

Otsuka-people creating new products for better health worldwide

Environmental Report 2021



Editorial Policy Corporate Profile

Message from the Director in Charge

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Policy and Management Carbon Neutrality

Circular Economy

Material Issues

Water Neutrality

Biodiversity

Management of Chemical Substances

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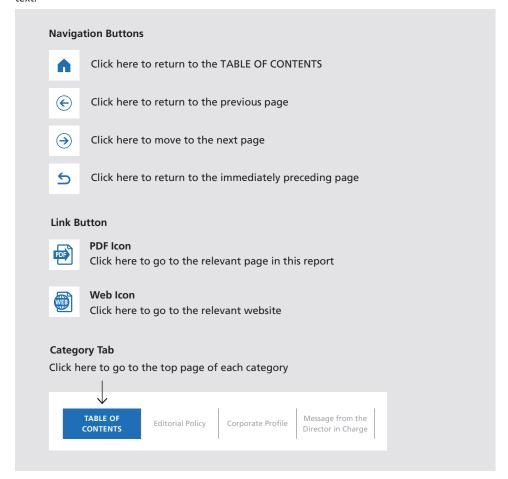
Environmental Data and Third-Party Verification

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How to Use This Report

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Editorial Policy

Editorial Policy

The editorial policy of this environmental report is to ensure accuracy of information, comprehensiveness, and response to requests from stakeholders. In terms of the environment, the report is based on specific numerical targets and progress in the results of initiatives.

For information on social (S) and governance (G) initiatives, please refer to the Integrated Report or our website.



Information on the environment is available on our website.



Reporting Period

Data for FY 2021 (from January 1 to December 31 of 2021) are used.

Initiatives reported include the most recent ones.

Scope of Reporting

In principle, all Otsuka group consolidated production sites are covered.

In case of any limit on the scope of initiatives or data, a note on the details is provided in this report.

Issuing Date

August 2022 (once a year)

Guidelines Referenced

- International Integrated Reporting Framework, International Integrated Reporting Council (IIRC)
- GRI Sustainability Reporting Standards, Global Reporting Initiative (GRI)
- ISO 26000
- Environmental Reporting Guidelines 2018, Ministry of the Environment, etc.

Disclosure of Information on Otsuka Group











Investor Relations





Contact Information

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Third-Party Verification

In order to improve reliability, we are verified by third-party organizations.



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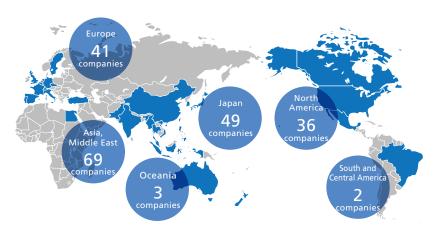
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Corporate Profile

Corporate Profile (As	of December 31, 2021)
Commons Name	Otenilo Haldingo Co. Ital
Company Name	Otsuka Holdings Co., Ltd.
Established	July 8, 2008
Capital	¥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
Telephone	+81-3-6717-1410
Number of Employees	137 (Consolidated: 33,226)
Business Description	Control, management and related activities with respect to the
	Company's subsidiaries and affiliates operating in pharmaceutical,
	nutraceutical, consumer product, and other businesses

Global Network (As of December 31, 2021)

Otsuka operates in **33**countries/regions



Approach to Sustainability

Corporate Philosophy

Otsuka-people creating new products for better health worldwide

Otsuka's Goal

To become an indispensable contributor to people's health worldwide

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



Society (Healthier Society)
Health People Quality in all we do



Environment (Healthier Planet)
Carbon Neutrality Circular Economy
Water Neutrality



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Message from the Director in Charge of the Environment Affairs



2050 Environmental Vision of "Net Zero"
Zero environmental impact of all our business activities.

We aim to contribute to making people and the earth healthier.

Based on its corporate philosophy of "Otsuka-people creating new products for better health worldwide," the Otsuka group works to solve social issues through its businesses and contribute to the creation of a healthy and sustainable society, while achieving its continued growth. As a unique total healthcare company that contributes to maintaining and improving people's health through innovative and creative products, we are committed to reducing the impact of our businesses on the global environment and contributing to a sustainable society that leads to prosperous future.

The Otsuka group aims to help resolve social issues through its business activities. Amid the increasing seriousness of climate change and various other environmental issues, we have adopted the 2050 Environmental Vision, "Net Zero," which calls for us to reduce the total environmental impacts of our business activities to zero. We identified three environmental material issues: "carbon neutrality," "circular economy," and "water neutrality"; set new medium-term targets that include "reducing 50% in CO₂ emissions compared to 2017 levels by 2028"; and raised the target of the Otsuka Group Plastic Policy to 100% use of recycled and plant-derived raw materials in our PET bottles by 2030.

In addition, we joined the international RE100 initiative, which asks companies to commit to using 100% renewable energy in their business activities. As a new initiative that maximizes the Otsuka group synergy, we have established an integrated energy service structure, with the aim of efficient power supply and maximization of energy efficiency.

The Otsuka group will work as one to achieve its 2050 Environmental Vision, "Net Zero," by pursuing unique initiatives, and will continue to carry out environmental management that will lead to a society in which people and the earth can coexist in the future.

Yoshiro Matsuo

Executive Deputy President and Director Otsuka Holdings Co., Ltd.

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Environmental Management

Corporate Profile

Sustainability Management

The Otsuka Group Sustainability Promotion Committee was established in 2018 and is chaired by the director in charge of sustainability promotion at Otsuka Holdings. The committee promotes sustainability for the entire Otsuka group, acting as an engine for discussions and decision-making regarding the direction of sustainability-related activities, plans, and other measures. Committee meetings are held regularly to discuss direction and evaluate activities, develop systems in each area of sustainability promotion, and update promotion plans, as necessary. Committee members comprise group officers in charge of various areas such as supply chain, environment, human resources, corporate governance, compliance risk management, and public relations. The Committee, together with persons in charge from group companies, carries out close examination, with the Sustainability Promotion, IR and Corporate Planning Departments of Otsuka Holdings functioning as the secretariat.

Policy and

Management

Sustainability Management Structure



- 1. Activities are promoted through various conference bodies, WGs, TFs, and others (including time-limited PJ)
- 2. Consumer Relations: Activities to build trust between companies and consumers

Otsuka Group's Environmental Policy

Riodiversity

The Otsuka group strives to advance as an essential company that contributes to the health of people and global environment. We will help to realize a society in which people and the earth can coexist in the future by continuing to work on the issues with creativity.

Management of

Chemical Substances

Supply Chains

Guidelines

1.Carbon Neutrality

We are committed to carbon neutrality throughout our business activities, aiming to create a decarbonized society.

2. Circular Economy

We are committed to the elimination of fossil resources-derived materials and the achievement of zero waste, aiming to create a circular economy society.

3. Water Neutrality

Promote sustainable use of water through conservation, recycling and clean return.

4.Environmental Compliance

Continue to improve our environmental management system, increase effectiveness of compliance, and reduce risks.

5.Communication

We will proactively disclose environment-related information in a transparent manner, and promote communication with stakeholders.

(Revised June 2022)

Environmental management system

Acquisition of Integrated ISO 14001 Certification for the Otsuka Group

To strengthen group-wide efforts toward more efficient and effective environmental activities, the Otsuka group began acquiring ISO 14001 integrated certification in August 2020. In 2021, the certification expanded to include six companies* in Japan and Otsuka Holdings, the supervising organization. Under the integrated environmental goals and management systems outlined in the certification, we will further strengthen our environmental initiatives and make group-wide efforts to achieve the goals.



