

Note: This English report was translated from the original Japanese version issued on 26 Oct 2021. In the event of any inconsistency between the statements in the two versions, the statements in the Japanese version shall prevail.

Sustainability Report 2021

November 30, 2021



CEO's Message

"SDGs Are Our Philosophy and Our Slogan"



Representative Chairman,
President, CEO & CHO
Ryoichi Nagata

"We are a company that values the environment, life, and people" and our mission is to "free patients from suffering, by supporting drug development and improving medical technology." This is the corporate philosophy of Shin Nippon Biomedical Laboratories (SNBL) and underpins our activities as a life science business involved in drug development. As you can see from the fact that the word "environment" is the first thing in our corporate philosophy, SNBL has always been intent on contributing to the public good through a variety of social activities, along with our continued efforts to increase our corporate value, since before the world developed an interest in SDGs/ESG.

To name a few of our unique activities, in the area of "environment", we support people's wellbeing (in cooperation with Medipolis Proton Therapy and Research Center) through the management of Medipolis Ibusuki, a 900-acre site (of which 90% is forest) located in the highlands of Ibusuki, Kagoshima Prefecture, purchased from the Japanese Welfare Pension Fund Foundation in 2004. The forests we own within Medipolis Ibusuki are properly maintained by afforestation and thinning and contribute to the conservation of biodiversity and greenhouse gas reduction. The CO2 absorption by these forests is estimated to be about 1,800t per year. At Medipolis Ibusuki, we have also established a geothermal power generation business which can stably produce renewable energy.

In the area of "life", we have been undertaking various efforts to lower the child mortality rate in Bhutan since 2007. Our contributions, such as building a dairy product factory and donating it to the local government, resulted in gaining trust of the Bhutani government and in myself assuming duties as Honorary General Consul of the Kingdom of Bhutan in Japan. In the city of Ibusuki in Kagoshima Prefecture, we have provided support for management of Medipolis Proton Therapy and Research Centre, involving the treatment of more than 4,500 cancer patients so far.

Lastly in the area of "people", we have been promoting activities with a focus on human resources development, such as well-developed in-house training courses and workshops organized by SNBL Academy, an independent division within the company specializing in training management. Furthermore, we have been undertaking a series of actions to encourage the development and reinforcement of education, such as managing a free school in Cambodia and providing management support for Veritas Academy in Kagoshima Prefecture.

The Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015 are universal goals that are intended to be achieved by 2030 in order to realize the world where everybody can live happily. I believe these goals literally represent our corporate slogan: "I am happy, you are happy, everyone is happy." SNBL has been working hard to achieve the SDGs and will continue to do so in the future, as we aspire to become an industry leader in SDG/ESG initiatives.

Representative Chairman,
President, CEO & CHO
Ryoichi Nagata

SNBL's Contribution Towards Achieving the United Nations Sustainable Development Goals (SDGs)

SUSTAINABLE DEVELOPMENT GOALS



Source: United Nations Information Centre

The Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015 are 17 goals aimed at changing the world by solving environmental and social problems and creating a sustainable society by 2030. The world must work together in order to achieve these goals.

The ESG report we have created compiles our company's basic policies and key measures on eight main items related to E (environment), S (society), and G (governance). Each item is classified as to which the SDG it can contribute to and is listed under the initiative title.

The Eight Issues Most Material to SNBL



1 Reducing CO₂ Emissions



Key Principle

Taking our corporate philosophy of “we are a company that values the environment, life, and people” as a starting point, SNBL strongly recognizes that the conservation of the global environment is important for the sustainable growth of companies and considers climate change one of the most important global issues. Based on our Environmental Policy, in order to mitigate global warming, we aim to make Scope 1 and Scope 2 emissions at our Japan business carbon neutral by 2030 through proactive efforts to reduce GHG. We support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and we always strive to disclose relevant information in a timely manner.

Priority Initiatives

Supporting TCFD recommendations

In October 2020, we expressed support for the recommendations of the TCFD.

Targets for achieving carbon neutrality

In terms of achieving carbon neutrality, we are working towards the following goals:

- Achieving RE100 in our Japan business operations
- Reduction in Scope 1 emissions of 45% by 2030 relative to FY2020

Approaches for reducing greenhouse gases

We follow the IEMA Greenhouse Gas Management Hierarchy.

1. Avoid: When making business decisions, we consider the impact of life-cycle GHG emissions and show preference to those actions with a lower GHG emissions impact.
2. Reduce: Where we cannot avoid emissions, we reduce GHG emissions through energy efficiency and conservation activities or operational optimization.
3. Substitute: Where we cannot avoid or reduce emissions, we substitute conventional technology and energy choice with low-carbon technologies and low-carbon/carbon-free energy.
4. Compensate: Where we cannot avoid, reduce, or substitute emissions, we neutralize remaining GHG emissions through the use of greenhouse gas removal (GGR) technologies and the purchase of carbon offsets.



■ Geothermal power generation (Ibusuki City)

1 Reducing CO₂ Emissions



Priority Initiatives

Geothermal power generation for reducing GHG emissions

Geothermal power generation has gained attention as a stable and renewable source of electricity. We have operated a 1,500 kW binary geothermal power plant in the city of Ibusuki, Kagoshima Prefecture since 2015 which generates approximately 10 million kWh per year equivalent to almost 50% of SNBL's total electricity consumption (and contributes to reducing CO₂ emissions by approx. 4,000 tons annually).

Utilization of geothermal sources

To make the most of Ibusuki's abundant geothermal resources, we have also embarked on development of a "hot spring power generation plant" in addition to our geothermal power plant. Through expanding the amount of renewable energy generation, we aim to achieve a 100% shift to renewable energy for electricity used for our Japan business operations by 2030.

Reducing GHG emissions through forest absorption

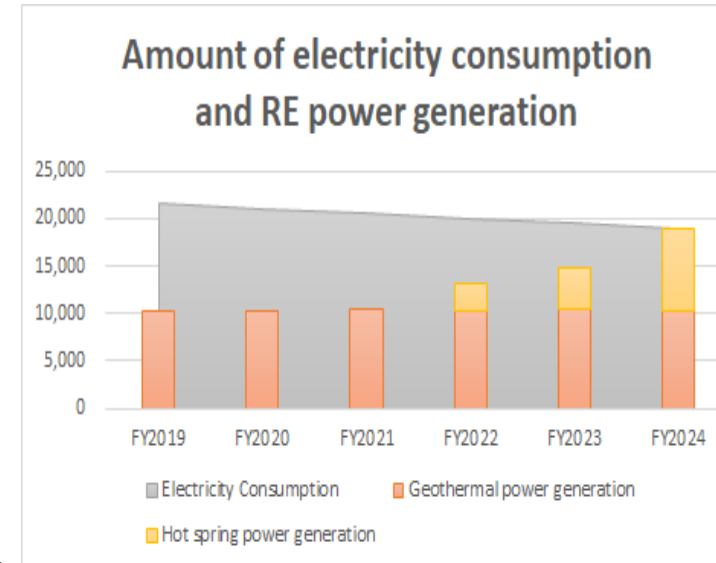
We own a large, 300-hectare (900-acre) tract of forest in the highlands of Ibusuki called Medipolis Ibusuki. Through appropriate forest management such as planting and thinning, the annual amount of CO₂ absorbed by the forests is estimated to be approximately 1,800 tons, contributing to the mitigation of climate change issues.

Energy saving and energy efficiency

Measures implemented to decrease overall energy consumption include promoting the "Cool/Warm-biz" campaign and improving the company's work-from-home environment. We also work to improve the efficiency of energy use by switching to LED lighting and introducing energy saving air conditioners. Through these efforts, we achieved an 18.8% reduction in energy consumption at the Kagoshima HQ in FY2020 (compared to FY2016). In addition, in 2020, we received the Kagoshima Prefecture Government's Excellence Award for reducing GHG emissions.

Research study on CCS

In September 2021, we started a collaborative research study with Kyushu University on the possibility of CCS (carbon dioxide capture and storage) in the geothermal field.



※Electricity consumption after FY2021 has been reduced by 2.6% every year based on the FY2020 amount.



■ Forest in Medipolis Ibusuki (Ibusuki City)

1 Reducing CO₂ Emissions



Key Data/Index

Electricity consumption/energy consumption reduction rate/CO₂ emissions

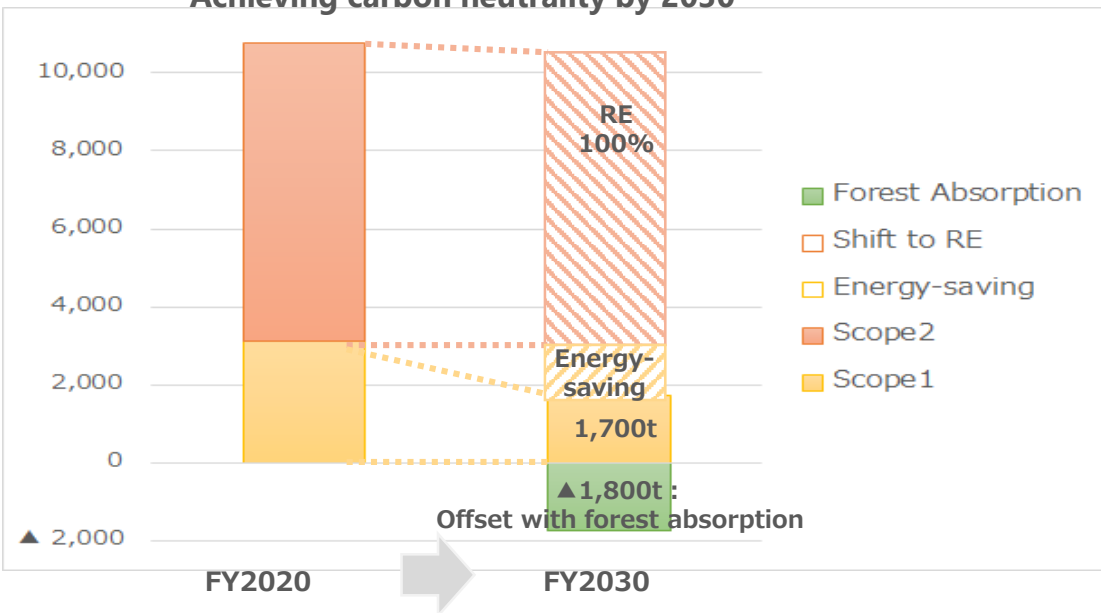
Electricity consumption in FY2020 was 21,114MWh (28MWh per employee). Energy consumption reduction at our Kagoshima HQ was 18.8% (compared to FY 2016). Scope 1 and Scope 2 emission related to our Japan business in FY2020 were 10,806 tons (14 tons per employee).

