

# ESG Initiatives JPWA

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# Agenda

1. Japanese Govt's ESG Initiatives
2. JPWA Status of ESG initiatives
3. Characteristics of ESG activities  
at Japanese pharmaceutical wholesalers
4. Future ESG initiatives and challenges for JPWA

# 1. Japanese Govt's ESG Initiatives

- May 2016    Establishent of SDGs Promotion Headquarters  
(Chief: Prime Minister)
- Oct 2020    Japanese Govt declared its intention to achieve  
carbon neutral society by 2050.  
⇒ ESG initiatives at pharmaceutical industry  
was also accelerated
- May 2024    Announcement of participation in ATACH  
at WHO General Assembly

## 2. JPWA Status of ESG initiatives

May 2023 Prepare JPWA version of ESG framework  
based on IFPW ESG Framework

May 2024 Create JPWA version of ESG case studies

Jun 2024 Establish ESG working group at JPWA

### 3. Characteristics of ESG activities at Japanese pharmaceutical wholesalers

- Case studies (40 cases released out of 103)
- Emphasized in many cases are:
  - Stable supply of pharmaceuticals
  - Security of supply

# Great Noto Earthquake in Jan 2024

Magnitude : 7

Seismic intensity : 7 (max)

Number of dead or missing : 344

Damaged houses and  
public facilities : 161,623  
(as of Aug 21)



➤ The distribution of pharmaceuticals remained uninterrupted.



# Comparison of Distribution Functions by country

Functions		JAPAN	US	UK	Germany	France
Delivery	Destination	Hospitals,Pharmacies ,Clinics etc	Hospitals,Pharmacies ,Clinics etc	Pharmacies	Pharmacies	Pharmacies
	Number of destinations delivered to*	Approx.160,000	Approx.70,000	Approx.18,000	Approx.21,000	Approx.22,000
	Degree to delivery personnel belonging to the company	80-100%	0-20%	40-100%	40-80%	40-80%
Sales order and Inventory management		○	○	○	○	○
Price negotiation	w/ medical institutions	○	○ (only generic drugs)	—	—	—
	w/ pharmacies	○	○ (only generic drugs)	○	○	○ (only generic drugs)
Information service		○	—	—	—	—

# ESG case example #1 (JPWA)

## 1. Carbon Footprint & Climate

### 1-1 Climate change and energy use



MEDIPAL HOLDINGS CORPORATION

As a distribution company, the MEDIPAL Group is working to reduce greenhouse gas emissions and other environmental impacts. We will contribute to the realization of a sustainable society through business activities that take the global environment into consideration.

### Our Group's Climate Change Goals

We have set medium-to long-term targets for the reduction of greenhouse gas emissions for the entire Group using greenhouse gases (Scope1<sup>\*1</sup>,2<sup>\*2</sup>) as indicators for evaluating our efforts to tackle climate change.

\*1 Emissions associated with in-house fuel consumption \*2 Emissions associated with in-house power usage

Regarding the description of the business period  
FY2020 (April 1, 2020 to March 31, 2021)  
FY2020 (April 1, 2020 to March 31, 2021)  
FY2030 (April 1, 2030 to March 31, 2031)  
FY2050 (April 1, 2050 to March 31, 2051)

Greenhouse gas emission reduction target

**FY2030: 50% reduction (compared with FY2020)**

**FY2050: Carbon-neutral.**

<Standard value and actual results>

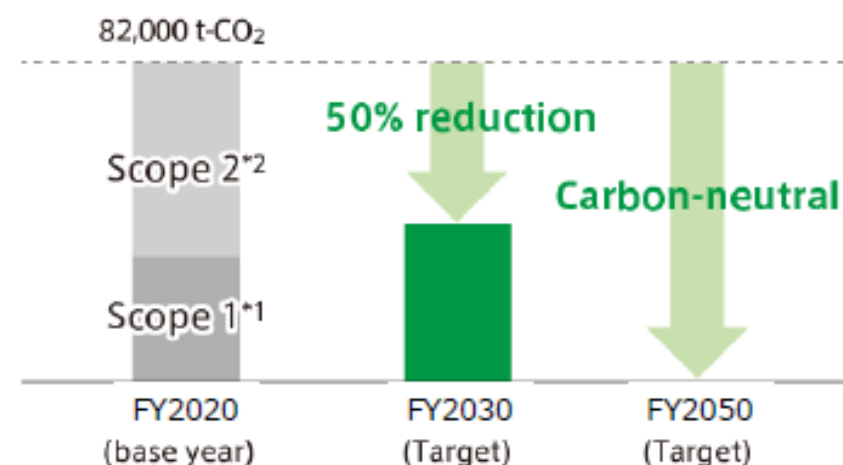
FY2020 (base year)

