

Our Initiatives for SDGs

OUR PRACTICES TO ACHIEVE THE SDGs

Annual Activity Report for Fiscal Year 2023



Introduction.

In March 2020, we endorsed the principles of the 'United Nations Global Compact' and announced our participation in it. We then launched internal activities using the 'Sustainable Development Goals (SDGs)' as an indicator to comply with and put into practice in the principles these activities. The initiative, which began in FY2020, has been in progress for fourth years, and we are deepening our efforts to achieve the goals through the activities of each division. In addition, we announced our participation in SBTi in March 2023. We have set a greenhouse gas reduction target and will implement carbon dioxide emission reduction toward 2030. [Targets] “We commit to reduce scope 1 and scope 2 GHG emissions 42% by 2030 from a 2021 base year, and to measure and reduce its scope 3 emissions.”

This report is based on the annual activity reports of each division for FY2023. For each activity, semiannual progress checks and revisions are made to revitalize activities for the year. Although the measures against infectious diseases caused by the new coronavirus have been relaxed to category 5 infectious diseases and countermeasures have been changed, we will continue the stable production of pharmaceutical products and enhance health promotion for our employees, as well as make these efforts a "matter of course" for each and every one of us in response to the principles of the SDGs, aiming to create a better working environment and to implement stable corporate activities. We also aim to create a better working environment and implement stable corporate activities. In order to realize "efforts to address environmental issues" and "reform of work styles and enhancement of workplace environment" in our daily activities, we believe it is necessary to aim for corporate activities based on ensuring the health of all employees and the health and safety of the local community, and also taking into consideration the protection of the global environment. Each of our employees are encouraged to review the practical targets set for each division to which they belong and the progress of their annual activities toward these targets, in order to revitalize their SDG activities toward achieving their respective targets for the next fiscal year.

FUJIMOTO CHEMICALS Co.,LTD

ESG Promotion Department

April 26, 2024

SDGs Activity Goals for FY2023

Target Setting: 28 April 2023

ESG Promotion Department

Goal 3 : Good health and Well-being

Business goal : Social contributions through core business

- Through our contract manufacturing business of active pharmaceutical ingredients, we manufacture high-quality pharmaceuticals under cGMP control and contribute to the health of people around the world through stable supply.

【Division Goals】

- | | |
|---------------------------------|---|
| Production Division | : Ensure production plans and deadlines are met and maintain a quality assurance system |
| Research & Development Division | : Practicing social contribution through drug development |
| Administration Division | : Ensure compliance with laws and regulations and revitalize the company |
| Sales Division | : Stable procurement of raw materials |



Goal 7 : Affordable and Clean energy

Business Goal : Promoting energy conservation

- Reduce energy consumption based on energy base unit.
- Promote the introduction of low-GHG (Greenhouse gas) equipments and devices.

【Division Goals】

- | | |
|---------------------------------|--|
| Production Division | : Practicing environmental measures through ISO 14001 and energy-saving activities |
| Research & Development Division | : Contribution to pharmaceutical manufacturing with reduced environmental impact |
| Administration Division | : Digitalization of business processes, transformation into an ecosystem (DX) |
| Sales Division | : Improving the efficiency of sales activities |



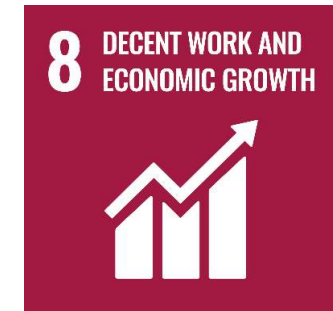
Goal 8 : Decent work and Economic growth

Business Goal : Respect for human rights and compliance with laws and regulations through business activities

- Achieve revitalization of the organization by promoting work style reforms.
- Use in-company human resources efficiently and systematically recruit employees, looking ahead to the future.
- Strengthen the CSR procurement throughout the supply chain.

【Division Goals】

Production Division	: Reduce overtime and workload
Research & Development Division	: Execution of an ongoing training system and participation in conferences and workshops
Administration Division	: Recruitment and employee skill development in line with company strategy
Sales Division	: Strengthening communication skills



Goal 9 : Industry, Innovation and Infrastructure

Business Goal : Technological Development to Contribute to Pharmaceutical Manufacturing APIs

The modalities of pharmaceuticals are evolving in a wide range of variations. Our company aims to develop technologies that contribute not just to the small molecule drugs in which we are experts but also other therapeutic modalities such as nucleic acid and mRNA.