Achieving carbon neutrality by 2030

We are working to reduce GHG with reference to the IEMA Greenhouse Gas Management Hierarchy and aim to achieve carbon neutrality by 2030. To operationalize our goal, (1) we will achieve the shift to 100% renewable energy for electricity used for our Japan business operations by 2030, and (2) reduce Scope 1 emissions by 45% compared to FY2020 by 2030 through efforts to save energy and improve energy efficiency.

With this initiative, we will reduce Scope 1 & Scope 2 emissions associated with our Japan business operation to approximately 1,700tCO₂ in 2030, and achieve net-zero emissions by offsetting the remaining CO₂ emissions with the absorption of our company-owned forest (1,800 tons of CO₂ absorbed annually).

Achieving carbon neutrality by 2030



Electricity Consumption
21,114MWh
Per employee: 28MWh

April 2020–March 2021

Energy Consumption Reduction
18.8%

April 2020–March 2021
 (Compared to FY2016)

CO₂ Emissions (Scope 1+2)
10,806tCO₂
Per employee: 14tCO₂

April 2020–March 2021

2 Conserving Biodiversity



Key Principle

Taking our corporate philosophy of “we are a company that values the environment, life, and people”, as a starting point, SNBL strongly recognizes that conservation of the global environment is important for the sustainable growth of companies and considers destruction of biodiversity as one of the most important global issues. Based on our Environmental Policy, we are working to conserve natural resources and use them effectively in order to contribute to the conservation of biodiversity.

Priority Initiatives

Business based on the concept of “Wellbeing”

We acquired a vast hill-top site (Medipolis Ibusuki) with abundant nature of approximately 3.4 million square meters in the city Ibusuki City, Kagoshima Prefecture in 2004. Making use of this natural asset, we are engaged in the hospitality business, operating hotel accommodation facilities underpinned by the concept of wellbeing and supporting operation of Medipolis Proton Therapy and Research Center.

Sustainable forest management

Forest occupies 90% of the Medipolis Ibusuki area, and we properly manage forest resources, which are treasure troves of biodiversity, with the cooperation of the local forest association. Since acquiring the site in 2004, we have been working on sustainable forest management by planting about 1,450 trees, including 100 cherry trees and 300 Japanese maple trees.

Research on breeding of Japanese eels

We are conducting research into the breeding of Japanese eels, which are listed as endangered, in their juvenile stage (glass eels) in artificial habitats in Ibusuki and on Okinoerabu island in order to conserve natural resources and support local industry (Kagoshima Prefecture is famous for its eel farming industry).

Zero Mission activity

We have conducted a company-wide program called “Zero Mission” to reduce paper usage since 2019. In order to promote operational efficiency, we are working on document digitization and converting paper-based records into electronic documents which can lead to not only reducing cost but also conservation of forest resources.

Environmental monitoring

Effluent from the Kagoshima HQ is regularly monitored as prescribed in the Water Pollution Prevention Act to ensure that it complies with environmental standards.



■ Medipolis Ibusuki



■ Farm-raised Japanese eels

2 Conserving Biodiversity



Key Data/Index

Paper consumption

The amount of paper saved in FY2020 was 51,900 sheets, which weighs about 200kg and saves 4 planted trees (one sheet of A4 paper weighs about 4g and 13,000 sheets of A4 paper can be produced from one planted tree). We expect to save approximately 300,000 sheets of paper in FY2021.

Number of tree planted in Medipolis Ibusuki

We have planted about 1,400 trees since 2004.

Wastewater volume

The volume of wastewater in FY2020 was 683,000m³. Biological oxygen demand (BOD) in wastewater averages 1.4mg/L, which is significantly lower than the standard value in Kagoshima City.



■ Forest in Medipolis Ibusuki



■ Forest resources in Medipolis Ibusuki (trees)

- Japanese cedar: 157,100
- Sawtooth oak: 3,000
- Japanese cypress: 1,500
- Cherry: 500
- Japanese maple: 300
- Ginkgo: 300
- Japanese plum: 300
- Azalea: 10,000
- Hydrangea: 4,500
- Coconut: 40
- Cockspur coral tree: 40
- Camellia: 100
- Sasanqua camellia: 150
- Miscellaneous trees: 53,375

3 Contributing to Society and the Community



Key Principle

SNBL established its Social Contribution Policy as a step toward a society where the company’s slogan of “I am happy, you are happy, and everyone is happy” can be realized. According to this policy, priority is given to the following three areas: access to healthcare, access to education, and conservation of regional and environmental resources and enhancement of their sustainability. By effectively leveraging our human resources, technologies, areas of expertise, real estate, and other tangible and intangible management resources, we will continue to make the utmost efforts to build credibility with society as a good corporate citizen through our contributions to solving problems in those priority areas.

Priority Initiatives

Access to Healthcare

Assistance for reduction of infant mortality rates in Bhutan

SNBL built a dairy product factory in Bhutan and donated it to the local government after getting the business up and running. Now the factory is run by the government, contributing to local job creation and improvement of children’s health.

Provision of COVID-19 vaccination for stakeholders

As a preventive measure against the spread of COVID-19, SNBL has conducted workplace vaccinations, not only for its officers and employees but also for regional stakeholders such as employees of business partners, since July, 2021.

Support for Medipolis Proton Therapy and Research Center

Medipolis Proton Therapy and Research Center, located within the grounds of the SNBL-owned Medipolis Ibusuki in the city of Ibusuki, began proton beam cancer treatment in January 2011. The center has treated more than 4,500 cancer patients to date, and SNBL has continued to support operation of the center since its construction. An adjacent hotel, Medical Resort Freesia, is run by SNBL with the aim of offering a relaxing and peaceful environment where cancer patients and their families can stay during treatment. As such, by cooperating with Medipolis Proton Therapy and Research Center to provide integrated and holistic services for better health, SNBL contributes to achieving its goal of providing “wellbeing” to people.



■ Cheese made in Bhutan with support from SNBL



■ Proton therapy for cancer treatment

3 Contributing to Society and the Community

Priority Initiatives Access to Education

Running a free school in Cambodia

SNBL Cambodia runs a free school on-site where local employees' families and children living in the neighborhood can learn English, computing, and math for free from full-time teachers.

Support for education in the Kagoshima region

SNBL offer various kinds of support for education in the Kagoshima region, such as co-sponsorship of the "Wings of Dreams" Global Scientist Award, which supports future scientists from Kagoshima who will play an important role in Japan and worldwide. We also offer management support to Veritas Academy, which provides international, multicultural education by international teachers.

Conservation of regional and environmental resources and enhancement of their sustainability

Promoting female empowerment in the Kagoshima region

From early on, SNBL has put its efforts into the fostering of female human resources in managerial positions and improving working environments for women, for which it has built a high reputation as a leading company in the Kagoshima region. The company's CEO and officers proactively participate in public events organized by administrative bodies and educational institutions to further promote female empowerment in the Kagoshima region. Dr. Ryoichi Nagata, Representative Chairman, President & CEO of SNBL expressed support for the declaration on action issued by the Japanese Cabinet's Gender Equality Bureau "Coalition of Male Leaders for the Empowerment of Women."

Assisting regional events at Medipolis Ibusuki

The Company owns a large tract of land of 340 hectares (840 acres) in the highlands of Ibusuki, Kagoshima Prefecture called Medipolis Ibusuki. By making this natural asset available for local students' activities and community events (e.g. cherry blossom festivals, extracurricular activities of local schools, sports events, and firework displays), the company has strengthened relations with the community as well as promoting people's health.

Supporting "Kagoshima United FC", the local football club

SNBL strongly supports sports promotion in the local community and is an official top partner of Kagoshima United FC, which is a J3 League football club based in Kagoshima Prefecture,.



■ Lesson at Veritas Academy



■ Lecture on female empowerment by an SNBL officer



■ Mountain bike tournament at Medipolis Ibusuki

3 Contributing to Society and Local Community



Key Data & KPI

Local job creation

In FY2021 ending March 2021, SNBL hired 76 people, including graduates, mid-career workers, and temp and part-time staff.

Number of speeches on female empowerment

In FY2021 ending March 2021, SNBL's officers participated in five public events organized by administrative bodies and educational institutions, giving speeches on further promoting female empowerment in the Kagoshima region.

Number of students at the free school in Cambodia

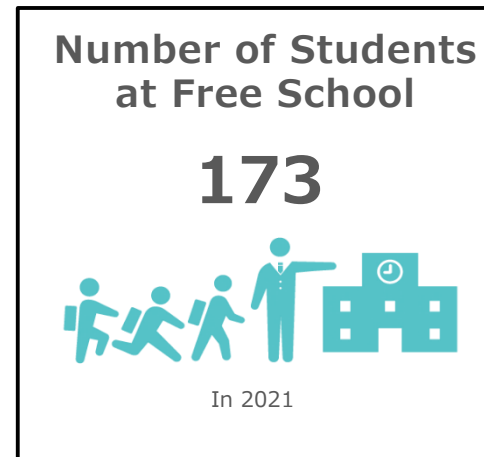
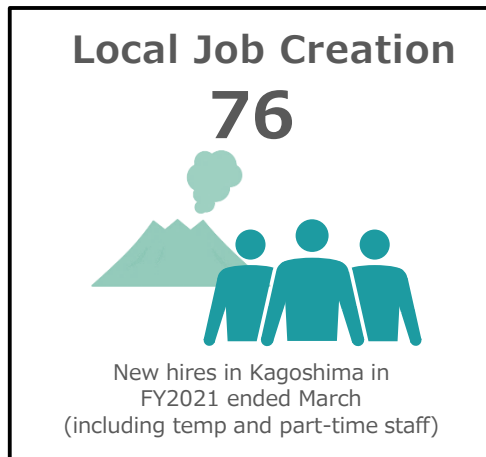
Since 2013, SNBL Cambodia has run a free on-site school where currently 173 children of employees and children living in the neighborhood learn English, computing, and math for free.

