CSR-based Management

Setting material issues to deepen

Our Approach to CSR-based Management

Sumitomo Dainippon Pharma defines the practice of its Corporate Mission, “To broadly contribute to society through value creation based on innovative research and development activities for the betterment of healthcare and fuller lives of people worldwide,” as CSR-based management. In addition to developing innovative products and healthcare solutions, we hope to promote CSR-based management by maintaining and reinforcing our corporation governance system, pursuing fair and transparent corporate activities, ensuring compliance, strengthening our environmental initiatives, promoting work style innovation and diversity & inclusion, and strengthening training and development for our employees.

In promoting CSR-based management, we are also conscious of contributing toward the achievement of the United Nations Sustainable Development Goals (SDGs). While concentrating most efforts on Goal 3: Good health and well-being, Sumitomo Dainippon Pharma is also actively addressing Goal 17: Partnerships for the goals, Goal 12: Responsible consumption and production, and Goal 8: Decent work and economic growth.

Moreover, Sumitomo Dainippon Pharma values dialogue with diverse stakeholders, and, going forward, we will continue to review the material issues (materiality) for CSR-based management in light of the feedback obtained through this dialogue.

Atsuko Higuchi
Executive Officer
Corporate Communications; Human Resources

Our Top Priority Sustainable Development Goals and Targets

<table>
<thead>
<tr>
<th>Goals</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.4</td>
<td>By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.</td>
</tr>
<tr>
<td>3.3</td>
<td>By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.</td>
</tr>
<tr>
<td>8.5</td>
<td>By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goals</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.4</td>
<td>By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.</td>
</tr>
<tr>
<td>17.17</td>
<td>Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.</td>
</tr>
</tbody>
</table>
Materiality (Material Issues for CSR-based Management)

Sumitomo Dainippon Pharma identified the materiality (material issues for CSR-based management) to be addressed through our business activities in July 2018. However, we have now updated our materiality in light of subsequent social changes, the progress of our initiatives, and the feedback obtained through dialogue with stakeholders. The updates were determined following deliberation by the Management Committee and shared with all of the Directors at the Executive Committee.

Materiality (Material Issues for CSR-based Management)

Materiality linked to value creation

- Improvement of healthcare infrastructure in developing countries
- Measures to address falsified medicines
- Contribution to global health
- Initiatives to improve access to medicines
- Development of innovative products and healthcare solutions
- Contributing to the development of science

Materiality that forms the foundation for business continuity

- Corporate governance
- Compliance
- Risk management
- Fair and transparent corporate activities
- Corporate regulatory compliance, quality assurance and stable supply
- CSR procurement (Respecting human rights)
- Health, safety, and welfare of employees
- Environmental initiatives
- Improvement of healthcare infrastructure in developing countries
- Measures to address falsified medicines
- Contributing to areas with high unmet medical needs
- Psychiatry & Neurology, Oncology, Regenerative Medicine & Cell Therapy, Infectious Diseases, Frontier business
- Local Community contribution
- Patient support and advocacy
- Work Style Innovation
- Diversity & inclusion
- Training and development of employees
- Measures to address falsified medicines
- Contributing to areas with high unmet medical needs
- Psychiatry & Neurology, Oncology, Regenerative Medicine & Cell Therapy, Infectious Diseases, Frontier business

Updates

As a result of the updates, materiality has been divided into the two categories below:

1. Materiality linked to value creation, which is highly unique and vital for the sustained growth of Sumitomo Dainippon Pharma
2. Materiality that forms the foundation for business continuity, which is essential for the continuation of our business activities

Although we have listed materiality that forms the foundation for business continuity separately from the map for materiality linked to value creation, we treat corporate governance and compliance as particularly key issues.

Moreover, we sorted the following issues and improved the terminology used.

- Quality assurance, Product safety, Responsibility for drug induced suffering
  - Sorted into Corporate regulatory compliance, quality assurance
- Climate change initiatives, Preventing environmental accidents, Biodiversity, Effective use of water resources, Prevention of air pollution, Reduction of waste
  - Sorted into Environmental initiatives
- See the table comparing the changes posted on our website for other updates.

