

CSR
REPORT
2021



Be passionate challengers

CSR REPORT 2021



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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

FY2020 (from April 2020 to March 2021)

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

Publication date

October 2021

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 SUSTAINABILITY DATA 2021, we have received independent practitioner's assurance so as to bolster the reliability of the information.

Top message

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 the 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.

In FY2020, the novel coronavirus infection spread throughout the world, and we have become a business activity in an environment that we had never experienced before. In order to fulfill our mission as a pharmaceutical company even in this situation, we have taken measures to prevent infection and reduce the burden on medical sites, while working to ensure a stable supply of pharmaceuticals. As a pharmaceutical company, we are also aware of the importance of improving access to healthcare, and are promoting research and development of pharmaceuticals for rare diseases, intractable diseases, and pediatric patients, for which medical needs have not yet been fulfilled.

At the same time, we believe that it is important to contribute to solving social issues and the realization of 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). To achieve the Sustainable Development Goals (SDGs) that have been adopted by the United Nations, we have been identifying our important CSR issues (materiality) for sustainability management since FY2018. In our actual activities, we continually clarify the vision, set concrete targets and Key Performance Indicators (KPI) for each fiscal year, collect and analyze information to identify issues, and promote activities to achieve the SDGs in cooperation with internal and external organizations.

The issue of global warming, including extreme weather events, is becoming increasingly serious in recent years. This has had a major impact on human health, and addressing climate change is one of the 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 play our part in the realization of 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 in the area of environmental challenges in the pharmaceutical industry by 2050. To achieve "ECO VISION2050," 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 reduction goals for greenhouse gas emissions, water use, and waste amounts. We work 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 have since worked to appropriately disclose information based on the TCFD recommendations. In June 2020, we participated in "RE100" and set the goal of procuring 100%renewable energy for electricity used in our business activities by 2050. Participating in "RE100" is an important step toward achieving the goal of "ECO VISION 2050," and we will further strengthen our efforts to procure and expand the use of renewable energy.

Under the corporate philosophy "Dedicated to the 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 FY2018, 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. The identification of issues and materiality analysis is performed every few years, and we are currently conducting a new materiality assessment in FY2021.

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.

Step 2: Analyze Materiality

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

<p>Extremely high importance</p> <p>↑ Importance expected of us by our stakeholders</p>	<ul style="list-style-type: none"> Implementation of responsible marketing and promotion activities Stable supply of products Response to climate change Strengthening of corporate governance 	<ul style="list-style-type: none"> Creation of innovative drugs Assurance of product reliability and safety Intellectual property strategies Promotion of human resource development Thorough compliance 	
	<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 Comprehensive chemical substance management 	<ul style="list-style-type: none"> Promotion of diversity and inclusion Facilitating process innovation Provision of value beyond the provision of pharmaceutical products Contribution to local communities Improvement of access to healthcare Respect for human rights 	<ul style="list-style-type: none"> 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"> 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>Extremely high importance</p>			

*Items for which importance was changed in FY 2021 are shown in bold type. For details, see Step 4: "Review" below.

The importance from the point of view of ONO 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 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 are deliberated and determined by the CSR Committee before gaining approval at the management strategy meeting chaired by the CEO.

Step 3: Verify Validity

For the materiality analysis in FY2018, 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

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.

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.

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 sets its sights on globalization.

Incorporating a Long-term Financial Perspective even in Materiality

ONO 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 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. I suggest that there is a room to improve the communication so that non-pharmaceutical companies can also understand the fact that ONO 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 will design its KPI with awareness from a financial perspective too.



Kenji Fuma
Chief Executive Officer,
Neural Inc.

Step 4: Review

We review our materiality every year to adapt to external as well as internal environmental changes.

In FY2021, we reviewed the importance of each item in light of external information obtained from discussions with stakeholders and changes in the business environment surrounding us. As a result, we changed our materiality map as described below.

"Thorough compliance"

- The vertical axis "importance expected of us by our stakeholders" has been raised by one level.
- Reason: Based on the fact that some of our employees were convicted of bribery, we effort to ensure legal and regulatory compliance as the most important issues.

"Strengthening of corporate governance"

- The vertical axis "importance expected of us by our stakeholders" has been raised by one level. The title was also changed from "Strengthening of Governance for Globalization" to "Strengthening of Corporate Governance."
- Reason: As requirements for strengthening corporate governance are increasing, we are also expected to strengthen the governance with our anticipation of global business development.

"Improvement of access to healthcare"


- The horizontal axis "importance from the point of view of ONO" has been raised by one level.
- Reason: Improvement of access to healthcare is recognized as a social issue more strongly because of novel coronavirus infection (COVID-19) and has become more important for us, as we aim to become a more global company.

"Respect for human rights"

- The vertical axis "importance expected of us by our stakeholders" and the horizontal axis "importance from the point of view of ONO" have been raised by one level.
- Reason: Human rights issues are among the conventional social issues, and companies are expected to actively contribute to the resolution of human rights issues.

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 every six months at management strategy meetings.

 **For the Materiality Targets and Progress, please see here. (466KB)**

Materiality	Relevant SDGs
Creation of innovative drugs	3, 9, 17
Assurance of product reliability and safety	16
Intellectual property strategies	3, 17
Promotion of human resource development	4, 5, 9
Thorough compliance	16
Implementation of responsible marketing and promotion activities	12, 16, 17
Stable supply of products	12, 17
Response to climate change	3, 7, 9, 13, 17
Strengthening corporate governance	16
Promotion of CSR procurement in supply chain management	8, 12, 16, 17
Building a work environment that ensures and sustains employment as well as fosters motivation	4, 5, 8

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.



Our Contribution to the SDGs

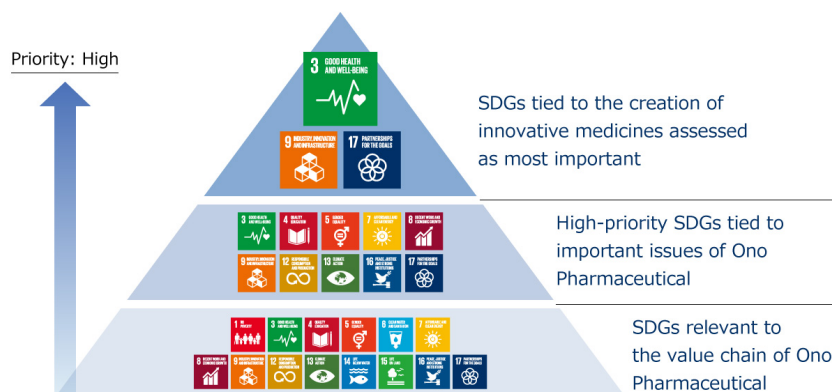


Contribution by ONO to the SDGs

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 the 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 contributes to therapeutic medications with low marketability, such as malaria, tuberculosis, neglected tropical diseases, as well as to development of new therapeutic medications, 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 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. Long before “open innovation” became a commonly used phrase, ONO advanced the development of new drugs through the use of state-of-the-art technology and Our Contribution to the SDGsexpertise 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 medical access
	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.

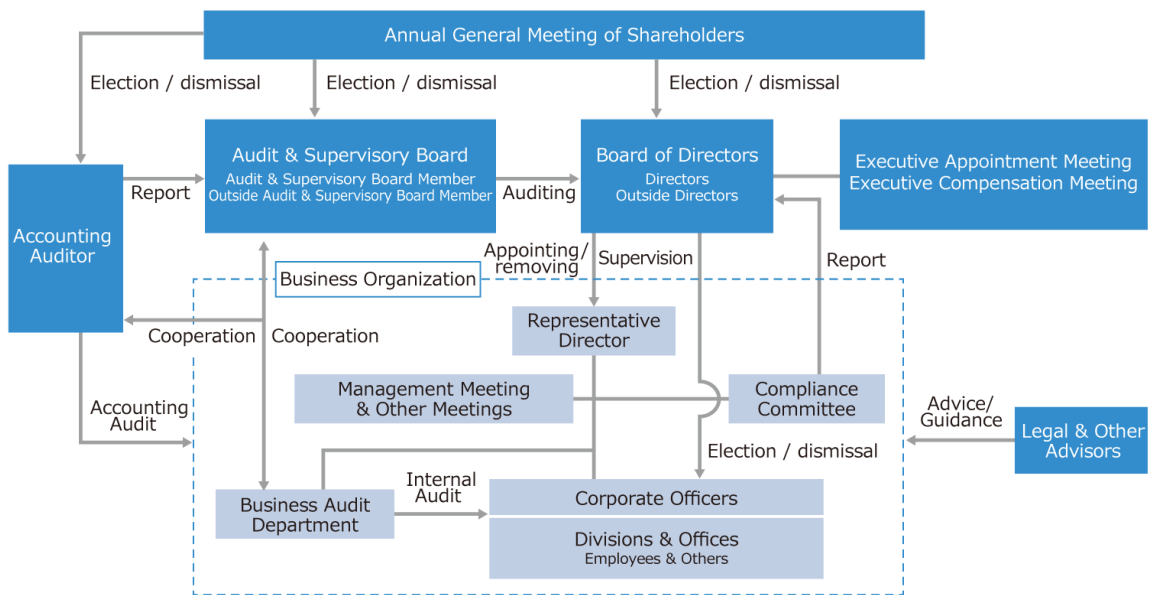
Corporate Governance

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 an organizational framework with Audit & Supervisory Board Members (or the Audit & Supervisory Board), focusing on the enhancement of functions of the Board of Directors and the Audit & Supervisory Board, as part of endeavors to bolster corporate governance. In addition, we have established the Executive Appointment Meeting and the Executive Compensation Meeting, both of which are composed mainly of Outside Directors to ensure independence and objectivity with regard to the appointment and remuneration of the senior management and Members of the Board of Directors. Regarding business execution, we have introduced the Corporate Officer System to improve management efficiency and expedite the decision-making process. Furthermore, important matters regarding 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, depending on the importance and contents of the management issues. Overall we strive for optimal business operations in consideration of mutual supervisory functions.

Corporate Governance Structure



Board of Directors

We work to ensure an appropriate numbers and composition of the Board of Directors, with focus on expediting and accurate decision-making process while enhancing management transparency and supervisory functions.

We nominate candidates for Member of the Board of Directors by taking into consideration the balance of their knowledge, experience, and capability, as well as diversity, so that the Board of Directors as a whole can make technical and comprehensive management decisions. In addition, we nominate candidates for Independent Outside Director from those who have high level of expertise in corporate management on the premise that they satisfy the standards for Independent Directors set out by Tokyo Stock Exchange, with a basic policy of at least one third of Members of the Board of Directors being Outside Directors (currently, three of eight Members of the Board Directors are Outside Directors). The term of office for Members of the Board of Directors is set at one year to maintain clarity of the responsibilities of management and to ensure we can respond quickly to changes in the business environment.

