



Feature Hisamitsu Pharmaceutical Group's CSR

Hisamitsu Pharmaceutical Group has issued a CSR Report every year since 2008, making this report the 10th edition. In addition to reviewing past CSR activities, in this edition we invited Professor Kiichiro Kobayashi of Keio University who provided, his commentary on social trends surrounding CSR today as well as its future direction, to talk about these and other topics with two Hisamitsu senior executives.

What is CSR in Hisamitsu Pharmaceutical Group

- **Prof. Kobayashi:** During the 10 years of this CSR reporting, CSR awareness has undergone great changes both in Japan and the global community. A recent tendency in particular is to look critically at the societal impacts on each kind of corporate activity.
- **Takao:** Around 2007, when we were preparing to issue our first report, I think there was certainly a tendency inside Hisamitsu to look at CSR with “cost awareness.” This has gradually shifted to the situation today, where employees and others alike fully recognize the importance of CSR.
- **Sugiyama:** Especially recently, I have noticed that we now think about realizing our corporate philosophy of “Delivering a Better QOL to the World” as “strategy” in terms of CSR. Our overseas factories are also actively engaging in CSR activities and strengthening our contributions as a Group.
- **Prof. Kobayashi:** Your Medium-term Management Policy released in April 2017 sets forth “promotion of ESG in Hisamitsu Pharmaceutical Group.”
- **Takao:** While we have focused on disclosing information through past CSR reports, we have refrained from making commitments to external parties from a sense of our “intangible assets” (see explanation under the figure on page 10) and “secret charity.”
- **Sugiyama:** When we were devising the Medium-term Management Policy, we intended to clearly present the policy of “promoting ESG” as a key driver to achieve further growth in our business operations. Clarifying the direction of ESG in terms of work for our managerial-level employees in particular was another reason for doing this.
- **Prof. Kobayashi:** As you say, reforming the awareness of middle managers is a key aspect of CSR for any company. You present KPIs and other key evaluation criteria, so I have high expectations for the results of your future initiatives.

KPIs: Key Performance Indicators
Metrics used to evaluate the degree to which a company has achieved its goals

Current Issues

- **Prof. Kobayashi:** CSR issues can be quite diverse. What kind of issues is Hisamitsu Pharmaceutical facing now?
- **Sugiyama:** In terms of compliance in general, I feel that a detailed level of attention is necessary. Viewing compliance simply within the scope of obeying laws often does not achieve the goal of improving business operations due to differences in the legal systems between Japan and other countries, the nature of recent labor issues, and so on.
- **Takao:** In terms of pharmaceutical manufacturing, we have always had to manufacture products in accordance with various laws and regulations, and this approach is instilled in employees. However, it is sometimes difficult to handle other legal systems and compliance awareness. We must prevent infractions that can occur from a lack of awareness as well as mistakes committed due to insufficient understanding of the intent of the legal system.
- **Prof. Kobayashi:** Compliance certainly needs to be thought of in a larger scope than just the legal system. Laws like the Act on Promotion of Women's Participation and Advancement in the Workplace need to be thought in terms of what you plan to do at your company rather than simply following the law. What about environmental issues?
- **Takao:** We have taken necessary steps such as obtaining ISO 14001 certification at our plants, but there are other areas that we still need to address.
- **Sugiyama:** Environmental issues are also related to improving production efficiency, and in that sense are easy to promote as a CSR issue. Going forward, we need to improve our management, including at our oversea Group companies, when it comes to resource problems and environmental problems in emerging countries.



Participants: **Professor Kiichiro Kobayashi (center)**
Keio Business School, Keio University

Kosuke Sugiyama (right)
Senior Managing Director , Executive Officer
Hisamitsu Pharmaceutical Co., Ltd.

Shinichiro Takao (left)
Director Executive Officer
Hisamitsu Pharmaceutical Co., Ltd.

Date: Date: April 27, 2017
Location: Tokyo Head Office, Hisamitsu Pharmaceutical

- **Prof. Kobayashi:** In terms of stakeholder engagement, Hisamitsu Pharmaceutical appears to be conducting community-based initiatives, in part due to having a head office located in Saga Prefecture.
- **Takao:** We are conducting many activities on a local level, including holding public lectures, tea ceremonies, and other events, We are also supporting non-profit organizations.
- **Sugiyama:** Our Kyushu Head Office has a long history in the community. This is one reason why it conducts a large number of activities. We would like to promote similar activities at our global Group operations in the coming years.
- **Prof. Kobayashi:** Today we have talked about Hisamitsu Pharmaceutical's current CSR issues and CSR direction, and I have high expectations for what you will do in the future. I also look forward to enhanced content in the CSR Report based on incorporating ESG promotion and more of your strategy and story in the report.