Reasons for Selection of Main Materiality and Connection with Value Creation

Development of innovative products and healthcare solutions, Contributing to the development of science

The development of innovative products and healthcare solutions to address unmet medical needs is our business and the source of value creation. We can also contribute to the development of science through drug discovery and research, product development, and clinical development.

Training and development of employees, Work Style Innovation, Diversity & inclusion

A business is composed of its employees. Upgrading the capabilities of employees, improving labor productivity, and effectively utilizing human resources is essential for our sustained growth.

Contribution to global health, Initiatives to improve access to medicines

Sumitomo Dainippon Pharma engages in drug discovery and research in the areas of malaria and antimicrobial resistant (AMR) infectious diseases. We also strive to improve access to our products for patients who need them, including responding to requests for development of unapproved and off-label drugs in Japan and public education aimed at improving medicine-related literacy. Such efforts contribute to global health in addition to expanding our business.
Work Style Innovation

In order for us to increase our corporate competitiveness, it is vital to transition to workstyles with a strong awareness of time, and with high added value and productivity. Furthermore, we recognize that it is important to achieve work-life balance if we are to have an active, diverse work force.

Therefore, with our basic concept of work style innovation, which is to build a win-win relationship between employees and the company to enable employees to work with a firm sense of fulfillment and produce results, it is our aim that each and every person will fulfill their own roles and produce results in the limited time.

We designated fiscal 2018 as a year for deepening the work style innovation we launched in 2017, and we stepped up our initiatives for work style innovation. This included continuing to hold our Work Style Innovation Meetings at each work site for employees to discuss revisions to work style, holding training as an opportunity for all officers and employees to consider work style innovation, and establishing the Work Style Innovations site on our intranet to share each department’s goals and case studies of initiatives, including messages from officers.

Furthermore, as part of our office environment reforms, we introduced open, unassigned desk space at both our Osaka and Tokyo head offices and we are promoting initiatives that lead to employee productivity improvements.

Going forward, we aim to continue to create workplace environments where employees can exercise their full capabilities and achieve a work-life balance.

Main Initiatives in FY2018

Established a staggered work hours system

Office environment reforms (introduction of unassigned desk space at some business sites, including Osaka Head Office and Tokyo Head Office)

Implementation of training for officers and employees

Participation in telework days

Curb long working hours
  • Started Work Style Innovation Meetings at each work site for taking inventories of work tasks and reassessing work styles

Thoroughly managing work hours

Encouraged improvement of the usage rate for paid leave
  • Achieved a 70% utilization rate for paid leave in fiscal 2018
  • Encouraged employees to consistently take their paid leave

Promoted smoking cessation advice
  • Made all Sumitomo Dainippon Pharma work sites in Japan completely no-smoking (closed smoking areas) as of March 31, 2019

Related SDGs

Promoting creation of employee-friendly workplaces
Training and Development of Employees

DSP Academy, for Training Selected Employees, and Overseas Training with Open Recruitment

As part of our employee training, we established the DSP Academy in July 2016, which is a career grade-specific training program. The Academy provides extensive learning opportunities to highly talented students, from young employees to mid-career employees as well as managers. Chairman Masayo Tada serves as the Academy principal, leading various management courses and other modules aimed at fostering future top-level managers. In the five years from fiscal 2016, 400 students are expected to complete the program. Training participants develop a comprehensive view of business overall from a broad perspective and the imagination to create new value.

In addition, in fiscal 2017, we started an overseas training program with open recruitment. The program’s objective is to place promising young employees in environments with different industries and cultures, and provide them with early experience in overcoming challenges through their own efforts, thereby instilling resilient courage. In the three-year period of the program up until April 2019, eight talented young employees had been dispatched overseas. We hope that the program will not only have an effect on the growth of the participants themselves, but also on fostering an organizational culture of challenge.

