

Our Initiatives for SDGs

OUR PRACTICES TO ACHIEVE THE SDGs

Annual Activity Report for Fiscal Year 2024



Introduction.

In March 2020, we endorsed the principles of the United Nations Global Compact and announced our participation. 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 five 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 FY2024. For each activity, semiannual progress checks and revisions are made to revitalize activities for the year. In addition to promoting the stable production of pharmaceuticals and the enhancement of employees' health, we aim to make the SDGs a matter of course for each and every one of us, to create a better work environment, and to 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.

In order to contribute to society through our corporate activities, we have established practical goals for each division and will report the results and progress in fiscal 2024 for each.

Fujimoto Chemicals Co., LTD
ESG Promotion Department
2025/4/28

SDGs Activity Goals for FY2024

Target Setting: 26 April 2024

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 intensity.
- 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 |





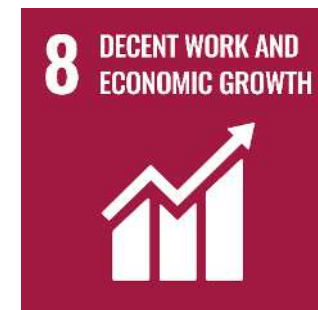
Goal 8 : Decent work and Economic growth

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】

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.
- Completer 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] Practical Targets and Results

	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	Achievement of the planned quantity of goods	100%
	Product S manufacturing, completion of application process PV	PV completed	Goal 3	PV completed	100%
	Efficient implementation of product XZ	PV completed	Goal 3	PV completed	100%
	Achievement of "zero" complaints	0 cases	Goal 3	1 case occurred (product package damage)	0%
	Introduction of environmentally friendly equipment.	3 or more	Goal 7	4 cases conducted	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	71.2%	100%
	Accident/disaster-free operations	0 cases	Goal 12	0 cases	100%
	Reduction of energy and waste by improving manufacturing processes.	1 case or more	Goal 12	2 cases	100%
	Thorough management of used containers for pharmacologically active materials	No exposure incident	Goal 14	0 exposures	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	Testing of additional raw material DP manufacturers conducted	100%
	Consideration of changing raw material manufacturers for difficult-to-procure raw materials				
	Addition of raw material DP manufacturers, etc.				
	Establishment of a stable supply system for product G	Completed transfer of product G technology to Senboku Plant	Goal 3	Transfer of product G technology to Senboku Plant cancelled due to decrease in production volume	0%
	Product A8: increase production capacity	Technical support to subcontractor A, completion of production plan	Goal 3	Completion of support for rework to subcontractor A	100%
	Achievement of "zero" complaints	0 cases	Goal 3	0 cases	100%
	Introduction of environmentally friendly equipments	1 case or more	Goal 7	1 case	100%
	Reduction of electricity consumption	0.2% reduction	Goal 7	0.2%	100%
	Reduce workload by planning and recruiting appropriate personnel.	73% or less operation rate	Goal 8	62.3%	100%
	Accident/disaster-free operations	0 cases	Goal 12	0 cases	100%
	Reduce energy and waste by improving manufacturing processes	1 case or more	Goal 12	1 case	100%
	Daily monitoring and weekly water quality testing	Compliance with regulated standards	Goal 14	Regulatory compliance	100%
Management & Planning Department	Ensure implementation of capital investment plans to increase plant productivity	Basic design of new Kurashiki plant completed, orders placed, building permit applied for	Goal 3	Basic design is complete and construction has been ordered. The implementation design is still in progress. No delays in planning.	100%
	Implementation of environmental measures through ISO 14001 and energy-saving activities				
	• Promotion of ISO 14001 activities	Zero finding at JQA audit	Goal 7	December periodic review completed, no findings.	100%
	• Promotion of energy-saving activities	1% reduction of energy intensity	Goal 7	Achievement of 1% or more on average per unit of production for 5 years, Class S (Excellent Business)	100%
	Compliance with Chemical Substance Related Regulations	Compliance with Chemical Substances Control and Industrial Safety and Health	Goal 12	We are responding without delay, including additional items offered.	100%
Quality Assurance Department	Design of drainage facilities in accordance with laws and regulations at the Kurashiki Plant	Applications and permits related to water quality regulations	Goal 14	Phase 1 construction consists only of a septic tank (10-person capacity). Application in preparation.	100%
	Execution of planned supplier audits	46 audits planned	Goal 3	72 audits executed	100%



