

Society | Health

For more details about Pharmaceutical Business ~Initiatives to Address Unmet Medical Needs~

<https://www.otsuka.com/en/csr/society/health/pharmaceutical.html>



Pharmaceutical Business ~Initiatives to Address Unmet Medical Needs~

Basic Policy

Good health is a universal desire. At the Otsuka group, we work every day to help healthcare professionals around the world prevent and treat illness, and to help ordinary people maintain and improve their health. Numerous challenges remain, including protracted infectious disease outbreaks, underdeveloped medical infrastructure, and insufficient effective treatment options. We approach these issues by considering what it is that only Otsuka can do, with a particular focus on working to address unmet medical needs.

Tuberculosis (TB), one of the world's three major infectious diseases, is one of the most important areas of unmet medical needs, and various efforts are underway to eradicate it.

Targets for FY 2023 and progress in the current fiscal year

- Provide delamanid for more than 60,000 cases: provided for more than 90,000 cases so far
- Launch pediatric formulation of Deltiva: started providing it in June 2022
- Initiate clinical trials for new therapeutic regimens: agreement signed in August 2022 for collaboration in clinical trials.
- Expand access to delamanid in collaboration with partners: providing delamanid from GDF and alliance partners

Expanding access to patients worldwide by collaborating with partners

TB is one of the world's three major infectious diseases, along with HIV/AIDS and malaria. In 2021, there were more than 10 million cases and 1.6 million deaths worldwide, and with this large number of deaths, it is a disease for which treatment opportunities are very much desired. Against this backdrop, Otsuka Pharmaceutical created the TB drug delamanid after more than 40 years of research and development. And by working with the Global Drug Facility (GDF) of the Stop TB Partnership, an organization that enables sustainable procurement in developing countries, such as in Africa and Asia, where many patients live, we have brought about local access to TB drugs and diagnostics. Other initiatives include participation in the Global Health Innovative Technology Fund (GHIT Fund), a public-private partnership established in Japan to fight infectious diseases worldwide; cooperation with programs run by organizations such as Médecins Sans Frontières; securing support from the Bill & Melinda Gates Foundation to develop new TB treatments; and alliances with global companies with strengths in public health in regions where we do not have a presence. We are working to contribute to the health of people worldwide through activities that involve many stakeholders.

Otsuka Pharmaceutical is working to establish a system for sustainable drug supply at appropriate prices so that people around the world can access delamanid when they need it, regardless of the socioeconomic conditions or income level of the countries in which they live. This multifaceted approach has seen use of delamanid expand to more than 120 countries/regions by the end of 2022, with enough doses shipped since 2016 to treat more than 90,000 cases. In September 2021, we also received approval from the European Commission for a dispersion formulation for pediatric use and began supplying it in 2022 through GDF.

Indonesia's efforts to eliminate TB

PT Amerta Indah Otsuka, Otsuka Pharmaceutical's Indonesian subsidiary, launched a project in July 2022 with the six Indonesian companies of the Otsuka group and two companies that have endorsed the project, with the aim of eradicating TB in the workplace and eliminating prejudice and discrimination against patients.



According to the World Health Organization (WHO), as of 2021, Indonesia has the second highest number of TB patients in the world after India, with an estimated 969,000 patients and 144,000 deaths annually. However, prejudice against TB patients in Indonesia persists and there is a lack of awareness that TB is a curable disease. The project is working to (1) eradicate TB, (2) create an environment free from prejudice and discrimination against TB patients, (3) treat TB patients, (4) identify TB patients, (5) improve nutrition to prevent infection, and (6) provide treatment support for early treatment. To date, 7,200 people from the 8 companies participating in the project and are working to prevent infection.

Battling Antimicrobial Resistance (AMR*)

Otsuka Pharmaceutical formulated the Responsible Access Program to prevent the outbreak of delamanid-resistant TB and to promote proper use of the drug.

Our stewardship achievements, such as efforts to educate about the proper use of delamanid and increase global access to it, and conducting ongoing research and development into drug-resistant TB, are acknowledged in the AMR Benchmark, a survey of global pharmaceutical companies conducted by the Access to Medicine Foundation, which is funded by the U.K. and the Netherlands' governments.

* AMR (Antimicrobial resistance)

Society | Health

For more details about our yet-to-be-imagined needs initiatives, visit:

<https://www.otsuka.com/en/csr/society/health/nutraceutical.html>



Nutraceutical Business ~Initiatives for Yet-To-Be-Imagined Needs~

Basic Policy

The advance of medical technology and improvement in public health has seen the average lifespan increase worldwide. However, new health challenges have also emerged, such as declining birthdates, aging populations, and the rise of lifestyle-related diseases. At the Otsuka group, our Nutraceutical Business pursues a range of initiatives aimed at supplying the world with products that help people maintain and improve their health. These initiatives include the development of innovative products that combine scientific evidence with the Pharmaceutical Business's accumulated expertise, and ongoing health awareness programs aimed at tackling challenges related to access to nutrition.

Targets for FY 2023 and progress in the current fiscal year

- Targets:
- Develop new categories and areas
 - Create new mechanisms and strengthen existing mechanisms to realize healthy lifestyles
 - Create new concepts and new products in anticipation of environmental changes
- Progress:
- Continuing to hold women's health seminars

Contributing to Total Healthcare for Women

Otsuka Pharmaceutical continues to research topics relating to women's health and actively develop products. In addition to *EQUELLE* and *EQUELLE Gelée*, which contain equol (an ingredient that supports women's health and beauty at a time when aging brings physical and mental changes), Otsuka Pharmaceutical released *tocoelle* in 2021, which emerged from R&D focused on premenstrual symptoms. Furthermore, Taiho Pharmaceutical launched *BUP-4 LADY*, which aims to improve the day-to-day lives of women with urinary urgency. In 2021, the Otsuka group acquired Uqora, a U.S. provider of products for women's urinary health. We are increasing our portfolio to support women's health.

open to male employees. In addition, all female employees under the age of 30 who wish to be checked for cervical cancer viruses can do so at no cost, leading to early detection and early treatment of cervical cancer.