【Division Goals】

Production Division	—
Research & Development Division	: Contribution to pharmaceutical manufacturing through the development of new technologies
Administration Division	—
Sales Division	: Expansion of nucleic acid business





Goal 12 : Responsible consumption and Production

Business Goal : Risk management, promotion of crisis management, reduction of raw material consumption, enhancement of recycling, development of environmentally friendly manufacturing methods

- Reduce energy consumption by promoting the stable procurement of raw materials and conducting the planned production.
- Reduce usage of harmful substances and strengthen the management of harmful substances in products.
- Promote recycling of organic solvents.
- Promote reduction of processes and raw materials by improvement of manufacturing methods.

【Division Goals】

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|---------------------------------|---|
| Production Division | : Compliance with laws and regulations related to chemical substances, waste reduction, and recycling promotion |
| Research & Development Division | : Promote initiatives through manufacturing process optimization studies |
| Administration Division | : Promote CSR and risk management |
| Sales Division | : Multiple sources of critical raw materials and information gathering for the introduction of new technologies |



Goal 14 : Life below water

Business Goal : Industrial wastewater management

- Complete management of the facilities of activated sludge process. Achieve the regulated value of treated wastewater for release to the Osaka Bay.
- Complete wastewater management for sewage.
- Complete control of the processing method of industrial waste generated from the facilities for high potency active pharmaceutical ingredient.

【Division Goals】

- | | |
|---------------------------------|---|
| Production Division | : KYK Used Tare and Industrial Wastewater Management |
| Research & Development Division | : Acquire knowledge of industrial wastewater management and water quality control |
| Administration Division | — |
| Sales Division | : Effective utilization of industrial waste |



Production Division Action Targets/Progress

	Action Items	Targets	SDG Goal	Status of Achievement	Progress
Senboku Plant	Stable production of Product C and Product F	Achieve the planned quantity of goods	Goal 3	just as planned	100%
	Introduction of milling process for Product S	PV completed	Goal 3	PV implemented	100%
	Achievement of "zero" complaints	0 case	Goal 3	3 cases occurred	0%
	Introduction of environmentally friendly equipments	three or more cases	Goal 7	7 cases	100%
	Reduction of electricity consumption	0.1% reduction	Goal 7	0.1%	100%
	Workload reduction by appropriate workforce planning and recruitments	75% or less operation rate	Goal 8	74.5%	100%
	Accident/disaster-free operations	0 case	Goal 12	0 case	100%
	Resource and energy savings by solvent recycling and other measures	1 case or more	Goal 12	1 case	100%
	Thorough management of used containers for pharmacologically active materials	No exposure incident	Goal 14	0 case	100%
Trend analysis of activated sludge treatment through daily monitoring and implementation of countermeasures	Compliance with regulated standards	Goal 14	Regulatory compliance	100%	
Kinraku Plant	Stable supply of product P	Study of changes for each item	Goal 3	Sodium hydride manufacturer change study (use test) completed, change approved	100%
	Consideration of changing raw material manufacturer for difficult-to-procure raw materials(Change of manufacturer of sodium hydride, etc.)				
	Establishment of system to increase production of Product G	Establishment of 13-lot/year system. Establishment of system to increase production of intermediate T by subcontractor N.	Goal 3	Completed technology transfer of intermediate T to subcontractor N.	100%
	Product A: Increase production	Completion of technology transfer to subcontractor A		Achieved of technology transfer to subcontractor A	100%
	Achievement of "zero" complaints	0 case	Goal 3	0 case	100%
	Introduction of environmentally friendly equipments	four or more cases	Goal 7	4 cases	100%
	Reduction of electricity consumption	0.2% reduction	Goal 7	0.22%	100%
	Reduce workload by planning and recruiting appropriate personnel.	70% or less operation rate	Goal 8	66.4%	100%
	Accident/disaster-free operations	zero accident	Goal 12	2 cases occurred	0%
	Reduce energy and waste by improving manufacturing processes	One or more cases	Goal 12	1 case	100%
Daily monitoring and weekly water quality testing	Compliance with regulated standards	Goal 14	Compliance achieved	100%	
Management & Planning Department	Ensure implementation of capital investment plans to increase plant productivity	Construction of a new administration building and execution of a new factory PJ	Goal 3	Completion of new administration building, design ongoing with new factory PJ in operation.	100%
	Implementation of environmental activities through ISO14001 and energy saving activities				
	· Promotion of ISO14001 activities	Zero finding at JQA audit	Goal 7	0 case	100%
	· Promotion of energy-saving activities	1% reduction of energy intensity	Goal 7	1.0% reduction from the previous fiscal year, ongoing	100%
Compliance with Chemical Substance Related Regulations	Compliance with Chemical Substances Control and Industrial Safety and Health	Goal 12	respond in full	100%	
Quality Assurance Department	Execution of planned supplier audits	47 audits planned	Goal 3	58 audits executed	100%



