

Supply Chains

Initiatives for Sustainable Procurement

Guided by its corporate philosophy, the Otsuka Group works to solve social issues through its businesses and commits to its sustainability mission of contributing to the creation of a healthy and sustainable society, while achieving growth. As for procurement activities, in September 2020, Otsuka Group established its procurement policy, Otsuka Group Procurement Policy, and Otsuka Group Sustainable Procurement Guidelines to ask our suppliers for cooperation. We are committed to ethical and sustainable procurement activities in addition to quality, safety, and stable supply. In May 2024, we revised the policy and guidelines with the aim of promoting these initiatives more actively and in more diverse manners. Under the policy and guidelines, we are working together with our suppliers to realize a sustainable society and enhance the corporate value of both groups in order to deliver high-quality and sustainable products to consumers.

Otsuka Group Procurement Policy

(Excerpts involved environment)

Environmental management

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

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

(Revised in May 2024)



[Otsuka Group Procurement Policy](#)



[Otsuka Group Sustainable Procurement Guidelines](#)



[Promotion System](#)

Expanding Supplier Assessments

The Otsuka group conducts supplier assessments using the CSR Procurement Self-Assessment Questionnaire (SAQs) prepared by Global Compact Network Japan (GCNJ) to assess the suppliers' environmental, social, and ethical performance. We have implemented SAQs for 597 suppliers in Japan and 56 overseas, and based on the results we have conducted interviews for 125 suppliers to confirm that there are no significant risks. Furthermore, from 2024, we have expanded the assessment by utilizing our own SAQs, which has evolved from the conventional GCNJ SAQs, and the sustainable procurement platform EcoVadis (<https://ecovadis.com>).

We will monitor the progress of our KPIs related to our sustainable procurement initiatives, such as the supplier assessment participation rate, the response rate to risks identified in assessment, and the implementation rate of communication with suppliers.

The Otsuka group will work with suppliers to achieve a sustainable society throughout the supply chain, under the sustainable procurement project. To this end, we will rebuild our overall strategy, including the development of guidelines, the expansion of supplier briefing and assessments, and the enhancement of internal education to promote sustainable procurement.

Sustainable procurement activity results

Item	Target	Result	Initiative
Procurement Personnel Training	Responsible Procurement Working Group 12 procurement personnel from 9 group companies	Training time: total 6 days About 30 hours	We implemented training to deepen knowledge in four areas defined in UNGC (human rights, labor, environment, and anti-corruption) and build constructive relations with suppliers.
On-demand briefing for suppliers	Number of companies (Japan): 587	Number of Companies: 583 (99%)	The Otsuka Group Procurement Policy, Otsuka Group Sustainable Procurement Guidelines, Otsuka Group Environmental Vision 2050, Guidelines on Respecting Human Rights in Responsible Supply Chain have been explained to the suppliers.
Consent to policy and guidelines	Number of companies (Japan): 587 Number of companies(overseas): 66	Number of companies (Japan): 583 (99%) Number of companies (overseas): 51 (77%)	We have obtained understanding of the Otsuka Group Procurement Policy and Otsuka Group Sustainable Procurement Guideline and consent from suppliers who agree with collaborating on the promotion of sustainable procurement.
Supplier Assessments	Number of companies (Japan): 612 Number of companies (overseas): 66	Number of companies (Japan) : 597 (98%) Number of companies (overseas) : 56 (85%)	The assessments are conducted using the GCNJ's SAQs and Otsuka Group's own Human Rights SAQs and Environmental SAQs.
Supplier Interviews	Number of companies (Japan): 125	Telephone interviews: 112 Web interviews: 13	We conducted interviews to ascertain the actual state of activities based on the results of the supplier assessment.