ISO 14001 Certification

The Otsuka group has acquired ISO 14001 certification including integrated certification at 10 companies in Japan and 13 overseas (as of the end of December 2021).

* Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical (including its subsidiary, Okayama Taiho Pharmaceutical), Otsuka Chemical, and Otsuka Foods, Otsuka Techno





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2050 Environmental Vision of "Net Zero"

The Otsuka group has established a 2050 Environmental Vision, "Net Zero", which aims to reduce the total environmental impact of our business activities to zero.

Under this vision, we identified three environmental material issues: "carbon neutrality," "circular economy," and "water neutrality." As global action aimed at a decarbonized society gathers speed, we have established a new set of medium-term targets with the aim of being more proactive in our own initiatives. We will promote activities to improve employees' understanding and recognition of environmental issues through environment-related training, generate synergy among Otsuka group companies, and act from a unified standpoint.



	Social Issues	Our Goals	Our Activities	FY 2021 Progress	Related SDGs
Carbon Neutrality ¹	Global warming	2028 target • Reduce 50% in CO₂ emissions compared to 2017	\bullet Reduce CO_2 emissions throughout the value chain	- Joining the RE100 Initiative - Installation of co-generation system equipment and fuel conversion equipment - Introducing CO ₂ -Free Electricity at Four Indonesian Group Companies - Building a New Integrated Energy Service Structure	6 seeselve
Circular Economy ²	Environmental load increase	2028 target Reduce 50% in simple incineration and landfill disposal compared to 2019 2030 target 100% content of recycled and plant-based materials in our PET bottles	Reduce environmental impact by improving resource efficiency Promotion of business activities aimed at sustainability for both society and the earth	• Containers and Packaging for a Sustainable Society 函 • Launch of PET Bottles Made Using Recycled Materials 國	12 55588 CO 13 88888. 14 88888
Water Neutrality ³	Reduced freshwater availability due to water resource risks	2028 target Expand the plant water management program to all locations globally Develop a water use strategy for business locations in water-stressed areas	Risk analysis and understanding of sustainable water use Management and effective use of water resources	• Develop a plan to establish a water management program 🗗	15 met.

- 1. To reduce CO₂ emissions from business activities to substantially zero (calculated by subtracting uptake from emissions)
- 2. To establish an economic system that recycles resources by reusing waste discharged from business activities as new raw materials
- 3. To reduce the impact of water intake and discharge from business activities on water resources to zero



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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.

Initiatives for TCFD Recommendations

In October 2021, Otsuka Holdings announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Accordingly, we are moving forward with the disclosure of information on climate-related risks and opportunities in governance, strategy, risk management, and metrics and targets, according to the framework recommended by the TCFD.



Governance

As a global group that contributes to the health of people worldwide, the Otsuka group works sincerely to reduce the impact its businesses have on the global environment, and seeks to contribute to the creation of a sustainable society that protects nature and the future of the earth. Therefore, we have built a system of governance.

The Otsuka group's environmental policies and initiatives are discussed and determined by the Otsuka Holdings Environmental Committee, which consists of the executive deputy president and director of Otsuka Holdings and the directors and executive offices in charge of environmental management in our group companies. Matters on the direction of the entire Otsuka group will be discussed and approved by the Otsuka Holdings Board of Directors, and will be shared with group companies as the Otsuka group's policy. Then, they will be implemented as an implementation scheme of the Otsuka Group Global Environmental Council (hereafter referred to as "OGG Environmental Council"), which consists of directors from the production departments of group companies and persons in charge of environmental management. In 2021, the Board of Directors approved 2050 Environmental Vision, "Net Zero," with the aim of reducing the total environmental impact across all its business activities to zero. The OGG Environmental Council assesses the risks and opportunities examined and reports the results of monitoring. The Otsuka Holdings Environmental Committee gives instructions for improvement and approves planning. In addition, if the monitoring results have an impact on business strategy and management resources, they will be incorporated into the management plan as matters to be resolved at the Board of Directors as needed. The Committee is positioned as a subordinate organization of the Otsuka Group Sustainability Promotion Committee, which decides overall sustainability strategies and directions, and plays a role as one of the group's sustainability initiatives.

Otsuka Group Environmental Management System



Strategy

Process of Scenario Analysis

With the purpose of assessing the financial and business impacts under various scenarios, as well as assessing the resilience of our strategies to climate-related risks and opportunities, we carry out scenario analysis using IEA World Energy Outlook 2020 and other resources, following the steps below.

Steps of Scenario Analysis

Step1 Identify key climate-related risks and opportunities, and set up parameters

Step2 Set up climate-related scenarios

Step3

Step4 strategies to climate-related risks and opportunities and

consider further measures

Material Issues Water Neutrality





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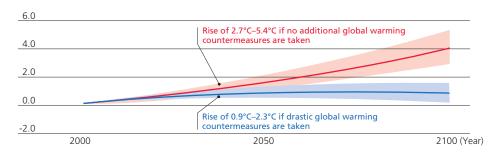
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Climate-related scenarios

■ Change in Global Mean Surface Temperature



4°C Scenario

A scenario in which development is dependent on fossil fuels and climate change measures are not introduced. Rising temperatures cause an increase in natural disasters, negative impact on crops, and loss of biodiversity.

Below 2°C Scenario

A scenario in which development is sustainable and climate change measures are proactively implemented to keep the temperature rise below 2°C. Measures to achieve a decarbonized society are enhanced, including the introduction of CO₂ emissions regulations and expansion of the renewable energy market.

Based on the Ministry of the Environment's Japanese translation of Summary for Policymakers, Working Group II Report, Fifth Assessment Report published by the IPCC Main Scenarios Referenced

- IEA World Energy Outlook 2020 (Sustainable Development Scenario, Stated Policy Scenario)
- IPCC (RCP2.6, RCP8.5)
- OECD-FAO Agricultural Outlook 2021-2030

Measures to Deal with Risks and Opportunities

The Otsuka group carried out the first scenario analysis for each business sector to reduce risks and expand opportunities. Transition risks include energy shortages as well as steep rise in energy prices due to increased demand for renewable energy and other forms of energy.

To deal with these risks, we are promoting the introduction of CO₂-free electricity, mega solar power systems, fuel conversion, and so forth, at all locations globally.

In Japan, we established the Otsuka group integrated energy service structure to maximize energy use utilizing new power sources. In this way, the Otsuka group will strive to promote both business growth and improving environmental issues, and will strive to enhance its resilience against climate change.



