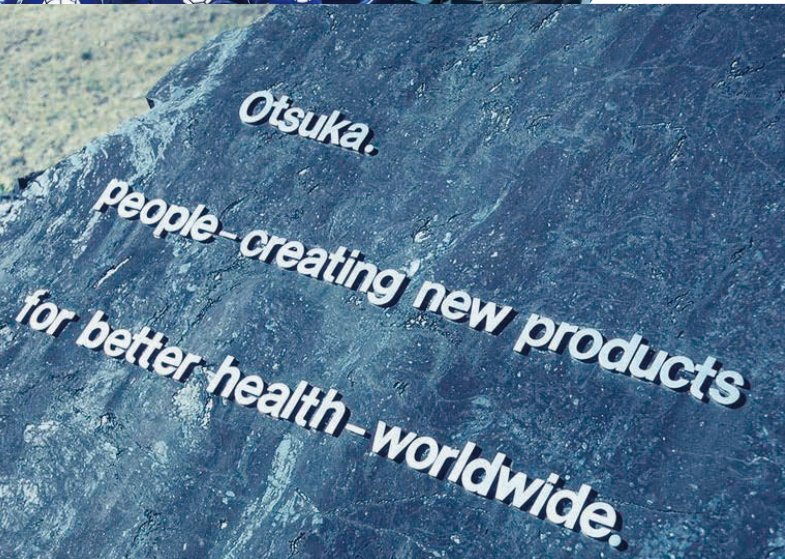




OTSUKA GROUP SUSTAINABILITY

HANDBOOK

Creating the Future: Powering the Progress of the Otsuka Group





Creating the Future: Powering the Progress of the Otsuka Group

For Otsuka, resolving social issues for a better future is the definition of our business.

That philosophy and its related undertakings have expanded from promoting the health of individuals to entire societies and even the planet.

We, the people representing Otsuka now, will build the next 100 years.

The many diverse members of the Otsuka group will work as one to achieve ongoing growth as a business and shape a sustainable society.

As a total healthcare company, we will continue to move forward.

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What is Sustainability?

In a corporate context, sustainability means to not only seek profits, but to care about the entire world from a long-term perspective and conduct business accordingly. As such, it is important that companies be considerate of how their business activities impact the environment, society, and economy.



A Dream
Carried Over
from Our Founding

Otsuka-people creating new products
for better health worldwide



Since its founding in 1921, Otsuka has remained steadfast in addressing health-related issues to contribute to better health worldwide. For example, Otsuka launched its IV business – which is vital for sustaining life – immediately after WW2. Now, in this time of global warming, Otsuka supplies *POCARI SWEAT* – an effective means of preventing heat disorders. Throughout its history, Otsuka has always sought to do what only Otsuka can do to meet the everchanging demands of the times and society.

“Otsuka-people creating new products for better health worldwide.” This philosophy, which is shared by Otsuka employees worldwide, has guided us from our foundation, and continues to light our path.

A Workforce Committed to a Sustainable Society

Otsuka is committed to conducting business that achieves continual growth even while contributing to the formation of a sustainable society. Rather than taking on exclusive actions specifically for sustainability, the day-to-day activities of Otsuka are directed at solving issues faced by the people of the world, including some that may not yet be perceived.

Sustainability Mission

Address social issues such as the evolution toward a healthier and more sustainable society, while simultaneously achieving growth. These activities are all supported by a comprehensive governance system.

Contribution to a More Sustainable Society

Otsuka's business is fully synchronized with our efforts to address social issues

