

Circular Economy

Core Principles

In line with global trends, for us to be able to create a more sustainable society and achieve sustainable corporate growth, we need to 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* as our vision. We will also continue to increase resource efficiency throughout the supply chain and build a harmonious and sustainable relationship with all resources, including bioresources.

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

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 100% use of recycled and plant-based materials in our PET bottles.
- Adopt new alternative materials (such as paper containers) as beverage containers, and increase the use of existing can containers.
- Promote the reuse model for beverage containers by the adoption of reusable containers through a circular sales model as well as the use of personal bottles and squeeze bottles for existing powder-type products.
- Promote the use of alternative material containers in parallel with the recycling of beverage 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)

Indicators and Goals

Our Goals

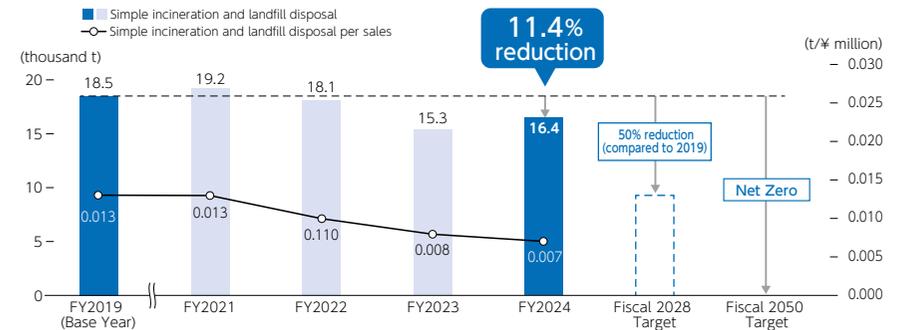
[2028 targets]

- 50% reduction in simple incineration and landfill disposal compared to 2019
- Formulation and implementation of food loss reduction plans

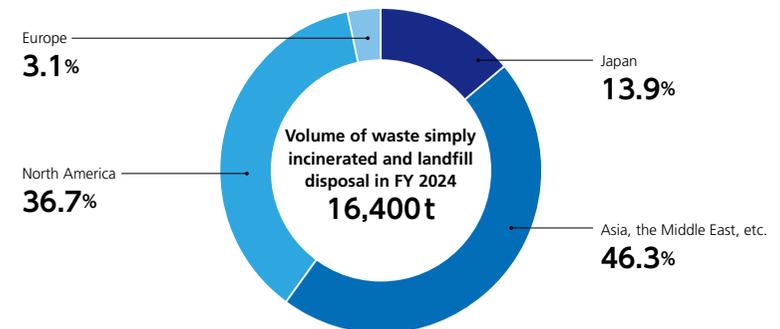
[2030 targets]

- 100% of recycled materials in our PET bottles and use of plant-based materials

Targets and progress in reduction of simple incineration and landfill disposal volume



Volume of waste simply incinerated and landfill disposal by region

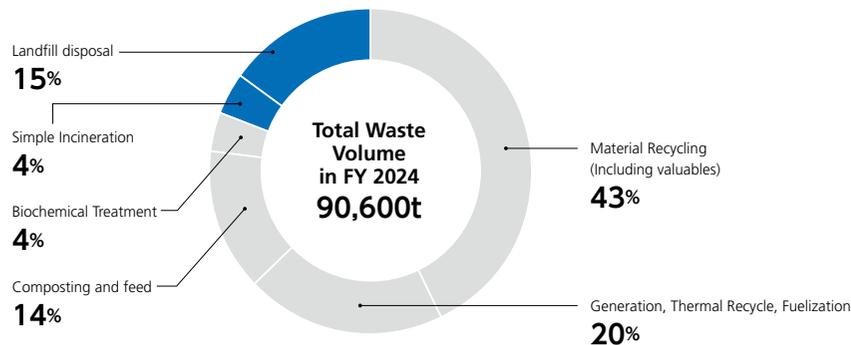


Initiatives

Initiatives toward Zero Waste

To promote the circular economy, the Otsuka group recognizes waste discharge to the natural environment (simple incineration and landfill disposal) as a serious environmental impact, and aims to reduce waste volume to zero (zero waste) by recycling and efficiently using resources. To achieve this “zero waste,” our group has set our goal of reducing 50% in simple incineration and landfill disposal compared to 2019 by 2028. As of 2024, we have achieved an 11.4% reduction (see page 15) To achieve this goal, we are tracking the waste treatment status by nation and region, identifying issues through analyzing the breakdown, and promoting concrete initiatives.

Breakdown of Total Waste Volume



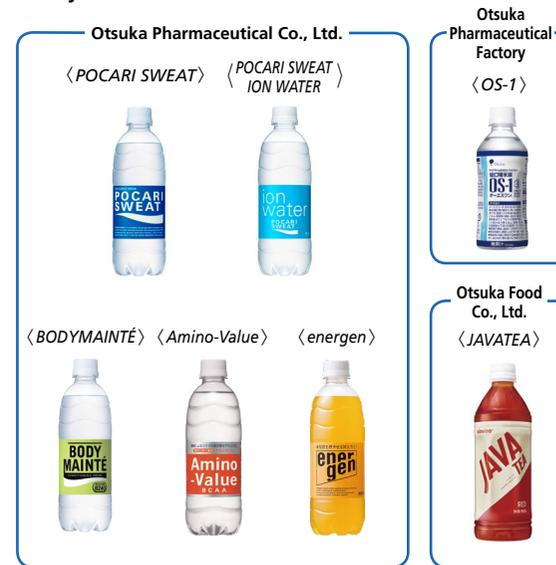
Initiatives of Packaging for a Sustainable Society

