CSR Activities Report 2016

Mitsubishi Tanabe Pharma

Contents

CSR Activities Report 2016

Independent Verification Report

This website is intended to provide the Group's stakeholders, including patients, medical professionals, shareholders, investors, local communities, and employees, with information about the CSR activities implemented by the Group in fiscal 2015, from April 1, 2015 to March 31, 2016. Specific initiatives implemented in accordance with the Company's philosophy are presented in line with the ISO 26000 Core Subjects. Third-party verification of environmental performance data included in this report was performed by Bureau Veritas Japan Co., Ltd. to ensure objective and independent verification of the data.
Explanations of medical and pharmaceutical terms appearing in this report have been provided to foster a wider understanding of the report's content.

Seven Core Subjects

Organizational Governance | Human Rights | Labor Practices | Environment | Fair Operating Practices | Consumer Issues | Community Involvement and Development

VOICE Feedback from employees who are working with the seven core subjects.

Explanation of Terms

[Seven Core Subjects] Data

KAITEKI

MCHC's aspiration is as follows. By contributing to resolving environmental and social issues, we will build a sustainable society together with stakeholders toward the realization of *KAITEKI*.

THE KAITEKI COMPANY

Mitsubishi Tanabe Pharma Corporate Report 2016

Mitsubishi Tanabe Pharma prepares this report to provide information to its shareholders, investors, and other stakeholders about the Group's i nitiatives targeting sustained growth. This report, which was prepared with reference to the framework released by the International Integrated Reporting Council (IIRC)*, is positioned as the Group's integrated report. Its principal sections comprise reports on value creation over the short, medium, and long term. The business model for value creation is explained in the business overview section, initiatives to create value are covered in the business strategy section, and initiatives to support value creation are described in the ESG section.

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* Private-sector organization established in 2010 by private-sector companies, investors, accountants' organizations, and government institutions to develop an international corporate reporting framework.

About the CSR Activities Report 2016

Period covered
April 1, 2015, to March 31, 2016
(The report includes examples of activities from April 2016 and thereafter.)

Scope of reporting
Mitsubishi Tanabe Pharma and consolidated subsidiaries in Japan and overseas.
(The scope of reporting could differ in accordance with the examples being reported.)

Applied Guidelines
ISO26000;
Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, 3.1 version;
Environmental Reporting Guidelines, 2012 version, published by the Ministry of the Environment of Japan

Issuing period
September 2016 (Next report scheduled for issue in September 2017)

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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 communities.” 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 Corporation*, and based on this policy the Group will continue working to realize an optimal corporate governance system.

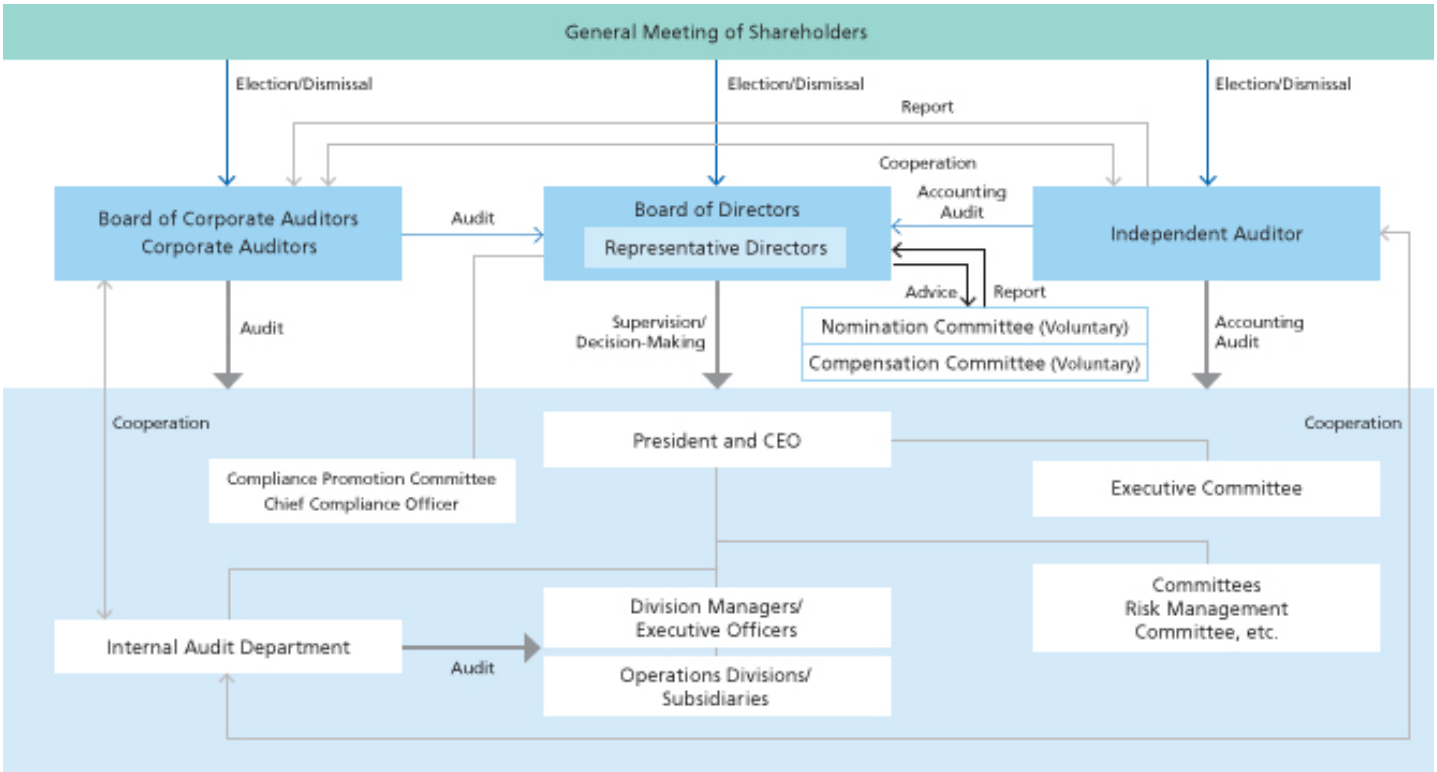
In addition, although the Company is a consolidated subsidiary of Mitsubishi Chemical Holdings Corporation, the Company will continue its listing status and maintain independence in its management.

* For the latest information related to corporate governance, including Mitsubishi Tanabe Pharma's Corporate Governance Policy, please click here.

Corporate Governance System

The Company has adopted the Company with Board of Company 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.

Corporate Governance System



Management System

To secure transparency and objectivity in management decision-making and supervision, the Board of Directors has eight members (8 men, 0 women), including two 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, 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.

Auditing System

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. 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. 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 lawyers, who are legal specialists, and people with experience in banks or securities companies are 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 3 full-time staff.

For internal auditing, the Company has established the Internal Audit Department, which is independent from the executive divisions and audits the internal control systems in operations divisions.

The Company has appointed Ernst & Young ShinNihon LLC as its independent auditor.

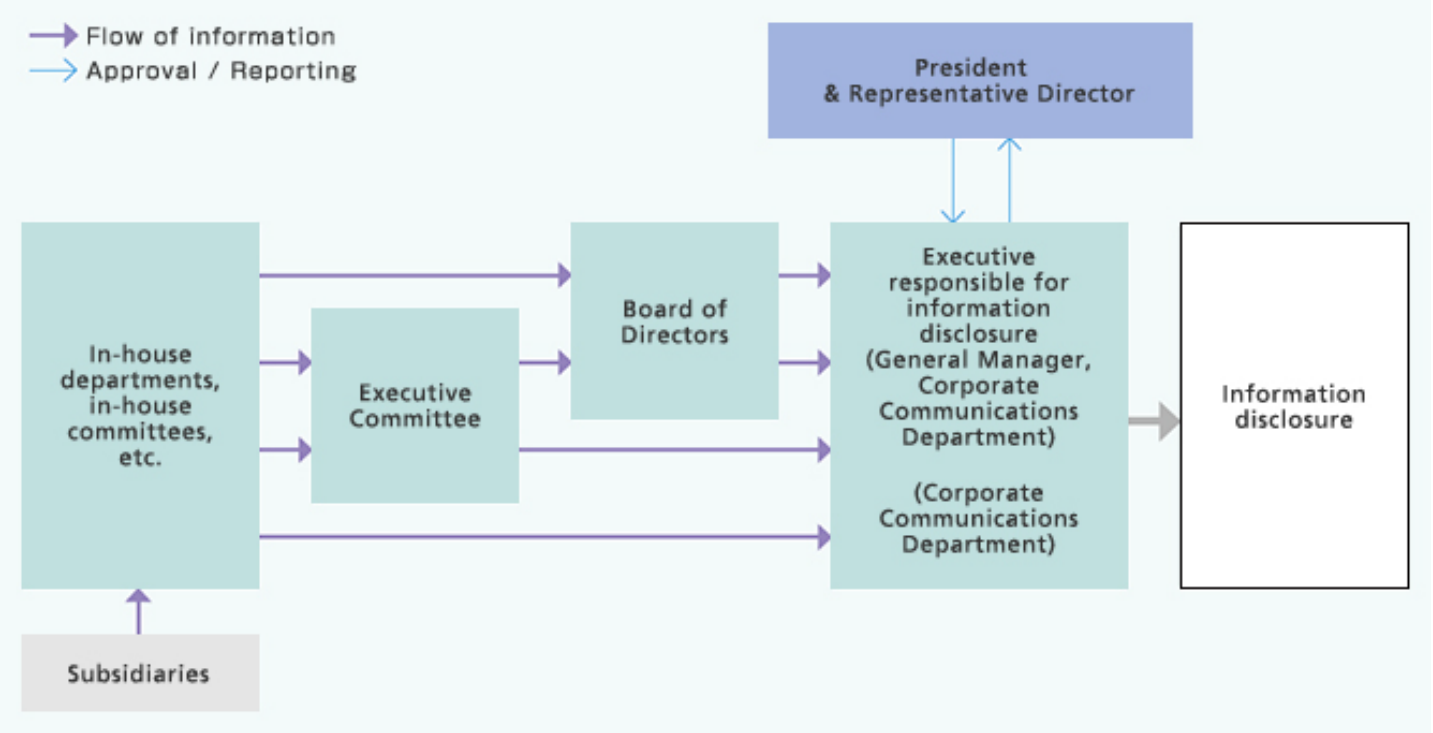
Establishment of voluntary committees

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 had independent outside officers (directors and corporate auditors) as a majority of the members since fiscal 2016.

Accountability 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 ensure that both the content and timing of our information disclosure is fair to all stakeholders. Moreover, as a member of society, we take feedback from all stakeholders seriously, strive to share information with stakeholders, and work to deepen mutual understanding.

Mitsubishi Tanabe Pharma In-House Information Disclosure System



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 videos for presentations (slides / audio) are distributed via the Company's website. The Company also holds briefings for individual investors. The Corporate Report provides shareholders and investors with information on corporate performance for each fiscal year.

Financial performance briefing

Corporate Report 2016

Risk Management

Managing Risks Associated with Business Activities

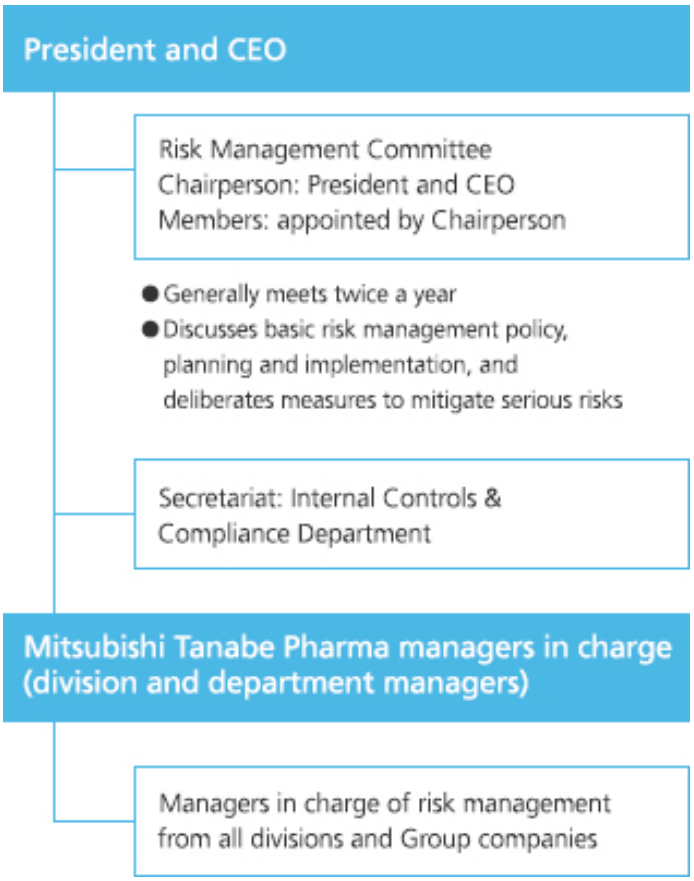
The Mitsubishi Tanabe Pharma Group has established risk management rules to ensure that risks associated with its business activities are managed properly. Based on these rules, each of the divisions at Group companies works to accurately identify the presence, type, and importance of the risks associated with its activities and to take the necessary steps to manage these risks.

The Group has also developed and established a Groupwide structure for supervising and implementing risk management. This structure operates principally under the Risk Management Committee, which is chaired by the President and CEO and generally meets twice a year to discuss and deliberate issues related to mitigating risks that affect the entire Group.

Mitsubishi Tanabe Pharma has built a clear structure for reporting serious risks which have a Group-wide impact on the management team. The divisions primarily and peripherally responsible for managing these risks take steps to address them.

General business divisions and departments as well as Group companies also work to raise awareness of risks that have been identified and to increase each person's sensitivity to risk.

Mitsubishi Tanabe Pharma Group
Risk Management Structure



Risk Control Adapted to Classification

Management strategy risks

Corporate Planning Department supervises risk management to be implemented in individual divisions
Examples: Risks associated with moving into new sectors, development strategies, etc.

SCs risks
(risks that require Groupwide management)

Divisions primarily and peripherally involved coordinate to develop and carry out measures to mitigate risks
Internal Controls & Compliance Department supervises progress
Examples: Risks related to the Pharmaceutical Affairs Law of Japan, information management, large-scale disasters, etc.

Other general risks
(other than those listed above)

Individual divisions implement measures to mitigate risks

Being Prepared for Large-scale Disasters

As a company that manufactures and sells pharmaceuticals, our mission is to do our utmost to continue to provide a stable supply of drugs. To that end, we have formulated the Regulations on Managing Business Continuity in a Large-scale Disaster. To address risks that include a possibility of developing into a large-scale disaster affecting the Group's operating environment, such as an earthquake, tsunami, typhoon, snowstorm, flooding, or pandemic, we are moving ahead with "advance preparations" and with "incident response measures" so that we can respond through a Companywide system based on cooperation among headquarters and bases.

In particular, in regard to the risks of an earthquake or tsunami, with consideration for potential damage from such incidents as a Nankai Trough earthquake, an earthquake directly under the Tokyo metropolitan area, or an Uemachi fault zone earthquake, we have established the Mitsubishi Tanabe Pharma Disaster Management Committee and Regional Disaster Management Committees (including overseas worksites). We are working at disaster damage prevention and reduction measures, including safety confirmation, damage status reporting, preparation of initial response manuals and other materials, strengthening infrastructure, preparing emergency supplies, providing support for victims, and implementing emergency training exercises. In these ways, we are reinforcing our ability to respond to disasters.

In addition, in the event of an incident, the Mitsubishi Tanabe Pharma Disaster Management Committee will steadily take action, with a focus on business continuity and rapid restoration, with the central role in the disaster countermeasures center. To that end, the Mitsubishi Tanabe Pharma Disaster Management Committee has formulated a business continuity plan in advance, made appropriate revisions, and taken steps to increase its effectiveness.

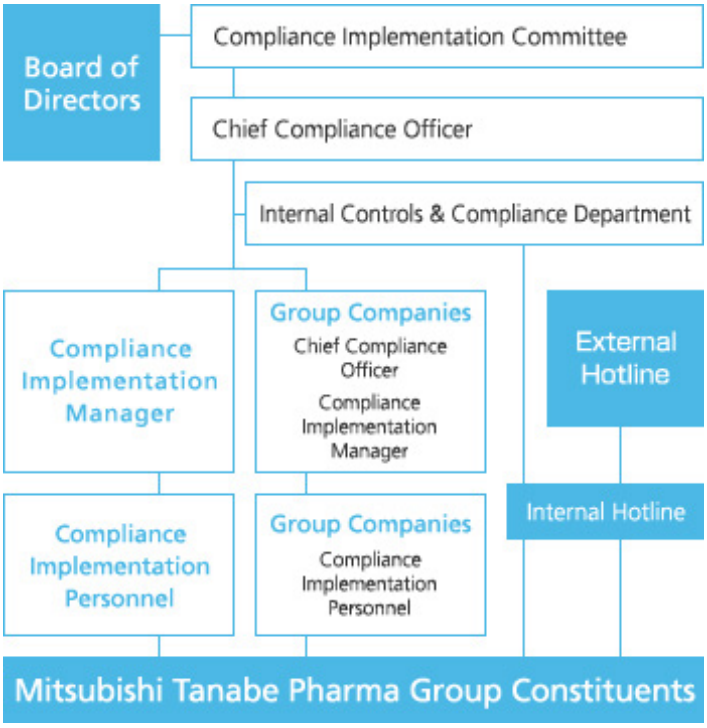
The activities of the Regional Disaster Management Committees are focused on initial responses that prioritize the safety of employees and others. To that end, we have built a system that can implement rapid responses based on the judgment of the leaders of these committees.

Compliance

Compliance Implementation Framework

The Mitsubishi Tanabe Pharma Group has in place a Groupwide compliance implementation framework overseen by its Compliance Implementation Committee, which is chaired by the Chief Compliance Officer. A total of 200 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.

Mitsubishi Tanabe Pharma Group
Compliance Implementation Framework



Compliance Code of Conduct

1. We conduct our business with high ethical standards and in a professional manner as a global healthcare company.
2. We respect our employees, encourage open and honest communication, and promote safe and healthy working conditions.
3. We comply with all legal requirements and regulations that apply to our businesses and corporate activities.
4. We actively work to protect the global environment and strive to realize the harmonious co-existence of the Company and society.
5. We strive to trade and transact business in a fair manner at all times.
6. We appropriately manage company information and data, and work to ensure that such information and data are disclosed in a timely and reasonable manner.
7. We appropriately manage and efficiently use company assets.

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:**
  Participatory training for officers and employees based on active dialogue and discussion, rather than lectures or other forms of one-way information provision
- **Divisional compliance training:**
  Focuses on specific topics relevant to respective divisions as a supplement for Groupwide compliance training sessions

List of Training Sessions Held in Fiscal 2015

	Type of training	Times held	Number of participants
Compliance training	Companywide sessions	191	6,543
	Divisional sessions	195	6,071
	Top management seminars	1	27
New management training		2	61
New employee training		1	94

Hotlines

The Mitsubishi Tanabe Pharma Group's internal and external hotlines allow employees and managers to obtain consultation and make reports about any violation of laws, ordinances, or social conventions. The purpose of these hotlines is to prevent or reduce risks that could lead to scandal by providing employees with an easily accessible channel for bringing up concerns or suspicions that they may have. The number of calls handled by these hotlines is posted on the Group's intranet at the end of each six-month period of the fiscal year. Reports on recent trends and issues warranting special mention are then included in training sessions.

Number of Hotline Consultations Handled in Fiscal 2015

Regulations	Labor management	Preliminary consultations	Other	Total
8	31	6	6	51

Compliance at Group Companies Outside Japan

The Group consults regularly with relevant departments concerning action programs to strengthen compliance and risk management systems at the subsidiaries outside Japan. The Group has bases in the North America, Europe, and Asia. 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.

Fiscal 2015: Implementation of Employee Attitude Survey

This survey is conducted with the objective of understanding employee satisfaction by asking Mitsubishi Tanabe Pharma Group employees questions regarding their thoughts about their work, the workplace environment, and other matters. In fiscal 2015, the response rate was 90.4%, with 6,224 responses.

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. Moving forward, we will work to continue to increase compliance awareness among employees through such means as Companywide compliance training.

Corporate Behavior Charter Day

Taking into account the gravity of the Medway Issue and the related quality control problem, and recognizing the need to prevent any further incidents of misconduct, the Mitsubishi Tanabe Pharma Group has introduced an annual Corporate Behavior Charter Day. This day offers employees the opportunity to review the Group's Charter and reflect on their individual conduct during compliance meetings at all Group workplaces in Japan. At these meetings, employees study the Compliance Guidebook and affix their signature to pledges in which they vow to conduct themselves in accordance with the Corporate Behavior Charter and Compliance Code of Conduct. In addition, outside speakers were invited and lectures were held on April 12, 2016, at the Head Office; on April 15 at the Onoda Plant.

Outside expert speaks to Mitsubishi Tanabe Pharma employees at the Head Office

Initiatives for Employees

Basic Stance on Human Rights

The Mitsubishi Tanabe Pharma Group recognizes the protection of human rights as part of its corporate social responsibility. In order to address the various human rights issues that can arise in a corporate environment, the Group has established Regulations for Promoting Awareness of Human Rights. The purpose of these regulations is to direct efforts to raise human rights awareness in order to raise executive and employee awareness of these issues and develop a corporate culture that is firmly committed to protecting human rights.

Under the Mitsubishi Tanabe Pharma Group Compliance Code of Conduct, the Group pledges to "respect our employees, encourage open and honest communication, and promote safe and healthy working conditions." The Group views a positive environment in which each individual's character and human rights are respected and all employees are able to openly discuss any subject to be the very foundation of sound corporate management.

Initiatives to Raise Human Rights Awareness

The Mitsubishi Tanabe Pharma Group respects the ten principles of the United Nations Global Compact, which address human rights, labor, the environment, and anticorruption, and upholds these principles in its business activities as a responsible corporate citizen in line with its Corporate Behavior Charter. The Company's Human Rights Awareness Promotion Committee, chaired by the President, plays a key role in both training for all of the officers and employees and other Groupwide human rights training programs, which include collaborating with outside experts and employee participation in outside lectures. In anticipation of Human Rights Week in December each year, the committee sponsors a contest in which employees are encouraged to consider human rights issues and demonstrate their general awareness by composing human rights slogans. In fiscal 2015, a total of 353 entries were submitted by employees throughout the Group.

Mitsubishi Tanabe Pharma Group Human Rights Awareness Promotion Structure

Article 4 of the Regulations for Promoting Awareness of Human Rights

The Human Rights Awareness Promotion Committee has been established as a deliberative committee for overall policy standards and promotion.

Addressing Harassment

Under its Compliance Code of Conduct, the Mitsubishi Tanabe Pharma Group states clearly that the Group "does not tolerate discrimination, harassment or any behavior that violates basic human rights or inhibits the capabilities of any individual." As part of the Group's commitment to raising awareness and eliminating harassment in the workplace, this issue is addressed in Groupwide compliance training, training for new managers, and in training for new employees.

The Company has established operates, and manages multiple harassment counseling services, such as internal and external hotlines, an external hotline to address difficulties and interpersonal relationships in the workplace, and a labor union MTU counseling service. The Mitsubishi Tanabe Pharma Group believes that eliminating harassment is a key component of creating a comfortable work environment, which will in turn help boost the vitality and performance of the Group.

Human Rights Issues in the Value Chain

Ethical Considerations in Research

In new drug research, at the basic research stage prior to clinical trials, animal experiments are necessary to confirm the drug's efficacy and safety as pharmaceuticals.

To scientifically plan and implement appropriate animal testing that reflects consideration for the welfare of animals, Mitsubishi Tanabe Pharma follows the 4Rs, a program that adds the additional R of "responsibility" on the part of Company researchers to the conventional 3R international standards ("replacement" with alternative testing methods, "reduction" of the number of animals used, and "refinement" of testing, centered on the relief of pain and distress). The Institutional Animal Care and Use Committee deliberates the validity of the animal experiment protocol based on international standards for animal experiments. In addition, Mitsubishi Tanabe Pharma carries out internal inspections and self-assessments to confirm that all animal experiments comply with its own management controls and in accordance with laws, regulations, and guiding principles. The Company's animal experimentation is also certified by the Center for Accreditation of Laboratory Animal Care and Use of the non-profit Japan Health Sciences Foundation.

Ethics Review Committee Approach

Discovery research using human tissue and cells provided by patients is increasingly important in the discovery of more-effective, safe drugs. In implementing this research, it is essential to pay careful attention to ethical issues, such as the acquisition of appropriate informed consent and the maintenance of the privacy of donors.

