



**SHIN NIPPON BIOMEDICAL
LABORATORIES, LTD.**

Sustainability Report 2022

November, 2022

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CEO Message: “I hope to work with everyone to promote people’s happiness.”

SNBL has declared its mission to free patients from suffering by supporting drug development and improving medical technology, and the touchstone for all of SNBL’s management decisions is our corporate principle of being a company “committed to the environment, life, and people”. Guided by our mission, we have built a unique business model over many years centered on life science related to drug development.

Business environments have been changing rapidly since the outbreak of new coronavirus pandemic prolongs as its mutant variants emerge, while energy prices soar globally and sharp forex fluctuations are seen in the market. In these circumstances, we achieved double-digit increases in both revenue and profits, and set new profit records for the second year in a row. In my 30 years since becoming president in 1991, I have put growth strategies in place based on my own vision of both the horizontal and vertical development of the business. One by one, I sense that the various tactics we have adopted over the years are coming to fruition.

The 2028 Vision headlining this year’s Integrated Report is “promoting people’s happiness in close involvement with stakeholders”. Contributing to create a chain of happiness in the world by means of our business activities which are the source of our economic and social value, is exactly what was adopted by all UN member states in 2015 as the “Sustainable Development Goals (SDGs)”. We take pride in being the industry’s leading company in terms of SDGs/ESG initiatives.

Under our slogan “I am happy, you are happy, everyone is happy,” we will continue to work to enhance corporate value.



**Representative Chairman, President, and CEO
Dr. Ryoichi Nagata**

Role of the Sustainability Report

Our aim through this Sustainability Report is to provide a broad range of stakeholders with a deeper understanding of the social value that we create by introducing our basic policy, framework, and specific initiatives related to sustainability.

The first integrated report issued by the company in October of this year provides an integrated, comprehensive, and concise report on the value creation story for enhancing corporate value by integrating non-financial information, such as SDGs/ESG initiatives and conventional financial information.

This Sustainability Report provides comprehensive and detailed reporting, focusing on non-financial information.

Period covered

April 1, 2021 to March 31, 2022

Some of the most recent information on our activities and initiatives are also included.

Independent assurance

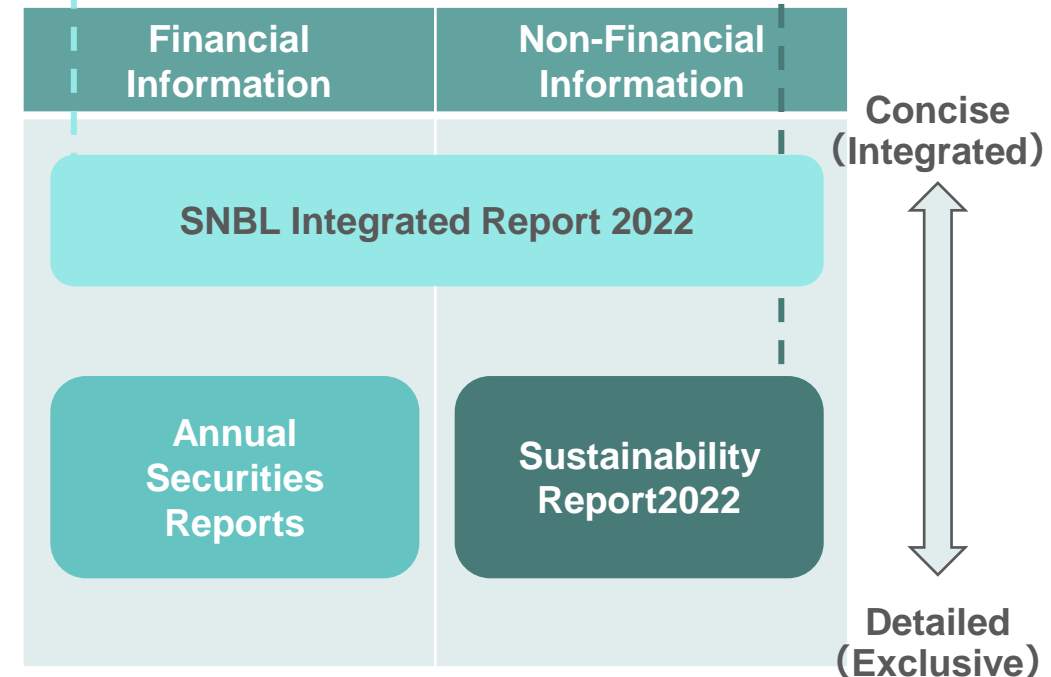
The environmental performance indicators marked with a check mark (☑) in this report are independently assured by SGS Japan Inc.

Integrated Report

- Overall Information
- Concise Information
- Integrated Financial and Non-Financial Information

Sustainability Report

- Comprehensive Non-Financial Information
- Detailed Information



Sustainability Initiative

Sustainability policy

SNBL’s corporate principle is to be a company “committed to the environment, life, and people”. Guided by these principles, we are keenly aware of the importance of efforts to promote sustainable corporate growth and helping to bring about a sustainable society. SNBL’s Sustainability Policy is the cornerstone on which all of our employees work together to pursue sustainability initiatives.

1. Identifying materiality and addressing environmental and social issues through business

Based on the idea of double materiality, which considers the environmental and social impact in addition to the financial impact on the company, we will help to address environmental and social issues through our business with the aim of enhancing sustainable corporate values.

2. Earning trust through two-way dialogue with stakeholders

We will seek to respond to social demands through proactive, fair disclosure and through mutual dialogue with our stakeholders, thereby earning their trust as a company.

3. Instilling a culture of sustainability across the company

We will promote sustainability education for employees, and every employee will put sustainability into practice in their work.

Sustainability framework

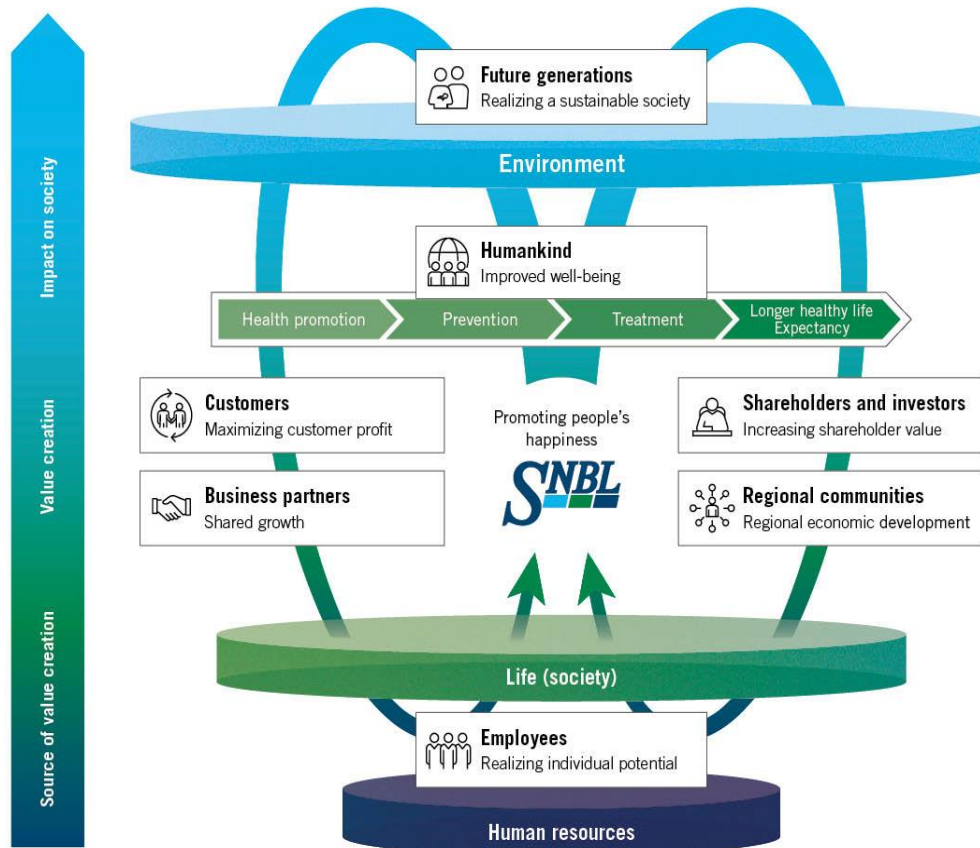
At the Board of Directors meeting held on August 27, 2021, the Company resolved to establish the SDG Committee as a non-statutory advisory body to the Board of Directors with the aim of systematically enhancing SNBL Group-wide sustainability management from a medium-to-long-term perspective. An external director of the company, Keiko Toya, is the chair of this committee, which meets on a monthly basis.

The committee deliberates and formulates responses to critical sustainability-related issues. It reports regularly to the Board of Directors, based on which the board makes decisions. There is a system in place to ensure appropriate oversight of initiatives.



SNBL's Vision: Promoting People's Happiness

The 2028 Vision headlining this year's Integrated Report is to "promoting people's happiness in close involvement with stakeholders." We promote people's happiness in close involvement with our diverse stakeholders and generates economic and social value through our business activities.



<h3>Customers</h3> <p>We contribute to maximize interests as a business partner, working together to find solutions to challenges</p>	<h3>Employees</h3> <p>We develop and offer favorable environments where employees can grow autonomously and proactively in the pursuit of self-realization</p>
<h3>Business Partners</h3> <p>We work and grow together toward sustainable value creation.</p>	<h3>Humankind</h3> <p>We contribute to health and happiness of the people through our business activities.</p>
<h3>Regional Communities</h3> <p>We grow together through business activities which leverage local resources.</p>	<h3>Future Generations</h3> <p>We contribute to realize a sustainable society through society-conscious and eco-friendly business operations</p>
<h3>Shareholders and Investors</h3> <p>We realize an improvement in shareholder returns by increasing our corporate value sustainably</p>	

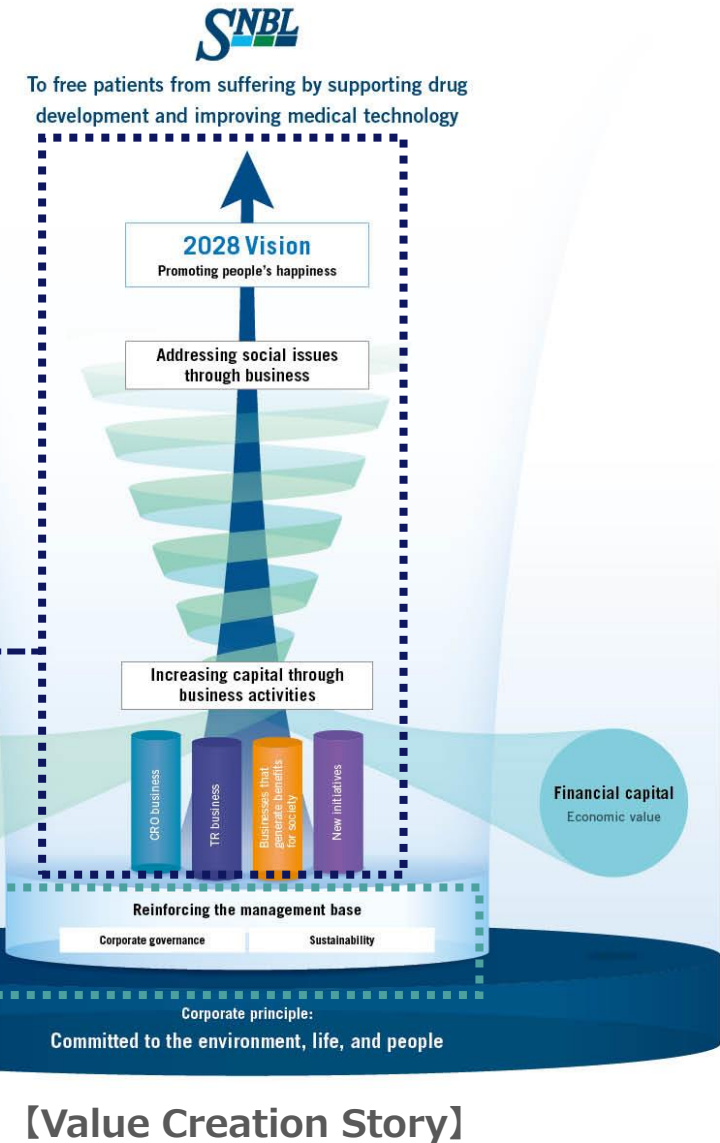
Materiality for Value Creation

Materiality and value creation story

The touchstone for all of SNBL’s management decisions is our corporate principle of being a company “committed to the environment, life, and people”. We are strengthening the management foundation that underlies our creation of value while enabling us to anticipate societal shifts, and harnessing six types of management resources (financial capital and five types of non-financial capitals), as we work to develop new businesses and maximize the value we create in existing businesses. In this way, we will generate a virtuous cycle of increasing capital through our business activities.

SNBL’s mission is to free patients from suffering by supporting drug development and improving medical technology. With this mindset, we formulated the 2028 Vision, which calls for us to be a company that promotes people’s happiness in close involvement with our diverse stakeholders and generates economic and social value through our business activities.

In formulating the 2028 Vision, we identified materiality in two aspects: “addressing social issues through business” and “reinforcing the management base” in order to sustainably enhance our corporate values.



Addressing social issues through business

- ◆ Supporting drug discovery and improving medical technology (improving access to medicines)
- ◆ Providing healthy lives (lifestyles with well-being)
- ◆ Preserving the beauty of the natural environment

Reinforcing the management base


- ◆ Creating an organization where people can find joy in their work
- ◆ Evolving the business through digital transformation and robotic process automation
- ◆ Enhancing stakeholder engagement
- ◆ Building a governance framework for realizing the corporate principles

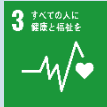

Seven Materialities (Priority Issues)





In line with the 2028 Vision formulated in 2022, we will reexamine our materiality (priority issues) that incorporates environmental, social, and governance (ESG) perspectives. This time, we have identified a total of 7 materialities, 3 for "Addressing social issues through business" and 4 for "Reinforcing the management base".

Addressing these materialities will also contribute to the achievement of the SDGs and the realization of a sustainable society.



Addressing social issues through business


1 Supporting drug discovery and improving medical technology (improving access to medicines) 



2 Offering healthy lives (lifestyles with well-being)  



3 Preserving the beauty of the natural environment    

Reinforcing the management base

4 Creating an organization where people can find joy in their work  

5 Evolving the business through digital transformation and robotic process automation 

6 Enhancing stakeholder engagement  

7 Building a governance framework for realizing the corporate principles  

Process of Identifying Materiality (Priority Issues)

While our previous materiality focused on consideration for the environment and society, we have updated our materiality from the two perspectives of "addressing social issues through business" and "reinforcing the management base."

Materiality was identified according to the process shown below.

STEP 1 Gauging and aggregating social issues and demands

We referred to a range of guidelines in the process (e.g. SDGs, SASB Standards for the services sector, GRI guidelines, and ISO 26000 standards), as well as the indicators of ESG rating agencies and Japanese government guidelines. Using these guidelines, we identified social issues to be addressed through our businesses and social demands to strengthen the management foundation. We then grouped similar items and considered their relevance to the company and finally aggregated them into 30 categories.

STEP 2 Identifying key stakeholders

With the involvement of each business division, we identified key stakeholders of the company and sorted out stakeholder expectations and demands.








STEP 3 Identifying high-priority issues and demands

In light of what the company is aiming to become (2028 Vision), we examined risks and opportunities for the company corresponding to the 30 categories, from the perspective of social issues and social demands. The SDG Committee, an advisory body to the Board of Directors, then extracted high-priority issues and demands as materiality candidates.

