

Mitsubishi Tanabe Pharma Corporation



Mitsubishi Tanabe Pharma

# Opinion Sharing Meeting on ESG

September 27, 2019

## 1 Value Creation Process and Material Issues

Masayuki Mitsuka, President & Representative Director

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## 2 ESG Efforts

Takashi Kobayashi, Representative Director,  
Senior Managing Executive Officer

G: Corporate governance

S: Diversity and inclusion / health management / corporate citizenship activity

E: Environmental efforts

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## 3 Opinion Sharing/Questions and Answers

Facilitator, Tsukuri Akiyama, Deloitte Touche Tohmatsu LLC  
ESG/Integrated Reporting Advisory Senior Manager, CPA

1

# Value Creation Process and Material Issues

Masayuki Mitsuka, President & Representative Director



## Corporate Philosophy

**We contribute to the healthier  
lives of people around the world  
through the creation of pharmaceuticals**



## Medium-Term Management Plan 16–20

# *Open Up the Future*

Four Strategic  
Priorities to  
Open Up the Future

Priority Issue 1 Maximizing Pipeline Value

Priority Issue 3 Accelerating U.S. Business Development

Priority Issue 2 Strengthening IKUYAKU and Marketing

Priority Issue 4 Reforming Operational Productivity

Priority areas

Immuno-  
inflammatory

Central nervous  
system (CNS)

Diabetes  
and kidney

Vaccines



Value in contribution to society

# Extension of healthy life expectancy

Therapy

Improvement of quality of life  
for patients and their families

Prevention

Prevention of worsening  
of diseases and infection

# Extension of Healthy Life Expectancy

## Therapy Improvement of quality of life for patients and their families

### Immuno-inflammatory

**Remicade**  
(Rheumatoid arthritis, etc.)

- World's first anti-TNF $\alpha$  monoclonal antibody
- **Inhibiting joint destruction and severe pain** in joints to contribute to improving patients' QOL

**MT-5547**  
(Osteoarthritis)

- Under clinical development  
Unmet Medical Needs
- Treatment with **better analgesic effects with fewer adverse effects** than existing therapies

### Central nervous system (CNS)

**Radicava/  
Radicut**  
(ALS)

- A free-radical scavenger discovered by Mitsubishi Tanabe Pharma
- The first ALS drug in approximately 20 years in the U.S., which **inhibits disease progression**

**ND0612**  
(Parkinson's disease)

- Under clinical development
- Drug-device combination  
Unmet Medical Needs
- **Improvement of symptoms, such as involuntary movement**, that cannot be controlled with standard therapy

# Extension of Healthy Life Expectancy

## Prevention Prevention of worsening of diseases and infection

### Diabetes and kidney

#### Canaglu/ Invokana

(Type 2 diabetes  
mellitus)

- SGLT2 inhibitor discovered by Mitsubishi Tanabe Pharma
- **Global evidence for the prevention of renal or CV events in patients with diabetic nephropathy** was presented.

#### MT-6548 (Renal anemia)

- Japan : application filed
- The efficacy and safety of **once-daily oral administration** for improvement of anemia were confirmed.  
Unmet Medical Needs
- **New treatment options that differ from traditional injectable agents**

### Vaccines

Seasonal influenza  
rubella, measles  
varicella, etc.

- We sell vaccines developed and manufactured by the BIKEN Foundation.\*1
- **Preventive vaccination and vaccines are essential to healthcare** to protect lives and public safety.