Number of local stakeholders who received workplace vaccinations

SNBL has conducted workplace COVID-19 vaccinations for approximately 2,000 stakeholders (including officers and employees of SNBL and those of local business partners since July, 2021. Approximately 1,000 of these vaccinations were for external stakeholders.



■ Free school in Cambodia



4 Respecting Diversity and Creating a Comfortable Working Environment

5 <small>ジェンダー平等を 実現しよう</small> 	8 <small>働きがいも 経済成長も</small> 	16 <small>平和と公正を すべての人に</small> 
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Key Principle

At SNBL, we respect the individuality of all our employees. We strive to create an environment where everyone can shine vibrantly by promoting female empowerment and building an organization where each employee can share a sense of solidarity as part of the company, maximize their strengths, overcome his or her weaknesses, and thank and respect one another.

Priority Initiatives

Policy on Respect for Human Rights

Our Policy on Respect for Human Rights, together with our corporate philosophy of “We are a company that values the environment, life, and people,” forms the core of our code of ethics that encourages business activities that respect the human rights of all stakeholders, including officers and employees, business partners, and the local community among many others.

High ratio of female employees

At SNBL, the ratio of female employees is high, accounting for 49.6% of the total. We have furthered efforts to foster a better working environment where female employees can fulfill their potential. Female managers at SNBL account for 18.6% of management.

High ratio of employees with disabilities

We established Fureai Sasaei Co., Ltd. in 2013 to promote employment of people with disabilities.

Internal communication and employee engagement approaches

We offer various off-the-job events and social gathering opportunities to encourage internal communication and employee engagement, such as BBQs, Christmas and end-of-the-year parties, as well as club activities including softball, volleyball, futsal, and badminton.

Enhanced internal training programs: SNBL Academy

SNBL believes that the bedrock of differentiating itself from the competition and realizing its corporate strategy is human resources, namely the company’s officers and employees. SNBL Academy offers various types of in-house training programs for different purposes, such as the “XUP program” for new or junior staff, management training sessions for managers, and Nagata School for fostering the next generation of management executives.



■ In-house training program: Nagata School



■ In-house training program: English Party

4 Respecting Diversity and Creating a Comfortable Working Environment

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Priority Initiatives

Providing support to employees with children

SNBL opened an on-site nursery in December 2007 to reduce cases where female employees feel forced to resign due to marriage and childbirth. Since 2009, the company has received the Minister of Health, Labour and Welfare (MHLW) “Kurumin Mark” certification for meeting the designated childrearing support standards.

Focus on women’s health

In 2010, SNBL implemented cervical and breast cancer screening as an option of regular health checks to facilitate early detection of these diseases, thus allowing for early intervention. Several female-specific cancer cases have been detected since then, and in such cases SNBL has offered extended support to the relevant employees to help them manage both work and treatment, assisting all of them to return to work after completing treatment. In addition, since regular self-examination is important for catching breast cancer early, the company provides health guidance about self-examination using a breast cancer model.

Granted the highest-grade “Eruboshi” certification

In 2016, SNBL became the first company in Kagoshima Prefecture to be awarded the highest 3-star Eruboshi certification from the MHLW for the promotion of female participation and advancement in the workplace.

Won the 2018 award for “Leading Companies Where Women Shine”

SNBL won the Prime Minister’s Award as part of the 2018 Award for “Leading Companies Where Women Shine” organized by the Cabinet Office Gender Equality Bureau.

Won the MHLW Award as part of the Equal Employment & Work-Life Balance Awards

SNBL was one of two companies to win the MHLW Award for Excellence in the Enterprises Promoting Equal Employment category as part of the Equal Employment/Work-Life Balance Awards organized by the MHLW.

Working Nadeshiko Committee

The Working Nadeshiko Committee contributes to improving the SNBL working environment for women. In response to company-wide questionnaire surveys and other research, the committee has implemented a number of new systems, including for work from home (introduced in 2018) and a childcare subsidy for early returners. These measures resulted in drastically improved female turnover rate of 1.5% in FY2020, down from 38.5% in FY2007.



■ Nursery on business premises



■ SNBL won the Prime Minister’s Award as part of the 2018 Award for Leading Companies Where Women Shine



■ Received “Kurumin Mark” certification in 2019

4 Respecting Diversity and Creating a Comfortable Working Environment

5 <small>ジェンダー平等を 実現しよう</small> 	8 <small>働きがいも 経済成長も</small> 	16 <small>平和と公正を すべての人に</small>
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Key Data & KPI

<p style="text-align: center;">Childcare Leave Program Usage Rate (Female Employees)</p> <p style="text-align: center; font-size: 2em;">100%</p> <p style="text-align: center;"></p> <p style="font-size: 0.8em;">100% usage rate recorded for the past 5 years. Calculated as number of female employees who took childcare leave between Apr 2013 and Mar 2021 ÷ number of employees who gave birth x 100</p>	<p style="text-align: center;">Female Employee Ratio</p> <p style="text-align: center; font-size: 2em;">49.6%</p> <p style="text-align: center;"></p> <p style="text-align: center; font-size: 0.8em;">As of March 31, 2021</p>	<p style="text-align: center;">Foreign Employee Ratio</p> <p style="text-align: center; font-size: 2em;">20.7%</p> <p style="text-align: center;"></p> <p style="text-align: center; font-size: 0.8em;">As of March 31, 2021</p>	<p style="text-align: center;">Childcare Leave Program Usage Rate (Male Employees)</p> <p style="text-align: center; font-size: 2em;">88.0%</p> <p style="text-align: center;"></p> <p style="font-size: 0.8em;">Childcare leave usage rate by male employees in FY3/2020 is 88.0%</p>
<p style="text-align: center;">Percentage of Employees with Disabilities</p> <p style="text-align: center; font-size: 2em;">3.76%</p> <p style="text-align: center;"></p> <p style="text-align: center; font-size: 0.8em;">As of March 31, 2021</p>	<p style="text-align: center;">Female Manager Ratio</p> <p style="text-align: center; font-size: 2em;">18.6%</p> <p style="text-align: center;"></p> <p style="font-size: 0.8em;">Female manager ratio as of March 31, 2021 increased by 2.1% yoy to 18.6%</p>	<p style="text-align: center;">Turnover Rate</p> <p style="text-align: center; font-size: 2em;">6.4%</p> <p style="text-align: center;"></p> <p style="font-size: 0.8em;">Turnover rate in FY3/2021 is 6.4%, far lower than the 2019 national average of 15.6% released by MHLW</p>	<p style="text-align: center;">Received the Highest 3-star Eruboshi Certification</p> <p style="text-align: center;"></p>

5 Enhancing Health and Productivity Management



Key Principle

As one of the strategic measures to materialize the corporate philosophy of “valuing the people”, SNBL proactively engages in the enhancement of health and productivity management. Along with the company’s slogan “I’m happy, you are happy, and everyone is happy”, the Representative Chairman, President, & CEO, who is a qualified medical doctor, has taken on the role of Chief Health Officer since 2020 in order to promote various initiatives related to the health and productivity management.

Priority Initiatives

Reporting the health condition of employees at the Management Principle Meeting

The Management Principle Meeting, which consists of managers and management team members of SNBL and its key group companies, is held monthly. While the purpose of the meeting is to enhance penetration of corporate philosophy and decide courses of action, topics related to the health condition of employees (statistics on health checkup results, progress made against specific health-related challenges, infection surveillance and countermeasures) are also reported here, reinforcing the company’s pursuit of better health and productivity management.

Establishment of Mental Health Committee

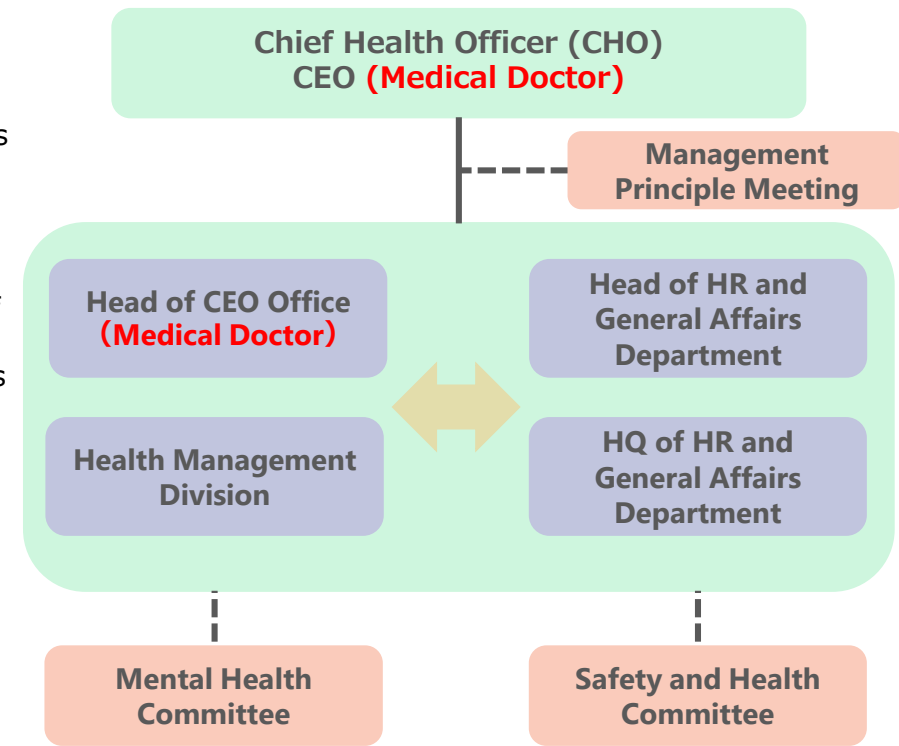
We established the Mental Health Committee in order to provide early assistance to employees with mental health issues. The committee meets on a monthly basis and conducts 1-on-1 session with employees where deemed necessary. In addition, SNBL has conducted stress tests every year since FY2016 to assess the degree of stress of each employee and holds a 1-on-1 session where necessary.

