

# Carbon Neutrality

## Approach and Policy

Climate change due to global warming is causing serious environmental issues on a worldwide scale, such as by severely impacting biological and water resources. We recognize it as a major risk to our global operations. In aiming to contribute to a decarbonized, more sustainable society, the Otsuka group is working to reduce greenhouse gas (GHG) emissions throughout the value chain in line with the international targets and indicators adopted under the Paris Agreement.

## Our Goals



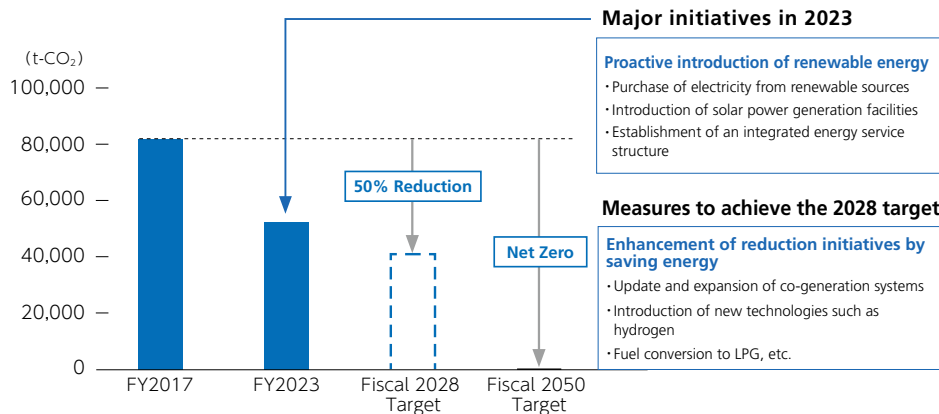
**Our Goals** •2028 target: Reduce 50% in CO<sub>2</sub> emissions compared to 2017

	FY2017	FY2023	Compared with 2017
CO <sub>2</sub> Emissions(Scope 1, 2)*1	818,000t-CO <sub>2</sub>	523,000t-CO <sub>2</sub>	-36.1%
Reduction in CO <sub>2</sub> emissions*2 through implementing renewable energy	—	242,000t-CO <sub>2</sub>	—

\*1 Including improvement in CO<sub>2</sub> emissions by adopting IEA Emissions Factors

\*2 Including the Green Power Certificates for offices

## Target of CO<sub>2</sub> emission reduction and progress



## Initiatives to Reduce CO<sub>2</sub> Emissions

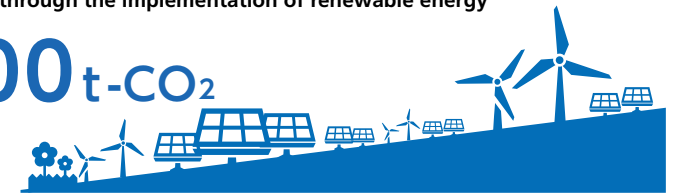
### Expanding Utilization of Renewable Energy and Maximizing Energy Efficiency

The Otsuka group has set a target of reducing CO<sub>2</sub> emissions by 50% by 2028 compared to 2017. In expanding the use of renewable energy, we place importance on “additionality,” which contributes to the creation of new renewable energy. In Japan, the mega-solar power generation facility with an output of 1 MW or more was introduced at Kushiro Factory of Otsuka Pharmaceutical Factory in 2020. Then Otsuka Pharmaceutical installed solar power generation facilities at four factories including Tokushima Itano Factory and Takasaki Factory, and Otsuka Foods installed the same at its Kushiro Factory. These implementation would contribute reduce annual CO<sub>2</sub> emissions by approximately 3,037 tons. In addition to Japan, the mega-solar power generation facilities were also implemented at Otsuka Pharmaceutical India in 2020, and at Otsuka Chemical India in 2022. In April 2023, Otsuka Techno newly introduced CO<sub>2</sub>-free electricity at both its domestic factories, which is expected to reduce annual CO<sub>2</sub> emissions by approximately 8,000 tons. Utilizing CO<sub>2</sub>-free electricity and introducing self-generated renewable energy through solar power generation facilities enabled the Otsuka group to reduce CO<sub>2</sub> emissions by approximately 242,000 tons annually. Furthermore, we are working to maximize energy use efficiency for the entire Otsuka group by introducing a cogeneration system\* (Tokushima Factory, Otsuka Chemical, started operation in January 2024) that enables us to supply highly efficient energy to all our group companies.