Otsuka-people creating new products for better health worldwide



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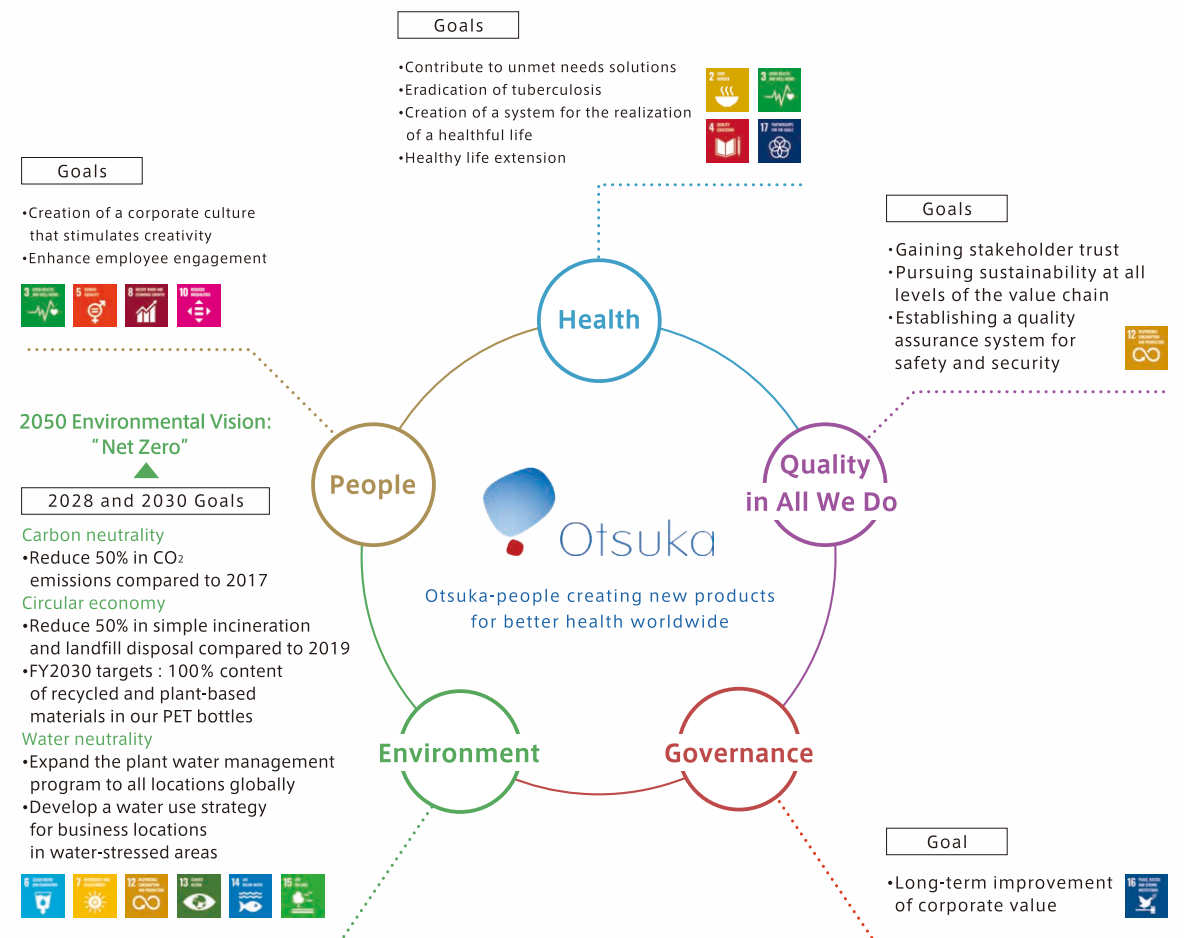


What are SDGs?

Sustainable Development Goals (SDGs) are the heart of the 2030 Agenda for Sustainable Development, adopted by 193 UN-member nations, at the Sept. 2015 Summit. They have been set as an urgent call for action from 2016 to 2030 by all countries, and consist of 17 goals, with 169 targets.

Materiality (Material Issues)

Materiality refers to initiatives that Otsuka is focused on. Otsuka identified *society* (health, people and quality in all we do), *environment* (carbon neutrality, circular economy, and water neutrality), and *governance* as material issues. For each of these issues, goals were defined as guidelines for Otsuka business undertakings. Focus on these issues will contribute to achievement of SDGs.



Addressing Unmet Medical Needs

The desire to be healthy is universal. The world continues to face a host of healthcare issues, including diseases without effective treatment methods and those for which existing treatments are inadequate. In the medical field, Otsuka unceasingly takes up the challenge of solving issues from the perspectives of medical practitioners and patients, primarily in the areas of psychiatry, neurology, and oncology in which many unmet needs persist.



Psychiatry and Neurology

Helping patients return to society

To help patients worldwide return to society, Otsuka develops drugs and dispensation methods suitable for long-term treatments such as pills with minimal side effects and long-lasting injection drugs.



Oncology

Enhancing the QOL of patients

Otsuka helps enhance the quality of life (QOL) of cancer patients by developing oral anti-cancer agents that enable out-patient treatment. R&D is being accelerated globally to accommodate medical needs worldwide.



Cardiovascular and Renal Systems

Treatments for intractable diseases

Otsuka developed the world's first treatment for a challenging kidney disease, bringing hope to sufferers globally.



Clinical Nutrition

Technological innovations to support medical facilities

Otsuka provides a steady supply of high-grade IV solutions that are essential for sustaining life, especially in times of urgent or widespread medical emergencies. Otsuka also develops convenient medical kit solutions to aid medical practitioners.



Medical Devices

Providing new treatment options

For diseases lacking effective treatment methods, Otsuka strives to develop unique and low-stress treatment options based on experience and medical equipment knowhow developed groupwide.

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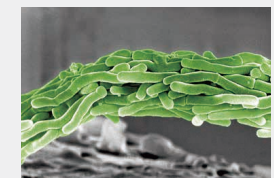
The Fight Against Tuberculosis

Claiming 1.5 million lives annually, tuberculosis remains a serious problem impacting public health worldwide. Otsuka spent over thirty years developing *DELTYBA* for treating multiple-drug-resistant tuberculosis. In 2015, *DELTYBA* was added to the WHO's list of essential drugs. It is now available in over 110 countries and regions around the world. This undertaking was profiled in October 2019 by the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) – an organization dedicated to improving healthcare in emerging nations – in their Global Health Progress report. Otsuka's efforts were lauded as an initiative to ensure healthy lives and promote well-being for all at all ages, one of the designated goals of the SDGs.



What is Tuberculosis?

Tuberculosis is one of the world's three worst infectious diseases. Traveling through air, *Mycobacterium tuberculosis* (M.tb) enters the body and multiplies, mainly in the lungs, resulting in symptoms such as coughing and production of sputum. In serious cases, the infection can cause breathing difficulties and affect other organs, potentially resulting in death. While highly contagious, only about 5-10% of infected people develop the disease at some time in their lives. Some may develop symptoms several years after infection due to declining physical strength or aging.



*In addition to those listed here, Otsuka also addresses medical needs in other areas.

Resolving Diversifying Health Issues

Applying the knowhow nurtured through its pharmaceutical business, Otsuka conducts research into nutrition and exercise from unique perspectives and develops original products based on scientific evidence to maintain and enhance people's health. Otsuka also widely and continually promotes health benefits as a means of helping to resolve a variety of ever-diversifying health issues.

Development of Original, Science-Based Products

Diversifying Health Issues and Needs

Extension of healthy life expectancy

Women's health issues

Rising nutrition awareness

Rehydration



Otsuka remains committed to research to resolve health issues

* 1: Plant-based foods (Otsuka Foods' Zero Meat and Daiya Foods)
More sustainable food products with reduced carbon footprints and less environmental impact.

* 2: Medical foods (EN Otsuka Pharmaceutical's iEat)
Otsuka produces soft food items, so even the elderly – for whom regular food may be difficult to eat – can enjoy their meals.

Activities to Promote Health Benefits



Over thirty years of activities to raise awareness of proper hydration

Otsuka has provided information on the importance of rehydration and replenishment of electrolytes (ions) over many years. ——— Otsuka Pharmaceutical

Participation in the operation of *OSHIETE! KAKURE DASSUI* IINKAI – an organization which promotes the prevention of serious dehydration. ——— Otsuka Pharmaceutical Factory



Health seminars

Otsuka organizes seminars nationwide to disseminate accurate knowledge of women's health, sleep, health maintenance, and other topics.



Dietary education to convey the importance of nutrition

Otsuka continually mounts activities to promote greater understanding of nutrition as it pertains to maintaining and improving health, including a parent-and-child dietary-education app based on AI technology. ——— Otsuka Pharmaceutical

A Diverse Workforce Driving Innovation

Since the 1980s, before the concept of diversity had taken root, Otsuka recognized the need for a diverse workforce in order to devise innovative products and ideas to fuel its growth. That is why Otsuka embraces diversity in its workforce, taking in capable workers regardless of nationality, race, age, gender, disabilities, or sexual orientation. As a health-related company, Otsuka strives to build user-friendly work environments where every employee can work effectively in good physical and mental health.

● **Declaration of Health**

—7 major group companies, etc.*

● **Health seminars**

Held for employees and their families.

● **POCARI/fresh**

Exercise sessions (POCARI/fresh) with instructors in offices and factories.
—Otsuka Pharmaceutical

● **Support for working while undergoing cancer treatment**

—Taiho Pharmaceutical

● **On-site daycare centers**

Three daycare centers are operated in business facilities. The daycare center in Tokushima is among the largest nationwide.

● **“Ikuboss” Declaration**

—7 major group companies, etc.*

● **Work-from-home system**

Introduced groupwide.



● **Open recruitment system**

To accelerate in-group exchanges among workers, an open recruitment system was enacted to place workers in group companies.