Health checkups and cancer screening test

SNBL carries out general health checkups and guidance counseling for the good health of employees. The company also offers cancer screening tests as follows, with the view to early detection and treatment: ① stomach and colorectal cancer screening for employees aged 35 and older, ② breast and uterus cancer screening for female employees aged 30 and older, ③ PSA(prostate-specific antigen) test for prostate cancer for male employees aged 50 and older, ④ thyroid test for female employees between the ages of 20 and 65, and ⑤ a lung CT scan for employees between the ages of 50 and 60.

Implementation of FiNC healthcare service

Since October 2021, SNBL has recommended employees use the FiNC healthcare service app with the aim of providing healthcare support and promoting health-related activities. When used in combination with the FiNC original body composition analyzer, it easily keeps record of health data, provide visual lifelogging on parameters such as weight, body temperature, and number of steps.



Health and Productivity Management Structure at SNBL

5 Enhancing Health and Productivity Management



Priority Initiatives

Support to stop smoking

With the aim of promoting and maintaining employees' good health, SNBL has taken various initiatives to support smoking cessation since FY2009. Specifically, the company has been reinforcing measures against passive smoking since FY2020 and formed the Tobacco Task Force in September of the same year, adopting time restrictions (smoking allowed during lunchtime only) and a total ban on smoking within the premises. As such, SNBL has so far almost achieved its target of reducing the number of smokers by 20% a year.

Key Data & KPI

KPI on Health and Productivity Management

	FY3/2020	FY3/2021	FY3/2026 Target
<Supporting prevention of life-style related disease>			
Ratio of employees with metabolic syndrome	11.6%	13.6%	8.0%
Risk factor: diabetes	9.2%	9.4%	8.0%
Risk factor: high blood pressure	7.0%	9.4%	8.0%
Risk factor: lipid abnormality	31.2%	25.4%	18.6%
Exercise habit ratio	24.0%	22.0%	50.0%
Ratio of secondary medical checkups received	72.8%	68.6%	100%
Ratio of medical checkups received	100%	99.9%	100%
<Prevention of mental health >			
Ratio of stress checks received	99.1%	100%	100%
Ratio of high-stress employees	12.0%	8.6%	7.0%
<Smoking prevention >			
Smoking rate	15.4%	12.4%	6.4%

Health and Productivity Management Organization (White 500)

5 consecutive years

2020
健康経営優良法人
Health and productivity
ホワイト500

Smoking Rate

12.4%

Smoking in FY3/2021 was 12.4% (+3.0%yoy). The goal set by the Japanese Government by 2030 is 12%

Ratio of Medical Checkups Received

99.9%

In FY3/2021

Ratio of Stress Checks Received

100%

In FY3/2021

6 Corporate Governance



Key Principle

As its key principle, SNBL strives to realize effective corporate governance system by reinforcing healthy, efficient, and transparent management with solid compliance structures and to further increase our corporate value.

Priority Initiatives

Establishment of Board of Auditors and reinforcement of supervisory function by Independent External Director

SNBL is a “company with auditors” with a board of directors, an audit committee, and an accounting auditor. We believe that having 4 independent external directors and 3 auditors with voting rights involved in the decision-making process of the company can strengthen the audit and supervisory function of the Board of Directors.

Submission of Corporate Governance Report

At SNBL, each member of the Board of Directors is kept informed of the content of the Corporate Governance Report, and the board of directors promotes and follows up the company’s initiatives concerning each principle specified in the Corporate Governance Code. An English translation of the Corporate Governance Report is also submitted to the Tokyo Stock Exchange for public disclosure.

Efforts to improve effectiveness of Board of Directors

At SNBL, four independent external officers who meet the criteria of independent officers set by the Tokyo Stock Exchange are appointed (ratio of independent external directors: 44%), enabling management discussion from an objective viewpoint. For the purpose of improving the effectiveness of the Board of Directors, SNBL ensures that discussion materials and handouts are sent to each director at least 3 business days prior to the BoD meeting and the information provision to independent external directors is enhanced.

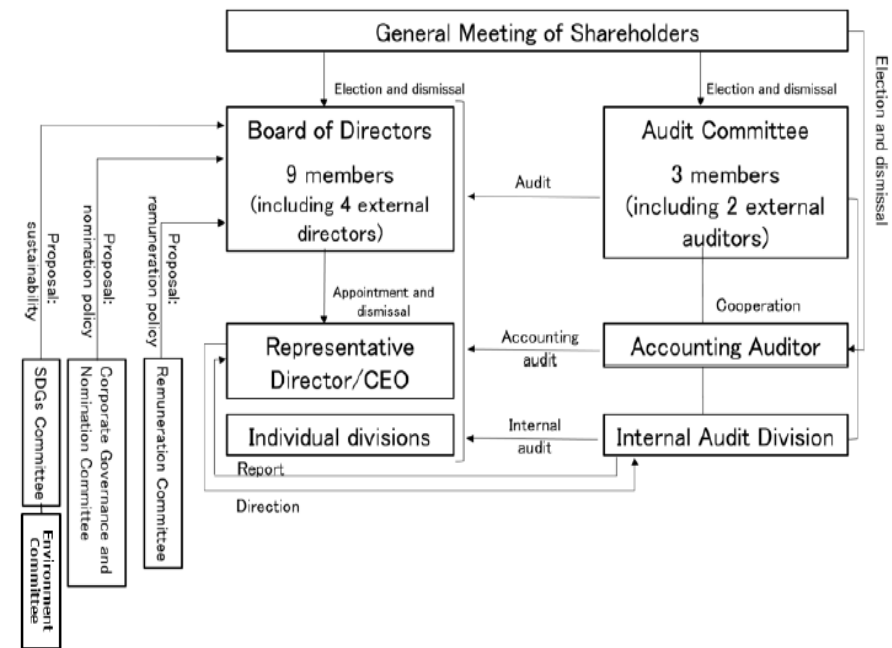
Establishment of Nomination and Remuneration Committee

In January 2019, the company established two voluntary advisory bodies chaired by an independent external director with the aim of strengthening independence, objectivity, and accountability regarding the nomination of executive management (directors, executive officers, etc.) and the determination of their remuneration. One is the Corporate Governance and Nomination Committee, and the other is the Remuneration Committee.

Establishment of SDGs Committee

The SDGs Committee, which is an advisory body to the Board of Directors established in August 2021, is chaired by external director Professor Keiko Toya, and discusses and examines the Sustainable Development Goals (SDGs) the Company should tackle on a monthly basis. In October 2021, the company established the “Environment Committee” an SDG subcommittee that meets every month to discuss environmental matters.

SNBL Corporate Governance System Overview



6 Corporate Governance



Key Data & KPI

Independent External Director Ratio

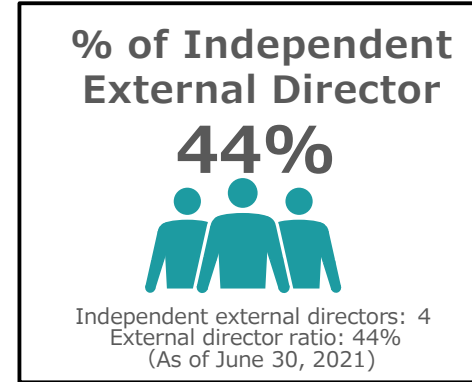
There are 4 independent external directors, representing 44% of the Board of Directors, which satisfies the criteria required by the Corporate Governance Code

Cross-Shareholdings

SNBL holds no listed stocks as a result of cross-shareholdings.

Diversity of Directors

A female external director was appointed at the GSM held on June 29, 2021.



Changes in Independent External Director Ratio

	June 2017	June 2018	June 2019	June 2020	June 2021
Directors Total	10	10	5	7	9
Internal Director	8	8	3	4	5
Independent External Director	2	2	2	3	4
% of Independent External Director	20%	20%	40%	43%	44%

6 Corporate Governance



Directors (as of June 30, 2021)



Ryoichi Nagata

Representative Chairman, President, CEO & CHO

Date of birth August 11, 1958
 Term 30 years
 Number of shares held Nil

September 1981	Director (Part-time) of the Company
April 1983	Director of the Company
June 1983	Obtained Doctor's License
March 1990	Representative Director, Senior Managing Director of the Company
January 1991	Representative Director, President of the Company
March 1991	Doctor of Medical Science (Kagoshima University)
September 1997	Representative Director, President and CEO of the Company
March 2006	Chairman and CEO of Medipolis Proton Therapy and Research Foundation (Medipolis Proton Therapy and Research Center, general incorporated foundation) (to present)
October 2010	Chairman and CEO of Veritas Institute of Education (to present)
June 2014	Representative Director, Chairman, President and CEO of the Company
April 2015	Representative Director, President of SNBL PPD (to present)
August 2020	Representative Chairman, President, CEO & CHO (to present)

Reasons for appointment

The company deems Dr. Ryoichi Nagata capable of properly executing his duties as a Representative Director of the company due to his abundant experience and broad insights as an executive manager of the company, showing leadership as a CEO & CHO, and having a detailed knowledge of a variety of business sectors of the company, with not only great insight of medical care as a doctor of medical science, but also with drug development.

Board Meetings attendance rate: 100% (13 out of 13)

6 Corporate Governance



Directors (as of June 30, 2021)



Ken Takanashi

Representative Vice President & COO

Date of birth May 23, 1964
 Term 17 years
 Number of shares held 34,900

April 1987 Joined Mitsubishi Corporation
 December 1996 Joined SUASA KRISTAL(M)BERHAD
 November 1998 Executive Vice President of SUASA KRISTAL(M)BERHAD
 December 2002 Joined the Company, Director of the Company
 April 2004 Executive Officer of the Company, USCPA registered
 June 2004 Senior Managing Director of the Company
 June 2010 MBA (University of Warwick)
 July 2012 WAVE Life Sciences Ltd., Director (to present)
 June 2016 Corporate Auditor of the SNBL PPD (to present)
 Satsuma Pharmaceuticals, Inc., Director (to present)
 July 2016 Executive Vice President of the Company
 June 2017 Representative Vice President & COO of the Company (to present)

Reasons for appointment

The company deems Mr. Ken Takanashi capable of properly executing the duties of Representative Vice President & COO of the company due to his abundant experience in new business development and showing leadership as a COO in domestic and overseas businesses.