The meeting of the Board of Directors is held once every month in principle, with the attendance of Members of the Board of Directors and Audit & Supervisory Board Members, to decide on important management issues and to supervise the status of the execution of duties by Directors. In order for Members of the Board of Directors and Audit & Supervisory Board Members to appropriately fulfill their roles and responsibilities, the attendance rate at the meeting of the Board of Directors is, in principle, set at 75% or more. Taking into account the time required to be devoted on duties as our Member of the Board of Directors or Audit & Supervisory Board Member, we set a limit on the number of companies its Members of the Board of Directors and Audit & Supervisory Board Members are allowed to concurrently serve as officers or in other capacity (appointment as officers of listed companies, etc.) at up to, in principle, four companies not including us.

Attendance of all Directors at the Meeting of the Board of Directors (FY2020)

Positions*1	Name	Assignments or Important Concurrent holding of Positions*1	the Meeting of the Board of Directors	
			Attendance / holding	Attendance rate
President, Representative Director, and Chief Executive Officer	Gyo Sagara	—	13 / 13	100%
Member of the Board of Directors, Vice President Executive Officer	Hiroshi Awata	Tokyo Branch Head	13 / 13	100%
Member of the Board of Directors, Executive Officer	Isao Ono	Director, Corporate Research	13 / 13	100%
Member of the Board of Directors, Executive Officer	Toshihiro Tsujinaka*2	Executive Director, Corporate Strategy & Planning	9 / 9	100%
Member of the Board of Directors, Executive Officer	Toichi Takino*2	Executive Director, Discovery & Research	9 / 9	100%
Member of the Board of Directors, Outside Director	Jun Kurihara	Research Director, The Canon Institute for Global Studies Visiting Professor, School of Policy Studies, Kwansei Gakuin University	13 / 13	100%
Member of the Board of Directors, Outside Director	Masao Nomura	Senior Adviser to the Board, Iwatani Corporation Outside Director, Keihanshin Building Co., Ltd. Outside Director, NEW COSMOS ELECTRIC CO, LTD.	13 / 13	100%
Member of the Board of Directors, Outside Director	Akiko Okuno*2	Professor, Faculty of Business Administration, KONAN UNIVERSITY	8 / 9	88.9%

*1 Positions, Assignments or Important Concurrent holding of Positions are as of April 1, 2021.

*2 At the 72nd Ordinary General Shareholders Meeting held on June 18, 2020, Toshihiro Tsujinaka, Toichi Takino, and Akiko Okuno were newly elected and assumed as Members of the Board of Directors (Nine meetings have been held since the appointment of these Directors).

Audit & Supervisory Board

From the perspective of strengthening audit functions, the Audit & Supervisory Board is composed of two independent Outside Audit & Supervisory Board Members along with two Full-time Audit & Supervisory Board Members who have expert knowledge on our business operations and who are highly skilled in collecting auditing information. These Outside and Full-time Audit & Supervisory Board Members work together to achieve high auditing efficiency. The Meeting of the Audit & Supervisory Board is held regularly. Audit & Supervisory Board Members strive to enhance the management supervision function by enhancing the efficiency through cooperation with the Internal Audit Department (Business Audit Department) and audit effectiveness through cooperation with the Accounting Auditor.

Attendance of all Audit & Supervisory Board Members at the Meeting of the Board of Directors / the Meeting of the Audit & Supervisory Board (FY2020)

Positions* ³	Name	Assignments or Important Concurrent holding of Positions* ³	the Meeting of Board of Directors		the Meeting of the Audit & Supervisory Board	
			Attendance / holding	Attendance rate	Attendance / holding	Attendance rate
Full-time Audit & Supervisory Board Member	Katsuyoshi Nishimura	—	13 / 13	100%	19 / 19	100%
Full-time Audit & Supervisory Board Member	Shinji Fujiyoshi	—	13 / 13	100%	19 / 19	100%
Outside Audit & Supervisory Board Member	Yasuo Hishiyama	Partner Attorney at Law, TANABE & PARTNERS Member or appraisal committee (Land Lease Non-Contentious Cases) at Tokyo District Court	13 / 13	100%	19 / 19	100%
Outside Audit & Supervisory Board Member	Akiko Tanabe* ⁴	Representative, Akiko Tanabe CPA office Outside Director, OIE SANGYO CO., LTD. Partner of Midosuji Audit Corporation	9 times / 9 times	100%	18 times / 18 times	100%

*³ Positions, Assignments or Important Concurrent holding of Positions are as of April 1, 2021.

*⁴ In association with the resignation of the previous Outside Audit & Supervisory Board Member, Akiko Tanabe was elected and assumed the position of Provisional Audit & Supervisory Board Member (Temporary acting Audit & Supervisory Board Member) by the Osaka District Court as of April 7, 2020. Subsequently, she was elected and assumed the position of Audit & Supervisory Board Member as a substitute for the resigned Audit & Supervisory Board Member at the 72nd Ordinary General Shareholders Meeting held on June 18, 2020 (Eighteen meetings have been held since her election as Provisional Audit & Supervisory Board Member).

Executive Appointment Meeting

Executive Appointment Meeting is composed of the President & CEO, who is the Chairperson, one internal director, and three Outside Directors. All members attend the Executive Appointment Meeting to ensure the transparency and objectivity of appointment of candidates for Members of Board of Directors, Audit & Supervisory Board Members, and senior management, and to discuss the policies for the succession planning to the chief executive officer (President, CEO) and senior management, and those of our corporate governance. Executive appointments to be submitted to the Board of Directors are discussed at Executive Appointment Meeting, and submitted and approved at the Board of Directors.

Executive Compensation Meeting


The Executive Compensation Meeting is composed of the President & CEO, who is the Chairperson, and three external directors. All members attend Executive Compensation Meetings to ensure the transparency and objectivity, and deliberate on the amounts of remuneration for each Member of the Board of Directors and the calculation methods thereof, and reasonability and future form of the executive remuneration system etc.. Executive remuneration is discussed the Executive Compensation Meeting, and submitted and approved at the Board of Directors.

Corporate Governance Code

We implement all the 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 to develop our system to be more suitable for our business operations, through an annual evaluation of the effectiveness of the Board of Directors.

Corporate Governance Report

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

 [Corporate Governance Report \(630KB\)](#)

Internal Control System

We have established an internal system in accordance with the basic views on Internal Control System set forth by the Board of Directors. The Internal Audit Department (Business Audit Department) performs audits to ensure compliance, make efforts to identify internal control issues early, and maintain and improve the appropriateness of organizational management. In addition, the compliance reporting and consultation contact channels are established internally and externally to enhance the self-purification of the organization and to reduce the risk of harmful information through external reporting. The status of development and operation of the Internal Control System is regularly reported to the Board of Directors to ensure continual improvement of organizational operations.

We are also fully aware of the need to take a firm attitude against anti-social forces and organizations that threaten the order and safety of society.

Operational Management Structure

We effort to maintain and improve the efficiency and accuracy of decision-making and business execution by conducting multifaceted reviews of important business executive matters, including those to be reported to the Board of Directors, at the Management Meetings and other meetings, which are comprised of the President & CEO, Members of the Board of Directors, and Cooperate Officers responsible for each department, as well as the manager of relevant departments. We have also introduced a Corporate Officer System, under which we strive to improve management efficiency and expedite the decision-making process through delegation of authority and other measures.

The Management Meeting is subject to audit by way of attendance by the Audit & Supervisory Board Members, review of the minutes, and other means.

Information Disclosure

We aim for highly transparent management, recognize the importance of timely and appropriate disclosure of information on our business activities on various occasions, and have included these principles in the Company's Code of Conduct. We are actively engaged in IR activities based on our basic stance of "pursuing accuracy, fairness, impartiality, and promptness."

We disclose financial results and other timely disclosure information on our website, and at the same time through the Timely Disclosure network (TDnet) 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.

We actively hold individual meetings and teleconferences for analysts and institutional investors, in addition to quarterly financial results briefings and conference calls. In FY2020, a total of approximately 220 meetings were held online to prevent the spread of novel coronavirus infection. Every year, we actively offer corporate briefings for individual investors hosted by securities companies; however, we provided briefings by live streaming in FY2020, because it was difficult to hold face-to-face briefings to prevent the spread of novel coronavirus infection. Under these circumstances, we continue to make effort to enhance the understanding of our business activities and management strategies.

We post useful historical data on our website, including that of our development pipeline, financial highlights for the previous five years, and stock price in real time. In addition, we widely provide information on our company in an easy-to-understand manner through business reports for shareholders, annual reports (Corporate Report) as integrated reports, and the like.

We continue to make every effort to disclose information ever more accurately and more quickly.

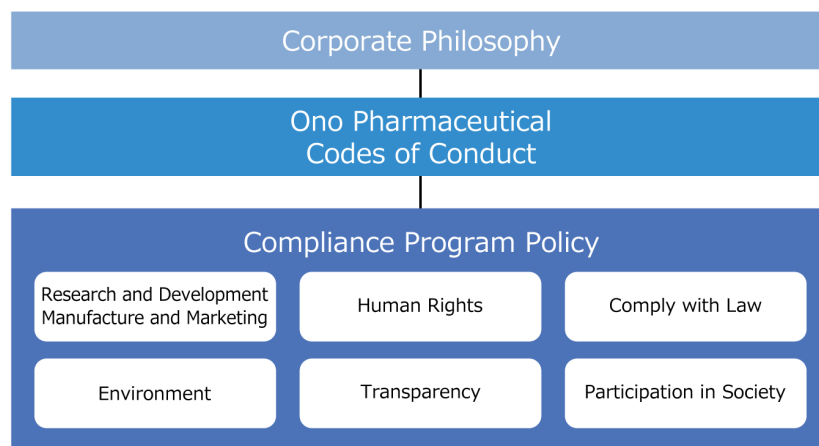
Compliance

Being aware of responsibilities as a pharmaceutical company dealing in pharmaceuticals upon which human lives depend, ONO has 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. 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

We are aware of our responsibility as a pharmaceutical company involved in the manufacture of pharmaceuticals that affect the lives of people, and as a part of our compliance system, we have established the "ONO Pharmaceutical Codes of Conduct" to ensure our actions are in comply with laws and regulations and are based on a high sense of ethics. Based on our corporate philosophy, we have established the "ONO Pharmaceutical Codes of Conduct" as a basic guideline for our corporate activities, and our "Compliance Program Policy" as a standard of conduct for our activities. We also act in compliance with the "ONO Pharmaceutical Code of Practice," which is in line with the Japan Pharmaceutical Manufacturers Association(JPMA) Code of Practice related to promotion 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.