● **Corporate university**

Global One Academy
—Taiho Pharmaceutical

● **External activities**

Support to take business school courses, etc.
—Otsuka Chemical, Otsuka Warehouse, etc.

● **Support for working women**

In 2017, Otsuka became a signatory of the Women’s Empowerment Principles (WEPs). Seminars, etc., are held groupwide.

● **Support for disabled workers**

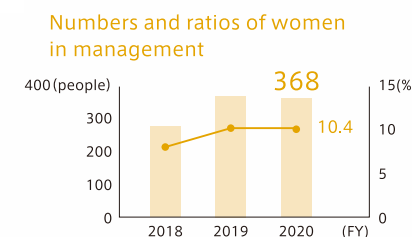
Heartful Kawauchi was founded.
—Otsuka Pharmaceutical

● **Support for LGBTQ acceptance**

LGBTQ studies are conducted groupwide.
—7 major group companies, etc.*



■ Women ■ Men
Data sources: FY 2018, six companies: Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Warehouse, Otsuka Chemical, Otsuka Foods.
FY 2019, 9 companies: The above six plus Otsuka Pharmaceutical Development & Commercialization, Otsuka America Pharmaceutical, Pharmavite.
FY 2020, 11 companies: The above nine plus Otsuka Holdings, Otsuka Medical Devices



■ Number of women managers(left axis)
■ Ratio of women managers(right axis)
Data sources: FY 2018, six companies: Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Warehouse, Otsuka Chemical, Otsuka Foods.
FY 2019, 9 companies: The above six plus Otsuka Pharmaceutical Development & Commercialization, Otsuka America Pharmaceutical, Pharmavite.
FY 2020, 11 companies: The above nine plus Otsuka Holdings, Otsuka Medical Devices
Reference: Japan’s average ratio of women in management: 7.8%
*Teikoku Databank Business Trends Survey, July 2020.

* 7 major group companies: Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Warehouse, Otsuka Chemical, Otsuka Foods, Otsuka Medical Devices

Third-party Awards and Evaluations



•Health & Productivity Management Outstanding Organization (White 500) (large enterprise category): Otsuka Holdings, Otsuka Pharmaceutical, Taiho Pharmaceutical
•Health & Productivity Management Outstanding Organization (large enterprise category): Otsuka Pharmaceutical Factory, Otsuka Foods, Otsuka Warehouse
•Health & Productivity Management Outstanding Organization (SME category): Otsuka Medical Devices, Otsuka Wellness Vending, Otsuka Electronics, JIMRO, Otsuka Techno, Otsuka Pharmaceutical Health Insurance Association



•Sports Yell Company
Otsuka Pharmaceutical (five consecutive years since 2017)
* Consecutively Certified Company, Bronze
Taiho Pharmaceutical (2022 certification)



•Tokyo Metropolitan Government Sports Promotion Model Company
Otsuka Pharmaceutical (2015 – 2021 certification)



•Nadeshiko Brands
Otsuka Holdings
* Scope of survey: Otsuka Holdings and Otsuka Pharmaceutical (2020 certification)



•Platinum Kurumin: Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical
•Kurumin: Otsuka Pharmaceutical, Otsuka Foods, etc.



•MONISU certification:
Heartful Kawauchi (2020 certification)

The Enduring, Foundational Spirit of “Customer and Quality First”

“Quality is vital in a factory and so is packaging. We have to manufacture and market, putting ourselves in the consumer’s position.” This decree was issued by Busaburo Otsuka, the founder who was revered as “Father” by his employees. In 1946, when Otsuka began manufacturing and marketing injection drugs, Busaburo wrote these guiding principles to clarify what his employees should do to ensure proper manufacturing, distribution, and sales. The decree was posted in offices, factories, and other facilities. It remains a foundational philosophy for all members of the Otsuka group, where customers and quality come first. For creating a sustainable future, Otsuka adopted the Declaration of Consumer-oriented Commitment in October 2018. Adhering to this declaration, Otsuka makes decisions appropriately beneficial to all stakeholders and implements business initiatives accordingly.

