

## Corporate Philosophy and Company Mission

Since the launch of ASAHI MANKINKO® in 1907 as a medicine applied as a “patch” to relieve pain and stiffness, the transdermal pain relief patches best known as Salonpas® have been appreciated by many customers.

We have concentrated on creating and improving products, and improving manufacturing technologies for medicinal patch products based on our world-renowned transdermal drug delivery systems (TDDS), with the term Salonpathy® embodying our wish to introduce the benefits of patch treatment and convey the impressive and reassuring relief patch treatment brings to even more customers.

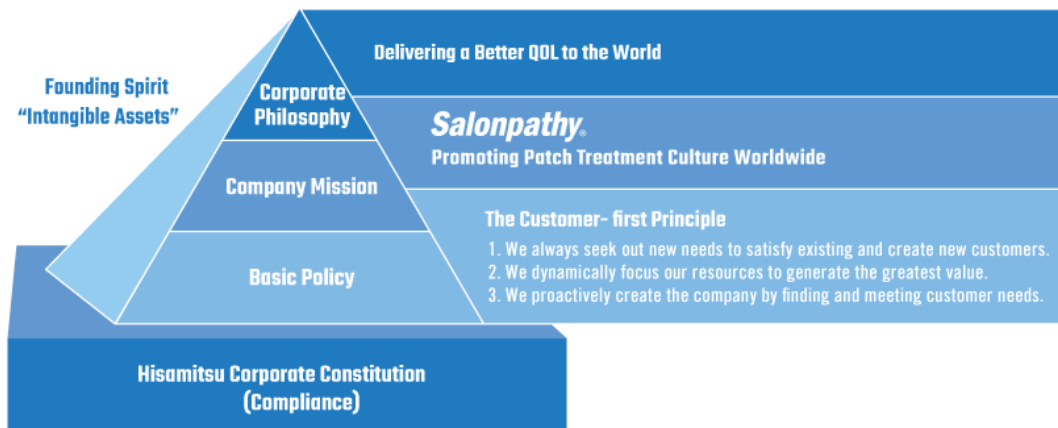
We will continue to develop our business based on our corporate philosophy of “Delivering a Better QOL to the World” and our mission of “Promoting Patch Treatment Culture Worldwide.”

## CSR Approach

Hisamitsu Pharmaceutical’s business activities are supported by many people around the world, including customers, local communities, shareholders and investors, and employees. Earning and maintaining the trust of all of these groups of people is the foundation upon which we are able to achieve our company mission and sustained growth. We also believe that environmental conservation and maintenance of the ecosystem services\* that are a product of it are key to us continuing to conduct our business activities.

To develop a more affluent society and preserve the global environment, we will respect our diverse stakeholders in Japan and around the world while conducting activities in good faith to the responsibilities entrusted to us and our contribution to society.

\*Raw materials and food provided from the ecosystem, flood regulation function, and recreation function, etc.



The belief that corporate value resides in the trust placed in our corporate approach and our actions based on this approach, and that if we continue to practice strong ethical values in our activities, we will be able to gain a great deal of goodwill in the form of support and trust.



## Stakeholders





Hisamitsu Pharmaceutical has responsibilities as a corporate citizen as well as substantial social responsibilities as an organization engaged in the pharmaceutical field.

Our involvement with healthcare providers and regulatory authorities overseeing the pharmaceutical industry gives rise to special considerations and responsibilities that go beyond just engaging in communication. The customers who use our products and services are consumers as well as patients, who we must establish beneficial relationships and exercise abundant consideration with to earn their trust. We also have social responsibilities as a corporate citizen to the local communities that create the foundations of wider society, to the international community, and to the natural environment.

At Hisamitsu Pharmaceutical, we recognize these relationships and responsibilities and will contribute to peace of mind and safety in people’s lives around the world through the provision of pharmaceuticals that can be reliably used by our customers.

