

CSR
REPORT
2020



Be passionate challengers

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About the CSR Report

Editing Policy

This CSR Report is issued yearly in order to inform in a systematic and faithful manner to all the stakeholders on the basic ideas, targets and plans of ONO's CSR management as well as the contents, progress, and achievement of the efforts we made.

Organization covered by the report

ONO PHARMACEUTICAL CO., LTD

*The report partly contains our group companies' activities.

Period of time covered by the report

FY2019 (from April 2019 to March 2020)

*The report partly refers to the activities before and after the period above.

Publication date

September 2020

Reference guidelines

GRI (Global Reporting Initiative) ' GRI Standards '

' ISO26000 '

Ministry of the Environment, Environmental Reporting Guidelines (Fiscal Year 2018 Version)

Ministry of the Environment, Environmental Accounting Guidelines (Fiscal Year 2005 Version)

Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures

Independent Practitioner's Assurance

As for the categories of sustainability information, each of which is disclosed and indicated with the icon check in our CSR Report 2020, we have received independent practitioner's assurance so as to bolster the reliability of the information.

Contributing to sustainable social development through business activities



President, Representative Director
Gyo Sagara

Since its establishment in 1717, ONO has devoted itself solely to the pharmaceutical industry under the corporate philosophy "Dedicated to Man's Fight against Disease and Pain." We aim to contribute to society by pharmaceutical products that truly benefit patients. To this end, we are tackling diseases that remain unconquered as yet and addressing areas that are high in healthcare needs where patient satisfaction with current treatment is low.

We believe that it is important to contribute to solving social issues and realizing a sustainable society while listening to the voices of various stakeholders. Under this belief, in addition to endeavoring to create innovative drugs, we continually strengthen our efforts with respect to the environment, society and governance (ESG). In response to changes in the external environment and social demand, such as the adoption of SDGs in 2015 by the United Nations, in FY2018 we set our important CSR issues (materiality) and identified priority SDGs to which we should intend to specifically contribute.

In carrying out actual activities, we first clarify the vision and set specific goals and targets, and then we collect and analyze information and identify issues. After that, we promote activities while cooperating with people inside and outside the company.

The impact of global warming, including extreme weather events, is becoming increasingly serious year by year, and addressing climate change is one of the most critical challenges facing the international community. We believe that while being fully aware of corporate social responsibility for the environment, we should protect the environment in all aspects of our business to realize an abundant global environment. Based on this belief, in June 2019 we formulated the medium- and long-term environmental vision "ECO VISION 2050," pledging to become a leading company for environmental challenge in the pharmaceutical industry by 2050. To achieve ECO VISION 2050, we determined three priority items, "Realization of a decarbonized society," "Realization of a water recycling society," and "Realization of a resource recycling society," and set specific medium- and long-term goals for reduction of greenhouse gas emissions, water use and waste generation. We are working vigorously to achieve the set goals. In October 2019, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are working to appropriately disclose information based on the TCFD recommendations.

Under the corporate philosophy "Dedicated to Man's Fight against Disease and Pain," we will continue being passionate challengers. We sincerely ask for your continued support.

ONO's Approach to CSR

Materiality (Important CSR Issues)

ONO has striven in CSR by defining important areas of focus based on the ISO 26000. In fiscal 2018, in addition to responding to external requirements, we redefined our materiality (important CSR issues) to clarify CSR activity themes which we should emphasize. ONO is actively engaged in CSR according to the new materiality that we have established.

Step 1: Identify the Issues

We focused on the ISO 26000, the GRI Standards, the Ten Principles of the United Nations Global Compact and the evaluation items for socially responsible investment to broadly grasp and organize CSR issues in the business activities of ONO PHARMACEUTICAL.

Step 2: Analyze Materiality

We analyze the CSR issues by importance from the point of view of ONO PHARMACEUTICAL and importance based on expectations of our stakeholders, and then map each of those CSR issues on a horizontal and a vertical axis.

<p>Importance expected of us by our stakeholders</p>	<p>Extremely high importance</p> <ul style="list-style-type: none"> ■ Implementation of responsible marketing and promotion activities ■ Provision of a stable supply of high-quality, easy-to-use products ■ Response to climate change 	<ul style="list-style-type: none"> ■ Creation of innovative drugs ■ Assurance of product reliability and safety ■ Intellectual property strategies ■ Promotion of human resource development
<ul style="list-style-type: none"> ■ Response to social cost ■ Assurance of comprehensive occupational health and safety ■ Reduction of water consumption ■ Proper waste and wastewater management ■ Improvement of access to healthcare ■ Comprehensive chemical substance management 	<ul style="list-style-type: none"> ■ Strengthening of governance toward globalization ■ Promotion of diversity and inclusion ■ Facilitating process innovation ■ Provision of value beyond the provision of pharmaceutical products ■ Contribution to local communities 	<ul style="list-style-type: none"> ■ Thorough compliance ■ Promotion of CSR procurement in supply chain management ■ Building a work environment that ensures and sustains employment as well as fosters motivation
<ul style="list-style-type: none"> ■ Respect for human rights ■ Consideration of the environment in raw materials and packaging materials ■ Consideration of animal welfare and bioethics 	<ul style="list-style-type: none"> ■ Enhancement of informational dissemination to patients 	
<p>High importance</p> <p>Importance from the point of view of Ono Pharmaceutical</p> <p style="text-align: right;">Extremely high importance</p>		

The importance from the point of view of ONO PHARMACEUTICAL was assessed by our directors, executive officers and CSR Committee Members based on our corporate policy, and priority and importance were evaluated for each issue.

The importance based on expectations of our stakeholders incorporates the feedback received from our shareholders and investors in addition to the evaluation items of institutions that practice responsible investment as the representatives of stakeholders outside of ONO in order to determine the importance of each CSR issue. When we review the items and importance of materiality in the future, we will further incorporate the opinions of even greater number of stakeholders.

The results of this materiality analysis were deliberated and determined by the CSR Committee before gaining approval at the management strategy meeting chaired by the CEO.

Step 3: Verify Validity

We engaged in a dialogue with external experts about the process of our materiality analysis, the themes that are set and future initiatives to verify the validity of each important issue.



Makiko Akabane
Japan Representative, CSR Asia

Materiality Unique to ONO PHARMACEUTICAL

I think the process and flow to define materiality is fantastic. On the other hand, the materiality is hard to see as anything inherent to the “creation of innovative drugs” as a pharmaceutical company to be a bit frank. I think people outside would like to know more about materiality that is unique to ONO PHARMACEUTICAL.

When revising the materiality, I hope ONO will incorporate ideas through communication with diverse stakeholders outside of the organization. In particular, by integrating ideas from health care providers, patients and employees who have the opportunity to interact with health care providers and patients, the materiality may become more unique to a pharmaceutical company—more unique to ONO PHARMACEUTICAL.

In the future, the importance of access to healthcare, ethical treatment of animals and issues in the supply chain will grow with a mindset toward global expansion. In terms of access to healthcare, effort is required for the treatment of diabetes and other non-communicable diseases. The level of commitment and effort to address access to healthcare in low-income economies will also potentially become a very important issue as ONO PHARMACEUTICAL sets its sights on globalization.



Kenji Fuma
Chief Executive Officer, Neural Inc.

Incorporating a Long-term Financial Perspective even in Materiality

ONO PHARMACEUTICAL is going in the right direction with the overall flow of defining its materiality. Specifically, carefully identifying social and environmental issues in the first step of defining materiality is a great choice. ONO PHARMACEUTICAL has picked up roughly 30 items from points of view that include the value chain and life cycle of its business. Problems I think will impact the pharmaceutical industry are included in the listed items, so I think ONO has taken the necessary steps.

I also do not see any major issues in the flow for defining materiality from social and environmental issues as a whole. However, I would like to see a stronger awareness from a financial perspective. The determination of materiality is a process to clarify the important issues for long-term business growth while taking the necessary steps toward the interests of specific stakeholders who are vital to ONO PHARMACEUTICAL. I suggest that there is a room to improve the communication so that non-pharmaceutical companies can also understand the fact that ONO PHARMACEUTICAL can foster its profitability and financial soundness by tackling with the material issues identifies in this occasion.

In the same way, indicating information about what financial impact can be expected, such as long-term business growth is key when setting KPI for the important issues that have been determined as well. I really hope ONO PHARMACEUTICAL will design its KPI with awareness from a financial perspective too.





Step 4: Review




We review our materiality every year to adapt to external as well as internal environmental changes. Although we reviewed our materiality map at the beginning of fiscal 2019 and fiscal 2020, there were no changes to be made.


Materiality Targets and Relevant Sustainable Development Goals (SDGs)





Sustainable Development Goals (SDGs) are composed of 17 goals adopted by the United Nations in 2015 to address the challenges faced by the international community. Each materiality and the relevant SDGs are as follows:




We report and manage the progress of each materiality target each year at the management strategy meeting.











Materiality	Medium- to long-term targets	Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Relevant SDGs
Creation of innovative drugs	Contribute to the health of people all over the world by satisfying unmet needs through the discovery and manufacture of innovative pharmaceutical products	① Speed the drug discovery process and shorten each phase of research and development	Please refer to “Financial Results” for details of our R&D initiatives and their progress.	①Speed up the drug discovery process and shorten each phase of research and development. ②Use open innovation to expand the development pipeline focusing on key areas of research including cancer, immune diseases, central nervous system diseases and specialty domains. Please refer to “Financial Results” for details of our R&D initiatives.	  
		② Use open innovation to expand the development pipeline focusing on key areas of research including cancer, immune diseases, central nervous system diseases and specialty domains			
Intellectual property strategies	<p>In addition to uncovering company-internal intellectual property, strengthen product lifecycle management from the standpoint of maximizing intellectual property value</p> <p>Consider proactive utilization of intellectual property in order to improve healthcare access</p>	① Spread awareness of the crucial nature of intellectual property, and hold talks and exchanges of views in every department in order to create opportunities to uncover company-internal intellectual property	The department in charge of intellectual property conducted awareness-raising sessions on intellectual property within relevant departments and held more than 10 discussions.	①Spread awareness of the crucial nature of intellectual property by holding talks and exchanges of views in each department to uncover new company-internal intellectual property, with the aim of continuing to develop innovative pharmaceutical products while respecting others’ patents. KPI <ul style="list-style-type: none"> Hold talks and exchanges of views at least 10 times a year. There are no cases where we have infringed on others’ intellectual property rights. 	 
		② Establish specific lifecycle management strategies for each compound in order to maximize product value	We updated the lifecycle management strategies for compounds under development from the perspective of intellectual property strategies.	②Consider and formulate specific lifecycle management plans for all products and compounds under development, including plans to improve drug formulation, from the perspective of intellectual property.	
		③ Engage in external information exchange to build a foundation for intellectual property utilization in order to improve access to healthcare	We engaged in continuous information exchange with the World Intellectual Property Organization.	③Engage in external information exchange to build a foundation for intellectual property utilization in order to improve healthcare access. KPI <ul style="list-style-type: none"> Collect information from relevant institutions (such as the World Intellectual Property Organization). Consider the expectations of stakeholders for enhancing access to pharmaceutical products and possible measures we can take, and establish a policy to respond to their expectations. 	
			We updated and disclosed our approach to intellectual property rights and patents in countries with difficulties ensuring healthcare access.		

Materiality	Medium- to long-term targets	Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Relevant SDGs
Promotion of human resource development	Develop human resources able to actively participate on the world stage so that each and every employee can take their own initiative in their duties and carrier and take action as passionate challengers to deliver better pharmaceutical products to patients.	<p>① Engage in activities to raise awareness about our mission statement.</p> <p>KPI Prepare and conduct awareness raising efforts at four overseas sites and for all employees in Japan who are mid-career employees</p>	<ul style="list-style-type: none"> We conducted awareness-raising efforts at all four overseas sites. Awareness-raising efforts for mid-career employees in Japan: Conducted at a 100% level (54 persons) We held employee training programs at medical institutions and lectures delivered by patients to deepen their understanding of medical needs. 	<p>①Continue to engage in activities to raise awareness about our mission statement.</p> <p>KPI Rate of employees who are highly aware that the company's mission statement is their principle for taking action: At least 50%</p>	  
		<p>② Conduct cross-sectional training for seven ranks of employees, from new employees to managers, in order to develop human resources that behave according to the behavioral characteristics required of each rank, with the aim of facilitating changes in their behavior.</p> <p>KPI 100% acceptance rate.</p>	<p>Attendance rate: 100%</p> <p>Total No. of attendees: 603 persons</p>	<p>②Conduct cross-sectional training for seven ranks of employees, from new employees to managers, in order to develop human resources that behave according to the behavioral characteristics required of each rank, with the aim of facilitating changes in their behavior.</p> <p>KPI Rate of behavior change recognized in the evaluation made by their superiors after the training: At least 80%</p>	
		<p>③ Develop independent human resources by expanding elective training that employees can choose to participate in and enhance support for self-improvement by employees. ONO also nurtures a climate of growth where employees stimulate learning in one another.</p> <p>KPI At least 20% for the participation rate in self-improvement programs</p>	<p>Participation rate: 27.8% (910 persons / 3,272 persons)</p>	<p>③Develop human resources that can act independently by expanding elective training in which employees can choose to participate, and enhancing support for self-improvement of employees. ONO also nurtures a climate of growth where employees are stimulated by learning from each other.</p> <p>KPI Attendance rate for self-improvement programs: At least 33%</p>	
		<p>④ Develop human resources and build an organization able to adapt to harsh environmental changes worldwide.</p> <p>KPI Provide global development programs that include language education and future management candidate training</p>	<p>No. of attendees for the global development programs: 87 persons</p> <p>No. of attendees for the future management candidate training: 69 persons</p>	<p>④Develop human resources and build an organization able to adapt to harsh environmental changes worldwide.</p> <p>KPI</p> <ul style="list-style-type: none"> In the global skills assessment (BISA test) after the global development programs, 80% of the attendees reach at least 700 points (a level that allows for overseas assignment). Rate of behavior change recognized in the evaluation made by their superiors after the future management candidate training: At least 80% 	

Materiality	Medium- to long-term targets	Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Relevant SDGs
Assurance of product reliability and safety	Raise awareness in each and every employee about the importance of the reliability and safety of products by properly promoting quality management and safety management operations.	Accurately and reliability execute quality management and safety management operations.			
		<p>① Identify and eliminate the causes of problems as well as prevent recurrence in addition to strengthening Corrective and Preventative Actions (CAPA) that measure potential factors that cause those problems.</p> <p>KPI Reduce the number of incidents and recurrence of problems in quality management and safety management operations compared to fiscal 2018.</p>	<p>· Safety management operations: The incidence of deviation from safety standards that should be improved fell below the in-house limit of 0.01% (also decreased compared to fiscal 2018).</p> <p>· Quality assurance operations: The incidence of deviation from quality standards at each production site fell below the predetermined limit. There was a case where the incidence of deviation exceeded the in-house limit of 0.01% and which required the consideration of a response, including possibly improving the drug formulation of the relevant product. However, the deviation was so slight as to have no impact on safety, and the necessary measures have been taken.</p>	<p>①Keep the rate of incidents in safety management operations below a certain level.</p> <p>KPI</p> <ul style="list-style-type: none"> The compliance rate for reporting to regulatory authorities within the prescribed period is at least 99.9%. <p>②Keep the rate of incidents and recurrence of problems in quality management operations below a certain level.</p> <p>KPI</p> <ul style="list-style-type: none"> Zero product recall The quality claim rate is below 0.01%. 	
		<p>② Conduct internal training.</p> <p>KPI Conduct training at least once a year with a 100% attendance rate as follows:</p> <p>Quality management training: CMC - Production Division and Quality Assurance Department; Safety Management Training: other programs to be undertaken by implementing departments in addition to employees companywide.</p>	<p>All of the target employees participated the internal training. (Attendance rate: 100%)</p>	<p>③Conduct internal training. Quality management training: CMC-Production Division and Quality Assurance Department Safety management training: Other programs to be undertaken by implementing departments in addition to employees companywide</p>	

Materiality	Medium- to long-term targets	Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Relevant SDGs
Implementation of responsible marketing and promotion activities	Engage in activities that properly disseminate information in accordance with the guidelines for activities to disseminate marketing information about pharmaceutical products.	① Use materials reviewed and approved by the department auditing activities to disseminate marketing information for promotional purposes. KPI Achieve a 100% usage rate of reviewed and approved materials	We achieved a 100% usage rate of reviewed and approved materials.	Implement the following initiatives, with the aim of reducing the number of significant compliance violations※1 to zero. ※1 Compliance violations that have a great impact on sales and profits KPI No. of significant compliance violations: Zero ①Conduct internal training for all employees involved in sales activities so that they act in compliance with the guidelines for activities to disseminate marketing information. KPI Four times a year ②At company-hosted lectures, request that presenters provide information appropriately in keeping with internal company rules that conform to the guidelines, and check slides in advance. KPI Rate for prior confirmation of slides: 100%	  
		② At company-hosted lectures, request that presenters provide information appropriately in keeping with company-internal rules that conform to guidelines. KPI Acceptance rate: 100%.	The acceptance rate was 100%. (The rate for prior confirmation of slides was 61%.)	③The director of each sales office conducts an assessment to check whether the following activities are appropriately conducted at the time of accompanying his/her office members. 1) Activities to disseminate information at the time of interview 2) Check slides used at company-hosted lectures in advance If the activities are inadequate, clarify the reasons for such activities and consider countermeasures against them. Then report the countermeasures to the Head Office for discussion. KPI Conduct an assessment once a month.	
		③ Conduct internal training for all employees involved in sales activities. KPI Four times a year	The training was conducted six times a year.		
Provision of a stable supply of high-quality, easy-to-use products	Create product designs able to ensure reliable quality and establish a stable supply system.	Actively use frameworks to rapidly extract on-site medical demand as well as treatment needs to employ the medical needs that we discover in new products and product modifications.	We incorporated medical needs obtained from medical sites into product designs for four products. For advice on medical needs, we collected views from 10 institutions with which we signed an advisory agreement.	①Continue to incorporate on-site medical demand as well as treatment needs into product improvements and new products. KPI · Departments in charge conduct on-site investigations at medical sites to identify medical needs.: At least 24 times · Aim to improve packaging materials to be newly designed for at least four products. ②Supply products to the market in a stable manner. KPI Reset and ensure proper inventory levels according to product characteristics.	 
	Understand new medical needs and expand product designs.				

Materiality	Medium- to long-term targets	Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Relevant SDGs
Building a work environment that ensures and sustains employment as well as fosters motivation	Instill pride in all of our employees about working in the pharmaceutical industry, help employees reach their full potential in diverse situations, and further establish a workplace environment where everyone can actively participate to aid in ensuring and sustaining employment.	<p>① Work to promote diversity and improve work-life balance as well as build a workplace environment in which diverse human resources can actively participate with motivation by establishing and operating human resource policies as well as other programs.</p> <p>KPI Acquire the Platinum Kurumin Certification and improve employee use of annual paid leave.</p>	<ul style="list-style-type: none"> We acquired the Platinum Kurumin Certification. The rate of employee use of annual paid leave increased from 57.5% in fiscal 2018 to 65.0% in fiscal 2019. 	<p>① Work to promote diversity and improve work-life balance as well as build a workplace environment in which diverse human resources can actively participate with motivation by establishing and operating human resource policies as well as other programs.</p> <p>KPI</p> <ul style="list-style-type: none"> Rate of employee use of annual paid leave: 70.0% in fiscal 2020 (65.0% in fiscal 2019) Return-to-work rate after child-care leave: 100% Maintain a low turnover rate (below 3%). Reduce average overtime work hours by promoting reform of working practices, including setting an interval (a certain amount of rest) between working hours. (13.6 hours/month in 2019 ⇒ 13.0 hours/month in 2020) <p>② Promote awareness of and engage in health management initiatives.</p> <p>KPI</p> <ul style="list-style-type: none"> Earn inclusion in the Health & Productivity Stock for two consecutive years. Increase labor productivity by improving presenteeism. Productivity loss per employee per month: Fiscal 2019 (33,120 yen) Fiscal 2020 target: 5% reduction (31,450 yen) Improve the health age of employees by increasing their degree of health. Difference between health age and actual age (Aged 35 or older; average): Fiscal 2020 target: - 2.0 years (Fiscal 2019: - 1.5 years) Reduce the smoking rate. [Target of the entire ONO Group] Fiscal 2020 target: 17.0% (Fiscal 2019: 18.2%) Maintain a low occupational accident frequency rate (0.3%). Fiscal 2020 target: 0.10% (Fiscal 2019: 0.15%) Rate of employees who realize that they are working with motivation, leveraging their diversity: At least 50% (Targets ① and ②) 	  
		<p>② Promote awareness and engage in health management initiatives.</p> <p>KPI Consistently earn recognition as a Certified Health & Productivity Management Outstanding Organization (Health and Productivity Management 500), encourage employees to stop smoking during work hours as well as achieve at least a 95% rate of employees undergoing physical examinations and stress checks</p>	<ul style="list-style-type: none"> We were selected for inclusion in the 2020 Health & Productivity Stock for the first time and continued to be recognized as a Certified Health & Productivity Management Outstanding Organization (White 500). We implemented a non-smoking policy during work hours. Rate of employees undergoing physical examinations: 99.7% Rate of employees undergoing stress checks: 99.8% 		

Materiality	Medium- to long-term targets	Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Relevant SDGs
Response to climate change	Reduce CO ₂ emissions by 55% by 2030 (compared to FY2017 figures)	<p>Establish goals that integrate scientific knowledge, and undertake CO₂ emissions reductions toward meeting those goals</p> <p>KPI Obtain approval of the SBT target set a 4% reduction in CO₂ emissions compared to the previous year</p>	<p>① We obtained approval of the SBT target set.</p> <p>② We achieved a 4% reduction in CO₂ emissions compared to the previous fiscal year (Scope 1 and 2). (8.4% reduction relative to FY2017)</p>	<p>① Continue to work to reduce GHG emissions.</p> <p>KPI A reduction of 12.6% compared to fiscal 2017 (Scope 1 and 2)</p> <p>② Increase the usage rate of renewable energy.</p> <p>KPI Increase the usage rate by 12.6% compared to fiscal 2017.</p> <p>③ Announce our participation in RE100 (an international initiative that aims for 100% usage of renewable energy in business operations by 2050).</p>	    
Promotion of CSR procurement in supply chain management	Promote CSR activities together with our suppliers to build a sound and robust (resilient) supply chain.	<p>Conduct surveys for our business partners about CSR procurement.</p> <p>KPI Conduct surveys of business partners that make up 70% of purchases</p>	<p>We conducted surveys of our business partners that make up 86% of purchases.</p>	<p>① Improve initiatives for CSR procurement in the companies that were subject to the survey conducted in the previous fiscal year.</p> <p>KPI Increase the overall average score of all companies subject to the survey in fiscal 2020, compared to fiscal 2019.</p> <p>② Support the companies that have not met our standards to improve their initiatives.</p> <p>KPI Increase the overall score of each company subject to the survey in fiscal 2020, compared to fiscal 2019.</p>	   
Thorough Compliance	Improve awareness about organizational compliance and strengthen auditing systems in an effort to eliminate any regulatory or compliance violations.	<p>① Conduct compliance training.</p> <p>KPI Achieve a 100% attendance rate of all employees</p> <p>② Work through the companywide compliance PDCA cycle with a compliance committee in which members of company management participate.</p> <p>KPI At least four times a year</p>	<p>We achieved 100% of the target. (All employees participated in the training.)</p> <p>We held four compliance meetings.</p> <p>We acquired the whistleblowing compliance management system certification (self-declaration of conformity registration system) administered by the Japan Institute of Business Law.</p>	<p>Implement the following initiatives with the aim of maintaining no occurrence of significant compliance violations*2.</p> <p>①</p> <ul style="list-style-type: none"> Conduct all department leader training based on the legislation covering prevention of power harassment. Conduct an employee awareness survey on compliance and harassment to incorporate survey results on the formation of measures by each department. Conduct sales department training (rules, guidelines, code of conduct). Conduct e-learning training (twice a year). Distribute an email magazine on compliance. <p>② Hold a compliance meeting in which members of company management participate every quarter to work through the companywide compliance PDCA cycle.</p> <p>KPI</p> <ul style="list-style-type: none"> No. of significant compliance violations: Zero Training attendance rate: 100% <p>*2 Compliance violations that have a great impact on sales and profits</p>	

* ONO's efforts against the spread of the coronavirus infection (COVID-19), which has had a strong impact on our materiality in this fiscal year

The spread of the coronavirus infection (COVID-19), which began in fiscal 2019, has had a strong impact on our CSR issues, identified as materiality (improvement of access to healthcare, provision of a stable supply of high-quality, easy-to-use products, implementation of responsible marketing and promotion activities, the building of a work environment that ensures and sustains employment as well as fosters motivation, etc.). As a life-related pharmaceutical company, we are implementing the efforts in a stable supply of products and contribution to the R&D of therapeutic drugs. We are also taking various measures to ensure the safety and health of employees, their families, and all of our stakeholders, as well as to prevent the spread of infection.

1. Stable supply of products

We maintain a stable supply of products in and outside of Japan.

2. Contributions to the R&D of therapeutic drugs

We are implementing clinical trials with camostat mesilate (CM), an oral protease inhibitor approved for the treatment of chronic pancreatitis and postoperative reflux esophagitis. In addition, we supply investigational drugs of CM for clinical studies based on requests from medical institutions and research organizations both in Japan and abroad. Although the substance patent for CM expired in 1996, we are involved in the further development of CM partly from the perspective of improvement of access to healthcare.

3. Activities to provide information to healthcare workers

While refraining from visiting medical institutions, we are shifting to develop the working system where we can provide information to healthcare workers and to collect drug safety information.

4. Measures to prevent the spread of the coronavirus infection

We have implemented a work system for preventing the spread of the coronavirus infection (COVID-19).

In order to challenge toward the realization of the corporate philosophy of “Dedicated to Man’s Fight against Disease and Pain”, we all work together to ensure a stable supply of products, and continue to provide the necessary support for the treatment and early end of coronavirus infection of this situation.

Please visit our website for the latest information and details.

- [ONO's Efforts against the Spread of the Coronavirus Infection \(COVID-19\)](#) (posted on April 20, 2020)
- [FOIPAN® Tablets, a Protease Enzyme Inhibitor, ONO Has Started Clinical Studies for Novel Coronavirus Infection \(COVID-19\)](#) (posted on June 5, 2020)

CSR Promotion Structure

To promote CSR activities, we have the CSR Committee in place, chaired by the Corporate Executive Officer in charge of CSR / Head of Corporate Communications, with the President, Representative Director, and Chief Executive Officer serving as the responsible person. The Committee, which mainly consists of managers from various divisions, deliberates and makes decisions on important issues and subjects for CSR activities. The activities of the Committee are regularly reported to the management. Important matters requiring consideration and decision-making by the management and further important subjects are reported to and discussed at the management strategy meeting and by the Board of Directors, respectively.



Participation in the United Nations Global Compact

In November 2017, we participated in the United Nations Global Compact (UNGC), which is composed of 10 principles advocated by the UN concerning human rights, labour, environment, and anti-corruption. We comply with relevant laws and disseminate the Ten Principles of the Global Compact through our daily activities to ensure that all employees follow them.

The Ten Principles of the UNGC

《Human Rights》

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

《Labour》

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

《Environment》

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

《Anti-Corruption》

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



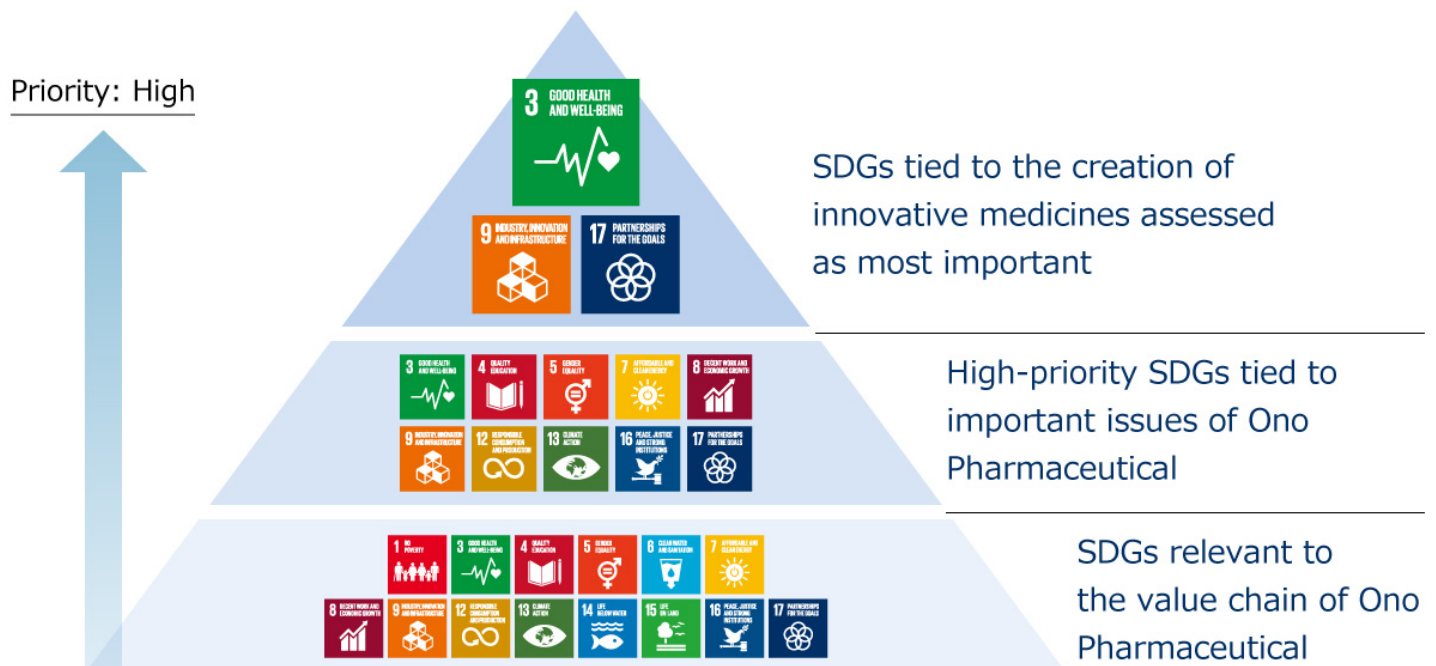
Network Japan
WE SUPPORT



Contribution by ONO PHARMACEUTICAL to the SDGs

We contribute to Goal 3, Goal 9 and Goal 17 in the SDGs through the creation of innovative drugs.

We strive to realize Goal 3: Ensure healthy lives and promote well-being at all ages as a research and development company specializing in prescription drugs based on our corporate philosophy to be dedicated to man's fight against disease and pain. In response to the mortality rate of non-communicable diseases raised as a goal of the SDGs, we began to concentrate our research area into diseases such as cancers, immunological diseases and central nervous system disorders to contribute to the creation of original and innovative therapeutic medications for diseases for which medical needs have still not yet been satisfied. Furthermore, in addition to aid for diphtheria, whooping cough, diphtheria toxoid and tetanus toxoid vaccines as well as the hepatitis B vaccine to address infectious diseases, ONO PHARMACEUTICAL contributes to therapeutic medications with low marketability, such as malaria, tuberculosis, neglected tropical diseases, as well as new development, such as vaccines and diagnostic pharmaceuticals, through participation in the Global Health Innovative Technology Fund. In terms of Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation, ONO PHARMACEUTICAL contributes to encouraging innovation and building research and development infrastructure. To vitalize research and development in order to create new drugs, we of course not only invest in internal research and development but also provide grants, such as those for investigator-initiated clinical trials. Furthermore, the ONO Medical Research Foundation and ONO Pharma Foundation promote research to help build a bedrock for innovation through research grants to researchers overseas. Moreover, we cannot separate ourselves from the duty to promote innovation or from Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development. We will not only provide innovative drugs independently but also seek out and achieve a wide range of partnerships. Before "open innovation" became a commonly used phrase, ONO PHARMACEUTICAL advanced the development of new drugs through the use of state-of-the-art technology and expertise from various fields worldwide. At the same time, we have been actively working to introduce and draw on new candidate compounds for pharmaceuticals. In addition to alliances with venture companies and other pharmaceutical companies, we form partnerships with a wide range of stakeholders from universities and research institutes to government agencies, local communities and NPOs in an effort to resolve problems via open innovation. A list of our main partnerships can be found [here](#).



Stakeholder engagement

We have to ensure legal compliance, corporate governance, and transparency. We believe that we also have to build and continue strengthening relationships with all stakeholders through business activities respecting their interests and dialogues with them, to attain sustained growth toward becoming a Global Specialty Pharma.

We adhere to the policy of disclosing necessary information accurately, fairly, impartially, and promptly to all stakeholders including patients, healthcare professionals, shareholders, investors, suppliers, local communities, employees, relevant governmental agencies, and industrial associations to promote communication/constructive dialogues with them.

Stakeholder	Opportunity to Build/Strengthen Relationship
Patients and healthcare professionals	Discovery of pharmaceutical products that bring true benefit to patients
	Stable supply of high-quality pharmaceutical products
	Information collecting and provision for proper drug usage
Shareholders and investors	Stable return on investment through sustained growth
	Information disclosure and dialogues to promote understanding
	Provision of information on R&D and ESG
Suppliers	Offering fair and transparent competitive opportunities
	Promoting CSR procurement
Local communities	Contributing to economic development
	Activities for environmental conservation and for local communities
Employees	Provision of opportunities for personal growth
	Creating an environment where employees work with peace of mind
	Promote health maintenance and promotion
	Provide information through internal publications and intranet
Governments and industry organizations	Information provision and dialogue
	Information exchange and activities at related organizations such as the Federation of Pharmaceutical Manufacturers' Associations of JAPAN
NPOs/NGOs	Collaboration through various programs to improve access to healthcare
	Participation in various initiatives

As an R&D-based pharmaceutical company, we would like to fulfill the expectations of stakeholders. We continue to meet various challenges that face us to become a company undergoing growth in middle and long term.