Financial Impacts and Responses Associated with Climate-Related Risks and Opportunities

				ness/ I Impacts					
Catego	ory	Contents	Below 2°C	4°C	Our Response/Resilience				
	Policies and regulations	Increased costs due to tightened regulations such as carbon pricing	Large	Large	Introduction of internal carbon pricing Introduction of CO ₂ -free electricity Introduction of solar power generation systems				
Transition	Market	Steep rise in renewable energy prices	Large	Large	including mega solar power systems • Improving energy efficiency through energy saving and				
Risks	iviarket	Steep rise in energy prices	Large	Large	fuel conversion • Investment in environmental facilities in Japan and				
	Reputation	Reputation risk and investment- related risk associated with inadequate response to climate change and water resource risks	Large	Medium	overseas				
Physical Risks	Acute	Risks of damage to production and other facilities due to intensification of extreme weather, and cost increases to prepare for extreme weather events Risks in raw material procurement such as disruption to supply chains and stable procurement	Medium	Large	Decentralized production of major products Formulation, disclosure, and sharing of procurement policies and guidelines with suppliers Strengthening communication with our supply chains (expanding the number of suppliers that are subject to our supply chain questionnaires, improving and enhancing contents of the questionnaires, and holding discussions)				
	Chronic	Increased energy costs associated with temperature rise	Large	Large	Systematic renewal of facilities				
		Effects of climate change on drug discovery using crop and other natural products	Medium	Medium	Collection of information about the impacts on drug discovery using crops and other natural products, risk assessment, and examination of countermeasures				
	Resource efficiency	Reduction of operating costs through the introduction of energy-efficient equipment	Large	Medium	Collection of information on new technologies (such as membrane water treatment technology that does not require steam) and examination of introduction of such technologies in a timely manner				
	Energy sources	Reduction of energy procurement risk due to proactive introduction of renewable energy	Large	Small	Introduction of internal carbon pricing Collection of information on next-generation energy sources (such as hydrogen and ammonia) and examination of introduction of such sources in a timely manner				
Opportunities	Products and services	Increased revenue from increased demand for products that mitigate or address climate change (e.g., products for preventing heat stroke and the spread of infectious diseases)	Large	Large	Formulation of the Otsuka Group Plastic Policy (in 2020) that aims at reducing reliance on fossil fuel-derived materials Examination of introduction of recycled PET resin or plant-based bio-PET resin for PET bottle beverage containers Examples: Expand sales of products for preventing heat stroke, and expand sales of products with low environmental impact throughout their lifecycles				
	Market	Increased revenue from expansion into new market categories with products that address climate change	Medium	Medium	Development of products that mitigate or address climate change (e.g., plant-based products)				
	Resilience	Strengthening business continuity planning (measures against disaster and supply chain disruptions)	Medium	Large	Strengthening of promotion of energy saving and renewable energy through internal carbon pricing Business continuity plan measures at manufacturing sites (anti-seismic measures and measures against flooding)				

Assessment of business/financial impacts

Large: One billion yen or more (equivalent to 1% of operating income assuming a minimum operating income of 100 billion yen) Medium: From negligible to less than one billion yen

Small: Negligible

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Risk Management

The Otsuka group examines and assesses climate-related risks that have the potential to impact its financial affairs and strategies. The Otsuka Holdings Environmental Committee considers related risks, and committee members in charge of environmental management report on any matters that are deemed to be significant in the risk assessment process to the Board of Directors. Resolutions on matters approved by the Board of Directors are communicated to each company in the form of Otsuka group policies, and the whole group works to minimize climate-related risks.

Metrics and Targets

The Otsuka group has established 2050 Environmental Vision, "Net Zero," with the aim of reducing the total environmental impact across all its business activities to zero. In addition to revising our CO₂ emissions reduction target upward (from a 30% reduction by 2030 to a 50% reduction by 2028; compared to 2017), we have joined the international RE100 initiative and continue to promote activities aimed at decarbonization. Looking ahead, we will maximize group synergy and proactively engage in efforts to achieve carbon neutrality.

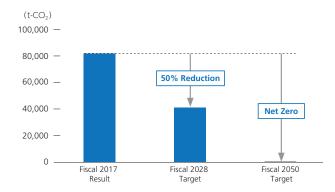


Our Goals of Carbon Neutrality



Joining the RE100 Initiative

■ Target Values of CO₂ Emission



	Fiscal 2017 Result		21 Result	2020 Taurah	
	Fiscal 2017 Result		Compared with 2017	2028 Target	
CO₂ Emissions Scope 1, 2	818,000t-CO ₂	683,000t-CO ₂	-16.5%	50% reduction compared with 2017	

Initiatives to Reduce CO₂ Emissions

Increasing Utilization of Renewable Energy and Maximizing Energy Efficiency

The Otsuka group has set the target of reducing CO₂ emissions by 50% (compared to 2017) by 2028. To achieve this target, we are increasing our renewable energy usage through the introduction of CO₂-free electricity and solar power generation equipment, and maximizing our energy efficiency through the adoption of co-generation systems 1.

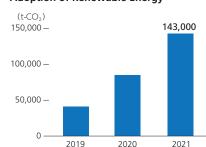
In 2021, we introduced CO₂-free electricity at all 23 manufacturing sites of five ² Otsuka group companies, and as a result reduced our annual emissions by approximately 109.800 t-CO₂3

In addition, the introduction of renewable energy reduced CO₂ emissions by 143,000 metric tons. In Tokushima Prefecture, which is home to many Otsuka group production facilities, we have begun upgrading the co-generation facility at Otsuka Chemical's Tokushima Factory. This will enable us to supply electricity and steam to neighboring Otsuka group manufacturing sites and improve our energy efficiency. The new co-generation system is scheduled to begin operation in 2024, and is expected to cut annual emissions by approximately 8,000 t-CO2. In addition, we have introduced a new co-generation system and changed boiler fuel at Otsuka Pharmaceutical Factory's Naruto Factory, which should result in an annual reduction of approximately 4,800 t-CO₂.

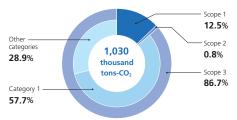
To assess the environmental impact of the entire supply chain, we calculate greenhouse gas emissions across the entire value chain, including emissions from our business activities (Scope 1 and 2) as well as emissions from the activities of suppliers and customers (Scope 3), and promote initiatives for grasping emissions trends and improving the situation.

- 1. 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
- 2. Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, and Otsuka Foods
- 3. Compared to 2017

Reduction in CO₂ Emissions Through Adoption of Renewable Energy



GHG Emissions throughout the Value Chain



Scope: Five group companies: Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, and Otsuka Foods



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Joining the RE100 Initiative

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In April 2022, the Otsuka group joined the international RE100 initiative, which asks companies to commit to using 100% renewable energy in their business activities. As the world transitions to a decarbonized society, under our 2050 Environmental Vision, "Net Zero," through which we aim to reduce the total environmental impact across all business activities to zero, we will continue to proactively implement measures to reduce CO₂ emissions.

RE100 CLIMATE GROUP





Introducing CO₂-Free Electricity at Four* Indonesian Group Companies

Among our overseas businesses, the highest generator of CO₂ emissions after Japan is Indonesia, where we are engaged in the pharmaceutical, nutraceutical, and chemical businesses. In Indonesia, we have introduced CO₂-free electricity from geothermal power, which we forecast will reduce CO₂ emissions by approximately 94,000 ton per year, which is approximately 60% of the plants' annual CO₂ emissions. Moving forward, we will continue increasing our use of renewable energy and maximizing energy efficiency both in Japan and around the world, and make use of group synergy to contribute to a decarbonized, more sustainable society.

* PT Otsuka Indonesia. PT Amerta Indah Otsuka. PT Widatra Bhakti. and PT Lautan Otsuka Chemical



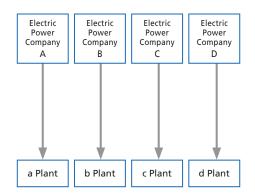
Sukabumi Factory, PT Amerta Indah Otsuka

Building a New Integrated Energy Service Structure

The Otsuka group established the Energy Support Department in Otsuka Business Support Co., Ltd., which aims to procure renewable energy from power producers and to more efficiently supply electricity generated within the Otsuka group to group business sites. By centralizing energy management in Japan and establishing an advanced management system of supply and demand, we will pursue the optimal energy mix in the Otsuka group while expanding renewable energy use, and work to both contribute to business growth and solve environmental issues.