## Relationships with our diverse stakeholders

 <p>Customers</p>	<p>Customers who use our products and services are not only consumers but also patients, with whom we must establish beneficial relationships and exercise abundant consideration in order to earn their trust.</p>
 <p>Business partners</p>	<p>Stable procurement of raw materials in and out of Japan, and maintaining a high quality are essential in pharmaceutical manufacturing. We build trustworthy relationships with our business partners so that we can meet the diverse demands of society, including those for environmental considerations and worker management in production settings.</p>

 <p>Employees</p>	<p>Employees are important stakeholders. We must conduct our business activities while mobilizing diverse personnel with a wide range of skills and roles. To do this, we must conduct management that takes into consideration employment-related issues, education and training, welfare and benefits, and employees' livelihoods.</p>
 <p>Shareholders and investors</p>	<p>We are listed on the stock exchange in Japan and have relationships with many shareholders and investors. We set forth our minimum obligations as the appropriate distribution of profits and transparent management activities, and intend to gain understanding for our management and business activities through the pertinent and timely disclosure of information.</p>
 <p>Local communities</p>	<p>We conduct business activities at many locations in Japan and around the world. We must maintain favorable relationships with the citizens of the local communities in which we do business and proactively conduct initiatives aimed at developing those communities as one of its members.</p>
 <p>The environment</p>	<p>The existence of all stakeholders is predicated upon the global environment. At the very least, we have a duty to consider the global environment, including aspects such as living environments, resources, and energy, and it is our responsibility to future society. It is essential that we protect the global environment, which in turn protects diverse ecosystems, and when necessary, also work to restore the global environment.</p>

## Stakeholder engagement

We held dialogues with students from the Faculty of Pharmaceutical Sciences at Fukuoka University who visited the Tosu Factory and researchers at the Research and Development Headquarters.

We received questions and opinions unique to the Faculty of Pharmaceutical Sciences concerning the features of our products, TDDS mechanisms, R&D processes, and so on. In order to ensure that our company can be counted on by the younger generation, it is necessary to utilize these opinions in product development. In addition, industry-academia collaborations greatly contribute to the revitalization of universities and regions and the development of our company. In the future, we will continue to increase Hisamitsu Pharmaceutical's transparency through such engagements and create new value.



Tosu Plant tour and dialogue  
(Faculty of Pharmaceutical Sciences, Fukuoka University: Sept. 2018)

## Hisamitsu Pharmaceutical Group ESG promotion

The promotion of ESG is an important initiative as a foundation for realizing our corporate philosophy. Content to be addressed in environment, society, and corporate governance initiatives individually are closely related to the "improvement of operational efficiency" and the "enhancement of human resource development." The content of our "main pursued items" are based on content that has been emphasized in recent years as non-financial aspects of corporate evaluation.

"Items for future consideration" are items that were emerged after verifying CSR activities up to that point and should be established promptly to achieve our medium-term management policy.

In fiscal year 2018, we carefully examined individual items for consideration, and the responsible departments are considering improvement measures for each of the issues that have become clear. In addition, to improve these issues in an integrated and reliable manner, we have begun establishing a group-wide ESG promotion system.

### [Main pursued items]

- Resource conservation
- Energy conservation
- Waste reduction
- Procurement based on environmental protection
- Creating environmentally friendly patches
- Work style reform
- Respect for human rights
- Women's activities
- Strengthening relationships with stakeholders
- Creating patches to meet social needs
- Seek forms and methods of corporate governance
- Consideration and realization of the establishment of various committees
- Increasing learning opportunities for directors

### [Items for future consideration]

- Consistency with management strategy
- Thinking and achieving from an integrated perspective
- Further accumulation and analysis of information and data
- KPI setting and PDCA cycle execution
- Establishment of ESG promotion system
- Active involvement of management

- Roles of independent and outside directors
- Risk management maintenance

Introduction of education promotion and evaluation for all Hisamitsu Group employees

## Environmental management and occupational health and safety integration (EHS\*)

To comprehensively promote environmental protection, occupational safety and health, and security and disaster prevention, Hisamitsu Pharmaceutical will build an EHS management system by integrating ISO14001 environmental management system certification, which we have already achieved, with ISO45001 management system certification related to occupational safety and health (to be achieved in December 2019). In order to manage the environment and occupational safety and health, we have established an Environmental Management Committee and a Safety and Health Committee. We have also appointed a General EHS Manager to oversee these committees.

The committees meet regularly to set medium-term goals and discuss performance reports, risk and opportunity extraction, and management system operations, and strive to operate efficient EHS.

\*Environment, Health and Safety

● EHS management system