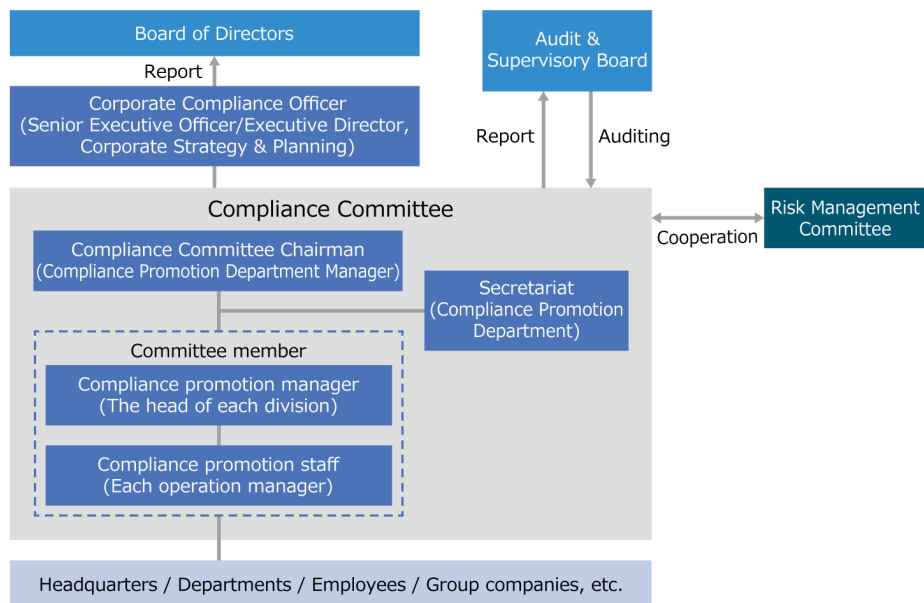
For details, please refer to the Corporate Philosophy /ONO Pharmaceutical Codes of Conduct, ONO Pharmaceutical Compliance Program Policy, and ONO Pharmaceutical Code of Practice below.

- > [Corporate Philosophy/ONO Pharmaceutical Codes of Conduct](#)
- > [ONO Pharmaceutical Compliance Program Policy](#)
- > [ONO Pharmaceutical Code of Practice](#)

Compliance Promotion Initiatives

Compliance Promotion System

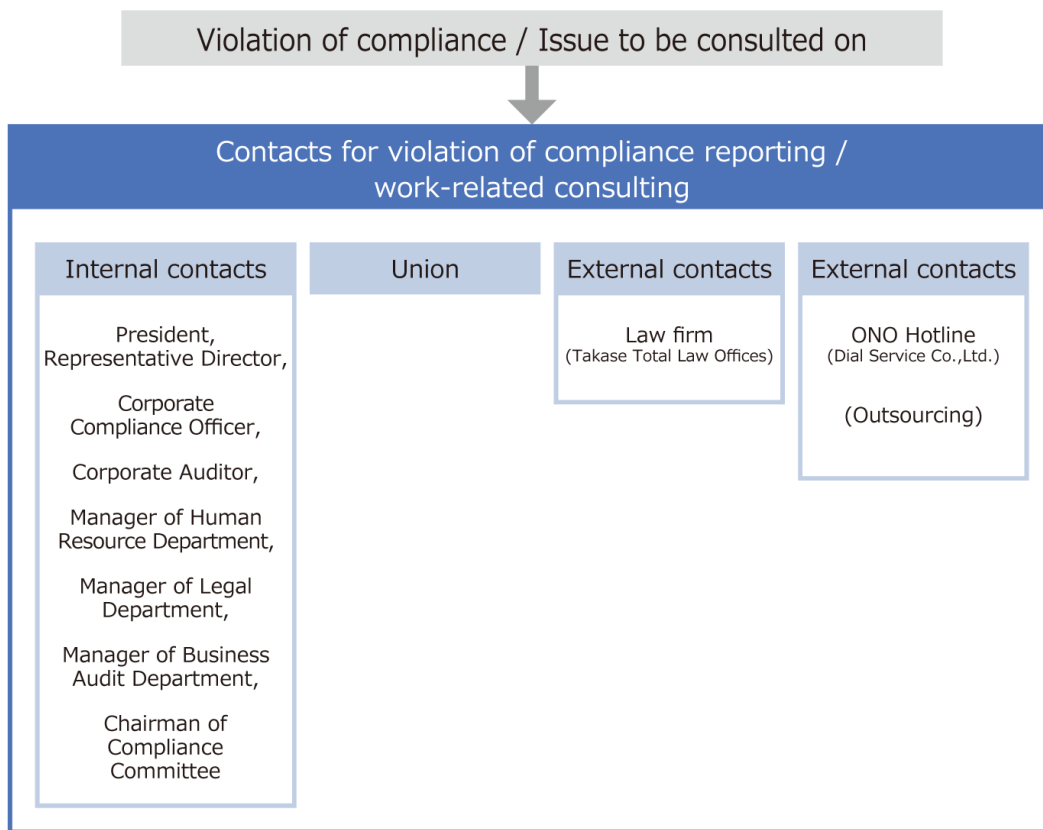
To promote compliance, we have appointed the Executive Director of Corporate Strategy & Planning (Member of the Board of Directors and Senior Executive Officer) as a Corporate Compliance Officer, and also set up a Compliance Committee. The Compliance Committee deliberates and determines compliance-related issues, and plans and promotes training. In addition, in collaboration with the Internal Audit Unit, we confirm how much information has been disseminated. It also works with the Risk Management Committee to implement risk management. We instruct our group companies to establish systems and regulations to prevent any compliance violations. We also required suppliers etc. are request to do the same.



Reporting and Consultation System

We have a whistleblowing system that includes several internal and external contact points (refer to the chart below), including a 24-hour external contact "ONO Hotline," which was 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 Representative Director, 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 for making such reports. We have acquired the Whistleblowing Compliance Management System (WCMS) Certification, which is a system for self-declaration of conformity.

We are also expanding the internal and external contact points for reporting and consultation across all Group companies to create a system in which employees can report and consult without hesitation.



Compliance Education

To promote compliance, we recognize that it is important to continuously conduct employee training and awareness activities. We therefore provide compliance training to our officers and all employees every year. In FY2020, based on the results of the employee awareness survey conducted in FY2019, a discussion-style training program was held for leaders to improve the working environment in order to further strengthen the corporate culture for reporting and consultation related to compliance within the organization. In response to a mandatory requirement for employers to take measures to prevent power harassment, we work to raise awareness of compliance by incorporating these principles into a training program conducted by external lecturers in addition to annual training for management. As for the training related to the Guidelines on Activities to Provide Sales Information, the contents of the training are based on actual compliance issues. We provide not only regular training, but also training to prevent recurrence as soon as possible if any problem arises. (As an example, we ensure that information on the efficacy and safety of drugs is provided without bias.) We also promote risk-based training programs for other compliance themes.

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 Japan Pharmaceutical Information Center.

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:

- > [Human Rights](#)
- > [Animal Ethics](#)

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 creation 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 management are undertaken under the responsibility of the director in charge of compliance, namely the Corporate Senior 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](#)
-  [Tax Reporting by Country or Region](#)

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 research receiving public fund as research funding, 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](#)

For more information, see the web pages below:

› [Operation and Management System of Public Research Fund](#)

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, Senior 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. We also have an Audit & Supervisory Board and an internal auditing department (Business Audit Department) that work towards improvement of the effectiveness of auditing in risk management.

Risk Management

Establishment of the Enterprise Risk Management (ERM) System

We started preparations for the introduction of an Enterprise Risk Management system (hereinafter, "ERM") in FY2018, and introduced the system in FY2019, 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.), the Board of Directors, and the Audit & Supervisory Board.

(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) Risk Management System for Environmental Issues

Business risks related to environmental issues are also managed within ERM. In terms of climate change in particular, associated risks and opportunities are identified and evaluated by the TCFD Working Group under the Environment Committee. This working group is joined by the head of the Risk Management Office, and results from discussion within the group are reported to the company-wide Risk Management Committee to ensure coordination with ERM. For details on TCFD, see "[Towards the Realization of a Decarbonized Society](#)"

(4) 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.

(5) 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.

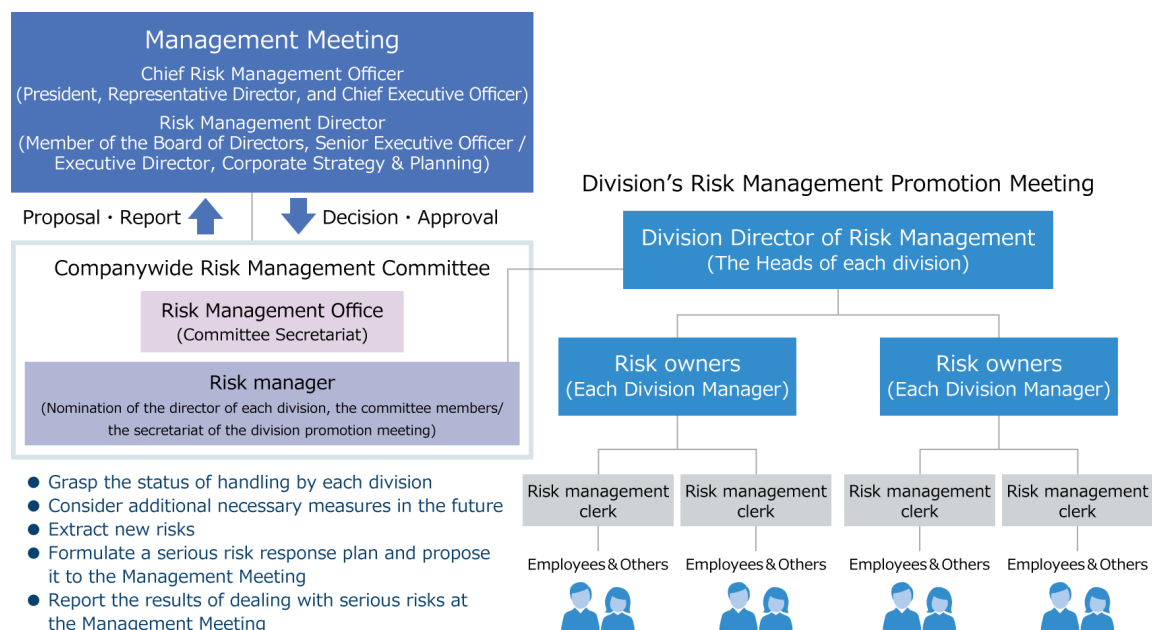
(6) Risk management education

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

- Training for all employees: In FY2019, 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. In FY2020, we began to provide e-learning education on practical risk management skills (including true cause analysis of and management approaches to risk issues) in addition to fundamentals of risk management.
- Training for risk managers and management: We also commenced workshop-style training regarding risk management methods in the second half of FY2019. In FY2020, inside directors, risk managers of all divisions, and leader-class employees in some divisions completed the training.

We will continue to promote education on risk management.

ONO's risk management system



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 began to expand our ERM system to our subsidiaries in Japan and overseas in FY2020 to further enhance the risk management of the entire Group.