[Research and Development Division] Practical Targets and Results

	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		22 products	24%
	• Scale-up study	90 cases : 2030	Goal 7		31 cases	34%
	• No overtime work for all employees	120 times : 2030	Goal 7		48 times	40%
	• Participation in conferences and workshops	150 cases : 2030	Goal 8		107 cases	85%
	• Study of new technology development	30 cases : 2030	Goal 9		14 cases	47%
	• Study of manufacturing method improvement	30 cases : 2030	Goal 12		24 cases	80%
	• Zero TOC abnormality in waste water	100% : 2030	Goal 14		Abnormal for 1 day	35%
Process Development Laboratory	• Study sessions on water quality	10 sessions : 2030	Goal 14		4 sessions	40%
					Against FY2024 targets	
	• Contract manufacturing of products under development	9 products : 2024	Goal 3		7 products	78%
	• Scale-up study	9 cases : 2024	Goal 7		13 cases	100%
	• No overtime work for all employees	12 times : 2024	Goal 7	conducted jointly	12 times	100%
	• Participation in conferences and workshops	8 cases : 2024	Goal 8		21 cases	100%
	• Improvement of manufacturing process	3 cases : 2024	Goal 12		5 cases	100%
	• Zero TOC abnormality in waste water	100% : 2024	Goal 14	conducted jointly	Abnormal for 1 day	50%
Basic Technology Development Laboratory	• Study sessions on water quality	1 session : 2024	Goal 14	conducted jointly	1 sessions	100%
	• No overtime work for all employees	12 times : 2024	Goal 7	conducted jointly	12 times	100%
	• Participation in conferences and workshops	7 cases : 2024	Goal 8		10 cases	100%
	• Study of new technology development	3 cases : 2024	Goal 9		2 cases	67%
	• Zero TOC abnormality in waste water	100%: 2024	Goal 14	conducted jointly	Abnormal for 1 day	50%
	• Study sessions on water quality	1 session : 2024	Goal 14	conducted jointly	1 session	100%



[Administration Division] Practical Targets and Results

	Action Items	Targets	SDG Goal	Remarks	Status of Achievement	Progress
Administration Division	Transformation into an ecosystem (DX)	ECRS Business Improvement	Goal 7	ECRS Framework	Conversion of two cross-departmental operations into data	100%
		Year-end tax adjustment online			Start of web-based year-end tax adjustment	100%
	Realization of futuristic office	Cashless Promotion	Goal 7	purchase card cost-bank	Installation completed and operation started	100%
		Cloud computing for expense reimbursement in operation.			Began operations on XP Cloud Work System	100%
	Recruitment	New graduates and mid-career workers total 25 + α (manufacturing 16, QC 5, and R&D 3, sales 1, pharmacist)	Goal 8	Increase in the number of pharmacists Securing personnel for the Kurashiki Plant	new graduates hired 16 (pharmacists 2)	100%
					Hired 3 mid-career workers (electrician 1 and QC 2)	100%
	Employee Skill Development	Conduct training (by job level, new employees, etc.) Diverse training (DC education, CSR education, etc.)	Goal 8		1 training for new employees, 2 training for rank-specific, 1 training of web-based	100%
					DC (defined contribution pension plan) education, CSR education	100%
	BCP Review	Conduct BCP training Update of BCP documentation	Goal 12	August implementation October revision	BCP company-wide training conducted in December	100%
					Revision Completed	100%
	Strict compliance with laws and regulations	Promoting CSR	Goal 12	Internal manual updates	Revision of Specified Personal Information	50%
		Review and update of work rules and regulations	Goal 3	Multiple renewals	Revised all 20 regulations	100%
	Company revitalization activities	More than 25% male maternity holiday	Goal 3		6 out of 8 obtained	100%
		Promotion of paid holidays (at least 6 days taken)	Goal 3		Surveyed those with less than 6 days, 7.4% with less than 6 days.	93%
		Women's Empowerment (22% or more of employees) (At least 2 female managers)	Goal 3		Percentage of women: 24.6% 3 female managers	100%
		Policies that allow employees to interact with each other	Goal 3	Increase in number of clubs	2 new clubs	100%
		Certified as an excellent health management corporation	Goal 3	continued authorization	continued authorization	100%
		Development of financing plans for major capital investments	Goal 3	Construction of new Kurashiki plant	Simulation implementation	100%

