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.

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Corporate Behavior Charter

| **Pride and Sense of Mission** | 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. |
| **Challenge and Innovation** | 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. |
| **Trust and Collaboration** | We promote free and open communication to understand and respect each other, and collaborate with mutual trust to maximize our results. |
| **Harmonious Coexistence with Society** | We work to achieve harmonious coexistence with society by acting with consideration for local communities and the environment. |

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■ 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.

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

CSR Website

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