Governance : Corporate Governance

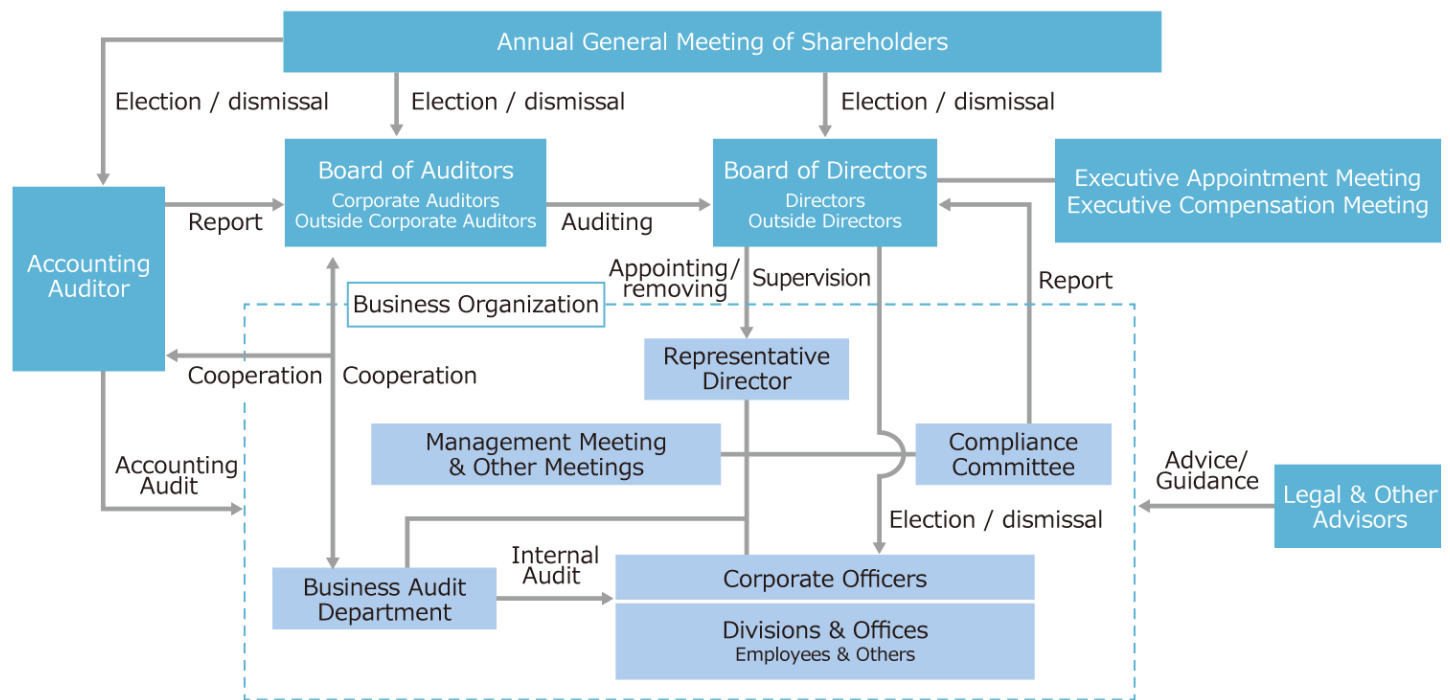
ONO believes that, in order to respond to the trust of all of our stakeholders and build our corporate value, it is vital not only to comply with laws and regulations but also to enhance management transparency and strengthen corporate governance.

Corporate Governance Structure

We have adopted a management structure with a Corporate Auditor (or Board of Corporate Auditors) and we working to enhance our corporate governance with a focus on strengthening the functions of the Board of Directors and the Board of Corporate Auditors. In addition, to ensure the independence and objectivity of decisions related to the nomination, compensation, etc. of directors and senior management, we have established the Executive Appointment Meeting and the Executive Compensation Meeting, both with outside directors making up the majority.

Regarding business execution, we have adopted a corporate officer system to improve management efficiency and speed up decision-making. On the other hand, depending on the importance and contents of the management issues, important matters related to business execution are deliberated and determined by the Management Meeting and other meetings chaired by the responsible Members of the Board of Directors or Corporate Officers. Thus we strive to achieve optimal business operations by ensuring effective working of mutually supervisory functions.

Corporate Governance Structure



Board of Directors

As for board members, we select the candidates taking into consideration the balance and diversity of their knowledge, experience, and proficiency, so that the Board of Directors as a whole can make technical and comprehensive management decisions. The term of office for each director is limited to one year. This serves to clarify their responsibility, and it allows the board to respond flexibly to changes in the management environment.

The board system are determined in a way that is optimally suited to enforcing management transparency, enhancing corporate governance, and expediting the decision-making process. Currently, the board consists of eight members, including three outside directors. The board holds meetings every month in principle to deliberate and make decisions on important management issues and to assess how each board member is conducting his or her duties. In addition, the board places great weight on the opinions of the auditors, and also incorporates the perspectives of legal, financial and accounting experts, as well as gender perspectives, into its deliberations

Board of Auditors

To maintain a strong auditing function, the Board of Auditors comprises two independent outside auditors along with two full-time auditors who have expert knowledge on our business operations and who are highly skilled in collecting auditing information. These full-time and outside auditors work together to achieve high auditing efficiency.

The Board of Auditors holds meetings regularly. Working with the internal auditing department (Business Audit Department) to enforce auditing efficiency, the Board of Corporate Auditors endeavors to improve its functions of the management oversight by enhancing the effectiveness of audits in cooperation with the accounting auditor.

Executive Appointment Meeting

The Executive Appointment Meeting comprises the company president, one internal director and three external directors. It is charged with deliberating our company's approach to corporate governance, including ensuring transparency and objectivity in the nomination of members of senior management, as well as candidate board-members and auditors. Its duties also include formulation of plans for succession for the chief executive officer (president/CEO) and other senior management. Executive appointments, requiring consultation by the Board of Directors, are decided after being placed on its agenda upon deliberative review by the Executive Appointment Meeting.

Executive Compensation Meeting

The Executive Compensation Meeting comprises the company president, one internal director and three external directors. Its duties include ensuring transparency and objectivity in the determination of the methods by which compensation is to be calculated for each individual board-member. It also deliberates the appropriateness of the compensation system for board-members and our company's ongoing approach to maintaining the system. Executive compensation, requiring consultation by the Board of Directors, is decided after being placed on its agenda upon deliberative review by the Executive Appointment Meeting.

Outside Directors / Outside Auditors

The outside directors attended all meetings of the Board of Directors held in FY2019. From an independent and objective standpoint, they oversee our business operations and take part in our decision-making process. They are involved in the process of making important decisions such as nomination of officers and executive compensation, help to ensure the transparency and objectivity and enhance the functions of the board by serving as members of the Executive Appointment Meeting and the Executive Compensation Meeting. In FY2019 the Executive Appointment Meeting was held three times and the Executive Compensation Meeting was held twice, and all meetings were attended by the outside director.

The outside auditors (excluding Corporate Auditors who designated due to Medical Treatment) attended all meetings of the Board of Directors and the Board of Auditors held during FY2019. As experts in law and corporate accounting, the outside auditors carry out the audits from an independent and objective standpoint to ensure that our management remains sound and strong.

Outside officers provide useful advice and suggestions for our business management based on their abundant experience and profound knowledge. There is no special interest relationship between these outside officers and ONO such as personal relationships, capital relationships, and business relationships, based on which we believe there is no risk of conflict of interest with general shareholders.

Corporate Governance Code

We adhere to all principles of the Corporate Governance Code stipulated by the Tokyo Stock Exchange. In accordance with the intent of the "Corporate Governance Code", we continue to improve the efficiency, soundness and transparency, etc. of the management, and promoting our system more suitable for our business operations, through the evaluation on the effectiveness of the annual meeting of the Board of Directors.

Corporate Governance Report

Please refer to the "Corporate Governance Report" below for details on our corporate governance situation.

Internal Control System

We have laid out our operational system in compliance with the corporate governance guidelines set out by the board of directors. Implementation of the system is inspected regularly by the Internal Auditing Department (Business Audit Department). Results are reported to the board of directors with the aim of constantly improving the system.

Furthermore, we adopt a firm stance of fighting against any antisocial forces or organizations that may threaten social order or security.

Operational Management Structure

For the improved efficiency and accuracy of our decision making and business operations, we hold Management Meetings and other meetings attended by the president, board members, corporate officers in charge of each division, and managers of relevant departments. At these meetings, we take a multifaceted approach to addressing important management issues, including those that are to be deliberated on at board meetings. We also aim to maintain and improve management efficiency and make quicker decisions by introducing a corporate officer system and promoting transfer of authority.

Auditors are obliged to attend Management Meetings and inspect their minutes, as these meetings are also subject to auditing.

Information Disclosure

As specified in our Codes of Conduct, we strive to establish transparent corporate management and recognize the importance of taking various opportunities to disclose information on our business activities in a timely and appropriate manner. We actively conduct investor relations (IR) activities based on a policy of pursuing accuracy, promptness, fairness, and impartiality.

We disclose financial results and other timely disclosure information on our website and at the same time through TDnet, the timely disclosure network of the Tokyo Stock Exchange. Information that is not subject to the timely disclosure rules is also disclosed swiftly through our website and by other means. For securities analysts and institutional investors, we actively hold individual meetings and phone conferences in addition to a financial results briefing or a conference call at the time of each quarterly statement, having held 220 meetings in total in FY2019. We also participate diligently in investor conferences sponsored by securities firms and the like in order to facilitate individual investors' understanding of our business activities and management strategy. Our website contains an IR library that provides useful current and past data, including development progress updates, as well as financial highlights for the last five years. Also, we endeavor to convey our corporate information to a wider range of people in an easy-to-understand manner by issuing business reports (shareholder newsletters) and corporate reports. We continue to disclose the information more accurately and promptly.

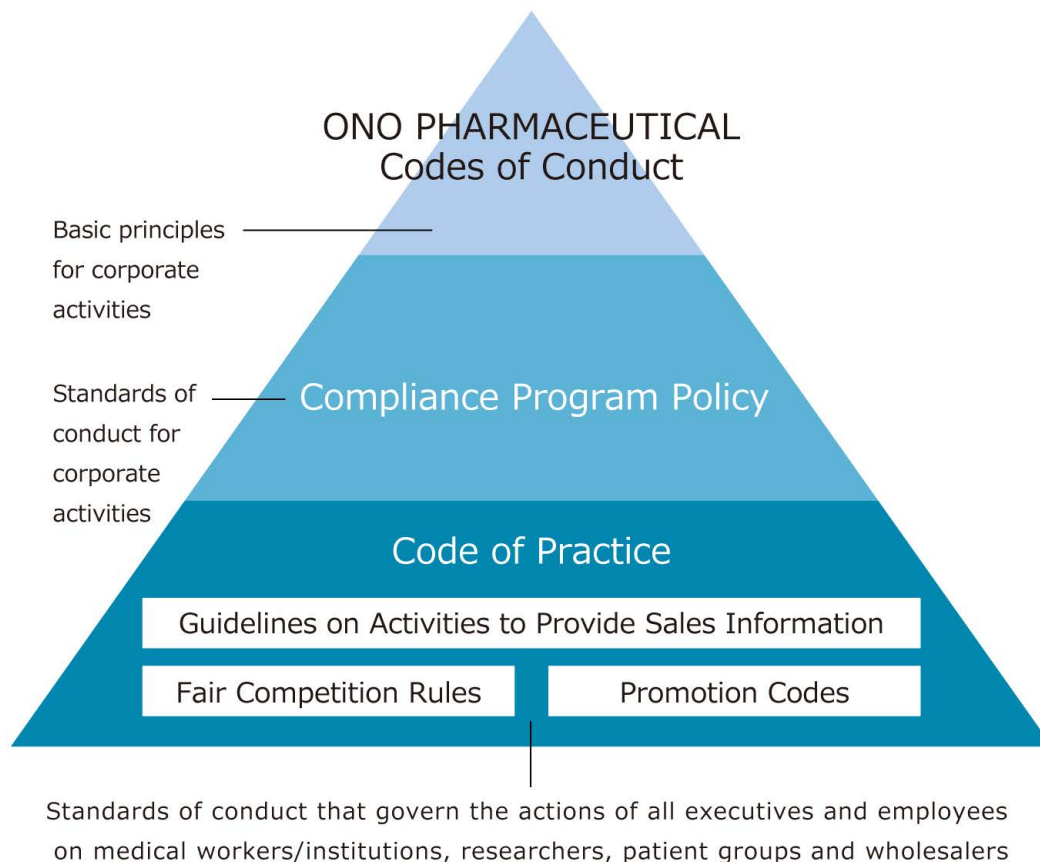
Governance : Compliance

Being aware of responsibilities as a pharmaceutical company dealing in pharmaceuticals upon which human lives depend, ONO has established the ONO Pharmaceutical Code of Conduct to ensure all its members act in compliance not only with laws and regulations but also with high ethical standards. We also promote fair procurement activities by thoroughly training employees on compliance education and by closely cooperation of our suppliers.

ONO PHARMACEUTICAL's Compliance System

Being aware of its responsibility as a pharmaceutical company dealing in pharmaceuticals upon which human lives depend, We have established the ONO Pharmaceutical Codes of Conduct to ensure all its members act in compliance not only with laws and regulations but also with high ethical standards. Our compliance system consists of the ONO Pharmaceutical Codes of Conduct, which sets out basic guidelines for corporate activities; the Compliance Program Policy, which provides standards of conduct for corporate activities; and the Code of Practice, which is based on the pharmaceutical industry standards on promotion and other activities.

In practicing the compliance system into practice, we repeatedly informing our employees ensuring transparency, preventing fraud and corruption, constantly being conscious of domestic and international social conditions.



For details, please refer to the ONO Pharmaceutical Codes of Conduct, ONO Pharmaceutical Compliance Program Policy, and ONO Pharmaceutical Code of Practice below.

> [The ONO Pharmaceutical Codes of Conduct](#)

[see here](#) ▶

[ONO Pharmaceutical Compliance Program Policy\(486KB\)](#)

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[ONO Pharmaceutical Code of Practice\(202KB\)](#)

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Compliance Promotion Initiatives

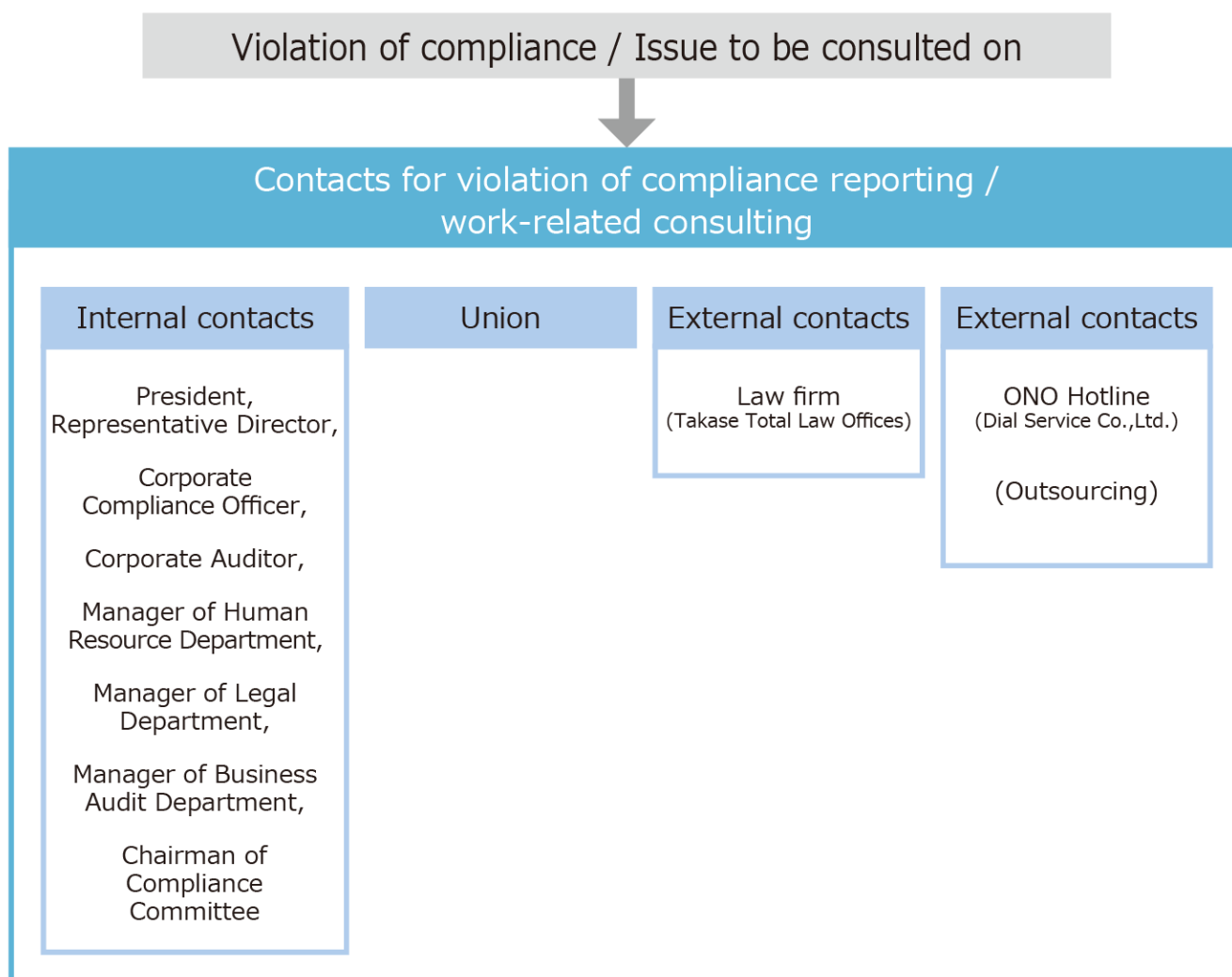
Compliance Promotion System

To promote compliance, we have appointed a Corporate Compliance Officer and set up a Compliance Committee. The Compliance Committee examines and deliberates on compliance-related issues, plans and promotes relevant training programs, and checks to what extent such compliant related matters are shared and understood within the company in cooperation with the internal auditing department.

We have a whistleblowing system with several internal and external contact points (refer to the chart below), including the 24-hour external contact "ONO Hotline," set up in 2015. Our whistleblowing system aims to prevent the occurrence or recurrence of harassment and other compliance violations, to create a healthy working environment, and to enable prompt action to be taken in the event of violation of compliance rules to minimize the damage or loss of our social credibility. We also have a system in place that enables whistleblowers to directly report to or consult with top management, including the President, Corporate Compliance Officer, and Corporate Auditors. From the perspective of protection of whistleblowers, matters related to the privacy of whistleblowers, such as their name, and the reported content are kept strictly confidential and only disclosed to relevant persons involved in investigation. Anonymous reports are also accepted. We also ensure that employees who make whistleblowing reports are not subject to disadvantageous treatment only for the reason that they made such reports. We have acquired the Whistleblowing Compliance Management System(WCMS)(a system for self-declaration of conformity).

In particular, with regard to harassment, we incorporate harassment issues not only in annual training for management-level staff but also in training programs by external instructors, thereby enhancing employee awareness of compliance.

We instruct our group companies to establish systems and rules to prevent any compliance violations. We also strongly request our affiliated companies and suppliers to do the same. We have expanded our whistleblowing system to all group companies so that anyone working in our group can report or consult on compliance-related matters without hesitation.



Ethical Considerations

We always give consideration to ethical treatment in various stages of research and development.

For research using human-derived samples (blood, tissue, cells, genes, etc.), we have established internal ethical rules based on the basic guidelines issued by the Japanese government. We have also established the Ethics Committee for Medical and Health Research Involving Human Subjects, as an advisory body comprising members from inside and outside the company, to ensure that such research is conducted only after the Committee conducts strict assessment of its ethical and scientific validity.

For research using laboratory animals, we have established the Institutional Animal Care and Use Committee. The Committee reviews submitted animal experimentation plans in advance to determine whether they have been prepared based on the principles of the 3Rs--Replacement (use of alternative methods), Reduction (reducing the number of test animals) and Refinement (alleviation of pain)--to ensure that animal experiments are carried out appropriately, with respect for the lives of animals and taking into consideration animal welfare. In addition, we conduct self-inspections and assessments of the implementation status of animal experiments. In recognition of these initiatives, we have acquired third-party certification from the Center for Accreditation of Laboratory Animal Care and Use, Japan Health Sciences Foundation.

We ensure that clinical trials, which are essential for verifying the safety and efficacy of pharmaceuticals under development, are carried out in a highly ethical manner, with particular attention to the rights, safety and welfare of study subjects. Clinical trials are a long process. We ascertain the true value of a new drug step-by-step by taking all necessary and appropriate procedures that comply with Japan's "Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (Pharmaceutical and Medical Device Act) " and other related legislation, as well as the global standards specified based on the spirit of the Declaration of Helsinki. In the past, many drug-induced injury cases occurred due to inadequate safety monitoring of pharmaceutical products. We regularly provide education on drug-induced injuries to all employees so that they will never forget patients' pain, the drug-induced toxicity, and the grave responsibility of a pharmaceutical company.

For more information, see the web pages below:

> [Considerations to ensure human rights during research](#)

[see here](#) ▶

> [Ethical considerations in animal experiments](#)

[see here](#) ▶

Fair and Transparent Business Activities

In order to conduct fair and transparent business activities, we establish a training month for providing e-learning and training in each division every year to provide education thoroughly to all employees concerning the prevention of fraud and corruption. To contribute to healthcare and people's health around the world through continuous new drug R&D and a stable supply of our products, we need to cooperate with research and medical institutions and engage in collaborative activities (support for patient organizations) to help patients overcome disease and pain. To enhance the fairness and transparency of these cooperation and collaborative activities, it is important to ensure transparent relationships with our partners. We therefore disclose information on the costs of our assistance to medical institutions and patient organizations in accordance with our transparency guidelines, which were developed in line with the relevant guidelines of the Japan Pharmaceutical Manufacturers Association (JPMA).

Regarding tax compliance, we have established the ONO Pharmaceutical Global Tax Policy, in strict accordance with which all tax-related activities are undertaken under the responsibility of the director in charge of compliance, namely the Corporate Executive Officer/Executive Director of the Corporate Strategy & Planning Division. For details, refer to the ONO Pharmaceutical Global Tax Policy below.

[ONO Pharmaceutical Global Tax Policy \(161KB\)](#)

PDF

Amid a globally mounting interest in compliance with laws governing unfair and corrupt practices, we established the ONO Pharmaceutical Global Anti-Bribery and Corruption Policy and the Regulations on Bribery Prevention in 2017 to clearly define and state our company's stance and system in preventing bribery and corruption. We endeavor to ensure strict implementation of the policy and regulations. Furthermore, we support Transparency International's Business Principles for Countering Bribery, an international anti-bribery standard.

As for publicly funded research, we have formulated the Action Guidelines for Publicly Funded Research and the Regulations on Publicly Funded Research, in compliance with the relevant guidelines established by the Japanese government, to ensure further appropriate implementation and management of research projects.

For the details of our system for preventing bribery and corruption, refer to the ONO Pharmaceutical Global Anti-Bribery and Corruption Policy (hereinafter the "Global Policy") below.

[ONO Pharmaceutical Global Anti-Bribery and Corruption Policy \(118KB\)](#)

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No facilitation payment defined the Global Policy was exercised in FY2019. For more information, see the web pages below:

For more information, see the web pages below:

> [Operation and management system of public research funds, and procurement policy](#)

[see here](#) ▶

Governance : Risk Management

We work to identify potential major risks to prevent them from occurring, and we have a structure in place to ensure that appropriate actions are taken in case of their occurrence.

In addition, we establish a company-wide risk management system with President, Representative Director as the chief risk management officer and Executive Director, Corporate Strategy & Planning (Member of the Board of Directors, Executive Officer) as the risk management director in charge. In this way, we tackle issues related to risk management, recognizing them as important management strategic issues.

Risk Management

Establishment of the Enterprise Risk Management (ERM) System

We started preparations for the introduction of Enterprise Risk Management (ERM) in fiscal 2018 and introduced it in fiscal 2019, aiming for total, rather than partial, optimization of risk management.

In conjunction with the introduction of ERM, we have appointed a Chief Risk Management Officer (President, Representative Director, and Chief Executive Officer) and a Head Risk Management Officer (Member of the Board of Directors). Furthermore, in addition to newly establishing the "Risk Management Office" in 2019, we have also formulated the "Risk Management Regulations" to promote ERM.

Basic Policy on ERM.

- (1) With the aim of ensuring stable business continuity and achieving our business objectives, we develop and implement an enterprise risk management system to minimize losses to our company and its stakeholders including customers, while fulfilling our accountability to society.
- (2) Each division assesses its risks and those in divisions under its jurisdiction, using the risk assessment sheet, and autonomously promotes risk management.
- (3) We identify the most important and urgent risks that could have a considerable impact on business management as material risks, and promote company-wide risk management activities.
- (4) In the event a risk materializes, we take measures to minimize the damage and ensure prompt recovery in order to solve problems as quickly as possible.

ERM Promotion System

(1) Basic Approach

1. The Head of each division supervises the risk management of the entire division through the division's Risk Management Promotion Meeting.
2. Division Managers conduct daily risk management as risk owners.
3. Every quarter, Risk Management Office monitors the risk management status of each headquarters from the viewpoint of ERM. The results of monitoring are shared and examined for issues at the Company-Wide Risk Management Committee (Chairperson: Director, Risk Management Office) held twice a year. The monitoring results are also reported to the Management Committee (Composed of directors, executive officers, division managers, etc.) and the Board of Directors.

(2) Risk Management Promotion Meeting

The Risk Management Promotion Meeting in each division assesses the risks of their division and extracts issues using the risk assessment sheet, and develops prevention measures for identified risks according to their materiality and urgency, as well as risk response plans. Thus, each division autonomously promotes risk management by considering, developing and implementing appropriate risk measures. The risk assessment sheet covers a wide range of risks, not only business risks, but also risks related to the environment, major disasters, human rights, pharmaceutical affairs laws and regulations, and bribery.

(3) Response to Material Risks

The Management Meeting identify important and urgent risks as "material risks" every fiscal year, and consider, develop and implement measures to control the identified risks, while monitoring the identified risks on a company-wide scale.

In the event a risk arises, we take action in accordance with the response plan to minimize the damage and ensure prompt recovery, thereby solving problems as quickly as possible.

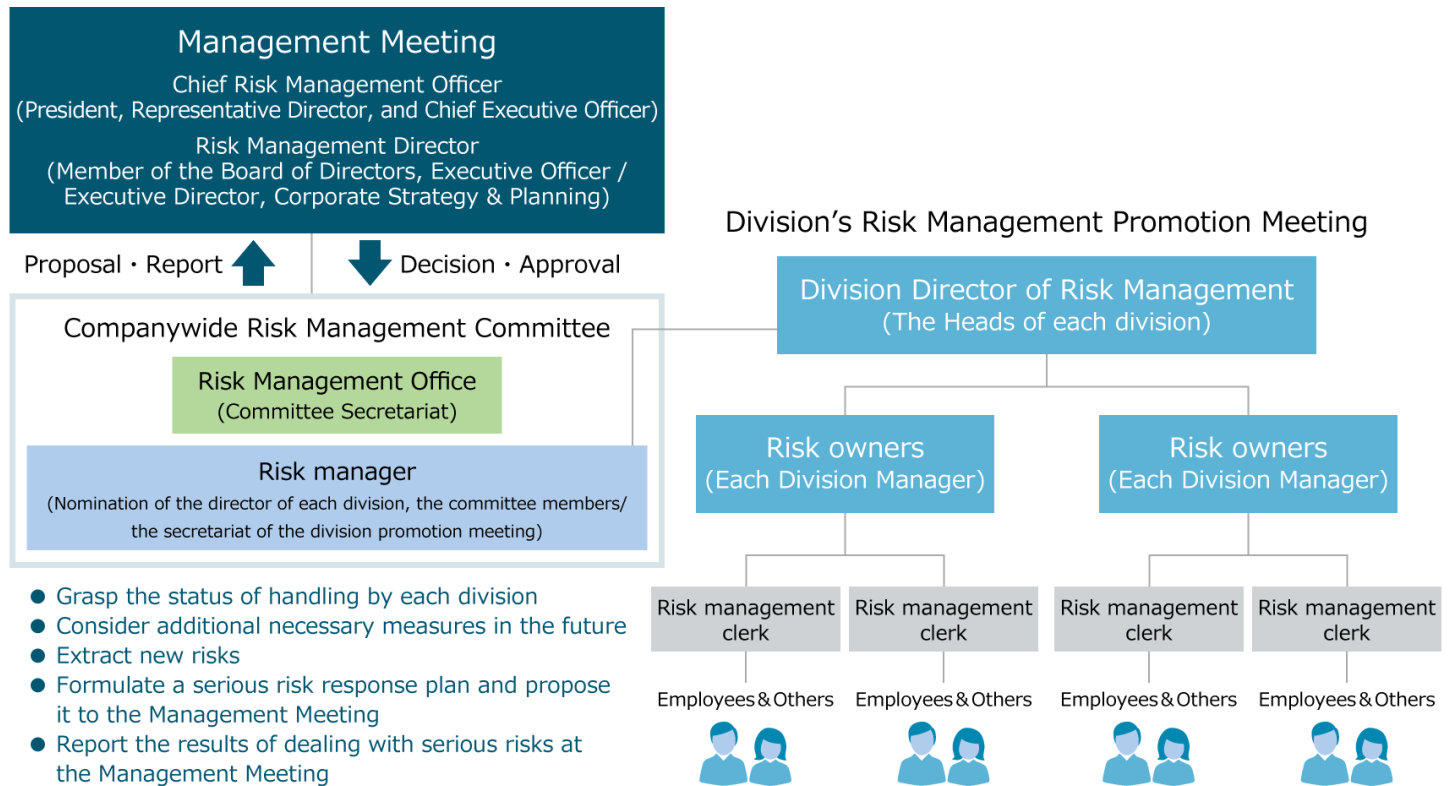
(4) Crisis management

In the event a material risk arises and crisis management becomes necessary, the President sets up an Emergency Response Committee to take measures to minimize damage and facilitate speedy recovery.

(5) Risk management education

We provide education on risk management for all employees to raise their awareness and sensitivity toward risks.

In fiscal 2019, we conducted e-learning training to help employees acquire basic knowledge about risks, risk assessment, and ERM, and learn about our company's ERM system. We also commenced workshop-style training regarding risk management methods in the second half of fiscal 2019; so far, inside directors, risk managers of all divisions, and leader-class employees in some divisions have completed the training. This training is planned to be provided to all employees. We will continue to promote education on risk management.



ONO Group's Risk Management

To promote risk management activities across the Group, we provide our subsidiaries with guidance and advice on risk management, while respecting their autonomy. We provide such guidance and advice through various opportunities including regular meetings where we receive reports from subsidiaries regarding their business operations and discuss important matters.

We are currently working to expand our ERM system to our subsidiaries in Japan and overseas by the end of fiscal 2020 to further enhance the risk management of the entire Group.

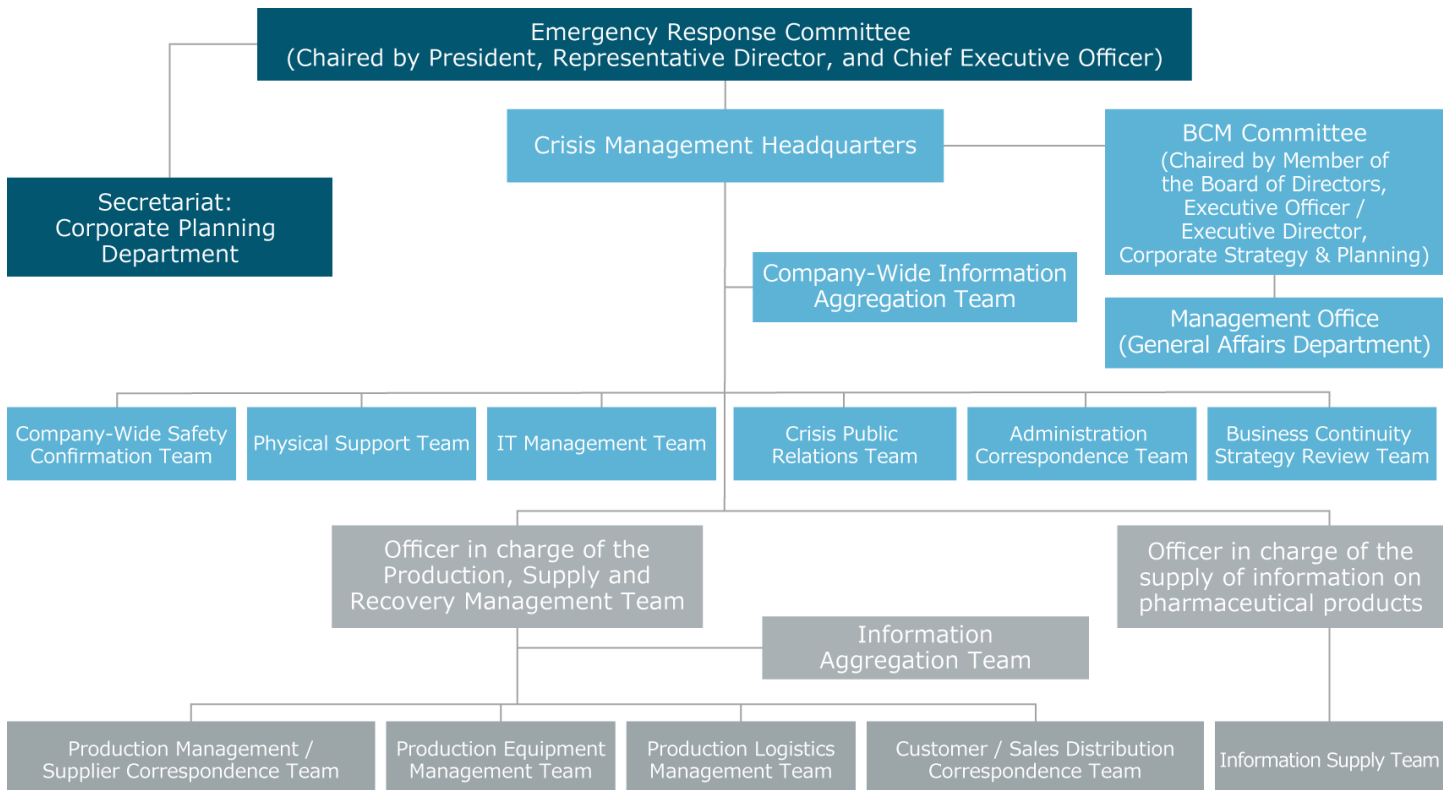
System to ensure proper business operations of the ONO Group

To ensure legal compliance across the Group, we provide appropriate consultation and guidance to our subsidiaries. . While respecting their autonomy, we request that each company provide us with regular business reports and consult with us on important business issues in advance.

Business Continuity Plan (BCP)

According to the instructions of the Emergency Response Committee chaired by the President, Representative Director, we have organized the BCP Management Headquarters and established a system designed to minimize the impact of an emergency on operations even in the case where an emergency occurs such as a natural disaster or serious accident, so that we can continue business activities or recover promptly and resume them if they are suspended. The BCM Committee, which is chaired by Executive Director, Corporate Strategy & Planning (Member of the Board of Directors, Executive Officer) and in charge of business continuity management (BCM), and the Management Office have been formed to maintain and strengthen our abilities to respond to crisis and continue our business operations, and promote relevant management activities during normal times.

We have installed systems prepared for disasters such as emergency generators and duplicate power service in our head office, the Tokyo Building, and all of our plants and research institutions, and we also have introduced seismic isolation systems to prepare for earthquakes in our head office, the Tokyo Building, the Minase Research Institute, and the Yamaguchi Plant. As we have transferred some of the Osaka Head Office's functions to the Tokyo Building, we can use resources such as internal systems and inventories at either base in the event of natural disasters in one area. The development of our two-base system prevents us from having to stop our business activities and improves our ability to continue our business operations.



The Group's business performance may be significantly affected by various risks that could in the future occur in its business activities.

The major risks that have the potential to affect the Group's business are listed below. However, this list does not cover all risks, and there are risks other than those described below that could potentially influence investor decisions.

The matters in this document relating to the future are based on the judgment of the Group as of the end of fiscal 2019.

<Major Risks>

(1) New product development

Upholding our corporate philosophy "Dedicated to Man's Fight against Disease and Pain," ONO Pharmaceutical strives to develop unique and innovative new drugs that deliver true benefit to patients in order to satisfy as-yet unmet medical needs. With the aim of becoming an R&D-based global pharmaceutical company specializing in specific fields, we not only pursue development of innovative pharmaceutical products independently but also promote open innovation that incorporates world-leading technologies and knowledge.

However, it is possible that a long-term and large amount of R&D investment will not lead to the market launch of an innovative drug, and will cause the discontinuation of development midway. If such a situation occurs, expected revenue may not be realized, and the Group's operating results and financial position may be significantly affected.

(2) Response to changes in the market environment

The Group is striving to maximize product value through proactive R&D activities, swift inter-departmental cooperation across the entire company, and strengthening of human resource development functions. To that end, we constantly analyze the market environment while paying attention to the factors affecting the product life cycle and review strategies to achieve a competitive advantage at every stage of the product life cycle, thereby responding appropriately to changes in the market. We also secure the necessary resources to maximize the potential of every product we offer.