Talent Management for Strategically Placing Employees and Promoting Human Resource Development

In April 2018, we adopted a talent management system for maximizing the performance of our employees (talents) and systematically understanding and supervising which employees possess which skills, assets, and capacities. Utilizing the talent management system, we encourage employees to take steps toward independent career planning and autonomous self-improvement. We also have superiors and subordinates work together to design customized development plans in order to realize human resources development and the proper placement of personnel, while striving to maximize results.

Number of participants in the DSP Academy*
* Number of participants from fiscal 2016 to fiscal 2018

227
**CSR-based Management**

**Health, Safety, and Welfare of Employees**

**Striving for a Company in Which Employees Can Be Healthy and Vibrantly Active**

In February 2019, Sumitomo Dainippon Pharma was recognized for the third year in a row under the “Certified Health & Productivity Management Outstanding Organizations 2019 Recognition Program ‘White 500’” promoted by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi for our excellent health management as a large enterprise in coordination with health insurance societies.

Sumitomo Dainippon Pharma treats health management for employees as one of the key issues of corporate management. In October 2017, we formulated our Declaration of Health Innovation, and we have taken concrete measures aimed at maintaining and promoting the health of our employees and their families. In particular, we have been implementing company-wide efforts on smoking cessation advice for some time as an activity aimed at achieving zero smokers among our employees, which we set as a specific initiative in our Declaration of Health Innovation. We have been promoting even more effective efforts by clearly stating our goals in the Declaration of Health Innovation, and we made all of our work sites in Japan completely no-smoking (closed smoking areas) as of March 31, 2019.

**Related SDGs**

1. SDG 3: Good Health and Well-being
2. SDG 8: Decent Work and Economic Growth

**Diversity & Inclusion**

**Achieving Work-Life Balance**

At Sumitomo Dainippon Pharma, we consider that it is essential for all employees to pursue transformation and to generate innovative ideas in order to continue achieving our Corporate Mission. To this end, we believe that it is necessary to create an environment conducive to exercising one’s full capacities while effecting a positive cycle connecting work and personal lifestyles for every employee. We have been implementing full-scale work style innovation initiatives since 2017. As part of this, we believe that the presence of “Ikuboss” supervisors, who encourage rank and file employees in both their careers and their broader lives, is extremely important in order to balance improving corporate competitiveness with achieving work-life balance. We received the “Platinum Kurumin” in July 2017 while working to create a rewarding environment which is easy to work in for employees who are raising children. In each workplace, we promote a mindset of understanding and assistance for employees facing diverse life events who require flexible work styles.
Supporting Women’s Active Participation

At Sumitomo Dainippon Pharma, we consider that it is essential for each and every employee to take on appropriate duties in accordance with their capabilities, irrespective of their gender, in order to realize our Corporate Mission. We have vigorously strived for active participation by women as one focus of our efforts on diversity and inclusion.

We believe that an equal ratio of men and women among our employees and among our managerial staff is one yardstick of our vision for women’s active participation. In our General Business Owner Action Plan required under the Act on Promotion of Women’s Participation and Advancement in the Workplace, which came into force in 2016, we have set a goal of at least 10% female managerial staff in 2020, and we have been actively promoting initiatives. In 2017, we received the highest “Eruboshi” certification (three stars) as a company making excellent progress implementing initiatives for the active involvement of female employees. As of April 2019, women accounted for 10.7% of managerial staff at Sumitomo Dainippon Pharma, achieving the goal set in 2016 at least 18 months ahead of schedule.

The achievement of this goal is merely one checkpoint among our long-term initiatives. Going forward, Sumitomo Dainippon Pharma will continue to encourage growth through education in accordance with capabilities for each and every employee, irrespective of their gender, and create an environment that allows all employees to reach their full potential.

Supporting Active Participation by People with Disabilities through Appropriate Placement

Sumitomo Dainippon Pharma recognizes that it is the common responsibility of society to enhance social welfare through the employment of persons with mental disabilities.

