



FUJIFILM Holdings Corporation

Social Bond Framework

**FUJIFILM SOCIAL BOND FRAMEWORK**

July 2024

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# **FUJIFILM Holdings Corporation, Social Bond Framework**

## **1. Introduction**

FUJIFILM Holdings Corporation (“Fujifilm” or the “Company”) is committed to contributing to society by leveraging its unique capabilities as an essential player in building a sustainable society. In order to support these efforts and secure the necessary funds as social bonds, the Company has formulated a social bond framework (“the framework”) in accordance with the Social Bond Principles 2023 (SBP2023) of the International Capital Market Association (ICMA) and the Social Bond Guidelines 2021 Edition (SBG2021) of the Financial Services Agency of Japan (FSA).

The framework has received a second party opinion from an independent external agency DNV Business Assurance Japan K.K., on the suitability of the above principles, among others, and we will issue social bonds in accordance with the framework.

### **1.1 Overview of the Issuer (FUJIFILM Holdings Corporation)**

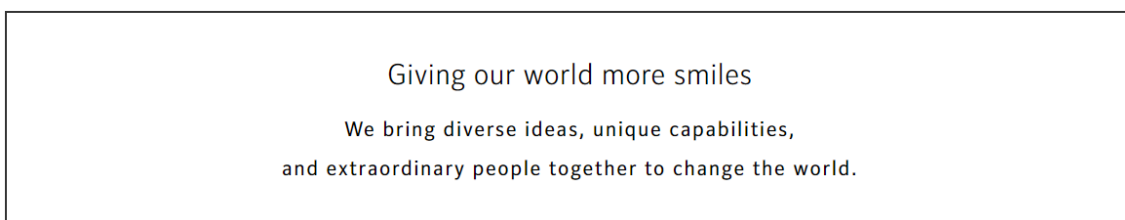
In 1934, Fuji Photo Film Co., Ltd., was established as part of a government initiative to develop a domestic photographic film manufacturing industry. This new company was formed by taking over the photographic film operations of Dainippon Celluloid Company Limited. The Company adopted a holding company structure in 2006 and became FUJIFILM Holdings Corporation.

Although the film market has declined significantly since 2000 due to the dramatic digitalization, the Company has expanded its business into new areas by drastically transforming its business and leveraging its expertise in the photography business. Currently, the Company is committed to addressing social issues by providing innovative technologies, products and services in the four business fields: Healthcare, Electronics, Business Innovation and Imaging.

### **1.2 Sustainability Management**

#### **Fujifilm Group's Purpose**

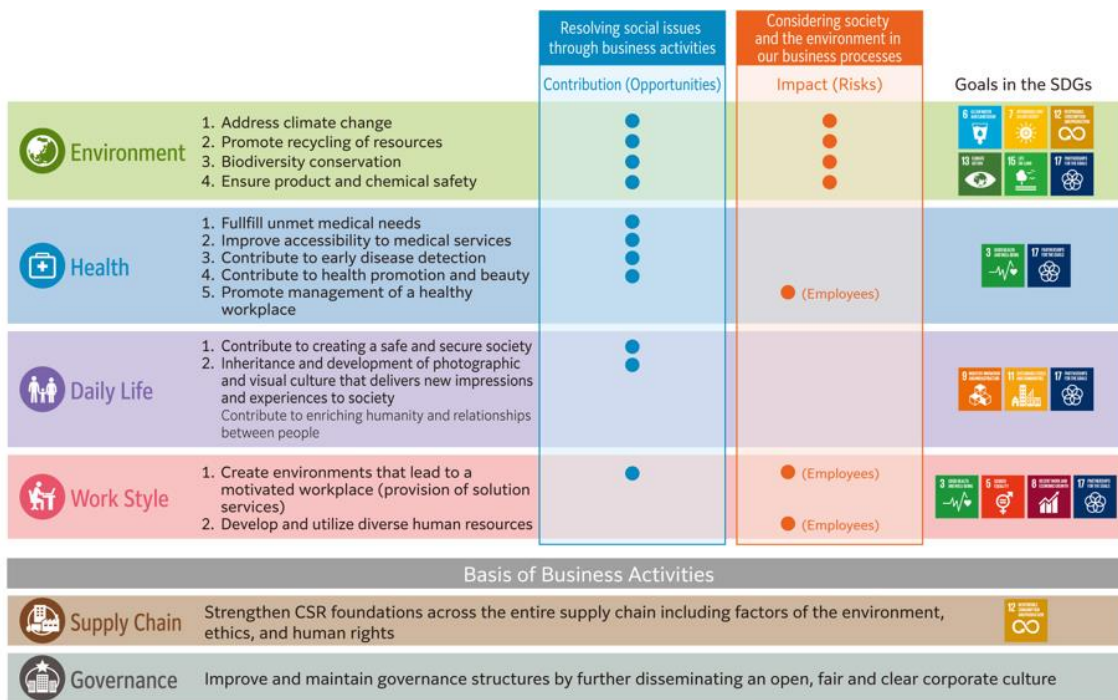
We have established the group's Purpose which reflects our role in the world.