Mitsubishi Tanabe Pharma has established a Human ES Cell Research Ethics Review Committee, a Human Genome and Gene Analysis Research Ethics Review Committee, and a Human Tissue Research Ethics Review Committee. These committees carefully consider the ethics and scientific validity of research protocols in these respective areas. To promote objectivity and impartiality, each ethics review committee includes outside members to ensure that reviews are well-balanced and respect is given to the range of differing opinion. To ensure full transparency, the Company posts the rules governing the ethics review committees and summaries of its proceedings on the Ministry of Health, Labour and Welfare's research ethics committee reporting system.

Human Rights and Bioethical Considerations in Clinical Testing

All Mitsubishi Tanabe Pharma clinical trials are subject to strict standards. The Company follows the guidelines set by the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use/Good Clinical Practices (ICH-GCP), based on the Declaration of Helsinki (June 1947). It also upholds the laws and regulations of the country in which the studies are conducted, as well as its own standards and clinical trial protocol. All volunteer participants in the trials give their informed consent to do so. The Company's highest priority is to ensure the safety of its subject, protect their human rights, and safeguard their personal welfare.

Mitsubishi Tanabe Pharma's Clinical Trial Protocol Review Committee includes members from outside the Company and medical experts who are well-versed in clinical trial ethics. Before a trial is allowed to begin, the committee investigates the proposed study to confirm its ethical and scientific validity. Once trials are under way, the Company's clinical trial management system is employed to verify that studies are being properly administered. Inspections are also conducted as needed, to ensure that the trial data is reliable.

Ethical Considerations in Procurement

In accordance with the Mitsubishi Chemical Holdings Group Charter of Corporate Behavior, we are working to contribute to the realization of *KAITEKI*. In accordance with this concept, we have established Purchasing Principles that also apply to procurement in the area of production, and we strive to conduct objective, fair, and transparent transactions with suppliers. On that basis, we are advancing activities with an emphasis on strict observance of laws and regulations, consideration for the environment, and respect for human rights.

In addition, to secure quality and realize stable procurement, we look for suppliers on a global, open basis. To be objective, fair, and transparent, we evaluate and select suppliers in an impartial manner based on our supplier selection standards. On the other hand, because we cannot realize *KAITEKI* simply through our own efforts, we also ask for understanding and cooperation from our suppliers as we pursue the realization of *KAITEKI*.

Human Rights Considerations in Production

The Mitsubishi Tanabe Pharma Group acts with consideration for local communities in the manufacture of its products. Group initiatives include energy conservation and recycling, as well as maintaining ISO 14001 certification, an international standard for environmental management, at major production sites.

Each Mitsubishi Tanabe Pharma plant carries out greening activities and local environmental cleanup campaigns, planting trees on factory grounds and collecting litter in the surrounding neighborhoods. The Yoshitomi Plant is involved in activities to promote interaction with local communities, including hosting summer festivals in which local residents are invited to participate.

Mitsubishi Tanabe Pharma fully complies with all environmental laws and regulations associated with its business activities, including Japan's Water Pollution Control Act, Soil Contamination Countermeasures Act, and Noise Regulation Law. In addition, the Company is also in compliance with all special local laws and regulations, such as the Act on Special Measures concerning Conservation of the Environment of the Seto Inland Sea, which are relevant to operations at the Onoda and Yoshitomi plants.

When investing in new facilities that involve the construction of buildings or other structures, as a general rule the Company holds briefings for neighborhood residents before the project commences in an effort to help the local community better understand how they will be impacted.

Human Rights Considerations in Marketing

As a pharmaceutical manufacturer, the Mitsubishi Tanabe Pharma aspiration is to realize the concept that "Everything we do is for the patients." To achieve this, the Company takes as its mission the provision of accurate information on its valuable pharmaceutical products to physicians, pharmacists, nurses, and other medical professionals in order to improve the welfare and medical care of the public and help people live healthy, quality lives.

Mitsubishi Tanabe Pharma medical representatives (MR) conduct themselves with the high ethical standards and common sense befitting employees of a global healthcare company, placing the highest priority on fairness and integrity in all of their activities. An MR's goal is to carry out promotional activities in a manner that respects the human rights of all patients.

Protecting Customer Privacy

Mitsubishi Tanabe Pharma is committed to protecting its customers' personal information. In keeping with its strong sense of responsibility regarding this subject, the Company has released its Policy on Protecting Personal Information to the public. Toward this end, the Company uses only fair and reasonable methods to collect customers' personal information and utilizes this information only to the extent necessary to achieve the permitted purpose. In addition to this fundamental approach, it has taken the following initiatives with regard to the handling of personal information.

(1) Established defined regulations regarding the protection of personal information

(2) Issued the Personal Information Leak Prevention Manual

(3) Instituted a structure for the protection of personal information, headed by a chief privacy officer (CPO) and staffed by privacy protection division managers and privacy protection personnel

(4) Educated and trained employees; Supervised and audited subcontractors

(5) Implemented robust data encryption and security measures on company computers

Human Resources Development

Basic Human Resources Policy

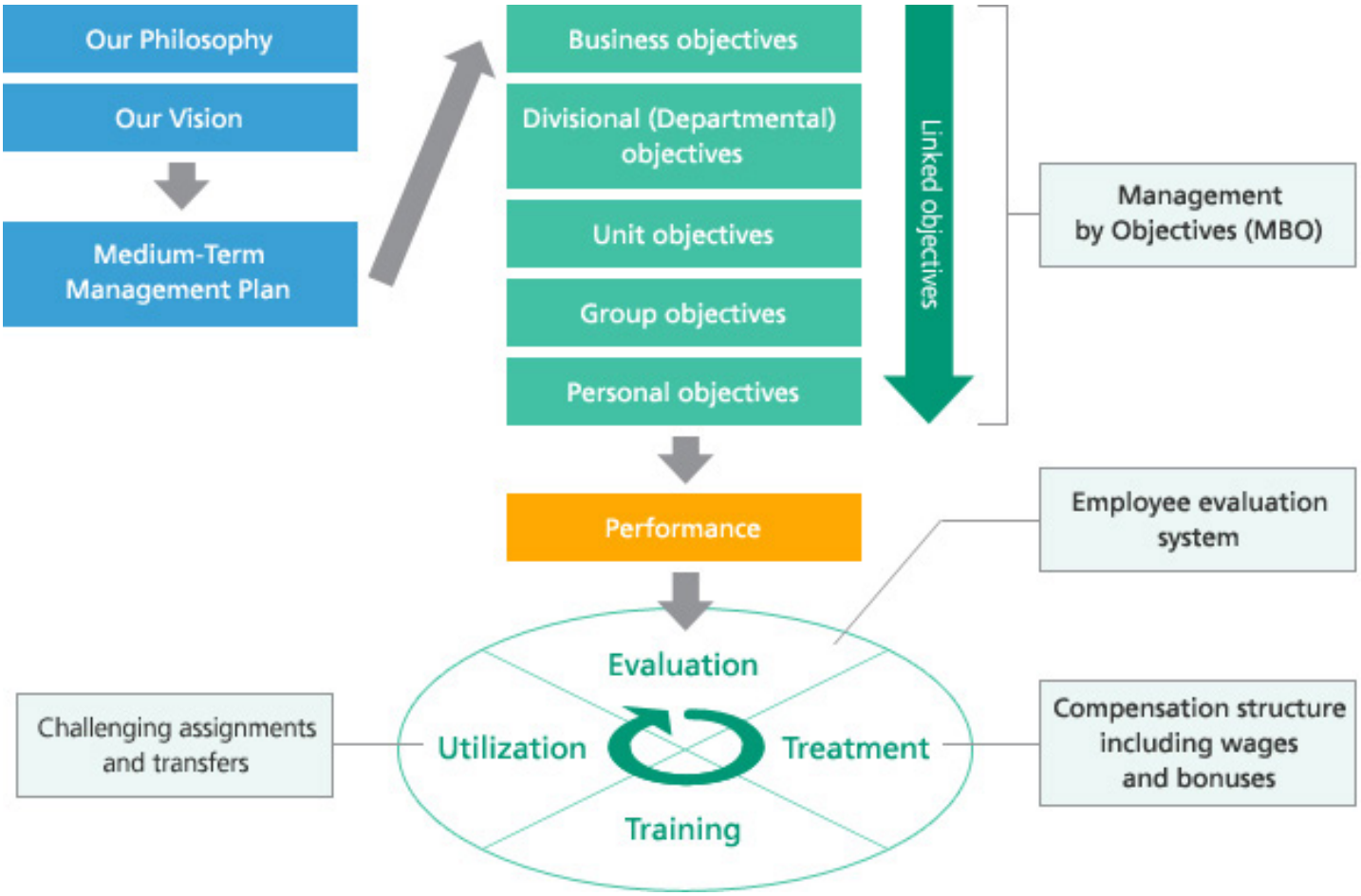
Mitsubishi Tanabe Pharma is working to further enhance its competitiveness by focusing on its people as a management resource and giving individual employees the opportunity to demonstrate their full potential. To further enhance its competitiveness and achieve sustained growth, the Company operates the Comprehensive Management System for Human Resources. In addition, we endeavor to develop human resources who act in accordance with the standards of Pride and Sense of Mission, Challenge and Innovation, Trust and Teamwork, and Harmonious Coexistence with Society. Under the Medium-Term Management Plan 16-20, aiming to implement reforms to become a “pharmaceutical company that works with a sense of speed and is the first to deliver differentiated value,” we are working to “realize a corporate culture with a sense of speed and profit structure.”

Specific initiatives include the Global Staff Training Program, which was started in fiscal 2011, foreign culture training, which was started in fiscal 2014, and English communication skill training, which was started in fiscal 2015. By combining overseas assignments with on-the-job training, we are strengthening requirements for employees who will be active in global markets.

Comprehensive Management System for Human Resources

Basic Approach

This system is a tool for the achievement of management objectives, and the Company thinks it is important to link the system to objective management, evaluation, treatment, training, and utilization.



Number of Employees

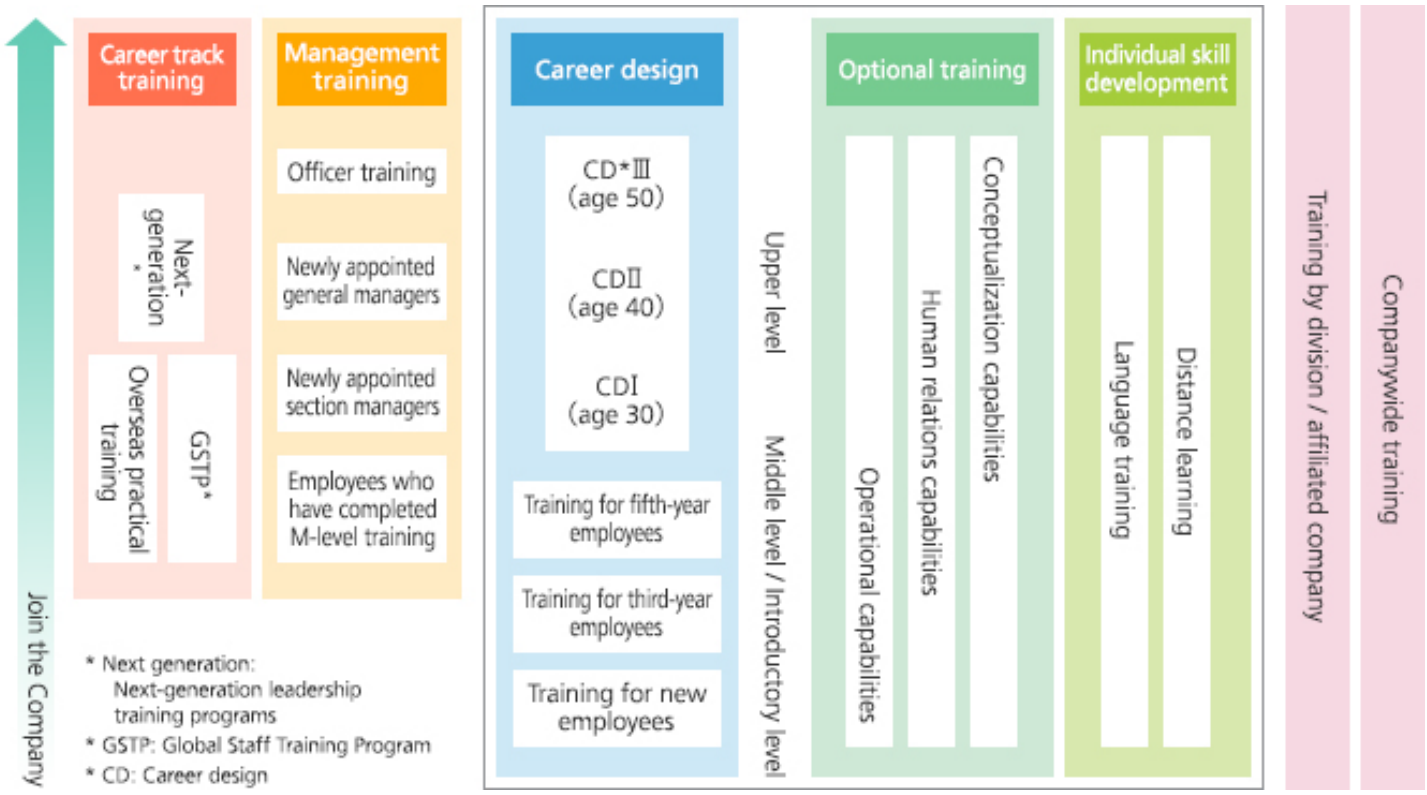
	March 31,2012	March 31,2013	March 31,2014	March 31,2015	March 31,2016
Consolidated	9,187	8,835	9,065	8,457	8,125
Unconsolidated	4,826	4,850	4,867	4,844	4,780
Men	3,869	3,870	3,856	3,802	3,730
Women	957	980	1,011	1,042	1,050

Enhancing Personnel Training

To strengthen our corporate vitality and competitiveness, we must work to enhance the capabilities of our human resources, who are the source of that vitality and competitiveness. Aiming to develop people with key attributes, we support the development and demonstration of the capabilities of employees through the smooth coordination of four frameworks: employing diverse human resources, on-the-job and off-the-job training through management by objectives, transfers and rotations, and fair evaluations. We enhance individual capabilities of employees through in-house training programs as well as daily on-the-job training. In addition to these initiatives, through the assignment of the right person to the right place, employees can fully utilize their capabilities.

The Company is also working to provide support for autonomous employee career management and individual skill development and to develop next-generation leaders and global human resources who will be future managers.

Training Program Structure



Promoting Diversity

Actively Utilizing Diverse Human Resources

The Group has positioned its approach to diversity and inclusion as one of its management strategies and is working to establish a work environment that provides opportunities for active careers for diverse human resources, including women, senior citizens, non- Japanese employees, and people with disabilities.

The enhancement of career opportunities for women plays a central role in these initiatives. Through discussions and analysis of the status quo under a Companywide project, we identified key issues for the Company—delays in career development accompanying life events and the further promotion of corporate culture formation. We have announced the following two points for our action plan in regard to the Act on Promotion of Women's Participation and Advancement in the Workplace, which came into effect in April 2016.

(1) Double the ratio of female line managers within five years, from the current level (March 2015: 5.6%)
(2) Introduce one or more measures to increase choices in working styles.

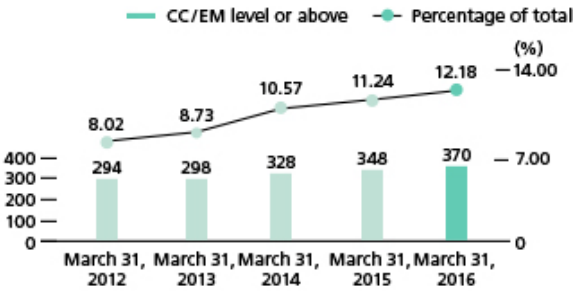
On May 30, 2016, we received the highest ranking from the Minister of Health, Labour and Welfare under the "Eruboshi*" company certification system, which is based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

Moreover, in regard to the employment of non-Japanese staff, we will step up human resources exchanges with overseas affiliated companies, including opportunities for non-Japanese employees to work in Japan, and will strive to develop human resources who can work actively in the global market, without regard to nationality.

* "Eruboshi" company certification system

This certification system was launched on April 1, 2016. Companies can apply to prefectural labor departments based on their action plans related to the promotion of active careers for women, and the Minister of Health, Labour and Welfare recognizes those with superior initiatives.

Percentage of Female Employees with Qualifications at the CC / EM Level or Above

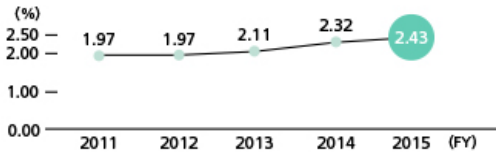


* CC / EM (Expert) level: Employees who serve in specialist and leadership roles, considered equivalent to subsection managers

Supporting People with Disabilities in the Workplace

The Company is actively working to employ people with disabilities. As of the end of March 2016, we employed people with disabilities at a rate of 2.43%, higher than the legally required rate of 2.0%. Moving forward, we will take steps to expand the range of duties of these positions from the many types of work that are available throughout the Group, and will strive to maintain an environment that is easy to work in.

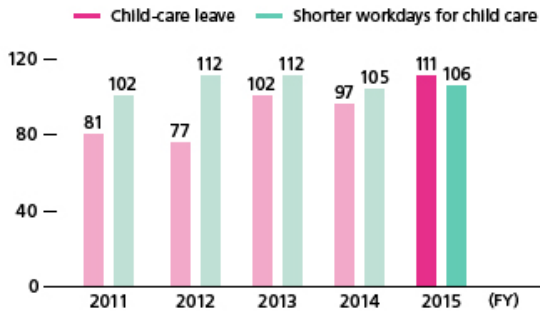
Employment Rate of People with Disabilities



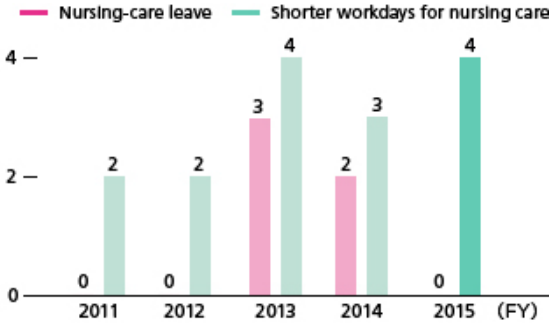
Work-Life Balance Considerations

With the objectives of fostering employees' awareness of work-life balance and promoting their mental and physical health, we are implementing time-making (TM) activities on a Companywide basis. We are working to promote reductions in long work hours and increases in the usage of paid vacation days. In addition, we are taking steps to enhance work-life support systems, such as establishing child-care and nursing-care leave periods that are substantially above the legal requirements. In these ways, we are striving to ensure that diverse human resources can have active careers while balancing work and a variety of life events, such as child-rearing and nursing care. As a result of these initiatives, we earned "Kurumin" accreditation as a "general business owner conforming to standards" for five consecutive terms since 2007. This accreditation mark is based on the Next Generation Nurturing Support Measures Promotion Law.

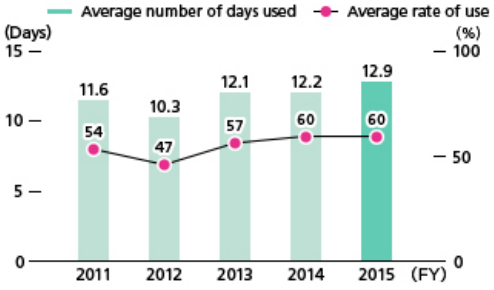
Utilization of Leave and Shorter Workdays for Child Care



Utilization of Leave and Shorter Workdays for Nursing Care



Usage of Paid Vacation Days



Building Sound Labor-Management Relations

The labor agreement that Mitsubishi Tanabe Pharma has entered with the Mitsubishi Tanabe Pharma Labor Union guarantees the working conditions and rights of union members. Group management and the union regularly hold labor-management meetings where the Company communicates its management policy and the two parties exchange information on workplace conditions, seeking to more fully understand each other. Members of the Management Council and various labor-management committees also contribute their views on separate issues, such as reevaluation of various working conditions and human resource systems, in order to realize an environment in which it is easier to work.

Occupational Health and Safety

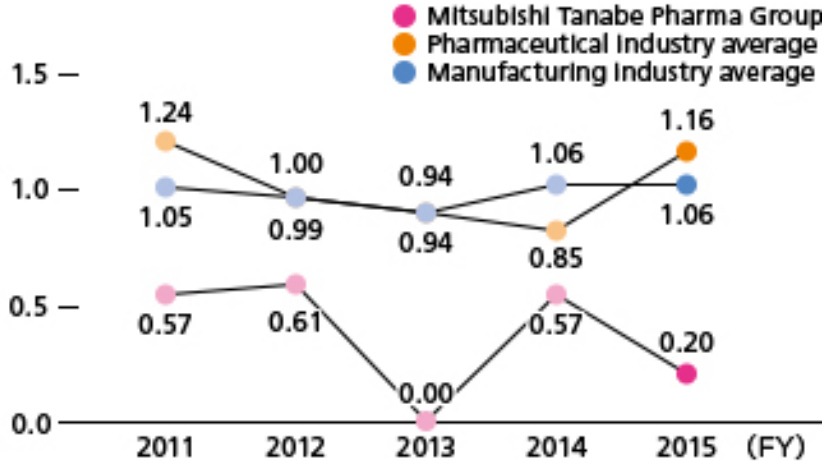
Occupational Health and Safety Initiatives

In accordance with the Mitsubishi Tanabe Pharma Environmental Safety Philosophy, the Group's approach is to give priority to consideration for the safety of everyone working and to prevent occupational accidents. On that basis, the entire Group, centered on production departments and research departments, works to improve facilities and to operate occupational health and safety management systems.

In particular, raising the safety awareness of employees is essential for the prevention of accidents, and accordingly our safety training initiatives include hazard prediction training, human error countermeasure seminars, and experience-based training as well as training for front-line managers, centered on plants. In these ways, we are working to strengthen our front-line capabilities (front line capabilities: autonomous solutions capabilities). In fiscal 2015, at domestic worksites there was one accident requiring absence from work and the rate of accidents causing absence from work was 0.20.

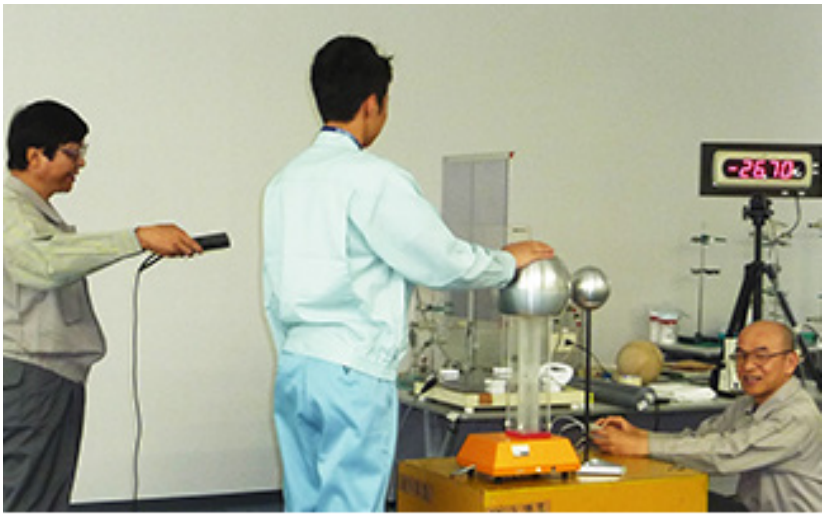
To eliminate workplace accidents, we will continue to implement highly effective training and activities to reduce risks related to facilities and operations. We will work to realize *KAITEKI*, which is being advanced by the entire Mitsubishi Chemical Holdings Group.

Rate of Accidents Causing Absence from Work*



Calculation period:
For the Group, April to March the next year
For pharmaceutical production industry averages and manufacturing industry averages, January to December

* Number of casualties due to accidents that require time off of work to one million actual work hours



Experience-based training:
We are working to prevent the occurrence of accidents by using experiments and other training to enable employees to experience how terrible fires and explosions are.

Chemical Substance Safety Management

To prevent accidents and disasters related to chemical substances, we have formulated a rule that when there is a change to the handling of chemical substances, a safety assessment (SA) is conducted in advance. We assess potential risks in advance, and we devise the requisite preventative measures.

In addition, the implementation of chemical substance risk assessments became mandatory in June 2016. For these assessments, in accordance with chemical substance handling guidelines, we are advancing appropriate risk assessment from the perspectives of both “dangerous/hazardous" and "exposure of people / the environment.”

We will continue working to observe laws and regulations and to implement appropriate chemical substance management through training and education at each worksite.