However, the Group's operating results and financial position may be significantly affected depending on the sales situation of competing products and generic products.

(3) Compliance

In conducting business activities, the Group is subject to various laws and regulations, such as those related to product quality, safety, the environment, chemical substances, transactions and labor, as well as accounting standards and tax laws. In the future, we will need to respond to ever-stricter climate change mitigation policies and regulations around the world. In addition to formulating the Compliance Program Policy, etc. based on the Codes of Conduct, the Group has established a robust compliance system, which includes the Compliance Committee and internal reporting and consultation desks, to ensure that all business activities are conducted in compliance with applicable laws and regulations. However, if the Group or its contractors violate any laws or regulations materially, the Group's reputation, as well as its operating results and financial position, may be adversely affected. In addition, if the Group's business activities are restricted due to changes in laws and regulations, and as a result additional investment costs are incurred, the Group's operating results and financial position may be significantly affected.

(4) Product quality control

In line with its policy of contributing to society through stable supply of pharmaceuticals that are quality-assured to a high standard, the Group not only meets the legal requirements relating to the quality of pharmaceutical products but also has established a robust quality system based on its own quality manual and continually improves the system to stably supply high-quality pharmaceutical products from the perspectives of patients, caregivers and healthcare professionals. Also, we have a robust product recall system in place. If concerns arise regarding the quality, efficacy and safety of any of our products, investigation will be conducted promptly, and if a recall is decided upon, such recall information will be communicated immediately to medical professionals and the relevant product will be recalled as required. However, if a serious quality problem that exceeds the Group's expectation arises or a concern is raised about the safety and security of our product due to the discovery of new scientific knowledge, it could reduce trust not only in the relevant product brand but also in the entire Group, possibly causing a significant adverse impact on the Group's operating results and financial position.

(5) Securing and developing human resources

The Group strives to secure and foster diverse and competent human resources to ensure sustainable growth. We are continuously committed to the development of support systems and working conditions that help employees work in various styles so that each and every person in our diverse workforce can work energetically and demonstrate his or her full potential. We also work to continually enhance training programs to match the individual needs and levels of ability and development. Thus, through various activities, we seek to become an attractive company that attracts and retains excellent employees. To respond quickly and flexibly to environmental changes and increase corporate value, we believe it is important to enhance the diversity of attributes, values, and behavioral characteristics of the members who make up the organization and recognize their individualities. Under this belief, we are implementing various initiatives to promote the active participation of women and persons with disabilities in the workplace and to promote midcareer employment.

However, possible failure to attract and retain diverse and talented human resources over the medium to long term could cause the Group's business activities to stagnate, resulting in a significant impact on the Group's operating results and financial position.

(6) Large-scale earthquakes, climate change-related natural disasters, and accidents

In preparation for earthquakes, floods associated with climate change (water risks) and other natural disasters, the Group formulates disaster prevention measures and business continuity plans for its manufacturing plants and major business sites and addresses climate change-related risks in accordance with the TCFD recommendations. The Group has a manufacturing plant, the Fujiyama Plant, in Shizuoka Prefecture. In addition to this, a new plant, the Yamaguchi Plant, was constructed in Yamaguchi Prefecture to accommodate future business expansion, as well as to reduce risks and ensure business continuity during large-scale disasters. Also, the Head Office, the Tokyo Building, and all manufacturing plants and research institutes are equipped with emergency power generators and two-line power receiving systems to ensure uninterrupted operations in the event of a power failure. The Head Office, Tokyo Building, Minase Research Institute and Yamaguchi Plant are equipped with seismic isolation systems to prepare for earthquakes. Furthermore, we have established a system to handle emergency situations at two bases, in Osaka and Tokyo, in the event of a large-scale disaster. We have also introduced a safety confirmation system to speedily confirm the safety of our employees. In addition, we conduct periodical disaster drills to raise employees' awareness of disaster prevention and improve their ability to respond to an emergency situation. Despite our efforts, however, a large-scale earthquake or natural disaster resulting from climate change may cause problems in our raw material procurement, manufacturing and logistics operations, thus hindering the supply of products and our R&D activities. In each case, the Group's operating results and financial position may be significantly affected.

Furthermore, the spread of infectious diseases, such as novel coronavirus, and the occurrence of an explosion or fire accident at production plants, information/control system failures, problems at suppliers of raw materials, malfunction of social infrastructure such as electricity and water, environmental pollution from harmful substances, terrorism, political disturbances, riots, etc. may hinder the supply of products, R&D activities and other business activities. This may have a serious impact on the Group's operating results and financial position.

(7) Health insurance system reform

The pharmaceutical manufacturing and sales business of the Group is subject to various regulations under the pharmaceutical administration and regulations of each country in which it operates. The changes are being made in Japan to the downward revision of drug prices under the official drug pricing system and the medical system, including promotion of use of generic drugs. Overseas, the pressure to limit healthcare spending is increasing. Due to the above-mentioned factors, in the event the revenue is decreased in consequence of falling sales prices of pharmaceuticals which cannot be covered by increased sales volumes or other measures, the Group's operating results and financial position may be adversely affected.

(8) Reliance on specific products

Of the Group's revenue, revenue from OPDIVO Intravenous Infusion and anti-PD-1 antibody-related royalties account for about 60% of the total revenue (fiscal year ended March 31, 2020). If the revenue from OPDIVO Intravenous Infusion and anti-PD-1 antibody-related royalties decrease due to drug price revisions, the emergence of other promising competing products, the expiration of protection period of patents, and other unforeseen circumstances, the Group's operating results and financial position may be adversely affected.

(9) Newly discovered side effects

The Group develops a risk management plan and collects and evaluates safety (side effects) information on a continual basis for each pharmaceutical. We analyze the collected data to determine the seriousness of the safety information and the necessity of issuing warnings, and if necessary, we revise the cautions on package inserts and make announcements about proper use.

However, there is a possibility that new side effects that had not been experienced in clinical trials will be reported after marketing. In the event that a new serious side effect is discovered, the Group's operating results and financial position may be adversely affected by the payment of damages and a decrease in revenue due to revocation of drug approval.

(10) Intellectual property rights

The Group takes great care to ensure that products it manufactures or sells do not infringe upon third-party intellectual property rights. However, if the Group is found to have infringed upon a third-party intellectual property right, the Group's operating results and financial position may be adversely affected by the payment of damages and a decrease in revenue due to the suspension of manufacturing and sale, etc. In addition, the Group identifies and manages the inventors, etc. appropriately and pays the appropriate amount of compensation determined by internal regulations and contracts. However, if a lawsuit is filed by an inventor, etc., the Group's operating results and financial position may be adversely affected by the payment of damages. In September 2015, the Dana-Farber Cancer Institute in the United States of America filed a suit in the U.S. District Court for Massachusetts against ONO Pharmaceutical, Bristol-Myers Squibb Company, and Professor Tasuku Honjo for addition of inventors for patent applications on anti-PD-1 antibodies and anti-PD-L1 antibodies that the Company owned. On May 17, 2019, in the first instance, the Court ruled that Clive R. Wood, PhD, and a Dana-Farber Cancer Institute scientist, Gordon J. Freeman, PhD, should be named as inventors on the patents. The Company was dissatisfied with the decision and appealed. Similar lawsuits have been filed in Europe. In addition, on June 21, 2019, the Dana-Farber Cancer Institute, the assignee of Gordon J. Freeman's rights and interests in the present inventions, filed a lawsuit against the Company and Bristol-Myers Squibb in the US District Court for Massachusetts, claiming that it has the right to receive a portion of the licensing revenue that the Company and Bristol-Myers Squibb have received by suing, as exclusive patent owners, their competitors for patent infringement and later reaching a settlement or concluding license agreements with the competitors. It is not possible to estimate the impact of the court rulings for these lawsuits on the Group's operating results, etc. at this stage.

(11) Litigation

The Group may be subject to litigation over pharmaceutical side effects, product liability (PL), labor issues, fair trade issues, environmental issues, or other issues associated with its business activities. Unfavorable court decisions may adversely affect the Group's operating results and financial position.

(12) Information management

The Group holds a lot of important information, including personal information. To ensure proper management of such information, the Group has implemented various measures, including establishing and disseminating related rules, educating employees on the importance of information management, and taking security measures on IT systems.

However, if information in the possession of the Group is falsified, misused or leaked due to computer virus infection, system failures caused by cyber attacks, accidents, etc., the Group's operating results and financial position may be adversely affected due to a significant loss of social credibility.

(13) Overseas business expansion

The Group is actively expanding its operations overseas with the aim of becoming a “Global Specialty Pharma Company” capable of offering innovative new drugs developed in-house around the world. In South Korea and Taiwan, we have already set up wholly owned subsidiaries and have started selling our products. In the future, we will work to develop and strengthen our development system, etc., with a view to marketing through our own sales organizations in Europe and the United States.

In conducting global business activities, we obtain information on each country or region where we operate, including legal restrictions, economic conditions, political instability, region-specific natural disasters and uncertainties in the business environment, and consider necessary measures. However, if these risks cannot be avoided completely, the Group’s operating results and financial position may be adversely affected.

(14) Alliance with other companies

The Group cooperates with other companies in various forms, such as joint research, joint development, in-and-out licensing of developed products, and joint sales. Changes in or cancellations of alliances with other companies for any reason may have an adverse impact on the Group’s operating results and financial position.

(15) Fluctuations in financial market conditions

• Foreign exchange fluctuations

The Group conducts business internationally and receives royalties and makes payment of expenses, etc. in foreign currencies. Foreign exchange rate fluctuations expose the Group to risks, such as a decline in sales revenue, an increase in purchasing costs, an increase in R&D expenses, and foreign exchange losses. To mitigate the above risks, based on its market risk management policy, the Group hedges foreign exchange risk through forward exchange contracts, for a certain percentage of foreign currency denominated transactions.

However, foreign exchange fluctuations that exceed assumptions may adversely affect the Group’s operating results and financial position.

• Stock price fluctuations

The Group is exposed to risk of stock price fluctuations arising from equity instruments. The Group holds equity instruments to smoothly execute its business strategies but no equity instruments are held for short-term trading purposes. These equity instruments are periodically reviewed to assess their fair values and the financial status of the issuing companies, and the portfolio is revised as required, taking into account the relationships with the relevant companies.

However, if the market value of equity instruments fluctuates substantially more than expected, the Group’s operating results and financial position may be adversely affected.

(16) Response to environmental issues

As part of efforts to address global environmental issues, the Group has established an environmental vision (ECO VISION 2050) based on its Global Environmental Policy. In line with the ECO VISION 2050 and Global Environmental Policy, the Group is making group-wide efforts to realize a decarbonized society, a water recycling society, and a resource recycling society. In addition, being keenly aware of corporate social responsibility toward the environment, we carry out all our business activities in an environmentally responsible way to preserve a rich global environment.

Some of the chemical substances used in pharmaceutical research and manufacturing processes include substances that have a negative impact on human health or the ecosystem. Therefore, we strive to comply with environmental laws and regulations regarding the use, handling, manufacture, storage, and disposal of hazardous substances of countries and regions in which we conduct business activities.

However, costs may increase in the future if new carbon taxes are introduced or greenhouse gas emission limits are tightened to combat global warming.

Also, should unexpected contamination by harmful substances or collateral damage occur, the Group may face exclusion from insurance coverage or have to bear expenses that exceed compensation and legal liability. In addition, changes of environmental laws and regulations in the future may limit the Group’s business activities, including research and development and manufacturing.

In such cases, the Group’s operating results and financial position may be adversely affected.

(17) Spread of COVID-19 infection

As a life-related company, the Group strives to ensure a stable supply of pharmaceutical products. We are working vigorously to maintain a stable supply in cooperation with our affiliated companies and business partners. For the time being, there is no problem regarding the production and supply of our pharmaceutical products to medical institutions. Also, in an effort to contribute to the research and development of therapeutic drugs, etc., we have started clinical trials with “camostat mesilate (CM),” an oral protease inhibitor for the treatment of chronic pancreatitis and postoperative reflux esophagitis. In addition, we are supplying investigational drugs of CM for clinical studies based on requests from medical institutions and research organizations both in Japan and abroad.

Furthermore, to ensure the safety and health of patients, healthcare professionals and our employees, as well as to prevent the spread of infections, we refrained from visiting medical institutions, but from June we started to resume sales activities step by step at medical institutions and in areas less affected by COVID-19. In addition to conventional physical visits, we have also used new measures, such as web-based meetings and remote lectures, so that MRs can carry out their responsibility to provide pharmaceutical information to healthcare professionals. We have taken the utmost preventive measures, such as prohibiting business trips in Japan and overseas, cancelling or postponing events (lectures, seminars, in-house/external training, etc.), or holding events online.

However, further spread of infection and prolongation of the pandemic in the future could hinder the supply of products and R&D activities. In such case, the Group’s operating results and financial position may be adversely affected by the stagnation of its business activities, etc.

(18) Deferred tax assets and impairment treatment

The Group records various tangible fixed assets and intangible assets, as well as deferred tax assets used in business operations. If any of the risks described in the Business Risks section were to materialize, deviations from the business performance plan could occur, making it impossible for the Group to generate expected cash flows. In this case, there is a possibility that tangible fixed assets and intangible assets may be impaired, and deferred tax assets may decrease. In such cases, the Group’s operating results and financial position may be adversely affected.

Information Security Management

Basic Approach

Information assets are very important management resources.

ONO Pharmaceutical and its group companies have established, and implement and maintain the Information Securities Global Policies to strictly protect and not divulge the information assets, including R&D information, external information obtained for business use, and personal information of customers/suppliers, as well as to share and utilize information properly within the group.

[Information Security Global Policy \(163KB\)](#)

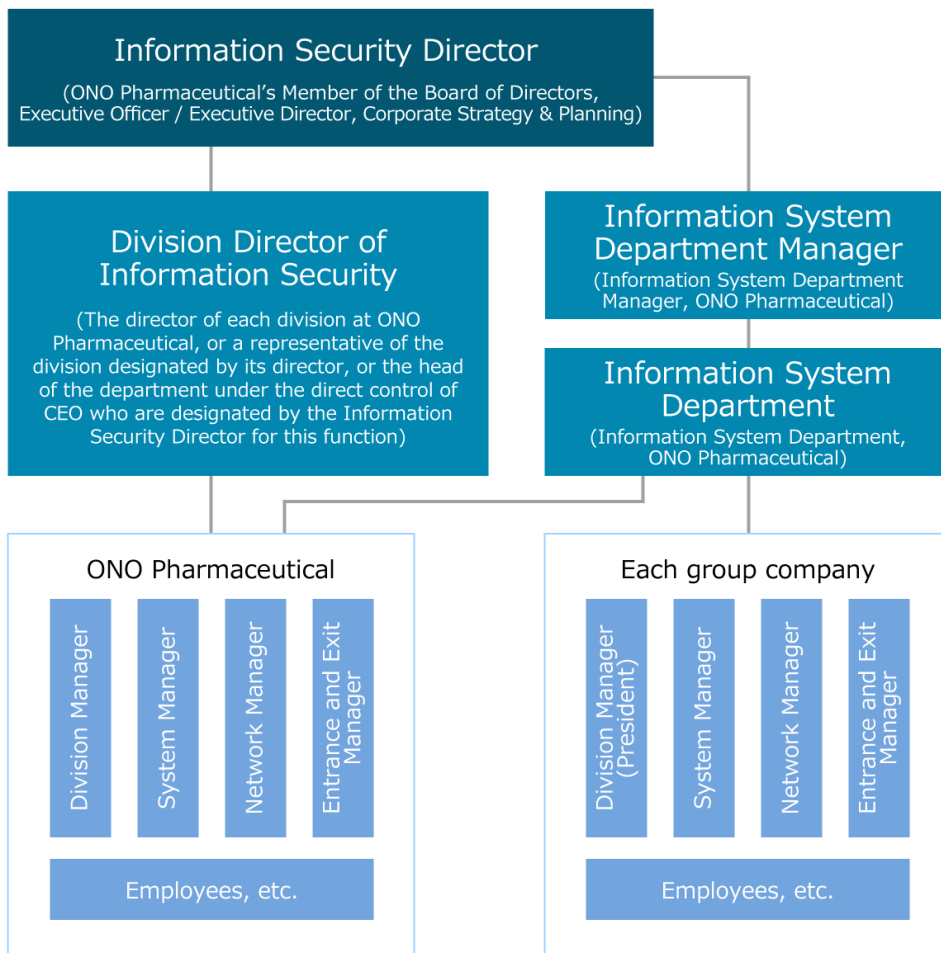
PDF

Information Security Management System

The ONO Group has established the Information Security Global Policies and related regulations. To ensure their effectiveness, an information security management system has been established, including specific actions to be taken in the event of an information security incident.

Overall responsibility for information security rests with the Information Security Director (Member of the Board of Directors, Executive Officer / Executive Director, Corporate Strategy & Planning). The Information Security Director is responsible not only for formulating the group's information security management strategy, but also for creating, revising, implementing and managing related regulations, etc., while taking into account changes in the environment surrounding ONO and the latest trends in information security-related laws and regulations. Under the Information Security Director, the Information System Department Manager and the Division Directors of Information Security are appointed to perform information security management duties at each division and group company.

Organizational Structure for Information Security Management



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Governance : Responsible Promotion Activities

Basic approach

Our vision of our sales activities is to work as a team, think from the patient's perspective, and respond to the real needs of healthcare professionals, based on the belief of "For the smiles of patients and their families". As a life-related company, we always maintain high ethical standards. In order to provide appropriate information on pharmaceutical drugs, the Sales and Marketing department and each department (Compliance Management Department, Corporate Regulatory Compliance, Safety and Quality Assurance, etc.) collaborate to promote responsible promotion activities. We pursue promotion activities in accordance with the "ONO Pharmaceutical Code of Practice (hereinafter the "Code")", which has been formulated as our corporate action guidelines in compliance with the JPMA Code of Practice.

[ONO Pharmaceutical Code of Practice \(202KB\)](#)

PDF

Pursuit of fair promotion activities

We define "Promotions" as "Providing and transmitting drug information to healthcare professionals and promote the proper use and spread of ethical drugs based on such information". All employees involved in promotion carry out fair promotion activities, while always examining whether they are acting in accordance with the spirit of the Code regardless of whether there are specific provisions or descriptions in the Code. Furthermore, based on the Code, we not only comply with the "Guidelines on Activities to Provide Sales Information on Prescription Drugs" (hereinafter the "Guidelines") issued by the Ministry of Health, Labour and Welfare of Japan, and the "Promotion Code for Prescription Drugs" established by the Japan Pharmaceutical Manufacturers Association (JPMA), but also respect the IFPMA (International Federation of Pharmaceutical Manufacturers & Associations) Code of Practice.

Review system related to promotion

In promotion, the provision of accurate information is required to promote the proper use and spread of pharmaceuticals. All materials used for promotion undergo a review process by the Compliance Management Department, which involves a review by external third parties.

We also strive to provide appropriate information on slides by speakers in sponsored and co-hosted lecture meetings, by checking in advance whether the Compliance Management Department contains any unapproved information on pharmaceuticals.

The Sales and Marketing Department is not involved in any of these processes.

Training for thorough implementation of fair promotion activities

We provide training not only for the members of the department in charge of the creation of promotional materials, but also for all employees involved in promotion, to enhance their awareness of compliance. Every year, we set up a Compliance Promotion Month (three months) to raise awareness of compliance in general, and the Compliance Management Department visit a sales office and conduct training twice a year. Furthermore, we organize lecture training sessions given by the leaders of various departments as well as e-learning training courses in order to improve employees' knowledge and understanding of compliance in general. In the event of a violation of the Code, we promptly conduct special training sessions on a company-wide scale to prevent the occurrence and recurrence of violations. The Compliance Management Department and the Sales and Marketing Department hold coordination meetings once a month with compliance promotion staff from each region to share information and provide training. We have a system in place to communicate shared information and training contents within the department through meetings where the leaders of the sales divisions meet.

	Frequency	Scope	Main contents
Training by Compliance Promotion Department	Twice a year	Code, Guidelines, Fair Competition Code	Operating rules of lectures hosted and co-hosted by our company, and appropriate promotional materials and activities
Training by leaders in departments	Twice a year	Guidelines	Appropriate provision of information (Company Records) Rules for lectures hosted by our company (Prior confirmation of slides)

For "Implementation of responsible marketing and promotion activities" please refer to [ONO's Approach to CSR](#).

Training for promoting proper use of pharmaceuticals and collecting safety information

In promotion activities, it is important to quickly collect safety information on prescribed drugs and provide appropriate information, based on collected information, to healthcare professionals to further promote proper use of pharmaceuticals. We conduct introductory training on "Ministerial Ordinance on Post-Marketing Safety Management of Drugs (GVP Ordinance)" in a lecture format for all employees involved in promotion activities. Even after that, training on drug risk management plans (RMP) for each product is conducted at the time of launch of a new product, and training on pharmaceutical damage is conducted every two years. In addition to e-learning education on the collection of post-marketing side effect information is conducted every year. All employees involved in promotion activities are fully aware of safety characteristics of each drug as well as the importance of safety management, and promote the proper use of drugs and collect safety information in order to minimize the occurrence of side effects in patients.

Society : Innovative Pharmaceutical Products

"Dedicated to Man's Fight against Disease and Pain" is our corporate philosophy as a pharmaceutical company dedicated to the development of new drugs. In line with this philosophy, we work to bring world-class innovative drugs as soon as possible to patients across the globe through collaboration between all our divisions including research, development, business strategy, manufacturing, safety/quality assurance, and marketing, as well as through the dedication of all employees to the efforts with passion and conviction.



Research

ONO's mission, policy, and structure regarding research and development are introduced.

> [Drug development policy](#)

[see here](#) ▶

> [Research structure](#)

[see here](#) ▶

Business Strategy

ONO's licensing activities and major partners are introduced.

> [Drug discovery alliances](#)

[see here](#) ▶

> [Global business and licensing activities](#)

[see here](#) ▶

> [Partners](#)

[see here](#) ▶

Development

ONO's development structure and progress on new drugs being developed are introduced.

> [Development structure](#)

[see here](#) ▶

> [IR library](#)

[see here](#) ▶

*Please refer to the status of development pipeline.

Manufacturing and Safety/Quality Assurance

ONO's manufacturing and safety/quality assurance initiatives are introduced.

> [Manufacturing and safety/quality assurance](#)

[see here](#) ▶

Marketing

ONO's marketing initiatives and main products are introduced.

> [Marketing \(scientific information\)](#)

[see here](#) ▶

> [Product information](#)

[see here](#) ▶

Society : Efforts Made for Improving Access to Healthcare

Basic Policy

Even today as we see remarkable developments in the medical field, there are many diseases against which no effective treatment exists. Also, in low- and lower middle-income countries, there are many people who have difficulty receiving necessary medical care due to various reasons such as inadequate medical infrastructure and poverty. Under the corporate philosophy “Dedicated to Man’s Fight against Disease and Pain,” we aim to improve access to healthcare by pursuing these goals: the development of innovative pharmaceutical products, improvement of medical infrastructure, and establishment of partnerships with outside parties. We currently sell our pharmaceutical products ourselves in Japan, South Korea, and Taiwan; in Asia, including Japan, we will make efforts for improving access to healthcare including the treatment of rare diseases. In regions other than Asia, we will make efforts to provide pharmaceuticals with the help of our partner companies. We will also work on supporting medium- to long-term activities to strengthen medical systems by means such as medical education and the development of medical infrastructure through partnerships with NPOs and the Global Health Innovative Technology Fund.

The Direction of our efforts

- Promotion of research and development for measures against diseases for which patients’ medical needs are not yet met, rare diseases, and intractable diseases
- Local medical education, training of medical personnel, improvement of medical supplies in countries and regions where medical infrastructure is not fully developed
- Strengthening the medical system through partnerships with external parties

Our Policies on Intellectual Property Rights and on Patents in Countries with Limited Access to Healthcare

We strive to continually develop innovative drugs through appropriate protection and use of various types of intellectual property generated during the course of drug development, while at the same time respecting intellectual property rights owned by third parties. In some countries, people have difficulty access to healthcare due to economic reasons. To deliver our innovative drugs to more patients worldwide, we will neither apply for nor enforce patent rights in Least Developed Countries defined by the United Nations and Low Income Countries defined by the World Bank. We also will not file patent applications or enforce rights in Lower Middle Income Countries defined by the World Bank with the exception of some countries.

* Least Developed Countries defined by the United Nations: <https://www.un.org/development/desa/dpad/least-developed-country-category.html>
Low Income Countries defined by the World Bank: <https://data.worldbank.org/income-level/low-income>
Lower-middle Income Countries defined by the World Bank: <https://data.worldbank.org/income-level/lower-middle-income>

Promotion Management System

The management team oversees the directions for the improvement of access to healthcare and the details of the efforts.

New efforts associated with access to healthcare will be deliberated on and approved by the CSR Committee, chaired by the Corporate Executive Officer / Head of Corporate Communications. Its activities are periodically reported to the Management Meeting which is chaired by the CEO.

Examples of working on the creation of pharmaceuticals

Efforts to obtain approval for pediatric use

Working on the treatment of rare diseases is important so as to improve access to healthcare. We make the following efforts to develop and provide pharmaceuticals for rare diseases.

(As of July 24,2020)

Product name	Therapeutic indication	Date designated as an orphan drug	Status
OPDIVO intravenous infusion	Malignant melanoma that has no possibility of radical resection	2013.06.17	Approved
	Recurrent or intractable classical Hodgkin lymphoma	2016.03.16	Approved
	Progressing or metastatic malignant pleural mesothelioma that has no possibility of radical resection	2017.12.01	Approved
Demser Capsules	Mitigation of excess catecholamine secretion in patients with pheochromocytoma	2015.05.25	Approved
Kyprolis for intravenous infusion	Recurrent or intractable multiple myeloma	2015.08.20	Approved
Onoact for intravenous infusion	The kinds of life-threatening cardiac arrhythmia in intractable and urgent cases: ventricular fibrillation and hemodynamically unstable ventricular tachycardia	2016.08.24	Approved
Mektovi Tablets	Treatment of unresectable malignant melanoma with a BRAF mutation	2018.03.30	Approved
Braftovi Capsules	Treatment of unresectable malignant melanoma with a BRAF mutation	2018.03.30	Approved
Velexbu	Primary central nervous system lymphoma (PCNSL)	2019.08.20	Approved
	Waldenstrom macroglobulinemia (WM) and lymphoplasmacytic lymphoma (LPL)	2019.11.19	Under developing

In addition, Opdivo is designated as a target item under the Priority Assessment Designation System, specified by the Ministry of Health, Labour and Welfare, that targets bile duct cancer.

Efforts to obtain approval for children

Medication evaluated appropriately for children should be used for pediatric patients. Aiming to improve pediatric patients' access to healthcare products, we are working on the flexible approval for children as follows.

(As of July 24,2020)

Product name	Pharmaceutical indication	Status
Onon Dry Syrup	Bronchial asthma and allergic rhinitis	Approved
Emend Capsules	Digestive symptoms (nausea, vomiting) resulting from the administration of antineoplastic agents (cisplatin, etc.) (including the delayed phase)	Approved
Proemend for intravenous injection.	Digestive symptoms (nausea, vomiting) resulting from the administration of antineoplastic agents (cisplatin, etc.) (including the delayed phase)	Approved
Orencia for intravenous infusion	Active polyarticular juvenile idiopathic arthritis	Approved
Onoact for intravenous infusion	Tachyarrhythmia in patients with deteriorated cardiac function	Under developing

Efforts Made against Intractable Diseases

Together with Keio University, Kochi University, the National Institute of Biomedical Innovation, Health and Nutrition, Mitsubishi Tanabe Pharma Corporation, and Daiichi Sankyo Co., Ltd., we established the Immune-mediated Inflammatory Diseases Consortium for Drug Development for the purpose of drug development research targeting intractable immuno-inflammatory diseases in May 2018. It is expected that the achievements of this consortium will lead to the creation of next-generation pharmaceuticals with high utility against intractable immunoinflammatory diseases and also enable the provision of new treatment options for patients and healthcare professionals.

Initiatives for supporting medical systems (capacity building)

ONO SWITCH Project



As an initiative to promote both medical system support and work style reform, we started ONO SWITCH Project in August 2018. Under this initiative, donations are made to medical-related NPOs/NGOs using the money saved by reducing overtime payments through work style reform. The Project aims to contribute to the promotion of work style reform and healthcare, and people's health around the world, thereby further promoting our corporate philosophy "Dedicated to Man's Fight against Disease and Pain."

—Project name and concept—

Save the **W**orld by our work style **I**mprovement and **C**hange

The project was named "SWITCH" by extracting the uppercase letters from "Save the World by our work style Improvement and CHange." The project name also expresses switching working styles, switching the funds obtained through work style reform to donations, and switching on the process of reviewing our working style.

* We have been working on the realization of work style reform since 2014. To promote work style reform on a company-wide scale, we appoint a promotion committee member in each department. The committee members conduct various activities in their respective departments to raise awareness and encourage employees to improve their work efficiency and take paid holidays. Thanks to these efforts, in fiscal 2019, the average monthly overtime hours per employee decreased by 2.3 hours and the paid leave acquisition rate increased by 24.7% compared to fiscal 2014. (The amount raised in donations from ONO SWITCH Project is calculated based on the decrease in overtime payments compared to fiscal 2014.)

The NPOs/NGOs to which donations are made are determined each year based on a questionnaire targeting all employees.

In fiscal 2019, we donated to the following NPOs.

Partner	Description of initiatives	Area of operation
Japan Committee, Vaccines for the World's Children	<p>Bhutan does not yet have the ability to prepare all the vaccines needed in the country, and there are some children who die from vaccine-preventable infections. Also, Bhutan does not have sufficient cooling equipment to store vaccines, which is necessary to ensure access to vaccines.</p> <p>We support the following activities undertaken to address these issues.</p> <ol style="list-style-type: none"> 1. Providing mixed diphtheria/pertussis/tetanus (DPT) vaccines and hepatitis B vaccines to be used in Bhutan throughout the year 2. Providing vaccine refrigerators (to ensure a medium- to long-term supply of vaccines) 	Bhutan
Japan Heart	<p>We support the following activities in Cambodia, where medical infrastructure is lacking.</p> <ol style="list-style-type: none"> 1. Support for the expansion and improvement of medical infrastructure: Improving the infrastructure/equipment of Japan Heart Children's Medical Center, the base hospital for Japan Heart's activities 2. Support for healthcare professional education: Activities aimed at improving the knowledge and skills of Cambodian doctors and nurses <ul style="list-style-type: none"> • To strengthen Japan Heart Children's Medical Center's emergency care and obstetric care systems, we provide training to the relevant staff on initial responses to a sudden deterioration in a patient's condition, focusing on cardiopulmonary resuscitation, as well as neonatal resuscitation and delivery assistance. • We provide financial support for several years for senior high school students coming from rural areas in Cambodia who aim to become doctors or nurses in order to develop competent healthcare professionals, thereby reinforcing the foundation of local healthcare in the medium to long term. 3. Prevention and treatment of dengue fever. 	Cambodia
Future Code ^{※4}	<p>We support the following activities undertaken by Future Code, an NPO involved in medical support activities in disaster and poor areas around the world, to improve access to healthcare in Bangladesh.</p> <ol style="list-style-type: none"> 1. Constructing facilities at the medical institution that will be newly established by the said NPO in the Mirpur area in Dhaka, the capital of Bangladesh (This medical institution plans to use part of its profits to treat poor people.) 2. Conducting medical examinations and providing hygiene education, including hand washing, at orphanages and elementary and junior high schools 	Bangladesh
People's Hope Japan ^{※4}	<p>In rural areas of Myanmar, the maternal mortality rate and the newborn mortality rate are high due to poor access to healthcare. We support the following activities undertaken by the said NPO under the Maternal and Newborn Health Care System Improvement Project.</p> <ol style="list-style-type: none"> 1. Training and skill monitoring for midwives and assistant midwives 	Myanmar

※4 Activity plan from FY2020

Each Partner's targets and progress

Partner	FY2019 targets	FY2019 progress	FY2020 targets
Japan Committee, Vaccines for the World's Children	<ul style="list-style-type: none"> Provide DPT (diphtheria/pertussis/tetanus) vaccines and hepatitis B vaccines. Provide vaccine refrigerators. <p>KPI Number of vaccines and refrigerators provided</p>	<ul style="list-style-type: none"> DPT vaccines: Vaccines for 50,000 people were provided. (100% elimination of the shortage of vaccines for two-year-old children) Hepatitis B vaccines: Vaccines for 8,000 people were provided. (100% elimination of the shortage of vaccines for babies within 24 hours of birth) Provided 5 vaccine refrigerators. 	<p>Provide DPT vaccines for 50,000 people, hepatitis B vaccines for 8,000 people, and 5 vaccine refrigerators.</p> <p>KPI Number of vaccines and refrigerators provided</p>
Japan Heart	<ol style="list-style-type: none"> Improve equipment/infrastructure at Japan Heart Children's Medical Center. <ul style="list-style-type: none"> Introduce a new CBC measuring device※5(automated blood cell analyzer). Provide support for healthcare professional education. <ul style="list-style-type: none"> Support for students who aim to become healthcare professionals. Continue support for a nursing student whom we have supported since fiscal 2018. 	<ol style="list-style-type: none"> Replaced the aging CBC measuring device, which frequently malfunctioned, with a new one, enabling accurate tests to be performed within the Center in a timely manner. Without relying on other hospitals, the Center has become able to detect severe dengue infection early, perform accurate tests on child cancer patients and postpartum mothers, and obtain reliable results. Also, not relying on other hospitals for testing has led to a reduced financial burden for patients. Support for students who aim to become healthcare professionals. The Cambodian nursing student whom we are supporting are working hard learning about nursing care and improving her language skills. 	<ol style="list-style-type: none"> Provide accurate and high-quality tests to all patients who need testing with the newly installed CBC measuring device. Continue to achieve zero deaths from dengue fever at the Center (as per last year), by treating patients in a timely manner. <p>KPI Percentage of patients whose blood test results were promptly reflected in their treatment out of all dengue patients at the Center</p> Support for students who aim to become healthcare professionals. Continue support for a Cambodian nursing student whom we have supported since FY2018. Prevention of dengue fever <p>Conduct awareness-raising activities for residents of the area where Japan Heart Children's Medical Center is located to prevent an epidemic of dengue fever, which occurs every year. (Especially for families with children. All of the deaths from dengue fever in Cambodia in 2019 involved children.)</p> <ul style="list-style-type: none"> Before the start of the dengue fever epidemic season (October 2020), Japan Heart Children's Medical Center will distribute awareness-raising materials and disseminate information via social media to raise awareness of dengue prevention and early detection to suppress any dengue epidemic. <p>KPI Number of people who received awareness-raising materials (target: 4,000 people) Number of times awareness-raising posts were viewed on social media (target: 20,000 people)</p> <p>*Infectious diseases such as dengue fever are said to increase as global warming progresses. We also support this program from our perspective on climate change.</p>

Partner	FY2019 targets	FY2019 progress	FY2020 targets
Future Code	The NPO and ONO discuss the details of activities to be undertaken from 2020 and establish the direction of the activities.	Confirmed the content of the project starting from 2020 and set targets for activities.	<ul style="list-style-type: none"> • Donate PCR testing equipment for COVID-19 or X-ray equipment to the new hospital. (KPI: In the case of PCR testing equipment, conduct 50 PCR tests a day, of which at least 10% should be given to the poor.) • Conduct health checkups at orphanages and hygiene education at orphanages and elementary and junior high schools. <p>KPI Number of participants in hygiene education sessions: 50 (number of times sessions are conducted: at least once a year)</p>
People's Hope Japan	The NPO and ONO discuss the details of activities to be undertaken from 2020 and establish the direction of the activities.	Confirmed the content of the project starting from 2020 and set targets for activities.	<p>Conduct training for and monitor the skills of all midwives (83 people) and assistant midwives (55 people) in Lewe Township of Nay Pyi Taw Union Territory.</p> <p>KPI</p> <ul style="list-style-type: none"> • One-time skill monitoring using the assessment sheet • One-time training (a 3-5 day training program), in cooperation with the local health authorities <p>Aim to ensure that mothers and children receive appropriate health services (maternity checkups, assisted delivery by trained professionals, institutional delivery, postpartum checkups) through the synergy effects generated by the above-mentioned measures and other measures implemented by the NPO (improvement of the knowledge and health behavior of pregnant women, recognition of danger signs and prompt treatment-seeking behavior, as well as the training and appropriate allocation of volunteers to connect residents and health facilities).</p>

※5 CBC measuring device refers to an automated blood cell analyzer or automated blood cell counter which measures red blood cells, white blood cells, platelets, etc. in blood.



