











KPIs Related to Materiality and Progress in Fiscal 2022

Main SDG related to the seven categories	Description of material issue	Key initiatives	KPIs	Progress in fiscal 2022 (as of March 31, 2023)	
Material issues related to Kissei's business activities	Development and provision of products useful to society 	Development of innovative products (drugs, foods) We contribute to the health and medical care of people around the world by providing ethical drugs and other high-quality, innovative pharmaceutical products developed by the Company or through partnerships.	Drug discovery initiatives and promotion of clinical development projects Promotion of licensing activities and overseas development	Number of items in the research and development pipeline and progress Number of New Drug Applications and marketing authorization approvals	(Japan) 9 themes Products launched: 2 NDAs acquired: 1 NDA applications in process: 1 (Overseas) 5 themes NDAs acquired: 1
			Development of therapeutic and care foods	Number of new therapeutic and care food products launched	Launched 6 products, covering 61 countries
		Contribution to scientific technology We contribute toward greater health and welfare by making patents and dissertations for innovative technology created through pharmaceutical research, and by open innovation with academic institutions and other entities.	<ul style="list-style-type: none"> • Joint research with academia and other pharmaceutical companies • Participation in consortiums sponsored by the Japan Pharmaceutical Manufacturers Association 	Progress of open innovation	Participating in the Development of a Next-Generation Drug Discovery AI through Industry-Academia Collaboration (DAIIA), sponsored by the Japan Agency for Medical Research and Development (AMED)
			Donation to the Kanzawa Medical Research Foundation for provision of research grants	Continued provision of research grants	Contributed to the Kanzawa Medical Research Foundation
	Steady supply of high-quality products 	Quality control and steady supply and procurement We build manufacturing and quality control systems that comply with the latest laws, regulations, and guidelines, procure environmentally friendly materials, and work to provide a steady supply of products in recognition of the fact that our products are related to people's very lives.	<ul style="list-style-type: none"> • Formulation and implementation of the "Stable Supply Manual" • COVID-19-related countermeasures • Implementation of the Kissei Pharmaceutical Quality System 	Appropriate inventory (by product)	Secured appropriate inventory overall, although some products are subject to limited shipping
				Implementation of management review and improvement to instructions	<ul style="list-style-type: none"> • Upper management conducted management reviews with feedback • Made progress with introduction of quality event management system
				Progress toward developing a system to ensure a steady supply of high-quality pharmaceutical products • Regular review of the "Stable Supply Manual" • Continuous capital investment to ensure stable production • Implementation of rank-based training at plants • Implementation of regular assessment of procurement risks for each raw material and product	<ul style="list-style-type: none"> • Reviewed "Stable Supply Manual" as part of regular review process (conducted every April) • Established a production system for new drugs, made capital investments in line with the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices, and conducted regular maintenance of existing equipment • Implemented rank-based training for pharmaceutical quality systems, good management practice (GMP) fundamentals, and matters related to NDA approval via e-learning and other training methods • Implemented regular risk assessments and countermeasures related to raw materials and other materials, bearing in mind global situations and other factors
			Product recalls • Zero recalls of pharmaceutical products • Complaint rate of 7.0 ppm (parts per million) or less for food products	Pharmaceutical product recalls: 0 Complaint rate (Nutrition Division): 2.20ppm	
	Communication with medical professionals and patients 	Promote proper product usage (drugs, foods) We provide accurate information backed by science, understanding that offering proper information and promoting proper usage is essential for demonstrating the maximum value of our products.	Creation of a sales system for rare disease treatments	Progress of activities for the Rare Diseases Project	<ul style="list-style-type: none"> • Number of medical institutions provided information by the Rare Diseases Project regarding new drugs (TAVNEOS®, TAVALISSE®): Over 500 • Number of seminars held regarding ANCA-associated vasculitis: 13 • Enhanced functions offered via the ANCA-associated vasculitis website for patients
			<ul style="list-style-type: none"> • Promotion of activities to provide appropriate medical information • Number of products introducing "AI Detail" • Immediate provision of safety information via the safety information provision system 	Provision of appropriate information based on scientific evidence (zero instances of inappropriate provision of information that led to serious improper use or misuse)	<ul style="list-style-type: none"> • No issues identified under the Guidelines on Sales Information Provision Activities of Ethical Pharmaceuticals. • Activities monitored: 1,595,044 • Instances of inappropriate provision of information that lead to serious improper use or misuse: 0
