

Editorial Policy

On December 15, 2010, Otsuka Holdings Co., Ltd. became a public company by listing its shares on the First Section of the Tokyo Stock Exchange. In keeping with its corporate commitment to “Otsuka-people creating new products for better health worldwide,” the Otsuka Group endeavors to leverage its unique assets and skills to have a positive impact on health worldwide through its business.

We published our first environmental and social report in 2010, in order to provide diverse stakeholders with information about the many initiatives that the Group pursues through its business. Starting in 2011, we expanded the scope of the report to broadly inform stakeholders about the Group’s corporate social responsibility (CSR) efforts.

In this report, we focused on providing stakeholders with a more comprehensive picture of initiatives that are being pursued throughout the Otsuka Group with several common themes. We have gathered information from Group companies around the world to report on social initiatives, and focused on securing the accuracy and continuity of environmental performance data. Furthermore, the knowledge that was gained from assembling this report will be leveraged to expand future CSR initiatives of the Otsuka Group.

Scope of report

This report focuses on Otsuka Holdings. The social initiatives described in this report encompass the global activities of Group companies in and outside Japan. Environmental data applies to the following 11 Group companies in Japan:

Otsuka Pharmaceutical Co., Ltd.	JIMRO Co., Ltd.
Otsuka Pharmaceutical Factory, Inc.	EN Otsuka Pharmaceutical Co., Ltd.
TAIHO PHARMACEUTICAL CO., LTD.	Otsuka Techno Corporation
Otsuka Warehouse Co., Ltd.	Otsuka Packaging Industries Co., Ltd.
Otsuka Chemical Co., Ltd.	Otsuka Foods Co., Ltd.
Otsuka Electronics Co., Ltd.	

Period covered

The data presented in this report are actual figures from April 1, 2011 to March 31, 2012. The activities reported on include some conducted more recently.

Publication schedule

The next report is scheduled for publication in autumn 2013.

Guidelines referenced

This report was compiled with reference to the *Environmental Report Guidelines 2007 Edition* and the *Environmental Accounting Guidelines 2005 Edition* issued by Japan’s Ministry of the Environment, and the *GRI Sustainability Reporting Guidelines 3rd Edition*.

Feedback on the Otsuka Group CSR Report

We welcome your feedback by email. Please do not hesitate to provide us with your feedback or impressions of this report, including requests about the initiatives of the Otsuka Group. Your input is valuable and will help us shape future reports and initiatives.

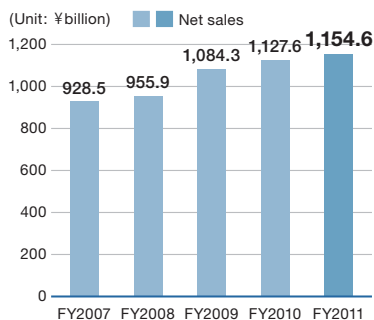


Corporate Profile

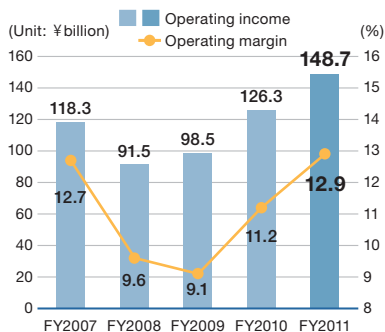
As of March 31, 2012

Company name: Otsuka Holdings Co., Ltd.
 Established: July 8, 2008
 Capital: JPY 81.69 billion
 Head Office: 2-9 Kanda-Tsukasamachi, Chiyoda-ku Tokyo 101-0048, Japan
 Tokyo Headquarters: Shinagawa Grand Central Tower, 2-16-4 Konan, Minato-ku, Tokyo 108-8241, Japan
 Representative: Tatsuo Higuchi, President and Representative Director, CEO
 Employees: 65 (Consolidated: 24,595)
 Scope of consolidation: 67 consolidated subsidiaries and 13 equity method affiliates
 Business description: Control, management, and other operational aspects of business activities related to holding the shares of companies that operate in the fields of pharmaceuticals, nutraceuticals, consumer products, and other businesses.

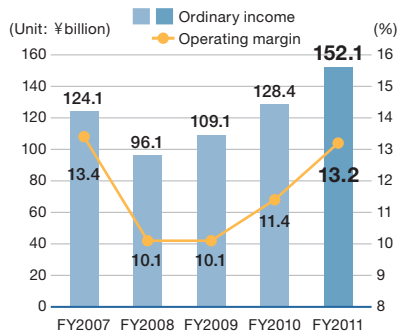
Consolidated Net Sales



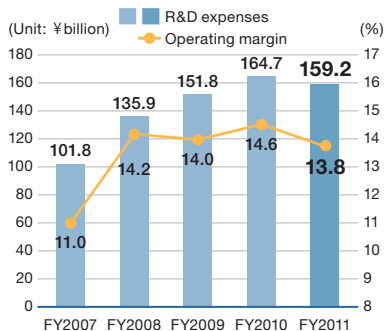
Consolidated Operating Income



Consolidated Ordinary Income



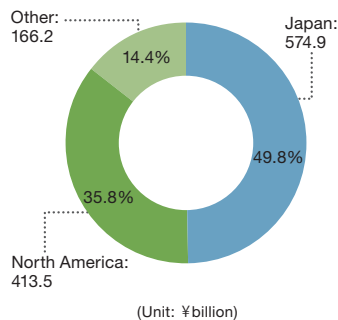
Research and Development Expenses



Note: Data marked "FY2007" is from the consolidated earnings of Otsuka Pharmaceutical.

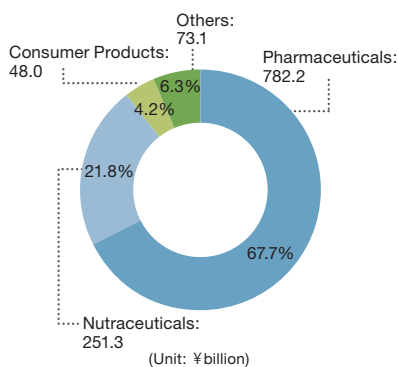
Consolidated Net Sales by Geographical Segment (FY2011)

Sales to external customers



Consolidated Net Sales by Business Segment (FY2011)

Sales to external customers



Contents

About the Otsuka Group	02
Corporate Profile	02
Otsuka Group across the Globe	03
Business Overview of the Otsuka Group	05
Message from the President	07
Corporate Philosophy	10
Highlight 1	
Tackling Unmet Medical Needs	11
Developing New Pharmaceuticals	
Highlight 2	
Soylution — From Japan to the World	13
A New Solution for Environmental Issues and Better Health Worldwide	
Highlight 3	
Community and Global Initiatives	15
The World's Only Museum Displaying Masterpieces on Ceramic Panels — Otsuka Museum of Art	
Social Report	19
Managing and Improving Quality	21
Social Initiatives for Better Health	23
Social Contribution Activities — Otsuka Group and Local Communities	25
Building Vital Workplaces for Employees	31
Development of Human Capital	33
Employee Health	34
Environmental Report	35
Environmental Performance Data	37
Energy and Resource Conservation	39
Zero-Emissions Initiatives	42
Coexistence with Nature	43
Clean-Up Activities	45
Management	47
Corporate Governance	49
Risk Management	50
Compliance	51
Third-Party Opinion / Editorial Postscript	52
Environmental Performance Data	53

The Otsuka Group's global businesses create a variety of products that help to maintain and enhance daily health and aid in the diagnosis and treatment of illness.

As of March 31, 2012, net sales from markets outside Japan accounted for 50% of the Group's consolidated net sales. There are approximately 25,000 employees in the consolidated Group worldwide, and 44% of these are outside Japan. Otsuka Group employees are working every day around the world, for the universal betterment of human health.



Belgium

Nutrition & Sante Benelux SA

France

Otsuka Pharmaceutical France SAS
Euriso-Top S.A.S
Nardobel SAS
Nutrition & Sante SAS
Nutrition & Nature SAS
Laboratoires Dietetique et Sante SAS
ALMA S.A.*

Germany

Otsuka Pharma GmbH
Cambridge Isotope Laboratories (Europe), GmbH
Euriso-Top GmbH
Advanced Biochemical Compounds, GmbH

Italy

Nutrition & Sante Italia SpA

Spain

Otsuka Pharmaceutical, S.A.
Nutrition & Sante Iberia SL
Hebron S.A.

Sweden

Otsuka Pharma Scandinavia AB

Switzerland

Nutrinat AG

UK

Otsuka Pharmaceutical Europe, Ltd.
Otsuka Pharmaceutical (U.K.) Ltd.

China

Otsuka (China) Investment Co., Ltd.
Zhejiang Otsuka Pharmaceutical Co., Ltd.
Sichuan Otsuka Pharmaceutical Co., Ltd.
Tianjin Otsuka Beverage Co., Ltd.
Suzhou Otsuka Pharmaceutical Co., Ltd.
Shanghai Otsuka Foods Co., Ltd.
Chongqing Otsuka Huayi Chemical Co., Ltd.
China Otsuka Pharmaceutical Co., Ltd.*
Guangdong Otsuka Pharmaceutical Co., Ltd.*
Micro Port Medical (Shanghai) Co., Ltd.*
Microport Scientific Corporation*
VW Food & Beverage Co., Ltd.*

Egypt

Egypt Otsuka Pharmaceutical Co., S.A.E.

India

Otsuka Chemical (India) Private Limited

Indonesia

P.T. Otsuka Indonesia
P.T. Merapi Utama Pharma
P.T. Widatra Bhakti
P.T. Amerta Indah Otsuka
P.T. Otsuka Jaya Indah
P.T. Lautan Otsuka Chemical

South Korea

Korea Otsuka Pharmaceutical Co., Ltd.
Dong-A Otsuka Co., Ltd.*

Taiwan

Taiwan Otsuka Pharmaceutical Co., Ltd.
King Car Otsuka Co., Ltd.*

Japan

Otsuka Holdings Co., Ltd.
Otsuka Pharmaceutical Co., Ltd.
Otsuka Pharmaceutical Factory, Inc.
TAIHO PHARMACEUTICAL CO., LTD.
Otsuka Warehouse Co., Ltd.
Otsuka Chemical Co., Ltd.
Otsuka Medical Devices Co., Ltd.
EN Otsuka Pharmaceutical Co., Ltd.
Otsuka Electronics Co., Ltd.
Otsuka Techno Corporation
J.O. Pharma Co., Ltd.
OKAYAMA TAIHO PHARMACEUTICAL CO., LTD.
Otsuka Packaging Industries Co., Ltd.
Otsuka Foods Co., Ltd.
Otsuka Chilled Foods Co., Ltd.
Otsuka-MGC Chemical Company, Inc.
JIMRO Co., Ltd.
Earth Chemical Co., Ltd.*
Earth Environmental Service Co., Ltd.*

Thailand

Thai Otsuka Pharmaceutical Co., Ltd.*

Pakistan

Otsuka Pakistan Ltd.*

* List of consolidated companies. Equity-method affiliates are indicated with an asterisk (*).



North America
2,582
 employees
15
 companies

Canada

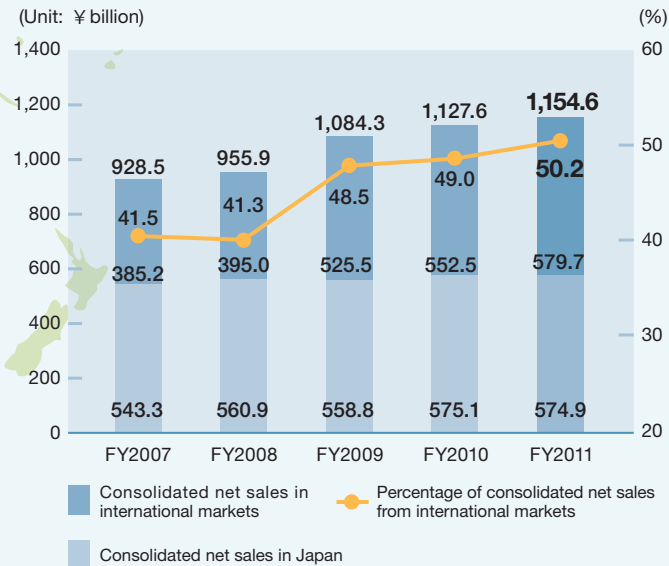
Otsuka Canada Pharmaceutical Inc.
 2768691 Canada, Inc.

USA

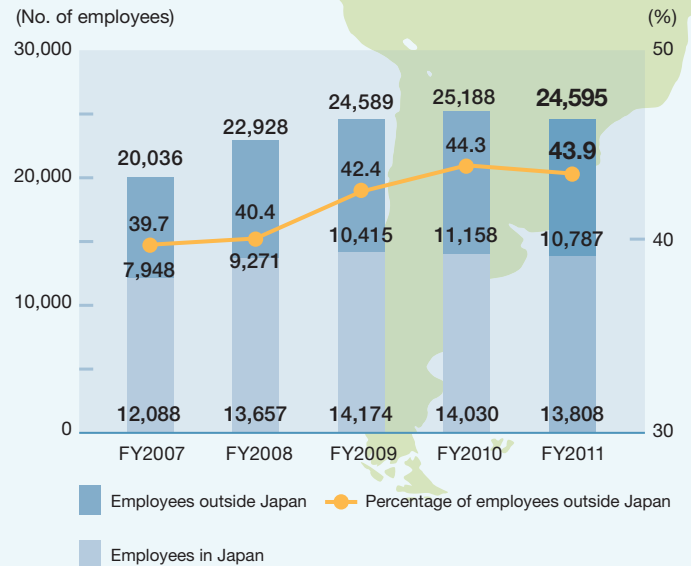
Otsuka America, Inc.
 Otsuka America Pharmaceutical, Inc.
 Otsuka Pharmaceutical Development & Commercialization, Inc.
 Otsuka Maryland Medicinal Laboratories, Inc.
 Cambridge Isotope Laboratories, Inc.
 CIL Isotope Separations, LLC
 Membrane Receptor Technologies LLC
 Pharmavite LLC
 Ridge Vineyards, Inc.
 Crystal Geyser Water Company
 Soma Beverage Company, LLC
 Otsuka America Manufacturing, LLC
 CG Roxane LLC*



● Consolidated Net Sales in and outside of Japan



● Consolidated Number of Employees in and outside of Japan



Contributing to People’s Health and Well-being Worldwide

The Group is dedicated to being a global healthcare company that works for the benefit of people’s health worldwide. It generates health-outcomes from many angles, while offering original products that create new markets. The Group pursues a range of businesses in four main segments—pharmaceuticals, nutraceuticals, consumer products and other businesses. The Group strives to utilize its unique assets and skills, endeavoring to create products that are beneficial to health and to society.

Pharmaceutical Business



- Pharmaceuticals
- I.V. solutions (clinical nutrition)
- Diagnostics
- Medical devices

The pharmaceutical business focuses on the priority areas of the central nervous system and oncology in order to address unmet medical needs. Furthermore, the Group is engaged in a wide range of fields and businesses, including the cardiovascular system, gastroenterology, ophthalmology, diagnostics, and I.V. solutions and medical devices businesses, in order to provide comprehensive healthcare solutions ranging from diagnosis to treatment of disease.

Nutraceutical Business



- Functional beverages and foods
- Cosmetics
- OTC products, Quasi-drugs

The nutraceutical business focuses on functional beverages and foods that help maintain and promote day-to-day wellbeing. In recent years the Group has been developing a soy-based business predicated on the concept that the soybean is the “Soylution” (“soy” and “solution”) to many of humanity’s problems such as health, and environment issues.

Nutraceuticals = nutrition + pharmaceuticals

Flagship products



ABILIFY, an antipsychotic



Mucosta, an antagastitis and antigastric ulcer agent



Pletaal/Pletal, an antiplatelet agent



TS-1, an antimetabolite agent



Samsca, an aquaretic agent



Aloxi, an antiemetic agent



Abraxane, an antimetabolite agent



ELNEOPA, a high-calorie TPN solution

Flagship products



Pocari Sweat



Oronamin C Drink



Tiovita Drink



OS-1



SoyCarat



SOYJOY



Calorie Mate



SOYSH



Nature Made



UL-OS



Oronine H Ointment



Consumer Products Business



Beverages

Foods

Alcoholic beverages

In the consumer products business, the Otsuka Group manufactures and supplies foods and drinks for everyday consumption. We have led the way with the development of products such as Bon Curry, which was launched in 1968 as the world's first commercially available food in a plastic pouch bag, and Sinvino Java Tea Straight, which was a pioneer in the unsweetened tea beverage market. Our mission is to supply foods and beverages that satisfy on all levels: delicious, safe, reassuring, and healthy.

Flagship products



Bon Curry Neo



My Size



Bon Curry Gold 21



Mannan Hikari



CRYSTAL GEYSER



MATCH



Sinvino Java Tea Straight



Ridge Monte Bello

Other Businesses



Functional chemicals

Fine chemicals

Distribution

Packaging

Electronic equipment

The Otsuka Group also pursues diversified businesses, such as chemical materials for the automotive, electrical, electronic, and building materials sectors. We operate transport and warehousing services that provide eco-friendly logistics centering on the movement of pharmaceuticals, foods and beverages of the Otsuka Group, in addition to supplying electronic equipment to support cutting edge advancements in science and technology.

Flagship products

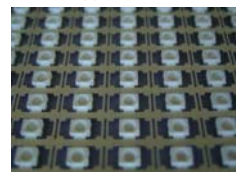
Poticon, resin compound

Application 1:



Automotive parts
Clutch sleeve bearings
(sliding bearings supporting an aluminum shaft)

Application 2:



Electronic parts
LED reflectors
(that increase light extraction efficiency)



POCone,
a medical device



HM series of LED evaluators



Tatsuo Higuchi
President and Representative Director, CEO
Otsuka Holdings Co., Ltd.

At the Otsuka Group, corporate social responsibility is founded on activities that realize our corporate philosophy and arise from a dialogue with stakeholders.

Reminded of the Importance of Supply Reliability as a Company Dedicated to Betterment of Life

We have passed the one-year mark since the unprecedented Great East Japan Earthquake occurred. I would like to offer my deepest sympathies to those whose lives continue to be affected by the quake, and I wish for the rapid recovery of areas that were struck by the disaster.

Immediately after the quake hit, the Otsuka Group mobilized to provide aid, placing a priority on responding to requests from medical facilities and municipal disaster response offices to supply urgently needed medical supplies and food and drink provisions. Knowing that the availability of medicines can have life-or-death consequences in an emergency, and that food and drink provisions can be a lifeline for many people, we had a duty to move as quickly as possible to respond to the situation.

We gain some solace that we helped in our own way, from the letters that we received from local governments, the Tokyo Fire Department, and various organizations thanking us for our efforts. At the same time, the events served as a reminder that we have a strong responsibility to work quickly to secure the reliable supply of our products in an emergency, as a company that is dedicated to betterment of life. We are studying the issues that we encountered during the Great East Japan Earthquake, in our ongoing efforts to reexamine and improve our crisis management.

The Need to See Beyond the Foreseen

Surprising and previously unforeseen events continue to happen today. Japan was hit by the Great East Japan Earthquake and resulting tsunami, which led to the accident at the Fukushima Nuclear Power Plant. These events had a deep impact on the

Japanese economy as well as the global economy, dealing a major blow to the lives of people in stricken areas and affecting local industry and corporations with production facilities in the Tohoku region.

Elsewhere in Asia, we witnessed massive flooding in Thailand, whereby unforeseen rainfall and imbalances in urban wastewater infrastructure heavily affected people's daily lives, and deeply impacted corporations with manufacturing operations in Thailand.

In Europe, the fear that Greece might default on its sovereign debt also spread to Italy and Spain, giving rise to uncertainty surrounding the Euro currency itself. The fiscal irresponsibility of European Union (EU) member states, which itself was unforeseen, threatens to plunge the world into another global fiscal crisis.

These events illustrate how unforeseen events have been occurring in everything from the global environment to the political decision-making process and economic activities. It is no longer enough to think within the foreseeable, or to look at things as an extension of the past.

These events have taught us that in hedging risks for corporate activities, we must expand our vision and not be limited to existing perspectives, or be satisfied with a single-dimensional perspective of today. One way we can address this is through observation and action arising from innovation. That is to say, it is more important than ever to adopt a multidimensional approach through diversity and globalization.

Breaking Free from the Norm and Driving Innovation from Within

In its 90-year history, the Otsuka Group has grown through an unwavering dedication to making innovative products that benefit society, without limiting ourselves to the norms of the day. We feel it is crucial for the Group to continue taking this approach in light of the unforeseen turbulence we are seeing in the world today.

In 2010, Otsuka Holdings became a public company with a listing on the First Section of the Tokyo Stock Exchange, electing to place itself on a new stage. This move reflects a determination to evolve in order to secure future growth, and provides us with an opportunity to communicate the Group's initiatives and approach to an even wider audience. By becoming a public company, we also raised the profile of the Otsuka Group and elevated the confidence placed in us by global markets, while positioning the Group so that global human resources want to be part of Otsuka.

Products and Initiatives Born from Creative Ideas

The Otsuka Group today generates consolidated net sales of over one trillion yen, and in aiming to grow our businesses, we need to

behave like a "big venture" firm. By this, I mean that we must continue to question existing ideas and break free from norms, delivering new products that realize and demonstrate our global contributions, as a company that engages in creative manufacturing.

The Otsuka Group operates the Human Resource Development Institute, an employee training facility that exists to foster creative human resources who can break loose from their preconceived notions in trying to enhance the creativity of each employee. At the Institute, there are three monuments that embody the creativity that is at the heart of the Otsuka approach, including a network of cultivated giant tomato trees—studded with numerous fruit—that covers the entire ceiling of the hall through which visitors enter the Institute.

Normally, a single tomato vine is limited to producing several dozen fruit using traditional soil cultivation methods, but we have employed hydroponics to free the roots so that four tomato vines can produce as many as 10,000 fruit a year, using standard tomato cultivars. By breaking free of traditional methods, we have been able to draw out the full potential of the tomato vines to bring out capacities that exceed our normal expectations, which can also be applied to the development of human resources. We want each employee of the Otsuka Group to be able to switch ideas by forgetting preconceived notions, in order to fully leverage their latent capabilities. Switching ideas will unleash their creativity, which will lead to innovative products and initiatives that reflect the Group's unique assets and skills.