Board Meetings attendance rate: 100% (13 out of 13)



Shinji Nitanda

Senior Executive Director & CFO

Date of birth September 18, 1968
 Term 11 years
 Number of shares held 13,400

April 1991 Joined Kobe Steel, Ltd.
 May 2002 Joined the Company
 April 2008 Executive Officer of the Company
 June 2010 Executive Director of the Company
 June 2012 Executive Officer of the Company
 June 2015 Executive Director of the Company
 June 2017 Managing Director & CFO of the Company
 June 2019 Senior Executive Director & CFO of the Company (to present)

Reasons for appointment

The company deems Mr. Shinji Nitanda capable of properly executing the duties of Senior Executive Director & CFO of the company due to his abundant experience in the accounting and finance fields and showing leadership as a CFO in optimization of management resources.

Board Meetings attendance rate: 100% (13 out of 13)

6 Corporate Governance



Directors (as of June 30, 2021)



Hideshi Tsusaki

Senior Executive Director

Date of birth January 27, 1967
 Term - (New)
 Number of shares held 15,100



Ichiro Nagata

Managing Director

Date of birth August 3, 1985
 Term 1 year
 Number of shares held 1,024,000

April 1996 Joined the Company
 June 2007 Doctor of Medical Science (Osaka City University)
 June 2010 Executive Director of the Company
 October 2010 SNBL U.S.A., Ltd., Director
 June 2011 Executive Officer of the Company
 June 2014 Executive Director of the Company
 July 2015 SNBL U.S.A., Ltd., President
 February 2016 SNBL U.S.A., Ltd., CEO & President
 July 2016 Managing Director of the Company
 June 2018 Senior Managing Executive Officer of the Company (to present)

June 2008 Joined SNBL U.S.A., Ltd.
 March 2015 Obtained Doctor's License
 April 2015 Joined Juntendo University Hospital
 April 2017 Joined the Company
 June 2018 Executive Officer of the Company
 May 2020 MMH (Cornell University)
 June 2020 Executive Director of the Company
 March 2021 MBA (Kyoto University)
 April 2021 Managing Executive Director of the Company (to present)

Reasons for appointment

The company deems Dr. Hideshi Tsusaki capable of properly executing the duties as Executive Director of the Company due to his abundance of experience in the preclinical business as a veterinarian and showing leadership in the preclinical business globally.

Board Meetings attendance rate: Nil

Reasons for appointment

The company deems Dr. Ichiro Nagata capable of properly executing the duties of a Managing Executive Director of the Company due to his advanced medical expertise as a medical doctor and showing leadership globally with international sensibilities.

Board Meetings attendance rate: 100% (13 out of 13)

6 Corporate Governance



Independent External Directors (as of June 30, 2021)



Shinichi Fukumoto

Independent External Director

Date of birth July 20, 1958
 Term 6 year
 Number of shares held Nil

- April 1987 Joined The Legal Training and Research Institute
- April 1989 Lawyer registered
- May 1997 Established Fukumoto Law Firm
- December 2014 External Director of Koatsu Co., Ltd (to present)
- June 2015 External Director of the Company (to present)
- May 2016 External Director of Softmax Co., Ltd (to present)
- June 2017 External Director of Shiroyama Kanko Co., Ltd (to present)



Takashi Yamashita

Independent External Director

Date of birth February 18, 1956
 Term 6 year
 Number of shares held Nil

- October 1983 Joined Asahi Audit Firm
- March 1987 CPA registered
- May 2003 Representative employee of Asahi Audit Firm (KPMG AZSA LLC)
- August 2014 Established Takashi Yamashita CPA Firm
- January 2015 Tax Accountant registered
- June 2015 External Director of the Company (to present)
- June 2017 External Audit & Supervisory Board Member of Yamato Holdings Co., Ltd (to present)

Reasons for appointment

While Mr. Shinichi Fukumoto has no experience of being directly involved with corporate management other than as an External Director, the company deems him capable of properly executing the duties of an External Director due to the insight and experience he possesses as a legal expert. He has been designated as an independent director as he is in a position independent of management in performing his duties as an External Director, and there is no risk of a conflict of interest with regular shareholders

Board Meetings attendance rate: 100% (13 out of 13)

Reasons for appointment

While Mr. Takashi Yamashita has no experience of being directly involved with corporate management other than as an External Director, the company deems him capable of properly executing the duties of an External Director due to the insight and experience he possesses as an expert in finance, accounting, and taxation matters. He has been designated as an independent director as he is in a position independent of management in performing his duties as an External Director, and there is no risk of a conflict of interest with regular shareholders

Board Meetings attendance rate: 100% (13 out of 13)

6 Corporate Governance



Independent External Directors (as of June 30, 2021)



Tsuyoshi Hanada

Independent External Director (Part-Time)

Date of birth May 2, 1958
 Term 1 year
 Number of shares held 3,300

September 1984 Joined Ryoichi Hanada Tax Accountant Office
 February 1990 Tax Accountant registered
 January 2000 Chief Representative of Hanada Tax Accountant Office
 Representative Director of Profit LLC
 February 2005 Chief Representative of Tashiro・Hanada Tax Accountant Office
 July 2017 Representative Employee of Reimei Tax Accountant Office (to present)
 Representative Director of Reimei Co., Ltd (to present)
 July 2019 President of Kagoshima Prefecture Federation of
 South Kyushu Tax Accountant Association (to present)
 June 2020 External Director of the Company (to present)

Reasons for appointment

The Company deems Mr. Tsuyoshi Hanada capable of properly executing the duties of an External Director due to the insight and experience he possesses as an expert in finance, accounting and taxation matters. He has been designated as an independent director as he is in a position independent of management in performing his duties as an External Director, and there is no risk of a conflict of interest with regular shareholders

Board Meetings attendance rate: 100% (13 out of 13)



Keiko Toya

Independent External Director (Part-Time)

Date of birth February 26, 1964
 Term - (New)
 Number of shares held Nil

April 1988 Joined Saitama Bank (Resona Bank)
 October 1996 Joined NCR Japan, Ltd.
 July 1999 Representative Executive Director of Marketing Excellence Co., Ltd.
 April 2002 Project Assistant Professor of Graduate School of
 Business Administration of Rikkyo University
 June 2004 Doctor of Business Administration (Tsukuba University)
 April 2006 Full-time Lecturer of Faculty of Business Administration of Toyo University
 July 2006 Managing Director of Marketing Excellence Co., Ltd (to present)
 April 2007 Associate Professor of Doshisha Business School
 April 2014 Professor of MBA of Meiji University (to present)
 April 2019 External Director of Yuasa Trading Co., Ltd. (to present)
 June 2020 External Director of the Company (to present)

Reasons for appointment

The Company deems Professor Keiko Toya capable of properly executing the duties of an External Director due to the insight and experience she possesses as an expert in business administration. She has been designated as an independent director as she is in a position independent of management in performing her duties as an External Director, and there is no risk of a conflict of interest with regular shareholders.

Board Meetings attendance rate: Nil (new)

6 Corporate Governance



Corporate Auditors (as of June 30, 2021)



Masakazu Suda

Corporate Auditor (Full-Time)

Date of birth August 15, 1961
 Term 1 year
 Number of shares held 6,300

- April 1985 Joined Nihon Starch Co., Ltd.
- August 1990 Joined the Company
- April 2007 General Manager of Research I Dept,
Safety Research Institute of the Company
- July 2019 General Manager of Internal Audit Dept. of the Company
- June 2020 Audit & Supervisory Board Member of the Company (to present)

Reasons for appointment

The company deems Mr. Masakazu Suda capable of properly executing his duties as an Audit & Supervisory Board Member of the company due to his long experience in Preclinical business and having business experience and knowledge of the internal audit division, which will be used to strengthen the audit system of the company.

Board Meetings attendance rate: 100% (13 out of 13)



Koushin Tatarano

Corporate Auditor

Date of birth February 27, 1965
 Term 2 year
 Number of shares held Nil

- 1992 Joined Legal Training and Research Institute
- 1994 Lawyer registered
- 2003 Established Izuro Law Office
- 2004 Vice President of Kagoshima Bar Association
- 2016 President of Kagoshima Bar Association
 Director of Japan Federation of Bar Association
 Managing Director of Kyushu Federation of Bar Association
 Family Court Mediation Committee & Summary Court Civil Mediation Committee
- 2019 Audit & Supervisory Board Member of the Company (to present)

Reasons for appointment

The company deems Mr. Koushin Izuro capable of properly executing his duties as an Audit & Supervisory Board Member of the company due to his insight and experience as a legal expert, which will be used to strengthen the audit system of the company.

Board Meetings attendance rate: 100% (13 out of 13)

6 Corporate Governance



Corporate Auditors (as of June 30, 2021)



Yoshikazu Shigehisa

Corporate Auditor

Date of birth November 2, 1952
 Term 2 year
 Number of shares held Nil

- 1981 Joined Asahi Audit Firm (KPMG AZSA LLC)
- 1985 CPA registered
- 1986 Joined Shigehisa CPA firm
- 1986 Tax Accountant registered
- 2000 Chief Representative of Shigehisa CPA firm (to present)
- 2001 Kagoshima District Court • Summary Court Civil Mediation Committee
- 2019 Audit & Supervisory Board Member of the Company (to present)

Reasons for appointment

The company deems Mr. Yoshikazu Shigehisa capable of properly executing the duties of an Audit & Supervisory Board Member of the company due to his insight and experience as an expert of finance and accounting, which will be used to strengthen the audit system of the company.