Recognized for Our Commitment to Women's Health

In February 2023, at the 8th ACAP Consumer-oriented Activity Awards, organized by the Association of Consumer Affairs Professionals (ACAP) Conference, Otsuka Pharmaceutical received the Consumer-oriented Activity Award in recognition of its initiatives to improve literacy in women's health.



Building Awareness of Women's Health

Otsuka Pharmaceutical strives to support women in leading active, healthy lives, and knows the importance of building understanding of the changing health needs of women throughout life, and of arming individuals with the knowledge they need to make choices that are right for them. We provide a variety of information in this regard. Since 2015, we have held Women's Health Seminars throughout Japan. Furthermore, we launched the Otsuka Advanced Training for Healthy Aging Supporters (OATHAS) program to assist pharmacies and pharmacists in supporting the health of their local communities. This program is both a source of essential knowledge and an opportunity for hands-on practical experience. Other measures include webpages that offer insights into women's health, including the Women's Health Promotion Project, KONENKI. Lab (with content on menopausal health issues), and PMS LABORATORY, through which we offer day-to-day health support for women of all ages. In addition, the Otsuka Pharmaceutical health insurance association has had a women's health consultation service by an occupational gynecologist since 2022. In addition, to create a more comfortable working environment for women, the Otsuka Pharmaceutical health insurance association holds women's health seminars that are also



From the Field for Total Healthcare

Otsuka Pharmaceutical Women's Health Promotion Project Team Members

With the mission of fostering thinking about women's health in everyday life, we are providing information and conducting educational activities by utilizing the knowledge gained through research and development in the field of women's health.

A woman's mind and body are affected by female hormones, which come in large waves from month to month, and even throughout her life. However, female hormones are important partners in supporting health and beauty. That is why I want you to know about the function of female hormones. We are convinced that improving health literacy will increase the number of women who cope without holding back or giving up, and we are helping women lead vibrant lives and perform by conducting on-site seminars and providing a variety of material.

Going from an era of being at the mercy of female hormones to an era of controlling them, the Women's Health Promotion Project will work with each individual to help them live a daily life in which they can look forward to their own life in their own way, beautifully and comfortably.



Society



People

For more details about our health and productivity management initiatives, visit:
<https://www.otsuka.com/en/csr/society/people/health.html>



Health and Productivity Management

Basic Policy

The Otsuka group believes that the health and vitality of each and every employee is essential to the realization of its corporate philosophy. Each group company has established a Health Declaration to help employees maintain and improve their health. To fully demonstrate their abilities and individuality and play an active role, employees themselves strive to maintain and improve their health, as well as working to improve their work environment.

Targets for FY 2023 and progress in the current fiscal year

- Targets:**
- Build new systems to make more comfortable working environments
- Progress:**
- Established a women's health consultation service
 - Women's health seminars
 - Number of participants: about 5,700

Promoting Health and Productivity Management

Health and Productivity Management

The Otsuka group recognizes that the health and vitality of each and every employee is essential to the realization of its corporate philosophy, and therefore, under the leadership of the executive deputy president and executive director of Otsuka Holdings, who is responsible for overall health and productivity management, the Otsuka group's health insurance association in Japan, called Otsuka Pharmaceutical health insurance association, health and productivity promotion managers at each group company, and specialist staff such as industrial physicians and nurses work together to maintain and enhance the health of employees and their families. The Board of Directors also oversees issues related to health maintenance and promotion, as well as the targets and progress of these initiatives. The group is engaged in a variety of activities, such as health seminars and exercise programs, to improve the health literacy of employees by utilizing the various health information and assets owned by the group. In fiscal 2022, we implemented initiatives such as women's health, improving health literacy, and promoting the cessation of smoking.

Improving Health Literacy

Otsuka Pharmaceutical health insurance association launched a cafeteria plan in 2023, under which points are awarded for such things as getting health checkups or physical examinations, and participating in health seminars, and employees are free to select and use the points awarded as a benefit package. In addition, Otsuka Pharmaceutical is working with other group companies to create and distribute health articles, such as "Healthy Alcohol Drinking Habits," to help employees and their families maintain and improve their health. As part of its disease prevention efforts, Otsuka Pharmaceutical also conducted

in-house surveys on headaches and atopic dermatitis, and held seminars in which experts gave lectures on topics relevant to the situation within the company as revealed by the survey results.

Otsuka Pharmaceutical health insurance association offers a smoking cessation support program, which provides a short-term smoking cessation experience using a smoking cessation medicine. Support e-mails are sent out during the program period, and information on quitting smoking is also provided for six months after the program ends. In addition, with the goal of achieving zero smoking among employees by 2023, Taiho Pharmaceutical has implemented various measures, such as not hiring smokers and making whether or not one smokes one of the factors considered when appointing someone to a position or promoting someone to a managerial position, and the smoking rate dropped from 15% in June 2020 to 5.6% in May 2022.

Initiatives to Improve Employee Engagement

In an effort to create a better organizational climate, we conduct regular employee satisfaction surveys at several of our domestic and overseas companies. The results are fed back to the company, and personnel interviews are conducted with employees to promote a better work environment.

From the Field for Total Healthcare

Virtual Run Project: POCARI SWEAT RUN

Otsuka Pharmaceutical Singapore has a virtual run project that can be participated in from anywhere in the world using a smartphone app, and employees in Japan have been participating since 2021. Among the employees who have participated, the number who habitually exercise increased from 59% to 87%, so the project is not only serving as an opportunity to create an exercise habit, but also promotes communication among group employees in Japan and overseas.