A Basic Life Support (BLS) training session run by Japan Heart



Support for vaccinations by the Japan Committee, Vaccines for the World's Children

Past activities

■ Progress of activities in FY2018

Partner	Targets	Progress
Nanbyo no Kodomo Shien Zenkoku Network (Nationwide Network to Support Children with Intractable Diseases)	Hold symposia to promote understanding of intractable diseases.	<ol style="list-style-type: none"> 1. A symposium was held in Tokyo in January 2019. Lectures about school life and the education of children under medical treatment were held. 2. A camping event was held on Awaji Island, targeting families with children with intractable diseases. Sixty people participated in the event.
Vaccines for the World's Children	<p>Provide DPT vaccines and hepatitis B vaccines to be used in Bhutan throughout the year.</p> <p>Start developing an infrastructure for cold chains (a system to transport vaccines at low temperatures to points of consumption).</p>	Funds were contributed for the provision of DPT vaccines and hepatitis B vaccines to be used in Bhutan next fiscal year, as well as Ice Line coolers for refrigerating the vaccines.
Japan Heart ^{※6}	<p>Provide one person with healthcare professional education every year.</p> <p>Have 100 people receive healthcare professional education.</p>	<ol style="list-style-type: none"> 1. A nursing student was selected, to whom we will provide support. We will pay all the student's tuition and living expenses for six years, covering university life and training at a hospital. 2. BLS training was provided to 266 people. <p>Participant breakdown: 190 seniors from Cambodia-Japan Friendship High School 24 Japan Heart scholarship students 37 staff from Japan Heart Children's Medical Center 15 staff from Ponnell Hospital</p> <p>Neonatal cardiopulmonary resuscitation (CPR) training was provided to 24 local medical professionals.</p> <p>A child birthing simulator was used in a delivery training workshop for two Cambodian midwives.</p>

※6 Results achieved in FY2019 as a result of our support for Japan Heart Children's Medical Center in FY2018

- Cambodian healthcare practitioners who received BLS training in FY2018 at the Center using BLS mannequins (donated by ONO) conducted BLS training as instructors for newly joined staff and local residents. Young healthcare professionals who were trainees last fiscal year became able to provide training as instructors. (All medical staff working at Japan Heart Children's Medical Center have already received training using BLS mannequins.)

KPI 16 local residents, 55 Cambodian staff (including non-medical staff) from Japan Heart Children's Medical Center

- The midwives who received neonatal CPR training using CPR mannequins (donated by ONO) in FY2018 conducted neonatal CPR training as instructors using infant mannequins for medical staff other than midwives.

KPI KPI: 33 medical staff from Japan Heart Children's Medical Center, 1 staff member from the public Ponnell Hospital

- In preparation for a full-fledged start of labor and delivery services at the Center, Japanese midwives conducted training on child delivery assistance (practice for safe delivery, checking danger signs during labor and birth, etc.), using a child birthing simulator (donated by ONO in FY2018).

KPI KPI: Training was given once every two months to all of the nine Cambodian midwives at the Center

Society : Human Resources and Human Rights

We believe that “People make the company,” and actively supports the development of individual abilities and positive action taken without fear of failure. We promote efforts to improve safety and health conditions, and to create a working environment where the company and its employees can live in harmony and individual abilities blossom to their full extent.

We also respect everyone’s human rights in all business activities and aim to establish a company with no discrimination either inside or outside the company due to race, nationality, ethnicity, gender, age, colour, religion and belief/philosophy.

Development of Human Resources

Concept of Human Resource Development

We aim to develop human resources who become source for us to grow to be a global R&D oriented pharmaceutical enterprise as well as act in an ethical manner with a strong sense of responsibility as a member of a pharmaceutical enterprise involved in pharmaceutical products, which are closely related to the lives of people.

Desired characteristics of ONO Employees are those who:

are motivated, proactive, self-disciplined, independent and make confident choices

- are innovative, aspirational and persistent
- can work collaboratively in a global team environment
- have a strong sense of ownership for, and take pride in their roles
- always has a positive attitude and seeks opportunities for professional growth
- act in an ethical, honest and trustworthy manner

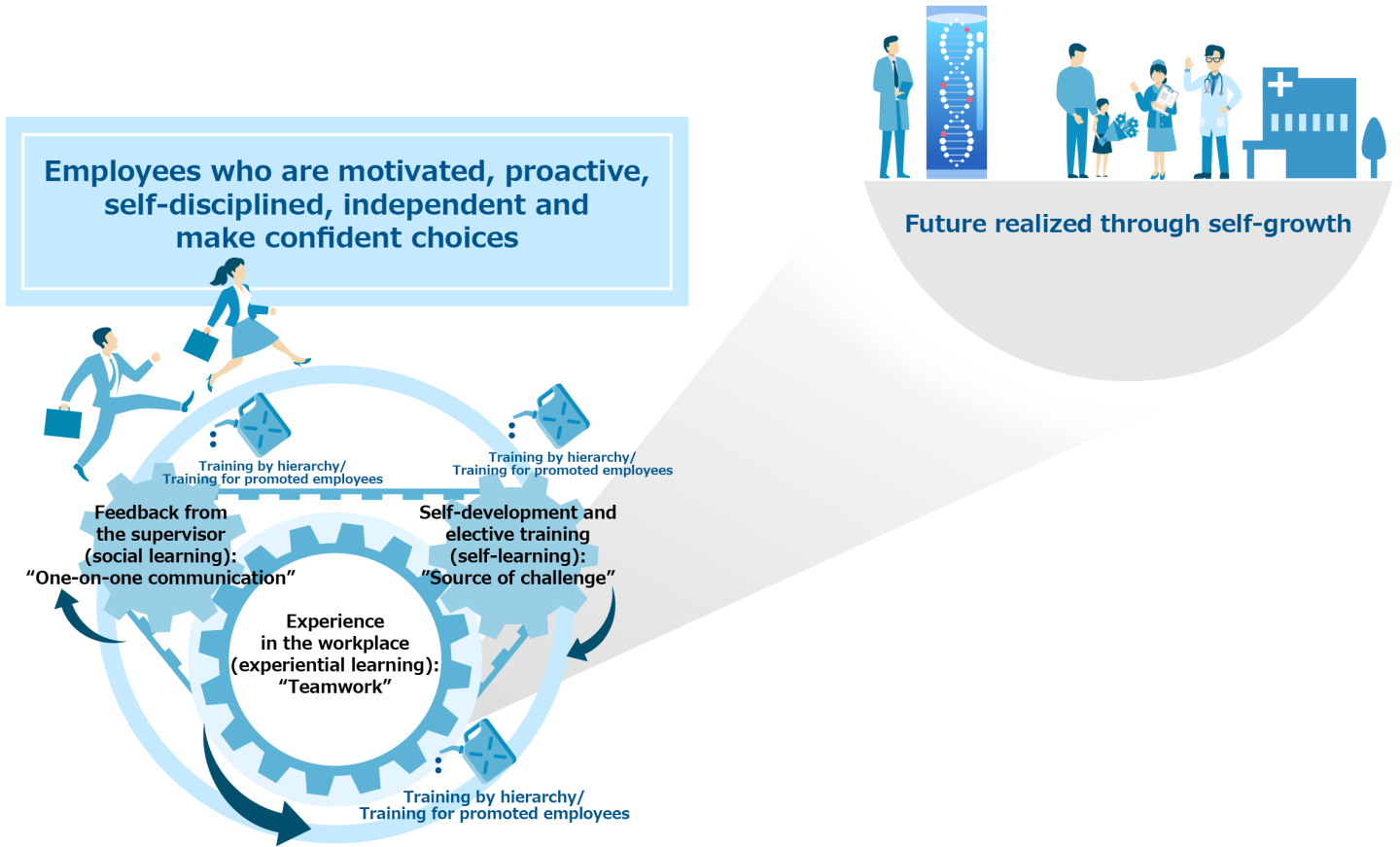
Having over 300 years of history since our foundation, we desire human resources who will be the fountainhead for us to continue to make bold efforts for the future.

Our approach to human resource development

There are three key elements of personal growth: “experience in the workplace (experience learning)”, “guidance from supervisors (social learning)”, and “Self-development and training program (self-learning)”. We believe that these three elements are also important to develop individuals with our desired attributes; i.e., those who make bold efforts and act independently based on self-discipline. With regard to “training program,” we have two main types of program. The first is voluntary training program that employees can choose to participate in based on their interests and needs. A variety of training courses are offered to help employees acquire various business skills such as presentation skills and marketing skills. The second is hierarchical training program, such as orientation for newly hired employees, annual training, and training for newly promoted employees. In these training programs, employees reflect on “the experiences in the workplace” and “the feedback from their supervisors”, and share their individual reflections with the other participants. By doing so, learning is not be confined to oneself, but spread across the entire spectrum of employees, like a network. Hierarchical training programs thus provide a great social learning opportunity for all employees. By strategically combining the three elements of growth, we seek to promote the autonomous growth and career development of individual employees.

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Experience in the workplace (experiential learning) : “Teamwork”

We value "teamwork." This attitude is based on our values such as “ONO aims to be a world-changing team.” When setting annual work goals, our employees set not only personal goals, but also the goals of the team. By encouraging employees to maintain close communication with other members of the team and help each other, we create an environment where employees are motivated and find it easy to challenge higher goals.

Feedback from the supervisor (social learning): “One-on-one communication”

To develop individuals who can demonstrate their abilities in the team, in addition to promoting individual development and self-learning and encouraging employees to accumulate various experiences, whether large or small, by working together with various members in the workplace, it is extremely important to allow employees to have one-on-one communication with their immediate supervisor, with whom they liaise and work closely in their daily work. In one-on-one communication, employees can not only consult about issues they are facing in their work, but also discuss in depth their job satisfaction, strengths and future career aspirations. Such opportunities not only enable employees to learn how to proceed with their work, but also help them maintain a high level of motivation toward their work, improving teamwork throughout the entire company.

Click [here](#) for more information on development support from the supervisor

Self-development and elective training (self-learning): "Source of challenge"

In order for patients to continue taking on challenges into the future, it is essential that each individual member thinks, learns, and grows. We seek to develop individuals who embody our vision, "Be passionate challengers" by providing our employees not only with places for team collaboration, but also the opportunity to reflect on themselves and learn.

Click [here](#) for more information on self-development learning

Click [here](#) for more information on elective and Voluntary training

Provision of Growth Opportunities

We organize a wide range of training programs to provide employees with growth opportunities. For example, collective training is given in each phase of their career growth, we have introduced company-wide joint training for new employees along with all divisions, departmental introductory training, and annual training for young employees. We also organize training programs to cultivate global human resources who can work actively under any circumstances, and send employees to overseas affiliates. For management staff, we provide training focusing on management skills required for their respective roles and managerial positions and for the growth of the organization, and we continuously enhance the training programs. Furthermore, to develop individuals with our desired attributes, i.e., "those who are self-disciplined, independent and make confident choices," we work to expand voluntary training programs in which employees can choose to participate according to the interests and skills they want to develop. Also, to encourage the self-development of employees, we have introduced "a subsidy program for self-enrichment".

In addition, to provide growth opportunities for our employees, mainly medical representatives (MRs), we conduct on-site training at medical institutions and patient associations' lecture meetings. These trainings enable our staff to listen firsthand to the opinions of patients and medical professionals and deeply understand the needs of people working at the medical frontlines. In this way, by offering a wide range of opportunities for learning, we provide opportunities for growth through mutual stimulation.

Summary of common education and training programs for all divisions in FY2019

Position		Activities to disseminate the mission statement	Training programs for future top management candidates	Global Human Resource Development	Training by hierarchy	Self-development training	Other
Management staff	Corporate Officers	Workshop for deep understanding our mission statement On-site training at medical institutions Patient associations' lecture meetings/ Virtual Reality (VR) patient experience	Training selected employees Training selected employees Training selected employees Training selected employees	Special training program for global business Speaking skill of English training program	Manager training Training for new managers Training for new core employees Training for individual contributors promoted to the highest level Training for general employees promoted to higher grades Fifth-year employee training Third-year employee training Follow-up training for newly hired employees Orientation for newly hired employees	Correspondence courses/Online foreign language conversation/ support for qualification tests Elective and voluntary training	Diversity management training Career planning training Coaching training
	Manager						
	Manager class						
General employees	Manager candidate	Workshop for deep understanding our mission statement On-site training at medical institutions Patient associations' lecture meetings/ Virtual Reality (VR) patient experience	Training selected employees Training selected employees Training selected employees	Special training program for global business Speaking skill of English training program	Manager training Training for new managers Training for new core employees Training for individual contributors promoted to the highest level Training for general employees promoted to higher grades Fifth-year employee training Third-year employee training Follow-up training for newly hired employees Orientation for newly hired employees	Correspondence courses/Online foreign language conversation/ support for qualification tests Elective and voluntary training	Diversity management training Career planning training Coaching training
	Mid-level employee						
	Newly hired employee						

Activities to disseminate the mission statement

In keeping with our corporate philosophy—Dedicated to Man's Fight against Disease and Pain—we aim to ensure that each individual employee moves in the right direction, with full understanding of how patients and their families feel about and confront the illness and treatment. And we organize training programs and other activities to ensure that employees always think about patients and perform their duties from the patients' perspective.

Workshop for deep understanding our mission statement

This workshop aims to ensure that all employees embrace the mission statement and act accordingly. In the workshop, the CEO talks about the background to the establishment of the mission statement and the history of ONO's bold endeavors which lie behind it, or managers talk to their subordinates about the challenges they have experienced. Such talks evoke empathy and inspire employees to voluntarily put the mission statement into practice.

Click [here](#) for Mission Statement.

On-site training at medical institutions

To deliver pharmaceutical products that truly benefit patients, it is necessary to understand the pain of patients and the true needs of medical professionals. To provide our staff with the opportunity to listen firsthand to the opinions of patients and medical professionals, we conduct on-site training at medical institutions. This training gives our staff an opportunity to directly see and feel how medical professionals interact with patients every day, enabling our staff to understand the true needs of the medical frontlines.

Patient associations' lecture meetings

Having the opportunity to directly contact patients is extremely important, for employees of pharmaceutical companies delivering medicines to patients. At lecture meetings, patients talk about how they coped with their initial diagnosis, what symptoms they are experiencing, what impact those symptoms have on their daily living, their perceptions of efficacy and side effects, and how they live with the illness day-to-day. By hearing the voices of patients directly, our employees better understand and develop empathy for the patients' feelings and perform their daily work with the patient's perspective in mind.

Virtual Reality (VR) patient experience

We conduct experience-based training using VR devices to allow our staff to better understand the patient's perspective. For example, dementia patients experience anxiety by seeing hallucinations, causing them to be unable to carry out their normal activities. However, even small changes in care practices—for instance, whether a medical worker stands in front of the patient or beside the patient—can make a big difference. In some cases, by just changing the position of the medical worker, the hallucinations disappear and the patient becomes able to move around smoothly. VR enables learning through experience instead of through lectures. With VR, our staff can experience what it is like to have a certain health condition and notice things that they would otherwise not be able to notice. The VR experience helps our staff learn the patient's perspective.

Training programs for future top management candidates (training program for selected employees)

For the purpose of fostering future top management candidates, we have implemented this program for selected employees in four levels, from general employees to senior managers.

The main purpose of this program is "learning management's perspectives and ideas" which is common to all levels, but the curriculum is set up according to the level, and the training period is also different from 2-4 years. For example, in training for general employees, leadership development is conducted from an early stage before they become managers, and job rotation is conducted after this training. For senior managers, we provide training aimed at fostering their awareness of being a potential top manager, and we also take part in discussion based opinion exchange meetings with executives of other companies that transcend industries.

Global Human Resource Development

Special training program for global business (training program for selected employees)

This program targets employees who are nominated by their department head as potential future global business leaders. This training aims to develop individuals who will influence the entire company while demonstrating strong leadership within the team and cooperating effectively with others, in any workplace, whether it be in Japan or overseas. Trainees acquire the ability to adapt to the specific environment they find themselves in, leadership skills, logical thinking, and global business skills. The training lasts about one year.

Speaking skill of English training program (training program for selected employees)

This is a training program to acquire English skills essential for global business. With the purpose to strengthen the capability of performing English-related work, we have three programs: a one-week camp-style English conversation training program in Japan, a three-month study abroad language training program, and weekly lectures by dispatched English instructors (two-year course). Also, in order to accelerate our organizational globalization, we conduct English conversation training for our managers.

Training by hierarchy

Orientation for newly hired employees, follow-up training for newly hired employees, third-year employee training, and fifth-year employee training

The orientation for newly hired employees is a two-week course provided for all newly hired employees to get together, learn basic business manners and rules, along with roles, responsibilities, and cooperation in a team, and learn about the mission statements (corporate philosophy, our vision, and our values), information security, the personnel system, mental healthcare, the Act on the Protection of Personal Information, regulations on insider trading, and CSR activities to acquire consciousness as members of society. We also incorporate global training and diversity training in order to broaden the vision of employees, after which they undergo education specialized for the divisions they are separately assigned to. In addition, after 10 months of being employees, follow-up training for newly hired employees is provided for them to take time to review events in the first year as members of society, to refresh their minds for the second year.

The third-year employee training is designed to help third-year employees realize the necessity of changing their mentality—more specifically, moving one step forward from being independent to being autonomous—and to promote their voluntary actions and proposals as well as more active involvement in training junior colleagues. This training focuses on improving communication skills and other abilities necessary to perform their assigned job functions. The goal of the five-year employee training is to further raise motivation for work by having employees view their work in a multifaceted manner and review it from creative perspectives. The training includes experiential learning cycles for them to grow themselves while achieving outcomes, and contents that help the participants digest tacit knowledge to establish their cherished opinions, leading to effective practices and outward development.

In the training for the newly hired employees of the sales department, which takes half a year after they enter the company, they acquire knowledge of medicine, pharmacology, and the medical system and knowledge on diseases that have to do with our products, all of which are necessary for MRs (persons in charge of medical information), and take practical output-focused training. In addition, we allocate a certain time period for on-the-job training, during which newly-hired MRs accompany senior MRs on their hospital visits to learn about the work of MRs and rules at the medical frontlines. Also, to develop competent MRs who are highly sought after by frontline medical workers, we provide the opportunity to listen directly to doctors and wholesalers. As for the MR accreditation test, aiming to have all our examinees pass, we support them with a carefully operated backup system not only during the training period but also after assignment to a specific post, which allows us to keep a top-class pass rate for the industry.

Training for promoted employees

The highest level individual contributors training makes participants understand the roles required for a manager, and develop awareness and attitudes concerning proactive team management. In addition, the training helps participants acquire the skills to identify problems and understand what is necessary to become an influencer. The training for new management staff is provided to understand the personnel evaluation system, and to acquire the management skills required for being the next candidates for managers, which improves their abilities to build relationships of trust with others and to get things done. In the training for new managers who are appointed from among core employees, participants review the personnel evaluation system, deepen their understanding of labor management, and learn the roles that managers are expected to play, as well as team building, and team management. After the training program, newly promoted employees implement their action plans with the support of their supervisors. Also, to examine the effects of the training, we survey trainees' immediate supervisors. In FY2019, 79.3% of surveyed supervisors said that their subordinate's behavior had changed after the training according to Kirk Patrick level 3 .

Manager training

The manager training provides a program that incorporates understanding and practicing the mission statement and human resource development. Various kinds of training are held every year. For example, management skill training at which managers from all departments get together for the purpose of intensifying interactions between departments, training for evaluators aiming to effectively use a goal-setting interview system and evaluate employees in a fair and accurate manner, and training regarding compliance and efforts for mental health care conducted by managers for employees, aiming to establish a working environment where it is easier to work.

Self-development training

Self-development learning (Correspondence courses/Online foreign language conversation/ support for qualification tests)

We provide employees who desire to proactively learn with opportunities for self-development learning. Through correspondence education, we have over 500 courses such as leadership and management, accounting, finance, and English conversation, and we arrange an environment on a steady basis for those proactive learners with wide range of fields. In addition, we promote self-development learning by aiding online foreign Language conversation classes and qualification tests.

Elective and Voluntary training

We provide voluntary training for employees who desire to proactively learn and can make their own choices of the training that they need. This includes training to develop managers' perspectives in the early stages of their careers, using tools such as management simulation games that allow participants to learn accounting and finance, we also provide training for leadership and team building that prepares employees to lead others. These training programs gather employees across rank and departmental boundaries, constituting those who work at different departments, and training to also help participants raise awareness on cooperation between departments.

Other

Diversity management training

We are always pursuing innovation to continuously create the innovative pharmaceuticals. As a source of ideas leading to creation of innovation, broad diversity regardless of specialized fields, gender, and nationality is increasingly required in the future. In this seminar, we not only understand the significance of diversity, but also improve the skills of interviewing to make better use of it, and acquire management capabilities. For this purpose, the training is conducted for all of our management positions.

Career planning training

We provide opportunities for employees to review their individual careers and think positively about career afterwards as a form of training. They learn various career theories and participate in a group work format for them to develop their future career plans, leading to better results by discovering their unnoticed qualities and strengths, along with values that personally feels rewarding to them.

Coaching training

We offer coaching training to managers. Managers receive one-on-one coaching training from a professional trainer twice a month in addition to group training through online classes. Coaching training lasts about eight months. In parallel with the training they receive, managers also practice coaching their team members. These activities lead to improved communication in the workplace.

■ Implementation status of common education and training programs for all divisions in FY 2019

Training Name	Participants×hours	Participants
Workshop for deep understanding our mission statement	317	54
On-site training at medical institutions	822	105
Patient associations' lecture meetings/ Virtual Reality (VR) patient experience	2,743	1,704
Special training program for global business (training program for selected employees)	3,634	61
Speaking skill of English training program (training program for selected employees)	15,912	216
Orientation for newly hired employees Follow-up training for newly hired employees	6,253	70
Third-year employee training Fifth-year employee training	2,148	173
Training for individual contributors promoted to the highest level Training for new core employees Training for new managers Manager training	4,400	357
Self-development learning (Correspondence courses / Online foreign language conversation /support for qualification tests)	-	532
Elective and Voluntary training	5,963	681
Diversity management training	32	48
Career planning training	345	115
Coaching training	858	32

In addition to these training programs, training sessions to acquire specialized skills required by each division have been provided separately. In FY2019, the annual training hours per employee were 30.7 hours.

As employees of pharmaceutical companies, we have also provided basic e-learning training programs on matters such as phytotoxicity education, which is essential for employees of pharmaceutical companies, collecting safety information, handling personal information, and the prevention of bribery.

Activities for the development of future human resources (Internship program)

We offer an internship program for undergraduate and graduate students looking to gain work experience. In addition to providing an introduction to the pharmaceutical industry, our internship program provides students with various opportunities such as simulating the activities of a medical representative (MR) and interacting with employees, to allow them to gain firsthand experience working at a pharmaceutical company. We hope that by participating in the internship program, students will understand the mission that pharmaceutical companies should fulfill and feel the significance and value of working at a pharmaceutical company. We also hope that the internship experience will help interns shape their future career decisions.

Respect for Human Rights

Our approach to human rights

In every area of our business activities, we understand and respect the human rights of each individual in terms of the diversity of values, personalities, and characteristics and will act accordingly.

Upholding these principles, we internally and externally prohibit discrimination and bullying of any type on the basis of race, nationality, ethnicity, gender, age, colour, religion, or belief/philosophy, and establish and administer the personnel system. We also prohibit any form of harassment and conduct compliance training.

Furthermore, as a signatory of the United Nations Global Compact, We support its ten principles of UNGC. In addition, we also support and respect the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Convention on Economic, Social and Cultural Rights, the International Labour Organization (ILO)'s Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. We pursue human rights initiatives in compliance with these international standards. For details, see ONO Pharmaceutical Human Rights Global Policy.

[ONO Pharmaceutical Human Rights Global Policy \(191KB\)](#)

PDF

Human rights due diligence

In accordance with the UN Guiding Principles on Business and Human Rights, we have established and is continuously implementing a human rights due diligence system, to prevent and mitigate any adverse human rights impacts it may have on society.

We utilize a third-party EcoVadis's CSR Assessment System (EcoVadis) to objectively and continually monitor the CSR management status of key suppliers in our supply chain. The use of EcoVadis enables us to obtain highly reliable information regarding suppliers' CSR management at least once a year, and thereby propose appropriate corrective actions to our suppliers. In the FY2019 evaluation, none of our suppliers were classified as having a high risk in terms of CSR.

Diversity Promotion Initiatives

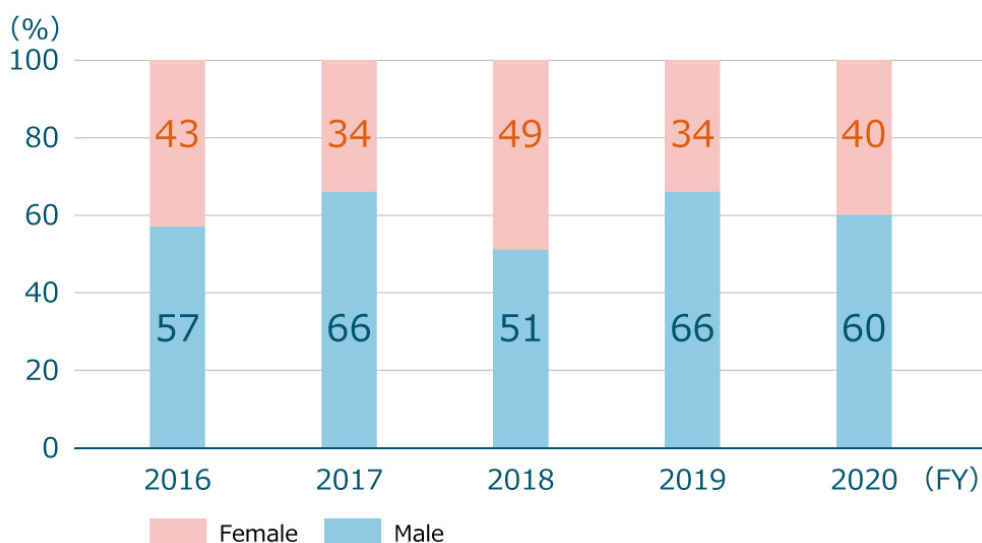
To respond quickly and flexibly to environmental changes and increase corporate value, we believe it is important to enhance the diversity of attributes, values, and behavioral characteristics of the members who make up the organization and recognize their individualities. We conduct “diversity management training” for all managers so that they can understand the significance of diversity and utilize it in the management of diverse human resources. In addition, we are also working to promote employee awareness and understanding of diversity by incorporating diversity and inclusion-related contents in our training programs (entrance year-based training, hierarchical training, etc.). In addition to implementing internal activities, we also encourage participation in cross-industry seminars and study sessions to share know-how and information on diversity promotion activities.

Activities to promote female employee participation in the workplace

We are committed to establishing a system that enables female employees to achieve their full potential at work. As part of such efforts, we have actively hired women and taken measures to prevent female employees from quitting their jobs due to major life events. As a result, the number of female employees has been steadily increasing, and the employment rate of female employees as of March 2020 had risen by 4.3% compared to that as of March 2013. To create an environment where female employees can play more active roles, we have also incorporated diversity and inclusion-related contents in our training programs (management staff training, entrance year-based training, hierarchical training, etc.).

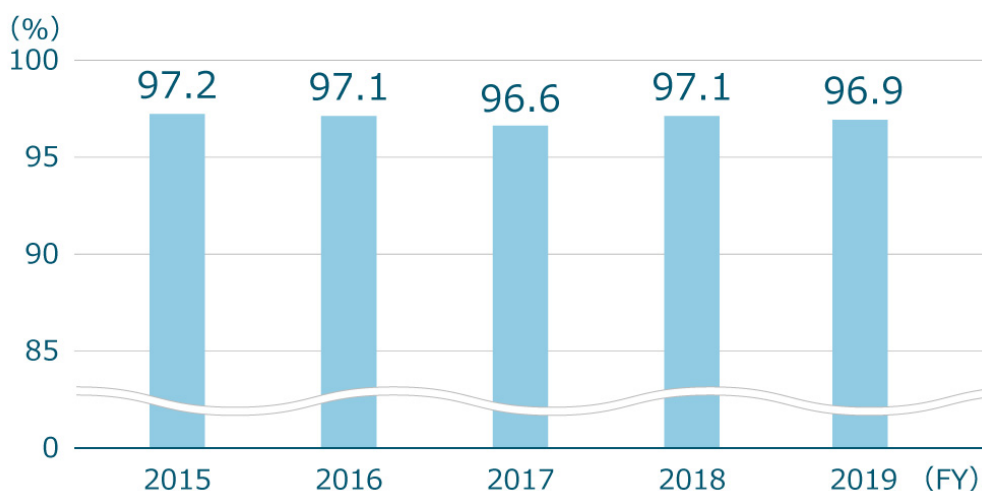
In addition, since 2015, we participate in the “Diversity Western Japan Study Group,” which is voluntarily organized and operated by about 60 companies, mainly those located in western Japan. In addition to this, we also actively participate in various cross-industry seminars and events to share experiences, know-how and information with other companies about diversity promotion. In line with the Act of Promotion of Women's Participation and Advancement in the Workplace, established in 2015, we have formulated a five-year action plan (April 1, 2016 to March 31, 2021), in accordance with which we have been working to increase the number of female employees and build a system that helps them develop their careers.

The male-to-female ratio of new employees



Medirabi-san
ONO's mascot promoting diversity initiatives
Features in ONO's booklet on systems for balancing work and child-raising.
Promotes initiatives to improve diversity.

Retention rate of female^{※1}



※1 Retention rate = 100 - (Turnover rate of each years)

■ Overview of Action Plan Based on the Act of Promotion of Women's Participation and Advancement in the Workplace (Targets, Efforts)

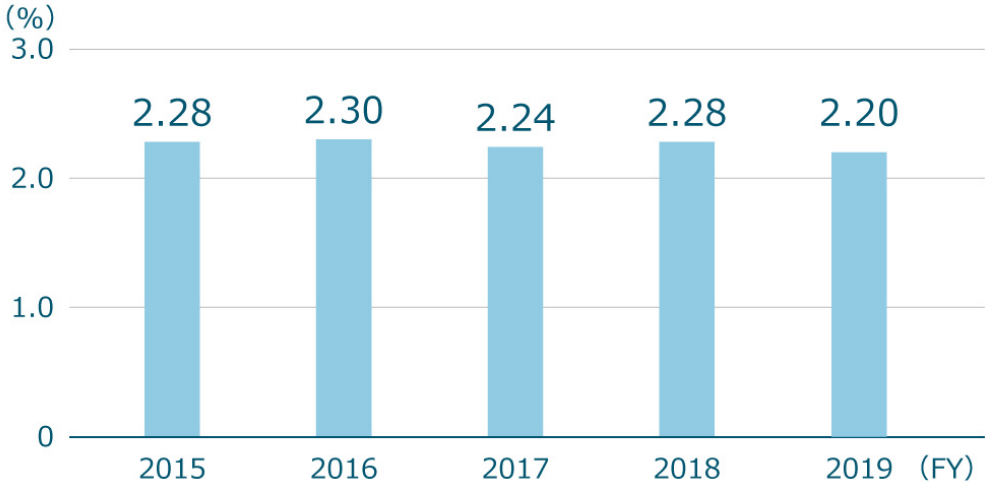
Targets	Efforts	Annual Results
<p>Have women account for 40% of newly hired university graduates in career-track positions starting in fiscal 2017</p>	<ol style="list-style-type: none"> 1. Improve systems and strengthen training aimed at developing human resources 2. Introduce a recruiter system 3. Provide wide range of information to job applicants 4. Create an environment in which young employees can more easily plan their careers 	<p>FY2019: 34% (70 employees, 24 of whom are women) FY2018: 49% FY2017: 34%</p>
<p>Have the retention rate of women in career-track positions who joined ONO in the last five years be at least 90% that of men</p>	<ol style="list-style-type: none"> 1. Ensure employees can continue working at ONO after various life events Create an environment where employees can balance work, childcare, and nursing care 2. Create a corporate climate where women utilize their talents Promote career-building support measures 3. Assist employees in achieving work-life balance Expand support systems for women taking maternity leave and employees raising children 4. Help employees return to work at the earliest possible date Introduce childcare support services of external service providers 	<p>FY2019: 98.9% FY2018: 95.6% FY2017: 95.1%</p>

Effort made for promoting active participations of persons with disabilities and employing mid-career persons

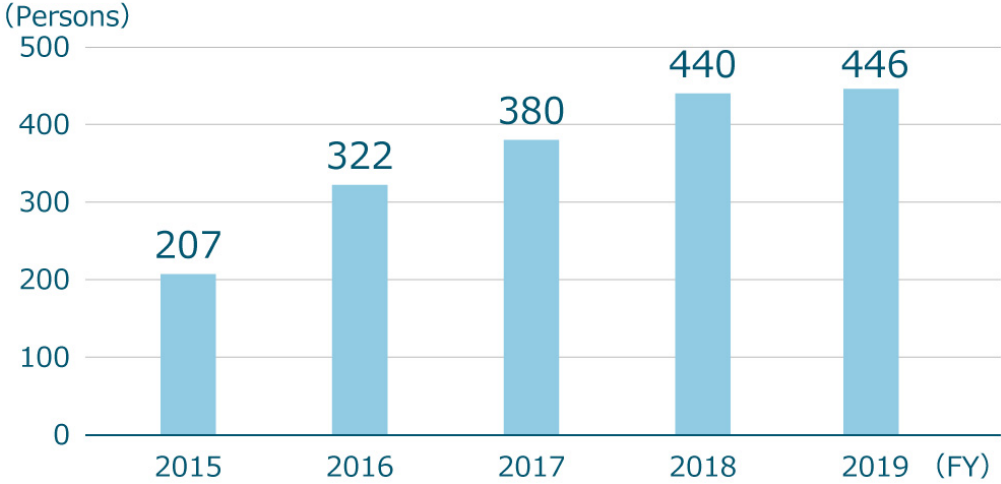
As part of our commitment to diversity promotion, we have been actively recruiting persons with disabilities. Our disability employment rate as of March 31, 2020 was 2.20%, which exceeds the legally stipulated rate. Currently, about 50 employees with disabilities are playing an active role in their respective departments.

We have also been expanding mid-career recruitment to obtain industry-ready human resources with relevant skills, knowledge, and experience needed to work as full-fledged members of our company. Especially since FY2014, when we started to actively promote mid-career employment in view of changes in the business environment, the number of mid-career employees has increased substantially in a broad range of jobs, including MR, development, safety information management, and managing section . In FY2019, about 20 midcareer recruits joined our company. Many mid-career employees are playing their respective roles by applying their experience and expertise.

