

Environment

Each Group company sets annual, as well as medium and long-term targets, for combating climate change, conserving energy, and managing waste. The results of efforts by Group companies worldwide have been compiled and reported here.

Environmental Performance Data

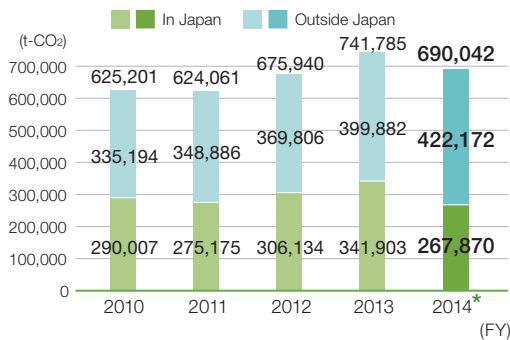
Combating Climate Change and Conserving Energy

In 2014, the 13 Group companies in Japan used the energy equivalent of 267,870 tons of CO₂ emissions through their business activities. The 30 Group companies outside Japan*¹ used the energy equivalent of 422,172 tons of CO₂ emissions.

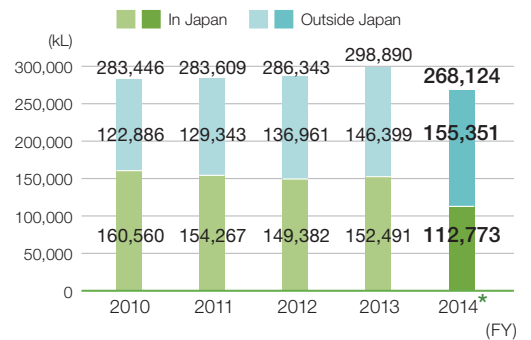
Outside Japan, CO₂ emissions increased with an increase in energy usage associated with the expansion of business while changes in the CO₂ emission coefficient of electricity in Japan (about a 10 percent increase) also had an impact. A lot of heat is required

in production processes for the reaction, distillation, and drying of chemicals, as well as for sterilization processes used in making beverages and pharmaceuticals (I.V. solutions). Therefore, the Otsuka Group is working to reduce energy consumption in these areas, which accounts for a large portion of energy use, through manufacturing process innovation at each Group company. For logistics operations in Japan, which are greatly affected by weather factors, the Group is improving delivery efficiency using transportation modal shift measures and joint delivery.

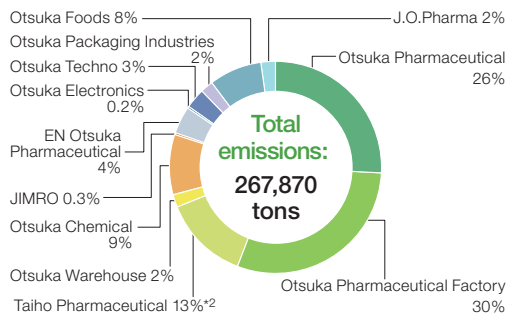
Total CO₂ Emissions (Energy-related)



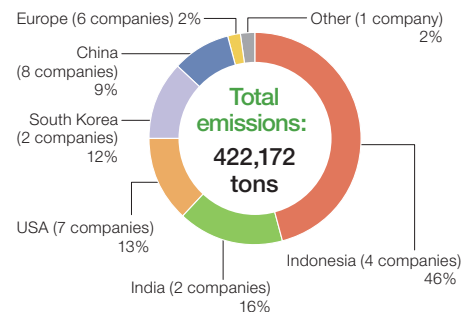
Energy Usage (Crude-oil equivalent)



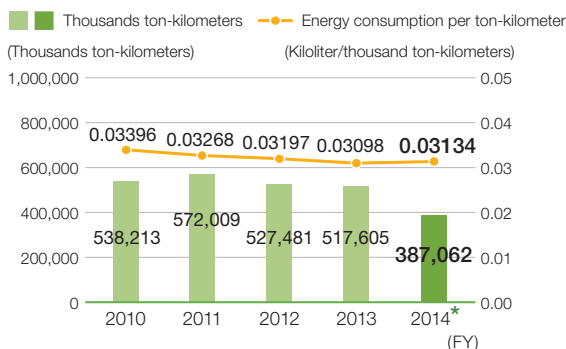
CO₂ Emissions by Company in FY2014 (in Japan)



Otsuka Group CO₂ Emissions by Country in FY2014 (outside Japan)



Energy Consumption per Ton-Kilometer by Four Specified Consigners of the Otsuka Group*³



*1: Consolidated companies outside Japan which have a production site.

