

Non-Financial Information

This section includes ESG-related information as non-financial approaches, strategies and major initiatives.

Corporate Governance	42
Risk Management	46
A Message from an Outside Director	47
Member of the Board and Corporate Auditors	49
Reliable Products and Sustainable Supply	53
Appropriate Use of Products	54
Ethics, Fairness and Sincerity in Business Practices	55
Stakeholder Engagement	56
Employee Health, Diversity and Inclusion	57
Social Contribution Activities for Health	58
Environmental Initiatives	59

Corporate Governance

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.

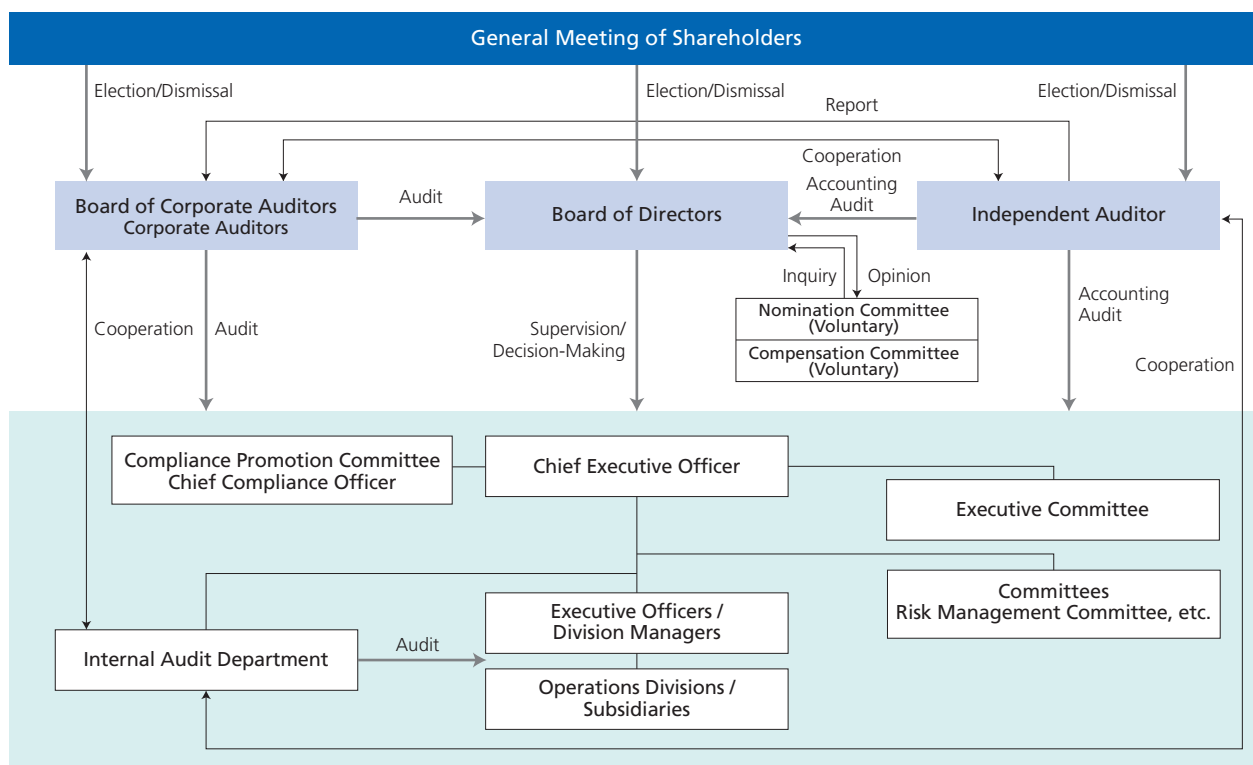
In accordance with this approach, the Group has formulated the Corporate Governance Policy of Mitsubishi Tanabe Pharma, and based on this policy the Group will continue working to realize an optimal corporate governance system.

WEB

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 System (As of June 24, 2019)



Corporate governance system

The Company is a company with a Board of Corporate Auditors. 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.

Organizational form	Company with a Board of Corporate Auditors
Maximum number of directors stipulated in Articles of Incorporation	10
Term of office stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of directors	9
Appointment of outside directors	3

Corporate Governance

■ Overview

To secure transparency and objectivity in management decision-making and supervision, the Board of Directors has nine members (9 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.

The Board of Directors conducts an analysis and evaluation of the effectiveness of the Board of Directors once a year, and also conducts discussions aimed at enhancing the effectiveness of the Board of Directors and other aspects of corporate governance through meetings between Outside Members of the Board and Corporate Auditors and on other occasions, and provides advice on execution as appropriate. In fiscal 2018, the Company used these opportunities to exchange views and provide training for officers in relation to the strengthening of compliance and risk management, including at MTPC Group companies overseas, reviewing medium-term management plans, the content of reports at meetings of the Board of Directors, decision-making processes for alliances and M&A, and other matters.

In addition, the Company has adopted the executive officer system, thereby 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 Board of Corporate Auditors has five members (4 men, 1 women; of whom, 3 are outside corporate auditors). The Company has selected an attorney at law, a certified public accountant and a university professor. 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 election 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 the Nomination Committee and the Compensation Committee as voluntary

committees that are chaired by an independent outside director and have independent outside directors as a majority of the members.

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 healthcare system. As such, management decision-making requires deep knowledge and experience in regulatory and industry for pharmaceutical 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 operational experience and knowledge in the pharmaceutical industry as board members but also independent outside corporate auditors with experience and expertise in such fields as finance, accounting, law, and medicine. 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 documents relating to major decisions, and investigate the operations and assets of principal worksites and subsidiaries (including internal control systems, such as those for compliance and risk management). In these ways, the Corporate Auditors audit the execution of Company business. Furthermore, we hold meetings of a Corporate Auditors liaison committee for subsidiaries in Japan and are working to strengthen information sharing and collaboration.

In regard to the relationship with the independent auditor, while monitoring the independence and appropriateness of audits, the Corporate Auditors receive explanations from the independent auditor of audit plans and policies as well as quarterly reports on audit implementation and results. The Corporate Auditors also regularly exchange opinions with the independent auditor. When necessary, the Corporate Auditors witness on-site work and review work by the independent auditor. At the end of each period, the Corporate Auditors receive explanations concerning measures to ensure the proper execution of the independent auditor's duties. Also, in regard to the audit plans of the internal auditing divisions and the progress and results of those plans, the Corporate Auditors exchange opinions with internal auditing divisions on a regular monthly basis. At the same time, the Corporate Auditors receive reports on the results of the evaluation

of internal control systems for financial reporting.

In addition, the Company is working to build an auditing system that is highly independent and specialized, and a lawyer, who is a legal specialist, and a certified public accountant, who is an expert in finance and accounting, have been nominated to be Outside Corporate Auditors.

Furthermore, to provide support for the Corporate Auditors in the execution of their duties, the Company has established the Corporate Auditors' Office, which is independent from business execution. The Corporate Auditors' Office has three full-time staff.

For internal auditing, the Company has established the Internal Audit Office, which is independent from the executive divisions and audits the internal control systems in operations divisions. The Internal Audit Office has 14 employees as of June 2019.