Employment rate of persons with disabilities



Mid-career employment results (Cumulative)



Society : Cultivation of Employee-friendly Workplaces/Safety and Health

Promoting the Creation of an Employee-friendly Working Environment

ONO promotes the creation of an employee-friendly working environment where every employee can work comfortably with peace of mind. We are continuously committed to the development of support systems and working conditions that help employees work in various styles, as well as the improvement of their work-life balance, so that all persons in our diverse workforce can work energetically and demonstrate their full potential.

Promoting Work Style Reform

We reform work-style with the purpose of increasing productivity by balancing improvements in operational efficiency with the creation of an attractive work environment.

We appoint a promotion committee member in each department to involve the whole company in the activities, and the members work to raise awareness and encourage employees to improve operational efficiency and take paid holidays. At the same time, we have improved the systems by making use of IT and introduced a flexible working hours system and a telecommuting system. Thanks to all these efforts, in FY2019, overtime hours decreased by 14.5% and the paid leave acquisition rate increased by 24.7% compared to FY2014, the year before the start of the company-wide initiatives. In FY2020, we aim to achieve the targets of 13 hours for the average monthly overtime hours per employee and 70% for the paid leave acquisition rate.

Regular feedback on evaluations for employees

Our company incorporates a target-setting meeting system for the purposes of raising employees' motivation for work and the development of human resources. At the beginning of the fiscal year, employees set their targets through meetings with their supervisors, and the goals/directions are negotiated and adjusted based on the company's vision. We are working on appropriate implementation of the system, which consists of progress checks and necessary adjustments for the sake of employees' achievement of targets during the fiscal year and the provision of feedback on activity summaries and evaluations through wrap-up meetings and evaluation feedback meetings held at the end of the fiscal year, so that employees can easily understand the evaluations and develop further in the end. In addition, the results of evaluations are reflected in employee compensation.

Evaluation consists of performance evaluation and behavior evaluation; the performance evaluation evaluates the degree of achievement against individual goals based on the outcomes and process each employee used, and the behavior evaluation is based on how the employees behaved compared to the required behaviors determined according to each employee's roles; results that combine the performance evaluation and the behavior evaluation are the final evaluation. In addition, multiple evaluators evaluate in principle, which ensures objectivity and fairness, and the results of evaluations are reflected in employee compensation.

Employee satisfaction levels (from an engagement aspect)

We believe that "People make the company." Based on this belief, in order to flexibly respond to future changes in the business environment and succeed in this market, we strive to promote human resource development and diversity while at the same time working to develop the abilities of individual employees. As part of such efforts, with the aim of objectively measuring the progress of our efforts to strengthen our corporate infrastructure, which is one of our four growth strategies, and improving our organizational power, we outsource organizational surveys and these have been conducted every two years since 2014. Based on the survey results, we identify issues to be addressed and as a result, formulate development programs and consider the introduction of various systems.

Summary of FY2018 survey results (Implementation period: June 25 to July 5, 2018)

Number of respondents	3,108 (response rate: 97%)
Method	Either online or paper-based form
Engagement score^{※1}	66% (Male: 68%, Female: 57%) Previous reference value: 62%
Number of questions	59 questions in total (50 questions with a 7-point rating scale, grouped into 12 categories, 3 questions with 2 choices, 6 description-type questions)

※1 Questions relating to employee engagement in the organizational survey are used as indicators. The next survey is scheduled for FY2020.

We aim to create a workplace environment where each and every employee is motivated to actively improve and demonstrate their abilities to the fullest extent, and thereby attain job satisfaction and realize their own growth.

Childcare Support Initiatives

We believe that society as a whole should support families raising children and that creating an environment that supports childbearing and childrearing is one of the challenges that companies should address. In 2005, we formulated an action plan based on the “Act on Advancement of Measures to Support Raising Next-Generation Children” established by the Japanese government, and are working to support employees balance work and childrearing. As a result, in 2008, 2012, 2014 and 2017, the company was certified by the Minister of Health, Labor and Welfare as a standard-compliant general company, and the certification mark (Kurumin^{※2}) was acquired as a childcare support company.

Furthermore, in 2015, in recognition of the efforts made over the years, we received the Osaka Labor Bureau Director-General’s Award of Excellence in the Equal Opportunity Promotion Company Division and the Osaka Labor Bureau Director-General’s Encouragement Award in the Family-Friendly Company Division at the 2015 Equal Opportunity and Work-Life Balance Promotion Awards organized by the Ministry of Health, Labor and Welfare.

After April 2017, we introduced a new childcare support system, “Encouraging Leave for Childcare Participation,” and as a way to promote understanding of the workplace among male employees who take childcare leave, child-rearing is a life event for both men and women. We are also promoting the creation of an environment where men can actively participate in childcare. In recognition of these activities to support a balance of work and childcare and create a supportive work environment, we were awarded the Platinum Kurumin certification in November 2019.

※2 Kurumin Certification: A certification by the Minister of Health, Labour and Welfare for childcare support company.



	Period	
1st phase of action plan	April 1, 2005 to March 31, 2008	<ul style="list-style-type: none"> ● Introduction of shortened work hour programs for employees raising preschool children ● Introduction of Nursing care leave ● Encouragement of employees to take annual paid holidays
2nd phase of action plan	April 1, 2008 to March 31, 2012	<ul style="list-style-type: none"> ● Expansion of the shortened work hour programs for employees raising children ● Implementation of measures to reduce overtime work
3rd phase of action plan	April 1, 2012 to March 31, 2014	<ul style="list-style-type: none"> ● Provision of information to encourage male employees to take childcare leave ● Introduction of a re-employment scheme for employees who have left their jobs due to childcare and other reasons
4th phase of action plan	April 1, 2014 to March 31, 2017	<ul style="list-style-type: none"> ● Examination of a new program to support female employees to continue their careers, and introduction and dissemination of the program ● Implementation of measures to reduce overtime work ● Survey of the current situation on annual paid holidays taken by employees and implementation of measures to encourage employees to take the holidays
5th phase of action plan	April 1, 2017 to March 31, 2019	<ul style="list-style-type: none"> ● Introduction of support systems that encourage men to take childcare leave and participate in child-raising and dissemination of them ● Encouragement of employees to take annual paid holidays to achieve their work-life balance
6th phase of action plan	April 1, 2019 to March 31, 2021	<ul style="list-style-type: none"> ● Promotion of childcare leave among male employees ● Creation of a system to support career formation for employees returning to work after childcare leave or engaged in childrearing ● Encouragement for employees to take annual paid holidays off in order to achieve work-life balance

Various Support Systems for Employees

In addition to the systems stipulated by laws and regulations, we have also established various support systems to create a comfortable working environment. By listening to the voices of employees, we have developed systems that meet their actual needs. For legally required systems, we have established systems that exceed the statutory standards. Thus, we continuously improve our support systems so that employees have more options in the way they work. Furthermore, we have also created a handbook that describes the systems and posted it on the intranet to help employees understand the details and application procedures for each system.

[Systems that exceed the standards specified by labor-related laws]

- [Childcare leave](#)

Although Japanese law stipulates that childcare leave can be taken until the child becomes one year old (Up to 2 years old for certain reasons), we allow employees to take childcare leave until the end of the month when the child becomes three years old.

- [Shortened work hours for childcare](#)

Although Japanese law stipulates that shortened work hours for childcare can be utilized until the child becomes three years old, we allow employees to shorten their working hours by up to two hours per day until March 31 of the year in which their child finishes the third grade of elementary school.

- [Nursing care leave](#)

Although Japanese law stipulates that nursing care leave can be taken up to 93 days in total per family member in need of care, we allow employees to take nursing care leave for up to a year in total.

[Legally required systems]

- [Shortened work hours for nursing care](#)

An employee caring for a family member in care-requiring condition may shorten his/her working hours by up to two hours per day for up to three years, aside from the period of nursing care leave.

- [Family care leave](#)

An employee who takes care of a sick or injured preschool-age child or a family member in care-requiring condition may obtain leave (unpaid) of up to five days per year if he/she has one such child or family member, or up to 10 days per year if he/she has two or more such children or family members. This leave may be taken in half-day units.

[System that promotes flexible work styles]

- [Flexible working hours](#)

We have introduced a flexible working hours system for the entire company, excluding some job types, departments and ranks. By allowing employees to choose diverse work styles, we improve their work efficiency and help them better balance work obligations and family obligations, such as childcare and nursing care.

- [Telecommuting system](#)

We have introduced a telecommuting system on a company-wide basis to support work-life balance of employees who work while raising children or caring for family members. The system is designed to enable employees to work flexibly and efficiently in their own working style.

- [Annual paid leave in hourly units](#)

Although annual paid leave may be taken in half-day units, we have made changes so that up to three days' worth (eight hours per day) of paid leave per year can be taken in hourly units. This system is designed to enable employees to work flexibly to suit their needs.

[Various leave and subsidy systems] (extract)

While employees may take leave when they cannot come to work due to attendance to weddings, funerals, and other ceremonies of their own or their family members, moving for job transfer, and accidents, disasters, and other events of force majeure, we also have systems in which special paid holidays can be taken under other circumstances.

- **Accumulated leave**

Employees can accumulate their expired annual paid leave under certain conditions and use accumulated paid leave for various reasons, including treatment of a personal injury or illness, caring for a family member, and infertility treatment. This system allows employees to take paid leave even when their children suddenly become ill.

- **Childcare participation encouragement leave**

We allow employees to take up to two days of leave for child-raising until the child reaches the age of 1. This system can be used in a wide range of situations such as regular health checkups and immunization.

- **Maternity protection leave**

A female employee who is pregnant or within one year after childbirth can take leave up to the number of days specified according to the pregnancy period to receive health guidance or a health examination. Besides reasons such as health guidance and a health examination, this leave may be taken up to five days during the pregnancy period when work is not possible due to morning sickness, threatened premature delivery, etc.

- **Volunteer leave, and bone-marrow donor leave**

To encourage employees to participate in volunteer activities, we have introduced a volunteer leave system, under which special paid leave of up to five days a year may be granted. We have also introduced a bone marrow donor leave system to grant special paid leave (necessary period for bone marrow donation) to employees who donate bone marrow.

- **Subsidies for day-care centers and babysitting**

A subsidy is available upon application to eligible employees with preschool children whose spouse is also working when they use day-care centers or babysitting services. Even if the spouse is not working, a subsidy will be provided when such a facility or service is used due to the spouse's illness.

- **Subsidies for sick child care**

A subsidy is available upon application to eligible employees with children under the age of two whose spouse is also working when it becomes necessary to use a sick child care facility or service. Even if the spouse is not working, a subsidy will be provided when such a facility or service is used due to the spouse's illness.

[Other systems]

- **Support for employees with cancer**

Employees who have been diagnosed with cancer will be forced to work while being confronted with many challenges, including regular hospital visits, side effects from treatment, and financial problems. To support employees who wish to continue working while receiving cancer treatment, we have established various systems, including a leave of absence extension system, an income guarantee system to eliminate non-earning periods, a system that allows employees to take their accumulated leave in half-day units, and a system that allows employees to work shorter hours for cancer treatment. Furthermore, we have established a workplace support system to ensure employees with cancer receive adequate support in their workplace. To disseminate this workplace support system widely to our employees, we have created a handbook and posted it on our intranet. We are also working to improve colleagues' understanding and provide necessary work adjustments to enable employees with cancer to continue working while receiving treatment. Thus, we are implementing multifaceted initiatives to support employees with cancer.

- **Use of company cars to pick up and drop off children**

MRs are allowed to use company cars for the purpose of drop-off and pickup of their children from day-care centers.

- **Day-care Center Concierge [day-care center enrollment support system]**

As part of efforts to support smooth returning to work after childcare leave, we provide information through an external organization to employees on childcare leave to help them enroll their children in day-care centers.

- **Reemployment registration system**

We provide an opportunity for former employees who left the company because of difficulty in balancing work and family life due to major life events, such as marriage, childbirth, childcare or family care, to return to the company when certain conditions are met.

- **Temporary reemployment system**

Employees who have retired after reaching the mandatory retirement age of 60 may be reemployed as temporary employees up to the age of 65 when certain conditions are met.

Efforts made regarding wages

We strictly comply with the Minimum Wages Law and strive to protect the lives of our employees and create a workplace environment where they can work comfortably and with peace of mind.

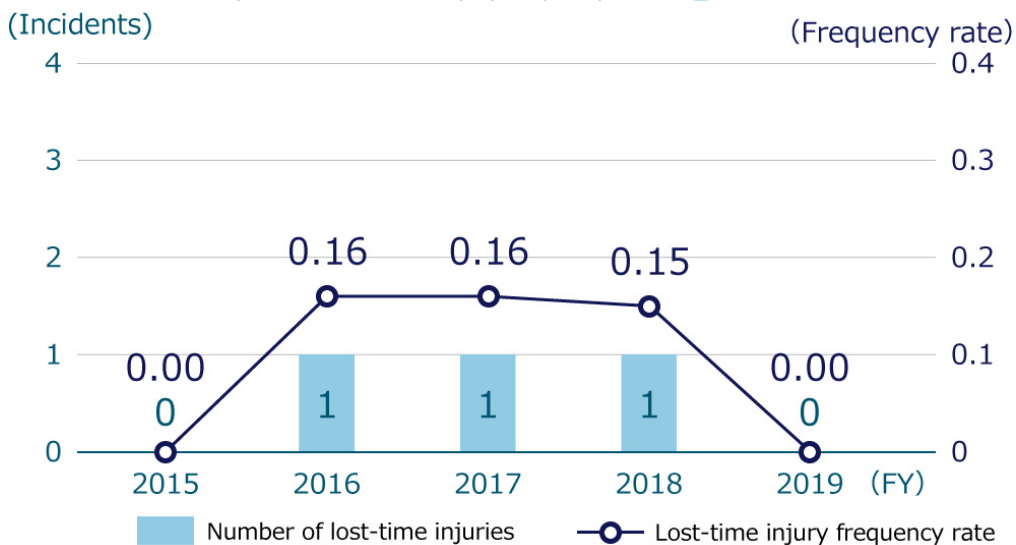
Safety and Health

We hold safety and health committee meetings on a regular basis to identify issues and continuously improve the working environment. At our production sites and research institutes, safety and health patrols are conducted, and the issues pointed out during patrols are shared and improvement proposals are discussed at the committee meetings to ensure appropriate corrective actions are taken. Check items in a safety and health patrol include the following: fire and disaster prevention measures/equipment, safe handling of machinery, implementation of safe work procedures and practices, transportation operations, and workplace cleanliness and tidiness. All our business sites are inspected annually.

At the ONO Headquarters and other company sites where a Health Committee is established the committee deliberates measures to maintain employees' health, taking into account the results of workplace environment measurements.

In addition, the Central Safety and Health Committee meets every half term to share information and exchange opinions regarding the progress of health management initiatives, company-wide health issues, and the contents and issues discussed at the safety and health committee and the health committee of each business site. The Committee discusses and decides on safety and health activities to be implemented across the entire company.

Number of lost-time injuries and lost-time injury frequency rate^{※3}



* Scope of data collection: Employees at all worksites in Japan (excluding business vehicle accidents before FY2016)

※3 Lost-time injury frequency rate = (number of lost-time injuries / total number of actual working hours) × 1,000,000

Relationship with the Labor Unions

We have two labor unions: the ONO Pharmaceutical Labor Union, which is a nationwide organization, and the ONO Pharmaceutical Chemical & General Workers' Union at the Joto Plant (renamed Joto Pharmaceutical Product Development Center in FY2020). As of March 31, 2020, the ONO Pharmaceutical Labor Union had 1,984 members and the ONO Pharmaceutical Chemical & General Workers' Union had 14 members. Both unions have good relationships with the company.

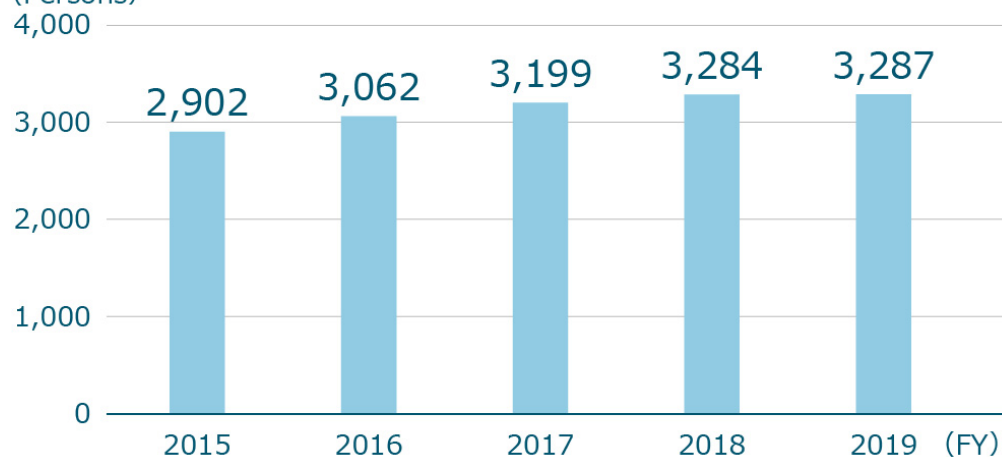
Composition of employees (non-consolidated)

The table below shows the number, average age, and average service years of our employees as of March 31, 2020.

	Number of employees	Average age	Average service years
Total	3,287	41.9	15.0
Male	2,676	42.7	15.9
Female	611	37.9	11.1

Number of employees (Non-consolidated data)

(Persons)



As of March 31, 2020, the percentage of contract workers was 0.1% and that of temporary staff was 8.0%.

(Not included in the above number of employees)

Full-time employee turnover rate

The voluntary turnover rate (regardless of reason for leaving) for full-time employees in each fiscal year, as of the end of March, was as follows.

	FY2015	FY2016	FY2017	FY2018	FY2019
Voluntary turnover rate	1.1%	1.0%	1.3%	1.5%	1.6%
Mandatory retirement rate, etc.	1.0%	0.9%	0.7%	0.6%	0.2%
Total turnover rate	2.1%	1.9%	2.0%	2.1%	1.8%

Health Up Declaration 2018

Based on our corporate philosophy, Dedicated to Man's Fight against Disease and Pain, we desire to contribute to society through the creation of innovative medicines. In order to continue to make bold efforts toward the realization of our corporate philosophy, it is important to ensure that all employees are both mentally and physically healthy, that their workplaces allow them to fully demonstrate their abilities, and that the daily lives of employees and their families are fulfilling. We declare that employees, companies, labor unions, occupational health staff, and health insurance society will actively engage as a single team in maintaining and improving the health of employees and their families.

April 2018

Gyo Sagara

President, Representative Director

ONO PHARMACEUTICAL Co., Ltd.

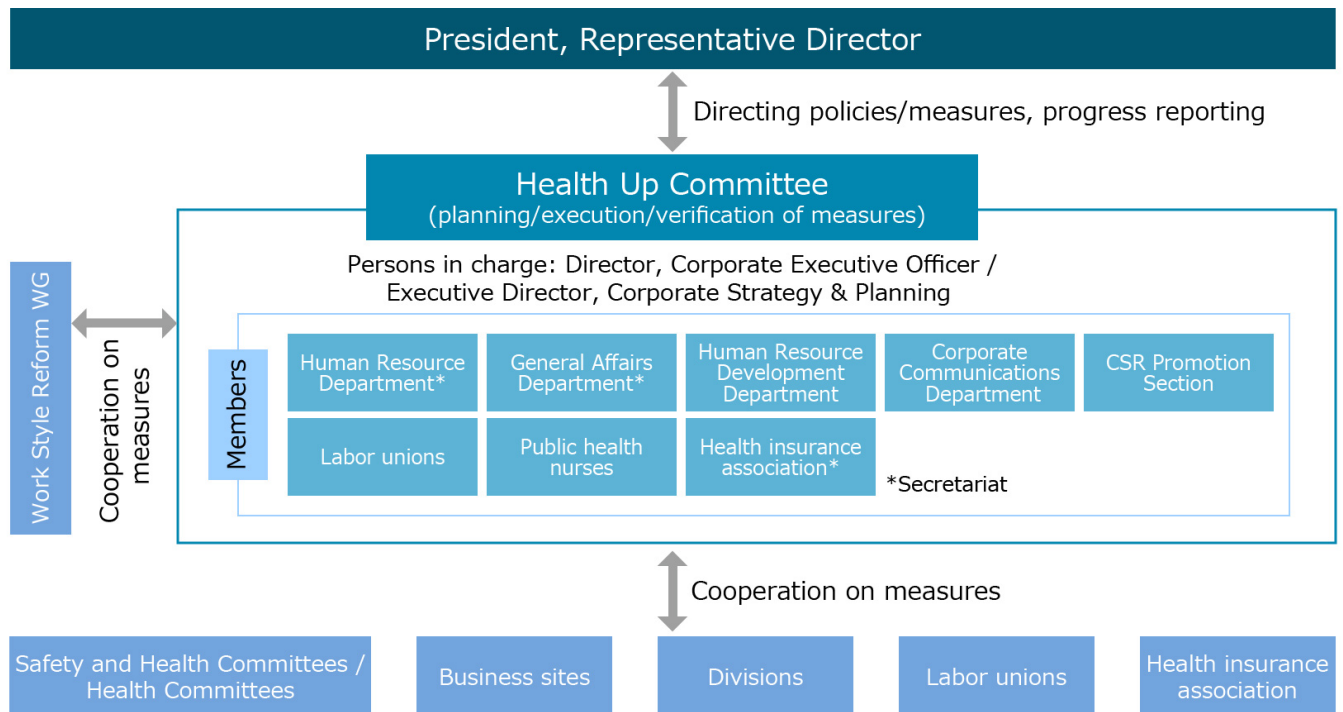
Basic policy

1. We will promote the maintenance and improvement of the health of employees and their families through the Health Up Committee, consisting of representatives from the company, labor unions, occupational health staff, and health insurance society.
2. Employees will actively engage in health management for themselves and their families.

Major efforts being made:

1. To realize completely non-smoking premises according to passive smoking countermeasures.
2. To proactively support measures from disease prevention and early detection and treatment to reinstatement.
3. To promote supports for the prevention of mental disorders, early detection, and prompt responses, to reinstatement and the prevention of recurrence.
4. To develop an environment where employees proactively work on health maintenance/improvement.

Organizational structure to promote health management



Support for Disease Prevention, Early Detection and Early Treatment

- All our employees are required to receive an annual health checkup once a year, of whom those aged 35 years and older are required to undergo a thorough medical checkup, instead of a statutory health checkup. The thorough medical checkup receipt rate was 99.7% in FY2019, up from 99.4% in FY2018, excluding those who had unavoidable reasons, such as leave of absence.
- We hold contracts with medical facilities nationwide for thorough medical checkups. The number of contract facilities as of April 2020 was 184. We work to make it easier for our employees and their family members to receive thorough medical checkups.
- We assist with expenses for cancer screenings. Many employees receive optional cancer-related screenings at the time of a thorough medical checkup. We provide mail-in cervical cancer screening kits to female employees under 35 years old.

	Medical examination rate	Target
Stomach cancer screening	97.7%	100%
Lung cancer screening	99.9%	100%
Colorectal cancer screening	95.8%	100%
Breast cancer screening	86.7%	100%
Cervical cancer screening	47.3%	70%

- After health checkups, industrial health staff provide health guidance and recommend seeking medical attention, as required. They also advise employees with a high risk of lifestyle-related disease and their families to participate in specific health guidance sessions.

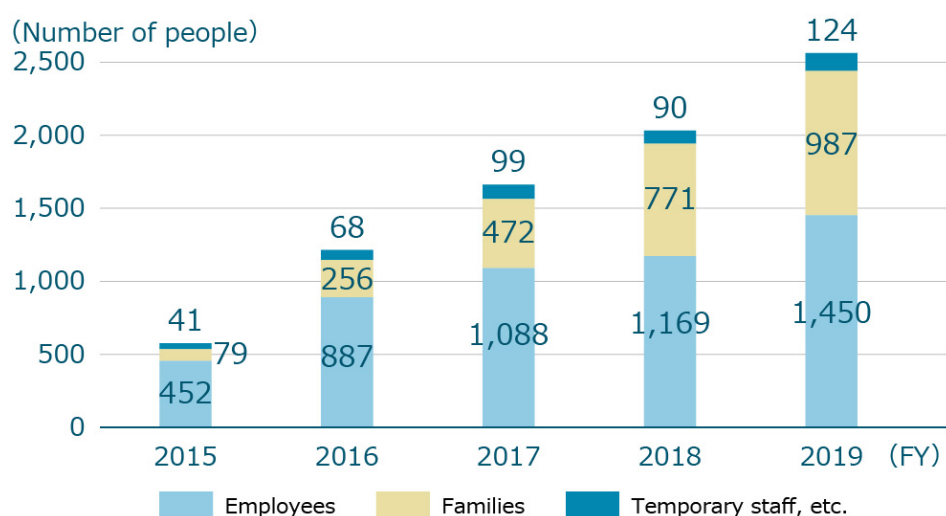
Mental Health Measures

- To promote prevention, early detection and early treatment of mental health problems, we conduct in-house training on mental health and individual consultations by industrial health staff. We also work in cooperation with industrial physicians to promote employees' mental well-being.
- We conduct stress checks once a year for all employees. The ratio of employees who received stress checks was 99.6% in FY2018, and 99.8% in FY2019, approaching the target of 100%. After the checks, we conduct a stress check group analysis and work to continuously improve each workplace based on the analysis results.
- We have also established a free consulting service counter operated by an external company, and we have developed systems where employees can consult with mental health professionals either face-to-face or by telephone or email.

Measures against Passive Smoking and Promotion of Health

- Since April 2019, we have completely banned smoking on its premises. We also conduct in-house questionnaire surveys on tobacco and publicize the results to raise awareness and motivate employees to quit smoking. We are promoting awareness-raising activities systematically, including producing and displaying original posters that use illustrations written by employees.
- Also, to support employees who try to quit smoking, we provide subsidies for outpatient smoking cessation treatment and an online smoking cessation program. We are taking various anti-smoking measures to promote and maintain our employees' health. The percentage of our employees who were smokers in FY2019 was 18.2%, down from 20.0% in FY2018. We aim to achieve 17.0% or lower in FY2020.
- We conduct a company-wide walking campaign every year. The campaign targets not only regular employees but also temporary and subcontract workers. The event is designed to encourage voluntary participation by allowing participants to participate individually or as a team with their family. Participants who achieve certain targets will receive a local specialty of a disaster-hit area as a prize of achievement. The number of participants is increasing year by year. The campaign leads employees to make a habit of walking. The participation rate in FY2019 was 44%, up from 35% in FY2018. We aim to achieve a participation rate of 50% in FY2020.
- Sessions to measure body composition, blood vessel age, bone density, etc. are held each year at major business sites. Participants can check the conditions of muscles and bones that are not made clear by health checkups alone, and they can also receive individual advice on diet and exercise from medical staff members. The number of participants is increasing year by year.

Number of participants in walking campaign



Health Management Support

- We have opened a portal site where employees can check the results of their thorough medical checkups and periodic health checkups at any time with their terminals. The contents of the portal site include information to help employees accurately understand checkup results and improve their lifestyle habits and personalized advice on lifestyle according to individual health conditions. We work to enhance the contents of the portal site to raise employee awareness of health.

Health Management Efforts

In March 2020, We were selected for the inclusion in a "2020 Health & Productivity Stock" for the first time by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE), who jointly select enterprises strategically engaged in their employees' health management from a management perspective. We were also certified by the METI and the Nippon Kenko Kaigi, for 2 consecutive years, as a "2020 Certified Health & Productivity Management Outstanding Organization in the large enterprise category (White 500)".



Society : Proper Procurement Activities

Promoting CSR in procurement

ONO believes that it is important to build a sound network with all business partners in the supply chain in order to achieve sustainable social development. Under this belief, we have established a "Basic Policy for Procurement Activities" and "CSR Procurement Guidelines" to promote CSR procurement. "The Basic Policy for Procurement Activities" is the basic policy of all employees involved in procurement activities. "The CSR Procurement Guidelines" summarizes items we would like suppliers to cooperate with. We seek to enhance the corporate value of both us and its suppliers by establishing a sound network for further cooperation with suppliers through CSR procurement.

[Basic Policy and CSR Guidelines on Procurement Activities \(94KB\)](#)

PDF

Procurement Activities

We utilize a third-party EcoVadis's CSR Assessment System (EcoVadis) to objectively and continually monitor the CSR management status of key suppliers in our supply chain. The use of EcoVadis enables us to obtain highly reliable information regarding suppliers' CSR management at least once a year, and thereby propose appropriate corrective actions to our suppliers. In the FY2019 evaluation, none of our suppliers were classified as having a high risk in terms of CSR. We also hold CSR procurement briefing sessions for suppliers to explain our approach to CSR procurement. We continue to further strengthen our partnerships with our suppliers through briefing sessions, and the use of EcoVadis, feedback on results, and proposals for corrective actions.

For more details on our supply chain management through promotion of CSR procurement, also see [ONO's Approach to CSR](#).

Animal experiment outsourcing policy

When we outsource animal experiments, we ensure that the outsourcing contractor complies with the laws and standards of the relevant country concerning animal welfare. We also make every effort so that such an outsourcing contractor complies with our standards as much as possible. Please click [here](#) for our thoughts on ethical considerations in animal experiments.

Anti-bribery due diligence for third parties

Before appointing a third party such as a subcontractor or an agent, we perform due diligence using an Anti-bribery Check Sheet to see if there are any red flags. We have developed a process through which we submit the third party's replies to our detailed question sheet to the Corporate Compliance Officer to get his/her approval before appointing the third party in case we identify a red flag.

Environment : Global Environment Policy/Environment Challenging Ono Vision (ECO VISION 2050)

Global Environment

The impact of global warming, including extreme weather events, is increasing year by year, and efforts to prevent global warming have become an important challenges for the international community. The Paris Agreement at COP21 calls for limiting the average global temperature increase to less than 2 degrees Celsius compared to pre-industrial levels, with the goal of essentially reducing greenhouse gas emissions from human activities to zero. To this end, we have established an environmental vision (ECO VISION 2050) based on our "Global Environmental Policy". Recognizing the corporate social responsibility for the environment, we will promote environmentally friendly activities in all of our business activities in order to realize a richer global environment.

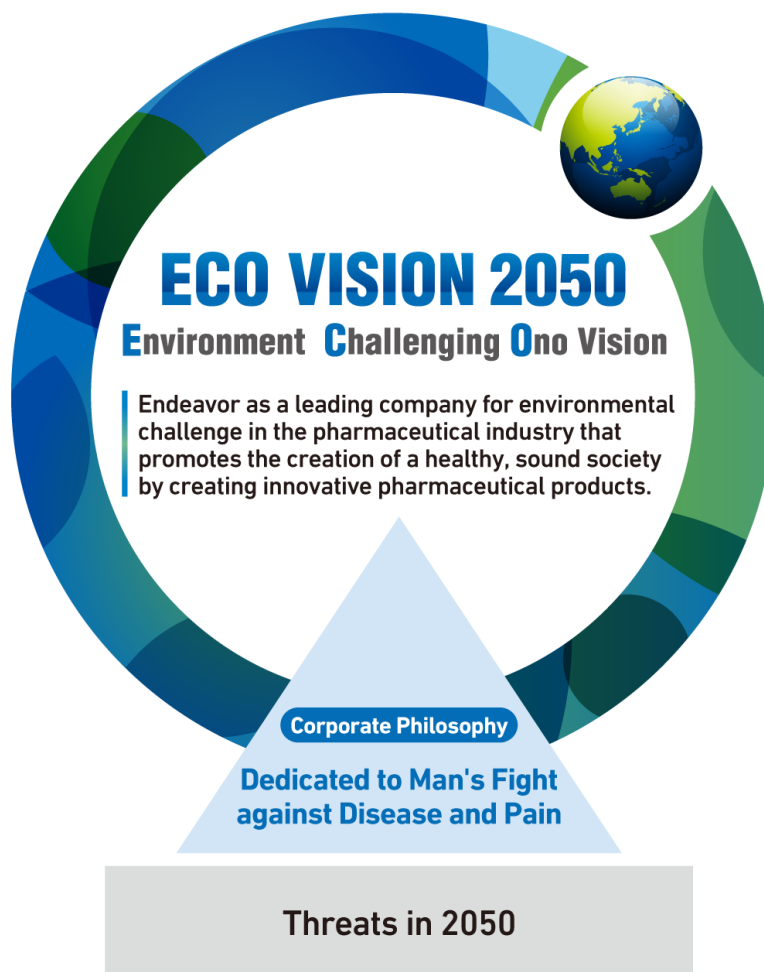
Global Environment Policy

Under the corporate philosophy "Dedicated to Man's Fight against Disease and Pain," ONO group contributes to the realization of a sustainable and prosperous society by creating innovative medicines and working on solving environmental issues such as climate change.

1. Recognizing corporate social responsibility for the environment, we conduct environmentally friendly activities at entire stages of product research, development, procurement, production, distribution, sales, use, and disposal.
2. We comply with environmental laws and agreements in each country and region, and our voluntary standards.
3. Under the environmental management system, we set goals and action plans, monitor regularly, and disclose information.
4. We actively introduce the latest science and technology to reduce environmental impacts.
5. To conserve the natural environment and biodiversity, we pursue efficient use of resources and energy, efficient use of water and appropriate wastewater management, reduction of waste, promotion of recycling, and prevention of pollution.
6. We communicate with internal and external stakeholders and produce eco-friendly products in cooperation.
7. We build all employees' environmentally sensitive minds through education to promote environmentally friendly initiatives.

Environmental Vision

ONO has established a medium- and long-term environmental challenge vision for 2050, named "Environmental Challenging Ono Vision (ECO VISION 2050)" to realize a sustainable society.



Background for the establishment of vision

In recent years, the global environmental issues including climate change and other issues have become serious. In the future of 2050, it is expected that people's healthy and sound life will be threatened due to various threats such as water and food shortages, increase of new diseases, devastating natural disasters and so on.

In order to promote the creation of a healthy and sound society through the discovery and development of innovative pharmaceutical products under the corporate philosophy to be "Dedicated to Man's Fight against Disease and Pain", it is important that we recognize that our business activities are supported by a sound global environment and that we will strengthen our activities toward the resolution of environmental challenge. We believe that such activities are not only our corporate responsibility for the environment, but also lead to build the foundation for sustainable business activities.

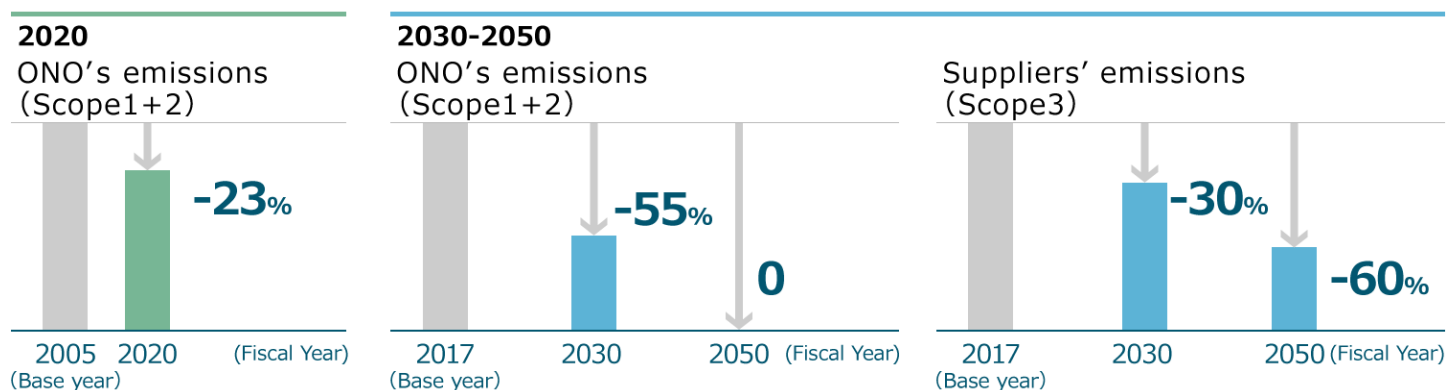
ONO will challenge to reduce the environmental burden in anticipation of 2050 based on the ECO VISION 2050 so that people can welcome a healthy and sound society.