STEP 4 Identifying key issues, opportunities, risks, and KPIs

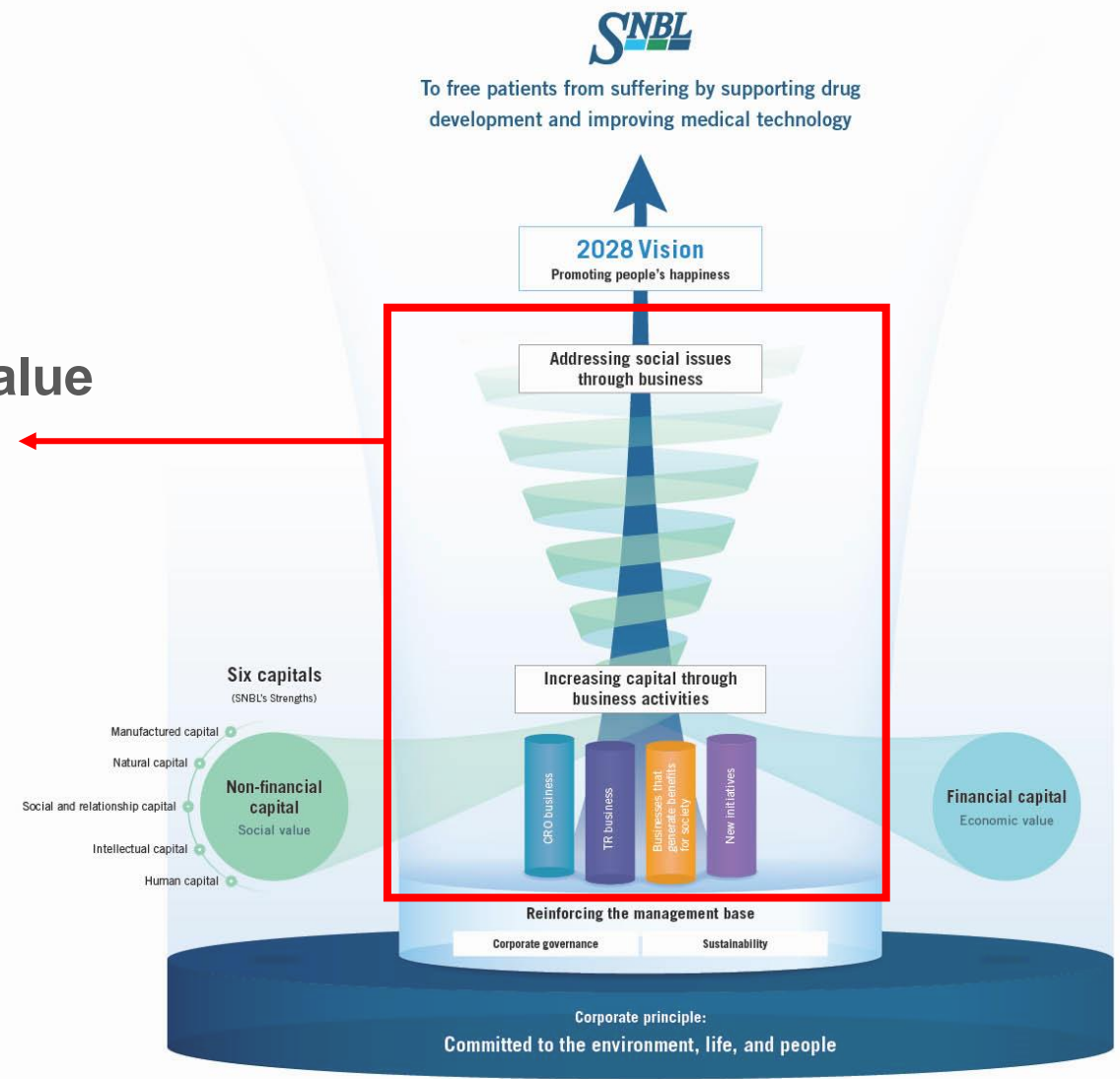
After reviewing the opportunities, risks, targets, and KPIs of the extracted candidates, the Board of Directors identified seven categories as key issues (materiality).

Risks and Opportunities

Materiality	Opportunity	Risk
 Supporting drug discovery and improving medical technology (improving access to medicines)	<ul style="list-style-type: none"> Increasing demands for nonclinical studies, backed by further accelerated R&D activities related to new modalities Accelerating outsourcing trends in pharmaceutical industry 	<ul style="list-style-type: none"> Fallen credibility due to a lack of capability to meet clients' needs Deteriorated competitiveness as the company fails to keep up with changes in next generation nonclinical trial technologies
 Offering healthy live (lifestyles with well-being)	<ul style="list-style-type: none"> Increasing demands related to presymptomatic diseases as healthy life years gets extended while social welfare spending augments in the super-aging society Expanded penetration of new market, by making a full use of Real World Data (RWD) 	<ul style="list-style-type: none"> Mismatch between wellness programs offered by the company and actual needs of customers Failed market penetration due to a delay in development and preparation of RWD usage system and also in responding to changes in regulations
 Preserving the beauty of the natural environment	<ul style="list-style-type: none"> Expanding business opportunities for geothermal power generation (renewable energy) which will contribute to realize carbon-neutrality Improving business framework to adapt to extreme weather 	<ul style="list-style-type: none"> Occurrences of damages on business as climate disasters become exacerbated Increased costs to meet stricter requirements of environmental regulations
 Creating an organization where people can find joy in their work	<ul style="list-style-type: none"> Better talent acquisition Enhanced productivity and motivation of employees through improvements of working environments with greater job satisfaction 	<ul style="list-style-type: none"> Increased costs for talent acquisition as competitions become fiercer Loss of outstanding talent and decline in productivity and motivation of employees as the company fails to improve working environments
 Evolving the business through Digital transformation and robotic process automation	<ul style="list-style-type: none"> Improved operational productivity and communication with clients Increased motivation of employees as they become free from repetitive and menial tasks 	<ul style="list-style-type: none"> Deteriorated competitiveness due to delay or failure in implementation of digital transformation Increased costs to address niche demands
 Enhancing stakeholder engagement	<ul style="list-style-type: none"> Enhanced trust between the company and stakeholders and more chances for new lines of business Greater resilience against disasters and such, as sustainable procurement system is built 	<ul style="list-style-type: none"> Augmented monitoring costs as areas of business and supply chains expand Fallen credibility and delay in business plans due to company's failure to adapt to changing business environments
 Building a governance framework for realizing the corporate principles	<ul style="list-style-type: none"> More stable foundation of business backed by creation of solid corporate governance system Improved external recognition especially from ESG perspectives 	<ul style="list-style-type: none"> Occurrences of unexpected losses and business continuity at risk, due to weak internal controls Diminished credibility due to compliance violations

Addressing Social Issues Through Business

This section reports on the social value created by SNBL business



1. Supporting drug discovery and improving medical technology (improving access to medicines)

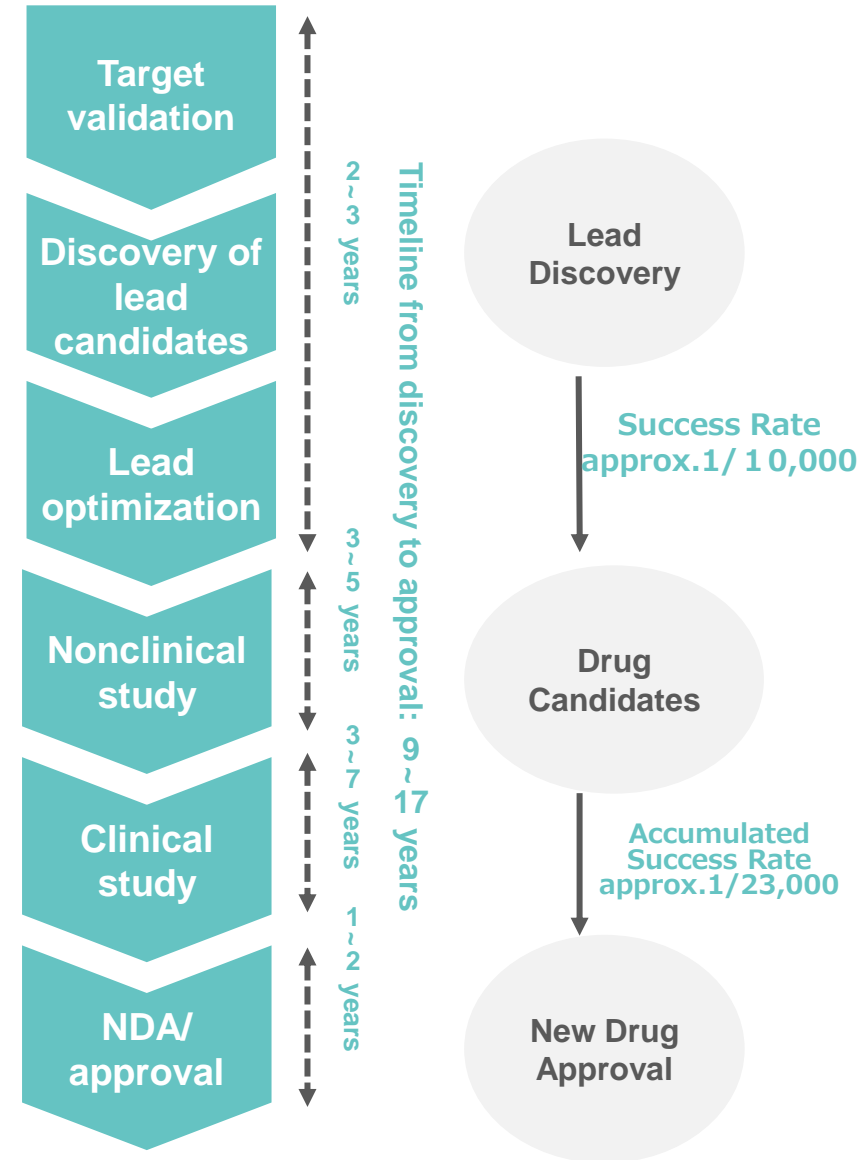
- CRO business-

Improving people's lives

SNBL's main business involves carrying out both nonclinical and clinical studies under contract from pharmaceutical companies and pursuing drug development. SNBL is Japan's first contract research organization (CRO), which is a company that undertakes studies on behalf of pharmaceutical companies.

According to the Japan Pharmaceutical Manufacturers Association, drug development takes more than 15 years and costs tens to hundreds of billions of yen. At present, the probability of success of a new drug is about 1 in 23,000.

In the pharmaceutical industry, companies have been increasingly turning to contract research organizations (CROs) that specialize in outsourcing, with the aim of accelerating research and development in Japan and abroad, while improving cost efficiency and simplifying their correspondence with regulatory authorities. We are helping to give patients access to more effective drugs as quickly as possible by generating time value in the nonclinical study process.



1. Supporting drug discovery and improving medical technology (improving access to medicines)

- Initiatives to become the best CRO by far / Ina Research joins SNBL Group -

Initiatives to become the best CRO by far

Our researchers are offered to participate in the following projects as SNBL believes they will directly contribute to increase its competitive power in the mid and long term.

English tuition

Three types of English programs are provided according to the levels and needs of employees

English Enhancement Program	Improve overall English skills.
Business English	Improve Business English skills
English Study Support	Free discussion and information session on how to study English

Technology R&D projects

SNBL has always promoted technological development required by clients, aiming to offer tailored services which meet changing needs in the market with the spirit of Japanese hospitality.

Project members are selected though internal job posting system and they are encouraged to pursue their studies and researches toward doing external presentation in academic conferences and/or winning new contracts.

Ina Research joined SNBL Group

Ina Research, a nonclinical CRO in Ina, Nagano Pref., became a consolidated subsidiary of SNBL on July 20, 2022. With its HQ in Ina surrounded by the Southern and Central Japanese Alps with abundant nature, the company has strived to deliver quality and reliability to its clients while continuing to enhance its skills and knowledge since its foundation in 1974. Ina Research is the first Japanese CRO which received a full accreditation from AAALAC International in 2005.



Increased number of contract researches



Ina Research became one of SNBL Group members

As research capacity as a whole group increased, the Company plans to attract more large-scale orders from overseas clients.

Advancement of evaluation technologies



Ina Research became one of SNBL Group members

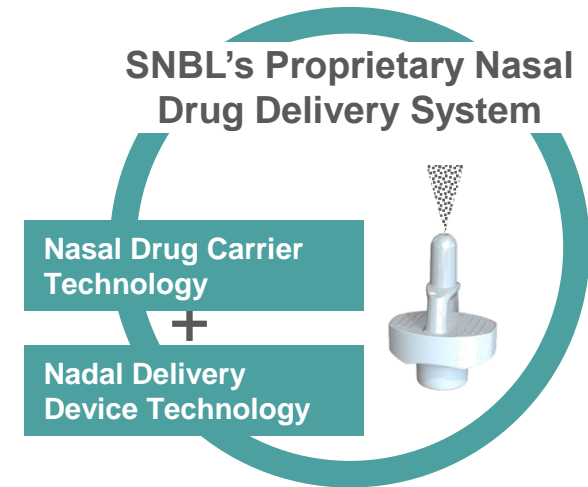
Advancement in evaluation technologies for new drug modalities is promoted as know-how on development strategies, lab techniques and evaluation methods are shared.

1. Supporting drug discovery and improving medical technology (improving access to medicines)

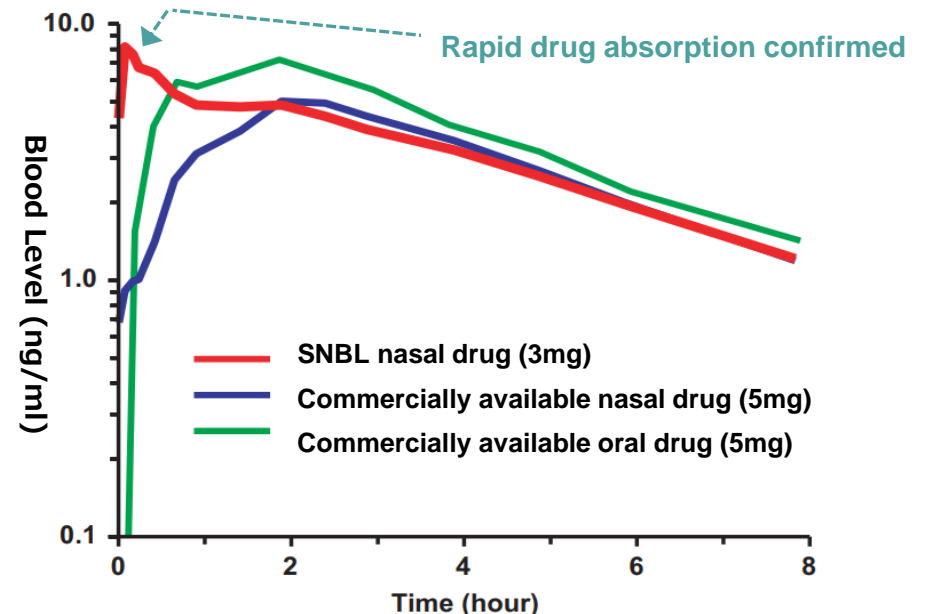
- TR business -

Initiative to address social issues

Launched in 1997, the TR business has conducted drug development based on the company's proprietary nasal drug delivery technology refined through ongoing R&D. Advantages of adopting the nasal drug delivery platform technology include less invasiveness compared to the cases of injections, while similarly rapid effectivity is expected. The company's technology also enables the formulation become cold-chain free, as it can be stored at room temperature. As a result, it can be used without refrigeration in developing nations and other countries and regions that do not have strong medical infrastructure and having the potential to deliver medical care to people around the world who previously had no access to it.



Results of P1 clinical trial for intranasal migraine drug (zolmitriptan) based on SNBL's proprietary intranasal drug delivery platform technology



Immediate effectivity



Characteristics of SNBL technologies
Immediate effectivity based on instant absorption and delivery from NMM, resulting in a quick relief of bothersome symptoms. Suitable for rescue drugs.

Easy administration



Characteristics of SNBL technologies
Easier administration and less pain, compared to the cases of injections. Self-administration is possible without visiting a clinic.

Cold-chain free



Characteristics of SNBL technologies
Formulations can be stored at room temperature therefore possible to be used in developing countries and regions with poor infrastructure. Being cold-chain free will also help to reduce overall energy costs for logistics

Reduced medical accidents



Characteristics of SNBL technologies
As no needle stick is required for administration, they can help to reduce industrial wastes and needle stick accidents. It is also possible to lessen infection risk caused by contaminated needles.

1. Supporting drug discovery and improving medical technology (improving access to medicines) - Gemseki business -

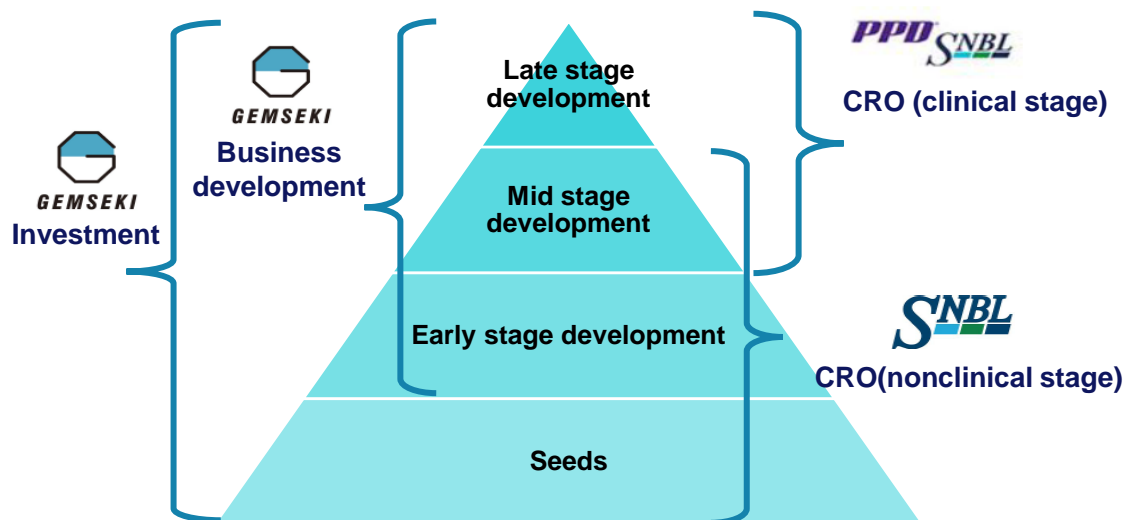
Initiative to address social issues

Gemseki Inc., a subsidiary of SNBL, is moving forward with its investment business through a fund in which SNBL is a general partner. Gemseki is also globally expanding its licensing business related to drug discovery seeds and technologies. It operates a platform called “Yakuichi Rakuza”. The platform enables efficient matching between companies exploring out-licensing of drug discovery seeds and technologies and companies interested in in-licensing such IPs.

