

					Material Issues							
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Circular Economy

Approach and Policy

In line with global trends, for us to be able to create a more sustainable society and achieve sustainable corporate growth, we must shift to a circular economy-type business model whereby we can achieve growth without having a serious impact on the environment. We regard the use of fossil resources-derived materials and waste discharge to the natural environment as environmental impacts that must be reduced to zero. We are committed to eliminating fossil resources-derived materials and achieving zero waste*1 as our vision. We will also continue to increase resource efficiency throughout the value chain and build a harmonious and sustainable relationship with all resources including bioresource.

*1 Approach to reduce waste discharge (simple incineration and landfill disposal) to the natural environment to zero and utilize all resources effectively

Our Goals

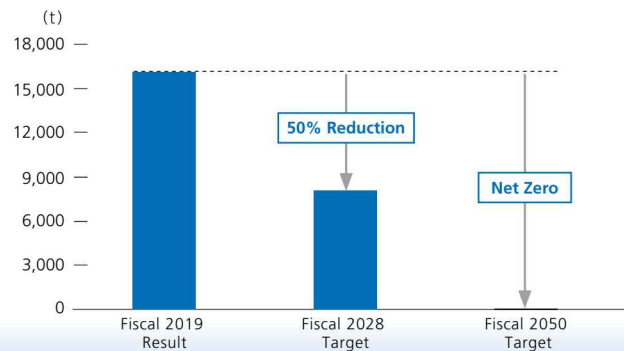


- Our Goals**
- 2028 target: Reduce 50% in simple incineration and landfill disposal compared to 2019
- 2030 target: 100% content of recycled and plant-based materials in our PET bottles

	Fiscal 2019 Result	Fiscal 2022 Result	Compared with 2019
Total Waste Volume*	100,100t	92,900t	-7.2%
Simple Incineration and Landfill Volume	18,500t	18,000t	-2.7%

*Figures for waste emissions in 2019 were revised through a review of data.

Simple Incineration and Landfill Volume Target

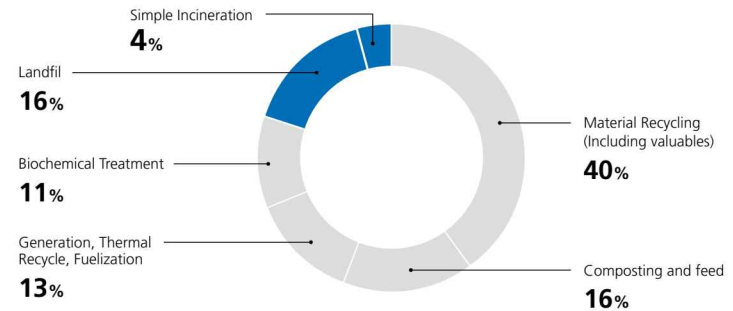


Initiatives toward Zero Waste

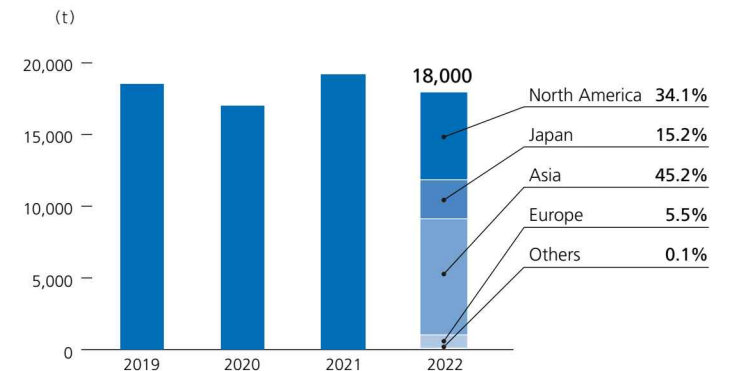
Global emissions in FY 2022 were 92,900 metric tons, and simple incineration and landfill volume was 18,000 metric ton.