Medium- to Long-term Targets

In order to realize "ECO VISION 2050", we have defined three important items as "Realization of a decarbonized society," "Realization of a water recycling society," and "Realization of a resource recycling society," and have set up specific medium- and long-term goals for greenhouse gas, water consumption and waste.

Greenhouse gas

Our medium- to long-term greenhouse gas reduction targets are classified by the SBTi as the strictest "1.5 °C target." For more information, please see [here \(Environmental Initiatives\)](#). As for energy, we will increase the use of renewable energy in line with the RE100 target that we joined in June 2020.



Roadmap for achieving the ECO VISION 2050 (Green house gas)

	Medium- to Long-term Targets		FY2019 Goal
	2030 (milestone)	2050 (ultimate goal)	
Green house gas emissions <small>ONO's emissions (Scope 1+2)</small>	FY2017 comparison 55% reduction	0	FY2017 comparison more than 8.4% reduction
Renewable energy usage rate <small>Renewable energy usage / Total energy usage</small>	more than 55%	100%	more than 8.4%

Water consumption

1. Reduce water resource consumption (water intake) per production volume unit by 15% in FY2030. <compared to FY2017>
2. Reduce water resource consumption (water intake) below the previous year. <FY target>

Waste

1. Maintain the final landfill disposal rate of industrial waste 1% or less every year.
*Defining the ratio of non-recycling (landfill and simple incineration) to less than 1% of the total amount as a standard of ONO's "zero emission."
2. Reduce the volume of industrial waste per production volume unit by 15% in FY2030. <compared to FY2017>
3. Reduce the volume of industrial waste below the previous year. <FY target>
4. Promote reductions in the environmental burden in business activities.

Towards a decarbonized society

The realization of a decarbonized society is one of our key priorities in our business activities, and we are undertaking various company-wide initiatives toward this end. Regarding the risks and opportunities associated with climate change, we expressed our support in October 2019 for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)([click here for details](#)). The TCFD is a task force established by the Financial Stability Board (TSB) to help companies understand and disclose the financial impact of climate change on their business. In June 2017, the TCFD announced its recommendations on how companies should detail climate-related impacts in their financial reports. In accordance with the TCFD recommendations, we will evaluate and manage climate change-related risks and opportunities and disclose information appropriately.

Governance

We appoint a member of the Board of Directors in charge of the environment as the officer responsible for climate change issues. The officer serves as the chairperson of the Environmental Management Committee, which meets at least once a quarter to discuss climate change issues. The officer, who also serves as the chairperson of the CSR Committee and a member of the Management Meeting, presents a report at least once a half year on the results of the Environmental Management Committee's activities to the CSR Committee and the Management Meeting for discussion. The results of discussions at the CSR Committee and the Management Meeting are reported by the officer at the Board of Directors' meeting and shared with all directors more than once a year. In FY2019, the TCFD Study Working Group was established, with the officer in charge of the environment as its head. The Working Group considered issues related to the identification and evaluation of climate change-related risks/opportunities and countermeasures. We include the heads of major relevant departments (Finance, Corporate Strategy & Planning, and Corporate Communications) and the head of the Company-Wide Risk Management Committee as members of the Working Group, thereby integrating climate-related issues into our business strategy.

Strategy

—Analysis and evaluation of risks and opportunities related to climate change—

Analysis and evaluation of climate change-related risks and opportunities were performed using the 1.5°C and 4°C scenarios^{※1}, under the leadership of the TCFD Study Working Group headed by the officer in charge of the environment. The analysis results found, in either scenario, no risks that would have a material financial impact on our business. We will continue to check trends in the international community and closely monitor the impact of risks and opportunities that may have a relatively material financial impact.

※1 For the 1.5°C scenario, the "Sustainable Development Scenario" developed by the International Energy Agency (IEA) was used; for the 4°C scenario, the RCP 8.5 scenario (one of the Representative Concentration Pathways [RCP] scenarios, where global average temperature is predicted to increase by approximately 4°C by 2100), the Stated Policies Scenario of the IEA, etc. were used.

<Risks related to climate change>

Factor		Value chain	Risk and impact		Financial impact*2	Management approach
Society aiming for below 1.5°C	Regulatory risk	ONO	Increased carbon tax burden	Our burden of carbon tax levied on greenhouse gas emissions may increase due to the possible tightening of climate change-related regulations.	JPY 1.9 billion	<ul style="list-style-type: none"> • Achieve the greenhouse gas emissions reduction target (Scope 1+2) in line with the 1.5°C target. • Implement energy saving and renewable energy investment plans to achieve the target.
		Suppliers	Carbon tax passed on to procurement prices	Suppliers' burden of the carbon tax levied on greenhouse gas emissions may increase due to the possible tightening of climate change-related regulations, and suppliers may pass on the carbon tax burden to us through higher procurement prices, potentially resulting in an increase in our materials costs.	JPY 0.6 billion	<ul style="list-style-type: none"> • Achieve greenhouse gas emissions reduction target (Scope 3). • Strengthen engagement with suppliers to achieve the target.
If the temperature rises by 4°C	Physical risk	ONO, manufacturing contractors, suppliers	Flood risk (acute)	Acute damage (flood) risk from typhoon, etc. may increase, and an interruption of operations caused by damage to production facilities or damage to storage facilities may potentially result in a decrease in revenue.	JPY 4.6 billion	<ul style="list-style-type: none"> • Introduce emergency power generators at main bases and conduct periodic maintenance. • Integrate climate risks into ERM. • Maintain a cooperation system with business partners. • Secure multiple suppliers.
			Water shortage risk (chronic)	Water-use restrictions due to long-term depletion of water resources may cause an interruption of our operations, potentially resulting in a decrease in revenue.	JPY 2.1 billion	Strengthen water risk management throughout our supply chain (considering the impact of water shortages caused by climate change in the supplier selection process, securing multiple suppliers).

*2 The maximum value during the period from 2020 to 2030 in the 1.5°C or 4°C scenario (Regulatory risk is cumulative.)

<Opportunities related to climate change>

Factor		Value chain	Opportunity and impact		Financial impact ^{※2}	Management approach
Society aiming for below 1.5°C	Opportunity from resource efficiency	ONO	High-efficiency pharmaceutical manufacturing process	Introduction of high-efficiency pharmaceutical process (green sustainable chemistry ^{※3} etc.) technology can be an opportunity to reduce raw material costs. ^{※3} Green Sustainable Chemistry is a concept that aims to reduce environmental impacts throughout the life cycle of chemical substances in order to realize a sustainable society.	JPY 2.3 billion	<ul style="list-style-type: none"> Define indicators for assessing resource efficiency. Develop systems.
If the temperature rises by 4°C	Business opportunity	Customers	Preventive/treatment products	If disease trends change due to global warming, demand for existing drugs (for melanoma due to ozone layer depletion caused by global warming, etc.) may increase, or the development and sales of new drugs may have a favorable impact on revenue.	JPY 0.5 billion	<ul style="list-style-type: none"> Additional indications for existing pharmaceuticals. Enhance the new compound library. Make use of partnerships, etc.
Society aiming for below 1.5°C	Reputation opportunity	Investors, customers, recruitment market	Corporate value improvement	It is possible that our efforts to tackle climate change will help us earn customer trust, retain employees, improve our reputation in the recruitment market, and improve ESG investors' evaluation of our performance, thus contributing to the creation of corporate value.	(Contributing to the creation of corporate value)	Appropriately disclose the results of activities undertaken to the public.

※2 The maximum value during the period from 2020 to 2030 in the 1.5°C or 4°C scenario (Opportunity from resource efficiency is cumulative.)

Risk and opportunity management

The risk/opportunity identification process involves identifying potential risks and opportunities and analyzing each risk and opportunity in terms of the timing and probability of occurrence and the extent of the consequences. We determine the priorities for risks comprehensively by also evaluating risk mitigation measures. We prioritize and identify risks that would have a high impact on our business, those that have a high probability of occurrence, and those whose measures have high cost effectiveness. The identified risks are managed effectively by the Environment Management Committee. Regarding disaster risks such as floods, the Company-Wide Risk Management Committee discusses and develops measures and presents them to the Management Meeting for approval. The measures approved by the Management Meeting are communicated to the responsible persons at the plants and research institutes, who will then implement the measures at their respective organizations. The risks are thus managed in a systematic and comprehensive manner. The impacts of risks and opportunities are reviewed each year, and the risk and opportunity management status is reported to the CSR Committee and the Management Meeting.

Indicators and targets

To mitigate the identified risks, we have created a roadmap to achieve the greenhouse gas emission reduction targets newly established based on our medium- to long-term environmental vision. We discuss measures to be taken to achieve the targets and estimate the costs. Our medium- to long-term greenhouse gas reduction targets have been approved as science-based by the international initiative "Science Based Targets initiative (SBTi)." For Scope 1+2, our targets are classified by SBTi as the strictest, "1.5°C target." To achieve our medium- to long-term targets, we set a single-year target and evaluate the results (progress) against the target (fiscal 2019 target: at least a 8.4% reduction compared to fiscal 2017). In fiscal 2019, vigorous efforts were made toward the medium-term greenhouse gas reduction target (target year: fiscal 2020) and the new medium- to long-term greenhouse gas reduction targets. We also calculate greenhouse gas emissions across the entire value chain (Scope 3). Since fiscal 2014, we have calculated greenhouse gas emissions for our business sites in Japan by dividing Scope 3 emissions into 15 categories, in accordance with the guidelines of the Ministry of the Environment. As for water risks, we conduct risk assessment once a year. Recognizing water risks among the company-wide risks, we implement measures based on the BCP, including maintaining a sufficient stock. In the future, we will also work to establish a mutually complementary system and secure multiple suppliers.

* Details on risks/opportunities regarding Climate Change, as well as CO₂ emissions are included in CDP climate change. These can be confirmed at [the CDP website](#) (CDP ID required). We responded to CDP Climate Change 2019 in Japanese. This PDF is a translation of our response into English.

Carbon Pricing

We have incorporated carbon pricing into our environment-related investment decisions.

Progress towards a decarbonized society

In fiscal 2019, energy-derived greenhouse gas (GHG) emissions from our production and research sites were 19,800 tons on a location basis^{※4}, a 25.8% reduction from 26,700 tons compared to fiscal 2005, achieving our medium-term GHG emission reduction target (target year: fiscal 2020). (When the amount of increase due to the operation of the Yamaguchi Plant, newly established in fiscal 2018, is included, GHG emissions for fiscal 2019 were 23,700 tons, a 11.2% reduction compared to fiscal 2005.)

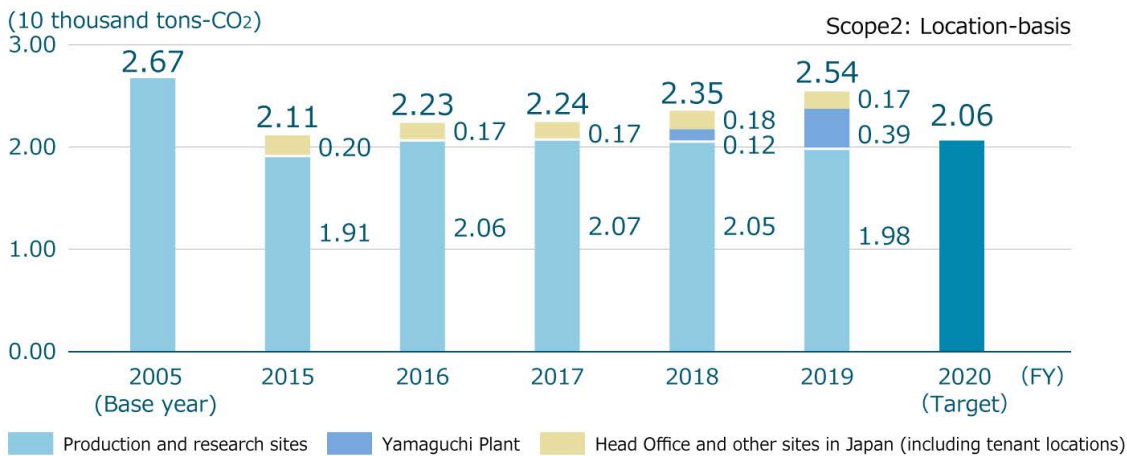
As for the results (progress) against the new GHG emission reduction targets established based on our medium- to long-term environmental vision, our Scopes 1 and 2 GHG emissions (on a market basis ^{※5}) for fiscal 2019 were 27,300 tons, a 8.4% reduction compared to fiscal 2017. Regarding the use of renewable energy, in line with the RE100 international initiative (ONO joined in June 2020), we worked to promote the use of renewable energy and achieved the fiscal 2019 target (increasing the share of renewable energy in total energy consumption by at least 8.4%). (The renewable energy usage rate in fiscal 2019 was 11.2%.)

Since we achieved the medium-term GHG emission reduction target in fiscal 2019, from fiscal 2020 we will accelerate our efforts to further reduce emissions, aiming to achieve the GHG emission reduction targets newly established based on the medium- to long-term environmental vision.

※4 Location-basis: GHG emissions calculated based on the progress management coefficient released by the Federation of Pharmaceutical Manufacturers' Associations of Japan

※5 Market basis: GHG emissions calculated using the emission factors released by each electric power company

Energy-derived GHG emissions (Scopes 1+2)



* Sites where data on GHG emissions were collected: Fujiyama Plant, Joto Plant (current, Joto Pharmaceutical Product Development Center), Yamaguchi Plant (added from fiscal 2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, Head Office, sales offices and other offices, etc.
 GHG emissions are calculated using the following formula.

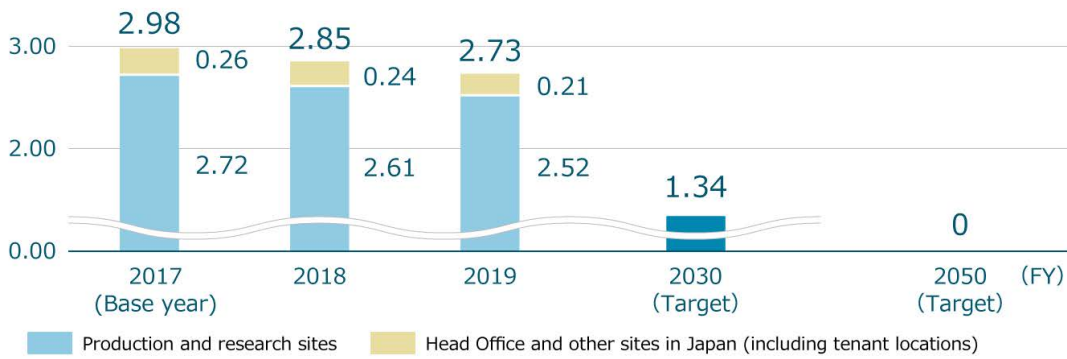
$$\text{GHG emissions} = \text{Purchased electricity (10,000 kWh)} \times \text{progress management coefficient of the Federation of Pharmaceutical Manufacturers' Associations of Japan (t-C/10,000 kWh)} \times 44/12 + \Sigma (\text{Fuel consumption} \times \text{Unit calorific value} \times \text{Carbon emission factor} \times 44/12)$$

 For the unit calorific value and carbon emission factor, the values stipulated by the Act on Promotion of Global Warming Countermeasures are used; for the carbon emission factor for electricity, the progress management coefficient of the Federation of Pharmaceutical Manufacturers' Associations of Japan is used.
 Before fiscal 2010: Post-adjustment carbon emission factor, presented by Keidanren (Japan Business Federation) in the "Carbon Emission Factors for Electricity Consumption (Receiving End)" (FY2005 (base year): 1.152 t-C/10,000 kWh (4.224 t-CO₂/10,000 kWh))
 Fiscal 2011-2012: The receiving-end emission factor converted from the generating-end emission factor, which has been calculated on the assumption that the Great East Japan Earthquake had not occurred and presented by Keidanren in fiscal 2011: 0.927 t-C/10,000 kWh (3.4 t-CO₂/10,000 kWh)
 From fiscal 2013: Fiscal 2020 target carbon emission factor released by the Federation of Electric Power Companies of Japan before the Great East Japan Earthquake: 0.900 t-C/10,000 kWh (3.3t-CO₂/10,000 kWh)
 The target range for 2005 (base year) and 2020 (target year) is energy-derived GHG emissions from production sites and research institutes.
 Due to the revision of the Company's greenhouse gas emissions calculation rules in fiscal 2019, emissions are recalculated back to previous years.

GHG emissions (Scopes 1+2)

(10 thousand tons-CO₂)
4.00

Scope2: Market-basis

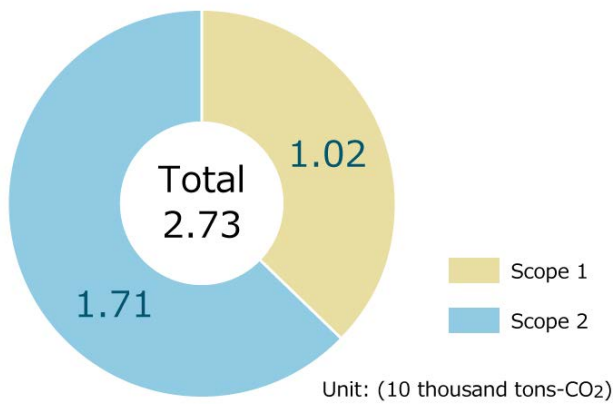


* Sites where data on GHG emissions were collected: Fujiyama Plant, Joto Plant (current, Joto Pharmaceutical Product Development Center), Yamaguchi Plant (added from fiscal 2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, Head Office, sales offices and other offices, etc.
 GHG emissions are calculated using the following formula.

$$\text{GHG emissions} = \text{Purchased electricity (10,000 kWh)} \times \text{adjusted emission factor published by the electric company} + \Sigma (\text{Fuel consumption} \times \text{Unit calorific value} \times \text{Carbon emission factor} \times 44/12) + \Sigma (\text{Fluorocarbon leakage amount} \times \text{global warming potential})$$

 The amount of green electric power certified under the Green Energy Certificate and renewable energy certified under J-Credit Scheme are deducted.
 GHG emissions were managed on a location basis in and before fiscal 2016 and on both location and market bases in and after fiscal 2017.
 Due to the revision of the Company's greenhouse gas emissions calculation rules in fiscal 2019, emissions are recalculated back to previous years.

Breakdown of GHG emissions by scope (Market-basis)



Energy consumption

(10 thousand GJ)
80.00



* Sites where energy consumption data were collected: Fujiyama Plant, Joto Plant (current, Joto Pharmaceutical Product Development Center), Yamaguchi Plant (added from fiscal 2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, Head Office, sales offices and other offices, etc.

Initiatives for a decarbonized society

Creating a road map for reduction of GHG emissions

- Participation in the “Fiscal 2019 Model Project for Supporting Development of CO₂ Emission Reduction Plans to Achieve SBT” (sponsored by the Ministry of the Environment of Japan)

As of the end of March 2020, there were only seven Japanese companies whose GHG reduction targets were classified as the SBTi’s “1.5°C target.” To achieve our challenging GHG reduction targets, we have participated in the “Fiscal 2019 Model Project for Supporting Development of CO₂ Emission Reduction Plans to Achieve SBT” (sponsored by the Ministry of the Environment of Japan) and created a highly feasible GHG reduction road map, incorporating new technologies based on the research and advice of experts.

Promoting energy conservation

- Adopting those of Top Runner Equipment, which is aimed at reducing GHG emissions, at the time of replacement (replacing fluorescent lights with LEDs, replacing heat source equipment with module-type heat pump chillers, etc.)
- Reviewing and adjusting the operating hours and temperatures of the equipment
- Implementing the Cool Biz and Warm Biz clothes initiative advocated by the Japanese Ministry of the Environment.



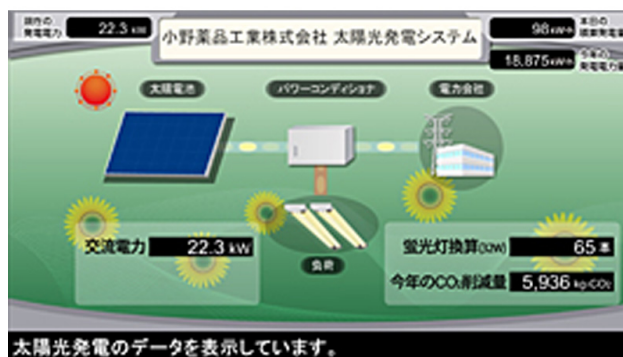
Module-type heat pump chiller (Minase Research Institute)

Introducing renewable energy

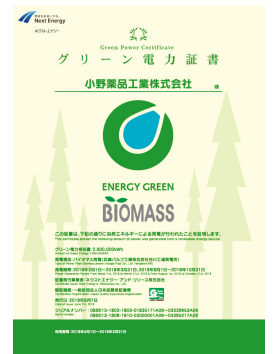
- Introducing and operating solar power generation facilities: Head Office building (fiscal 2003), Minase Research Institute (fiscal 2015), Tokyo Building (fiscal 2017)
- Purchasing electricity under a renewable energy-based electricity menu contract: Minase Research Institute (fiscal 2019)
- Purchasing Green Energy Certificates (from fiscal 2018) and J-Credits (from fiscal 2019) We are promoting the use of renewable energy by purchasing certificates for electricity generated by renewable energy (Green Energy Certificates) and J-Credits.



Solar panels at the Minase Research Institute



Solar power monitoring system at the Minase Research Institute



Green Energy Certificate

Fuel conversion

- Completion of fuel conversion from heavy oil and kerosene to city gas and LNG at all plants and research institutes
(GHG emissions from the combustion of fuels to produce energy depends on the source of the fuel. GHG emissions from city gas/LNG combustion are less than those from heavy oil/kerosene.)

Power load leveling

- Shifting the peak power usage from daytime hours to nighttime through the use of the nighttime heat storage system and cogeneration system
- Introducing large-capacity power storage system (NAS battery system) at the Yamaguchi Plant



Large-capacity power storage system (Yamaguchi Plant)

Energy management

- Establishing an energy management system with a view to the introduction of FEMS (factory energy management system) and BEMS (building energy management system)
Although we have always measured energy consumption at our production plants and research institutes, we are making steady efforts to upgrade our energy management systems, with a view to the introduction of FEMS or BEMS.

External evaluation of our climate change-related efforts

- In the survey conducted by the UK-based CDP on climate change, we were selected as an A-List company, the highest rating, for two consecutive years (in fiscal 2019).
- We won an award in the Activity Implementation and Promotion category of the Minister of the Environment's 2019 Commendation for Global Warming Prevention Activity (the Ministry of the Environment).
- We were introduced in a collection of case studies on energy efficiency & conservation (published by the Kansai Bureau of Economy, Trade and Industry) as among specified businesses who have remarkable achievements in various aspects of energy conservation.
- Under the Act on the Rational Use of Energy (Energy Conservation Act), we have received the highest S rank for four consecutive years in corporate energy conservation excellence.

See the External Evaluation section for details.

[> External Evaluation](#)

[see here ▶](#)

GHG Emissions in the Value Chain (Scope 3)

ONO divides GHG emissions in the value chain (Scope 3) into 15 categories under the Ministry of the Environment's guidelines, and since FY2014 it has been calculating them for sites in Japan.

Category	FY2018 emissions (10 thousand tons-CO ₂)	FY2019 emissions (10 thousand tons-CO ₂)	Calculation method ^{*6}	Notes
Purchased goods and services	0.81	—	GHG emissions(scope 1,2) volume of our raw materials and major materials suppliers (accounting for 80% or more of our raw materials or materials purchase costs) multiplied by the ratio of the sales to ONO out of the total sales of the supplier. Ratios for other business suppliers are assumed to follow the same trend as for major suppliers, and are calculated using the ratio of GHG emissions to the transaction amount at major suppliers.(The calculation method has changed since FY2017. Please see the ESG Data for details.)	Covers production and research sites Figures for FY2019 are not calculated because our major business partners had not published their CSR reports at the time of calculation.
Capital goods	6.04	2.69	Amount of capital investment, multiplied by emission factor	—
Fuel- and energy-related activities not included in scope 1 or scope 2	0.15	0.28	Amount of non-renewable electricity purchased, multiplied by emission factor	—
Upstream transportation and distribution	0.01	0.01	Transport data on deliveries from ONO factories and distribution centers to destinations, multiplied by emission factor	—
Waste generated in operations	0.03	0.03	Weight of each type of industrial waste generated, multiplied by emission factor	—
Business travel	0.23	0.40	Business trip allowances, multiplied by emission factor	Covers travels by airplane or Shinkansen bullet train
Employee commuting	0.04	0.05	Employees' commuting costs, multiplied by emission factor	—
Upstream leased assets	0.33	0.29	Cost of gasoline for leased company cars, multiplied by emission factor	—
Downstream transportation and distribution	0.53	—	GHG emissions stated in CSR reports on ONO's major pharmaceutical wholesalers, multiplied by percentage of ONO net sales included in all net sales of major pharmaceutical wholesalers	Figures for FY2019 are not calculated because our major pharmaceutical wholesalers had not published their CSR reports at the time of calculation.
Processing of sold products	Not relevant	Not relevant	—	ONO makes only finished products
Use of sold products	Not relevant	Not relevant	—	No energy is consumed during the use of ONO products

Category	FY2018 emissions (10 thousand tons-CO ₂)	FY2019 emissions (10 thousand tons-CO ₂)	Calculation method	Notes
End-of-life treatment of sold products	0.02	0.02	Weight of each type of ONO product container or packaging disposed of as waste, multiplied by emission factor	—
Downstream leased assets	0.03	0.03	Floor space of asset (building) owned and rented out categorized by use, multiplied by emission factor	—
Franchises	Not relevant	Not relevant	—	ONO does not operate franchises
Investments	Not relevant	Not relevant	—	There is no investment involving large amounts of greenhouse gas emissions.
Total	8.22	—	—	Figures for FY2019 are not calculated because our major pharmaceutical wholesalers had not published their CSR reports at the time of calculation.

※6 Figures stated in the "Emission Factor Database on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (Ver. 2.6 in FY2018 and ver. 3.0 in FY2019)," published by the Ministry of the Environment, Government of Japan.

Toward creating a water recycling-oriented society

The availability of high-quality fresh water is one of the important factors for us in conducting business activities. We are making efforts for reducing water use so as to mitigate the load on limited water resources. As for water risks, the Environmental Management Committee leads and conducts surveys on the risks, and identifies/analyzes/evaluates the business risks. Risk evaluation at important sites that use large volumes of water is conducted using the WRI AQUEDUCT risk assessment tool of the World Resource Institute. As of the end of FY2019, none of our company's important sites operate or conduct water intake in areas categorized as being at "extremely high risk" for water stress. We continue to operate in areas where it is possible to use good quality fresh water as needed for business operations, and our business activities are therefore not affected. While grasping the volumes of water use at our important sites, we confirm that our water supply and emission pipes are free of leakage, and endeavor to use appropriate amounts of water. In fiscal 2019, we received an improved rating of "A-" (up from B in fiscal 2018) in the Water Security survey conducted by CDP, a U.K.-based nonprofit organization.

Analysis and Evaluation of Water-related Risk and Opportunity

Risk Factors		Period	Details	Impact	Management Method
Regulatory risk	Restrictions on use of good quality fresh water	Long-term	Use of good quality fresh water becomes impossible, restricting production and research activities.	Increase in operating costs	<ul style="list-style-type: none"> Assurance of pharmaceutical products supplied Risk diversification due to establishment of new facilities
Risk from physical impact	Rationing/shortage of good quality fresh water	Long-term	Use of good quality fresh water becomes impossible, restricting production and research activities.	Increase in operating costs	<ul style="list-style-type: none"> Assurance of pharmaceutical products supplied Risk diversification due to establishment of new facilities
	Decline in water quality	Long-term	Use of good quality fresh water becomes impossible, restricting production and research activities.	Increase in operating costs	<ul style="list-style-type: none"> Investment in plant and equipment Water quality analysis and management
	Flooding and/or heavy rain disaster	Long-term	Facilities are flooded due to flooding or heavy rainfall in the vicinity of a production site.	Increase in operating costs	<ul style="list-style-type: none"> Assurance of pharmaceutical products supplied Investment in plant and equipment
Other risks	Reputation risk	Short-term	A poor external evaluation of our handling of water exerts an adverse impact on the share price.	Decline in share price	Appropriate external publicity on the results of our activities

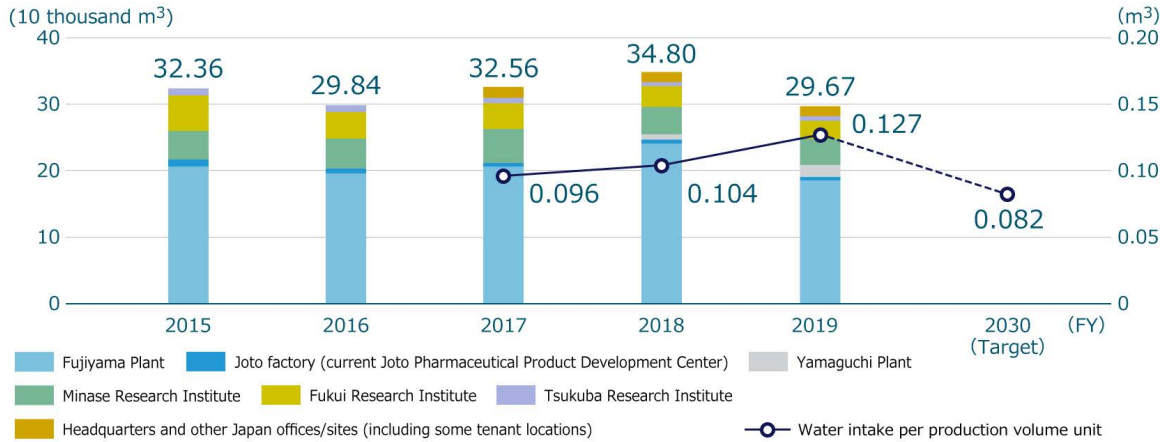
Opportunity Factors		Period	Details	Impact	Management Method
Opportunity from physical impact	Water shortage	Long-term	Demand increases for existing pharmaceutical products that can be used without water, or new drug development opportunities lead to positive impact on revenue.	Increased demand for existing drugs and services, new drugs and services	<ul style="list-style-type: none"> Changes in formulation of existing pharmaceutical products New Drug Development

We have posted details such as the water-related risks and opportunities, water intake and wastewater volumes at CDP Water. They can be confirmed at the [CDP website](#) (A CDP ID is required). We responded to CDP Water 2019 in Japanese. This PDF is a translation of our response into English.

Progress towards a water recycling society

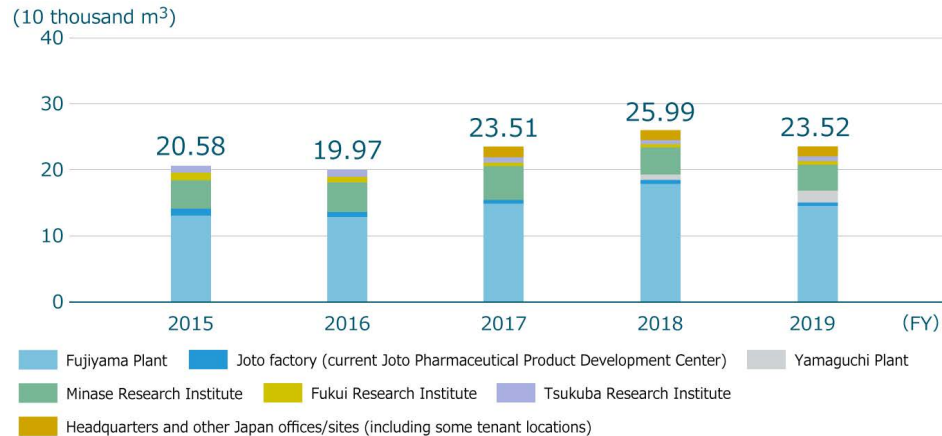
To achieve our medium-term environmental target of reducing water resource consumption (water intake) per production volume unit by 15% by fiscal 2030 (compared to fiscal 2017), we are working vigorously to reduce water consumption in business activities. The volume of water intake in fiscal 2019 was 296,700 m³, a 14.7% reduction (51,300 m³) compared to fiscal 2018. These results are due to our efforts to reduce water intake, including optimization of the number of operating cooling towers for production equipment at the Yamaguchi Plant. Also, a recycled water system has been installed at the Fukui Research Institute to reduce water use. Furthermore, water-saving sanitary equipment (water-saving coolant spray nozzle, upgraded boiler wastewater neutralization system, etc.) has been installed at our relatively newly constructed facilities, including production plants, research institutes and the Tokyo Building. The water intake per production volume unit in fiscal 2019 increased by 32.3% compared to fiscal 2017. This is due to a decrease in the number of boxes produced, which is used as a denominator for calculation.

Water intake (water resource consumption) and water intake per production volume unit



* From FY2019, the head office and other domestic offices have been added retroactively to FY2017.

Wastewater



* Sites where data on water consumption and wastewater volume were collected: Fujiyama Plant, Joto Plant (current, Joto Pharmaceutical Product Development Center), Yamaguchi Plant (added from fiscal 2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, Head Office, sales offices and other offices, etc.

From FY2019, the head office and other domestic offices have been added retroactively to FY2017.

■ Water intake and wastewater volume by site (unit: 10 thousand m³)

Site	River in the area	Wastewater drainage destination	2015		2016		2017		2018		2019	
			Water intake volume	Wastewater volume	Water intake volume	Wastewater volume	Water intake volume	Wastewater volume	Water intake volume	Wastewater volume	Water intake volume	Wastewater volume
Fujiyama Plant	Fuji River	River	20.55	13.02	19.57	12.89	20.56	14.86	24.02	17.84	18.50	14.51
Joto Plant (now Joto Pharmaceutical Product Development Center)	Yodo River	Sewerage	1.09	1.09	0.72	0.72	0.55	0.55	0.60	0.60	0.51	0.51
Yamaguchi Plant	Fushino River	River	-	-	-	-	-	-	0.82	0.82	1.81	1.81
Minase Research Institute	Yodo River	Sewerage	4.28	4.28	4.52	4.52	5.13	5.13	4.12	4.12	3.91	3.91
Fukui Research Institute	Kuzuryu River	Sewerage	5.37	1.13	3.94	0.75	3.87	0.52	3.13	0.50	2.73	0.57
Tsukuba Research Institute	Lake Kasumigaura	Sewerage	1.07	1.07	1.09	1.09	0.81	0.81	0.60	0.60	0.71	0.71
Head Office and other business sites (including some tenants) in Japan	Rivers/Lake in the areas where major business sites are located ^{※7}	Sewerage	-	-	-	-	1.64	1.64	1.51	1.51	1.50	1.50
total			32.36	20.58	29.84	19.97	32.56	23.51	34.80	25.99	29.67	23.52

※7 Rivers/Lake in the areas where major business sites are located: Toyohira River, Okura River, Arakawa River, Sakawa River, Kiso River, Lake Biwa, Yodo River, Ota River, Yoshino River, Naka River

Toward creating a resource recycling society

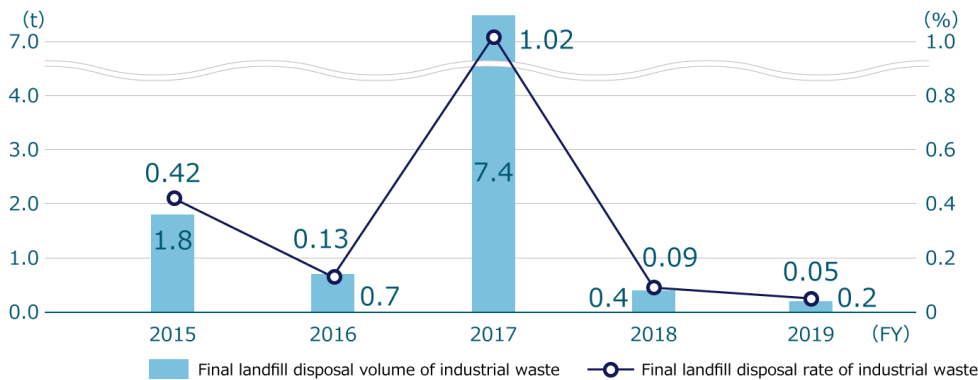
Regarding resource recycling as one of the top priorities in our business activities, we are promoting various activities on a company-wide basis. The Environmental Management Committee takes the lead in conducting surveys, analyses and evaluations and promoting environmental protection activities toward building a sustainable society.

