Officer, Deputy Division Manager of Pharmaceuticals Sales & Marketing Division. After Mitsubishi Tanabe Pharma was established, he worked in such positions as Executive Officer, Division Manager of Development Division and Managing Executive Officer, Division Manager of Sales & Marketing Division. In 2015, he became a Board Director. Also in 2015, he became Division Manager of “Ikyaku, Integrated Value Development Division.” Leveraging the experience that he acquired in nurturing products in the Sales & Marketing Division and the Development Division, he is working to strengthen Ikyaku in order to maximize product value.

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1981 Entered Mitsubishi Chemical Industries (currently, Mitsubishi Chemical)

2010 General Manager of Finance and Accounting Department of Mitsubishi Chemical (currently, Mitsubishi Chemical)

Associate Director, General Manager of Finance and Accounting Department of Mitsubishi Chemical

2012 Executive Officer, General Manager of Finance and Accounting Department of Mitsubishi Chemical

2014 Executive Officer, General Manager of Finance and Accounting Department of the Company

2015 Board Director, Executive Officer, General Manager of Finance & Accounting Department of the Company

2016 Board Director, Managing Executive Officer, General Manager of Finance & Accounting Department of the Company

2018 Board Director, Managing Executive Officer, in charge of Corporate Strategic Planning Department, NeuroDerm Office, Finance & Accounting Department, and Corporate Communications Department of the Company (current)

Eizo Tabaru entered Mitsubishi Chemical Industries (currently, Mitsubishi Chemical) in 1981. In the General Affairs Department at the Kurosaki Plant of Mitsubishi Chemical, he worked in finance and accounting. In 1985, he moved to the Accounting Department at Mitsubishi Chemical, and he worked on a companywide cost system unification project. Subsequently, he worked on overseas projects, and was in charge of local plant construction in such countries as Indonesia and Thailand. In 1998, he started a new job as CFO at MCC PTA India Corp. He worked in accounting, finance, and IT for a plant construction project in Calcutta. Subsequently, he became Associate Director, General Manager of Finance and Accounting Department of Mitsubishi Chemical in 2010, Executive Officer of Mitsubishi Chemical in 2012, and Executive Officer, General Manager of Finance & Accounting Department of the Company in 2014. Since he became a Board Director in 2015, he has contributed to increasing the corporate value of the Company as the person responsible for corporate strategic planning, finance and accounting, and other areas.

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1985 Entered the Company

2002 General Manager of Production Planning Department of Production Division of the Company

2005 General Manager of Onoda Plant of Production Division of the Company

Director of TANABE YAMAGUCHI SEIYAKU (currently, Mitsubishi Tanabe Pharma Factory)

2008 General Manager of Production Strategy & Coordination Center of Production Division of the Company

2010 General Manager of Production Strategy & Coordination Department of Production Division of the Company

President and Representative Director of Mitsubishi Tanabe Pharma Factory

2013 Associate Director, Deputy Division Manager of CMC Division (Chemistry, Manufacturing and Control) of the Company

2014 Executive Officer, Deputy Division Manager of CMC Division (Chemistry, Manufacturing, and Control) of the Company

2015 Executive Officer, Division Manager of Production Division of the Company

2017 Managing Executive Officer, Division Manager of Production Division of the Company

2018 Board Director, Managing Executive Officer, in charge of Production Technology & Supply Chain Management Division of the Company (current)

