

					Material Issues							
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Water Neutrality

Approach and Policy

Since its establishment, the Otsuka group's operations have had a deep connection to water, a resource essential to life. Through products that use water as a raw material, we have actively contributed not only to the treatment and prevention of diseases, but also the maintenance and promotion of health. We therefore recognize the importance of water to us as a resource, and consider its conservation to be a critical global issue. Moreover, water resources are unevenly distributed across different countries and regions, each of which faces different risks. We cooperate with all stakeholders, and conduct ongoing water conservation initiatives from intake to discharge (including cultivation of water resources, conscientious use and clean return), in the aim of sustainable water use.

Our Goals

The Otsuka group has established a 2050 Environmental Vision of "Net Zero", which aims to reduce total environmental impact of our business activities to zero. Under the vision, we have revised our medium-term targets to include developing and implementing a water use strategy for business sites in water-stressed areas, and expanding the plant water management program to all locations globally, both by 2028. We are working on the realization of sustainable water use by improving water use efficiency and working to preserve water resources from intake to discharge (including cultivation of water resources, conscientious use of water, and return of clean water to the environment).



Evaluating Water Risk at Manufacturing Sites

Considering environmental risks in each region is also important for sustainable growth in the diverse business models of the Otsuka group operating around the world. As for water resources, we have conducted water risk assessments at our group's production sites using the water risk assessment tool "Aqeduct," developed by the World Resources Institute (WRI), which found that seven factories in the U.S., India, and Spain fall under the category of "Extremely High" in the index of Baseline Water Stress^{*1}.

The Otsuka group used 18.5 million m³ of water in 2022, of which 5.07% of the water was used in highly water-stressed areas. At present, it is confirmed that no risk has surfaced. We will continue to closely examine risk details at these factories with our local subsidiaries and further investigate the risks.

*1 A state in which the amount of available water resources is insufficient relative to the amount of water demand of humans and ecosystems. It includes not only water shortage, but also water quality and access to water.

■ Aqeduct Water Risk Atlas and Breakdown by Region of Water Consumption in the Otsuka Group

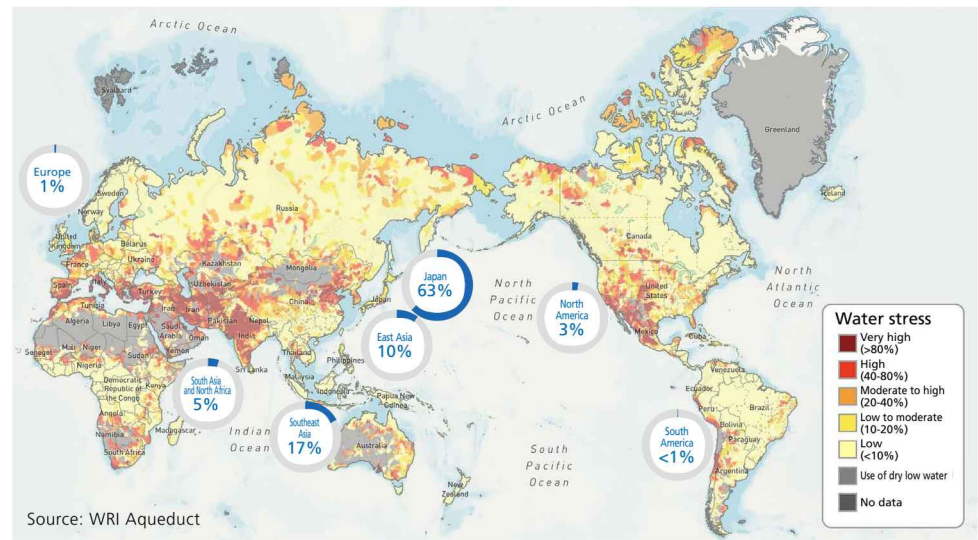
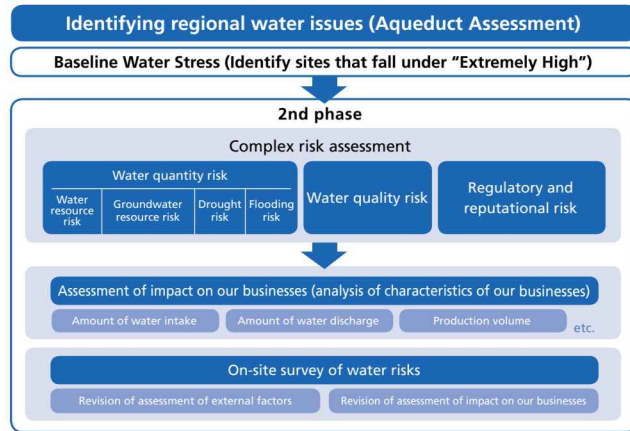