Gemseki assists drug discovery activities overall, striving to offer all-around support services for customers in Japan and overseas to grow and succeed in the field of life science.

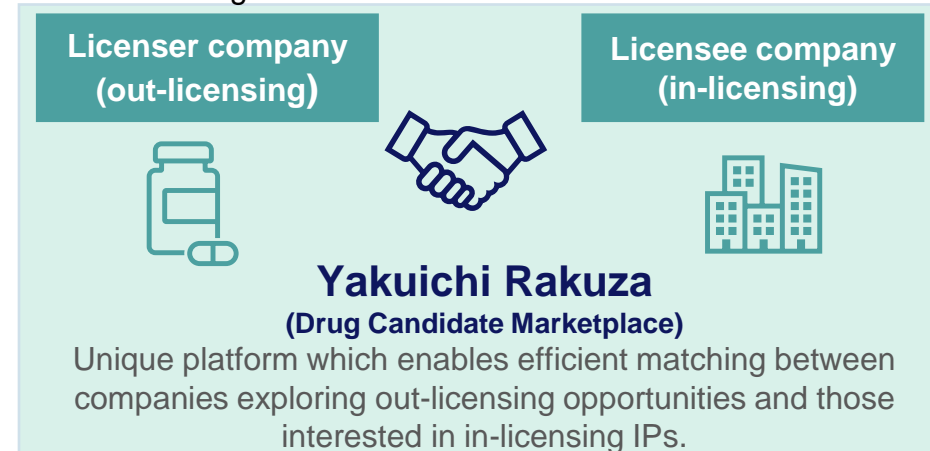
Characteristics of Gemseki Fund

Gemseki offers investment and incubation opportunities in addition to business development platform, which makes the company a credible development partner committed to the growth and success of its customers in Japan and overseas, in the field of life sciences.



Matching service via “Yakuichi rakuza”

Gemseki operates an unique platform called “Yakuichi Rakuza” for drug discovery seeds and technologies, with more than 350 assets registered.



Development partner for clients

Initiatives by Gemseki business
Gemseki offers a total support for clients’ growth and success, leveraging SNBL brand and its track records as CVC which successfully led 2 bioventures to NASDAQ listing.

Matching drug discovery seeds/ technologies and market needs

Initiatives by Gemseki business
Gemseki offers its original and efficient matching platform “Yakuichi Rakuza” for potential out-licensees and in-licensees.

2. Providing healthy lives (lifestyles with well-being) - Hospitality business -

Initiative to address social issues

We engage in three hotel businesses under the overriding concept of achieving people's well-being: Amafuru Oka healing resort hotel, Ibusuki Bay Hills Hotel & Spa medium- and long-term stay facility, and Hotel Freesia, a lodging facility for patients of the Medipolis Proton Therapy and Research Center.

Well-being means the state of being well and in good condition from the mental, physical, and social perspectives. The concept of well-being has gained recognition among governments and business entities as a matter of importance, and it is also mentioned in the *Basic Policy on Economic and Fiscal Management and Reform 2021*, "We will strive to realize well-being for individuals and society as a whole while valuing human ties among people."

Meanwhile, Japan was ranked 54th among 146 countries and in last place among the G7 countries in 2022 in the World Happiness Report, which is published on the UN International Day of Happiness on the March 20th every year.

Well-being: Food

At restaurants, seasonal dishes prepared using fresh and local ingredients and products from Kagoshima area are offered, which is highly valued by our guests.



Well-being: Healing

The beautiful nature of Medipolis Ibusuki offers a "Healing" time every guest can enjoy; infinity pool with a panoramic view of Ibusuki City, and various outdoor activities including star gazing and yoga classes.



Well-being: Local Community

Guests can enjoy rich tourism resources and various sightseeing options planned in cooperation with local entities in Ibusuki City. In December 2022, a Christmas market with a variety of stalls by local businesses will also take place.



2. Providing healthy lives (lifestyles with well-being) - New initiatives to improve the health of humankind -

Initiative to address social issues

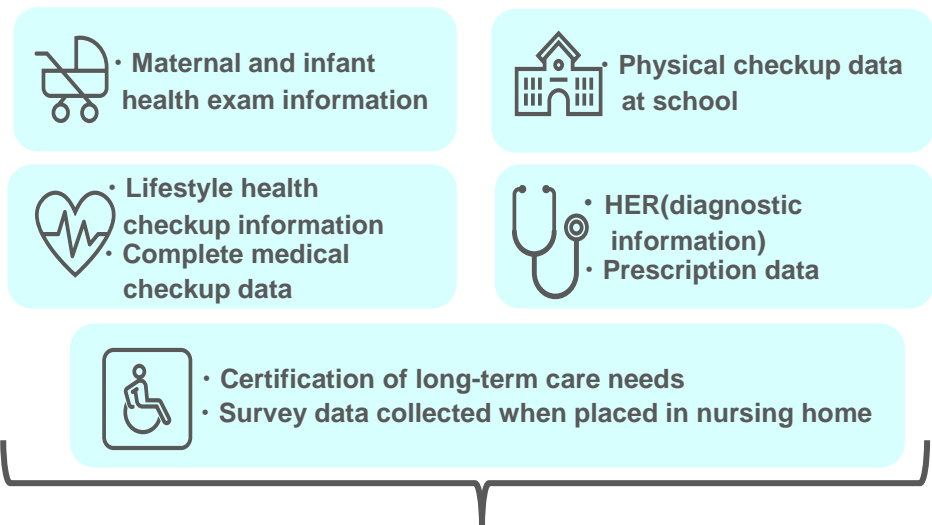
Clinical Study Support (CSS), Inc., a subsidiary of SNBL, has collected a wealth of research data as a pioneer in the use of real-world data in the medical and health spheres.

CSS will continue to provide ethically and scientifically reliable real-world evidence, collecting and analyzing high-quality data by effectively utilizing the network SNBL has built with pharmaceutical companies, medical institutions, and academic institutions over many years, while also actively promoting the commercialization of such data.

Technological advancement has created a vast trove of real-world data in the medical and health spheres. The greater use of this real-world data holds the promise of improving the health of numerous people and assisting in the creation of a sustainable social welfare system by means of a more efficient clinical development process for new drugs, control of burgeoning medical costs driven by an aging society, and improvements in the quality of health management and prevention services.

Leveraging RWD: examples

- ❑ **RWD(Real-World Data):** day-to-day data obtained in the healthcare and wellness fields
- ❑ **RWE(Real-World Evidence):** evidences obtained through RWD analyses



Health data discretely accumulated to date are integrated and leveraged.

Partnership with Evidera

Embracing a partnership to leverage RWD
CSS collaborates with Evidera which has a proven track record of real-world research globally.

Launched a joint research course at Juntendo University

Initiatives for leveraging RWD
SNLB launched a joint research course at Juntendo Univ. in 2020 to promote RWD related researches

3. Preserving the beauty of the natural environment - Power generation business -

Initiative to address social issues

In order to achieve carbon neutrality, SNBL operates a binary geothermal power plant (i) and a hot spring power plant using the abundant geothermal resources of Ibusuki City, Kagoshima Prefecture. The hot spring power generation utilizes surplus steam from the hot springs used at our hotel.

In April 2022, the Intergovernmental Panel on Climate Change (IPCC) released its Sixth Assessment Report. It concluded that global greenhouse gas emissions must be reduced by 43% from 2019 levels by 2030 and 84% by 2050 in order to limit temperature increase to 1.5 degrees Celsius by the end of this century.

We contribute to solving climate change issues through our power generation business.

(i) Binary power generation is an environmentally friendly method of power generation in which high-temperature steam energy is exchanged for heat to boil a working medium with a low boiling point (such as a mixture of water and ammonia) to efficiently run a turbine. The steam from the utilized underground is turned into hot water, which is all returned to the ground.






Movements to accelerate geothermal development

Japan boasts the world's third largest geothermal resources after the USA and Indonesia. However, approximately 80% of the country's promising geothermal resources are located in natural parks, and there are issues such as constraints on suitable development sites and grid connections, coordination with local communities and compliance with various regulations for development. In terms of power generation capacity, the country ranks 10th in the world and is not making the most of its abundant resources.

The Japanese Government is accelerating geothermal development and has set a goal of doubling the number of geothermal power generation facilities by 2030.

Country	Geothermal resources	Geothermal power generation capacity
United States of America	30 million kW (1st in the world)	3.7 million kW (1st in the world)
Indonesia	27.79 million kW (2nd in the world)	2.29 million kW (2nd in the world)
Japan	23.47 million kW (3rd in the world)	550,000 kW (10th in the world)

Source: JOGMEC

<p>Geothermal power generation 10,751MWh</p>  <p>April 2021 to March 2022 ※Equivalent to 2,600 households in terms of annual household electricity consumption.</p>	<p>Hot spring power generation Approx.4,000MWh</p>  <p>Assumed power generation *Equivalent to 1,000 households in terms of annual household electricity consumption.</p>	<p>Low environmental impact</p>  <p>It emits almost no carbon dioxide or other harmful substances. In the binary system, almost all of the hot water that gushes out of the ground and is used to generate electricity is returned to the ground.</p>	<p>Pure domestic energy</p>  <p>As the energy is based on local resources, it is not affected by price fluctuations due to global conditions, as it is not dependent on imports from abroad.</p>	<p>Stable power generation</p>  <p>Unlike renewable energy sources such as solar and wind power, it can generate electricity stably in all weather conditions, day and night.</p>
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3. Preserving the beauty of the natural environment - Carbon neutrality by FY2030 -

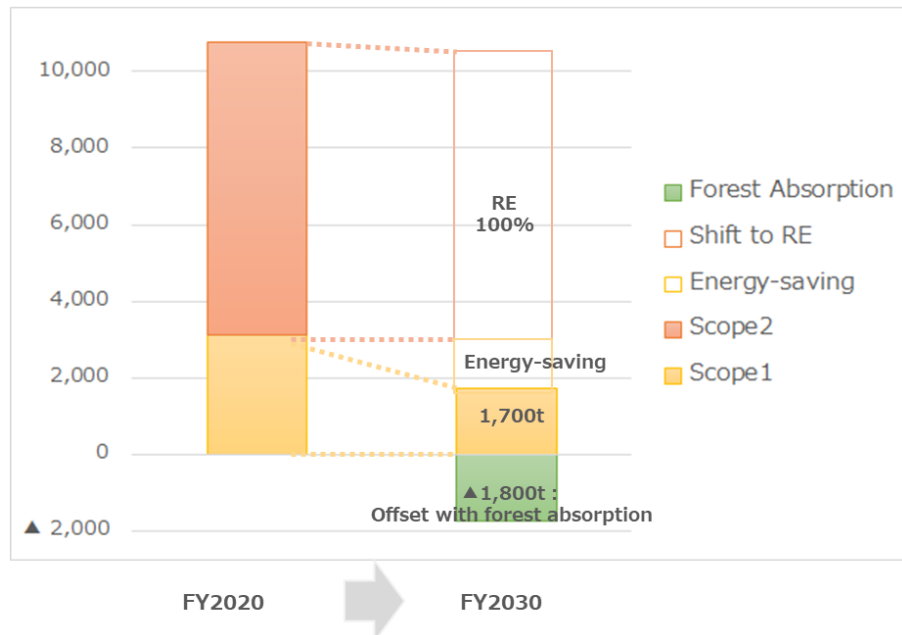
Key principle

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.

In October 2021, we announced a carbon neutral target of achieving net zero Scope 1 and 2 emissions in accordance with the Paris Agreement targets and within our business activities in Japan by FY2030.

Since announcing our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in October 2020, we have continuously monitored risks and opportunities related to climate change and are working to expand disclosure in line with TCFD recommendations.

Achieving carbon neutrality by FY2030



Approaches for reducing greenhouse gases

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.

CO₂ Emissions (Scope 1+2)
11,561t-CO₂

In FY2021

CO₂ Emission (Scope 3)

Category5	115 t-CO ₂
Category6	131 t-CO ₂

In FY2021

Category 5: Waste generated in operations;
Category 6: Business travel

3. Preserving the beauty of the natural environment - Avoiding GHG emissions -

1. Avoid

The process for integrating climate-related risks into management decision

We recognize climate change as a priority issue to address and reflect the climate-related risks and opportunities in our overall management decisions.

The Board of Directors is responsible for the decision-making function regarding the most important management issues, including risks and opportunities related to climate change. The Board of Directors supervises business execution and risk management by receiving regular reports from the SDGs Committee, which the company established as an advisory body to the Board of Directors and chaired by an independent outside director. The SDGs Committee is responsible for deliberating and formulating basic policies and important issues related to climate change.

Prior to the deliberation at the SDGs Committee, the Environmental Committee, which is responsible for company-wide environmental management, assesses climate-related risks and formulates countermeasures for each business division of the company.

Identifying and assessing climate-related risks and opportunities on business

We conduct a scenario analysis based on 2°C and 4°C climate-change scenarios for domestic businesses on an annual basis, in principle. This analysis is conducted under the leadership of the Environment Committee in cooperation with each business division in line with the framework of TCFD recommendations.

Through the scenario analysis, we formulate relevant strategies related to climate change for each business and assess the impact of climate-related risks and opportunities on company's financials in order to reduce the possible negative effects of GHG emissions on our business activities.

We will continue to address the climate change risks and opportunities based on the results of the analysis and to engage in the further enhancement of disclosures.



The estimated impacts on its business activities and performances caused by climate-related opportunities and risks are disclosed on a dedicated page titled “TCFD’s Recommended Disclosures” of the company’s website : <https://www.snbl.co.jp/esg/tcf/>

3. Preserving the beauty of the natural environment - Reducing GHG emissions -

2. Reduce

Energy saving and energy efficiency

We have implemented various measures to decrease the overall energy consumption, including promoting the “Cool/Warm-biz” campaign and improving the company’s work-from-home environment. We have also achieved 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.

Energy savings promotion committee

In April 2022, the company established the Energy Savings Promotion Committee with the aim of preserving the global environment and reducing energy bills.

We are striving to reduce energy consumption by reviewing facility lighting, air conditioning, and boiler equipment, switching to new equipment with high energy-saving performance, and cleaning the inside of air conditioners.

The committee solicits energy-saving ideas from employees, and the entire company works together to foster awareness of energy conservation.