#### **CSR Plan "Sustainable Value Plan 2030"**

Based on the Sustainable Value Plan 2030 formulated in 2017, Fujifilm aims to be a company that contributes to the realization of a sustainable society by offering innovative technologies, products and services.

The Company is committed to implementing the plan through a strategy that includes both addressing social issues through its business activities and integrating social and environmental considerations into its business processes. To facilitate this, it has identified four areas, namely Environment, Health, Daily Life and Work Style, as well as two additional focus areas, namely Supply Chain and Governance Processes. Within these areas, it has identified priority issues and set targets in the six areas.

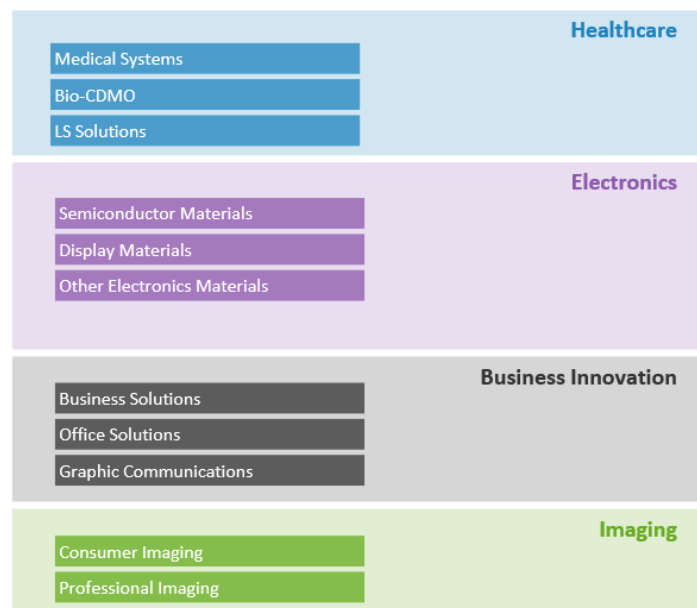


## Medium-term Management Plan “VISION 2030”

The Company has developed its strategic management plans, known as the VISION 2023 in 2021 and the VISION 2030 in April 2024 to effectively implement the objectives outlined in the Sustainable Value Plan 2030 targets.

Based on the VISION 2023, we have accelerated the growth of healthcare and highly functional materials and built solid business foundation for sustained growth. In addition, we enhanced our business portfolio management and cash flow management. In the VISION 2030, our focus will remain on prioritizing profitability and capital efficiency.

Furthermore, we will accelerate business growth by investing a total of 1.9 trillion yen over three years from FY 2024 to FY 2026. These investments will primarily be directed towards research and development as well as capital expenditures, particularly in the growth areas of Bio CDMO<sup>\*1</sup> and semiconductor materials.



## **Efforts in the Bio CDMO businesses in the Healthcare segment aligned with Fujifilm's priority business area of Health in its CSR Plan Sustainable Value Plan 2030**

According to the Japan Pharmaceutical Manufacturers Association (JPMA) in their report "JPMA Industry Vision 2025," there is a growing recognition worldwide of unmet medical needs including intractable and rare diseases. Pharmaceutical companies are shifting their focus in research and development towards developing innovative drugs that address these unmet medical needs.

As biopharmaceuticals, which are products of biotechnologies, are gaining traction due to their fewer side effects compared to small molecules and have been proven to be highly effective in treating a wide range of diseases that have previously shown no improvement with small molecules. Consequently, there is an expanding demand for biopharmaceuticals as an effective therapy option for addressing unmet medical needs.

