



How we will achieve sustainability

Health and People

As a total healthcare company, the Otsuka group aims to contribute to people's health as it conducts its business operations. In the pursuit of corporate philosophy, we consider it essential that all employees are able to work freely and vigorously in good health. Therefore, we are promoting proactive measures to enhance employees' health, while working to resolve health issues through our business operations.

For more details about our *health*-related initiatives, visit:
<https://www.otsuka.com/en/csr/society/health/>



For more details about our *people*-related initiatives, visit:
<https://www.otsuka.com/en/csr/society/people/>



Initiatives to Resolve Health Issues

Proactively Providing Information and Supporting Various Activities - Case of Taiho Pharmaceutical

Seeking to resolve the unmet medical needs of cancer patients worldwide, Taiho Pharmaceutical promotes the discovery and development of anticancer agents. It also undertakes diverse other diverse activities, including support for projects aim to address challenges in the oncology area, and proactive information provision.

Supports Various Activities

- Participation in "READYFOR SDGs" in2019, an SDGs matching platform provided for corporations by READYFOR, Inc.

Supporting diverse projects that address challenges in the field of oncology through crowdfunding.



"20 - TWENTY -"



Fertility Preservation Handbook for Cancer Patients: Thinking about Have a Child

Proactively Providing information

Taiho Pharmaceutical performs proactive activities to communicate product information and proper use information to healthcare professionals in a scientific and impartial manner. As a manufacturer of anticancer agents, we have published a "Handbook of Anticancer Agents" for patients since 1999, summarizing the mechanism of action and effect of each drug, symptoms and timing of frequently experienced adverse reactions, when to seek medical advice, and medication record sheet. We have also been the first Japanese pharmaceutical company to publish a "Guide to Proper Use" of anticancer drugs for healthcare professionals. At present, we continue to proactively provide proper information through the following activities.

- Distribution of a booklet *20 - TWENTY -* (since 2016)
Supervised by the Appearance Support Center, National Cancer Center Hospital, the booklet is targeted at patients who receive cancer treatments in the AYA generation (Adolescents and Young Adults in their teens or 20s), their families, friends and other persons living together with them, and shares information regarding problems that may occur during treatments and some solutions to them.
- Distribution of a booklet "Fertility Preservation Handbook for Cancer Patients - Thinking about Having a Child" (since 2017)
Supervised by Fertility Preservation Support, Survivorship Support Department, Cancer Institute Hospital of JFCR
- A documentary film "Things To Know Before You Become a Cancer Patient" was screened for free at the Kitajima Plant in 2019.

Communicating the Value of Health Broadly and Continuously

Otsuka Holdings has published "Otsuka Health Comic Library" for more than 30 years to communicate the mechanism of body, diseases and health in an easy-to-understand manner, and has donated it to elementary schools and public libraries across Japan.

In the Nutraceutical Business, we have developed science-based products and provided information leveraging know-how from the Pharmaceutical Business. Since 1990s, when the idea of heat

disorders had yet to become common, we have been raising awareness of proper hydration. We have also promoted dietary education to communicate the importance of nutritional balance. To maintain and promote women's health, we are also providing information to disseminate correct knowledge concerning physical and mental changes in women's health and solutions to them, based on know-how and expertise acquired through the R&D of soybean products.



Measures to Enhance Employees' Health

Establishing a workplace where people under treatment can continue working - Case of Taiho Pharmaceutical

Recognizing its employee as precious human resources, Taiho Pharmaceutical has aimed to establish workplaces where employees under treatment for cancer or other diseases can continue working, by organizing in-house systems, providing consultation service, and promoting awareness raising activities. In 2016, volunteers at the Human Resources Department, including occupational nurses and public health nurses, established a "Cancer Patients' Work Support Team" (present "Work-Treatment Support" project). This has led to systems for harmonizing work with treatment, by extending leaves for cancer patients, eliminating ceiling on the number of leaves, considerations for transfers,¹ and a path for return to the job.² We have also formulated a "Guide to Work Support for Employees with Cancer" also have been formulated by summarizing information regarding work support for employees with cancer, and have broadly disseminated the information through the intranet and human resource seminars.