Research and Development Division Action Targets/Progress

	Action Items	Targets	SDG Goal	Remarks	Status of Achievement	Progress
Research and Development Division					Against FY2030 Targets	
	• Contract manufacturing of products under development	90 products : 2030	Goal 3		15 products	17%
	• Scale-up study	90 cases : 2030	Goal 7		18 cases	20%
	• No overtime work for all employees	120 times : 2030	Goal 7		36 times	30%
	• Participation in conferences and workshops	150 cases : 2030	Goal 8		99 cases	66%
	• Study of new technology development	30 cases : 2030	Goal 9		12 cases	40%
	• Study of manufacturing method improvement	30 cases : 2030	Goal 12		19 cases	63%
	• Zero TOC abnormality in waste water	100% : 2030	Goal 14		No abnormality for 3 years	30%
• Study sessions on water quality	10 sessions : 2030	Goal 14		3 sessions	30%	
Process Development Laboratory					Against FY2023 targets	
	• Contract manufacturing of products under development	9 products : 2023	Goal 3		6 products	67%
	• Scale-up study	9 cases : 2023	Goal 7		5 cases	56%
	• No overtime work for all employees	12 times : 2023	Goal 7	conducted jointly	12 times	100%
	• Participation in conferences and workshops	8 cases : 2023	Goal 8		20 cases	100%
	• Improvement of manufacturing process	3 cases : 2023	Goal 12		4 cases	100%
	• Zero TOC abnormality in waste water	100% : 2023	Goal 14	conducted jointly	No abnormality	100%
• Study sessions on water quality	1 session : 2023	Goal 14	conducted jointly	1 session	100%	
Basic Technology Debelopment Laboratory	• No overtime work for all employees	12 times : 2023	Goal 7	conducted jointly	12 times	100%
	• Participation in conferences and workshops	7 cases : 2023	Goal 8		11 cases	100%
	• Study of new technology development	3 cases : 2023	Goal 9		4 cases in progress	100%
	• Zero TOC abnormality in waste water	100%: 2023	Goal 14	conducted jointly	No abnormality	100%
	• Study sessions on water quality	1 session : 2023	Goal 14	conducted jointly	1 session	100%

Administration Division Action Targets/ Progress

	Action Items	Targets/ Goals	SDG Goal	Remarks	Status of Achievement	Progress
Administration Division	Transformation into an Ecosystem(DX)	BPR of core business systems	Goal 7	OBC	OBC installed and running in parallel	100%
		Payroll Outsourcing		HR Brain	Payroll outsourcing started in February	100%
	Realization of futuristic office	Reduction of fixed-line phones and smart phone extensions by restructuring business extensions	Goal 7	NEC Aspire	completion	100%
	Recruitment	New graduates and mid-career workers total 15 + α (manufacturing 5, QC 4, R&D 4, sales 2, and pharmacist)	Goal 8	Increase the number of pharmacists	New graduates hired: 12 (R&D 3, QC 3, manufacturing 6)	100%
					9 mid-career hires since April(pharmacists 3, chief electrician 1, sales 1, QC 2, manufacturing 2→1 retired)	100%
	Employee Skill Development	Conduct training (by job level, new employees, etc.) Establishment of rules to promote English language use within the company	Goal 8		One training for new employees, two training for rank-specific, one training of web-based	100%
					Created internal bylaws to promote English language use within the company	100%
	BCP Review	Conduct BCP training Update of BCP documentation	Goal 12		Not implemented(to be implemented in the next fiscal year)	0%
					Revision Completed	100%
	Through compliance with laws and regulations	Promotion of CSR (introduction of renewable energy)	Goal 12		Introduction of renewable energy from May	100%
		Review and update of work rules and regulations	Goal 3		3 times revised	100%
	Company revitalization activities	More than 25% male maternity holiday	Goal 3		100% (5 out of 5 males taken)	100%
		Promotion of paid holidays (at least 6 days taken)	Goal 3		33 employees with less than 6 paid holidays	87%
		Women's Empowerment (22% or more of female employees) (At least 2 female managers)	Goal 3		24% on April.2024	100%
3 female managers					100%	
Certified as an excellent health management corporation		Goal 3		Certified in FY2024	100%	
Electronic bookkeeping, invoice support	Goal 3	SMILE Cloud	Starts from October	100%		

