

## Quality

In order to achieve stable business activities and sustainable growth, the Otsuka Group aims to be a company trusted by all of its stakeholders. Toward that end, it has worked to build a sound and highly transparent management structure.

# Corporate Governance

### Basic Approach to Corporate Governance

As a global healthcare company that conducts business worldwide, the Otsuka Group operates under a pure holding company structure that separates Group management and supervision from business execution, in order to practice sound management with a high degree of transparency. At the same time, the Group endeavors to strengthen corporate governance and to operate systems for internal control.

### Corporate Governance Structure

To facilitate internal control over financial reporting, the Otsuka Group has established an Internal Control Department at each of its Group companies. These departments prepare specified procedures and manuals related to internal control and inform and educate employees on rules of operation. At the same time, Internal Control Departments also work with Internal Audit Departments to monitor the operations continuously and develop systems to assess management workings in internal control accurately.

Otsuka Holdings has introduced a system of corporate officers that separates the roles of the board of

directors, which makes management decisions and supervises their executions, and those of the corporate officers, which execute the business based on the board's decisions. This system ensures the efficiency and the transparency of management and the rapid business execution. The holding company structure and the system of corporate officers allows the Board of Directors to concentrate on discussing and formulating management policy, strategies, and other priority issues that concern the management of the Group as a whole.

In order to further enhance its corporate governance structure, Otsuka Holdings appointed two outside directors in June 2013 and an additional new outside director in June 2014. Outside directors strive to increase the transparency of corporate management, ensure appropriate decision-making, and boost business performance by offering impartial and objective advice based on their respective views and experience.

In the Group companies outside Japan, the Otsuka Group Global Code of Conduct and other global rules are instilled. A Global Management Meeting is annually held with affiliate companies from around the world to discuss important topics and strengthen the governance.

### ■ Audit Frameworks of Otsuka Holdings

