

May 12, 2021

Sumitomo Dainippon Pharma Co., Ltd.

**Sumitomo Dainippon Pharma Revises Its Basic Environmental Policies**

Sumitomo Dainippon Pharma Co., Ltd. (Head Office: Osaka, Japan; Representative Director, President, and CEO: Hiroshi Nomura) announces today that a resolution to revise the company's "Basic Environmental Policies" was passed at a Board of Directors meeting held on May 12, 2021.

Sumitomo Dainippon Pharma established the Basic Environmental Policies in 2005, expressing its objectives and initiatives to realize all its environmental activities. Under the three-year priority issues and Mid-term Environmental Goals, Sumitomo Dainippon Pharma has formulated Mid-term Environmental Plans and Annual Implementation Plans, and has ensured that its environmental activities are systematic and effective.

Environmental activities have come to be recognized as an essential element of sustained corporate management. In addition, disclosure of non-financial information including that on environmental activities, dialog with stakeholders, and overall management of the supply chain are now required by society. Sumitomo Dainippon Pharma has revised its Basic Environmental Policies to meet these requirements.

**Basic Environmental Policies (Enacted in December 2005, Revised in May 2021)**

With awareness that the global environment is now facing a serious crisis, Sumitomo Dainippon Pharma will make concerted efforts to preserve the environment and help create a recycling-oriented society through all its corporate activities as a company with a mission to contribute to the betterment of healthcare and fuller lives of people, thereby contributing to realizing a sustainable society.

- (1) Engage in business activities with a low environmental impact through efforts toward resource saving, energy saving, reducing greenhouse gas emissions and waste reduction, etc.
- (2) Strive to develop products and technologies with minimal environmental impact at all stages of lifecycles (procurement, manufacturing, marketing, logistics, usage, disposal, transportation).
- (3) In addition to operating environmental management systems and complying with environment-related laws and regulations, establish voluntary management standards for preventing environmental pollution.
- (4) Have all employees participate in environmental conservation initiatives through educational and awareness-raising activities.
- (5) Urge suppliers and other business partners to help environmental conservation.
- (6) Carry out environmental due diligence for all business activities (Including corporate merger

and acquisition transactions).

(7) Proactively disclose environmental information and engage in dialog with stakeholders.

In line with the new basic environmental policies, to achieve the objectives of realizing a sustainable society and enhancing corporate value, Sumitomo Dainippon Pharma will carry out the following specific initiatives, which include aiming at zero greenhouse gas (GHG) emissions (Scope 1 + 2) by fiscal 2050.

<Measures against climate change>

With the adoption of the Paris Agreement in December 2015 and the publication of the Special Report on the Impacts of Global Warming of 1.5°C by the Intergovernmental Panel on Climate Change (IPCC) in October 2018, reducing GHG emissions has become a critical global issue. In our country, in the General Policy Speech for the 203<sup>rd</sup> Session of the Diet in October 2020, the Prime Minister, Mr. Suga, declared that Japan would aim to become a carbon-neutral, decarbonized society by 2050. Sumitomo Dainippon Pharma aims to achieve zero GHG emissions (Scope 1 + 2) by fiscal 2050.

<Measures against plastic waste>

Ocean plastic trash is now recognized as a new environmental issue and the Osaka Blue Ocean Vision was proclaimed at the G20 Osaka Summit held in June 2019. Also, with such countries as China restricting imports of plastic waste and the amendments to annexes of the Basel Convention (convention to limit trans-boundary movement of hazardous waste) that came into effect in January 2021, there is concern that plastic waste will accumulate in Japan. Sumitomo Dainippon Pharma is making efforts to change from PET bottles to more environmentally friendly containers and products. Among them, Sumitomo Dainippon Pharma is converting to bottle-cans and regular cans for drinks sold by vending machines that we have installed or manage at each business location. Going forward, Sumitomo Dainippon Pharma will set goals for its contribution to recycling plastic resources.

< Antimicrobial Resistance (AMR) measures>

The number of deaths due to antimicrobial-resistant bacterial infections is expected to exceed that due to cancer in 2050 if no action is taken. Environmental emissions during the manufacture of antimicrobials are considered to be a possible cause of antimicrobial-resistant bacteria. As Sumitomo Dainippon Pharma is a manufacturer of antimicrobials, the company carries out regular audits to ensure that measures to reduce environmental emissions are operating efficiently. Going forward, Sumitomo Dainippon Pharma will check the implementation status of measures at suppliers' factories as well and if found to be inadequate, the company will urge them to reduce their environmental emissions.

<Raising reliability of environmental information, proactive disclosure>

In recent years, ESG (environment, social, governance)-based investing, where investment decisions are made in consideration of non-financial information as well as financial information, has been widely adopted. Non-financial information also has to be highly reliable. To ensure the reliability of the environment-related information that Sumitomo Dainippon Pharma discloses, the company receives third-party assurance for indicators of total energy usage, CO<sub>2</sub> emissions (energy sources), CO<sub>2</sub> emissions by scope (scope 1, 2, 3 (category 1)) and water usage/total water discharge. Going forward, Sumitomo Dainippon Pharma will make efforts to further raise reliability by receiving third-party assurance for waste indicators as well.