Takashi Tanaka entered the Company in 1985. He worked as a researcher in the Toda Research Center of the Company. After he became General Manager of Production Planning Department of Production Division in 2002, he worked in a variety of important manufacturing-related positions, including positions on the front-lines, such as in positions related to production, technology, and plants. These positions included General Manager of Onoda Plant of Production Division and President and Representative Director of Mitsubishi Tanabe Pharma Factory. In addition, he helped to resolve the quality-related problems that arose in 2011. Subsequently, in 2015 he became Division Manager of Production Division, and in 2017 he became a Board Director of the Company. Leveraging his expertise and knowledge, he is leading initiatives in the area of Reforming Operational Productivity through manufacturing supply chain management reforms. From 2018, he is in charge of Production Technology & Supply Chain Management Division, which was created through the consolidation and reorganization of the CMC Division and the Production Division.
1983  Entered the Company
2002  General Manager, Discovery Research Laboratory of Research and Development Division of the Company
2003  General Manager of Discovery & Pharmacology Research Laboratories of Research Division of the Company
2004  General Manager of Discovery Research of Research Division of the Company
2007  General Manager of Research Strategy & Planning Department of Research Division of the Company
2008  Associate Director, General Manager of Research Strategy & Planning Department of Research Division of the Company
2010  Associate Director, General Manager of Discovery Screening Center of Research Division of the Company
2012  Executive Officer, General Manager of Discovery Screening Center of Research Division of the Company
2014  Executive Officer, Division Manager of Development Division of the Company
2015  Executive Officer, General Manager of Corporate Strategy Office of Mitsubishi Chemical Holdings (healthcare)
2018  Managing Executive Officer, General Manager, Healthcare Strategy Office, Corporate Strategy Division of Mitsubishi Chemical Holdings (current)
Board Director of Life Science Institute (current)
Board Director of the Company (current)

Takeshi Matsumoto
Board Director

1964  Entered Shimadzu
1997  Managing Board Director of Shimadzu
2003  President & Representative Director of Shimadzu
2009  Chairman of the Board and Representative Director of Shimadzu
2011  Outside Board Director of the Company (current)
2012  Outside Board Director of Sapporo Holdings (current)
Outside Board Director of BROTHER INDUSTRIES (current)
Outside Board Director of Meiji Yasuda Life Insurance (current)
2015  Senior Corporate Adviser of Shimadzu (current)

Reason for nomination
Since his appointment in June 2011, Shigehiko Hattori has fulfilled his duties as an Independent Outside Board Director on the Company’s Board of Directors, based on his abundant experience as a top executive and wide-ranging knowledge in science and technology. He has made pointed comments and proposals on the growth strategy, and given advice and proposals considering the balance of interests among stakeholders, from an independent and objective perspective. In addition, as a member of the Nomination Committee and the Compensation Committee, which are discretionary advisory bodies, in regard to nomination and compensation, has contributed to appropriate judgments by the Board of Directors and to the enhancement of accountability of the Company. The Company believes that he will contribute to growth in the Group’s corporate value through the continued supervision of the management of the Company as an Independent Outside Board Director, and thus has nominated him as an Outside Board Director.

Shigehiko Hattori
Board Director (Outside)

1976  Entered The Kansai Electric Power
2005  Senior Officer and Office Head of Nuclear Power Maintenance and Innovation Promotion Office of The Kansai Electric Power
2007  Executive Director, General Manager of Corporate Planning Office of The Kansai Electric Power
2010  Managing Director of The Kansai Electric Power
2012  Representative Director, Executive Vice President & Director of The Kansai Electric Power
2013  Representative Director, Executive Vice President of The Kansai Electric Power
2016  Outside Board Director of the Company (current)
President and Director of The Kansai Electric Power (current)

Reason for nomination
Since his appointment in June 2016, Shigeki Iwane has fulfilled his duties as an Independent Outside Board Director on the Company’s Board of Directors, based on his abundant experience as a top executive and wide-ranging knowledge in corporate governance. He has made pointed comments and proposals in regard to rationality in management, ensuring profitability in business as well as consistency between strategy and business execution, from an independent and objective perspective. In addition, he has, as a member of the Nomination Committee, which is a discretionary advisory body, been engaged in establishing the criteria for the selection of Board Directors, Corporate Auditors, and Executive Officers as well as the selection and appointment of each candidate. The Company believes that he will contribute to growth in the Group’s corporate value through the continued supervision of the management of the Company as an Independent Outside Board Director, and thus has nominated him as an Outside Board Director.

Shigekih Iwane
Board Director (Outside)
Reason for nomination
Since his appointment in June 2017, Tsutomu Kamijo has fulfilled his duties as an Independent Outside Board Director on the Company’s Board of Directors, based on his abundant experience as a top executive and wide-ranging knowledge in business globalization. He has given advice and proposals, especially on the expansion of overseas business and the operation thereof, and has made pointed comments on risk management, from an independent and objective perspective. In addition, he has, as a member of the Compensation Committee, which is a discretionary advisory body, been engaged in the revision of the compensation plan and the determination of compensation for Board Directors and Executive Officers. The Company believes that he will contribute to growth in the Group’s corporate value through continued supervision of the management of the Company as an Independent Outside Board Director, and thus has nominated him as an Outside Board Director.

