GHG emissions 2024

To enhance the reliability of its disclosed information, the Kobayashi Pharmaceutical Group has such information assured by a third-party organization. Among the indicators listed in "GHG Emissions" below, the indicators marked with ☑ have been assured accordingly. Going forward, we will continue to improve accuracy while effectively using the assurance of the third-party organization.

◆GHG Emissions

	Scope	Unit		FY2024
Total of the Kobayashi Pharmaceutical Group	Scope1	kt-CO_2		8 ☑
	Scope2 Location Based	kt-CO_2		30 ☑
	Scope2 Market Based	kt-CO_2		19 ☑
	Scope3	kt-CO_2 eq	Total*1	521
			Category 1	386 ☑

	Scope	Unit		FY2024
Domestic	Scope1	kt-CO_2		7
	Scope2 Location Based	kt-CO_2		21
	Scope2 Market Based	kt-CO_2		10
	Scope3	kt-CO_2 eq	Total	395
			Category 1	297

	Scope	Unit		FY2024
Overseas	Scope1	kt-CO_2		1
	Scope2 Location Based	kt-CO_2		9
	Scope2 Market Based	kt-CO_2		8
	Scope3	kt-CO_2 eq	Total*2	126
			Category 1	89

*The numbers may not add up because they are rounded off.
*The details of *1 and *2 are described on the following pages.

◆ Calculation Methods of GHG Emissions

GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

Indicator	Boundary	Calculation Method
Scope1	KOBAYASHI PHARMACEUTICAL CO., LTD., all domestic consolidated subsidiaries and 13 overseas consolidated subsidiaries. However, a non-consolidated subsidiary is included in the data of GHG emissions generated from gasoline used.	GHG emissions generated from fuel used [Calculation method] Based on the "Greenhouse Gas Emissions Accounting and Reporting Manual (Ver. 5.0)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan [GHG emission factor] "Greenhouse Gas Emissions Accounting and Reporting Manual (Ver. 5.0)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan. For domestic city gas, the basic emission factors or alternative value of "Emission Factors by Gas Suppliers (for the calculation of GHG emissions by specified emitters) (FY 2023 results)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry (June 28, 2024) is used.
Scope2	KOBAYASHI PHARMACEUTICAL CO., LTD., all domestic consolidated subsidiaries and 13 overseas consolidated subsidiaries	GHG emissions generated from purchased electricity and heat [Calculation method] Based on the "Greenhouse Gas Emissions Accounting and Reporting Manual (Ver. 5.0)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan [GHG emission factor] ・Domestic Electricity : National average emission factors and adjusted emission factors from "Emission Factors by Power Suppliers (for the calculation of GHG emissions by specified emitters) (FY 2022 results)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan (November 8, 2024) ・Overseas Electricity : Emissions Factors (FY 2021) of International Energy Agency ・Overseas steam : Emissions Factors from "Greenhouse Gas Emissions Accounting method and Reporting Guidelines" published by The Department of Ecology and Environment of Anhui Province
Scope3 Category 1	KOBAYASHI PHARMACEUTICAL CO., LTD., 7 domestic consolidated subsidiaries and 5 overseas consolidated subsidiary	Purchased goods and services [Calculation method] Based on the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.6)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan [GHG Emission Factor] ・IDEA Ver.2 of the Research Institute of Science for Safety and Sustainability, National Institute of Advanced Industrial Science and Technology ・As to the molding process for molded products, "Inventory Data Survey Report on Resin Processing, (Revised Version, 3rd Edition, March 2020)" published by the Plastic Waste Management Institute.

*1. Regarding Scope3 Category 2 and 3

Indicator	Boundary	Calculation Method
Scope3 Category 2	KOBAYASHI PHARMACEUTICAL CO., LTD., all domestic consolidated subsidiaries and all overseas consolidated subsidiaries	Capital goods [Calculation method] Based on the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.6)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan [GHG emission factor] "The Database on Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.4)" of the Ministry of the Environment of Japan
Scope3 Category 3		Fuel- and energy-related activities not included in Scope1 and 2 [Calculation method] Based on the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.6)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan [GHG emission factor] ・"The Database on Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.4)" of the Ministry of the Environment of Japan ・IDEA Ver.2 of the Research Institute of Science for Safety and Sustainability, National Institute of Advanced Industrial Science and Technology