Previously

Plants purchase electricity individually from local electric power companies



From Now On

Establishment of an advanced management system by having an inhouse electricity supply and demand system and centralizing energy management in Japan

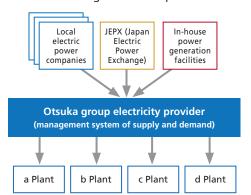






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Circular Economy

Approach and Policy

In line with global trends, for us to be able to create a more sustainable society and achieve sustainable corporate growth, we must shift to a circular economy-type business model whereby we can achieve growth without having a serious impact on the environment. We regard the use of fossil resources-derived materials and waste discharge to the natural environment as environmental impacts that must be reduced to zero. We are committed to eliminating fossil resources-derived materials and achieving zero waste* as our vision. We will also continue to increase resource efficiency throughout the value chain and build a harmonious and sustainable relationship with bioresource and other resource sources.

* Approach to reduce waste discharge (simple incineration and landfill disposal) to the natural environment to zero and utilize all resources effectively

Our Goals

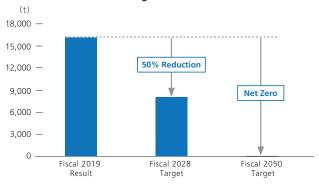
The Otsuka group has established a 2050 Environmental Vision, "Net Zero," which aims to reduce the total environmental impact of our business activities to zero, along with setting the 2028 goal that aims to reduce simple incineration and landfill by 50% compared to FY 2019.

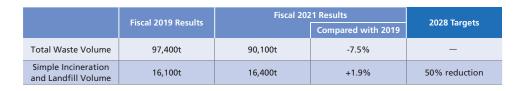
PET bottles for beverages constitute most plastic containers and packaging used for consumer products by Otsuka group companies. For this reason, we have established the Otsuka Group Plastic Policy to achieve 100% use of recycled and plant-based materials in our PET bottles globally by 2030. We are working to achieve this goal.

Our main initiatives include reducing the use of plastic containers and packaging for various products, reducing the use of materials for logistics, and promoting recycling activities to achieve zero waste*.

* Approach seeking to reduce waste generation and waste of resources to zero

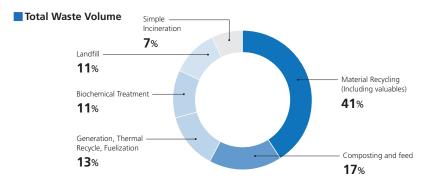
Simple Incineration and Landfill Volume Target



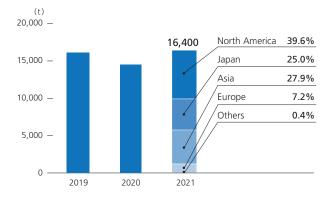


Initiatives toward Zero Waste

Global emissions in FY 2021 were 90.100 metric tons, and simple incineration and landfill volume was 16,400 metric ton. The Otsuka group is working with each group companies in Japan and overseas to achieve the 2028 goal of a 50% reduction in simple incineration and landfill compared with FY 2019.



■ Volume of waste simply incinerated and landfilled



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Otsuka Group Plastic Policy

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PET bottles comprise the majority of plastic containers and packaging used for consumer products by our group companies. For this reason, we believe that by promoting PET bottle recycling, we can reduce our reliance on fossil fuel and thereby contribute to environmental conservation. Our plan is to use PET bottles manufactured from recycled and plant-based materials and increase the percentage of such sustainable resource use in our production processes globally to 100% by 2030 and by 2050, we aim to eliminate the use of petroleumbased raw materials in all consumer products.

Message from the

Director in Charge

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Our Vision for 2050

For our entire line of consumer products, we will endeavor to use packaging that supports a sustainable society:

- No use of plastics made from petroleum-based materials
- Promote use of recycled, plant-based, and biodegradable materials
- Promote use of reusable packaging

Our Goal for 2030

- Achieve a 100 percent or higher content of recycled and plant-based materials in our PET bottles.
- Introduce alternative packaging (e.g., paper) and increase use of cans for our drink products.
- Step up promotion of drink bottle recycling by introducing reusable packaging through a zerowaste sales and circular distribution model, which also includes the use of sports bottles for our powder products.
- We will promote the use of alternative packaging and concurrently pursue using more recyclable materials for drink containers.

To advance PET material recycling, it is essential to recycle PET bottles for use as raw material. Together with our various stakeholders, we will advance our global efforts on proper collection and recycling of used PET bottles.

Revised July 2022

Guided by the Otsuka Group Plastic Policy, we are taking swift and appropriate actions regarding every aspect of our use of plastic, and thereby contributing to the sustainable use of plastic and effective resource recycling. Specific initiatives include developing an action plan for PET bottles, using recycled and plant-based materials, and examining options for alternative packaging.

Initiatives to Use Packaging that Supports a **Sustainable Society**

Management of

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Supply Chains

Containers and Packaging for a Sustainable Society

Riodiversity

Based on the Otsuka Group Plastic Policy, we are quickly moving forward with measures to reduce the environmental impact caused by our plastic containers and packaging. In doing so, we are contributing to sustainable closedloop recycling for plastics and other resources.



PFT bottles

Launch of PET Bottles Made Using Recycled Materials

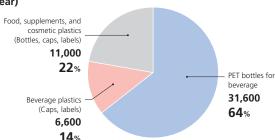
We launched a PET bottle made using 50% recycled PET resin for Crystal Geyser in April 2021, and a 30% recycled PET bottle for POCARI SWEAT in March 2022. While moving forward with further technological development, we will gradually extend the use of recycled PET bottles to other products.



2021 Amount of Plastic Containers and Packaging Used for Consumer Products* (Metric Tons/Year)

*16 Companies

Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Otsuka Foods, Taiho Pharmaceutical, Shanghai Otsuka, Interpharma Praha, N&S, PT Amerta Indah Otsuka, Pharmavite, Ridge, Crystal Geyser, Korea Otsuka Pharmaceutical, Otsuka Sims (Guangdong), Tianjin Otsuka, FoodState, and Daiya Foods



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Water Neutrality

Approach and Policy

Since its establishment, the Otsuka group's operations have had a deep connection to water, a resource essential to life. Through products that use water as a raw material, we have actively contributed not only to the treatment and prevention of diseases, but also the maintenance and promotion of health. We therefore recognize the importance of water to us as a resource, and consider its conservation to be a critical global issue. Moreover, water resources are unevenly distributed across different countries and regions, each of which faces different risks. We cooperate with all stakeholders, and conduct ongoing water conservation initiatives from intake to discharge (including cultivation of water resources, conscientious use and clean return), in the aim of sustainable water use.

Our Goals

The Otsuka group has established a 2050 Environmental Vision, "Net Zero," which aims to reduce total environmental impact of our business activities to zero. Under the vision, we have revised our targets to include developing and implementing a water use strategy for business sites in waterstressed areas, and expanding the plant water management program to all locations globally, both by 2028. We are working on the realization of sustainable water use by improving water use efficiency and working to preserve water resources from intake to discharge (including cultivation of water resources, conscientious use of water, and return of clean water to the environment).