The Company has appointed Ernst & Young ShinNihon LLC as its independent auditor. There are three certified public accountants who are in charge of the account auditing activities. Assisting in the account auditing activities are 18 certified public accountants and 18 other people.

Nomination of outside officers

In selecting outside directors and corporate auditors, the fundamental requirements are superior character, knowledge, and ability; abundant experience; and high ethical standards as well as the ability to work proactively to help the Group achieve sustained growth and increases in corporate value over the medium to long term.

In regard to independent outside directors, the

Names of Outside Corporate Auditors, Relationships between Outside Officers and the Company, and Reason for Nomination

	Relationships between Outside Corporate Auditors and the Company	Reason for nomination
Tadashi Fukuda Outside Corporate Auditor	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.	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.
Hiroshi Enoki Outside Corporate Auditor	Hiroshi Enoki serves as the president of Hiroshi Enoki Accounting Office, but there are no special interests between him and the Company or between the accounting office and the Company.	Hiroshi Enoki has extensive experience and specialized knowledge, etc. as a certified public accountant, and 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 this experience and knowledge, and thus has nominated him as an Outside Corporate Auditor.
Mitsue Maru Outside Corporate Auditor	Mitsue Maru serves as a professor at Konan Women's University, but there are no special interests between her and the Company or the university and the Company.	Mitsue Maru has abundant experience and professional expertise regarding medical matters. She was selected and appointed as an Outside Corporate Auditor on account of the Company's judgment that she is capable of adequately executing her duties as an Outside Corporate Auditor by utilizing her experience and knowledge as a university professor and her perspective as a healthcare provider, and contributing to the MTPC Group's sustainable growth and the consolidation of the governance structure.

Corporate Governance

Company selects three people capable of fulfilling the roles and duties expected of outside directors. The specific reasons for the selection of each outside director are shown on page 51.

In regard to outside corporate auditors, the Company selects three people. The table on the previous page shows the specific reasons for the selection of each outside corporate auditor.

Moreover, in addition to the Company's Criteria for Independence of Outside Members of the Board and Outside Corporate Auditors, these six outside officers also meet the requirements of the Tokyo Stock Exchange (TSE) for independent Directors / Corporate Auditors, and the Company has reported these six officers as independent Directors / Corporate Auditors to the TSE.

■ Compensation of directors and corporate auditors

The Company's basic policy is to have an appropriate and balanced compensation plan for Members of the Board that can be tied to medium- and long-term performance and also raise motivation to improve corporate value. The Company decides 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 Executive Board Directors comprises "base compensation," "bonuses" which are tied to short-term performance, and "stock compensation" which is tied to medium- to long-term performance, with the ratio set at 7:2:1. The compensation plan for part-time directors and corporate auditors, who are independent of business execution, consists of base compensation only.

Bonuses are performance-linked compensation and consist of cash payments made in accordance with the degree of achievement of performance targets in the Medium-Term Management Plan. The indicator used for bonuses is consolidated core operating profit.

Stock compensation is performance-linked compensation and consists of allocations of the Company's stock in accordance with the degree of achievement of performance targets in the Medium-Term Management Plan. The indicators used for stock compensation are consolidated revenue and profit attributable to owners of the Company.

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 in which the majority of members are Independent Outside

Board Directors. In fiscal 2018, basic compensation for directors and corporate auditors was as shown in the table below. The Company and consolidated subsidiaries paid ¥92 million and ¥8 million to Ernst & Young ShinNihon LLC as compensation for, respectively, auditing and verification.

	Basic compensation	Number of people
Directors (excluding outside directors)	¥269 million	7
Corporate auditors (excluding outside corporate auditors)	¥72 million	2
Outside officers	¥55 million	6

■ Guidelines related to measures to protect minority shareholders in the event of transactions, etc., with the corporate group of the parent company, etc.

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.

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.

Risk Management

■ Business activity risk management

The Company has formulated Risk Management Rules and created a system for preventing risks from materializing in the overall Group's business activities, including overseas affiliates, and for minimizing loss in the event a risk does materialize.

In addition, in order to promote effective risk management, risks are managed by categorizing them according to their characteristics into "risks in management strategy," which are intrinsic to management decision-making, "material risks," which are managed across organizational units because they affect the overall Group, and "general risks," which are addressed on the responsibility of individual divisions.

The Risk Management Committee, chaired by the Chief Executive Officer, is the body responsible for overseeing and promoting risk management for the Group overall. It deliberates on and decides risk management policies, monitors risk management and makes improvements as they are needed.

As a concrete initiative for promoting risk management, the Group conducts risk assessments each year and thereby works to raise its risk sensitivity. The results are fed back to individual divisions to further reinforce risk management.

Risk management based on risk categories

Risks in Management Strategy

Overall category overseen by Corporate Strategic Planning Department

Examples: Risks related to M&A and alliances
Risks related to new business; etc.

Material Risks

(Risks Requiring Cross-Organization Management)

Risk reduction measures devised and promoted by lead management divisions
Overall category overseen by Internal Control Office

Examples: Risks related to pharmaceutical-related laws and ordinances
Risks related to large-scale disasters
Risks related to information management
Risks related to general laws and ordinances; etc.

General Risks

(Risks Specific to Individual Divisions)

Each division devises and promotes risk reduction measures.

■ Crisis management

The Group is taking measures to prepare for the possibility of a major earthquake in the Nankai Trough and an

earthquake directly under the Tokyo metropolitan area. It has revised its regulations for crisis management, including disaster response, and strengthened its system so that pharmaceuticals continue to be stably supplied to patients even in a major disaster. The Group is also working to further improve practical capabilities through business continuity, safety confirmation and communication drills and other training.

Further, the Group maintains and regularly updates manuals on tsunami, pandemics, terrorism, conflicts and other types of incidents based on the various characteristics of its sites inside and outside Japan in order to faithfully fulfill its overarching mission of providing stable supplies of pharmaceutical products.

■ Information security

In order to accommodate overseas business expansion and the increasing complexity of IT infrastructure and to consistently utilize information and IT technologies, the Group is enhancing regulations and strengthening network security at overseas sites, strengthening security when using cloud services, and reinforcing its crisis management system for when security incidents occur.

Enhancing Global Governance

Megumi Ohtaki

Executive Officer,
Chief Compliance Officer



With the diversity of selectable modalities in the pharmaceuticals industry further accelerating due to the advance of globalization and rapid evolution of innovative science and technology, there has been increasing uncertainty in the environment surrounding the Group's management. In such an environment, full governance globally needs to be achieved for the Group to work for sustained growth and to raise corporate value while maintaining the fairness and transparency of corporate activities and to realize its corporate philosophy, "We contribute to the healthier lives of people around the world through the creation of pharmaceuticals."

All executives and employees involved in the Group are committed to acting on the basis of the Corporate Behavior Charter while maintaining awareness of the Group's ideals. The Company intends to further enhance corporate governance to prevent information from being divided by the organizational unit or region, continue working for sustainability, and endeavor to sincerely contribute to local communities and the health of people around the world in order to thereby uphold the interests of stakeholders.

A Message from an Outside Director



We are working to ensure transparency and objectivity to raise corporate value over the view to long-term.

