

Compliance Conduct Guideline of Shin Nippon Biomedical Laboratories, Ltd.

What is compliance?

Corporate activities involve various stakeholders, including society, customers, vendors, business partners, shareholders and employees. In order to respond to requests of these stakeholders, a corporation needs to remain a going concern. This requires not only pursuing profit, but doing so through sound corporate activities; pursuing profits does not serve as an excuse for doing whatever it takes. It is our duty to accurately recognize/understand, and comply with laws and regulations applicable to corporate activities as well as internal rules, while engaging in those activities with high ethical standards. The term compliance means processes aimed at completing these duties. Specifically, it means compliance with social standards (morals, ethics), laws and regulations (including administrative directives, guidelines), internal rules and corporate philosophy.

Shin Nippon Biomedical Laboratories (hereafter, SNBL) has an ethics code, which is based on its corporate philosophy. These Guidelines explain the overview of the code of conduct required of each member of SNBL Group for each case by breaking down the ethics guidelines into five relationship perspectives: *society, customers, vendors and competitors, shareholders and investors, employees*, and the *Company and Company assets*.

You are expected to see these Guidelines as a declaration of practices the Company has communicated internally and externally concerning corporate activities and business promotions, with each officer and employee fully understanding the significance of, and behaving in line with, compliance in terms of not only corporate activities but also social life.

Corporate philosophy

Vision

We continue to be a company that treats the environment, life, and human resources with care.

Mission

It is our absolute mission to free patients from suffering by supporting drug development and improving medical technologies.

Ethics Code

We uphold the spirit of the constitution, strictly observe laws and regulations, respect social norms and act with strong awareness of being exemplary in society as intelligent ladies and gentlemen.

1. I promise that my behavior will be as an adult member of society with good sense.
2. I understand that I am representing the honor of the organization to which I belong.
3. I will, at all times, act based on the corporate philosophy and the Ethics Code.
4. I will maintain confidentiality of information about individuals and corporations that I receive knowledge of in the course of work.
5. I will have the courage to punish any wrongdoings by myself before they become subject to punishment.

I General Provisions

1. Respecting social norms and complying with laws and regulations

We will maintain corporate activities in line with corporate philosophy, respect social norms, comply with laws and regulations and internal rules, and fulfill corporate social responsibilities required by society.

- (1) We will respect social norms and comply with laws and regulations in and outside Japan as well as internal rules.
- (2) We will fully recognize the Ethics Code and act with good sense as members of society responsibly.

II Society

1. Social responsibility

We, with full awareness of being a member of society, aim to realize a better and happy society, and engage in social activities as a corporate citizen who is free from social criticism and doubt.

2. Complying with laws and regulations concerning drug effectiveness and safety

Concerning research and development of drugs, we will comply with the Pharmaceutical Affairs Act of Japan and other related laws and regulations (ministerial ordinances concerning standards for conducting non-clinical studies for drug safety [GLP: Good Laboratory Practice] and clinical trials for drug safety [GCP: Good Clinical Practices]), and standard operational procedures. In the case of conducting tests using

animals, we will respect their lives and strive to limit use to the minimum while making an effort not to inflict suffering. Regarding clinical trials, we will respect human rights of subjects to the maximum extent, devoting our full attention to protecting their lives, health, and welfare.

With the awareness that the results of clinical trials and nonclinical studies are widely used in society, persons engaged in conducting or recording those studies or handling facilities/equipment will comply with proper recording and reporting of operations and data. It is strictly prohibited to fabricate, alter, misappropriate or arbitrary select data, including electronic data. Arbitrary selection includes arbitrary deviations such as shuffling the order of data and making a partial change/ deletion. We are aware that these acts are absolutely prohibited even in cases in which a supervisor instructs or orders to do so.

Relevant laws: Pharmaceutical Affairs Act, GLP, GCP, Act on Welfare and Management of Animals, Helsinki Declaration

Internal contact: Reliability assurance department of the safety research laboratory, Reliability assurance department of the drug metabolism analysis center, GCP audit office of the clinical trial division

3. Rules on donations and political contributions

- (1) When making political contributions, donations to various organizations, and the like, we will clarify the ground for doing so, comply with relevant laws and regulations, such as the Public Offices Election Act and the Political Funds Control Act, and use legitimate means.
- (2) We will seek prior approval for making various contributions and donations in accordance with internal rules.
- (3) In addition to not giving bribes, offering illegal profits, or making illegal political donations; we will strictly refrain from engaging in any act that is likely to be misunderstood as collusion with politics/government administration, and will strive to create sound and transparent relationships.