External evaluation

Corporations with excellent health management
 19 companies of the Otsuka group
 (Includes large, medium, and small-sized corporations)



Japan Sports Agency
 Sports Yell Company
 Otsuka Pharmaceutical (Bronze certification), Taiho Pharmaceutical



Society People

For more details about our human resource development initiatives, visit:
<https://www.otsuka.com/en/csr/society/people/training.html>



Human Resource Development

Basic Policy

Throughout history, innovation has always been generated by people. At the Otsuka group, we strive to attract talented personnel, develop their individual abilities on an ongoing basis, and enable them to fulfill their potential. This enables us to continuously generate innovation. In addition, we intend to continually drive innovation by actively promoting communication and engagement both inside and outside the group and by building networks that transcend job category and field that are not bound by a stereotype.

Targets for FY 2023 and progress in the current fiscal year

- Targets:**
- Further embedding corporate culture and philosophy in employees
 - Creating a system for continual human resource development that also responds to changes in society
- Progress:**
- Established an employee training facility and implemented an employee participation program there.
 - Participants in the executive human resource development program: 257 in total
 - Total training hours: 103,586/year
- * Note: Time spent on developing the next generation of leaders, management training, rank-specific training, evaluator training, new hire training, etc. (excluding training related to practical work)
 * Employees of 16 companies in Japan + 4 companies overseas

Human Resource Development Based on Our Unique Corporate Culture and Philosophy

As we expand our business around the world, it is essential to have personnel who have a deep understanding of our corporate culture and philosophy and who can execute our strategies on the global stage. We are required to respond to a variety of changes, including the new changes in society triggered by the spread of COVID-19 and the escalation of geopolitical risks. Against this backdrop, the Otsuka group is striving to develop human resources in which each and every employee can try new things without fear of failure and enhance their diverse individual capabilities.

In FY2022, we also focused on human resource development through the Otsuka group's 100th anniversary initiatives. We also implemented a variety of initiatives, focusing on the development of next-generation management personnel, global human resources, and digital human resources, as well as providing learning opportunities to enhance individual capabilities.

Further Embedding Corporate Culture and Philosophy - Human Resource Development through 100th Anniversary Initiatives

In September 2021, the Otsuka group celebrated its 100th anniversary. In line with this, the year beginning September 2021 was designated as the 100th Anniversary Year, and the entire group engaged in a variety of initiatives as an opportunity to learn from its history and create its future.

As part of this effort, Otsuka opened a 100th anniversary facility (employee training facility) in Tokushima, the birthplace of the Otsuka group. The facility consists of an exhibition building for experiencing Otsuka's culture and a training building for creating the future, and will be used as a place to develop the human resources who will lead Otsuka in the future. In addition, program called Go for 2050/DISCOVER NEW HEALTH was held for global Otsuka group employees, inviting them to submit their ideas for Otsuka's next 100 years, and many participated.

In August, the final month of the 100th Anniversary Year, the teams that submitted unique Otsuka concepts that passed the final selection process gave presentations at the 100th anniversary facility, and these were broadcast live to Otsuka group employees around the world. The 100th anniversary initiatives provided an opportunity for each and every employee to look to the future and seriously consider and act on new health care, and group employees around the world were united in taking a new step forward.



The 100th anniversary facility (employee training facility)

Essence of Management(Our Corporate Culture)



Society People

For more details about our human resource development initiatives, visit:
<https://www.otsuka.com/en/csr/society/people/training.html>



Human Resource Development

Mechanisms for Developing Human Resources that Generate Innovation

Development of Management Personnel and Global Leaders

With the aim of continually identifying human resources to support sustainable growth and develop global management talent, Otsuka Holdings implements a unique human resource development program for employees worldwide and collaborates with external organizations to develop human resources more effectively. Under the commitment of Otsuka Holdings senior management, participants learn about and discuss the human resources and business skills that will be required of management personnel in the future, based on past Otsuka leaders and the way Otsuka sees its unique business. As part of this program, a training camp hosted by the president is held nine times a year, and participants are also sent to 18 overseas business schools in six countries to discuss global management from various perspectives. Each year, approximately 60 participants are selected from the various group companies, and by the end of 2022, the eighth year of the program, a total of 257 people have participated in the program.



Training camp hosted by the president

Improvement of Individual Skills

To further promote innovation and globalization, we offer a variety of training and self-learning tools. For example, to develop global human resources, since 2020, the Otsuka group has been providing a common learning platform, GEL, for group employees in Japan and overseas to learn business skills. Messages from Otsuka group management are shared on the platform. In addition, the Otsuka group provides opportunities for employees around the world to learn together through unique initiatives such as the GEL Café, an online social gathering, and webinars are held to promote communication.

We also focus on the development of human resources adept in the Digital Era with the aim of enhancing the skills needed for daily work. We offer seminars on digital skills and design thinking for all employees, learning tools that allow them to study according to their own skills, and training programs to strengthen their expertise. The Otsuka group also shares best practices within the group, including management, and works together to accumulate and replicate successful know-how, leading to improved operations and the creation of new innovations. In addition, the Otsuka group selects and conducts training as needed based on the business strategies and challenges of each company in accordance with its diverse business operations. For example, Otsuka Pharmaceutical offers a variety of

training programs for employees aiming for global careers. Open training for young employees provides an opportunity to learn from employees working globally about the mindset involved in global business, cross-cultural communication, and specific job duties. In addition, training for employees scheduled for an overseas posting is conducted for a year to prepare them for their posting and build a network among the members. Taiho Pharmaceutical also plans to develop its program for fostering female management personnel into a global management personnel development program to foster a diverse range of candidates. Otsuka Pharmaceutical Factory has been conducting rank-based training and selective training, and plans to implement a medium- to long-term program to develop personnel to take charge of divisions in the future. Otsuka America Pharmaceutical, Inc. offers a structured learning experience that provides accelerated development to senior leaders for roles of increased scope and complexity. This inclusive learning journey is focused on the self, others and business and provides an opportunity to increase emotional connectedness to our Otsuka culture, our purpose, and our patients.

| Item | Major initiatives | Number of participants/Total time |
|--|---|--|
| Developing Global Human Resources | Provision of Global e-Learning Platform ¹ as a common learning platform for employees around the world | Total number of participants: 6,650 Number of companies in Japan and overseas: 87 Employees from 29 countries and regions |
| Cross-group development of digitally-capable human resources | <ul style="list-style-type: none"> AI Forum, a study group primarily for management Training for data scientists Providing learning tools (e-learning) according to one's skills | Training for data scientists: once a year Note: FY2022 Topic: Quantity and Quality of Data Total number of participants: 1,520 Total time of training: about 9,470 hours Number of companies in Japan: 8 |
| Human resource development at each company in line with its industry and business type | Training tailored to each company's business strategies and issues, in addition to rank-specific and mandatory training. | Number of programs: 548 Number of times held: 1,571 Total time of training: 103,586 hrs/year ² Number of companies in Japan: 16, overseas: 4 |

¹ Harvard ManageMentor, operated by Harvard Business School Publishing Corporate Learning, is used.
² Time spent on development of the next generation of leaders, management training, rank-specific training, evaluator training, new hire training, etc. (excluding training related to practical work)

Global Improvement of Organizational Strength and Human Resource Strength

Beginning in 2020, Otsuka group companies have been gradually introducing a system to centrally manage personal information, including employee goals and evaluations, training, and the selection, promotion, and development of outstanding employees. As of June 2022, more than 10,000 Otsuka group employees are using the system to maximize human resource development and organizational capabilities.

Society | People

For more details about our diversity & inclusion initiatives, visit:

<https://www.otsuka.com/en/csr/society/people/diversity.html>



Diversity & Inclusion

Basic Policy

The Otsuka group actively promotes diversity and inclusion, believing that a diverse workforce will lead to greater innovation, globalization, and innovative product development. Therefore, as a company that constantly pursues innovation, we strive to create a workplace environment that is rich in diversity.

Targets for FY 2023 and progress in the current fiscal year

- Targets: • Further promote and instill diversity as a source of innovation
- Progress: • Proportion of female managers: 29.7% (Otsuka Holdings)
- Percentage of male employees taking parental leave: 45.6%

Promoting Diversity & Inclusion

Diversity and inclusion promotion teams at each company play a central role in promoting diversity and inclusion by collaborating within the group and implementing initiatives at each company, such as formulating group-wide systems, planning seminars, and holding regular meetings to share good practice examples of diversity at each company. In addition, each group company has an *Ikubosu* Declaration¹.

1. A boss who can nurture subordinates, the organization, and society, while also nurturing himself/herself at work and outside of work (data from the Ikumen Project Secretariat, Ministry of Health, Labor and Welfare).

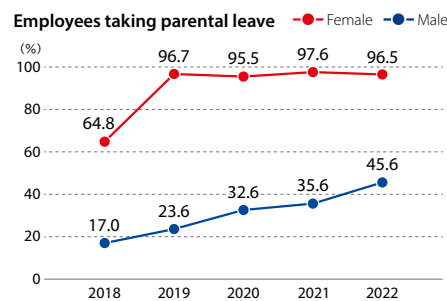
Activities of a Diverse Workforce

The Otsuka group supports the activities of a diverse workforce by recognizing the promotion of women, support for balancing work and one's private life (childcare, nursing care, illness), and creating a comfortable work environment for various people, such as LGBTQ, as issues in diversity and inclusion. We hold *Ikubosu* seminars and introduce case studies of role models as a way to raise employee awareness.

In addition, Otsuka Pharmaceutical pursues a comfortable work environment through such activities as WING, a voluntary cross-organizational study group that identifies issues and discusses solutions to improve the company. In 2022, the ninth year of the program, 35 employees participated in WING. To enable employees to raise children with peace of mind, the member of WING have created a Maternity and Parental Leave Planning Sheet that all employees can use to promote further communication with their supervisors, and they are rolling out the content of the discussions within the company.

These group-wide and company-specific efforts have also led to an increase in the number of male employees taking parental leave.

In addition, each company is promoting other initiatives to promote proper understanding of LGBTQ issues, such as holding in-house seminars and establishing in-house consultation services.



Note: See P27 for scope of the data.

Supporting Diverse Work Styles

We have established a Family Smile Support System² and a Work Interval System to support diverse work styles at each stage of life. In addition, we have created a comfortable work environment, such as by having an on-site daycare center where employees can continue their work with peace of mind.

2. Revised the existing telework system to be more flexible.

External evaluation

- Platinum Kurumin (Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical)
- Kurumin (Otsuka Pharmaceutical, Otsuka Foods, Otsuka Warehouse, etc.)
- Eruboshi (Level 3) (Otsuka Chemical)
- MONISU Certification Certified (Heartful Kawauchi)
- Tomonin (Otsuka Pharmaceutical, Otsuka Warehouse, Taiho Pharmaceutical)
- Cancer Ally Awards 2022 (Taiho Pharmaceutical)
- Nadeshiko brand (Otsuka Holdings, Otsuka Pharmaceutical)



From the Field for Total Healthcare

Otsuka America Pharmaceutical Inc. and Otsuka Pharmaceutical D&C Inc.

The Diversity, Equity, and Inclusion (DE&I) Office was created in 2021 and we have short-term and long-term goals based on the nature and cycle of our business operations. The DE&I strategy has three pillars: workforce, workplace, and marketplace. For example, HR embedded DE&I best practices into its recruitment and hiring processes such as broadening the network of colleges/universities at which new employees are recruited. It is important to continue to pursue diversity, equity, and inclusion at Otsuka because employees are our most important asset. A good employee experience leads to the delivery of a great patient experience and positions the company to fully deliver on its mission (creating new products for better health worldwide) and its patient promise: people serving people.