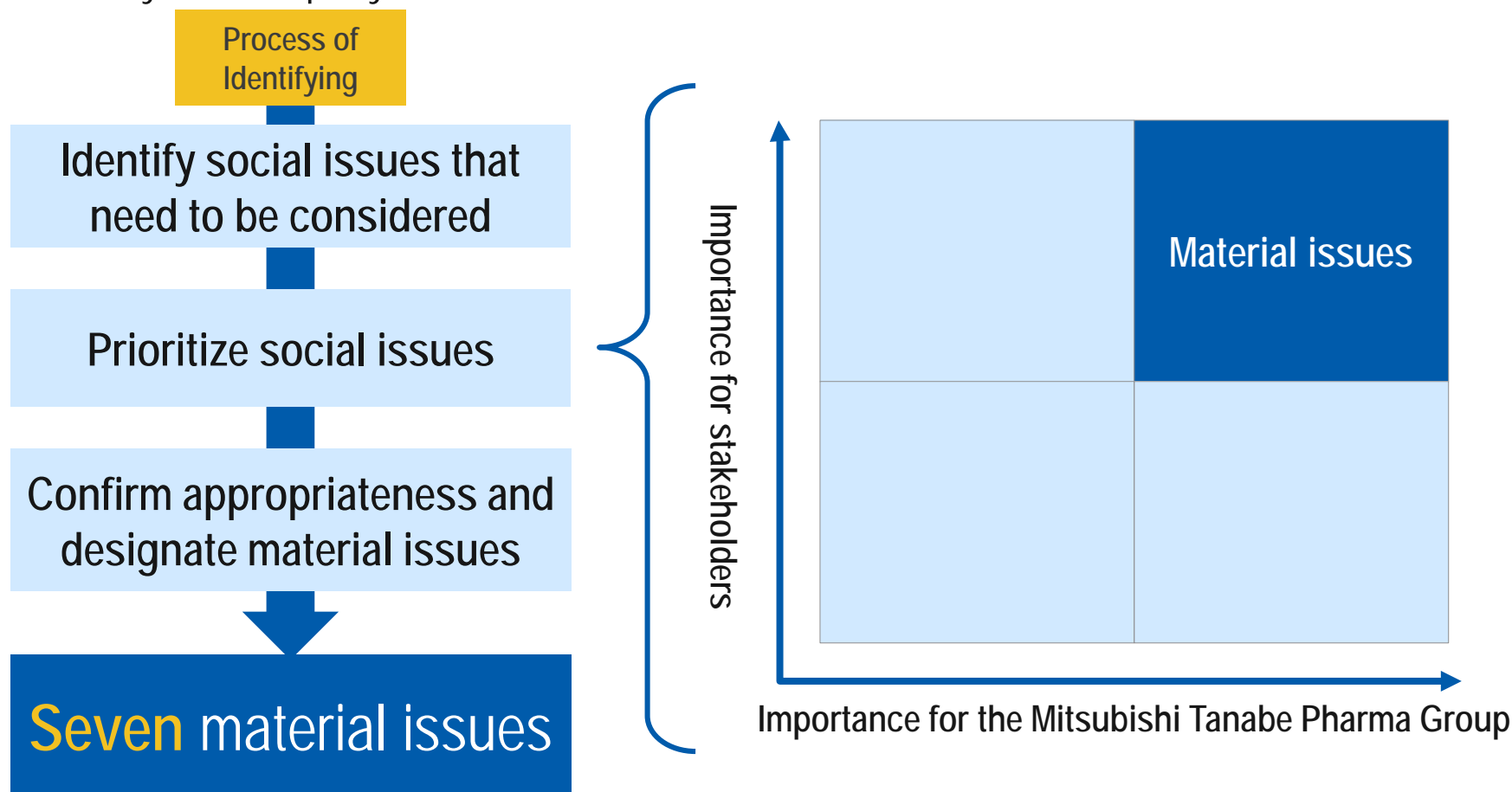
#### MT-2271 (Seasonal influenza)

- Under clinical development
- Use Plant-based virus-like particle (VLP)  
Unmet Medical Needs
- **Vaccines superior in safety and duration of production**



## Process of Identifying Material Issues

After clarifying our intention to contribute to the realization of a sustainable society by providing value to society through our business, our company has identified key issues to be addressed by the company as “material issues”



## Seven Material Issues

### Seven material issues

Pharmaceuticals and healthcare services with differentiated value

Reliable products and sustainable supply

Appropriate use of products

Ethics, fairness and sincerity in business practices

Stakeholder engagement

Employee health, diversity and inclusion

Social contribution activities for health



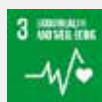





Extension of healthy  
life expectancy  
(Therapy, Prevention)

