

Material Issues												
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Related Information

[Basic Policy](#) [Promotion System](#)

Supply Chain

Initiatives for Sustainable Procurement

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.

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 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

Initiatives to promote sustainable procurement

For the procurement activities that take into consideration UNGC’s four areas, the Otsuka Group Sustainable Procurement Enhancement Project trained staff in charge of procurement, held briefings to primary suppliers*1 of direct materials, conducted the sustainable procurement SAQ, and checked the status of activities.

*1 Suppliers to eight group companies: Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, Otsuka Foods, Otsuka Techno, EN Otsuka Pharmaceutical, and Otsuka Packaging Industries.

Initiatives	Results	Efforts in 2022
Training for staff in charge of procurement	58 new and existing persons in charge in total	Based on the CSR Procurement Self-Assessment Questionnaire published by Global Compact Network Japan (GCNJ), the attendees learned about issues in the UNGC’s four areas.
Briefings on sustainable procurement practices	583 domestic suppliers 583 suppliers that signed the agreement	We conducted on-demand e-learning where the attendees received a briefing on the Otsuka Group Procurement Policy, the Otsuka Group Sustainable Procurement Guidelines, and the Otsuka Group 2050 Environmental Vision, along with training on the Guidelines of Respect for Human Rights in Responsible Supply Chains. We obtained consent from suppliers that understood the above and agreed to cooperate in promoting sustainable procurement.
Sustainable Procurement SAQ	597 domestic and overseas suppliers (577 domestic companies and 20 overseas companies)	In addition to the CSR Procurement Self-Assessment Questionnaire of GCNJ, we implemented the Human Rights SAQ and the Environmental SAQ, which we have developed independently based on the Otsuka group’s business activities. Furthermore, we reviewed the findings and identified risks.
Confirmation of suppliers’ activities	Telephone interviews with 112 suppliers Online hearings with 13 suppliers	We conducted telephone interviews with 112 suppliers to grasp their actual activities. We also held online hearings with 13 suppliers for deeper dialogue. We confirmed their activities and were able to grasp the situation of suppliers in more depth.