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Water risk assessment

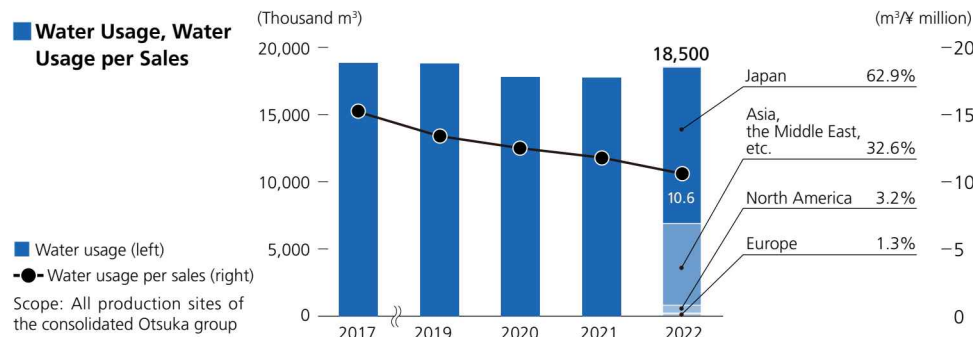


Initiatives to Reduce Water Usage

About 60% of the water used by the Otsuka group comes from production activities in Japan. The Otsuka group strives to ensure the proper use of water in order to continuously preserve water resources from intake to discharge. In Japan, Otsuka Foods introduced heat pumps into the pasteurizer process (heat sterilization and cooling after filling beverages) and automated water supply controls for freezers. As a result, the reduction in water use reached 167,400 m³. Although water use in Japan increased by 72,000 m³ due to an increase in the number of drinks produced in the factories of Otsuka Pharmaceutical and an increase in plant utilization by Otsuka Chemical, the entire global water use efficiency was improved, resulting in a 9.9% reduction compared to that in FY 2017.

Limiting Emissions to the Atmosphere and Water Systems

Water Usage, Water Usage per Sales



Initiatives that Protect Water Sources*1 through Forestry

One of our initiatives to preserve water resources uses water conscientiously and returns clean water using water source protection through forestry. Group employees and family members voluntarily participate in conservation drives, such as planting trees, in turn developing a sense of closeness with forests.

Projects

In Japan

The Otsuka group has signed a partnership agreement with Tokushima Prefecture's Tokushima Cooperative Forestry Project, taking part in intensive forest management that is focused on large-scale forests covering 100 ha or more.

Tokushima Forests – Forestry in Collaboration with Tokushima Prefecture

In 2010, Otsuka Pharmaceutical Factory and Taiho Pharmaceutical signed partnership agreements with the Tokushima Cooperative Forestry Project, to support measures for CO₂ sinks through forest improvement. In fiscal 2022, eight group companies*2 planted broad-leaved trees and others in an area of 4.73 hectares (approximately the same size as TOKYO DOME), equivalent to 19.25 t-CO₂ absorbed by forests.



Outside Japan

PT Widatra Bhakti Social activities of afforestation in the Pandaan Region

Employees of PT Widatra Bhakti participated in the afforestation environment program conducted by the Pandaan government. PT Widatra Bhakti provided some of the funds to purchase seedlings, and 250 trees were planted.



*1 Nurturing and maintaining water resources, as well as using the natural capacity of forests to mitigate flooding and droughts. Forests soak up falling rain and snow, then allow that water to slowly flow into rivers as groundwater.
 *2 Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Warehouse, Otsuka Chemical, Otsuka Foods, Otsuka Packaging Industries, and Otsuka Techno Corporation