Promoting Diversity as a Global Healthcare Company

The Otsuka Group began developing its international business in the 1970s. We opened our first international offices in Thailand and the United States in 1973, and today operate offices in 25 countries and regions. Our consolidated Group companies employ some 25,000 people, 44% of whom are located outside of Japan. This workforce speaks 19 different languages and is

made up of people from diverse cultures and backgrounds with different ways of thinking, who conduct our business. We believe in “globalisation,” which is to think globally and act locally according to local ways and approaches. We respect the culture of the countries and regions we do business in and welcome diversity, which will give rise to further creativity and in turn lead the Otsuka Group toward growth.

Welcoming diversity is not the same as leaving employees to do as they wish. What makes the Otsuka Group special is that we leverage each person’s individual qualities to work toward the same goal, a purpose that is embodied by our corporate philosophy of “Otsuka-people creating new products for better health worldwide.”

Corporate Commitment and Dialogue

Realizing this corporate philosophy is central to the Otsuka Group and gives meaning to our existence within society by contributing to people around the world. We have a social responsibility to coexist and have a rapport with stakeholders through mutual dialogue and by engaging in diverse initiatives, from environmental and social initiatives to practicing compliance.

In aiming to realize our corporate philosophy, we are involved in four major business segments that relate to health. The two pillars of our businesses are pharmaceuticals that contribute to the diagnosis and treatment of illness, and nutraceuticals that help to maintain and improve health. Our two other major business segments are consumer products that help people be more productive and live smoother lives, and other diversified businesses where we supply everything from chemicals to electronic equipment.

In all of our business segments, I can promise that Otsuka will continue contributing to better health and have a positive social impact, through innovative products that reflect Otsuka’s unique assets and skills.

Social Initiatives Uniquely Our Own

The Otsuka Group engages in social initiatives that focus on health, the natural environment, and local communities, in acting as a good corporate citizen through our business activities. We try to leverage Otsuka’s unique assets and skills in these initiatives, to pursue social initiatives that are uniquely our own, so that we can coexist with the communities in which we do business.

For example, we opened the Otsuka Welfare Clinic in 2003 to provide medical care for needy Afghan refugees in Peshawar, Pakistan. These refugees were placed in a situation where critically needed relief supplies from corporations and organizations were prevented from reaching the refugees. The Otsuka Group stepped in to leverage its unique assets and skills, electing to open a clinic to directly provide much-needed medical care for the refugees. Patients come to the clinic to receive treatment at

absolutely no cost, including tests and medication. More than 650,000 people have visited the clinic, which has become a vital part of the community. We will continue pursuing social initiatives that leverage Otsuka’s unique assets and skills by examining where we are most needed.



Working with Stakeholders

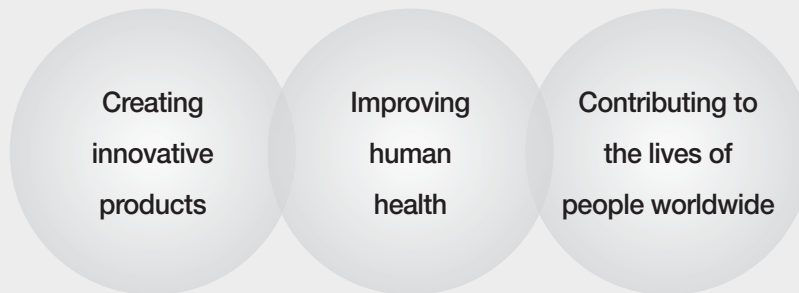
Since becoming a public company, we have had greater opportunities to pursue dialogue with our investors and stakeholders, and, as a result, have gained more support from them. In addition to our business efforts, we are striving to earn the loyalty of stakeholders so that we can grow our business and contribute to better health worldwide. We are confident that this will make society better.

Driven by our corporate philosophy and the enterprising spirit of a “big venture” firm, we will continue to demonstrate innovative products as we work with stakeholders to make the world a better place. We hope that you will support us in our continued endeavors.

Corporate Philosophy of the Otsuka Group

Otsuka-people creating new products for better health worldwide

These words embody our commitment to:



In keeping with this corporate philosophy and the Otsuka mottos of *Jissho* (Proof through Execution) and *Sozosei* (Creativity), the Otsuka Group strives to utilize its unique assets and skills to develop differentiated scientific solutions which contribute to the lives of people worldwide in the form of innovative and creative products ranging from pharmaceuticals to consumer products. We are striving to cultivate a culture and a dynamic corporate climate reflecting our vision as a healthcare company. As such we are dedicated to achieving global sustainability, to our relationships with local communities and to the protection of the natural environment.

Monuments embodying the Otsuka Group Philosophy
Giant Tomato Trees / Bent Giant Cedar / Floating Stones

These three monuments embody the Otsuka Group philosophy, reminding all who visit the birthplace of the Otsuka Group in Tokushima of the importance of being creative and open-minded to new ideas.



Giant Tomato Trees

The giant tomato trees that cover the entire ceiling of the hall can produce more than 10,000 fruit per year, as a result of maximizing the fruit-producing potential through hydroponics that frees the roots from normal soil. The tomato trees are symbolic of employing new ideas to draw out potential.



Bent Giant Cedar

This piece features the trunk of a giant cedar that is deeply bent instead of being typically straight, with the trunk of a second cedar crossing on top of it. The delicately balanced piece—which at first glance appears unstable—was strong enough to withstand magnitude 5 tremors during the Great Hanshin Earthquake in 1995. The piece speaks to the idea that appearances may reveal something completely different.

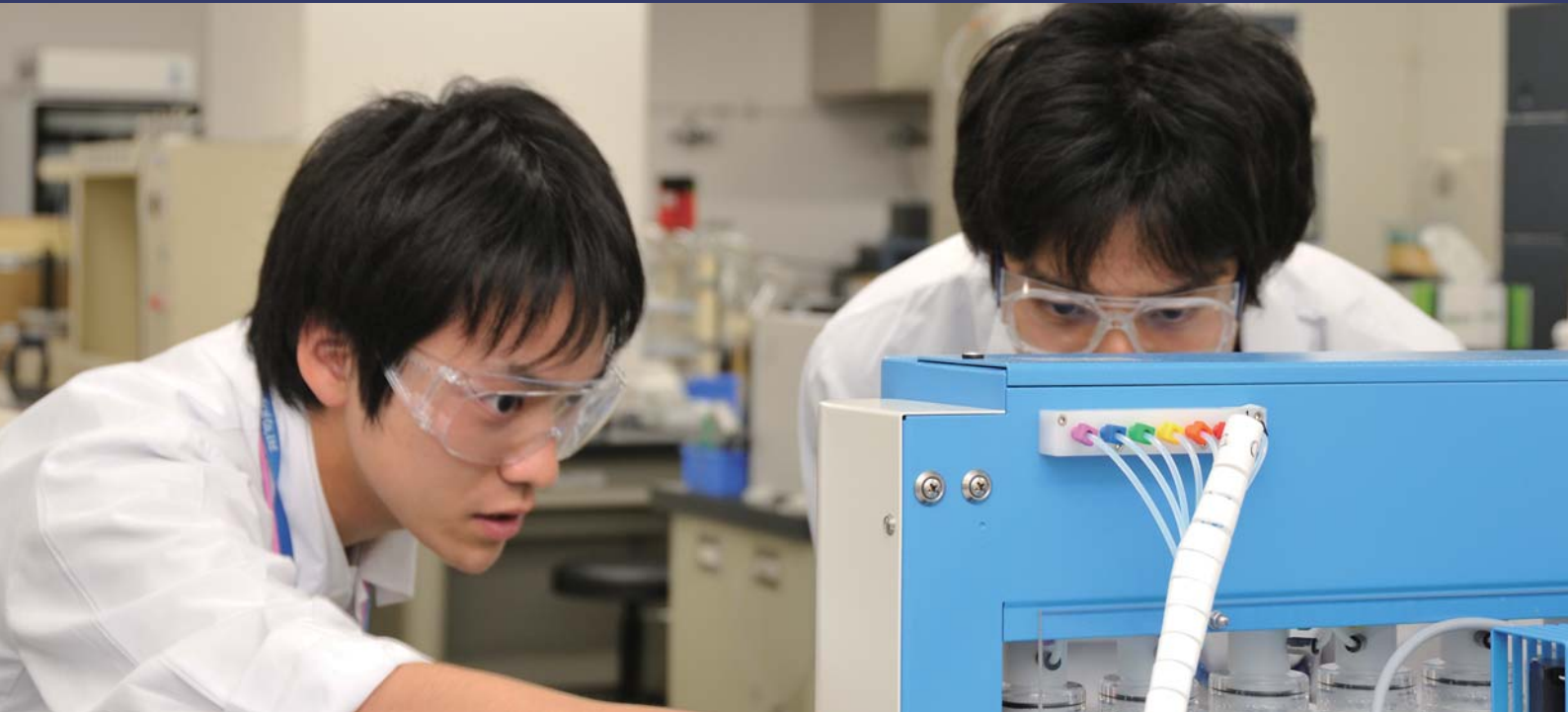


Floating Stones

This water garden features large stones that appear to miraculously float on a wide expanse of water, including some that seem to droop. The garden was created to capture and enrich the spirit of the people who look at it, and to free the mind for contemplation. The piece teaches us the importance of switching ideas and thinking beyond the conventional.

Tackling Unmet Medical Needs

Developing New Pharmaceuticals



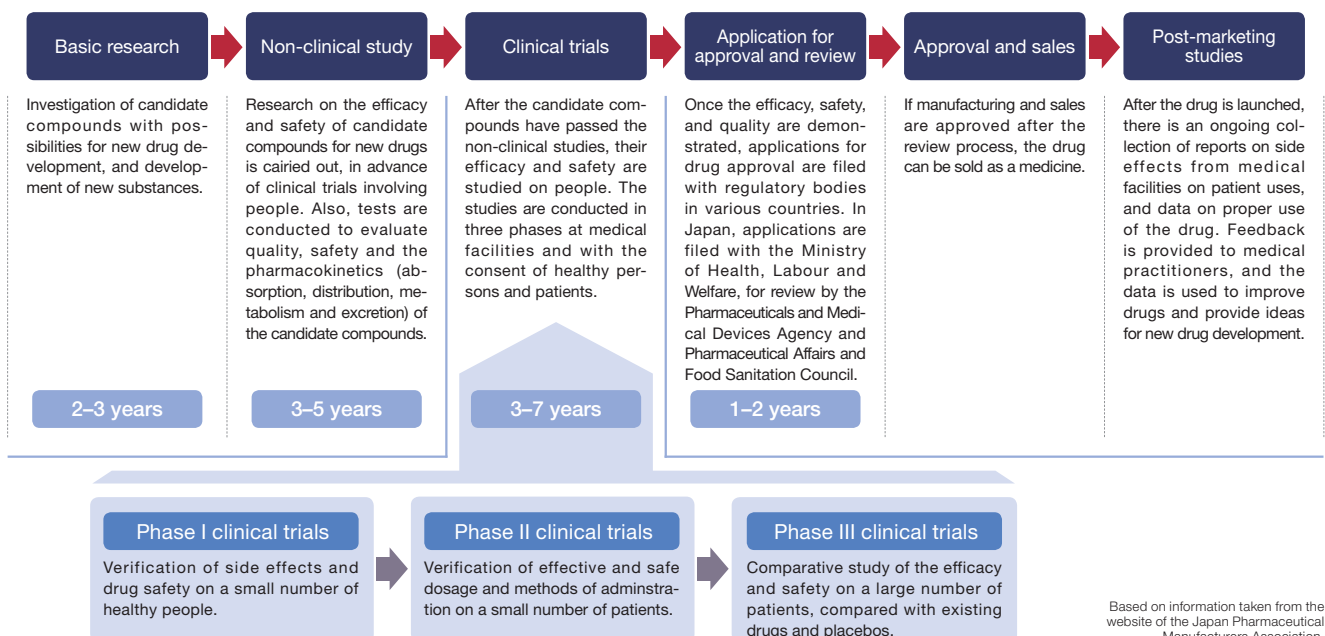
Otsuka Group—An Ongoing Commitment to Developing New Drugs and Bringing Hope to Patients

New Drug Development

In the pharmaceutical segment, the Otsuka Group believes it has an important responsibility to develop and supply new drugs that address unmet medical needs.

New drug development is said to typically take anywhere from 9 to 17 years and requires a massive capital investment. Researchers must examine countless compounds, carry out studies repeatedly, and conduct clinical trials to determine

■ Process for New Drug Development



Based on information taken from the website of the Japan Pharmaceutical Manufacturers Association.

the exact effects of drugs, while comprehensively verifying drug safety and quality. These long and cumulative processes along with the efforts of many people make a drug ready to be supplied for treatment. The success rate for new drug development is said to be just one in every 30,000, yet despite the many hurdles involved, new drugs are needed to help patients who suffer from conditions that lack effective treatment or medicines.

The Otsuka Group is fully committed to developing new drugs that provide additional value to people worldwide who suffer from illnesses.

Priority Areas of Otsuka Group

The Otsuka Group pursues pharmaceutical R&D focusing on the areas of the central nervous system and cancer as its priorities, where there are many unmet medical needs.

In the field of central nervous system research, even companies that have developed a new drug in the past face difficulties in their efforts to develop succeeding drugs, owing to the complexity of the brain and because there are many aspects of the brain that are still unknown. Otsuka Pharmaceutical began conducting R&D into the central nervous system in the 1970s, and after a quarter century of research, the antipsychotic ABILIFY was developed. It was approved and launched in the United States in 2002. Since then, the drug has been approved in Europe and Japan and is now available in more than 60 countries and regions worldwide, helping to treat many patients.

In addition to its effectiveness as a drug, ABILIFY has an excellent safety profile so that patients can continue taking the medicine for an extended period of time, keeping their symptoms at bay so that they can return to society. Leveraging its collected expertise, Otsuka Pharmaceutical is tackling the challenge of developing a next-generation antipsychotic drug that is effective for a broad range of symptoms and with an even safer profile.

In the field of cancer research and drug development, Taiho Pharmaceutical is spearheading the Group's efforts to develop new anticancer drugs. The company pioneered the development of oral anticancer agents with the approval and launch of Futraful in the 1970s, the first oral anticancer agent ever approved. Later, Taiho Pharmaceutical launched the UFT anticancer agent in 1984 and the TS-1 anticancer agent in 1999. These products reflect an ongoing commitment to meet the challenge of developing medicines and enhancing the quality of life for cancer patients.

While great strides have recently been made in anticancer drug treatment, there remain considerable unmet medical needs from cancers that still cannot be effectively treated today. In addition to pursuing new drug development for cancer treatment, the Otsuka Group is expanding its product lineup to encompass supportive care products such as antiemetic agents, engaging in R&D covering the full spectrum of cancer treatment. Additionally, Taiho Pharmaceutical is directing its energies toward cancer survivorship, to help cancer patients as well as their families and

medical practitioners tackle the challenges that cancer survivors directly deal with in their lives. These efforts center on disseminating information to support cancer patients.

In order to support comprehensive healthcare, from diagnosis to treatment of illnesses, the Group is involved in diverse areas including the fields of cardiovascular, digestive and ophthalmological science, and products such as diagnostic agents, I.V. solutions and medical devices.

This includes taking on the challenge of developing anti-tuberculosis agents, a field that has seen no new drugs for the last 40 years, in order to address what is a major public health issue around the world.

Developing Anti-Tuberculosis Agents

Tuberculosis (TB) was once thought to have been conquered, yet even today some two billion people representing one-third of the global population are infected with TB. There are an estimated 8.8 million new cases of TB each year and some 1.4 million deaths annually associated with TB*1.

Of the various strains of TB that exist, there is a particular need for treatment of multiple drug-resistant tuberculosis (MDR-TB). When a patient develops a resistance to the strong anti-tuberculosis agents that are used today, the symptoms must be treated by taking many drugs for a long period lasting 24 months or longer. Even with this treatment, the rate of recovery is low and every year an estimated 440,000 patients develop such symptoms, with some 150,000 deaths associated*2.

Otsuka Pharmaceutical began R&D for anti-tuberculosis agents in the early 1980s. In June 2012, the leading medical authority *New England Journal of Medicine* published the results of clinical trials to assess the effectiveness and safety of a new compound that Otsuka Pharmaceutical had been developing for MDR-TB patients. The study, which was conducted by 17 medical institutions in nine countries*3 involving 481 patients, is the largest clinical trial of its kind in the field of TB research.

The Otsuka Group has faced many hurdles along its way during the 30-plus years of its TB research and development, but it is determined to make further progress in conquering this urgent health issue for mankind.

*1: Source: WHO—Global Tuberculosis Control Report 2011

*2: Source: WHO—Multidrug and extensively drug-resistant TB (M/XDR-TB): 2010 global report on surveillance and response

*3: China, Egypt, Estonia, Japan, South Korea, Latvia, Peru, the Philippines, and U.S.

Soylution — From Japan to the World

A New Solution for Environmental Issues and Better Health Worldwide



The Otsuka Group is using soy to resolve the world’s health and environmental problems, via its Soylution (soy + solution) concept.

Global Health and Environmental Issues

Scientific advancements and technological innovations are helping to make our lives better, yet even today, some 15 million people die every year from hunger. At the same time, lifestyle-related diseases are becoming increasingly prevalent in developed nations, including Japan, from dietary changes and overabundance of food. The growth in the global population is giving rise to various issues, as rapid economic development and the pursuit of convenience are causing environmental issues to become more diversified and more complex.

To address the situation, the Otsuka Group has proposed the Soylution concept that leverages the possibilities of using soybeans to help address the world’s health and environmental issues, through wider consumption of soybeans.

Possibilities of Soybeans

Soy has been called “the meat of the fields” or “miracle food” for its high quality plant proteins and isoflavones and lecithin, components that have the potential to improve health around the world.

Researchers around the world have shed light on the strong nutritional potential of soybeans. Professor Yukio Yamori,

director of the Institute for World Health Development at Mukogawa Women’s University and a leading researcher on diet and longevity, has been studying global diets and longevity for three decades on behalf of the World Health Organization—Cardiovascular Disease and Alimentary Comparison (WHO-CARDIAC) Study Group. Professor Yamori, focusing on the various functional components of soy, has suggested that, “The reason Japan has the longest life expectancy in the world is deeply related to the intake of soy in the diet. Soy will save the world.” Elsewhere, the U.S. Food and Drug Administration



(FDA) approved the health claim that “25g of soy protein a day (6.25g per serving) may reduce the risk of heart disease,” lending credence to the nutritional benefits of soybeans.

Soybean Consumption Today

The Japanese, who are said to be amongst the most long-lived people in the world, consume the greatest amount of soy at 8.19 kg annually per capita.*1 Most Japanese bean consumption comes from processed soy products (e.g., tofu, fried tofu, and natto). In recent years, however, soy consumption by people aged 40 and younger has tended to be below the average due to the skipping of breakfast and to the Westernization of diets.*2

No more than 6 percent*3 of soybeans grown around the world are eaten directly by people. The United States is the world’s largest producer of soybeans, but the annual U.S. consumption of soy products is about 40 grams*4 per person. This is less than the amount eaten by the average Japanese in a single day.



*1: FAOSTAT food supply data, Food and Agriculture Organization of the United Nations (FAO)

*2: National Health and Nutrition Examination Survey 2010, Ministry of Health, Labor and Welfare of Japan

*3: U.S. Department of Agriculture

*4: FAO

Soy Education Seminars

Sympathizing with Professor Yamori’s work for the WHO-CARDIAC Study Group, Otsuka Pharmaceutical has provided ongoing support for his activities since 1985, including employee’s volunteer participation in WHO studies. With traditional diets being re-examined around the world, Otsuka Pharmaceutical organizes seminars on soy’s possibilities in an effort to broadly inform nutritionists and the public. The seminars, which center on a presentation by Professor Yamori on how soy can save the world, focus on the relationship between diet and longevity around the world, and on the value of soy and its possibilities. In 2012, Otsuka Pharmaceutical will hold the seminars in more than 40 locations across Japan with the cooperation of dietetic associations and municipal governments.



Excerpt from Lecture by Professor Yukio Yamori:

“After looking at every part of the globe, from regions with good longevity to those with short longevity, we have learned that soy can save the people of the world from a health crisis.”

Soylution—A Proposal by the Otsuka Group to Address the World’s Health and Environmental Issues

The Soyolution concept—of leveraging soy’s benefits for better health worldwide—is growing to also become a solution for the health of the global environment. Raising one kilogram of beef requires 10 kilograms of grain including soy, whereas data shows that soy production takes only 1/50th of the water and 1/20th of the energy used in producing beef.*5 With the global population expected to top nine billion in the not-too-distant future and the predictions of a coming large-scale food crisis, making soybeans part of our diet could help to address the health and environmental challenges that the world faces.

*5: Professor David Pimentel, Cornell University, U.S.A.

Offering the World New Ways to Enjoy Soy

Based on its Soyolution concept, the Otsuka Group is offering the new ways to consume whole soy, including people unaccustomed to eating it. Otsuka Pharmaceutical’s two research centers in Tokushima are concentrating on the development of soy foods, continuing the pursuit of forms and flavors acceptable to people around the world.

The first Soyolution product was SOYJOY, a fruit-flavored soy bar that is currently available in 11 countries and regions including Japan, the U.S., China, and Europe. Since then, Otsuka Pharmaceutical has introduced SOYSH, a carbonated soy drink, which was developed at the First Research Institute of New Functional Products Development by an employee with an aversion to soy milk seeking to find a tasty way to ingest soy. SoyCarat is a healthy soy snack that brings a smile to everyone that tries. It was developed at the Second Research Institute of New Functional Products Development.

The Otsuka Group will continue to develop and introduce new Soyolution products for people worldwide.

Community and Global Initiatives

The World's Only Museum Displaying Masterpieces on Ceramic Panels—Otsuka Museum of Art

It all began forty one years ago, with a handful of sand poured on a desk, and the determination of two employees. “This white sand comes from the Naruto Straits in Tokushima prefecture. The sand is today sold cheaply to make concrete, but it can also be made into tiles that command a high price, which would be in the interest of Tokushima and of Otsuka,” says one of the two Otsuka employees who convinced the company to launch a ceramic board business. Meanwhile, the Otsuka Group has been seeking ways to further contribute to the community and to children’s learning.

These circumstances led the Otsuka Group to create the Ceramic Board Masterpiece Art Museum in 1998, coinciding with the 75th anniversary of the Company’s founding. This one-of-a-kind museum brings together Otsuka’s technology for manufacturing large ceramic boards, which all began with a handful of sand, and a desire to contribute to the community.



The Otsuka Museum of Art was established in Naruto City in Tokushima Prefecture, to coincide with the 75th anniversary of the founding of the Otsuka Group. The facility houses the Ceramic Board Masterpiece Art Museum, which has the largest permanent exhibition space in Japan, covering 29,412 square meters.
<http://www.o-museum.or.jp/english>



For the Community and Children's Learning

The Otsuka Museum of Art was built nearby the famous Naruto whirlpools in 1998, to coincide with the 75th anniversary of the founding of the Otsuka Group. The museum and its location capture Otsuka's desire to give back to the Tokushima region.

The museum features more than 1,000 masterpieces reproduced on ceramic boards, ranging from ancient murals to outstanding examples of modern art. These replicas faithfully reproduce the color, shape, textural feel and dimensions of the originals, enabling visitors to have an awe-inspiring experience of the power of these masterpieces without leaving Japan.

The museum gives children a valuable opportunity to interact with the masterpieces at a young age, without traveling abroad. We hope that the museum will help foster an interest in art, culture, and the world. Our aim is to curate exhibitions and programs that make the museum even more enjoyable, so that visitors can experience art at a deeper level.

Ceramic Board Masterpiece Art Museum— A One-of-a-Kind Experience

Reproducing masterpieces on ceramic boards requires the permission of the original rights holders and curators. Picasso's son and museum directors and staff from around the world have visited the museum to inspect the works, and have been impressed by the quality of the museum and the works, enabling the museum to receive their permission. The special reproduction rights are granted based on two main factors—the quality of the ceramic board reproductions themselves, and the fact that they are created on a unique medium (ceramic boards), which ensures that they will not be mistaken for the originals. Visitors can see and compare the reproductions of masterpieces from collections around the world, all under one roof.

The collection includes a re-creation of El Greco's high altar paintings, which were later dispersed in the Napoleonic wars. The high altar was recreated from past evidence to produce objects with great value to art history.



Scrovegni Chapel

Three Unique Exhibition Approaches

Historical Reconstruction

Three-dimensional reproductions of entire rooms including ancient monuments and religious murals.

Historical Development

Exhibits organized by timeline, covering such periods as the Renaissance and modern art.

Thematic Section

Exhibitions organized around a theme such as Family.



El Greco's High Altar recreated

A New Way to Preserve Artistic Works

The largest of the ceramic boards used to make artistic reproductions measures 90x300x2cm. Otsuka Ohmi Ceramics Co., Ltd., a subsidiary of the Otsuka Group, developed special techniques to fire such large ceramic boards so that they are thin yet straight. First, photographs of masterpieces are transferred to the ceramic boards using a silkscreen-like process, then glazes are applied to retouch the images by brush using some 20,000 colors. The ceramic boards are fired in a kiln several times during this retouching process to produce the finished reproductions.

While the original works cannot escape color fading and deterioration over time, the ceramic board reproductions keep their color and shape almost indefinitely, so that the process is gaining attention as a way to record and preserve cultural assets.



The Last Supper, displayed with the pre-restoration work and restored work facing each other

Human and Robot Guides

Audio guides are available in four languages to help visitors get the most from their visit. Volunteers provide guided walks six times a day, and on weekends, museum staff gives talks on various topics and offer different programs for visitors.

The museum also has a Gallery talk robot, Mr. Art, who independently guides visitors through the museum and talks about the works. While Art is recharging, he will reproduce your face on his LCD screen and analyze your features to find a subject in a painting who resembles you, using face recognition technology. Art plays a valuable role in communicating with the museum's visitors and drawing interest to the artworks. Roughly 60% of visitors to the museum use the human and robot-guided services.



'Mr. Art', the Gallery talk robot

Education Programs for Children

The museum offers a variety of workshops and events designed to give children enjoyable access to art.

Naruto City and the Naruto University of Education working in cooperation with the Otsuka Museum of Art offer a program of four workshops each year, called Naruto Children's Art Park (N*CAP). Since the program was launched in 2004, the workshops have offered a variety of activities designed to foster children's interest in art, such as role-playing games in which

children wear costumes and act out scenes from paintings, and guessing games relating to the artwork. Some 200 children ranging in age from 8 to 12 years old participated in the workshops in fiscal 2011.

The museum also offers programs for elementary and junior high school-aged children who visit the museum from across Japan, during the 40-day summer break. Every year, the museum chooses one country as the theme for the program. Children visiting the museum contribute to a group collage of artwork made by 100 children from around Japan. Other activities include cards that children can fill out with drawings and impressions of the works they looked at. With the success of these programs, the museum has seen a steady increase in the number of students from elementary school through high school who visit from around Japan. In fiscal 2011, those students accounted for 12% of the 220,000 visitors to the museum.



Children painting the four emotions (delight, anger, sorrow and pleasure)



Collage of drawings by 100 children

High School Class Art Museum

The museum runs the High School Class Art Museum (HiCAM) program for senior high school students who visit the facility. Students receive one of two pamphlets—*Art Joy* which focuses on paintings that appear in high school textbooks, and *History Mate* which focuses on the historical development of art. The guides have been used by some 5,000 high school students to date. Students are also encouraged to vote on their favorite works and the results are tabulated to produce a ranking that is published on the museum website. The museum is also planning to develop guide pamphlets for junior high school students.



Senior high school students reading the HiCAM guide pamphlets

Full-Size Reproduction of the Sistine Chapel

The Otsuka Museum of Art's popular Sistine Hall contains full-size reproductions of the murals in the famous Sistine Chapel in the Vatican. However, the original ceiling spandrels that transition from the walls to the ceiling and their intricate three-dimensional curves could not technically be reproduced on ceramic boards when the museum first opened, and were missing from the exhibit until recently.

In 2007, the museum set about reproducing the three-dimensional ceiling to coincide with the 10-year anniversary of the museum. A firing method was developed that involved using wood molds to create firing molds on which the ceramic clay was laid to produce a curved board. Through a long process of trial and error, engineers developed a way to produce curved ceramic boards that did not break, using the same principle as high-temperature flow of glass.

With the breakthrough, the museum was able to realize a full reproduction of the Sistine Chapel ceiling and its paintings, so that visitors can experience the greatness of Michelangelo's work in its full glory.



Curved ceramic boards developed to reproduce the Sistine Chapel ceiling

Pope Benedict XVI Bestows Pontifical Order of Pope St. Sylvester on Curator

In March 2007, Pope Benedict XVI of the Vatican City State bestowed the Pontifical Order of Pope St. Sylvester on Akihiko Otsuka, director general, of the museum, for his contribution to introducing and furthering Christian art in Japan.

The Director of the Vatican Museums also said at the time, "The people of Japan can experience the beauty and learn the history (of Christian art) here at this museum. The Sistine Chapels of the Vatican and Sistine Hall at Naruto City are not in opposition, but rather they complement each other."

Through art, the Otsuka Museum of Art is serving as a major bridge for global culture.



Ceremony bestowing the Pontifical Order of Pope St. Sylvester on Akihiko Otsuka, Director General of the Otsuka Museum of Art

Sistine Kabuki—A Meeting of Cultures

Since 2009, the Sistine Hall of the Otsuka Museum of Art has hosted the annual *Sistine Kabuki*, a new performance of *kabuki*, featuring Japanese and Western collaborations.

The third edition of the *Sistine Kabuki* held in 2011 centered on the story of the ancient Japanese outlaw Ishikawa Goemon. The performance featured a special appearance by Shoji Kojima, a world-renowned Japanese flamenco dancer from Tokushima who was recognized in Japan as a Person of Cultural Merit in 2009 by the Tokushima Chamber Orchestra, and a local amateur theater company among others. In previous performances, Michelangelo's ceiling paintings were obscured by the production, but the latest production incorporated a spectacular scene with the *Goemon* character descending from the ceiling on a wire against a backdrop of Michelangelo's ceiling. The performance provided a true meeting of Western art and Japanese culture.

The Otsuka Group will continue giving back to the community and contributing to the creation of new art and culture, capturing the spirit of creativity that is part of the Otsuka Group's corporate philosophy.



Photo courtesy of Shochiku Co., Ltd

The main character Ishikawa Goemon descends from the ceiling of the Sistine Hall in a performance of the *Sistine Kabuki*

The Otsuka Group pursues social initiatives that focus on the three key areas of health, the natural environment, and communities in its mission to provide innovative and creative products and services that contribute to better health as a good corporate citizen.

Heat stroke prevention seminar (Otsuka Pharmaceutical)



Customers and Patients



Heat Stroke Prevention Education

Otsuka Group employees actively advance the dissemination of information on heat stroke prevention and the importance of hydration through the corporate website, and seminars at schools and corporations, as well as involvement at conferences. The Group aids in heat stroke prevention by providing timely information at events involving physical activity throughout Asia.



Media and Public Seminars

The Otsuka Group conducts seminars for the media and the public to convey accurate information about conditions such as cancer and schizophrenia, reaching out to patients, their families and medical practitioners. We hope that these efforts support patients by helping to bring hope to their lives.

Local Communities



Clinic for Afghan Refugees

The Otsuka Group opened the Otsuka Welfare Clinic in Peshawar, Pakistan to provide free medical care for needy Afghan refugees. More than 650,000 people, mainly women and children, have visited the clinic to date.



Adopt an Eco-School Program

The Otsuka Group supports environmental education at a junior high school in Tokushima City, under the Adopt an Eco-School project that is conducted through a partnership involving the Tokushima prefectural government, private corporations, and universities. The activities help foster students' awareness of conserving the environment in the communities in which they live.

Employees

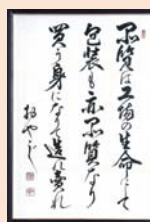


On-Site Daycare Facility

The Otsuka Group opened the BeanStalk Kids Center Tokushima. The on-site daycare facility was established to assist employees in their efforts to balance work and parenting. The building that houses the daycare center features a main hall with beams and wood flooring made of large cedar trees from Tokushima Prefecture. The vibrant sounds of children playing at the center can be heard from the surrounding offices.

Managing and Improving Quality

As a company that is committed to the betterment of life, the Otsuka Group thinks first of the customers and patients who use our products. We pursue business activities that place the highest priority on safety in the quality and management of our products. The Group uses stringent systems for quality assurance, to deliver high-quality products that offer safety and security.



“Quality is the lifeblood of the factory. Packaging is a part of quality. Always make and sell products from the standpoint of the customer.”

Busaburo Otsuka,
founder of the Otsuka Group

Pharmaceutical Business

Supplying Innovative and High-Quality Products

The Otsuka Group places a high priority on the suitability of manufacturing costs and environmental initiatives to provide a stable supply of innovative products originating from R&D, and it strives to develop manufacturing technology and quality management technology to meet these objectives. The Group is dedicated to manufacturing world-class pharmaceuticals, from active pharmaceutical ingredients to final products.

Good Manufacturing Practices for Pharmaceuticals Quality Control

Stringent quality control is demanded for the manufacturing of intravenous (I.V.) solutions that are directly injected into veins. The Otsuka Group uses harmonized assessment rules for quality standards at all of the nine plants throughout seven countries that produce I.V. solutions, to ensure the stable supply of products.

Countries are increasingly implementing international Good Manufacturing Practice (GMP)*1 for pharmaceuticals manufacturing and quality control, through participation in the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S)*2. The Otsuka Group endeavors to maintain and enhance quality by manufacturing products based on international standards, in addition to practicing GMP-compliant manufacturing in each of the countries that have adopted it.

*1: GMP: a set of practices for pharmaceuticals manufacturing and quality management that are prescribed by countries.

*2: PIC/S: a cooperative inspection organization that is dedicated to promoting international harmonization of pharmaceutical quality systems and GMP standards.

Universal Design in Packaging

For the TS-1 anticancer agent, which comes in a granule formulation, the Otsuka Group developed stick packaging that is rarely employed for pharmaceuticals, as well as incorporating universal design principles to facilitate ingestion. To clearly distinguish the medicine from foods, the stick packaging features the product name in bold lettering and incorporates a pictogram for using the product, which is a first for a Japanese pharmaceutical.

The sticks are given to patients by placing them in a matching resealable aluminum storage pouch, instead of the previous aluminum packaging. The new packaging encourages patients to keep their medicine in the storage pouch, separately from other medicines and food to prevent accidental ingestion. The packaging design received a Pharmaceutical and Medical Packaging Award under the Japan Packaging Contest 2011 organized by the Japan Packaging Institute.

Point.1


Product name in bold lettering clearly distinguishes the medicine from food products

Point.2

First pictogram used on the packaging of pharmaceutical product used in the Japanese market

Point.3

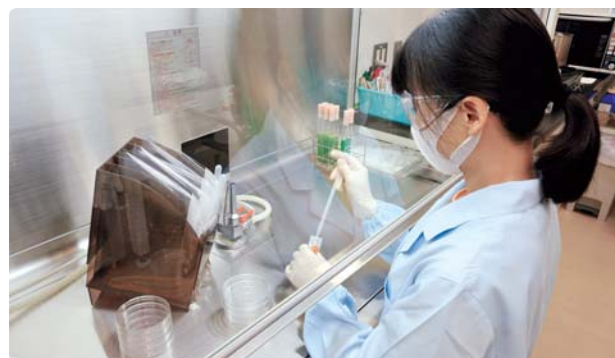
Matching resealable aluminum storage patch helps prevent mix-ups with other medicines and foods



Nutraceutical Business

Pharmaceutical-Equivalent Quality Management

The Otsuka Group applies the same stringent standards for quality management of nutraceutical foods and beverages, as it uses for pharmaceuticals. The Group acquires ISO 22000 international certification for food safety for each plant that manufactures nutraceutical products, in order to meet globalized standards for food safety and security in manufacturing and to provide stable supplies of high-quality nutraceuticals.



Quality control building, Tokushima Itano Factory, Otsuka Pharmaceutical

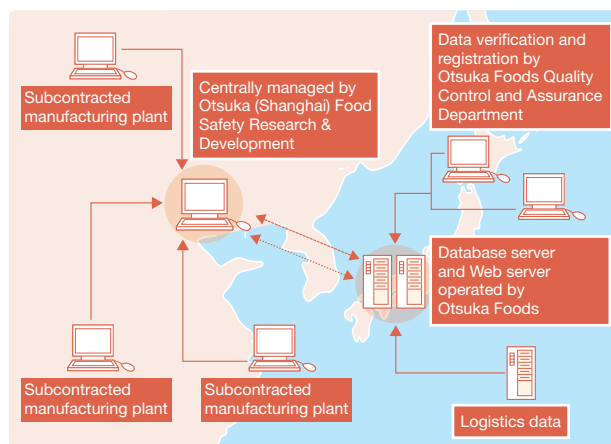
Consumer Products Business

Food Ingredient Safety and Security

The Otsuka Group aims to ensure that consumers can be reassured about food safety. Otsuka Foods employs a traceability system that keeps information on agricultural products, and tracks management and inspection records for food processing and manufacturing process as well as inspection records for processed foods. This enables tracing and verification down to the agricultural ingredients used.

For manufacturing of foods in China, Otsuka (Shanghai) Food Safety Research & Development Co., Ltd. employs stringent standards for food inspection under certification from the China National Accreditation Service (CNAS),*1 to ensure that only products whose safety is confirmed reach Japan.

*1: CNAS certification: a laboratory accreditation based on ISO/IEC 17025 global standards for testing and accreditation laboratories.



Traceability system

Other Businesses

Internal System for Sharing Quality Data

The Otsuka Group endeavors to effectively manage data to enhance quality. Otsuka Chemical Co., Ltd. operates an online system for sharing quality-related data, so that managing departments are able to rapidly implement countermeasures.

The system was adopted to use and share quality-related data that was previously handled only by the staff who directly handled the data, covering everything from customer requests and feedback to internal data on nonconformities and data on process irregularities and raw materials. With the system, data is rapidly disseminated to the managing departments to ensure that countermeasures are consistently managed. The system also facilitates the retrieval of past data.

The company will continue using the system to collect and analyze quality-related data, in order to reduce risks and address quality issues.

Equipment Maintenance System

The Otsuka Group works to enhance equipment maintenance at plants. In an effort to build a world-class framework for equipment maintenance, Otsuka Chemical adopted a new equipment maintenance system in 2011 that comprehensively manages maintenance data for more than 4,500 pieces of equipment, to effectively prevent equipment malfunction and lost production opportunities. Employees use a smart device such as an iPad to access the system and quickly access information about malfunctions, repairs or parts replacement, to optimize equipment and parts procurement.

The system is combined with monthly maintenance briefings to improve and transfer maintenance skills among staff.



Group-wide Initiatives

Listening to Customers

The Otsuka Group operates departments organized along product lines that are dedicated to fielding and responding to customer inquiries. The Group operates a customer hotline for pharmaceuticals, and in April 2011 it launched a separate drug information center for I.V. solutions and nutritional products, independent of the customer hotline. The Group fields some 100,000 inquiries each year from patients and medical facilities.

The Group also operates a customer hotline for nutraceutical and consumer products that fields some 60,000 inquiries each year, and a hotline for cosmetic and quasi-pharmaceutical products for customers of the related business departments. In

addition, the Group operates a hotline that is available from 5:30 p.m. to 9:00 a.m., to receive and respond to customer feedback and input outside of business hours.

By responding to customer inquiries through these channels, the Group is able to encourage the proper use of products, and improve products by collecting and analyzing data and tracking customer requests and feedback.

Social Initiatives for Better Health

As a good corporate citizen, the Otsuka Group pursues social initiatives in ways that only we can, for the environment and for the communities in which we operate.

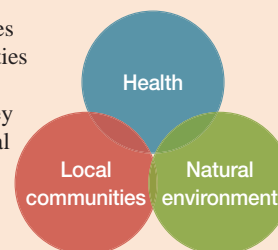
Otsuka Group's Social Contribution Activities

Basic Policy on Social Contribution Activities

In keeping with its corporate philosophy, "Otsuka-people creating new products for better health worldwide," Otsuka Group's business activities are aimed at fulfilling its mission of contributing to human health. In addition, the company recognizes its role as a company involved in the life sciences, and uses the knowledge and experience it has gained, as well as its human capital and other management resources, to engage in communication with a large proportion of the world's population. As a good corporate citizen, the Otsuka Group is seriously engaged in activities that contribute to society.

Guidelines for Social Contribution Activities

The Otsuka Group pursues social contribution activities that contribute to human well-being in the three key areas of health, the natural environment, and local communities.



Pharmaceutical Business

Website as a Portal for Communication with Customers

Otsuka Group companies use their websites to communicate with customers and to provide diverse information about health and medical conditions, in addition to providing corporate and product information.

For example, Otsuka Pharmaceutical devotes a section of its website to the topic of tuberculosis, which has been on the rise in recent years despite its long history as a human ailment. The company endeavors to provide accurate information about how tuberculosis is contracted and about its prevention and treatment.

Taiho Pharmaceutical, in partnership with the Shizuoka Cancer Center in Shizuoka Prefecture, operates the SurvivorSHIP.jp website to support persons connected with cancer survival, from cancer survivors to their families and medical staff. The website includes a recipe section to help patients cope with chemotherapy and radiation treatment, and a Q&A section regarding cancer. Users of iPhone and iPad devices can also download an application to view the content. In addition, Otsuka Pharmaceutical provides diverse information on such as heat stroke prevention and metabolic syndrome through its website.



Taiho Pharmaceutical's iPhone and iPad application provides information on cancer treatment and diet

Media and Public Seminars

The Otsuka Group conducts seminars for the media and public, in order to broadly disseminate information on the latest medical developments. Since 2006, the Group has conducted 14 oncology seminars to provide information about cancer treatment and 10 seminars on schizophrenia. These seminars provide a platform for physicians at the forefront of treatment to speak to the media.

In addition, the Group conducts public seminars on schizophrenia to encourage a better understanding of the condition. These seminars feature psychiatrists as well as members of the community who live with schizophrenia, to facilitate a broader understanding of the condition. In addition, for the last seven years the Group has sponsored a major gathering of cancer patients as a platform for communication among cancer survivors.

Support for Pink Ribbon Campaign

Statistics show that one out of every 16 women in Japan will one day contract breast cancer. Taiho Pharmaceutical is involved in the Pink Ribbon Festival that is held in cities such as Tokyo and Kobe, to raise awareness of the need for early detection, diagnosis, and treatment of breast cancer. At the 2011 symposium, the company distributed official Pink Ribbon products and handed out pamphlets on breast self-examination, helping to raise awareness of the need for breast cancer screening.

The company also displayed Pink Ribbon products and posters in its lobby and conducted its own Pink Ribbon campaign to support the cause, which included an expanded section for breast cancer patients on the corporate website.



Tokyo venue for the 2011 Pink Ribbon Festival

Nutraceutical Business

Heat Stroke Prevention Education

To raise awareness of the importance of heat stroke prevention, the Otsuka Group stresses the need for keeping hydrated in various situations ranging from children's sports to hydration for the elderly and occupational health and safety. The Group has conducted Otsuka Academy seminars on heat stroke prevention at 2,574 public schools, which have been attended by half a million grade school students over the last 12 years.



Heat Stroke Prevention Seminars at junior high schools



Seminar on heat stroke prevention at a fitness club in South Korea, organized by Dong-A Otsuka Co., Ltd.

The Otsuka Group is also actively involved in raising awareness of heat stroke prevention outside Japan. In fiscal 2011, the Group conducted 3,300 seminars in China on rehydration and

heat stroke prevention, which were attended by 54,000 people. In South Korea, the Group conducted 207 educational seminars targeting active groups such as school sports teams and Boy Scout groups, and in Taiwan conducted 27 seminars for 4,571 people. In addition, more than 100 seminars were conducted in the Philippines for members of the community, using national hospitals as venues. The Group will continue working to spread awareness about heat stroke prevention, focusing on initiatives in Asia.



Seminar organized by Otsuka Sims (Guangdong) Beverage at a community gathering

Otsuka Health Comic Library

Since 1989, the Otsuka Group has published a new comic every year about health topics, forming a collection called the Otsuka Health Comic Library. Copies are donated to grade schools across Japan and Japanese schools in foreign countries. The contents of the comics are reviewed by health professionals and illustrated by well-known comic artists. The comics are made available through school libraries and nurse's offices for students to read, and are also widely used by teachers and parents and can be accessed online. The series has earned considerable praise for its accessibility and its role in raising students' interest in health.



Consumer Products Business

My First Water Project

The Otsuka Group has launched the My First Water Project to educate parents on the importance of water for children, under the belief that parents are responsible for making choices about water until their children are old enough to make their own decisions. The project provides diverse information about water, including tips on making safe water choices for parents of young children. In 2012, the project sought to raise awareness of the issue by organizing events for children and parents, and published a picture book for preschool use.



Picture book published by the My First Water Project

Social Contribution Activities – Otsuka Group and Local Communities

Community Exchange, Partnerships, and Volunteering

1 Awa-Odori



The *awa odori* festival is a colorful summer tradition in Tokushima that features a traditional folk dance. Every year, employees from the Otsuka Group organize four *ren* (dance groups) to display their dance moves and carry on the *awa odori* tradition. Members of the Otsuka Ren from Otsuka Pharmaceutical receive grueling instruction and are screened to form an elite group of dancers who perform the *awa odori* in the traditional style. The Otsuka Uzumaki Ren from the Otsuka Pharmaceutical Factory carries on the tradition of the Uzumaki Ren, which is the oldest dance group in Naruto City, and the members don traditional summer kimonos designed for the Otsuka Museum of Art. The TIOVITA Ren from Taiho Pharmaceutical, and Otsuka Hatsuratsu Ren formed by Otsuka Chemical, Otsuka Foods, and Otsuka Warehouse, are family-participation dance groups in which parents, children, and other family members join in the dancing.

2 Free Summer Concerts



Every year, Otsuka Pharmaceutical and Otsuka Techno sponsor the Exciting Summer in Wajiki outdoor concert. The free concert takes place around the time of the Awa Odori Festival, on a field belonging to the Otsuka Pharmaceutical's Wajiki plant and with cooperation from the community. The concert has become a summer tradition for young people and families who flock to the town to enjoy the concert. The annual concert was started in 1990, in the hope of vitalizing the community and fostering its growth. In 2011, the concert lineup included the ever-popular band Dreams Come True as well as up-and-coming artists such as Miwa and Okuwanako. The event attracted some 25,000 people from across Japan to the small town of roughly 10,000 residents, bringing much excitement to the community.

On the evening before the Awa Odori Festival, Otsuka Chemical sponsors the Oronamin C Awa Odori Sound Festival, which was also started in 1990 to support culture in the community. The free concert event ensures that Tokushima is buzzing with energy each summer during the night of the concert.

3 Forest Conservation and Maintenance Project in Tokushima

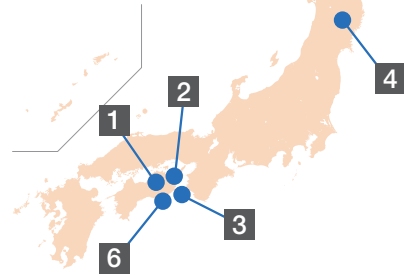


The Otsuka Pharmaceutical Factory and Taiho Pharmaceutical are corporate partners of a forest conservation and maintenance initiative in Tokushima, which was launched with the introduction of a prefectural ordinance to promote measures to address global warming. In 2011, the initiative agreed to conduct forest thinning in the Miune foothills and in the Iyakei section of Miyoshi City, both in Tokushima Prefecture, with the program underwriting the cost of thinning the forests. Employees and their families participated in the thinning work in November 2011. The thinning is anticipated to help foster the forest's role in the conservation of water resources and encourage growth so that more carbon dioxide can be absorbed from the atmosphere.

4 Involvement in Hanamaki Festival



Employees from EN Otsuka Pharmaceutical participate in the annual Hanamaki Festival, featuring a parade of portable *mikoshi* shrines carried on the shoulders of different groups. The *mikoshi* parade is the largest of its kind in the Tohoku region. During the parade, the group from EN Otsuka Pharmaceutical carry their own *mikoshi* and give out paper fans and Pocari Sweat.



5 The Race for Life



Seven female employees from Otsuka Pharmaceutical Europe (U.K) participated in the Race for Life, which is the UK's largest women-only fundraising event organized by Cancer Research UK. In addition to running in support of the fight against cancer, the women raised funds for cancer research by soliciting donations.

6 Asan Earth Festival in Itano



Otsuka Pharmaceutical's Tokushima Itano Factory co-sponsors the Asan Earth Festival in Itano, a hike that takes place in the nearby Asan Mountains. The plant sponsors the event in an effort to be an eco-conscious and people-friendly plant, and to spotlight Tokushima Prefecture's breathtaking natural assets for both visitors and prefectural residents. The walking course takes the participants past the plant and offers them splendid views during the hike.

7 Fun Run/Run for Life



Employees of Otsuka Pharmaceutical France participated in an annual Fun Run in Paris to raise money for the Global Fund for AIDS, Tuberculosis and Malaria. The run circumnavigated the famous Arc de Triomphe as employees helped raise funds for a worthy cause.

8 Christmas Campaign 2011



Employees of Otsuka Pharma (Germany) donate Christmas presents to less fortunate children such as orphans and street children. In 2011, the company matched the presents donated by employees, so that some 300 presents were given to children.

Social Contribution Activities — Otsuka Group and Local Communities

For Children

1 Satu Hati Charity Events and Library Donations



Amerta Indah Otsuka works closely with local communities for the development of Indonesia and pursues initiatives focusing on children's education. The company has organized annual *Satu Hati* (One Heart) charity events since 2007, raising funds through diverse activities, including organizing charity concerts and soliciting donations at major public gatherings. These funds are used to build libraries at schools and to donate books for school libraries. In 2011, the program raised funds to build four school libraries. From 2007 to 2011, the program helped build 20 libraries and donated more than 100,000 books to school libraries.

The Kejayan Plant that manufactures Pocari Sweat features a soccer pitch, mosque, and community education center that can be accessed by the members of the community and children. At the community education center, a *Satu Hati* School is held once a week where employees take turns providing after-school tutoring to help the children improve their reading, writing, and math skills. Even after school hours, the children were still intensely taking down notes and writing stories in their notebooks.

2 Coloring Books on the Environment



Otsuka Pharma (Germany) helps sponsor an annual initiative to hand out coloring books on environmental conservation to children in elementary schools. The coloring books feature various illustrations, including animals and birds, and are designed to raise children's interest in the environment and ecosystems. The coloring books are supplied to all elementary schools in Frankfurt, Germany.

3 Children's Field Trip to Senckenberg Museum



Employee volunteers from Otsuka Pharma (Germany) took 12 children from an orphanage to the Senckenberg Museum for a field trip to explore Germany's largest natural history museum to learn about biological evolution and biodiversity. The children spent a full summer day including a guided tour through the museum and lunch at the museum restaurant.



4 Adopt an Eco-School Program



Since 2007, Otsuka Pharmaceutical, Otsuka Chemical and Taiho Pharmaceutical have been working with junior high schools in Tokushima City to support environmental education. The initiative is part of an eco-school adoption program that is implemented through a public-private and university partnership involving the Tokushima Prefectural government.

In 2011, first-year students at Tokushima Municipal Junior High School participated in a variety of activities, including taking a class on local water resources, learning about water quality surveys, and conducting an environmental survey of a nearby river, together with a visit to a factory wastewater treatment facility. For a final report of their activities, the 162 students wrote articles on the theme of their relationship with rivers and about community water resources and water environments. The feedback from students indicated that the program helped raise their awareness of environmental conservation, with students saying that it taught them about the nearby water environment and the importance of water resources, and that they came away with a desire to communicate the importance of water to others.

6 Hometown Rice Paddies and Water Children's Art Exhibit 2011



Abundant Harvests,
winner of the Otsuka Holdings Award

The Otsuka Group supports the Hometown Rice Paddies and Water Children's Art Exhibit to encourage children to connect with the splendors of their communities through art. For the 2011 exhibit, the Group sponsored the Otsuka Holdings Award and provided commemorative gifts.

5 Toyama Eco Kids Explorers



The Toyama Plant of the Otsuka Pharmaceutical Factory was chosen to host a plant tour under the Toyama Eco Kids Explorers program run by the Toyama prefectural government, as part of visits to eco-friendly companies recognized for their active environmental initiatives.

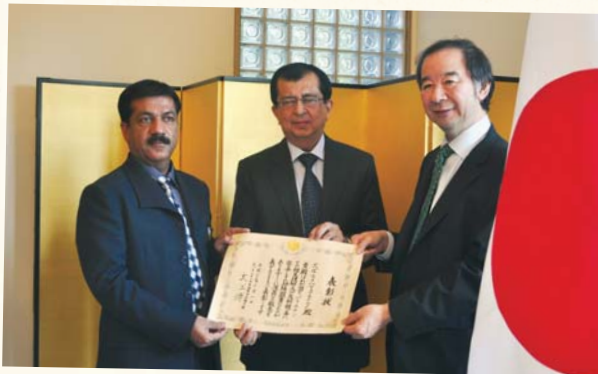
The tour was attended by elementary school students ranging from grades 4 to 6 and their parents, and included a briefing about the company and seeing informative panels about the environmental initiatives at the plant. The group then toured the manufacturing facilities for I.V. solutions, and learned how I.V. bags were redesigned to have multiple chambers to make the packaging more eco-friendly and recyclable. In addition, the visitors watched a wastewater treatment experiment in which cloudy liquid was turned into clear water, and visited the wastewater treatment facilities. The visitors also enjoyed taking part in a quiz and tried to open a seal between the chambers of an I.V. bag, displaying their eagerness to learn about the plant's environmental initiatives.

Social Contribution Activities — Otsuka Group and Local Communities

Aid

1

Otsuka Welfare Clinic, Free Medical Clinic for Afghan Refugees



In 2003, Otsuka Pharmaceutical, Otsuka Pakistan and 24 other Group companies in Asia and the Middle East established the Otsuka Welfare Clinic in Peshawar, Pakistan, to provide free medical care for Afghan refugees.

The clinic was established out of a desire to ease the plight of Afghan refugees living in refugee camps in Peshawar. Instead of providing relief supplies as many corporations and organizations were doing, the Otsuka Group, which operates in Asia and the Middle East and is committed to the betterment of life, opened a clinic to provide much-needed care for refugees. The clinic is also used by nearby residents and is helping to reduce crowding at local medical facilities. The clinic sees some 260 patients every day, and has been visited by more than 650,000 people since it was established. In addition, in July 2010, the clinic mobilized to set up a temporary relief center and provide treatment at a nearby refugee camp that was severely impacted by the heavy flooding.

In 2011, the Japanese Ambassador to Pakistan bestowed a letter of appreciation on the Otsuka Group, citing its outstanding contributions to community welfare and goodwill between Japan and Pakistan.

2

Ion Day Community Volunteering



Dong-A Otsuka has designated the 25th of each month as Ion Day for teams of employees to volunteer for the community. The number "25" is pronounced *ee-oh* in Korean, which sounds close to the "ion" that is supplied in Pocari Sweat. On October 25, 2011, employees volunteered to provide coal briquettes and rice for the needy in the Dongdaemun-gu district of Seoul, so that they would have fuel and food in the chilly month of October. Thirty-one employees from the company's Seoul office distributed 2,000 coal briquettes and 240 kilograms of rice to 10 households. The company is committed to volunteering for the community through the Ion Day initiative.

3

Aid for Pakistan Flooding Victims

Otsuka Pakistan supported victims of flooding in Pakistan in 2010 and 2011, working with Otsuka Pharmaceutical to supply I.V. solutions. The Otsuka Welfare Clinic also set up a temporary medical clinic in a disaster area. Beverages and water were also supplied to heavily affected areas through employee and company donations.

4

Aid for Thai Flooding Victims



In 2011, Otsuka Pharmaceutical and Otsuka Saha Asia Research (Thailand) donated 50,000 cans of Pocari Sweat to hospitals and public healthcare centers in seven provinces in Thailand that were heavily affected by flooding throughout the country. Thai Otsuka Pharmaceutical also made a financial donation to the Thai Ministry of Public Health in support of the flooding victims.



5 Digging Wells in Cambodia



Korea Otsuka Pharmaceutical donates all profits from its corporate cafeteria to help dig wells for elementary schools in Cambodia. In 2011, the money was used to build 38 wells.

7 Ecocap Movement



Otsuka Warehouse and JIMRO collect plastic bottle caps for donation to non-profit organizations (NPOs). The NPOs recycle the bottle caps and use the recycling revenue to purchase polio vaccines for impoverished children. The plastic bottle cap collection boxes have been placed in sales offices across Japan.

8 Raising Funds for Cancer Research



Otsuka Pharmaceutical France provides its employees with the Gally Garden service for purchase of fresh fruits. Proceeds from the fruit sales are donated to a French cancer research fund.

6 Continuing Aid for Japan Quake Victims



Following the Great East Japan Earthquake that struck on March 11, 2011, local offices of the Otsuka Group quickly mobilized to provide emergency relief supplies in the form of beverages, water, and food. In addition, employees from across Japan took turns to provide oral rehydration solution to evacuation centers to prevent dehydration among evacuees, working from a base of operations in Sendai City and leveraging Otsuka's unique skills and assets to help disaster victims.

The Head Office also provided relief supplies at the request of government agencies and industry bodies, while offers poured in from employees of the Otsuka Group outside Japan who wanted to help with relief efforts. Otsuka Holdings donated ¥390 million to the Japanese Red Cross Society for quake relief, which is equivalent to ¥10,000 for each the Group's 39,000 employees (including non-consolidated companies).

Since then, Group companies have continued to provide their products for relief supplies. In addition, the Group has organized lectures with invited experts on the subject of radiation and health, and employees have organized their own fundraising drives. The Group has also made special provisions to provide time off for employees who wish to volunteer with relief efforts in areas that were struck by the disaster. The Group is committed to continuing to find ways to help victims of the quake.

9 Aid for India Quake Victims



Employees of Otsuka Chemical (India) delivered 2,400 cans of Pocari Sweat to areas affected by a major earthquake that shook parts of India in October 2011. Due to road closures from the quake, the relief supplies had to be physically transported from neighboring areas and were handed out directly to disaster victims.

Building Vital Workplaces for Employees

As a global healthcare company that contributes to better health, the Otsuka Group believes it is important to provide a work environment in which all employees are able to thrive. The Group engages in activities to promote diversity, work-life balance, and normalization, so that each employee can fully realize his or her individual talents.

Diversity

Promoting Diversity

The Otsuka Group promotes diversity by accepting diverse human capital, and endeavors to realize their individual strengths in order to build a strong yet flexible organization that can cope with change, believing that this leads to innovation.

As of March 31, 2012, 44% of the Group's consolidated employees were based outside Japan, forming a diverse global workforce that comprises many different nationalities. The Group embraces "glocalisation," which involves thinking globally and acting locally, and endeavors to develop human capital that can have an impact in a borderless world, by sending employees to business schools in and outside Japan and providing opportunities for overseas education.

Group Training and Workshops

Diversity at the Otsuka Group is aimed at building a company that offers a vital working environment for every employee. Committees, project teams, and diversity managers at Group companies spearhead efforts to promote diversity. A Group council meets regularly to share information on diversity initiatives, conduct joint workshops, discuss ways to enhance diversity initiatives and promote a better understanding of these initiatives.

The Group also publishes a regular diversity column in the employee newsletter, to raise awareness of diversity among employees. The column chronicles the contributions of a variety of employees, including women, Japanese employees outside Japan, and foreign nationals, and describes the Group's initiatives to promote diversity.



Diversity Forum 2011

Otsuka Pharmaceutical organizes an annual Diversity Forum aimed at raising employee awareness.

In 2011, the forum was attended by 169 employees from in and outside Japan, including staff from sales and R&D departments centering on the Nutraceutical Division. The main theme of the forum was "Self-Driven Change and Growth," with presentations and sessions stressing the importance of action and change from within, such as using the example of young employees who developed a wider perspective through experience in different workplaces and employees who are continuing to tackle challenges in their work.

Otsuka Foods has issued a "Declaration to Facilitate Working Conditions for Women," based on feedback gathered from all its female employees. The company organized a Diversity 2011 workshop to encourage a vital role for women to energize the company, in which employees discussed ways to incorporate women's perspectives in work and to encourage the promotion of women in different parts of the company. The workshop is anticipated to serve as a springboard for further contributions.

Percentage of Female Managers

	As of March 31, 2011	As of March 31, 2012
Otsuka Pharmaceutical	5.42%	6.28%
Otsuka Pharmaceutical Factory	1.92%	2.11%
Taiho Pharmaceutical	1.80%	1.83%
Otsuka Chemical	7.14%	7.80%
Otsuka Foods	2.24%	2.27%



Diversity Forum 2011(Otsuka Pharmaceutical)

Work-Life Balance

Obtained Kurumin Mark Certification

The Otsuka Group has been certified to display the Kurumin mark for Group companies, signifying that the companies strongly support parenting. Group companies support employees who balance work with parenting or care of relatives, and encourage employees to take parenting leave and use paid holiday leave. Otsuka Pharmaceutical goes above and beyond its legal requirements in areas such as providing shorter working hours for parents, flexibility for parents in choosing work hours, and offering extended caregiving leave.



■ No. of employees taking parenting leave

	FY2010		FY2011	
	Male	Female	Male	Female
Otsuka Pharmaceutical	1	80	2	93
Otsuka Pharmaceutical Factory	0	5	0	15
Taiho Pharmaceutical	13	16	16	12
Otsuka Chemical	0	3	0	2
Otsuka Foods	0	1	0	2
Total	14	105	18	124

BeanStalk Kids Center Tokushima On-Site Daycare Facility

In April 2011, the Otsuka Group opened its first on-site daycare facility, called the BeanStalk Kids Center Tokushima. The facility, which is located in Tokushima City, was established to help employees juggle work and parenting.

The daycare offers a safe and secure daycare environment designed to foster the talents, creativity, and individuality of children. The Group is currently planning to build a second on-site daycare facility that will eventually form part of a network of such daycare centers both in and outside Japan.

VOICE



On-Site Daycare a Strong Asset

Masaaki Fukuda

Central R&D,
Corporate R&D Headquarters
Otsuka Chemical Co., Ltd.

Our two-year old son attends the onsite daycare center, since both my wife and I work. The daycare staff are very attentive to how my son is doing from day to day and notice small details, which lets us know how he is doing during the day and enables us to concentrate on our work knowing that he is in good hands. The daycare center is a great asset in juggling our work and home life. Thanks to the center, I can continue to contribute in my work.

Normalization

Encouraging Hiring of Persons with Disabilities

The Otsuka Group embraces normalization to enable persons with disabilities to live on equal terms with others, and encourages the hiring of persons with disabilities. The Group



established Heartful Kawauchi Co., Ltd. in Tokushima City, as a special subsidiary company that employs persons with disabilities by performing work for Group companies and outside companies. As of June 2012, the company employed 12 persons with disabilities and is striving to expand its hiring in the future.

■ Employees with disabilities

	As of March 31, 2011	As of March 31, 2012
Otsuka Pharmaceutical	1.73%	2.07%
Otsuka Pharmaceutical Factory	2.03%	1.90%
Taiho Pharmaceutical	1.62%	1.75%
Otsuka Chemical	2.65%	2.68%
Otsuka Foods	1.40%	1.59%

Development of Human Capital

In executing its business across the globe, the Otsuka Group recognizes the need to welcome diversity and leverage the unique talents of employees to achieve continued growth and innovation, endeavoring to develop creative human talent to lead its corporate activities.

Human Resource Development Institute

The Human Resource Development Institute was founded in March 1988. Located in Tokushima City, the institute is dedicated to fostering open-minded and creative human capital, and pursues research on creativity, future manager development, and the Otsuka corporate culture. The results of this research are leveraged for employee training programs.

The institute offers a wide variety of training programs including workshops to trigger a mindset change through exposure to broader perspectives, and workshops on diversity management to encourage the creativity of organizations. These programs aim to draw out the creative talents of each employee and foster the development of management skills that are needed by leaders to run organizations.

The facility features three monuments that embody the change in mindset that is needed for creativity and to break from tradition. The giant tomato trees, bent giant cedar, and floating stones serve as reminders of this philosophy to employees and customers who visit the institute. (See page 10)

The adjoining Vega Hall was named in the spirit of encountering new worlds, and serves as an assembly hall and place of communication for employees and the community. In addition to hosting corporate conferences and events, the venue is rented out to the general public for lectures and music concerts, in support of the arts and culture.



Human Resource Development Institute

Workshops on Otsuka Corporate Culture

The Otsuka Group conducts workshops on Otsuka corporate culture, to teach employees about the Group's corporate principles, values, and decision-making criteria. The workshops are designed to change employee perspectives and behavior for the future growth of the Group by enhancing employee understanding of the Group's vision through examining quotes from past and present senior management.

In 2011, the Group conducted concentrated versions of the workshops for Otsuka Pharmaceutical managers, and later conducted extended versions for employees who expressed an interest. The Group has also started to conduct the workshops for employees outside Japan, and will be expanding the international program.



VOICE

Teaching the Otsuka Corporate Culture and Principles

Ryosuke Fukase

Associate Director,
Human Resource Development Institute
Otsuka Pharmaceutical Co., Ltd.

Employees who have taken the workshop say that it has reminded them of the meaning of the corporate principles that they have become accustomed to seeing every day, such as the importance of creativity, innovation, diversity, and global business development. Others say that it awakened them to the fact that they had been making decisions from a short-term perspective under the pressures of everyday work. The institute will continue working to teach the Otsuka corporate culture and principles to employees, in order to develop creative human capital to bring growth to the Otsuka Group.

Employee Health

As a global healthcare company, the Otsuka Group believes that it is important for employees to be involved in their own health and strives to maintain and enhance their wellbeing. The Group facilitates this through physical activity programs and education concerning health matters.

Fitness for Better Health

The Otsuka Group offers a company-operated fitness facility to promote better employee health. The facility, which is located in Tokushima City where many of the Group's plants and laboratories are located, was extensively renovated in 2011 with the addition of state-of-the-art fitness equipment and expanded services and facilities. Employees can follow a program according to their individual fitness goals or current fitness level, and receive comprehensive support from a team of industrial physicians, public health nurses, nutritionists, and exercise instructors. This support is aimed at making employees both happier and healthier.



Company-operated fitness facility in Tokushima



New fitness equipment

Emergency Aid and Lifesaving Training

The Otsuka Group provides an emergency and lifesaving training course that teaches employees to recognize and report a heart attack, to perform CPR and use an automated external defibrillator (AED) until emergency personnel arrive. Participants also learn first aid skills to treat injuries and assist colleagues in the workplace. These emergency aid skills can also be applied to public settings, which is beneficial to the wider community.



Employees learn emergency aid and lifesaving techniques

Pocari/efresh Employee Exercise Program

The Otsuka Group operates the Pocari/efresh exercise program, where instructors go from workplace to workplace and lead employees through a weekly eight-minute program of invigorating exercises. Employees find that the exercises help them to tackle their work. The program, now in its fifth year, has gradually been expanded to become an integral program to encourage physical activity among employees.



Pocari/efresh (Otsuka Pharmaceutical)

Better Health for Shift Workers

The Otsuka Group is implementing a program to improve health for shift workers at plants, in light of the difficulties they face in maintaining a normal lifestyle while engaged in shift work. The program asks workers to reexamine their lifestyle habits and to set goals, as well as participate in monthly health seminars and weigh-ins under the direction of public health nurses. The program has helped change employees' own attitudes toward health, and many employees have lost weight and are enjoying improved health through better menu choices at plant and dormitory cafeterias and with the advice of public health nurses.



A public health nurse measures Taiho Pharmaceutical employees under a health program

While respecting the autonomy of each group company, the corporate members of the Otsuka Group actively exchange information and work together to address today's increasingly complex and globalized environmental problems.

Biotope at Okayama Factory of Taiho Pharmaceutical



Otsuka Group Environmental Policy

As a global healthcare company and a responsible corporate citizen, the Otsuka Group will always take account of the global environment when it pursues its business activities. The Group will work on environmental issues with its trademark qualities of independence, proactiveness and creativity.

Guidelines

- 1 Provide products and services that are friendly to the environment**
 At all stages, from product research, development and production through to distribution, sales, and disposal, the Group will assess environmental impacts, and formulate and implement eco-friendly measures.
- 2 Contribute to a low-carbon society**
 Recognizing that there are limited global resources, the Group will contribute to the realization of a carbon-neutral society by restricting emissions of greenhouse gases and conserving resources. The Group will reduce carbon dioxide emissions through energy conservation and by improving the productivity of resource use.
- 3 Contribute to a sound material-cycle society**
 Natural resources have finite availability, so the Group will minimize their consumption by reducing waste discharge and by recycling resources through reuse, material recycling and thermal recycling, along with suitable disposal.
- 4 Conserve biodiversity**
 The Group will continue to pursue initiatives for the promotion of biodiversity in order to maintain diversity of ecosystems, species, and genetic materials.
- 5 Compliance**
 The Group will comply with environmental legislation and observe social norms. In addition, the Group will respond to society's expectations and independently set itself further, stricter voluntary standards and rules, with which the Group will then work hard to comply.
- 6 Actively engage in social initiatives**
 The Group will engage in broad social communication, and as a good corporate citizen, it will actively pursue ongoing social initiatives. The Group will focus on the three key themes of "health," "the natural environment," and "local communities" to pursue initiatives for the general betterment of human health and well-being.
- 7 Enhance risk management**
 The Group will work to minimize potential risk to the environment from sudden accidents and emergencies, through preparation of crisis management plans and implementation of risk management programs.

Otsuka Group Environmental Promotion Council

Environmental initiatives at the Otsuka Group are advanced by the Otsuka Group Environmental Promotion Council, with the participation of environment managers from the Group companies. An initiative was launched in 2003 to enhance information sharing among environment and ISO managers at Group companies in the Tokushima area. This has now evolved to become the Group Council, with the participation of thirteen Group companies throughout Japan. The Council serves as a platform for information exchange on topics ranging from technology trends to environmental compliance and is a forum for discussing the overall direction of environmental initiatives.

In 2011, the Council conducted two plenary meetings and six executive meetings. The main themes were the setting of medium- and long-term goals for reducing energy consumption and waste discharge by Group companies in order to lessen their impact on the environment. There was also discussion of the response to the March 2011 earthquake/tsunami disaster in Japan. In addition, the Council launched a web-based system for sharing environmental data within the Otsuka Group to facilitate accurate data collection, improve information sharing, and enhance the effectiveness of environmental initiatives.

Organizational Structure of the Otsuka Group Environmental Promotion Council (Fiscal 2012)



Environmental Performance Data

Combating Climate Change and Conserving Energy

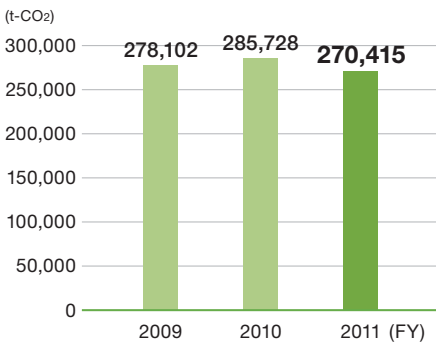
In 2011, the 11 Group companies used the energy equivalent of 152,605 kiloliters of crude oil through their business activities, equivalent to 270,415 tons of CO₂ emissions. A large proportion of this energy use is from the extensive use of heat for sterilization processes in pharmaceuticals (I.V. solutions) and beverage production.

In 2011, Group companies reduced their energy consumption from the previous year by actively adopting energy-efficient equipment and conserving energy to cope with electricity shortages in Japan. In the area of logistics, energy consumption per ton-kilometer*¹ was reduced by 3.8% year-on-year through the implementation of transportation modal shifts and improvements in delivery efficiency.

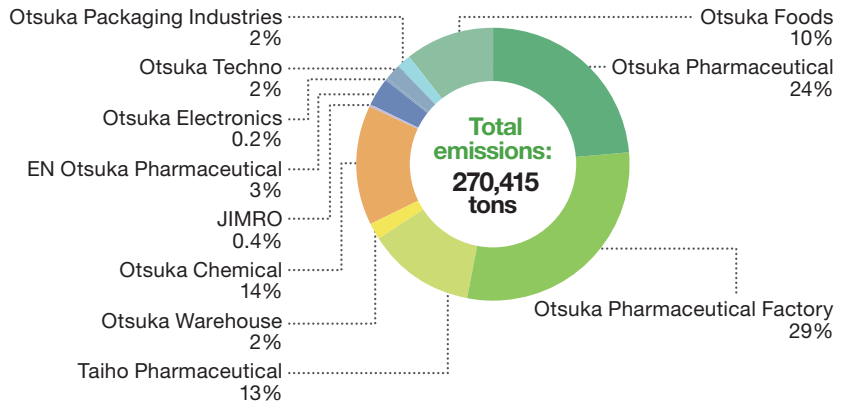
*1: Energy consumption per ton-kilometer = Energy consumption (kiloliters) / ton-kilometers

A ton-kilometer is a unit that expresses freight volume. For example, one ton of cargo transported one kilometer equals one ton-kilometer.

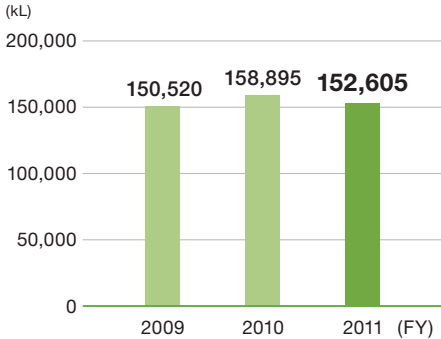
Total CO₂ Emissions (Energy-related)



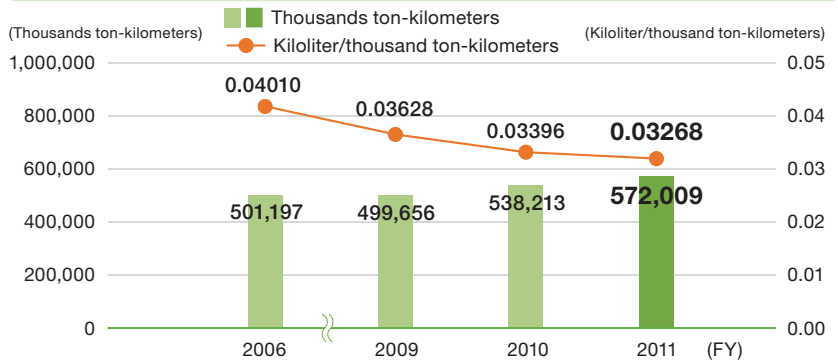
CO₂ Emissions by Company in FY2011



Energy Usage Ratio (Crude-oil equivalent)



Energy Consumption per Ton-Kilometer by Five Specified Consigners of the Otsuka Group *2

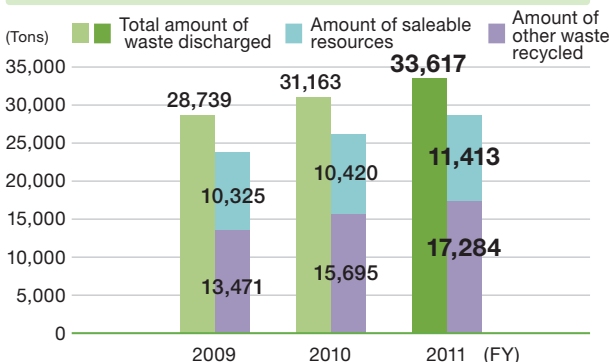


*2: Five Specified Consigners of Otsuka Group companies (as defined by Japanese Law): Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, and Otsuka Foods.

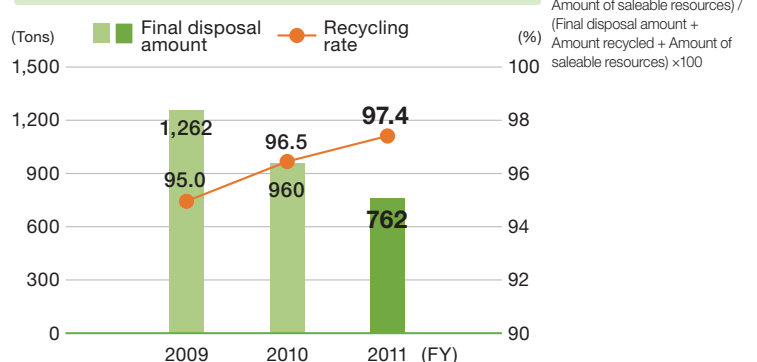
Reducing Waste

In 2011, the 11 Group companies discharged 33,617 tons of waste from business activities, an increase of 8% year-on-year due to production increases and to disruption caused by the March 2011 earthquake/tsunami in Japan. The recycling rate was 97.4% as a result of reuse and recycling initiatives, and the volume of landfilled waste was just 762 tons, down 21% year-on-year.

Total Waste Discharge and Recycling



Recycling Rate and Final Disposal Amount

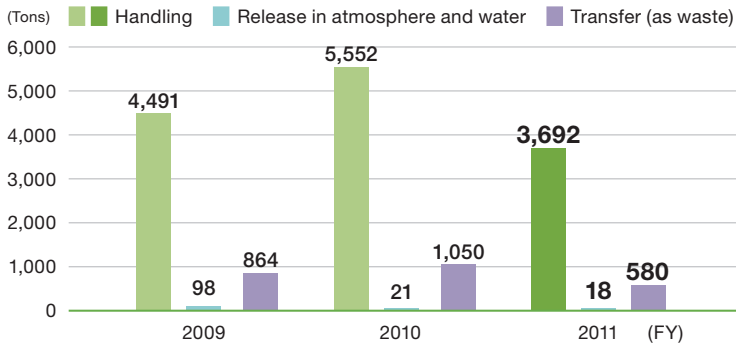


Recycling rate (%) = (Amount of waste recycled + Amount of saleable resources) / (Final disposal amount + Amount recycled + Amount of saleable resources) × 100

Proper Management of Chemical Substances

In 2011, the 11 Group companies handled 3,692 tons of materials requiring Pollutant Release and Transfer Registration (PRTR).^{*1} The year-on-year decrease was due to the halt of operations at one chemical plant and other business reorganization measures.

Handling, Release, and Transfer of PRTR Substances



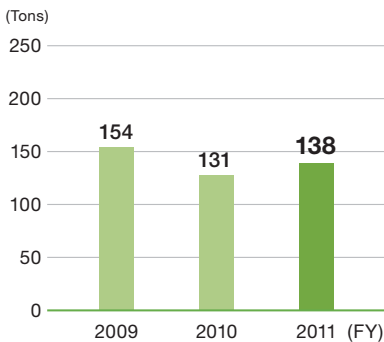
^{*1}: Pollutant release and transfer registers (PRTRs) are inventory tracking systems to record, collate, and disseminate data on transfers of toxic chemicals, and their release to the environment. There are presently 462 substances designated under Japan's PRTR system.

Reducing Emissions into Air and Water

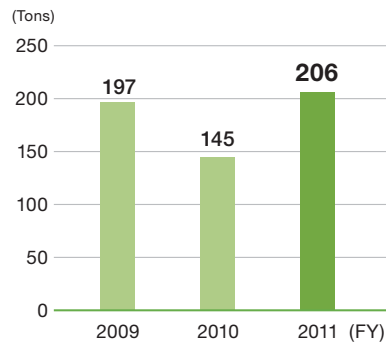
Preventing Air Pollution

The volume of emissions into the atmosphere increased in 2011 due to an increase in the sulfur content of certain fuel purchased on the market. Moving forward, the Group will continue to consolidate boiler facilities, switch to cleaner fuels, and continue to improve its energy efficiency in an effort to minimize emissions of nitrogen oxides (NOx) and sulfur oxides (SOx) into the air.

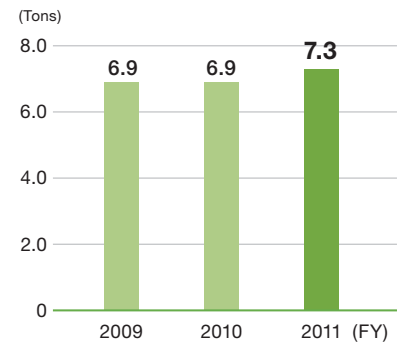
NOx Emissions



SOx Emissions



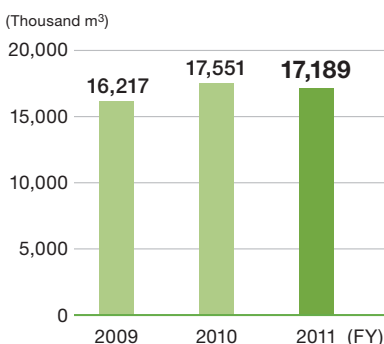
Dust and Soot Emissions



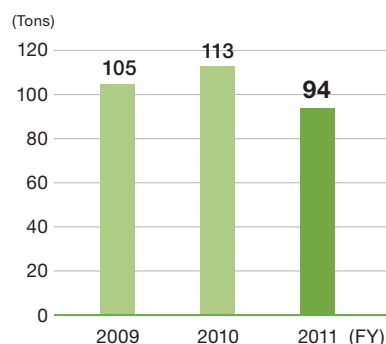
Preventing Water Pollution

The total volume of wastewater was 17,189,000 cubic meters in 2011. The potential impact on the environment is represented by total emissions of chemical oxygen demand (COD), which was 94 tons, and suspended solids (SS), at 54 tons.

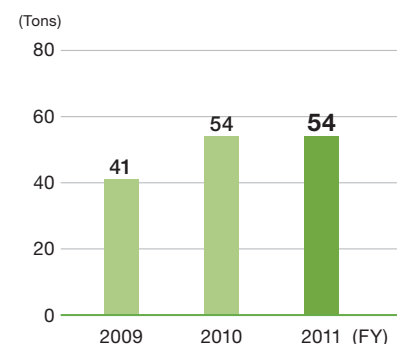
Total Wastewater



Chemical Oxygen Demand



Suspended Solid Emissions



Energy and Resource Conservation

Recognizing that the earth’s natural resources are finite, the Group will contribute to the realization of a carbon-neutral society by reducing greenhouse gas emissions and conserving resources. The Group will reduce CO₂ emissions through energy conservation measures and by improving material resource productivity.

Group-wide Initiatives

Cogeneration Systems to Reduce CO₂ Emissions

Otsuka Group plants in the Tokushima area employ cogeneration systems that produce steam from waste heat generated during gas turbine electricity generation. The cogeneration systems provide an efficient supply of electricity and steam energy to nearby Group companies.

Reducing Electricity Consumption

In response to electricity shortages in the summer of 2011 triggered by the Great East Japan Earthquake, the Group strengthened its initiatives to reduce electricity consumption and implemented large-scale energy-saving measures, which have continued on an ongoing basis.

● ‘Reverse Summer Time’ to Reduce Peak Demand

Otsuka Pharmaceutical shifts its summer working hours from July through September at seven business locations in Japan. Employees start work one hour later, enabling a reduction in electricity consumption during the daily peak demand time of 1:00 to 2:00 p.m. The company is continuing to use the adjusted working hours in 2012.

● Other Initiatives

Workplace	Weekly “No Overtime Days,” promotion of lightweight business casual wear in the office, and “Reverse Summer Time.”
Electrical Equipment	Reduced use of office equipment, turning off of idle equipment, installation of more convenient on/off switches, reduction of standby electricity consumption, and removal of powered hand dryers
Heating/ Cooling	Implemented room temperature settings of 28°C in summer and 20°C in winter, and installed energy-efficient heating/cooling systems
Lighting	Extinguishing of lighting in low-use areas or use of fewer fluorescent tubes; installation of LED and other high-efficiency lighting; and extinguishing of outdoor advertising billboards, signage, and street lighting
Production Equipment and Systems	Installation of high-efficiency compressors and enhanced rationalized control of multi-compressor units; installation of inverter-type wastewater pumps, demand monitoring devices, private power generation equipment, and solar power generation systems
Other	Growing shade-giving plants close to buildings



Window shading provided by plants (EN Otsuka Pharmaceutical)

Green Energy

The Otsuka Group encourages the installation of solar power generation systems at Group companies to reduce CO₂ emissions through use of natural energy sources.

Installations	Capacity (kW)	CO ₂ emissions reduced
Naruto Factory and Information Center for Infusion Therapy and Products, Otsuka Pharmaceutical Factory	20kw	8t-CO ₂ /year
Osaka Head Office and Osaka Branch, Otsuka Warehouse	55kw	22t-CO ₂ /year
Imagire No. 5 Warehouse, Shikoku Branch, Otsuka Warehouse	70kw	28t-CO ₂ /year
Tokushima Factory, Otsuka Chemical	30kw	— *1
Hanamaki Plant, EN Otsuka Pharmaceutical	12.5kw	2t-CO ₂ /year
Otsuka Head Office	30kw	12t-CO ₂ /year
Techno Molding Center	30kw	12t-CO ₂ /year
Wajiki No. 4 Factory	20kw	7t-CO ₂ /year

*1: Qualifies as solar energy buying project under a program of Japan’s Ministry of the Environment to encourage the use of solar power generation and other sustainable energy sources.



Imagire No. 5 Warehouse, Otsuka Warehouse



EN Otsuka Pharmaceutical

Eco-Cars and Eco-Driving Practices

The Group uses eco-cars for corporate fleets and actively encourages eco-friendly driving practices to reduce CO₂ emissions.

Taiho Pharmaceutical now has 339 hybrid vehicles, representing 55% of its corporate sales fleet. The fuel consumption of the hybrids is approximately 30% better, so the shift has reduced annual CO₂ emissions from the fleet as a whole by around 10%. Otsuka Pharmaceutical has converted 32% of its corporate sales fleet to hybrid vehicles, which has reduced annual CO₂ emissions from those vehicles by 24.4%. The company also operates three electric vehicles and conducts e-learning courses for employees who use vehicles in their work, to teach eco-driving techniques.

Energy Conservation

Heat is required extensively in manufacturing processes for I.V. solutions, but the Group uses high-efficiency equipment to reduce energy consumption and CO₂ emissions. For example, Group plants have upgraded from water-tube boilers to high-efficiency through-flow boilers, and these are being switched to more efficient fuels. In the Matsushige area in Tokushima, the Group adopted a liquefied natural gas (LNG) cogeneration system in 2010 to improve efficiency. Other plants are aggressively implementing energy conservation and fuel-switching (heavy oil to LNG) measures to reduce CO₂ emissions.



Matsushige Plant of Otsuka Pharmaceutical Factory

Low-Waste, Quad-Chamber Injection Bags

Otsuka Pharmaceutical Factory developed low-waste, quad-chamber injection bags for ELNEOPA No. 1 and ELNEOPA No. 2 injection solutions. The I.V. solution bags are the first-ever quad-chamber kit formulation with two center chambers and smaller chambers containing vitamins and trace elements, with chambers that easily open when the I.V. solutions are to be used. The kit formulation eliminates the need for multiple bags, which significantly reduces waste otherwise created from using additional needles and solution containers.

The Group understands the importance of reducing waste and conserving the environment for future generations and is committed to the continuing development of eco-friendly products.



ELNEOPA No. 1 injection solutions in 1-liter, 1.5-liter, and 2.0-liter bags

Nutraceutical Business

Initiatives for Lightweight PET Bottles

Otsuka Pharmaceutical adopted new packaging for 500 ml plastic bottles of Pocari Sweat, reducing the bottle weight from 27 grams to just 18.3 grams. The 30% decrease in weight made them the lightest plastic bottles in Japan when they were introduced in 2007.

In addition, the company introduced a method called “positive pressure aseptic filling” to its manufacturing lines, a first for Japan. The method enables the filling of bottles at room temperature and eliminates the need for bottles with sufficient hardness and thickness to withstand high temperatures. The reduction in plastic used to make these lighter plastic bottles has enabled the company to save 2,700 tons of polyethylene terephthalate (PET) resins annually (based on annual production output of 300 million bottles), which is equivalent to reducing CO₂ emissions by 8,300 tons.

The company also produces PET resin preforms*1 in-house for 900ml Pocari Sweat bottles. The production of preforms on-site at high temperature immediately before drink filling eliminates the need to wash and sterilize plastic bottles and significantly reduces energy and fuel consumption. It also reduces transportation requirements, as more compact PET resin is delivered to the factory instead of the lighter preforms.



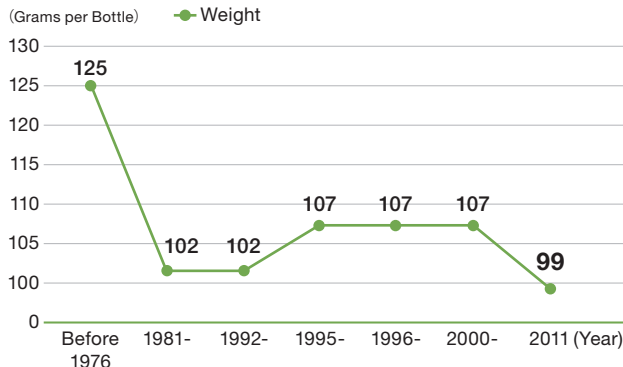
*1: Preforms are test tube-shaped plastics that are expanded in a mold and formed into PET bottles.

Lighter Tiovita Bottles

Taiho Pharmaceutical has been working to reduce the weight of the 100 ml glass bottles used for Tiovita drinks, targeting a weight under 100 grams per bottle. In 2010, the company began producing a 99-gram bottle, 8% lighter than the previous bottle that weighed 107 grams. To ensure that breakage rates during transport did not increase, the inner structure of the bottles was redesigned to offer the same strength despite the reduction in weight. The new bottle saves the equivalent of some 1,000 tons of CO₂ emissions at the manufacturing stage and a further 300 tons of CO₂ emissions from transport, for a cumulative reduction of 1,300 tons of CO₂ emissions.



● Reducing the Weight of Tiovita Bottles



Energy and Resource Conservation

Consumer Products Business

Using Waste Syrups as a Biomass Energy Source

The Otsuka Foods' Kushiro Plant generates a quantity of waste syrup from its manufacturing processes. Formerly, this syrup was destroyed in an incinerator, generating CO₂ emissions. However the plant has now installed a methane fermentation system for the waste syrup, which produces biogas that is then used for power generation. The new system enables the plant to convert waste syrup into an energy source, while also reducing CO₂ emissions associated with the incineration process.

Recycling Wastewater Sludge

The Kushiro and Tokushima plants of Otsuka Foods recycle wastewater sludge instead of disposing the sludge as landfill waste. Since 2010, both plants have achieved a 100% recycling rate and sell the processed wastewater sludge.

The Kushiro Plant dries its wastewater sludge in sunlight so that it can be used as mulch for soil conditioning. The Tokushima Plant processes wastewater sludge into a valuable fertilizer through microbe-assisted fermentation.

Other Businesses

Transportation Modal Shift

Under revisions to the Law on the Rational Use of Energy that were enacted in April 2006, specified consigners that transport 30 million ton-kilometers or more of freight in a given business year are required to formulate energy-conservation plans and submit energy consumption reports. As a specified consigner, the Otsuka Group endeavors to reduce the environmental impact of its logistics activities.

The Group is actively implementing a transportation modal shift from land transport using trucks and trailers, to sea and rail transport options such as Japan Railway's new energy-efficient Eco Liner container. Distribution efficiency is also being improved by utilizing joint deliveries and larger transport vehicles.



Shifting to sea transport options

Reducing the Weight of Cardboard Packaging

The Group is reducing the weight of cardboard used in product packaging as well as reducing cardboard consumption in order to reduce packaging waste and lessen its environmental impact. EN Otsuka Pharmaceutical switched to a lighter cardboard material for packaging medical enteral nutrient products, saving the equivalent of 149 tons of CO₂ emissions in 2011. Otsuka Pharmaceutical modified the corrugation in its packaging cardboard to reduce the cardboard weight yet maintain the same rigidity.

Reducing Heavy Fuel Oil Consumption in Incinerators

Otsuka Chemical sorts and recycles waste and pursues comprehensive waste reduction initiatives. For example, thermal energy generated from incinerating some of its waste is converted to steam by means of waste heat boilers and then used within the plant.

The plant previously treated waste alcohol through controlled disposal, but now it uses some of the waste alcohol as a fuel source. As a result, the plant has reduced the consumption of heavy oil by more than half, producing less waste and consuming less fuel.



Multiuse Counter Display Unit

Otsuka Packaging Industries developed a product display unit that can be changed to display multiple products by simply adjusting the internal partitions. The partitions can be reused in different configurations, eliminating the need to dispose of customized counter displays each time a new product type or version is introduced.

Zero-Emissions Initiatives

In aiming to contribute to a resource recycling society, the Otsuka Group actively pursues initiatives to achieve zero emissions*1 of waste by reducing waste discharge and recycling as much of the waste discharged as possible.

Otsuka Pharmaceutical	Five out of seven plants in Japan have achieved and continue to record zero emissions of waste. Organic liquid waste from the Second Tokushima Factory is now treated by thermal recycling.*2 This enables productive use of some 250 tons per annum of waste.
Otsuka Pharmaceutical Factory	All four plants in Japan have achieved and continue to record zero emissions of waste. In 2010 the Naruto Factory was cited by the Environmental Minister for 3R excellence (Reduce, Reuse, and Recycle) and for contributing to a resource recycling society. The Kushiro Plant was cited for an award of excellence for zero-emissions performance in Hokkaido in 2011.
Taiho Pharmaceutical	In 2011, the Tokushima and Okayama Plants achieved “zero emissions of waste” status for the first time, having stepped up their recycling of resources and other recycling initiatives. They join the Saitama Plant, which achieved the same status previously.
Otsuka Techno	The company recorded zero emissions of waste in 2010 as a result of comprehensive recycling initiatives for waste plastics and by raising the percentage of recycled materials used in products to reduce raw material consumption. In 2011, the Naruto Head Office, Naruto Factory, and Wajiki Factory were designated as 3R business locations under a certification system operated by Tokushima Prefecture.
Otsuka Packaging Industries	The company reduced 16 tons of waste annually by reducing raw materials consumption and limiting waste discharged from manufacturing. The company also invested in equipment that reduces the amount of developer waste in the printing process, thereby reducing the volume of alkaline waste liquids by 74.1% year-on-year in 2011.
Otsuka Foods	All four plants in Japan achieved zero emissions of waste in 2011. The Gunma Factory recorded a 70% recycling rate for waste that had previously been incinerated, through better separation of mixed waste from manufacturing. This enabled the plant to significantly reduce the volume of waste destined for landfills.

*1: Recycling rate (The zero-emissions goal is a rate of 99% or more) = (recycled amount + amount of valuable resources) / (final disposal amount + recycled waste + amount of valuable resources) x 100

*2: Using the heat generated by incinerating waste as energy.

Plastics Recycling

In an effort to help Group companies achieve zero emissions of waste, Otsuka Warehouse recycles high-quality polyethylene scrap*3 generated from manufacturing processes at Otsuka Pharmaceutical Factory's four plants in Japan. The scrap is used to produce recycled pellets, which were certified in 2010 by Tokushima Prefecture as a high-quality recycled material. Otsuka Pharmaceutical uses the recycled pellets to manufacture reusable squeeze bottles, illustrating how Group companies are cooperating to recycle resources.

*3: Excess plastic shaved from the edges of products during manufacturing.



Kushiro plant of Otsuka Pharmaceutical Factory cited for an award of excellence for zero-emissions performance in Hokkaido in fiscal 2011



Waste separation at Taiho Pharmaceutical



Coexistence with Nature

As a company that is committed to the betterment of life, the Otsuka Group comprehensively pursues initiatives to preserve biodiversity through the conservation of ecosystem diversity, maintaining the number of species, and genetic diversity. As part of these efforts, the Group constructs biotopes*1 that provide a harmonious natural living environment for wild organisms.

Biotope Ponds

As part of its initiative to be friendly to the human and natural environment, the Tokushima Itano Factory of Otsuka Pharmaceutical installed a biotope pond on its grounds, offering a natural habitat for wildlife.

The plant is situated on a 27.3-hectare site with greenery covering 70% of the grounds. The landscaping follows the undulations of the terrain and features areas of natural forest, with its two main plant buildings nestled among the greenery. There is a lushly forested area that features various deciduous and evergreen oak trees and is home to different species of birds depending on the time of year. The grounds serve as a quiet enclave for employees and members of the community. To promote further greening, employees at the plant raise acorn seedlings and plant them in open grass areas to increase the number of trees.

The biotope pond at the Tokushima Itano Factory is fed by purified cooling water from the plant and provides a natural environment for diverse aquatic organisms, including pupfish, dragonfly larvae, water scorpions, and water lilies. An endangered species of cyprinid fish*2 has been released into the biotope pond under an initiative by Tokushima Prefecture to help restore the fish's population.



Natural Organisms Found at Tokushima Itano Factory of Otsuka Pharmaceutical

*1 Biotopes

Biotope is derived from the Greek *bios* (life) and *topos* (place) and refers to a natural living environment for wild organisms. Forests, grasslands, rivers, ponds, and marshes are all biotopes that provide a home to organisms. The concept of biotopes has gained visibility as environmental destruction threatens the survival of wild organisms.

Leaves from deciduous trees on the plant grounds are collected to raise 300 rhinoceros beetles every year in order to foster a population of the species on the plant grounds. Children who come to visit enjoy watching the rhinoceros beetles emerge from the ground nearby the pond.



Biotope pond at Otsuka Pharmaceutical's Tokushima Itano Factory

In 2010, Otsuka Pharmaceutical was chosen as one of the top 100 green companies for biodiversity conservation by the Organization for Landscape and Urban Green Infrastructure, in recognition of its nature conservation efforts. The Itano Factory was also cited by the Minister of the Shikoku Bureau of Economy, Trade and Industry in 2010 for its outstanding efforts as a green factory.

***2 Cyprinid fish**

The *hemigrammocyprius rasborella* is a species of cyprinid fish that lives in freshwater and is designated as an endangered species in the Red Data Book published by the Japan's Ministry of Environment. Once thought to have been extinct in Tokushima Prefecture, the species was rediscovered in Naruto City in 2004, marking the first positive identification in 58 years. A program to protect and breed the endangered species has been initiated between communities and the government, working together with universities and corporations.



Eco-Friendly Wastewater Treatment

The Okayama Factory of Taiho Pharmaceutical employs eco-friendly wastewater treatment methods to purify cooling water and cleaning water generated from manufacturing, so that the treated water can be discharged into the sea in a condition that is closer to its natural state.



Biotope at Okayama Factory of Taiho Pharmaceutical

Until recently, the plant sent cooling water and cleaning water from its manufacturing processes to a sewage treatment plant, because of its high temperature (around 40°C) and excessively high purity. The plant could not discharge the wastewater into the sea due to the potential harm to the ecosystem. Despite generating clean wastewater, all of the wastewater had to be treated at a sewage treatment plant, which generated CO₂ emissions through the operation of the treatment equipment.

Based on a comprehensive environmental assessment, the plant decided to install a biotope stream in April 2011 on the plant grounds. The wastewater is released into the stream and gradually cools as it travels the length of the 230-meter long stream, being enriched with organic plankton from the soil and the action of organisms, to eventually be discharged into the sea

in a nutrient-rich state. The use of the biotope to treat the wastewater has reduced the equivalent of 13 tons of CO₂ emissions annually that was previously generated from sewage treatment.

The biotope stream is home to a rich ecosystem with organisms such as pupfish and water striders, and it replicates the region's traditional natural environment. In addition to providing a pleasing sight for visitors to the plant, the stream also serves as a reminder of the need for environmental conservation.

In January 2012, the plant received an award from the chairman of the Japan Greenery Research and Development Center in recognition of developing a nature-friendly environment and promoting initiatives for community exchange.



Elementary school students visiting the biotope stream

Maintaining Green Areas for the Community and Environment

The Fukuroi Factory of Otsuka Pharmaceutical is situated on an 11.4-hectare site, with greenery covering 36.6% of the grounds. The plant's expansive lawns can be seen from Tokaido Shinkansen trains that pass through the area. The lawns are maintained with minimal use of chemicals, and employees periodically perform weeding as part of the eco-friendly landscaping practices at the plant.

The plant also pursues initiatives to beautify the community and partners with the community on environmental conservation initiatives, such as maintaining street planters and regenerating municipal pine woodland. The facility welcomes some 10,000 visitors each year for plant tours and briefs visitors on the plant's environmental initiatives, working to raise public awareness about environmental issues.

These greening and environmental conservation efforts in partnership with the community earned the plant an award of recognition from the Minister of Economy, Trade and Industry for outstanding performance as a "green plant" in 2011.



Fukuroi Factory of Otsuka Pharmaceutical

Clean-Up Activities

Otsuka Group companies are involved in clean-up activities in partnership with communities. Such activities are carried out at our manufacturing operations, R&D centers, and sales offices. Employees and their families are actively involved in these efforts, which help to raise environmental awareness and build community dialogue while beautifying the local environment.



Employees of Otsuka Pharmaceutical Factory's Toyama Plant participate in an annual community clean-up effort organized by Imizu City in Toyama Prefecture, helping to clean up the shores of Ebina Beach.

Imizu City, Toyama Prefecture



Employees of Dong-A Otsuka spent three hours collecting trash on a mountain trail on Bukhansan Mountain. The activity was very popular among employees, as it provided a healthy time outdoors while also helping to clean up the environment.

Korea



Every spring, the entire workforce of Korea Otsuka Pharmaceutical participates in a community clean-up effort to remove trash from national parks and rivers. In 2011, the employees helped to clean up the Yangjechon River.

Korea



Employees of King Car Otsuka Co., Ltd. are involved in beach and community clean-up efforts. In 2011, King Car Otsuka employees and customers joined forces to remove trash from Kenting National Park in the south of Taiwan. Attracting 438 participants, the initiative helped raise the public profile of clean-up efforts, even prompting bystanders to help collect and pick up trash.

Taiwan



Employees of PT. Amerta Indah Otsuka recycled storage drums and made them into public waste bins for donation to Sukabumi Province, in support of community beautification efforts. The company set up the 100-drum waste bins, and this operation was marked by a ceremony, after which employees joined local residents in helping to clean up the seashore.

Indonesia

VOICE

Working with Customers to Clean up Communities

Shen Wen Hsun

Marketing and Planning Department
King Car Otsuka Co., Ltd.

Many of our customers showed an interest in our clean-up efforts and worked side-by-side with us to clean up the shore. It turned into a major effort and was really rewarding to organize. The Pocari Sweat we drank on the beach with other participants after finishing the clean-up tasted especially good.



Employees of Taiho Pharmaceutical are involved in community clean-up efforts at their plants and R&D centers.

Inuyama City, Aichi Prefecture



Several times a year, Otsuka Warehouse organizes clean-up activities around its warehouses and in public spaces. Working with residents to beautify the local environment also helps to build solidarity with communities.

Naruto City, Tokushima Prefecture



Otsuka Pharmaceutical, Otsuka Chemical, Otsuka Warehouse, and Otsuka Foods all have facilities in the Imagire industrial park, and every year their employees participate in a clean-up effort of nearby roads and the surrounding community. The effort is usually held on Zero Trash Day, which is designated for May 30. The clean-up efforts take place on a weekend and families of employees also pitch in to help with the efforts.

Tokushima City, Tokushima Prefecture



Employees of Otsuka Electronics regularly conduct clean-up activities around the plant, for the beautification of the local community.

Hirakata City, Osaka Prefecture



Every year, employees of Otsuka Packaging Industries participate in a clean-up effort of the nearby Pocari Sweat Stadium, helping to keep the stadium and its surroundings presentable.

Naruto City, Tokushima Prefecture



VOICE

Bringing Employees Closer Together

Tsutomu Nagao

General Manager, Operations Department
Otsuka Packaging Industries Co., Ltd.

This year marked the fourth year that we conducted a clean-up effort of the Pocari Sweat Stadium. Every year, more than 50 of our employees are involved, with about 100 people in all participating. The amount of trash that we pick up has decreased every year, which shows that stadium visitors are becoming more environmentally aware.

Management

The Otsuka Group strives to achieve a sound management framework with excellent transparency, in order to secure the confidence of stakeholders for the stability of corporate activities and for sustainable growth.

Compliance Forum of Otsuka Pharmaceutical



Otsuka Group Code of Conduct

I Code of Conduct for Employees

- 1 Recognizing that we work for a company that is striving to contribute to the health and prosperity of people worldwide, we behave with honesty and integrity, and always seek to fulfill our role as responsible members of the community.
- 2 Respecting the diversity, personality, and individuality of each person, we creatively strive to improve ourselves as employees and to raise the quality of the company's business operations.
- 3 We comply with all laws and regulations, including internal rules, and always strive to raise our own ethical awareness.
- 4 Engaging in open and fair business competition, we maintain appropriate and ethical relationships with politicians, government administrators, health care professionals, and client representatives.

II Code of Conduct for the Enterprise

- 1 The Otsuka Group communicates with its shareholders and with the broader society, and actively and fairly discloses information related to its business and performance to the public.
- 2 The Otsuka Group recognizes its responsibility to address environmental issues as an integral part of its mission, and voluntarily and proactively pursues such efforts.
- 3 The Otsuka Group conducts itself as a good corporate citizen, actively contributing to society.
- 4 The Otsuka Group resolutely avoids any dealings with anti-social organizations and influences that threaten the safety and order of civil society.
- 5 In its business operations outside Japan, the Otsuka Group complies with international rules and national and local laws, shows respect for local cultures and customs, and uses management practices that contribute to local development.

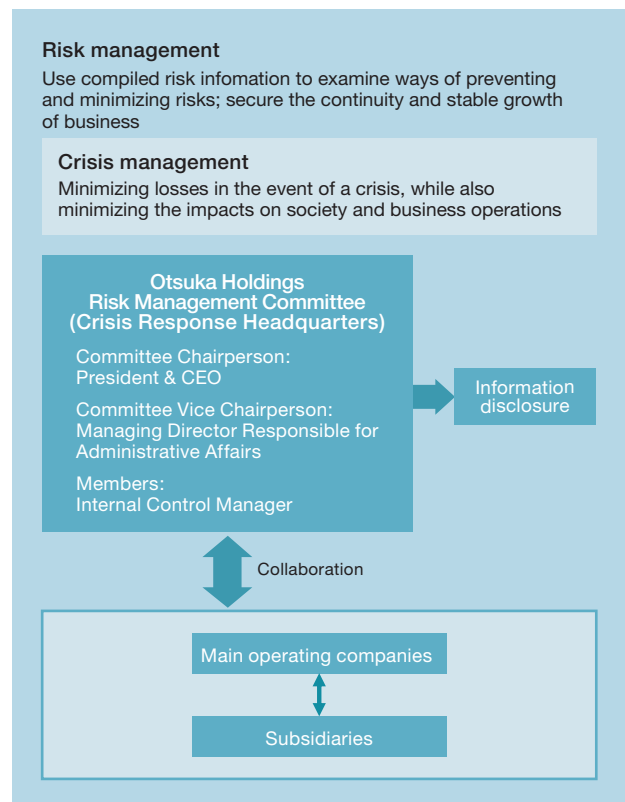
Risk Management and Compliance

Otsuka Holdings operates a Risk Management Committee that is headed by the president and which oversees risk management and compliance for Otsuka Group companies. Group companies also operate their own risk management organizations headed by their presidents. These organizations work together to implement risk management across the Group.

Senior management of Group companies consult directly with departments that manage compliance, and also focus on advancing their internal compliance programs.

The Otsuka Group Compliance Task Force meets twice a year to report on compliance initiatives at Group companies, and to discuss and consider Group-wide matters related to compliance. Most recently, the task force discussed topics such as compliance for employees of international subsidiaries, legal network meetings, and the implementation of training for insider trading prevention.

■ Otsuka Holdings Risk Management Framework



Corporate Governance

Basic Approach to Corporate Governance

As a global healthcare company that conducts business worldwide, the Otsuka Group operates under a pure holding company structure that separates Group management and supervision from business execution, in order to practice sound management with a high degree of transparency. At the same time, the Group endeavors to strengthen corporate governance and to operate systems for internal control.

In addition, the Group operates a set of Affiliated Companies Management Rules that sets out the decision-making processes within the Group and provides a suitable framework for governance. The rules strengthen coordination within the Group by clarifying the reporting to Otsuka Holdings and items needing approval.

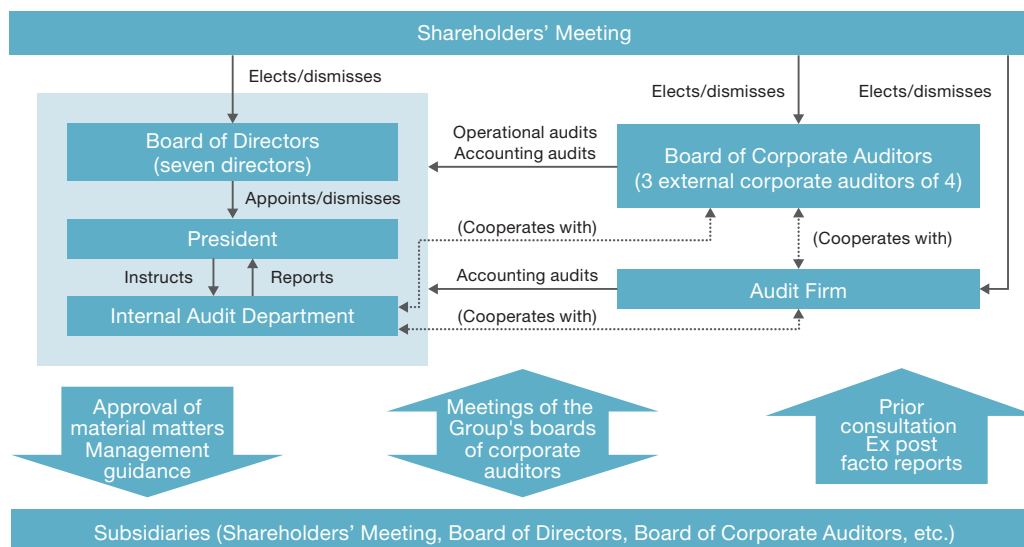
Corporate Governance System

Board of Directors

Otsuka Holdings uses a system of corporate officers that clearly separates the roles of directors—who make management decisions and supervise their execution—and corporate officers responsible for executing the business. This system ensures the efficiency and transparency of management together with rapid business execution. The Board of Directors, consisting of seven directors (as of August 1, 2012), meets once a month to decide on matters stipulated under the Companies Act, and to decide on important matters concerning business direction and strategy.

Corporate Auditors

Otsuka Holdings employs a Board of Corporate Auditors comprising four auditors, of whom three are outside auditors (as of August 1, 2012). The Corporate Auditors meet once a month at the Board of Corporate Auditors, attend important meetings including Board of Directors meetings, and serve in an auditing capacity by reviewing important documents and information provided from relevant departments as the need arises, and by conducting field audits. The Corporate Auditors audit the business execution by the directors in accordance with the auditing direction and auditing plans determined by the Board of Corporate Auditors.



Internal Control

Internal Control System

The Otsuka Holdings Board of Directors has passed a resolution regarding a system for ensuring the appropriateness of business activities, calling for the development of the type of internal control system required by Japan's Companies Act and related regulations, to cover the entire Otsuka Group.

Group companies designate internal managers who are responsible for establishing and operating internal control system for their companies.

Internal Controls for Financial Reporting

Internal control managers spearheaded an effort to ensure the reliability of financial reporting for the 80 consolidated companies (including equity-method affiliates) of the Otsuka Group in 2011. Otsuka Holdings issued an internal control report on June 29, 2012, which found that the internal controls for financial reporting were effective.

Risk Management

Risk Management Approach

The Otsuka Group practices risk management in order to secure business continuity and stable growth, and for crisis management to enable rapid response to emergencies.

Group companies engage in business continuity planning (BCP) to forecast damages that could arise from emergencies such as large-scale disasters and epidemics, in aiming to

prevent losses and minimize the impact on the business and to stakeholders. The companies implement plan-do-check-act (PDCA) cycles for BCP to identify Group-wide issues, and in turn to examine and enhance the Group-wide risk management to secure a framework for crisis management.

Risk Management

Risk Management Simulation Exercises

For the last three years, the Group has conducted risk management training for presidents and directors of major Group companies, focusing on risk management simulation exercises. The training is designed to enhance risk management and facilitate greater collaboration within the Group.

In 2012, presidents and directors of major Group companies heard briefings from representatives of various companies on their risk management efforts drawing from experiences during the Great East Japan Earthquake, and they conducted a panel discussion. They also conducted a simulation exercise on BCP for a worst-case scenario of a chain of four major earthquakes occurring in the Tokai, Tonankai, and Nankai areas as well as one additional epicenter. The exercise led to active discussions on issues that would



Risk management simulation exercise

arise if the business continuity plan were to be triggered, and the ways in which the Group companies will need to collaborate to effectively execute the plan.

Business Continuity Planning for Projected Tokai, Tonankai, and Nankai Earthquake

Otsuka Group companies are involved in ongoing review and improvement of BCP, for scenarios that include a major

earthquake that is projected to occur at some point in the Tokai, Tonankai, and Nankai regions, and which would impact the Group's manufacturing operations in these areas. The Group is strengthening the infrastructure and logistical aspects of the BCP to reflect issues that were identified in the risk management simulation exercise.

These changes are designed to minimize the impact on product supply in the event of such a disaster. The enhancements include distributing the pharmaceutical warehousing and order management points, and reviewing the inventory balance to secure supply capabilities in a disaster.

Acquisition of ISO 22301 Certification for Business Continuity Management Systems

Otsuka Pharmaceutical has acquired ISO 22301 certification for business continuity management systems, "The Manufacture and Stable Supply of Products for Medical Related Business." Otsuka has become the first pharmaceutical company in Japan to have achieved the ISO 22301 certification. The certification signifies that the company is fully prepared to ensure business continuity should a disruptive incident arise, for manufacturing and supply of medicines needed by medical facilities and patients.

Security Measures

PrivacyMark and Information Security Management System Certification

Otsuka Pharmaceutical and Otsuka Warehouse have acquired the right to display the PrivacyMark*1, signifying that they take measures to protect the personal information of customers. The companies operate management systems for personal information protection and have designated managers and supervisors responsible for personal information protection. Employees conduct checks each month and use personal information protection logs to confirm the proper handling of IT equipment and precautions such as keeping confidential data locked away.

In terms of training, new employees are required to take an e-learning course and an annual Compliance Forum is conducted for employees and directors. This is supplemented with training

for all business divisions and departments, to stress the need for personal information protection. PrivacyMark certification requires renewal every two years. Otsuka Warehouse renewed its certification in June 2012, while Otsuka Pharmaceutical is moving forward with preparations to renew its certification for the fourth time.

Otsuka Warehouse has also acquired information security management system (ISMS) certification*2 for data centers, which requires the company to implement annual management reviews of the ISMS.

*1: PrivacyMark: This certification is issued by the Japan Information Processing Development Corporation (JIPDEC) and gives businesses the right to display the PrivacyMark designating that they meet certain requirements for personal information protection.

*2: ISMS certification: The certification is a program to certify that organizations meet certain standards for information systems security.

Compliance

Approach to Compliance

In offering products for the betterment of life, Otsuka Group expects each employee to behave in a highly ethical manner, including by practicing regulatory compliance and observing bioethics. The Group furthermore recognizes that it is critical to secure the confidence of stakeholders beyond supplying products and services, for the stability of corporate activities and in

aiming for sustainable growth. The Otsuka Group Code of Conduct guides the conduct and scope of organizational activities, so that each employee understands and embraces his or her social responsibilities and the need for ethical behavior. These principles are carried out through the compliance program implemented by the Group.

Forums, Training, and Education

Compliance Forum and Training

The Otsuka Group conducts compliance training for all employees including directors and divisional managers. In 2011, Otsuka Pharmaceutical organized a compliance forum with a focus on change and compliance, to stress the importance of compliance management as the company grows through mergers with other Group companies, and from the standpoint of being part of a public-listed corporate group.

Otsuka Pharmaceutical Factory organized an ethics forum featuring speakers and presentations as well as ethical case studies, broadcasting the forum to employees by satellite. These forums are used as a launch pad to conduct training for all employees to stress the importance of compliance.



Additionally, the company offered e-learning courses and divisional training on corporate ethics, personal information protection, and information security.

The Otsuka Group also conducts compliance training for employees of international subsidiaries, through the implementation of a compliance program that reflects differences in legislation and language, as part of comprehensive efforts to foster employees who possess a strong ethical compass.

Insider Trading Prevention Training

The Group conducts training for insider trading prevention, to ensure compliance for stock trading, including information management. In 2011, the Group strengthened the training program in order to meet its responsibilities as a company listed on the First Section of the Tokyo Stock Exchange.

For the training program, the Legal Affairs Department and Administration Department of Otsuka Holdings prepared training materials that draw on case studies. The materials were distributed to Group companies and a workshop was conducted in each company. Attorneys were invited to present the content to directors, with a focus on emphasizing the importance of implementing initiatives in connection with regulations against insider trading.

Internal Reporting System

Otsuka Holdings operates an internal reporting system to rapidly identify and address compliance violations and unethical behavior. In addition to reporting such violations through normal channels, employees can report violations to the Internal Report Consultation Office by email or in writing. The hotline is also available to contract workers and temporary staff. Persons who report violations and the information they provide are treated with the strictest confidentiality to prevent repercussions.

Third-Party Opinion

Feedback on the *Otsuka Group CSR Report 2012*

Outlining the Otsuka Group's Approach to Social Responsibility

Starting from 2012, this publication has evolved into a CSR report for the entire Otsuka Group that outlines the Group's approach to social responsibility.

In reading this report, it is clear that the Otsuka Group is driven by its corporate commitment to "Otsuka-people creating new products for better health worldwide," as it endeavors to have a positive social impact in its four main business segments, centering on pharmaceuticals for treating illness and nutraceuticals for a healthier life. It is evident from this report that the Otsuka Group is acutely aware of its social purpose as a corporation that is involved in the pharmaceuticals business, and strongly emphasizes social responsibility in its core business. The global community has strong social expectations for corporations in the health and pharmaceuticals sectors to meet their responsibilities.

Provide More Performance Data

The report outlines the Otsuka Group's approach to social responsibility and describes the actions it is taking to fulfill this commitment. The report provides various examples of initiatives that the Group is taking in different areas, and these initiatives themselves are to be praised. However, I suggest that disclosing numerical information such as targets and performance results in the report would do a better job of describing to stakeholders how the initiatives were carried out through the year.

Editorial Postscript

The Otsuka Group CSR Report 2012 was assembled through numerous meetings of the editorial committee, which comprises employees from Otsuka Holdings and Group companies. Until 2011, the main Group companies published their own reports in addition to the Group report, but starting in 2012, these reports have been consolidated into a single expanded CSR report for the Group. In this report, we have made an effort to communicate Otsuka's unique assets and skills to help readers better understand the Otsuka Group.



CSR project meeting



Eriko Nashioka

Certified Public Accountant / Director,
Institute for Environmental
Management Accounting

Profile

Completed a master's degree in environmental management at the Graduate School of Policy and Management of Doshisha University, and taught at the Faculty of Commerce of the University of Doshisha.
Joined Showa Ota & Co. (now Ernst & Young ShinNihon LLC), engaging in consulting on environmental accounting and reporting. Served as a lead researcher for a project on corporations and the environment by the Kansai Research Center of the Institute for Global Environmental Strategies (IGES), and was a member of the Committee of Environmental Accounting of the Japanese Institute of Certified Public Accountants (JICPA), as well as serving on committees for Japan's Ministry of the Environment and Ministry of Economy, Trade and Industries. Joined the management team of the Institute for Environmental Management Accounting in April 2004, and has authored books on environmental accounting and environmental reports.

Group-wide Perspective and Company-Specific Data

The report also describes information regarding the Group and information specific to Group companies. Overall, the information that is provided on social and environmental initiatives ranges from Group-wide topics, to information that is organized by business segment depending on the subject. However the environmental performance data centers on numerical data for the 11 Group companies in Japan. In the future, the reporting scope should be expanded globally.

From the perspective of the importance of the overall Group, the information needs to be organized so as to distinguish information that is to be provided in the Group CSR report. I think that the company should disclose that information by business segment and major Group companies, this should provide a clear and consistent picture for readers.

The Otsuka Group is engaged in highly meaningful social initiatives, and I hope that it will utilize the CSR report and websites of Group companies to further raise the level of dialogue with stakeholders.

The report also summarizes the initiatives that the Group is pursuing through Group-wide collaboration, together with initiatives that Group companies are pursuing



independently. The front cover design symbolizes the ties and trust that exists between the Otsuka Group and its stakeholders, and the desire to further strengthen the ties.

In April 2011, Otsuka was named for inclusion in the FTSE4Good Index Series, a leading global index for socially responsible investment. The listing is a testament to the progress that the Group has made in its global initiatives. On behalf of the Otsuka Group, we will continue working to help build a solid base of trust between the Group and its stakeholders.

Editorial Committee
Otsuka Group CSR Report 2012

Otsuka Pharmaceutical Co., Ltd.



- Head Office:
2-9 Kanda-Tsukasamachi, Chiyoda-ku,
Tokyo, Japan
- Established: August 10, 1964
- Number of employees: 5,701

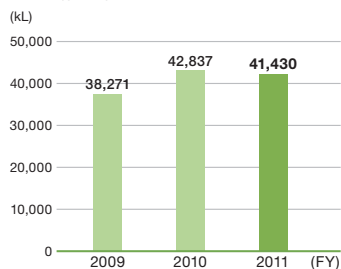
- Business description:
Manufacturing, distributing, exporting, and importing
of pharmaceuticals, clinical testing equipment, medical
device and equipment, food products, cosmetics and
other related products
- Website: www.otsuka.co.jp/en

ISO 14001 certifications acquired

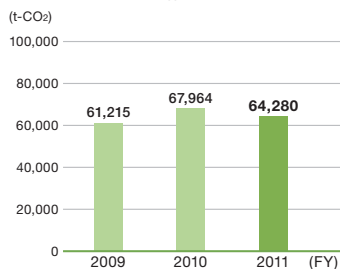
- February 2000 Saga Factory
- March 2000 Tokushima Itano Factory
- March 2001 Tokushima Wajiki Factory
- November 2001 Tokushima Factory,
Second Tokushima Factory
- October 2003 Takasaki Factory
- November 2004 Fukuroi Factory
- October 2008 Integration of EMS for
seven business sites

Environmental data

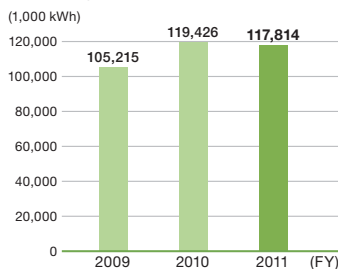
Energy usage ratio (crude-oil equivalent)



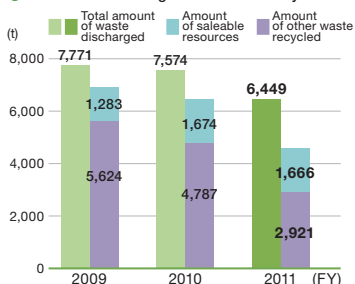
CO₂ emissions (energy-related)



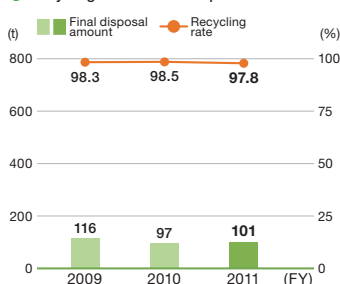
Electricity consumption



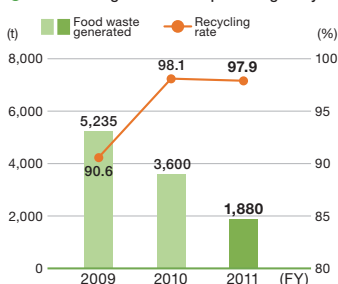
Total waste discharged and amount recycled



Recycling rate and final disposal amount



Food waste generated and percentage recycled



Environmental and social activities

Heat stroke prevention education

The company conducts education for heat stroke prevention, centering on seminars taught by employees that are conducted at corporations and schools including extracurricular groups. In the last 12 years, the company has conducted seminars at 2,574 schools for half a million students.



Schizophrenia and cancer education

The company conducts media and public seminars for education about schizophrenia and cancer, to reach out to a broad spectrum of people in addition to the afflicted and their families.



Otsuka Pharmaceutical Factory, Inc.



- Head Office:
115 Kuguhara, Tateiwa, Muya-cho, Naruto,
Tokushima, Japan
- Established: 1921
- Number of employees: 2,373

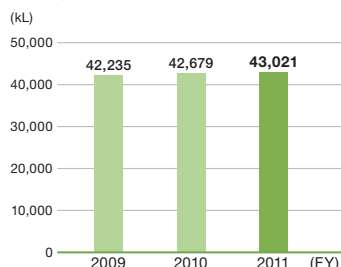
- Business description:
Manufacturing and sales of pharmaceutical and
nutritional products
- Website: www.otsukakj.jp/en

ISO 14001 certifications acquired

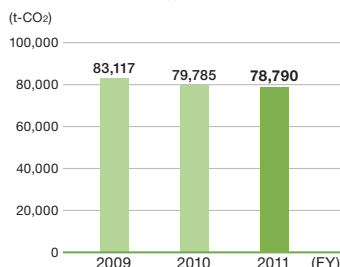
- April 1999 Toyama Factory
- September 2002 Kushiro Factory
- May 2003 Naruto Factory
- August 2003 Matsushige Factory
- September 2010 Integration of EMS for
four business sites

Environmental data

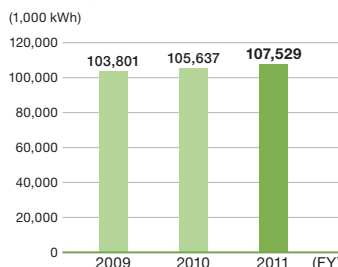
Energy usage ratio (crude-oil equivalent)



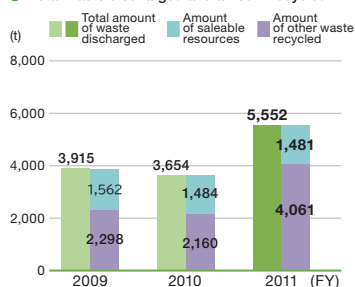
CO₂ emissions (energy-related)



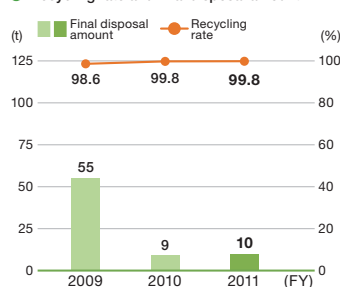
Electricity consumption



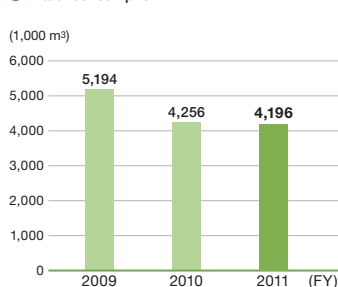
Total waste discharged and amount recycled



Recycling rate and final disposal amount



Water consumption



Environmental and social activities

Oral rehydration therapy education

The company is actively involved in medical circles and consumer education for dehydration prevention education. As part of ongoing relief efforts, the company donates oral rehydration solution for areas affected by the Great East Japan Earthquake.



Zero waste emissions and awards

The Naruto Factory was cited by the Environmental Minister for 3R (reduce, reuse, and recycle) excellence in fiscal 2010 in contributing to a recycling society. The Kushiro plant was cited for an award of excellence for zero-emissions performance in Hokkaido in fiscal 2011.



Taiho Pharmaceutical Co., Ltd.

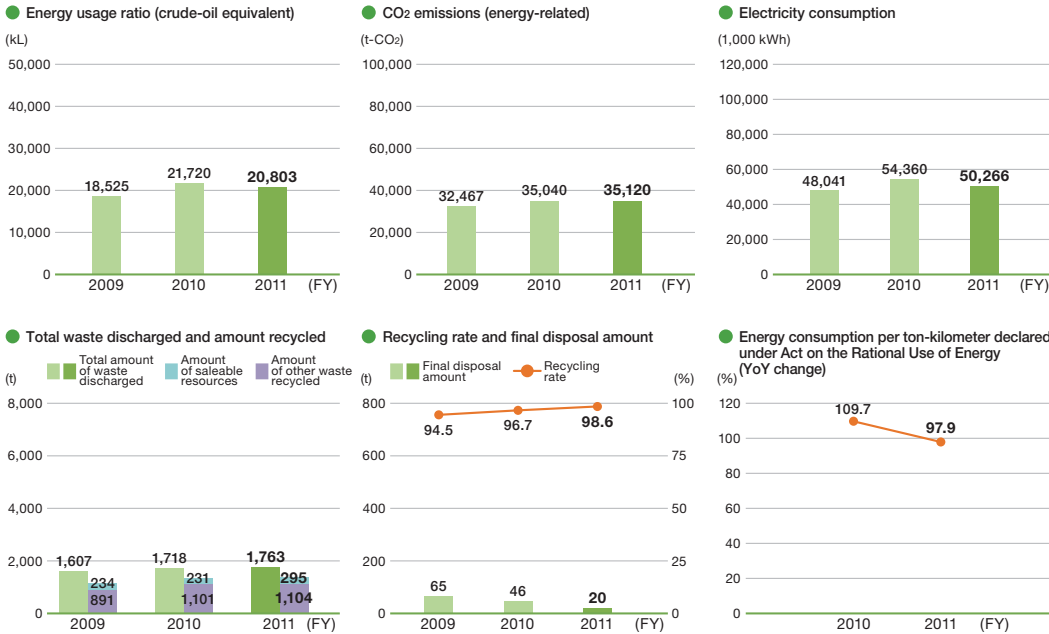


- Head Office:
1-27 Kandanshiki-cho, Chiyoda-ku, Tokyo
- Established: 1963
- Number of employees: 2,557
- Business description:
Manufacturing, marketing, and import/export of pharmaceutical products
- Website: www.taiho.co.jp/english/index.html

ISO 14001 certifications acquired

- November 2001 Saitama Factory
- August 2003 Tokushima Factory
- November 2006 Okayama Factory, Okayama Taiho Pharmaceutical
- December 2009 Certification expanded to R&D in Tokushima and Saitama areas
- October 2011 Integration of EMS for three business sites

Environmental data



Note: Including only confidential documents to total waste generated and amount of recycled waste at branch offices.

Environmental and social activities

Involvement in citizens' seminar

The company was involved in a citizens' seminar in Tokushima on reducing toxic substances, which was jointly organized by the non-profit Toxic Watch Network and citizens' groups in Tokushima Prefecture. The company provided information on initiatives for reducing the environmental impact of chemicals.



Clean-up activities with participation of all employees

All employees at Okayama Taiho Pharmaceutical's Okayama Factory participate in clean-up activities around the factory and dormitory area, four times a year.



Otsuka Warehouse Co., Ltd.



- Head Office:
1-3-16 Ishida, Minato-ku, Osaka, Japan
- Established: 1961
- Number of employees: 389
- Business description:
Warehousing, land transportation, consigned freight forwarding, real estate business, casualty insurance, accident insurance agent, life insurance sales
- Website: www.otsukawh.co.jp/english

ISO 14001 certifications acquired

- September 2006 Head Office and Osaka Branch
- September 2006 Aizumi Logistics Center

Environmental data



Environmental and social activities

Community clean-up

Several times a year, employees help clean up the community by removing trash from around company facilities and nearby public spaces, helping to build ties with communities.



Ecocap movement

The company collects plastic bottle caps for donation to non-profit organizations, helping to raise funds to purchase polio vaccines for impoverished children.