In 2019, a cancer-related information portal site "C-Guide Portal" was launched for employees. Cancer is a disease close to our living, with one in every two Japanese is considered to develop

cancer. However, due to the sensitivity of individual experiences, we only have limited occasions to come across its detailed information. This portal site provides information concerning systems and consultation services available to employees and their families who have developed cancer or other diseases, as well as the importance of cancer prevention and examination. The site also has pages for sharing actual treatment experiences by employees and their families, so that they can deepen their understanding, identify requirements in the experience, and recognize the significance of working as members of Taiho Pharmaceutical, a provider of anti-cancer agents.

In recognition of these initiatives, we received the gold prize for two consecutive years (2019 and 2020) at the Ally Declaration and Award for Cancer Survivorship sponsored by the Ally Community at Workplace for Cancer Survivorship, a private project committed to cancer and employment.

1. Relevant employees may change from a position with the possibility of transfer with moving across Japan to a position with the possibility of transfer only in a limited region.
2. This system enables employees to return to the job within three years after leaving the company due to special reasons, including cancer or other refractory diseases designated by the national government.



Akira Mita
Deputy Director, Human Resources Department, Taiho Pharmaceutical

Providing consultation Service and Other Truly Needed Support Systems

As a manufacturer that has been engaged in the oncology area for about half a century, Taiho Pharmaceutical has had a culture to warmly support employees with cancer or other diseases. Since 2013, we have further strengthened employment support by revising the employment rules and other systems, while enhancing consultation services. The types and symptoms of diseases and the style of coping vary among individuals. We endeavor to make our best possible efforts by sincerely pursuing support that is truly needed by each employee.

Maintaining and Improving the Health of Employees and Their Families

Otsuka Holdings undertakes activities to promote employees' health, in cooperation with the Otsuka Pharmaceutical health insurance association, healthcare professionals, and health management personnel at each group company. These activities include health seminars for group employees and their families based on knowledge in group business, started in 2015. The seminars have been held annually in major cities across Japan, under the themes

such as "Women's Health" and "Conditioning and Immunity," with approximately 1,500 participants in total.³ In 2020, the seminars were held online due to the COVID-19 pandemic.

Otsuka Pharmaceutical has also opened in-house seminars for education and support concerning alcohol-related issues, leveraging its knowledge in the Pharmaceutical Business.

3. As of December 31, 2020



Health Seminar



Quality in All We Do

For more details about our *quality in all we do*-related initiatives, visit:
<https://www.otsuka.com/en/csr/society/quality/>



To help build a sustainable society, the Otsuka group guided by an enduring philosophy of “Customers First” and “Quality First,” pursues quality at all stages of the value chain, and promotes initiatives taking into account the environment, society and human rights.



Ethical Considerations in Accordance with Laws and Guidelines

In R&D, it is at times necessary to apply various methodologies for verifying efficacy and safety. The Otsuka group complies with all related laws, ordinances and guidelines while striving to uphold bioethics and scientifically valid methodologies from the viewpoints of preservation of the environment and safety management.



Sustainable Procurement in Corporation with Business Collaborators

Across the entire value chain, the Otsuka group engages in business activities in compliance with laws and regulations, and with respecting the environment and human rights. For a new suppliers, transactions are determined only after we have carried out due diligence. Together with business collaborators, the entire Otsuka group will promote sustainable procurement with the aim of realizing a sustainable society.



Group-wide Cooperation for “Customer-First” and “Quality-First”

The Otsuka group complies with laws and regulations, administrative instructions and industrial standards, and also has been working to get ISO 9001, ISO 22000 and FSSC 22000 certified. In addition, we observe laws and regulations in other countries, perform quality control and quality assurance based on GxP,¹ and implement post-marketing safety control, by establishing a global safety surveillance system to collect and monitor safety information concerning adverse events.