**Electricity
Consumption**
18,591MWh



April 2021 to March 2022

**Bunker A
Consumption**
1,014kL



April 2021 to March 2022

**LPG / City Gas
Consumption**
17,575m³ / 4,005m³



April 2021 to March 2022

**Kerosene
Consumption**
70kL



April 2021 to March 2022

**Petrol / Diesel
Consumption**
24kL / 17kL



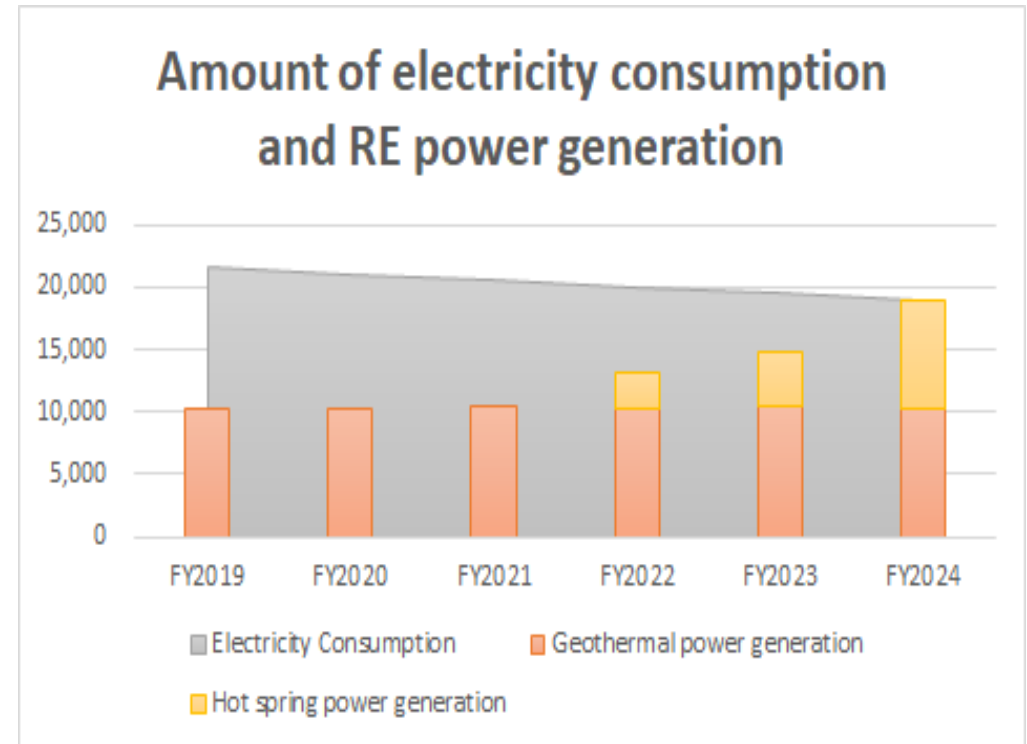
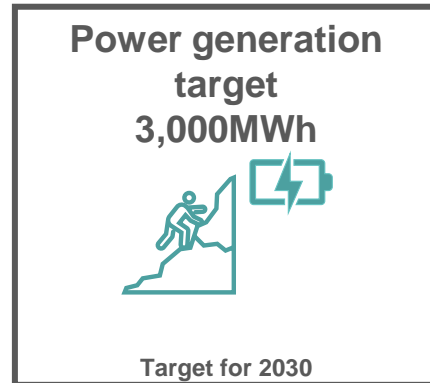
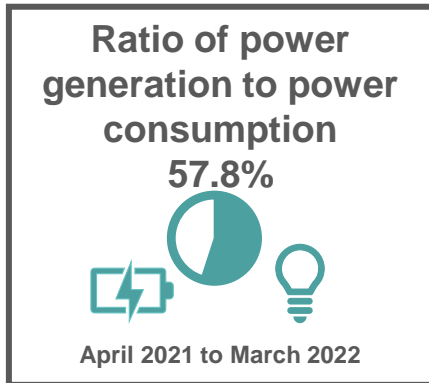
April 2021 to March 2022

3. Preserving the beauty of the natural environment - Substituting GHG emissions -

3. Substitute

Utilization of geothermal sources

We acquired a vast site on a hilltop (called Medipolis Ibusuki) with abundant nature of approximately 3.4 million square meters in Ibusuki City, Kagoshima Prefecture in 2004. As represented by Ibusuki hot springs, Ibusuki City has abundant geothermal sources. We have operated a 1,500 kW binary geothermal power plant since 2015 and completed construction of a 625kW class hot spring power plant in June,2022



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

3. Preserving the beauty of the natural environment - Compensating GHG emissions: Forest absorption -

4. Compensate (1)

Sustainable forest management

We acquired a vast site on a hilltop called “Medipolis Ibusuki” in Ibusuki City, Kagoshima Prefecture, in 2004, of which forests occupy 90% (300ha) of the whole site.

In forest management, we have formed a partnership with the local Ibusuki Forestry Association which is responsible for daily forest management such as thinning, and we provide them with timbers from our forests free of charge. Those timbers are used for various purposes, such as building materials for local elementary schools and contributing to the development of local forestry.

Through these sustainable management, the annual amount of CO₂ absorbed by our forests is estimated to reach approximately 1,800 tons, contributing to the mitigation of climate change issues.



Forest area of Medipolis Ibusuki

Natural Capital of Medipolis Ibusuki

Japanese cedar	Approximately 157,100 trees
Sawtooth oak	Approximately 3,000 trees
Japanese cypress	Approximately 1,500 trees
Cherry blossom	Approximately 500 trees
Maple	Approximately 300 trees
Ginkgo	Approximately 300 trees
Japanese plum	Approximately 300 trees
Azaleas	Approximately 10,000 trees
Hydrangea	Approximately 4,500 trees
Coconut palm	Approximately 40 trees
Cockspur coral tree	Approximately 40 trees
Camellia	Approximately 100 trees
Sasanqua camellia	Approximately 150 trees
Miscellaneous trees	Approximately 53,300 trees

Forest area of
Medipolis Ibusuki
300ha



Annual CO₂
reduction by forest
absorption
1,800t of CO₂



※Calculated as absorption capacity of 2t-C/ha for conifers and 1t-C/ha for broadleaf trees

Number of trees
planted
10,000 trees



April 2021 to March 2022

3. Preserving the beauty of the natural environment - Compensating GHG emissions: CCS -

4. Compensate (2)

Reduction of atmospheric CO₂ using CCS technologies

We have been conducting a joint study with academia to verify the feasibility of storing CCS(i) at the site of Medipolis Ibusuki. The purpose of the joint study is to demonstrate the effect of CCS by mineral carbonation in geothermal areas.

In this joint study, we are verifying CCS by mineral carbonation based on the natural carbon cycle system. Captured CO₂ is mineralized and immobilized by chemical reaction, as it is injected into a basaltic layer which is commonly present in geothermal areas. The basalt rock is known to contain a lot of metals needed for such chemical reaction. With this approach, CO₂ can be stably stored in the ground without the impermeable rock layer, so it is expected that the social burden of long-term management responsibility will be significantly reduced.

(i) CCS: Carbon dioxide capture and storage (CCS) is a technology for capturing and storing CO₂. CCS involves capturing CO₂ at emission sources, transporting and then storing it in deep geological formations stably. It is considered as a key and necessary technology to actively reduce industry-driven greenhouse gas emissions.

Assumed scope of CCS demonstration and verification

STEP 1

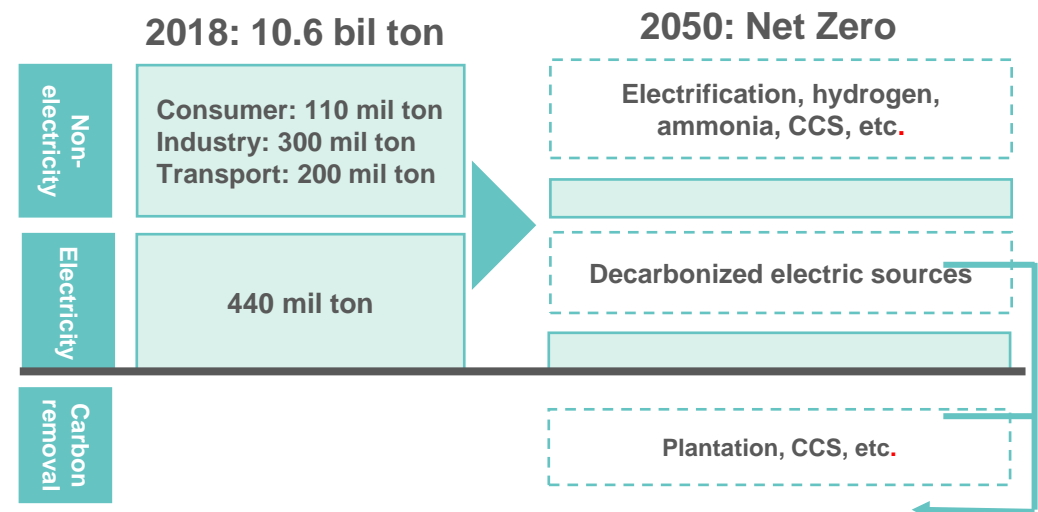
CO₂ chemical reaction test using minerals collected at Medipolis Ibusuki

STEP 2

Simulation under the same conditions as Medipolis Ibusuki Study (potential evaluation)

Government Roadmap for Carbon Neutrality

CCS is stipulated as an essential business in realizing the national goal of achieving carbon neutrality by 2050.



3. Preserving the beauty of the natural environment - Research into glass eel production -

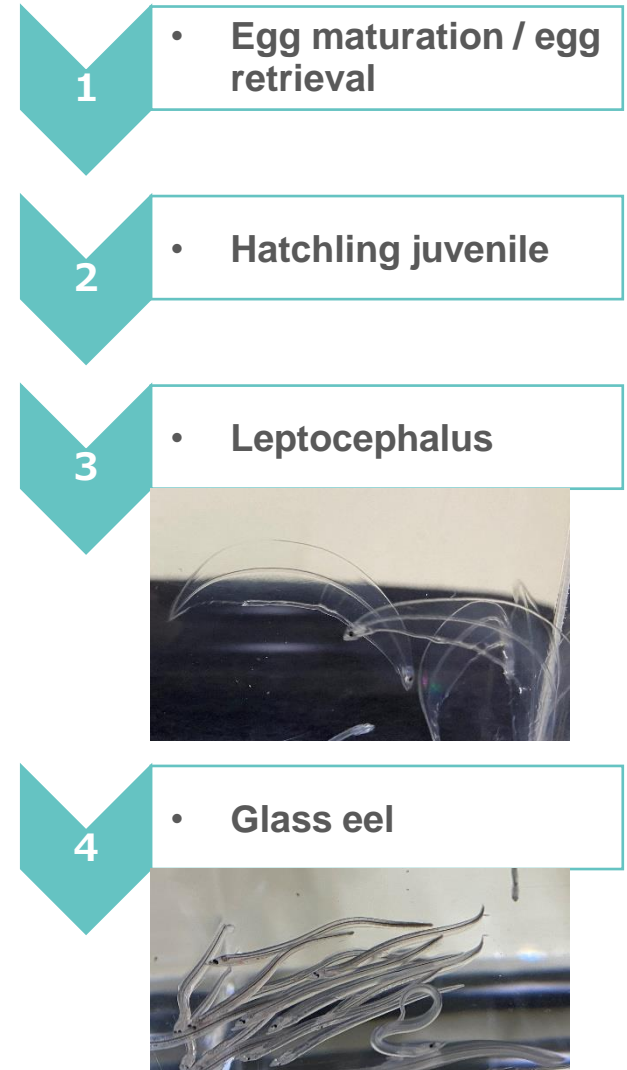
Initiative to address social issues

SNBL is conducting research and development on the production of seedlings of Japanese eels(i) for the conservation of natural resources and Japanese food culture.

The ability to produce glass eels on a large scale will enable commercialization of wholly farm-bred Japanese eels. This would bring stability to market prices and prevent overfishing of natural resources, while contributing to the preservation of both Japanese culinary culture and natural resources.

(i) Seedlings are juvenile fish used in aquaculture. In eel farming, glass eels are used as seed fish. At present, eel farming uses only wild glass eels that are caught in estuaries as seed fish. Artificially bred seedling eels are not used. Responding to concerns about the depletion of the Japanese eel population, SNBL is aiming to establish technology for the artificial mass production of glass eels as alternative seedlings for use in eel farming.

Production process of glass eels



Survival rate

- 20%–30% a month after hatching
- 5%–8% after three months

April 2021 to March 2022

Preserving traditional Japanese culinary culture

Eel farming is 100% dependent on natural juvenile eels. The problem is that the glass eel prices rise sharply in years when the catch of juveniles is poor.

Supporting local industries

Kagoshima Prefecture is the largest producer of eels in Japan, and about 40% of domestic eels come from Kagoshima.

3. Preserving the beauty of the natural environment - Resources conservation -

Water resources conservation

Taking our corporate philosophy of “we are a company committed to the environment, life, and people” as a starting point, SNBL strongly recognizes that the conservation of the water resources is important for the sustainable growth of companies.

We are strongly aware that water resources are essential for business continuity, and we are working to reduce water consumption through efficient use and reuse of water, and to treat wastewater appropriately.

We will raise awareness of water sustainability within the company and work to improve the efficiency of water resource usage and reduce water consumption through regular monitoring of water usage.



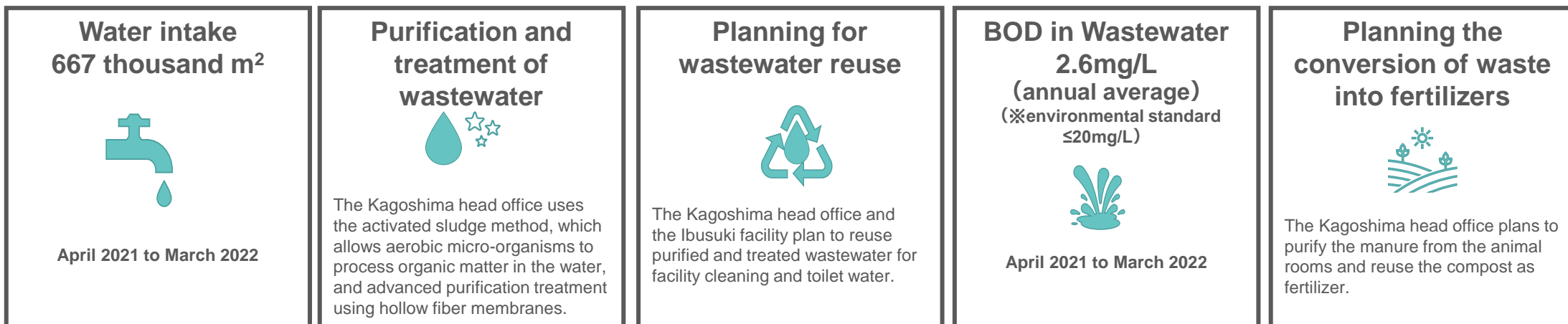
Participation in eco-projects

In December 2021, we participated in the “Activity for collecting disposable contact lens case” sponsored by Eyecity.

Money obtained from recycling is donated to the Japan Eye Bank Association, and is used for people who wish to regain their eyesight.

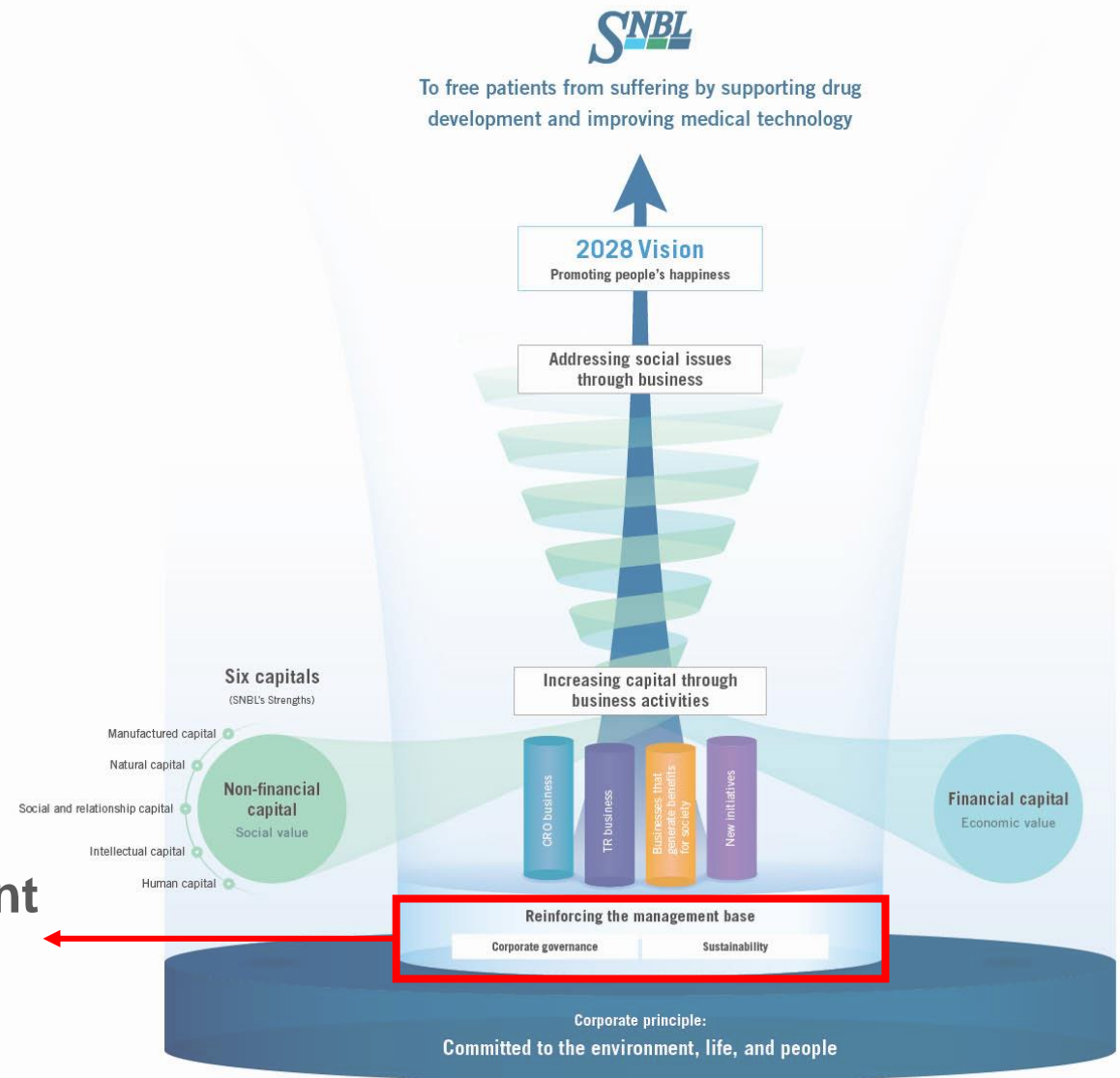
Initiative to conserve water resources

At the Kagoshima head office, we carry out two purification processes, microbial treatment and membrane treatment, and the wastewater from this facility is purified to the level of gray water.