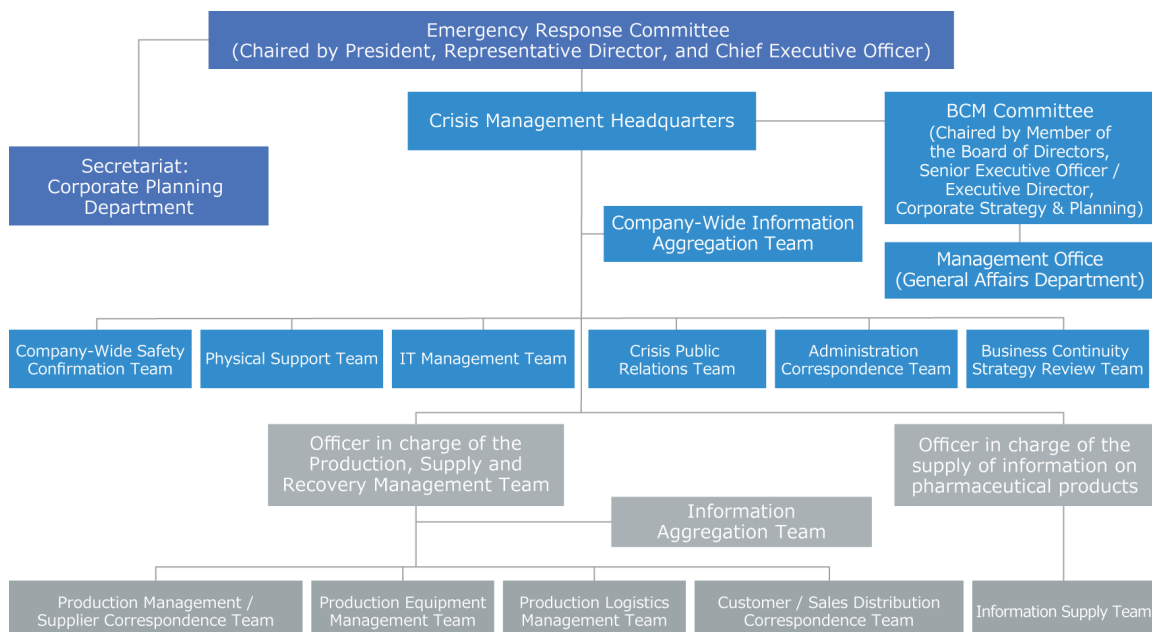
System to ensure proper business operations of the ONO Group

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, Senior 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. In FY 2020, we prepared a detailed incident response manual and provided employees with education and practical response training (reporting and public communication systems), with anticipation of multiple individual risks (personal information leaks, plant/laboratory accidents, etc.), to enhance their ability to respond to major incidents.



Business Risks

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 FY 2020.

<Major Risks>

(1) New product development

Upholding our corporate philosophy, "Dedicated to the Fight against Disease and Pain," ONO strives to become a Global Specialty Pharma specializing in specific fields through development of unique and innovative new drugs that deliver true benefit to patients to satisfy as-yet unmet medical needs. To that end, we not only pursue development of innovative pharmaceutical products independently, but also actively 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 and swift inter-departmental cooperation across the entire company. To that end, we always keep our eyes on the market environment, starting in the early stages of development, and review strategies to achieve a competitive advantage at every product stage, including R&D, thereby responding appropriately to changes in the market. We also constantly analyze market trends in the factors affecting the product life cycle to 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, e.g., by setting up a Compliance Committee and internal and external 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 identifies climate change-related risks and discloses information on countermeasures to these risks in accordance with the TCFD recommendations. The Group has two manufacturing centers, the Fujiyama Plant (Shizuoka Prefecture) and the Yamaguchi Plant (Yamaguchi Prefecture), and multiple delivery centers in Japan as a risk-mitigation measure to ensure stable supply of its products. Also, the Group's critical sites—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 as part of disaster contingency planning to ensure uninterrupted operations in preparation for power failure. In addition, the Head Office, Tokyo Building, Minase Research Institute and Yamaguchi Plant are equipped with seismic isolation systems to mitigate earthquake risk. Furthermore, we have upgraded our internal crisis management systems; e.g., we have established a system to handle emergency situations at two bases, in Osaka and Tokyo, in preparation for a large-scale disaster, and we have also introduced a safety confirmation system to speedily confirm the safety of our employees. In addition, we conduct periodic 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, revenues from OPDIVO Intravenous Infusion and anti-PD-1/PD-L1 antibody-related royalties account for about 60% of the total revenue (fiscal year ended March 31, 2021). If the revenue decreases due to drug price revisions, emergence of other promising competing products, expiration of protection period of patents, or 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, in the event of the Group being 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, Dana-Farber Cancer Institute in the United States of America filed a suit in the U.S. District Court for Massachusetts against the Company, 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 Wood, PhD and Dana-Farber Cancer Institute scientist, Gordon Freeman, PhD are coinventors on the patents. The Company was dissatisfied with the decision and appealed. However, the ruling was issued in support of the first instance in July 2020. The petition for rehearing filed by the Company to the Circuit Court was denied. Then, the Company filed "The petition for a writ of certiorari" to the US supreme Court in March 2021, but the petition was denied in May 2021 and the judgement was finalized.

On June 21, 2019, Dana-Farber Cancer Institute, that received the rights and interests relating to the invention from Gordon Freeman, PhD, filed a suit in the U.S. District Court for Massachusetts for the right to receive a part of license revenue that the Company and Bristol-Myers Squibb Company received by a settlement or a license agreement as a result of suits for infringement of patents that the Company and Bristol-Myers Squibb Company, as owners of the patent monopoly, filed against their competitors.

The Group is not able to estimate the impact on its consolidated financial statements at this time.

In June 2020, Dr. Tasuku Honjo filed a lawsuit against ONO with the Osaka District Court, seeking a distribution of the settlement of a third-party PD-1 patent lawsuit, and the litigation proceedings are currently underway.

(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" 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 act in compliance with environmental laws and regulations, e.g., by implementing voluntary standards, some of which are stricter than the legislation, 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. Furthermore, to ensure the safety and health of patients, healthcare professionals, and our employees, as well as to prevent the spread of infections, we have refrained from visiting medical institutions; however, from June of last year, we have 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](#)

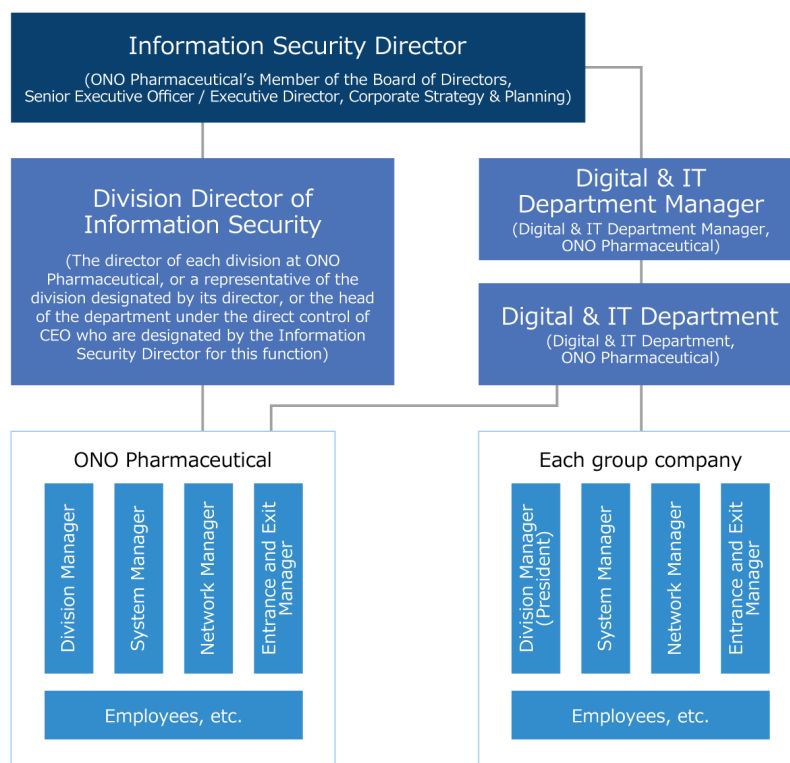
Information Security Management System

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, Senior 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 Digital & IT Department Manager and the Division Directors of Information Security are appointed to perform information security management duties at each division and Group company*.

*A company of which 100% of voting rights are owned by ONO PHARMACEUTICAL CO., LTD..

Organizational Structure for Information Security Management



Click [here](#) for our Privacy Policy.

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](#)

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.

Management system for promotion activities

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 established a system where all employees involved in promotional activities are informed of shared information and training contents through meetings where leaders of the sales divisions meet.

Review system for promotional materials

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 used 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 provides training for branches and sales offices 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.

	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, Appropriate promotional 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)

Please refer to "Implementation of responsible marketing and promotion activities" in [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 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.

Innovative Pharmaceutical Products

"Dedicated to the 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.

- › Our Mission in R&D / Drug Discovery Approach
- › Research Organization

Business Strategy

ONO's licensing activities and major partners are introduced.

- › Global Business
- › Licensing Activities

Development

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

- › Development Policy
- › IR Library

*Please refer to the status of development pipeline.

Manufacturing and Safety/Quality Assurance

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

- › Manufacturing
- › Safety and Quality Assurance

Marketing

ONO's marketing initiatives and main products are introduced.

- › Marketing
- › Main Products

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 the 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^{*1} and Low Income Countries defined by the World Bank^{*2}. We also will not file patent applications or enforce rights in Lower Middle Income Countries defined by the World Bank^{*3} with the exception of some countries.

*1 Least Developed Countries defined by the United Nations: <https://www.un.org/development/desa/dpad/least-developed-country-category.html>

*2 Low Income Countries defined by the World Bank: <https://data.worldbank.org/income-level/low-income>

*3 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 made against rare diseases

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 26, 2021)

Product name	Therapeutic indication	Date designated as an orphan drug	Status
OPDIVO intravenous infusion	Malignant melanoma	2013.06.17	Approved
	Recurrent or intractable classical Hodgkin lymphoma	2016.03.16	Approved
	Unresectable advanced or metastatic malignant pleural mesothelioma	2017.12.01	Approved
Demser Capsules	Improvement of status of catecholamine excess secretion in patients with pheochromocytoma	2015.05.25	Approved
Kyprolis for intravenous infusion	Relapsed or refractory multiple myeloma	2015.08.20	Approved
Onoact for intravenous infusion	Refractory and urgent fatal arrhythmia (ventricular fibrillation and hemodynamically unstable ventricular tachycardia)	2016.08.24	Approved
Mektovi Tablets	Unresectable malignant melanoma with a BRAF mutation	2018.03.30	Approved
Braftovi Capsules	Unresectable malignant melanoma with a BRAF mutation	2018.03.30	Approved
Velexbu	Relapsed or refractory primary central nervous system lymphoma (PCNSL)	2019.08.20	Approved
	Waldenstrom macroglobulinemia (WM) and lymphoplasmacytic lymphoma (LPL)	2019.11.19	Approved

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 pediatric use

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 26, 2021)

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
Demser Capsules	Improvement of status of catecholamine excess secretion in patients with pheochromocytoma	Approved
Onoact for intravenous infusion	Tachyarrhythmia in low cardiac function	Under developing
OPDIVO intravenous infusion	Relapsed or refractory classical Hodgkin lymphoma	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 immunoinflammatory 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 the Fight against Disease and Pain."

