

Water Neutrality

Core Principles

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 to 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 as well as essential for ensuring the sustainability of our business.

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.

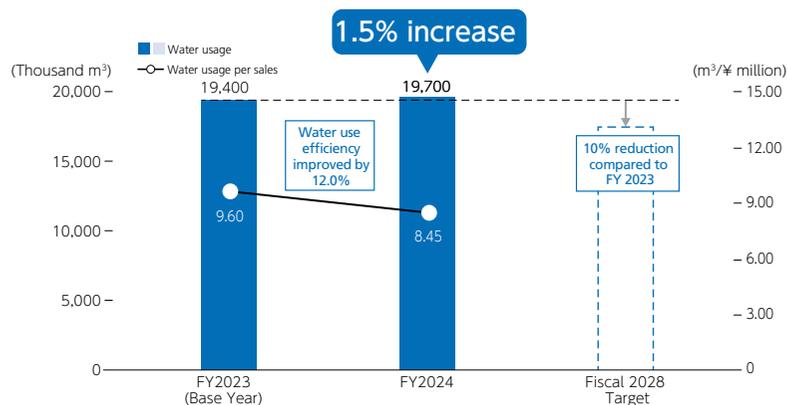
Indicators and Goals

[Governance](#) [Risk Management](#)

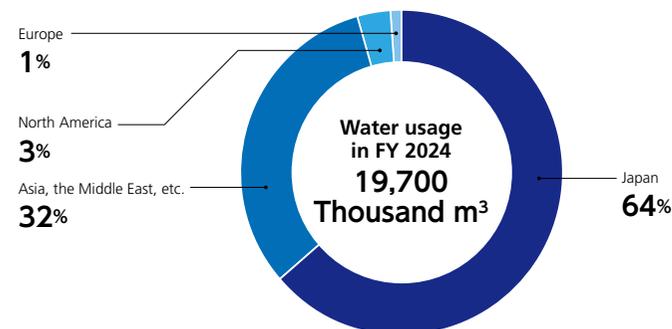
2028 targets

- Planning water use strategies at business sites in water-stressed areas
- Develop a water use strategy for business locations in water-stressed areas
- 10% reduction in water consumption compared to 2023

Target of water usage reduction and its progress



Breakdown of water usage by region



Water intake by area

	(Thousand m ³)		
	Municipal water (including industrial water)	River water	Ground water
Japan	11,310	80	1,143
Asia, the Middle East, etc.	3,463	0	2,815
North America	560	0	121
Europe	167	2	25

Initiatives

Initiatives to Reduce Water Usage

About 60% of the water used by the Otsuka group comes from production activities in Japan. We strive to ensure the proper use of water to continuously preserve water resources from intake to discharge.

Major initiatives to reduce water usage, including improvements in our production processes and water reuse, resulted in a 12.0% improvement in global water use efficiency (water usage per sales) compared to FY 2023. However, global water usage increased by 1.5% (300,000 m³) compared to FY 2023 due to an increase in production volume.

Water recovery for its effective use at production sites

At the Matsushige Factory of Otsuka Pharmaceutical, which manufactures infusion solutions, ethical pharmaceuticals, approximately 84,000 m³ of water was effectively utilized by recovering the water used to cool the devices. We will continue to utilize water effectively.

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. As for water resources, we have conducted water risk assessments at our group's production sites using the water risk assessment tool "Aquaduct," developed by the World Resources Institute (WRI), which found that seven factories in the U.S., India, and Spain fall under the category of "Extremely High (Extremely High)" in the index of Baseline Water Stress*.

The Otsuka group used 19.7 million m³ of water in FY 2024, of which 7.4% of the water was used in the areas that fall under the category of "Extremely High." Currently, no risks have been identified. We will continue to closely examine risk details at these factories with our local subsidiaries and further investigate the risks.

In addition to complying with national and regional laws and regulations, the Otsuka group has formulated water resources management guidelines that establish and manage water management items and standards to identify risks in the supply chain of water resources. We monitor and manage the quantity and quality of water from intake to discharge at all production and research sites, thereby aiming to strengthen water resource management in each region and to achieve sustainable water use.

* A state in which the amount of available water resources is insufficient relative to the amount of water demand of humans and ecosystems. It includes not only water shortage, but also water quality and access to water.

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