Relevant laws: Public Offices Election Act, Political Funds Control Act

Internal rules: Division of Duties Policy, Divisions of Duty Regulations, Approval Document (*Ringi*) Regulations

Internal contact: The division in charge of general affairs

4. Discontinuing relationships with antisocial forces and organizations

- (1) We will have no relationships with antisocial forces and organizations that threaten

the order and safety of society.

- (2) With the awareness of crisis management, we will make sure to follow the three principles for countering antisocial forces (not to afraid, not to fund, not to use) in conducting corporate activities so as not to show antisocial forces and organizations any weakness to take advantage of.
- (3) We will not engage in any transaction with antisocial forces and those who are related to antisocial forces.

Relevant laws: Act for the Prevention of Wrongful Acts by Members of Organized Crime Groups, Organized Crime Exclusion Ordinance

Internal Rules: Policy for Handling External Visitors (including the manual for handling vicious organizations)

Internal contact: The division in charge of general affairs

5. Environmental conservation and protection

We will comply with laws and regulations concerning environmental conservation, and strive to use resources in an effective manner and conserve energy. Furthermore, we will make efforts to reduce and recycle waste materials generated through corporate activities.

Relevant laws: Environmental Basic Act, Act for Assessment of Environmental Impacts, Nature Conservation Act, Act on Promotion of Global Warming Countermeasures

Internal reference: The division in charge of general affairs, the division in charge of facilities

6. Traffic safety

We will strive to prevent and eradicate traffic accidents and violations, as well as to secure and improve road safety, by complying with laws and regulations concerning traffic safety and promoting good traffic manners.

Relevant laws: Road Traffic Act, other traffic related laws

Internal rules: Vehicle Management Policy, Policy on Commuting by Private Car, Policy for Using a Private Car for Business

Internal contract: The division in charge of general affairs, the division in charge of human resources

III Customers, Vendors, and Competitors

1. Sound and fair relationships with customers

- (1) We will listen to the voices of different customers including complaints and inquiries with modesty, respond to them sincerely and quickly, and reflect them in corporate activities going forward.
- (2) We will draft, negotiate, and conclude fair contracts with customers in conformity with laws and regulations, and observe the contracts.
- (3) We will make efforts to submit reports and other completed deliverables before due dates.

Internal rules: Contracted Services Management Policy, Customer Complaint Handling Policy

Internal contract: The division in charge of general affairs, the safety research laboratory, the drug metabolism analysis center, the clinical trial division

2. Compliance with the Antimonopoly Act

Under any circumstances, we will not engage in any act that violates the Antimonopoly Act, such as forming a cartel, collusion, and abuse of superior positions, and will compete fairly and freely with other companies.

Relevant laws: Antimonopoly Act

Internal contact: The division in charge of general affairs

3. Appropriate transactions with suppliers

We will transact with suppliers sensibly and sincerely, treating them in a fair and equitable manner.

- (1) When we select a supplier from multiple vendors, we will do so by fairly comparing various conditions, such as quality, prices, delivery dates, technological development capabilities, and stability of supply.
- (2) Regardless of whether being in a position of having influence over supplier selection or evaluation, we will not exercise any influence that works to the benefit of a certain supplier.

Internal rules: Purchasing Management Policy

Internal contact: The division in charge of general affairs, the division in charge of purchasing

4. Preventing unfair competition

- (1) We will not obtain any trade secret of others through illicit means for whatever

reason.

- (2) We will not use any trade secret of others with knowledge that it has been or may have been obtained through illicit means.

Relevant laws: Unfair Competition Prevention Act

Internal contact: The division in charge of general affairs

5. International trades

- (1) We will observe laws and regulations, international treaties, and the like concerning imports/exports and overseas activities and trades, and take appropriate procedures for imports/exports.
- (2) In order to maintain international peace, safety, and economic order, we will not only prevent improper transactions but also, as a global company, will have no involvement in any improper transactions.

Relevant laws: laws and regulations of countries in which business partners are located (e.g., anti-trust laws, intellectual property laws)

Internal contact: The division in charge of sales (overseas), the division in charge of general affairs

6. Gifts and entertainment

- (1) We will not give gifts or entertainment to employees of government offices and other similar public organizations (including public servants of Japan and foreign countries) in violation of the National Public Service Ethics Act and other “ethical behavior criteria.” If a public servant or other persons in similar position request provision of such gifts or entertainment, we will firmly decline the request.
- (2) With respect to relationships with officers, employees, and other staff of research institutions, medical facilities, and the like judged to have significant public benefit, whether they are public or private organizations, we will maintain transparency, strictly refrain from having a misleading contract/contact, and strives to maintain sound relationships with them.
- (3) If we provide gifts and entertainment to business partners, we will do so within the socially acceptable extent, avoiding excess. In addition, we will obtain prior approval in accordance with internal rules.
- (4) If we receive gifts and entertainment from customers or vendors, we will do so after confirming that they are within the socially acceptable extent.