		Improve customer satisfaction and provide patient support We contribute to medical treatment by offering the solutions that medical professionals and patients really need.	Operation of the medicine consultation window	Provision of information from the patient's perspective	Number of inquiries answered: 365
			Operation of a patient-oriented website	Website production from the patient's perspective	<ul style="list-style-type: none"> • Enhanced existing patient-oriented website with 36 additional sites. • Launched a website with information related to ANCA-related vasculitis, which is aimed at the general public, patients, and their families

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Strengthening and enhancement of governance 	Strengthen governance We have positioned strengthening corporate governance as an important management issue for the continued improvement of corporate value, and we are working to create a system that can address changes inside and outside the Company quickly and flexibly.	Formulation and implementation of the Kissei Basic Policy on Corporate Governance	Appropriate responses to Japan's revised Corporate Governance Code	Kissei's governance system complies with all principles of Japan's revised Corporate Governance Code	
		<ul style="list-style-type: none"> • Appointment in a female director • Increase in the number of outside directors • Introduction of executive officer system 	Improvement of Board of Directors' functions through dialogue with stakeholders and evaluations of the effectiveness of the Board of Directors	Evaluated the effectiveness of the Board of Directors and disclosed the results in the Corporate Governance Report • Number of female directors: 1 (out of 12 total) • Ratio of outside directors: over 1/3 (4 out of 12 total) • Introduced executive officer system (June 2022)	
		Risk management We promote the smooth execution of corporate activities by properly managing risks that may hinder the realization of our Management Philosophy and the completion of our management plans and mounting an appropriate response to any risks that manifest.	Creation of a risk management system	Appropriate review of risk management items and examination and implementation of appropriate countermeasures	The Risk Management Committee evaluated and reviewed risk items (313 items total), and reported that they are being properly managed at the Board of Directors meeting held in February 2023.
	Compliance We practice compliance when conducting corporate activities, understanding that this is fundamental to the sound development of the Company and earning stakeholder trust.	Development and update of business continuity plans to include disaster and pandemic countermeasures	Development and update of business continuity plans to include disaster and pandemic countermeasures	Development and operation of business continuity management (BCM) and business continuity plans (BCPs)	Formulated a basic policy for business continuity management and enhanced promotion system (October 2022)
			Implementation of compliance program	Number of times compliance training was implemented (once every six months or more for each division) Implementation of compliance questionnaire (response rate of 95% or higher)	Implemented compliance training 1,214 times across 170 departments Conducted Compliance Status Questionnaire (August 2022) Response rate: 95.6%
		Establishment of a whistleblowing and consultation system (Kissei Hotline)	Number of major compliance violations (zero incidents)	0 incidents	
		Consideration given to animal welfare when conducting experimentation on animals	Status of company initiatives related to experimentation on animals	<ul style="list-style-type: none"> • Acquired certification from third-party assessment organizations (AAALAC International, etc.) • Meetings of the Animal Experimentation Committee: 8 • Self-inspections by the Animal Experimentation Committee: 4 • Observation of the general condition of all animals in the facility by the veterinary management team: 12 times (once every month) • Investigations into revisions to laboratory rules: 1 	
		Human resource cultivation We respect the individuality of each employee and provide a variety of opportunities for employees to develop their skills, focusing on individual abilities and aptitudes in an effort to develop human resources who can contribute to the development of the Company and society.	Implementation of rank-based and job-specific training	Implementation of rank-based and job-specific training	Implementation of rank-based and job-specific training Implementation of DX-based education for human resource development
	Support for self-development	Rate of participation in correspondence courses		Participation rate: 52.8%	
	Establishment of an interview system for skill and career development	Implementation of the Company's interview system for skill and career development		Interview-based skill and career development participants: 152 (employees, etc. promoted in fiscal 2022)	
Creation of a fulfilling workplace environment  	Promote diversity and gender equality We are striving to improve the Company's working environment in terms of hiring practices, working styles, our human resource system, and other aspects to ensure that a wide range of employees can demonstrate a variety of abilities, based on the idea that when employees with different modes of thinking and value systems can recognize and inspire each other, they can add dynamism and creativity to a company.	Initiatives to support raising next-generation children (Platinum Kurumin, etc.)	Percentage of female employees who take childcare leave (75% or higher annually, in line with Platinum Kurumin certification standard) Percentage of male employees who take childcare leave (30% or higher annually, in line with Platinum Kurumin certification standard)	Percentage of female employees to who take childcare leave: 100% (11 female employees taking childcare leave/11 who had children) Percentage of male employees who take childcare leave: 80% (34 male employees taking childcare leave/42 who had children)	