In July 2018, Cocowork Co., Ltd., was established to support independence of persons with mental disabilities by cultivating leafy vegetables, etc. in solar-powered hydroponic. As part of our efforts to create a comfortable work environment, we introduced a communication support application and provide sign language interaction at internal sessions for hearing-impaired employees.

Main Initiatives in FY2018

- Held training for managers, addressing the long-term inclusion and development of female employees
- Held training for female employees, aiming at developing them into managerial staff
- Worked to create an environment of meaningful work, where both men and women enjoy a positive balance between their jobs and private lives
- Implemented support measures for returning to work, and pursuing a career, after child-care leave
Contributing to Global Health and Improving Access to Medicines

In recent years, expectations of pharmaceutical companies related to contributing to improving access to medicines have increased further. Sumitomo Dainippon Pharma has identified “Improvement of healthcare infrastructure in developing countries” and “Initiatives to improve access to medicines” as material issues, and we believe that working on establishment of healthcare systems in developing countries, training and developing human resources, and educating the public will not only contribute to achieving the SDGs, but also lead to an increase in our presence as a global pharmaceutical company. Since we recognize that access to medicines is an issue on a global scale, we value the importance of Goal 17: Partnerships for the Goals. While emphasizing the establishment of a sustainable framework, we are working toward solving issues by collaborating with government agencies, international institutions, research institutions, and civil society.

Main Initiatives in FY2018

Participation in Access Accelerated
Since January 2017, we have taken part in Access Accelerated, which is a partnership initiative with organizations that include 24 global pharmaceutical companies and the World Bank. Through this involvement, we are striving to improve access to medicines for non-communicable diseases in developing countries.
In fiscal 2018, there were efforts to improve access to medicines through such means as pharmaceutical regulatory easing targeting 20 low- to middle-income countries in Africa and Asia and 90 Accelerated Access programs were promoted at individual companies targeting 99 countries.

Initiatives for Safe Delivery and Sound Child Growth
From July 2016, we have worked with NPOs, local governments, and the community to provide a health improvement program for mothers and children in Cambodia’s Kampong Cham Province.
• Trained 15 Community Care volunteers for Mothers and New-borns (CCMN)
• Visited the homes of 91 antenatal women and 63 postnatal women
• Held practical cooking workshop for preparing highly nutritious baby food three times with participation by 90 local women

Initiatives Aimed at Appropriate Use of Antibiotics and Countermeasures to Antimicrobial Resistance (AMR)
In June 2019, we commenced a drug susceptibility study targeting Vietnam aimed at the appropriate use of antibiotics and countermeasures to antimicrobial resistance (AMR). Through the joint implementation of the study and sharing of its results, we aim to further spread awareness about the importance of using drug susceptibility data in routine testing as information for making decisions when medical institutions are selecting the best antibiotics for treatment.

Initiatives for Unapproved and Off-label Drugs
In areas with high unmet medical needs, providing new treatment options is very important. Sumitomo Dainippon Pharma puts an emphasis on responding to requests for development of unapproved and off-label drugs as an initiative to improve access to medicines. We developed an intravenous drip infusion indicated for conditioning treatment prior to autologous hematopoietic stem cell transplantation for pediatric malignant solid tumors for which we obtained approval in March 2019 and launched in May 2019.

Initiatives to Improve Medicine-related Literacy
Using pharmaceuticals with a proper appreciation and understanding of treatment methods and adverse reactions is very important in improving access to medicines. Sumitomo Dainippon Pharma aims to improve the medicine-related literacy of patients. In addition to providing “Kusuri-no-shiori,” “Instructional Leaflets,” and guidance for patients using our pharmaceuticals and their families to promote appropriate use, we also strive to educate the public through our health information site and by holding public lectures (27 lectures in fiscal 2018).
Patient Support and Advocacy

Sumitomo Dainippon Pharma strives to provide support for areas with high unmet medical needs as part of our social contribution activities. In fiscal 2018, we endorsed and contributed to activities for Rare Disease Day (RRD) 2019, an event for worldwide Rare Disease Day held on the last day of February and organized by RRD Japan. Officers and employees also wore RRD2019 badges and helped with awareness raising activities.

