

Environment

WEB Sawai Group Holdings
 ● ESG data
 ● Environment-related data (PDF)

Implementing the TCFD recommendations

Governance

The Sawai Group (hereinafter, “the Group”) recognizes addressing environmental issues, including climate change, as both one of its corporate social responsibilities (CSR) and one of the important challenges it must tackle to ensure its sustainability. Accordingly, the Board of Directors has assigned the responsibility to address climate change issues to the Group COO (hereinafter, “the GCOO”) and oversees the performance of the GCOO’s duties.

The Group has established a Group Sustainability Committee, which is chaired by the GCOO and composed of representatives from Group companies. The committee meets twice a year to discuss and examine sustainability-related matters, including climate change issues, and regularly reports to the Board of Directors, thereby making decisions on climate change issues under the direction and oversight of the Board of Directors.

The Group Sustainability Committee has a Global Environment Team, which is composed of members from Group companies, as its subordinate organization in charge of promoting specific initiatives and activities to address environmental issues, including climate change. The team reports to the committee quarterly and acts on the committee’s instructions and advice in its ongoing initiatives

and improvement activities.

Under the leadership of Global Environment Team members, a working group identifies and assesses climate-related risks and opportunities and implements measures to address them. The results are reported not only to the GCOO but also for deliberations to the Group Sustainability Committee and the Board of Directors, whose post-deliberation instructions and advice are followed for further improvements.

In addition, Sawai Pharmaceutical, the core company of the Group, has also established a Sustainability Committee chaired by the President and Representative Director, which meets four times a year to discuss and examine sustainability-related matters.

Strategy

The Group follows its corporate philosophy “always putting healthier lives first” and the corporate philosophy of Sawai Pharmaceutical, its core company, “always putting patients first” in conducting its main business of manufacturing and marketing generic drugs. We believe that it is necessary for us to address climate-related risks, which we recognize as a material issue, while keeping a good balance with our efforts to meet the fundamental requirement of ensuring a stable supply of pharmaceuticals and healthcare services, which are essential for people’s lives and health.

Meanwhile, greenhouse gas (GHG) emissions, mainly CO₂ emissions, from the Group’s business activities have been increasing in line with the Group’s business expansion and the resulting growth in demand for its pharmaceutical products and healthcare services. We will work to reduce the CO₂ emission intensity in the short term and devise and implement measures to reduce total emissions in the medium to long term, including the introduction of renewable energy.

In recognition of achieving sustainability, including addressing climate change issues, as a key management issue, the Group has set a CO₂ emissions reduction target for fiscal 2030 in its Medium-Term Business Plan (hereinafter, “the Medium-Term Plan”), which was announced in May 2021.

We have also conducted scenario analysis while referring to the International Energy Agency (IEA)’s scenarios and Representative Concentration Pathway (RCP) scenarios developed by the Intergovernmental Panel on Climate Change (IPCC) in order to assess the potential impacts of climate-related risks on the Group under the following scenarios: a 1.5°C scenario that postulates that the Paris Agreement target of “holding the increase in the global average temperature to well below 2°C above pre-industrial levels” will be achieved; and a 4°C scenario that postulates that GHG emissions will continue to increase in a situation similar to the current one without major changes made to policies or regulations, leading to a considerable increase in the global average temperature.

Metrics and targets

In setting GHG (including CO₂) emissions reduction targets, the Group uses Scope 1, Scope 2, and Scope 3 emissions as monitoring metrics and discloses the annual monitoring results for each scope on its corporate website. In the current Medium-Term Plan, we have set a target of reducing the (Scope 1 and 2) CO₂ emission intensity per unit of production volume by 25% from the fiscal 2013 level by fiscal 2030. We have also set a short-term target of reducing the (Scope 1 and 2) CO₂ emission intensity per unit of production volume by 1% or more year-on-year every year.

Although we use a metric that shows progress in the planned introduction of renewable energy, we need further consideration before setting a target for the metric.