		Initiatives to for the promotion of female participation and career advancement in the workplace	Ratio of average length of employment for female employees to average length of employment for male employees (70% or higher)	Ratio of average length of employment for female employees to average length of employment for male employees: 82.7%	
		Prevention of discrimination and harassment	Harassment prevention training	Implemented the following training: Anger management, harassment prevention points, basic knowledge for preventing sexual harassment for managers, psychological safety in the workplace, proper promotion of labor management	
	Enhance workplace environment We will create worthwhile workplace environment that gives employees a strong sense of motivation as work-style reforms and the response to COVID-19 bring major changes to working conditions.	<ul style="list-style-type: none"> • Recognition under the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category) • Promotion of work-life balance 	Implementation ratio of stress checks	Implementation ratio of stress checks	Implementation ratio of stress checks: 93.9%
			Percentage of employees who use commemorative leave (100% per year)	Percentage of employees who use commemorative leave (100% per year)	Percentage of employees who use commemorative leave: 98.4%
		Initiatives related to occupational health and safety and maintaining employee health	Number of work-related accidents	Number of work-related accidents: 2 cases (including one that required leave)	
		Recruitment of people with disabilities	Recruitment of people with disabilities (2.3% or higher)	Recruitment of people with disabilities: 2.45%	
Environmental initiatives    	Waste management and resource recycling We work to promote the conservation of a sustainable environment through the effective use of resources, preventing pollution and reducing environmental impact.	Maintenance of environmental management systems (acquisition of ISO 14001 certification, etc.)	ISO certification renewal and maintenance	• Maintained ISO 14001 certification (determined to be compliant)	
		Implementation of environment conservation activities	Waste reduction, improvement of recycling rate, and improvement of final disposal rate (increase 1% year on year)	• Amount of waste: increased 1.3% year on year • Recycling rate: 90.9% (improved 3.5% year on year) • Final disposal rate: 4.2% (improved 2.7% year on year)	
		Priority purchasing of green products	Improvement of ratio of green products purchased	Ratio of green products purchased: 32.2%	
	Initiatives toward biodiversity We take care to ensure that our business activities do not adversely affect biodiversity and ecosystems and take action accordingly.	Proper management of research and clinical trials that involve genetically modified organisms	Implementation of proper research and clinical trials based on internal regulations, procedure manuals, and other guidance	• Meetings of Safety Committee for Genetical Recombination Experimentation: 2 • Meetings of Safety in Clinical Trials Involving Genetically Modified and Other Organisms Committee: N/A • Number of violations and accidents: 0 • Conducted education and training for new employees	
		Appropriate management of chemical substances	Appropriate management of hazardous chemical substances (including PRTR-listed substances) Continued drainage in line with water quality management standards	Amounts reported to the PRTR: decreased 2.7% year on year No deviations from management standards	
	Climate change countermeasures We promote environmental management that acknowledges that climate change is a risk factor, with the goal of sustainable growth for society and the Company, and in accordance with the Japan's Carbon Neutrality Declaration.	<ul style="list-style-type: none"> • Continued reduction of CO₂ emissions • Promotion of energy-saving measures and climate change countermeasures 	Reduction of CO₂ emissions • Fiscal 2030 reduction target for CO ₂ emissions (Scope 1 and 2): 46% reduction compared with fiscal 2013	Fiscal 2022 emissions: 14,069 tons (24% reduction compared with fiscal 2013)	
			Rate of renewable energy utilization • Fiscal 2030 target for renewable energy utilization rate: 74% or more of total electricity consumption	Fiscal 2022 results: 34% of total electricity consumption	
			Promotion of risk and opportunity assessments for climate change	Provided disclosure in line with TCFD recommendations	
			Participate in social contribution activities We contribute to the sustainable development of society as a fundamental/ essential part of our corporate activities. Moreover, we actively participate in social contribution activities and endeavor to realize our Management Philosophy as a corporate citizen and a member of society.	<ul style="list-style-type: none"> • Contribution to culture, the arts, and sports • Donations to child welfare facilities and assistance for natural disasters 	Number of sponsorships and donations that contribute to society and local communities
	Participation in local cleanup activities and offering of factory and research institute tours	Status of social contribution activities by region	Conducted cleanup activities around business sites, practical environmental legal training with local students, etc.		