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**Otsuka Group Adopts CO<sub>2</sub>-free Electricity**  
**Annual CO<sub>2</sub> Emissions to Decline by Approximately 9%**

Otsuka Holdings Co., Ltd. (Head Office: Chiyoda-ku, Tokyo; President and Representative Director, CEO: Tatsuo Higuchi) announced the introduction beginning in July of “CO<sub>2</sub>-free electricity,” which is derived from renewable energy and does not emit CO<sub>2</sub>. The new measure impacts Tokushima Prefecture factories and research facilities of Otsuka Pharmaceutical Co., Ltd., Otsuka Pharmaceutical Factory, Inc., Taiho Pharmaceutical Co., Ltd., Otsuka Chemical Co., Ltd. and Otsuka Foods Co., Ltd. and the Otsuka Pharmaceutical Co., Ltd. Fukuroi Factory in Shizuoka Prefecture. The move is predicted to decrease Otsuka group annual global CO<sub>2</sub> emissions by approximately 78,000 tons (about 9%).

The Paris Climate Change Agreement ratified by Japan in 2016 sets down the long-term goal of holding increases in global average temperature to well below 2°C above pre-industrial levels, endeavoring to limit the increase to 1.5°C. In order to achieve this goal, global peaking of greenhouse gas emissions must be achieved as soon as possible, with greenhouse gas emissions to be balanced with their absorption (via forests etc.) in the second half of the 21<sup>st</sup> century. Climate change issues need to be addressed at a global level, and the movement to introduce renewable energies that do not emit greenhouse gases, including carbon dioxide, is expanding.

The Otsuka group is adopting CO<sub>2</sub>-free electricity using power generated by renewable energy sources for the Group’s base factories and research facilities located in Tokushima Prefecture and for a factory in Shizuoka Prefecture. This is expected to reduce annual CO<sub>2</sub> emissions by approximately 78,000 tons (equivalent to the annual emissions of approximately 24,000 households\*1).

The Otsuka group has identified climate change and resource circulation and water conservation as CSR Materiality for developing environmental initiatives. With regard to climate change, the group is actively endeavoring to achieve a target of reducing CO<sub>2</sub> emissions by 30% by 2030\*2. Going forward, the group will continue to optimize energy consumption through measures such as expansion of cogeneration systems\*3 and fuel conversion, leveraging collaboration between group companies with the aim of achieving a low-carbon society and contributing to the realization of a sustainable society.

\*1 Based on a 2017 Ministry of the Environment survey of household CO<sub>2</sub> emissions

\*2 From group company 2017 levels. Applies to CO<sub>2</sub> emissions both in Japan and overseas.

\*3 Systems that use fuels such as natural gas, petroleum and LP gas to generate power via engines, turbines, fuel cells etc., and recover waste heat as they do so. Recovered waste heat can be used in the form of steam or hot water as heat sources, air conditioning or hot water etc. in factories. The aim is to achieve high-level comprehensive energy efficiency through zero-waste use of heat and electricity.