Relevant laws: Penal Code, Act Against Unfair Competition, National Public Service Ethics Act

Internal rules: Employee Ethics Policy - handling of vendors and external activities -,
Entertainment Expense Policy

Internal contact: The division in charge of general affairs

7. Appropriate advertising

We will not use any expression that is libelous or defamatory to others in documents and information transmitted as part of advertising activity. Also, we will use only information that is backed by facts.

Relevant laws: Act against Unjustifiable Premiums and Misleading Representations, Medical Service Act, Pharmaceutical Affairs Act

Internal contact: The division in charge of general affairs

IV Shareholders and Investors

1. Information disclosure to investors

Except for trade secrets and information subject to contractual confidentiality obligations, we will strive to maintain the trust of investors as a corporation open to society with transparency by disclosing our corporate information to shareholders and other investors in a timely and proper manner.

Relevant laws: Financial Instruments and Exchange Act, timely disclosure rules stipulated by securities exchanges

Internal rules: Insider Information Management Policy

Internal contact: The division in charge of general affairs

2. Compliance with insider trading regulations

We will comply with insider trading regulations under the Financial Instruments and Exchange Act and internal rules. Insider trading means: “trading of securities in a company by a person with knowledge of the company’s material nonpublic information that may have significant impact on investment decisions of investors, being involved in decision and occurrence of such information or being in a position of knowing such information in the course of performing duties.”

- (1) We will properly manage internal information in accordance with internal rules. If a material fact that may have significant impact on investment decisions of investors arises, we will follow the procedures to publish the information as fast as possible in compliance with timely disclosure regulations stipulated by securities

exchanges.

- (2) If we become aware of material nonpublic information of the Company Group, or that of any other company in the course of performing duties, we will neither disclose/ divulge such information to others nor trade in shares in the Company or other companies before the information is published.

Relevant laws: Financial Instruments and Exchange Act (FIEA), Order for Enforcement of the FIEA, Cabinet Office Ordinance Regarding Regulations on Securities Transactions, timely disclosure regulations stipulated by securities exchanges

Internal rules: Insider Information Management Policy

Internal contact: The division in charge of general affairs, the division in charge of human resources

V Employees

1. Equitableness and fairness

We will not discriminate against others on the grounds of gender, age, academic background, wealth, race, ethnicity, language, nationality, origin, appearance, physical/intellectual handicap, religion/political belief, ethnicity, thought, creed, and the like; will respect the personality of others; and will strive to understand each other and cooperate and work in concert with others.

Relevant laws: Constitution, Labor Standards Act

Internal contact: The division in charge of general affairs, the division in charge of human resources

2. Ensuring a safe working environment

- (1) The Company will strive to create a safe and sanitary working environment.
- (2) We will strive to maintain and manage health with the awareness of protecting our own health.

Relevant laws: Labor Standards Act, Industrial Safety and Health Act

Internal contact: The division in charge of general affairs, the division in charge of human resources, the division in charge of health/boosting health

3. Preventing harassment

We will respect each other's personalities, act consciously about what other persons feels about our behavior, and refrain from any act of harming the dignity of

individuals such as by engaging in offensive or harassing behavior.

Relevant act: Equal Employment Opportunity Act for Men and Women

Internal rules: Rules of Employment, Policy on Preventing Harassments

Internal contact: The division in charge of human resources

4. Protection of privacy

- (1) We will not, internally or externally, disclose/divulge information on another employee's private life that has come to our knowledge through the workplace or work without prior written consent of the employee.
- (2) The Company collects and maintains personal information of employees for purposes such as personnel management and health management. Such information is collected and maintained only for the intended purposes and the Company will not disclose or divulge the information to unrelated divisions or individuals, in addition not leaking it to external parties.

Relevant laws: Act on the Protection of Personal Information

Internal rules: Personal Information Protection Policy, SNBL Basic Policy on Security

Internal contact: The division in charge of human resources, the division in charge of IT

VI The Company and Company Assets

1. Compliance with the Rules of Employment

We will comply with the Rules of Employment at all times, and will not engage in any prohibited act stipulated in the Rules.