Sabrina Mays Diagne
Senior Director and Otsuka Diversity, Equity & Inclusion Officer

Society Human Rights

For more details about our human rights initiatives (including our human rights policy), visit: https://www.otsuka.com/en/csr/society/people/human_rights.html



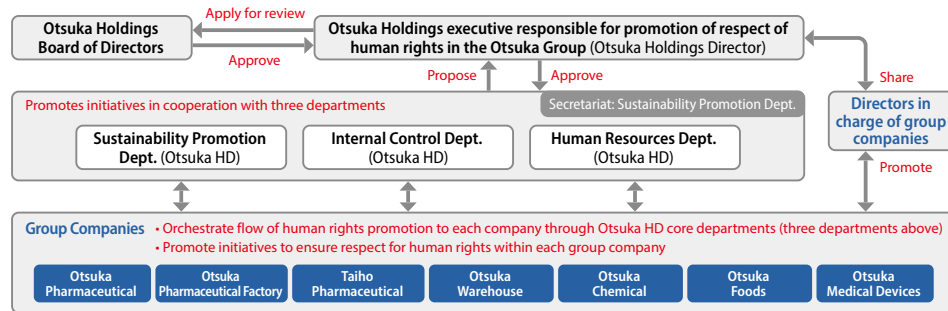
Basic Policy

The Otsuka group aims to maximize our unique assets and skills as a global healthcare company in keeping with our corporate philosophy, "Otsuka-people creating new products for better health worldwide". We recognize that respect for human rights in every aspect of our business activities must be the premise upon which we build to meet the expectations of our stakeholders, create new value, and contribute to the health and wellbeing of people all over the world as we continue to grow sustainably. Based on the Otsuka Group Global Code of Business Ethics, which outlines our commitment to integrity in all of our business activities, we have established the Otsuka Group Human Rights Policy to guide our efforts to promote human rights initiatives on a group-wide basis.

Human Rights Promotion Framework

Human rights initiatives are necessary in various areas. In the Otsuka group, three departments—the Internal Control, Human Resources and Sustainability Promotion Departments—cooperate to promote initiatives for respecting human rights, under the Otsuka Group Human Rights Promotion Leader (an Otsuka Holdings Director).

Promotion Framework

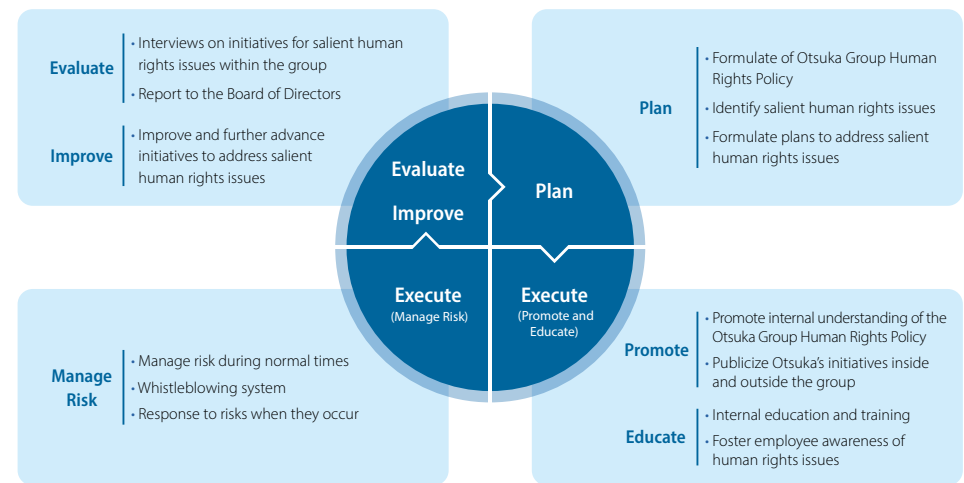


Human Rights Due Diligence

To fulfill our responsibility regarding respect for human rights, the Otsuka group identifies salient human rights issues related to our business operations, and we continually perform due diligence to prevent and mitigate any impact, as outlined in the United Nations Guiding Principles on Business and Human Rights.

Human rights due diligence in the Otsuka group refers to the entire process of the PDCA (plan-check-do-act) cycle outlined below, which is repeated as part of this ongoing process to resolve salient human rights issues for the Otsuka group. Moreover, we hold regular internal interviews to determine risks to human rights and have established a framework enabling a continuing response to these risks throughout the group.

PDCA Cycle for Promoting of Respect of Human Rights



Education and Awareness-Raising for Management and Employees

- We are working to raise awareness throughout the group through ongoing educational activities and training.
- Provide annual education for all employees of group subsidiaries based on the Otsuka Group Code of Business Ethics.
 - Provide annual education for all employees of group subsidiaries guided by the Otsuka Group Human Rights Policy.
 - Conduct internal training on bullying and harassment for management and employees at each group company.
 - Conduct training that incorporates units on human rights as part of personnel training.
 - Raise awareness within the group using in-house newsletters and other educational materials.