Material issues








### SDGs



# Material Issues and Monitoring Indicators

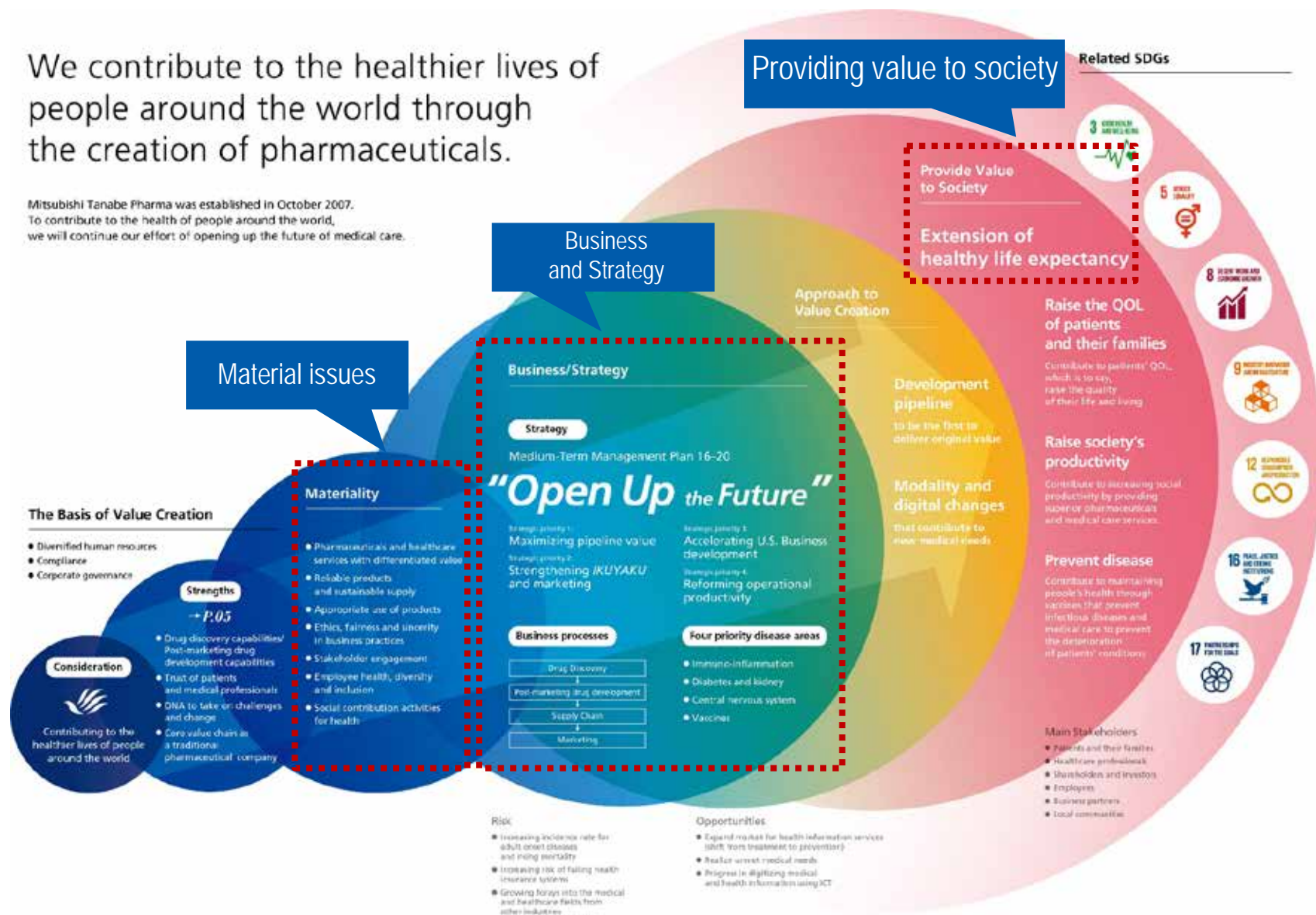
Material issues	Key Monitoring Indicators	FY2018 Results	Related SDGs
Pharmaceuticals and healthcare services with differentiated value	Number of approvals (last 5 years) Number of patients using orphan drugs provided by MTPC Number of vaccines shipped	<b>23</b> cases <b>100,000</b> people <b>17</b> million sticks	 
Reliable products and sustainable supply	The rate of complaints attributed to manufacturing process at group manufacturing plants Satisfaction rating of responses to customer complaints	<b>1</b> ppm <b>92.4</b> %	 
Appropriate use of products	Number of external presentations on clinical research (papers/academic conferences, etc.) Instances of safety information collected by MRs	<b>56</b> cases <b>7,419</b> cases	 
Ethics, fairness and sincerity in business practices	Compliance training participation rate Employee compliance awareness (Perfect score: 5 points)	<b>97.7</b> % <b>4.34</b> points	 

# Material Issues and Monitoring Indicators

Material issues	Key Monitoring Indicators	FY2018 Results	Related SDGs
Stakeholder engagement	Number of briefings and interviews of investors Employee understanding of management (Perfect score: 5 points)	<b>198</b> times <b>3.68</b> points	
Employee health, diversity and inclusion	Usage rate of paid vacation days Smoking rate Percentage of women in managerial positions Number of employee nationalities	<b>68</b> % <b>19.8</b> % <b>20.2</b> % <b>29</b> countries	  
Social contribution activities for health	Number of visitors to health support websites Number of organizations supported by Tenohira Partnership Program (total since start of grant in FY2013)	<b>7.29</b> million people <b>91</b> organizations	  

We contribute to the healthier lives of people around the world through the creation of pharmaceuticals.

Mitsubishi Tanabe Pharma was established in October 2007.  
To contribute to the health of people around the world,  
we will continue our effort of opening up the future of medical care.