Shigeki Iwane

Outside Member of the Board,
President and Director, The Kansai Electric Power

■ Understanding workplace issues and making recommendations

As an independent outside director, I monitor the progress of Companywide strategies from the standpoint of raising corporate value over the medium to long term, and am always conscious of ensuring transparency in this process when making decisions on important matters that affect management. I also pay close attention to the consistency between the corporate philosophy and Companywide strategy, and the state of social responsibility implementation, such as risk management, safety, quality, and compliance.

To fulfill these responsibilities, it is important to know not only Companywide issues and strategies, but the business workplace as much as one possibly can. Therefore, since becoming an outside director, I have taken the opportunity to visit research labs and plants. Knowing the front-line workplace issues and employees' thoughts about work has helped deepen my understanding of the Company significantly.

In fiscal 2018, we placed particular importance on discussions of revising the Medium-Term Management Plan 16–20. We revised numerical targets, such as profits, in light of major changes in the circumstances that the Company assumed as the basis of this plan, such as the impact of domestic drug price reductions and the progress of the US business. However, although the time for achieving the initial plan will be delayed, corporate value is expected to increase in the years ahead. I recommended that the Company increase its corporate value by reflecting this growth picture in its plan and communicate it in an easy-to-understand manner both inside and outside the Company.

■ Key points for management regardless of industry

Regardless of the industry, there are many common aspects in terms of what management's focus should be. For example, whether it be ensuring the transparency and objectivity of decision-making by revitalizing the board of directors, properly transmitting information inside and outside the company to raise corporate value, or further motivating employees, these are important management issues in any industry. I also make recommendations from this perspective at the Company's Board of Directors.

In the pharmaceutical business most of all, ensuring safety, quality, and compliance is directly connected to stakeholder trust. Viewing "safety" as a major prerequisite for all business activities, I strive to actively speak about safety management and the organizational culture that supports it.

In addition, I always express my views on revitalizing communication within the Group. Increasing employee motivation is the driving force for overcoming the difficult business environment across the Company and achieving sustainable growth. With overseas expansion accelerating, sharing the corporate philosophy is also an important challenge.

In the area of governance, we emphasize ensuring that the views of diverse stakeholders are reflected in a balanced manner in the decision-making process. In the case of the Company, in which the parent company holds the majority of shares, it is more important to ensure the transparency and objectivity of discussions so as not to harm the interests of minority shareholders.

Efforts to make the Company more attractive to shareholders and investors.

Tsutomu Kamijo

Outside Member of the Board,
Chairman of Board of Directors, Sapporo Holdings



■ Recommendations for overseas business success

In my view, the mission of an outside director is to share his opinions and recommendations after carefully examining the state of the execution of the Company's business. In that sense, as an outside director, I strive to discuss matters at the Board of Directors meeting from a wide range of viewpoints unbounded by conventional thinking and decision-making.

The major issue is not only the results of a single fiscal year, but how to advance the growth strategy from a medium- to long-term perspective, including the progress of the Medium-Term Management Plan 16–20. Given these circumstances, at the Board of Directors meeting in fiscal 2018, I paid particular attention to individual overseas businesses that are making rapid progress. The Company's overseas business is in the difficult situation of having to produce results while developing the business experience of its staff, but I want to support them as much as possible so that they succeed.

■ Emphasis on the Nomination and Compensation Committees

As an outside director, I serve on the Nomination and Compensation Committees. In discussions about officer candidates in the Nomination Committee, we evaluate them giving sufficient consideration not only to a quantitative assessment, such as age and experience, but also qualitative aspects, such as the ability required for the future growth of the Company. We also discuss succession plans. In these

discussions too, I strive to express my views from an unbiased standpoint as a third party.

In the Compensation Committee, on the other hand, since the Company's compensation system is well structured, I am particularly conscious about checking how each officer's performance is reflected in their compensation.

■ Efforts to live up to the shareholders' trust

While the business of "developing pharmaceuticals" itself may contribute substantially to society, we must also consider the fulfillment of social responsibilities associated with promoting business. For example, we can consider specific initiatives from the point of view of "how we can develop and produce safe products, while reducing our environmental impact as much as possible, and supply them to society."

In a corporate governance system, there is always room for governance improvement. In the future, it may be good to discuss governance not only in terms of transparency and fairness, but also in terms of what can we do to live up to the trust of shareholders. Efforts to make the Company more attractive to shareholders and investors are essential. To that end, we need to find ways to communicate information more openly.

Member of the Board and Corporate Auditors

Member of the Board (as of August 1, 2019)



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
Associate Director, General Manager of Global Product Strategy Department of the Company
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
President & Representative Director, Chief Executive Officer of the Company (current)
Board Director of Mitsubishi Chemical Holdings
Board Director of The KAITEKI Institute (current)

Masayuki Mitsuka entered Mitsubishi Chemical Industries (currently, Mitsubishi Chemical) 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 Welfide. 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 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. Under the Medium-Term Management Plan 16-20: Open Up the Future, which started from fiscal 2016, the Company is implementing its four strategic priorities. In addition, he also works as Board Director of The KAITEKI Institute.



Takashi Kobayashi

Representative Director,
Senior Managing Executive Officer

In charge of Digital Transformation
Department

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
Chief Compliance Officer
2019 Representative Director, Senior Managing Executive Officer, in charge of Digital Transformation Department (current)

Takashi Kobayashi entered Tanabe Seiyaku 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, and in 2017, he became Head of CMC Division. As of 2019, he oversees the Digital Transformation Department and is responsible for accelerating business digitalization and expanding new businesses such as digital medicine using AI and IoT technologies.



Eizo Tabaru

Member of the Board,
Managing Executive Officer

In charge of Corporate Strategy & Planning
Department, NeuroDerm Office, Finance
& Accounting Department, and Corporate
Communications Department

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 & 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 Member of the Board, Managing Executive Officer, in charge of Corporate Strategy & 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.



Hiroaki Ueno

Member of the Board,
Managing Executive Officer

In charge of Human Resources Department, General Affairs Department, International Business Department, China Operations Management Office, Europe Operations Management Office, ASEAN Business, and Public Affairs & Policy Department

- 1983 Entered Mitsubishi Chemical Industries (currently, Mitsubishi Chemical)
- 2005 General Manager of Medicinal Research Laboratories IV of Research Department of Sohyaku, Division of Mitsubishi Pharma Corporation
- 2006 General Manager of Chemistry Research Laboratories of Sohyaku and Research Division of Mitsubishi Pharma Corporation
- 2007 General Manager of Chemistry Department II of Medicinal Chemistry Research Laboratories of Research Division of the Company
- 2010 General Manager of Medicinal Chemistry Research Laboratories II of Research Division of the Company
- 2012 Associate Director, General Manager of Medicinal Chemistry Research Laboratories II of Research Division of the Company
- 2014 Executive Officer, General Manager of Research Strategy & Planning Department of Research Division of the Company
- 2015 Executive Officer, Division Manager of CMC Division (Chemistry, Manufacturing and Control) of the Company
- 2017 Executive Officer, Division Manager of Sohyaku. Innovative Research Division of the Company
- 2018 Managing Executive Officer, Division Manager of Sohyaku. Innovative Research Division, in charge of Intellectual Property and Contract Department of the Company
- 2019 Member of the Board, Managing Executive Officer, in charge of Human Resources Department, General Affairs Department, International Business Department, China Operations Management Office, ASEAN Business, Europe Operations Management Office, Public Affairs & Policy Department of the Company (current)