Internal rules: Employee's Rules of Employment, Directors' Regulations, Executive Officers' Regulations, Contractors' Regulations, FS Rules of Employment

Internal contact: The division in charge of human resources

2. Compliance with laws and regulations concerning corporate accounting

We will strive to create proper financial statements, accounts, and the like in compliance with the Companies Act, the Financial Instruments and Exchange Act, corporate accounting principles and other relevant laws and regulations as well as internal rules. We will not engage in any act of accounting irregularities, window dressing, and the like.

Relevant laws: Companies Act, Financial Instruments and Exchange Act, corporate

accounting principles

Internal rules: Accounting Regulations, Basic Policy on Internal Control over Financial Reporting

Internal contact: The division in charge of accounting

3. Preventing conflicts of interest

- (1) Conflicts of interest means any act of creating disadvantage for a company/organization to which a person belongs by engaging in judicial acts (e.g., transactions) with the company/organization to bring benefits to the person or a third party. Certain conflicts of interest are prohibited by laws and regulations. We will ensure legality and transparency of transactions by the Company through procedures stipulated by laws and regulations so as not to cause damage to the Company due to improper conflicts of interest.
- (2) We will not treat a competitor, customer, medical institution, vendor, superior, and the like advantageously on the grounds of their relationship with self or another employee or their relatives.

Relevant laws: Companies Act

Internal rules: Employee's Rules of Employment

Internal contact: The division in charge of accounting, the division in charge of general affairs

4. Prohibition of political and religious activities

We will not engage in political activity, thought activity, missionary work of a specific religion or other similar activities in the Company. In addition, even in the case of engaging in such activities outside the Company in a personal capacity, we will not use the name of or position in the Company.

Internal rules: Employee's Rules of Employment

Internal reference: The division in charge of general affairs, the division in charge of human resources

5. Prohibition of solicitation

We will not, without authorization of the Company, engage in solicitation activities in the Company or taking advantage of relationships in the Company for benefits of an individual or a certain organization.

Internal rules: Employees' Rules of Employment

Internal contact: The division in charge of general affairs, the division in charge of

human recourses

6. Obligations of accurate recording and reporting

With respect to work, we will not keep records or make reports that are contrary to facts.

Internal rules: Employees' Rules of Employment

Internal contact: The division in charge of human resources

7. Abolition of empty formalities

- (1) We will not exchange courtesy gifts internally. Exchanges of money/goods or favors that cause a feeling of indebtedness among employees are prohibited for the purpose of maintaining fairness in duties and personnel evaluation /treatment in the Company.
- (2) The above gifts include customary gifts such as mid-year and year-end presents. However, gifts for wedding, childbirth, starting a school, and new house; monetary offering for a funeral and memorial service; and other ceremonial occasions are not in scope of the prohibition as long as they are within a socially acceptable extent.

Internal contact: The division in charge of general affairs, the division in charge of human resources

8. Maintaining information

- (1) We will properly manage information obtained from customers or others and the Company's information in accordance with stipulated rules, and will not bring out, disclose, or divulge such information to any other organization or individual unless doing so is stipulated by laws, contracts, and the like. If we disclose the Company's information for business reasons, we will do so after obtaining approval of the Company in accordance with prescribed internal procedures.
- (2) We will not obtain or access undisclosed information of others through illicit means or methods or engage in similar activities. Also, we will not use information obtained from others in the course of work for unintended purposes, and will handle such information in the same way as we do for the Company's information and manage it in a strict manner.
- (3) We will comply with internal rules for the handling of information devices and properly manage them by, for example, preventing unauthorized access.
- (4) We will strictly refrain from making careless remarks in and outside the company, being aware that the Company's information can be transmitted through

conversations, not only in the form of documents, electromagnetic tapes, disks, and the like.

- (5) We will not, after retirement, divulge or use for any purposes confidential information of the Company or confidential information obtained externally.

Relevant laws: Unfair Competition Prevention Act

Internal rules: Record Management Policy, Policy on Documents Submitted
Externally, Employee's Rules of Employment, SNBL Security Basic Policy

Internal Contact: The division in charge of general affairs, the division in charge of IT

9. Maintaining/managing and properly using Company assets

We will maintain and manage assets of the Company (including tangible and nontangible assets, information devices such as PCs) in accordance with prescribed procedures and rules, and will not use them for personal use or other unintended non-work related purposes.

Internal rules: Employees' Rules of Employment, Loaned Equipment Management Policy

Internal contact: The division in charge of general affairs, the division in charge of human resources, the division in charge of IT

10. Protection of intellectual property rights

Intellectual property rights are important assets of the Company, and we will property use and maintain the rights.