Sales Division Action Targets/ Progress

	Action Items	Targets	SDG Goal	Remarks	Status of Achievement	Progress
Sales Division	CSR Risk Assessment	30 cases	Goal 3		30 cases conducted	100%
	Promote energy-saving activities	2 cases	Goal 7	Iodine/Pd recovery, Green Procurement of Goods	Iodine: Continued to be collected through a cooperative company of the manufacturer. Pd: Recycled by a recycling company (2.2 kg collected, 8.19 million yen profit). Of the 180,000 yen purchased, 90,000 yen (approx. 50%) was procured through Green Procurement. (Decrease from 63% of the previous year's result).	100%
	Study group	Information sharing and skill development	Goal 8		New employee training, English skill improvement (English conversation (in-house instructors), TOEIC exam, FDA and overseas customer support) Cooperation with internal departments regarding procurement of pharmaceutical raw materials. Participation in regulatory seminars.	100%
	Strengthening the foundation of the nucleic acid business	Themes acquired (5 cases)	Goal 9	Embodied Business with Company SP and introduction of Amidite Block and Capping agent	Fujimat® orders: 2 orders Amidite Block: 2 orders from Company SP (R&D phase)	50%
	Scheduling for introduction of marketed products and late-stage development products	6 cases	Goal 9	Product PA, Product N, Product O, Product H, Product K, Product C	Product PA: Orders received, Product N: Orders received, Product O: Development suspended, Product H: order received, Product K: proposed → unordered, Product C: unordered, Product S: order received, Product X: order received, Product S2: unordered, Product O1: order received, Product K: order received	100%
	Stable supply of main products	5 cases	Goal 12	Product A, Product F, Product G, Product C, Product S	Check the quantity and schedule of each main product and coordinate with related departments. →The decrease in production of product S was compensated by product X.	100%
	Flow Synthesis/ADC Market Research	Flow Synthesis trends and ADC market research in Pharmira and other CDMOs (5 projects)	Goal 9		Flow Synthesis: Only status check at Company P was conducted. →Check the status of other companies' flow synthesis technologies (not yet completed up to the listing of information). ADC market research: Preparing to access the U.S. market in the second half of the year. → ADC market research is insufficient. On the other hand, in preparation for U.S. expansion, we are revising our presentation and preparing for access to customers in cooperation with Company I and a consulting firm.	50%
	New material and product development	3 cases	Goal 12	Receive orders for developed products such as electronic materials and cosmetics	Company D: no new order, Company A: no new order, Company PE: Started work on new grade product C (trial production at partner company D scheduled for the end of the year) Cosmetics parts: Acquisition of development projects for rice nuka water and silk water, and implementation of manufacturing.	66%
	Stable procurement of key raw materials	5 cases	Goal 12	Looking at non-Chinese sources	5 cases executed. Raw Material P: no progress on, Intermediate Material T: nonconformance on, Product M: evaluated (development discontinued at Company N), Raw Material D: evaluation completed and scheduled for purchase in 2024, Raw Material DE: evaluation completed of Company NN product and scheduled for delivery in 2024.	100%
	Effective Utilization of Waste Liquid	2 cases	Goal 14	Iodine/Pd recovery	already supported	100%