—Project name and concept—

Save the **W**orld by our work style **I**mprovement and **CH**ange

The project name also expresses switching working styles, switching the funds obtained through work style reform to donations, and switching in the process of reviewing our working styles.

- * 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 FY2019, the average monthly overtime hours per employee decreased by 2.3 hours and the paid leave acquisition rate increased by 24.7% compared to FY2014. (The amount raised in donations from ONO SWITCH Project is calculated based on the decrease in overtime payments compared to FY2014.)

We determine the recipients of the donation based on a questionnaire for all employees every year. In FY2020, we donated to the three NPOs described below, based on the results of FY2019. The activities planned for FY2021 utilizing this donation and local healthcare issues are as follows.

Partners (Activity area supported by our company)	Local healthcare issues	FY2021 plans
Japan Committee, Vaccines for the World's Children (Bhutan)	Bhutan does not yet have the ability to prepare all the vaccines needed in their country, and some children die from vaccine-preventable infections. Also, there is not enough vaccine refrigerators to access the vaccine.	<ul style="list-style-type: none"> • Provision of DPT (diphtheria/pertussis/tetanus) vaccines for 53,500 people (100% elimination of the shortage of vaccines for two-year-old children) • Provision of hepatitis B vaccines for 9,000 people (100% elimination of the shortage of vaccines for infants within 24 hours of birth) • Provision of TD (tetanus/diphtheria) vaccines for 69,482 people (Pregnant women: 2 times during first pregnancy, then once per pregnancy. Children: Elimination of 56% of the shortage of 2 vaccinations) • Provision of 5 vaccine refrigerators <p>KPI Number of vaccines and vaccine refrigerators supplied</p>

Partners (Activity area supported by our company)	Local healthcare issues	FY2021 plans
Japan Heart (Cambodia)	<p>The Pol Pot regime (1970s) slaughtered 1/4 of the population, who were mainly intellectuals including doctors and teachers, and only a few 10s of doctors survived after the collapse of the administration. Subsequently, in order to solve the shortage of doctors, the government adopted a policy of having medical students graduate after 1 year and engage in medical care, and medical care collapsed because physicians who were inexperienced in both technique and knowledge undertook the tasks of medical care. The level of medical care in Cambodia is still lower than in surrounding countries, and there are few equipped medical institutions, and therefore the development of medical personnel is a major issue. Japan Heart Children's Medical Center, which was established by Japan Heart in 2016, provides medical care to the poor, free of charge, and also develops local medical personnel. Without this center, the poor in the community would not have access to advanced health care. The number of patients is increasing year by year, and this medical center is faced with a shortage of necessary medical devices and failures of existing devices.</p>	<p>Purchase of equipment for the early detection of neonatal jaundice and phototherapeutic devices for jaundice Purchase a new measuring instrument, because the bilirubin measurement equipment currently in use and necessary for the diagnosis of jaundice has broken down repeatedly. In addition, purchase the latest and most secure phototherapy equipment for treating jaundice.</p> <ul style="list-style-type: none"> · Enable the facilities for newborns (approximately 600 babies per year) born in hospitals located in the Ponnell District, Kandal Province, to provide screening tests for high bilirubin, and jaundice phototherapy early and safely. Enable treatment of newborns born in public hospitals in the same region who require respiratory support or body temperature management soon after birth. <p>KPI Number of cases in which newborns requiring jaundice treatment were detected early and highly safe phototherapy was performed/ Number of treatments under appropriate body temperature control for newborns in need of body temperature management after birth.</p> <ul style="list-style-type: none"> · Provide training to local healthcare professional to ensure that they can treat newborns who need respiratory support or body temperature management soon after birth. <p>KPI Number of local healthcare professionals who are able to provide adequate respiratory support and body temperature management for newborns</p> <p>Support for students who aim to become healthcare professionals For students who have demonstrated sufficient proficiency to proceed to a school of medicine or nursing, but have difficulty in entering school due to economic reasons of family, we help them learn and support them through a training period at the Japan Heart Children's Medical Center for 2 years after graduation. In FY2021, we are continuing our support for Cambodian nursing students, whom we have been supporting since FY2018.</p> <p>KPI Nursing students advancing to the fourth year</p>

Partners (Activity area supported by our company)	Local healthcare issues	FY2021 plans
Japan Heart (Cambodia)	<p>The Pol Pot regime (1970s) slaughtered 1/4 of the population, who were mainly intellectuals including doctors and teachers, and only a few 10s of doctors survived after the collapse of the administration. Subsequently, in order to solve the shortage of doctors, the government adopted a policy of having medical students graduate after 1 year and engage in medical care, and medical care collapsed because physicians who were inexperienced in both technique and knowledge undertook the tasks of medical care. The level of medical care in Cambodia is still lower than in surrounding countries, and there are few equipped medical institutions, and therefore the development of medical personnel is a major issue. Japan Heart Children's Medical Center, which was established by Japan Heart in 2016, provides medical care to the poor, free of charge, and also develops local medical personnel. Without this center, the poor in the community would not have access to advanced health care. The number of patients is increasing year by year, and this medical center is faced with a shortage of necessary medical devices and failures of existing devices.</p>	<p>Environmental improvement around Japan Heart Children's Medical Center (improvement of the sanitary environment during the rainy season)</p> <p>The garden around the medical center is not maintained, and puddles form during the rainy season every year. Water that remains for a long time leads to an outbreak of mosquitoes. In addition, the road becomes muddy, and the feet of the patients and their accompanying families become soiled easily, and the floor in the hospital also becomes soiled. To solve this problem, the sanitary environment around the hospital will be improved by creating a waterway to draw water from places where water tends to accumulate and direct it to a sewer, and by paving the gravel road in front of the hospital.</p>
People's Hope Japan (Myanmar)	<p>In rural areas of Myanmar, the maternal mortality rate and the newborn mortality rate are higher than in urban areas. As for the use of basic maternal and child health services, there are large regional disparities between urban and rural areas, and economic factors and access environments have major impact. In rural areas, approximately 2400 pregnant women (2017) and approximately 22,000 newborns (2018) have lost their precious lives in one year. It is reported that the major causes are the following three points: delay of awareness, access, and care. To prevent these, it is necessary to improve the knowledge and health behaviors of the residents as well as the environment and quality of services among health service providers and the capacity of health authorities to manage local health systems.</p>	<p>Skill monitoring of midwives and assistant midwives (second)</p> <p>Continuing from FY2020, we will conduct a second skill monitoring to measure the degree of establishment and improvement of the knowledge and skills learned in clinical practice. We also plan to conduct training of committee members for maternal and child health promotion according to local needs.</p> <p>KPI Perform skill monitoring using assessment sheet</p> <p>Training after graduation of midwives and refreshment training of assistant midwives</p> <p>We will conduct the training which was scheduled for FY2020 as soon as the local environment is prepared.</p> <p>KPI Conduct the training (3-5-day training programs in cooperation with the local health authorities)</p> <p>* This may be changed to more emergency assistance, depending on the situation and changes in Myanmar after February 2021</p>

Targets and progress of partners in FY2020

Partner (Activity area supported by our company)	FY2020 plans	FY2020 progress
Japan Committee, Vaccines for the World's Children (Bhutan)	<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>	<ul style="list-style-type: none"> • DPT vaccines for 50,000 people were provided. (100% elimination of the shortage of vaccines for two-year-old children) • Hepatitis B vaccines for 8,000 people were provided. (100% elimination of the shortage of vaccines for infants within 24 hours of birth) • Five vaccine refrigerators were provided and are still in use.



Vaccine support in Bhutan

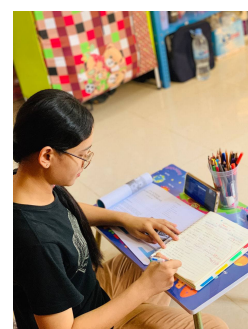
Partners (Activity area supported by our company)	FY2020 plans	FY2020 progress
Japan Heart (Cambodia)	<p>Provide accurate and high-quality tests to all patients who need testing with the newly installed CBC measuring device *4</p> <p>Continue to achieve zero deaths from dengue fever at Japan Heart Children's Medical Center. (as per last year), by treating patients in a timely manner.</p> <p>*4 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.</p> <p>KPI Percentage of patients whose blood test results were promptly reflected in their treatment out of all dengue patients at the center</p>	<p>Accurate and high-quality tests were able to be provided to all patients who needed testing with the installed CBC measuring device.</p> <ul style="list-style-type: none"> All dengue patients were treated at the center in a timely manner. There were zero deaths from dengue fever at the center, and the KPI was achieved at 100%. (As of March 31, 2021)
	<p>Support for students who aim to become healthcare professionals</p> <p>Continue support for a Cambodian nursing student whom we have supported since FY2018.</p>	<p>Students completed the first semester of the third year.</p> <ul style="list-style-type: none"> Attended classes mainly online. Since the hospital practical training, which is part of school curriculum, has been stopped due to the prevention of coronavirus infection, they have studied at Japan Heart Children's Medical Center.
	<p>Prevention of dengue fever</p> <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>	<p>Between June 2020 and January 2021, awareness-raising activities were conducted regarding the prevention of mosquito bites, typical symptoms of dengue fever, and early diagnosis.</p> <ul style="list-style-type: none"> Awareness-raising materials (leaflets) about dengue fever were distributed at Japan Heart Children's Medical Center, health centers visited by Japan Heart, and their surroundings, and were received by 4,000 people. Awareness-raising messages about dengue fever were posted 6 times on Facebook, and 22,708 people read the posts.



Testing by CBC measuring device



Awareness-raising materials



Online class of nursing student

Partners (Activity area supported by our company)	FY2020 plans	FY2020 progress
Future Code (Bangladesh)	<p>PCR testing equipment for detecting the novel coronavirus or X-ray equipment to the new hospital</p> <p>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.)</p>	<p>Due to the influence of novel coronavirus, the national regulations are strict, and the construction of a new hospital is behind schedule. After the lifting of the restrictions, donation of PCR testing equipment is planned in line with the opening of the new hospital.</p>
	<p>Conduct health checkups at orphanages and hygiene education at orphanages and elementary and junior high schools</p> <p>KPI Number of participants in hygiene education sessions: 50 (number of times sessions are conducted: at least once a year)</p>	<ul style="list-style-type: none"> Hygiene education on correct handwashing was provided to 70 children in an orphanage in December 2020. Health checkups and hygiene improvement education were provided to 46 children in an orphanage in January 2021. Health checkups and hygiene improvement education were provided to 31 children in an orphanage in March 2021.