Resources recycling of PET bottles

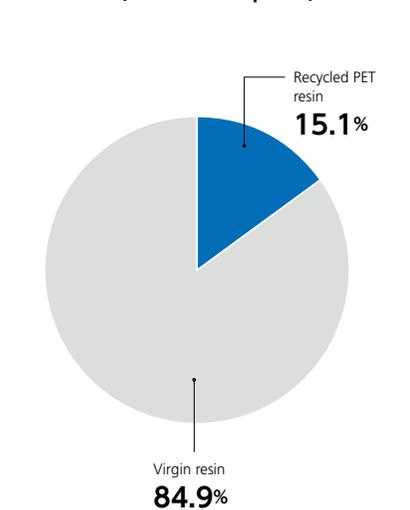
The Otsuka group has been working to reduce the amount of plastic used by reducing the weight of plastic containers and packaging, and selling label-free products. In Japan, PET bottles made from recycled PET resin are available in various products, including *POCARI SWEAT*, *POCARI SWEAT ION WATER*, *BODYMAINTÉ*, *Amino-Value*, and *energen* as of 2024, which has helped the proportion of recycled PET resin in beverage products in Japan reach 15.1%. Outside of Japan, Amerta Indah Otsuka in Indonesia is also filling *POCARI SWEAT* in PET bottles made from 30% recycled PET resin.

In Japan, we began shifting to 100% recycled PET bottles for OS-1 with 300 mL in 2025, and *JAVATEA* in February of the same year.

Major PET bottle products made from recycled PET resin



Ratio of recycled materials in our PET bottles (FY 2024 in Japan*1)



*1 Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory and Otsuka Foods

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

The Otsuka group set the goal of the percentage of recycled and plant-based materials used in all PET bottles to 100% by 2030 and promote “Bottle-to-Bottle*2” initiatives. In the past, PET bottles disposed of at home were recycled into products other than PET bottles, such as food trays and textiles, and those that did not meet the quality level for recycling were incinerated. However, the development of technologies to produce high-quality recycled PET resin from used PET bottles enables spreading initiatives to reuse PET bottles as PET bottles. These technologies will enable the recycling of PET bottles and reduce the environmental impact by reducing CO₂ emissions and the use of new fossil resource-derived materials.

*2 Used PET bottles are converted into raw materials (horizontal recycling) and recycled into new PET bottles.



Regional collaboration agreement for resource recycling

Otsuka Pharmaceutical has been working on this initiative since November 2022 in collaboration with local administrations, business partners, etc. The company also finalized a collaboration agreement for resource recycling with Naruto City of Tokushima, and Toyota Tsusho Corporation in February 2023.

As of 2024, the company has concluded agreements for resource recycling with more than 20 municipalities. The company also promote "Bottle-to-Bottle," collection and horizontal recycling of PET bottles at large-scale events such as marathons and summer music festivals.

The company will continue to create synergies through collaboration with public administrations, local governments, and business partners to achieve a recycling-oriented society.

*Used PET bottles are converted into raw materials (horizontal recycling) and recycled into new PET bottles.



Signing Ceremony of the Agreement on Horizontal Recycling of PET Bottles between Minamiuonuma City and Yuzawa Town

 [Promotion of horizontal PET bottle recycling "Bottle-to-Bottle"](#)

Public-private-academic collaboration in Indonesia Sustainability Program "OTSUKA BLUE PLANET"

In September 2022, PT Amerta Indah Otsuka in Indonesia concluded an agreement with the Ministry of Environment and Forestry on OTSUKA BLUE PLANET, a sustainability program for local governments and residents in the vicinity of its factory. The company has been promoting the following three projects since then:

① ECO Village Project: With the aim of creating a community environment in which people can develop the habit of taking good care of waste as resources and manage waste independently, we are working together with local people to operate facilities for waste treatment and management, and promoting the establishment of a system for independent waste management in the community.



Waste separation facility | Recycling using waste

② ECO Blue School Project: The company engages a total of 3,500 students from 6 participating high schools in environmental education and recycling initiatives, including school beautification, waste management, and PET bottle recycling.



Environmental awareness activities at a high school



Collecting used PET bottles

③ ECO Bottle Project: The company is promoting the sales of POCARI SWEAT in PET bottles made from recycled PET resin.

④ Eco Factory Project: Promoting environmentally friendly factory management to achieve the 2050 Environmental Vision, "Net Zero."

 [Resources recycling of PET bottles](#)

Initiatives to Reduce Food Loss

Large-scale waste disposal due to food loss results in an impact on the environment, including an increase in waste and CO₂ emissions. The Otsuka group is improving production processes and the accuracy of supply and demand forecasting to reduce food loss.

Repurposing food waste for biofuel production and composting

FoodState's brand MegaFood, a pioneering company in food-based supplements in the United States, launched the "Compost Program" in August 2024 in collaboration with their third-party partner, Waste Management, Inc. This program repurposes food waste into biofuel and compost. By composting food waste, soil improvement is promoted, and CO₂ emissions and disposal costs are reduced. This contributes to both environmental protection and the effective use of resources. As a result, 1.8 tons of food waste were repurposed in the first five months. Moving forward, the initiative will be expanded to include the repurposing of food waste generated in offices and discarded supplements from the production process into biofuel and compost.

Donation to non-profit organizations (NPO)

We donate food and beverages whose in-house shipping deadlines have expired to food banks and NPOs that provide food and daily necessities to people in need.

■ Results in FY 2024

Operating company	Region	Product	Recipients of the donation	Amount of donation
Nutrition et Santé	Europe	Health food	Food banks	Approx. 41t
FoodState	United States	Food-based supplements	NPO	Approx. 5t
Taiho Pharmaceutical	Japan	Nutritional drinks, etc.	Food banks	Approx. 3t