



Working to expand ESG, a management issue

With a corporate philosophy of “always putting healthier lives first,” the Group is aiming to provide healthy lives. As is clearly stated in our key sustainability policies, a healthy society and its sustainable development are the foundation of why we exist.

I was involved in formulating these key policies in 2021, but I had started to think about the relation between the ideal form of corporate activity and society when I was young. During my time at the secretariat of a particular business organization, I came across the idea that “business activities are circular like the natural environment, and both one’s own company and society will prosper through the cycle of using profits to expand production, not fighting to capture more of the pie.” Sustainability activities demanded of companies and this idea are connected at their roots.

Working to lessen the environmental burden caused by production activities

As for our environment (E) initiatives, until then, the Company had focused on reinforcing its production capacity with the goal of providing a stable supply of generic drugs, but consideration of the environmental burden caused by production activities was not necessarily sufficient.

Taking this point into consideration, in fiscal 2022, we revised the environmental targets in the Medium-Term Business Plan. After examining concrete measures to reduce CO₂ emissions, we switched the Group targets to emission volume from emission intensity per unit of production, and then set the numerical target of reducing 2030 emissions 46% compared to fiscal 2013 + α (see page 33). One example of our steady initiatives should be to focus on further recycling waste plastics that were used as packaging.

Further expanding ESG initiatives, the foundation for sustainable growth

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Steadily moving forward with initiatives to ensure diversity and investments in human capital

As for the field of society (S), one of the things that I have wanted to do for several years is to promote inclusion, diversity, and equity (ID&E).

While around one-third of the Group’s employees are female, women make up a small percentage of managers, and we have failed to reach our target of 8% of managers being women. Therefore, in fiscal 2022, we gathered employees interested in the topic and launched a project team, which compiled proposals for management (see Topics on page 30). We plan to establish a new body in the near future so that we can move from these proposals to action. Raising the percentage of managers who are women, one of the goals for promoting ID&E, will result in a natural improvement in the wage differences between men and women.

As for developing talent, we have traditionally worked to expand training options so that employees can take courses appropriate for their individual interest, awareness, career plan, and other aspect. By offering not only traditional group training and correspondence training but also a wide range of options linked to independent professional organizations, we have raised the annual number of training sessions per employee to 1.4 times. In the future, I would like to add more training options for management candidates.

In fiscal 2022, we also launched new measures related to developing successors. The Group has a system in which each employee creates and submits a goal sheet once every six months, and for all levels of line managers, we have introduced a system in which 20% of goals are related to developing successors. Under this system, managers set goals for succession planning and manage progress.

Two governance reforms

Since transitioning to a holding company, we have steadily made progress in raising our level of governance. As a result, we have expanded the four committees (Risk Management Committee, Compliance Committee, Information Security Committee, and Sustainability Committee) throughout the Group, creating a system in which people tackle issues with a sense of unity.

We implemented two major reforms in fiscal 2022. The first one was establishing a framework for succession plans for such officers as CEO. The second one was appointing external directors with management experience for the first time. As a result, external directors account for 50% of directors. By steadily implementing these initiatives and conducting quite thorough deliberations regarding the Board of Directors, I think that we are getting close to having the Board of Directors that we should have.

Launch of initiatives to spread ESG awareness





An important issue is spreading ESG awareness among employees. Therefore, since fiscal 2022, we have included an ESG perspective when selecting small-group activity topics in Japan. Although this was the first year, we have already had several successes, such as some factories giving presentations on results related to “transforming operations into ones that impose less of an environmental burden by increasing energy efficiency.” There also seems to be a good response to using the in-house intranet, too, to frequently explain in-house activities and introduce a bottom-up approach, not a top-down one.

Building strong bonds with all stakeholders and aiming for sustainable growth

As stated at the beginning, it is impossible for the Group to grow on its own. For us, sustainability is building bonds and growing with all stakeholders, not only patients and healthcare professionals but also local communities and global environment.

The Group’s corporate philosophy and corporate culture must be valued in order to promote this sustainability. Our employees who joined the Company because they identify with our corporate philosophy and value connections with society are one of our strengths, and it is my duty to further improve the Group’s strong efforts related to ESG, the foundation of sustainability, to a level that they are recognized. The goal is to create a corporate group in which all employees work together and generate sustainable growth with society over the long term.

Main initiatives in ESG fields

Issues to address	Targets (quantitative/etc.)	FY2022 Results
E Environmentally friendly production 	<ul style="list-style-type: none"> Reduce CO₂ emissions by 46% in FY2030 on a gross volume basis (based on FY 2013 emissions + α) Net zero CO₂ emissions by 2050 Waste plastic recycling rate of 65% or more (in 2030) 	<ul style="list-style-type: none"> Changes and additions to medium term management plan environmental targets. Consideration of installing solar power panels installed at Kyushu Daini Factory. Started power generation using solar power generation panels at the Sanda Nishi Factory (FY2022 power generation: 5.9% of annual electricity used by the plant).
S Talent development, work styles / motivation, respect for human rights  	<ul style="list-style-type: none"> Safe and diverse work environment Promotion of diversity Initiatives for respect of human rights 	<ul style="list-style-type: none"> Transition from a telecommuting system used during the COVID-19 pandemic to a permanent telecommuting system. Use of stress check results for workplace improvement. Conducting employee engagement survey and interview survey (examine measures for the coming fiscal year). Action plan proposal to promote ID&E for the in-house project established taking into consideration the results of that gender awareness survey conducted in house. Compliance e-learning on harassment. ID&E Initiatives based on engagement survey (Upsher-Smith).
G Deepening corporate governance 	<ul style="list-style-type: none"> Improvement and deepening of governance through conversion to holding company structure Stronger risk management / compliance 	<ul style="list-style-type: none"> Direct reporting and explanation at the Board of Directors meetings about various committees which include related members. Started developing succession plans for CEO and other officials by Nomination, Remuneration and Other Governance Committee Implementation of E-learning on compliance, information security, etc. Strengthening information security governance, such as obtaining ISMS certification (ISO27001) and targeted mail based training.