Relationship with the Company
Tsutomu Kamijo works as Chairman and Representative Director of Sapporo Holdings. There are no special conflicts of interest between the Company and Tsutomu Kamijo or this company.

Corporate Auditors

Tsutomu Kamijo
Board Director (Outside)
1976 Entered Sapporo Breweries (currently, Sapporo Holdings)
2001 Board Director of Sapporo Beverage
2003 Board Director and Managing Executive Officer of Sapporo Beverage
2007 Board Director of Sapporo Holdings
2009 Managing Director (Member of the Board) of Sapporo Holdings
2011 President and Representative Director of Sapporo Holdings and CEO of the Sapporo Holdings Group
2017 Chairman and Representative Director of Sapporo Holdings (current)
Outside Director of the Company (current)

Koji Kudo
Corporate Auditor (Standing)
1981 Entered Mitsubishi Petrochemical (currently, Mitsubishi Chemical)
2006 General Manager of Finance & Accounting Department of Japan Polychem
2010 General Manager of Finance & Accounting Department of Mitsubishi Plastics (currently, Mitsubishi Chemical)
2012 Associate Director, General Manager of Finance & Accounting Department of Mitsubishi Plastics
2014 Executive Officer, General Manager of Finance & Accounting Department of Mitsubishi Plastics
2016 Corporate Advisor of the Company Corporate Auditor (Standing) of the Company (current)

Tadashi Fukuda
Corporate Auditor (Outside)
1981 Entered Mitsubishi Petrochemical (currently, Mitsubishi Chemical)
2006 General Manager of Finance & Accounting Department of Japan Polychem
2010 General Manager of Finance & Accounting Department of Mitsubishi Plastics (currently, Mitsubishi Chemical)
2012 Associate Director, General Manager of Finance & Accounting Department of Mitsubishi Plastics
2014 Executive Officer, General Manager of Finance & Accounting Department of Mitsubishi Plastics
2016 Corporate Advisor of the Company Corporate Auditor (Standing) of the Company (current)

Matsuo Kikuchi
Corporate Auditor (Standing)
1981 Entered the Company
2010 General Manager of Development Quality Management Department of Development Division of the Company
2012 General Manager of Pharmacovigilance & Quality Planning and Coordination Department of Pharmacovigilance & Quality Assurance Division of the Company
2014 Associate Director, General Manager of Pharmacovigilance & Quality Planning and Coordination Department of Pharmacovigilance & Quality Assurance Division of the Company
2015 Executive Officer, General Manager of Pharmacology Research Laboratories I of Research Division of the Company
2016 Executive Officer, Division Deputy Manager of Buyaku, Integrated Value Development Division of the Company
2017 Corporate Auditor (Standing) of the Company (current)

Hiroshi Enoki
Corporate Auditor (Outside)
1984 Entered Tohmatsu Awoki & Co.
1999 Representative Director of Tohmatsu Environmental Quality Research Institute
2006 Representative Director of Tohmatsu Consulting
2009 Partner of Deloitte Touche Tohmatsu
2018 Outside Corporate Auditor of the Company (current)
Representative of Hiroshi Enoki Certified Public Accountant Office (current)

1986 Entered Daichi Law Office
2015 Outside Corporate Auditor of EXEDY (current)
2016 Executive Partner of Daichi Law Office (current)
Outside Corporate Auditor of the Company (current)

1986 Entered Tohmatsu Awoki & Co.
1999 Representative Director of Tohmatsu Environmental Quality Research Institute
2006 Representative Director of Tohmatsu Consulting
2009 Partner of Deloitte Touche Tohmatsu
2018 Outside Corporate Auditor of the Company (current)
Representative of Hiroshi Enoki Certified Public Accountant Office (current)
Declaration on Corporate Citizenship

We have formulated the Mitsubishi Tanabe Pharma Group Declaration on Corporate Citizenship, and are actively advancing corporate citizenship activities, targeting the realization of a “KAITEKI society.” For further information about KAITEKI, please see the MCHC website.