Risks and opportunities (period: fiscal 2021–fiscal 2030)

Type	Risk overview	Impacts on the Group’s businesses, strategy, and financial planning	Magnitude of impacts		The Group’s methods for addressing climate-related risks	
			1.5°C scenario	4.0°C scenario		
Risks	Policy and legal risks	Introduction of carbon pricing (a carbon tax and an emissions trading scheme) and the resulting increased burdens	<ul style="list-style-type: none"> Burden created by carbon pricing on the Group Need to pass on the carbon-pricing-created financial burdens of suppliers with high GHG emissions to the Group’s purchase prices of raw materials The Group’s burden of capital investment in energy saving necessary to reduce GHG emissions 	Moderate	Minor	<ul style="list-style-type: none"> Considering the introduction of renewable energy Devising and implementing measures to enhance production efficiency, including reducing waste products
	Population, economic, and geopolitical risks	Price hike for bio-derived raw materials due to population growth and temperature increases	<ul style="list-style-type: none"> Population growth especially in emerging economies will cause an increase in the prices of grain and grain-based products (starch, sucrose, corn, etc.) for food and feed use and consequently in the prices of raw materials of additives for pharmaceutical products 	Minor	Moderate	<ul style="list-style-type: none"> Diversifying suppliers Studying alternative technologies
	Flood risks (acute risks)	Increased frequency of typhoons, torrential rains, floods, etc.	<ul style="list-style-type: none"> Increased risk of damage to the Group’s business sites Increased risk of damage to the business sites of the Group’s suppliers 	Minor	Major	<ul style="list-style-type: none"> Sandbagging the areas where product inventories are stored Obtaining damage insurance coverage Formulating BCPs for the Group and its supply chain
Opportunities		As a result of our analysis and evaluation of climate-related opportunities that can have impacts on the Group’s operations, we have so far not identified any opportunities that can have significant impacts on the Group’s businesses, strategy, and financial planning.				

Scope of coverage Sawai Group excluding Trust Pharmatech Co., Ltd. and Upsher-Smith Laboratories, LLC
Impact classification Major: Major impacts on the Group’s businesses, strategy, and financial planning that the Group estimates to be worth approximately ¥6.0 billion or more; Moderate: Moderate impacts on the Group’s businesses, strategy, and financial planning that the Group estimates to be worth approximately ¥3.0 billion or more; Minor: Minor impacts on the Group’s businesses, strategy, and financial planning that the Group estimates to be worth approximately less than ¥3.0 billion

Risk management

We examine climate-related risks and opportunities at each stage of our entire supply chain, from raw material procurement to manufacturing and marketing, and evaluate them based on the likelihood of their occurrence and the magnitude of their potential financial impacts on the Group in order to identify material risks and opportunities for the Group. This process is followed under the leadership of Global Environment Team members with the involvement and cooperation of in-house divisions and affiliated companies closely related to each stage of the supply chain. The thus screened, evaluated, and identified risks are reported to the Group Sustainability Committee and the Board of Directors, which review and deliberate on the report and make decisions on initiatives to address climate-related risks and opportunities. Those initiatives are incorporated into the annual business plan in the short term and into the Medium-Term Plan in the medium to long term according to necessity.

Topics Launch of solar power system at Sawai Pharmaceutical’s Sanda Nishi Factory

Sawai Pharmaceutical’s first solar power generation system was installed on the roof top of the Sanda Nishi Factory (Sanda City, Hyogo Prefecture). The factory started to operate the system on a trial basis in October 2021, and the system is currently fully operating.

With this system, there were no start-up expenses, such as those for the solar panels and installation, because onsite services are used and the installation site was provided free of charge. The Company has concluded a 20-year contract that stipulates generated electricity will be purchased and used for home power use.

Around 450 solar panels were installed and are expected to produce 266 MWh/year, which is equivalent to 6% of the electric power the Sanda Nishi Factory consumes annually. This will also make it possible to reduce CO₂ emissions of 89t-CO₂ each year. Furthermore, because the amount of electricity produced reduces the amount of electricity normally purchased, the amount of contracted electricity was cut, which reduced the electricity bill.

Furthermore, installing solar panels on the roof can be expected to shade the roof and block the heat, which will limit the increase in the interior temperature during summer, a secondary benefit.