- (1) We will maintain the intellectual property rights of the Company, such as by promptly applying for patents for inventions made through research and development activities.
- (2) We will not engage in acts that infringe intellectual property rights of others, such as unauthorized copying of their computer software.
- (3) We will conclude proper contracts for using intellectual property rights of business partners and will not use them without authorization.

Relevant laws: Copyright Act, Patent Act, Trademark Act

Internal rules: SNBL Security Basic Policy, Service Invention Policy

Internal contact: The division in charge of IT, the division in charge of general affairs

VII Supplementary Provisions

1. Application of these Guidelines

These Guidelines apply to all officers and employees of Shin Nippon Biomedical Laboratories, Ltd. In addition, these Guidelines apply *mutatis mutandis* to all staff members who are serving at any offices of Shin Nippon Biomedical Group, including contract employees, temporary personnel, and persons serving under FS employee contracts.

2. Internal reporting system

(1) Reporting obligations

We will create a working environment in which we can discuss anything openly, and in principle will report, communicate, and consult through reporting lines. However, in the case of finding any act or sign of violating laws and regulations or these Guidelines in the Company, if resolving the issue by reporting, communication, and consultation through the reporting line is considered to be difficult, we must report the issue to the below hotlines for resolving the issue, without concealing or leaving the issue.

Unauthorized interference with the reporting is prohibited. If such internal reporting is made, the recipient must promptly take proper actions in accordance with the Internal Reporting Policy and other rules.

*Internal contact: The division in charge of internal auditing

Direct phone number: +81-99-294-1260

E-mail address: snblhelpline@snbl.co.jp

*External contact:

(i) TMI Associates

Phone number: 03-6438-5511

E-mail address: snblhelpline@tmi.gr.jp

(ii) Legal Professional Corporation Kagoshima Ueyama Law Office

Lawyer in charge : Yukimasa Ueyama

Phone number: 099-227-7711

Open hours: 09:00-17:00 (excluding Saturdays, Sundays, holidays and New Year holidays)

E-mail address: ueyama@loueyama.com

(2) Reporting method

Reporting to the internal contact may be made verbally or by phone, e-mail or post. Reporting to the external contacts are as stated above. Reporting can be made anonymously; in such cases, the Company will be released from the obligation to report the investigation results to the informant.

(3) Rights of informants

The Company will strictly maintain the confidentiality of informants. Informants have the right not to receive any disadvantage by the Company or other employees due to the fact of reporting. We will not treat informants disadvantageously due to fact of reporting.

(4) Investigating facts

If the division in charge of internal auditing receives internal reporting, it must immediately report to the representative director and president and take proper actions based on the decision of the internal reporting committee to start investigations. In doing so, due consideration must be given to the privacy of the informant by preventing the identification of the informant in the Company.

(5) Reporting investigation results

Upon discussing measures to be taken based on investigation results at the internal reporting committee, matters that may have significant impact on business must be reported to the board of directors. In addition, investigation results and measures taken must be reported to the informant who gave his/her name at the time of reporting. Due consideration must be given to the privacy of persons who have been investigated.

(6) Other reporting systems

In addition to the reporting system in (1) above, which is stipulated in the Internal Reporting Policy, the Company has the following reporting systems. Depending on the circumstances of each case, an appropriate system should be used for reporting or consultation.

- (i) 1 Channel (direct reporting to the representative and director and president)
- (ii) Open Rainbow (reporting to the representative and director and president through an appointed committee member)
- (iii) Labor consultation (reporting to the general affairs and HR division, mainly consultation on sexual harassment, bullying, and the like)

Relevant laws: Whistleblower Protection Act

Internal rules: Internal Reporting Policy, Internal Reporting Committee Regulations

Internal contact: The division in charge of internal auditing

3. Sanctions

A violation of these Guidelines will be subject to disciplinary action under the Employee's Rules of Employment, depending on the details of violation. In the case of officers, they will be sanctioned according to the Companies Act, Directors' Regulations,

and other rules.

4. Consent to these Guidelines

Officers and employees who consent to these Guidelines shall sign the written pledge and submit it to the division in charge of internal auditing. The signature to the pledge may be substituted by giving consent to these Guidelines by electromagnetic means.

5. Revision /abolition of these Guidelines

The revision or abolition of these Guidelines shall be by decision of the representative and director and president based on a proposal and drafting of revisions by a person designated by the representative and director and president (including organizations, such as divisions and committees).

6. Effective date

These Guidelines shall become effective on June 17, 2004

7. Revision date

Revisions of these Guidelines shall be effective from the following revision dates.

Revised on January 5, 2009

Revised on October 1, 2012

Revised on June 1, 2014

Revised on September 16, 2014