Evaluating Water Risk at Manufacturing Sites

Considering environmental risks in each region is also important for sustainable growth in the diverse business models of the Otsuka group operating around the world. Since 2017, the Otsuka group has conducted water risk assessments using the water risk assessment tool "Aqueduct," developed by the World Resources Institute (WRI), so as to understand and minimize the impact of water-related risks on the group's business activities. In order to conduct a more detailed analysis, we conducted a questionnaire survey of 87 sites of 51 companies (all consolidated manufacturing sites) to evaluate the impact on our business in terms of seven water-related risks in line with our business (water resource risk, groundwater resource risk, drought risk, flood risk, water quality risk, intake risk, and drainage risk) from 2020, and completed water risk assessments. Water resources are unevenly distributed across different countries and regions, each of which faces different risks. Thus, we draw up model cases for water management and water usage targets tailored to each country or region. In the future, we will verify and evaluate the result of this initiative and promote management and effective use in accordance with each region, pursuing conservation and improvement of water resources.

Aqueduct Water Risk Atlas and Breakdown by Region of Water Consumption in the Otsuka Group

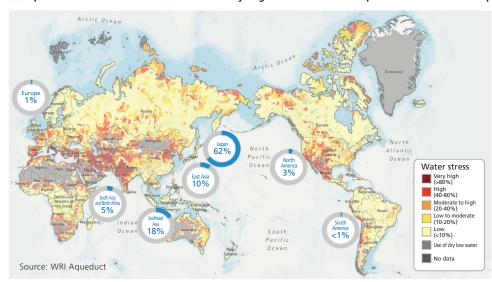


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Initiatives to Reduce Water Usage

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About 60% of the water used by the Otsuka group comes from production activities in Japan. The Otsuka group strives to ensure the proper use of water in order to continuously preserve water resources from intake to discharge. In Japan, the Tokushima Factory of the Otsuka Foods improved the water use process on the production line, and the Naruto Factory of the Otsuka Pharmaceutical Factory reduced the amount of water used in the treatment of wastewater from the factory to a level that does not affect water quality. As a result, the reduction in water use in Japan reached 696,000 m³ (6% reduction year on year).

Message from the

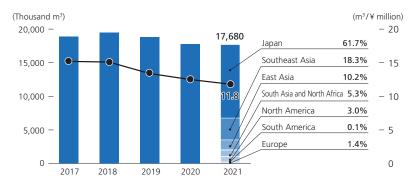
Policy and

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Limiting Emissions to the Atmosphere and Water Systems

■ Water Usage, Water Usage per Sales



■ Water usage (left) - • • Water usage per sales (right)

Scope: All production sites of the consolidated Otsuka group

Initiatives that Protect Water Sources¹ through Forestry

Management of

Chemical Substances

One of our initiatives to preserve water resources uses water conscientiously and returns clean water using water source protection through forestry. Group employees and family members voluntarily participate in conservation drives, such as planting trees, in turn developing a sense of closeness with forests.

Supply Chains

Projects

In Japan

The Otsuka group has signed a partnership agreement with Tokushima Prefecture's Tokushima Cooperative Forestry Project, taking part in intensive forest management that is focused on largescale forests covering 100 ha or more.

■ Tokushima Forests – Forestry in Collaboration with Tokushima Prefecture

Riodiversity

In 2010, Otsuka Pharmaceutical Factory and Taiho Pharmaceutical signed partnership agreements with the Tokushima Cooperative Forestry Project, based on Tokushima Prefecture's Ordinance on Promotion of Global Warming Countermeasures. In fiscal 2021, eight group companies² planted broad-leaved trees and others in an area of 21.29 hectares, equivalent to 139.81 metric tons of CO₂ absorbed by forests.



Outside Japan

■ PT Widatra Bhakti Watershed Conservation in Pasuruan Regency

In the Pasuruan Regency region in Indonesia, employees of PT Widatra Bhakti helped protect water sources by planting 6,080 saplings in Andonosari Village in the Tutur subdistrict.

- 1. Water source protection means nurturing and maintaining water resources, as well as using the natural capacity of
- forests to mitigate flooding and droughts. Forests soak up falling rain and snow, then allow that water to slowly flow into rivers as groundwater.
- 2. Otsuka Pharmaceutical Factory, Otsuka Pharmaceutical, Taiho Pharmaceutical, Otsuka Warehouse, Otsuka Chemical, Otsuka Foods, Otsuka Packaging Industries, and Otsuka Techno Corporation



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Biodiversity

Approach and Policy

Otsuka Group's Biodiversity Policy

Basic Approach

The Otsuka group recognizes the invaluable benefits provided by the global environment, and thus deeply values the wonder of life. It understands that nature's gifts are the key to our future, and is consequently committed to protecting biodiversity worldwide.

Guidelines

- 1 The group will deepen its understanding of the relationship between business activities and
- 2 The group will strive to reduce the environmental impact of business activities that impact biodiversity.
- 3 The group will strive for sustainable use of resources (including ecosystem services), and for fair and equitable distribution of genetic resources in accordance with international arrangements.
- 4 The group will work on conservation of biodiversity by communicating, cooperating and collaborating with stakeholders worldwide.
- 5 The group will help foster public awareness of biodiversity.

Relationship between Biodiversity and Business Activities



Plants Animals Freshwater Fuel Wood Medicinal resources Biochemical resources

Adjustment Air quality Water purification Waste disassembly Natural disaster protection Cultural Recreation Emotional value Environmental education

Ecosystem benefits



Impact on biodiversity



Changes in

Depletion of resources (animals, plants, and freshwater) Climate change Air pollution Water pollution

Non-native species introduction

Business Activities That Take Local Ecosystems into Account

Initiatives for Nature Conservation

The Otsuka group is committed to protecting the natural environment at each of its business sites and conserving animals and plants based on laws and regulations. We have been conducting our environmental survey of globe-spanning operating companies to monitor the status of compliance with laws and regulations on animals and plants to be protected that are defined by laws and others (IUCN protected area management categories, the Ramsar Convention, domestic laws and regulations) and conservation activities for them. We will continue to grasp ecological risks in the areas surrounding our plants, and take measures against them.

Creating Biotopes*

A biotope at the Tokushima Itano Factory of Otsuka Pharmaceutical was created in 1998 when the plant was built under the theme of "symbiosis with nature." The biotope, with a total length of about 450 m, is fed by cooling water from the plant and provides an environment for diverse aguatic creatures to flourish, including dragonfly larva, water scorpions, and pygmy water lilies.

The Okayama Taiho Pharmaceutical plant created a biotope in 2011. Reusing the water (purified water) used for cleaning and sterilizing glass bottles of the Tiovita Drink series and the cooling water, the water is discharged into ditches that reproduce the natural environment. Freshwater fish such as Japanese Medaka (killifish) breed in the biotope creek, seasonal flowers bloom around the water, and insects and wild birds also fly in.

* Biotope: Restoring ecosystems that have been lost due to the establishment of factories, etc., and creating an environment for plants and animals that originally lived in the area can return.



Wildinierital Report 2021 Otsaka Holanigs co.,

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Management of Chemical Substances

Approach and Policy

Chemical substances used and emitted in business activities of our group companies and our manufacturing contractors are appropriately managed. Our policy is as follows.

- 1 Prevent the adverse effects of chemical substances on humans and ecosystems
- 2 Comply with laws and regulations in each country and further promote voluntary initiatives
 We will comply with the laws and regulations of each country regarding the use and
 discharge of chemical substances and will further promote voluntary initiatives.
- 3 Monitoring

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We will monitor the amount of chemical substances used and emitted in our business activities, check the status of compliance and progress of voluntary initiatives regularly, and take necessary corrective actions.

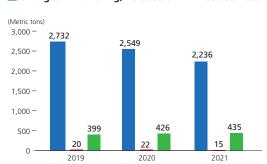
4 Response in the event of violations or disasters

We prepare the procedures for dealing with violations and disasters, and share them with relevant employees to prevent the occurrence of chemical contamination even in a state of emergency.

Proper Management of Chemical Substances¹

We handled 2,236 metric tons of PRTR substances² in our business activities. We will continue to strive for proper management of chemical substances.

Changes in Handling, Release of PRTR Substances



Amount of PRTR handled

Amount of PRTR released (atmosphere and water)

Amount of PRTR transfered (waste)

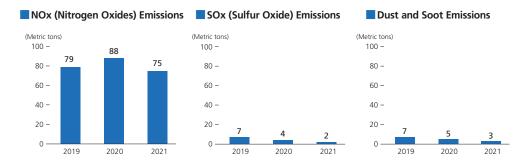
PRTR (Pollutant Release and Transfer Register):
 an inventory tracking system to understand,
 aggregate, and publicize data on various harmful
 chemical substances: their generation sources, and
 their quantities released into the environment, or
 their quantities contained in waste and carried out of
 the workplace. There are presently 462 substances
 designated under the PRTR system.

Five group companies: Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, and Otsuka Foods

Limiting Emissions to the Atmosphere and Water Systems¹

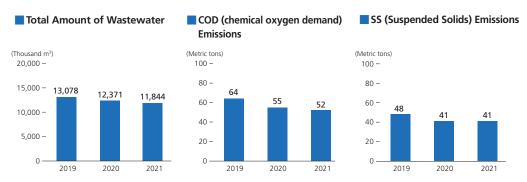
Prevention of Air Pollution

Emissions of nitrogen oxides and sulfur oxides from our business activities amounted to 75 metric tons and 2 metric tons, respectively. We will continue to consolidate boiler facilities, switch to cleaner fuels, and continue to improve its energy efficiency in an effort to minimize emissions of NOx (nitrogen oxides) and SOx (sulfur oxides) into the atmosphere.



Prevention of Water Pollution

The total amount of wastewater discharged during business activities was 11,844,000 m³, COD (chemical oxygen demand), which indicates the environmental impact of water quality, was 52 metric tons, and SS (suspended solid) emissions were 41 metric tons.



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Initiatives for Sustainable Procurement

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Across the entire value chain, the Otsuka group engages in business activities that are safe, reliable, socially acceptable, and in compliance with laws and regulations. When commencing transactions with a supplier, we perform screening and checks to ensure the quality of raw materials and to guarantee stable procurement. We also conclude a basic transaction agreement. In the case of a new supplier, transactions are determined only after we have carried out due diligence.

Message from the

Director in Charge

Policy and

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We aim for mutually sustainable development through fair, equitable, and transparent procurement and the establishment of healthy relationships with business collaborators. To further these initiatives, we formulated the Otsuka Group Procurement Policy, which considers factors such as human rights, labor issues, the environment, and anti-corruption measures, and the Otsuka Group Sustainable Procurement Guidelines to promote the initiatives with the aim of embedding sustainable procurement. Starting in 2022, the Otsuka group has also begun focusing on a new area—stability of supply, which addresses natural disasters and geopolitical risks—in addition to the four existing areas of attention: human rights, labor, the environment, and anti-corruption.

Otsuka Group Procurement Policy

The Otsuka group of companies, in accordance with our corporate vision, "Otsuka-people creating new products for better health worldwide", and international norms, conducts procurement activities in a responsible way. Otsuka delivers innovative, safe, secure, and high-quality products in order to contribute to the construction and maintenance of a sustainable society, as well as to the health of people around the world.

1. Relationships with suppliers

As a collaborator with many suppliers, the Otsuka group aims to build good relationships for mutual sustainable development through shared understanding, based on a fair exchange of appropriate information and opinions.

2. Supplier selection

The Otsuka group selects suppliers in a fair, and transparent manner based on comprehensive assessments of supplier quality, costs, quantity, delivery terms, compliance with laws and regulations, promotion of environment preservation, etc.

3. Responsibilities toward society

For the realization of sustainable society, the Otsuka group strives to maintain procurement activities that reflect consideration for human rights, labor, the environment, and non-tolerance of corruption.

4. Compliance

The Otsuka group of companies observes all applicable laws and rules, and all Otsuka employees and supplier employees must act at all times with the highest level of ethics, consistent with social norms.

Otsuka Holdings Co., Ltd.

Otsuka Group Sustainable Procurement Guidelines

(Excerpts involved environment)

We require the following in accordance with the Otsuka Group Environment Policy:

- 1. Observance of environmental law as well as international treaty as well as in the countries and areas of business activities
- 2. Pursuing activities such as chemical management, reduction and appropriate disposal of waste and the prevention of pollution, to consider the health and safety of local communities and environments
- 3. Consideration of the impacts of activities on the global environment, such as reduction of greenhouse gas emissions, responses to climate change, and environmental load reduction
- 4. Recycling, efficient usage and reduction in the consumption of resources such as energy, water, and raw materials
- 5. Promotion of comprehensive conservation activities for biodiversity considering the diversity in ecosystems, species, and genetics. Fair and equitable allocation of benefits resulting from utilization of genetic resources

Briefings on Sustainable Procurement Practices

By 2021, we had held briefings for 126 suppliers on sustainable procurement practices. Attendees are expected to comply with the Otsuka Group Procurement Policy and the Otsuka Group Sustainable Procurement Guidelines. Also, we had training sessions where the attendees had opportunities to stay up to date on human rights and environmental issues and share the significance of improving sustainability.

Suppliers that agree to uphold our policies sign a pledge affirming their intention to cooperate in achieving sustainable procurement as business partners.

Self-Assessment Questionnaire (SAQ) on Sustainable Procurement

Suppliers that sign the pledge conduct a self-assessment, which consists of the common SAQ* published by Global Compact Network Japan, and the Human Rights SAQ and Environmental SAQ that we have developed taking into account characteristics of the Otsuka group business activities. Based on the results, we conduct interviews with suppliers, and promote sustainable procurement with them.

*SAQ (Self-Assessment Questionnaire)

	2019	2020	2021
Number of implemented SAQ	34 companies	46 companies	57 companies

Initiatives with Business Partners

The Otsuka group is making concrete efforts to build relationships of trust with various stakeholders, including business partners Stakeholder Engagement









Promotion System

Implementation of SAO



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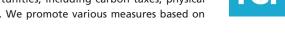
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Initiatives That We Are Engaged In

Participation in TCFD

The Otsuka group has announced its support for recommendations issued by TCFD in October 2021. Scenario analysis assesses climaterelated risks and opportunities, including carbon taxes, physical risks, and crop demand. We promote various measures based on the assessment result.







Initiatives for TCFD Recommendations

Joining the RE100 Initiative

Otsuka Holdings has endorsed RE100, an international initiative that aims for 100% use of renewable energy for business operations, and joined it in April 2022.







Support for Climate Change Initiatives

Otsuka Holdings supports for Japan Climate Initiative that declares "joining the front line of global push for decarbonization from Japan," and participates in various activities.

Certification by Science Based Targets (SBT)* Initiative

Greenhouse gas (GHG) emissions reduction targets set by Otsuka Pharmaceutical and Taiho Pharmaceutical have been certified by the Science Based Targets (SBT) initiative. In order to achieve these new goals, we will optimize energy use and introduce renewable energy, and continue to promote reduction of GHG emissions throughout the value chain.