Hiroaki Ueno entered Mitsubishi Chemical Industries (currently, Mitsubishi Chemical) in 1983 and worked as a researcher in the Pharmaceutical Research Department. In 2006, he was named General Manager of Chemistry Research Laboratories of Sohyaku and Research Division of Mitsubishi Pharma Corporation. After the Company was established, he held important positions in medicinal chemistry research, including General Manager of Medicinal Chemistry Research Laboratories II and General Manager of Research Strategy & Planning Department. After serving as Head of CMC Division in 2015, he became Head of Sohyaku. Innovative Research Division, and focused on the development of pharmaceuticals for the next generation. He was appointed Member of the Board in 2019, and, leveraging his extensive experience in technology development, product strategies and other areas based on his research background, he contributes to raising the Company's corporate value as the person responsible for general affairs, human resources and overseas business.



Yoshihiro Kobayashi

Member of the Board, Managing Executive Officer, Head of Ikuyaku, Integrated Value Development Division

In charge of Global Regulatory Affairs Department

- 1983 Entered the Company
- 2004 General Manager of Clinical Promotion Department of Clinical Operations Center of Development Division of the Company
- 2007 General Manager of Development Department III of Development Division of the Company
- 2009 General Manager of Clinical Research Planning and Coordination Department II of Development Division of the Company
- 2010 General Manager of Development Promotion Department of Development Division of the Company
- 2012 General Manager of Global Project Management Department II of Development Division of the Company
- 2014 General Manager of Global Product Strategy Department of the Company
- 2015 Associate Director, General Manager of Global Product Strategy Department of the Company
- 2016 Executive Officer, General Manager of Ikuyaku Product Strategy Department of Ikuyaku. Integrated Value Development Division of the Company
- 2017 Executive Officer, Deputy Division Manager of Ikuyaku. Integrated Value Development Division, in charge of Development in Japan and Asia of the Company
- 2018 Executive Officer, Division Manager of Ikuyaku. Integrated Value Development Division of the Company
- 2019 Member of the Board, Managing Executive Officer, Head of Ikuyaku. Integrated Value Development Division, in charge of Global Regulatory Affairs Department of the Company (current)

Yoshihiro Kobayashi entered Tanabe Seiyaku in 1983. After being appointed General Manager of Clinical Promotion Department of Clinical Operations Center of Development Division of the Company in 2004, he held important positions in development-related operations, including General Manager of Global Product Strategy Department in 2014 and General Manager of Ikuyaku Product Strategy Department of Ikuyaku. Integrated Value Development Division in 2016, contributing to the Company's business on the frontlines of pharmaceutical development. In 2018, he was appointed Head of Ikuyaku. Integrated Value Development Division, where he not only devised and executed priority development products for the Japanese market but also, for overseas projects, promoted development and approval with overseas affiliates, contributing to the enhancement of the Company's product pipeline. He became a member of the Board in 2019 and draws on his high level of specialization and executive ability based on his development background to help raise the Company's corporate value.



Takeshi Matsumoto

Member of the Board

- 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)
- Member of the Board of Life Science Institute (current)
- Member of the Board of the Company (current)

Takeshi Matsumoto entered the Company in 1983. From 2002, he held important positions in discovery research, including, in the Research Division, General Manager of Discovery & Pharmacology Research Laboratories and General Manager of Research Strategy & Planning Department. Subsequently, in 2012 he became Executive Officer, General Manager of Discovery Screening Center of Research Division, and in 2014 he became Division Manager of Development Division. In 2015, he became Executive Officer, General Manager of the Corporate Strategy Office of Mitsubishi Chemical Holdings (healthcare), which is the parent company of Mitsubishi Tanabe Pharma. In 2018, he became Managing Executive Officer, General Manager of Healthcare Strategy Office in Corporate Strategy Division of Mitsubishi Chemical Holdings. In this position, he is responsible for business execution in the healthcare businesses. In 2018, he became a Member of the Board of Mitsubishi Tanabe Pharma. He is working to contribute to the business of the Company by bringing its management strategy approach to the healthcare business strategy of Mitsubishi Chemical Holdings. In addition, he is also a Member of the Board of the Life Science Institute.

Member of the Board and Corporate Auditors

Member of the Board (as of August 1, 2019)



Shigeki Iwane
Member of the Board (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 Officer, 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
- Outside Corporate Auditor of Kinden
- 2016 Outside Member of the Board of the Company (current)
- President and Director of The Kansai Electric Power (current)

Relationship with the Company

There are no special conflicts of interest between the Company and Shigeki Iwane.

Reason for nomination

Since his appointment in June 2016, Shigeki Iwane has fulfilled his duties as an Independent Outside Member of the Board of the Company, based on his management perspective as a top management figure and his wide-ranging knowledge of corporate governance. He is accurate in his identification of issues and his proposals to ensure a balance between business profitability and risk as well as consistency between business execution and strategy from an independent and objective perspective. In addition, as the chair of the Compensation Committee and a member of the Nomination Committee, which are discretionary advisory bodies, he has contributed to appropriate decision making at Board meetings and enhanced the accountability of the Company in regard to management nomination and compensation. The Company believes he will contribute to improving the corporate value of the Group by continuing supervision of the management of the Company as an Independent Outside Member of the Board, and thus has selected him as an Outside Member of the Board.



Tsutomu Kamijo
Member of the Board (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
- Outside Member of the Board of the Company (current)
- 2018 Outside Member of the Board of Tohoku Electric Power (current)
- 2019 Chairman of Board of Directors of Sapporo Holdings (current)

Relationship with the Company

There are no special conflicts of interest between the Company and Tsutomu Kamijo.

Reason for nomination

Since his appointment in June 2017, Tsutomu Kamijo has fulfilled his duties as an Independent Outside Member of the Board of the Company, based on his abundant experience as a top management figure and wide-ranging knowledge of globalization of the business. He has given advice and proposals from diverse perspectives especially on strategic aspects of each business, and has accurately identified issues in risk management, from an independent and objective perspective. In addition, as a member of the Compensation Committee and the Nomination Committee, which are discretionary advisory bodies, he has contributed to appropriate decision making at Board meetings and enhanced accountability of the Company in regard to management nomination and compensation. The Company believes he will contribute to improving the corporate value of the Group by continuing supervision of the management of the Company as an Independent Outside Member of the Board, and thus has selected him as an Outside Member of the Board.



Kazutoshi Murao
Member of the Board (Outside)

- 1976 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION (hereinafter referred to as "NTT")
- 1999 Executive Manager, Secretary Office, NTT
- 2000 General Manager, Kyoto Branch, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (hereinafter referred to as "NTT WEST")
- 2005 Member of the Board, Executive Manager, Corporate Strategy Planning Department, NTT WEST
- 2008 Executive Vice President, Executive Manager, Corporate Strategy Planning Department, NTT WEST
- 2009 Representative Director, Senior Executive Vice President, NTT WEST
- 2012 Representative Director, President, NTT WEST
- 2018 Counselor to the President, NTT WEST (current)
- 2019 Outside Member of the Board of the Company (current)

Relationship with the Company

There are no special conflicts of interest between the Company and Kazutoshi Murao.