In order to achieve the 2028 goal of a 50% reduction in simple incineration and landfill compared with 2019, the Otsuka group is working with each group company in Japan and overseas to reduce waste.

Total Waste Volume



Volume of waste simply incinerated and landfilled



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Otsuka Group Plastic Policy

Fundamental Concept

PET bottles comprise the majority of plastic containers and packaging used for consumer products by our group companies. For this reason, we believe that by promoting PET bottle recycling, we can reduce our reliance on fossil fuel and thereby contribute to environmental conservation. Our plan is to use PET bottles manufactured from recycled and plant-based materials and increase the percentage of such sustainable resource use in our production processes globally to 100% by 2030 and by 2050, we aim to eliminate the use of petroleum-based raw materials in all consumer products.

Our Vision for 2050

For our entire line of consumer products, we will endeavor to use packaging that supports a sustainable society:

- No use of plastics made from petroleum-based materials
- Promote use of recycled, plant-based, and biodegradable materials
- Promote use of reusable packaging

Our Goal for 2030

- Achieve a 100 percent or higher content of recycled and plant-based materials in our PET bottles.
- Introduce alternative packaging (e.g., paper) and increase use of cans for our drink products.
- Step up promotion of drink bottle recycling by introducing reusable packaging through a zero-waste sales and circular distribution model, which also includes the use of sports bottles for our powder products.
- We will promote the use of alternative packaging and concurrently pursue using more recyclable materials for drink containers.

To advance PET material recycling, it is essential to recycle PET bottles for use as raw material. Together with our various stakeholders, we will advance our global efforts on proper collection and recycling of used PET bottles.

Revised July 2022

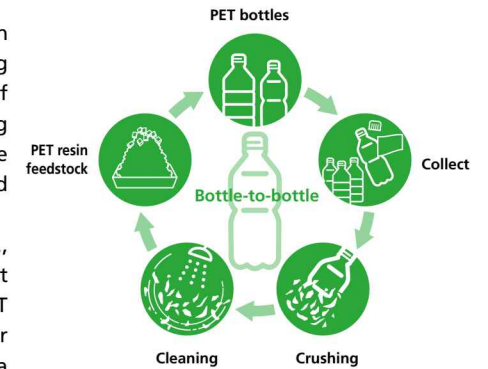
Guided by the Otsuka Group Plastic Policy, we are taking swift and appropriate actions regarding every aspect of our use of plastic, and thereby contributing to the sustainable use of plastic and effective resource recycling. Specific initiatives include developing an action plan for PET bottles, using recycled and plant-based materials, and examining options for alternative packaging.

Initiatives to Use Packaging that Supports a Sustainable Society

Promotion of horizontal PET bottle recycling “Bottle-to-bottle”

“Bottle-to-bottle” refers to a system in which resources are repeatedly circulated by converting used PET bottles into new PET bottles instead of other products. The Otsuka group is promoting “Bottle-to-bottle” initiatives, and aims to increase the percentage of recycled and plant-based materials used in all PET bottles to 100% by 2030.

In November 2022, Otsuka Pharmaceutical Co., Ltd. finalized a business collaboration agreement in collection, manufacturing, and sales of PET bottles with ALTECH CO., LTD. and Japan Power Bottlers K.K. The company also finalized a collaboration agreement for resources recycling with Naruto City of Tokushima Prefecture, and Toyota Tsusho Corporation in February 2023. We will continue to demonstrate synergies through cooperation and collaboration with administrative bodies, local governments, and business partners, and to work to realize a recycling-oriented society.



Resources recycling of PET bottles

The Otsuka group has been working to reduce the amount of plastic used through reducing the weight of plastic containers and packaging, and selling label-free products. In Japan, PET bottles made from recycled PET resin are now available in various products, including POCARI SWEAT, POCARI SWEAT ION WATER, Amino-Value, and Crystal Geyser. Outside of Japan, PT Amerta Indah Otsuka in Indonesia launched POCARI SWEAT in PET bottles made from 30% recycled PET resin in August 2022.