Employee Health Management

Formulating the MTPC Group Health Policy

The Group considers health management to be an important issue for corporate management. In April 2016, to effectively and appropriately advance activities related to employee health, we formulated the MTPC Group Health Policy in accordance with our corporate philosophy, vision, and Corporate Behavior Charter. We are striving to promote awareness of work–life balance, improve mental and physical health, and implement varied working styles. To that end, in addition to health promotion, we are also striving to promote varied working styles, such as the use of paid vacation days to support switching between work and personal life.

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.

Health examinations and health maintenance activities

The Company and the health insurance society are working together to formulate and advance a variety of health management measures to promote health maintenance among employees so that they can appropriately implement self-care. For example, in addition to implementing periodic health examinations, we recommend disease prevention medical examinations and thorough physical checkups. We also implement follow-up management based on the results of periodic health examinations, specific health examinations (metabolic syndrome medical examinations), and disease prevention medical examinations (cancer prevention medical examinations, etc.). Furthermore, we are implementing walking campaigns, no-smoking campaigns, and health events at worksites so that employees can proactively strive to promote their health.

Preventing Long Work Hours

With the objective of preventing damage to the health of workers putting in long hours, we manage work hours, and we are striving to prevent the occurrence of mental or physical problems. For example, we have a worker self-examination system for accumulated fatigue for employees whose overtime working hours exceed a certain amount.

In addition, through time-making activities, we are aiming to reduce the percentage of employees putting in long hours and to increase the rate of usage of paid vacation days.

Mental Health Management

Employee mental health is an important issue for the happiness of employees and their families and for the creation of lively and healthy work environments in which employees can create unique value. Accordingly, the Group is actively working in employee mental health management. Stress diagnosis initiatives have been legally required from December 2015. We have conducted these diagnoses from fiscal 2010. Our initiatives include employee self-diagnoses, evaluations of organizational units, and response measures for people with high stress.

In addition, to promote mental health among all employees, in 2014 we announced the Mental Health Declaration, and as a result each worksite has formulated a Mental Health Plan. Accordingly, each worksite is implementing activities that address each mental health issue (0 to 3) and four types of care (self, line, worksite occupational health staff, and off-site resources).

Surveying Employee Attitudes

Since fiscal 2011, the Mitsubishi Tanabe Pharma Group has implemented employee attitude surveys to provide a comprehensive understanding of employee attitudes toward their jobs and of the Company’s workplace environments in order to improve management initiatives. In fiscal 2015, many items recorded year-on-year gains, and there is an overall improvement trend in the corporate culture. On the other hand, a number of issues have been clarified. In consideration of these issues, we will strive to establish a work environment that facilitates dynamic managers, career formation measures for professionals, enhanced career opportunities for diverse human resources, reformed awareness about health, and energetic work.

Environmental Management

Environmentally Friendly Corporate Activities

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. In addition, we work proactively to ensure that our operations are environmentally friendly. Furthermore, the Group discloses information related to the environment and promotes dialog with the public in its initiatives aimed at contributing to the environment and society.

In addition, as a member of the MCHC Group, we are striving to realize *KAITEKI* (comfort) for the world by aiming to increase sustainability and contributing to reductions in environmental burdens, such as greenhouse gas emissions.

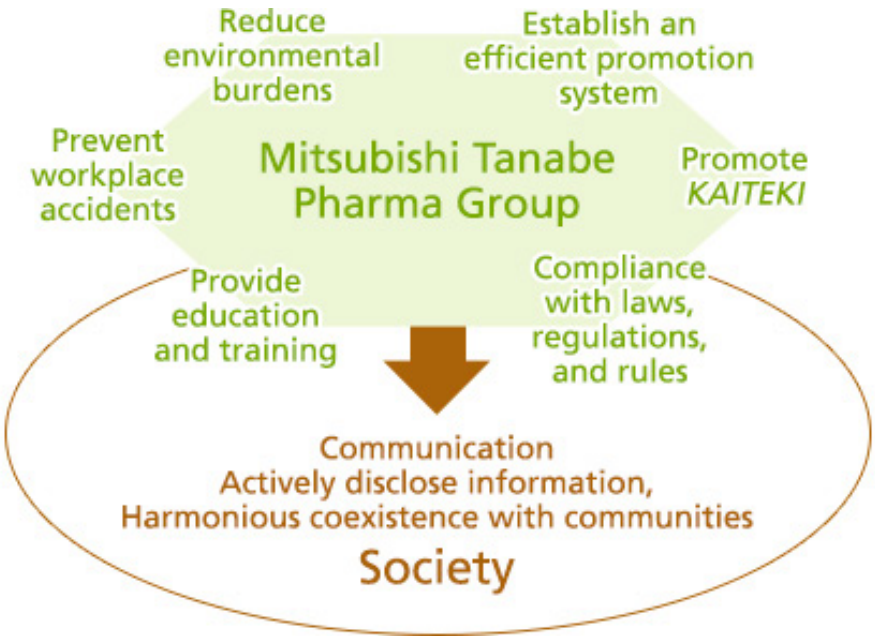
Mitsubishi Tanabe Pharma Environmental Safety Philosophy

As it strives to be a trusted global pharmaceutical company, Mitsubishi Tanabe Pharma is committed to environmental preservation and human safety.

Basic Policy on Environmental Safety

1. Evaluate the environmental impact of corporate activities in Japan and overseas, and continuously strive to reduce environmental impact.
2. Give precedence to safety considerations for all employees and prevent occupational accidents.
3. Establish clear objectives regarding environmental safety activities, and uphold and improve effective systems to achieve such objectives.
4. Comply with laws and regulations relating to environmental safety, and act in compliance with internally or externally established management standards that are more stringent than those stipulated in laws and regulations.
5. Conduct systematic education and training to raise the environmental safety awareness of every employee.
6. Be active in disclosing information relating to environmental safety and engage in more public dialogue about the environment.
7. Participate in local community-based environmental or disaster preparedness programs and actively cooperate with the organizers of such programs, while devising preventative measures for accidents, disasters, and other possible incidents, so as to minimize their impact.
8. Have affiliated companies take action in line with the present Basic Policy and support their actions.

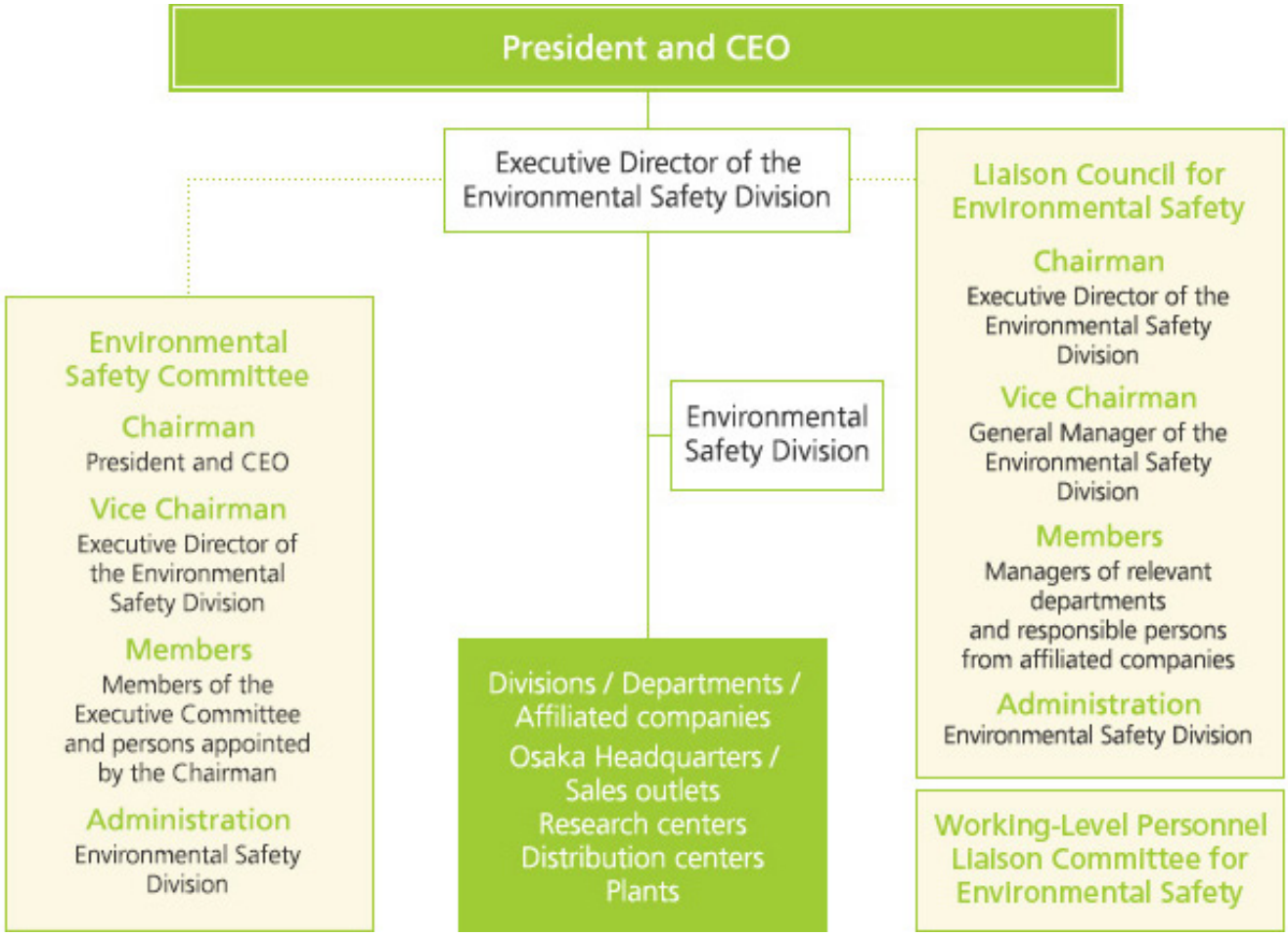
The Mitsubishi Tanabe Pharma Group is committed to implementing and continuously improving measures for the environment, safety, and health across the entire lifecycle, from product R&D through manufacture, distribution, and use, to disposal. Moving forward, the Group will also practice active information disclosure in an effort to be a company that is trusted by communities.



Environmental Management Structure

Mitsubishi Tanabe Pharma has instituted an environmental and occupational safety management promotion system, overseen by the President and CEO. Under this system, we have established the Environmental Safety Committee and the Liaison Council for Environmental Safety. The Environmental Safety Committee is a consulting body, with members comprising representatives from the Executive Committee. The Liaison Council for Environmental Safety plans and carries out activities in response to issues relating to the environmental safety of the Mitsubishi Tanabe Pharma Group. In this way, we are promoting the management of environmental issues both inside and outside Japan. In addition, the Company has established the Environmental Safety Division as a specialized unit with overall responsibility for environmental and safety management. Through close ties with the frontlines, the division supports strengthened frontline capabilities and the development of a safety culture. In this way, the Company is working to prevent the occurrence or recurrence of accidents or problems related to the environment and safety.

Mitsubishi Tanabe Pharma's Environmental Safety Management Promotion Structure



ISO 14001 Certifications

The Mitsubishi Tanabe Pharma Group's principal production sites have acquired either ISO 14001 certification or other certifications established by relevant local municipalities. The Group has established and operates an environmental management system and works to continually improve that system. Furthermore, in research facilities and offices we are working to implement appropriate environmental management in accordance with the location and the nature of the environmental burden associated with business activities. In this way, these facilities and offices are implementing activities that reflect consideration for the environment.

Scope of environmental information and third-party verification of disclosed data

In CSR activity reporting, the Group tracks and discloses environmental information regarding the manufacturing and research facilities of Mitsubishi Tanabe Pharma and its domestic and overseas consolidated subsidiaries.

Input and Output in R&D and Production in Japan, which provide an overall view of environmental burden, have been verified by a third-party institution. In addition, a third-party institution has reviewed the environmental performance of overseas manufacturing and research bases.

Environmental Performance Data
Independent Verification Report

To: Mitsubishi Tanabe Pharma Corporation

August 17, 2016

Bureau Veritas Japan Co., Ltd.
System Certification Service Sports Unit

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Mitsubishi Tanabe Pharma Corporation (Mitsubishi Tanabe Pharma) to conduct an independent verification and review of its environmental performance data selected by Mitsubishi Tanabe Pharma for inclusion in the Mitsubishi Tanabe Pharma CSR Activities Report 2016 (the Report) issued under the responsibility of Mitsubishi Tanabe Pharma.
The aim of the verification is to evaluate and to provide an opinion, in the form of an independent statement, on the reliability and accuracy of selected environmental performance data within the Report based on objective evidence and to a limited level of assurance. The aim of the review work is to evaluate the quality of certain other environmental performance data within the Report in the interests of reporting improvement.

1. Outline of verification and review

Bureau Veritas conducted the following verification and review of environmental performance data for FY2015 (April 1, 2015 through March 31, 2016) based on agreement with Mitsubishi Tanabe Pharma.

1) Verification of environmental performance data of sites within Japan

Scope of Verification	Sites Visited	Verification Methodology
Environmental performance data selected by Mitsubishi Tanabe Pharma, which are related to Energy, Water, Chemical Substances, Atmospheric Emissions, Wastewater and Waste. Note: The boundaries for reporting of each data are defined by Mitsubishi Tanabe Pharma.	- Mitsubishi Tanabe Pharma Headquarters - Mitsubishi Tanabe Pharma Tokyo Head Office - Mitsubishi Tanabe Pharma Yokohama Branch - Mitsubishi Tanabe Pharma Factory Ltd. Onoda Factory - Tanabe Seiyaku Yoshiki Factory Co., Ltd.	- Review of documentary evidence produced by Mitsubishi Tanabe Pharma Headquarters and the sites visited by Bureau Veritas - Interviews with relevant personnel of Mitsubishi Tanabe Pharma Headquarters and the sites visited by Bureau Veritas - Site inspection and assessment of data monitoring process - Comparison between the reported data and the supporting documentary evidence

The verification was conducted using Bureau Veritas' standard procedures and guidelines for external verification of non-financial reporting, based on current best practice. Bureau Veritas refers to the International Standard on Assurance Engagements (ISAE) 3000 in providing a limited assurance for the scope of work stated herein.

2) Review of environmental performance data of sites outside Japan

Scope of Review	Sites Visited	Review Methodology
Environmental performance data selected by Mitsubishi Tanabe Pharma, which are related to Energy, Water, Atmospheric Emissions and Waste. Note: The boundaries for reporting of each data are defined by Mitsubishi Tanabe Pharma.	- Mitsubishi Tanabe Pharma Headquarters	- Review of documentary evidence produced by Mitsubishi Tanabe Pharma Headquarters and the sites visited by Bureau Veritas - Interviews with relevant personnel of Mitsubishi Tanabe Pharma Headquarters - Comparison between the reported data and the supporting documentary evidence

The review was conducted using Bureau Veritas' standard procedures for external review of sustainability reporting.

2. Findings

On the basis of our methodology and the activities described above:

- Nothing has come to our attention to indicate that the reviewed information within the scope of our verification and review is inaccurate and does not provide a fair representation of the performance for the defined period.
- It is our opinion that Mitsubishi Tanabe Pharma has established appropriate systems for the collection, aggregation and analysis of quantitative data within the scope of our verification and review.

Bureau Veritas has implemented a code of ethics across its business which is intended to ensure that all our staff maintain high standards in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest. Bureau Veritas activities for Mitsubishi Tanabe Pharma are for sustainability reporting verification only and we believe our verification assignment did not raise any conflicts of interest.

Companies Subject to Environmental Information Disclosure

In Japan: Mitsubishi Tanabe Pharma Corporation, Mitsubishi Tanabe Pharma Factory Ltd., Bipha Corporation, Tanabe Seiyaku Yoshiki Factory Co., Ltd., Tanabe R&D Service Co., Ltd.

Outside Japan: Taiwan Tanabe Seiyaku Co., Ltd., Tianjin Tanabe Seiyaku Co., Ltd., Mitsubishi Tanabe Pharma Korea Co., Ltd.,P.T. Tanabe Indonesia,Tanabe Research Laboratories U.S.A., Inc., Medicago Inc. (Canada)

Environmental Compliance

The Mitsubishi Tanabe Pharma Group is committed to proactively protecting the global environment and coexisting in harmony with society as one of its compliance activities.

At domestic plants and laboratories, we work to achieve strict observance of environment-related laws, regulations, and agreements. We have formulated more-rigorous independent management reference values for water pollution and air pollution, and we conduct our business activities in accordance with those reference values. Each year we conduct regular environmental audits at worksites, including overseas manufacturing bases, to confirm that environmental conservation activities and environmental management are being conducted in a legal, appropriate manner.

Environmental Audits

The Group periodically conducts environmental audits at its manufacturing and research facilities in Japan and overseas to confirm that environmental activities are being conducted in a legal, appropriate manner. Through audits, opinions are exchanged between the front lines and the environment-related departments. Both sides understand and share the status of activities and potential risks. We are working to increase the awareness of the front line staff by emphasizing the importance of “noticing things on the front lines.” We are taking steps to extend these activities to other worksites and to increase the effectiveness of audit activities by appropriately reevaluating the content of audit check sheets. In these ways, we are striving to reduce environmental risk and to advance environmental compliance for the Group as a whole.

Environmental audit at Tanabe Indonesia (September 2015).

In fiscal 2015, environmental audits were conducted at 7 worksites of domestic Group companies. No items were indicated as entailing major environmental risk. However, for issues that need improvement, countermeasures are being implemented at each worksite and the environment-related departments are providing support for those initiatives.

In addition, we continue to implement overseas environmental audits with a theme of strict observance of laws and regulations. In fiscal 2015, an on-site audit was implemented at Tanabe Indonesia, and document-based audits were conducted at other production bases in Asia.

Environmental Risk Management

The Group has formulated environmental safety risk management guidelines. We are working to prevent environmental pollution, fires, etc., due to harmful chemical substances, etc., arising as a result of natural disasters and unexpected events. In addition, to minimize damage, we have established procedures for each worksite for rapid, accurate responses in times of crisis, and we periodically plan and implement education and training in preparation for emergencies.

In particular, the Group is concerned about any influence on local communities from an accidental discharge of chemical substances to rivers or the sea, and accordingly the Group has installed equipment and systems (automation of emergency shutoff valves for wastewater and installation of water tanks for use in prevention of outflow) that can prevent outflows in case of an unforeseen contingency. In this way, the Group is working to prevent environmental pollution risk.

Soil and Groundwater Contamination Prevention and Control

The Mitsubishi Tanabe Pharma Group thoroughly strives to prevent soil and water contamination at all of its manufacturing and research facilities. In the remote chance that contamination is discovered, the Group takes appropriate measures to prevent wide-area pollution dispersion.

In particular, in new building construction and building demolition, in accordance with the Soil Contamination Countermeasures Act, we implement soil surveys while working together with the government.

In regard to the soil and groundwater pollution that was discovered at the Yoshitomi Plant (Chikujo, Fukuoka Prefecture) in fiscal 2013, we completed soil improvement work in June 2015, and we are continuing cleanup initiatives through groundwater pumping. As of March 2016, the concentration of pollutants in groundwater had declined to below the detection threshold, a level at which there is no problem.

In addition, in regard to the soil pollution that was discovered at the former Kashima Plant (Kamisu city, Ibaraki Prefecture) in fiscal 2014, soil improvement work was completed in July 2015.

Soil Improvement at Yoshitomi Plant

Soil improvement work at the former Kashima Plant

Environmental-related Accidents / Problems

In fiscal 2015, as in the previous fiscal year, the Group experienced no incidents that would have had a major effect on the environment. On the other hand, there was one environmental problem at Bipha (Chitose City, Hokkaido Prefecture). The quantity of n-hexane extract (animal and plant oils and fats) in sewage effluent exceeded the reference level. The cause was thought to be a problem with a kitchen oil separator that led to an outflow of cooking oil. A report on this incident was filed with the government in a timely and appropriate manner, and this incident was used to focus attention at worksites throughout the Group.

Through the implementation of periodic education as well as equipment inspections and repairs, we will continue working to prevent recurrences of environmental accidents / problems and to prevent other incidents.

Inappropriate Handling of Genetically Modified Organisms

At Bipha, inactivation treatment (treatment to inactivate recombinant) for genetically modified micro-organisms (Pichia yeast, a type of yeast) used in manufacturing was not sufficient. A portion of waste fluid and waste that could have contained a very small amount of recombinant was leaked outside the work area at Bipha's plant. On June 17, 2016, Bipha received a strong warning from the Ministry of Health, Labour and Welfare in regard to the inappropriate use of genetically modified organisms.

This incident involved a deviation from the dispersion prevention measures stipulated in the Law Concerning the Conservation and Sustainable Use of Biological Diversity through Regulations on the Use of Living Modified Organisms (Cartagena Law). Accordingly, Bipha will further strengthen its management systems for the handling of genetically modified organisms, etc., establish appropriate dispersal prevention measures, and enhance education regarding the Cartagena Law. Furthermore, the entire Group will work to strengthen management and implement rigorous recurrence prevention measures.

Medium-Term Environmental Action Plan

Objectives and Fiscal 2015 Results of the 2011-2015 Medium-Term Environmental Action Plan

Area	Objectives	Fiscal 2015 results
Energy conservation and global warming mitigation	• Reduce CO_2 emissions for fiscal 2015 by at least 30% compared to the fiscal 2005 level	• Reduced CO_2 emissions by 52.3% compared to the fiscal 2005 level (11.5% reduction compared to the fiscal 2014 level) • Increased number of hybrid vehicles used by sales personnel to 1,415, from 1,339 in fiscal 2014
Reduction of waste, reuse and recycling of resources	• Promote zero emissions (final waste disposal rate of less than 0.5%) and continually reduce waste and emissions output and final waste disposal • Fulfill the responsibility of a waste discharging enterprise for handling waste correctly and ensuring proper treatment by contractors	• Achieved a final waste disposal rate of 0.55% (0.28% in fiscal 2014) • Promoted recycling and effective use of resources • Performed on-site inspections of waste collection and transportation companies and intermediate and final disposal sites
Chemical substance emissions reductions	• Properly manage chemical substances and continually reduce their discharge into the environment	• Decrease in handling volumes and emissions into the atmosphere of PRTR substances and VOCs. Increase of emissions of PRTR substances and VOCs into public water bodies due to reevaluation of emission rates.
Enhancement of environmental management	• Improve environment-related risk management at company facilities • Maintain zero environmental accidents	• Conducted environmental safety audits at seven Group worksites in and outside Japan • Renewal of environmental audit checklist for overseas worksites • Conducted online environmental training courses • Implemented training for on-site confirmation at waste management contractors • Had zero environmental accidents and one incident

Fiscal 2015 was the final year of the Group's Medium-Term Environmental Action Plan (fiscal 2011 to 2015). Under this plan, the most important environmental objective was "energy conservation and global warming mitigation." Targeting this objective, we achieved the target for CO_2 emission reductions by a significant margin. In addition, during the fiscal year we made suitable progress in addressing other themes with initiatives at each Group worksite.

From fiscal 2016, we will work to implement the newly formulated Medium-Term Environmental Action Plan (fiscal 2016 to fiscal 2020). In reducing CO_2 emissions, we have established domestic and global numerical targets. In addition, to reduce emissions of chemical substances we have set numerical targets for reducing emissions of toluene into the environment, and have established targets related to conservation of biodiversity.

Medium-Term Environmental Action Plan (fiscal 2016 to 2020)

Area	Objectives
Energy conservation and global warming mitigation	• CO_2 emission reductions by fiscal 2020 Domestic Group: Reduction of 25% or more in comparison with fiscal 2010 Global: Reduction of 20% or more in comparison with fiscal 2010 • Advancing understanding of supply chain CO_2 emissions • Advancing appropriate management of fluorocarbons
Reduction of waste, reuse and recycling of resources	• Reduce the amount of waste generated, maintain zero emissions (final waste disposal rate of less than 0.5%) • Fulfill the responsibility of a waste-discharging enterprise for handling waste correctly and ensuring proper treatment, including waste generated by contractors
Chemical substance emissions reductions	• Properly manage chemical substances and reduce their discharge into the environment • Reduce emissions of toluene to the environment by 80% or more by fiscal 2020 in comparison with fiscal 2010
Enhancement of environmental management	• Rigorously implement environmental compliance, enhance environmental risk management • Maintain zero environmental accidents
Preservation of biodiversity	• Understand the relationship between business activities and biodiversity, advance initiatives for the preservation of biodiversity

Environmental Accounting

Mitsubishi Tanabe Pharma works to promote effective and efficient environmental management by ascertaining and analyzing the costs and effects of environmental conservation activities and the impact these activities have on economic performance. Environmental conservation costs for fiscal 2015 were ¥22 million in investments and ¥871 million in running costs. The economic benefit of environmental conservation measures was ¥5 million.