Implementing Support through Donations

In the spirit of our global slogan Sumitomo Dainippon Pharma promotes social contribution activities in the hope that all patients and their families can lead healthier and more fulfilling lives.

As we focus on support for patients and their families, global health, and educating the next generation, voluntary financial contributions by our officers and employees are matched by a corresponding Sumitomo Dainippon Pharma donation and presented to organizations that promote such causes. In fiscal 2018, Sumitomo Dainippon Pharma provided donations to The Support Network for NANBYO Children of Japan, Future Code, Nobel, and NPO Florence.

Supporting the Japan Epilepsy Research Foundation

Established to commemorate the 90th anniversary of the former Dainippon Pharmaceutical Co., Ltd., the Japan Epilepsy Research Foundation (JERF) works to promote research on treatments in the field of epilepsy, while contributing to the health and healthcare of the public, and running on contributions from Sumitomo Dainippon Pharma and other donors. The Foundation provides grants and commendations related to epilepsy. In fiscal 2018, JERF provided 12 research grants, two overseas study grants, and one Japan Epilepsy Research Grant for Inviting Overseas Researchers to Japan. Sumitomo Dainippon Pharma will continue to contribute to the improvement of healthcare and welfare through its support of the Japan Epilepsy Research Foundation.

Advancing patient advocacy in the U.S.

Our U.S. subsidiary Sunovion Pharmaceuticals Inc. partners with patient advocacy organizations across the U.S., while also developing premier advocacy programs to advance education and awareness of serious psychiatric, neurological and respiratory conditions. For example, during fiscal 2018, Sunovion continued to support the National Alliance on Mental Illness (NAMI) walks across the U.S., while also expanding Be Vocal, partnership between five leading mental health advocacy organizations and Sunovion, which aims to bring mental health to the forefront by spotlighting real people living with mental health conditions and showcasing their unique stories. Sunovion was also involved with Moving Day, a walk to support The Parkinson’s Foundation mission in the U.S., and implemented initiatives to support Epilepsy Awareness and COPD Awareness Months.

Related SDGs

3 
17
Local Community Contribution, Including Supporting Education of the Next Generation

Providing Learning Opportunities Leveraging Our Strengths as a Pharmaceutical Company

Since fiscal 2012, we have been providing visiting lectures at junior high and high schools as part of activities for supporting the next generation. This allows us to provide learning opportunities that enable children who will shape the future to grow in good health and exercise their potential to the fullest.

As medical technology continues to progress, we believe that bioethics is important in junior high and high school education as a discipline that does not offer simple right or wrong answers. Using an original program on bioethics and incorporating the particular perspective that a biology-related corporation can offer, Sumitomo Dainippon Pharma employees deliver visiting lectures. As a program that fosters young learners’ abilities to think, feel, and empathize, the program has been highly praised by the Ministry of Economy, Trade and Industry and by classroom teachers.

In fiscal 2018, participating students numbered approximately 1,800 at 20 schools, with 51 of our employees serving as instructors.

Publishing the SUKOYAKA Compass Website

Since fiscal 2012, Sumitomo Dainippon Pharma has published SUKOYAKA Compass as a part of our website aimed at the children who will be forging the future. Through SUKOYAKA Compass, children learn about the importance of understanding and using medicines correctly, and we also hope that they develop an interest in medicine and that it helps with education about medicines.

Through SUKOYAKA Compass, we publish diverse content, including “Kusuri-no-i-ro-ha,” which introduces information about medicine that we think we know but actually don’t, such as what medicine is, how medicine works, and the process for producing medicines, “O-kusuri Q&A,” which explains things like how to use medicines in a Q&A format, “Kusuri no Jiyu Kenkyu Guide,” which provides a guide to methods of independent research on medicines and ways of organizing research, “Kusuri no Shigoto Zukun,” which introduces work at a pharmaceutical company and the work of a pharmacist, and “Kusuri no Chosen,” which introduces the cutting-edge research at Sumitomo Dainippon Pharma. In addition, a navigator called Scoppi explains medicines and answers questions to make the site child-friendly.