*1. Regarding Scope3 Category 4 to 15

Indicator	Boundary	Calculation Method
Scope3 Category 4	KOBAYASHI PHARMACEUTICAL CO., LTD., all domestic consolidated subsidiaries and all overseas consolidated subsidiaries	Upstream transportation and distribution [Calculation method] Based on the “Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.6)” of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan [GHG emission factor] ・“The Database on Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.4)” of the Ministry of the Environment of Japan ・IDEA Ver.2 of the Research Institute of Science for Safety and Sustainability, National Institute of Advanced Industrial Science and Technology
Scope3 Category 5		Waste generated in operations [Calculation method] Based on the “Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.6)” of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan [GHG emission factor] ・“The Database on Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.4)” of the Ministry of the Environment of Japan ・IDEA Ver.2 of the Research Institute of Science for Safety and Sustainability, National Institute of Advanced Industrial Science and Technology
Scope3 Category 6		Business travel [Calculation method] Based on the “Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.6)” of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan [GHG emission factor] “The Database on Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.4)” of the Ministry of the Environment of Japan
Scope3 Category 7		Employee commuting [Calculation method] Based on the “Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.6)” of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan [GHG emission factor] “The Database on Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.4)” of the Ministry of the Environment of Japan
Scope3 Category 9		Downstream transportation and distribution [Calculation method] Based on the “Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.6)” of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan [GHG Emission Factor] IDEA Ver.2 of the Research Institute of Science for Safety and Sustainability, National Institute of Advanced Industrial Science and Technology
Scope3 Category 12		End of life treatment of sold products [Calculation method] Based on the “Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.6)” of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan [GHG Emission Factor] IDEA Ver.2 of the Research Institute of Science for Safety and Sustainability, National Institute of Advanced Industrial Science and Technology
Scope3 Category 8, 10, 11, 13, 14 and 15	Not applicable	

*2. Some overseas Scope3 category values are estimated based on actual domestic Scope3 category values.

KOBAYASHI Pharm. Co., Ltd.

Independent Practitioner's Limited Assurance Report

To the President and Chief Executive Officer of KOBAYASHI PHARMACEUTICAL CO., LTD.

Conclusion

We have performed a limited assurance engagement on whether selected environmental performance indicators (the "subject matter information" or the "SMI") presented in KOBAYASHI PHARMACEUTICAL CO., LTD.'s (the "Company") "GHG emissions 2024" (the "Report") for the year ended December 31, 2024 have been prepared in accordance with the criteria (the "Criteria"), which are established by the Company and are explained on "Calculation Methods of GHG Emissions" of the Report . The SMI subject to the assurance engagement is indicated in the Report with the symbol "☑".

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's SMI for the year ended December 31, 2024 is not prepared, in all material respects, in accordance with the Criteria.

Basis for Conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

Our conclusion on the SMI does not extend to any other information that accompanies or contains the SMI (hereafter referred to as "other information"). We have read the other information but have not performed any procedures with respect to the other information.

Responsibilities for the SMI

Management of the Company are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the SMI that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the SMI and appropriately referring to or describing the criteria used; and
- preparing the SMI in accordance with the Criteria.

Inherent limitations in preparing the SMI

As described on "Calculation Methods of GHG Emissions" of the Report, GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials. Hence, the selection by management of a different but acceptable measurement method, activity data, emission factors, and relevant assumptions or parameters could have resulted in materially different amounts being reported.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the President and Chief Executive Officer of KOBAYASHI PHARMACEUTICAL CO., LTD.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- assessing the suitability of the criteria applied to prepare the SMI;
- conducting interviews with the relevant personnel of the Company to obtain an understanding of the key processes, relevant systems and controls in place over the preparation of the SMI;
- performing analytical procedures including trend analysis;
- identifying and assessing the risks of material misstatements;
- performing site visits at Company's overseas subsidiary which was determined through our risk assessment procedures;
- performing, on a sample basis, recalculation of amounts presented as part of the SMI;
- performing other evidence gathering procedures for selected samples; and
- evaluating whether the SMI was presented in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

/s/ Keisuke Inoue

Keisuke Inoue , Director

KPMG AZSA Sustainability Co., Ltd.

Osaka, Japan

June 11, 2025

Notes to the Reader of Independent Assurance Report:

This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd