

# Sustainable Procurement

## Core Principles

In March 2024, the Otsuka group established the Otsuka Group Business Partner Code of Ethics to articulate our uncompromising commitment to the highest standards of ethical conduct to be achieved in cooperation with our business partners. As for procurement activities, we established our procurement policy, the Otsuka Group Procurement Policy, and the Otsuka Group Sustainable Procurement Guidelines to ask our suppliers for cooperation. We have disseminated the content of the guidelines to them.

In November 2024, we set up a “Speak Up Line” for our business partners, including suppliers, to consult with us or to report any suspected or actual misconduct or violations of laws/regulations by any person associated with the Otsuka group. To deliver high-quality, sustainable products to patients and consumers, we work together with our suppliers to realize a sustainable society and increase corporate value for both parties through ethical and sustainable procurement activities, in addition to quality, safety, and stable supply.

### Otsuka Group Procurement Policy

(Excerpts involved environment)

#### Environmental management

We conduct our procurement activities in compliance with the Otsuka Group's Environmental Policy and hold ourselves accountable for the commitments listed below.

- Environmental protection
- Environmental permits
- Reduction of greenhouse gas emissions
- Proper management and reduction of waste and emissions to prevent pollution
- Sustainable resource utilization and responding to biodiversity

(Revised in May 2024)

 [Business Partner Code of Ethics](#)

 [Otsuka Group Procurement Policy](#)

 [Sustainable Procurement Guidelines](#)

## Initiatives

### Promotion Framework for Sustainable Procurement Activities

A Sustainable Procurement Project, led by the director in charge of sustainability at Otsuka Holdings, was launched in 2022 and its progress and issues are shared every quarter. This project promotes activities with two pillars: “Stable Procurement,” aiming to build a solid procurement system to deliver high-quality products, and “Responsible Procurement,” aiming for ethical and sustainable procurement activities.

 [Promotion System](#)

### Implementing Supplier Due Diligence

To ensure a stable product supply, the group has conducted due diligence in new suppliers and risk assessments of key raw materials. The group has also implemented risk countermeasures for raw material procurement, such as identifying potential risks and sourcing from multiple suppliers.

While some of the group's overseas and domestic operating companies already evaluate new suppliers based on human rights, labor conditions, anti-corruption measures, and environmental impact, expanding this evaluation to all group companies remains a challenge for the future.

### Expanding Evaluation on Suppliers

The Otsuka group conducts supplier assessments using the CSR Procurement Self-Assessment Questionnaire (SAQs) prepared by Global Compact Network Japan (GCNJ) in 2022 to grasp the suppliers' initiatives for human rights, labor, the environment, and anti-corruption. To date, we have conducted an assessment for 653 suppliers of our group's major domestic operating companies\* and confirmed that there are no significant sustainability-related risks. In 2024, we introduced the assessment by using our own SAQs and EcoVadis, an international assessment standard tool. In the future, we will gradually expand the assessment for our suppliers at our operating companies in our group, including overseas companies.

During the period of our 4th Medium-Term Management Plan, which ends in 2028, we will make our procurement policies and guidelines known to our suppliers and obtain their consent. Furthermore, we conduct assessments for our suppliers and promote sustainable procurement by identifying and managing potential risks in the supply chain.

\* Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, and Otsuka Foods, Otsuka Techno, EN Otsuka Pharmaceutical, and Otsuka Packaging Industries