Related SDGs

Scoppi, the navigator on SUKOYAKA Compass

https://www.ds-pharma.co.jp/sukoyaka/

No. of employees teaching courses in visiting lectures

51

Schools using DSP visiting lectures / No. of attendees

20 schools

1,800 attendees
Environment

Environmental Management
Sumitomo Dainippon Pharma recognizes its environmental responsibility and strives to reduce environmental impact in all areas of its business operations.

The Basic Environmental Policies, established in fiscal 2005, express our objectives and initiatives to realize and have served as a pillar for promoting all our environmental activities since they were established. Under the Basic Environmental Policies, we formulated a Mid-term Environmental Plan that specifies issues of special importance and objectives for three years.

In addition, every year we draft an Annual Implementation Plan. This way, we ensure that our environmental activities are systematic and effective.

Sumitomo Dainippon Pharma has acquired ISO 14001 certification at both of its two plants (Suzuka Plant and Oita Plant).

Contributing to Building a Low-carbon Society
As part of our efforts to build a low-carbon society, which is one of our most important topics, we have set a target of reducing CO₂ emissions by 23% by fiscal 2020, compared to fiscal 2005. As of fiscal 2018, we had reduced emissions by 28%. In particular, in recent years, we have systematically promoted the installation of LED lighting, and we have also been working to calculate greenhouse gas emissions across the supply chain. In addition, by fiscal 2030 we will reduce CO₂ emissions by at least 30% compared to fiscal 2017, and we are reviewing specific reduction rates with the aim of acquiring SBT (Science Based Targets) certification by fiscal 2020.

Promoting Environmental Communication
In fiscal 2018 following on initiatives from fiscal 2017, we participated in verification for the “Environmental Reporting Platform Development Pilot Project - ESG Dialogue Platform” of Japanese Ministry of the Environment, and engaged in active dialogue with institutional investors. Through this dialogue, we aim to identify and put into practice even better environmental activities which contribute to the preservation of the global environment at the same time as enhancing our value.

Third-Party Assurance
Fiscal 2018 environmental information indicated with a in the Integrated Report 2019 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 56.

Related SDGs
- Development of products and technologies with less environmental burden
- Promotion of business activities with less environmental burden
- Environmental protection activities involving the whole Company
- Compliance with laws and regulations, and voluntary initiatives
- Education and awareness promotion
- Environmental protection activities for regional communities
- Communication

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Sumitomo Dainippon Pharma’s Environmental Management

<table>
<thead>
<tr>
<th>Basic Environmental Policies</th>
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</thead>
<tbody>
<tr>
<td>• Development of products and technologies with less environmental burden</td>
</tr>
<tr>
<td>• Promotion of business activities with less environmental burden</td>
</tr>
<tr>
<td>• Environmental protection activities involving the whole Company</td>
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<tr>
<td>• Environmental protection activities for regional communities</td>
</tr>
<tr>
<td>• Communication</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mid-term Environmental Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>To formulate a Mid-term Environmental Plan comprising specific measures for implementing the basic environmental policies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Implementation Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>To formulate an Annual Implementation Plan of action for achieving the goals of the Mid-term Environmental Plan</td>
</tr>
</tbody>
</table>
Overview of Environmental Impact (FY2018)

**INPUT**

- **Energy Consumption** (crude oil equivalent)
  - Total energy consumption\(^1\) \(\cdots\) 34,729kl

- **Raw Material Consumption**
  - Raw materials for products (excluding metals) \(\cdots\) 5,085t
  - Raw materials for products (metals) \(\cdots\) 23t
  - PRTR substances \(\cdots\) 1,673t
  - Product packaging materials \(\cdots\) 712t

- **Water Consumption**
  - Tap water \(\cdots\) 159,573t
  - Industrial water \(\cdots\) 271,077t
  - Ground water \(\cdots\) 247,998t

**Boundary of calculation**: Facilities in Japan only (plants, research laboratories, distribution centers, Osaka Head Office, Tokyo Head Office, Tokyo Kyobashi Office, branches and business offices)

