

Environment

Environmental management

Under our Basic Environmental Policies, Sumitomo Pharma formulates medium- to long-term environmental goals, along with medium-term environmental plans and annual implementation plans based on priority issues that we set. The Environmental and Safety Committee, chaired by the executive officer in charge, then evaluates such initiatives.

Through this process, we conduct environmental management that is systematic and effective. We revised the Basic Environmental Policies in May 2021, clarifying our position on the proactive disclosure of environmental information, the promotion of dialogue with stakeholders, and undertaking initiatives throughout our entire value chain.

■ Medium- to long-term environmental goals and major achievements

Priority issues	Target FY	Indicator	FY2021	
			Achievement	Progress/Results
Build a low-carbon society	FY2030	Reduce GHG emissions (Scope 1+2) by 35% from fiscal 2017.	Good progress	Reduced by 30% compared to base year
	FY2050	Aiming at zero GHG emissions (Scope 1+2.)	—	53 thousand t-CO ₂
	Single-year	Reduce 5-year average per-unit energy consumption by 1% or more.	×	0.2% reduction
Effective use of resources	(Water)	FY2030	Reduce water withdrawal by 12% from fiscal 2018.	Good progress
		Single-year	Maintain recycling rate at 80% or higher and aim for at least 85%.	×
	(Waste)	Single-year	Maintain final disposal rate at less than 1% and aim for less than 0.5%.	○
Chemical substances management	Single-year	Maintain atmospheric emission rate of PRTR substances at less than 1%.	○	0.2%
	Single-year	Maintain atmospheric emission rate of VOC substances at less than 1%.	○	0.7%
	Single-year	Conduct regular AMR audits of Oita Plant.	—	(FY not applicable)
Legal compliance Prevention of environmental accidents	Single-year	Maintain ISO14001 certification for 2 plants.	○	Suzuka and Oita plants
	Single-year	Regularly carry out internal environmental audits.	○	Conducted for 6 business sites
	Single-year	Aim at zero serious violations of laws and regulations and zero environmental accidents.	○	0 incidents
	Single-year	Make Japanese "Environment Month (June)" an environmental awareness month and have all staff participate through awareness-enhancing messages from the executive officer in charge.	○	Done
Preserve biodiversity	Single-year	Have each business site actively participate in local activities contributing to biodiversity (cleaning up river beds etc.).	○	Done (decreased due to the pandemic)
Proper information disclosure Risk and opportunity assessment and management	Single-year	Evaluate and manage risks and opportunities related to climate change and water and disclose relevant information.	○	Disclose information according to TCFD Recommendations

See pgs. 70-71 of this report for information about "building a low-carbon society" and "effective use of resources (water and waste)." In fiscal 2021, we continued to prevent air and water pollution through proper chemical substances management. There were no serious deviations with regard to our policy concerning "legal compliance and the prevention of environmental accidents", and two of our plants continue to have ISO14001 certification. With regard to preserving biodiversity, an issue that is taking on increasing importance worldwide, making steady efforts locally and protecting water resources by reducing water withdrawal are issues that we feel require attention. With regard to proper information disclosure and the assessment and management of risks and opportunities, we have acted and released information in accordance with the TCFD Recommendations.

As part of activities conducted throughout the entire value chain, we established the Sumitomo Pharma Sustainable Code of Conduct for Business Partners. To further expand our activities in conjunction with activities to respecting human rights, we will consider setting goals as a priority issue.

→ Please visit our [website for more information about our medium- to long-term environmental goals](#).

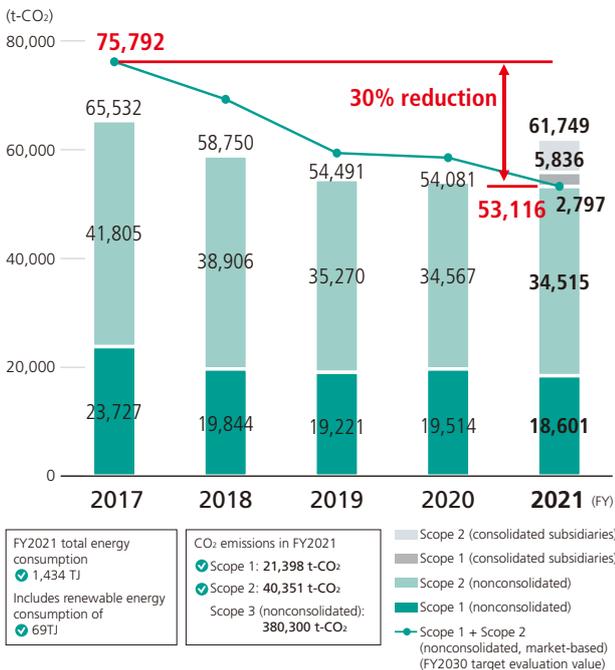
→ Please see [page 27 for our policy on disclosing information based on TCFD](#).