Supply chain transparency initiatives [Details on P.54](#)

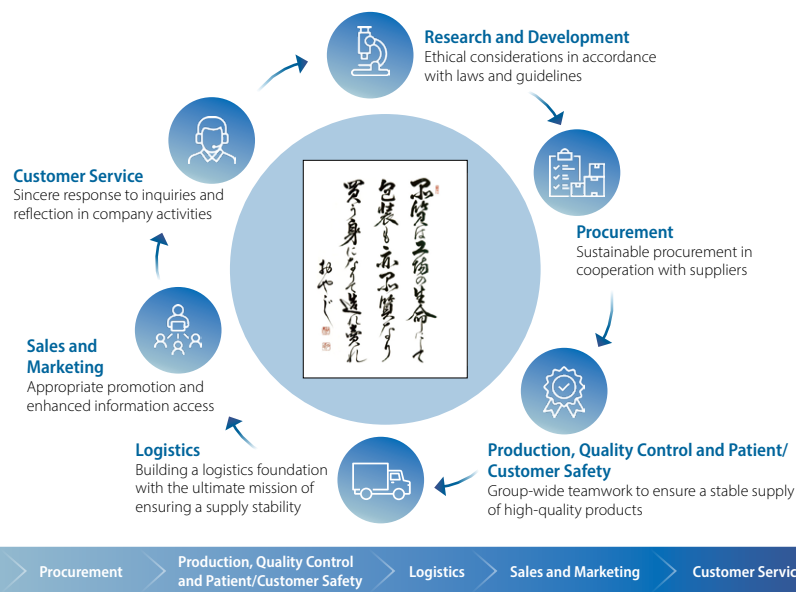
Society | Quality in All We Do

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



Basic Policy

To help build a sustainable society, the Otsuka group is 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.



“Quality is vital in a factory and so is packaging. We have to manufacture and market, putting ourselves in the consumer’s position.”

These are the words of Busaburo Otsuka, the founder of the company, who was called “Oyajisan” (meaning old man), was also a superior calligrapher with a pen name of “Otsuka Geppo.” In 1946, when the company began manufacturing and selling injection drugs, he wrote, “This is something that all people engaged in manufacturing, transportation, and sales should do.” Today still, these principles are on display at the Otsuka group’s manufacturing sites and other facilities, conveying our philosophy of “Customers First” and “Quality First.”

All employees of the Otsuka group will remain true to this philosophy, and now as in the past, our responsibility as a health-related company will always be to think of customers and quality first.

| Fields | The Aspiration of Field-Specific Quality in All We Do |
|---|---|
| Research and Development | Ethical Considerations in Accordance with Laws and Guidelines We comply with all relevant laws and guidelines while diligently upholding bioethics and scientifically valid methodologies from the viewpoints of preservation of the environment and safety management. |
| Procurement | Sustainable Procurement in Cooperation with Suppliers We are a signatory to the United Nations Global Compact (UNGC) and support the four UNGC areas of human rights, labor, environment, and anti-corruption as universal values. Based on our corporate philosophy, we promote sustainable procurement in cooperation with our suppliers and conduct activities under the Otsuka group Procurement Policy to enhance our corporate value and contribute to society. |
| Production, Quality Control and Patient/Customer Safety | Group-wide Teamwork to Ensure Stable Supply of High-Quality Products Based on the belief that a stable supply of high-quality products contributes to a sustainable society, we pursue quality that meets the trust of our customers in accordance with the characteristics of our businesses, pharmaceuticals, foods, chemical products, and cosmetics, and others. We believe it is important to develop human resources that transcend departmental boundaries and to build an evolving quality assurance system that responds flexibly to changes in the environment in cooperation with related companies, and to take proactive initiatives to reduce quality risks and contribute to the stability of the supply chain. |
| Logistics | Building a Logistics Foundation with the Ultimate Mission of Ensuring Supply Stability As a company that handles life-related products such as pharmaceuticals, foods, and beverages, we maintain strict quality control and management in distribution, and actively promote measures to maintain a stable supply even in emergency situations such as disasters. In addition, by introducing IT technology into various operations related to distribution, we are improving quality as well as work efficiency. |
| Sales and Marketing | Appropriate Promotion and Enhanced Information Access We have established a Code of Practice that builds on the International Federation of Pharmaceutical Manufacturers & Associations’ Code of Practice and the Japan Pharmaceutical Manufacturers Association’s Promotion Code for Prescription Drugs. In addition to complying with these codes, Otsuka group companies also observe industry rules such as the Guidelines for Provision of Sales Information on Prescription Drugs and conduct sales and marketing activities responsibly and with a high level of ethics. We have an expert panel, comprising members drawn from multiple departments, to perform reviews of marketing plans and sales promotion materials. |
| Customer Service | Sincere Response to Inquiries and Reflection in Company Activities Considering consumer rights as an important human rights issue, we place importance on dialogue with all stakeholders to make appropriate decisions. To promote consumer orientation as a corporate social responsibility, we conduct activities under the Declaration of Consumer-Oriented Commitment. |

Society | Quality in All We Do

For more details about our procurement initiatives, visit:

<https://www.otsuka.com/en/csr/society/quality/procurement.html>



Procurement

Basic Policy

The Otsuka group signed the United Nations Global Compact (UNGC) in 2016 and supports the four UNGC areas of human rights, labor, environment, and anti-corruption as universal values, and promotes sustainable procurement initiatives based on its corporate philosophy to enhance corporate value and contribute to society. The Otsuka Group Procurement Policy is the basis for the Group's activities.

Targets for FY 2023 and progress in the current fiscal year

- Targets:** • Hold briefings for 160 companies, Number of companies to be conducting SAQ: 196
- Progress:** • Briefings held for 583 companies, Number of companies that conducted SAQ: 597

* Having achieved our initial targets early, we are now pushing for even higher targets.

Otsuka group launched a project to strengthen sustainable procurement

Otsuka group companies have, as a general rule, long conducted due diligence on new suppliers and risk assessments of key raw materials, clarified possible risks, and implemented measures such as purchasing from multiple suppliers. In 2022, the Otsuka Group launched the Otsuka Group Sustainable Procurement Project¹, headed by the director in charge of sustainability at Otsuka Holdings, and in addition to the four existing UNGC areas, the Group launched a Group-wide effort to ensure stable procurement in response to natural disasters and geopolitical risks.

The project holds quarterly meetings to discuss the progress of initiatives and share issues, and promotes sustainable procurement. In addition, Otsuka Holdings and five Otsuka group companies announced that they submitted a declaration of partnership building² to the government to build trust with supplier companies.