**Methods of Calculation and Emissions Intensity, etc.**

\(^1\) Purchased electricity \(\times\) unit calorific value \(+\) purchased heat \(\times\) unit calorific value \(+\) fuel consumption \(\times\) unit calorific value \(\times\) 0.0258 kl/GJ

\(^2\) Fuel consumption \(\times\) unit calorific value \(\times\) fuel CO2 emissions factor

\(^3\) Purchased electricity \(\times\) electricity CO2 emissions factor + purchased heat \(\times\) heat CO2 emissions factor

**OUTPUT**

- **Released into the Atmosphere**
  - CO2 emissions
    - Scope 1\(^2\) \(\cdots\) 19,844t-CO2
    - (from energy sources only)
    - Scope 2\(^3\) \(\cdots\) 38,906t-CO2
  - Organic chlorinated chemical substances \(\cdots\) 6.5t
  - SOx \(\cdots\) 0.3t
  - NOx \(\cdots\) 33.5t
  - Dust emissions \(\cdots\) 0.5t
  - PRTR substances \(\cdots\) 8.0t

- **Released into Water Systems**
  - Total amount of water discharged \(\cdots\) 657,795t
  - BOD \(\cdots\) 4.9t
  - COD \(\cdots\) 2.9t
  - Phosphorus \(\cdots\) 0.1t
  - Nitrogen \(\cdots\) 0.5t
  - PRTR substances \(\cdots\) 0.0t

- **Waste**
  - Amount of waste generated \(\cdots\) 9,686t
  - Amount recycled \(\cdots\) 8,026t
  - Amount of final disposal \(\cdots\) 51t
  - PRTR substances \(\cdots\) 1,501t

**Scope 3 CO2 Emissions by Category: Total 289,841t-CO2**

<table>
<thead>
<tr>
<th>Category</th>
<th>Methods of Calculation and Emissions Intensity, etc.</th>
<th>FY2018 Emissions (t-CO2)</th>
<th>Boundary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Purchased goods and services</td>
<td>Calculated by multiplying the purchase price of raw materials and purchased products by the emissions intensity in Japanese Ministry of the Environment database</td>
<td>236,002</td>
</tr>
<tr>
<td>2</td>
<td>Capital goods</td>
<td>Calculated by multiplying the acquisition price of the fixed asset by the emissions intensity in Japanese Ministry of the Environment database</td>
<td>31,345</td>
</tr>
<tr>
<td>3</td>
<td>Fuel- and energy-related activities not included in Scope 1 or Scope 2</td>
<td>Calculated by multiplying energy consumption by the emissions intensity in Japanese Ministry of the Environment database</td>
<td>9,822</td>
</tr>
<tr>
<td>6</td>
<td>Business travel</td>
<td>Calculated by multiplying business travel expenses paid by the emissions intensity in Japanese Ministry of the Environment database</td>
<td>2,646</td>
</tr>
<tr>
<td>11</td>
<td>Use of sold products</td>
<td>Calculated by multiplying HFC amount in pharmaceutical MDIs (metered dose inhalers) sold by GWP</td>
<td>5,731</td>
</tr>
<tr>
<td></td>
<td>Total of categories other than above (4,5,7,12 and 13)</td>
<td>—</td>
<td>4,295</td>
</tr>
</tbody>
</table>

Japanese Ministry of the Environment database: The database on emissions unit values for accounting of greenhouse gas emissions, etc., by organizations throughout the supply chain (Ver. 2.6)

Carbon Footprint Database: The Carbon Footprint Communication Program, basic database, Ver. 1.01
To the President and CEO of Sumitomo Dainippon Pharma Co., Ltd.

We were engaged by Sumitomo Dainippon Pharma Co., Ltd. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with ⚤ (the "Indicators") for the period from April 1, 2018 to March 31, 2019 included in its Integrated Report 2019 (the "Report") for the fiscal year ended March 31, 2019.

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 factories 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.

KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
September 17, 2019