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

Support for Medical Treatment and Welfare

■ Implementing Donation and Assistance Activities
In 2012, we established the Mitsubishi Tanabe Pharma Tenohira Partnership Program, which provides aid for the activities of associations and support groups for patients with intractable diseases. These organizations work to improve patients’ medical treatment, education, and career prospects and to enhance their quality of life. In fiscal 2017, aid was provided to a total of 17 organizations.

Meetings were held on October 19, 2017 (Head Office) and October 25 (Tokyo Head Office) to report on the fiscal 2016 activities of organizations receiving assistance under the Tenohira Partnership Program (15 organizations, 19 people). At these meetings, participants shared know-how about the possibilities of cooperation that transcends disease, shared challenges, asking for outside volunteers, etc.

In addition, on two occasions, in June and October 2017, Group company employees and family members from Japan and the U.S. participated in walking events sponsored by the ALS Association, a U.S. organization for patients with ALS. The ALS Association is a leading ALS patient organization in the U.S., and sponsors more than 150 charity events throughout the U.S.

Mitsubishi Tanabe Pharma America, cooperates in the walking events. Donations that were raised through the events will be used for medical treatment, for research and development, and for patients and their families.

■ Contributing to Developing Countries
The Global Health Innovative Technology Fund (GHIT Fund) is a public–private partnership, originating in Japan, that advances the discovery of new drugs for infectious diseases that afflict people in the developing world, such as malaria, tuberculosis, and neglected tropical diseases (NTDs). In 2015, through the GHIT Fund, the Company provided its pharmaceutical compound library (50,000 compounds) to Medicine for Malaria Venture, a research institution for anti-malaria drugs. Three types of promising compounds that have the potential to become pharmaceuticals have been identified. Moving forward, we will continue to advance joint research targeting the discovery of new anti-malaria drug candidate compounds.

In addition, we have introduced the TFT Program at the employee cafeterias of the Head Office and the Kashima Office. TFT is an abbreviation for Table for Two, a social contribution activity that originated in Japan. This activity is aimed at simultaneously resolving the problems of hunger in developing countries and the problems of obesity and lifestyle-related diseases in industrially developed countries. At the employee cafeterias, when employees eat low-calorie meals that help prevent obesity, through TABLE FOR TWO International, ¥20 of the price is allocated to the cost of school meals in developing countries, such as in Africa. ¥20 is the amount of money needed to provide 1 meal in a developing country.

Furthermore, since 2014 the Group has been participating in vaccine support activities for children in developing countries. Through this program, when unneeded books, CDs, DVDs, etc., Activities to Contribute to the Resolution of Problems Related to Health and Living Environments

1 Activities to promote medical research and nurture human resources
2 Activities to help patients and families find more joy and satisfaction in their lives
3 Activities to improve health and welfare in developing countries
4 Activities to activate communities and develop more-comfortable living environments
5 Other activities

The Mitsubishi Tanabe Pharma Group Declaration on Corporate Citizenship

The Mitsubishi Tanabe Pharma Group will strive to contribute to society through its pharmaceutical operations in accordance with its Philosophy, Vision, and Corporate Behavior Charter. In addition, as a good corporate citizen, the Mitsubishi Tanabe Pharma Group will proactively implement the following activities to contribute to the resolution of problems related to health and living environments in the countries and regions where the Group conducts business.

WEB For further information about corporate citizenship activities, please see the URLs on the below.

are sent to BOOKOFF Online, 10% is added to the assessed amount and the total is donated to Authorized NPO Japan Committee Vaccines for the World’s Children. This international contribution activity uses those donations to deliver vaccines to children in developing countries, such as vaccines for six major infectious diseases. In fiscal 2017, as a result of aggressive initiatives at each worksite, the amount of donations reached ¥223,056, about 1.4 times the level in the previous fiscal year and equivalent to polio vaccines for 11,153 people. Moreover, from fiscal 2017, in addition to donations from employees, the Company is also participating in vaccine support through matching gifts. (Same amount: ¥223,056 donation).

Initiatives to Support Active Lifestyles for People with Disabilities

At the Kashima Office, as an activity to help patients and families find more joy and satisfaction in their lives, we have been supporting CP Soccer (soccer played by seven people with cerebral palsy) since fiscal 2013. The Kashima Office makes the office grounds available for the CP soccer tournament and other events.

