

## PaMeLa Inc. Plan to Prevent Misuse of Research Funds

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Needle Project	No.	Classification	Factors that cause fraud	Plan to prevent the fraud
1. Clarification, refinement, and information sharing of organizational structure, authority, and rules	1	Authority of duties	Since our company has a small number of people who often work jointly, it is difficult to control each member.	<p>【Priority Actions】</p> Clarifying the authority of duties related to the operation of public funds and limiting the payment authority to the administrative department that is not directly involved in research. It will be a structure that does not cause adhesion with contractors or the generation of illegal funds.
	2	Rules	Ambiguous rules on the use of research expenses and administrative procedures can lead to improper use.	Developing and clarifying rules for purchasing goods and arranging business trips, and educating researchers on how to prevent inappropriate use.
	3	Improving awareness	The lack of proper internal process at the time of fraud discovery prevents fraudsters from being accused and causes delays in responses.	Clarifying the degree of accusation of fraud and creating an environment that is easy to report an act that seems to be fraudulent.
2. Understanding the causes of fraud and formulating and implementing fraud prevention plans	4	Formulating the plans	Lack of understanding and mechanisms to prevent cases of fraud may create a hotbed of injustice.	Regularly checking the causes of fraud. Formulating and implementing fraud prevention plans.
3. Implementation of education and training	5	Education	Due to lack of knowledge and awareness about the misuse of research funds and their effects, there is a possibility to commit fraud unintentionally.	<p>【Priority Actions】</p> Thorough implementation of compliance education
4. Proper operation and management of research expenses	6	Operations management	Lack of third-party checks on the use of research funds could lead to unauthorized use of research funds.	Same as item 1, a check function by the management department which is not directly involved in the research is conducted. Third-party audits are also conducted by certified accountants.