Progress toward a resource recycling society

In fiscal 2019, the final landfill disposal rate of industrial waste was 0.05% against the medium- to long-term targets, achieving zero emissions^{※8}. Also, the volume of industrial waste per production volume unit decreased by 11.7% compared to fiscal 2017. The total volume also decreased by 15.6 tons from the previous year. These results are due to waste reduction activities, including thorough waste separation.

※8 ONO defines zero emissions as the condition where the final landfill disposal rate is kept at 1.0% or less as a result of recycling industrial waste generated from business activities. (Final landfill disposal rate = amount of landfill disposal ÷ amount of industrial waste x 100). Note that certain materials, including some hazardous substances and waste reagents, are excluded from the calculation for zero emissions because their safe disposal is a higher priority.

Industrial waste: Final landfill disposal volume and final landfill disposal rate



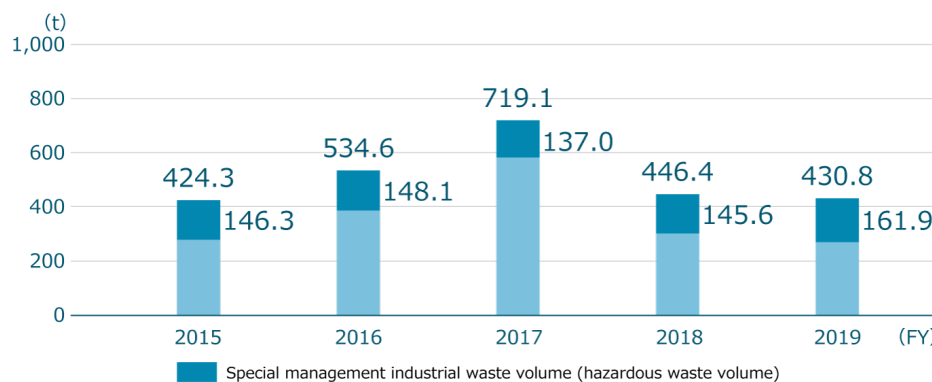
* Sites where data on final landfill disposal volume and final landfill disposal rate of industrial waste was collected: Fujiyama Plant, Joto Plant (current, Joto Pharmaceutical Product Development Center), * Yamaguchi Plant (Added from fiscal 2018), Minase Research Institute, Fukui Research Institute, and Tsukuba Research Institute. Of FY2017 final industrial landfill disposal volume in, the amount of waste (5.8 tons) from renovation of the Joto Plant (current, Joto Pharmaceutical Product Development Center) was included.

Volume of industrial waste per production volume unit (kg/production unit volume)

	FY2017	FY2018	FY2019	FY2030 (Target)
Volume of industrial waste per production volume unit	0.197	0.128	0.174	0.167

* Of FY2017 industrial waste volume, the amount of waste (25.64 tons) from renovation of the Joto Plant (current, Joto Pharmaceutical Product Development Center) was excluded from the calculation.

Industrial waste volume and special management industrial waste volume (hazardous waste volume)



* Sites where data on industrial waste volume and special management industrial waste volume (hazardous waste volume) was collected: Fujiyama Plant, Joto Plant (current, Joto Pharmaceutical Product Development Center) Yamaguchi Plant (Added from fiscal 2018), Minase Research Institute, Fukui Research Institute, and Tsukuba Research Institute

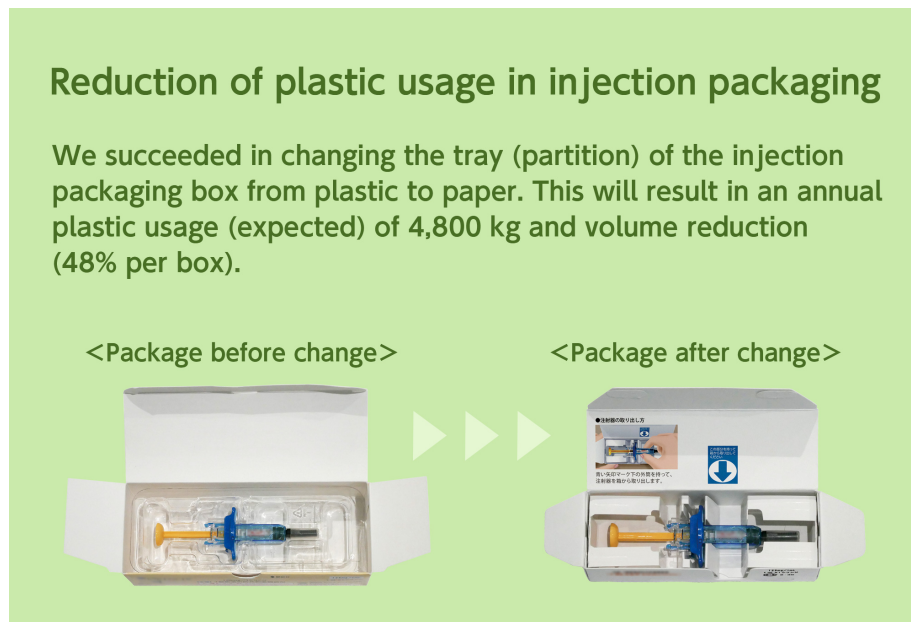
* Special management industrial waste (hazardous waste) is defined under the Waste Management and Public Cleansing Law as waste that has properties of explosiveness, toxicity, infectiousness, and/or possibly causing damage to human health or the living environment. We strive to manage this type of waste properly.

Efforts toward a resource recycling society

We inspect our intermediate processing contractors and final disposal contractors to make sure that our industrial wastes are processed and disposed of properly. As part of efforts to increase recycling of industrial waste, we also ask certified heat recovery service providers to conduct thermal recycling and choose companies involved in materials recycling as our final waste disposal contractors.

Recycling of product containers and packaging materials

Upholding the reduction of environmental impact of our business activities as one of our medium- and long-term goals, we are working to reduce our environmental impact by changing container materials and packaging styles. In fiscal 2019, we changed the packaging material for some products from plastic to paper to reduce post-disposal environmental impact. Products with this new packaging have been sold from fiscal 2020.



In addition, pursuant to the Containers and Packaging Recycling Law, some of the containers and packaging materials for the products we sell are recycled.

■ FY2019(Unit: tons)

	Container and packaging usage	Obligatory recycling amount
Plastic	162.8	31.2
Paper	200.9	1.5
Glass (colorless)	-	-
Glass (brown)	0.3	-
Commissioning fee paid for recycling : 1,546 thousand yen		

Management of Chemicals

ONO is committed to reducing chemical emissions to the lowest possible level not only in compliance with laws and regulations but also in recognition that these emissions may impact human health and the ecosystem.

Compliance with the PRTR Law

In FY2019, the Minase Research Institute made reports on Class I designated chemical substances. These chemicals are managed in appropriate amounts and in compliance with the Law concerning Pollutant Release and Transfer Register (PRTR). For details, please see the ESG data.

> [ESG Data](#)

[see here](#) ▶

Environment : Environmental Management

Results (progress) against targets

Every year, we assess the results (or progress) against the targets.

Item	Target	FY2019 results
Greenhouse gasses	<p>[Medium-term target for energy-derived greenhouse gas (GHG) emissions (target year: FY2020)]</p> <p>1. Reduce GHG emissions (on a location basis^{*1}) by 23% from the FY2005 level in FY2020.</p> <p>*GHG emissions from production and research sites</p> <p>[ECO VISION 2050]</p> <p>1. Reduce GHG emissions (Scopes 1+2) (on a market basis^{*2}) by 55% by FY2030 and to zero by FY2050 (compared to FY2017). (FY2019 target: a 8.4% or more reduction compared to FY2017.)</p> <p>2. Reduce GHG emissions (Scope 3) by 30% by FY2030 and by 60% by FY2050 (compared to FY2017).</p> <p>3. Increase the share of renewable energy in total energy consumption to 55% or higher by FY2030 and 100% by FY2050 (FY2019 target: at least 8.4%).</p>	<p>1. The amount of GHG emissions in FY2019 was 19,800 tons, a 25.8% reduction from 26,700 tons in FY2005. (The amount of increase due to the operation of the Yamaguchi Plant, newly established in FY2018, was excluded. If the Yamaguchi Plant is included, GHG emissions for FY2019 was 23,700 tons, a 11.2% reduction compared to FY2005.)</p> <p>*Since we achieved the target this fiscal year, from next fiscal year we will accelerate our efforts to further reduce emissions, aiming to achieve the GHG reduction targets newly established based on the medium- to long-term environmental vision.</p> <p>[ECO VISION 2050]</p> <p>1. Reduce GHG emissions (Scopes 1+2) by 8.4% compared to FY2017.</p> <p>2. GHG emissions (Scope 3) increased by 9.5% compared to FY2017. (As for Scope 3, there are some categories for which FY2019 data were not calculated because our major suppliers and wholesale distributors' CSR reports for FY2019 were not available at the time of calculation.)</p> <p>3. Increase the share of renewable energy in total energy consumption by 11.2%.</p>
Water consumption	<p>[ECO VISION 2050]</p> <p>1. Reduce water resource consumption (water intake) per production volume unit by 15% by FY2030 (compared to FY2017).</p> <p>2. Reduce water resource consumption (water intake) to below the previous year's level (fiscal target).</p>	<p>[ECO VISION 2050]</p> <p>1. Water resource consumption (water intake) per production volume unit increased by 32.3% compared to FY2017.</p> <p>2. Water resource consumption (water intake) decreased by 14.7% (51,300 m³) compared to FY2018.</p>

Item	Target	FY2019 results
Waste	<p>[ECO VISION 2050]</p> <ol style="list-style-type: none"> Maintain a final landfill disposal rate of 1% or less every year ※3. <p>※3 ONO defines zero emissions as the percentage of non-recycled waste (sent for landfill disposal or simple incineration) being 1% or less of the total volume of waste.</p> <ol style="list-style-type: none"> Reduce the volume of industrial waste per production volume unit by 15% by FY2030 (compared to FY2017). Reduce industrial waste volume to below the previous year's level (fiscal target). Promote reduction of environmental impact through business activities. 	<p>[ECO VISION 2050]</p> <ol style="list-style-type: none"> The final landfill disposal rate of industrial waste was 0.05%, continuing to achieve zero emissions. Industrial waste volume per production volume unit decreased by 11.7% compared to FY2017. Industrial waste volume decreased by 15.6 tons compared to FY2018. Reduced environmental impact by changing packaging materials for some products from plastic to paper.
Chemical substance management	Reduce the amount of PRTR Class I designated chemical substances released into the environment.	<ul style="list-style-type: none"> The release and transfer volume of the registered chemical substances was 11.49 tons, which we have kept at an extremely low volume.
Pollution control management	Thoroughly comply with emission standards, and continue to make efforts to prevent any environmental accidents or complaints from local communities.	<ul style="list-style-type: none"> All analyses of air and water pollution revealed that we complied with emission standards. Also, there were no environmentally related complaints from local communities.
Evaluation of environmental efficiency	Comply with guidelines issued by the Ministry of the Environment of Japan.	<ul style="list-style-type: none"> Disclosed data on environmental cost, capital investment, economic effect, and environmental conservation effect. Evaluated environmental efficiency. Environmental efficiency was up by 57.3 points over FY2005.

※1 Location-basis GHG emissions volumes are calculated based on progress management coefficients of the Federation of Pharmaceuticals Manufacturers' Associations of Japan (FY2005 values).

※2 Market-basis GHG emissions volumes are calculated based on emissions coefficients published by each electric power company.

Environmental Initiatives

SBT Initiative (Science Based Targets initiative)

Our medium- to long-term greenhouse gas reduction targets were approved in June 2019 as science-based greenhouse gas reduction targets from the international initiative "Science Based Targets initiative (SBTi)." Our targets are categorized as the strictest "1.5°C target."

* For details, please see [the SBTi](#)



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Task Force on Climate-related Financial Disclosures (TCFD)

ONO expressed our support in October 2019 for the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board to encourage the disclosure of climate-related risks and opportunities.

* For details, please see [the TCFD](#)



Water Project



The "Water Project" is a public-private partnership project launched after the "Basic Law on the Water Cycle" enacted in 2014, which states that governments and companies should work together to protect the water cycle in Japan. ONO participated in October 2019.

* For details, please see [the "Water Project"](#)

RE100 (Renewable Energy 100%)

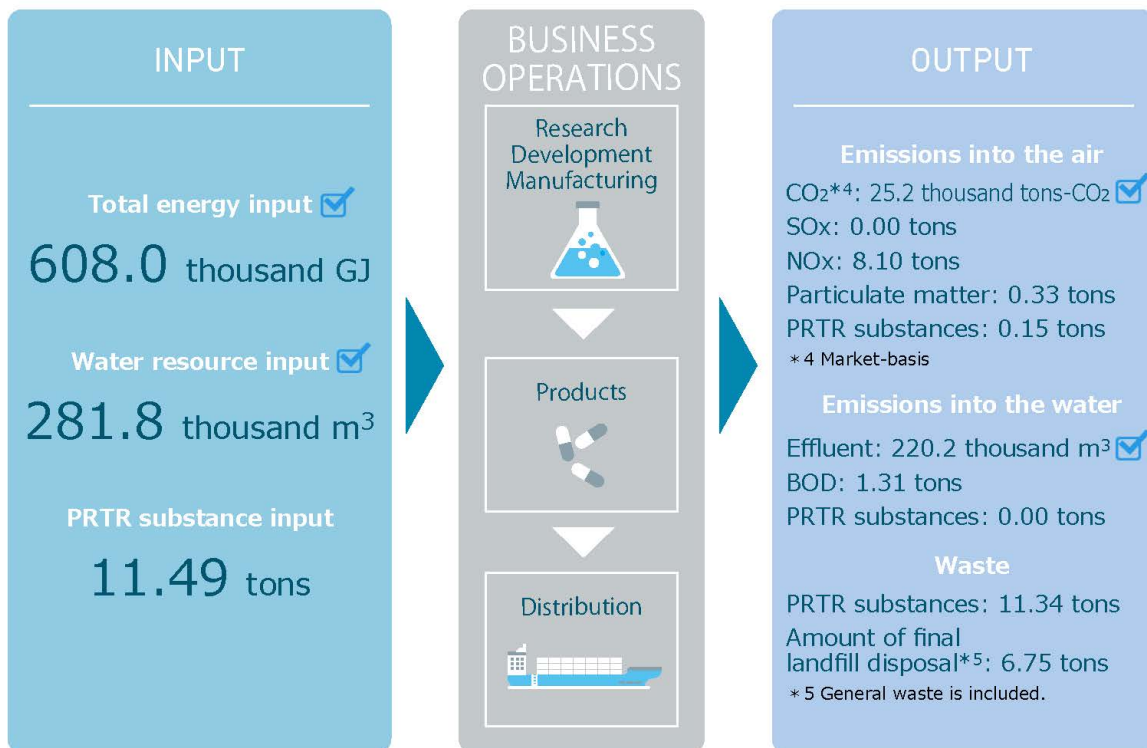
RE100 is an international initiative, aiming to source 100% of the electricity consumed in its business activities with renewable energy, which is operated by The Climate Group, an international environmental NGO which promotes climate change countermeasures, in partnership with CDP, an international NPO, that encourages companies to disclose and manage environmental impact information. ONO participated in RE100 in June 2020.

* For details, please see [the RE100](#)



Overall Picture of Environmental Impact (ONO's Involvement in Environmental Protection)

Annual inputs and outputs are grasped on a regular basis to use as reference data for our efforts to reduce environmental impact (Scope: production and research sites, FY2019).

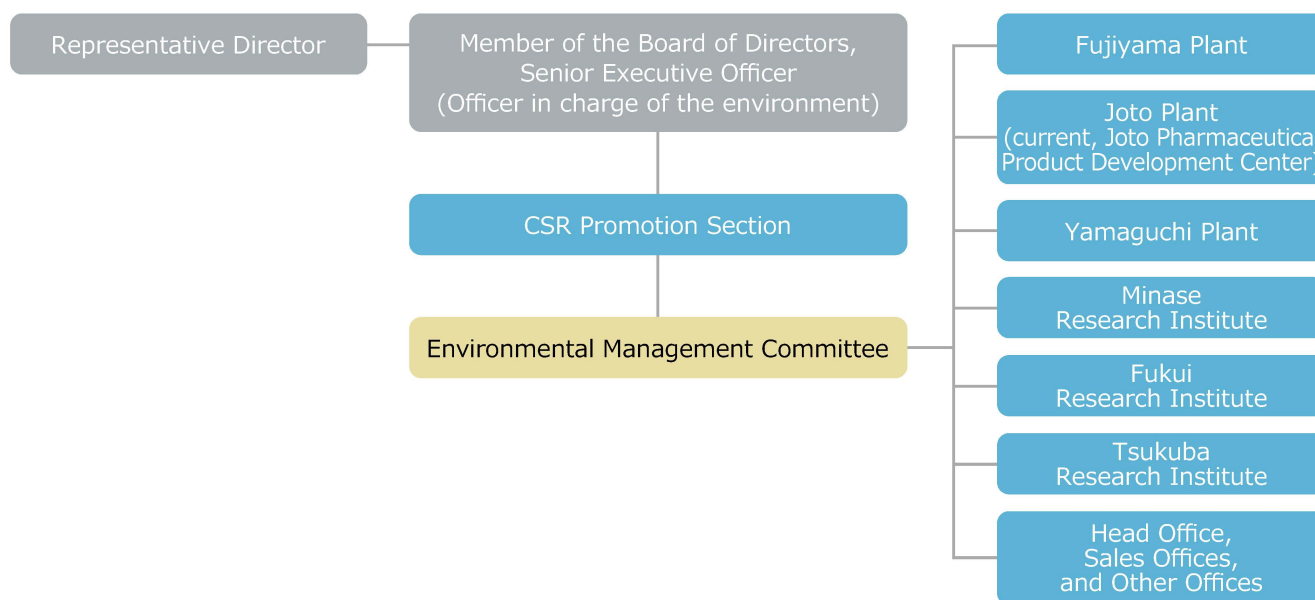


Promotion of Environmental Management

Our environmental management promotion structure consists of the Member of the Board of Directors, Senior Executive Officer, the CSR Promotion Section, and the Environmental Management Committee. The Senior Executive Officer manages company-wide environmental management, and the CSR Promotion Section manages the Committee. Members of the Committee are chosen from relevant departments and are responsible for specific on-site monitoring and promoting environmental management. Each production and research site with a major environmental impact has a subcommittee to work on environmental issues. Each production site makes continuous efforts to reduce environmental impact under an ISO 14001-compliant environmental management system. We have also acquired ISO 14001 certification for all production sites in operation. In addition, under the subcommittee, which is a subordinate organization of the Environmental Management Committee, for the three priority items, "realization of a decarbonized society," "realization of a water recycling society," and "realization of a resource recycling society," we have started to study the measures to reduce the environmental impacts. The progress of these efforts is to be reported at least once a year at the Executive Committee chaired by the President.

In addition, to reduce environmental risks, employees involved in operations that could have an impact on the environment receive necessary training on environmental management.

We also have a structure to minimize environmental impact arising from emergencies by providing training and on-site education and formulating emergency-preparedness manuals.



■ Status of acquisition of ISO 14001 certification

Production site name	First acquired in
Fujiyama Plant	November 2002
ISO 14001 acquisition percentage for production sites	100%

* Production sites in operation are 100% ISO14001 certified.

Environment : Environmental Efficiency / Environmental Accounting

We conduct environmental efficiency assessments to quantitatively measure the efficiency of environmental conservation activities at our production and research sites. We also disclose information on environmental accounting in reference to the Environmental Accounting Guidelines 2005, issued by the Ministry of the Environment of Japan.

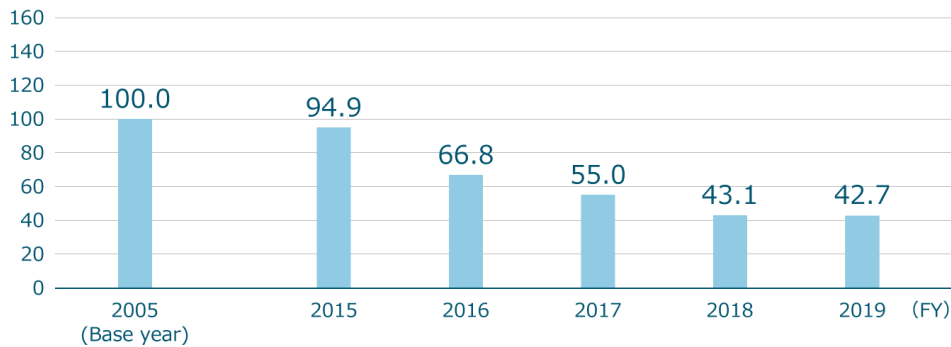
Assessment of Environmental Efficiency

We use an integrated indicator that can measure the reduction in environmental impact achieved through environmental conservation activities. To calculate this indicator, we classify environmental impacts generated from our activities into five categories: chemical substances, global warming, waste, water quality, and air quality. We then select a representative environmental factor for each of the categories and divide their amount of environmental impact by revenue in the relevant fiscal year. The result of this indicator is disclosed each year.

The environmental efficiency indicator for fiscal 2019 improved by 57.3 points compared to fiscal 2005. This is primarily because despite an increase in BOD and PRTR emissions from the previous year, the amount of waste landfilled decreased from the previous year due to waste reduction activities, including thorough separation of waste.

We will continue to strive to reduce environmental impact and thereby improve the environmental efficiency indicator.

Changes in the environmental efficiency indicator (Indicator with a score of 100 representing the level in FY2005)



Environmental Costs and Effects in Fiscal 2019

Environmental investments made at our production and research sites during fiscal 2019 were related to global warming prevention measures and other environmental measures.

Environmental Costs (Including Depreciation Costs)

■ (Thousands of Yen)

Category	Environmental costs		Amount of investment in environmental equipment	
	FY2018	FY2019	FY2018	FY2019
1: Pollution prevention cost (air, water, soil, groundwater, hazardous chemicals, noise, vibration, and odor)	118,662	161,626	668,927	16,062
2: Global environment conservation cost (cost for preventing global warming, cost for environmental conservation activities)	424,006	862,909	2,679,921	2,100,004

Category	Environmental costs		Amount of investment in environmental equipment	
	FY2018	FY2019	FY2018	FY2019
3: Resource circulation cost (waste reduction, proper treatment of waste, efficient use of resources)	91,983	107,254	7,570	207
4: Administration cost (time and cost spent for committee and ISO activities, and environmental management)	7,290	5,536	—	—
5: Research and development cost	130,436	115,961	—	—
6: Social activity cost (cost for environmental improvement activities, including beautification and tree-planting, with the exception of those conducted at or in the vicinity of the business sites)	1,835	3,668	—	—
Total	774,212	1,256,953	3,356,418	2,116,272

Environmental conservation effects

Environmental performance indicators		Change in the amount of environmental impact		Environmental impact	
		FY2018	FY2019	FY2018	FY2019
Effects corresponding to key business area costs	SOx emissions (tons)	0	0	0	0
	NOx emissions (tons)	0.57	-0.28	8.38	8.10
	Water use (10,000 m ³)	2.37	-5.12	33.29	28.17
	BOD load (tons)	-0.95	0.04	1.27	1.31
	CO ₂ emissions (10,000 tons-CO ₂)	-0.15	-0.15	2.52	2.37
	Energy use (10,000 GJ)	-0.11	8.26	52.54	60.80
	Total waste discharge (tons)	-361.04	-23.69	622.85	599.16
	Final landfill disposal (tons)	-8.69	-2.60	9.35	6.75

Economic Effects Associated with Environmental Conservation Activities

■ (Thousands of Yen)

Details	Economic effects	
	FY2018	FY2019
1: Reduction in costs through energy-saving activities	11,703	3,954
2: Reduction in waste costs through recycling activities	0	0
3: Profit from sale of recycled materials	1,205	4,874
Annual total	12,908	8,828

Social Contribution Activities

Approach to social contribution activities

We recognize social contribution activities as initiatives for the sustainable development of society. In addition, we promote our initiatives in identified priority areas considering their relationship to current and future business.

ONO's global policy for social contribution activities

We commit to contributing to sustainable social development as well as to the advancement of medicine and pharmacy as “a good corporate citizen”, under the corporate philosophy of “Dedicated to Man's Fight against Disease and Pain”. We also contribute to the achievement of Sustainable Development Goals (SDGs) through these activities. This Global Policy also applies to overseas subsidiaries.

- Contributing to the advancement of medicine and pharmacy
- Supporting health of patients and their families
- Contributing to environmental conservation for the health of everyone
- Contributing to an education for the children's health
- Contribute to an improvement of the medical ecosystem

We are committed to transparency about any charitable donations that are made in relation to our CSR activities. The target areas are the areas where we operate and areas where the medical infrastructure is immature ^{※1}.

※1 Low-income countries and low-middle-income countries set by the World Bank
low-income countries: <http://data.worldbank.org/income-level/low-income>
low-middle-income countries: <https://data.worldbank.org/income-level/lower-middle-income>

We promote social development through partnering with parties who share our vision.

Efforts for the advancement of medicine and pharmacy

We are making efforts to meet unmet medical needs and contribute to medical advancement.

Research grants through foundations and donated courses

In 1988, the ONO Medical Research Foundation was established with donations from ONO. The Foundation provides grants for research activities in the field of lipid metabolism disorders and also aims to promote research and treatment in that field through various projects and thereby contribute to the health and welfare of the public. Since its establishment, the foundation has provided research grants and research encouragement grants every year. In FY2019, 1 person was awarded the Osamu Hayaishi Memorial Award, 12 persons were awarded research grants, and 16 persons were awarded research encouragement grants (Under age of 40).

In FY2019, we newly funded or continued to fund 36 courses across Japan, primarily in areas where there is concern about a rapid increase in the number of patients due to the aging of the population such as cancer, diabetes, neurological diseases, bone and motor organ diseases, and so on. In addition, we have supported the Japanese Biochemical Society's Osamu Hayaishi Memorial Scholarship for Study Abroad, which assists researchers who are willing to research biochemistry-related life sciences in general in studying abroad, for 10 years from FY2017. And as the recipients of support in FY2020, support for 8 researchers was selected in October 2019.

Through the [Ono Pharmaceutical Foundation's](#) research grants to overseas researchers, we also contribute to promoting research and the foundation of innovation.

Efforts for supporting health of patients and their families

We conduct various health-related activities to provide a wide range of support for people such as patients and the families of patients.

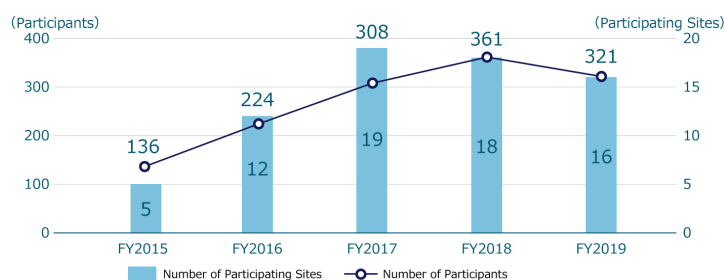
Dissemination of medical information

Through contents and applications, the latest information useful for healthcare is continuously posted and disseminated widely. We also cooperate with and hold seminars for citizens to raise awareness of diseases and provide accurate information. In FY2019, 11 sessions were held, focusing on areas such as cancer, diabetes, and rheumatism, with approximately 1700 participants.

Delivered Content and Applications	Description
"To Patients and Their Families"	Explain the specific symptoms and treatment of the disease in your immediate surroundings and the things you should keep in mind in your daily life
"ONO ONCOLOGY (Information for the general public and patients)"	With the cooperation of supervising physicians, we operate a website where we can learn about the concepts of diseases and treatments in the field of cancer and cancer immunity
"Medical Care for Dementia Connecting Smiles and Minds"	Managing a website to think about dementia with people involved in treatment and nursing care
"Grandma's world"	Public release of a dementia education short movie
Application for patients with lifestyle-related diseases	the free provision of smartphone application software to support patients suffering from lifestyle-related diseases

Relay for Life

We have been participated in Relay for Life as a part of CSR activities since FY2014. Relay for Life is a charity activity project conducted by the Japan Cancer Society and the National Action Council of Relay of Life aiming to deal with and overcome cancer. We have been actively participating in the Relay of Life events mainly at the locations where our research institutes, plants, and sales offices reside.



Implementation of "Communicating Works Exhibition" (Initiatives in the Dementia Field)

We continue to implement the "Communicating Works Exhibition" on the website, which introduces paintings, calligraphy, and other works created by people with dementia at medical institutions, etc., with the aim of contributing to the joy of people with dementia and their families and to the fulfillment of medical professionals.

In FY2019, at the 11 exhibition, 350 works were applied from all over Japan, and 1 piece each received handwritten comments and a commendation certificate from the reviewer. This exhibition was completed in FY2019.

Initiatives at Overseas Subsidiaries

In December 2019, ONO Pharma Korea (OPKR) members conducted volunteer activities for children with pediatric cancer and their families, visiting the Hanbit Love-sharing House run by the Hanbit Love-sharing Supporters' Association (a private nonprofit organization supporting children with pediatric cancer and their families). Forty-some people, including all OPKR employees and those from headquarters in Japan, participated in the activities, such as painting the outer walls of the Hanbit Love-sharing House, where the patient children and their families were staying; and beautification activities to clean up the House and its surrounding area for the children with weakened immunity. They also presented somewhat early Christmas gifts suitable for each child. It was a meaningful opportunity for OPKR employees to conduct volunteer activities.

In December 2019, employees of ONO Pharma Taiwan (OPTW) experienced decoupage, a decorative handicraft art that gives us "hope for the future," together with the Formosa Cancer Foundation, which is a cancer patient association. In addition to about 30 cancer patients, all OPTW employees and members from the CSR Promotion Section of ONO in Japan also participated in this program. This decoupage hands-on experience was planned with the aim of motivating patients that have been undergoing cancer treatments by decorating handicrafts with "hope for the future." Patients who have joined this program gave us some favorable comments: "I got a sense of accomplishment through completing the decoration of handicrafts" and "Having an opportunity to communicate with many people made me feel more positive."



OPKR



OPKR



OPTW

Supporting Members

Since FY2014, we have been supporting the "Solaputi Kids' Camp", dream camp with medical care for children who have a serious illnesses, as a supporting member.

We continue being involved in activities that help people keep healthy.

Efforts toward environmental conservation for the health of everyone

In conducting our business activities, we recognize the impact on ecosystems and take on challenges to address environmental issues such as biodiversity and climate change. To realize a sustainable and prosperous society, it is important to promote activities that consider biodiversity at entire stages of product research, development, procurement, production, distribution, sales, use, and disposal.

Efforts at each worksite

In our role as a corporate citizen, we have each of our business sites take part in various activities to contribute to local communities such as cleanups, disaster prevention activities, and conservation of the natural environment.

The Fujiyama Plant's recent activities for improving the environment involved cleanup at Mt. Fuji 5th Station in August 2019. We also provided trash bags for "Operation Trash Clean-sweep," a clean-up activity of the municipal neighborhood associations of Fujimiya City.

At the Joto Plant (current Joto Pharmaceutical Product Development Center), in November 2019, staff took part in the cleanup of the periphery of the plant and a neighboring elementary as well as parks as part of the "Osaka Marathon Cleanup campaign" by the Osaka Municipal Government.

In the same month, we also participated in the Higashinari Autonomous Firefighting Brigade Council Technical Competition's fire extinguisher reporting/initial fire extinguishing training, and hose tip transfer from the fire hydrant pump/water discharge training. In the training, we prepared for an actual fire under the guidance of the Higashinari Fire Department.

The Minase Research Institute, staff joined the Rikyu no Mizu Conservation Society to protect the famous water source found on the premises of Minase Jingu Shrine which has been selected as one of the 100 best springs in Japan. Staff members took part in the joint cleanup activities which are organized twice a year. In addition, the private fire brigade members at the institute participated in firefighting training in a fire-prevention festival in Shimamoto-cho which is held to raise awareness of fire prevention among local residents every November as well as in the New Year parade of the firefighting brigade of Shimamoto-cho, which is organized on the second Sunday of January every year.

At the Fukui Research Institute staff took part in cleanup activities including picking up of litter around the boundary of the site on a regular basis. The private fire brigade members at the institute joined a volunteer fire brigade competition which is held every year to raise awareness of fire prevention and improve firefighting skills and conducted firefighting training. And, the gymnasium and tennis courts on the premises are opened to the public as places for communication.

At the Tsukuba Research Institute employees regularly pick up litter in its neighborhood in an effort to maintain the beauty of the area.



Trash clean-up near Mt. Fuji 5th Station



The Osaka Marathon Cleanup campaign

Eco-Cap Activities

Our head office and the Minase Research Institute (from June 2014) and the Fukui and Tsukuba Research Institutes (from July 2018) have been taking part in an "Eco-cap" campaign. The caps of plastic bottles are disposed of in special garbage containers near vending machines and are recycled. The proceeds from this recycling are used, for example, to buy vaccines for children in developing countries and help communities recover from earthquakes.

Amount collected at each worksite	FY2017	FY2018	FY2019
head office	28,380caps (66.0kg)	20,210caps (47.0kg)	33,250caps (77.3kg)
Minase Research Institute	10,750caps (25.0kg)	26,875caps (62.5kg)	23,220caps (54.0kg)
Tsukuba Research Institute	—	2,365caps (5.5kg)	1,290caps (3.0kg)

Reference value: About 800 plastic bottle caps correspond to 1 vaccine dose.



Special Garbage Containers

Sponsorship of 'Water Stranger Expeditions' (Organized by local governments around Fujiyama Plant/intended for elementary school students)

We have supported the Fujinomiya City sponsored hands-on learning 'Water Stranger Expeditions' (Organized by local governments around Fujiyama Plant/intended for elementary school students) since FY2015. This event aims to boost children's awareness the natural environment around Mt. Fuji and to get children thinking about how they can contribute to preserving the environment.



Water Wonder Expedition

Efforts toward an education for the children's health

We are proactively engaged in activities to support the development of children, who will be responsible for the future.

“Sukoyakarada project (Healthy Body Campaign) ”

We started the healthier body project (We call “Sukoyakarada project”) as a reconstruction assistance activity from the Great East Japan Earthquake in 2015. This project is aimed at reducing childhood obesity, one of social issues in three prefectures of the Tohoku region (Fukushima, Miyagi and Iwate) as well as promoting health and supporting healthy mental and physical development among the children that will lead the next generation.