Also, with respect to risks and opportunities concerning climate change and water, Sumitomo Dainippon Pharma will make concerted efforts toward information disclosure under its risk management system, in line with the recommendations of TCFD (Task Force on Climate-related Financial Disclosures).

For details of Sumitomo Dainippon Pharma's environmental initiatives, please visit our website.  
<https://www.ds-pharma.com/csr/environment/>

<Reference Information>

**Long-term Environmental Goals (Fiscal 2021-2030) (Established in December 2019)**

Priority issues	Long-term Environmental Goals (Fiscal 2021-2030)
Creating low-carbon society	<ul style="list-style-type: none"> <li>➤ Reduce emissions of greenhouse gases (GHG) to curtail rises in average global temperatures.</li> </ul> <Target> Reduce GHG emissions (Scope 1+2) by 35% from fiscal 2017 level by fiscal 2030.
Efficient use of resources	Water <ul style="list-style-type: none"> <li>➤ Preserve water resources by reducing water withdrawal.</li> </ul> <Target> Reduce water withdrawal by 12% from fiscal 2018 level by fiscal 2030.
	Waste <ul style="list-style-type: none"> <li>➤ Carry out proper waste management and treatment, and promote 3Rs (reduce, reuse, recycle) to efficiently utilize limited resources.</li> </ul> <Targets>                     (i) Maintain recycling rate at 80% or higher and aim for at least 85% by fiscal 2030. (ii) Maintain final disposal rate at less than 1% and aim for less than 0.5% by fiscal 2030.

**Mid-term Environmental Goals (Fiscal 2021-2023) (Established in December 2020)**

Priority issues	Mid-term Environmental Goals (Fiscal 2021-2023)
Creating low-carbon society	<ul style="list-style-type: none"> <li>➤ Reduce emissions of greenhouse gases (GHG) to curtail rises in average global temperatures.</li> </ul>

		<p>&lt;Target&gt; Reduce GHG emissions (Scope 1+2) by 35% from fiscal 2017 level by fiscal 2030. *</p> <p>➤ Promote energy saving through more efficient energy usage.</p> <p>&lt;Target&gt; Reduce 5-year average per-unit energy consumption by at least 1% each year.</p>
Efficient use of resources	Water	<p>➤ Preserve water resources by reducing water withdrawal.</p> <p>&lt;Target&gt; Reduce water withdrawal by 12% from fiscal 2018 level by fiscal 2030. *</p>
	Waste	<p>➤ Carry out proper waste management and treatment, and promote 3Rs (reduce, reuse, recycle) to efficiently utilize limited resources.</p> <p>&lt;Targets&gt;</p> <p>(i) Maintain recycling rate at 80% or higher and aim for at least 85% by fiscal 2030. *</p> <p>(ii) Maintain final disposal rate at less than 1% and aim for less than 0.5% by fiscal 2030. *</p>
Management of chemical substances		<p>➤ Properly manage chemical substances to prevent air, water and ground pollution.</p> <p>&lt;Targets&gt;</p> <p>(i) Maintain atmospheric emission rate of PRTR substances at less than 1%.</p> <p>(ii) Maintain atmospheric emission rate of VOC substances at less than 1%.</p> <p>➤ Act responsibly as a company producing and selling antimicrobials through efforts to prevent antimicrobial resistance (AMR).</p> <p>&lt;Target&gt; Conduct regular AMR audits of Oita Plant</p>
Compliance with laws and regulations Prevention of environmental accidents		<p>➤ Draw up environmental management operation manuals for the operation and continuous improvement of environment management systems.</p> <p>&lt;Targets&gt;</p> <p>(i) Maintain ISO14001 certification for 2 plants.</p> <p>(ii) Regularly carry out internal environmental audits.</p> <p>(iii) Aim at zero serious violations of laws and regulations and zero environmental accidents.</p>
Education, raising awareness		<p>➤ Through continuous environmental education, make all staff fully aware of the importance of environmental conservation.</p> <p>&lt;Target&gt; Make Japanese "Environment Month (June)" an environmental awareness month and have all staff participate through awareness-enhancing messages from the executive officer in charge (every year).</p>

Biodiversity conservation	Have each business site actively participate in local activities contributing to biodiversity (cleaning up river beds etc.).
Proper information disclosure Evaluation and management of risks and opportunities	<ul style="list-style-type: none"> <li>➤ Disclose reliable information on the environment in a proper and timely manner and engage in active dialogue with stakeholders.</li> </ul> <p>&lt;Target&gt; Evaluate and manage risks and opportunities related to climate change and water and disclose relevant information.</p>

\* Evaluate progress toward the targets of the Long-term Environmental Goals, and formulate and implement measures to help ensure achievement of the goals.

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