Environmental Conservation Costs (millions of yen)

Item	Invested	Expended
Pollution prevention	8	327
Global environmental protection	1	41
Recycling and reuse of resources	2	227
Upstream and downstream activities	0	30
Administrative activities	3	236
Research and development	0	0
Community activities	0	0
Environmental damage compensation	8	10
Total	22	871

Environmental Conservation Effects

Reduction of environmental impact		Quantity reduced
Global environmental protection	Greenhouse gas emission reduction	77 tons-CO_2

Economic Effects Resulting from Environmental Conservation Measures (Millions of yen)

Material economic effects	Amount saved
Sales of valuable materials	3.1
Electric consumption reduced through energy-saving measures	2.2
Total	5.3

Notes regarding calculations for fiscal 2015 data:

1. Data was calculated according to the Environmental Accounting Guidelines (2005 edition) published by the Ministry of the Environment of Japan.
2. Calculation period: April 1, 2015 to March 31, 2016
3. Scope: All worksites in Japan
4. Calculation methods:
(1) Simple method for amount invested (25%, 50%, 75%, 100%);
(2) Depreciation is calculated based on the legally defined service life of applicable items; and
(3) The full amounts for nondepreciation costs are posted only if 100% environment related
5. Calculation and evaluation methods for effects resulting from environmental conservation measures:
(1) Only material effects based on conclusive grounds for each environmental measure are tallied and assessed; and
(2) Effects observed within the fiscal year are tallied by converting them to a period of 12 months, and evaluated by comparing them to the year before the measures were implemented (or the previous fiscal year).

Overview of Environmental Impact

Input and Output in R&D and Production in Japan

◆Scope: The Mitsubishi Tanabe Pharma Group's business sites — plants, research centers, and distribution centers — in Japan

Input

Energy

Purchased electricity	104,530 MWh
Gases	10,994,000 m³
Petroleum	1,488 kL
Thermal equivalent	1,569,000 GJ
Crude oil equipment	40,476 kL

Water

Supplied water	188,000 m³
Industrial water	7,008,000 m³
Groundwater	103,000 m³

Chemical substances

PRTR regulated substances*1	201 tons
VOCs (excluding PRTR regulated substances)*2	1,040 tons

R&D

Production

Output

Atmospheric Emissions

CO_2	92,000 tons
NOx*3	20 tons
SOx*4	6.3 tons
Particulate matter	0.3 tons
PRTR regulated substances	4.6 tons
VOCs (excluding PRTR regulated substances)	39 tons

Wastewater

Wastewater output	7,850,000 m³
COD pollution load*5	31 tons
Nitrogen	15 tons
Phosphorus	1.1 tons
PRTR regulated substances	2.6 tons
VOCs (excluding PRTR regulated substances)	16 tons

Waste

Waste output	8,837 tons
Emissions	3,711 tons

*1 Pollutant Release and Transfer Register
*2 Volatile Organic Compounds
*3 Nitrogen Oxides
*4 Sulfur Oxide
*5 Chemical Oxigen Demand

Environmental Performance of Production and Research Sites outside Japan

◆Scope: Taiwan Tanabe Seiyaku; Tianjin Tanabe Seiyaku; Tanabe Indonesia; Mitsubishi Tanabe Pharma Korea; and Tanabe Research Laboratories U.S.A.; Medicago (Canada, U.S.)

Energy consumption	Electricity	21,220 MWh
	Gases	1,636,000 m^3
	Petroleum	63 kL
Water consumption		111,000 tons
CO_2 emissions		16,000 tons
Waste output		630 tons

◆CO_2 emissions for Japan and overseas were calculated with reference to the Greenhouse Emission Calculation and Reporting Manual (Ver. 4.1) and the List of Calculation Methods and Emission Coefficients for Calculation, Reporting and Publication, published by Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry. The domestic substitute value (0.000579 tons -CO_2/kWh) was used as the electricity output coefficient for overseas worksites.

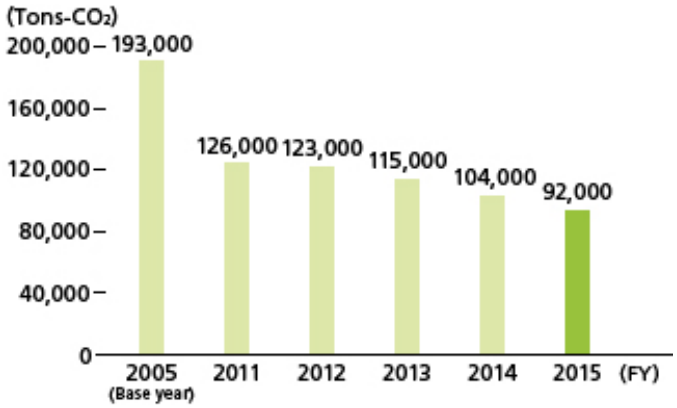
Energy Conservation and Global Warming Mitigation

CO_2 Emissions Reduction Targets and Results

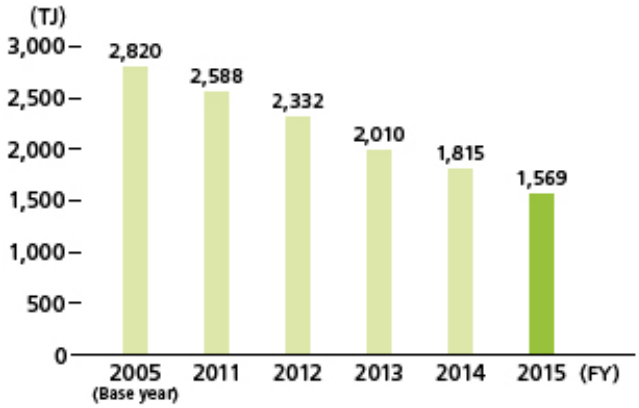
The Mitsubishi Tanabe Pharma Group has made the conservation of energy and the curbing of global warming two of its top-priority environmental objectives. Under the Group's Medium-Term Environmental Action Plan, the Group aimed to reduce CO_2 emissions for fiscal 2015 by at least 30% from its fiscal 2005 level. To that end, the Group implemented energy conservation initiatives based on the location and business of its various worksites, including plants, research facilities, distribution centers, and offices. In these ways, we worked to reduce greenhouse gas emissions.

The Group's CO_2 emissions in fiscal 2015 totaled 92,000 tons, a 52.3% reduction compared to the fiscal 2005 level. In fiscal 2015, the consolidation of worksites subject to monitoring and the progress of energy-saving initiatives resulted in energy consumption decreasing by 13.6%, and CO_2 emissions decreasing by 11.5% compared to fiscal 2014.

CO_2 Emissions



Energy used



Strengthening Energy Management

Three companies in the Group—Mitsubishi Tanabe Pharma, Mitsubishi Tanabe Pharma Factory, and Bipha—have been designated as Specified Business Operators under the Act on the Rational Use of Energy.

At Mitsubishi Tanabe Pharma, the Kashima, Toda, and Yokohama research sites were appointed as Class I Designated Energy Management Factories. In fiscal 2015, energy used, on a crude oil equivalent basis, was down 7% year on year, to 17,620 kl, and CO_2 emissions were down 8% year on year, to 35,530 tons-CO_2 In addition, in fiscal 2015 we achieved a 10% year-on-year reduction in the amount of electricity purchased during the daytime in the summer (July to September) and winter (December to March) periods, which have been designated as periods for the leveling off of electricity demand since fiscal 2014.

We implemented measures to reduce energy consumption, such as installing highly energy efficient facilities, improving operation of facilities that consume energy, constructing a new head office building, and consolidating research buildings. At the Designated Energy Management Factories (4 work sites, including the former Kazusa Office), which account for 84% of energy use for all worksites, these measures contributed to a 7% reduction in energy use.

Energy Consumed by Mitsubishi Tanabe Pharma's Worksites in Fiscal 2015

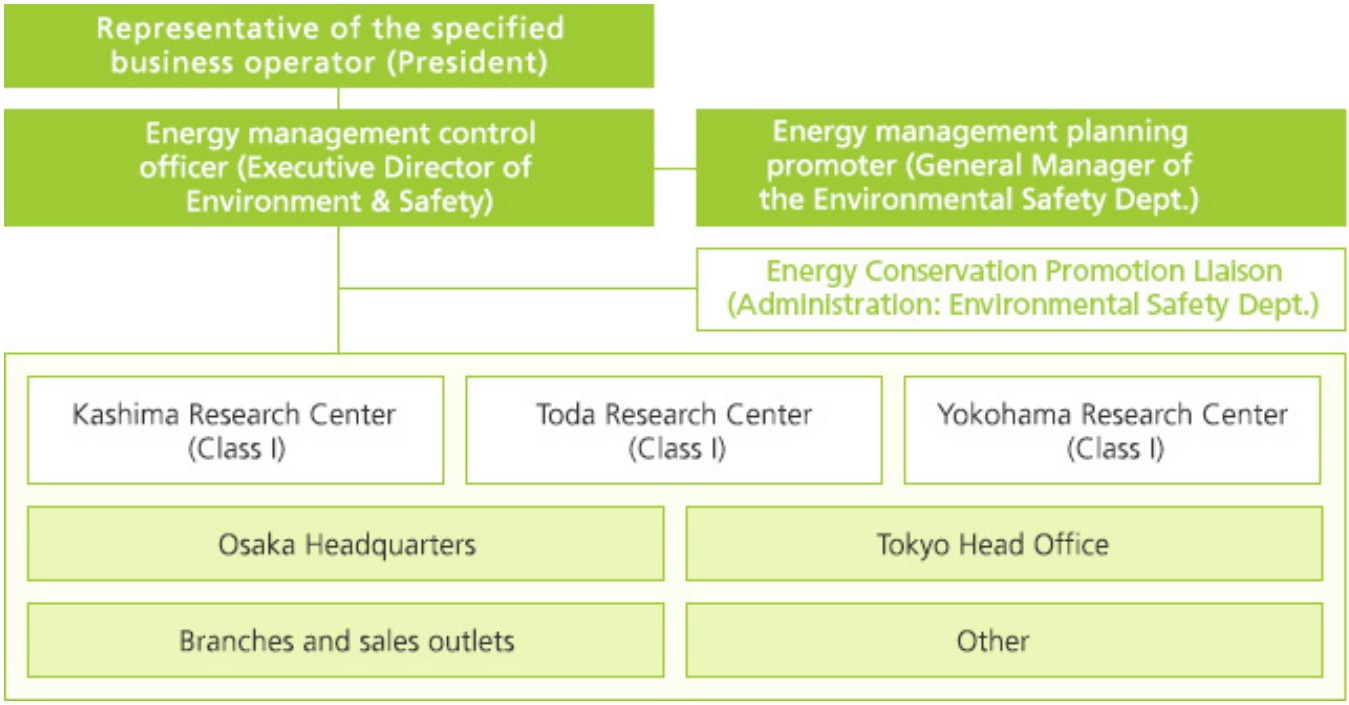
	Crude oil equivalent (kL)		CO_2 emissions (tons-CO_2)	
	FY 2014	FY 2015	FY 2014	FY 2015
Kashima Research Center	5,120 (1,540)	4,650 (1,230)	10,400	9,540
Toda Research Center	5,030 (980)	5,110 (1,030)	10,220	10,100
Yokohama Research Center	3,080 (910)	3,040 (920)	6,340	6,050
Kazusa Research Center	2,720 (420)	1,970 (270)	5,540	3,910
Osaka Headquarters	550 (340)	460 (240)	1,110	940
Tokyo Head Office	210 (140)	210 (130)	420	400
Branches and sales outlets	990 (610)	950 (570)	2,220	2,060
Other	1,220 (530)	1,230 (530)	2,540	2,530
Total	18,900 (5,460)	17,600 (4,920)	38,770	35,530

Note: Crude oil equivalent figures in parentheses are based on the amount of electricity purchased during the designated period for leveling off of electricity demand.

In accordance with the Act on the Rational Use of Energy, from 2016 METI started a system of assessing companies by class, and companies were divided into classes based on their periodic reports for fiscal 2015. We were evaluated as a superior company in regard to energy-saving initiatives, and we were announced as an S-class company on METI's website.

As a specified business operator, the Company has established an energy management promotion system. We periodically hold energy conservation promotion liaison committee meetings and confirm changes in energy usage and CO_2 emissions. In addition, we discuss worksite energy conservation and electricity saving measures and formulate initiatives. In these ways, we are reinforcing company energy management.

Mitsubishi Tanabe Pharma Energy Management Promotion System



Initiatives with Company Vehicles

The number of vehicles used for sales staff working outside the office was 1,924 at the end of fiscal 2015 (up by 20 vehicles year on year). Of these, there were 1,415 hybrid vehicles (up 16 vehicles year on year), which accounted for 74% of vehicles used by sales staff. Excluding vehicles designed for use in cold regions, our fleet has almost entirely been switched to hybrid vehicles.

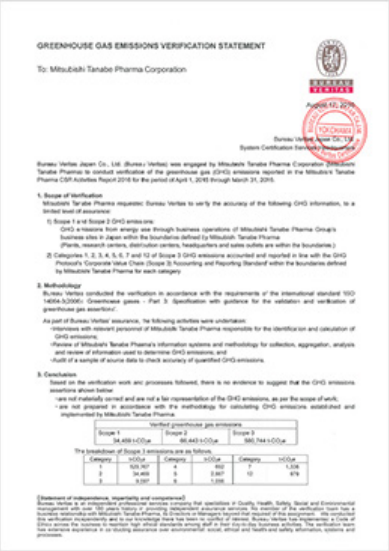
In addition, CO_2 emissions from gasoline use in sales activities were 5,212 tons, down by 5.0% year on year. In the future, we will continue working to reduce CO_2 emissions in conjunction with the advancement of eco-driving.

Greenhouse Gas Emissions in Accordance with ISO 14064-3

ISO 14064 is the international standard relating to the quantification, reporting, and verification of greenhouse gas emissions. It is composed of three parts (14064-1 to 14064-3). Section 14064-3 specifies rules relating to the validation and verification of greenhouse gas emissions measurements.

We calculate direct emissions of greenhouse gases due to energy consumption for business activities at domestic and overseas worksites (Scope 1), indirect emissions (Scope 2), and indirect emissions from the domestic supply chain (Scope 3). In regard to Scope 1 and Scope 2 in fiscal 2015, the scope of the calculation targets will be expanded from domestic Group worksites (plants, research facilities, etc.) to include the head office, branches, sales offices, etc. In addition, overseas Group worksites (plants, research facilities) will also be added. In regard to Scope 3, which is newly disclosed in this report, calculations were made for 8 categories (categories 1, 2, 3, 4, 5, 6, 7, 12).

We had an outside inspection body verify that the Scope 1, Scope 2, and Scope 3 greenhouse gas emissions were in accordance with ISO 14064-3. The Company had the inspection conducted with the purpose of obtaining a “limited assurance” for the greenhouse gas emissions it quantified.



GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT

To: Mitsubishi Tanabe Pharma Corporation

Greenhouse gas emissions verification report

Scope1

Scope of calculation
Domestic Group worksites
(plants, research facilities, distribution centers),
Head office, Tokyo head office, branches, sales offices and other offices, overseas worksites (plants, research facilities)

Calculation target items
(1) Direct greenhouse gas emissions from the use of fuel at worksites
(2) Greenhouse gas emissions from the use of gasoline in vehicles used in sales activities and other company vehicles
(3) Greenhouse gas emissions calculated from the amount of CFC leakage

Greenhouse gas emissions
Domestic: (1) (2) 34,459 tons-CO_2
(3) 128 tons-CO_2
Overseas: 3,848 tons-CO_2

Targets for examination by outside inspection body (third party)
Verify: Domestic greenhouse gas emissions
(Calculation target items (1) and (2))
Review: Overseas greenhouse gas emissions

Scope2

Scope of calculation
Same as Scope 1

Calculation target items
Greenhouse gas emissions from the use of electricity or steam

Greenhouse gas emissions
Domestic: 66,443 tons-CO_2
Overseas: 12,289 tons-CO_2

Targets for examination by outside inspection body (third party)
Verify: Domestic greenhouse gas emissions
Review: Overseas greenhouse gas emissions

Scope3

◆Supply chain greenhouse gas emissions for domestic Group worksites

Category		Greenhouse gas emissions (tons-CO_2)	Calculation method
1	Purchased goods and services	529,767	Calculated from purchase prices of raw materials and products and from emissions unit values from Ministry of the Environment database[1]
2	Capital goods	34,469	Calculated from acquisition amounts of property, plant and equipment and from emissions unit values from Ministry of the Environment database[1]
3	Fuel- and energy-related activities not included in Scope 1 and 2	9,587	Calculated from amount of energy used at domestic Group worksites, emissions unit values from Ministry of the Environment database[1], and emissions unit values from Carbon Footprint database[2]
4	Transportation and distribution (upstream)	692	Calculated from transportation ton-kilometers based on transportation data for shipments from distribution centers to which the Group has consigned operations and from emissions unit values from Ministry of the Environment database[1]
5	Waste generated from operations	2,867	Calculated from the amounts of waste, by type, from domestic Group worksites (plants, research facilities) and from emissions unit values from Ministry of the Environment database[1]
6	Business travel	1,056	Calculated from number of employees and from emissions unit values from Ministry of the Environment database[1]
7	Employee commuting	1,336	Calculated from amounts of transportation costs paid by transportation district and from emissions unit values from Ministry of the Environment database[1]
12	Disposal of sold products	970	Calculated from amount of recycling obligation based on the Containers and Packaging Recycling Law and from emissions unit values from Ministry of the Environment database[1]

1. Ministry of the Environment database: database on emissions unit values for calculating greenhouse gas emissions, etc., by organizations throughout the supply chain (Ver. 2.2)
2. The CFP Communication Program, basic database, Ver. 1.01

Targets for examination by outside inspection body (third party)
Verify: Domestic greenhouse gas emissions calculated for categories 1 to 7, and 12.

Initiatives at Worksites and Offices

Implementation of Energy-Saving Activities

In consideration of the locations and business formats of the Group's worksites, we are implementing energy-saving activities while working to achieve both operational efficiency and consideration for safety.

In the summer and winter, when energy use increases, we are conducting thorough management of appropriate air conditioning temperatures, following the 2 up / 3 down rule for the use of stairs, and implementing energy-saving campaigns, such as the Cool Biz and Warm Biz campaigns. In addition, we have implemented the Ministry of the Environment's lights down campaign at all worksites. At Group worksites the clothing requirements are established in accordance with TPO. Accordingly, the use of neckties is voluntary all year. We are working to create an environment in which it is easy to institute campaign initiatives, such as Cool Biz.

The Kashima Office (Yodogawa-ku, Osaka City), has been certified and registered by the Ministry of Land, Infrastructure, Transport and Tourism as an Excellent Ecological Commuter Office. The office's employees do not commute to work using private cars or motorcycles. They all take public transportation, such as trains of buses, which have a low environmental burden, or ride bicycles or walk to work. In these ways, the Kashima Office is striving to reduce CO_2 emissions not only during their work commute.

Energy conservation activities are implemented in concert with *KAITEKI* activities, which are promoted by the Mitsubishi Chemical Holdings Group. These energy conservation activities are implemented through the Mitsubishi Tanabe Pharma Group.

Environmental preservation activities at overseas worksites

In regard to activities supporting the realization of *KAITEKI*, we are also aggressively implementing environmental burden reduction activities at overseas worksites, and we are steadily accumulating results.

◆*KAITEKI* Promotion activities at overseas worksites (principal environmental activities in fiscal 2015)

Overseas worksites	Details of initiatives
Tianjin Tanabe Seiyaku	Recycling and recommending lights be turned off
Shanghai Office	Reducing use of copy paper, promoting Cool Biz and Warm Biz, recycling PET bottles
Taiwan Tanabe Seiyaku / Tai Tien Pharmaceuticals	Converting boiler fuel, reusing cooling water, setting planned substitute days off for the summer season, halting operations at the plant on substitute days off.
Tanabe Indonesia	Increasing efficiency of wastewater processing, saving water, saving electricity
Singapore Office	Reducing use of copy paper
Mitsubishi Tanabe Pharma Korea	Saving electricity, controlling overtime
Mitsubishi Tanabe Pharma GmbH	Saving electricity by promoting the turning off of lights and controlling overtime

Receipt of Merit Award at the Fiscal 2015 *Stop! Global Warming Awards*

On February 16, 2016, the Company received a merit award in the global warming countermeasure category of the Fiscal 2015 *Stop! Global Warming Awards*.
In accordance with the Osaka government's regulations related to the prevention of global warming, these awards are presented by Osaka Prefecture to organizations with especially outstanding initiatives related to greenhouse gases and artificial exhaust heat and to the leveling off of electricity demand through their business activities .

This award recognized our environmentally friendly activities in line with the characteristics of worksites, resulting in a year-on-year decline of 9.7% in greenhouse gas emissions in Osaka Prefecture in fiscal 2015. These initiatives included the introduction of high-efficiency equipment at the Kashima Office (Yodogawa-ku, Osaka City), increased efficiency in equipment operation and management, introduction of a solar power generation system and whole-floor blow-out air conditioning systems for offices at the new building, continued implementation of eco-commuting, consolidation of office buildings around the head office (Chuo-ku, Osaka City), and the transition to hybrid vehicles for vehicles used in sales activities.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Initiatives to Control CFC Emissions

The Act on Rational Use and Proper Management of Fluorocarbons took effect in April 2015. At all of the Group's worksites, we have enhanced the utilization of management ledgers for refrigeration and air conditioning equipment used for business, and we are steadily implementing equipment inspections.

In addition, business operators now need to report calculated CFC leakage amounts of more than 1,000 tons-CO_2, but we confirmed that our leakage amounts in fiscal 2015 calculated using GWP coefficients were below the reporting threshold for each Group company.

Environmental Consideration at the New Pharmaceutical Production Building at the Yoshitomi Plant

At the Yoshitomi Plant (Chikujo, Fukuoka Prefecture), we have constructed a new pharmaceutical production building (completed in June 2016). The new building addresses the latest quality assurance standards, which are becoming increasingly advanced and globalized. It will be used exclusively to efficiently manufacture a wide variety of solid dosage formulations. The new building has a base isolation structure that will reduce the risk of halted operations when there is an earthquake, and it has an environmentally friendly design.

◆Using LED lighting

Inside, the building principally uses high-efficiency, long-life LED lighting, and human sensors are used to automatically control the lighting in the lavatories located in the common areas as well as in small rooms. As a result, we expect to reduce CO_2 emissions volume by 60 tons-CO_2 per year.

◆Using energy-saving mode in air conditioning equipment

When the production facilities are not in operation, such as evenings and holidays, the building uses a low-energy mode that reduces air conditioning air flow. As a result, we expect to be able to reduce CO_2 emissions by 750 tons- CO_2 per year due to reduced electricity usage and 360 tons- CO_2 per year due to reduced steam usage.

◆Using energy-saving facilities and control systems

As a result of the introduction of such energysaving facilities as turbo refrigeration equipment with high-efficiency inverters and high-efficiency water circulation-type compressors, and the use of inverters to control pumps and fans, etc., we expect to reduce CO_2 emissions by 1,200 tons- CO_2 per year.

◆Implementing labor-saving initiatives and increasing productivity

We have installed an intermediate product warehouse in the center of the building, and introduced a system for automatically transporting raw materials and intermediate products to each production room with a stocker crane. This saves energy, raises productivity and reduces the burden on employees. In this way, a *KAITEKI* workplace has been realized.

Waste Reduction & Proper Management of Chemical Substances

Appropriate Management of Waste

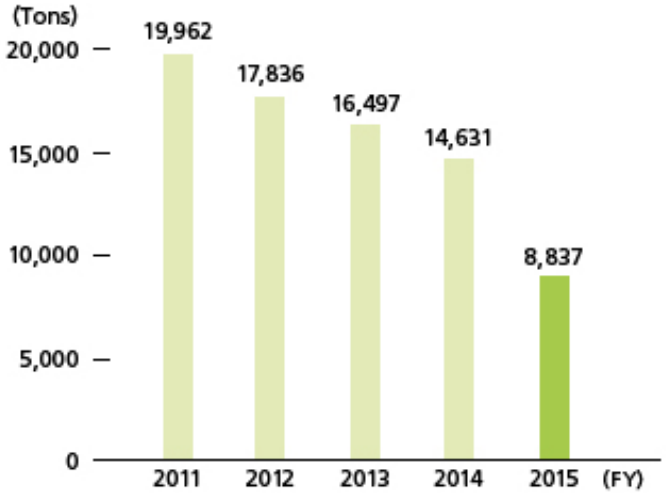
As a waste-discharging enterprise, we are taking steps to implement appropriate management of waste. These include concluding contracts for the collection, conveyance, and disposal of waste, issuing manifests, and implementing on-site surveys, etc., of disposal contractors. We have completed the digitalization of manifests at six of our eight domestic plants and research facilities. In addition, we invite outside lecturers and hold collective educational initiatives once a year. We are working to enhance the capabilities of the people in charge of waste management at each worksite.

Moreover, we have established the promotion of the 3 R's (reduce, reuse, recycle) and the achievement of reductions in both the amount of waste generated and the amount of final waste disposed as objectives in the Medium-Term Environmental Action Plan. We are aiming to achieve zero emissions, which is defined as a final waste disposal rate (amount of final waste disposed / total amount of waste generated) of less than 0.5%.

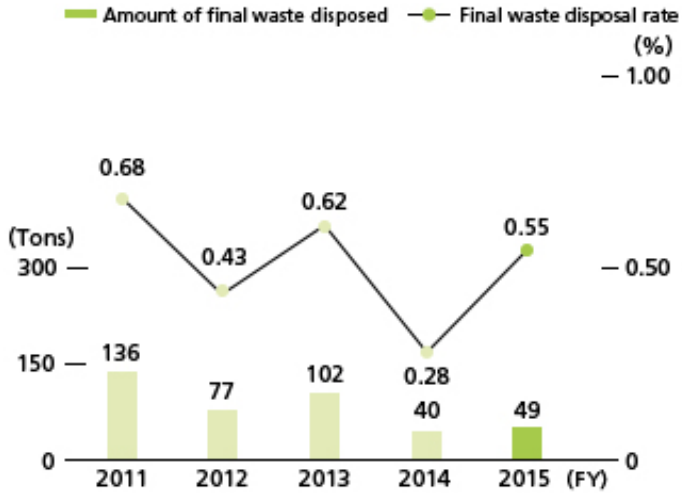
The amount of waste generated, the amount of final waste disposed, and the final waste disposal rate for the Group's domestic plants, research facilities, and distribution divisions are shown below. The amount of waste generated in fiscal 2015 was 8,837 tons, a reduction of 40% from the previous fiscal year. A major reason was a reduction in the sludge arising from wastewater processing facilities at the Onoda Plant and the Yoshitomi Plant due in part to changes in the items manufactured. On the other hand, the amount of final waste disposed increased to 49 tons, an increase of 20% year on year. This was due in part to construction-related waste from the demolition of a building on the grounds of the Kashima Office. Consequently, we did not achieve zero emissions, and the final waste disposal rate was 0.55%.

Moving forward, we will continue to promote the 3 R's and will work to implement initiatives to promote the formation of a recycling-oriented society.

Amount of Waste Generated



Amount of Final Waste Disposed



Disposal of Polychlorinated Biphenyl (PCB) Waste

The Group has worked to dispose of PCB waste as soon as possible, and the disposal of PCB waste stored at worksites is nearly completed. Currently, there is a waiting list for the consignment of processing to the Japan Environmental Storage & Safety Corporation (JESCO) for fluorescent light ballasts and PCB-containing equipment that is currently in operation, such as transformers. We plan to gradually replace and dispose of equipment that is currently in operation.

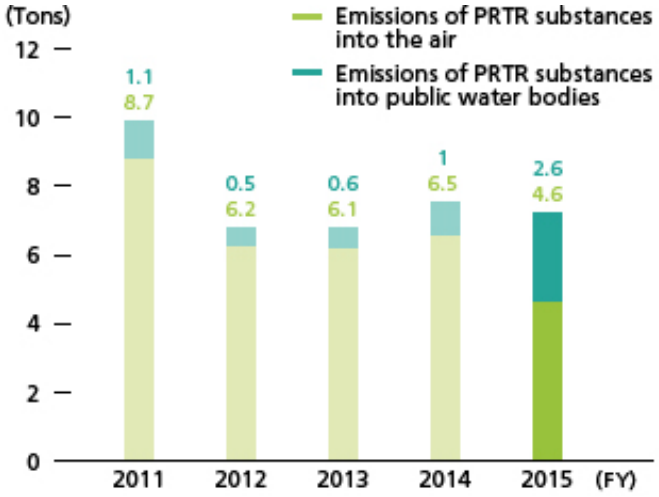
Reducing Emissions of Chemical Substances Into the Atmosphere / Public Water Bodies

The Group is appropriately managing PRTR class I designated chemical substances and regulated chemical substances, such as VOCs. We continue working to reduce emissions to the environment. To reduce the handling volume, we are shifting from regulated chemical substances to alternative substances, and working to increase response efficiency. In addition, in facilities, we are installing chemical removal equipment (scrubbers, activated carbon adsorption equipment, etc.). We are switching from water seal vacuum pumps to dry vacuum pumps with condensation cooling devices. In these ways, we are implementing measures to control emissions into the atmosphere and water. In addition, waste fluid including chemical substances is recovered to the extent possible, and its emission to water bodies is controlled.

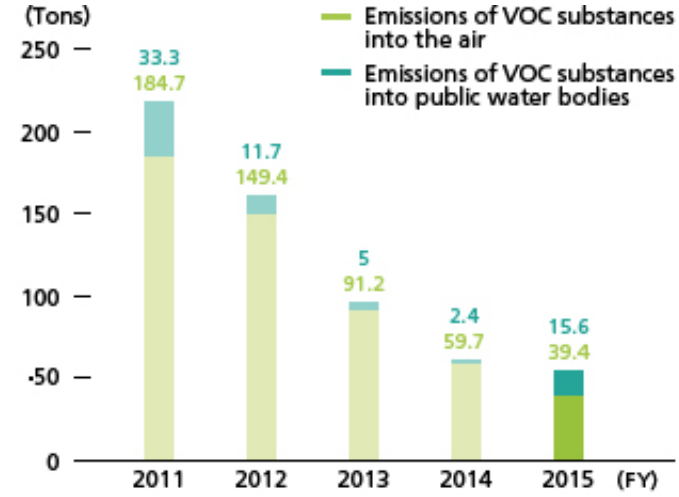
In regard to the handling volume of regulated chemical substances in fiscal 2015 at the Group's domestic plants and research facilities, the PRTR total was 201 tons (down 7% year on year), and the VOC total excluding PRTRs was 1,040 tons (down 17% year on year). The handling volume fluctuates due to the status of manufacturing and R&D, but it continues to follow a declining trend. Emissions into the atmosphere declined substantially, with a PRTR total of 4.6 tons (down 31% year on year), and a VOC total excluding PRTRs of 39.4 tons (down 34% year on year) On the other hand, emissions to public water bodies increased substantially, with a PRTR total of 2.6 tons (up 160% year on year), and a VOC total excluding PRTRs of 15.6 tons (up 550% year on year) The reason was a reevaluation of the calculation method for emissions to public water bodies at the Onoda Plant.

Moving forward, we will continue to advance initiatives targeting the appropriate management of chemical substances and the control of emissions into the environment.

PRTR Emissions Volume



VOC Emissions Volume (excluding PRTRs)



Management of Exhaust Gas and Waste Water

At facilities that produce soot/smoke, such as boilers at plants and research facilities, we measure air pollutants in waste gas (NOx, SOx, etc.) and confirm that they are within regulatory standards.

Waste water from plants and research facilities is discharged to the sewer or public water bodies after implementing processing through pH adjustment, activated sludge, and activated carbon. We periodically analyze the discharged water and confirm that it is within regulatory standards. Furthermore, in regard to wastewater pipes, etc., we comply with structural standards and periodically inspect them. It this way, we are working to prevent pollution of the soil and groundwater.

In regard to the emissions to public water bodies from the Group's domestic worksites in fiscal 2015, COD was 31.2 tons (down 26% year on year), nitrogen was 15.3 tons (down 31% year on year), and phosphorus was 1.1 tons (down 6.1% year on year). The Onoda Plant and the Yoshitomi Plant, which are located on the coast of the Inland Sea, are also working to reduce emissions of eutrophication substances.

FY	2011	2012	2013	2014	2015
COD (tons)	49.95	42.62	38.58	41.94	31.15
Nitrogen (tons)	33.62	29.90	26.32	22.11	15.32
Phosphorus (tons)	2.59	2.13	1.54	1.15	1.08

Promotion of Environmental Communication

Environmental Conservation Activities

We are taking steps to foster awareness and promote education in regard to such matters as biodiversity and the prevention of global warming through environmental preservation activities.

Ikoma Mountain Range "Folding Screen of Flowers" Project

In November 2015, employees and families participated in the Ikoma Mountain Range “Folding Screen of Flowers” Project, which has become an established fall environmental event. At the Narukawa Osaka prefectural nature park (Higashi Osaka City), 5 Japanese maples, 3 mountain cherry trees, and 60 Japanese hydrangea were planted. Moreover, the participants also enjoyed wood crafts using southern magnolia and a log-cutting experience event. On a course of approximately 7 kilometers around the Narukawa park, the fallen leaves and stones were wet from the recent rain. It was slippery, and the mountain path was a little steep in spots, but the participants enjoyed a day filled with the forest’s negative ions while viewing the trees, which had begun to turn color.

This was the seventh time this activity was held since 2009. In April 2015, we received a letter of appreciation from the Osaka Governor for our continued initiatives.

Ikoma Mountain Range "Folding Screen of Flowers" Project (November 2015)

Planting Japanese maples

Planting Japanese hydrangea

Mountain hiking while walking on fallen leaves

Tokyo Greenship Action

Since 2013, we have participated in Tokyo Greenship Action together with Tokyo Prefecture and Shizen Kankyo Academy, an NPO. We have implemented activities to conserve and restore natural woodlands in the Hachioji Takiyama Satoyama Conservation Area, which is designated by Tokyo Prefecture as a conservation area. In fiscal 2015, activities were conducted in May.

On the day of the event, 34 people, including the Group employees and family members, observed nature in the woodland, which has a variety of trees; learned about biodiversity and woodland conservation; and experienced cutting bamboo plants, making a bench from a fallen tree, making a bamboo fence, making name cards for trees, and bamboo crafts.

In cutting bamboo plants and making benches from fallen trees, we experienced a sense of achievement while working up a sweat under a clear, bright sky by laboring hard with saws and other tools that we were not used to. In making bamboo crafts, a six year old child enthusiastically made a bamboo cup, and groups of friends enjoyed working together to make a bamboo fence. In these ways, all participants enjoyed spending the day being in touch with nature.

Tokyo Greenship Action (May 2015)

Making benches from fallen trees

Cutting bamboo plants

Road-watering Event

A road-watering event was held at the Tokyo head office in August 2015. Together with neighboring companies and people in the community, we have held this activity each year from 2012 as a countermeasure to the heat island effect in Tokyo and as an activity supporting enhanced awareness of environmental issues, such as global warming countermeasures, as well as the activation of the local community.

The watering had the effect of reducing the surface temperature by 2.9 degrees. After the event was over, when the wind blew over the chilled road, the coolness increased, and people could feel the road-watering effect.

“Road Watering” Event at the Tokyo Head Office

Environmental Education

The Group continues to provide education and training on environmental compliance, such as education for new hires, environmental e-learning for MRs, and provision of information through the Company intranet.

In fiscal 2015, with the cooperation of an external consulting company, we held waste training for people with responsibility for or in charge of the Group’s waste. Participants enhanced their skills, such as re-recognizing waste risks and learning key points in government consultations through role-playing.

Participation in Environmental Information Disclosure Program

The need for companies to provide non-financial information, such as environmental information, is increasing. In this setting, to advance the establishment of an environment in which investors and others can aggressively use environmental information from companies, the Ministry of the Environment implemented trials of a fiscal 2015 environmental information disclosure program. We continue to participate in this program, as we did in the previous year. In fiscal 2015, in addition to registering environmental information, we utilized a newly established tool for two-way communications with investors.

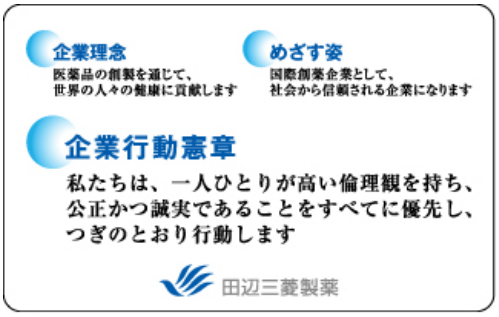
Fair Operating Practices

Initiatives for Fair Business Practices

The Corporate Behavior Charter of the Group states that we will strive to maintain high ethical standards and place priority on fairness and integrity in all activities. The Mitsubishi Tanabe Pharma Declaration on Compliance and Behavior expresses our commitment to conducting transactions in a fair manner based on open competition in the market, giving consideration in transaction relationships not only to laws and regulations but also to social standards, and to maintaining healthy and proper relationships with government and administrative entities while strictly refusing any relationships with antisocial forces. Specifically, we have formulated the Mitsubishi Tanabe Pharma Corporation Code of Practice, which is described in the following section, and are taking steps to ensure that each activity is conducted in strict observance of regulations, such as the Promotion Code, the Fair Competition Code, the Transparency Guidelines, and the Global Policy for the Prevention of Bribery and Corruption.

Corporate Behavior Charter Cards

Corporate Behavior Charter cards are distributed to employees.



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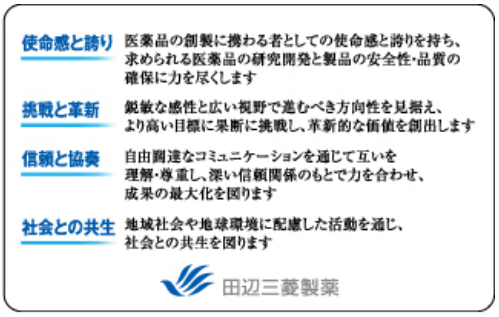
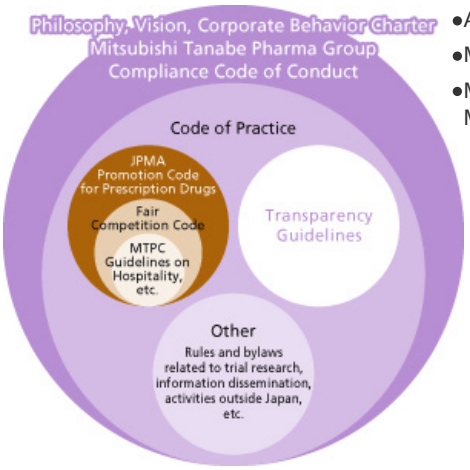


Back

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 governs interactions between all of the executives and employees of the member companies with researchers, health care professionals, patient organizations, wholesalers, etc. In response, the Company established and put into effect the Mitsubishi Tanabe Pharma Corporation Code of Practice, which it developed based on its Philosophy, Vision, Corporate Behavior Charter, and the Mitsubishi Tanabe Pharma Group Compliance Code of Conduct. 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 health care 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.

Positioning of the Code of Practice



- Applicable to all Company executives and employees
- Must be followed in promotion activities and all other corporate activities
- Must respond to issues dealing with the Fair Competition Code of the Ethical Pharmaceutical Drugs Marketing Industry

Promotion Code

For a pharmaceutical company, “promotion” is defined as the provision, collection, and transmission of pharmaceutical information to and from health-care professionals and the advancement of the proper use and spread of those pharmaceuticals based on that information. As a life sciences company, we are called on to maintain high ethical standards. The Promotion Code for Prescription Drugs, which clearly states the code of behavior that must be followed as a matter of course in conducting promotional activities, is positioned as the second volume of the JPMA Code of Practice, which has been in effect since April 2013. Furthermore, in accordance with the Promotion Code for Prescription Drugs, Mitsubishi Tanabe Pharma has formulated the Mitsubishi Tanabe Pharma Promotion Code for Prescription Drugs.

The Mitsubishi Tanabe Pharma Group follows its Promotion Code in carrying out promotion activities aimed at advancing the proper use and spread of ethical drugs.

Fair Competition Code of the Ethical Pharmaceutical Drugs Marketing Industry

The Fair Competition Code on Restrictions on Premium Offers in the Ethical Pharmaceutical Drugs Marketing Industry (hereafter the “Code”) has been established in the prescription drug industry. The aim of the Code is to restrict unjustifiable premiums provided as an inducement to engage in transactions so as to ensure autonomous and rational decisions by general consumers as well as fair competition among businesses. The Code has its legal basis in the Act against Unjustifiable Premiums and Misleading Representations.

In addition to the Code, restrictions (hereafter, the Notifications) are in place on various matters relating to premium offers in the ethical pharmaceutical industry, medical devices industry, and the clinical laboratories industry, based on Article 3 of the above act. The ethical pharmaceutical industry restricts premium offers through the Code and the Notifications.

The Mitsubishi Tanabe Pharma Group adheres strictly to the Code, the Notifications, and other restrictions in order to practice fair medical information activities.

Appropriate Relationships with Medical Institutions and Patient Organizations

To support not only the discovery of innovative drugs but also the provision and collection of information for the purpose of appropriate drug usage, collaboration and alliances among pharmaceutical companies, universities, and medical institutions are indispensable. However, as these alliance activities become more common, there are increasing opportunities for medical institutions and health care professionals to be significantly involved with specific companies or products. Accordingly, there could be concerns about the extent to which the judgment of these medical institutions and health care professionals is influenced by this situation.

Based on this belief, in accordance with the JPMA's Transparency Guidelines for the Relation between Corporate Activities and Medical Institutions, in July 2011 the Company formulated its guidelines for transparency in relationships with medical institutions, etc. From fiscal 2012 we have followed a policy of releasing related information on the Company's website after the announcement of financial results. This information includes payments to medical institutions as R&D expenses, support for academic research, manuscript writing fees, information-provision related expenses, and hospitality and other expenses. 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 we are working to operate this system in an appropriate manner. In particular, in regard to scholarships and donations to domestic medical institutions, 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 an organization that is independent from the Sales & Marketing Division.

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 of the 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.

Initiatives to Prevent Bribery and Corruption

Bribery and corruption in business not only hinder proper commercial transactions, they can also have harmful influences, such as serving as the source of funding for anti-social forces. Recently, regulations for bribery and corrupt practices are being reinforced in the U.K., the U.S., and other countries around the world.

In January 2015, the Group established the "Mitsubishi Tanabe Pharma Group Global Anti-Bribery and Corruption Policy," which applies to all of the Group companies, with the aim of further strengthening its approach toward prevention of bribery and corrupt practices.

The Group declared in the Policy that it will take a "zero- tolerance approach" to bribery and corrupt practices, and it promised that it will not perform any acts of bribery and corrupt practices. The Group also stated it will establish and operate an in-house system to eradicate bribery and corrupt practices.

In September 2015, to further clarify the content of this policy, we formulated corruption prevention guidelines in China, South Korea, Taiwan, and Indonesia, and we are implementing appropriate responses in line with the laws, regulations, and business practices of each country.

Rejecting Antisocial Forces and Checking Suppliers for Antisocial Affiliations

In accordance with rules for the elimination of crime syndicates, the Company's basic policies regarding corporate extortionists, crime syndicates, and other antisocial forces are to not be afraid of them, to not provide any funds to them, and to shun all contact with them. In the face of unreasonable demands, the Company will respond with a resolute stance that is unyielding and uncompromising. All officers and employees, in accordance with the Company’s business conduct guidelines, in all of their day-to-day business activities, consistently avoid relationships with antisocial forces, adhere strictly to relevant laws and ordinances, and act in accordance with social ethics.

In addition, in deciding whether to start transactions with new business partners, to the greatest extent possible, the Company checks in advance any possible affiliations with antisocial forces, which is one of the decision criteria used in deciding whether to start a new transaction relationship.

Protection of Intellectual Property

In line with its philosophy of contributing to the healthier lives of people around the world through the creation of pharmaceuticals, the Company handles filing, prosecution, and maintenance for patents, trademarks, and other intellectual property rights, in order to protect its own pharmaceuticals. Furthermore, the Company respects third parties' valid intellectual property rights by managing intellectual property risks through investigations into the rights of third parties.

If a third party infringes upon the Company's intellectual property rights, the Company endeavors to strengthen legal protection and exploitation of intellectual property by taking appropriate legal action, while simultaneously establishing a framework that enables it to take such action quickly.

Initiatives to Establish a Solid Supply Chain

As a pharmaceutical company, it is our imperative duty to deliver the drugs that are needed to the patients who need them. To achieve this objective, the Group is implementing the following initiatives.

Process in selecting and changing suppliers

In selecting (changing) raw materials for our products, we conduct on-site inspections of manufacturing sites prior to the selection (change) and after the start of transactions and make decisions in consideration of our supplier selection standards after evaluating various capabilities of the raw materials manufacturer, including level of quality assurance capabilities and degree of customer-oriented flexibility as well as management capabilities to ensure stable supply.

BCM* Program

By establishing rules, such as inventory management standards and information cooperation standards that take into account the emergence of unusual situations, we have developed a BCM program and built a supply system that ensures a stable supply of drugs to patients, even in the event of a disaster or other unforeseen problems.

* BCM: Business Continuity Management

Communication with Suppliers

With reference to the corporate behavior charter of the Mitsubishi Chemical Holdings Group, we use a questionnaire for suppliers regarding areas in which we wish to work together with them. In addition, to deepen mutual understanding we hold explanation meetings and exchange opinions.

Research & Development

Basic Approach to Discovery Research

The Mitsubishi Tanabe Pharma corporate philosophy is "to contribute to the healthier lives of people around the world through the creation of pharmaceuticals," and on that basis, we are working to continually discover new drugs that address unmet medical needs.

We will conduct discovery research on the basis of “R&D process reforms” and “expansion of medical and discovery technologies.” Specifically, we will step up the utilization of open innovation with academic institutions and venture companies in Japan and overseas. We will also advance collaboration within the MCHC Group. In these ways, we will secure new discovery technologies. Through these initiatives, the Company will realize “Maximizing Pipeline Value,” which is one of the four strategic priorities under the Medium-Term Management Plan 16-20, and deliver new drugs to patients around the world as quickly as possible.

Refractory Disease Initiatives

In June 2015, we received approval for an additional indication for Radicut for amyotrophic lateral sclerosis (ALS). ALS is an idiopathic, progressive disease in which the principal symptoms are muscular atrophy and muscle weakness. In Japan, it has been designated as a refractory disease (Designated Refractory Disease) by the Ministry of Health, Labour and Welfare. In addition, based on questionnaires from specialists, ALS has been positioned as a disease for which the degree of satisfaction with treatment is low, as is the contribution of drugs to treatment. We implemented clinical trials in Japan involving ALS patients, which confirmed that the administration of Radicut reduced disease progression.

Radicut, the world's first cerebral neuroprotectant (free-radical scavenger), was discovered by Mitsubishi Tanabe Pharma. Since its launch, it has been used for patients in the acute stage of cerebral infarction. With the additional indication, we will be able to provide another treatment option for ALS patients.

In addition, in December 2015, an additional indication of refractory Kawasaki disease was approved for Remicade. Refractory Kawasaki disease is a type of Kawasaki disease in which the standard treatment, large doses of gamma-globulin (intravenous), does not alleviate fever and markers of acute inflammatory response, such as CRP, do not decline. It is a disease for which complications often include coronary artery enlargement / aneurysms. To date, we have steadily expanded the indications for Remicade to include Behcet’s disease with refractory uveoretinitis, Crohn’s disease, ulcerative colitis, entero-Behcet’s disease, neuro-Behcet’s disease, and vasculo-Behcet’s disease. In this way, we have expanded the potential for this treatment agent to improve the quality of life of patients.

In the future, we will continue to advance R&D aiming to discover new drugs that address unmet medical needs (medical needs for which there are no effective treatments or drugs).

Advancing Open Innovation

The environment for the discovery of new drugs is changing, and the difficulty of discovery has increased. In this type of environment, we are aggressively advancing open innovation to implement the sustained discovery of new drugs that have value for patients and on the medical front lines.

Advanced research in academia generates innovative ideas and discovery seeds, and we will strive to be the first to link those ideas and seeds to discovery research. In addition, we will introduce themes and technologies from outside the Company. In these ways, we will aim to increase the number of projects and raise the speed of R&D.

Furthermore, looking to the future of medicine, we will select discovery targets and indications and strive to discover pharmaceuticals through diverse drug discovery technology approaches.

We will work in collaboration with companies in the MCHC Group and leverage MPH, an investment subsidiary in the U.S., and TRL, an in-house venture company. In this way, we will combine external R&D activities and our in-house core competencies in drug discovery and be the first to deliver original value to patients.

Manufacturing and Supply Chain

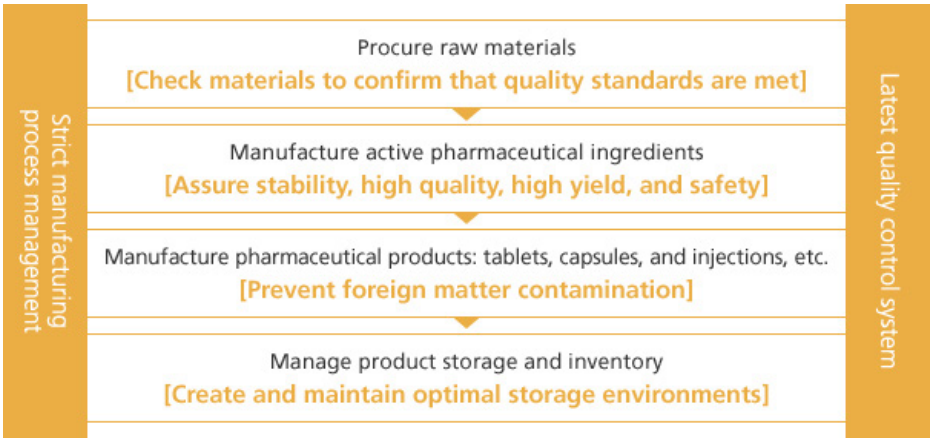
Pharmaceutical Manufacturing Process

Mitsubishi Tanabe Pharma continuously strives to improve its quality in order to manufacture and supply premium products, and as an assurance to its customers that it is a company to trust and depend upon. The CMC Division works together with the Group's production plants, from the very beginning of development through the entire process of getting new drugs to market. It also collaborates in the development of production technologies designed to enhance quality, guarantee a stable supply, and reduce manufacturing costs.

The Mitsubishi Tanabe Pharma Group's global manufacturing system is made up of five production plants in Japan and four outside the country, as well as subcontracted manufacturers that deliver the products worldwide.

Through this system, raw materials procured from around the world undergo acceptance testing before the production of pharmaceuticals begins. Applying original technologies and expertise it developed over many years as a global pharmaceutical enterprise, the Group manufactures active pharmaceutical ingredients and pharmaceutical products while conducting a battery of tests and inspections in accordance with good manufacturing practices (GMP).

Process from Raw Materials to Pharmaceutical Product



Measures to Prevent Medical Malpractice

One example of a measure designed to prevent medical malpractice is the Company's relabeling of its 5-HT2 blocker Anplag tablets in Japan. The name of the product is now clearly displayed in Japanese on each tablet. This has been done to help prevent dispensing errors at medical facilities and other incidents of medical malpractice, as well as to improve efficiency at pharmacies and ensure that individual patients take the correct medication.In an effort to guard against mistakes involving its products, Mitsubishi Tanabe Pharma has been modifying the brand names of its pharmaceuticals to make them easier to understand. Thus the brand names shown on the packaging for two medications marketed in Japan— oral spinocerebellar degeneration treatment Ceredist and selective β1 antagonist Maintate—have been improved. In addition, there is now a clearer description of active pharmaceutical ingredients in each tablet unit dose.

Anplag tablets with the product name displayed

Manufacturing System in Asia

In Asia, we have manufacturing/sales bases in China, South Korea, Taiwan, and Indonesia, and we provide products that meet the quality standards and market needs in each country. In China, which is recording strong growth, Tianjin Tanabe Seiyaku manufactures oral agents. In addition, Mitsubishi Tanabe Pharma Korea and Taiwan Tanabe Seiyaku handle products for their domestic markets as well as products for Japan. Also, Tanabe Indonesia serves as a manufacturing base for its domestic market and other markets in Southeast Asia.

Moreover, the pharmaceutical markets in China and Indonesia are expected to record further growth in line with economic expansion. To meet this growing demand, we have increased our production capacity. With the objective of addressing the new GMP (China) and PICS/GMP (Indonesia), we moved forward with construction of new pharmaceutical production buildings, which were completed in January 2015 and placed into operation. In the future, the Group will utilize these new pharmaceutical production buildings as bases for the expansion of business in Asia, a growth market, and we will work to provide a stable supply of high-quality products.

Tianjin Tanabe Seiyaku — Exterior view of new pharmaceutical production building

P.T. Tanabe Indonesia — Exterior view of new pharmaceutical production building

Managing Distribution to Ensure Stable Supplies

As a pharmaceutical company, Mitsubishi Tanabe Pharma is working to steadily and accurately provide high-quality pharmaceuticals, when they are needed and to the patients who need them. We have built a supply system that can provide a stable supply of drugs to patients, even in the event of a disaster or other unexpected situation.

We ship drugs to customers through a dual-base supply system comprising the New East Japan Distribution Center (Kuki, Saitama Prefecture) and the New West Japan Distribution Center (Nishi-ku, Kobe). To reduce a variety of risks that could adversely affect a stable supply, both of these centers have earthquake isolation systems, in-house power generators, and redundant installations of important equipment. In this way, they are designed to be able to maintain a supply of important drugs even in crisis situations, such as a major disaster. In addition, if either distribution center becomes inoperable at any time, the other center will be able to provide backup distribution, thereby facilitating a continued supply of pharmaceuticals to customers.

The distribution centers employ an inventory control system that accurately and carefully monitors incoming and outgoing shipments and inventory control procedures in lot units. The introduction of the inventory control system enables the Company to appropriately control products in a variety of categories, such as by product characteristics and storage temperatures. In addition, in response to data received from higher level systems, we can rapidly conduct operations without mistakes.

In addition, we periodically conduct training for the employees who use these facilities and equipment. In this way, we aim to enhance the skills of each employee and to reduce human error. At the same time, by heightening awareness of pharmaceutical distribution extending all the way to the patient, we are working to build a system that can maintain a secure, safe, and stable supply of drugs.

Quality Control in the Distribution Process

Mitsubishi Tanabe Pharma distribution centers take a rigorous approach to quality control in the distribution process. This attention to detail helps ensure that pharmaceuticals are as high in quality when they reach patients as they are when manufactured under the strict GMP of the Company's production plants.

The Company works to maintain distribution quality in terms of both the operational and physical aspects. While complying with the structural facility requirements under the Pharmaceuticals, Medical Devices and Other Therapeutic Products Act (The Law on Securing Quality, Efficacy and Safety of Products including Pharmaceuticals and Medical Products) of Japan and other relevant regulations as well as various operational requirements, Mitsubishi Tanabe Pharma's distribution policies and procedure manuals are designed in light of the features of the products it handles, and the Company strictly observes these polices and manuals in the conduct of its operations. In particular, for cold storage products, which require rigorous temperature control, in addition to periodic temperature validation and thermometer calibration in cold warehouses, the Company has emergency response measures in place, including a process that provides information when abnormal or emergency conditions are detected and in-house power generators that can be used when electricity is interrupted. In this way, the Company has designed a system that maintains product storage at a constant temperature, 24 hours a day, seven days a week.

Mitsubishi Tanabe Pharma designed its entire transportation system with the focus on supplying high-quality pharmaceuticals. Products are shipped from the distribution centers via contracted transport companies that are in compliance with pre-determined qualifications. With an understanding of the characteristics and importance of the pharmaceuticals that they are carrying, these companies strictly supervise the transport of this cargo, utilizing facilities and vehicles specifically designed for loading and unloading pharmaceuticals. The Company works to maintain quality during the distribution process by carrying out periodic inspections of its subcontracting transport companies, as well as using a comprehensive distribution method with precise temperature control validation and special insulated boxes for packing the products.

Information Provision

MR's Responsibility: Collecting Data and Providing Information to Medical Institutions

The Mitsubishi Tanabe Pharma Group employs about 2,000 general and specialized medical representatives (MRs) in Japan. These MRs work each day to supply medical institutions throughout the country with scientific information concerning the benefits of Mitsubishi Tanabe Pharma's products, as well as their possible side effects, in order to ensure that the products are used appropriately. The Group's representatives are also responsible for collecting data on the efficacy and safety of the drugs at the usage stage—information that could not be gleaned during R&D—and providing medical professionals with data-based evaluations. Specialized MRs are responsible for products that require a high level of knowledge about specific illnesses and drug treatments. General MRs, on the other hand, cooperate with specialized MRs to provide quality information services based on the needs of medical professionals.

Providing Comprehensive Information through Seminars

In October 2015, Mitsubishi Tanabe Pharma co-sponsored the Nikkei Health Seminar 21 held by newspaper publisher Nikkei Inc. This seminar was held with the objective of supporting disease education and prevention. The seminar included a wide range of depression-related topics presented by two experts, from basic knowledge of depression to non-pharmaceutical treatment methods. In addition, a proper understanding of continued treatment was introduced through the presentation of the personal experiences of people who overcame depression. Mitsubishi Tanabe Pharma expects that promoting understanding of illnesses among the general public through this seminar to raise interest in general health issues is key to early detection and prevention. It is committed to sponsoring seminars as one of many ways in which that company can provide comprehensive information on diseases and illnesses.

Nikkei Health Seminar 21

Supporting Proper Self-Medication for Skin Problems

Mitsubishi Tanabe Pharma believes it is important to help people suffering from dermatological problems to obtain accurate information and find a treatment as quickly as possible. Toward this end, it has been conducting a variety of educational programs in Japan designed to motivate people to consider how to treat one's own skin problems. These initiatives include TV commercials and website content that explain the causes, symptoms, and treatment of skin problems.

Mitsubishi Tanabe Pharma's website on dermatological issues

Providing Information on Generic Drugs in Japan

Leveraging the rigorous quality control system and wide-ranging distribution system that we have cultivated throughout our long history, we will provide a stable supply of high-quality generics through Group company Tanabe Seiyaku Hanbai. These activities will be implemented under the slogan Reliable Generics.

Tanabe Seiyaku Hanbai employs MRs with extensive experience and knowledge in generic drugs so that patients can expect to receive comprehensive information regarding its generic pharmaceuticals and the assurance that these drugs can be relied upon.

Overseas Marketing Activities

We provide a variety of useful information to health care professionals through Group companies. In Europe, we have a Group company in Germany, and in Asia we have Group companies in China, South Korea, Taiwan, and Indonesia. MRs involved in drug information provision activities need advanced levels of knowledge, information, and skills in order to conduct discussions with doctors and pharmacists. Accordingly, we are working to enhance the quality of information provision activities through periodic training.

Specifically, we implement initiatives that support the diagnosis and treatment activities of health care professionals, such as visiting medical institutions and doctors, participating in academic conferences, exchanging opinions with opinion leaders, implementing academic research, and creating and distributing information materials.

In overseas information provision activities for ethical drugs, the Group will continue working to improve the quality of medical information and to contribute to the health of people around the world.

Providing Information through Websites

Mitsubishi Tanabe Pharma has set up health support websites in Japanese for rheumatoid arthritis, Crohn's disease, ulcerative colitis, psoriasis, Behcet's disease, liver failure, multiple sclerosis, spinocerebellar degeneration and multiple system atrophy, chronic kidney disease, sleep disorders, vaccines, hemorrhoids, eczema and dermatitis, and cerebral infarction. In fiscal 2015, we opened a new health support website for amyotrophic lateral sclerosis.

Through these websites, we are providing patients and their families with information about the symptoms, diagnoses, and treatment of these diseases in an easy-to-understand manner.

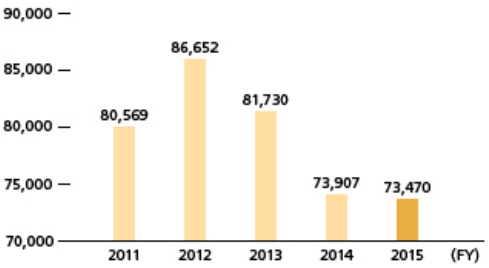
Health support website

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 consumers, as well as physicians, pharmacists, wholesalers, and others in the medical profession. A unique resource in the private sector, the center provides patients and consumers with clear explanations that are reliable, accurate, and prompt, while at the same time making certain not to dispense the type of medical advice that should only come from a physician.

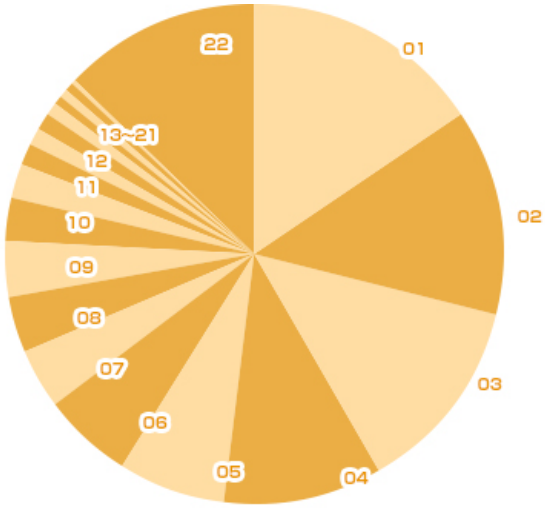
The center also plays a vital role in ensuring the reliability of the Company's products by accurately gleaning safety and quality information, including side effects, from the content of inquires and relaying that information to the relevant Mitsubishi Tanabe Pharma department as feedback to be addressed.

Number of Inquiries to the Medical Information Center



Receiving over 70,000 inquiries a year, the Medical Information Center staff helps ensure that the Company's products are used appropriately by sharing objective facts and data taken from drug approval documents and scientific evidence.

Subject of Inquiries to the Medical Information Center



01	Product distribution	15.6%
02	Usage and dosage	13.3%
03	Safety (precautions for use)	12.9%
04	Stability	10.2%
05	Documentation	7.1%
06	Side effects	5.7%
07	Drug formulations (properties)	3.9%
08	Insurance and prescriptions	3.7%
09	Indications and efficacy	3.4%
10	Incompatibility with other drugs	3.0%
11	Drug interactions	2.2%
12	Unapproved indications and efficacy	1.2%
13	Pharmacokinetics	1.1%
14	Pregnancy and breast-feeding	1.1%
15	Off label use	1.0%
16	Misuse, overdose, and poisoning	0.6%
17	Complaints about quality	0.5%
18	Facilities where sold, handled, and used	0.4%
19	Non-efficacy cases	0.2%
20	Suggestions, requests, and general complaints	0.1%
21	Campaigns	0.0%
22	Other	12.7%

Reliability Assurance

System to Assure the Reliability of Drugs

To ensure that our pharmaceuticals can be used by health care professionals and patients with peace of mind, reliability is important in terms of quality, efficacy, and safety. We are working to secure efficacy, quality, and safety by strictly observing the appropriate standards for ensuring reliability, as stipulated by the “Act on Securing Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics.” To strictly observe laws and regulations and to meet the requests of society, we are working to maintain and enhance our quality assurance system.

System to Assure the Reliability of Drugs

New Drug Safety Management

After a new drug is marketed, adverse drug reactions that were not experienced in clinical studies are sometimes reported. In such cases, we immediately collect that information, analyze it, and provide feedback to healthcare professionals. We are moving forward with proactive safety management activities that incorporate the development of new safety measures. We believe that by preventing adverse drug reactions from new drugs and promoting their proper use through these types of activities, we can support the use of new drugs on the healthcare professionals.

Radicut is a free radical scavenger discovered by Mitsubishi Tanabe Pharma. In 2015, Mitsubishi Tanabe Pharma obtained manufacturing and marketing authorization for Radicut for an additional indication and dosage/administration for inhibition of progression of functional disorder in patients with Amyotrophc Lateral Sclerosis (ALS). Radicut has been used for 15 years since it was approved and launched as a treatment agent for acute ischaemic stroke. However, ALS is an entirely different disease, and the patients, medical environment, and usage/administration are substantially different from those of acute ischeamic stroke. Accordingly, it will be necessary to take careful safety measures.

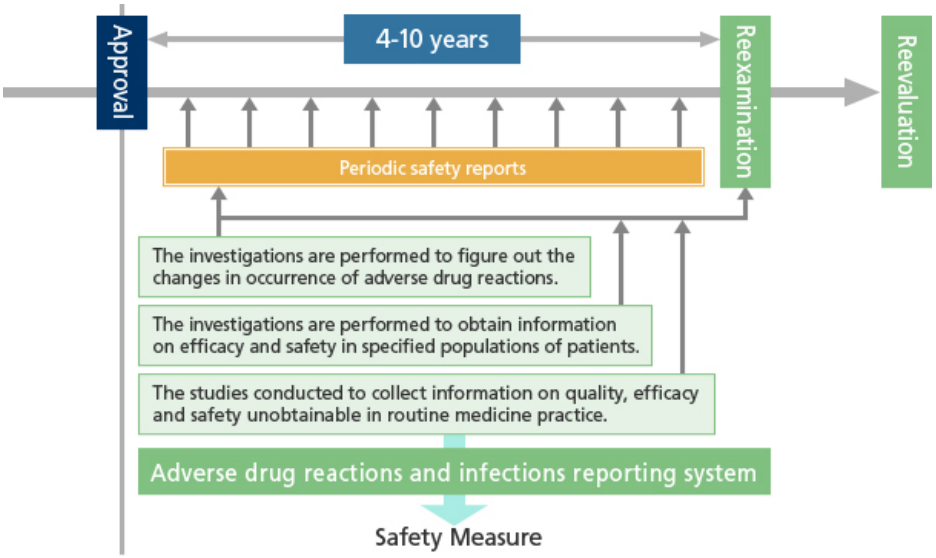
We have acquired valuable experience in the promotion of proper use through the predictive and preventive safety management activities that we have implemented. Making full use of that experience, Mitsubishi Tanabe Pharma will provide information for the safe use of Radicut and contribute to improvement in the treatment of ALS.

Post-Marketing Surveillance

The regulatory authority grants manufacturing and marketing authorization for a drug based on the results of nonclinical and clinical studies. After obtaining the authorization, we start selling the drug. Clinical studies are conducted with the number of patients that are required to scientifically verify the efficacy and safety of the new drugs. However, there are restrictions on the conditions of patients who can be enrolled in clinical studies (age, with/without complications, etc.), and consequently there are limits on the patients who can join the studies.

Therefore, we collect safety information as soon as drugs are launched, and in addition we sometimes conduct post-marketing surveillance. Through the surveillance, we aggregate safety information regarding the drugs that have been actually prescribed to patients, we monitor the safety and efficacy of drugs, and the information that is obtained in the surveillance is quickly and accurately provided to the healthcare professionals. In this way, we are working to support the proper use of drugs.

Post-Marketing Surveillance System



Quality Assurance for Pharmaceuticals

Our policy is to contribute to the health and well-being of people around the world by building a quality system that meets global standards and providing a stable supply of high-quality, reliable drugs. On that basis, we are strictly observing the government regulations 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 Group manufacturing plants in Japan and overseas, we aim to improve quality through the formulation of quality targets and the implementation of quality assurance plans.

In 2014, Japan became a Participating Authority in the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S). (Japan is the 45th Participating Authority.) Moving forward, the trend toward globalization is expected to accelerate. Based on the Quality Assurance Standards formulated by the Company and all Group manufacturing plants, we will aim to achieve further unification with global quality assurance standards in the future.

Pharmaceutical Safety Education

Every year since fiscal 2008, the Company has implemented pharmaceutical safety education for directors, executive officers, presidents and other executives of Group companies, and all employees, including those of Group companies. The objective of these initiatives is to accumulate and pass on knowledge related to pharmaceutical safety.

In “Top Seminars” for executives, in fiscal 2015 Mr. Jun Kitajima from the Business Ethics Research Center was invited to conduct a training session on “Compliance Strategy in the Global Era with Consideration for the Trend toward Exposure of Corruption.”

For employees, in fiscal 2015 we reviewed the HIV affair and addressed the proper use of pharmaceuticals and drug safety management. By learning from past drug-induced incidents through this training, we renewed our pledge to prevent the recurrence of drug-induced incidents, and re-recognized the need for risk sensitivity and an ethical viewpoint in daily activities.

Corporate Citizenship Activities - Declaration on Corporate Citizenship

Declaration on Corporate Citizenship

We have formulated the Mitsubishi Tanabe Pharma Group Declaration on Corporate Citizenship, and we are actively advancing corporate citizenship activities, targeting the realization of a "*KAITEKI* society."

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.

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

Corporate Citizenship Activities - Support for Medical Treatment and Health

Support for Refractory Disease Patient Organizations: The Mitsubishi Tanabe Pharma Tenohira Partnership Program

In 2013, we established the Mitsubishi Tanabe Pharma Tenohira Partnership Program, which provides aid to associations and support groups for patients with incurable diseases. These organizations work to improve patients' medical treatment and career prospects and to enhance their quality of life.

Meetings were held on September 30, 2015 (Tokyo Head Office) and October 2, 2015 (Head Office), to report on the fiscal 2014 activities of organizations receiving assistance under the Tenohira Partnership Program (9 organizations, 11 people). At these meetings, there was a lively exchange of opinion about such matters as the need for collaboration with patients' associations, which address the same issues; the need for collaboration with companies and volunteer groups; and improvement of the medical treatment for children with incurable diseases. The daily lives of patients and their families are irreplaceable and should not simply be spent fighting disease. The Tenohira Partnership 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 provide aid in the current fiscal year.

Meeting to report on support operations

Free discussion

Tenohira Partnership Program - 4th year (fiscal 2016)

Name of organizations	Description of Initiatives
Network for Spinal Muscular Atrophy (NESMA)	Meetings in Hokkaido for experience and consultation for switches / communications equipment and hospital play
Japan Amyotrophic Lateral Sclerosis Association, General incorporated association	Joining in the fight with ALS, introducing techniques for using systems for living (focus on nursing care)
Hokkaido Spinal Ligament Ossification Supporters' Association	Sponsorship of At-Home Rehabilitation Caravan in areas with shortage of health care resources, Part Three
Japan Amyotrophic Lateral Sclerosis Association, Hokkaido Prefecture Branch	Study meetings for sputum suction, etc., (specified people) in Sapporo, Hakodate, and Kitami.
IBD Network, Specified non-profit corporation	Creation and provision of IBD guide for elementary school and junior high school teachers
National Parkinson's Disease Supporters' Association, Osaka Branch	Implementing questionnaires to understand needs related to the identification of future directions and the determination of operational initiatives Formulating report and holding symposiums on the current situation and future of patients with Parkinson's disease and their families.
Hokkaido Ulcerative Colitis / Crohn's Disease Supporters' Association (Hokkaido IBD)	Activities to support treatment in areas of Hokkaido where it is difficult to receive IBD treatment.
Japan Chronic Disease Self-Management Association, Specified non-profit corporation	Holding workshops and reunion meetings to support self management for people with refractory diseases and other diseases that are difficult to treat.
Kukuru, General incorporated association	Support for the transition to home care for people who require medical care

Future Dream Achievement, Specified non-profit corporation	Preparing equipment for daily living and employment support for people with acquired visual impairment due to retinitis pigmentosa
Asunarokai (Parents' association for children with juvenile idiopathic arthritis)	Enhancement and network building for Asunarokai's junior's (infant patients) association Training for leaders
Parkinson's Disease Support Organization, Specified non-profit corporation	Activities to improve food environment for patients with Parkinson's disease
Marfan Network Japan (MNJ)	Creation of Marfan syndrome guidebook of third edition by patients' association, with cooperation in writing from medical specialists
Future of ALD Association, Specified non-profit corporation	Activities to improve quality of life for patients with adrenoleukodystrophy
Wakayama Prefecture Association for Parents of Children with Refractory Diseases	Resort camps to help children with diseases have fun and enjoy themselves
Iwate Prefecture Refractory Disease / Disease Association Liaison Committee, General incorporated association	Activities to help patients with refractory diseases enjoy their lives and participate in society

Supporting Research through Foundations

Mitsubishi Tanabe Pharma provides financial assistance to the SENSHIN Medical Research Foundation and the Japan Foundation for Applied Enzymology as a means of funding research in a broad range of fields including medicine, pharmaceuticals, agriculture, and the physical sciences. By providing support for the activities of both foundations, the Company works to promote research and provide information that benefits medical treatment and public health.