2

## ESG Efforts

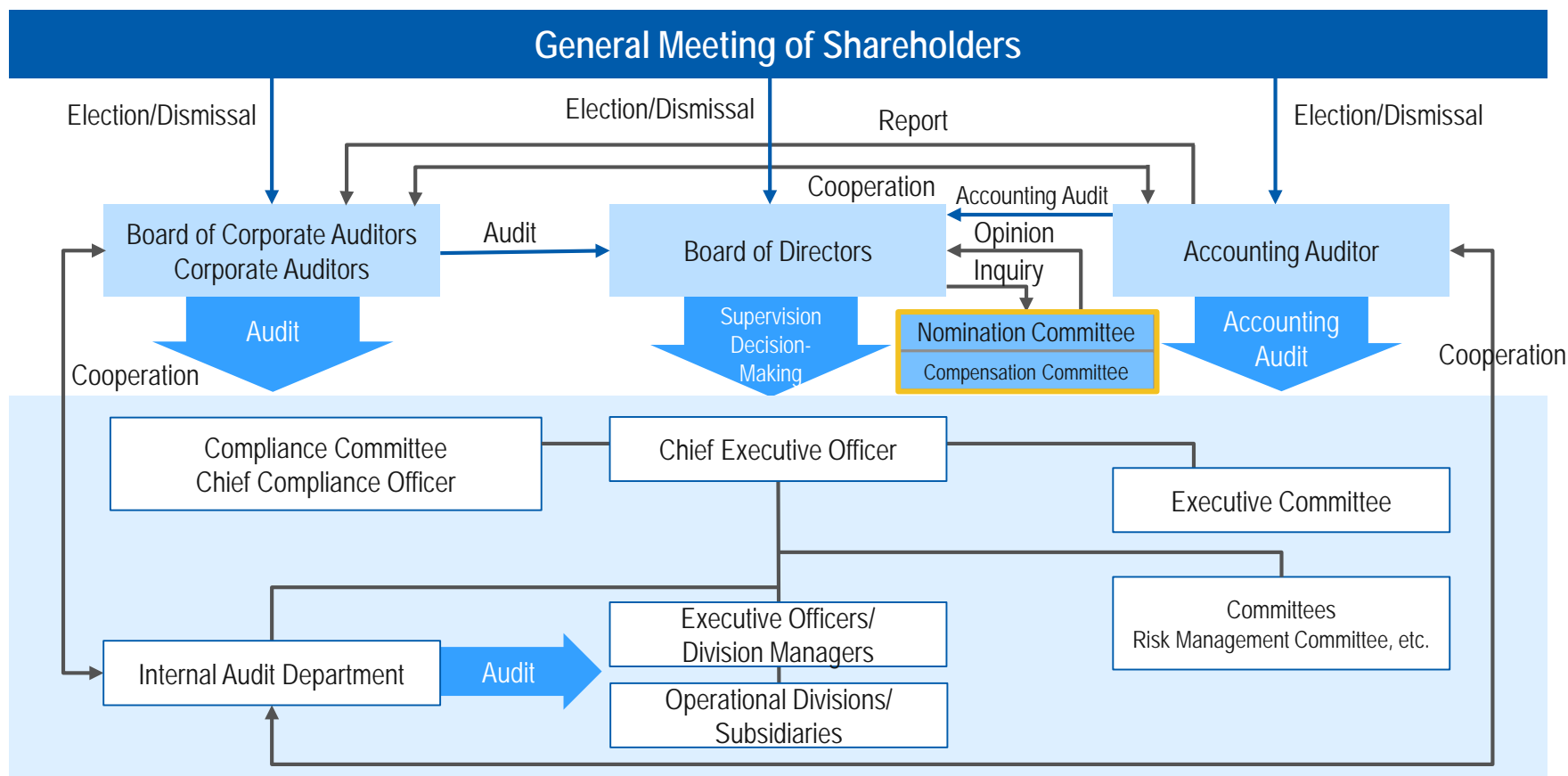
Takashi Kobayashi, Representative Director,  
Senior Managing Executive Officer

G: Corporate governance

S: Diversity and inclusion / health management / corporate citizenship activity

E: Environmental efforts

# G: Corporate Governance System

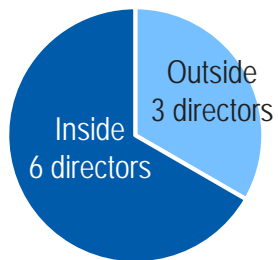


## We have a company with a “Board of Corporate Auditors.”

- To respond to the necessity of deep expertise and experience in pharmaceutical affairs and industry that are required to make business decisions and perform audit procedures as a pharmaceutical company
- To ensure transparency and objectivity in making business decisions and supervising business management by using **independent outside board directors**
- To ensure appropriate auditing from an objective standpoint by **independent outside corporate auditors** with high expertise and experience



