

Material Issues

The KAKEN Group delivers value to society and contributes to achieving a sustainable society by practicing its corporate philosophy:
“KAKEN helps improve the quality of life of patients by serving as many people as possible to return smiles of happiness to their faces, through supplying superior pharmaceuticals.”
We believe that this will lead to the sustainable growth of the Group. In order to set out the challenges and initiatives for achieving this objective,
we have identified material issues related to the KAKEN Group’s future value creation

Business philosophy	Material issues	What we aim for	Results						
			FY2022		FY2023	FY2024		FY2025	
Material issues related to business	Joy for patients	 1 Creation of innovative new drugs that satisfy unmet medical needs	As an R&D-driven company, contribute to longer healthy life expectancy by creating innovative drugs that satisfy unmet medical needs.	Number of projects in Phase I or later	8 or more at all times	8	8	9	12
				 2 Expansion of access to healthcare and pharmaceuticals	In addition to overseas expansion of pharmaceuticals, focus on eliminating drug lag and loss by in-licensing pharmaceuticals marketed in Europe and the U.S.. To improve the quality of life of patients, expand access to medical care and pharmaceuticals through disease awareness activities.	Number of countries and regions where Clenafin, Ecclock, and KP-001, etc., are marketed	(Disclose results)	Clenafin: 6 countries and regions (Japan, U.S., Canada, South Korea, Hong Kong and Macao)	Clenafin: 6 countries and regions (Japan, U.S., Canada, South Korea, Hong Kong and Macao)
		Number of drugs for overseas expansion	3–5 at all times			2 (Fiblast, Clenafin)	3 (Fiblast, Clenafin, Ecclock)	4 (Fiblast, Clenafin, Ecclock, FYARRO)	4 (Fiblast, Clenafin, Ecclock, FYARRO)
		Projects under development in Japan to eliminate drug lag and drug loss	(Disclose results)			3 (KAR, KC-8025, Tildacerfont)	3 (KAR, KC-8025, Tildacerfont)	4 (KAR, KC-8025, Tildacerfont, ESK-001)	4 (KAR, KC-8025, ESK-001, Navenibart)
		Number of public lectures held for disease awareness	(Disclose results)	7	5	9	7		
	 3 Stable and sustainable supply of pharmaceuticals	In order to be trusted by patients and medical professionals, strengthen production and quality assurance systems to provide a stable and sustainable supply of high-quality pharmaceuticals.	Number of supply outages	0 per year	3	3	1	1	
			Number of product recalls	0 per year	0	1	1	0	
	 4 Appropriate provision of pharmaceutical information	In order to maximize the value of pharmaceuticals, promote sales information provision activities based on high ethical standards and scientific evidence.	Number of Audit & Supervisory Committee meetings held	4 per year	4	4	4	4	
			Evaluation of information provision activities by medical professionals (priority clinical departments)	(Disclose results)	Dermatology: Ranked 2nd Orthopedics: Ranked 5th ¹	Dermatology: Ranked 5th Orthopedics: Ranked 7th ²	Dermatology: Ranked 5th Orthopedics: Ranked 8th ³	Dermatology: Ranked 7th Orthopedics: Ranked 8th ⁴	
	Material issues related to the business foundation	Joy for society	 5 Contribution to sustainable agriculture	Contribute to food safety and security and the development of sustainable agriculture in harmony with the environment by promoting the use of natural pesticides.	Authorized countries and regions for registration of polyoxins as pesticides	(Disclose results)	21 countries and regions	21 countries and regions	21 countries and regions
Countries and regions where polyoxins have obtained certification as organic farming materials, and applicable crops					(Disclose results)	Countries and regions where certified: 3 (U.S., Australia and New Zealand) Applicable crops: 24 in total	Countries and regions where certified: 3 (U.S., Australia and New Zealand) Applicable crops: 25 in total	Countries and regions where certified: 3 (U.S., Australia and New Zealand) Applicable crops: 27 in total	Countries and regions where certified: 3 (U.S., Australia and New Zealand) Applicable crops: 27 in total
 6 Promotion of environmental management			Promote measures for environmental issues such as climate change, environmental pollution, and resource depletion to realize a sustainable society.	CO ₂ emissions (Scope 1 and 2)	51% reduction by FY2030 compared with FY2016 (Net zero by 2050)	21,667 t-CO ₂	21,408 t-CO ₂	20,136 t-CO ₂	18,559 t-CO ₂
				Percentage of carbon-free electricity	At least 80% by FY2030	5%	18%	26%	35%
				Amount of waste generated	(Disclose results)	661.6 t	977.4 t	1,169.5 t	925.7 t
				Recycling rate	At least 90%	95.6%	97.3%	97.0%	98.1%