*An international initiative led by the United Nations Global Compact (UNGC), World Resources Institute (WRI), and World Wide Fund for Nature (WWF). It certifies the CO₂ emission reduction targets of companies that are in line with emissions reduction scenarios based on scientific facts, for achieving the Paris Agreement-mandated objective of limiting the average global temperature rise to below 2°C.





External Recognition

CDP Evaluation

In 2021, CDP, an international NGO that works on environmental issues, scored the Otsuka Holdings "A-" for climate change and water resources respectively, which means we are at the leadership level for these fields.



Communication with Local Communities

Participation in "the Adopt an Eco-School Program," an Initiative through a Public-private and University **Partnership**

Concluded agreements with local schools; Otsuka Pharmaceutical, Otsuka Chemical, and Taiho Pharmaceutical have been participating in the Adopt an Eco-School program since 2008. As the name of this initiative represents, three group companies adopt local schools as foster parents to support environmental learning activities. In spite of the COVID-19 pandemic, the companies continued their activities and provided support activities, including a remote tour of the Tokushima Itano Factory of Otsuka Pharmaceutical (introduction of the factory environment from the air using images taken by a drone, introduction of the factory, explanation of the manufacturing line, live broadcasting of the biotope). We hope that the Adopt an Eco-School program will serve as an opportunity for students to pay attention to environmental issues around them.



Relationship with Stakeholders

The Otsuka group is promoting environmentally conscious efforts to build relationships of trust with various stakeholders. Stakeholder Engagement



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Environmental Data

	Classification	Sources	Scope	Unit	FY2018	FY2019	FY2020	FY2021
			Global total		800,413	736,508	533,095	503,399
		Electricity	Japan	thousand kWh	381,748	311,456	127,521	93,177
		_	Outside Japan		418,665	425,052	405,573	410,221
			Global total			82,549	201,858	265,242
		CO ₂ free electricity	Japan	thousand kWh	_	74,805	194,051	226,690
		_	Outside Japan		_	7,744	7,807	38,552
			Global total		75,892	72,075	71,600	68,084
		Natural gas & City gas	Japan	thousand m ³	32,812	32,014	31,498	31,153
			Outside Japan		43,080	40,061	40,101	36,930
			Global total		58,695	67,707	57,968	60,203
		Coal	Japan	t	0	0	0	0
			Outside Japan		58,695	67,707	57,968	60,203
			Global total		374,805	363,460	343,067	355,317
		Steam	Japan	t	163,871	158,207	152,076	152,010
			Outside Japan		210,934	205,253	190,991	203,307
		_	Global total		12,061	13,337	14,104	16,142
		LNG	Japan	t	11,887	13,055	13,823	15,729
			Outside Japan		174	282	281	413
		_	Global total		10,350	9,516	7,945	5,025
		A HFO	Japan	kL	10,113	9,516	7,945	5,025
Carbon			Outside Japan		237	0	0	0
Neutrality	Energies	LPG	Global total		5,486	6,046	5,870	5,990
			Japan	t .	5,154	5,776	5,596	5,664
			Outside Japan		332	270	274	327
		Diesel	Global total	kL	968	543	436	452
			Japan		54	69	58	20
			Outside Japan		914	474	378	432
		_	Global total		148	145	130	133
		Kerosene	Japan	kL	148	145	130	133
			Outside Japan		0	0	0	0
		_	Global total		56	50	115	48
		Gasoline	Japan	kL	56	50	115	48
			Outside Japan		0	0	0	0
		_	Global total		988	1,033	1,084	1,198
		Steam (non industrial)	Japan	GJ	988	1,033	1,084	1,198
			Outside Japan		0	0	0	0
		_	Global total		193	2,408	2,567	1,371
		Hot water	Japan	GJ	192	163	173	138
			Outside Japan		1	2,245	2,393	1,233
		_	Global total		5,842	11,400	11,774	3,897
		Cold water	Japan	GJ	5,842	11,400	11,774	3,897
			Outside Japan		0	0	0	0



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Materiality	Classification	Sources		Scope	Unit	FY2018	FY2019	FY2020	FY2021
				Global total		420	1,674	3,869	6,727
		Solar power		Japan	thousand kWh	342	356	1,409	4,069
				Outside Japan	=	78	1,318	2,459	2,658
				Global total		271	222	222	0
	Renewable Energies	Solar water heater		Japan	GJ	0	0	0	0
				Outside Japan	_	271	222	222	0
				Global total		7	1	7	13
		Biomass power		Japan	thousand t	0	0	0	0
				Outside Japan		7	1	7	13
		CO ₂ emissions		Global total	thousand t-CO ₂	842	821	706	684
				Japan	t-CO ₂ -	324,162	282,243	207,281	188,999
				Outside Japan	t=CO ₂	518,329	538,525	498,754	494,704
		CO ₂ emissions per sales		Global total	t/¥ million	0.65	0.59	0.50	0.46
		GHG emissions throughout the value chain		-	thousand t-CO ₂	1,399	1,320	1,118	1,030
Carbon		Scope1		_	_	98,308	138,583	125,038	128,464
Neutrality		Scope2		-	_	179,389	92,444	36,647	8,255
recutionty			Category 1		_	748,933	730,219	635,542	592,537
			Category 2	-	_	84,157	85,119	52,402	38,763
			Category 3	_	=	31,518	29,633	45,579	34,167
	CO ₂		Category 4	-	_	82,176	79,981	70,621	70,519
	CO ₂		Category 5	-	_	12,143	11,851	12,836	13,535
			Category 6	- Japan¹	_	11,677	10,882	6,030	5,413
			Category 7	- -	t-CO ₂	5,801	5,888	5,773	5,917
		Scope3 breakdown	Category 8	_	_	9,121	8,463	6,356	7,258
			Category 9	-	_	22,936	22,484	20,407	20,736
			Category 10	_			N/A		
			Category 11	-	_	78,554	81,034	80,209	79,452
			Category 12	_		34,766	23,681	20,751	21,163
			Category 13	_	_		N/A		
			Category 14	-	_		N/A		
			Category 15				N/A		
				Global total	=	19,463	18,756	17,732	17,680
		Water usage		Japan	thousand m ³	13,010	12,274	11,605	10,909
				Outside Japan		6,453	6,482	6,127	6,772
		Water use efficiency		Global total	t/¥ million	15.1	13.4	12.5	11.8
				Municipal water (including industrial water)	_	14,110	13,561	12,793	13,548
Water	Water	Water intake by water source		River water	thousand m ³	1,417	1,382	1,312	125
Neutrality	vvater			Ground water		3,936	3,813	3,627	4,007
				Rivers, lakes and marshes	_		12,345	11,717	11,194
				Underground seepage	thousand m ³ -		61	60	4
		Wastewater by destination		Area of ocean	-		1,267	1,002	1,051
		_		Third-party processing (municipal sewage, etc.)			3,109	2,886	2,873
				Total Amount of Wastewater	thousand m ³		16,782	15,666	15,122