Reason for nomination

Kazutoshi Murao assumed office as President of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION in 2012, and has wide-ranging knowledge regarding the utilization of diverse human resources and the Company's value system in management for the creation of innovation, thorough compliance and the promotion of safety and health as well as health management. In addition, as a top management figure, he has abundant experience related to resolving social challenges through ICT and initiatives toward achieving SDGs. The Company believes that he can contribute to improving the corporate value of the Group by supervising the management of the Company as an Independent Outside Member of the Board, and thus has selected him as an Outside Member of the Board.

Corporate Auditors (as of August 1, 2019)



Koji Kudo
Corporate Auditor

- 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 of the Company (current)



Matsuo Kikuchi
Corporate Auditor

- 1984 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
Associate Director, General Manager of Pharmacology Research Laboratories I of Research 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 Ikuyaku. Integrated Value Development Division of the Company
- 2017 Corporate Auditor of the Company (current)



Tadashi Fukuda
Corporate Auditor (Outside)

- 1986 Entered Daiichi Law Office
- 2015 Outside Corporate Auditor of EXEDY (current)
- 2016 Executive Partner of Daiichi Law Office (current)
Outside Corporate Auditor 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
- Managing Partner of Tohmatsu & Co.
- 2009 Partner of Deloitte Touche Tohmatsu
- 2018 Outside Corporate Auditor of the Company (current)
Representative of Hiroshi Enoki Certified Public Accountant Office (current)



Mitsue Maru
Corporate Auditor (Outside)

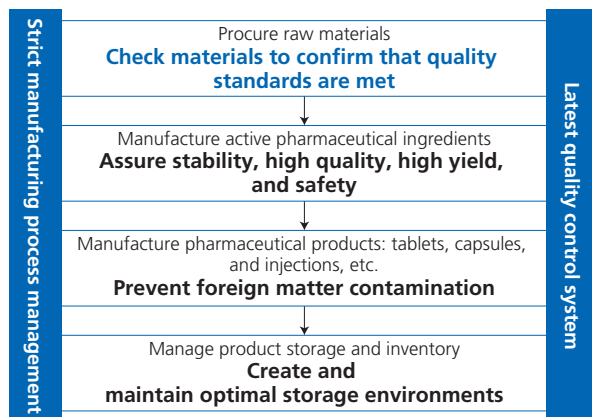
- 1987 Nurse at National Hospital Medical Center
- 1992 Assistant, Department of Nursing, Chiba University
- 1999 Completed Doctorate Course of University of Alabama at Birmingham School, and Obtained Doctorate (Mother-Child Nursing)
- 2000 Assistant Professor, Department of Nursing, Kitasato University
- 2005 Associate Professor of Development in Pediatric and Family Nursing, Graduate School of Tokyo Medical and Dental University
- 2009 Professor of International Nursing Development Graduate School of Tokyo Medical and Dental University
- 2014 Professor of International Nursing Development Department of Nursing and Rehabilitation, Konan Women's University (current)
- 2019 Outside Corporate Auditor of the Company (current)



Reliable Products and Sustainable Supply

Quality of products

Our policy is to contribute to the health and well-being of people around the world through the stable supply of high quality, reliable products which are manufactured under a world-class quality system. On that basis, we are strictly observing the ministerial ordinance on GMP (regulations regarding pharmaceutical manufacturing control and quality control) and on GQP (regulations regarding pharmaceutical quality control). Patient safety is the first priority of every employee, and we are implementing initiatives targeting further quality assurance with a focus not only on results but also on processes. Through management, supervision, and guidance of manufacturing sites in Japan and overseas, we are working to improve the quality of the products that we provide to the market.



Pharmaceutical manufacturing process

The Mitsubishi Tanabe Pharma Group manufactures and supplies high-quality pharmaceuticals and strictly manages

product quality from acceptance testing of raw materials procured in Japan and abroad to the manufacture of GMP-compliant pharmaceutical ingredients and preparations as well as testing and inspection, thus supplying premium quality products which patients and healthcare professionals can use safely and with peace of mind. As a global research-driven pharmaceutical company, we manufacture pharmaceuticals based on a wide range of technologies and proprietary knowhow developed over many years.

To further ensure quality, the Production Technology & Supply Chain Management Division and the Global Quality Assurance Department collaborate with the Group's manufacturing plants to develop production technologies to enhance quality, stabilize supply, and reduce costs from the early development stages of new pharmaceutical products. In addition, the Group's manufacturing plants (two in Japan and four overseas) together with manufacturing subcontractors are creating a global production system that delivers a stable supply of our products to many people around the world.

In June 2016, we built a domestic manufacturing facility within the Yoshitomi Plant for solid dosage formulations. This highly productive facility can supply pharmaceuticals in accordance with global quality standards, while further contributing to both the improvement of manufacturing technologies and the reduction of manufacturing costs.

In addition, BIKEN, a joint venture with the BIKEN Foundation's vaccine manufacturing business, began operation in September 2017. By integrating BIKEN Foundation's vaccine manufacturing technologies together with Mitsubishi Tanabe Pharma's pharmaceutical manufacturing systems and management methods, we are strengthening our platform in vaccine production in order to contribute to an even more stable supply of vaccines.



Solid dosage formulation production facility at the Yoshitomi Plant

(Related SDGs)



Appropriate Use of Products

■ New drug safety management

After the launch of a new drug, adverse reactions that were not discovered in clinical trials are sometimes reported. We quickly collect that information, analyze it, and provide feedback to the medical front lines. We are moving forward with proactive safety management activities that incorporate new safety measures. We believe that these activities help prevent the expansion of adverse reactions from new drugs and promote appropriate usage on the medical front lines.

Edaravone (Japan product name: Radicut), which was discovered by the Company, was approved as an ALS treatment agent in the U.S. in 2017 (U.S. product name: Radicava). Currently, we are advancing global initiatives with a view to other countries and regions. When Radicava is used overseas, it is used in a medical environment that is different from that in Japan, and accordingly it will be necessary to exercise caution in safety management. We have experience promoting proper use based on the abundant safety information we have accumulated. Making full use of that experience, and giving consideration to the overseas regulatory and medical environments, we will work to collect and provide safety information to foster the proper use of Radicut/Radicava and to contribute to improvement in the quality of life of ALS patients.