1. GxP (Good x Practice): A general term for “Good Practice” standards ministerial (ordinances, regulations and guidelines) established by governments and other public institutions for ensuring safety and reliability



Control and Maintenance of Product Quality, and Business Continuity Planning as a Health-Related Company

We ensure rigorous control and maintenance of product quality throughout distribution for pharmaceuticals, food products and beverages. Furthermore, for the transport of pharmaceuticals, we have registered vehicles for authorized access to restricted areas in an emergency. We have also exchanged MOUs with shippers, warehouse owners and other collaborators, for transport during a disaster, as part of our system for business continuity planning.



Appropriate Promotion and Enhanced Information Access

To deliver high-value products and services to customers, each group company formulates and observes its own code of practice, which expands on the JPMA Promotion Code for Prescription Drugs. We have also established an expert panel, comprising people from several departments, to perform reviews of marketing plans and sales promotion materials.



Sincere Response to Inquiries and Reflection in Company Activities

The Otsuka group establishes dedicated customer contact points (staffed by specially trained personnel) to respond to inquiries that match the characteristics of drugs, quasi-drugs, food products, and other respective products. Opinions and requests regarding products and services are shared within the group for the purpose of product development and improvement.



Yasunobu Harada
Project Office
(Procurement),
Otsuka Holdings

Promoting Sustainable Procurement throughout the Group

To promote sustainable procurement activities throughout the Otsuka group, we have established the Otsuka Sustainable Procurement Task Force made up of Otsuka Holdings, Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, Otsuka Foods, Otsuka Packaging Industries, Otsuka Techno, and EN Otsuka Pharmaceutical. The task force has formulated the Otsuka Group Procurement Policy and the Otsuka Group Sustainable Procurement Guidelines, and conducts surveys of sustainable procurement activities at business collaborators using a self-assessment questionnaire (SAQ), as well as in-house training. Given the task force was launched during the COVID-19 pandemic, its meeting sessions have been held exclusively online, nevertheless discussion have been vigorous.

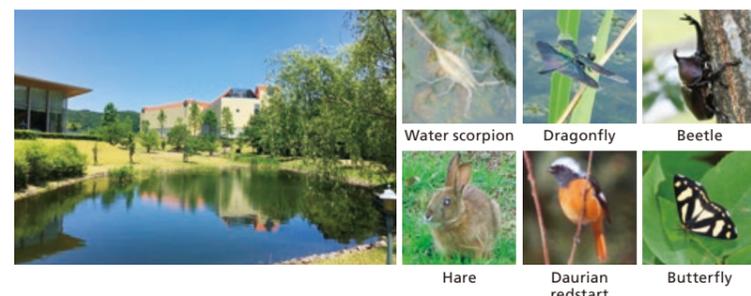


Kazumi Goto
St. Luke's International University/
Director, Pharmacy Department, St.
Luke's International Hospital

Drug and Healthcare Information Provision Activities Expected of Employees

In fiscal 2020, the COVID-19 pandemic made collecting information in person difficult. However, Otsuka Pharmaceutical conducted timely information provision activities online, thereby ensuring access to drug and healthcare information whenever needed, while ensuring thorough infection prevention.

As a partner for drug therapy, we expect employees at Otsuka Pharmaceutical to continue appropriate information provision activities while ensuring compliance, and to come up with ideas for information provision using online tools other channels.



Water scorpion Dragonfly Beetle
Hare Daurian redstart Butterfly

Various kinds of wild birds come and visit the biotope² in Tokushima Itano Factory every season; a biotope inhabited by insects including dragonflies and butterflies. Clean cooling water that was used in the factory is recycled by pouring it back into the pond where frogs, water scorpions and many other animals live. The ground of the biotope area is covered with leaf mold to raise beetles from larva.

2. “Biotope” is a compound formed from German words “Bio (life)” and “Top (place),” signifying a place where indigenous wildlife can flourish in nature.