1. Directors, procurement and IT staff from Otsuka Holdings, Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, Otsuka Foods, Otsuka Techno, EN Otsuka Pharmaceutical, and Otsuka Packaging participated.

2. This is a declaration aimed at building new partnerships by promoting collaboration, coexistence, and co-prosperity with supply chain business partners and value-creating businesses. Otsuka Holdings (November 2022), Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Foods, and Otsuka Chemical (February 2023) have made announcements

Promoting Sustainable Procurement across the Group

The subcommittee of the Sustainable Procurement Project is promoting procurement activities that take into consideration the four areas of UNGC together with our partners in the procurement side of the supply chain. To maintain stable procurement of raw materials and stably supply products to be able to continue contributing to people's health into the future, we always consider what we should do as a procurement department and try to make efforts to achieve benefits for us, our customers, and society, through close discussions with our partners to solve problems. We are very grateful to our suppliers for their understanding and cooperation in our sustainable procurement activities and for helping us to build good relationships with them.



Yuki Kato
Supply Chain Services
Supply Chain Management
Taiho Pharmaceutical

Initiatives to Promote Sustainable Procurement

The Otsuka Group Sustainable Procurement Project conducts training for procurement staff, holds explanatory meetings for its primary suppliers of direct materials, implements the Sustainable Procurement Self-Assessment Questionnaire (SAQ)³, and carries out activity status checks³ to ensure that procurement activities take the four UNGC areas into consideration.

3. Eight Otsuka group supplier companies: Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, Otsuka Chemical, Otsuka Foods, Otsuka Techno, EN Otsuka Pharmaceutical, and Otsuka Packaging

| Item | Results | 2022 initiatives |
|----------------------------------|---|--|
| Procurement staff training | New + Existing staff, 58 in total | Learn about issues in the four UNGC areas based on the Global Compact Network Japan's (GCNJ) CSR Procurement SAQ. |
| Sustainable procurement briefing | Suppliers in Japan: 583 companies Consented: 583 companies | Provided on-demand e-learning training on the Otsuka Group Procurement Policy, Otsuka Group Sustainable Procurement Guidelines, and Otsuka Group Environmental Vision 2050, as well as on the Guidelines on Respecting Human Rights in Responsible Supply Chains, etc. Obtained consent from supplier companies that understood the above content and agreed to cooperatively promote sustainable procurement. |
| Sustainable procurement SAQ | Suppliers worldwide: 597 companies (in Japan: 577, overseas: 20) | In addition to GCNJ's CSR Procurement SAQ, a Human Rights SAQ and an Environmental SAQ were independently developed based on the Otsuka group's business activities. In addition, a review of the survey results and risk identification were also conducted. |
| Confirmation of activities | Telephone interviews: 112 companies Web interviews: 13 companies | Telephone interviews were conducted with 112 suppliers to understand their actual activities. Web interviews were also conducted with 13 companies for deeper dialogue. We were able to confirm activities and understand suppliers' status more deeply. |

Society | Quality in All We Do

Production, Quality Control and Patient/Customer Safety

Basic Policy

At the Otsuka group, we believe that providing a stable supply of high-quality products is part of our contribution to a sustainable society. Accordingly, we seek to make the most effective use of the characteristics of our businesses, which include pharmaceuticals, foods, chemical products, and cosmetics, in the quest for a level of quality that justifies customers' faith in us.

Held a Group-Wide Global Quality, Production, Supply Chain, and Environment Meeting

As our business grows and our products and sales areas expand, we held a group-wide global conference in February 2023 to deepen mutual understanding and strengthen cooperation among the various departments in the value chain.

Under the theme of "Our value - Thinking at milestones," 156 participants from 15 countries/regions shared their approaches and issues with each other regarding mechanisms to support stable supply, value creation for the future, and meeting new social needs.



Production Division

The Chemistry, Manufacturing and Control¹ (CMC) Headquarters established in April 2022 by Otsuka Pharmaceutical's Pharmaceutical Business Division, aims to deliver high-quality pharmaceutical products to patients faster by establishing an integrated R&D system for active pharmaceutical ingredients and formulations, thereby seamlessly promoting the process from pre-clinical studies to commercialization. In addition to supporting stable production and supply in terms of technology, we pursue the maximization of product value by making full use of CMC technology, including the addition of new dosage forms. The Otsuka Group also works to leverage its strengths through personnel exchange and training that transcends departmental boundaries, collaboration within the Otsuka group, and regular sharing of information on technology and other topics.

¹ Chemistry, Manufacturing and Control of APIs and formulations

Quality Division

The Otsuka group's Quality and Safety Management Division has a safety management system tailored to the characteristics of its pharmaceutical, food, chemical, and cosmetics businesses. In addition to complying with the laws of each country, the division is responsible for quality control based on good quality practices and good pharmacovigilance practices in manufacturing and marketing, and also post-marketing safety control, reporting to regulatory authorities, and maintenance and revision of various documents. In 2023, Otsuka Pharmaceutical will also newly acquire manufacturing and marketing operations for medical devices, and has made changes to its management system to further contribute to

For more details about our Production initiatives, visit:

<https://www.otsuka.com/en/csr/society/quality/production.html>

For more details about our quality and safety initiatives, visit:

https://www.otsuka.com/en/csr/society/quality/safety_management.html



patients. In safety management, which involves the exchange of information throughout the Group and the constant collection and evaluation of product safety, we have established a system that can be implemented globally throughout the Group, and are working to promptly provide the results to medical institutions and other parties. From the viewpoint of quality assurance of products supplied globally, we are also collaborating in auditing raw material vendors across the group, sharing quality-related information with our companies around the world, and collaborating to ensure a stable supply.