82,532t-CO<sub>2</sub>

FY2022

74,991t-CO<sub>2</sub>

### Greenhouse Gas Emissions



### Control of energy consumption

Each group company manages its own energy consumption, such as fuel and electricity, and periodically reports to the CSR Committee, which promotes sustainability management. By doing so, the group provides appropriate guidance and advice to each company.



# ESG case example #2 (JPWA)

## 1. Carbon Footprint & Climate 1-1 Climate change and energy use



### Promoting Energy-Saving Initiatives

In addition to raising awareness about electricity use and power savings, Meisho Co., Ltd., has replaced all lighting with LEDs. We have installed motion sensors on LED lights at our headquarters and logistics centers, and lights automatically go off when nobody is present.

### Introducing a Solar Power PPA Model

Alfresa Pharma Corporation has installed 1,000-kilowatt-class (megasolar) panels on its Okayama Plant and three wings of its logistics center, using a solar power PPA\* model. The system became operational in January 2023. By using renewable energy, Alfresa Pharma expects to cut annual emissions by 410 t-CO<sub>2</sub> and reduce its electricity fees.

\* PPA (power purchase agreement): A PPA model is one that involves a contract between a PPA operator (power provider) and a user of electric power. Under this model, the power provider installs, operates, manages, and maintains the solar power generation equipment on the roof of the user's building or structure. The user pays a monthly service fee to the power provider for the amount of electricity used by the solar power generation system.

#### Addressing environmental conservation

We contribute to the realization of a sustainable society by conducting environmentally friendly business activities.  
We promote initiatives for carbon neutrality, initiatives for recycling activities, prevention of environmental pollution and coexistence with living organisms.  
Aiming to achieve net zero CO<sub>2</sub> emissions by FY2050, we will continue to carry out initiatives to reduce emissions by 10% in FY2024 and by 30% in FY2028 compared to FY2020.

#### Contribute to society by engaging in environmentally friendly business activities



Promote the Alfresa Group Environmental Policy established in April 2020

- 1 Promote efforts to become carbon neutral
- 2 Promote resource recycling
- 3 Promote the prevention of environmental pollution and coexistence with living organisms

Response to TCFD recommendations  
(Fiscal 2022)

#### Indicators and targets

The Alfresa Group has set the target of net-zero CO<sub>2</sub> emissions by fiscal 2050, as CO<sub>2</sub> emissions are a key indicator related to climate change.

Using fiscal 2020 CO<sub>2</sub> emissions (Scope 1 and Scope 2) as a baseline, the Alfresa Group has set targets to reduce emissions by 10% by the end of fiscal 2024 as a short-term objective and by 30% by the end of fiscal 2028 as a medium-term objective.  
The CSR Promotion Committee evaluates measures and policies for using renewable energy and switching to environmentally friendly vehicles, evaluates and reports on the activities of each group company, and reports its findings to the representative director and Board of Directors. Fiscal 2021 CO<sub>2</sub> emissions (Scope 1 and Scope 2) amounted to 70,429 t-CO<sub>2</sub>.

\* Please also refer to the Alfresa Group ESG Data for more information about energy use and CO<sub>2</sub> emissions.

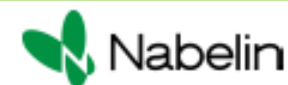


\* Fiscal 2021 CO<sub>2</sub> emissions (Scope 1 and Scope 2) amounted to 70,429 t-CO<sub>2</sub>. The data is based on the consolidated annual report. The data is based on the consolidated annual report. The data is based on the consolidated annual report.

# ESG case example #3 (JPWA)

## 2. Environmental Stewardship

### 2-1 Waste management and recycling



To achieve the “reduction of waste emissions and OA paper usage” stipulated in our environmental management system, we are working to reduce waste through the establishment of an inventory management system for our customers in addition to our own internal activities.