In FY2018, the fifth year of the project, this project was held in Higashi Matsushima City, Miyagi prefecture. At the Kick-off event on March 30, 2019 the children experienced three types of sports with top athletes, and the health seminar was held by a medical specialist on lifestyle-related illnesses for their parents, and a nutrition education session was given soup kitchen using local ingredients. In four Follow-up sessions from April to June, the children experienced a variety of sports and help them establish healthy exercise habits.

Through this project, implemented in partnership with the Specified Nonprofit Corporation Sports We have implemented this project with SCIX, a non-profit organization called Sports Community and Intelligence. In FY2019, this project was postponed due to the COVID-19, but it is scheduled to be held in Iwate Prefecture around March 2021.

■ Implementation results

Year	Location	Total participants
FY2014	Aizumisato, Onuma district, Fukushima prefecture	233
FY2015	Ishinomaki, Miyagi prefecture	381
FY2016	Ofunato, Iwate prefecture	207
FY2017	Soma, Fukushima prefecture	131
FY2018	Higashi Matsushima, Miyagi prefecture	287
FY2019	Delayed by COVID-19	—

FY2018 Kick-off Event (Conducted in March 2019)



FY2018 Follow-up Programs (Conducted from April to June 2019)



Session 1: Exercise basics (run, jump, throw)



Session 2: Relay race baton-pass and long-distance running



Session 3: Para-sport competition (blind soccer)



Session 4: Spaceball experience

Educational Program on Dementia (For junior high and high school students)

The purpose of this program is for students to understand dementia as an immediate issue and acquire accurate knowledge through providing a short movie about dementia awareness produced by our company, titled "Grandma's world" and lectures given by specialists. As of the end of March 2020, more than 3,000 junior and senior high school students have participated in the program.

Implementation status	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	Total
Number of junior high and high schools	7	1	3	2	3	5	21
Number of participating student	1,025	162	278	137	483	1,043	3,128

"Kusuri no Himitsu Manabu (Secrets of Pharmaceuticals!)" (outreach class program)

With the aim of arousing children's interest in science, our researchers have conducted outreach classes on pharmaceuticals, serving as instructors. We have carried out this program continuously since FY2015 for the sixth-grade students of Shimamoto Municipal Third Elementary School (near the Minase Research Institute). In FY2019, the program was conducted also for the sixth-grade students of Hoei Elementary School (near the Joto Plant, current Joto Pharmaceutical Product Development Center). According to the questionnaires answered by the children after the classes, they seemed to have a deeper understanding of technical ingenuity in pharmaceuticals.

It is also a valuable opportunity for our employees to realize their connection with the local communities and become motivated through communication with elementary school students.

Number of Participants per Year	FY2015	FY2016	FY2017	FY2018	FY2019	Total
Students	71	64	59	72	141	407
Research Support Staff members	10	10	9	12	25	66
Secretariat staff members	9	10	7	10	22	58

After the classes, we gave questionnaires to the children, teachers and our employees to utilize them for reviewing future programs.



Implemented at Hoen Elementary School



Implemented at Hoen Elementary School



Implemented at Shimamoto Municipal Third Elementary School

Donation of toothbrushes

We have donated toothpaste sets and toothbrushes to children in elementary schools, kindergartens, and day care centers (A total of 9 sites) in Shimamoto-cho, Mishima County, Osaka Prefecture, where Minase Research Institute is located since FY2014. And we have donated toothpaste sets to elementary schools next to the Joto Plant (current Joto Pharmaceutical Product Development Center) in FY2018. Toothpaste sets and toothbrushes are manufactured by our company affiliate, BeBrand Medical Dental Co., Ltd. This activity is in line with the June 4 to 10th "Dental and Oral Health Week" and our desire to assist as much as possible in "Toward a world free of dental caries". In FY2019, we donated 3,366 sets and 376 toothbrushes. We continue this initiative from the perspective of sustainability, where local communities and companies coexist and develop sustainability.

Sponsoring the performance Kokoro no Gekijo (Theatre of the Heart), which is performed in Kansai and hosted by the Shiki Theatre Company / Butai Geijyutu (Performing Arts) Center

We are sponsoring the performance Kokoro no Gekijo (Theatre of the Heart), which is performed in Kansai and hosted by the Shiki Theater Company / Butai Geijyutu (Performing Arts) Center. Theatre of the Heart is a project to invite children (mainly elementary sixth grade students) from various regions in Japan to theaters for free and demonstrate the excitement of theater aiming to bring the most important things for people to live, such as the importance of life, the heart to consider a person, the joy to believe each other to children's heart through the performance. We understand such philosophy and support activities.



Kamome ni tobukoto wo oshieta Neko (A cat that taught gulls to fly), a family musical performed by Shiki Theatre Company Photo by Takashi Uehara

Donations to "Kodomo Hon no mori Nakanoshima (Nakanoshima Children's Book Forest) "

We donated to a project to help stop children being away from reading "Kodomo Hon no mori Nakanoshima ". "Kodomo Hon no mori Nakanoshima" is build a library designed by the architect Tadao Andou and built in Nakanoshima Park to encourage children to pursue creativity through books and the arts/culture.

Efforts for improvement of the medical ecosystem

We are working to improve the medical environment in partnership with outside parties.

ONO SWITCH Project

In order to promote both work style reforms and social contribution activities, we launched the ONO SWITCH project in August 2018. This initiative aims to contribute the amount of money corresponding to the reduced overtime allowance through the promotion of work style reforms to healthcare-related NPOs and NGOs. In FY2019, we decided to donate money to 4 NPOs based on employee questionnaires.



For the ONO SWITCH project, please see ["Efforts Made for Improving Access to Healthcare"](#).

Other efforts

Blood Donation

Employees at the Head Office, plants, and research institutes actively donate their blood to the Japanese Red Cross Society.

Support for People with Disabilities

On the fourth Wednesday of every month, our head office has been holding a sale of bread and cookies made at workplaces that support the independence of people with disabilities, since January 2013. About 100 employees use it every time.

List of Activities

	Related SDGs	Activities
Efforts for the advancement of medicine and pharmacy	 	<ul style="list-style-type: none"> • Donations through related foundations • Contribution to the GHIT Foundation • Support for Public Interest Incorporated Associations
Efforts for supporting health of patients and their families		<ul style="list-style-type: none"> • Dissemination of medical information through websites and applications • Cooperation with and holding seminars open to the public • Participation in Relay for Life • Implementation of "Communicating Works Exhibition" • Initiatives at ONO Pharma Korea (OPKR) • Initiatives at ONO Pharma Taiwan (OPKW) • Supporting Member (Soraptit Children's camp)
Efforts toward environmental conservation for the health of everyone	  	<ul style="list-style-type: none"> • Nature Conservation Activities at each worksite (Cleaning and disaster prevention activities, etc.) • Donation through Eco-Cap Activities (Vaccines, disaster countermeasures, etc.) • Sponsorship of 'Water Stranger Expeditions' (Organized by local governments around Fujiyama Plant/intended for elementary school students)
Efforts toward an education for the children's health	  	<ul style="list-style-type: none"> • "Sukoyakarada project (Healthy Body Campaign) " • Educational Program on Dementia (For junior high and high school students) • "Kusuri no Himitsu Manabu (Secrets of Pharmaceuticals!)" (outreach class program) • Donation of toothbrushes • Sponsoring the performance Kokoro no Gekijo (Theater of the Heart), which is performed in Kansai and hosted by the Shiki Theater Company / Butai Geijyutu (Performing Arts) Center • Donations to "Kodomo Hon no mori Nakanoshima (Nakanoshima Children's Book Forest) "
Efforts for improvement of the medical ecosystem	    	<ul style="list-style-type: none"> • ONO SWITCH Project
Other		<ul style="list-style-type: none"> • Blood Donation
		<ul style="list-style-type: none"> • Support for People with Disabilities

Policies

ONO Pharmaceutical Codes of Conduct

See here for the ONO Pharmaceutical Codes of Conduct.

> [The ONO Pharmaceutical Codes of Conduct](#)

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ONO Pharmaceutical Compliance Program Policy

See here for the ONO Pharmaceutical Compliance Program Policy

[ONO Pharmaceutical Compliance Program Policy \(486KB\)](#)

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ONO Pharmaceutical Global Tax Policy

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[ONO Pharmaceutical Global Tax Policy \(161KB\)](#)

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ONO Pharmaceutical Global Anti-Bribery and Corruption Policy

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ONO Pharmaceutical Code of Practice

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Information Security Global Policy

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Privacy Policy

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ONO Pharmaceutical Human Rights Global Policy

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[ONO Pharmaceutical Human Rights Global Policy \(191KB\)](#)

PDF

Basic Policy for Procurement Activities and CSR Procurement Guideline

See here for Basic Policy for Procurement Activities and CSR Procurement.

[Basic Policy and CSR Guidelines on Procurement Activities \(94KB\)](#)

PDF

Global Environment Policy

See here for Global Environment Policy.

[> For more information on Global Environment Policy](#)

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ONO's global policy for social contribution activities

For more information on our ONO's global policy for social contribution policy.

[> ONO's global policy for social contribution activities](#)

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Governance Data

■ Corporate Governance

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	
Corporate Governance Structure	Board structure	Directors (Total)	Non-consolidated	Persons	7	7	8	8
		Independent outside directors	Non-consolidated	Persons	2	2	3	3
		Female directors	Non-consolidated	Persons	0	0	0	0
	Board of Auditors structure	Auditors (Total)	Non-consolidated	Persons	4	4	4	4
		Independent outside auditors	Non-consolidated	Persons	2	2	2	2
		Female auditors	Non-consolidated	Persons	1	1	1	1
	Director Remuneration	Total	Non-consolidated	Million yen	345	336	360	368
		President, Representative Director, and Chief Executive Officer	Non-consolidated	Million yen	-	-	114	116
	Auditor Remuneration	Total	Non-consolidated	Million yen	71	76	77	78
		Number of Board of Directors meetings	Non-consolidated	Times	15	13	13	13
		Number of Board of Auditors meetings	Non-consolidated	Times	13	13	14	14
		Board attendance rate (directors)	Non-consolidated	%	-	100.0	100.0	100.0
		Board attendance rate (auditors)	Non-consolidated	%	-	-	100.0	92.3 ^{※1}
Compliance	Number of bribery cases	Non-consolidated	Cases	0	0	0	0	
	Number of disciplinary actions	Non-consolidated	Cases	-	-	5	9	
	Number of facilitation payments	Non-consolidated	Cases	0	0	0	0	
	Compliance training attendance rate	Non-consolidated	%	-	-	100	100	
	Number of reports	Non-consolidated	Cases	-	-	44	68	
	Number of compliance violations	Non-consolidated	Cases	-	-	5	9	

※1 The attendance rate of Audit & Supervisory Board Members excluding the Audit & Supervisory Board Member who resigned due to illness on March 27, 2020 was 100%.

Social Data

■ Innovative Pharmaceutical Products

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019
Research Development	R&D expenses	Non-consolidated	Million yen	57,506	68,821	70,008	66,497
	Ratio of R&D expenses to net sales	Non-consolidated	%	23.5	26.3	24.3	22.7

■ Human Resources and Human Rights

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019
Provision of Growth Opportunities	Workshop for deep understanding our mission statement	Non-consolidated	Participants × hours	-	943	317	317
		Non-consolidated	Participants	-	145	56	54
	On-site training at medical institutions	Non-consolidated	Participants × hours	-	-	-	822
		Non-consolidated	Participants	-	-	-	105
	Patient associations' lecture meetings/Virtual Reality (VR) patient experience	Non-consolidated	Participants × hours	-	-	-	2,743
		Non-consolidated	Participants	-	-	-	1,704
	Special training program for global business	Non-consolidated	Participants × hours	1,388	2,704	3,341	3,634
		Non-consolidated	Participants	30	39	52	61
	Speaking skill of English training program	Non-consolidated	Participants × hours	-	11,988	19,215	15,912
		Non-consolidated	Participants	-	111	260	216
	Orientation for newly hired employees/ Follow-up training for newly hired employees	Non-consolidated	Participants × hours	-	9,408	7,682	6,253
		Non-consolidated	Participants	-	98	86	70
	Third-year employee training/ Fifth-year employee training	Non-consolidated	Participants × hours	-	3,040	1,667	2,148
		Non-consolidated	Participants	-	190	164	173
	Training for individual contributors promoted to the highest level/ Training for new core employees/ Training for new managers/ Manager training	Non-consolidated	Participants × hours	-	11,968	11,653	4,400
		Non-consolidated	Participants	-	748	1,027	357
	Self-development learning (Correspondence courses/Online foreign language conversation/ support for qualification tests)	Non-consolidated	Participants	223	324	378	532
	Elective and Voluntary training	Non-consolidated	Participants × hours	-	2,604	2,513	5,963
		Non-consolidated	Participants	-	217	231	681

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019
	Diversity management training	Non-consolidated	Participants × hours	-	108	1,529	32
		Non-consolidated	Participants	-	27	734	48
	Career planning training	Non-consolidated	Participants × hours	-	1,362	426	345
		Non-consolidated	Participants	-	190	142	115
	Coaching training	Non-consolidated	Participants × hours	-	1,950	992	858
		Non-consolidated	Participants	-	78	37	32
	Annual training hours per employee	Non-consolidated	Hours	-	-	35.5	30.7
Promoting active participation of persons with disabilities/mid-career employment	Employment of persons with disabilities	Non-consolidated	%	2.30	2.24	2.28	2.20
	Mid-career employment (Cumulative)	Non-consolidated	Persons	322	380	440	446
Employee composition	Male ratio of new graduates	Non-consolidated	%	57	66	51	66
	Female ratio of new graduates	Non-consolidated	%	43	34	49	34
	Employee (Male)	Non-consolidated	Persons	2,358	2,629	2,682	2,676
	Employee (Female)	Non-consolidated	Persons	524	570	602	611
	Employee (total)	Non-consolidated	Persons	3,062	3,199	3,284	3,287
	Contract workers ratio	Non-consolidated	%	-	0.3	0.1	0.1
	Temporary staff ratio	Non-consolidated	%	-	8.8	8.9	8.0
	Average age (male)	Non-consolidated	Years old	41.1	42.1	42.6	42.7
	Average age (female)	Non-consolidated	Years old	37.1	37.9	38.0	37.9
	Average age (total)	Non-consolidated	Years old	40.4	41.4	41.8	41.9
	Average consecutive years of employment (male)	Non-consolidated	Years	15.9	16.0	16.3	15.9
	Average consecutive years of employment (female)	Non-consolidated	Years	12.3	11.8	12.0	11.1
	Average consecutive years of employment (total)	Non-consolidated	Years	15.3	15.3	15.5	15.0
Employee information	Average annual salary	Non-consolidated	JPY 10,000	897	906	917	928
	Collective bargaining rights holding rate	Non-consolidated	%	-	-	-	97.3
	Labor union participation rate	Non-consolidated	%	68.6	66.8	65.1	60.8
	Employee satisfaction rate (male)	Non-consolidated	%	-	-	68	-
	Employee satisfaction rate (female)	Non-consolidated	%	-	-	57	-
	Employee satisfaction rate (all)	Non-consolidated	%	62	-	66	-
	Female manager rate	Non-consolidated	%	3.4	3.9	4.0	4.6

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019
Turnover and retention rate	Retention rate after 3 years (male)	Non-consolidated	%	93.1	98.4	96.1	95.4
	Retention rate after 3 years (female)	Non-consolidated	%	85.4	96.9	100.0	90.9
	Retention rate after 3 years (total)	Non-consolidated	%	89.9	97.8	97.8	93.9
	Full-time employee turnover rate (voluntary resignation)	Non-consolidated	%	1.0	1.3	1.5	1.6
	Full-time employee turnover rate (Mandatory retirement, etc.)	Non-consolidated	%	0.9	0.7	0.6	0.2
	Full-time employee turnover rate (total)	Non-consolidated	%	1.9	2.0	2.1	1.8

■ Safety and Health

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	
Enhancing cultivation of employee-friendly workplaces	Overtime hours	Non-consolidated	% compared to previous year	N/A	▽0.5%	▽5.7% (compared to FY2014)	▽14.5% (compared to FY2014)	
	Percentage of paid vacation taken	Non-consolidated	% compared to previous year	N/A	△6.4%	△17.2% (compared to FY2014)	△24.7% (compared to FY2014)	
	Occupational injuries	Number of lost-time injuries <input checked="" type="checkbox"/>	All Japanese operation sites (Employees) ※2	Incidents	1	1	1	0
			All Japanese operation sites (Temporary employees) ※6	Incidents	-	-	-	1
		Lost-time injury frequency rate ※3 <input checked="" type="checkbox"/>	All Japanese operation sites (Employees) ※2	-	0.16	0.16	0.15	0.00
			All Japanese operation sites (Temporary employees) ※6	-	-	-	-	2.09
		Number of occupational illnesses ※4 <input checked="" type="checkbox"/>	All Japanese operation sites (Employees) ※6	Incidents	-	-	-	0
		Occupational illness frequency rate ※5 <input checked="" type="checkbox"/>	All Japanese operation sites (Employees) ※6	-	-	-	-	0.00
	Supporting disease prevention, early detection and early treatment	Medical checkups received	Non-consolidated	%	-	99.1	99.4	99.7
		Cancer screening rate	Stomach cancer screening	Non-consolidated	%	-	97.2	97.3
Lung cancer screening			Non-consolidated	%	-	99.3	99.7	99.9
Colorectal cancer screening			Non-consolidated	%	-	93.9	93.6	95.8
Breast cancer screening			Non-consolidated	%	-	90.0	88.3	86.7
Cervical cancer			Non-consolidated	%	-	43.4	42.3	47.3
Mental health	Stress checks received	Non-consolidated	%	-	95.1	99.4	99.8	
Health promotion	Number of participants in walking campaign	Employees	Non-consolidated	Persons	887	1,088	1,169	1,450
		Family	Non-consolidated	Persons	256	472	771	987
		Temporary staff, etc.	Non-consolidated	Persons	68	99	90	124
	Walking campaign total employee participation rate	Non-consolidated	%	-	34	35	44	

※2 Scope before FY2016: Domestic plants and research institutes

※3 Lost-time injury frequency rate = (number of lost-time injuries / total number of actual working hours) x 1,000,000

※4 Occupational illness: Diseases on the occupational disease list of the Ministry of Health, Labor and Welfare, excluding those reported as occupational illnesses.

※5 Occupational illness frequency rate = (number of occupational illnesses / total number of actual working hours) x 1,000,000

※6 The data on the number of lost-time injuries and the lost-time injury frequency rate for temporary employees, and the data on the number of occupational illnesses and the occupational illness frequency rate, are subject to disclosure from FY2019.

Environmental Data

■ Energy Saving and Global Warming Prevention

The scope of environmental data is non-consolidated basis

Category	Item		Scope	Unit	FY2016	FY2017	FY2018	FY2019
GHG emissions	Energy-derived GHG emissions (Location-basis) <input checked="" type="checkbox"/>		Production and research sites	10,000 t-CO ₂	2.06	2.07	2.17	2.37
			Headquarters and other Sites in Japan (including tenant locations)	10,000 t-CO ₂	0.17	0.17	0.18	0.17
			Total	10,000 t-CO ₂	2.23	2.24	2.35	2.54
	Energy-derived GHG emissions scope breakdown (Location-basis) <input checked="" type="checkbox"/>	Scope 1	All operation sites	10,000 t-CO ₂	0.85	0.85	0.90	0.97
		Scope 2	All operation sites	10,000 t-CO ₂	1.38	1.39	1.45	1.57
	GHG emissions (Market-basis) <input checked="" type="checkbox"/>		Production and research sites	10,000 t-CO ₂	2.73	2.72	2.61	2.52
			Headquarters and other Sites in Japan (including tenant locations)	10,000 t-CO ₂	0.26	0.26	0.24	0.21
			Total	10,000 t-CO ₂	2.99	2.98	2.85	2.73
	GHG emissions scope breakdown (Market-basis) <input checked="" type="checkbox"/>	Scope 1	All operation sites	10,000 t-CO ₂	0.85	0.87	0.95	1.02
		Scope 2	All operation sites	10,000 t-CO ₂	2.14	2.11	1.90	1.71
GHG emissions in the value chain (Scope3) <input checked="" type="checkbox"/>	Cat1	Purchased goods and services ^{※7}	All operation sites	10,000 t-CO ₂	9.71	0.85	0.81	- ^{※8}
	Cat2	Capital goods		10,000 t-CO ₂	2.70	5.26	6.04	2.69
	Cat3	Fuel- and energy-related activities not included in scope 1 or scope 2		10,000 t-CO ₂	0.15	0.15	0.15	0.28
	Cat4	Upstream transportation and distribution		10,000 t-CO ₂	0.01	0.01	0.01	0.01
	Cat5	Waste generated in operations		10,000 t-CO ₂	0.03	0.03	0.03	0.03
	Cat6	Business travel		10,000 t-CO ₂	0.22	0.25	0.23	0.40
	Cat7	Employee commuting		10,000 t-CO ₂	0.03	0.04	0.04	0.05
	Cat8	Upstream leased assets		10,000 t-CO ₂	0.35	0.35	0.33	0.29
	Cat9	Downstream transportation and distribution		10,000 t-CO ₂	0.62	0.53	0.53	- ^{※8}
	Cat10	Processing of sold products		10,000 t-CO ₂	Not relevant	Not relevant	Not relevant	Not relevant

Category	Item		Scope	Unit	FY2016	FY2017	FY2018	FY2019		
	Cat11	Use of sold products		10,000 t-CO ₂	Not relevant	Not relevant	Not relevant	Not relevant		
	Cat12	End-of-life treatment of sold products		10,000 t-CO ₂	0.02	0.01	0.02	0.02		
	Cat13	Downstream leased assets		10,000 t-CO ₂	0.03	0.03	0.03	0.03		
	Cat14	Franchises		10,000 t-CO ₂	Not relevant	Not relevant	Not relevant	Not relevant		
	Cat15	Investments		10,000 t-CO ₂	Not relevant	Not relevant	Not relevant	Not relevant		
	Total			10,000 t-CO ₂	13.87	7.51	8.22	_ ※8		
Energy consumption	Energy consumption <input checked="" type="checkbox"/>		Production and research sites	10,000 GJ	52.72	52.65	55.42	60.80		
			Headquarters and other Japan offices/sites (including tenant locations)	10,000 GJ	5.04	5.09	5.13	4.95		
			Total	10,000 GJ	57.76	57.74	60.55	65.75		
	Renewable energy amount			All operation sites	Solar power generation (by private power generation)	MWh	53.96	55.29	64.97	63.03
					Solar power generation (by purchase)	MWh	-	-	-	2,427
					hydroelectric generation	MWh	-	-	-	1,278
					Biomass power generation (by purchase)	MWh	-	-	2,900	2,460.90

※7 Calculation method of category 1 in Scope 3, "Purchased goods and services", was changed from FY2017.

FY2016 and previous fiscal years: Purchase cost of raw materials, materials, etc., multiplied by emission factor stated in "Emission Factor Database on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (ver. 2.4)," published by the Ministry of the Environment, Government of Japan.

Since FY2017: CQ₂ emissions(Scope 1,2) volume of our raw materials and materials suppliers (accounting for 80% or more of our raw materials or materials purchase costs) multiplied by the ratio of the sales to ONO out of the total sales of the supplier. Ratios for other business suppliers are assumed to follow the same trend as for major suppliers, and are calculated using the ratio of CQ₂ emissions to the transaction amount at major suppliers.

※8 Because our major business partners had not published their CSR reports at the time of calculation.

■ Efforts Made for Reducing Water Use

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	
Water intake <input checked="" type="checkbox"/>	Water intake per site (Basin)	Fujiyama Plant/Joto factory (current Joto Pharmaceutical Product Development Center)/MinaseResearch Institute/Fukui Research Institute/Tsukuba Research Institute/Headquarters, other Japan offices and sites	10,000 m ³	29.84	32.56	34.80	29.67	
		Fuji river	Fujiyama Plant	10,000 m ³	19.57	20.56	24.02	18.50
		Yodo river	Joto factory (current Joto Pharmaceutical Product Development Center)	10,000 m ³	0.72	0.55	0.60	0.51
		Yodo river	Minase Research Institute	10,000 m ³	4.52	5.13	4.12	3.91
		Kuzuryu river	Fukui Research Institute	10,000 m ³	3.94	3.87	3.13	2.73
		Lake Kasumigaura	Tsukuba Research Institute	10,000 m ³	1.09	0.81	0.60	0.71
		Fushino river	Yamaguchi Plant	10,000 m ³	-	-	0.82	1.81
			Basins of major offices※9	Headquarters and other Japan offices/sites (including some tenant locations)	10,000 m ³	-	1.64	1.51

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	
Wastewater <input checked="" type="checkbox"/>	Wastewater site	(destination)	Fujiyama Plant/Joto factory (current Joto Pharmaceutical Product Development Center)/Minase Research Institute/Fukui Research Institute/Tsukuba Research Institute/Headquarters, other Japan offices and sites	10,000 m ³	19.97	23.51	25.99	23.52
		River	Fujiyama Plant	10,000 m ³	12.89	14.86	17.84	14.51
		Sewer	Joto factory (current Joto Pharmaceutical Product Development Center)	10,000 m ³	0.72	0.55	0.60	0.51
		Sewer	Minase Research Institute	10,000 m ³	4.52	5.13	4.12	3.91
		Sewer	Fukui Research Institute	10,000 m ³	0.75	0.52	0.50	0.57
		Sewer	Tsukuba Research Institute	10,000 m ³	1.09	0.81	0.60	0.71
		River	Yamaguchi Plant	10,000 m ³	-	-	0.82	1.81
		Sewer	Headquarters and other Japan offices/sites (including some tenant locations)	10,000 m ³	-	1.64	1.51	1.50
Percentage of reused water		Production and research sites	%	-	5.90	4.60	5.51	

※9 Basins of major offices: Toyohira River, Okura River, Arakawa River, Sakawa River, Kiso River, Lake Biwa, Yodo River, Ota River, Yoshino River, Naka River

■ Waste Management, and Recycling Containers and Product Packaging

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	
Waste	Industrial waste <input checked="" type="checkbox"/>	Waste generated	Production and research sites	t	534.6	719.1	446.4	430.8
		Specially management industrial waste	Production and research sites	t	138.1	137.0	145.6	161.9
		final landfill disposal	Production and research sites	t	0.7	7.4	0.4	0.2
		final landfill disposal rate	Production and research sites	%	0.13	1.02	0.09	0.05
	final landfill disposal (Non-industrial waste is included)	Production and research sites	t	10.66	18.04	9.35	6.75	
	Container and packaging usage	Plastic	Production and research sites	t	-	164.7	171.7	162.8
		Paper	Production and research sites	t	-	192.0	202.7	200.9
		Glass (colorless)	Production and research sites	t	-	0	0	0

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	
	Glass (brown)	Production and research sites	t	-	0.3	0.3	0.3	
	Obligatory recycling amount	Plastic	Production and research sites	t	-	34.7	35.5	31.2
		Paper	Production and research sites	t	-	1.6	1.6	1.5
		Glass (colorless)	Production and research sites	t	-	0	0	0
		Glass (brown)	Production and research sites	t	-	0	0	0
		Commissioning fee paid for recycling	Production and research sites	1,000 yen	-	1,723	1,650	1,546
	PRTR substance	Production and research sites	t	10.94	11.79	9.76	11.34	

■ Prevention of Air Pollution and Water Pollution

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019
Emissions into the air	SOx	Production and research sites	t	0.00	0.00	0.00	0.00
	NOx	Production and research sites	t	13.80	7.812	8.38	8.10
	Particulate matter	Production and research sites	t	0.42	0.34	0.28	0.33
	PRTR substance	Production and research sites	t	0.20	0.36	0.25	0.15
Emissions into water	Wastewater	Production and research sites	10,000 m ³	19.97	21.87	24.48	22.02
	BOD	Production and research sites	t	2.38	2.22	1.27	1.31
	PRTR substance	Production and research sites	t	0.00	0.00	0.00	0.00

■ Management of Chemicals

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	
PRTR substances	Amount handled by the notified facilities	Acetonitrile	Production and research sites	t	8.29	8.98	7.19	8.51
		Normal-hexane	Production and research sites	t	2.95	2.97	2.82	2.98
		Total	Production and research sites	t	11.24	11.95	10.01	11.49
	Dioxins	Production and research sites	mg-TEQ	-	-	-	-	

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	
	Notified release (into the air)	Acetonitrile	Production and research sites	t	0.20	0.36	0.25	0.15
		Normal-hexane	Production and research sites	t	0.00	0.00	0.00	0.00
		Total	Production and research sites	t	0.20	0.36	0.25	0.15
		Dioxins	Production and research sites	mg-TEQ	0.27	0.00	-	-
	Notified release (into public waters)	Acetonitrile	Production and research sites	t	0.00	0.00	0.00	0.00
		Normal-hexane	Production and research sites	t	0.00	0.00	0.00	0.00
		Total	Production and research sites	t	0.00	0.00	0.00	0.00
		Dioxins	Production and research sites	mg-TEQ	0.00	0.00	0.00	0.00
	Notified transfer (contained in waste)	Acetonitrile	Production and research sites	t	8.09	8.82	6.94	8.36
		Normal-hexane	Production and research sites	t	2.85	2.97	2.82	2.98
		Total	Production and research sites	t	10.94	11.79	9.76	11.34
		Dioxins	Production and research sites	mg-TEQ	16.75	0.00	-	-
	Notified transfer (Into public sewage)	Acetonitrile	Production and research sites	t	0.00	0.00	0.00	0.00
		Normal-hexane	Production and research sites	t	0.00	0.00	0.00	0.00
		Total	Production and research sites	t	0.00	0.00	0.00	0.00
		Dioxins	Production and research sites	mg-TEQ	0.00	0.00	-	-
Notified release and transfer (total)	Acetonitrile	Production and research sites	t	8.29	8.98	7.19	8.51	
	Normal-hexane	Production and research sites	t	2.95	2.97	2.82	2.98	
	Total	Production and research sites	t	11.24	11.95	10.01	11.49	
	Dioxins	Production and research sites	mg-TEQ	17.02	0.00	-	-	

Category	Development Center)	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019
PCB	Joto factory (current Joto Pharmaceutical Product	Stored (Fluorescent lamp)	Production and research sites	Stand	552	552	552	0
		Disposed	Production and research sites	Stand	6	6	6	558
	Minase Research Institute	Disposed	Production and research sites	Stand	2	2	2	2
CFC	calculated leakage of fluorocarbons <input checked="" type="checkbox"/>		Production and research sites	t-CO ₂	-	197.9	494.4	443.56

■ Green Purchasing

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019
Green Purchasing	office supplies purchased	All operation sites	%	83	80	76	76

■ Environmental Management

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019
Management	Acquisition status of ISO14001	Production site	site	100%	100%	100%	100%

* Production sites in operation are 100% ISO14001 certified.

■ Environmental Violations

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019
Environmental Violations	Violation cases (with fines of USD 10,000 or more)	All operation sites	Cases	0	0	0	0

Social Contribution Activities Data

■ Social Contribution Activities

Category	Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019
Initiatives for medical advancement	Osamu Hayaishi Memorial Award	-	Persons	-	1	1	1
	Recipients of the research grant	-	Persons	12	12	12	12
	Recipients of the research scholarship grant (40 years old and below)	-	Persons	16	16	16	16
	Recipients of the Osamu Hayaishi Memorial Scholarship for Study Abroad	-	Persons	8	8	8	8

External Evaluation

External Evaluation

External evaluation of environmental, societal and corporate governance efforts

FTSE4Good Index Series

This index was developed by FTSE Russell, wholly owned by the London Stock Exchange. Selected from companies that satisfy criteria from the perspectives of environment, society and governance, we have been included since 2018.



FTSE4Good

FTSE Blossom Japan Index

This index was developed by FTSE Russell, wholly owned by the London Stock Exchange. Selected from Japanese companies that satisfy criteria from the perspectives of environment, society and governance, we have been included since 2018.



FTSE Blossom
Japan

MSCI Japan ESG Select Leaders Index

This is an index by the U.S. Inc ,MSCI. This index selects Japanese companies that are superior in terms of environment, social and governance ratings ,from among the stocks that comprise the MSCI Japan IMI top-700 index. We were selected in 2019.



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CDP

CDP is a global NGO based in the United Kingdom working environmental fields such as climate change. CDP drives major companies and cities around the world to disclose information about how they tack on climate change and water management through surveys and evaluations.

In 2019 we have been selected as a "Climate Change A List" ,the highest climate change evaluation, following on 2018.



Environment Minister's Award for Global Warming Prevention Activity

This is an award to the remarkable achievements of individuals and organizations towards the prevention of global warming. We received 2019 Environment Minister's Award in the "Implementation and Dissemination of Countermeasures" category of Global Warming Prevention Activity from the Ministry of the Environment for its efforts toward the realization of the medium- and long-term environmental vision "ECO VISION 2050".



Osaka Stop Global Warming Award

This is a program honoring companies and business offices that serve as models to others in terms of restricting the greenhouse gas and artificial exhaust heat emissions generated by their business activities, as well as helping equalize electric power demand. In fiscal 2018, we received the Award for Excellence.



2020 Health & Productivity Stock

In 2020, ONO was selected for the inclusion in a "2020 Health & Productivity Stock" for the first time by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE), who jointly select enterprises strategically engaged in their employees' health management from a management perspective. This program selects, in principle, on a one-company per industry basis.



Health & Productivity Management Outstanding Organization

In 2020, ONO was also accredited by the METI and the Nippon Kenko Kaigi, for the second consecutive year, as a "2020 Certified Health & Productivity Management Outstanding Organization in the large enterprise category (White 500)".

Under the recognition program, the Nippon Kenko Kaigi examines large enterprises engaging in initiatives for overcoming health-related challenges in communities or for promoting health-conscious activities led by the Nippon Kenko Kaigi, and recognizes top 500 outstanding enterprises engaging in efforts for health and productivity management.



Nikkei Smart Work Management Survey

This survey has been conducted by Nikkei Inc. since 2017, targeting listed companies and leading unlisted companies across Japan. Smart Work Management is defined as initiatives for maximizing the performance of the organization through efforts in three areas: diverse and flexible work styles, a system for creating new businesses, and market development capability. Companies are evaluated in these three areas, in addition to management foundation, which includes corporate governance, and companies with a deviation value of 50 or more are rated on a scale of 3 to 5 stars. Our company was rated 4 stars in the Third Nikkei Smart Work Management Survey.

Nikkei SDGs Management

This survey was initiated by Nikkei Inc. in 2019 to recognize companies that are actively addressing societal, economic, and environmental issues through business by integrating SDGs in their management so as to enhance corporate value. The survey reviews companies' efforts to promote SDGs management, and companies with a deviation value of 50 or more are rated on a scale of 3 to 5 stars based on three factors: economic value, social value, and environmental value. Our company was rated 4.5 stars in the First Nikkei SDGs Management Survey.

Deloitte.

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(TRANSLATION)

Independent Practitioner's Assurance Report

September 4, 2020

Mr. Gyo Sagara,
President, Representative Director, and CEO,
ONO PHARMACEUTICAL CO., LTD.

Masahiko Sugiyama
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the sustainability information indicated with for the year ended March 31, 2020 (the "Sustainability Information") included in the "CSR Report 2020 (PDF version)" (the "Report") of ONO PHARMACEUTICAL CO., LTD. (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the Sustainability Information in accordance with the calculation and reporting standard adopted by the Company (indicated with the Sustainability Information). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Performing interviews of responsible persons and inspecting documentary evidence to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of
Deloitte Touche Tohmatsu Limited