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Initiatives of Resources Recycling through Reuse

Started distribution of POCARI SWEAT via circular shopping platform "Loop"

Reuse refers to an initiative to effectively utilize limited resources and reduce environmental impact by repeatedly using products that have been used once in their original form. Otsuka Pharmaceutical developed durable containers that meet the quality standard suited for reuse, and has launched POCARI SWEAT in 250 ml returnable bottles through circular shopping platform "Loop" from July 2022. The Otsuka group will continue to adopt company-wide, various approaches and challenges to realize a recycling-oriented society.

Otsuka Pharmaceutical introduces its initiatives for resources recycling of returnable bottles that can be used repeatedly on the POCARI SWEAT sustainability site.



ポカリスエットのサステナビリティ

スカフィンのうた

これは「あの子」と「瓶くん」の物語。いつもラップで遊ぶあの子は、ある日ポカリスエットの瓶くんと出会う。太陽に向けるとキラキラして地球が回り込む瓶くんは、少し変わった友達になりました。でもある日、夢に出てきた長老ボトルに教えられ、あの子は、瓶くんがここにはいないことに気が付きます...

「スカフィン」とは、瓶が繰り返し使用されることで、刷りきれっていく瓶のこと。動画では長老ボトルの胸に刺まっています。リターナブル瓶が繰り返し使われるためには、あの子のように瓶を返却するという、ひと手間が必要です。誰かが返却してくれた証「スカフィン」を知りながら、地球をめぐるボトルの物語、楽しんでもらえたらうれしいです。

演出：CSBINA
アニメーション：土屋南晃
楽曲：中村佳穂

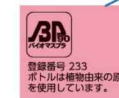
The Scuffing Song

<https://pocarisweat.jp/products/sustainability/>



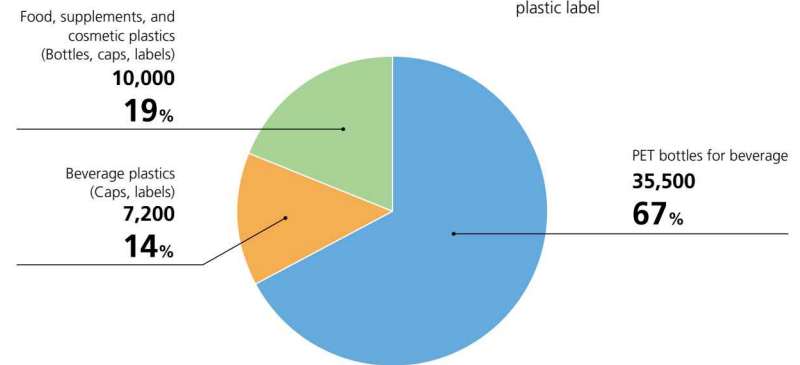
Initiatives of Containers and Packaging in Pharmaceutical Products

The Otsuka group is working to develop and introduce environmentally conscious packaging materials for pharmaceuticals as well, such as thin-walled packaging materials, smaller individual packaging boxes, and recycled-paper containers. As for plastic containers, we have started to sell products that use biomass-based plastic made from plant-based materials.



Biomass-based plastic label

2022 Amount of Plastic Containers and Packaging Used for Consumer Products* (Metric Tons/Year)



*16 Companies

4 companies in Japan: Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, and Otsuka Foods

12 companies overseas: Crystal Geyser Water Company, Nutrition & Sante (including Iberia), Pharmavite, Ridge Vineyards, Interpharma Praha, PT Amerta Indah Otsuka, Otsuka Sims (Guangdong) Beverage, Korea Otsuka Pharmaceutical, FoodState, Tianjin Otsuka Beverage, Daiya Foods, and Shanghai Otsuka Foods