Grants of the SENSHIN Medical Research Foundation in Fiscal 2015

Grants for pharmacopsychiatry research	Basic research	24 projects	25 million yen
	Aid for young researchers	10 projects	10 million yen
	Financial aid for education abroad	3 projects	6 million yen
Grants for hematological research	Basic research	24 projects	25 million yen
	Aid for young researchers	10 projects	10 million yen
	Financial aid for education abroad	3 projects	6 million yen
Grants for circulatory research	Basic research	24 projects	24 million yen
	Aid for young researchers	10 projects	10 million yen
	Financial aid for education abroad	3 projects	6 million yen
Special projects		2 project	20 million yen
Total		113 projects	142 million yen

Grants of the Japan Foundation for Applied Enzymology in Fiscal 2015

Grants for enzyme research	Applied research on enzymes and enzyme research related to life sciences	30 projects	22.50 million yen
	The Japanese Society of Applied Glycoscience	1 symposium	0.30 million yen
Grants for young researchers in specific fields	Researchers focused on determining causes and conditions of adult onset diseases	36 projects	14.95 million yen
	Researchers focused on vascular biology innovation	22 projects	10.50 million yen
	Researchers focused on determining causes and conditions of systemic inflammatory diseases	10 projects	10.00 million yen
	Front runner of future diabetes research	28 projects	14.00 million yen
Total		127 projects	72.25 million yen

Contributing to Developing Countries

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

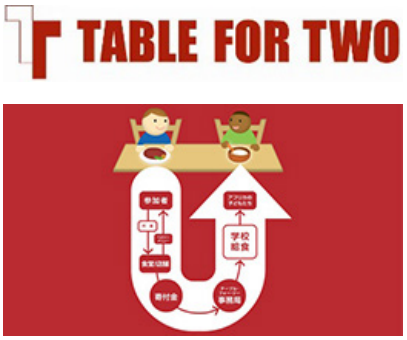
The GHIT Fund aims to control infectious diseases that burden the developing world, such as HIV/AIDS, malaria, tuberculosis, and neglected tropical diseases (NTDs). Cooperation among research institutions in Japan and overseas is promoted, and the development of new drugs is advanced through investment in product development partnerships.

In May 2015, through the GHIT Fund, the Company provided its pharmaceutical compound library (50,000 compounds) to Medicine for Malaria Venture, a screening institution that focuses on the discovery of new anti-malaria drugs. Joint screening research is underway, targeting the discovery of new anti-malaria drug candidate compounds. In addition, in June 2016 the Company began to provide financial support to the GHIT Fund. Moving forward, the Company will continue working to contribute to the health of people around the world, including contributions to the treatment of infectious diseases that burden the developing world.

TABLE FOR TWO（TFT）

TFT is a social contribution activity that originated in Japan. It 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, ¥20 of the price is allocated to the cost of school meals in developing countries, such as countries in Africa. We introduced the TFT Program at the employee cafeterias at the Kashima Office from August 2014 and the Head Office from May 2015.

Employees have given high evaluations to this initiative, in which they can readily participate and which enables children in developing countries and employees in developed countries to improve their health at the same time.



TFT framework


Employees enjoy TFT

Fiscal 2015 contributions

(Head Office)
May 2015 to March 2016: Cumulative total of 1,764 meals

(Kashima Office)
May 2015 to March 2016: Cumulative total of 3,035 meals

School meals provided to children in developing countries: 4,799 meals

In addition, at the Tokyo Head Office we have installed TFT vending machines. When drinks are purchased, a portion of the sale price is used to provide school meals for children in developing countries.

Fiscal 2015 contributions

(Tokyo Head Office)
January 2015 to December 2015: Cumulative total of ¥10,187

School meals provided to children in developing countries: 509 meals

Participating in Vaccine Support Activities

As a Companywide program, we are also participating in vaccine support activities for children in developing countries. Through this program, when unneeded books, CDs, and DVDs are sent to BOOKOFF Online Corporation, 10% of the assessed amount is 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. Polio vaccine is only ¥20 per person. One book that is sitting on a shelf can protect two children. The total donation from items collected at the Company's worksites was ¥103,701, equivalent to 5,185 units of polio vaccine. In the future, we will continue to implement this activity.

Implementing initiatives

Collecting PET Bottle Caps

At each worksite, we are actively collecting PET bottle caps as one aspect of in-house eco-activities. The funds generated by selling the collected caps are used to advance social welfare activities and to deliver vaccines to children in developing countries.

Collecting bottle caps

Initiatives to Support Active Lifestyles for People with Disabilities

Support for CP Soccer (soccer played by seven people with cerebral palsy)

CP soccer is soccer played by teams of seven athletes who have physical disabilities, such as cerebral palsy or head trauma. At the Kashima Office, with the cooperation of a social welfare organization in Yodogawa, Osaka, since 2013 the grounds have been provided for CP soccer tournaments and events, centered on the Osaka PAZ, a team based in Osaka. At the tournament in November 2015, the weather was cold, but the participants played hard and it was a close match. In this way, the Company will continue to support enthusiasm for the CP soccer athletes and, through interaction with elementary and junior high school soccer athletes, to foster exchange with the local community in a way that transcends disabilities.

CP Soccer Athletes

Sales of Fresh-Baked Bread at Welfare Services Facility for People with Disabilities

Once every two months, the cafeterias at the Head Office and the Kashima Office (Osaka) sell fresh-baked bread that is made at a welfare services facility for people with disabilities. The hand-made, fresh-baked bread has been well received among employees, who look forward to the days on which it is sold. In addition, from the welfare services facility, we have received comments indicating that people's motivation to work has been enhanced, they have gained confidence, and they look forward to the days of the sales.

(Kashima Office) Sales of fresh-baked bread made at Niitaka no Sato

(Head Office) A crowd of customers at a bread and cookie sale

Purchasing Recycled Envelopes

At Tanabe Seiyaku Yoshiki Factory, we donate unnecessary calendars to a nearby welfare services facility for people with disabilities and purchase recycled envelopes that are made at the facility. The envelopes are made with the backs of calendars and posters, and they are effectively utilized as office supplies.

Recycled envelopes made from calendars

Blood Donation Activities

In Japan, about 3,000 patients receive blood transfusions each day.

Currently, the blood used in transfusions cannot be stored for long periods of time, and it is not yet possible to artificially manufacture this blood. Blood is important to save the precious lives of patients who need blood transfusions due to a disease or accident. At the Head Office as well as offices and plants, the Group actively cooperates in the blood donation activities of the Japanese Red Cross Society.

Blood donation at the Yoshitomi Office

Corporate Citizenship Activities - Contributing to the Environment

Contributing to the Environment

Bridge-Washing Event

On Saturday, October 3, 2015, a bridge-washing event was held for the Naniwa Bridge, which spans Tosabori River and Dojima River in Osaka City. About 250 people participated, including 15 people from the Company. The bridge-washing, which has become an annual event, is an environmental cleaning initiative implemented through the cooperation of the Company and other companies and residents in the Chuo Ward and Kita Ward, with the joint support of the Osaka City Chuo Ward Office and Kita Ward Office. On a warm autumn day, people ranging from young children to adults cleaned the bridge's surface and railings using deck brushes and scrapers to remove gum.

Gathering of 250 participants

Working hard to clean the bridge railings

Greening of Office Surroundings

The Group is aggressively implementing greening and beautification activities at each domestic worksite. Employees clean worksite surroundings and actively participate in neighborhood cleaning activities. In these ways, we are working to coexist in harmony with local communities.

Furthermore, overseas, Mitsubishi Tanabe Pharma Korea holds "Environment Day" one day per month and implements environmental activities at the plant and the surrounding area.

Fiscal 2015 greening and beautification activities

Worksite	Program name
Head office	• Osaka Marathon Clean-Up Operation (office surroundings)
Kashima Office	• Osaka Marathon Clean-Up Operation (office surroundings)
Yokohama Office	• Hama-Road Supporter (office surroundings)
Onoda Office	• Japanese Islands Clean Campaign (Sanyo-Onoda City) • Clean Operation (office surroundings)

Osaka Marathon Clean-Up Operation (Head Office)

Osaka Marathon Clean-Up Operation (Kashima Office)

Yoshitomi Office	• Clean Operation (office surroundings) • Marine Day seashore cleaning (Yoshitomi Town)
Hokkaido Branch	• Safety and cleaning event sponsored by neighborhood association of offices at Kita-Ichijo Street
Chiba Branch	• Volunteer cleaning of exteriors at Chiba Chuo Twin Building and Chuo Park
Bipha	• Chitose welcome flower road • 450 zero garbage activities (Lake Shikotsu) • Nature park green day (Lake Shikotsu) • Cleaning activities on environment day (Lake Shikotsu)
Tanabe Seiyaku Yoshiki Factory	• Hida City zero garbage activities • Cutting grass at the river near the office
Mitsubishi Tanabe Pharma Korea	• Cleaning activities at the plant and surrounding area on environment day

Japanese Islands Clean Campaign (Onoda Office)

Yoshitomi Office Clean Operation

Planting flowers for the Chitose welcome flower road (Bipha)

Beautification activities on “Environment Day” (Mitsubishi Tanabe Pharma Korea)

Corporate Citizenship Activities - Contributing to Local Communities

Off-site Educational Activities and Company Tours

On-Site Educational Activities

We provide off-site educational activities for students. Through these activities, we offer lectures related to such topics as the pharmaceutical industry, the business of a pharmaceutical company, and new drug R&D. In fiscal 2015, employees visited one junior high school and two senior high schools as lecturers. At these educational activities, many students were surprised at the length and difficulty of the process of new drug development, and we were pleased to hear that some students wanted to do work related to the development of new drugs for refractory diseases.

Implementing lectures related to the role of pharmaceutical companies and other topics

Company Tours

Company worksites offer tours, such as for regional organizations and comprehensive learning initiatives for nearby schools and school excursions. At the Yoshitomi Office, people on tours learn about manufacturing processes and quality control. The A3 plant, where people on tours can see completely automated packaging operations using robots, is especially popular.

Plant tour at Yoshitomi Office (nearby elementary school)

Research facility tour at Toda Office (nearby elementary school)

Yokohama Office study tour for residents of nearby areas

Career study at Tanabe Seiyaku Yoshiki Factory (nearby junior high school)

Museum guide experience at the Head Office (workplace experience for a nearby junior high school)

Opening of Mitsubishi Tanabe Pharma Historical Museum

In May 2015, the Company opened the Mitsubishi Tanabe Pharma Historical Museum on the second floor of the Head Office in Doshomachi, Osaka, which is known as the “pharmaceutical district.” Visitors can learn about the history of the Company, which was founded in 1678, and the history and culture of Doshomachi. In addition, using 3D images and touch panels, visitors can learn about such topics as the structure of the human body and how pharmaceuticals work. In the first year after its opening, more than 8,000 people visited the museum, which contributes to the local community by providing information about the region’s precious history and culture. The museum is also contributing to the development of the next generation, such as with school off-campus learning activities.

Mitsubishi Tanabe Pharma Historical Museum

MSC Volunteer Salon

To facilitate interaction among people interested in volunteering activities, we have been holding the MSC Volunteer Salon since 1968. The principal activity is the “volunteer salon,” which is held every other month in Ginza, Tokyo. This offers examples of the activities of various NPOs and lectures about information that is useful for health and daily life. In addition, there are mini concerts planned by the Grace Society, an association that promotes arts and social welfare that is working in volunteer activities through music. Anyone can participate at no charge.

The MSC Volunteer Salon also collects donations of used postal stamps and telephone cards. The salon administrative office presents them to welfare groups and other organizations in Japan to support the administration of these facilities.

Lecture about the use of Qigong deep breathing exercises

Accordion performance at a mini-concert

Donating Over-the-Counter Medicines to a Children's Land

Kodomo-no-kuni (Children’s Land) is a natural amusement park that utilizes a thickly wooded area of approximately 100 hectares in the Tama Hills area of Yokohama City. It was opened in 1965 in commemoration of the wedding of His Majesty the Emperor, and it reached its 50th anniversary in May 2015. Since 1971, for 44 consecutive years the Company has contributed OTC products and made other contributions, and we received a letter of appreciation as a cooperating organization that has contributed to the development of Kodomo-no-kuni for many years. In addition, in commemoration of the 50th anniversary, the Company donated a setting for commemorative photographs that features Kodomo-no-kuni bird characters, which was enjoyed by families that visited the park.

Commemorative photograph with Kodomo-no-kuni bird characters.

Donated medicines and people from Kodomo-no-kuni

Harmonious Co-existence with Local Communities

By holding local events at Group plants and offices, we are deepening communication with members of the local community and making a contribution to regional society.

Yoshitomi Summer Festival

In August 2015, the Yoshitomi Office sponsored the Yoshitomi Summer Festival, which is a venue for exchange with members of the local community. This event is held at the Yoshitomi Office in August each year, and the August 2015 festival was the 42nd. Despite light rain on the day of the festival, more than 1,300 local residents, employees, and their family members attended. The day was filled with performances of summer Obon dances by neighborhood children (visitors also participated), a Japanese drum performance, children's dances, local band performances, and belly dancing. These performances were enjoyed by everyone from children to adults. The event's grand finale was a traditional fireworks show that was greeted by loud cheers and applause from the spectators' seats. Finally, a grand lottery drawing with luxury prizes generated excitement among the crowd, and the Yoshitomi Summer Festival was concluded as a great success.

Dynamic Japanese drum performance

Enthusiastic children’s dancing

Store crowded with children

Opening the historical museum for a pharmaceutical festival

In Doshomachi, where the Company has its Head Office, the Shinno-sai Festival (a pharmaceutical festival) is held each year on November 22 and 23. The festival is operated and implemented by *YAKUSOKO*, a Doshomachi organization centered on pharmaceutical companies. As a member of *YAKUSOKO*, for many years, the Company has contributed to the festival. The Company’s Historical Museum was established in fiscal 2015, and it was opened on a special walk-in basis to support the festival. Through the festival, which has a close relationship with Doshomachi, the Company will strive to harmoniously coexist with the local community and contribute to regional activation.

Street stalls lined up in Doshomachi

Historical museum crowded with visitors

Collaborating with Regional Organizations

In September 2015, a Doshomachi development association known as the Doshomachi Club was established. The Company works as the secretariat for the association. The objectives of this organization are to deepen the mutual connections among the companies, organizations, and residents of Doshomachi, to engage in cultural community-building initiatives that leverage the appeal of the area's rich history, and to communicate information related to pharmaceuticals and health. Moving forward, we will implement community-building activities that will further develop the abundant appeal of Doshomachi, which long been known as the "pharmaceutical district," and provide a link to the future.

In addition to those initiatives described above, in the area where the Head Office is located, the Company is participating in a range of activities targeting the activation of local communities. These include participating in the committee for the Sukunahikona Shrine's Shinno-sai Festival, serving as a supporting member of the Sankyu-bashi Suji commerce association, and supporting the activities of the Senba Genki-no-Kai.

Corporate Citizenship Activities - Support for Disaster Reconstruction

Support for Disaster Reconstruction

Support for the Region Affected by the Kumamoto Earthquake

An earthquake struck Kumamoto in April 2016, and to help people who were affected by the earthquake and assist in the reconstruction of the area, the Company made a donation of ¥10 million to the Japanese Red Cross Society.

Support for Great East Japan Earthquake Reconstruction

Implementing Sales Events for Products from Tohoku

The Tokyo Head Office and the Toda Office sponsored exhibits for products from three prefectures in Tohoku (Miyagi, Fukushima, Iwate). On the days of the exhibits, employees purchased local specialties, and the events were very popular. In the future, we will continue to provide support in affected regions through our procurement activities.

- Tokyo Head Office (October and December 2015, February 2016)
- Toda Office (November 2015, January and March 2016)

VOICE

Organizational Governance
Governance requires each individual to work with speed in making decisions and taking action.

To restore the vitality of Japanese companies and meet the expectations of investors in Japan and overseas, the Japanese government is requiring companies to establish aggressive corporate governance systems that will contribute to sustained growth and the enhancement of corporate value over the medium to long term. On the other hand, the Group's objectives under the Medium-Term Management Plan 16-20 include maximizing pipeline value, strengthening IKUYAKU (drug fostering and evolution), and accelerating U.S. business development. To realize our vision in regard to these objectives, we will need to establish "proactive governance."

Corporate governance involves the relationship between the shareholders and the company (directors), and in a broader sense it refers to discipline inside the corporate group. I believe that key points in governance include the following. To what extent are management policies and management plans reflected in the objectives and actions of each division? Are those objectives and actions linked to the objectives of individual employees? Are organizational responsibility and authority clearly spelled out? To what extent are intentions and connections communicated rapidly from top management to the rest of the company? How quickly are decisions made? The question of whether or not governance is functioning effectively is related to the actions of each individual.

Hiromi Okatake
Executive Officer
General Manager of Legal Affairs & Intellectual Property Department
In charge of Internal Controls & Compliance Department
Chief Compliance Officer

Human Rights
The key words for sound corporate administration are "diversity and inclusion."

Our vision is to become a global research-driven pharmaceutical company that can be trusted by communities. For a company to earn the trust of international society as a global enterprise, it must respect human rights in all of its business activities. The key words are diversity and inclusion. I believe that respecting, acknowledging, and utilizing the differences of individual employees enhances human rights awareness and is also the foundation of sound corporate administration. Through the creation of working environments that safe, comfortable, and easy to work in, we will aggressively implement human rights education initiatives to enhance *KAITEKI*, which is the goal of the Mitsubishi Chemical Holdings Group.

Shigeki Kato
Internal Controls & Compliance Department

Labor Practices
Aiming to establish a corporate culture in which women naturally have active careers

Under the Medium-Term Management Plan 16-20, diversity and inclusion are identified as a policy in the management strategy for the active use of human resources. The gateway for those initiatives will be support for the success of women in the workplace.

I believe that a company in which women can work actively and energetically will become a company that is easy to work for and offers rewarding opportunities for employees other than women as well. To realize that type of company, I think we need to implement tangible and intangible reforms.

We received the highest ranking from the Minister of Health, Labour and Welfare under the “Eruboshi” company certification system. This system is based on the Act on Promotion of Women’s Participation and Advancement in the Workplace, which came into effect in April 2016.

Moving forward, we will implement activities that earn acknowledgment outside the Company and satisfaction inside the Company.

Minori Ohara
General Affairs and Human Resources Department

Environment
We will work aggressively in the areas of the environment as well as health and safety.

We are implementing business activities in accordance with our corporate philosophy: “We contribute to the healthier lives of people around the world through the creation of pharmaceuticals.”

Among these activities, the burden placed on the environment, such as from emissions of greenhouse gases or chemical substances, has an influence not only on the realization of a sustainable *KAITEKI* society but also on people’s health.

From that viewpoint, I think that initiatives to reduce the Group’s environmental burden and implement aggressive environmental conservation activities are highly meaningful in regard to the realization of the corporate philosophy.

In addition, the MTPC Group Health Policy, which was formulated in April 2016, calls for working to support the physical and mental health of all employees, who have responsibility for the realization of the corporate philosophy.

Hiroshi Wake
Environment & Safety Department, Production Division

Moving forward, we will work more-proactively to contribute to the health and secure the safety of people inside and outside the Company and to implement environmental conservation activities that will support the future.

Fair Operating Practices

To successfully establish guidelines for the prevention of bribery and corruption

Sang-Sig Choi
Compliance Department, Mitsubishi Tanabe Pharma Korea Co., Ltd.

My name is Sang-Sig Choi. I am the General Manager of Compliance Department at Mitsubishi Tanabe Pharma Korea.

Mitsubishi Tanabe Pharma Korea implements legal, transparent business activities in accordance with global policies and South Korean guidelines for the prevention of bribery and corruption.

In South Korea, companies are currently introducing ethical management implementation systems for the purpose of establishing ethical management, and company CEOs have communicated their strong determination regarding ethical behavior to all employees and stakeholders. Moreover, the government has established a rebate-related, government-wide cooperation system and has established strict regulations. However, a recent topic of conversation has been an incident in which representatives of a pharmaceutical company that paid 5.6 billion won in rebates to 270 doctors and doctors who received 300 million won in rebates were detained, and 274 doctors who received more than 3 million won in rebates received administrative punishment.

With the objectives of eliminating corruption from society, realizing a fair and transparent society, and establishing a culture of integrity, the South Korean government is preparing to enforce the Prohibition of Improper Solicitation and Receipt of Money or Goods Act, which will take effect in September 2016.

In this setting, as the person responsible for promoting compliance, I will work with responsibility and a sense of mission. I will do my utmost to establish an environment in which all employees can honestly put into practice transparent procedures and rigorous ethical standards for the entire company.

Consumer Issues

We will continue to provide the latest information so that patients can receive better medical treatment.

Ryo Iiyama
Strategic Sales Planning Department, Sales & Marketing Division

Through MRs, the Company provides information on the appropriate usage of pharmaceuticals to health-care professionals. However, in recent years, due in part to security measures, visiting regulations for medical institutions have become stricter, and it is becoming difficult for MRs to visit health-care professionals and directly provide information. In addition, the needs of health care professionals to acquire information from the Internet have started to increase each year.

Through the operation of Medical View Point, an information website for health care professionals, we provide both the latest information on the appropriate use of pharmaceuticals and information that will be useful to health care professionals in their daily medical consultations. Our mission is to continue to provide the latest information so that patients can receive better medical treatment. We will continue working to make Medical View Point better so that it is easy to view large amounts of information.

Community Involvement and Development

Communicating the history and culture of the district of Doshomachi through museum guides

One year has passed since the Mitsubishi Tanabe Pharma Historical Museum opened, and many people have visited the museum. In addition to people involved in pharmaceuticals and medicine, the diverse range of visitors includes people engaged in off-campus learning activities from elementary school to high school, training for new company employees, walking tours combined with health maintenance, and tourism. The visitors all have different objectives and subjects of interest, and the people providing guidance strive to speak from the viewpoint of visitors to enhance their interest in the museum. The visitors have made an effort to come to the museum, and accordingly we would like them to think “That was interesting. I would like to come back.” In this way, we would like to expand the circle of supporters for the Doshomachi pharmaceutical district. In addition, we intend to participate actively in regional events through the museum, so we would be pleased to hear about any related news.

Toshihide Inui
Corporate Communications Department

Explanation of Terms

Appropriate use of pharmaceuticals

Prescribing and preparing pharmaceuticals in their optimum form in regards to ingredient selection, formulation, and appropriate administration and dosage, based on a precise diagnosis. Also, encouraging patients to understand the prescribed drug, evaluating the efficacy and negative side effects, and reflecting the results in subsequent prescriptions. Appropriate use refers to this entire cycle.

Clinical trials

Tests in which pharmaceuticals believed to have medical value are administered to patients as well as healthy subjects in order to determine their efficacy and side effects.

E-learning

A learning system conducted by means of electronic media including the PC and Internet.

Generic drugs

Drugs that are marketed after the new drug patent expires. They have the same active ingredients in the same amounts as the new drug and have the same clinical efficacy.

Good Clinical Practice (GCP)

Standards that govern how clinical trials for drugs should be conducted.

Good Laboratory Practice (GLP)

Standards related to safety governing how non-clinical trials for drugs should be conducted.

Good Manufacturing Practice (GMP)

Standards governing the production and quality of pharmaceutical and quasi-drug products.

Good Post-marketing Study Practice (GPSP)

Standards for conducting post-marketing surveys and tests for pharmaceuticals.

Good Quality Practice (GQP)

Standards for controlling the quality of pharmaceuticals, quasi-drug products, cosmetics, and medical equipment.

Good Vigilance Practice (GVP)

Standards governing safety vigilance of pharmaceuticals after production and marketing.

Good X Practice (GXP)

A generic term meaning various good practice standards, where "X" is a variable and could be replaced by C for GCP (good clinical practice), L for GLP (good laboratory practice), M for GMP (good manufacturing practice), etc. These standards are set by the government or other public agencies to guarantee product safety and reliability during manufacturing, maintenance, storage, and distribution of any product, but most often used for products in the pharmaceutical industry.

ICH-GCP

International good clinical practice (GCP) guidelines for pharmaceuticals related to tests and clinical trials, agreed to at the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH).

Informed consent

A process in which the doctor provides the patient with adequate information on medical care and obtains agreement from said patient.

KAITEKI

KAITEKI signifies a sustainable condition which is comfortable not only for people, but also for society and the Earth.

Medical representative (MR)

A pharmaceutical company's employee in charge of sales and providing medical information. An MR visits medical institutions, sells pharmaceuticals, and exchanges information regarding the quality, efficacy, safety, etc., of pharmaceuticals so as to ensure their proper use.

Proof of Concept (POC)

Confirmation of efficacy and safety of a candidate substance for a new drug based on trials made on humans during the research stage.

Quality of Life (QOL)

Criteria used to evaluate medical treatment to consider, in addition to simply judging the cure of a disease, whether a person is living his or her daily life with a sense of fulfillment and contentment, without a decline in either following the patient's treatment.

Self-medication

Medicating oneself without the supervision of trained health professionals in order to mitigate health problems. This is done at one's own risk using products, information, and knowledge related to health and medical care available in one's own surroundings. This includes the use of over-the-counter (OTC) drugs to prevent or alleviate mild symptoms.

Unmet medical needs

Medical needs that are not addressed adequately by existing therapies. The lack of effective therapies for these needs urgently requires the development of pharmaceuticals since little or no progress is being made.

