
Slavery and human trafficking statement

For the financial year ended 31 December 2016

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 for the financial year ended 31 December 2016. It sets out the steps taken by Otsuka Pharmaceuticals Europe Limited ("OPEL") to minimise the risk of modern slavery and human trafficking in its operations and supply chain.

1. Organisation, business, and supply chains

OPEL is a subsidiary of Japan-based Otsuka Pharmaceutical Co. Ltd, and over-sees sales and marketing operations in France, Germany, Italy, the Nordics, Spain, Switzerland and the UK. Operations in other EU markets are managed via distribution companies. This statement summarises the activities of OPEL only.

OPEL is headquartered in the United Kingdom and has a primary focus at this time on the pharmaceutical business operating in a number of therapeutic fields. OPEL is the Marketing Authorisation Holder for most of the products in its operating model.

OPEL is guided by an overarching corporate philosophy of "Otsuka-people creating new products for better health worldwide" and we believe that modern slavery is a deplorable crime. Otsuka Holdings Co. Ltd became a signatory to the United Nations Global Compact (UNGC)¹ in order to express its commitment to corporate social responsibility (CSR) and sustainability, and our modern slavery approach is consistent with the spirit of the UNGC. We are committed to ensuring that where we can have influence the risk of modern slavery or human trafficking in our supply chain or in any part of the business is minimised.

2. Policies in relation to slavery and human trafficking

This year, we developed a standalone modern slavery policy. The purpose of this policy is to outline our commitment to minimising the risk of modern slavery in our operations and supply chains, and to lay the foundation for embedding modern slavery considerations into the way we operate and conduct business. The policy sets out the responsibilities of specific teams and departments within OPEL with regards to modern slavery. Our modern slavery policy links to a number of existing global and regional policies.

3. Due diligence processes

We have integrated modern slavery considerations into existing supplier selection and procurement processes to ensure OPEL's modern slavery approach is fully integrated with current practices within the business.

We have developed modern slavery clauses for inclusion in the terms and conditions of our contracts and purchase orders. These will be introduced for all new suppliers. For existing suppliers, we are introducing these clauses at the point suppliers are due for re-contract with OPEL.

We have also developed and integrated specific questions relating to modern slavery risks as set out in '4. Risk assessment' below for potential new suppliers at OPEL. A risk-based approach is used to identify which potential suppliers are required to answer these questions. See '4. Risk assessment' below for more details.

Following the development of our modern slavery approach, we issued a communication to key existing suppliers to raise awareness of modern slavery, introduce OPEL's approach and expectations of suppliers, and to encourage suppliers to implement modern slavery risk management procedures.

OPEL has a whistleblowing facility in place called 'Speak Up' through which employees are encouraged to report ethical concerns without fear of retaliation or retribution. We have extended the scope of 'Speak Up' for employees to report any modern slavery concerns. In the future, we plan to explore the feasibility of extending

¹ <https://www.unglobalcompact.org/>

use of this whistleblowing facility to some key suppliers to allow any concerns within the supply chain to be raised directly to us.

4. Risk assessment

We have developed a modern slavery risk assessment framework to assess suppliers based on the level of risk associated with their sector, the level risk associated with their country of location², our ability to influence them and their performance / track record in relation to slavery and human trafficking. We intend to deploy this risk assessment on suppliers prior to tendering and contracting. The results of the risk assessment framework will inform the level of due diligence we conduct.

Any suppliers identified as high or medium risk will be asked to provide information regarding their management of modern slavery risks through a questionnaire (as described above). This questionnaire will be deployed either through our Request for Tender, Request for Proposal or Request for Quotation processes, and integrated into our supplier evaluation criteria.

This year, we assessed existing suppliers to test our risk assessment framework which has given us an initial understanding of the inherent level of risk in our current supply base and to prioritise actions to manage modern slavery risks going forward.

In the future, we plan to introduce periodic supplier self-assessments to monitor our suppliers' management of modern slavery risks on an ongoing basis and integrate modern slavery considerations into our overall supplier performance management and auditing processes.

5. Key Performance Indicators (KPIs) and effectiveness

We have developed a number of key performance indicators (KPIs) to measure and track the effectiveness of different elements of our modern slavery approach, including with regards to training and identifying high and medium risk vendors.

6. Training

This year, we have delivered training to all OPEL employees, contractors and consultants. This included representatives from legal and compliance, procurement, quality, supply chain and finance. We plan to repeat this training on an annual basis. We have also conducted awareness raising activities with all other employees, which has included communications on modern slavery to ensure employees have an understanding of modern slavery risks and know how to raise any concerns.

Modern slavery considerations have been included in our employee handbook, and in future, we plan to integrate sessions on modern slavery into our new joiner training programme and conduct annual awareness refresher sessions for all employees to raise and maintain awareness through the business.

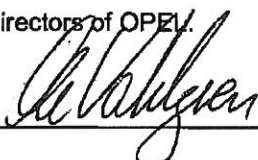
This statement has been approved by the board of directors of OPEL.

On behalf of OPEL by Ole Vahlgren

President and CEO of OPEL

Date

Otsuka Pharmaceutical Europe Limited



17. May 2017

² OPEL has used the Global Slavery Index, particularly the prevalence of modern slavery as a percentage of a country's total population, to indicate the level of modern slavery risk in each country. <http://www.globalslaveryindex.org/>