■ Providing comprehensive information through the Medical Information Center

Mitsubishi Tanabe Pharma has established its own Medical Information Center to respond directly to inquiries from patients and healthcare professionals (physicians,

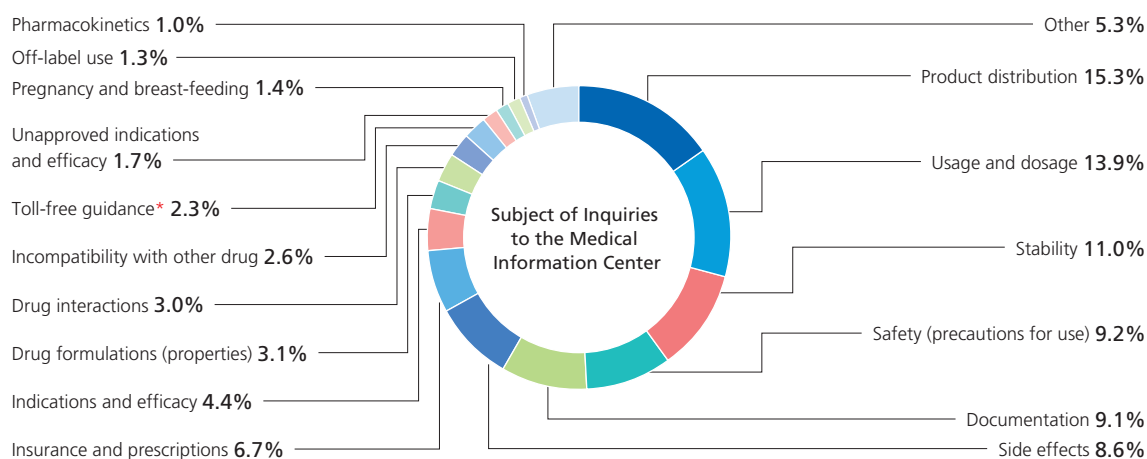
pharmacists, wholesalers, and others). For patients, this is the only company information center. With a motto of “reliable, accurate, and prompt,” the center provides information that is easy to understand while at the same time making certain not to dispense the type of medical advice that should only come from a physician. We are working each day to improve our skills so that we identify the true needs behind the inquiries and respond in a way that increases the satisfaction of the people making inquiries.

The Medical Information Center receives more than 50,000 inquiries a year on a wide range of subjects. It also provides information on the appropriate use of the Company’s products while utilizing basic pharmaceutical information and the in-house Q&A system.

Furthermore, information that the center receives about safety and quality, such as information about side effects, is shared with related departments. In this way, the center helps improve product reliability. In addition, since October 2017 we have been building a framework for effectively sharing within the Company the valuable information that is collected by the center. We are working to reflect customer feedback in product improvements and in the future discovery of new products.

From April 2019, we will be in charge of maintaining pharmaceutical information at the Medical Information Center including the creation of product Q&As provided through our website. We will reflect the needs of customers more rapidly than before, which will help us to provide valuable information. Moving forward, the center will respond flexibly to changes in the times and provide appropriate usage information for pharmaceuticals in a reliable, accurate, and prompt manner. In this way, we will work to contribute to improved health for patients.

Subject of inquiries to the Medical Information Center (FY 2018)



* Toll-free guidance to redirect consumers by providing the correct contact information

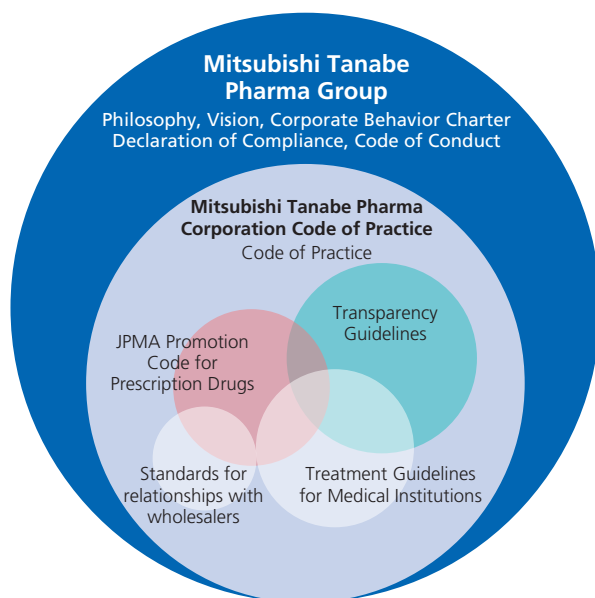


Ethics, Fairness and Sincerity in Business Practices

Code of Practice

The Japan Pharmaceutical Manufacturers Association (JPMA), of which Mitsubishi Tanabe Pharma is a member company, put the JPMA Code of Practice into effect in 2013. This establishes behavioral standards that must be observed by the executives and employees of the member companies in their interactions with researchers, healthcare professionals, patient organizations, wholesalers, etc. In response, the Company established and put into effect the Mitsubishi Tanabe Pharma Corporation Code of Practice. All executives and employees of the Company as well as its affiliated companies in Japan are required to follow this code not only in promotion endeavors designed for healthcare professionals, medical institutions, and others, but also in all other corporate activities, including testing and R&D, information provision activities, cooperation with patient organizations, and relationships with wholesalers. Overseas Group companies comply with the codes of each country based on the International Federation of Pharmaceutical Manufacturers and Associations' Code of Practice (IFPMA Code).

Positioning of the Code of Practice



Compliance training

The Group conducts the following training programs for the purpose of fostering a strong sense of ethics, raising awareness of compliance requirements, and cultivating greater awareness of compliance-related issues among all employees.

Groupwide compliance training

We implement e-learning with the aim of ensuring rigorous compliance and raising human rights awareness, which are parts of the foundation of our business operations, in order to realize the corporate philosophy and vision.

Divisional compliance training

We offer divisional training that focuses on specific topics relevant to each division, principally for compliance implementation personnel, including managers and staff.

Compliance and risk management check

Through e-learning we confirm understanding of such matters as laws, regulations, and internal rules. This enables officers and employees to act in accordance with consistent evaluation standards.

List of training sessions held in fiscal 2018

	Times held	Number of participants
Groupwide compliance training	Once a year	5,376
Divisional compliance training	Once a year	5,385
Compliance and risk management check	Twice a year	July 2018 5,300
		February 2019 5,137

Hotlines

The Mitsubishi Tanabe Pharma Group's internal and external hotlines allow employees and managers to obtain consultation and make reports about any actual or possible violation of laws, ordinances, or social conventions. The use of the hotlines leads to the prevention or reduction of scandals, etc., before major problems develop.

In addition, reports on recent trends and issues warranting special mention are included in regular compliance training sessions, which helps promote use of the hotline and prevent recurrence.

Number of hotline consultations handled in fiscal 2018

Workplace environment	Working condition/human resources	Embezzlement/misappropriation	Laws regulations, and rules	Other	Total
9	2	0	4	7	22





Stakeholder Engagement

■ Patients and their families

On its website, the Company provides a variety of disease-related information for patients and their families so that they can acquire accurate knowledge that is useful in disease prevention and treatment.



WEB	Discussions about diseases (Japanese only) https://www.mt-pharma.co.jp/shared/show.php?url=../general/index.html#n01	
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We have established the Medical Information Center to handle inquiries about the Company's products. In addition, Group company Mitsubishi Tanabe Pharma America provides information to ALS patients in the U.S. through Searchlight Support.

WEB	Medical Information Center (inquiries) https://www.mt-pharma.co.jp/e/inquiry/index.php	
	Searchlight Support https://www.radicava.com/patient/support/searchlight-support/	


■ Healthcare professionals

We are actively providing pharmaceutical information through MRs. In addition, we have established information sites for healthcare professionals. In these ways, we are providing information regarding appropriate usage of ethical drugs. Furthermore, we provide information through the Community Pharmacist Support Net (CPS-net) for pharmacists and registered sales representatives who sell OTC products.