*2: Including Okayama Taiho Pharmaceutical Co., Ltd.

*3: Four Specified Consigners of Otsuka Group companies (as defined by Japanese Law): Otsuka Pharmaceutical, Otsuka Pharmaceutical Factory, Taiho Pharmaceutical, and Otsuka Foods.

* The "In Japan" results are for the nine months Apr-Dec, but the "Outside Japan" results are for the twelve months Jan-Dec.

Environmental Performance Data

Waste Management Situation at 20 Group Companies Outside Japan

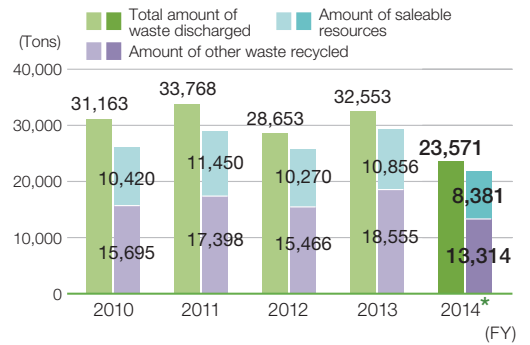
In 2014, 20 consolidated subsidiaries that have Group production sites outside Japan emitted 19,520 tons of waste. They had a recycling rate of 82.8%, and a final disposal amount of 2,596 tons.

Reducing Waste

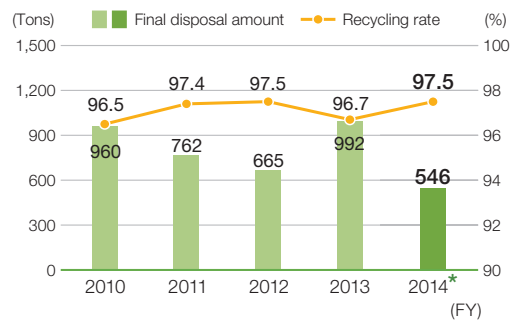
In 2014, the 13 Group companies in Japan discharged 23,571 tons of waste from business activities. While the amount of waste discharged fluctuates with changes in production output, the Group strives to recover resources and to reduce its final disposal amount through reuse and recycling initiatives. In fiscal 2014, its recycling rate was 97.5% and its final disposal amount was 546 tons. Each factory will continue robust 3R (reduce, reuse, and recycle) initiatives with the aim of achieving zero emissions. The Group has also begun ascertaining the waste management situation at its companies outside Japan.

$$\text{Recycling rate (\%)} = \frac{\text{Amount of other waste recycled} + \text{Amount of saleable resources}}{\text{Final disposal amount} + \text{Amount of other waste recycled} + \text{Amount of saleable resources}} \times 100$$

Total Waste Discharge and Recycling



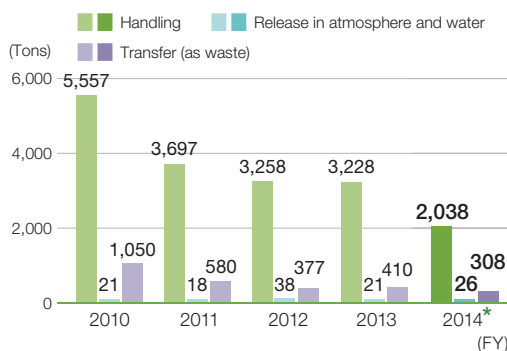
Recycling Rate and Final Disposal Amount



PRTR Substances

Management of PRTR substances* at the 13 Group companies in Japan are shown in the graph below.

Handling, Release, and Transfer of PRTR Substances



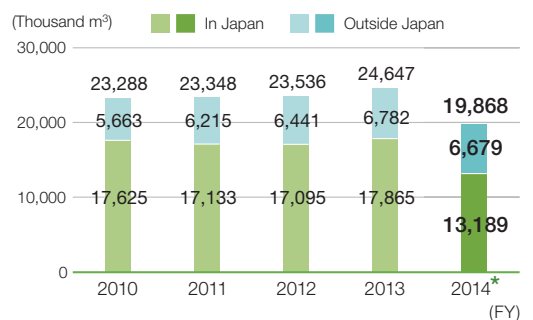
* Pollutant release and transfer registers (PRTRs). There are presently 462 substances designated under Japan's PRTR system.