\*The engines, turbines, or fuel cells of co-generation systems generate electricity from natural gas, LPG, or other fuel sources. At the same time, the systems collect the waste heat, thereby achieving efficient use of both heat and electricity

### Reduction in CO<sub>2</sub> emissions through the implementation of renewable energy

242,000 t-CO<sub>2</sub>



### Amount of solar power generated in Otsuka group

20,492 MWh



Kushiro Factory, Otsuka Pharmaceutical Factory

### Advancing efficiency of group-wide integrated energy management

The Otsuka group established the Energy Support Department (ES Department) in Otsuka Business Support, which aims to centralize energy management in Japan and establish an advanced management system of supply and demand. We started to provide renewable energy to group companies nationwide by purchasing electricity from electricity generation utilities and other sources from April, 2022. In addition, in July 2023, we established the Otsuka Group Energy Management Building, which serves as the central hub for the integrated energy service as a whole. This facility provides various types of services including total procurement of electricity from renewable sources, forecasts of power demand and supply, and the distribution of electricity generated within the group to various business units. Through the integrated management of energy (electricity and steam) and a state-of-the-art data management system IoT sensors and cameras, the facility also manages water, electricity, and heat within Tokushima Prefecture's Kawauchi area factories where many of the production facilities are located, as well as wastewater from production activities. ES Department would continue to expand the utilization of electricity from renewable sources and enhance the optimal energy mix\* within the group through the decarbonization and business growth.

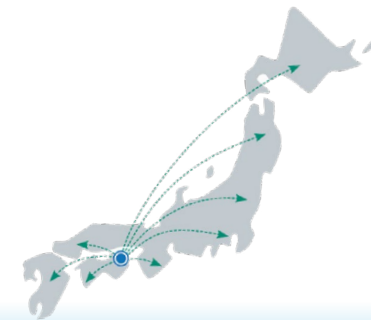
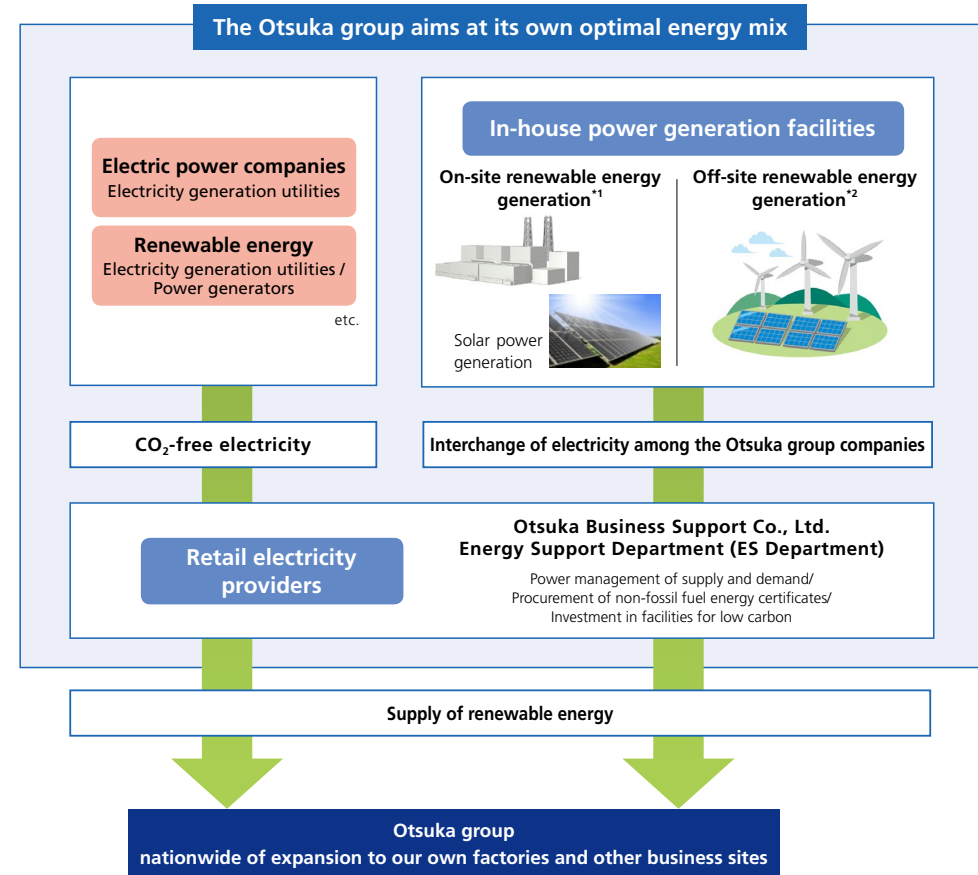
\* Promote the optimization of power supply configurations in consideration of environment, economy, and stable energy



Otsuka Group Energy Management Building



Integrated energy management



\*1 On-site: A system to provide electricity by installing a power generation facility on the premises of a consumer

\*2 Off-site: A system to provide electricity to specific consumers via the general power transmission network