Otsuka Chemical Co., Ltd.



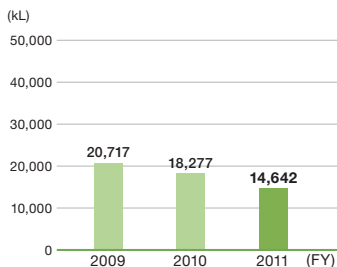
- Head Office: 3-2-27 Ote-Dori, Chuo-ku, Osaka, Japan
- Established: 1950
- Number of employees: 553
- Business description: Manufacturing and sales of chemicals and Oronamin C
- Website: www.otsukac.co.jp/en

ISO 14001 certifications acquired

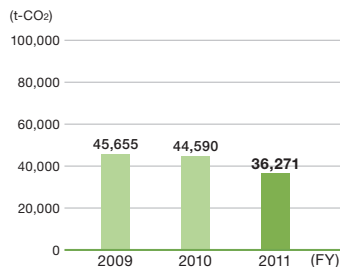
- September 1999 Tokushima Factory
- September 2005 Naruto Factory
- September 2005 Matsushige Factory
- September 2005 Integration of EMS for three business sites

Environmental data

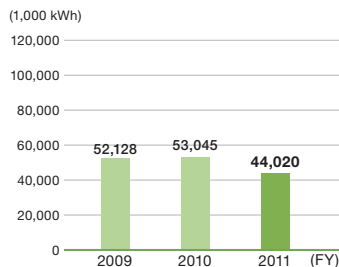
Energy usage ratio (crude-oil equivalent)



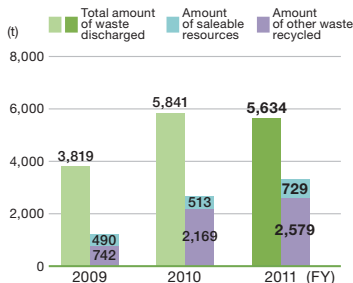
CO₂ emissions (energy-related)



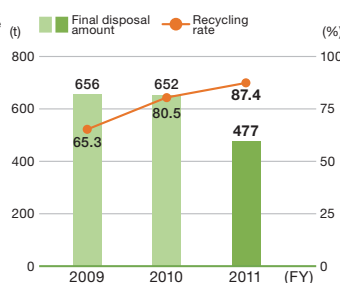
Electricity consumption



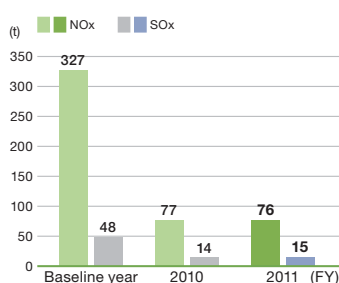
Total waste discharged and amount recycled



Recycling rate and final disposal amount



NO_x and SO_x emissions



Environmental and social activities

Oronamin C Awa Odori Sound Festival

The company started the Oronamin C Awa Odori Sound Festival in 1990 to support local culture in Tokushima. The free concert event, which is held on the night before the main Awa Odori Festival, celebrated its 23rd anniversary in 2012. Although a downpour delayed the start of the concert, some 1,500 spectators enjoyed the summer concert event.



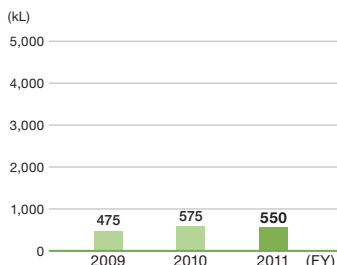
Otsuka Electronics Co., Ltd.



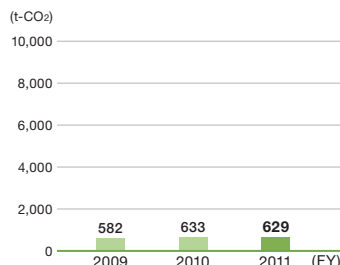
- Head Office: 3-26-3 Shodai-Tajika, Hirakata, Osaka, Japan
- Established: 1970
- Number of employees: 185
- Business description: R&D, manufacturing, and sales of equipment concentrating on optical evaluation and inspection ranging from materials for LED lighting and LCD panels to finished products, in addition to analytical equipment, medical equipment, clinical diagnosis equipment, and related software
- Website: www.photal.co.jp/global/index.html

Environmental data

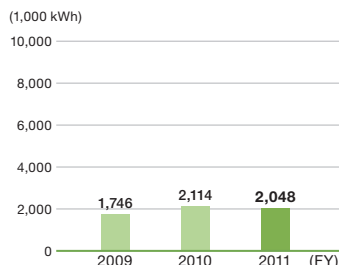
Energy usage ratio (crude-oil equivalent)



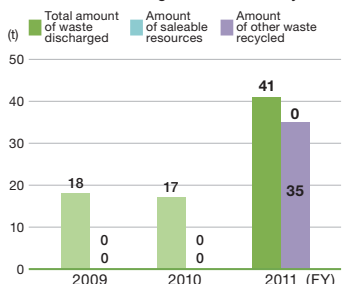
CO₂ emissions (energy-related)



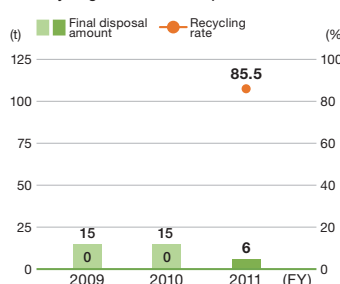
Electricity consumption



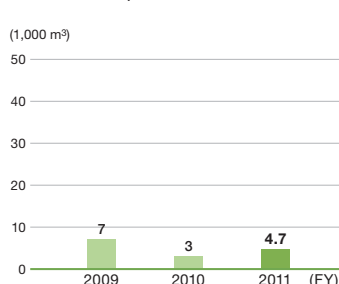
Total waste discharged and amount recycled



Recycling rate and final disposal amount



Water consumption



Environmental and social activities

Clean-up activities with communities

The company helps clean up the community around company facilities under the promotion of environmental administration in Shiga Prefecture, a "Zero Waste Day" and "Environment Day" organized by the industrial park.



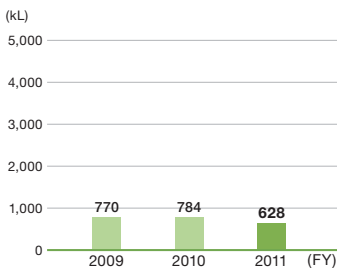
JIMRO Co., Ltd.



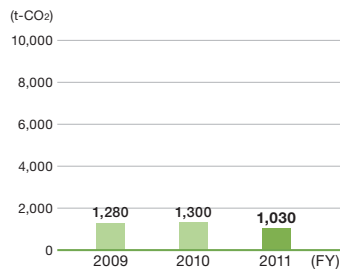
- Head Office: 351-1 Nishiyokote-machi, Takasaki, Gunma, Japan
- Established: 1977
- Number of employees: 123
- Business description: Manufacturing, sales, leasing, import, export, and R&D of medical equipment
- Website: www.jimro.com

Environmental data

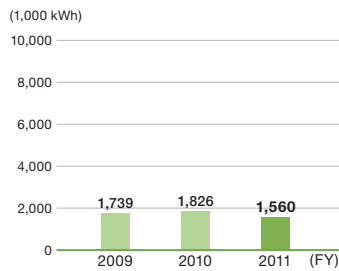
Energy usage ratio (crude-oil equivalent)



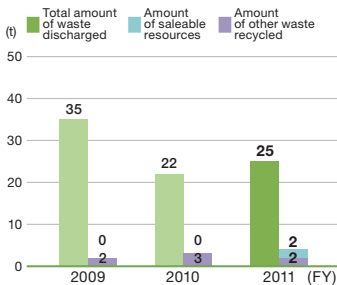
CO2 emissions (energy-related)



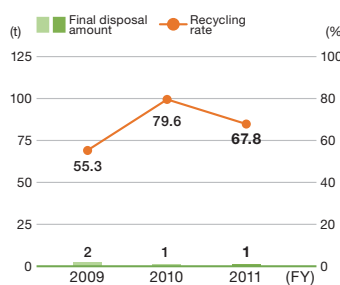
Electricity consumption



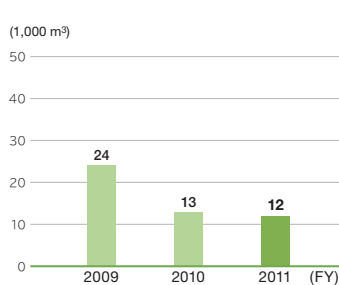
Total waste discharged and amount recycled



Recycling rate and final disposal amount



Water consumption



Environmental and social activities

Ecocap movement

The company is involved in the Ecocap movement, through the collection of plastic bottle caps, including caps from the manufacturing of saline solution bottles. Through April 2012, the company collected enough bottle caps to buy polio vaccines for 275 needy children.



Community clean-up in Takasaki City

Employees participate in an annual clean-up initiative at an environmental fair organized by the Takasaki City government. Takasaki's role as a transport hub for Gunma Prefecture is increasing with continued urbanization. The clean-up efforts help to remind citizens of the need to keep areas around train stations trash-free.

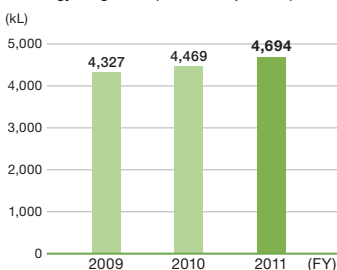
EN Otsuka Pharmaceutical Co., Ltd.



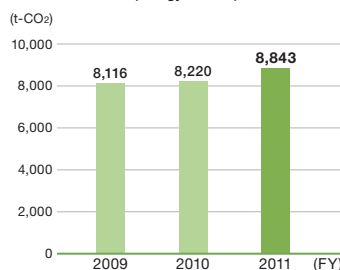
- Head Office: 4-3-5 Nimaibashi, Hanamaki, Iwate, Japan
- Established: 2002
- Number of employees: 271
- Business description: R&D, manufacturing, sales, import, and export of enteral nutrients, foods for medical use, foods for the elderly, and foods for specific ailments
- Website: www.enotsuka.co.jp/index_e.html

Environmental data

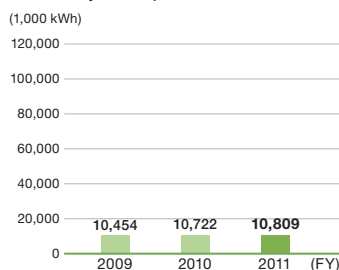
Energy usage ratio (crude-oil equivalent)



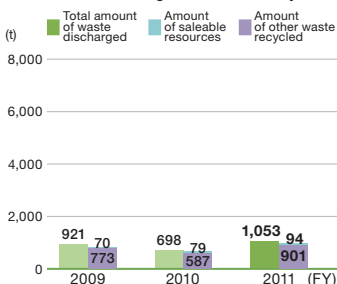
CO2 emissions (energy-related)



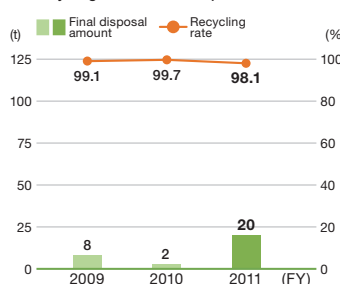
Electricity consumption



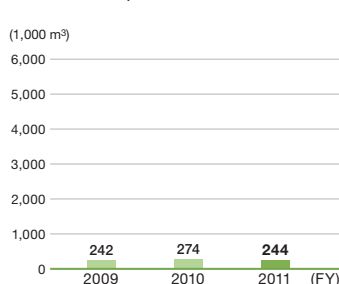
Total waste discharged and amount recycled



Recycling rate and final disposal amount



Water consumption



ISO 14001 certifications acquired

April 2005 Hanamaki Plant

Environmental and social activities

With its head offices located in Hanamaki City, Iwate Prefecture, the company is involved in diverse community events and initiatives, including the Hanamaki Festival, Challenge 100 traffic safety campaign, and municipal clean-up activities.



The company procured an electric generator set from abroad in response to the shutdown of power plants on the Sanriku coast, due to the March 2011 tsunami. Additionally, the company conserved power by implementing other measures such as growing window shading plants.



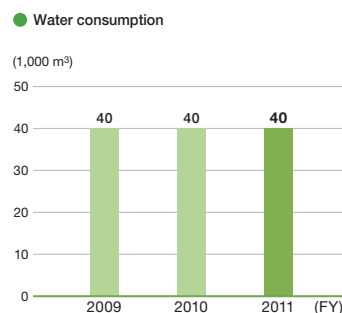
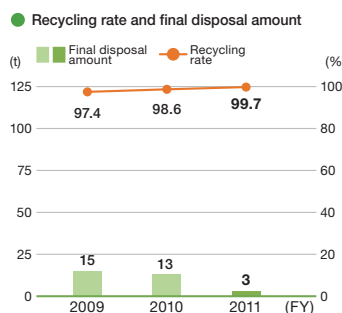
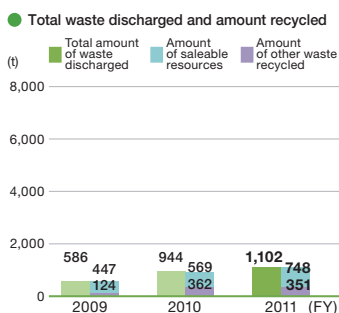
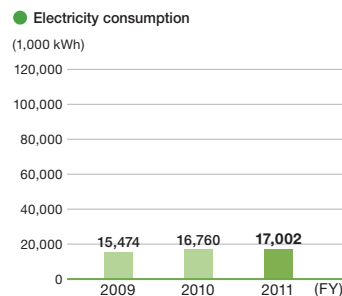
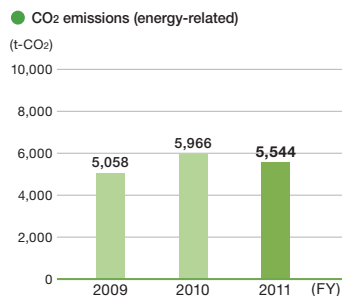
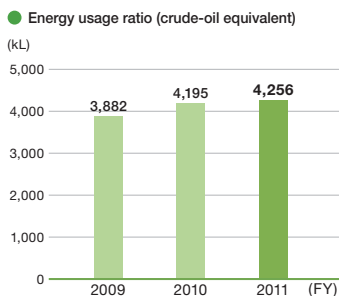
Otsuka Techno Corporation



- Head Office: 120-1 Itayashima, Setocho Akinokami, Naruto, Tokushima, Japan
- Established: 1985
- Number of employees: 308
- Business description: Manufacture and sales of synthetic resin molded products
- Website: www.otsuka-techno.co.jp (Japanese only)

ISO 14001 certifications acquired
 February 2002 Wajiki Factory
 November 2008 Head Office, Naruto Factory

Environmental data



Environmental and social activities

Zero waste emissions

The company's plants have achieved zero waste emissions by recycling at least 99% of waste, through the operation of environmental management systems. In March 2011, the plants were designated as 3R (reduce, reuse, recycle) business locations under a certification system operated by Tokushima Prefecture.



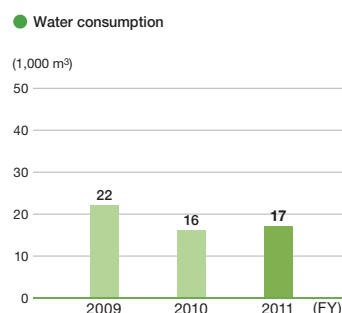
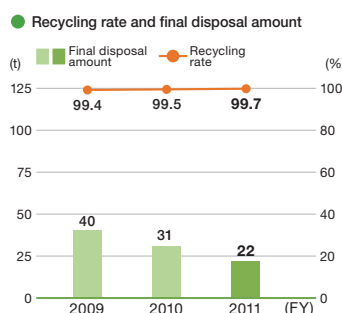
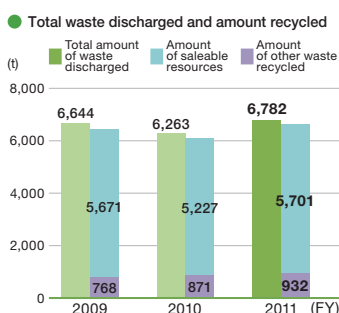
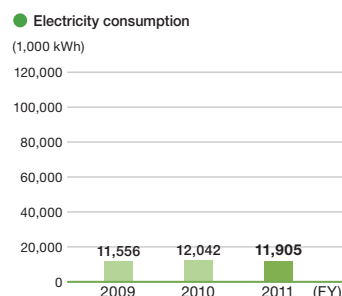
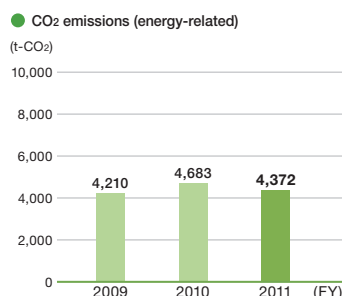
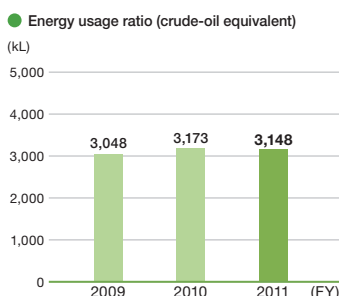
Otsuka Packaging Industries Co., Ltd.



- Head Office: 1 Higashi Tatsumi, Kizuno, Otsucho, Naruto, Tokushima, Japan
- Established: 1954
- Number of employees: 327
- Business description: Manufacturing and sales of paper-based containers/packaging and molded plastic packaging
- Website: www.otsuka-housou.co.jp (Japanese only)

ISO 14001 certifications acquired
 June 2005 Head office plant
 June 2008 Saga Factory
 June 2010 Kitajima Factory

Environmental data



Environmental and social activities

Pocari Sweat Stadium clean-up efforts

Every year, employees participate in clean-up efforts for the Pocari Sweat Stadium and Vortis Road. Employees join members of the community to clean up these areas, building ties with the community and as a reminder to keep areas trash-free.



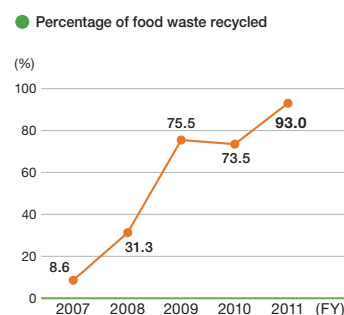
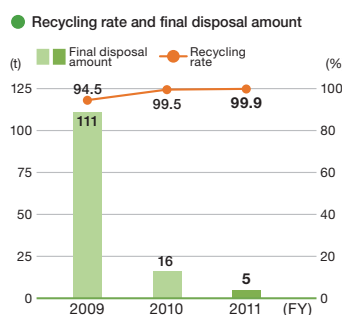
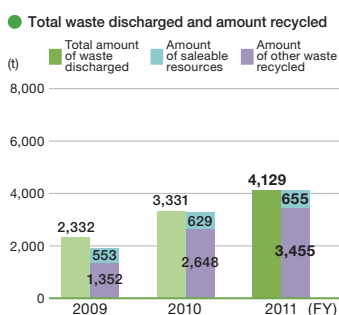
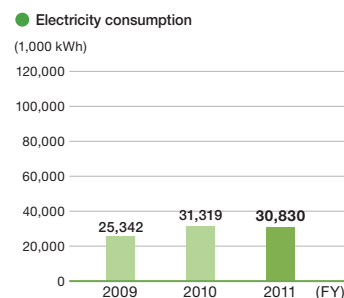
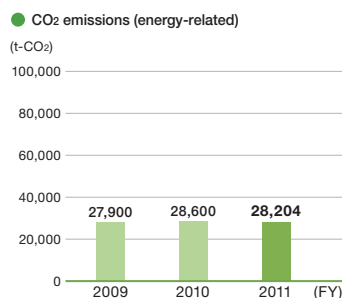
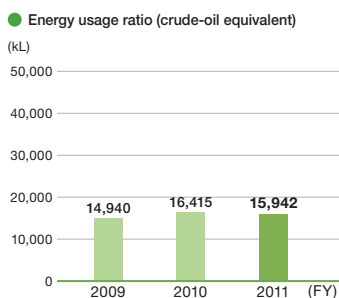
Otsuka Foods Co., Ltd.



- Head Office:
3-2-27 Ote-Dori, Chuo-ku, Osaka, Japan
- Established: 1955
- Number of employees: 765
- Business description:
Manufacturing, sales, and import of foods and beverages
- Website: www.otsukafoods.co.jp (Japanese only)

ISO 14001 certifications acquired
 September 1999 Tokushima Factory
 September 2008 Kushiro Factory
 September 2008 Shiga Factory
 September 2011 Gunma Factory

Environmental data



Environmental and social activities

Reducing and recycling waste

All of the company's plants are involved in diverse initiatives to achieve zero waste emissions through efforts to reduce and recycle waste. All of the plants achieved the zero waste emissions goal in 2011.

Eco-friendly products

The company endeavors to reduce environmental impacts at every stage, from manufacturing of products to their use and disposal. These diverse initiatives include redesigning products to make them friendlier to the environment.

Reducing the weight of cardboard boxes

The company redesigned cardboard boxes by reducing the cardboard overlap from 50mm to 35mm. This makes the boxes 3% lighter without sacrificing structural integrity.



Redesigned cardboard box (at right)

Corporate Social Responsibility and Environmental Reports by Group Companies

Each group company publishes information about its activities on its website.



Otsuka Pharmaceutical Co., Ltd.



- Social and Environmental Activities
<http://www.otsuka.co.jp/en/csr>



Taiho Pharmaceutical Co., Ltd.



- Environmental initiatives
<http://www.taiho.co.jp/csr> (Japanese only)



Otsuka Chemical Co., Ltd.



- Environmental and safety initiatives
<http://www.otsukac.co.jp/company/society> (Japanese only)



Otsuka Pharmaceutical Factory, Inc.



- Environmental initiatives
<http://www.otsukakj.jp/1about/08environment> (Japanese only)



Otsuka Warehouse Co., Ltd.



- Environmental Activities
<http://www.otsukawh.co.jp/english/env>