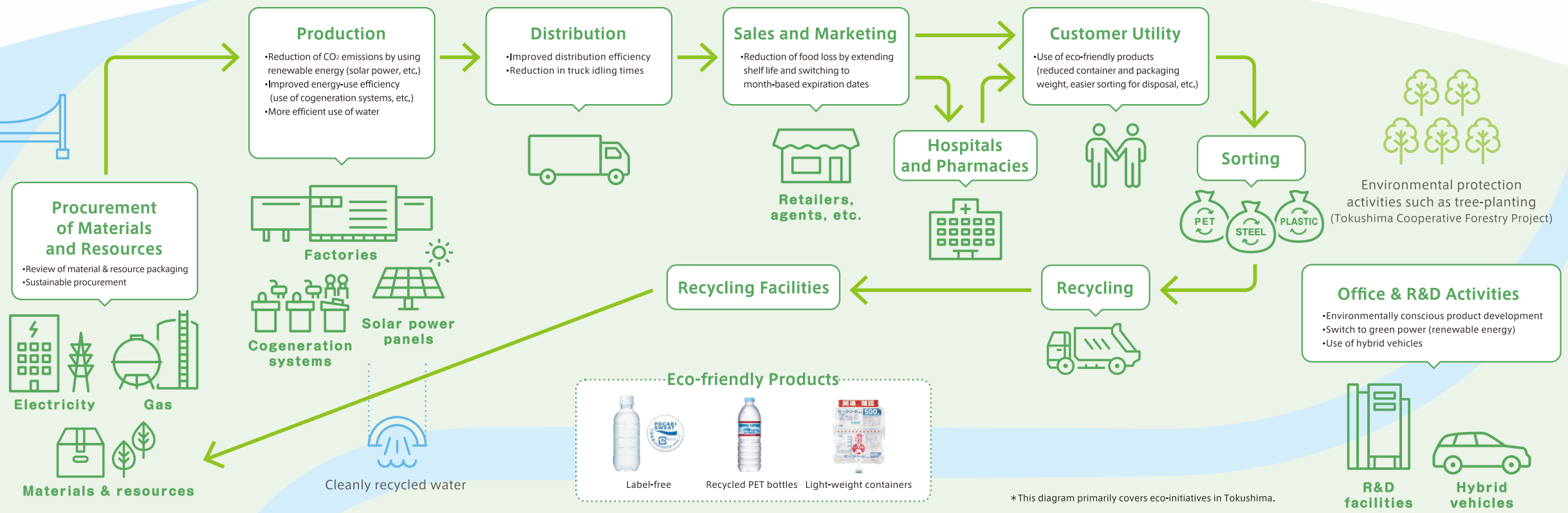


Contributing to Our Planet's Health

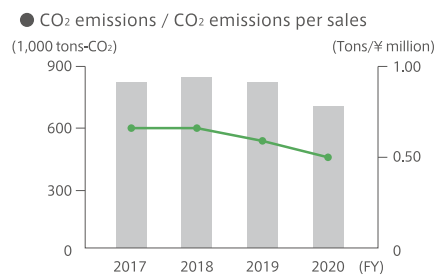
Treating activities for protecting Earth's environment as an integral component of our business, Otsuka newly established the 2050 Environmental Vision, "Net Zero." – Based on this vision, the Otsuka group aims to reduce the total environmental impact of its business activities to zero. To contribute to the creation of a sustainable society, Otsuka will take on eco-friendly activities proactively, earnestly, and continually, with creativity.

2050 Environmental Vision : Net Zero

Reducing the total environmental impact of business activities to zero



COLUMN



CO₂ emission reduction through introduction of renewable energy

84,000t (FY2020)

(Equivalent of approx. 29,000 households' worth of emissions annually)

■ CO₂ emissions (left axis)
● CO₂ emissions per sales (right axis)

Scope: All production sites of the consolidated Otsuka group

Group Actions for Reducing CO₂ Emissions

CO₂-free electricity has been adopted by all 23 Japan-based factories of five*1 Otsuka group companies. By installing cogeneration systems*2, solar-power generation systems and other renewable energy sources, Otsuka is improving its energy efficiency.

*1: Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, Otsuka Foods
*2: Power-generating systems fueled by natural gas. The resultant heat is used for generating steam and heating water. The system also supplies neighboring factories with electricity and steam.



Reduction of Environmental Burden of Goods and Services

Otsuka Chemical developed a tire-rubber additive that reduces fuel consumption and improves durability. With such products, Otsuka contributes to reduction of CO₂ emissions. —Otsuka Chemical

Otsuka Warehouse developed an online booking system to reserve time slots for unloading. Previously, drivers had to wait in their trucks for their turn to unload their cargo. This system helped reduce long working hours—a major issue for the distribution industry in Japan – and reduce CO₂ emissions. —Otsuka Warehouse

Building Sustainable Societies through Business: The Otsuka Group Moves Forward



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