Board Meetings attendance rate: 100% (13 out of 13)

6 Corporate Governance



Expertise and experience of Company Directors and External Directors (Skills Matrix)

Directors	Current Position and Responsibilities at the Company	Skills									(Reference) Main Qualifications
		Corporate Management	Global Business	Technology / Research and Development	Financial Affairs and Accounting	Personnel Affairs, Labor and Human Resource Development	Legal Affairs and Risk Management	Environment	Society	Internal Control and Governance	
Ryoichi Nagata	Representative Chairman, President, CEO & CHO	○	○	○		○		○		○	Physician
Ken Takanashi	Executive Vice President & COO	○	○		○		○		○	○	U.S. Certified Public Accountant
Shinji Nitanda	Senior Executive Director & CFO	○			○	○	○			○	
Hideshi Tsusaki	Senior Executive Director, Preclinical Company President & Head of Global BD	○	○	○				○		○	Veterinarian
Ichiro Nagata	Managing Director, Head of President's Office & Hospitality Business	○	○	○		○				○	Physician
Shinichi Fukumoto	Independent External Director (Part-Time)					○	○		○	○	Attorney-at-law
Takashi Yamashita	Independent External Director (Part-Time)				○	○	○			○	CPA
Tsuyoshi Hanada	Independent External Director (Part-Time)				○	○			○	○	Certified Tax Accountant
Keiko Toya	Independent External Director (Part-Time)	○	○					○	○	○	Scholar (Global Business)

7 Dialogue with Shareholders, Investors and Society



Key Principle

SNBL proactively and fairly discloses corporate information so that a wide range of people in society, including shareholders and investors, can gain an understanding of the actual circumstances at the company. SNBL makes the utmost effort to improve management transparency.

Priority Initiatives

Dialogue with Stakeholders

For the purpose of encouraging shareholder participation, the GSM is normally held in a convenient location. While only 25 shareholders attended the GSM in 2021 due to the impact of COVID-19, we responded to twelve questions in total and ensured adequate time for discussion with shareholders. We proactively engage in dialogue with institutional investors in Japan and overseas through face-to-face meetings and conference calls. In June 2021, the Corporate Communication Department was newly established with staff in charge of IR activities. In July of the same year, we started a blog on IR and corporate communication topics where we provide detailed information on our activities in a precise and technical yet easy-to-understand manner.

Basic Policy on Disclosure and Compliance

Key Principle for Disclosure

Our basic policy is to proactively and fairly disclose corporate information and strive toward improving transparency, so our shareholders, investors, and society at large can understand the actual circumstances at our company.

Standards for Information Disclosure

We promptly disclose information based on the principles of transparency, fairness, and continuity according to the laws and regulations in the Financial Instruments and Exchange Act and the “Timely Disclosure of Corporate Information” regulations for companies listed on the Tokyo Stock Exchange (hereinafter referred to as “Timely Disclosure Regulations”).

We also strive to actively disclose information that we believe may be effective in understanding our company, even if this information does not fall under the Timely Disclosure Regulations. That said, we do not disclose personal information, customer information, or information that violates the rights of anyone involved.

How We Disclose Information

Disclosure of information as stipulated by the Timely Disclosure Regulations is done using the Timely Disclosure Network (TDnet) provided by the Tokyo Stock Exchange, and after disclosure through this system, the information is then also promptly posted to our website. We strive to actively disclose information that we believe may be effective in understanding our company, even if this information does not fall under the Timely Disclosure Regulations.

Silent Period

To prevent information on financial results (including quarterly financial results) leaking out, and to ensure fairness in disclosing information, our silent period is from the day after the final day of settling accounts (quarterly settlements in March, June, September, December) until the day results are announced. During this period, we will refrain from answering questions or commenting on financial results and performance forecasts. However, if significant performance fluctuations are expected during this period, we will disclose information as deemed appropriate according to the Timely Disclosure Regulations.

7 Dialogue with Shareholders, Investors and Society



Key Data & KPI

Number of Attendees of Shareholders Meeting

Due to COVID-19 concerns, only 25 shareholders attended the 2021 General Shareholders Meeting and the focus was on dialogue with shareholders. The number of recorded attendees was 82 in 2018, 73 in 2019, and 40 in 2020.

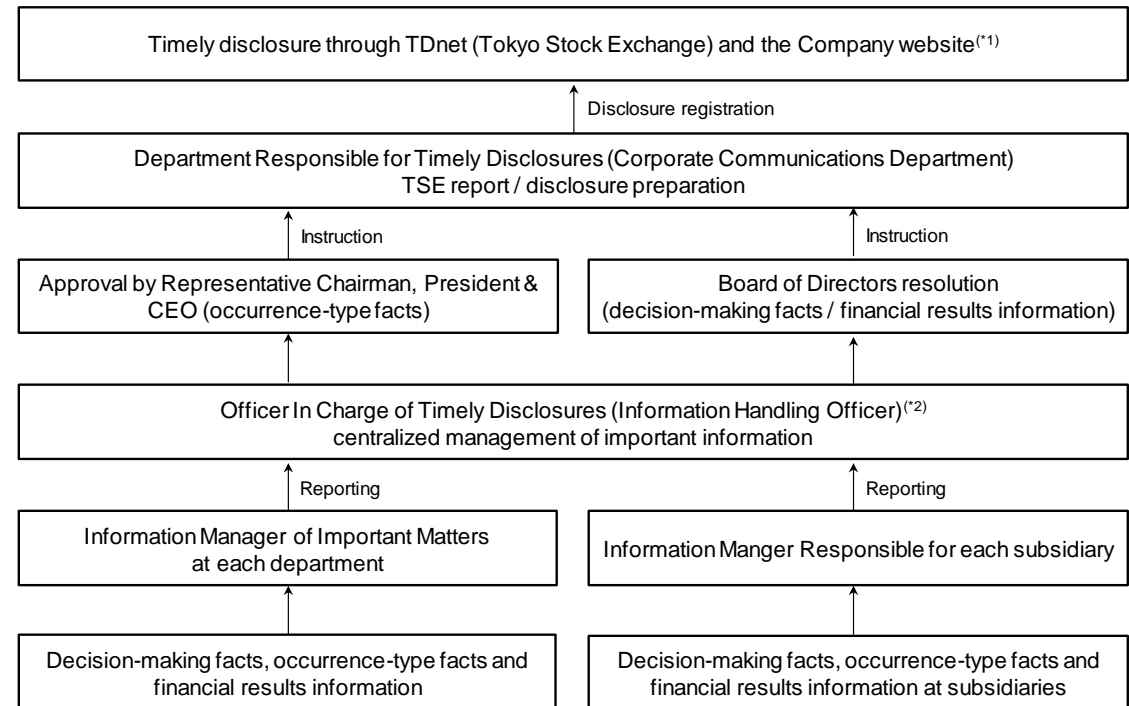
Institutional Investor Ownership

As of the end of September 2021, the institutional investor ownership ratio was 21.0% (domestic:12.7 % foreign: 8.3%)

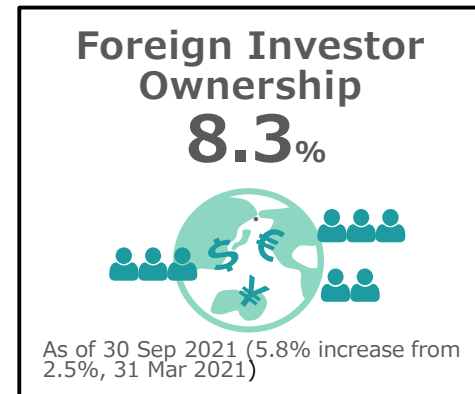
Discussions with Institutional Investors

We carried out discussions F2F and by phone with 15 institutional investors and analysts and conducted one earnings results presentation. In H1 FY2022, from April to September 2021, the newly established Corporate Communication Department led IR meetings with 33 institutional investors in total.

Overview of Timely Disclosure System



(*1) Press conferences and email distribution are also carried out depending on the contents.
 (*2) The person registered with the Tokyo Stock Exchange



8 Compliance and Risk Management

Key Principle

At SNBL, we strive to foster corporate culture where every officer and employee is fully aware of the reason for “compliance” and always acts in line with the SNBL Compliance Guidelines for Actions, not only through business activities but also in their social life.

Priority Initiatives

Establishment and Compliance with SNBL Compliance Guidelines for Actions

Our code of ethics was enacted based on our corporate philosophy of “We are a company that values the environment, life, and people.” We compiled the SNBL Compliance Guidelines for Actions, which lays out the conduct that every member of the SNBL Group is expected to observe, so that all officers and employees can become familiar with the guidelines. In-house e-learning training on the latest compliance-related topics and case studies are also provided on a regular basis.

Initiatives for Highly-Transparent Tax Practices

For the realization of highly-transparent tax practices, we established the Tax Practice Policy, which declares our commitment to minimize tax-related risks, to ensure the transparency of our tax practices, and to comply with tax-related laws.

Initiatives for Free and Fair Business Activities

In our “Policy on Prevention of Bribery and Corruption”, SNBL declares as its key principle that we will not condone any acts of bribery or corruption. At SNBL, we have a clear set of rules in relation to giving gifts or providing entertainment to a third party, political donations, or donations to different organizations.

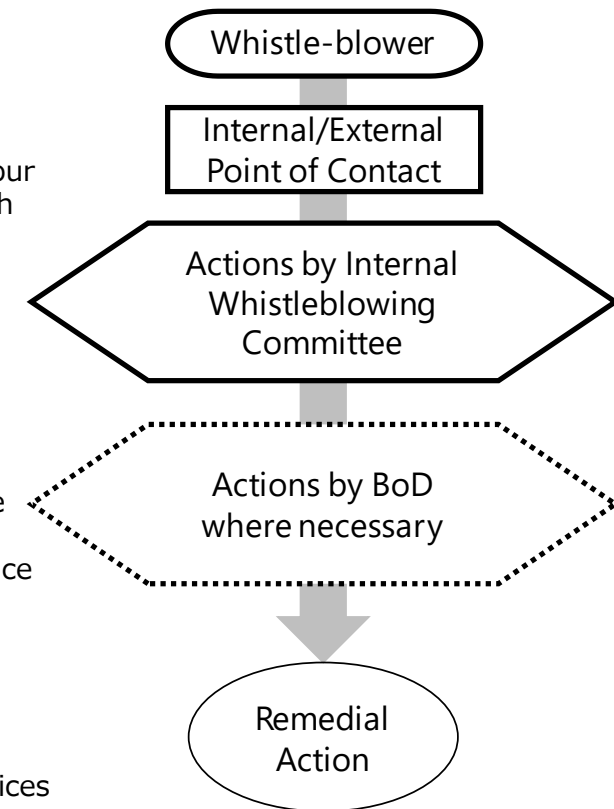
Establishment of Internal Point of Contact for Whistleblowing

Our “Policy on Prevention of Discrimination and Harassment” was enacted to promote respect for the human rights of all of our stakeholders. A number of points of contact for consultation, where reporting may be made anonymously, are established within the company to accept reports concerning fraud, harassment, labor and health issues, and personnel appraisals. Internal points of contacts for whistleblowing are also established. Once a report is accepted by the Internal Audit Department, the Internal Whistleblowing Committee, chaired by an officer responsible for general administration, and HR is set up to properly investigate the case and take appropriate actions to prevent and detect fraud early and to implement corrective measures where deemed necessary.

