

Environment

Review of environmental targets in Medium-Term Business Plan

Raised CO₂ emission reduction targets

Of the various environmental targets in the Medium-Term Business Plan START 2024 (April 2021–March 2024), we partially revised our targets related to CO₂ emissions. The goal of these revisions was to align the target level with the government's goal of Carbon Neutrality by 2050 and reinforce initiatives to cut CO₂ emissions to achieve the target of "cutting CO₂ emissions 46% compared to FY2013 by FY2030."

The revisions were approved after deliberations by Sawai Pharmaceutical's Sustainability Committee, the Group Sustainability Committee, Group Strategy Council, and Board of Directors. The main revisions are given in the following table.

Main revisions

Previous	Revised
<ul style="list-style-type: none"> Reduce emissions 25% on an intensity-per-unit-of-production basis by FY2030 	<ul style="list-style-type: none"> Reduce total emissions volume 46% compared to 2013+α level by FY2030 Net zero (2050)

Risks and opportunities related to climate change (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		
Transition risks	Policy and legal risks	Introduction of carbon pricing (a carbon tax and an emissions trading scheme) and the resulting increased burdens	Burden on the Group created by carbon pricing 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 Burden on the Group of capital investment in energy saving necessary to reduce its 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	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, feed, and other uses 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
Physical risks	Flood risks (acute risks)	Increased frequency of typhoons, torrential rains, floods, etc.	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 and Upsher-Smith

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

Disclosure based on TCFD recommendations (summary)

Governance

- The Group COO was assigned responsibility to address climate change issues and the Board of Directors oversees the performance of those duties.
- The Group Sustainability Committee (chaired by Group COO), which is composed of representatives from each Group company, meets four times a year to discuss and examine sustainability-related matters, including climate change issues. Regular reports are made to the Board of Directors, and decisions are made under the direction and oversight of the Board of Directors.
- Global Environment Team, a subordinate body of the Committee composed of members from each Group company, was established, and reports to the Committee quarterly.
- The envisioned risks and opportunities are as in the following table.
- A Sustainability Committee, chaired by the President and Representative Director, was also established at Sawai Pharmaceutical, the Group's core company, and meets four times a year.

Strategy

- Work to reduce emissions intensity in the short term.
- Work to reduce emissions, including examining introducing non-fossil energy, in the medium and long term.
- Examine the impact on the Group using various scenarios, including the 1.5°C, which assumes the increase in average global temperatures since the industrial revolution is limited to less than 2°C, and the 4°C scenario, which assumes average global temperature rise as GHG emissions continue to increase because government policies and regulations basically remain unchanged from the current ones.

Risk management

- Screen, evaluate, and identify risks with the participation and collaboration of in-house divisions and affiliated companies strongly connected to each stage of the supply chain, with the Global Environment Team playing a core role.
- Have Group Sustainability Committee and Board of Directors examine and deliberate on risks and then make related decisions based on the evaluation results.



ESG Data: <https://global.sawai-group.com/sustainability/esg/>
 Disclosure Based on TCFD Recommendations (details): <https://global.sawai-group.com/sustainability/tcfd/>

- Have the Board of Directors appropriately include this in the annual business plan in the short term and Medium-term Business Plan in the medium and long term.

Metrics and targets

- The following metrics and targets have been set, and progress in achieving them is managed.

Metric	Target
(1) GHG emissions, including CO₂ (scope 1 and 2)	(Single fiscal year) Reduce scope 1 and scope 2 emissions at least 1% compared to the previous year
	(Medium-term) Reduce total CO ₂ emissions (scope 1 and 2) 46% compared to FY2013+α level by FY2030 (Long-term) Achieve net zero by 2050 * Disclose annual reductions for each scope on the corporate website.
(2) State of planned introduction of non-fossil energy	Introduce non-fossil energy equivalent to a certain reduction in CO ₂ emissions each year proportional to actual emissions in order to achieve fiscal 2030 target

Topics

Achieving energy-efficient operations by controlling air pressure differential between rooms

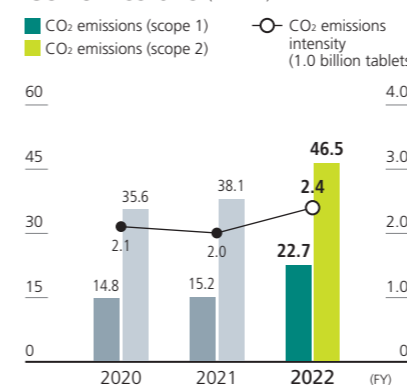
At pharmaceutical factories, appropriately setting the air pressure differential between rooms traps airborne granular material in the room and prevents cross contamination (mixing of different items). Because it is difficult to appropriately control the air pressure differential between rooms, ventilation equipment has traditionally been operated even on days factories are closed, but by properly adjusting such equipment as ventilation ducts and inverters for each room, it is possible to operate in an energy efficient mode.



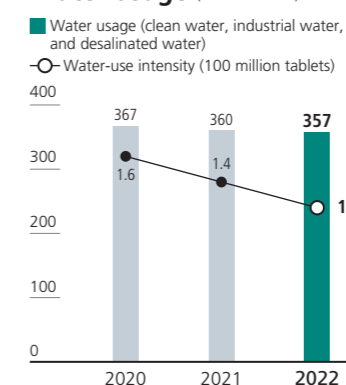
Air-conditioning equipment for which operating time was successfully reduced by revising how it is used

Environment data (Japan)

CO₂ emissions (kt-CO₂)



Water usage (thousand m³)



Volume of waste and other materials generated (tons)