Advances in Medicine and Pharmacology

We are making donations to the SENSIN Medical Research Foundation and to the Japan Foundation for Applied Enzymology. In this way, through the activities of these foundations we are working to contribute to the promotion of research and the dissemination of knowledge in a broad range of fields, such as medicine, pharmacology, agriculture, and the physical sciences, as well as to the treatment and health of people. In fiscal 2017, we provided a total of approximately ¥200 million to these foundations.

Contributing to the Environment

The Group is aggressively implementing greening and beautification activities at each domestic and overseas worksite. Employees clean worksite surroundings and actively participate in other neighborhood cleaning activities. In these ways, we are working to contribute to environmental conservation and to foster harmonious coexistence with local communities.

Advancement of local communities

Mitsubishi Tanabe Pharma Historical Museum

In 2015, the Company opened the Mitsubishi Tanabe Pharma Historical Museum on the second floor of the Head Office in Dosho-machi, Osaka, which is known as the “pharmaceutical district.” More than 20,000 people have visited the museum over the three years since its opening. Through the Mitsubishi Tanabe Pharma Historical Museum, the Company is cooperating in regional events and contributing to the development of the next generation, such as with school off-campus learning activities.

For further information about the Mitsubishi Tanabe Pharma Historical Museum, please visit the following website:


Activities Addressing Other Social Needs

Developing the Next Generation

As a measure to develop the next generation, the Group offers lessons and company tours at worksites, which are used as venues for pharmaceutical-related lectures and comprehensive learning initiatives that leverage the knowledge of a pharmaceutical company.

Support for Disaster Reconstruction

The Company is providing ongoing support to regions affected by the Great East Japan Earthquake and the Kumamoto Earthquake and working to support recovery and reconstruction initiatives for regions damaged by national disasters in Japan and overseas.

The Company has made a variety of donations to help people who were affected by the torrential rains in northern Kyushu in July 2017, the earthquake in northern Osaka Prefecture in June 2018, and the torrential rains in western Japan in July 2018, and to assist in the reconstruction of the disaster-stricken regions. In addition, as one part of initiatives to support reconstruction in Tohoku and Kumamoto, we held events to sell products, with the objective of fostering knowledge about and support for the regions affected by the disasters. Moving forward, we will continue to support the regions affected by the disasters by encouraging purchases in order to ensure that memories of the earthquakes do not fade away.
Social and Environmental Activities

Initiatives Related to Environmental Conservation

Environmental Management

In accordance with its environmental policy, in order to help protect the global environment and create a sustainable society, in every aspect of its business operations Mitsubishi Tanabe Pharma is working to reduce resource consumption, energy consumption, and waste and to achieve sustained reductions in the environmental burden. Moreover, we work proactively to ensure that our operations are environmentally friendly. Furthermore, the Group appropriately discloses information related to the environment and promotes dialogue with the public in its initiatives aimed at contributing to the environment and society.

Environmental and Safety Policy

Mitsubishi Tanabe Pharma and its Group companies (“MTPC Group”) aim to be global research-driven pharmaceutical companies that are trusted by communities, and actively strive to protect global environment and ensure people’s safety.

1. We assess our corporate activities for their environmental impact in order to continuously reduce environmental burden.
2. We give priority to safety considerations for all of our workers to prevent occurrence of occupational accidents.
3. We set clear targets for our environmental and safety activities, and we effectively maintain and improve our system to achieve such targets.
4. We pursue activities in compliance with not only laws and regulations relating to environment and safety, but also more rigorous corporate management standards.
5. We systematically conduct training to enhance each and every employee’s awareness on the environment and safety.
6. We proactively disclose information relating to environment and safety so that we can deepen communication with communities.
7. By proactively participating in and cooperating with environment management and disaster reduction activities organized by local communities, we prepare against unforeseen contingencies such as accidents and disasters, so as to minimize their impact.

Environmental Action Plan

In consideration of changes in the status of our business activities in Japan and overseas, changes in capital investment and other business plans, the demands of external stakeholders, etc., we revised the details of the Medium-Term Environmental Action Plan (2016–2020). The major revisions were as follows.