[Seven Core Subjects] Data

Organizational Governance | Human Rights | Labor Practices | Environment | Fair Operating Practices | Consumer Issues | Community Involvement and Development

Organizational Governance

Item	Data	
	FY 2015	FY 2014 (reference)
Corporate Governance		
Fundamental Approach		
Corporate Governance System		
Management System		
└ Number of meetings of Executive Committee	Generally at least twice a month	Generally at least twice a month
└ Number of directors	8	8
└ (of which, outside directors)	2	2
└ Number of regular monthly meetings of Board of Directors	Generally once a month	Generally once a month
Auditing System		
└ Number of corporate auditors	4	4
└ (of which, outside corporate auditors)	2	2
└ Full-time members of Corporate Auditors' Office	3	3
Establishment of voluntary committees		
Accountability to Stakeholders		
Risk Management		
Managing Risks Associated with Business Activities		
Number of meetings of Risk Management Committee	Generally twice a year	Generally twice a year
Being Prepared for Large-scale Disasters		
Compliance		
Compliance Implementation Framework		
Number of compliance implementation managers and personnel	200	200
Number of meetings of compliance implementation managers and personnel	Semiannually	Semiannually
Compliance Training		
List of Training Sessions		
└ Companywide sessions		
└ Times held	191	206
└ Number of participants	6,543	7,032
└ Divisional sessions		
└ Times held	195	283
└ Number of participants	6,071	5,897

└ Top management seminars		
└ Times held	1	1
└ Number of participants	27	35
└ New management training		
└ Times held	2	2
└ Number of participants	61	60
└ New employee training		
└ Times held	1	1
└ Number of participants	94	135
Hotlines		
Number of Hotline Consultations		
└ Regulations	8	8
└ Labor management	31	31
└ Preliminary consultations	6	2
└ Other	6	2
└ Total	51	43
Compliance at Group Companies Outside Japan		
Implementation of Employee Attitude Survey		
Frequency of Monitoring Compliance Awareness	Once a year	Once a year
└ Number of responses	6,224	7,020
└ Response rate	90.40%	88.70%
Corporate Behavior Charter Day		

Human Rights

Item	Data	
	FY 2015	FY 2014 (reference)
Initiatives for Employees		
Basic Stance on Human Rights		
Initiatives to Raise Human Rights Awareness		
Number of entries in human rights slogan campaigns	353	271
Human Rights Awareness Promotion Committee		
└ Number of headquarters committee members	10	12
└ Number of regional committee members	24	25
Addressing Harassment		
Human Rights Issues in the Value Chain		
Ethical Considerations in Research		
Ethics Review Committee Approach		
Human Rights and Bioethical Considerations in Clinical Testing		
Ethical Considerations in Procurement		
Human Rights Considerations in Production		
Human Rights Considerations in Marketing		
Protecting Customer Privacy		

Labor Practices

Item	Data	
	FY 2015	FY 2014 (reference)
Human Resources Development		
Basic Human Resources Policy		
Number of Employees (as of March 31)		
└ Consolidated	8,125	8,457
└ Unconsolidated	4,780	4,844

└ Men	3,730	3,802
└ Women	1,050	1,042
Enhancing Personnel Training		
Promoting Diversity		
Actively Utilizing Diverse Human Resources		
Percentage of Female Employees with Qualifications at the CC / EM Level or Above		
└ Number at CC / EM level or above	370	348
└ Percentage of total	12.18%	11.24%
Supporting People with Disabilities in the Workplace		
Employment Rate of People with Disabilities	2.43%	2.32%
Work-Life Balance Considerations		
Utilization of Leave and Shorter Workdays for Child Care		
└ Child-care leave	111	97
└ Shorter workdays for child care	106	105
Utilization of Leave and Shorter Workdays for Nursing Care		
└ Nursing-care leave	0	2
└ Shorter workdays for nursing care	4	3
Usage of Paid Vacation Days		
└ Average number of days used	12.9	12.2
└ Average rate of use	60%	60%
Building Sound Labor-Management Relations		
Occupational Health and Safety		
Occupational Health and Safety Initiatives		
Rate of Accidents Causing Absence from Work		
└ Mitsubishi Tanabe Pharma Group	0.20	0.57
└ Pharmaceutical industry average	1.16	0.85
└ Manufacturing industry average	1.06	1.06
Chemical Substance Safety Management		
Employee Health Management		
Formulating the MTPC Group Health Policy		
Health examinations and health maintenance activities		
Preventing Long Work Hours		
Mental Health Management		
Surveying Employee Attitudes		

Environment

Item	Data	
	FY 2015	FY 2014 (reference)
Environmental Management		
Environmentally Friendly Corporate Activities		
Environmental Management Structure		
ISO 14001 Certifications		
Scope of environmental information and third-party verification of disclosed data		
Environmental Compliance		
Environmental Audits		
Environmental Risk Management		
Soil and Groundwater Contamination Prevention and Control		
Environmental-related Accidents / Problems		
Number of Environmental Accidents	0	0
Number of Environmental Incidents	1	1
Inappropriate Handling of Genetically Modified Organisms		

Medium-Term Environmental Action Plan		
Reduction ratio of CO_2 emissions compared to the fiscal 2005 level	52.30%	46.10%
Reduction ratio of CO_2 emissions compared to the previous fiscal year	11.50%	9.60%
Number of hybrid vehicles used by sales personnel	1,415	1,399
Final waste disposal rate	0.55%	0.28%
Reduction ratio of emissions of PRTR substances into the air compared to the previous fiscal year	31%	2%
Reduction (Increase) ratio of emissions of PRTR substances into water compared to the previous fiscal year	(160%)	Same level
Number of Group worksites for which environmental safety audits were conducted	7	12
Number of the Group worksites for which environmental compliance audits were conducted	1	1
Number of Environmental Accidents	0	0
Number of Environmental Incidents	1	1
Environmental Accounting		
Environmental Conservation Costs		
└ Invested		
└ Pollution prevention	8 million yen	75 million yen
└ Global environmental protection	1 million yen	114 million yen
└ Recycling and reuse of resources	2 million yen	20 million yen
└ Upstream and downstream activities	0 million yen	0 million yen
└ Administrative activities	3 million yen	9 million yen
└ Research and development	0 million yen	0 million yen
└ Community activities	0 million yen	0 million yen
└ Environmental damage compensation	8 million yen	0 million yen
└ Total	22 million yen	218 million yen
└ Expended		
└ Pollution prevention	327 million yen	437 million yen
└ Global environmental protection	41 million yen	37 million yen
└ Recycling and reuse of resources	227 million yen	242 million yen
└ Upstream and downstream activities	30 million yen	32 million yen
└ Administrative activities	236 million yen	243 million yen
└ Research and development	0 million yen	0 million yen
└ Community activities	0 million yen	1 million yen
└ Environmental damage compensation	10 million yen	10 million yen
└ Total	871 million yen	1,001 million yen
Environmental Conservation Effects		
└ Pollution prevention		
└ NOx load reduction		
└ SOx load reduction		
└ Particulate matter load reduction		
└ PRTR regulated air emission reduction		
└ Global environmental protection		
└ Greenhouse gas emission reduction	77 tons-CO_2	339 tons-CO_2
Economic Effects Resulting from Environmental Conservation Measures		
└ Sales of valuable materials	3.1	6.2
└ Electricity consumption reduced through energy-saving measures	2.2	13.4
└ Cost of processing waste reduced through lower consumption of resources		
└ Total	5.3	19.6

Overview of Environmental Impact		
Input and Output in R&D and Production in Japan		
Input		
└ Energy		
└ Purchased electricity	104,530 MWh	123,190 MWh
└ Gases	10,994,000 m^3	11,234,000 m^3
└ Petroleum	1,488 kL	1,0767 kL
└ Thermal equivalent	1,569,000 GJ	1,815,000 GJ
└ Crude oil equipment	40,476 kL	46,814 kL
└ Water		
└ Supplied water	188,000 m^3	308,000 m^3
└ Industrial water	7,008,000 m^3	8,117,000 m^3
└ Groundwater	103,000 m^3	104,000 m^3
└ Chemical Substances		
└ PRTR regulated substances	201 tons	210 tons
└ VOCs（excluding PRTR regulated substances）	1,040 tons	
Output		
└ Atmospheric Emissions		
└ CO_2	92,000 tons	104,000 tons
└ NOx	20 tons	28 tons
└ SOx	6.3 tons	6.8 tons
└ Particulate matter	0.3 tons	0.4 tons
└ PRTR regulated substances	4.6 tons	6.5 tons
└ VOCs（excluding PRTR regulated substances）	39 tons	
└ Wastewater		
└ Wastewater output	7,850,000 m^3	8,149,000 tons
└ COD pollution load	31 tons	42 tons
└ Nitrogen	15 tons	22 tons
└ Phosphorus	1.1 tons	1.2 tons
└ PRTR regulated substances	2.6 tons	1.0 tons
└ VOCs（excluding PRTR regulated substances）	16 tons	
└ Waste		
└ Waste output	8,837 tons	14,631 tons
└ Emissions	3,711 tons	4,170 tons
└ Final disposal	49 tons	40 tons
Environmental Performance of Production and Research Sites outside Japan		
Energy consumption		
└ Electricity	2,122,0 MWh	1,9150 MWh
└ Gases	1,636,000 m^3	1,225,000 m^3
└ Petroleum	63 kL	66 kL
Water consumption	111,000 tons	103,000 tons
CO_2 emissions	16,000 tons	13,000 tons
Waste output	630 tons	399 tons
Energy Conservation and Global Warming Mitigation		
CO_2 Emissions Reduction Targets and Results		
CO_2 emissions	92000 tons-CO_2	104,000 tons-CO_2
Reduction rate of CO_2 emissions compared to the fiscal 2005 level	52.30%	46.10%
Reduction rate of CO_2 emissions compared to the previous fiscal year	11.5%	9.70%
Energy consumption	1,569 TJ	1,815 TJ
Reduction rate of energy consumption compared to the previous fiscal year	13.6%	9.70%

Strengthening Energy Management		
Energy Consumed by Mitsubishi Tanabe Pharma's Worksites		
└ Crude oil equivalent		
└ Kashima Research Center	4,650 kL	5,120 kL
└ Toda Research Center	5,110 kL	5,030 kL
└ Yokohama Research Center	3,040 kL	3,080 kL
└ Kazusa Research Center	1,970 kL	2,720 kL
└ Osaka Headquarters	460 kL	550 kL
└ Tokyo Head Office	210 kL	210 kL
└ Branches and sales outlets	950 kL	990 kL
└ Other	1,230 kL	1,220 kL
└ Total	17,600 kL	18,900 kL
└ Reduction rate compared to the previous fiscal year	7%	6%
└ CO_2 emissions		
└ Kashima Research Center	9,540 tons-CO_2	10,400 tons-CO_2
└ Toda Research Center	10,100 tons-CO_2	10,220 tons-CO_2
└ Yokohama Research Center	6,050 tons-CO_2	6,340 tons-CO_2
└ Kazusa Research Center	3,910 tons-CO_2	5,540 tons-CO_2
└ Osaka Headquarters	940 tons-CO_2	1,110 tons-CO_2
└ Tokyo Head Office	400 tons-CO_2	420 tons-CO_2
└ Branches and sales outlets	2,060 tons-CO_2	2,220 tons-CO_2
└ Other	2,530 tons-CO_2	2,540 tons-CO_2
└ Total	35,530 tons-CO_2	38,770 tons-CO_2
└ Reduction rate compared to the previous fiscal year	8%	5%
Share of overall efficiency improvements contributed by four research sites		
└ Energy consumption	84%	84%
└ Reduction rate of energy consumption	7.0%	6.6%
└ CO_2 emissions		
Initiatives with Company Vehicles		
Number of company vehicles	1,924	1,904
└ Hybrid vehicles	1,415	1,399
└ CO_2 emissions from gasoline use in sales activities	5,212 tons	5,488 tons
└ Reduction rate of CO_2 emissions from gasoline use in sales activities	5.0%	
Greenhouse Gas Emissions in Accordance with ISO 14064-3		
Scope 1: (1)Direct greenhouse gas emissions from the use of fuel at worksites (2)Greenhouse gas emissions from the use of gasoline in vehicles used in sales activities and other company vehicles (3)Greenhouse gas emissions calculated from the amount of CFC leakage	Domestic: 34,587 tons-CO_2 Overseas: 3,848 tons-CO_2	28,400 tons-CO_2
Scope 2: Greenhouse gas emissions from the use of electricity or steam	Domestic: 66,443 tons-CO_2 Overseas: 12,289 tons-CO_2	75,600 tons-CO_2
Scope 3: Supply chain greenhouse gas emissions for domestic Group worksites		
└ Purchased goods and services	529,767 tons-CO_2	
└ Capital goods	34,469 tons-CO_2	
└ Fuel- and energy-related activities not included in Scope 1 and 2	9,587 tons-CO_2	
└ Transportation and distribution (upstream)	692 tons-CO_2	
└ Waste generated from operations	2,867 tons-CO_2	
└ Business travel	1,056 tons-CO_2	
└ Employee commuting	1,336 tons-CO_2	
└ Disposal of sold products	970 tons-CO_2	

Initiatives at Worksites and Offices		
Implementation of Energy-Saving Activities		
Environmental preservation activities at overseas worksites		
Receipt of Merit Award at the Fiscal 2015 Stop! Global Warming Awards		
Initiatives to Control CFC Emissions		
Environmental Consideration at the New Pharmaceutical Production Building at the Yoshitomi Plant		
Waste Reduction & Proper Management of Chemical Substances		
Appropriate Management of Waste		
Amount of Waste Generated	8,837 tons	14,631 tons
Amount of Final Waste Disposed	49 tons	40 tons
Final waste disposal rate	0.55%	0.28%
Disposal of Polychlorinated Biphenyl (PCB) Waste		
Reducing Emissions of Chemical Substances Into the Atmosphere / Public Water Bodies		
Amount of PRTR Class I Designated Chemical Substances handled	201 tons	210 tons
Reduction (Increase) rate compared to the previous fiscal year	7%	(3%)
Air emissions of PRTR Class I Designated Chemical Substances	4.6 tons	6.5 tons
Reduction (Increase) rate compared to the previous fiscal year	31%	(7%)
Water emissions of PRTR Class I Designated Chemical Substances	2.6 tons	
Reduction (Increase) rate compared to the previous fiscal year	(160%)	
Amount of VOCs（excluding PRTR regulated substances） handled	1,040 tons	
Reduction rate compared to the previous fiscal year	17%	
Air emissions of VOCs（excluding PRTR regulated substances）	39.4 tons	
Reduction rate compared to the previous fiscal year	34%	
Water emissions of VOCs（excluding PRTR regulated substances）	15.6 tons	
Reduction (Increase) rate compared to the previous fiscal year	(550%)	
Management of Exhaust Gas and Waste Water		
emissions to public water bodies from the Group’s domestic worksites		
└ COD	31.15 tons	
└ Nitrogen	15.32 tons	
└ Phosphorus	1.08 tons	
Reduction rate compared to the previous fiscal year		
└ COD	26%	
└ Nitrogen	31%	
└ Phosphorus	6.1%	
Promotion of Environmental Communication		
Environmental Conservation Activities		
Ikoma Mountain Range "Folding Screen of Flowers" Project		
Tokyo Greenship Action		
Road-watering Event		
Environmental Education		
Participation in Environmental Information Disclosure Program		

Fair Operating Practices

Item	Data	
	FY 2015	FY 2014 (reference)
Fair Operating Practices		
Initiatives for Fair Business Practices		
Code of Practice		
Promotion Code		
Fair Competition Code of the Ethical Pharmaceutical Drugs Marketing Industry		
Appropriate Relationships with Medical Institutions and Patient Organizations		
Initiatives to Prevent Bribery and Corruption		
Rejecting Antisocial Forces and Checking Suppliers for Antisocial Affiliations		
Protection of Intellectual Property		
Initiatives to Establish a Solid Supply Chain		

Consumer Issues

Item	Data	
	FY 2015	FY 2014 (reference)
Research & Development		
Basic Approach to Discovery Research		
Refractory Disease Initiatives		
Advancing Open Innovation		
Manufacturing and Supply Chain		
Pharmaceutical Manufacturing Process		
Mitsubishi Tanabe Pharma Group's global manufacturing system		
└ Production plants in Japan	5	5
└ Production plants outside Japan	4	4
Measures to Prevent Medical Malpractice		
Manufacturing System in Asia		
Managing Distribution to Ensure Stable Supplies		
Quality Control in the Distribution Process		
Information Provision		
MR's Responsibility: Collecting Data and Providing Information to Medical Institutions		
Number of general and specialized medical representatives (MRs) in Japan	Approx. 2,000	Approx. 2,100
Providing Comprehensive Information through Seminars		
Supporting Proper Self-Medication for Skin Problems		
Providing Information on Generic Drugs in Japan		
Overseas Marketing Activities		
Providing Information through Websites		
Providing Comprehensive Information through the Medical Information Center		
Number of Inquiries to the Medical Information Center	73,470	73,907
Reliability Assurance		
System to Assure the Reliability of Drugs		
New Drug Safety Management		
Post-Marketing Surveillance		
Quality Assurance for Pharmaceuticals		
Pharmaceutical Safety Education		

Community Involvement and Development

Item	Data	
	FY 2015	FY 2014 (reference)
Corporate Citizenship Activities		
Declaration on Corporate Citizenship		
Support for Refractory Disease Patient Organizations: The Mitsubishi Tanabe Pharma Tenohira Partnership Program		
Number of organizations supported by Tenohira Partnership Program	16	13
Supporting Research through Foundations		
Grants of the SENSHIN Medical Research Foundation		
Grants for pharmacopsychiatry research		
└ Basic research		
└ Number of projects	24	24
└ Amount	25 million yen	24 million yen
└ Aid for young researchers		
└ Number of projects	10	10
└ Amount	10 million yen	10 million yen
└ Financial aid for education abroad		
└ Number of projects	3	2
└ Amount	6 million yen	4 million yen
Grants for hematological research		
└ Basic research		
└ Number of projects	24	24
└ Amount	25 million yen	25 million yen
└ Aid for young researchers		
└ Number of projects	10	10
└ Amount	10 million yen	10 million yen
└ Financial aid for education abroad		
└ Number of projects	3	1
└ Amount	6 million yen	2 million yen
Grants for circulatory research		
└ Basic research		
└ Number of projects	24	24
└ Amount	24 million yen	24 million yen
└ Aid for young researchers		
└ Number of projects	10	10
└ Amount	10 million yen	10 million yen
└ Financial aid for education abroad		
└ Number of projects	3	3
└ Amount	6 million yen	6 million yen

Special projects		
└ Number of projects	2	1
└ Amount	20 million yen	10 million yen
└ Total		
└ Number of projects	109	109
└ Amount	125 million yen	125 million yen
Grants of the Japan Foundation for Applied Enzymology		
Grants for enzyme research		
└ Applied research on enzymes and enzyme research related to life science		
└ Number of projects	30	30
└ Amount	22.5 million yen	22.5 million yen
└ The Japanese Society of Applied Glycoscience		
└ Number of projects	1	1
└ Amount	0.3 million yen	0.3 million yen
Grants for young researchers in specific fields		
└ Researchers focused on determining causes and conditions of adult onset diseases		
└ Number of projects	36	43
└ Amount	14.95 million yen	14.6 million yen
└ Researchers focused on vascular biology innovation		
└ Number of projects	22	21
└ Amount	10.5 million yen	10.5 million yen
└ Researchers focused on determining causes and conditions of systemic inflammatory diseases		
└ Number of projects	10	10
└ Amount	10 million yen	10 million yen
└ Front runner of future diabetes research		
└ Number of projects	28	29
└ Amount	14 million yen	14.45 million yen
└ Total		
└ Number of projects	127	134
└ Amount	72.25 million yen	72.35 million yen
Contributing to Developing Countries		
Participation in the Global Health Innovative Technology Fund (GHIT Fund)		
TABLE FOR TWO（TFT）		
└ Contributions cumulative total of TFT program		
└ Head Office	1,764 meals	
└ Kashima Office	3,035 meals	
└ Contributions cumulative total of TFT vending machines	10,187 yen	
Participating in Vaccine Support Activities		
└ Total donation	103,701 yen	171,984 yen
Collecting PET Bottle Caps		
Initiatives to Support Active Lifestyles for People with Disabilities		
Support for CP Soccer (soccer played by seven people with cerebral palsy)		
Sales of Fresh-Baked Bread at Welfare Services Facility for People with Disabilities		
Purchasing Recycled Envelopes		

Purchasing Recycled Envelopes		
Blood Donation Activities		
Contributing to the Environment		
Bridge-Washing Event		
└ Number of participants	Approx. 250	Approx. 150
Greening of Office Surroundings		
Off-site Educational Activities and Company Tours		
On-Site Educational Activities		
Company Tours		
Opening of Mitsubishi Tanabe Pharma Historical Museum		
MSC Volunteer Salon		
Donating Over-the-Counter Medicines to a Children's Land		
Harmonious Co-existence with Local Communities		
Yoshitomi Summer Festival		
Opening the historical museum for a pharmaceutical festival		
Collaborating with Regional Organizations		
Support for Disaster Reconstruction		
Support for the Region Affected by the Kumamoto Earthquake		
└ Amount of donation	10 million yen	
Support for Great East Japan Earthquake Reconstruction		

Environmental Performance Data
Independent Verification Report

To: Mitsubishi Tanabe Pharma Corporation

August 17, 2016

Bureau Veritas Japan Co., Ltd.
System Certification Services Headquarters

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Mitsubishi Tanabe Pharma Corporation (Mitsubishi Tanabe Pharma) to conduct an independent verification and review of its environmental performance data selected by Mitsubishi Tanabe Pharma for inclusion in the Mitsubishi Tanabe Pharma CSR Activities Report 2016 (the Report) issued under the responsibility of Mitsubishi Tanabe Pharma.
The aim of the verification is to evaluate and to provide an opinion, in the form of an independent statement, on the reliability and accuracy of selected environmental performance data within the Report based on objective evidence and to a limited level of assurance. The aim of the review work is to evaluate the quality of certain other environmental performance data within the Report in the interests of reporting improvement.

1. Outline of verification and review

Bureau Veritas conducted the following verification and review of environmental performance data for FY2015 (April 1, 2015 through March 31, 2016) based on agreement with Mitsubishi Tanabe Pharma.

1) Verification of environmental performance data of sites within Japan

Scope of Verification	Sites Visited	Verification Methodology
Environmental performance data selected by Mitsubishi Tanabe Pharma, which are related to Energy, Water, Chemical Substances, Atmospheric Emissions, Wastewater and Waste. Note: The boundaries for reporting of each data are defined by Mitsubishi Tanabe Pharma.	- Mitsubishi Tanabe Pharma Headquarters - Mitsubishi Tanabe Pharma Tokyo Head Office - Mitsubishi Tanabe Pharma Yokohama Branch - Mitsubishi Tanabe Pharma Factory Ltd. Onoda Factory - Tanabe Seiyaku Yoshiki Factory Co., Ltd.	- Review of documentary evidence produced by Mitsubishi Tanabe Pharma Headquarters and the sites visited by Bureau Veritas - Interviews with relevant personnel of Mitsubishi Tanabe Pharma Headquarters and the sites visited by Bureau Veritas - Site inspection and assessment of data monitoring process - Comparison between the reported data and the supporting documentary evidence

The verification was conducted using Bureau Veritas' standard procedures and guidelines for external verification of non-financial reporting, based on current best practice. Bureau Veritas refers to the International Standard on Assurance Engagements (ISAE) 3000 in providing a limited assurance for the scope of work stated herein.

2) Review of environmental performance data of sites outside Japan

Scope of Review	Sites Visited	Review Methodology
Environmental performance data selected by Mitsubishi Tanabe Pharma, which are related to Energy, Water, Atmospheric Emissions and Waste. Note: The boundaries for reporting of each data are defined by Mitsubishi Tanabe Pharma.	- Mitsubishi Tanabe Pharma Headquarters	- Review of documentary evidence produced by Mitsubishi Tanabe Pharma Headquarters - Interviews with relevant personnel of Mitsubishi Tanabe Pharma Headquarters - Comparison between the reported data and the supporting documentary evidence

The review was conducted using Bureau Veritas' standard procedures for external review of sustainability reporting.

2. Findings

On the bases of our methodology and the activities described above:

- Nothing has come to our attention to indicate that the reviewed information within the scope of our verification and review is inaccurate and does not provide a fair representation of the performance for the defined period.
- It is our opinion that Mitsubishi Tanabe Pharma has established appropriate systems for the collection, aggregation and analysis of quantitative data within the scope of our verification and review.

Bureau Veritas has implemented a code of ethics across its business which is intended to ensure that all our staff maintain high standards in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest. Bureau Veritas activities for Mitsubishi Tanabe Pharma are for sustainability reporting verification only and we believe our verification assignment did not raise any conflicts of interest.