Reinforcing the Management Base

This section reports on the management foundation underlying value creation



1. Creating an organization where people can find joy in their work

- Diversity & Inclusion: Human rights / Prevention of discrimination and harassment-

Key principle

At SNBL, we respect the individuality of all our employees. We recognize, respect, and embrace diversity, whether that be race, religion, disability, gender, age, etc. By nurturing a more accepting, diverse organization, we take advantage of our unique strengths and foster a more creative and productive workplace. We strive to create an environment where everyone can shine vibrantly by 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.

Initiative to respect human rights

Our policy on Respect for Human Rights supports the Guiding Principles on Business and Human Rights and encourages business activities that respect the human rights of all stakeholders, including officers, employees, business partners and local communities among many others, based on its original code of ethics pursuant to the International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and other international guidelines, related Japanese laws and our corporate philosophy, namely "We are a company that is committed to the environment, life, and people."

Initiative to prevent discrimination and harassment in the workplace

Based on our policy on prevention of discrimination and harassment, we operate our business with respect for the human rights of all stakeholders such as officers, employees, business partners, and local communities.

We have established multiple points of contact within the company for reporting and consultation, including anonymous reporting, which receive reports concerning fraud, harassment, labor and health issues, and personnel evaluations. We have also established a hotline for internal reporting through an outside corporate law firm. When a report is received, the Internal Audit Division acts as the office in setting up an Internal Reporting Committee, chaired by the officer in charge of the Personnel Division, to properly look into the situation and take appropriate actions to prevent and detect fraud early and to take corrective measures when deemed necessary

1. Creating an organization where people can find joy in their work

- Diversity & inclusion: Active participation of diverse personnel -

Active participation of diverse personnel

We have established a policy on HR management to ensure diversity. The CEO himself has emphasized its importance. We also incorporate diversity initiatives and outcomes into directors' evaluations.

SNBL's diversity and inclusion efforts include employing and empowering people with disabilities. In 2011, we established subsidiary Fureai-Sasaeai Co., Ltd., the first organization in Kagoshima Prefecture to promote the employment of people with disabilities.



Fureai-Sasaeai Co., Ltd.
Before the spread of corona infection, Fureai-Sasaeai sold handmade bread at our convenience store.

Flexible working styles

To ensure that employees can continue to work, we have implemented systems for working remotely, flexible hours, staggered working hours, and hourly paid leave. As a result, the return-to-work rate and retention rate of employees after childcare leave is 100%. We are actively working to encourage male employees to take childcare leave by informing those eligible for childcare leave and their superiors about the system.

We also have various systems in place to enable employees to pursue diverse careers. More than 20 employees have taken advantage of the in-house scholarship system.

Maternity Leave Usage and Return to Work

Rate: **100%**



Calculated as number of female employees who took childcare leave between Apr 2013 and Mar 2021 ÷ number of employees who gave birth x 100

Paternity Leave Usage Rate: 100%



As of March 31, 2022

Percentage of Employees with Disabilities: **3.8%**



As of March 31, 2022

Foreign Employee Ratio: **19.7%**



As of March 31, 2022
(*unconsolidated basis)

Systems to Support Flexible Work Styles:

- Systems for working remotely,
- Flexible hours,
- Staggered working hours,
- Hourly paid leave
- Daycare center attached to the office
- Childcare subsidy system

Systems to Support Diverse Careers:

- Allowing employees to choose multiple career tracks,
- Request job changes,
- Designate desired working locations,
- Seek re-employment after mandatory retirement,
- Acquire certifications, and apply for in-house scholarships to obtain an academic degree.

1. Creating an organization where people can find joy in their work - Diversity & Inclusion: Women's empowerment -

Women's empowerment

We have recognized women's empowerment as the most important focus of our diversity and inclusion efforts, and have set targets for the fiscal year ending March 2024 and are putting in place various measures to achieve them.

1. Raising the percentage of women in managerial positions to 20% or more
2. Female childcare leave-taking rate: 100%; male childcare leave-taking rate: 100%

Specifically, from the time we hire new employees, we are actively communicating examples of active and successful careers. We are also diversifying our hiring approach and processes, identifying managerial candidates within the company from an early stage and strategically creating a pool of talent as candidates for promotion. Meanwhile, we are developing systems and a workplace environment to allow women to more readily take on the challenge of career advancement, such as by setting up a childcare center next to our office. As a result, the percentage of women who leave the company because of marriage or childbirth improved from 38.5% in the fiscal year ended March 2008 to 1.5% in the fiscal year ended March 2021.



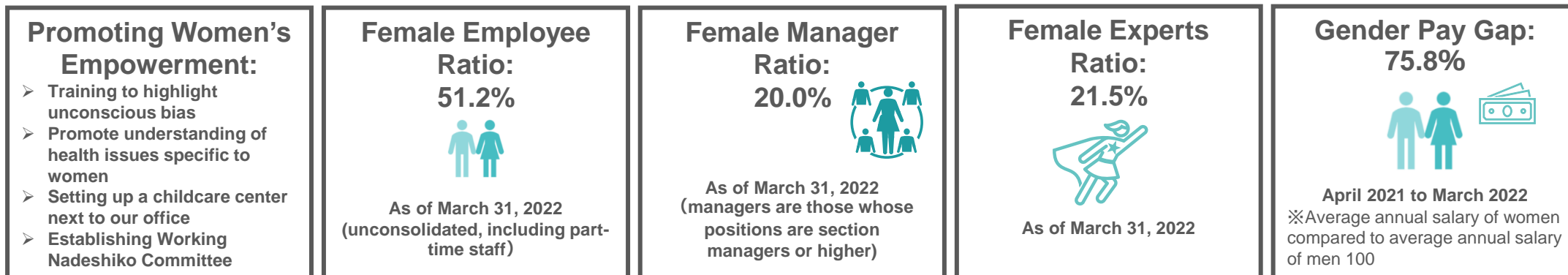
Nadeshiko Committee

To better empower women, we set up the Working Nadeshiko Committee as a mechanism for listening to the voices of women on the front lines about what is needed for women to adequately fulfill their potential in the workplace.



FY2022 Nadeshiko Brand

It is a brand given to companies that excel in promoting women's empowerment. The top-scoring company in each will be selected. We were selected from the service industry.



1. Creating an organization where people can find joy in their work

- Diversity & Inclusion: Employee satisfaction and engagement / Recruitment -

Employee satisfaction and engagement

SNBL believes that continuously increasing employee satisfaction and engagement (the degree of trust and willingness of employees to voluntarily contribute to the company) will lead to enhanced corporate value sustainably.

The issues highlighted in the survey are shared with management at management strategy meetings and other forums, and measures are taken to improve them.

Recruitment efforts

SNBL is building a human resources portfolio to secure human resources linked to our business strategy. In building the HR portfolio, our first step is to determine what kind of personnel is needed to implement our business strategies, both from a quantitative perspective, such as the number of hires, and from a qualitative perspective, such as experience. We then recruit new graduates and mid-career hires and cultivate personnel in-house to meet these needs.

We are actively engaged in recruiting activities, including the use of scouting and referral recruitment, and training programs in which we ask junior employees who have been offered a job to introduce us to their juniors and acquaintances.

Employee Satisfaction Survey

Average score:

4.7 / 5



FY2022 results
(Conducted annually)

Employee Engagement Survey

Average score:

3.5 / 5



FY2022 results
(Conducted annually)

Turnover Rate:

7.2%



April 2021–March 2022

Number of Recruitment Briefings Held:

113



Number of times held for students graduating in 2023

Number of New Graduate Offers:

146



129 university graduates and 17 high school graduates

1. Creating an organization where people can find joy in their work - HR development: SNBL Academy -

Key principle

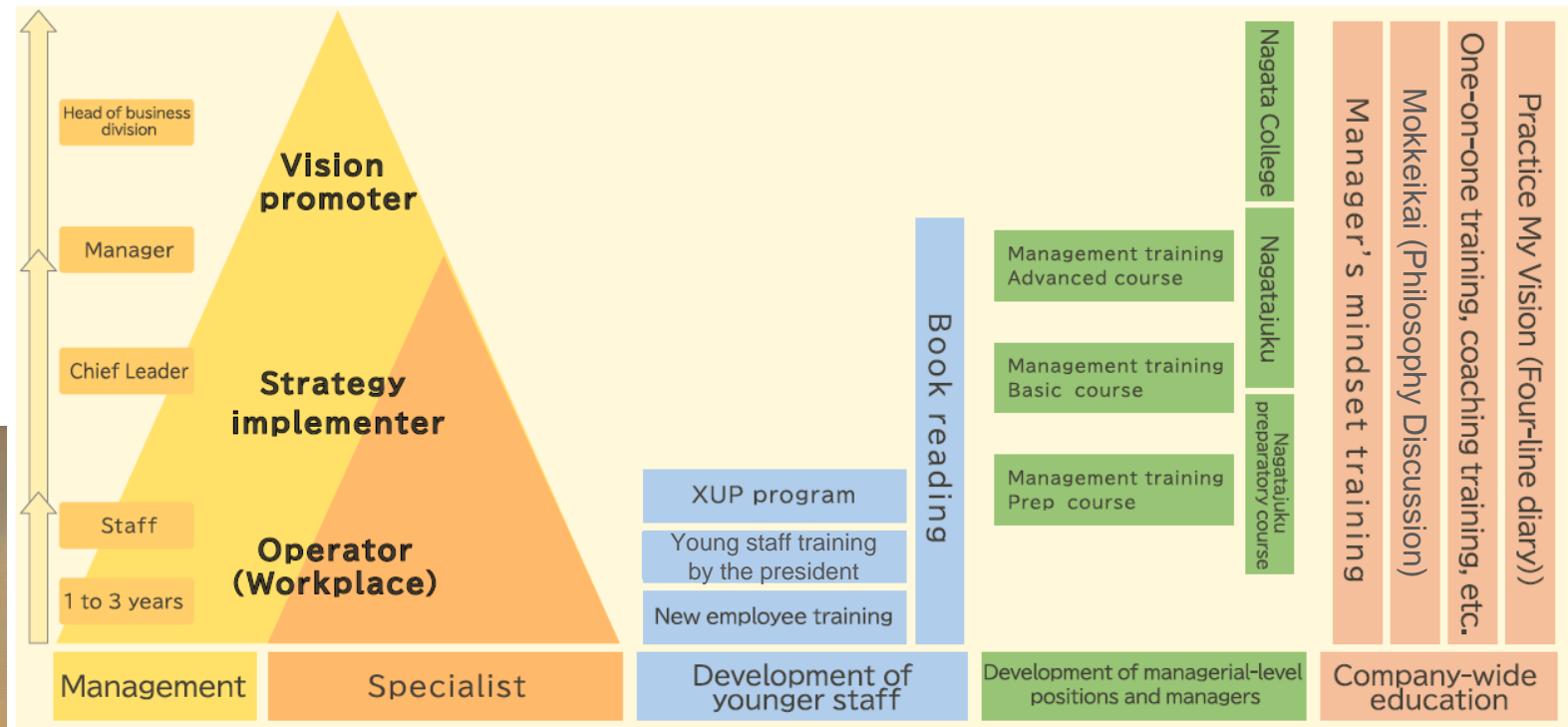
We consider our people to be what sets SNBL apart from other companies, seeing them as the source of enhanced corporate value. Based on this awareness, we are working to secure personnel who will become sources of value creation, cultivate human resources through our own in-house systems, and heighten employee satisfaction and ease of working. As people who value the company's principles gather together and all employees realize their potential through their work, this fosters the ability to offer value to a wider range of stakeholders. We will continue to encourage this virtuous cycle that promotes people's happiness.

SNBL Academy

We established SNBL Academy, a separate educational institution, in 2002. It has served as the base for numerous programs to develop personnel, ranging from new recruits to future managers and management candidates.



Three dedicated staff members provide close support for each employee's development.



SNBL Academy's education system

4. Creating an organization where people can find joy in their work - HR development: Nagata-juku / XUP Program / Meisho Certification Program -

Nagata-juku

Nagata-juku welcomes its tenth class of students this year. President Nagata directly provides training to about a dozen selected mid-level employees every year with the goal of developing future managerial talent. The president's training program focuses on fostering a manager's mindset and disseminating our corporate philosophy.

This is our original one-year program increasing the awareness of our manager candidates. Each of the four- to six-member teams receives an assignment, and based on this assignment, the students stay up to date on current facts and propose and implement improvement measures. Further, they join President Nagata at a three-day camp every three months to learn philosophy-based management directly from the president. A graduation ceremony is held in mid-June every year at the Fugen-in temple on Mt. Koya.

XUP Program

Started in 2003, the XUP program develops young employees modeled after the Goju education of the former Satsuma Domain in which younger people were taught by their seniors.

Employees in the first to third year at the company are divided into groups of around eight people. Each group engages in activities to achieve the goal set by its leader.

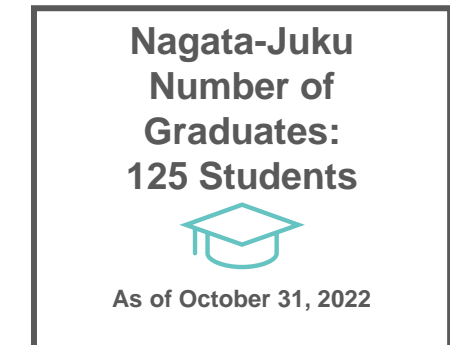
The XUP program produces and develops independent future leaders by encouraging them to think and act independently.

Meisho Certification Program

In 2013, we launched the skillful worker certification program. The aim of this program is to promote the further improvement of technology, skills and knowledge throughout the company and to pass them on to future generations by certificating and praising employees with outstanding technology, skills and knowledge as "Meisho" (skillful worker). From 2016, the "Jyunsho" program has also started as a position to aim for master craftsmanship.



Graduation ceremony held at Fugen-in, Mt. Koya



4. Creating an organization where people can find joy in their work - HR development: Instilling the corporate philosophy-

Management philosophy meeting, messages from the CEO

SNBL holds a Management Philosophy Meeting once a month, bringing together the heads of each division. We also distribute the CEO's original video messages to employees. Meanwhile, the CEO himself works to instill the corporate philosophy and foster a sense of unity within the organization, sending out a message to the whole company every Monday on putting the company's principles into practice, called Management Mindset Training.

In-house study session

The company holds a monthly in-house study session to stimulate communication by sharing reading experiences.



Daily calendar

Based on the ideas of the students of Nagata-Juku, the president's philosophy practice message is summarized as a daily calendar



In-house study session

Participants share their reading experience with each other by giving a one-minute presentation of their thoughts on a designated article.

Four-line diary and one-on-one meeting

Since 2001, all employees have sought to put their reflections on the day into writing in the form of a daily four-line diary. The focus is on whether and how they have put the corporate philosophy into practice in terms of events, insights, lessons learned, and resolutions. Employees also receive feedback from a mentor with whom they are randomly matched each month. These efforts help instill the corporate principles across the organization. Results on the frequency of these reflections and feedback sessions are compiled automatically for each individual and the results are shared at the company-wide Management Philosophy Meeting.

To encourage greater employee motivation and growth, employees also participate in one-on-one meetings at least once a week, data about which is also presented at the Management Philosophy Meeting.

Our coaching training is designed to strengthen personnel management skills, which is a requirement for management positions, and all staff who aspire to management positions take part in the training. They learn the ability to utilize 'dialogue for growth' rather than dialogue for evaluation through practical training.

**Four-line Diary
Diffusion Rate:
94.3%**



April 2021 to March 2022

*Percentage of employees who carried out at least 80% of the four-line diary on an annual working day basis.

**1-on-1 Meeting
Implementation Rate:
96.4%**



April 2021 to March 2022

*Percentage of employees who held 1-on-1 meetings at least four times a month (at least once a week).

