



# **Otsuka Group Global Code of Business Ethics**

Otsuka Holdings Co., Ltd.

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## Introduction to the Code

The Otsuka Group consists of talented and dedicated individuals guided by the overarching corporate philosophy: *Otsuka-people creating new products for better health worldwide*. We continue to build on our proud legacy of innovation through integrity.

The Otsuka Group Global Code of Business Ethics ("this Code") articulates our uncompromising commitment to the highest standards of ethical conduct. Embodying key guiding principles, this Code sets forth the *minimum* standards of conduct for all individuals of the Otsuka Group.

This Code is applied to directors, officers, employees (both permanent and contract) and temporary employees of Otsuka Holdings Co., Ltd. and subsidiaries<sup>1</sup> of Otsuka Holdings Co., Ltd. In addition, we should continue to ensure that directors, officers, employees and temporary employees of affiliates of Otsuka Holdings Co., Ltd., and third parties (*e.g.*, contractors, vendors, suppliers) conducting business on Otsuka's<sup>2</sup> behalf understand this Code and act in compliance with this Code.

This Code applies consistently to all our worldwide business operations. We recognize that our business activities are subject to the laws of numerous countries and that each country has its own unique set of laws and policies, let alone customs and traditions. For these reasons, it is unrealistic to implement a uniform set of rules governing all possible situations in each region. However, it is our intent for this Code to be universally applicable; it reflects the borderless corporate world and transcends geographical, cultural, and linguistic barriers.

Our professional conduct should be in conformance with all applicable laws and regulations of each country where we operate. You are personally responsible for understanding and upholding the relevant laws, public policies, and professional standards relevant to your role and responsibilities. Nothing in the Code should be

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<sup>1</sup> For affiliates of which Otsuka Holdings Co., Ltd. (or a subsidiary) has an ownership interest of less than 50% and for joint ventures (50/50 ownership interest), these requirements do not apply unless Otsuka Holdings Co., Ltd. exercises significant control over the affiliates.

<sup>2</sup> "Otsuka" (or the "Company") refers to the Otsuka Group consisting of Otsuka Holdings Co., Ltd and subsidiaries of Otsuka Holdings Co., Ltd.

construed to interfere with local, national and international laws. In the event of any conflict between the Code and separately prepared regional codes and policies, you should decide which sets forth higher standards of conduct. If one requires higher standards than the other, that code should guide your behavior. Simply put, we must consistently follow the most stringent rules.

In the end, no guide can replace your conscience and common sense. Err on the side of seeking guidance if something seems intuitively wrong to you or you are uncertain of the best path to follow. We encourage you to contact the Legal/Compliance Department or any other appropriately qualified department or personnel.

### **Human Rights and Labour Standards**

We adhere to the Universal Declaration of Human Rights and to the International Labour Organization's core labour standards and take no actions that would impede human rights. We also strive to maintain a comfortable work environment that is respectful of human rights.

We support the U.N. Global Compact and incorporate consideration for society and the environment into our day-to-day business activities, as a part of the realization of our corporate philosophy.

The Labour Principles (Principles 3 through 6 of the U.N. Global Compact 10 Principles) specify the elimination of forced and compulsory labour and the abolition of child labour. Consequently, we require compliance with these Principles among our vendors and generally in the value chain spheres in which we have influence.

### **Conflicts of Interest**

A conflict of interest arises when any personal activities or relationships (with customers, suppliers, competitors, family or friends) impair, or even *appear* to impair, your ability to make objective and fair business judgment for the Company. In other words, your personal interests potentially collide with the best interests of Otsuka, making it difficult for you to carry out job responsibilities impartially. We have a duty to work for the Company's best interests and ensure that our personal interests do not intrude upon our responsibility to the Company. Accordingly, we must seek to avoid not only situations

creating a personal conflict of interest but also those creating the appearance of one. In case of a possible conflict of interest, we encourage you to seek immediate guidance from the Legal / Compliance Department, which will determine what course of action is in the best interests of the Company.

### **Bribery and Corruption**

A bribe is any item of value or advantage to influence action. Giving a bribe means providing, promising to provide or offering a bribe. Taking a bribe means receiving, promising to receive or requesting a bribe. Giving or taking a bribe could instantly damage our business and reputation built through our collective dedication and hard work. It can also trigger civil and criminal charges resulting in penalties such as fines and imprisonment. We must avoid even creating the perception that the Company would give a bribe to obtain or retain any business advantage.