[Sales Division] Practical Targets and Results

	Action Items	Targets	SDG Goal	Remarks	Status of Achievement	Progress
Sales Division	CSR Evaluation	1 case	Goal 3	Survey of trading manufacturers and trading companies	implementation	100%
	Promote energy-saving activities	2 cases	Goal 7 Goal 14	Iodine/Pd recovery, green procurement of goods	Green procurement rate of consumables: 36 Nickel recovery, iodine recovery difficult, acetonitrile recovery not possible	50%
	Strengthening English Language Capabilities Strengthening the functions of the pharmaceutical trading company	2 cases	Goal 8	Improvement of English language skills Human resource development for expansion of pharmaceutical raw materials business	In-house English classes were held (15 times) Took TOEIC exam (4 persons)	100%
	Introduction of new technologies, new modalities, and core businesses	8 cases	Goal 9 Goal 12	Flow Synthesis Needs Survey Information gathering on nucleic acids, ADC, PROTAC Introduction of liquid crystal materials Business alliance with Company K. India Proposal of new application of AcHA Development of Fujimat application Establish business with overseas companies Establish new key customers (Company C, Company D, Company E)	- Information gathering of pharmaceutical companies and CDMOs in the same industry for flow synthesis - In gathering information on medium-molecular-weight pharmaceuticals, we received inquiries regarding cyclic peptide intermediates, PROTAC intermediates, ADC-related, and nucleic acid-related pharmaceuticals. - Conducted sample work for liquid crystal materials, but suspended due to slowdown in the market. - Negotiations with K Company in India were abandoned as the market did not match. - Proposed AcHA for hair moisturizing application (including data acquisition) sample work in progress - Signed an agreement with Company ST and received a concrete proposal. - Participated in TIDES US and met with U.S. venture companies. Received inquiries about the realization of the theme, but lost the order. - Received inquiries about themes from companies positioned as new priority customers.	100%
	Introduction and scheduling of marketed products and late-stage development products	7 cases	Goal 9	Product V, Product S6, Product S8, Product S1, Product T, Product F, Product O	Introduction of product V, product S6, product S1, product F and product O. Product S8 lost order, product T lower priority and new product G under order selection.	100%
	Stable supply of main products	7 cases	Goal 12	Product A9, Product V Product G, Product AM, Product C, Product XZ, Product XV	Although there were some themes that saw a significant drop in volume compared to the plan at the beginning of the year, however, we were able to respond smoothly by checking the customer situation as needed and cooperating with related divisions.	100%
	Stable procurement of key raw materials	4 cases	Goal 12	- Procurement of side-chain raw materials. - Investigation of raw material sources outside of China. - Search and proposal of raw materials from each pharmaceutical company's pipeline. - Multiple sources for main products.	- Regular discussions with Company S are continuing toward determining a side chain raw material manufacturer. Product T will be manufactured in-house at Company S, and negotiations are ongoing for product M. - Continuing research mainly in India and Europe. - No proposals from pharmaceutical company pipelines have been made. - Investigation for multiple sources of raw materials	75%