(For reference) GQP: Good Quality Practice GVP: Good Vigilance Practice PV: Pharmacovigilance

2022 ICH Award – Contributions to the Review of ICH Guidelines.

ICH (International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use) is an international council established in 1990 by pharmaceutical regulatory authorities and industry associations in Japan, the United States, and Europe. It promotes the development and marketing of new drugs with high safety, efficacy, and quality, and the continued availability of new treatments for patients through the harmonization of technical and regulatory guidelines on a global scale. Currently, 20 organizations worldwide are members, and 36 organizations including WHO and IFPMA participate as observers. The ICH Award was newly established in 2022 to recognize experts who have made significant contributions to the review of ICH guidelines, and 12 people received the award in the first year. From Japan, three winners from the regulatory side and two from the industry side, including from Otsuka Pharmaceutical, were recognized for their important leadership and sustained contributions to the ICH working groups.

ICH guidelines are tools for obtaining and using the data necessary to deliver better new medicines to patients and medical facilities around the world as quickly as possible, in a scientific and ethical manner. I have been involved in ICH activities since 2010, and as a topic leader of the working group, I have been involved in the development of guidelines² and Q&As in several quality areas based on Otsuka Pharmaceutical's practices. Currently, I am also involved in the development of training materials to educate about and disseminate the guidelines, and am working to ensure that the guidelines are used appropriately in each country.

² "Development of Drug Substance," "Manufacturing and Quality Control", "Pharmaceutical Lifecycle Management", and "Quality Risk Management"



Tomonori Nakagawa
Associate Director, Department of Strategic Management
CMC Headquarters, Otsuka Pharmaceutical

Society | Quality in All We Do

For more details about our Customer Service initiatives, visit:

www.otsuka.com/en/csr/society/quality/consumer-orientation.html



Customer Service

Basic Policy

We recognize that respecting consumer rights is an important human rights issue. Our Declaration of Consumer-oriented Commitment, made in October 2018, establishes basic policies regarding our commitment to our social responsibilities as a corporation, which we fulfill by pursuing consumer-oriented management and making appropriate decisions that are based on dialogue with all stakeholders.

System to Promote Management Based on Customer Feedback

Each Otsuka group company has established dedicated contact centers for receiving inquiries from patients, medical professionals, and consumers, and provides appropriate training to those taking the feedback. The status of consultations is reported to the relevant departments and management at each company, and feedback and suggestions on products are used to make improvements and refinements.

Since 2008, we have held Group Customer Service Liaison Meetings annually under the supervision of Otsuka Holdings directors. Meetings are attended by representatives of companies from the Pharmaceutical Business, Nutraceutical Business, Consumer Products Business, the daily necessities and e-commerce categories, as well as from other relevant departments. The various companies report on their customer service activities and initiatives for greater consumer orientation, thus fostering our consumer-oriented corporate culture. We have contracted with a lawyer specializing in consumer affairs and a mental health counselor to improve the quality of consumer affairs and to maintain and promote the workplace environment throughout the Group. In addition, since December 2022, the Otsuka group has been holding monthly skill-improvement information exchange meetings, inviting outside experts and other lecturers to promote the improvement of customer response skills throughout the group.

The Otsuka Group Customer Service Liaison Meeting, Now in its 15th Year

Since the Otsuka group handles a wide variety of products, we feel that our strength lies in our ability to share various customer response case studies throughout the group. I served as the secretary of the 28th liaison meeting held in the fall of 2022, which was attended by 33 people from related departments in addition to the managers of the customer service departments of 10 group companies and 15 contact centers, who listened to a lecture by an outside lecturer and participated in group work using case studies. We have been exchanging information with the customer service departments of each company through group chats on a regular basis. We will continue to promote consumer-oriented management with the cooperation of the group's customer service departments.



Kazuhiko Sawada
Intravenous Drug DI Center,
Center Director
Quality Assurance Division
Otsuka Pharmaceutical Factory

Patient-Centricity for Drug Development Based on the Patient's Voice

Patient-centricity means that the medical institutions, regulatory authorities, and pharmaceutical companies surrounding patients always put the patient at the center of their actions, focusing on the patient, and ultimately respecting the patient's own judgment to the greatest extent possible. Otsuka Pharmaceutical's Headquarters of Clinical Development formed a task force in 2020, and it is working on a daily basis.

Formed a Task Force to Promote Patient-Centricity Activities

The Headquarters of Clinical Development conducts patient-centricity activities with the aim of developing drugs based on the opinions of patients. Through activities to obtain opinions on the content of the clinical trial consent document from general patients, and through interaction with employees who work at Heartful Kawauchi, a special subsidiary of Otsuka Pharmaceutical, who suffer from mental illness, and the employees who support them, we have been able to improve mutual understanding and expand the capability of our development work. We will continue to promote this activity in the hope that it will contribute to patient-centric drug development.



Atsuko Hara
Manager
Department of Clinical Development
Coordination,
Talent Development (Training)
Otsuka Pharmaceutical Headquarters
of Clinical Development

Community Inclusion Promotion Department to Support the Resolution of Unmet Needs Faced by the Community

Otsuka Pharmaceutical's Pharmaceutical Business Division promotes support activities that only a total healthcare company can provide to address local health issues.

Promoting Activities that Connect Stakeholders to Solve Local Health Issues

The Community Inclusion Promotion Department listens to the voices of local governments, medical professionals, educational institutions, and others regarding the unmet needs of the community, and provides support in connecting various stakeholders. For example, in the area of disaster medicine, we connect local governments, pharmacy associations, and disaster base hospitals with experts to provide comprehensive programs to learn about disaster medicine supply systems, drug triage skills at relief centers, and even mental health care, and we also help train pharmacists who can work in disaster medical care settings.



Shigetaka Yamada
General Manager, Community
Inclusion Promotion Dept.
Otsuka Pharmaceutical,
Pharmaceutical Sales Division