Our company's cross-border expansion has the potential to expose us to increased legal liability. It is our duty, as a multinational enterprise, to follow the laws of the countries where our employees, affiliates and alliances operate. As a global corporate citizen acting with integrity, Otsuka condemns all forms of bribery and corruption. We will not provide payments, items of value or advantages to influence anyone improperly, be they in the public or private sector, directly or indirectly, locally or internationally. Our legal and professional commitments include full compliance with applicable anti-bribery and corruption laws regardless of where we operate.

### **Employee Health**

We believe in creating an environment that supports the mental and physical health of each and every employee as an essential pillar of our corporate philosophy. We encourage our employees to use their capabilities and express their individuality both to enhance their work environment and to maintain and improve their health.

### **Discrimination and Harassment**

Employees reach their highest level of professional and personal success in a workplace where all participants feel included, respected and valued. We empower employees to achieve their full potential through a fair, open and collegial work environment, free from

all forms of discrimination and harassment<sup>3</sup>.

We strive to attract, retain and develop the best talent from a multitude of backgrounds and experiences, reflecting the growing diversity of the communities we serve. All aspects of our employment practices (*e.g.*, recruitment and hiring, work assignment, performance evaluations, promotions, transfers) embody our commitment to fair employment practices. To this end, we base all employment decisions on merit, qualifications and other job-related criteria, without regard to race, color, national origin, gender, sexual orientation, gender identity or gender expression, religion, citizenship, marital status, pregnancy, disability, or any other basis protected by applicable laws. Encouraging respectful interactions among ourselves, we act with courtesy and sensitivity toward one another, and strictly prohibit, and will not tolerate, harassment of any kind.

### **Diversity and Inclusion**

Our pioneering spirit provides a solid foundation for who we are. As a company driven by innovation, we actively pursue creative solutions through our diverse and dynamic workforce sparking out-of-the-box thinking. Our employees bring to work their unique cultures, backgrounds, experiences and insights. We strive for an inclusive culture, embracing, celebrating, and integrating the uniqueness of each individual. In the increasingly competitive global business community, the success of Otsuka requires collaboration across various functional areas, integration of different skills and consideration of multiple perspectives. A homogeneous workplace can miss out on the fresh ideas a diversity of perspectives can bring into the organization. Our dedicated team with varied backgrounds enhances our ability, for instance, to develop products that resonate with consumers in diverse cultures. Our continued global success derives from our people's creative minds and boundless energy.

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<sup>3</sup> Workplace harassment includes, but is not limited to, the use of words or actions that unreasonably interfere with one's work or create an intimidating, hostile, or offensive work environment. It is unwarranted and unwelcomed conduct based on race, gender, sexual orientation, gender identity or gender expression, religion, disability, or any other characteristic or group protected by relevant law.

## **Fair Competition**

We commit ourselves to fair and open competition on the merits of our products and services. Accordingly, we abide by antitrust laws, which promote healthy competition on a level playing field by preventing interference with a competitive market system. The laws aim to protect consumers and competitors against unfair practices such as agreements among competitors to fix prices, divide markets, allocate customers or limit the quality or production of products. At the core of antitrust enforcement lays the notion that independent entities should make independent decisions about how to conduct their business activities. An antitrust violation could trigger severe consequences such as criminal penalties and imprisonment for the Company, employees, and management.

## **Environmental Protection**

Our vision to be a world healthcare leader includes a commitment to lead the effort in environmental protection. We all have the ability to make a difference in the local, national and international communities we serve. The responsibility to shape a cleaner, healthier environment rests with each one of us. Recognizing how our business impacts the earth, we have embedded our ecological values and practices into all aspects of our business.

We all need to familiarize ourselves with environmental practices applicable to our duties. Going beyond compliance with relevant laws and regulations, we also take a proactive approach, encouraging and pursuing environmentally sound behavior in our daily work. Every employee is personally responsible for mitigating harmful impacts of the Company's operations on the environment. As we aim to strengthen our presence in the global marketplace, we continuously search for new and better ways to achieve sustainable development.

## **Privacy and Confidentiality**

We have a duty to safeguard the confidentiality of the information entrusted to us not only by the Company but also by employees, contractors, suppliers, vendors, customers, and others related to our business. Confidential or proprietary information obtained through employment by the Company or through providing services to the Company must be held in strict confidence and used only for legitimate business purposes. The obligation to

preserve confidential or proprietary information continues even after termination of employment or the end of any contractual agreement.

Confidential or proprietary information includes all information that is unavailable to the general public and gives the company certain competitive advantages. We must protect such information whether or not marked or otherwise designated as confidential, and never disclose any confidential matters to unauthorized persons internally or externally, including family members. Inadvertent disclosure of such information in casual or social conversations could be just as harmful to our business. Use caution when disposing of documents with confidential or proprietary information.

