

Our Initiatives for SDGs

OUR PRACTICES TO ACHIEVE THE SDGs



FY 2020 Annual Activity Report

【Introduction】

Our company announced our support for “UN Global Compact” and joined the activities in March 2020. To practice the principles of UN Global Compact, we started companywide activities centering on SDGs. In FY 2020 we set 6 goals as our priority SDG-related goals. Each division set its own practical goals and promoted initiatives to achieve them.

This report was generated based on each division’s activity report in FY2020. The status of achievement is expressed by % of achievement (numerical rating), which could be of help to revitalize the activities further. In FY2021 the focus is on practicing the enhanced prevention and control measures against COVID-19 (novel coronavirus). Controlling the occurrence of workplace clusters and appropriate infection control activities have supported the stable production of pharmaceutical products. While continuing the infection prevention activities, we will promote various SDGs-related corporate initiatives linked with global poverty, health, education, climate change, and environmental degradation. Together with an effort to improve work environment we will strive to realize an attractive workplace and execute corporate activities in a stable manner.

FUJIMOTO CHEMICALS Co., LTD.
ESG Promotion Department
2021-05-10

Business goal: CSR activities via 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】

- Technology Division :Secured stable supply of existing products, enhanced supplier quality auditing
- Research & Development Division :CSR through development of pharmaceuticals
- Administration Division :General employer action plan, utilization of stress check system. Health & Productivity Management Certificate.
- Sales Division :Increased customer satisfaction



【FY20 Activity Details】

Under Covid-19 pandemic we compiled Operations Manual on prevention and mitigation actions for protecting employees and continued supply of pharmaceuticals. Each division conducted business continuity management including the introduction of web conferencing to control the occurrence of workplace clusters. Stable procurement of raw materials from China and other foreign countries, evaluation of raw materials from new suppliers and trial operations were carried out as planned. Both plants executed their production plans and have continued operations without major issues. Continued efforts will be made for stable operations and delivery as well as quality assurance management towards next fiscal year. For quality assurance of pharmaceuticals, planned raw material supplier audits were conducted ahead of schedule. As for the contract manufacturing of investigational drugs, we met the customers expectations including OTIF and quality, and executed the plan. In terms of sales activities, we tried to make up for insufficient communication due to restrained F2F meetings by information sharing via web conferences and questionnaires. Though we achieved enhanced employee welfare benefits program based on General employer action plan, we missed acquiring "Health and Productivity Management". We will continue our efforts for further improvement towards next fiscal year.

※ Stable supply of pharmaceuticals

		Action items	Status of achievement	Summary	% of achievement
Technology Division	Senboku Plant	Product A: Scale-down of process, Completion of PV associated with a change in raw material supplier	PV completed	Quality assurance-related activities (validation, addition of new suppliers, complaint reduction), key to stable supply of pharmaceuticals, were conducted in a planned manner. As for contract manufacturing of investigational drug, we executed the manufacturing as per request from the customer and met the production schedule.	100%
		Product B:Completion of PV associated with a change in raw material	PV completed		100%
		Product C: Qualification of production equipments, Execution of commercial production as planned.	Qualification and commercial production of 2 lots completed		100%
	Kinraku Plant	Consideration of change in supplier of hard-to-procure raw materials(2 raw materials for Product D) Achievement of "zero complaint"	Use test with samples of two materials and consideration completed No quality issue identified		100%
Research & Development Division	Process Development Labs	Consideration/ Execution of contract manufacturing of investigational drug	Executed as planned		100%

※Raw material supplier audit

		Action items	Status of achievement	Summary	% of achievement
Quality Assurance Department	Senboku Plant•Kinraku Plant(Purchasing)	Planned supplier audit (35 cases planned at the beginning of the year : 11 additional cases in 2H)	Total 54 cases conducted (37 cases in 1H, 17 cases in 2H)	Quality assurance of raw materials and audits were executed as planned.	100%

※ Employee welfare

		Action items	Status of achievement	Summary	% of achievement
Administration Division		General employer action plan (4th) start	①Planned paid-holiday implemented	Based on General employer action plan, we promoted the initiatives for increased acquisition rate of paid holidays with tangible results. Initiative for promoting mental healthcare linked with stress check is ongoing.	100%
			②Revision of conditions for child-rearing leave and nursing care leave(October) (Availability of leave by the hour)		100%
		Stress check implementation (September)	visualization of the departments with high workload stress		100%

※ Covid-19 measures

	Action items	Status of achievement	Summary	% of achievement
Administration Division	Obtaining Health & Productivity Management Certificate	Failed to obtain	We promoted Health & Productivity Management initiatives and applied for the certification. Though we failed, we will continue our efforts to obtain the certificate.	—
Administration Division Technology Division	Covid-19 preventive measures	Implementation of Covid-19 measures; staggered working, Web conference, etc.	Our Covid-19 preventive measures resulted in stable operations of pharmaceuticals. As a part of mitigation measures, we formulated the flow diagram concerning the employee availability of attendance, with the effect on prevention of company-acquired infection. For all employees to act responsibly in the society we supplied masks and mobile alcohol, and introduced staggered working as well as teleworking.	