1. Creating an organization where people can find joy in their work - Health management -

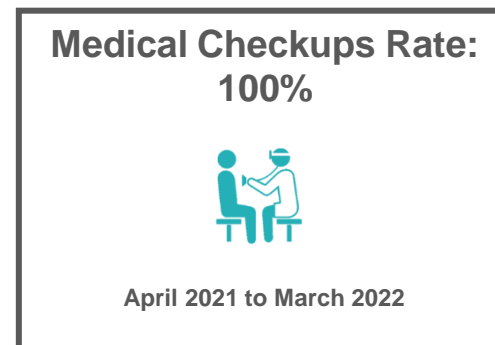
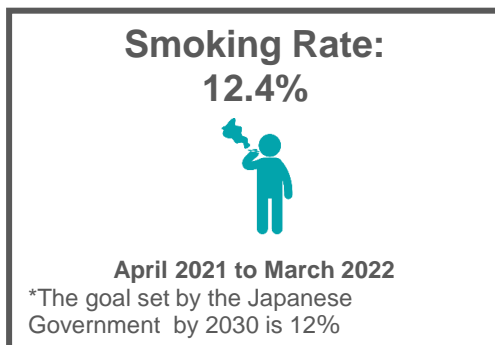
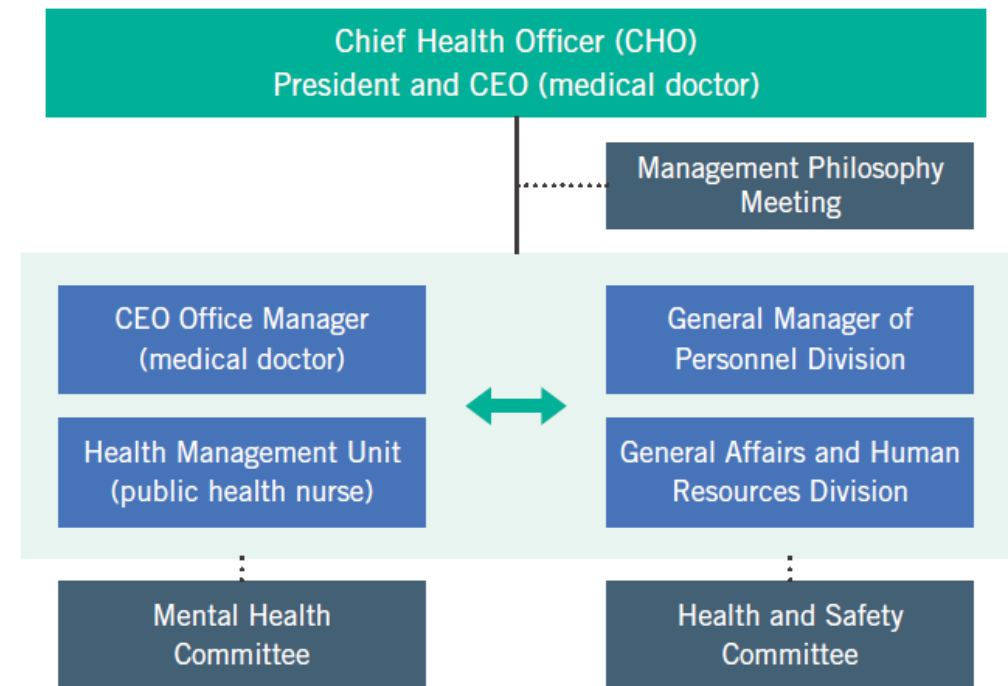
Key principle

Ryoichi Nagata, who is the CEO and a medical doctor, also serves as the Chief Health Officer (CHO) of SNBL. He came up with the slogan, “I am happy, you are happy, and everyone is happy.” In addition to carrying out health management, he supports the health maintenance and health promotion of employees, helping to build an organization in which all employees can fulfill their potential efficiently.

CEO serves as CHO to be the driving force

Under the CHO’s guidance, we have put in place an internal framework to quickly take health-related actions when needed. A dedicated Health Management Unit and the General Affairs and Human Resources Division take the lead in implementing health promotion measures. The progress of these measures is presented at the Management Philosophy Meeting, along with the overall state of employees' health. Moreover, since the outbreak of COVID-19, we have a system in which employees can immediately consult a doctor in the Health Management Unit by phone or email, if they or a family member develop a fever or other symptoms and receive appropriate advice. Over the past two and a half years, the CHO has received over 2,000 of such calls.

Framework for SNBL's Health Management Initiatives



1. Creating an organization where people can find joy in their work - Health management: App-based employee health management -

App-based employee health management

We rolled out the app-based FiNC health management service in the fiscal year ended March 2022.

Through the provision of e-learning-style training, the company aims to raise employees' health awareness, and so far quiz-style training has been provided on the topics of women's health, health check-up systems, drinking and smoking, and exercise.

SNBL Walking Day is held regularly to encourage employees to make exercise a habit.

Lunchtime seminars

Lunchtime seminars on health topics are regularly organized to provide employees with correct health knowledge.

In 2022, two seminars, "Woman's Health Management" and "To a Healthier and Longer Life", were held with the Health Management Unit in charge of the lecturers.



Lunchtime Seminar

Lunchtime seminars were held online in September and October.

Social initiatives

We started carrying out COVID-19 vaccinations at the workplace in July 2021. We have administered approximately 5,000 vaccinations, not only to our executives, employees and their families, but also to employees of business partners and other stakeholders in the community.

Ryoichi Nagata, who is the CEO of SNBL, participates as a board member and makes donations to the NPO Cancer Ribbons, which operates under the concept of 'Connecting Cancer Treatment and Life'.



SNBL Walking Day

A target number of steps is set and employees who reach the target number of steps receive a gift.



Vaccination for COVID-19

President Ryoichi Nagata (doctor, left in the picture) and Managing Director Ichiro Nagata (doctor) were also on site to conduct vaccination interviews.

5. Evolving the business through digital transformation and robotic process automation

- Initiatives in the nonclinical business -

Key principle

At SNBL, we recognize that enhancing business models through digital transformation (DX) is an essential element of sustainable growth of our corporate values. In order to materialize the business model we aspire for, we take various initiatives including upgrading IT infrastructure, creating a database, and cultivating human capital specialized in DX, which is a two-pronged approach combining improvement of an existing business model and creation of a new one at the same time.

DX and RPA initiatives in the nonclinical business

With the nonclinical CRO business at the core of our operations, our DX initiatives are focused on achieving both improvement of customer experience (front-end innovation) and creation of time value (back-end innovation) at the same time.

For the front-end innovation, we strive to implement a fundamental reform to enhance customer experience to become the best in the industry by offering timely access to the information needed and cooperating closely. Wherever customers are located in the world, they can feel as if they are working with staff within the same company without noticing that their studies are actually outsourced to an external entity. Currently, construction of an information and data linkage infrastructure and content design are in progress.

As for back-end innovation, we will establish appropriate working processes and frameworks to achieve the shortest Final Report leadtime in the industry through DX initiatives. By identifying which processes require human engagement and which ones can be computerized, we will maximize the value created by employees while promoting system linkage and robotic process automation (RPA) which help realize the shortest lead time, as noted earlier. Our efforts are focused on using time effectively, which is required to provide the level of quality, the variety and the level of service needed to meet customer demands.

**Cut Final Report (draft)
Submission Leadtime to
6 Weeks at Earliest**



Target FY2025

Enabling submission of Final Report (draft)
as quickly as six weeks after a completion
of related nonclinical studies

5. Evolving the business through digital transformation and robotic process automation

- Zero Mission / Initiatives from administrative perspectives -

Zero Mission

Prior to DX/RPA initiatives in the nonclinical business on the previous page, we have conducted a company-wide program since 2019 called “Zero Mission” to reduce paper usage. 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 costs but also conservation of forest resources.

Initiatives from administrative perspectives

SNBL is proactively engaged in digital transformation in the field of business administration, such as operations and admin work related to financial and management accountings.


Our goals include the automatization and streamlining of working processes through data linkage, knowledge sharing which will increase expertness of staff in charge, and establishment of a solid support system adequate for all departments.

We believe these efforts will contribute to the realization of the corporate vision and improve business performance at both project and corporate levels.



Automatic lid-closing robot
This robot replaces employees’ routine and simple task of closing 2,000 lids per day.

Paper Usage Reduction
~340,000 paper sheets



As of September, 2022

SNBL plans to implement a system which enables reduction of paper usage equivalent to approx. 1.2 million pieces of paper/year, by the end of this fiscal year



Internal discussion for digital transformation
Employees on-site are actively involved in discussion on what we should/want to achieve through digital transformation.

6. Enhancing stakeholder engagement

- Social contribution activities: Access to healthcare -

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.

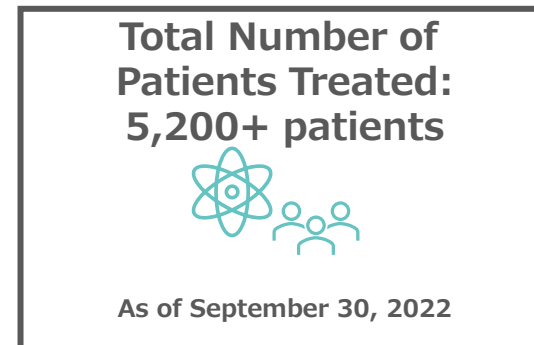
Since its founding, SNBL has been committed to CSR activities based on a feeling of gratitude and understanding that the company is supported by its surrounding environment, local communities, customers, business partners, employees, stockholders, and many other kinds of people.

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.

Proton beam therapy has become more accessible and easier to receive, with the cost burden greatly reduced as the range of cancers covered by public medical insurance has been expanded from April 2022.

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.



Medipolis Proton Therapy and Research Center operates an official YouTube channel. It broadcasts mini-courses on cancer treatment and other topics, which have been viewed more than 50,000 times in total.

6. Enhancing stakeholder engagement - Social contribution activities: Access to education -

Management support to Veritas Institute of Education

SNBL supports the management of Veritas Institute of Education, which is highly regarded in Kagoshima as a certified English-language education provider. The school's philosophy is based on bicultural education, and it works to broaden children's perspectives and help them understand their own and other cultures through daily English conversation and international exchange with foreign teachers.



Veritas Academy



Free school in Cambodia

Running a free school in Cambodia

Cambodia-based SNBL Cambodia has created a free school on the company premises and employs full-time teachers to provide free English, computer and math learning programs for local employees' families and children from neighboring villages.


Sponsorship of the Global Scientist Award "Wings of Dreams"

SNBL supports the education of high school students in the Kagoshima region through our sponsorship of the Global Scientist Award "Wings of Dreams". The project was initiated to support the future scientists who will be active in Japan and the world from Kagoshima.



Global Scientist Award "Wings of Dreams"

**Number of Students
at Free School:
173 students**



As of FY2021
*Schools are currently closed to prevent the spread of the coronavirus

6. Enhancing stakeholder engagement

- Social contribution activities: Conservation of regional and environmental resources and enhancement of their sustainability-

Local job creation

In FY2021, SNBL hired 139 people, including new graduates, mid-career workers, and temp and part-time staff.

Initiative to promote women's empowerment

SNBL has been working from early on to create an environment in which women can play an active role and to develop their management skills. We have earned a reputation as a leading company for promoting women's empowerment in the Kagoshima region.

Ryoichi Nagata, Chairman and President of the Company, has been a member of the 'Male Leaders who will Create a Society in which Women Shine.' of the Gender Equality Bureau of the Cabinet Office since the 7th meeting in 2019 and endorses the Declaration of Action.

Support for sporting and cultural activities

The company supports Kagoshima United FC football club team as an official top partner.

Assistance for reduction of infant mortality rate 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.



A special partnership agreement was signed with Kagoshima United FC for the 2022 season limited uniforms.



A cheese/yoghurt factory was built by SNBL to improve infant mortality in Bhutan. After the factory's operations got on the right track, it was donated to the local government.

Local Job Creation:
139 people



New hires in Kagoshima in
FY2021
(including temp and part-time staff)

**Lectures Made by SNBL
Officers on
Women's Empowerment:**



April 2020 to March 2021

6. Enhancing stakeholder engagement

- Dialogue and co-creation: Customer satisfaction and engagement / SDGs initiatives / Supplier code of conduct -

Customer satisfaction surveys

In our non-clinical and hospitality businesses, we conduct customer satisfaction surveys to identify problems and issues and make improvements with the aim of further improving our services and responses.



SDGs initiatives in hotels

We have changed the amenities and consumables provided at our hotels from individually packaged products to refillable products such as pump bottle type products. We are also committed to sustainable hotel operations that reduce environmental impact, for example, by using functional botanical ingredients derived from nature and changing to formulations that have less impact on the environment.



Our hotels use Waphyto products as amenities. The products use natural and plant-derived ingredients whenever possible, with priority given to scientifically proven functional plants, and all containers and promotional materials are environmentally friendly options.

Establishment and Implementation of SNBL Compliance Code of Conduct

We have established a code of ethics, based on the corporate principle of being a company “committed to the environment, life, and people.” We are working to ensure that all officers and employees are thoroughly aware of these guidelines by distributing a philosophy notebook. We also conduct monthly in-house e-learning training on timely compliance-related topics and case studies.

6. Enhancing stakeholder engagement

- Dialogue and co-creation: Dialogue with shareholders, investors and society/ Disclosure of information on ESG and sustainability initiatives-

Promoting dialogue with shareholders and investors

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. In principle, information is disclosed in Japanese and English from FY2021.

Disclosure of information on ESG and sustainability initiatives

We are actively promoting sustainability initiatives and information disclosure.

We produced and disclosed our Sustainability Report 2021 and Integrated Report 2022 in October 2021 and October 2022, respectively.

We are also actively responding to surveys by ESG evaluation organizations such as S&P Global, FTSE ESG Rating, and CDP.

**IR Meetings:
Number of Meetings
with Institutional
Investors:**
157

Results for the first half of FY2022
(121 meetings per year in FY2021)

**Number of Participants
on Financial Results
Briefing:**
72

Results for May 2022
(45 persons participated in
November 2021)

**Company information
sessions for individual
investors:**
4 times/503 participants

Results from 2021 onwards
*Company briefings for individual
investors are planned to be held in all 47
prefectures.

IR Blog:
121 Articles

April 2020 to March 2021

**Institutional Investor
Ownership:**
32.5%

As of Sep. 30, 2022
(11.5% increase from 21.0%, Sep.
30, 2021)

**Foreign Investor
Ownership:**
14.0%

As of Sep. 30, 2022
(5.7% increase from 8.3%, Sep.
30 2021)



Company information session for individual investors



Integrated Report 2022

7. Building a governance framework for realizing the corporate principles - Corporate Governance and Nominating Committee/ Remuneration Committee/ SDGs Committee -

Key principle

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

Corporate Governance and Nominating Committee / Remuneration Committee

The Company has established the “Corporate Governance and Nominating Committee” and the “Remuneration Committee”, which are voluntary committees in which independence is secured by the majority of their members being composed of independent external directors. Since the company believes that the participation of persons with a thorough understanding of the internal circumstances of the company is beneficial to make the discussions in both committees viable, members of these committees include internal directors.

SDGs Committee

At the Board of Directors meeting held on August 27, 2021, the company resolved to establish the SDGs Committee as a non-statutory advisory body to the Board of Directors with the aim of systematically enhancing SNBL Group-wide sustainability management from a medium-to-long-term perspective. External director of the company Keiko Toya is the chair of this committee, which meets to conduct lively discussion on a monthly basis. In October 2021, the company established the “Environment Committee” as a subordinate body to the SDGs Committee. The company discloses a sustainability report that is produced based on the company’s achievements regarding initiatives for SDGs/ESG, and each of the company’s policies are disclosed on a dedicated page of the company’s website.

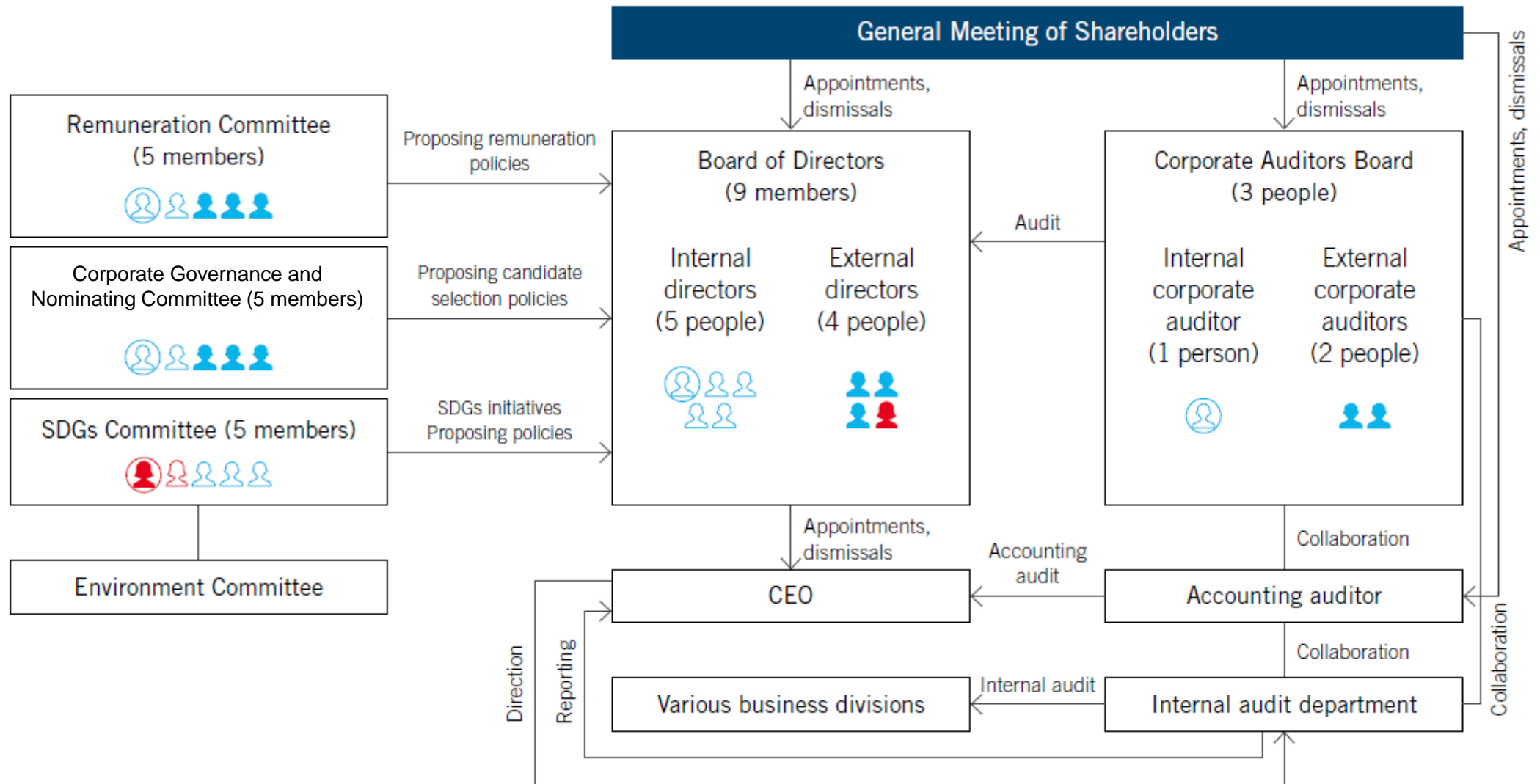
<https://www.snbl.co.jp/esg/>

7. Building a governance framework for realizing the corporate principles

- Governance framework -

Governance Framework

- Internal directors, corporate auditors, and executive officers (male)
- Internal executive officers (female)
- Chairpersons
- External directors and corporate auditors (male)
- External directors (female)



7. Building a governance framework for realizing the corporate principles - Approach to the board of directors -

Approach to the board of directors

For its Board of Directors, the company seeks persons of excellent character and insight from inside and outside the company, regardless of nationality, personal history or gender. In addition, regarding directors responsible for the execution of business, we consider persons with a wealth of expert business knowledge and experience as candidates, and those with extensive knowledge and experience in their chosen field as candidate external directors.