Building a low-carbon society

We are aiming to reducing greenhouse gas (GHG) emissions (Scope 1+2) to zero by fiscal 2050. Our medium- to long-term environmental goals call for achieving a 35% reduction in GHG emissions (Scope 1+2) by fiscal 2030 compared to fiscal 2017, a target established in fiscal 2019 in alignment with the well-below 2°C (WB-2°C) level set in the SBTi. Persistent efforts toward this target have already achieved a nearly 30% reduction in fiscal 2021, and we expect to achieve the target ahead of schedule in fiscal 2022. Going forward, we will be raising our target and cutting fossil fuel consumption further by leveraging energy-saving and CO₂ reduction technologies, which are expected to become more advanced, along with using more renewables, for which many foresee an increasing prevalence. Through these efforts, we will continue to seek carbon neutrality by fiscal 2050 as prepare for climate change risks, which include the introduction of a carbon tax. We plan to take steps toward reducing GHG emissions throughout our value chain.

In August 2021, we also replaced most of the city gas used in cogeneration systems and others at the Suzuka Plant with carbon-neutral city gas supplied by TOHO GAS Co., Ltd. (volume: 5,000 thousand m³/year, period: 2 years, 8 months)

CO₂ emissions trends



KPIs

Implementation of measures to achieve fiscal 2030 and fiscal 2050 goals

To achieve our long-term goals, we will continue investing in CO₂ reduction equipment, while taking specific measures that include transitioning to renewables.

Fiscal 2021 Progress

- Replaced 100% of power purchased for all production facilities in Japan with renewables (Oita Plant: beginning in November 2021, Suzuka Plant: beginning in April 2022)
- Installed LED lighting in accordance with the long-term plan (Oita Plant and Suzuka Plant)

Per-unit energy consumption

To achieve more efficient use of energy, we will verify improvements in per-unit energy consumption

Fiscal 2021 Progress

- Installed LED lighting in accordance with the long-term plan (Oita Plant and Suzuka Plant)
- Recommended all energy-saving actions such as reducing air conditioning usage by more effectively managing thermostats and wearing different attire, removing lights, consolidating refrigerators and other equipment, turning off company signboards, eco-driving, and others

Boundary of calculation:

Fiscal 2021: Sumitomo Pharma Co., Ltd., consolidated subsidiaries in Japan, overseas consolidated subsidiaries' production sites (Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.) and their major R&D facilities (Sunovion Pharmaceuticals Inc., Sumitomo Pharma Oncology, Inc.)

Prior to Fiscal 2021: Nonconsolidated (Sumitomo Pharma Co., Ltd. only)

Methods of calculation, emissions intensity, etc.

<CO₂ emissions>

Scope 1 (from energy sources only; includes fuel for business vehicles in Japan)

Fuel consumption × fuel unit calorific value × fuel CO₂ emissions factor

The unit calorific values and CO₂ emissions factors are based on "Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System" which is provided in "Act on Promotion of Global Warming Countermeasures."

Scope 2

Purchased electricity × electricity CO₂ emissions factor¹ + purchased heat × heat CO₂ emissions factor²

*1 Values used in Fiscal 2021 (market-based): For domestic sites, adjusted emissions factors from "Emission Factors by Power Suppliers (for the calculation of GHG emissions by specified emitters) (FY 2020 results)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan (January 7, 2022); for overseas sites, the emissions factors by country for 2019 most recently published by the International Energy Agency (IEA). However, we use values provided by Sumitomo Chemical Co., Ltd. for sites located on the premises of Sumitomo Chemical Co., Ltd. Scope 2 emissions for FY2021 calculated using the emissions factors prior to FY2021 is 38,737 t-CO₂.

Values used prior to Fiscal 2021: The value (0.33 t-CO₂/thousand kWh) that the Federation of Pharmaceutical Manufacturers' Associations of JAPAN has adopted to manage progress toward its CO₂ reduction targets.

*2 Values are based on "Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System" which is provided in "Act on Promotion of Global Warming Countermeasures." However, we use values provided by Sumitomo Chemical Co., Ltd. for sites located on the premises of Sumitomo Chemical Co., Ltd.

<Energy consumption>

(Purchased electricity × unit calorific value) + (purchased heat × unit calorific value) + (fuel consumption × unit calorific value)

The unit calorific values and the types of fuel to be calculated are based on "Act on the Rational Use of Energy." Figures include fuel consumed by business vehicles in Japan and solar power generated at our business sites.