We are equally responsible for respecting the confidentiality of other's information. We must not acquire confidential and proprietary information related to other companies through improper means such as manipulation, misrepresentation, concealment, or breach of any non-disclosure agreement.

We also respect the privacy and personal information of individuals. Our business activities require us to use a variety of personal information, including that of employees, customers, consumers, patients, clinical trial subjects and healthcare professionals. We are committed to collecting, maintaining, securing, disclosing and using their personal information in accordance with applicable laws, rules and regulations and only for legitimate business purposes.

### **Insider Trading**

Otsuka is subject to various laws and regulations governing trading in its securities. It is illegal to buy or sell securities (*e.g.*, stocks, bonds, options, derivatives) of any public company, using non-public material information<sup>4</sup> about the company. This is called "insider trading" and illegal. Because the information remains unavailable to other investors, a person taking advantage of such information ultimately gains an unfair advantage over the rest of the market. Insider trading can trigger extremely serious consequences, ranging from internal disciplinary action to significant civil and criminal liability.

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<sup>4</sup> Material information is information which typically has an important influence on an investment decision of an investor.



## **Intellectual Property**

Intended to reward the efforts of creators/inventors, intellectual property laws protect the work and allow the creator to prevent unauthorized use and misuse of their works. Intellectual property includes inventions, designs, images, symbols, literary and artistic works and is protected by law through patents<sup>5</sup>, trademarks<sup>6</sup>, copyrights<sup>7</sup>, and trade secrets<sup>8</sup>.

In the age of globalization, intellectual property rights are protected and enforced at the multinational level. Protecting our intellectual property helps the Company maintain its competitive edge in the global marketplace. We should limit access to our intellectual property to appropriate individuals within the Company and to authorized third parties. We should report any suspected misuse of our intellectual property to the Legal /Intellectual Property Department.

Equally important, we all have a duty to respect and protect the intellectual property rights of third parties. Improper use of others' intellectual property may trigger fines, lawsuits, or criminal penalties for the Company and you.

## **Maintaining Books and Records**

The proper management of books and records can directly impact our business operations. We must create and maintain accurate company records through compliance with proper internal controls (*e.g.*, accounting) and record-keeping procedures. Each business transaction, even if minor, must be reported accurately, honestly, and completely. Each one of us is individually responsible for understanding and practicing the reporting and documentation requirements applicable to our role.

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<sup>5</sup> A patent is a grant for a limited duration of an exclusive right to exclude others from making, using, importing, offering for sale or selling an invention. Inventions or discoveries that are entitled to patent protection include any new and useful process, machine, manufacture or composition of matter.

<sup>6</sup> A trademark is a protected character, figure, sign or three-dimensional shape, or any combination thereof that identifies and distinguishes the source of a good or service for the consumer.

<sup>7</sup> A copyright is a form of protection granted for original works of authorship fixed in a tangible medium of expression, including literary, dramatic, musical, and artistic works such as poetry, novels, movies, songs, computer software, and architecture.

<sup>8</sup> A trade secret is information that is useful for business activities, is kept secret, and is not publicly known. It can be a formula, pattern, compilation, program, device, method, technique, process, *etc.*

We must ensure the accuracy of Company records, reflecting the true nature of the business transactions and activities being recorded. Under no circumstances may you falsify or manipulate our books and records.

### **Business Integrity**

Our values of integrity and transparency guide us in all aspects of our business operations. We uphold both the spirit and letter of applicable laws and regulations as well as industry codes of ethics governing research, marketing and promotion. We prevent unfair, deceptive or misleading practices. To earn and maintain the trust of patients, consumers, the community and society at large, we consistently conduct business with integrity and transparency.

### **Reporting Concerns**

At Otsuka, we foster and sustain a workplace culture that promotes open and honest communication.

By providing reporting procedures and channels, we encourage each person to ask questions or express concerns. When in doubt about the best course of action, err on the side of seeking guidance. You should initially consult your immediate supervisor. If your question remains unresolved, we encourage you to contact your local Legal/Compliance/Human Resources Department or any other subject matter experts.

We also urge you to report it immediately if you suspect or know of any violation of law, this Code, or internal Company policies and procedures. We will promptly investigate the matter and take corrective action if necessary.

We prohibit retaliation of any kind. As long as you are raising your concern in good faith, we take all reasonable steps to ensure that you have a right to pursue your claim without fear of retaliation. Employees who engage in retaliatory conduct will face disciplinary actions.

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