
Slavery and human trafficking statement

For the financial year ended 31 December 2022

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 for the financial year ended 31 December 2022. It sets out the steps taken by Otsuka Pharmaceutical 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, BeNeLux, the UK, Ireland and Austria. 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. Otsuka Pharmaceutical Netherlands B.V. (OPNL) is the Marketing Authorisation Holder for most of the products in OPEL’s operating model. OPNL is a wholly owned subsidiary of OPEL and OPEL has retained the exclusive rights to commercialise these products in the UK and European Economic Area (“EEA”).

OPEL is guided by an overarching corporate philosophy of “Otsuka-people creating new products for better health worldwide” and OPEL believes that modern slavery is a deplorable crime. Otsuka Holdings Co., Ltd. became a signatory to the United Nations Global Compact (UNGC)¹ on 16 November 2016 in order to express its commitment to sustainability, and OPEL’s modern slavery approach is consistent with the spirit of the United Nations Global Compact (“UNGC”). OPEL is committed to ensuring that where it can have influence the risk of modern slavery or human trafficking in its supply chain or in any part of the business is minimised.

2. Policies in relation to slavery and human trafficking

OPEL has a standalone modern slavery policy in place, the purpose of which is to outline OPEL’s commitment to minimising the risk of modern slavery in its operations and supply chains, and to lay the foundation for embedding modern slavery considerations into the way it operates and conducts business. The policy sets out the responsibilities of specific teams and departments within OPEL with regards to modern slavery. The Otsuka Group Human Rights Policy was published in 2021 and a global e-learning entitled “Global Human Rights” was also rolled out to all employees, with refresher training conducted each year.

Both the EU Code of Conduct in 2020, updated in April 2021, and the Global Code of Business Ethics incorporate modern slavery considerations. The EU Code of Conduct document is available on the OPEL and local affiliates public facing corporate website and the Global Code of Business Ethics is available on the corporate website of Otsuka Holdings Co., Ltd.

3. Due diligence processes

Since the creation of the Global Compliance team in 2020, a global Third Party Risk Management project has been developed in order to harmonise due diligences processes and procedures across the world. Led by a representative of the Global Compliance team, OPEL has provided feedback on the documentation developed, approval flow proposed and was part of the pilot phase, from July 2021 to January 2022. Included within the documents designed, a specific Human Rights / Labour Rights due diligence questionnaire has been developed to align with the highest ethical standards and to ensure the organisation is aligned with existing and future legal requirements. OPEL continued to provide feedback and support until the kick-off of the project in Otsuka’s Asian countries in Q4 2022. The implementation within Europe is planned for 2025/2026.

¹ <https://www.unglobalcompact.org/>

In the meantime, the OPEL European Procurement and Ethics & Compliance teams have worked in 2022 to review and simplify the procurement process (including due diligence requirements). The principles of the existing European Supplier Selection Policy have been incorporated in the new version of the European Procurement Policy and the existing European Due Diligence Policy has been updated to align as much as possible with the expectations of the Global Compliance team. These new steps will become effective during early 2023, they are aimed at helping the organisation in transitioning from a regional to a global third-party management system.

Regarding Human Rights, OPEL has included modern slavery considerations into existing procurement processes to ensure OPEL's modern slavery approach is integrated with current practices within the business. OPEL has published and trained all employees at OPEL and its affiliates on each of its: (i) procurement policy; and (ii) due diligence, and contract management policies. Both such policies place importance upon and consideration with regards to modern slavery.

OPEL has developed modern slavery clauses for inclusion in the terms and conditions of its contracts and purchase orders. These have been introduced for all new suppliers. For existing suppliers, OPEL is introducing these clauses at the point suppliers are due for re-contract with OPEL. Further, initial work has been conducted to create such standard clauses to be included in the organisation's contract templates for OPEL's affiliates.

OPEL has also developed and integrated specific questions relating to modern slavery risks for potential new suppliers at OPEL. A risk-based approach is used to identify which potential suppliers are required to answer these questions. Please see item '4. Risk assessment', below, for more details.

OPEL has a whistleblowing facility (Speak Up Line) managed by an external third party (NAVEX) and incident management system in place through which employees are encouraged to report concerns regarding unethical behaviours and/or practices without fear of retaliation or retribution. OPEL has extended the scope of this facility for employees to report any modern slavery concerns, following the process described within the EU whistleblowing policy. In 2022 OPEL also updated the information available on the Speak Up Line website (new version effective May 2022) in five additional languages (French, English, German, Italian and Spanish). In order to ensure compliance with the new European Whistleblowing Directive (effective 17 December 2022), a link to the Otsuka Speak Up page has been added to OPEL and OPEL's affiliates' corporate public website, to give opportunity to every external stakeholders to raise concerns too.

4. Risk assessment

OPEL has developed a modern slavery risk assessment framework to assess suppliers based on the level of risk associated with their sector, the level of risk associated with the supplier country of location² and OPEL's ability to influence the supplier and its performance/track record in relation to slavery and human trafficking. OPEL intends to utilise this risk assessment with suppliers prior to contracting during the tender process. The results of the risk assessment framework will inform and determine the level of due diligence OPEL conducts.

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

In 2023, OPEL will be assessing its vendors with which it has a spend of over EUR 100k and/or which fall into specified risk categories. This will be conducted in accordance with OPEL's newly established and European Procurement Policy and updated existing European Due Diligence Policy which will provide a more robust risk overview.

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/>

5. Key Performance Indicators and effectiveness

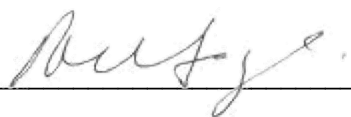
OPEL shall be monitoring its risk in relation to modern slavery and human trafficking through its newly established European Procurement Policy and updated existing European Due Diligence Policy.

6. Training

OPEL will continue to deliver training, annually, to all its employees, contractors and consultants. OPEL has also conducted awareness raising activities with all employees, which has included communications on modern slavery, to ensure employees have an understanding of modern slavery risks and that they know how to raise any concerns.

This statement has been approved by the OPEL Board of Directors on 6 February 2023.

By Andy Hodge President & CEO



on behalf of Otsuka Pharmaceutical Europe Limited Date

Date

6th February 2023