				Final landfill disposal rate	5% or less	2.8%	1.9%	1.9%	1.9%
				Amount of Class I designated chemical substances (PRTR) handled	(Disclose results)	23.3 t	23.4 t	21.8 t	20.3 t
				Amount of volatile organic compound (VOC) substances handled	(Disclose results)	139.6 t	151.4 t	134.5 t	120.0 t
				Total biological oxygen demand (BOD) of wastewater	(Disclose results)	3.55 t	3.33 t	3.52 t	2.96 t
	Water consumption	10% reduction by FY2030 compared with FY2016		2,808 thousand m³	2,959 thousand m³	3,044 thousand m³	2,633 thousand m³		
 7 Strengthening corporate governance	Strengthen governance by listening to the expectations of stakeholders for conducting fair and transparent management.	Number of effectiveness evaluations of the Board of Directors	Once per year	Once	Once	Once	Once		
		Corporate Governance Code compliance rate	100%	97.6%	98.8%	100.0%	100.0%		
 8 Promotion of compliance	Establish and improve our position as a company that is trusted by society by promoting business activities with high ethical standards.	Participation rate for compliance training (including harassment training)	100%	–	–	Approx. 62%	99.6%		
		Increase awareness of compliance hotline (whistleblowing system)	100%	–	–	–	97.0%		
		Number of serious compliance violations	0 per yea	0	0	0	0		
 9 Strengthening relationships with stakeholders to achieve sustainability	Establish trust with stakeholders through direct communications to increase corporate value and realize a sustainable society.	Periodical questionnaire surveys of suppliers	–	–	–	–	Conducted		
		Number of meetings with investors	(Disclose results)	IR meetings: 14 SR meetings: 5	IR meetings: 34 SR meetings: 9	IR meetings: 66 SR meetings: 14	IR meetings: 71 SR meetings: 10		
Joy for society	 10 Respect for human rights	Contribute to the sustainable development of society through pursuit of KAKEN's “Three Joys” business philosophy and respect for human rights.	Training on human rights	–	–	Training focused on business and human rights: 1 session Other: Notification through compliance report	Training run for employees at Head Office (all departments, subsidiaries) and at the Kyoto and Shizuoka Sites	Training run for all officers and employees	
			Periodical questionnaire surveys of suppliers	–	–	–	–	Conducted	
			Communication with suppliers based on the human rights policy and questionnaires	–	–	–	–	Conducted	
Joy for employees	 11 Creation of fulfilling workplaces	Increase employee engagement by promoting a personnel system that provides job satisfaction and improving the working environment.	Make the corporate website multilingual	–	–	–	–	English-language disclosure on the corporate website of information on Compliance Hotline usage	
			Percentage of annual paid holidays taken	70% (FY2028)	55.1%	58.6%	62.5%	64.5%	
			Number of days and percentage of childcare leave taken	(Disclose results)	Female: 100% Male: 67.3%, 7.5 days	Female: 100% Male: 83.3%, 11.5 days	Female: 100% Male: 93.8%, 14.7 days	Female: 100% Male: 82.9%, 33.4 days	
			Percentage of women in management positions	10% (FY2028)	3.8%	4.1%	5.6%	7.2%	
			Average raw score and positive response rate in engagement survey	(Disclose results)	–	Job satisfaction of individual employees Average raw score: 2.7 Positive response rate: 64.5% Sense of belonging to the company Average raw score: 2.7 Positive response rate: 66.7% ⁵	Job satisfaction of individual employees Average raw score: 2.73 Positive response rate: 65.7% Sense of belonging to the company Average raw score: 2.76 Positive response rate: 69.7% ⁵	Job satisfaction of individual employees Average raw score: 2.74 Positive response rate: 66.3% Sense of belonging to the company Average raw score: 2.84 Positive response rate: 70.5% ⁵	
	 12 Strengthening development of human resources	Develop professionals who can pursue changes and tackle challenges through personal development and reskilling.	Total hours of training led by the Human Resources Department	(Disclose results)	2,978 hours	4,197 hours	4,764 hours	4,639 hours	

1. From “Survey on what doctors seek in MRs: 2023 edition,” Monthly MIX: Feb. 2023 issue, p. 33–34
2. From “Survey on what doctors seek in MRs: 2024 edition,” Monthly MIX: Feb. 2024 issue, p. 37
3. From “Survey on what doctors seek in MRs: 2025 edition,” Monthly MIX: Feb. 2025 issue, p. 32–33
4. From “Survey on what doctors seek in MRs: 2026 edition,” Monthly MIX: Feb. 2026 issue, p. 37
5. Of the four response options, scores are calculated as follows: Strongly agree = 4 pts., Agree = 3 pts., Disagree = 2 pts., Strongly disagree = 1 pt. Average raw score = Average score of responses.
Positive response rate = Percentage of people whose responses were 3 or 4 points.