

Water Neutrality

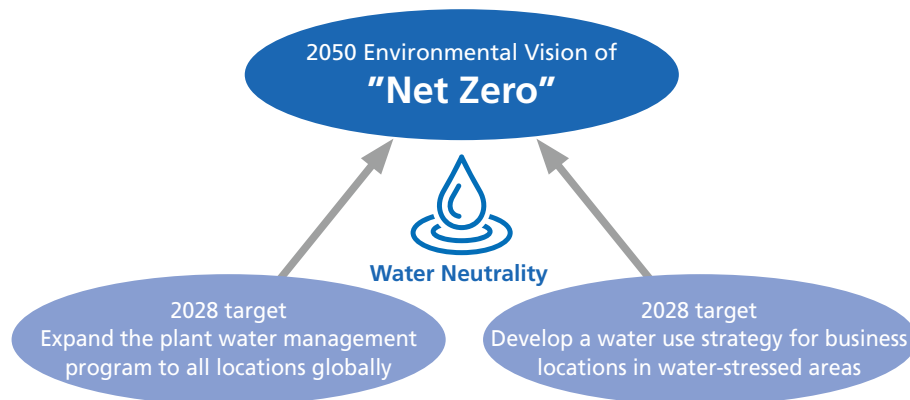
Approach and Policy

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 to 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 factory 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).



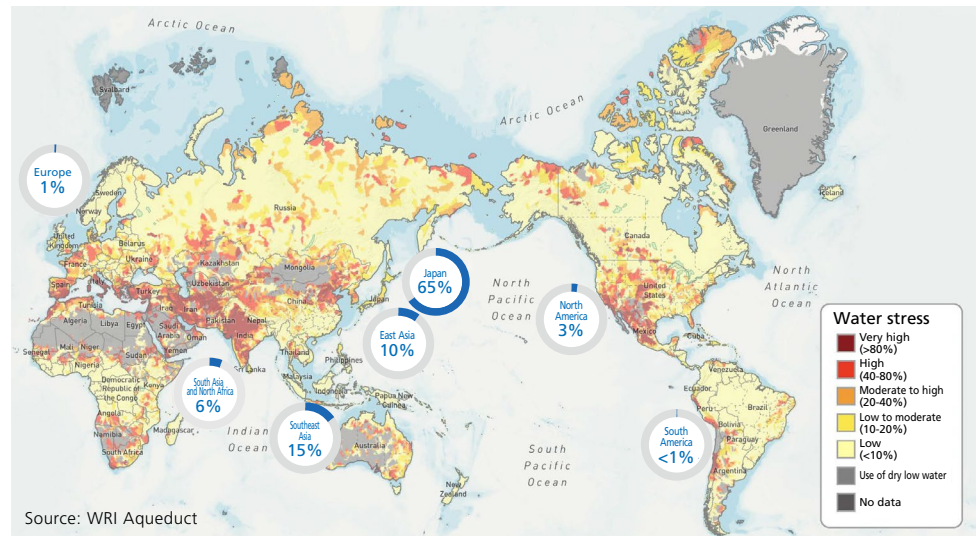
Evaluating Water Risk at Manufacturing Sites

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 "Aquaduct," 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 (Extremely High)" in the index of Baseline Water Stress*.

The Otsuka group used 19.4 million m³ of water in 2023, of which 6.6% of the water was used in the areas that fall under the category of "Extremely High." Currently, no risks have been identified. We will continue to closely examine risk details at these factories with our local subsidiaries and further investigate the risks. In addition to complying with national and regional laws and regulations, the Otsuka group has formulated water resources management guidelines, which aim to establish and manage water management items and standards. We will continue to expand these efforts globally.

* 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.

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



Source: WRI Aqueduct

Water intake by area

(Thousand m³)

	Municipal water (including industrial water)	River water	Ground water
Japan	11,316	85	1,152
Asia, the Middle East, etc.	3,325	0	2,698
North America	445	0	148
Europe	195	1	24

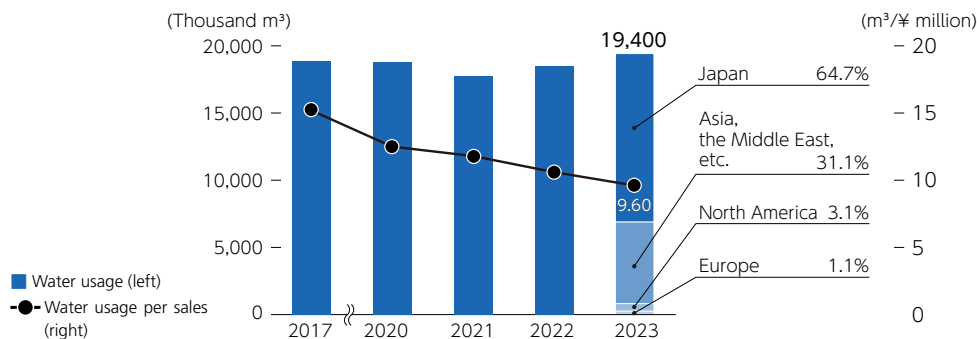
Initiatives to Reduce Water Usage

About 60% of the water used by the Otsuka group comes from production activities in Japan. We strive to ensure the proper use of water to continuously preserve water resources from intake to discharge.

Major initiatives to reduce water usage including improvements in the process of maintaining wastewater quality at the Otsuka Pharmaceutical Factory reduced 834,000 m³ of water and improved global water use efficiency by 9.7% compared to FY 2017. However, global water usage increased by 901,000 m³ due to factors such as the increase in the number of drug substances and beverages in the factories, the restart of Otsuka Chemical's plants, and their increased operating rates.

 [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 by protecting water source.

Group employees and their families voluntarily participate in conservation activities, such as planting trees, in turn developing a sense of closeness with forests.

Projects

In Japan

Tokushima Forests – Forestry in Collaboration with Tokushima Prefecture

The Otsuka group has signed a partnership agreement with Tokushima Prefecture's Tokushima Cooperative Forestry Project, participating in intensive forest management that is focused on largescale forests covering 100 ha or more. 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 FY 2023, eight group companies*2 planted broad-leaved trees and others in an area of 13.53 ha (Approximately three times larger than TOKYO DOME), equivalent to 68.67t-CO₂ absorbed by forests.



Outside Japan

PT Widatra Bhakti Social activities of afforestation

Employees of PT Widatra Bhakti participate in the afforestation environment program conducted by the Pandaan government as part of initiatives to protect water sources. PT Widatra Bhakti provides some of the funds for purchasing and planting seedlings.

*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