Attendance at the Board of Directors Meetings:

100%



Results for FY2021

Ratio of Female Directors:

11.1% (1:9)



As of 30 June, 2022

Ratio of External Directors:

44.4% (4:9)



As of 30 June, 2022

Ratio of External Officers (external directors and corporate auditors):

50.0% (6:12)



As of 30 June, 2022

Supporting system for external directors (and external auditors)

Currently no sections or personnel designed to assist external directors or external auditors have been put in place, but personnel are assigned within reasonable limits when requested.

In addition, decisions on matters related to sections responsible for assisting external auditors and personnel rights such as the appointment and transfer of their personnel are made after obtaining prior consent from the board of auditors, in order to ensure independence from directors

Training of directors and auditors

The company conducts necessary training and provides information for directors and corporate auditors to appropriately carry out their roles and responsibilities.

When a director or corporate auditor is newly appointed, they receive training on legal matters and corporate governance as needed. In addition, ongoing training is provided to the board of directors and other bodies regarding management issues. Specifically, efforts are made to follow-up on topics related to management and other areas through lectures given by external directors or other speakers around once every three months.

In addition to the above activities, when an external director or external corporate auditor is newly appointed, they receive an explanation of the company's business activities and tour key company sites, etc. as needed.

Necessary information is provided to external directors and external corporate auditors on the company's business issues and other matters.

7. Building a governance framework for realizing the corporate principles - Effectiveness of the board of directors -

Effectiveness of the board of directors

The company has introduced individual interviews with each director conducted by the Representative Chairman, President & CEO regarding deliberations by the board of directors and the execution of business, in addition to the questionnaire survey to directors and corporate auditors which is drawn up and conducted by the non-statutory Corporate Governance and Nomination Committee. The results of the survey are deliberated on by the said committee and shared with the board of directors, which overall leads to drive improvements that help revitalize the deliberations conducted by the board of directors and consequently, to enhance its effectiveness.

(1) Evaluation method

- A) A survey (“FY 3/2022 survey”) of all 9 directors and 3 auditors was carried out.
- B) The results of the FY 3/2022 survey were discussed at a non-statutory Corporate Governance and Nomination Committee meeting.
- C) The board of directors acknowledged the evaluation of the effectiveness of the board of directors in the fiscal year ended in March 2022, and discussed possible initiatives for further improvements.

(2) Items in the survey

Questions in the FY 3/2022 survey were divided into the following major categories. For each question, participants were asked to provide a score using a four-point scale. Space was also provided for free comments on each item.

1. Composition of the board of directors
2. Operations of the board of directors
3. Balance between business execution and monitoring
4. Constructive communication with shareholders and investors
5. General

(3) Outline of the results of the evaluation

Based on the results of the survey, discussions and deliberations above, it was determined that an appropriate level of effectiveness of the board of directors was achieved in the fiscal year ended on March 31, 2022. In addition, it was also determined that the company will take further actions on the following issues in order to achieve further improvements in effectiveness.

(4) Initiatives toward the further Improvement of effectiveness

The following issues were confirmed as the matters to take further actions in order to achieve further improvements in effectiveness:

- ✓ Continuing consideration of the composition of the board of directors with more diverse expertise, skills, and experience (e.g., in the field of global business management).
- ✓ Enhancing deliberation processes for proposals and discussions on individual important matters.
- ✓ Further improving discussions on the company’s mid- and long-term visions and management strategy.
- ✓ Increasing understanding of highly professional businesses the company is involved in and promoting better communication among board members.
- ✓ Promoting dialogue with external stakeholders, which consequently contributes to increase the company’s corporate value.

7. Building a governance framework for realizing the corporate principles - Policies and procedures for determining remuneration for directors -

Policies and procedures for determining remuneration for directors

Remuneration amounts for each director are determined in accordance with company-designated procedures within the range of the total amount of remuneration for all directors set forth by resolution of the General Meeting of Shareholders. Specifically, the non-statutory Remuneration Committee prepares a draft which it submits to the board of directors. The President & CEO is delegated by the board of directors to determine the amount of remuneration for directors within the scope of the amount submitted by the Remuneration Committee. The remuneration of directors is determined after comprehensively taking various factors into account, including company business performance, economic conditions, and the responsibilities and achievements of each individual.

(1) Basic policy

Regarding the remuneration, etc. of company directors (including external directors in addition to executive directors; hereinafter the same), the monthly remuneration of directors was set to no greater than JPY40,000,000 per month (not including the amount paid as employee salary for those directors serving concurrently as employees) by resolution of the General Meeting of Shareholders held on June 25, 2003.

Based on this resolution, the company's basic policy is to set an appropriate level based on each director's duties when determining the remuneration, etc. of individual directors.

Specifically, the remuneration of the company's directors is only base remuneration as a fixed amount.

(2) Policy for the determination of the amount of basic compensation (monetary compensation) for individual directors (including a policy for the determination of time or conditions for giving compensation, etc.)

The base remuneration of the company's directors is a fixed monthly remuneration determined after comprehensively taking various factors into account including company business performance, economic conditions and the responsibilities and achievements of each individual.

(3) Matters concerning decisions on the details of the remuneration paid individually to directors

Regarding amounts of remuneration, etc. for individual directors, the Remuneration Committee, of which the majority of members are external directors, receives consultation from the board of directors, reviews company business performance, economic conditions and the responsibilities and achievements of each director, prepares a draft and submits it to the board of directors.

The President and Representative Director are delegated by the board of directors to determine the amounts of remuneration, etc. for individual directors, and makes the determination within the scope of the details submitted from the Remuneration Committee.

(4) Remuneration paid to directors in FY2021

The remuneration of the company's directors in the latest fiscal year is as follows.

▣ Remuneration paid to 9 Directors: JPY237,670,000

Note that there are no persons whose total amount of consolidated remuneration is JPY100 million or more.

7. Building a governance framework for realizing the corporate principles - Directors' qualifications matrix -

Directors' qualifications matrix

The company's internal and external officers pursue management drawing on their knowledge, experience, and high level of insight in their respective fields of expertise. The relevant expertise and experience of each director are shown in the qualifications matrix below. The table indicates their most relevant qualifications, and does not indicate all the knowledge, experience, or expertise possessed by each director.

Directors	Current position and responsibilities at the Company	Corporate Management	Global Business	Technology and research development	Financial affairs and accounting	Human resources, labor and staff development	Legal affairs and risk management	Environment	Social	Internal control and governance	Main qualifications
Ryoichi Nagata	President and Chairman CEO and CHO	○	○	○		○		○		○	Physician
Ken Takanashi	Executive Vice President Group Corporate Management and Global Business	○	○		○		○		○	○	U.S. Certified Public Accountant
Shinji Nitanda	Managing Director Corporate Development and Corporate Finance	○			○	○	○			○	
Hideshi Tsusaki	Managing Director Preclinical Company President and Global Business Development	○	○	○				○		○	Veterinarian
Ichiro Nagata	Executive Director Preclinical Company Vice President CEO Office Senior Director Senior Director of Hospitality Division	○	○	○		○				○	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. Building a governance framework for realizing the corporate principles - Internal directors -



Ryoichi Nagata President and Chairman, CEO, and CHO

Born: August 11, 1958
Time in office: 41 years

Number of Company shares owned: 0
Career profile

- September 1981: Director of the Company
- June 2014: Executive Director, Chairman, President and CEO of the Company

Reasons for nomination as a candidate for director

The company deems Dr. Ryoichi Nagata capable of properly executing his duties as a Representative Director of the company in consideration of his abundant experience and broad insights as an executive manager of the company, his proven leadership as a CEO & CHO, advanced specialist knowledge in medical care as a physician, and his well-versed insight into a variety of business sectors of the company, particularly with respect to drug development.

Attendance at meetings of the Board of Directors: 100% (20/20)



Ken Takanashi Executive Vice President

Born: May 23, 1964

Time in office: 18 years

Number of Company shares owned: 36,100

Career profile

- December 2002: Joined the Company, Director of the Company
- June 2017: Senior Executive Vice President and COO of the Company

Reasons for nomination as a candidate for director

The company deems Mr. Ken Takanashi capable of properly executing his duties as a Representative Director of the company in consideration of his abundant experience in global business and new business development and his leadership as a vice president in the businesses of corporations.

Attendance at meetings of the Board of Directors: 100% (20/20)



Shinji Nitanda Managing Director

Born: September 18, 1968

Time in office: 10 years

Number of Company shares owned: 23,200

Career profile

- May 2002: Joined the Company
- June 2019: Senior Vice President and CFO of the Company (to present)

Reasons for nomination as a candidate for director

The company deems Mr. Shinji Nitanda capable of properly executing his duties as a director of the company in consideration of his abundant experience in the accounting and finance fields and his leadership in optimization of management resources.

Attendance at meetings of the Board of Directors: 100% (20/20)



Hideshi Tsusaki Managing Director

Born: January 27, 1967

Time in office: 4 years

Number of Company shares owned: 18,100

Career profile

- April 1996: Joined the Company
- June 2021: Senior Vice President of the Company

Reasons for nomination as a candidate for director

The company deems Dr. Hideshi Tsusaki capable of properly executing his duties as a director of the company in consideration of his abundant experience in the preclinical business as a veterinarian and his leadership in the domestic and international preclinical business.

Attendance at meetings of the Board of Directors: 100% (15/15)



Ichiro Nagata Managing Director

Born: August 3, 1985

Time in office: 2 years

Number of Company shares owned: 1,024,000

Career profile

- April 2017: Joined the Company
- April 2021: Vice President of the Company

Reasons for nomination as a candidate for director

The company deems Dr. Ichiro Nagata capable of properly executing his duties as a director of the company in consideration of his advanced medical expertise as a medical doctor and his considerable knowledge and understanding of global strategies from a leader's perspective.

Attendance at meetings of the Board of Directors: 100% (20/20)

7. Building a governance framework for realizing the corporate principles - Independent external directors -



Shinichi Fukumoto **External Director**

Born: July 20, 1958
Time in office: 7 years
Number of Company shares owned: 0
Career profile

- June 2015: External Director of the Company



Takashi Yamashita **External Director**

Born: February 18, 1956
Time in office: 7 years
Number of Company shares owned: 0
Career profile

- June 2015: External Director of the Company



Tsuyoshi Hanada **External Director**

Born: May 2, 1958
Time in office: 2 years
Number of Company shares owned: 3,300
Career profile

- June 2020: External Director of the Company (to present)

Reasons for nomination as a candidate for director

The company deems Mr. Shinichi Fukumoto capable of properly executing his duties as an external director of the company based on his well-versed insight, specialist knowledge and experience in corporate legal affairs as an attorney-at-law and application of his skills to provide supervision and advice.

Attendance at meetings of the Board of Directors: 100% (20/20)

Reasons for nomination as a candidate for director

The company deems Mr. Takashi Yamashita capable of properly executing his duties as an external director of the company based on his advanced specialist knowledge and abundant experience as a certified public accountant and tax accountant and application of his skills to provide supervision and advice.

Attendance at meetings of the Board of Directors: 100% (20/20)

Reasons for nomination as a candidate for director

The company deems Mr. Tsuyoshi Hanada capable of properly executing his duties as an external director of the company based on his advanced specialist knowledge and abundant experience as a tax accountant and application of his skills to provide supervision and advice.

Attendance at meetings of the Board of Directors: 100% (20/20)



Keiko Toya **External Director**

Born: February 26, 1964
Time in office: 1 year
Number of Company shares owned: 0
Career profile

- June 2021: External Director of the Company

Reasons for nomination as a candidate for director

The company deems Dr. Keiko Toya capable of properly executing her duties as an external director of the company based on her advanced specialist knowledge and abundant experience as an expert in business administration and application of her skills to provide supervision and advice.

Attendance at meetings of the Board of Directors: 100% (15/15)

7. Building a governance framework for realizing the corporate principles - Corporate auditors -



Masakazu Suda Corporate Auditor

Born: August 15, 1961

Time in office: 2 years

Number of Company shares owned:
6,300

Career profile

- August 1990: Joined the Company
- June 2020: Corporate Auditor of the Company

Reasons for nomination as a candidate for auditor

The company deems Mr. Masakazu Suda capable of properly executing his duties as a corporate auditor based on his abundant knowledge and experience cultivated during a long career in the preclinical business and work experience in the Internal Audit Department.

Attendance at meetings of the Board of Directors: 100% (20/20)



Takakiyo Tatano External Corporate Auditor

Born: February 27, 1965

Time in office: 3 years

Number of Company shares owned: 0

Career profile

- June 2019: External Corporate Auditor of the Company

Reasons for nomination as a candidate for auditor

The company deems Mr. Takakiyo Tatano capable of properly executing his duties as a corporate auditor based on his knowledge and experience as a legal expert.

Attendance at meetings of the Board of Directors: 100% (20/20)



Zenichi Shigehisa External Corporate Auditor

Born: November 2, 1952

Time in office: 3 years

Number of Company shares owned:
0

Career profile

- June 2019: External Corporate Auditor of the Company

Reasons for nomination as a candidate for auditor

The company deems Mr. Zenichi Shigehisa capable of properly executing his duties as an external corporate auditor based on his insight and experience as a financial and accounting expert.

Attendance at meetings of the Board of Directors: 100% (20/20)

7. Building a governance framework for realizing the corporate principles - Approach and initiatives regarding animal welfare -

Key principle

SNBL established the “SNBL's Attitude Towards and Efforts for Animal Welfare” and discloses it on our website.

https://www.snbl.co.jp/cms/wp-content/uploads/2022/07/E-15_SNBL-Attitudes-and-Efforts-on-Animal-Welfare_Oct-2021.pdf

We raise and keep animals properly with due consideration of their physiology, biology, habits and other attributes in line with the principles of the 3Rs (Replacement, Reduction and Refinement), the internationally accepted basic philosophy on animal research. We have a feeling of gratitude towards the animals we use for scientific studies.



June, 2011 Full AAALAC Accreditation

The Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) International 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. Currently there are more than 1,040 AAALAC International accredited organizations in 50 countries.

Rigorous Review of Experimental Design



All plans of animal research are preliminarily and rigorously examined by the Institutional Animal Care and Use Committee in terms of their scientific rationality and animal welfare. After an animal study has been conducted, a report is issued to confirm that the study properly followed a pre-approved plan.

Training on Animal Welfare



Before being involved in animal research, our employees are required to receive education and training on laws related to animal welfare, management of animals' health and the handling of animals. Further, follow-up training is provided on a regular basis in an effort to deepen employees' understanding of animal welfare in line with changes in laws and social environment and the progress of science and to improve and maintain employee quality in animal welfare.

Ensuring Transparency



To ensure the transparency of our animal research, the Institutional Animal Care and Use Committee regularly inspects facilities and animal studies to ensure that they comply with related laws, standards, guidelines and other animal research regulations. This is followed by self inspection and evaluation.

AAALAC International



For the third-party evaluation, SNBL obtained accreditation from AAALAC International, an international accreditation body and nonprofit organization headquartered in the United States, in 2011. Today, all facilities of the SNBL Group raising and keeping animals undergo regular visits for inspection to update their accreditation

7. Building a governance framework for realizing the corporate principles - Compliance-

Key principle

SNBL strives to foster a corporate culture in which every officer and employee is fully aware of the rationale for compliance and consistently acts in line with the SNBL Compliance Code of Conduct, not only through their corporate activities, but also in their personal lives.