Establishment and Compliance with Suppliers Code of Conduct

The “Suppliers Code of Conduct” was established in cooperation with suppliers that provide products and services to us. The code seeks to ensure compliance with laws and rules, respect for human rights, appropriate work practices, and efforts for environmental conservation, among other requirements. SNBL requests suppliers to comply with this code of conduct in order to build sustainable partnerships based on mutual trust and engages in responsible procurement.

Whistleblowing Procedure Flowchart



8 Compliance and Risk Management



Priority Initiatives

Our Efforts for Animal Welfare

SNBL sets out its animal welfare regulations in “SNBL’s Attitude Towards and Efforts for Animal Welfare”. At SNBL, animals are raised and kept properly with due consideration of their physiology, biology, habits, and other attributes in line with the principles of the 3Rs (replacement, reduction, refinement), the internationally accepted basic philosophy on animal testing. We have a sincere appreciation for the animals we use for scientific study.

SNBL Drug Safety Laboratories has been an AAALAC International* fully-accredited institution since June 2011. Accreditation was last renewed in July 2017.

*AAALAC International (American Association for Accreditation of Laboratory Animal Care) is the only international third party organization to accredit animal care and use programs according to the “Guide for the Care and Use of Laboratory Animals” (ILAR, NRC). Currently there are more than 1,040 AAALAC-accredited organizations in 50 countries.



June, 2011 Full AAALAC Accreditation

Initiatives for Disaster Control

The “Risk Management Plan” defines the company’s priorities and specific procedures for crisis management measures against large-scale natural or human-caused disasters. During a disaster, an emergency headquarters for disaster control is established to lead prompt and adequate responses

Information Management System

As we are acutely aware of the importance of enterprise security, we set security measures and standards for the handling of confidential information related to overall business activities and management of the computer system and its usage on the basis of “SNBL Security Key Principles”. The Information Security Committee, composed of representatives from each business department, was formed to substantialize appropriate information management systems from monitoring and optimization to information security training.

Promotion of Cybersecurity Measures

The “Policy on Cybersecurity” was established with the aim to protect our information assets, including data on individuals and clients. We regularly provide cybersecurity training opportunities for all officers and employees, such as training for targeted email attacks.

Appendices

E (Environment)	<ul style="list-style-type: none">• Data (Environment)• Independent Verification Statement
S (Social)	<ul style="list-style-type: none">• Data (Society)• Data (Health and Productivity Management)
G (Governance)	<ul style="list-style-type: none">• Data (Governance)



Data (Environment)

The data indicated with have been verified by the third-party in order to increase their reliability.

	2018/3	2019/3	2020/3	2021/3	Remarks
Greenhouse Gas Emission (market-based)	15,239 t-CO ₂	13,801 t-CO ₂	11,648 t-CO ₂	<input checked="" type="checkbox"/> 10,806 t-CO ₂	(*1, *2, *3)
Scope1	-- t-CO ₂	-- t-CO ₂	-- t-CO ₂	<input checked="" type="checkbox"/> 3,176 t-CO ₂	
Scope2	-- t-CO ₂	-- t-CO ₂	-- t-CO ₂	<input checked="" type="checkbox"/> 7,630 t-CO ₂	
GHG Emission per employee	22 t-CO ₂	21 t-CO ₂	16 t-CO ₂	14 t-CO ₂	(*4)
Electricity Consumption	22,419 MWh	21,551 MWh	21,665 MWh	21,114 MWh	
Electricity Generation (Renewable Energy)	9,659 MWh	8,325 MWh	10,344 MWh	10,328 MWh	(*5)
Water Use & Wastewater	559 km ³	596 km ³	613 km ³	<input checked="" type="checkbox"/> 683 km ³	
Water Pollution (Annual Average)					
Biochemical oxygen demand (BOD)	1.5 mg/L	1.7 mg/L	1.2 mg/L	1.4 mg/L	(*6, *7)
Industrial Waste Generation					
Industrial Waste	182 t	171 t	159 t	160 t	(*8)
Environmental Violations					
Number of breaches of legal obligation/regulatory violations	0 cases	0 cases	0 cases	0 cases	

(*1) Sites where data were collected: Kagoshima HQ · Drug Safety Research Laboratories/Pharmacokinetics and Bioanalysis Center (Wakayama) /Medipolis Ibusuki

(*2) GHG emissions = Purchased electricity × Adjusted emission factor published by electric power company + Σ (Fuel consumption × Emission factor)

(*3) CO₂ Emission factors : The emission factors listed in the Enforcement Regulations of the Act on Promotion of Global Warming Countermeasures

(*4) "Employee" refers to the number of employees in parent company only

(*5) "Electricity Generation" refers to the sales amount of electricity generated by company's geothermal power plant in Ibusuki

(*6) Sites where data were collected: Kagoshima HQ · Drug Safety Research Laboratories

(*7) Environmental standard in Kagoshima City : 20mg/L (Daily Average)

(*8) Sites where data were collected: Kagoshima HQ · Drug Safety Research Laboratories

Verification Statement



26 October 2021
Statement No : SGS21/054

Ryoichi Nagata
Representative Chairman, President & CEO
SHIN NIPPON BIOMEDICAL LABORATORIES, LTD.

Objective

SGS Japan Inc. (hereinafter referred to as "SGS") was commissioned by SHIN NIPPON BIOMEDICAL LABORATORIES, LTD. (hereinafter referred to as "the Organization") to conduct independent verification based on Criteria of Verification (ISO14064-3: 2006 and the SGS verification protocol) regarding the data prepared by the Organization on the scope of verification (hereinafter referred to as "the assertion"). The objective of this verification is to confirm that the assertion in the Organization's applicable scope has been correctly calculated and reported in the assertion in conformance with the criteria, and to express our views as a third party.

Scope

The scope of verification is Scope 1 and 2 emissions, energy consumption, amount of water intake and amount of water drainage.

The period subject to report is from 1 April 2020 to 31 March 2021.

Refer to the attached sheet for the detailed scope of verification.

Procedure of Verification

The assertion was verified in accordance with Criteria of Verification, and the following processes were implemented at a limited level of assurance:

- Verification of the calculation system: Interviews on the measurement, tabulation, calculation and reporting methods employed by the Organization as well as review of related documents and records
- Verification of the assertion: On-site verification and review of vouchers conducted at Kagoshima HQ / Drug Safety Research Laboratories and Medipolis Ibusuki, and analytical procedures and interviews for other sites in the scope of verification carried out at the head office

The criteria for this review are based on the GHG Emissions Calculation and Reporting Manual Ver. 4.7 and the protocol specified by the Organization

Conclusion

Within the scope of the verification activities employing the methodologies mentioned above, nothing has come to our attention that caused us to believe that the Organization's assertion was not calculated and reported in conformance with the criteria.

SGS Japan Inc. affirms our independence from the organization, being free from bias and conflicts of interest with the Organization.

For and on behalf of SGS Japan Inc
Senior Executive & Director
Certification and Business Enhancement

Yuji Takeuchi



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The details of the scope of verification

The scope	The boundary	The assertion
1 The performance data Scope 1 and 2 include energy related greenhouse gas emissions. Energy consumption	Kagoshima HQ / Drug Safety Research Laboratories Pharmacokinetics and Bioanalysis Center Medipolis Ibusuki	Scope1: 3,176t-CO ₂ Scope2: 7,630t-CO ₂
2 amount of water intake and amount of water drainage	Same as above	amount of water intake: 683km ³ amount of water drainage: 683km ³



Data (Society)

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	Memo
< Employee information >					
Number of employees (consolidated, exc. part-timers)	1,385	935	985	986	
Female employees	--	--	--	417	
Ratio	--	--	--	42.3%	
Foreign employees	--	--	--	204	
Ratio	--	--	--	20.7%	
Number of employees (unconsolidated, inc. part-timers)	870	853	911	965	
Female employees	438	430	454	479	
Ratio	50.3%	50.4%	49.8%	49.6%	
Number of employees (unconsolidated)	682	651	720	747	
Female employees	303	285	305	310	
Ratio	44.4%	43.8%	42.4%	41.5%	
Foreign employees	9	9	12	15	
Ratio	1.3%	1.4%	1.7%	2.0%	
Employees with disabilities		27	37	39	(*1)
Ratio	2.3%	2.4%	3.82%	3.76%	
Number of managers	73	63	63	59	(*2)
Female managers	14	12	10	11	
Female managers ratio	19.2%	19.0%	15.9%	18.6%	
Employees of age group (60 and over)	32	33	32	36	
Ratio	4.7%	5.1%	4.4%	4.8%	



Data (Society)

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	Memo
Average age	37.9	38.7	40.3	40.1	
Male	39.8	40.4	42.5	42.3	
Female	35.6	36.5	37.3	36.9	
Average consecutive years of employment	10.3	11.0	11.2	12.1	
Male	11.2	11.9	12.2	13.2	
Female	9.1	9.9	9.9	10.5	
Number of new hires	31	26	66	66	
of which, female	13	10	35	27	
Number of new graduates hired	16	15	30	50	
of which, female	6	6	17	24	
Number of retirees	48	56	38	45	
Turnover ratio	7.0%	7.7%	5.9%	6.4%	
Retention rate (3 years) for new graduates	14.3%	16.4%	6.6%	8.4%	
Average annual salary (thousand yen)	4,340	4,350	4,820	5,030	
Paid leave utilization rate	67.2%	58.4%	57.9%	55.3%	
Average overtime hours (monthly basis)	8.9	14.3	16.9	18.9	
Ratio of female employees who took childcare leave	100%	100%	100%	100%	
Ratio of male employees who took childcare leave	4.8%	56.3%	30.0%	88.0%	
Return rate and retention rate after childcare leave	100%	100%	100%	100%	
Number of employees who took nursing care leave	1	0	1	0	



Data (Society)

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	Memo
<Other society-related information>					
Number of occupational accidents	16	13	9	13	
Fatalities	0	0	0	0	
Number of administrative dispositions	0	0	0	0	
Number of complaints received through whistle-blowing sys	0	1	0	0	

(*1) Employees with disabilities include those of a special subsidiary.