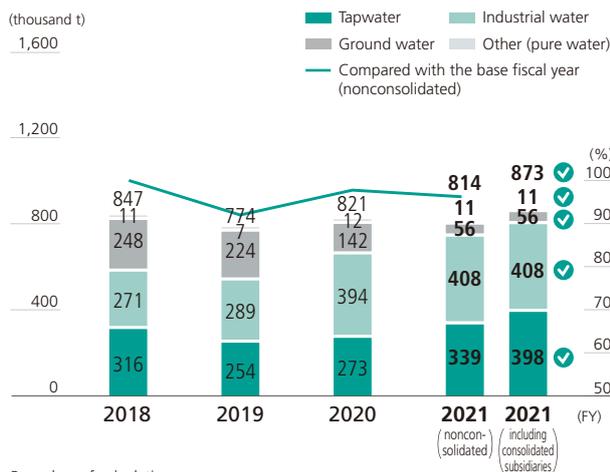
Environment

Effective use of resources (water and waste)

Effective use of water resources

An ample supply of quality fresh water is essential for Sumitomo Pharma's business activities, including the production of pharmaceuticals. Water resource problems are intensifying worldwide, and as part of efforts to use water more efficiently, we have established water withdrawal reduction target to ensure more sustainable use of water.

Water withdrawal by source



Boundary of calculation:
 Fiscal 2021: Sumitomo Pharma Co., Ltd. (not including branches and business offices), consolidated subsidiaries in Japan (not including small offices), overseas consolidated subsidiaries' production sites (Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.) and their major R&D facilities (Sunovion Pharmaceuticals Inc., Sumitomo Pharma Oncology, Inc.)
 Prior to fiscal 2021: Sumitomo Pharma Co., Ltd. only (not including branches and business offices)

KPIs

• Implementation of measures to achieve fiscal 2030 and fiscal 2050 goals

To achieve fiscal 2030 goal, we will take concrete measures that include replicating existing measures at other business sites and considering and selecting new reduction measures.

Fiscal 2021 progress

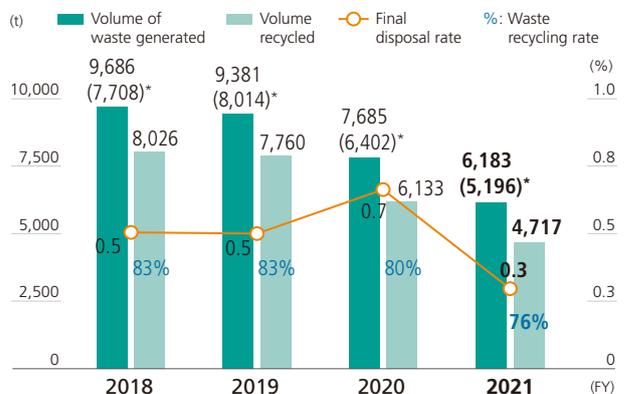
- Installed water-saving toilets and considered the installation of water-saving nozzles for facilities with heavy water usage

Reduction of waste

To make effective use of limited resources, Sumitomo Pharma strives to actively practice the "3Rs" of waste

management (Reduce, Reuse, Recycle). As part of our efforts to eliminate plastic bottles, we have replaced them with environmentally friendly containers and products, including metal bottles and canned beverages, in the vending machines we install and manage at our business facilities.

Waste-related indicators



*Figures in parentheses show the volume of specially-controlled industrial waste generated out of the volume of waste generated.

Boundary of calculation: Sumitomo Pharma Co., Ltd. only (not including branches and business offices)

KPIs

• Recycling rate and final disposal rate of waste

We will verify the recycling rate and final disposal rate of waste as an indicator to measure the progress of efforts to promote recycling and avoid final disposal of waste as much as possible.

Fiscal 2021 progress

- Recycling rate 76% (target not achieved due to production plan effects)
- Final disposal rate 0.3% (target achieved)

Measures taken

- Thoroughly sorted waste
- Had a waste processor recycle or convert our waste into valuable resources

Third-party assurance

Fiscal 2021 environmental information indicated with a in the Integrated Report 2022 has received third-party assurance from KPMG AZSA Sustainability Co., Ltd. in order to enhance the reliability of the information. The Independent Assurance Report is on page 72.



Independent Assurance Report

To the Representative Director, President and CEO of Sumitomo Pharma Co., Ltd.

We were engaged by Sumitomo Pharma Co., Ltd. (the “Company”) to undertake a limited assurance engagement of the environmental performance indicators marked with  (the “Indicators”) for the period from April 1, 2021 to March 31, 2022 included in its Integrated Report 2022 (the “Report”) for the fiscal year ended March 31, 2022.

The Company’s Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company’s reporting criteria”), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and the ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company’s responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company’s reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and recalculating the Indicators.
- Visiting one of the Company’s laboratories selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Shinnosuke Kayumi

Shinnosuke Kayumi, Director
KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
August 26, 2022