## Independent Outside Board Directors



**Shigeki Iwane**

Representative Director, President of The Kansai Electric Power Company



**Tsutomu Kamijyo**

Chairman of Board of Directors of Sapporo Holdings Limited



**Kazutoshi Murao**

Executive Adviser of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION

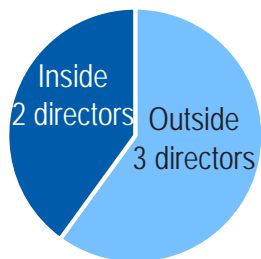
Expertise

Business management

Business management

Business management

## Independent Outside Corporate Auditors



**Tadashi Fukuda**

Executive Partner of DAIICHI LAW OFFICE



**Hiroshi Enoki**

Representative of Hiroshi Enoki Certified Public Accountant Office



**Mitsue Maru**

Professor of International Development Nursing, Department of Nursing and Rehabilitation, Konan Women's University

Expertise

Legal expertise

Accounting

Medical care





The Company has established and operates the [Nomination Committee](#) and the [Compensation Committee](#) as voluntary committees chaired by an Independent Outside Board Director, and comprising the majority of Independent Outside Board Directors.

composition of committee members	Independent Outside Board Director			Inside Board Director
	Shigeki Iwane	Tsutomu Kamijyo	Kazutoshi Murao	Masayuki Mitsuka
Nomination Committee	Chairperson	○	○	○
Compensation Committee	○	Chairperson	○	○

**Activity: Members engage in transparent and objective discussions and report discussion results.**

Nomination Committee	Compensation Committee
<ul style="list-style-type: none"> <li>I Number of Committee meetings held in FY 2018: 4</li> <li>I Major issues discussed               <ul style="list-style-type: none"> <li>• Selection of Candidates</li> </ul>               (Executive Officers, Directors and Corporate Auditors)             </li> </ul>	<ul style="list-style-type: none"> <li>I Number of Committee meetings held in FY 2018: 4</li> <li>I Major issues discussed               <ul style="list-style-type: none"> <li>• Performance Evaluation by Person for FY 2017 (Compensation for Directors and Executive Officers)</li> <li>• Setting Individual Targets for FY 2018</li> <li>• Review of the performance-based remuneration system</li> </ul> </li> </ul>



The compensation plan for Board Directors and Executive Officers is designed in such a way as to be linked to the Group's medium- and long-term performance and to share with shareholders not only the risks associated with stock price declines but also the benefits of stock-price rises, thereby **aiming to boost the motivation of Board Directors and Executive Officers to promote the sustainable growth and increased value of the Group over the medium and long term.**

## Compensation

**Basic compensation (70%)**

Flat rate system depending on position ranks

**Performance-based compensation (20%)**

To be paid within the range of 0 to 200% depending on position ranks, the company's performance in the fiscal year concerned, and individual performance evaluation

**Stock-based compensation (10%)**

Eligible period	Five consecutive fiscal years that corresponds to the period of the Medium-Term Management Plan of the Company
Achievement level requirements	To be paid within the range of 0 to 200% depending on the levels of achievement of the performance targets
Achievement level indicators	Consolidated revenue and net profit
Delivery period	At the time of retirement
System	Entrusting system

In order to enhance the effectiveness of the Board of Directors and increase corporate value, we conduct an annual assessment to improve the effectiveness of the Board of Directors.

### Evaluation Method (self-evaluation)



#### Evaluation item

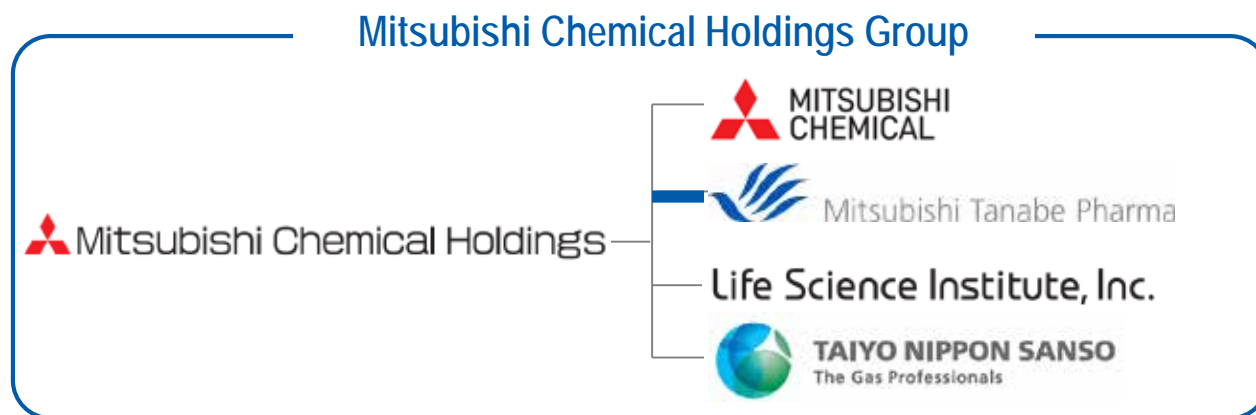
1.Engine design 2.Composition, operation, and deliberation of the Board of Directors 3.Provision of information to outside directors  
4.Nomination and Compensation Committee System 5.Details of executive training 6.Response to previous year's evaluation

### Summary of Fiscal 2018 Evaluation Results

- I As a company with a board of corporate auditors, its effectiveness is well maintained.
- I Areas of improvement raised by the Board of Directors
  - Enhancement of monitoring (Medium-Term Management Plan Progress, Risk Compliance, etc.)
  - Establishment of a forum for discussion outside the board of directors
  - Enhancement of communication between outside directors and corporate auditors

## G: Relationship with the Parent Company

In the relationship with Mitsubishi Chemical Holdings, Inc. (Hold 56.34% of our company shares "MCHC") , the interests of minority shareholders are not damaged.



### Position of our company within the MCHC Group

Our company plays a central role in the healthcare business within the MCHC Group.

We create value by maximizing synergy effects among the four operating companies of the MCHC Group.

### Autonomy in business management

We operate our business based on our independent decision-making criteria as a listed company.

We are not required to obtain prior approval from MCHC for business management decisions.

### Risk Management

"Risk Management Rules" established. We have established a system to prevent the occurrence of risks in the business activities of the entire Group, including overseas subsidiaries, and to minimize the loss in the event of such risks.

### Compliance

The Mitsubishi Tanabe Pharma Group has in place a Groupwide compliance promotion system overseen by its Compliance Promotion Committee, which is chaired by the Chief Compliance Officer.

The Mitsubishi Tanabe Pharma Group has introduced an annual Corporate Behavior Charter Day, which offers employees the opportunity to review the Group's Charter and reflect on their individual conduct.



Megumi Ohtaki

Chief Compliance Officer  
Executive Officer

### Corporate Behavior Charter

We maintain the highest ethical standards, place top priority on fairness and integrity in all activities, and act in accordance with the following guidelines.

Pride and Sense  
of Mission

Challenge and  
Innovation

Trust and  
Collaboration

Harmonious Coexistence  
with Society

We promote diversity and inclusion as a key management strategy issue, which have been recognized and awarded with various external awards.

### Support for balanced work and child-rearing



#### "Kurumin" certification

We have been recognized with the "Kurumin" mark for consecutive years since 2007. In FY 2019, we were recognized with the **"Platinum Kurumin"** for our excellence in supporting employees' child-rearing efforts. (July 2019)

### Women's empowerment



#### "Eruboshi" company certification

This certification is awarded to companies that implement excellent efforts to promote women's empowerment. We have been awarded the highest three-star ranking. (since April 2016)

### Men's participation in child-rearing



We received the Special Incentive Award of the **Ikumen Company Award 2018** in the category of "Support for Balanced Work-Child-rearing." (September 2018)



Employees are allowed to install a child seat in a company car.

We promote health management aiming to increase labor productivity and corporate value by promoting employees' health. A three-year smoking cessation program is one of our priority initiatives.

### Three-year smoking cessation program: A step-by-step smoking cessation program over three years

	FY 2017	FY 2018	FY 2019
Target smoking rate	20%	18%	<b>Aiming to achieve a smoking rate of 5%</b>
Smoking rate	20.5%	19.8%	
Non-smoking day	Friday	All working days	

#### Major measures

- | No-smoking at work has been documented in the office regulations
- | All smoking rooms within the company have been removed.
- | Support is provided to smokers who want to quit smoking
- | Those in managerial and higher positions are expected to serve as a model in quitting smoking



All the smoking rooms in the company have been closed since the beginning of FY 2019.

The smoking area at the Tokyo Head Office has been renovated into a relaxation area.



### Support for patients and their families

#### “The Mitsubishi Tanabe Pharma Tenohira Partner Program”

A program launched in 2012 to provide support for intractable disease patient organizations

Activities to improve the quality of life of patients suffering from intractable diseases and to support their families

The cumulative number of organizations  
we have provided support to in Japan is 91



### Improve access to medical care

#### Global Health Innovative Technology Fund (GHIT Fund)

We have participated in the GHIT Fund since 2015 to **conduct joint research and provide funds to eradicate infections prevalent in developing countries**. We have obtained two kinds of lead compounds that can serve as candidates for anti-malaria drugs and have started joint research.

#### Participation in a Vaccine Support Program in developing countries

Vaccine Support Program for Children in Developing Countries with Employee Participation

FY2018 Vaccines for 14,500 persons



Our company original poster



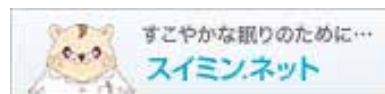
## "Health Support Websites"

In FY2018, 7.29 million people visited websites in domestic and overseas

<https://di.mt-pharma.co.jp/health-support/>

- Raising Awareness of Various Diseases through Websites
- At each site, patients and their families can easily understand the symptoms, diagnosis, and treatment of the disease.

Health Support Websites in domestic



# E: Environmental Efforts: Reduction in CO<sub>2</sub> Emissions



## Environmental targets

In our environmental activities, “energy saving and global warming prevention,” “reduction of waste and effective use of water resources,” “reduction of emissions of chemical substances,” and “biodiversity conservation” are the four major priority issues.

### Energy saving and global warming prevention

#### Reduction in CO<sub>2</sub> Emissions

#### Targets in 2020

Domestic : **40%** reduction

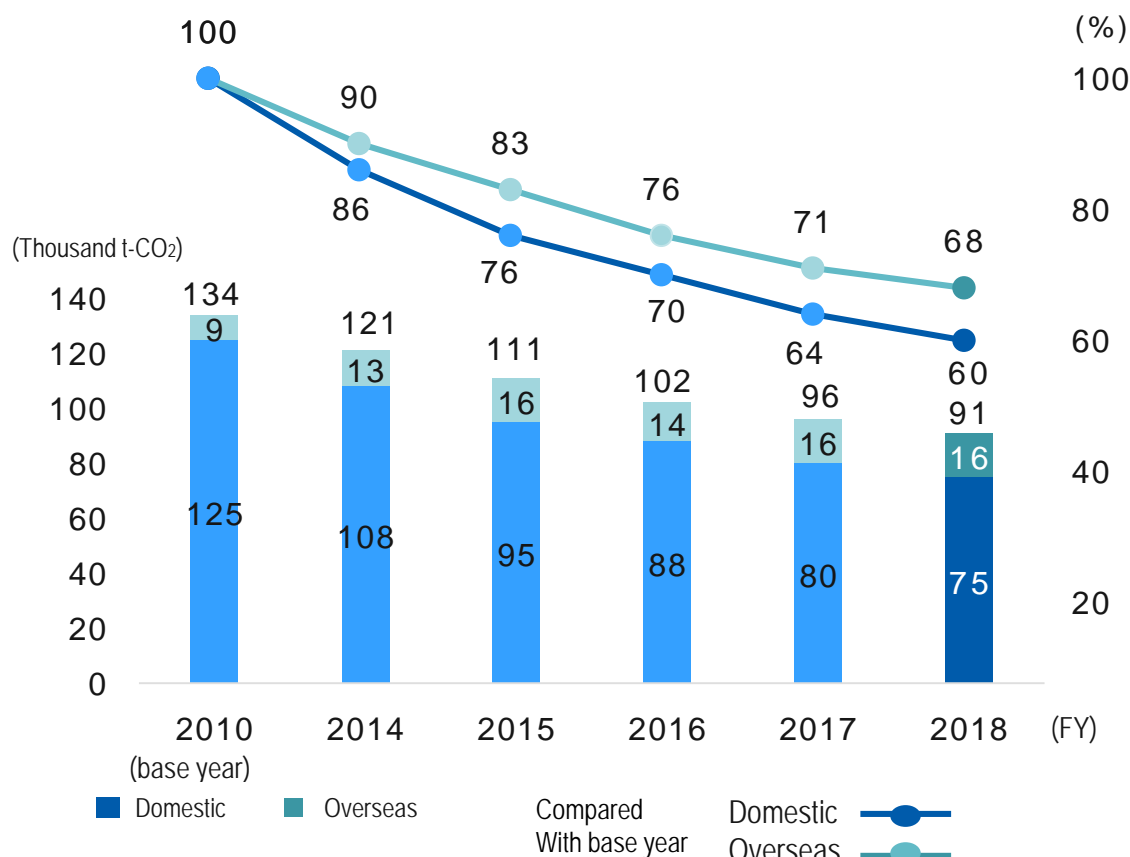
Overseas : **35%** reduction

(Compared with base year 2010)

#### Results in FY 2018

Domestic : **40%** reduction

Overseas : **32%** reduction

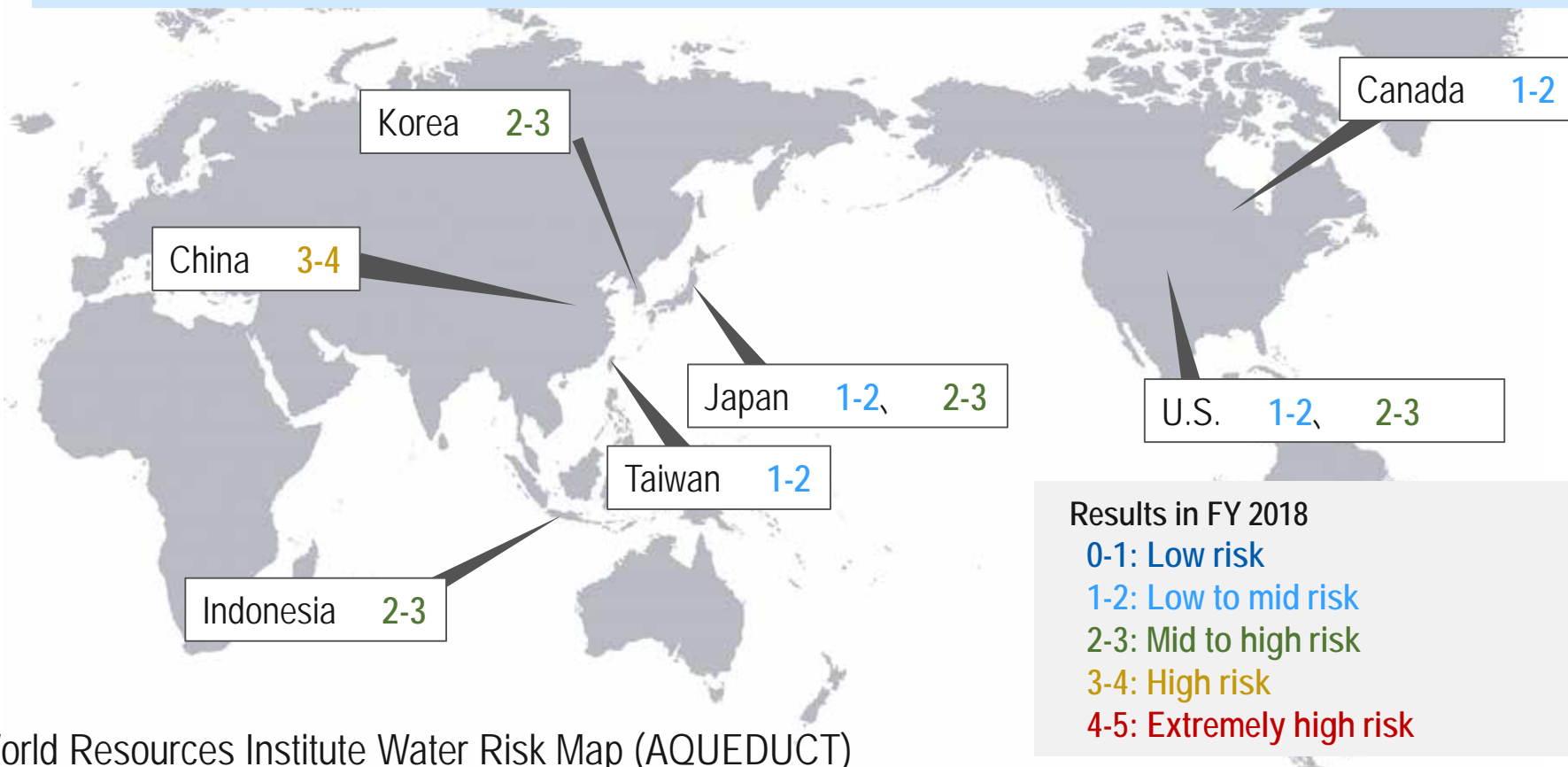


## Reduction of waste and effective use of water resources

### Water Risk Assessment

We recognize that responding to water resources in our corporate activities is an important issue, including droughts and floods caused by climate change, water pollution, and increasing global water use.

Since FY 2018, **we have surveyed local water risks (quantitative risk)** at production and research facilities in Japan and overseas, and **linked to initiatives related to water resources**.





# The future is in these hands.

Hands that feel, move,  
create, nurture and deliver.

Hands that hold you.

For a future with long and healthy life.

For a future of overcoming diseases and fears.

For the best future beyond imagination.

Using our hands to help each other.

Filling our hands with hope.



The symbol mark of Mitsubishi Tanabe Pharma is inspired by the shape of hands.

[www.mt-pharma.co.jp/e/](http://www.mt-pharma.co.jp/e/)

## Cautionary Statement

The statements contained in this presentation is based on a number of assumptions and belief in light of the information currently available to management of the company and is subject to significant risks and uncertainties.

It contains information about pharmaceuticals (Include products under development), but is not intended for advertising or medical advice.