(*2) Assistant section chief and above are categorized as managers



Data (Health and Productivity Management)

	FY3/2020	FY3/2021	FY3/2026 Target
<Supporting prevention of life-style related disease>			
Ratio of employees with metabolic syndrome	11.6%	13.6%	8.0%
Risk factor: diabetes	9.2%	9.4%	8.0%
Risk factor: high blood pressure	7.0%	9.4%	8.0%
Risk factor: lipid abnormality	31.2%	25.4%	18.6%
Exercise habit ratio	24.0%	22.0%	50.0%
Ratio of secondary medical checkups received	72.8%	68.6%	100%
Ratio of medical checkups received	100%	99.9%	100%
<Prevention of mental health>			
Ratio of stress checks received	99.1%	100%	100%
Ratio of high-stress employees	12.0%	8.6%	7.0%
<Smoking prevention>			
Smoking rate	15.4%	12.4%	6.4%



Data (Governance)

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Directors (Total)	10	5	7	9
Internal directors	8	3	4	5
Independent external directors	2	2	3	4
Ratio of independent external directors	20.0%	40.0%	42.9%	44.4%
Female directors ratio	0.0%	0.0%	0.0%	11.1%
Non-Japanese directors ratio	0.0%	0.0%	0.0%	0.0%
Average age of directors	56	58	56	56
	FY3/2018	FY3/2019	FY3/2020	FY3/2021
Number of Board of Directors meeting held	14	14	13	13
Attendance rate	97.9%	96.9%	98.6%	100%
Number of Corporate Governance and Nomination Committee meetings held	—	1	1	3
Attendance rate	—	100%	100%	100%
Number of Remuneration Committee meetings held	—	3	4	3
Attendance rate	—	100%	100%	100%
Director remuneration (thousand yen)	188,124	203,599	167,812	176,206



Data (Environment)

The data indicated with have been verified by the third-party in order to increase their reliability.

	2018/3	2019/3	2020/3	2021/3	Remarks
Greenhouse Gas Emission (market-based)	15,239 t-CO ₂	13,801 t-CO ₂	11,648 t-CO ₂	<input checked="" type="checkbox"/> 10,806 t-CO ₂	(*1, *2, *3)
Scope1	-- t-CO ₂	-- t-CO ₂	-- t-CO ₂	<input checked="" type="checkbox"/> 3,176 t-CO ₂	
Scope2	-- t-CO ₂	-- t-CO ₂	-- t-CO ₂	<input checked="" type="checkbox"/> 7,630 t-CO ₂	
GHG Emission per employee	22 t-CO ₂	21 t-CO ₂	16 t-CO ₂	14 t-CO ₂	(*4)
Electricity Consumption	22,419 MWh	21,551 MWh	21,665 MWh	21,114 MWh	
Electricity Generation (Renewable Energy)	9,659 MWh	8,325 MWh	10,344 MWh	10,328 MWh	(*5)
Water Use & Wastewater	559 km ³	596 km ³	613 km ³	<input checked="" type="checkbox"/> 683 km ³	
Water Pollution (Annual Average)					
Biochemical oxygen demand (BOD)	1.5 mg/L	1.7 mg/L	1.2 mg/L	1.4 mg/L	(*6, *7)
Industrial Waste Generation					
Industrial Waste	182 t	171 t	159 t	160 t	(*8)
Environmental Violations					
Number of breaches of legal obligation/regulatory violations	0 cases	0 cases	0 cases	0 cases	

(*1) Sites where data were collected: Kagoshima HQ · Drug Safety Research Laboratories/Pharmacokinetics and Bioanalysis Center (Wakayama) /Medipolis Ibusuki

(*2) GHG emissions = Purchased electricity × Adjusted emission factor published by electric power company + Σ (Fuel consumption × Emission factor)

(*3) CO₂ Emission factors : The emission factors listed in the Enforcement Regulations of the Act on Promotion of Global Warming Countermeasures

(*4) "Employee" refers to the number of employees in parent company only

(*5) "Electricity Generation" refers to the sales amount of electricity generated by company's geothermal power plant in Ibusuki

(*6) Sites where data were collected: Kagoshima HQ · Drug Safety Research Laboratories

(*7) Environmental standard in Kagoshima City : 20mg/L (Daily Average)

(*8) Sites where data were collected: Kagoshima HQ · Drug Safety Research Laboratories

Verification Statement



26 October 2021
Statement No : SGS21/054

Ryoichi Nagata
Representative Chairman, President & CEO
SHIN NIPPON BIOMEDICAL LABORATORIES, LTD.

Objective

SGS Japan Inc. (hereinafter referred to as "SGS") was commissioned by SHIN NIPPON BIOMEDICAL LABORATORIES, LTD. (hereinafter referred to as "the Organization") to conduct independent verification based on Criteria of Verification (ISO14064-3: 2006 and the SGS verification protocol) regarding the data prepared by the Organization on the scope of verification (hereinafter referred to as "the assertion"). The objective of this verification is to confirm that the assertion in the Organization's applicable scope has been correctly calculated and reported in the assertion in conformance with the criteria, and to express our views as a third party.

Scope

The scope of verification is Scope 1 and 2 emissions, energy consumption, amount of water intake and amount of water drainage.

The period subject to report is from 1 April 2020 to 31 March 2021.

Refer to the attached sheet for the detailed scope of verification.

Procedure of Verification

The assertion was verified in accordance with Criteria of Verification, and the following processes were implemented at a limited level of assurance:

- Verification of the calculation system: Interviews on the measurement, tabulation, calculation and reporting methods employed by the Organization as well as review of related documents and records
- Verification of the assertion: On-site verification and review of vouchers conducted at Kagoshima HQ / Drug Safety Research Laboratories and Medipolis Ibusuki, and analytical procedures and interviews for other sites in the scope of verification carried out at the head office

The criteria for this review are based on the GHG Emissions Calculation and Reporting Manual Ver. 4.7 and the protocol specified by the Organization

Conclusion

Within the scope of the verification activities employing the methodologies mentioned above, nothing has come to our attention that caused us to believe that the Organization's assertion was not calculated and reported in conformance with the criteria.

SGS Japan Inc. affirms our independence from the organization, being free from bias and conflicts of interest with the Organization.

For and on behalf of SGS Japan Inc
Senior Executive & Director
Certification and Business Enhancement

Yuji Takeuchi



This document is issued by the Company under its General Conditions of Service accessible at www.sgs.com/terms_and_conditions.htm. Attention is drawn to the limitation of liability, indemnification and jurisdiction issues defined therein. Any holder of this document is advised that information contained hereon reflects the Company's findings as the time of its intervention only and within the limits of Client's instruction, if any. The Company's sole responsibility is to Client and this document does not exonerate parties to transaction from exercising all their rights and obligations under the transaction documents. Any unauthorized alteration, forgery or falsification of the content or appearance of this document is unlawful and offenders may be prosecuted to the fullest extent of the law.

The details of the scope of verification

The scope	The boundary	The assertion
1 The performance data Scope 1 and 2 include energy related greenhouse gas emissions. Energy consumption	Kagoshima HQ / Drug Safety Research Laboratories Pharmacokinetics and Bioanalysis Center Medipolis Ibusuki	Scope1: 3,176t-CO ₂ Scope2: 7,630t-CO ₂
2 amount of water intake and amount of water drainage	Same as above	amount of water intake: 683km ³ amount of water drainage: 683km ³



Data (Society)

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	Memo
< Employee information >					
Number of employees (consolidated, exc. part-timers)	1,385	935	985	986	
Female employees	--	--	--	417	
Ratio	--	--	--	42.3%	
Foreign employees	--	--	--	204	
Ratio	--	--	--	20.7%	
Number of employees (unconsolidated, inc. part-timers)	870	853	911	965	
Female employees	438	430	454	479	
Ratio	50.3%	50.4%	49.8%	49.6%	
Number of employees (unconsolidated)	682	651	720	747	
Female employees	303	285	305	310	
Ratio	44.4%	43.8%	42.4%	41.5%	
Foreign employees	9	9	12	15	
Ratio	1.3%	1.4%	1.7%	2.0%	
Employees with disabilities		27	37	39	(*1)
Ratio	2.3%	2.4%	3.82%	3.76%	
Number of managers	73	63	63	59	(*2)
Female managers	14	12	10	11	
Female managers ratio	19.2%	19.0%	15.9%	18.6%	
Employees of age group (60 and over)	32	33	32	36	
Ratio	4.7%	5.1%	4.4%	4.8%	



Data (Society)

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	Memo
Average age	37.9	38.7	40.3	40.1	
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of which, female	13	10	35	27	
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Number of occupational accidents	16	13	9	13	
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Ratio of employees with metabolic syndrome	11.6%	13.6%	8.0%
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Ratio of independent external directors	20.0%	40.0%	42.9%	44.4%
Female directors ratio	0.0%	0.0%	0.0%	11.1%
Non-Japanese directors ratio	0.0%	0.0%	0.0%	0.0%
Average age of directors	56	58	56	56
	FY3/2018	FY3/2019	FY3/2020	FY3/2021
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