






Environment

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 can protect nature and the future of the earth. To support the solution of social issues related to the global environment, the Otsuka group has formulated an environmental policy and activity guidelines, and has determined the materialities of its environmental initiatives to be *climate change, resource recycling and conservation, and water conservation*. We have set goals for 2030, and are carrying out activities aimed at achieving them.

 Climate Change	Goals <ul style="list-style-type: none"> Goal for FY 2030: 30% reduction in CO₂ emissions compared to FY 2017 					
	FY 2020 Results <table border="1"> <tr> <td>CO₂ emissions reduction through introduction of renewable energy</td> <td>CO₂ emissions Scopes 1 and 2¹</td> <td>CO₂ emissions Scope 3^{1,2}</td> </tr> <tr> <td>84,000t-CO₂</td> <td>706,000t-CO₂</td> <td>957,000t-CO₂</td> </tr> </table>	CO ₂ emissions reduction through introduction of renewable energy	CO ₂ emissions Scopes 1 and 2 ¹	CO ₂ emissions Scope 3 ^{1,2}	84,000t-CO₂	706,000t-CO₂
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84,000t-CO₂	706,000t-CO₂	957,000t-CO₂				
 Resource Recycling and Conservation	Goals <ul style="list-style-type: none"> Goal for FY 2030: 50% reduction in simple incineration and landfill compared to FY 2019 Goal for FY 2030: 50% or higher content of recycled and plant-based materials in our PET bottles 					
	FY 2020 Results <table border="1"> <tr> <td>Total waste volume</td> <td>Simple incineration and landfill</td> </tr> <tr> <td>88,900t</td> <td>14,500t</td> </tr> </table>	Total waste volume	Simple incineration and landfill	88,900t	14,500t	
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88,900t	14,500t					
 Water Conservation	Goals <ul style="list-style-type: none"> Goal for FY 2030: Improvement of water use efficiency by 15% compared to FY 2017 					
	FY 2020 Results <table border="1"> <tr> <td>Water usage</td> <td>Water use efficiency</td> <td>Water resource risk assessment</td> </tr> <tr> <td>17,732,000 m³</td> <td>12.5 m³/¥ million</td> <td>87 manufacturing sites at 51 companies</td> </tr> </table>	Water usage	Water use efficiency	Water resource risk assessment	17,732,000 m³	12.5 m³/¥ million
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17,732,000 m³	12.5 m³/¥ million	87 manufacturing sites at 51 companies				

(Based on the performance of all manufacturing sites of the consolidated Otsuka group)

1. Scope 1: Direct emissions, Scope 2: Indirect emissions from energy sources, Scope 3: other indirect emissions
 2. Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, and Otsuka Foods

Acquisition of Integrated ISO 14001 Certification for the Otsuka Group

The Otsuka group's first ISO14001 certification was acquired in 1999.¹ Since then, we have worked to acquire certification for the manufacturing sites of each group company, and promoted activities to achieve the environmental goals set by each company.² With the increasing severity of environmental issues in recent years, companies are being called upon to contribute to the resolution of such issues. To strengthen group-wide efforts toward more efficient and effective environmental activities, the Otsuka



group's five of major companies in Japan³ and Otsuka Holdings as the supervising organization acquired ISO 14001 integrated certification in August 2020. 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.

1. Acquired at Tokushima Factory of Otsuka Chemical (present Tokushima Factory of Otsuka Chemical and Tokushima Factory of Otsuka Foods)
 2. Acquired certification at 9 companies in Japan and 11 overseas (as of December 31, 2019)
 3. Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical (including its subsidiary, Okayama Taiho Pharmaceutical), Otsuka Chemical, and Otsuka Foods

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



Introduced CO₂-Free Electricity¹ and Green Power Certificates

Since 2019, the Otsuka group has introduced CO₂-free and electricity from other renewable energy sources, extending their use to manufacturing sites. In fiscal 2020, we reduced CO₂ emissions by approximately 84,000 tons (equivalent to the annual emissions of approximately 29,000 households²) through the introduction of renewable energy.

In addition, five domestic group companies³ purchased Green Power Certificates for switching to green power at all sales sites and headquarters of the five group companies in Japan, and other offices, thereby reducing CO₂ emissions by approximately 6,000 tons/year.

Going forward, the group will work together toward the realization of a decarbonized society, and ultimately of a sustainable society, by optimizing and maximizing energy use through the introduction of renewable energy and fuel conversion, while exercising synergistic effects among group companies.

1. Including carbon-neutral electricity utilizing certificates equal to renewable energy that does not emit CO₂
 2. Calculated from CO₂ emissions of the residential sector, fiscal 2018
 3. Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, and Otsuka Foods

Introduced solar Power Generation System for In-House Consumption

As a countermeasure against climate change, the Otsuka group has set a goal of reducing CO₂ emissions by 30% by 2030.¹ Toward this goal, we are promoting the further utilization of renewable energy and improving energy use efficiency through the introduction of co-generation systems and, including solar power CO₂-free electricity generation systems.

In 2020, we introduced solar power generation systems for in-house consumption at the Kushiro Factory of Otsuka Pharmaceutical Factory and Otsuka Pharmaceutical India. We estimate that this will result in annual CO₂ emission reductions of approximately 10% at Kushiro Factory, and by 6% at Otsuka Pharmaceutical India.

1. Otsuka group, compared to FY 2017 (CO₂ emissions in Japan and overseas)



Kushiro Factory, Otsuka Pharmaceutical Factory

Otsuka Pharmaceutical India

Evaluating Water Risk at Manufacturing Sites

Considering environmental risk 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 primary water risk assessments at all consolidated manufacturing sites using the water risk assessment tool "Aquaduct," developed by the World Resources Institute (WRI), so as to understand and minimize the impact of

water-related risk on the group's business activities. We also formulate analysis records for each site and implement comprehensive risk assessment by utilizing more detailed water data and collaborating among group companies. We will pursue the water resource conservation improve and use efficiency by identifying regional risks and promoting more specific research and collaboration among group companies, and by taking measures for region-based management and effective utilization.

Aquaduct Water Stress Map and Breakdown by Region of Water Consumption by Region in the Otsuka Group