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Materiality	Classification	Source	S		Scope	Unit	FY2018	FY2019	FY2020	FY2021
	Material	Material			Japan¹	t	127,473	125,289	114,847	114,771
		Plastics	PET				16,888	14,376	11,963	12,028
	Packaging material	Plastics	Others	-			17,660	17,783	16,028	14,998
	Packaging material	Paper and cardboard		_	Japan¹	τ	37,465	36,388	33,149	32,481
		Others		_			97,843	95,658	89,826	88,949
			Total amount of waste		Global total			97,441	88,878	90,147
					Japan	t	38,378	43,083	35,723	35,246
			OI Waste		Outside Japan			54,358	53,155	54,901
					Global total			74,618	64,027	64,395
					Japan	t	34,930	38,805	30,647	30,352
			Recycled materials		Outside Japan			35,813	33,380	34,043
			Recycled materials		Material Recycling			42,236	39,243	36,804
		Total (Including valuables)		Global - Breakdown -	Thermal Recycle	t		12,121	9,528	11,911
				breakdowii -	Composting and feed⁴			20,261	15,256	15,680
					Global total			5,048	4,841	6,171
			Final disposal		Japan	t		4,163	4,068	3,983
					Outside Japan			885	773	2,188
					Global total			11,075	9,632	10,226
			(landfill)		Japan	t	166	115	99	112
Circular					Outside Japan			10,960	9,533	10,114
Economy					Global total				10,379	9,355
			Bio-processing and chemical processing		Japan	t			909	799
	Waste ²				Outside Japan				9,470	8,556
	vvaste-		Total amount of waste		Global total			9,761	9,793	10,703
					Japan	t	4,250	3,771	3,836	4,513
					Outside Japan			5,990	5,958	6,190
					Global total			5,318	4,549	5,450
					Japan	t	2,480	1,638	1,653	2,174
			Recycled materials		Outside Japan			3,680	2,897	3,276
			Recycled materials		Material Recycling			2,634	96	2,257
				Global - Breakdown -	Thermal Recycle	t		2,441	1,556	3,193
		Hazardous ³		Dicakaowii =	Composting and feed⁴			243	0	0
		nazardous			Global total			2,389	2,443	2,694
			Final disposal		Japan	t		2,124	2,047	2,235
					Outside Japan			265	396	459
					Global total			1,572	1,824	2,137
			(landfill)		Japan	t	2	9	2	1
					Outside Japan			1,563	1,822	2,136
					Global total				978	421
			Bio-processing and chemical processing		Japan	t			135	102
			criemical processing		Outside Japan				843	319

^{1.} Five group companies: Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, and Otsuka Foods 2. Since 2019, the scope of disclosure has expanded from Japan to Global.

Reporting of Violations of Environmental Laws and Regulations

In FY 2021, we did not have any serious accidents, violations, or environmental fines related to water quality or hazardous chemical substances.

^{3.} Hazardous waste by Japanese regulations; in other countries, the classification is based on the respective national standards. 4. Composting and conversion to feed in FY 2019 include other wastewater treatment.

Policy and Management

Carbon Neutrality

Circular Economy

Water Neutrality

Management of Chemical Substances Biodiversity

Engagement

Environmental Data and Third-Party Verification

Material balance over the life cycle of the business¹

	INP	UT							ОИТРИТ		
			Unit	Total						Unit	Total
Material (Pharmaceuti	cals, glucose, etc.)		t	114,771		Material					
Packaging material	•		t	148,456		Waterial		Scope 3 Category 1 (Purchased goods and services)			
	Plastics	PET	t	12,028							
		Others	t	14,998		-				t-CO ₂	592,537
	Paper and cardboard		t	32,481							
	Others		t	88,949							
Fuel			GJ	2,518,777							
	Oils	Gasoline	GJ	506							
		Kerosene	Gl	4,500				Scope 1 ²		t-CO2	128,464
		Diesel	Gl	495							
		A HFO	GJ	119,083		Production					
	Gas	LPG	GJ	219,777							
		LNG	GJ	762,420							
		City gas	Gl	1,411,996		0			Category 3		24467
Purchased power			Gl	2,812,733				Scope 3	(Fuel and energy-related activities not included in Scopes 1 and 2)	t-CO2	34,167
	General power		GJ	168,919		a a a a a a a a a a a a a a a a a a a			3.10.2)		
	CO ₂ free power		Gl	2,158,556							
	Other power		Gl	485,257							
Purchase energy			Gl	434,166							
	Steam, Hot water, Cold v	vater	GJ	7,117		00			Market-based	t-CO2	8,255
	Industrial steam includin	g cold water	GJ	427,050							
By-product energy			GJ	935,590		_					
Water			thousand m ³	10,396		一		Scope 2			
	River water		thousand m ³	0							
	Industrial water		thousand m ³	9,278					14:		111.005
	Clean water		thousand m ³	341					Location-based	t-CO2	111,965
	Well water		thousand m ³	777							
	Others (rainwater, etc.)		thousand m ³	0							
											1
						Transportation			Category 2 (Capital goods)	t-CO ₂	38,763
									Category 4 (Transportation and distribution) (Upstream)	t-CO2	70,519
									Category 5 (Waste generated in operations)	t-CO ₂	13,535
						Use			Category 6 (Business travel)	t-CO2	5,413
Transportation amount	tation thousand t-km 1,091,207				Scope 3 ³	Category 7 (Employee commuting)	t-CO2	5,917			
umount						ME'			Category 8 (Leased assets) (Upstream)	t-CO2	7,258
						Disposal		Category 9 (Transportation and distribution) (Down		t-CO ₂	20,736
						ā			Category 11 (Use of sold products)	t-CO2	79,452
						•			Category 12 (End-of-life treatment of sold products)	t-CO2	21,163

Editorial Policy

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	Otsuka Group's	subsidiaries'	acquisition	of ISO	14001	certification
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Message from the

Director in Charge

Policy and

Management

Acquisition rate 55.3 (Japan77.8%, Outside Japan34.7%)

Corporate Profile

* All production sites of the consolidated Otsuka Group

Japan:10 Companies (Certified Companies)	Integrated certification as Otsuka Holdings (Otsuka Pharmaceutical Co., Ltd. Otsuka Pharmaceutical Factory, Inc , Taiho Pharmaceutical Co., Ltd. , Otsuk
	Chemical Co., Ltd., Otsuka Food Co., Ltd., Otsuka Techno Corporation)
	EN Otsuka Pharmaceutical Co., Ltd.
	Otsuka Packaging Industries Co., Ltd.
	Higashiyama Film Co., Ltd.
	J.O. Pharma Co., Ltd.
Outside Japan: 13 Companies (Certified Companies)	Tianjin Otsuka Beverage Co., Ltd.
	Korea Otsuka Pharmaceutical Co., Ltd.
	Nutrition & Sante SAS
	Nutrition & Sante Iberia SL
	Otsuka Pakistan Ltd.
	PT Amerta Indah Otsuka
	PT Otsuka Indonesia
	Zhejiang Otsuka Pharmaceutical Co., Ltd.
	Egypt Otsuka Pharmaceutical Co., S.A.E.
	PT Widatra Bhakti
	P.T.Lautan Otsuka Chemica
	Zhangjiagang Otsuka Chemical Co., Ltd.

As of December, 2021

Third-Party Verification

Biodiversity

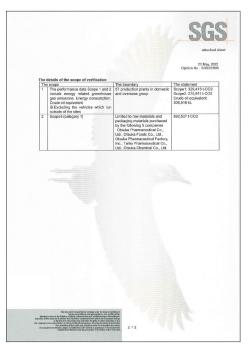
In order to improve the transparency and reliability of its environmental data, the Otsuka group has its GHG emissions Scopes 1 and 2 (CO₂ emissions from energy sources, including energy consumption), and Scope 3 (Category 1) verified by third-party organizations. This helps us identify emissions trends and implement improvements. We will continue to expand the scope of verification and further enhance the reliability of our data.

Management of

Chemical Substances

Supply Chains







Otsuka Holdings Co., Ltd.