Implementation of hygiene education



Poster showing correct hand washing procedure

Partners (Activity area supported by our company)	FY2020 plans	FY2020 progress
People's Hope Japan (Myanmar)	<p>Conduct training and monitor the skills for all midwives (83 people) and assistant midwives (55 people) in Lewe Township of Nay Pyi Taw Union Territory</p> <p>KPI • One-time skill monitoring using the assessment sheet</p> <ul style="list-style-type: none"> • One-time training (a 3-5 day training program), in cooperation with the local health authorities <p>By synergy with the above and other measures (enhancement of knowledge and improvement of health behaviors of pregnant women, recognition of danger signs and prompt action to receive medical treatment, and development and proper allocation of volunteers that connect residents and health facilities) promoted by the NPO, we aim to enable mothers and children to use appropriate health services (pregnancy checkup, delivery assistance by medical staff, in-home delivery, and postpartum checkup).</p>	<p>Skill monitoring for midwives and assistant midwives</p> <p>Skill monitoring was conducted for all midwives (80 people) and assistant midwives (41 people). The staff of the health authorities and the regional health centers acted as an instructor of the skill monitoring and confirmed the skills of each midwife regarding maternity checkups, delivery assistance, and newborn infant care, based on assessment sheets. The results confirmed that midwives need to strengthen efforts to improve their knowledge and skills of delivery assistance, and assistant midwives need to strengthen their efforts to improve their knowledge and skills of maternity checkups.</p> <p>Training for midwives and assistant midwives</p> <p>The training was scheduled to be held in February and March 2021, but it has been suspended due to a sudden change of the situation in Myanmar since February 2021. Safety of local staff and business personnel is the top priority, and the training will be provided in FY2021, as soon as the environment is prepared</p> <p>* Some midwives and assistant midwives take maternity leave, etc, and the number of trainees has been changed from the originally planned number.</p>



Checking skills of blood pressure measurement



Checking skills of delivery assistance

 For the results attained prior to FY2019, please see here. (292KB)

Participation in the Global Health Innovative Technology Fund

We became a member company of the Global Health Innovative Technology Fund (GHIT Fund) in 2018. The GHIT Fund is an international, not-profit organization that invests in the development of new drugs that are less marketable, including drugs for the treatment of malaria, tuberculosis, and neglected tropical diseases, as well as vaccines and diagnostics. Funding is provided by the Japanese government, the Bill & Melinda Gates Foundation, the Wellcome Trust, and Japanese and foreign private companies. In order to reduce the health disparities between developed countries and low- and middle-income countries, the therapeutic agents, vaccines, and diagnostic agents developed through the GHIT Fund's investments are priced according to the "No Gain, No Loss" principle. We sympathize the initiatives and policy, and we contribute to the funding of the GHIT Fund. Through participation in the GHIT Fund, we will strengthen the establishment of partnerships aiming to improve access to healthcare in low- and middle-income countries.

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.

Human Resource Development

| Concept of Human Resource Development

We take human resource development as one of our management issues, and aim at strategic develop of human resources who become source for us to grow to a Global Specialty Pharma by providing each employee with growth opportunities to make bold efforts all the time and act independently based on self-discipline.

Initiatives to Integrate Growth Strategies and Human Resource Development Strategies

The most important consideration for integrating the growth strategy with development strategy is to develop human resources who can act on the basis of the Mission Statement, which is the foundation of the growth strategy. To this end, we work to deepen employees’ understanding of the Mission Statement and develop an environment in which each employee can demonstrate his or her own originality while developing his or her strengths. We also aim to bring innovation not only to the research and development division, but also to various other departments, including sales, production, and administration. To create innovation, we need to connect diverse individuals and individuals, inspire new ideas, and demonstrate strengths as a team. As an effort to integrate growth strategies and human resource development strategies, it is important to “visualize” the actions and skills of employees. In order to “visualize” the actions and skills of employees, we have introduced a skill map design (a list of skills required for the job), and are working to accumulate and utilize data for innovation in various divisions.

| Desired characteristics of ONO Employees

We aim to develop human resources who become source for us to grow to be an R&D-based global pharmaceutical company(Global Specialty Pharma) as well as act in an ethical manner with a strong sense of responsibility as a member of 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

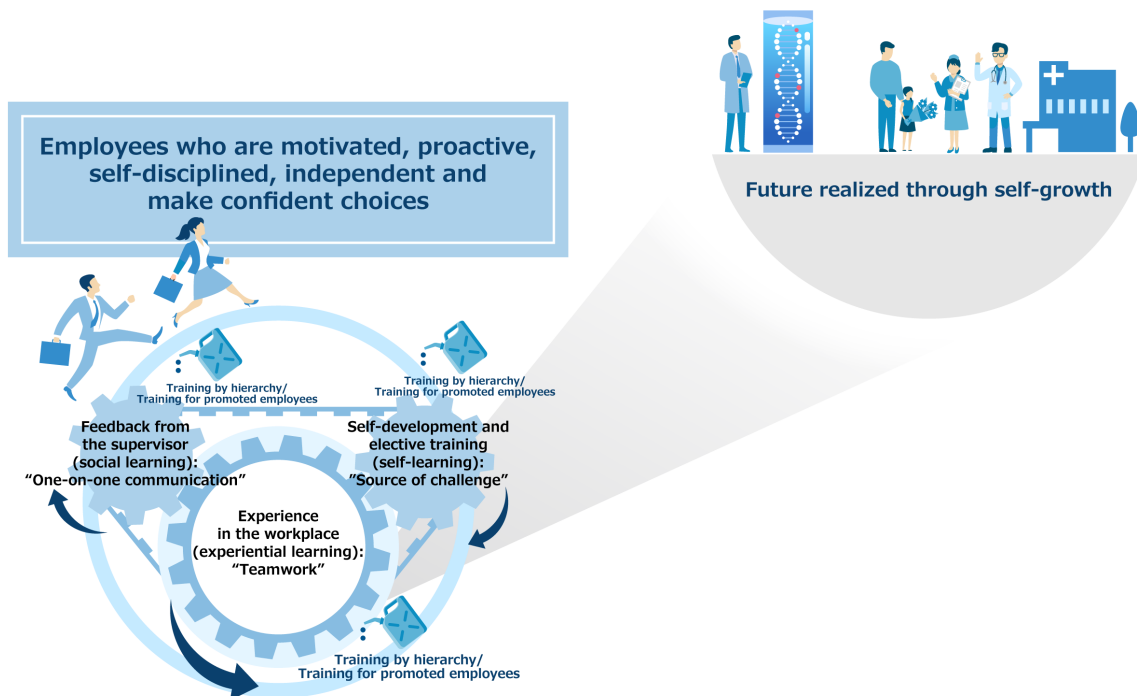
Having over 300 years of history since our foundation, we desire human resources who will be the fountainhead for us to continue to make bold efforts for the future.

Individual Development

In individual development, the starting point is that each person clearly draws his or her career vision. The core of our career vision is what we want to achieve and realize in our lives. We believe that linking these to the Mission Statement will lead to meaningful work at our company. In order to clearly delineate our career vision, we introduced a self-career dock system. Toward individual development, we provide opportunities for growth through work and training.

Element of personal growth

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 “Self-development and 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.



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 communicating closely with other members of the team on a regular basis and working while showing their individuality, we will lead to the creation of innovations that cannot be created by individuals.

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

For human resource development, 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 enable employees help them maintain a high level of motivation toward their work, leading to achievement of higher targets.

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

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

In order for employees to continue taking on challenges for the career vision that they have for their future, it is essential that each individual member thinks, learns, and grows. We offer opportunities for self-development learning and elective and voluntary training where employees may gain new skills or know what skills they still require, which will be a source of their next challenge.

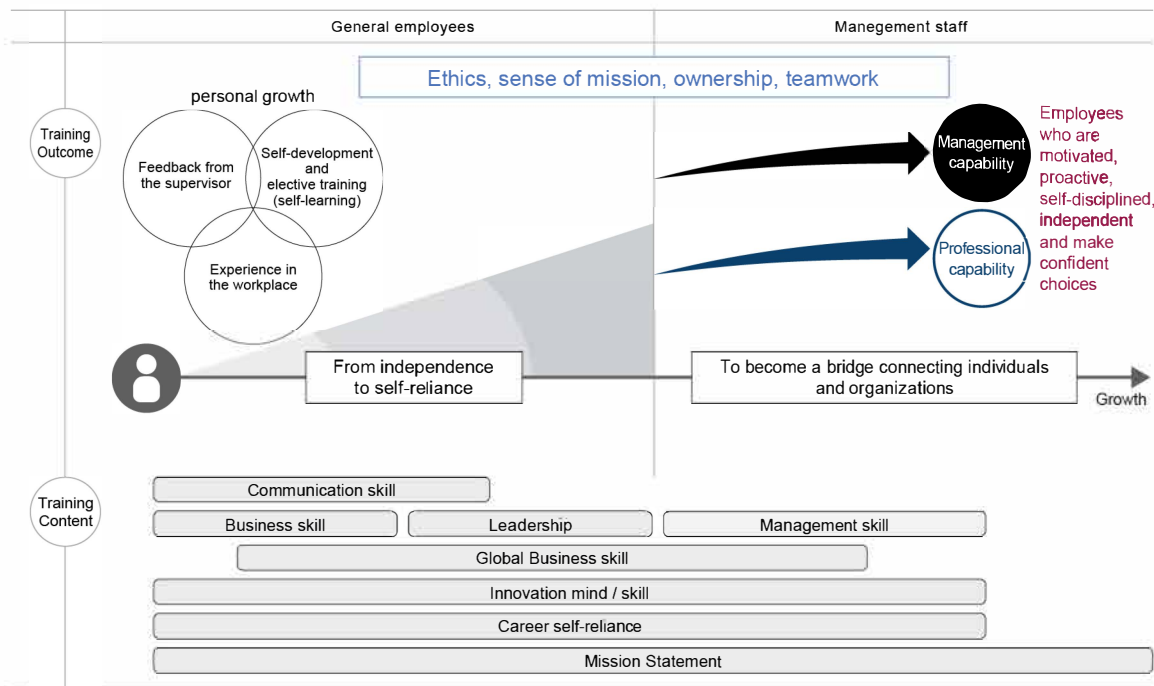
› Click [here](#) for more information on self-development learning