Promotion of Customer-centric Management

In October 2018, the Otsuka group announced its Declaration of Customer-centric Commitment, as a way of putting the corporate philosophy into practice. Promotion of customer-centric management has been toward the group’s materialities under the medium-term management plan. In conducting business, we recognize that respecting consumer rights is an important human rights issue. Our Declaration of Customer-centric Commitment establishes basic policies stating our commitment to our social responsibilities as a corporation, which we fulfill by pursuing customer-centric management and making appropriate decisions that are based on dialogue with all stakeholders.

Below we present examples of measures taken in the value chain in 2020.

Measures with Business Collaborators Aimed at 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. In Japan, 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

efforts, in 2020 we updated the Otsuka Group Procurement Policy, which takes into account factors such as human rights, labor issues, the environment and anti-corruption measures, and formulated the Otsuka Group Sustainable Procurement Guidelines, which provide more specific descriptions of the provisions of the above vision and policy. Both are shared with all business collaborators.

In order to ensure a stable supply of products, we perform advance risk assessments on key raw materials to clarify the nature of potential risks so that we can take countermeasures. We also make sure to source raw materials from multiple companies, in principle.

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.
September, 2020

As part of the Otsuka group's efforts to promote sustainable procurement, the Otsuka Sustainable Procurement Task Force, made up of Otsuka Holdings and five group companies,* was formed in 2019. The task force members are taking steps to promote the group's overall sustainable procurement, including revision of the Procurement Policy, formulation of Sustainable Procurement Guidelines, and conducting an SAQ and presentations for business collaborators.

We began presentations to business collaborators to share the details of the Procurement Policy in 2020, and 73 companies participated in the first year. We also conduct the common SAQ prepared by Global Compact Network Japan, and provide feedback to relevant companies. As of the end of 2020, we have received questionnaire responses from 80 companies.

* Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, and Otsuka Foods (Otsuka Packaging Industries, Otsuka Techno, and EN Otsuka Pharmaceutical were added in March 2021.)

Global Initiatives by the Production Department and The Product Quality Department

Production departments at the Otsuka group employ a traceability system covering all stages of the value chain, from raw material procurement to production, distribution, and sales, thereby enabling thorough management throughout the entire supply chain.

Moreover, for over 30 years, the "Global Production Meeting" has been held by aiming enhancement of production technologies and sharing information group-wide. In 2020, the "Plant Manager Meeting" was held virtually and discussed the challenges and the measures around stable supply and occupational health and safety under the COVID-19 pandemic. The meeting had approximately 100 participants including management executives from 14 countries/regions.

In Otsuka Pharmaceutical's product quality operations, the Pharmaceutical Business and Nutraceutical Business jointly hold an annual global product quality meeting. The 2021 meeting was attended by approximately 120 managers and quality supervisors for pharmaceuticals and nutraceuticals from 11 countries/regions, including Japan. Participants shared their companies' measures for future business expansion and their approaches to product inspection amid the COVID-19 pandemic.

In addition, a Quality Performance Award was established to recognize quality control initiatives, and efforts are being made to train people for quality control and to raise awareness.

Reflecting Customer Feedback

Each group company establishes dedicated customer contact points for patients, healthcare professionals and general consumers, and provides appropriate training for employees in related departments. This approach helps us deepen communication with customers, provide appropriate information and reflect customer feedback and suggestions in product improvements.

One such product improvement was for OS-1 and OS-1 Jelly, produced by Otsuka Pharmaceutical Factory. These products are foods for persons with medical conditions. We received feedback from elderly individuals, customers receiving treatment, those in need of nursing care and others who said that they had difficulty opening the cap because of muscular strength issues. Based on this

feedback, we redesigned the container to be easier to open. Our efforts to develop improved, easier-to-use products were recognized with a Good Design Award in 2020.

Furthermore, for our ENORAS Liquid for Eternal Use, we adopted a package design that takes into consideration variation in color vision among users. The product line has received CUD certification.¹ Making it easier to tell product variations apart can be expected to help improve patient adherence,² and reduce the risk of medication errors by healthcare professionals.

1. Third-party certification ensuring that a product has a color scheme that is easy for most people to understand.
2. Adherence refers to patients actively understanding the meaning and significance of treatment and taking their medicine correctly rather than discontinuing medication of their own accord.