• In “energy conservation and global warming mitigation,” we increased our target for CO2 emission reductions. We also included offices and expanded the scope.
• We added “effective use of water resources” as a new theme and established domestic and global numerical targets for water usage volume (production and research bases).

Medium-Term Environmental Action Plan (2016–2020): Principal Objectives and Progress

<table>
<thead>
<tr>
<th>Area</th>
<th>Objectives</th>
<th>Principal initiatives and results in fiscal 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy conservation and global warming</td>
<td>• CO2 emissions by fiscal 2020 (production and research bases, offices)</td>
<td>• CO2 emissions volume (excluding CO2 emissions from the use of fuel in sales vehicles)</td>
</tr>
<tr>
<td>mitigation</td>
<td>Domestic group: Reduce by at least 40% compared to the fiscal 2010 level</td>
<td>Domestic group: 37% reduction (vs. fiscal 2010)</td>
</tr>
<tr>
<td></td>
<td>Global: Reduce by at least 35% compared to the fiscal 2010 level</td>
<td>Global: 29% reduction (vs. fiscal 2010)</td>
</tr>
<tr>
<td></td>
<td>• Advance tracking of supply chain CO2 emissions</td>
<td>• Scope 3 emissions in categories 1, 2, 3, 4, 5, 6, 7, and 12 were CO2 calculated.</td>
</tr>
<tr>
<td>Reduction of waste / effective use of</td>
<td>• Domestic group: Reduce the amount of waste generated, maintain zero</td>
<td>• Domestic group: Final waste disposal rate: 0.37%</td>
</tr>
<tr>
<td>water resources</td>
<td>emissions (final waste disposal rate of less than 0.5%)</td>
<td>Water usage volume</td>
</tr>
<tr>
<td></td>
<td>• In comparison with fiscal 2010, reduce water usage volume</td>
<td>Domestic group: 40% reduction (vs. fiscal 2010)</td>
</tr>
<tr>
<td></td>
<td>(production and research bases) by 15% or more, both in Japan and</td>
<td>Global: 41% reduction (vs. fiscal 2010)</td>
</tr>
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<td></td>
<td>overseas, by fiscal 2020.</td>
<td></td>
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<tr>
<td>Chemical substance emissions reductions</td>
<td>• Reduce emissions of toluene into the environment by 30% or more by</td>
<td>Emissions of toluene into the environment: Decrease of 34% (vs. fiscal 2010)</td>
</tr>
<tr>
<td></td>
<td>fiscal 2020 in comparison with fiscal 2010</td>
<td></td>
</tr>
<tr>
<td>Preservation of biodiversity</td>
<td>• Understand the relationship between business activities and biodiversity</td>
<td>Advanced environmental conservation activities, such as planting at Ikoma Mountain (Osaka Prefecture) and</td>
</tr>
<tr>
<td></td>
<td>advance initiatives for the preservation of biodiversity</td>
<td>natural woodland conservation in the Hachijo-Tokiyama Area (Tokyo Prefecture)</td>
</tr>
<tr>
<td>Enhancement of environmental management</td>
<td>• Rigorously implement environmental compliance, enhance environmental</td>
<td>Environmental audits by environment-related departments</td>
</tr>
<tr>
<td></td>
<td>risk management</td>
<td>Subject: 6 domestic production and research bases, 1 overseas production base</td>
</tr>
<tr>
<td></td>
<td>• Maintain zero environmental accidents</td>
<td>• No environmental accidents, record of zero accidents maintained</td>
</tr>
</tbody>
</table>
The Environmental Safety Committee, which is led by the president and has members from the Executive Committee, etc., deliberates environmental safety action policies and plans as well as important measures and other matters. In addition, to further strengthen collaboration with Group companies, the Liaison Council for Environmental Safety formulates and implements measures to address issues related to environmental safety. Moreover, in the General Affairs Department we have established the Environment & Safety Management Office as a unit that oversees environmental safety management. The office is promoting environmental management on a Groupwide basis in Japan and overseas.

In recent years, climate change has become more apparent and there are growing calls around the world for measures to address climate change risk. In addition, water risk, such as water depletion, flooding, and water pollution, is susceptible to the influence of climate change. Moving forward, the Group will track and analyze the relationship between its business activities and climate risk and water risk. We will organize information regarding risks that affect operations and other aspects of management as well as available opportunities and move forward with initiatives.