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

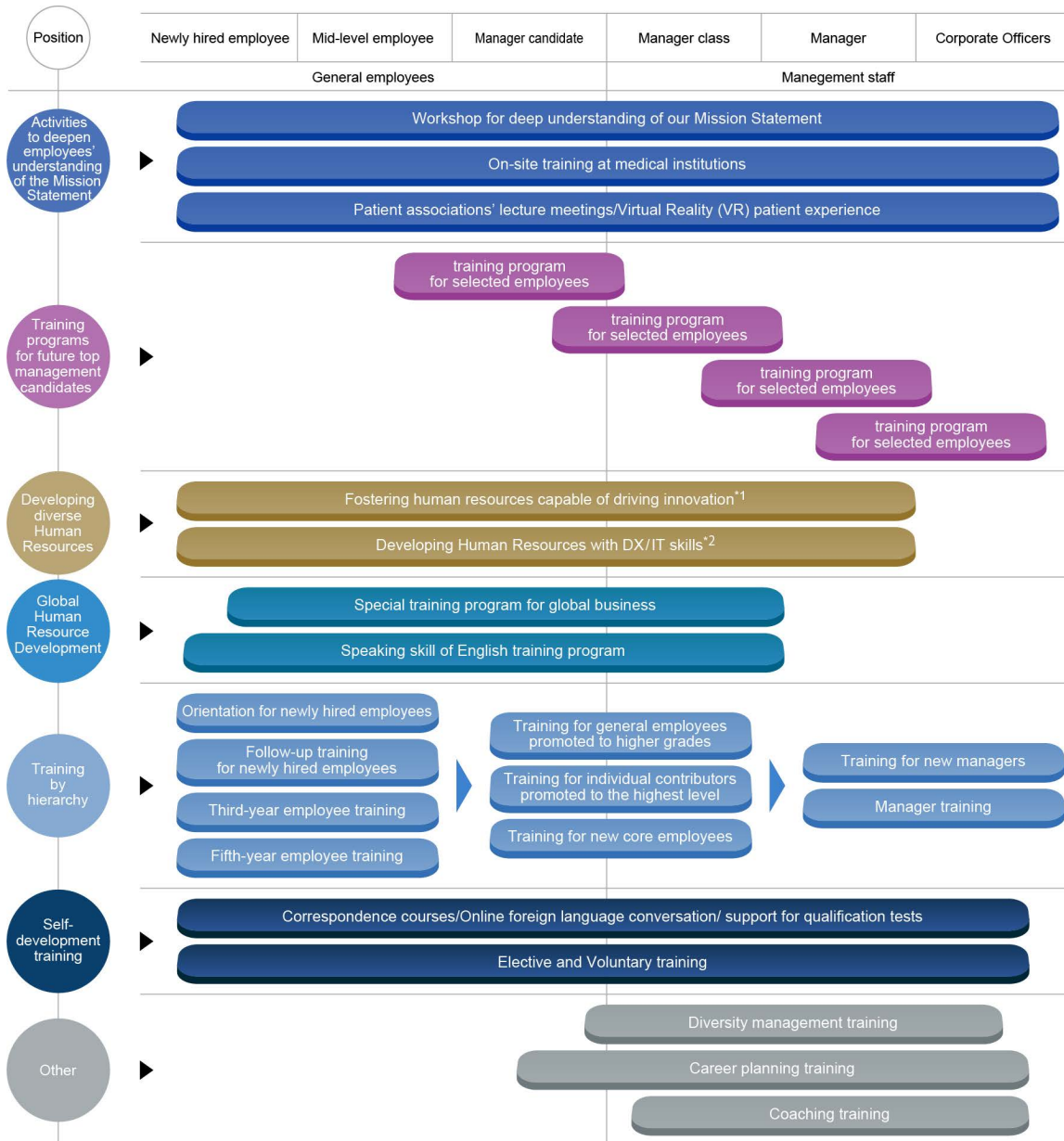
Provision of Growth Opportunities

We organize a wide range of training programs to provide employees with growth opportunities. To develop human resource who can act based on the Mission Statement, we provide employees with collective training in each phase of their career growth, such as company-wide joint training for new employees along with all divisions, departmental introductory training, and annual training for young employees. 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. These trainings are planned in association with educational institutions. In addition, we have implemented selected programs for fostering future top management candidates and also human resource in global business and innovation. 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. Also, to encourage the self-development of employees, we have introduced a subsidy program for self-enrichment.

ONO's career image



Summary of common education and training programs for all divisions in FY2020



*1 Ono Innovation Platform, Ono Innovation Platform, Secondment to a venture company, etc.

*2 DX Mind Development Seminar, IT Passport Examination Acquisition Course, Deep Learning for GENERAL (JDLA Certificate Examination) Acquisition Course, etc.

> Click [here](#) for training of innovative human resources and training of DX/IT Skills human resources

Activities to deepen employees' understanding of the Mission Statement

In line with the Mission Statement as a common guidance that all employees can share for realization of our corporate philosophy—Dedicated to the Fight against Disease and Pain—, we aim to ensure that each individual employee acts with certain understanding of how patients and their families feel about and confront the illness and treatment. These activities aim to have deeper understanding of the true needs of patients and identify the significance of existence of the company and challenges of the employees. This contributes to creating a sense of oneness as an organization and increased involvement of employees, and it is considered as one of the most important measures.

Workshop for deep understanding of 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, it is important to understand the pain of patients and the true needs of medical professionals. Therefore, we conduct on-site training at medical institutions to provide our staff with the opportunity to listen firsthand to the opinions of patients and medical professionals. 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. (This training was not conducted in FY 2020 due to the influence of COVID -19.)

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 can move around smoothly. In this way, understanding is not only based on knowledge, but also based on the experience of recognizing things that healthy people would not notice using VR, leading to having a 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 common theme of this program is "learning management's perspectives and ideas", but the curriculum is set up according to the level, and the training period is also different from 2-4 years. In training for general employees, leadership development is conducted for 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. Future top management candidates are considered as valuable human resource in common across divisions, and we establish the meeting structure in which all heads of each division are able to discuss from the same perspective to allocate the candidates at the jobs that they need to experience as a future top management candidate.

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

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).

Developing diverse Human Resource

Development of innovative Human Resource

Innovation is crucial for a pharmaceutical company to deliver novel drugs to patients. As an environment for continuous innovations, we launched Ono Innovation Platform as a place to generate innovation in a multifaceted and intensive manner in addition to conventional development measures. We promote creating organization culture that fosters innovative human resource in all divisions as well as in the R&D divisions, through temporary transfer to venture companies, entry in business contests, and training for acquisition of basic knowledge to achieve it.

Human Resource Development of DX/IT skills

For utilization of recent new technologies such as AI, we have been working on to foster human resource with digital transformation (DX) and IT skills. The Human Resources Department and IT Department work together to provide learning opportunities about DX/IT from basic knowledge to applied skills according to individual level.

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 leader, 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 FY2020, 80.7% of surveyed supervisors said that their subordinate's behavior had changed after the training according to Kirk Patrick level 3 .

Manager training

In manager training, we implement programs that incorporate understanding and practicing the Mission Statement and human resource development. For the purpose of intensifying interactions between departments, we provide management skills training, which is conducted by bringing together managers from all departments. In addition, we provide training for evaluators to make effective use of the activity goal interview system and to implement fair and equitable evaluations. In addition, we provide training in compliance and mental health line care to create a pleasant working environment.

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.

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 training opportunities for employees to review their individual careers and think positively about career afterwards. In order to develop future career plans and translate them into results by discovering qualities, strengths, challenges, and values that we did not recognize ourselves, we provide training in a group work format while learning various career theories.

Coaching training

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

Training Name	Participants
Workshop for deep understanding of our Mission Statement	87
On-site training at medical institutions	2,080
Training programs for future top management candidates, Special training program for global business (training program for selected employees)	174
Speaking skill of English training program	194
Orientation for newly hired employees Follow-up training for newly hired employees	73
Third-year employee training Fifth-year employee training	161
Training for individual contributors promoted to the highest level Training for new core employees Training for new managers Manager training	397
Self-development learning (Correspondence courses / Online foreign language conversation /support for qualification tests)	544
Elective and Voluntary training	818
Career planning training	302

In addition to these training programs, training sessions to acquire specialized skills required by each division have been provided separately. In FY2020, the annual training hours per employee were 34.1 hours.

As employees of pharmaceutical companies, we have also provided basic e-learning training programs on matters such as drug scandal 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 introducing activities in each job category 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 plan.

Respect for Human Rights

Our approach to human rights

In all of our business activities in and outside Japan, 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(UNGC), 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](#)

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 FY2020 evaluation, none of our suppliers were classified as having a high risk in terms of CSR. Also, we began developing advanced and comprehensive human rights diligence from FY2020.

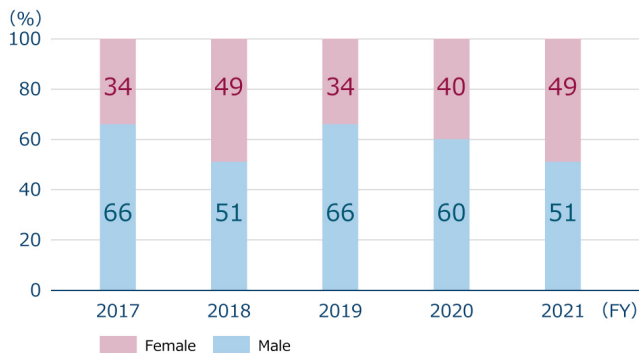
Promotion of Diversity and Inclusion

We believe that it is important to deepen our understanding of the diversity of the attributes, values, and behavioral characteristics of the members of our organization and to recognize their personalities in order to respond quickly and flexibly to changes in the environment and to improve our corporate value. Thus, we promote various initiatives. We provide "Diversity Management Training" to all managers to help them to understand the significance of diversity and to utilize it for management of various human resources. We also promote internal understanding by incorporating the content for the promotion of diversity & inclusion (diversity, inclusion, and social integrity) into the training by year of employment and rank-based training. In addition to our own activities, we also participate in study sessions and seminars that transcend the boundaries of companies, and strive to collect information on know-how and initiatives for improving diversity.

Activities to promote female employee participation in the workplace

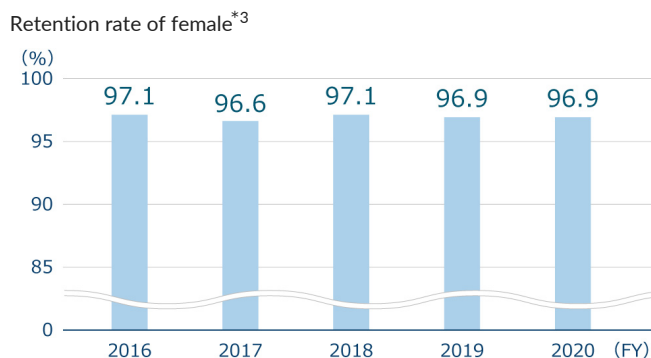
We have focused on creating a system in which women can work actively. As a result of proactive recruitment of women and measures to prevent turnover associated with life events, the number of female employees has steadily increased, and the employment rate of female employees as of March 2021 had increased by 4.9% compared to March 2013. Furthermore, we are creating an environment in which women can work more actively, in ways such as including contents aimed at promoting diversity inclusion in managerial training, training by year of employment, and rank-based training. In addition, in order to support the balance between work and childcare, we hold "work-life balance support seminars" twice a year. These transcend the boundaries of companies, and strive to collect information on know-how and initiatives for improving diversity. By providing opportunities for women and the entire company to think about childcare participation and work-life balance, we are creating a friendly working environment.

