





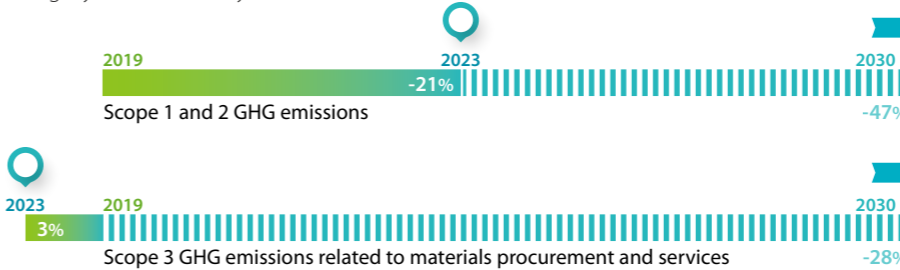




# Sustainability strategy of pharmaceutical business

Four strategic focus areas	Aspirational goals	Targets	Progress	SDGs
<b>Products and services</b>	We will create innovative, original drugs to support patients in the shortest time possible.	<p><b>Engaging in R&amp;D Activities</b></p> <p>We will continue our efforts and investments into research and development activities of innovative drugs in specific therapeutic areas.</p>	<p>In June 2023, Shenzhen Salubris Pharmaceuticals Co., Ltd., our license partner, received regulatory approval of enarodustat in China and in July 2023, LEO Pharma A/S, our license partner, has submitted a marketing authorization application for delgocitinib in Europe. In September 2023, we have filed a manufacturing and marketing approval application in Japan for in-licensed JTE-061 (tapinarof).</p> <p>In 2023, we spent 32.2 billion Yen on our research and development activities.</p>	
<b>People</b>	We will strive to nurture talent development which enables us to create first-in-class (FIC) drugs.	<p><b>Fostering Ethical Awareness</b></p> <p>In order to develop talent and foster employees' ethical awareness and sense of responsibility towards saving patients, we will continue to learn more about patients' needs by engaging in dialogue with medical experts through our internal educational activity "For the Patients Project."</p> <hr/> <p><b>Community Investment*</b></p> <p>Between 2015 and 2030 we will invest US\$600 million to help make communities inclusive and resilient, with our employees contributing 300,000 volunteering hours.</p>	<p>We provide opportunities for our employees to consider drugs needed on the healthcare front lines from the patient standpoint. Recently, we carried out interviews with health professionals and representatives of healthcare corporations and children's hospices, and also organized dementia experiential sessions using VR internally, led by the 11 employees who took part in our "For the Patients Project" as facilitators.</p> <p>Since 2015, we invested USD 500 million in our communities and employees volunteered 218,070 hours on company time.</p> 	   
<b>Product safety and responsibility</b>	We will strictly comply with all relevant laws, regulations, and industry standards in order to deliver safe drugs to patients.	<p><b>Responsible Promotion of Drugs</b></p> <p>We will conduct, among others, regular training programs for our medical representatives in order to provide medical professionals with latest, appropriate information on pharmaceutical products.</p> <hr/> <p><b>Greenhouse Gas Emissions*</b></p> <p>By 2030, we will reduce emissions from our own operations (Scope1 &amp; 2) by 47% and emissions associated with purchased goods and services (Scope3 Category1) by 28%, against a 2019 base year.</p>	<p>After their initial training, all of our medical representatives take an e-learning course once a month to keep their skills and knowledge up-to-date. A recent training subject was designed to assist in understanding and complying with laws and industry rules, such as Guidelines for Sales Information Provision Activities for Ethical Drugs and JPMA Promotion Code for Prescription Drugs. As of December 31, 2023, a total of 311 employees and contracted medical representatives have taken this training.</p> <p>Since 2019, we have reduced Greenhouse Gas emissions from our own operations (Scope 1 and 2) by 21%, while emissions associated with purchased goods and services (Scope 3 Category 1) increased by 3%*.</p> 	 

\* Target for Community Investment and Greenhouse Gas Emission are Group-wide targets.

\* The increase in the tobacco business, the Group's leading GHG emitter, was mainly due to temporary procurement increases from Tanzania and other countries that will require more time to shift to renewable energy sources in the leaf-drying process, as a result of business scale expansion and climatic influences. To shift to renewable energy sources, we have been putting effort into planting in these countries, with projected positive effects in the future. By following through on initiatives like this, we project achieving carbon-neutral operations by 2030 and net-zero emissions by 2050.