**Greenhouse Gas Emissions in the Supply Chain**

We are working to track greenhouse gas emissions from business activities in the supply chain and to expand the data that is disclosed.

**Greenhouse Gas Emissions Calculation in Fiscal 2017 (tons-CO2)**

**Scope 1**
- Direct emissions of greenhouse gases from the business itself
  - 35,777 tons

**Scope 2**
- Indirect emissions from the consumption of electricity supplied by other companies
  - 65,343 tons

**Scope 3**
- Indirect emissions other than those covered in scope 2
  - Purchased goods and services: 517,342 tons
  - Capital goods: 17,504 tons
  - Fuel- and energy-related activities not included in Scope 1 and 2: 10,273 tons
  - Transportation and distribution (upstream): 3,330 tons
  - Waste generated from operations: 3,289 tons
  - Business travel: 934 tons
  - Employee commuting: 1,166 tons
  - Disposal of sold products: 439 tons

**WEB** For further information about environmental activities, please use the following URL. In regard to major environmental performance indicators, we obtain third-party assurance with the objective of increasing the reliability of the information disclosed to stakeholders.

Initiatives for the Preservation of Biodiversity

In accordance with the concept that a variety of environmental initiatives are connected with biodiversity, the Group is advancing biodiversity initiatives through a wide range of environmental activities. These include environmental burden reductions, appropriate usage of inherited resources, harmonious coexistence with nature and society, and increased awareness within the Group.

Over the entire life-cycle, from research and development to production, distribution, sales, use, and disposal, we will work to track the connections between our business activities and biodiversity, understand our influence and dependence on biodiversity, and enhance our understanding.

Environmental Conservation Activities in Local Communities

As environmental conservation activities that support biodiversity conservation, Group employees and their family members continue to participate each year in woodland conservation activities with Tokyo Greenship Action (Tokyo Prefecture) and planting activities with the Ikoma Mountain Range “Folding Screen of Flowers” Project (Osaka Prefecture).

In addition, as one part of its corporate citizenship initiatives, the Group is supporting regional environmental events through the provision of Aspara Drink.

Promoting Environmental Communications

Participation in Environmental Information Disclosure Program

In evaluating companies, the importance of ESG (Environment, Society, Governance) information is increasing. In this setting, the Ministry of the Environment is implementing an environmental information disclosure program with the aim of establishing a society in which companies that aggressively implement environmental activities receive appropriate evaluations from investors, etc., as well as appropriate funding.

The Company has continually participated in this program since fiscal 2014. In fiscal 2017, we updated our environmental information and engaged in dialogue with investors using the systems and tools that are provided.

Receipt of Award Under Kansai Eco-Office Encouragement Awards Program

The Company’s Head Office won the Fiscal 2017 Kansai Eco-Office Award under the Kansai Eco-Office Encouragement Awards program. The Kansai Eco-Office Award is sponsored by the Union of Kansai Governments, which comprises multiple prefectures and ordinance-designated cities in the Kansai region. Under this award system, worksites that are conducting superior environmentally friendly activities are selected from among worksites that are participating in the Kansai Eco Office Declaration movement.

We received high evaluations for the achievement of CO2 emissions volume reductions through the introduction of advanced energy-saving facilities in the Head Office building and the greening of the grounds and rooftop, as well as for aggressive CSR activities that contribute to the prevention of global warming through planting activities in the suburbs.

Receipt of Excellence Award in the Environmental Report Section of the Environmental Communication Awards

The Company’s Corporate Report 2017 and CSR Activities Report 2017 received the Excellence Award in the Environmental Report Section of the 21st Environmental Communication Awards, which are sponsored by the Ministry of the Environment and the Global Environmental Forum.

The Company provides an overview of its major environmentally friendly initiatives in Corporate Report 2017. In addition, in CSR Activities Report 2017 we provide detailed disclosure of the results of our environmental management system and our activities targeting the achievement of the objectives in the Medium-Term Environmental Action Plan. We have also worked to ensure reliability by acquiring third-party assurance in regard to principal environmental performance indicators. These initiatives were highly evaluated, and as a result we received this award.