The market for biopharmaceuticals is expected to grow at a compound annual growth rate (CAGR) of 8% from 2022 to 2030, based on our estimates from EvaluatePharma® Nov, 2023, indicating a global demand surge. As a response to the increasing development of new biopharmaceuticals and the growing demand for existing products, the establishment of production systems capable of consistently producing and supplying biopharmaceuticals becomes an even more crucial issue to improve access to medical services.

Under these circumstances, as stated in the "Pharmaceutical Industry Vision 2021" of Japan's Ministry of Health, Labour and Welfare, there has been a rise in outsourcing of process development and manufacturing to CDMOs as the manufacturing of biopharmaceuticals requires advanced technologies and large-scale capital investment. The role and importance of Bio CDMOs, which support new drug development and address unmet medical needs from manufacturing perspective, have therefore been increasing. In line with this trend, Fujifilm is developing its Bio CDMO business in the Healthcare segment where we are accelerating our growth. We believe that enhancing Bio CDMO will be an efficient solution to address social issues, as it is crucial to ensure a high-quality and stable supply of biopharmaceuticals in order to meet unmet medical needs and improve the accessibility to medical services.

Our Bio CDMO business is differentiated in high productivity technologies by leveraging our industry-leading culture technologies, advanced equipment and sophisticated production technologies, analysis technologies and engineering

technologies and the experience gained from our photographic film production. We have also expanded our business by offering contract development and manufacturing services for various medical products such as antibody drugs, recombinant proteins, gene therapy drugs, genetically-modified cell therapy drugs and vaccines. We cater to the entire development process from clinical to commercial scale, encompassing drug substances, drug products, and packaging. As part of our commitment to our business expansion, we are actively investing in increasing biopharmaceutical production capacity and developing high-efficiency and high-productivity technologies in the United States, the United Kingdom, Denmark and Japan.

In the VISION2030, we are positioning the Bio-CDMO business as a “New /Future Potential” and a “Growth Driver” with the goal of achieving sales of 700 billion yen by FY 2030. To this end, we have outlined a plan to launch large scale new facilities from FY 2024 to 2028, while simultaneously building a flexible production system for medium- and small-scale facilities to meet demand.

In line with our business vision of being “Partners for Life” we are committed to supporting our pharmaceutical company customers in the stable supply of high-quality biopharmaceuticals. Through these efforts, we aim to address social issues such as unmet medical needs, improve access to medical services, and further contribute to the development of the healthcare industry.

(※1) Abbreviation for Contract Development & Manufacturing Organization. Providing pharmaceutical companies with various services such as cell line development in early development stage, production process development, stability testing, development and manufacturing of investigational drugs and manufacturing of commercial drugs.

JPMA “JPMA Industry Vision 2025”

- [https://www.jpma.or.jp/english/about/industry\\_vision2025/eki4g600000077ca-att/industry\\_vision2025.pdf](https://www.jpma.or.jp/english/about/industry_vision2025/eki4g600000077ca-att/industry_vision2025.pdf)

Ministry of Health, Labour and Welfare “Pharmaceutical Industry Vision 2021”

- <https://www.mhlw.go.jp/content/10800000/000831973.pdf>

### **1.3 Significance of Social Bond Issuance**

We are dedicated to making a positive difference in society by applying leading-edge, proprietary technologies cultivated through the photography film business to

a wide range of businesses. Our commitment to corporate social responsibility is outlined in our Sustainable Value Plan 2030 where we have set targets in the four areas: Environment, Health, Daily Life and Work Style as well as Supply Chain and Governance which form the basis of our business activities. Through these initiatives, we aim to contribute to the creation of a sustainable society by delivering innovating solutions. Our Bio CDMO business focuses on addressing health related challenges which is one of our priority areas. We will finance projects with social benefits in this field through the issuance of social bonds, ensuring that our investments align with the requirements of SBP2023 and SBG2021 set by ICMA and FSA respectively.

Our efforts in the Bio CDMO business are directly linked to our priority issues: “1. Fulfill unmet medical needs” and “2. Improve accessibility to medical services” in the Health area of the Sustainable Value Plan 2030. We believe that increasing biopharmaceuticals manufacturing capacity to meet the growing global demand for biopharmaceuticals will contribute to the achievement of the “Target 3.8 : Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all,” under the UN’s SDG Goal 3 “Good Health and Well-Being” which was formulated in September 2015.



## 2. Social Bond Framework

The framework is aligned to the ICMA's SBP 2023 and the FSA's SBG 2021 Edition and defines the following four core components.