#### ■ Reduction and recycling of in-house waste

##### (1) Reduction of general waste

- ① Promote substitution of waste materials themselves (wooden pallets for returnable plastic pallets, plastic cushioning materials for recyclable paper cushioning materials, etc.)
- ② Reduction of paper materials (electronic data, double-sided copying, reuse of copy paper, etc.)

##### (2) Reduction of waste products

- ① Management of appropriate quantities and expiration dates of ethical drugs and other products through centralized management at the Central Center (reduction of expired products to be disposed of)

##### (3) Thorough recycling activities

- ① Ensure proper separation and recycling of paper resources such as cardboard boxes for packaging, cans, bottles, PET bottles, etc.
- ② Proper separation and thorough recycling of office supplies, equipment, and waste materials after repair work (collection and recycling by specialized companies)

#### ■ Assistance in waste reduction for clients

##### (1) Inventory management support for clients by proposing inventory management systems

- ① Support for waste reduction through optimization of customer inventory by ODSS® / Uchide no Soko®.

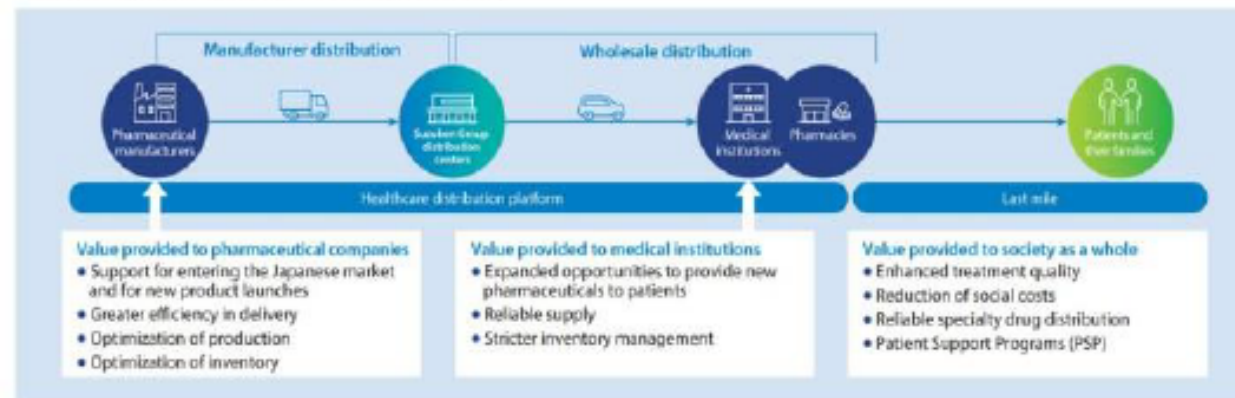
# ESG case example #4 (JPWA)

## 3. Access to Medicine 3-1 Security of supply



- Our pharmaceutical distribution business has built a network that uses a traceability system to clearly identify distribution routes for all pharmaceuticals handled and, with strict quality control, reliably delivers required products at required times.
- The Suzuken Group, having received requests from local governments throughout Japan, is delivering COVID-19 vaccines to vaccination venues and medical institutions. Given the requirement for strict temperature control in transporting the vaccine, we are executing high-quality distribution of the vaccine in strict compliance with guidelines issued by the Ministry of Health, Labour and Welfare and vaccine manufacturers.
- Our manufacturer distribution and wholesale distribution businesses have worked together to construct a resilient nationwide distribution network with key facilities in Tokyo, Nagoya, and Osaka. In times of disaster, this distribution network will work with governmental authorities and pharmaceutical companies to swiftly deliver the pharmaceuticals needed by hospitals and other medical facilities in disaster zones

Total traceability management from transport to storage



Robust nationwide Business Continuity Planning (BCP) network





# ESG case example #5 (JPWA)

## 3. Access to Medicine 3-1 Security of supply



### 2. Stable Supply

Our company's fleet of trucks connects numerous inventory points that cover regions in a manner akin to capillaries. Through our logistics network, we supply various medical and healthcare-related products, including pharmaceuticals, to each local area. In times of disasters or pandemics (such as influenza outbreaks), we have leveraged our past experience and disaster response expertise to enhance our capabilities. Our goal is to ensure an uninterrupted pharmaceutical distribution system at all times, safeguarding the flow of essential medicines.

