

## ADDRESSING ENVIRONMENTAL ISSUES

Chugai has steadily increased its commitment to environmental protection since 1974, when it established its Environmental Department. In 1996, the Company set up the Chugai Environmental Management System (CEMS), a system based on the internationally accepted ISO 14001 standards, which are more stringent than legally mandated regulations. A variety of environmental protection activities are now being implemented within the CEMS framework.

The Environmental Committee, which is one of Chugai's executive committees, annually formulates environmental policies, objectives, goals, and an environmental action plan for the Chugai Group. Activities undertaken in accordance with these items are led by general managers at each of Chugai's business units around the world. A senior corporate vice president serves as chairman of the Environmental Committee, which comprises representatives from each Chugai division.

Chugai's environmental activities are guided by policies that include the following:

### 1. Reducing the burden on the environment

To help reduce carbon dioxide emissions and prevent global warming, Chugai is introducing energy-saving facilities at all of its plants and R&D centers and has taken

such steps as reducing the time during which air conditioners are operating at the Fuji Gotemba Research Laboratories and temporarily suspending summer operations at the Ukima plant. The Utsunomiya plant, Ukima plant, and Takada Research Laboratories have lowered their carbon dioxide emissions by converting from fuel oil to natural gas as a boiler fuel. During fiscal 2000, these and other measures led to a 1% drop in total carbon dioxide emissions from all plants and R&D centers.

To lower its generation of waste products and promote recycling, the Fujieda plant has conducted a "green chemistry" campaign that includes a program for increasing the environmental friendliness of the manufacturing process for *Guronsan* products. Having completed tests of an experimental phase for the new manufacturing process, the Fujieda plant is now proceeding with tests at the pilot plant. In collaboration with an outside research facility, CSK Research Park Co., Ltd., the Company has begun studying methods for composting the excrement generated by laboratory animals. Chugai Distribution Co., Ltd., has started to utilize outdated marketing promotion pamphlets as a shock-absorbing packaging material.

Having joined the Green Procurement Network, which was established by a

Japanese nongovernmental organization (NGO) in 1996, Chugai is emphasizing the procurement of a growing range of environment-friendly products and materials. It has already begun using recycled paper for office supplies at all its facilities and is working to further increase the share of environment-friendly items among its office supply products.

### 2. Attaining international certification of environmental management systems

In July 1999, Chugai attained ISO 14001 certification for its Utsunomiya plant, which handles formulation and packaging operations. In February 2000, similar certification was received for the Ukima plant, which is responsible for bulk manufacturing and formulation operations for biotechnology-based products. As the Fujieda plant attained ISO 14001 certification in June 1998, a total of three Chugai plants have been certified to date. Including Chugai, only three Japanese pharmaceutical companies have attained ISO 14001 certification for three facilities. Chugai's Matsunaga plant is preparing to receive ISO 14001 certification in October 2000.

### 3. Disclosure of environmental information

Since it established a Web site in April 1998, Chugai has annually posted updated information on the environmental

protection activities of each of its facilities. Chugai also plans to publish an environmental report in pamphlet form during 2000.

### 4. Contributing to local communities

To help local communities deal with refuse while also countering global warming through the reduction of carbon dioxide emissions, the Fuji Gotemba Research Laboratories constructed a special boiler that is fueled with solid refuse-derived fuel (RDF) instead of oil in 1998. The RDF is manufactured by the local government from refuse that was previously incinerated. A one-month-long pilot operation of the boiler was performed in September 1999, at which time the performance of the boiler and equipment for preventing dioxin emissions was confirmed. Preparations for the full-scale operation of the new boiler are now under way.

While the items above focus on environmental protection activities during fiscal 2000, Chugai is continually striving to improve its environmental protection performance. Accordingly, as is stipulated within CEMS, the Company annually executes a "Plan-Do-Check-Act" program, performs environmental audits at each facility, and makes appropriate revisions to its environmental protection campaign.