WEB	Medical View Point (for healthcare professionals) (Japanese only) https://medical.mt-pharma.co.jp/	
	CPS-net (pharmacists, registered sales representatives) (Japanese only) https://cps-net.jp/	

■ Shareholders and investors

In addition to disseminating information through the Tokyo Stock Exchange's Company Announcement Disclosure Service (TDnet), the Company has opportunities for direct communication, such as the general meeting of shareholders, IR meetings for institutional investors (results briefings, business presentations, etc.), individual visits with overseas investors (U.S., Europe, and Asia), and briefings for individual investors. The Fair Disclosure rules (FD rules) have taken effect, and in response the Company has formulated Disclosure Policy for the continuation of fair, timely, and appropriate information disclosure and the implementation of constructive dialog.

WEB	Shareholders and Investors https://www.mt-pharma.co.jp/e/ir/index.php	
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■ Employees

Mitsubishi Tanabe Pharma is working to further enhance its competitiveness and achieve sustained growth by focusing on its people as a management resource and giving individual employees the opportunity to demonstrate their full potential. To that end, we have established the Comprehensive Management System for Human Resources, career interviews, and a complete training system. In addition, we are taking steps to enhance mutual understanding and communication between the Company and employees, such as holding labor consultations, operating internal and external hotlines, and implementing an employee survey. Moreover, we are providing corporate information to employees by utilizing an in-house magazine and the Company intranet.

■ Local communities

The Group has formulated its Corporate Citizenship Policy. Through educational activities at schools, company tours, local events, and the Mitsubishi Tanabe Historical Museum, we are deepening understanding of the Company, conducting active communication with people in the areas where we do business, and striving to coexist in harmony with local communities.

WEB	Promotion of Local Communities https://www.mt-pharma.co.jp/shared/show.php?url=../e/company/csr-report/community/local_communities.html	
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Employee Health, Diversity and Inclusion

(Related SDGs)



Health management initiatives

In April 2016, the Group established the MTPC Group Health Policy based on its corporate philosophy, vision, and Corporate Behavior Charter and is promoting activities related to employee health effectively and appropriately.

MTPC Group Health Policy

1. We will strive to maintain our own health so that we can contribute to the health of people around the world.
2. We will leverage our own capabilities and advance the establishment of an environment in which we can work energetically.

In fiscal 2018, we were recognized for the third consecutive year under the “Outstanding Enterprise in Health and Productivity Management White 500” (large enterprise category), a recognition system that is promoted by the Ministry of Economy, Trade and Industry. The Company’s evaluations in the categories of “systems/policy implementation” and “evaluation/improvement” improved from the previous year, and it has received the highest evaluation in the industry, particularly in the category of “measures and policies not limited to risk holders.”



Actively utilizing diverse human resources

The Group has positioned its approach to diversity and inclusion as one of its management strategies. We have organized that approach into the Diversity Promotion Circle, and we are advancing initiatives on that basis.

The Diversity Promotion Circle has the objective of leveraging diverse human resources and maximizing results and the Company develops those human resources to maximize the potential of diverse employees, establishes systems and frameworks that make it easy for diverse employees to do their jobs, and provides opportunities for a diverse range of people. Managers implement diversity management to draw on the capabilities of diverse employees and maximize results, and each employee generates synergies.

In regard to diversity, we take into account both visible diversity (gender, sexual orientation and gender identity (including LGBT¹), age, career background, nationality, disability status, time restrictions due to childcare, nursing care, etc.) and non-visible diversity (knowledge, skills,

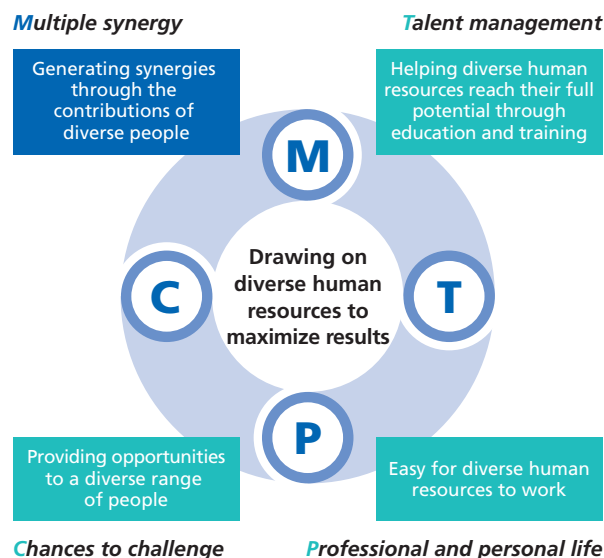
experiences, values, ways of thinking, etc.). By appreciating these differences and leveraging them, we seek to maximize our results.

In fiscal 2018, all employees undertook e-learning compliance training and departmental training based on the themes of diversity promotion and LGBT. We continued to implement nursing care seminars and www28 training (www: an abbreviation for Win-Win- Woman), which considers the careers of women who have not yet experienced such life events as marriage and childbirth. As a so-called “Ikuboss”-related measure to encourage subordinates to fulfill both work and personal matters, we fostered awareness of men’s participation in childcare and child-care leave through the distribution of folded triangular shaped signs that describe the Ikuboss Declaration and holding of the Ikuboss Award to commend the company’s best practices.

On the system side, we revised the rules of employment by adding harassment-related behavior and made them subject to disciplinary action. Specifically, the declaration clearly states that sexual harassment includes sexual orientation such as LGBT, discrimination and harassment based on sexual identity, and that maternity and paternity harassment^{2,3} are also subject to disciplinary action. The declaration was widely distributed through compliance and harassment prevention guidebooks.

¹ LGBT is an acronym for L: lesbian, G: gay, B: bisexual, T: transgender, and is a generic term for a sexual minority.
² Maternity harassment is workplace discrimination against women due to pregnancy and the need to provide childcare.
³ Paternity harassment is workplace discrimination against fathers who have taken paternal leave to help with childcare.

Diversity promotion circle



Social Contribution Activities for Health

(Related SDGs)



The Mitsubishi Tanabe Pharma Tenohira Partner Program

The Company believes in the importance of providing support for patients with diseases and their families, and in 2012 established the Mitsubishi Tanabe Pharma Tenohira Partner Program. This program 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 2018, support was provided to 21 organizations. We established "startup grants" to support organizations that do not yet have extensive track records of activity, and have made it possible to support more organizations.

At meetings held in October 2018 to report on the fiscal 2017 activities of organizations receiving assistance under the Mitsubishi Tanabe Pharma Tenohira Partner Program (14 organizations), participants shared their opinions about challenges and solutions in conducting activities that transcend each other's diseases. The Tenohira Partner Program strives to support people fighting disease, to assist them in finding more joy and satisfaction in their lives, and to help them realize their dreams and hopes for the future. On that basis, we will continue to offer support.

In fiscal 2019, we will support nine startup grants and 10 project grants, for a total of 19 organizations.

