The Otsuka group of companies will contribute to society while achieving sustained growth by doing what only Otsuka can do.

Under our enduring corporate philosophy “Otsuka-people creating new products for better health worldwide,” the Otsuka group of companies creates innovative products that fulfill a universal human desire to be healthy.

The core of our management approach is to leverage our strengths and capabilities described on the following pages that enable us to do what only Otsuka can do. In doing so, we are also contributing to, and advancing, a sustainable society. As we stand at a juncture of ever-larger social change, our philosophy serves as a solid foundation, guiding us amidst the trends and tides of the times, and from which we take on new challenges and opportunities.

Q1. What is the Otsuka group’s long-term vision?

We create and provide a comprehensive portfolio of products and services that meet the specific healthcare needs of the times in each community. Factors that influence these needs include the emergence of new disease trends, and demographic trends such as aging populations and rates of population growth that are uneven around the world. Simultaneously, factors that influence the ability to address these needs include the evolution of gene therapies, an area that Otsuka is investing in; artificial intelligence; and other technologies. Becoming an indispensable contributor to people’s health worldwide requires us to anticipate society’s expectations in 10 and 20 years’ time.

What kind of contributions can our Pharmaceutical Business make? As populations continue to age, treatments, or better yet, preventions are needed for diseases such as Alzheimer’s disease and various forms of cancer. At the same time, infectious diseases such as tuberculosis will become even more pressing global challenges. At the other extreme, many hereditary, orphan diseases lack any treatments. Otsuka is contributing through research in many of these disease areas. For COVID-19, contributions by our group companies around the world have mainly taken the form of philanthropy.

Simultaneously, maintaining and improving health is an integral part of our Nutraceutical Business. Otsuka continues to invest in research that clarifies how people can maintain a healthy lifestyle and thereby avoid illness. A fundamental demand driver for nutraceutical products is people’s greater proactivity in managing their health across their entire lifespans. This includes, for example, women who balance professional and family demands, athletically minded people aiming to improve their overall fitness and stamina, and older people seeking extended quality-of-life benefits. Our contribution in nutraceuticals also takes a research-based approach. Here the aim is to create products that offer tangible, health-supportive benefits in areas such as immune function, quality of sleep, and special dietary needs, and even intangible benefits that support individual lifestyles and work styles. Given the time required for product development, we must construct hypotheses that look 10 and 20 years into the future, and start developing products now.

Q2. What business risks and opportunities do you see in the long term?

Changes in human needs, and in business and other landscapes are the largest sources of risk and opportunity. Risks that our management factors into decision making include macroeconomic and geopolitical climates; the physical climate, with increasingly frequent natural disasters caused in part by global warming; and demographic changes. In order to devise optimal responses or solutions, we must identify root causes. On the opportunity side, this involves evolution of product development and technologies, expansion of our presence in new regions, and the forging of new research and commercial collaborations. Focusing our energies on opportunities, while managing but not being overwhelmed by risks, is the right approach for Otsuka.

As a total healthcare company, our operations encompass products and services for the diagnosis and treatment of diseases, as well as for the maintenance and improvement of health. Medical cost inflation due to aging populations and the increasing sophistication of medical treatment is a serious global issue. As a provider of total healthcare solutions, we recognize these developments as responsibilities and opportunities. Our diverse portfolio enables us to turn risks into opportunities.

Q3. What does Otsuka need to do to improve corporate value while achieving sustainable growth?

In keeping with our corporate philosophy and our long-standing ESG-informed commitment to contributing to human health, we set forth our CSR Mission when we announced the Third Medium-Term Management Plan in May 2019. The CSR Mission defines material issues in three categories: Society (Health, People, Quality in All We Do), Environment (Climate Change, Resource Recycling and Conservation, Water Conservation), and Governance. Within each category, we carry out initiatives under related themes.
We leverage these together with other advantages of our wide-ranging businesses—such as a diverse wealth of technological and scientific assets—to create novel ideas and ultimately new value.

In this way, the Otsuka group is able to help society achieve sustainable growth, increase corporate value over the medium to long term, and ultimately make its vision a reality—to become an indispensable contributor to people’s health worldwide.

Q5. What will be essential to Otsuka’s further development?

In order to better recognize where we stand and what we strive for, we must continually question ourselves from the perspectives of Strategy, Culture, and Capabilities. Strategy is closely tied to our corporate philosophy, which guides our thinking because it is the very foundation of our business strategy, and is an expression of our determination to constantly take on new challenges and generate innovation.

Culture is best defined by the words of our founders, Ryukan-godo, Jissho and Sozosei.

Companies with a solid philosophical foundation are the strongest in turbulent times. Our ability to embrace change and continually take on new challenges is not down to individual leaders acting alone, but to generations of employees who have been inspired by our founders.

Upholding this strategy and culture takes formidable Capabilities, and each individual must constantly review what he or she is capable of and swiftly address deficiencies.