※ Customer satisfaction

	Action items	Status of achievement	Summary	% of achievement
Sales Division	Carrying out customer questionnaire survey	Questionnaire about analysis-related request(5 replies out of 23 customers) 3 questionnaire surveys conducted (Nucleic acids, Micronization, Customer satisfaction, CSR activities)	We collected pharmaceutical business related information including market survey information and explored the future directions; the promising next generation pharmaceutical products and contract manufacturing opportunities.	100%

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]

- Technology Division : Environmental management practice through energy-conservation activities
- Research & Development Division : Design and practice of safety-conscious and environmentally-friendly knowhow
- Administration Division : Streamlining indirect operation, Restructuring IT infrastructure
- Sales Division : Improved sales activities, promotion of public transportation usage



[FY20 Activity Details]

Energy-saving equipments were introduced as planned. Acquisition of thermal stability data of compounds in the finished products and the intermediates contributed to safe operation and efficient energy consumption during operation. Through digitalization of workflow we improved work efficiency during Covid-19 pandemic. Labor-saving was promoted by restriction of the movements between the business sites. On the part of sales activities we utilized web conferencing, and reduced paper consumption for sales order management by breaking away from fax machine use resulting in labor-saving. As a result, each division's measures for energy-saving, labor-saving and efficiency improvement were executed almost as planned throughout the year.

※Energy conservation activities

		Action items	Status of achievement	Summary	% of achievement
Technology Division	Senboku Plant	Introduction of energy-saving equipments(4 units planned)	4 units introduced	For introducing production equipments, we selected energy-saving or environmentally friendly models and exceeded the planned execution. As for power consumption, we achieved our target value.	
	Kinraku Plant	Introduction of environmentally friendly equipments(1 unit planned)	2 units introduced		100%
		Reduction of electrical usage (0.2% reduction)	0.2%		100%

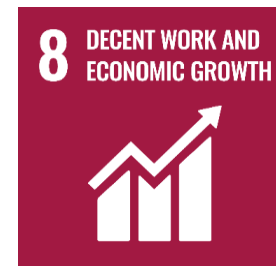
※Safety evaluation

		Action items	Status of achievement	Summary	% of achievement
Research & Development Division	Basic Technology Development Labs	Acquisition of thermal stability data	35 items	Acquisition of thermal stability data of the finished products and the intermediates led to safe operation and efficient energy consumption during operation, contributing to stable production operation.	—

※Digitalization of workflow

		Action items	Status of achievement	Summary	% of achievement
Administration Division		Extended scope of electronic approval by XPOINT (# of electronic approval; 1000)	Annual target for electronic approval (3750 cases electronically approved)	Though some actions' % of achievement were below the target set at the beginning of the year, the measures focusing on the digitalization made a significant contribution during Covid-19 pandemic. Introduction of equipments compatible with tele-working, tele-working, and web-based sales activities including web-based conferences enabled us to reduce the necessity of F2F meeting. Thus we could meet the infection prevention needs not only within the company but also from the customers. Furthermore, our main goal of the utilization of electronic records and electronic signatures promoted the simplified business processes and the reduction in paper usage, allowing for smooth transition to tele-working.	100%
		By utilization of XPOINT database query reduction of work processes (10 queries)	3 queries small-lot, paid holiday, operating expenses		30% (ongoing)
Sales Division		Promotion of tele-working, utilization of Teams	Web conferences with customers and/or colleagues (3-5 conferences/week)		100%
		Simplification of sales order management (electronic company seal, Fax-free ordering)	Electronic seal to PDF documents(Executed whenever possible)		75%
			e-mail distribution of above-mentioned documents		75%

Goal 8: Decent work and Economic growth



2021-05-10
ESG Promotion
Department

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]

- Technology Division : A far-sighted systematic recruitment program and education/training.
- Research & Development Division : Participation by junior staff members to a debriefing meeting. Holding inhouse technical review meetings and workshops.
- Administration Division : Achieving the targeted usage rate of paid holidays, overtime work management, revision of working regulations. Reduction of employee turnover. Training system for employees.
- Sales Division : Clear and thorough communication by report, contact, and consultation. Upskilling of employees