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

### 2.1 Use of Proceeds

Net proceeds from the bonds issued under the framework will be allocated to finance or refinance new or existing investments that meet the following eligibility criteria. In the case of allocation to refinance, the look-back period for refinanced projects will be within 36 months from the date of issuance of social bonds.

The expansion of the Bio CDMO business by allocating proceeds to projects will contribute to addressing emerging unmet medical needs and improving access to medical services through the development of production process and stable supply of biopharmaceuticals.

#### 【Eligibility Criteria】

Social Project Category	Eligibility Criteria	Target Population
Access to essential services (health, healthcare)	Building new manufacturing bases, M&A, capital investment for production capacity enhancement, development for high efficiency and high productivity technologies, etc., on Bio CDMO business	Biopharmaceutical users

### 2.2 Process for Project Evaluation and Selection

Projects to be funded by the social bonds will be selected based on the Priority Issues (Materiality) of the Sustainable Value Plan 2030. The Accounting & Finance Division of the Company will consult with the Corporate Communications Division, the ESG Division and related business division to select projects that meet the

eligibility criteria. The Corporate Vice President in charge of the Accounting & Finance Division will make the final decision on the projects. The results will be reported to the Board of Directors.

For all potential qualified projects, we will ensure that the following measures are taken to reduce environmental and social risks.

- Based on the group's risk management regulations, the Company will identify risks on a global basis and develop and implement action plans for all companies in the Fujifilm Group. Risk items include the impact of economic conditions and foreign exchange rate fluctuations on business performance, changes in the business environment and competition, manufacturing activities, public regulations and environmental regulations.
- As described in Fujifilm Group's Green Policy (Environmental Policy), we comply with the rules established in each country and region where we operate, as well as with voluntary regulations, standards, and individually agreed requirements of the Fujifilm Group companies. In case of the acquisition of lands and/or buildings through M&A, we conduct environmental due diligence to assess lands and underground water pollution.
- We conduct due diligence on occupational safety, labor and human rights. In Fujifilm's Human Rights Statement, we declare that we support international principles on human rights, including the UN International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights, and that we will take necessary measures to assess and reduce the risk of human rights violations in our business activities. We will evaluate the validity of investments from the perspective of occupational safety and labor risks in case of M&A, and conduct human rights due diligence on all operations on a regular basis.

The Fujifilm Group has appointed a person responsible for compliance and risk management at each business company and group company, and each organization report regularly to the ESG Committee, which is chaired by the president of Fujifilm. The ESG Committee also reports to the Board of Directors regularly. The Board of Directors is responsible for supervising the compliance and risk management of the entire Group, and provides direction and advice in response to reports from the ESG Committee to ensure the effectiveness of the process.

## **2.3 Management of Proceeds**

The Accounting & Finance Division of the Company allocates and manages the entire net proceeds to projects that meet eligibility criteria. The division checks the disbursement status of proceeds annually. If there is unallocated amount, projects that meet the eligibility criteria will be selected to allocate the unallocated amount.

Proceeds of social bonds will be managed as cash or cash equivalents until they are allocated to projects that meet the eligibility criteria.

## **2.4 Reporting**

### **① Allocation Reporting**

Until the proceeds of social bonds are fully allocated to eligible projects and production equipment goes into operation, the following information will be disclosed on our website annually.

- Allocated amount, unallocated amount, scheduled allocation period and management method during the unallocated period
- Approximate amount (or ratio) of refinance

In the case of any significant event, such as major changes in the allocation plan, we will disclose it on our website in a timely manner.

### **② Impact Reporting**

Until the proceeds of social bonds are fully allocated to the eligible projects and the production facilities are operational, the Company will disclose the following indicators related to eligible projects on its website annually, to the extent that confidentiality and nondisclosure requirements allow disclosure.

Eligibility Criteria	Output	Outcome	Impact
Building new manufacturing bases, M&A, capital investment for production capacity enhancement, development for high efficiency and high productivity technologies, etc., on Bio CDMO business	Overview of the projects (location, size, etc.)	Production capacity of our Bio CDMO business (L)	Satisfying unmet medical needs and improving access to medical services through stable supply of high-quality bio-pharmaceuticals

### 3. External Review

#### 3.1 Second Party Opinion (Pre-Issuance)

We obtained the second party opinion regarding the suitability to the SBP2023 and SBG2021 from DNV Business Assurance Japan K.K. as the independent external agency.