In addition to the BCP, we've invested in hardware and software for business continuity. This includes emergency generators, diverse communication methods, and safety confirmation system reviews to minimize disruptions during natural disasters. Our goal is to maintain critical operations.

In 2015, our company launched a state-of-the-art logistics center in Miyagi. The center's primary goal is to enhance disaster response capabilities. It's built on robust bedrock and designed to withstand seismic forces equivalent to government buildings. The center ensures uninterrupted supply, even during disasters.

**3. Prevention of illegal Pharmaceutical Distribution** To ensure the legality of our suppliers, we regularly verify their "Pharmaceutical Sales Permits" and also confirm the licenses of our sales partners.



Miyagi Logistics Center



Large Emergency Power Generator  
with 72-hour Capability



Refrigerated Storage

# ESG case example #6 (JPWA)

## 3. Access to Medicine 3-2 Breadth and depth of coverage

Forest  
Holdings

### Thorough quality control and traceability

#### Thorough quality control and traceability

By consolidating incoming goods from manufacturers into the center and converting each production lot into electronic data, we centrally manage information from receipt of goods to delivery to medical institutions and pharmacies. In addition, quality and temperature control is conducted in accordance with GDP.



Rotating rack (cold storage)



Mobile terminal for receiving (left) and receiving line



Automatic refiller



Automated warehouse (room temperature products)

#### Delivery system (capillary distribution)

Goods arranged at the center are transported together to the branch or sales office in charge of that area, and from there they are delivered to medical institutions and pharmacies. Appropriate service is provided through close information sharing with sales staff.



#### ■ Delivery Flow





# ESG case example #7 (JPWA)

## 3. Access to Medicine 3-4 Community engagement and partnership



### Community Contribution

As a company rooted in Hokkaido, we participate the activities below cooperating with nearby companies or residents. Through the activities, we vitalize our neighborhoods and customers, and try to create a better future together.

#### ◆What we do

- cleaning the surrounding area of our company constantly with nearby companies
- clearing snow away from in front of houses which elderly lives in
- joining community events
- planting many flowers around our building
- encouraging our employees to donate blood





# ESG case example #8 (JPWA)

## 4. Human Capital Management 4-2 Talent attraction & growth



### 2. In-house environment improvement policy

Human resources/ Training	<ul style="list-style-type: none"><li>• Enhanced training by rank and job classification</li><li>• Providing opportunities to take on challenges such as participating in projects or being seconded outside the company</li><li>• Reskilling and assistance in obtaining personal qualifications</li><li>• Development of professionals</li></ul>
Development of the personnel system	<ul style="list-style-type: none"><li>• Diversity &amp; Inclusion</li><li>• Utilization of seniors, Mid-career recruitment of excellent human resources</li><li>• Strengthen career development</li><li>• Staffing with the right people in the right places</li></ul>
Work-style reforms	<ul style="list-style-type: none"><li>• Going paperless through DX promotion</li><li>• Outsourcing of routine work</li><li>• Enhancement of work styles and systems to accommodate employees' life events</li><li>• Further improvement of the workplace environment</li></ul>

### 3. Metrics and Targets

In order to ensure diversity, our company has set the following target using the ratio of female managers as metrics.

“Increase the percentage of women in managerial positions to at least 30%”

The ratio of female managers in this fiscal year was 16.5%, up 5.1% from the previous fiscal year.

### 4. Major Initiatives in Fiscal Year ended March, 2023

- Monthly compliance training for all employees attendance rate:100%
- Monthly training the Antimonopoly Act for sales representative attendance rate:100%
- Reskilling training for MS(TOHO PHARMACEUTICAL) trainee:751 persons
- Training for new managers and new sales managers trainee:85 persons
- Training for sales director trainee:134 persons
- Internal project “MAXIS2021” participants:63 persons
- Joint research with the National Institute of Advanced Industrial Science and Technology (AIST) participants:24 persons (eight researchers on loan from the Group and 16 in-house researchers)
- Active promotion of female employee to management position newly appointed managers(TOHO HOLDINGS):5 men and 2 women

## 4. Future ESG initiatives and challenges for JPWA

- ▶ DEI
  - ex) Gender Diversity
- ▶ Create ESG mission statement as unified messages
- ▶ The Challenge is to create common goal/policy
  - JPWA consists of 69 member companies and their circumstances are different respectively.