

Materiality (Material Issues)

Fiscal 2023 Goals and Fiscal 2022 Progress

Among the 12 social issues determined to be Otsuka group's materiality, we selected nine issues that we regard as especially important at present, and set goals related to them for fiscal 2023.

Materiality	Social Issues	Our Goals	Our Activities	Related SDGs	Social Issues	FY2023 Goals	FY2022 Progress	
<p>Society (Healthier Society)</p>	<p>Health</p>	<p>① Unmet medical and health needs</p> <p>② Spread of infectious diseases</p> <p>③ Nutritional needs</p> <p>④ Increase in issues caused by population aging</p>	<ul style="list-style-type: none"> Contribution to the resolution of unmet needs Eradication of tuberculosis Support and awareness activities for people's health maintenance/improvement, mainly on exercise and nutrition, etc. Healthy life extension 	<ul style="list-style-type: none"> Promotion of R&D for unmet needs R&D of anti-tuberculosis drugs and improvement of drug access Support and awareness activities for people's health maintenance/improvement, mainly on exercise and nutrition, etc. Promotion of problem solving by strengthening partnerships 		<p>①</p> <ul style="list-style-type: none"> Promotion of R&D for unmet needs Address unmet needs in the psychiatry and neurology areas Create first-in-class products in the oncology area Create first-in-class products in the cardiovascular and renal area In areas with unmet needs New development projects: 10 or more Late-phase development projects advancing to the next phase: 30 or more 	<ul style="list-style-type: none"> In areas with unmet needs New development projects: 17 projects¹ Late-phase development projects advancing to the next phase: 27 projects 	
		<p>⑤ Presenteeism¹</p> <p>⑥ Lack of response to diversification</p>	<ul style="list-style-type: none"> Creation of a corporate culture that stimulates creativity Enhance employee engagement 	<ul style="list-style-type: none"> Human resource development Diversity promotion Health and productivity management 		<p>⑥</p> <ul style="list-style-type: none"> Further instill the corporate culture and philosophy Build systems for ongoing human resource development aligned with changes in society and the times Further promote and instill diversity as a source of innovation Build new systems to maintain more comfortable working environments 	<ul style="list-style-type: none"> Cumulative total participants in the executive human resource development programs of Otsuka Global Academy (OGA): 257² Opened employee training facility Implemented employee participation program 	<ul style="list-style-type: none"> Cumulative hours of training: 103,586³ Established a women's health consultation service E-learning on women's health, number of participants: 5,700 Implemented Otsuka Group Human Rights Policy and offered necessary training
		<p>⑦ Consumption and production that impairs sustainability</p>	<ul style="list-style-type: none"> Gaining stakeholder trust Pursuing sustainability at all levels of the value chain Establishing a quality assurance system for safety and security 	<ul style="list-style-type: none"> Sustainable procurement and product design Thorough quality control and stable supply Responsible promotional activities and information provision Deepening communication with stakeholders Promotion of "Consumer-oriented management" 		<p>⑦</p> <ul style="list-style-type: none"> Suppliers implementing self-assessment questionnaire (SAQ): 196 Pursuing sustainability at all levels of the value chain Sustainable procurement Conduct supplier briefings For 160 suppliers Original goal: Over 30 times/companies by fiscal 2023 	<ul style="list-style-type: none"> Number of companies implementing SAQ: 597 (577 in Japan, 20 overseas) Number of companies participating in on-demand information sessions for suppliers: 583 Stable supply of products during the COVID-19 pandemic Held a group-wide Global Quality, Production, Supply chain and Environment Meeting 	<ul style="list-style-type: none"> Implemented "Manufacturing Errors" Workshop Improved products based on customer feedback
<p>Environment (Healthier Planet)</p>	<p>⑧ Carbon Neutrality²</p>	<p>⑧ Global warming</p>	<ul style="list-style-type: none"> 2028 target: Reduce 50% in CO₂ emissions compared to 2017 Reduce CO₂ emissions throughout the value chain 	<ul style="list-style-type: none"> Reduce CO₂ emissions throughout the value chain 		<p>⑧</p> <ul style="list-style-type: none"> Reduce CO₂ emissions by introducing renewable energy and maximizing energy efficiency Reduce CO₂ emissions throughout the value chain 	<ul style="list-style-type: none"> Established an integrated energy service system to centralize energy management in Japan 	
	<p>⑨ Circular Economy³</p>	<p>⑨ Environmental load increase</p>	<ul style="list-style-type: none"> 2028 target: Reduce 50% in simple incineration and landfill disposal compared to 2019 2030 target: 100% content of recycled and plant-based materials in our PET bottles 	<ul style="list-style-type: none"> Reduce environmental impact by improving resource efficiency Promotion of business activities aimed at sustainability for both society and the earth 		<p>⑨</p> <ul style="list-style-type: none"> Reduce environmental impact through enhanced resource efficiency Promote business activities that aim for social and environmental sustainability 	<ul style="list-style-type: none"> Expanded sales of PET bottles using recycled PET resin Promoted horizontal recycling of PET bottles 	
	<p>⑩ Water Neutrality⁴</p>	<p>⑩ Reduced freshwater availability due to water resource risks</p>	<ul style="list-style-type: none"> 2028 target: Expand the plant water management program to all locations globally 2028 target: Develop a water use strategy for business locations in water-stressed areas 	<ul style="list-style-type: none"> Understanding water resource risks Management and effective use of water resources 		<p>⑩</p> <ul style="list-style-type: none"> Analyze and ascertain risks regarding sustainable water usage Ensure effective use and management of water resources 	<ul style="list-style-type: none"> Implemented water source management programs at three sites 	
<p>Governance</p>	<p>⑪ Fragile governance system</p> <p>⑫ Social change risk</p>	<ul style="list-style-type: none"> Long-term improvement of corporate value 	<ul style="list-style-type: none"> Strengthen corporate governance Thorough compliance Risk identification, evaluation and management 		<p>⑫</p> <ul style="list-style-type: none"> Build a system to strengthen compliance within the group Strengthen corporate governance to further raise effectiveness Build a governance system capable of global business development and response to various changes 	<ul style="list-style-type: none"> Carried out activities for directors to raise effectiveness Board of Directors meeting attendance rate: 100% Implemented the Otsuka Group Global Anti-Fraud Policy Establish the Otsuka Group Global ERM⁵ Policy Establish the Otsuka Group's Global ERM Implementation Guidelines. 	<ul style="list-style-type: none"> Conducted training to develop cybersecurity personnel Reinforced efforts to improve efficacy of crisis management Reinforced activities responding to significant domestic and international risks Strengthened the information security of each group company (education and training) 	

1. A situation in which, despite coming in to work, productivity does not increase due to the employee's poor mental and physical condition
 2. To reduce CO₂ emissions from business activities to substantially zero (calculated by subtracting uptake from emissions)
 3. To establish an economic system that recycles resources by reusing waste discharged from business activities as new raw materials
 4. To reduce the impact of water intake and discharge from business activities on water resources to zero

1. Cumulative total since 2019
 2. As of December 31, 2022
 3. From 20 companies (16 in Japan, 4 overseas) * For more details, see page 27.
 4. PT Otsuka Indonesia, PT Amerta Indah Otsuka, PT Widatra Bhakti, and PT Lautan Otsuka Chemical

5. Includes carbon-neutral electricity utilizing certificates equal to renewable energy that does not emit CO₂
 6. ERM: Enterprise Risk Management