Participation in the Global Health Innovative Technology Fund (GHIT Fund)

The GHIT Fund aims to discover new drugs for infectious diseases that affect people in the developing world, such as malaria, tuberculosis, and neglected tropical diseases. To that end, the GHIT Fund was established as a public-private partnership from Japan. Through new drug R&D capabilities that utilize the advanced science and technology know-how of Japanese pharmaceutical companies and other institutions, the fund aims to strengthen Japan's international contribution to global health.

In May 2015, through the GHIT Fund, the Company provided its pharmaceutical compound library (50,000 compounds) to Medicines for Malaria Venture, a research institution that focuses on the discovery of new anti-malaria drugs. Three types of promising hit compounds that have the potential to become pharmaceutical products have been identified. In addition, we promoted joint research and from one of these compounds, we acquired two lead compounds as new anti-malaria drug candidates.

Further, following the provision of financial support for the GHIT Fund first phase activities (fiscal 2013 – fiscal 2017),

the Company will also provide financial support to the GHIT Fund for second phase activities (fiscal 2018 - fiscal 2022).

Participating in vaccine support activities

The Group has been participating in vaccine support activities for children in developing countries since 2014. Through this program, unneeded books, CDs and DVDs are donated and the proceeds from their sale are donated to Authorized NPO Japan Committee Vaccines for the World's Children. Through this international contribution activity, those donations are used to deliver vaccines to children in developing countries, such as vaccines for six major infectious diseases. The price of polio vaccine is only ¥20 per person. One book that is sitting on a shelf can save two children from polio.

In fiscal 2018, a total of ¥289,982, equivalent to polio vaccines for 14,500 children, was raised from employee donations and matching gifts from the Company.



Original poster

Development of science and technology support for research foundations

Mitsubishi Tanabe Pharma provides financial assistance for the activities of research foundations to promote research and provide information in a broad range of fields including medicine, pharmaceuticals, agriculture, and the physical sciences and to thereby contribute to medical treatment and public health.

SENSIN Medical Research Foundation

This foundation was established in 1968 with support from the former Yoshitomi Pharmaceutical Industries. The foundation aims to contribute to the medical treatment and health of consumers by promoting advanced research in the fields of medicine and pharmacology. In fiscal 2018 the foundation provided 102 grants with a total amount of ¥135.0 million.

Japan Foundation for Applied Enzymology

This foundation was established in 1964 with support from the former Tanabe Seiyaku. The foundation aims to contribute to the development of various fields in the life sciences in Japan by supporting research on enzymes and other molecules affecting the regulation and maintenance of biological functions. In fiscal 2018, the foundation provided 132 grants with a total amount of ¥73.0 million.

Environmental Initiatives

(Related SDGs)



■ Environmental management

Based on its Environmental and Safety Policy, the Group works to continually reduce its environmental impact and thereby help protect the global environment and realize a sustainable society by actively promoting resource and energy conservation, waste reduction and other initiatives in all its business activities. In addition, the Group voluntarily engages in environmentally conscious activities, appropriately discloses environmental information and promotes environmental communication on environmental and social contribution activities and other topics.

■ Addressing environmental risks

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-related risks, such as water depletion, flooding, and water pollution, are susceptible to the influence of climate change. Moving forward, the Group will track and analyze the relationship between its business activities and climate change risk and water-related risks, and will identify risks that affect business operations and identify available opportunities.

■ Receipt of the Excellence Award in the Environmental Report Section of the 22nd Environmental Communication Awards

In February 2019, the Mitsubishi Tanabe Pharma Corporate Report 2018 and CSR Activities Report 2018 received the Excellence Award for the second consecutive year in the Environmental Report Section of the 22nd Environmental Communication Awards, which is sponsored by the Ministry of the Environment and the Global Environmental Forum. This award was presented to MTPC for its ambitious approach to environmentally friendly management and proactive information disclosure; specifically, its description of the results of taking on challenging targets to reduce CO₂ emissions and its extensive and thorough disclosure of CSR-related data.



WEB

Refer to the following URL for more details on environmental activities. Key environmental performance indicators have acquired third-party certification in order to raise the reliability of information disclosed to stakeholders.

<https://www.mt-pharma.co.jp/shared/show.php?url=../e/company/csr-report/environment/index.html>



■ Medium-Term Environmental Action Plan (2016 – 2020): Principal objectives and results in fiscal 2018

The Group has set four priority issues of its environmental activities as the themes of its Medium-Term Environmental Action Plan and continues to reduce its environmental impact. Specifically, as climate change measures, “energy conservation and global warming mitigation” have been positioned as the most important environmental theme.

Area	Medium-Term Action Objectives (2020)	Principal Initiatives and Results in Fiscal 2018
Energy conservation and global warming mitigation	<ul style="list-style-type: none"> Reduce CO₂ emissions (production/research bases, offices) for fiscal 2020 compared to fiscal 2010 <ul style="list-style-type: none"> Japan: by at least 40% Global: by at least 35% Track supply chain CO₂ discharge Appropriately manage fluorocarbons 	<ul style="list-style-type: none"> CO₂ emissions <ul style="list-style-type: none"> Japan: 40% reduction (vs. fiscal 2010) Global: 32% reduction (vs. fiscal 2010) Scope 3 emissions in categories 1, 2, 3, 4, 5, 6, 7, and 12 were tracked, calculated, and disclosed in the CSR Activities Report Conduct simple regular inspections Amount of fluorocarbon recovered and destroyed: 417kg; amount of leakage: 118kg (350t-CO₂eq), and since both are small amounts, government reporting is not required
Reduction of waste, effective use of water resources	<ul style="list-style-type: none"> Reduce amount of waste generated and maintain zero emissions (final waste disposal rate of less than 0.5%) (Japan Group) Fulfill the responsibility of a waste discharging enterprise for handling waste correctly and ensuring proper treatment by contractors Water usage volume: Reduce by 15% or more by fiscal 2020 compared to fiscal 2010 both in Japan and overseas (production and research bases) 	<ul style="list-style-type: none"> Japan: Amount of waste generated by 53% reduction (vs. fiscal 2017) Final waste disposal rate for Japan: 0.59% Advanced manifest digitalization Thorough internal evaluation of waste processing contractors Amount of water used <ul style="list-style-type: none"> Japan: 45% reduction (vs. fiscal 2010) Global: 46% reduction (vs. fiscal 2010)
Chemical substance emissions reductions	<ul style="list-style-type: none"> Properly manage chemical substances and continually reduce their discharge into the environment Reduce the discharge of toluene by more than 30% by fiscal 2020 in comparison with fiscal 2010 	<ul style="list-style-type: none"> Chemical substance environmental emissions (air and public waters) in Japan <ul style="list-style-type: none"> PRTR-listed substances: 5.1% reduction (vs. fiscal 2017) VOC (excluding PRTR-listed substances: 4.2% reduction (vs. fiscal 2017) Emissions of toluene to the environment: Decrease of 32% (vs. fiscal 2010)
Preservation of biodiversity	<ul style="list-style-type: none"> Understand the relationship between business activities and biodiversity and promote biodiversity initiatives 	<ul style="list-style-type: none"> Advanced environmental conservation activities, such as planting at Ikoma Mountain (Osaka Prefecture) and natural woodland conservation in the Hachioji Takiyama Area (Tokyo Prefecture)