[FY20 Activity Details]

Aiming at improved work environment, we promoted revitalization initiatives for more usage of paid holidays, reduction in overtime work and making a better work place. For systematic management of improvement, we completed the planned revision of working regulations. For promotion of tele-working from home by clerical staff we provided notebook computers to the employees working at headquarters and introduced tele-working system. For employee training we focused on overall upskilling of employees through safety education, attendance to seminars and sharing key takeaways with the colleagues. Considering management of working hours and production personnel optimization, we positively carried out recruitment activities toward the next fiscal year (until April, 2021) and secured adequate human resources. We will continue our efforts to secure appropriate manpower for better work environment.

✕Workstyle reform

		Action items	Status of achievement	Summary	% of achievement
Technology Division	Kinraku Plant	No compromise for improved labor productivity Yield improvement: 1% Yield rate improvement: 0.5%	Yield improvement: -0.6% Yield rate improvement: -2.8%	We failed to achieve the target for improved labor productivity. Towards the next fiscal year we will identify the issues and solutions for further improvement.	- -
Administration Division		All employees taking 5-day paid holidays	5-day paid holidays taken by intended employees	Initiatives for improved work environment (taking paid holidays, revision of working regulations, overtime management, interview with employees) were almost completed. As for simplified workflow for the clerical staff, there was an overlap with tele-working-related tasks during Covid-19 pandemic resulting in the limited outcomes. However, by focusing on the shift to tele-working and to unified cloud-based sales control, we could diversify the work styles.	100%
		Revision of working regulations	21 regulations revised(completed)		100%
		Overtime work management (Monthly OT data check, Feedback)	No violation of 36 agreements		100%
Sales Division		Reduction in employee turnover (Interview with junior staff)	Interviews arranged in July, October, March		75%
		Department meeting and centralized data management (Organizing sales control format)	Unification of sales control format		50%
		Preparation for tele-working (Utilization of notebook PC)	Provision of notebook PC to all staff members and implementation of tele-working		50%

✕Execution of employee training

		Action items	Status of achievement	Summary	% of achievement
Technology Division	Senboku Plant	Systematic implementation of safety education (11 sessions)	11 sessions implemented	For inhouse training/education and workshop we implemented the plans at the offices by dividing participants into small groups. For inter-office events, we practiced infection prevention measures by organizing web-based events. Despite no opportunities for F2F external seminars, exhibitions and scientific meetings, we actively attended web-based events.	100%
Research & Development Division		Laboratory review meeting Participation to seminars	4 rounds 16 seminars		- -
Administration Division		New style training for employee	Implemented E-learning (Mental health)		100%
Sales Division		Attendance to exhibitions, scientific meetings, seminars	GMP Management Seminar (attended by regulatory affairs staff) and Flow Synthesis Seminar. Despite cancellation of exhibitions and seminars due to Covid-19 pandemic, attendance to online seminars upon necessities.		50%

※Recruitment activity

		Action items	Status of achievement	Summary	% of achievement
Technology Division	Senboku Plant	Site staff recruitment for the next term (10 for production department, 3 for quality control department)	Recruitment of 10 for production department, 8 for quality control department, 4 for R&D department 2 for quality assurance department, 1 for sales department. Total 25 people were recruited.(13 new graduates, 12 mid-carrier workers)	In FY2020 a change in the original recruitment plan mainly due to retirement required us to make extra efforts to secure the required number of personnel. By increasing mid-carrier recruiting quota and the number of hiring interview, we could secured manpower accordingly.	100%
Administration Division		Company-wide staff recruitment for the next term (10 for production department, 4 for quality control department, 5 for R&D department)			

Business Goal: Commercialization of nucleic acid pharmaceutical business

Solid phase synthesis has been established as a manufacturing method for nucleic acid drugs which are expected to be applied to rare diseases. We have newly developed a carrier (Fujimat®) for liquid-phase synthesis instead which enables inexpensive mass production of nucleic acid drugs. The technology is expected to accelerate the development of new nucleic acid drugs. After its launch, we hope to establish an integrated supply system for pharmaceuticals serving the world under our GMP management.