Establishment and implementation of SNBL Compliance Code of Conduct

We have established a code of ethics, based on the corporate principle of being a company “committed to the environment, life, and people.” We are working to ensure that all officers and employees are thoroughly aware of these guidelines by distributing a philosophy notebook. We also conduct monthly in-house e-learning training on timely compliance-related topics and case studies.

A series of articles summarizing the CEO’s management philosophy and principles are available (in Japanese) on the corporate website. (<https://www.ryoichi-nagata.jp/>)

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.

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.

**Compliance Training:
11 times**



Result for FY2021

**Confidential Data Loss
Prevention Training:
12 times**



Result for FY2022
(April 2022 to October 2022)

Evaluation by Society

Evaluation by Society

- Labor practices: Diversity & Inclusion -

SNBL's initiatives in "Creating an organization where people can experience joy in their work" have won much praise.

In March 2022, we were selected as a "Nadeshiko Brand" by the Ministry of Economy, Trade and Industry for companies that excel in promoting women's participation in the workplace. We have also been selected for the White 500 for six consecutive years.



FY 2022 Nadeshiko Brand

The aim is to promote investment in companies and to accelerate the pace of initiatives by each company. The initiative introduces listed companies excellent in empowering women as attractive brands for investors who emphasize improving corporate value over the mid-to-long term to achieve that aim. (Selected in 2022 / Ministry of Economy, Trade and Industry and Tokyo Stock Exchange)



Eruboshi Certification (Stage 3)

This is a system to certify companies with an excellent record of promoting the success of women in the workplace (Acquired in 2016 / Ministry of Health, Labour and Welfare)



Health & Productivity Management Outstanding Organization (White 500)

Selects companies engaged in strategically carrying out initiatives with regard to employee health from a management perspective (Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange)

Evaluation by Society

Taking our corporate philosophy of “being a company that values the environment, life, and people” as a starting point, SNBL actively promotes sustainability initiatives and information disclosure, and our sustainability initiatives have been highly valued by the various Index providers.

JPX-NIKKEI Mid Small

JPX NIKKEI Mid Small Index

The JPX-Nikkei Mid and Small Cap Index is comprised of companies with middle and small market capitalization that are selected based on the same concept as JPX-Nikkei Index 400; appealing to shareholders and aiming at sustainably increasing corporate value. The index is jointly calculated and published by JPX Market Innovation & Research and Nikkei.



FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index

SNBL has been selected as an index constituent of FTSE Blossom Japan Sector Relative Index. This index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices, and adopted by the Government Pension Investment Fund (GPIF) of Japan as a core ESG benchmark for its passive investments. (FTSE Russell)

	FY 2020	FY 2021
S&P Global CSA (ESG Score)	30	33
FTSE Russell (ESG Score)	1.8	2.5
Bloomberg (ESG Disclosure Score)	34.56	47.37

S&P Global CSA (Corporate Sustainability Assessment)

The CSA evaluates the sustainability of companies through questionnaires that focus on the most important and relevant ESG factors in each industry. The ESG score is integrated into the reweighting of the DJSI (Dow Jones Sustainability Indices).

FTSE Russell ESG Ratings

FTSE Russell evaluates a risk-adjusted ESG rating of companies by objectively assessing potential ESG risk initiatives based on the company's business characteristics, based on 14 ESG themes.

Bloomberg ESG Disclosure Score

Bloomberg evaluates the companies' ESG disclosure score based on disclosure information such as integrated reports and websites issued by companies. The calculated score is disclosed to more than 325,000 users worldwide.

Appendices : ESG Data



Data(Environment)

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

	2019/3	2020/3	2021/3	2022/3	Remarks
Greenhouse Gas Emission 【Scope1&2】 (market-based)	13,801 t-CO ₂	11,648 t-CO ₂	<input checked="" type="checkbox"/> 10,806 t-CO ₂	<input checked="" type="checkbox"/> 11,561 t-CO ₂	(※1,2,3) ◎
Scope1	-- t-CO ₂	-- t-CO ₂	<input checked="" type="checkbox"/> 3,176 t-CO ₂	<input checked="" type="checkbox"/> 3,145 t-CO ₂	◎
Scope2	-- t-CO ₂	-- t-CO ₂	<input checked="" type="checkbox"/> 7,630 t-CO ₂	<input checked="" type="checkbox"/> 8,416 t-CO ₂	
Scope3	-- t-CO ₂	-- t-CO ₂	-- t-CO ₂	<input checked="" type="checkbox"/> 246 t-CO ₂	(※4) ◎
Category 5 - Waste generated in operations				<input checked="" type="checkbox"/> 115 t-CO ₂	◎
Category 6 - Business travel				<input checked="" type="checkbox"/> 131 t-CO ₂	◎
GHG Emission per employee	21 t-CO ₂	16 t-CO ₂	14 t-CO ₂	15 t-CO ₂	(※5)
Energy Consumption					(※6) △
Fuel Oil	-- kL	-- kL	1,021 kL	<input checked="" type="checkbox"/> 1,014 kL	◎
Light Oil	-- kL	-- kL	18 kL	<input checked="" type="checkbox"/> 17 kL	◎
Gasoline	-- kL	-- kL	23 kL	<input checked="" type="checkbox"/> 24 kL	
Kerosene	-- kL	-- kL	78 kL	<input checked="" type="checkbox"/> 70 kL	◎
LPG	-- m ³	-- m ³	15,972 m ³	<input checked="" type="checkbox"/> 17,575 m ³	◎
City Gas	-- m ³	-- m ³	3,512 m ³	<input checked="" type="checkbox"/> 4,005 m ³	
Electricity Consumption	21,551 MWh	21,665 MWh	21,114 MWh	18,591 MWh	(※7)
Electricity Generation (Renewable Energy)	8,325 MWh	10,344 MWh	10,328 MWh	10,751 MWh	(※8)
Water Use & Wastewater	596 thousand m ³	613 thousand m ³	<input checked="" type="checkbox"/> 683 thousand m ³	<input checked="" type="checkbox"/> 667 thousand m ³	(※9)
City Water	9 thousand m ³	9 thousand m ³	8 thousand m ³	8 thousand m ³	
Well Water	492 thousand m ³	547 thousand m ³	608 thousand m ³	580 thousand m ³	
Hot Spring Water	95 thousand m ³	57 thousand m ³	67 thousand m ³	79 thousand m ³	
Water Pollution (Annual Average)					
Biochemical oxygen demand (BOD)	1.7 mg/L	1.2 mg/L	1.4 mg/L	2.6 mg/L	(※10,11)
Waste Management					(※12)
Industrial Waste					
Generated	171 t	159 t	160 t	178 t	(※13) ◎
Recycled	171 t	159 t	160 t	178 t	◎
Landfilled	0 t	0 t	0 t	0 t	
Specially Controlled Industrial Waste	24 t	27 t	25 t	26 t	
Environmental Violations					
Number of breaches of legal obligation/regulatory violations	0 cases	0 cases	0 cases	0 cases	

◎ As a result of third-party verification, figures for the fiscal year ending March 31, 2022 have been revised.

△ Electricity consumption at the Medipolis Proton Therapy Center is included until the fiscal year ending March 31, 2021.

(※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) Only 2 categories of categories 5 & 6 are calculated out of 15 categories.

(※5) "Employee" refers to the number of employees in parent company only

(※6) Sites where data were collected: Kagoshima HQ・Drug Safety Research Laboratories/Pharmacokinetics and Bioanalysis Center (Wakayama) /Medipolis Ibusuki

(※7) Sites where data were collected: Kagoshima HQ・Drug Safety Research Laboratories/Pharmacokinetics and Bioanalysis Center (Wakayama) /Medipolis Ibusuki

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

(※9) Sites where data were collected: Kagoshima HQ・Drug Safety Research Laboratories/Pharmacokinetics and Bioanalysis Center (Wakayama) /Medipolis Ibusuki

(※10) Sites where data were collected: Kagoshima HQ・Drug Safety Research Laboratories

(※11) Environmental standard in Kagoshima City : 20mg/L (Daily Average)

(※12) Sites where data were collected: Kagoshima HQ・Drug Safety Research Laboratories

(※13) Including specially controlled industrial waste

Verification Opinion



11 October 2022
Opinion No : SGS22/054

Ryoichi Nagata
Representative Chairman, President & CEO
Shin Nippon Biomedical Laboratories, Ltd.
Kagoshima-shi, Kagoshima 2438, Miyanouracho

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: 2019 and the SGS verification protocol) regarding the data prepared by the Organization on the scope of verification (hereinafter referred to as "the statement"). The objective of this verification is to confirm that the statement in the Organization's applicable scope has been correctly calculated and reported in the statement in conformance with the criteria, and to express our views as a third party. The Organization is responsible for the preparation and fair presentation of the statement.

Scope

The scope of verification is Scope1 and 2 emissions, energy consumption, Scope3 emissions and water consumption and discharge.

The period subject to report is from 1 April 2021 to 31 March 2022.

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

Procedure of Verification

The statement 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 statement: 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 GHG Emissions Calculation and Reporting Manual Ver.4.8, Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain Ver. 2.4 and Emission Factor Database on the same Accounting Ver. 3.2, 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 statement 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
Yokohama business Park North Square I
134, Good-cho, Hodogaya-ku, Yokohama
Senior Executive & Director
Knowledge

Yuji Takeuchi



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The details of the scope of verification

The scope		The boundary	The statement
1	Scope 1 and 2 (energy related carbon dioxide emissions) and energy consumption	Kagoshima HQ / Drug Safety Research Laboratories, Pharmacokinetics and Bioanalysis Center, and Medipolis Ibusuki	Scope1: 3,145t- CO ₂ Scope2: Market base: 8,416t- CO ₂
2	Scope3 (category 5,6)	Category 5: Kagoshima HQ / Drug Safety Research Laboratories, Pharmacokinetics and Bioanalysis Center, and Medipolis Ibusuki Category 6: The Organization	category 5: 115t- CO ₂ category 6: 131t- CO ₂
3	Water consumption and discharge	Kagoshima HQ / Drug Safety Research Laboratories, Pharmacokinetics and Bioanalysis Center, and Medipolis Ibusuki	Water consumption: 667 thousand m ³ Water discharge: 667 thousand m ³



Data (Society)

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022	備考
<Employee information>						
Number of employees (consolidated, exc. part-timers)	1,385	935	985	986	994	
Female employees (Ratio)	--	--	--	417 (42.3%)	423 (42.6%)	
Foreign employees (Ratio)	--	--	--	204 (20.7%)	196 (19.7%)	
Number of employees (unconsolidated, inc. part-timers)	870	853	911	965	1,008	
Female employees (Ratio)	438 (50.3%)	430 (50.4%)	454 (49.8%)	479 (49.6%)	516 (51.2%)	
Number of employees (unconsolidated)	682	651	720	747	765	
Female employees (Ratio)	303 (44.4%)	285 (43.8%)	305 (42.4%)	310 (41.5%)	328 (42.9%)	
Foreign employees (Ratio)	9 (1.3%)	9 (1.4%)	12 (1.7%)	15 (2.0%)	16 (2.1%)	
Employees with disabilities (Ratio)	27 (2.7%)	27 (2.4%)	37 (3.8%)	39 (3.8%)	40 (3.8%)	(※1)
Number of employees by age group						
Under30 (of which, female)	-- (--)	-- (--)	124 (70)	136 (76)	152 (87)	
30-39 (of which, female)	-- (--)	-- (--)	213 (104)	208 (99)	206 (99)	
40-49 (of which, female)	-- (--)	-- (--)	258 (109)	273 (110)	269 (112)	
50-59 (of which, female)	-- (--)	-- (--)	93 (20)	94 (23)	95 (27)	
60 or older (of which, female)	32 (0)	33 (2)	32 (2)	36 (2)	43 (3)	
Ratio of employees of age over 60	4.7%	5.1%	4.4%	4.8%	5.6%	



Data (Society)

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022	備考
Number of experts (including managers)	91	101	109	133	121	
Female experts (Ratio)	14 (15.4%)	16 (15.8%)	19 (17.4%)	24 (18.0%)	26 (21.5%)	
Number of managers	73	63	63	59	80	(※ 2)
Female managers (Ratio)	14 (19.2%)	12 (19.0%)	10 (15.9%)	11 (18.6%)	16 (20.0%)	
Head of department (of which, female)	-- (--)	-- (--)	-- (--)	-- (--)	24 (7)	
Section chief (of which, female)	-- (--)	-- (--)	-- (--)	-- (--)	56 (9)	
Managers newly promoted (of which, female)	-- (--)	-- (--)	-- (--)	-- (--)	13 (4)	
Average age	37.9	38.7	40.3	40.1	40.1	
Male	39.8	40.4	42.5	42.3	42.4	
Female	35.6	36.5	37.3	36.9	37.0	
Average consecutive years of employment	10.3	11.0	11.2	12.1	12.1	
Male	11.2	11.9	12.2	13.2	13.3	
Female	9.1	9.9	9.9	10.5	10.6	
Number of new hires (of which, female)	31 (13)	26 (10)	66 (35)	66 (27)	73 (44)	
Number of new graduates hired (of which, female)	16 (6)	15 (6)	30 (17)	50 (24)	52 (34)	
Number of mid-career hired (of which, female)	15 (7)	11 (4)	36 (18)	16 (3)	21 (10)	
Employee turnover (of which, female)	48 (20)	56 (29)	38 (20)	45 (17)	54 (33)	
Turnover ratio	7.0%	7.7%	5.9%	6.4%	7.2%	
Turnover rate (3 years) for new graduates	14.3%	16.4%	6.6%	8.4%	15.2%	
Average annual salary (thousand yen)	4,340	4,350	4,820	5,030	5,321	
of which, male	--	--	--	--	5,941	
of which, female	--	--	--	--	4,505	
Gender wage gap	--	--	--	--	75.8	



Data (Society)

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022	備考
Paid leave utilization rate	67.2%	58.4%	57.9%	55.3%	61.0%	
Average days of paid leave actually taken	11.8	10.6	10.3	9.5	10.6	
Average overtime hours (monthly basis)	8.9	14.3	16.9	18.9	25.2	
Ratio of female employees who took childcare leave	100%	100%	100%	100%	100%	
Ratio of male employees who took childcare leave	4.8%	56.3%	30.0%	88.0%	100%	
Average days of childcare leave actually taken by male	--	--	--	5.4	10.0	
Return rate and retention rate after childcare leave	100%	100%	100%	100%	100%	
Number of employees who took nursing care leave	1	0	1	0	0	
Number of employees who took volunteer leave	0	0	0	0	0	
<Other society-related information>						
Number of employees who took leave of absence	--	--	--	--	26	
Number of occupational accidents	16	13	9	13	11	
Fatalities	0	0	0	0	0	
Number of administrative dispositions	0	0	0	0	0	
Number of complaints received through whistle-blowing system	0	1	0	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)

	FY3/2019	FY3/2020	FY3/2021	FY3/2022	FY3/2027 Target
<Supporting prevention of life-style related disease>					
Ratio of employees with metabolic syndrome	12.9%	11.6%	13.6%	12.7%	11.0%
Risk factor: diabetes	11.0%	9.2%	9.4%	7.6%	9.0%
Risk factor: high blood pressure	5.6%	7.0%	9.4%	8.9%	9.0%
Risk factor: lipid abnormality	32.9%	31.2%	25.4%	25.3%	25.0%
Exercise habit ratio	21.0%	24.0%	22.0%	23.6%	25.0%
Ratio of secondary medical checkups received	72.3%	72.8%	68.6%	72.6%	80.0%
Ratio of medical checkups received	100%	100%	99.9%	100.0%	100%
<Prevention of mental health>					
Ratio of stress checks received	98.1%	99.1%	100.0%	100.0%	100.0%
Ratio of high-stress employees	11.9%	12.0%	8.6%	11.8%	8.0%
<Smoking prevention>					
Smoking rate	13.4%	13.2%	15.4%	12.4%	10.0%



Data (Governance)

	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Directors (Total)	5	7	9	9
Internal directors	3	4	5	5
Independent external directors	2	3	4	4
Ratio of independent external directors	40.0%	42.9%	44.4%	44.4%
Female directors ratio	0.0%	0.0%	11.1%	11.1%
Non-Japanese directors ratio	0.0%	0.0%	0.0%	0.0%
Average age of directors	58	56	56	57
	FY3/2019	FY3/2020	FY3/2021	FY3/2022
Number of Board of Directors meeting held	14	13	13	20
Attendance rate	96.9%	98.6%	100%	100%
Number of Corporate Governance and Nomination Committee meetings held	1	1	3	3
Attendance rate	100%	100%	100%	100%
Number of Remuneration Committee meetings held	3	4	3	3
Attendance rate	100%	100%	100%	100%
Director remuneration (thousand yen)	203,599	167,812	176,206	237,670