* The "In Japan" results are for the nine months Apr-Dec, but the "Outside Japan" results are for the twelve months Jan-Dec.

Water Usage by Group Companies

In 2014, the 13 Group companies in Japan used 13.189 million m³ of water in business activities. Outside Japan, 30 Group companies used 6.679 million m³ of water, resulting in total use of 19.868 million m³. The Otsuka Group will strive to reduce its consumption of finite resources, based on usage analysis and comparisons between Group companies.

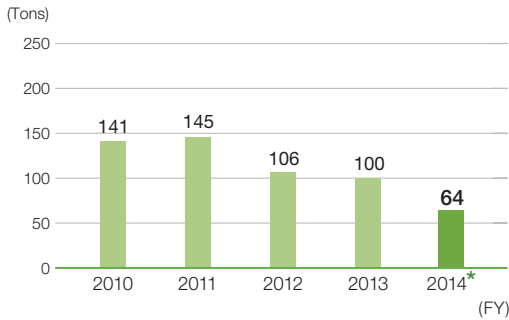
Water Usage by Group Companies



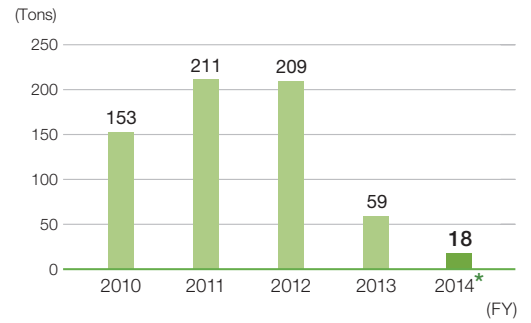
Preventing Air Pollution

Through efforts to switch from heavy oil to natural gas, the volume of dust and soot as well as sulfur oxides (SOx) emitted into the atmosphere decreased significantly for the 13 Group companies in Japan. The decline in nitrogen oxide (NOx) emissions for these companies was due to changes in incinerator operation.

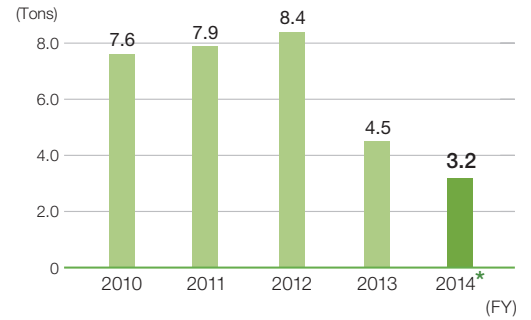
NOx Emissions



SOx Emissions



Dust and Soot Emissions



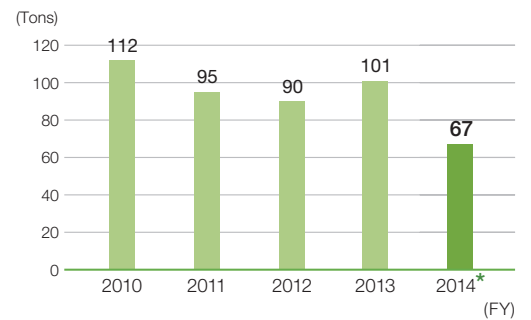
Preventing Water Pollution

The total volumes of wastewater, chemical oxygen demand, and suspended solid emissions for the 13 Group companies in Japan are shown here.

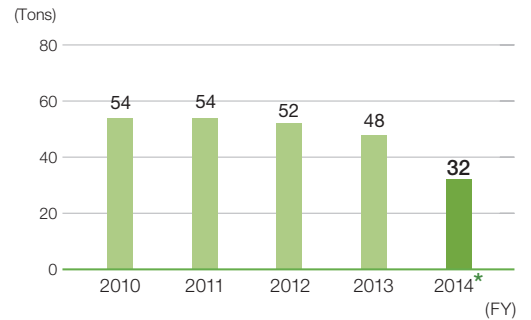
Total Wastewater



Chemical Oxygen Demand



Suspended Solid Emissions



* Results are for the nine months from April to December.