【Division Goals】

- Technology Division : Sophistication of containment technology, entry into commissioned research based on FTE, and entry into nucleic acid drug business.
- Research & Development Division : Exploration and establishment of Block synthesis method, discovery of new technology (e.g. Flow synthesis)
- Administration Division : Reinforced IT security (Enhanced prevention of technical information leakage)
- Sales Division : Selection of partners for collaboration, improvement in advertising, collection of technical information



【FY20 Activity Details】

We acquired a patent on a carrier (Fujimat®) for liquid-phase synthesis in October, 2020 and started the commercial production and sales. Sales Division, in cooperation with Research and Development Division, started sales activities including presentation on 「Fujimat®」 to domestic pharmaceutical companies, and explored an area of R&D opportunities with our existing partners. As for promotional activities to overseas pharma companies, we will continue our research work. For R&D on continuous flow synthesis, we organized the inhouse project team and started the activities aiming at acquiring technology in the next fiscal year and onward. Furthermore, for advancement in containment technology for manufacturing of pharmaceuticals we will proceed with the creation of SOP on evaluation of containment performance. As a part of initiatives to increase IT sufficiency level, we will continue our improvement efforts for gateway security measures including intrusion detection system and prevention of information leakage.

※Development of nucleic acid technology

		Action items	Status of achievement	Summary	% of achievement
Research & Development Division	Basic Technology Development Labs	Development of liquid-phase synthesis technology for nucleic acid drugs	Acquisition of a patent on a carrier for liquid-phase synthesis Actual commercial production/sales of a carrier for liquid-phase synthesis	Technological development and commercial activities for a new nucleic acid drug business will be continued. Business expansion initiatives will be implemented with a broad perspective beyond Japan.	100%
					50%
Sales Division		Increased awareness of Fujimat Creation and use of presentation materials	Presentation to domestic pharmaceutical companies. Release of presentational materials to overseas through a major trading company		50%
		Discovery of themes to embody nucleic acid business Research contract with more than one company	Continued review for technical development		75%
		Information gathering for partner selection Information exchange with more than one company	Continued negotiations with more than one company. Negotiation with a new contact.		25%
		Overseas deployment of nucleic acid business Research on potential overseas users through distributors	Continued research, Negotiation with distributors.	25%	

※Development of flow synthesis technology

		Action items	Status of achievement	Summary	% of achievement
Research & Development Division	Basic Technology Development Labs	Development of continuous manufacturing technologies	Organized in-house project team started R&D activities	We will continue to explore ideas for commercialization in the next fiscal year.	30%

※Containment performance

		Action items	Status of achievement	Summary	% of achievement
Technology Division	Senboku Plant	Creation of SOP on periodic evaluation of containment	SOPs created	We will identify issues and improvement measures for sophistication of containment technology.	100%

※Increase in IT security sufficiency level

	Action items	Status of achievement	Summary	% of achievement
Administration Division	Improved sufficiency level of intrusion detection system (5 measures)	Improved sufficiency level of intrusion detection system (1 measure: Security alert against fraudulent phishing e-mail). Training on wealth management system and standard e-mail.	We completed the measures of building-out security and increase in line to ensure secure remote access along with the implementation of working from home. For further enhancement and sophistication of IT security we will continue our efforts to accomplish the remaining tasks.	50%
	Improved sufficiency level of security measures for inside of network and egress (5 measures)	Preventive measures against e-mail transmission error <u>Internet gateway security measures</u>		40%
	Improved sufficiency level of prevention measures against inhouse data breach (5 measures)	Improved sufficiency level of prevention measures against inhouse data breach (2 measures: Blocking of Informal chat and SNS app.) Proposal on investment in security measures including outsourcing and execution		40%

Goal 12: Responsible consumption and Production

Business Goal: Risk management, Reduction in raw materials usage, Enhanced 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】

- Technology Division : Achievement of zero accident
- Research & Development Division : Science-based approach for productivity improvement (improved work conditions). Proposal on plural raw material sourcing and plural production lines.
- Administration Division : Enhanced compliance. Fund management practice.
- Sales Division : Promotion of proposal-based activities (Linkage with Plants, R&D)



【FY20 Activity Details】

Concerning safe operation at manufacturing sites, minor accidents occurred at both plants. To achieve zero accident our efforts in planned operation will continue with great care in the next fiscal year. We will implement environmental measures focusing on recycling of organic solvent and industrial waste for further reduction. Centering on contract manufacturing of investigational drugs we continued our study on productivity improvement and implemented optimization of manufacturing know-how, proper use of raw materials, reduction in manufacturing cost, and process improvement for safer operation. For better employee work environment we carried out optimization initiatives including revision of working regulations and overtime work management. We also implemented annual revision of BCP to review company-wide business continuity strategies for emergency response and early restoration of business operations. Sales Division actively engaged in promotional activities to users appealing our specialty technologies, nucleic acid technology and Fujimat® for expansion of our contract manufacturing business.

※Increased occupational health and safety

		Action items	Status of achievement	Summary	% of achievement
Technology Division	Senboku Plant	Achievement of zero accident	2 minor accidents	Failed to achieve zero accident. We will strive for safe and stable operations towards next fiscal year.	0%
	Kinraku Plant	Achievement of zero accident	1 accident		0%

※Environmentally friendly activities

		Action items	Status of achievement	Summary	% of achievement
Technology Division	Senboku Plant	Achievement of resource saving and energy saving through recycling of solvents	Completed	Recycling of solvents and waste achieved.	100%
	Kinraku Plant	Recycling of waste (1 measure)	1 measure		100%

※Reinforcement of supply chain management

		Action items	Status of achievement	Summary	% of achievement
Technology Division	Senboku Plant	Inspection tour to industrial waste disposers (2 visits)	1 visit	Postponed on-site visit during Covid-19 pandemic.	50%

※Productivity improvement

		Examples	# of cases considered for productivity improvement	# of production executed	Remarks
Research & Development Division	Process Development Labs	Total number of cases	12	9	-
		Upscaling	1	1	Production volume improved
		Raw material use test	8	4	5 raw material suppliers added
		Reduction in raw materials usage	0	1	Catalyst reduced
		Change in manufacturing process	0	1	Production volume per lot improved
		Improvement in manufacturing process	3	2	Impurities reduced/ Quality improved

※Reinforcement of business infrastructure

	Action items	Status of achievement	Summary	% of achievement
Administration Division	Revision of working regulations(21 items)	21 regulations revised	For better employee work environment we carried out optimization initiatives including revision of working regulations, overtime work management and revision of BCP.	100%
	Compliance with 36 contracts	Monthly check of overtime work at each office and sending feedback. No breach of contract.		100%
	Revision of BCP (annual)	Periodic revision done : Description relating to pandemic added.		100%

※Increasing sales performance

	Action items	Status of achievement	Summary	% of achievement
Sales Division	PR on technologies: Use of equipments compatible with high potency compounds, Presentation on Fujimat.	Available technologies were introduced as needed during a meeting. Schedule management was not implemented.	Through appealing our technological capabilities we tried to increase our contract manufacturing business opportunities.	50%

Goal 14: Life below water

2021-05-10
ESG Promotion Department

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】

Technology Division	: Management of processing method of used packaging materials from the facilities for high potency API. Management of the facilities of activated sludge process.
Research & Development Division	: Management of processing method of used packaging materials from the facilities for high potency API at Kinraku Plant. Management of wastewater in underground pit.
Administration Division	: Compliance enhancement
Sales Division	: Check of compliance with environmental regulations. Approach to new technologies.



【FY20 Activity Details】

We carried out thorough water quality management and processed wastewater in the on-site pit complying with the regulation. Packaging materials used for active substances were strictly processed and incinerated by professionals assuring waste management free from exposure and leakage. We will continue our efforts to minimize leakage of chemicals into the environment to protect work environment. As a part of employee education, we planned for annual rank-based training, but cancelled F2F training session. For acquisition of new technology we will collaborate with other companies to set the company direction towards developing environmentally friendly manufacturing method and make a transition to action phase in the next fiscal year and onward.

※ Enhancement of wastewater management

		Action items	Status of achievement	Summary	% of achievement
Technology Division	Senboku Plant		Compliance with regulation value	On-site wastewater was properly managed to comply with regulation values.	100%
	Kinraku Plant	Drainage volume: 28,812m ³ /year Daily monitoring and weekly water quality testing	Compliance with regulation value Periodic water sampling by city government: annual requirement cleared.		100%

※ Enhancement of waste management of high potency substances

		Action items	Status of achievement	Summary	% of achievement
Technology Division	Senboku Plant	Thorough management of used packaging materials from the facilities for high potency API.	No exposure	As preventive measures against the leakage of high potency substances, we adhered to SOP for handling of packaging materials and disposal record-keeping.	100%
Research & Development Division	Process Development Labs	Incineration by professionals Implementation of preventive measures against the leakage of high potency substances	Proper disposal of 26 pieces		100%

※ Implementation of employee education

	Action items	Status of achievement	Summary	% of achievement
Administration Division	Rank-based training	Not implemented	Scheduled in December but cancelled due to Covid-19 preventive measures.	0%

※ Approach to stakeholders

	Action items	Status of achievement	Summary	% of achievement
Sales Division	Information gathering for new technology acquisition New technology acquisition to establish continuous manufacturing	Challenges for embodiment were picked up.	Inhouse project-based approach was indicated but the theme requires follow-up discussion in the next fiscal year.	50%