We established a new action plan (for 2 years from April 1, 2021, to March 31, 2023), following our original action plan (for 5 years from April 1, 2016, to March 31, 2021), which is based on the Act on Promotion of Women's Participation in the Workplace enacted in FY2016. In accordance with these plans, we continue to build a system to increase the number of female employees and potential managers and to support career development for women.



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.



*3 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
(Goals, Action plan)

Goals	Action plan	Annual Results
Have women account for 40% of newly hired university graduates in career-track positions starting in FY2017	<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 	FY2020: 40% FY2019: 34% (70 employees, 24 of whom are women) FY2018: 49% FY2017: 34%
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	<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 	FY2020: 96.7% FY2019: 98.9% FY2018: 95.6% FY2017: 95.1%

Goals and action plans for FYs 2021 to 2022

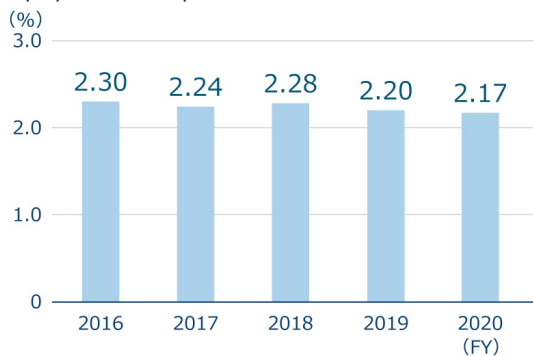
Goal	Action plan
Increase the ratio of women in the section chief level to 15% or more	<ol style="list-style-type: none"> 1. Provide opportunities to consider careers, regardless of gender, so that future careers, including management, can be envisioned 2. Provide systems to support the careers of subordinates in order to foster a culture for training the next generation of managers
Increase the rate of male employees taking child-care leave to at least 75%	<ol style="list-style-type: none"> 1. Implementation of an approach to encourage male employees and their superiors to take childcare-related leave and a support system for work-life balance after the birth of a child 2. Disseminate childcare-related leave and programs to support systems for balancing work and family life

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

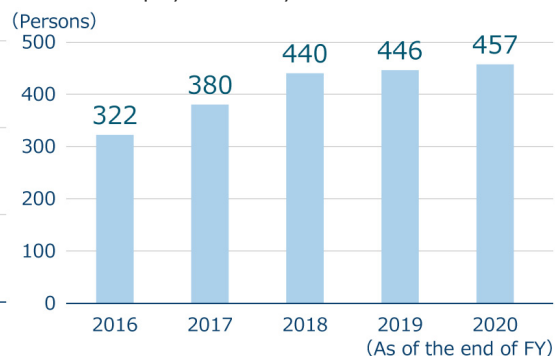
We actively promote the employment of people with disabilities as part of our efforts to increase diversity. As of March 31, 2021, the percentage of employees with disabilities has reached 2.17% due to the sudden retirement of employees with disabilities. In FY2021, we continued to actively implement hiring activities in order to secure employment at or above the legally mandated level, which was revised in March 2021. Approximately 50 employees are actively involved in each department.

In addition, we are also focusing on career recruitment, which employs human resources with the skills, knowledge, and experience that we need as an immediate force. 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 FY2020, about 30 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

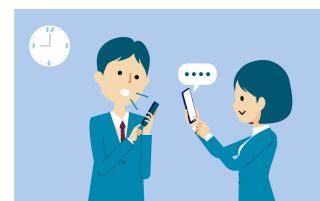


Number of employees hired by Mid-career recruitment



Use of UD Talk

We introduced UD Talk^{*4} for business in 2016, and use it in almost all departments where hearing-impaired employees belong. Currently, subtitles are displayed in real time on the screen of the Web conferencing system, and we will support an environment where people with hearing impairments can work lively without any inconvenience through in-house communication even in a telework environment.



^{*4} UD Talk is an application used for communication with the mainly hearing-impaired people using a smartphone. It enables us to convert voice into text using automatic speech recognition.

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 have been reviewing work styles since FY2015. The objective of these are to enhance productivity by simultaneously enhancing work efficiency and creating an attractive working environment. In order to make this a company-wide initiative, we have appointed members from each division and are working to raise awareness, increase operational efficiency, and promote the use of paid vacation days. At the same time, we have been improving systems that make use of IT and introducing flexible working hours, telecommuting system, and interval work systems. In FY2020, due to the impact of the novel coronavirus infection, employees were required to work in a different way than before. As a result, the amount of work increased, resulting in an average of 15.3 hours of overtime per month and a 58.8% rate of paid vacation days taken. (Compared to the FY2014 before the start of reviewing work styles, overtime hours decreased by 3.8% and the usage of paid vacation days increased by 18.6%) In the future, we will further enhance new working styles, such as telecommuting, and enhance work efficiency. In FY2021, we will aim to increase the average monthly overtime work hours per employee to 13 hours, and the percentage of employees taking paid vacation days to 70%.

Regular feedback on evaluations for employees

We have adopted an interview system of activity goals for the purpose of improving employees' motivation to work and developing human resources. Through interviews with supervisors, employees set goals for their activities once every six months and align their goals based on our vision. In the middle of the term, the progress of the activity goals is confirmed, and the course is revised in an interim meeting with the manager. At the end of the term, feedback is provided about the overall performance of the activities, individual strengths and weaknesses, and evaluation results, and the next term activity plan, development policy, and future career development are discussed through the summary meeting and feedback meeting of the evaluation results. As described above, we are implementing the system by holding eight times a year interviews to increase employee satisfaction, leading to human resource development. 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 have been conducting surveys every two years since 2014. We use the results of the organizational survey when planning new training programs and introducing various systems.

Summary of FY2020 survey results (survey period: July 13 to July 21, 2020)	
Number of respondents	3,143 people (response rate: 96%)
Response method	Response at a website
Style	Unsigned
Engagement score ^{*1}	54% (Male: 56%, Female: 45%)
Number of questions	58 questions in total ,6 questions related to engagement

*1 Questions relating to employee engagement in the organizational survey are used as indicators. The questions and measures were changed between the previous survey (conducted in FY2018) and the survey of FY 2020. The ratio was 66% in FY2018 and 70% in FY2020, when calculated based on the measures of the previous survey.

In FY2020, we reviewed the question items in the organizational survey extensively to facilitate implementation of our future activities from multiple aspects. In relation to this, the number of question items intended as a measure of employee engagement has been increased, so that we can evaluate employee engagement from multiple perspectives, such as organizations, supervisors, and individuals. In addition, the measure scale has been made stricter to include the proportion of super-positive respondents with scores ranging from 6 to 7, as compared to scores of 5 to 7 on the conventional 7-point scale. In the COVID-19 crisis, the engagement score has also increased, and we continuously contribute to the enhancement of employee engagement through initiatives linked with activities to disseminate the mission statement.

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

Beyond April 2021, we set a goal of achieving a 75% or higher rate of male employees taking child-care-related leave to promote male participation in child-rearing, and promote initiatives to further support balancing work and family life.

Various Support Systems for Employees

In addition to the systems stipulated in laws and regulations, we have established various systems to create a pleasant working environment. We continuously develop systems so that employees can have many options in working styles, for instance, by listening to employees and constructing systems that meet actual needs, or by establishing systems that exceed legal standards. The following systems are applicable to all employees, in principle.

Furthermore, we have prepared a handbook that summarizes these systems and posted it on our intranet to ensure that employees are fully aware of their contents and methods of using them.

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

- **Childcare leave**

The statutory period of childcare leave is, in principle, until the child reaches 1 year of age (maximum 2 years of age for certain reasons). However, our employees can take childcare leave until the last day of the month when the child reaches 3 years of age.

- **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.

- **Nursing leave system**

Within the law, employees can take care leave to care for a child who has not yet entered elementary school and to care for a family member in need of assistance. Furthermore, our employees can take sick/injured childcare leave until the end of March of the third year of elementary school. Our employees can take 5 days off per year if they have one family member, or 10 days off (unpaid) on a day, or half day basis if they have two or more family members.

[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. Since 2021, we have made it possible for employees to take summer holiday on any day between July and September, except for certain occupations, and have increased the flexibility of taking vacations.

- **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.

- **Hourly paid leave system**

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.

- **Selective retirement system**

The retirement age is 60 years old, but under certain conditions, if they wish to retire when they reach 55 years old, a special surcharge will be paid in addition to the retirement allowance to support their life planning.

- **Support of the transfer**

Under certain conditions, if they are between the ages of 45 to less than 55 retire for independent self-employment, a special surcharge will be paid in addition to the retirement allowance for the purpose of supporting the start-up of a new life.

[Various leave and subsidy systems]

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**

Under this system, our employees can set aside expired annual paid leave under certain conditions and use the time for reasons such as personal injury/illness, family care, infertility treatment, or secondary examination of regular health checkups. Some employees take paid leave for sudden diseases of children.

- **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.

- **Support for medical checkup**

Our employees who are 35 years of age or older can take a comprehensive medical examination in lieu of an annual legal health checkup, and we bear all expenses. Furthermore, we also support comprehensive medical examination for dependent spouses who are 35 years of age or older.

[Other systems and benefits]

- **Support for employees with cancer**

Employees who are diagnosed with cancer will work in the midst of many challenges, including regular hospital visits, side effects from various treatments, 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.

- **Re-employment 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 re-employment 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.

- **Employee stock ownership association**

When employees join the treasury stock investment association, they receive incentives from the company according to the number of reserves. We recommend it as part of employee asset management.

- **Using the Welfare Website (Fukuri Kosei Club)**

Employees will be able to utilize a benefit package that includes international and local travel, hotel accommodations, leisure facility tickets, car services, interior accessories, shopping for items such as sundry goods, movie theater tickets, fitness, and restaurants at special prices and plans.

- **Use of contract recreation center**

Contract recreational facilities such as Tokyu Harvest Club (31 facilities nationwide), Daiwa Royal Hotels (28 facilities nationwide), and Appi Kogen, etc. can be available.

- **Residential Support**

A variety of residential supports for employees can be available including company dormitories for single employees, leased company dormitories, company housing for transferred employees, housing allowances, and housing subsidies.

- **Congratulation or condolence payment system**

Payment supports for employees' life events can be available, such as marriage congratulatory money, childbirth congratulatory money, and children's entrance congratulatory money. In case of illness and injury, illness and injury allowances, condolence money and/or disaster condolence money etc. will be paid.

Efforts made regarding wages

We comply with the Minimum Wage Law and pay our employees more than the minimum wage. We protect the lives of our employees and promote the creation of workplaces where employees can work with peace of mind.

Safety and Health

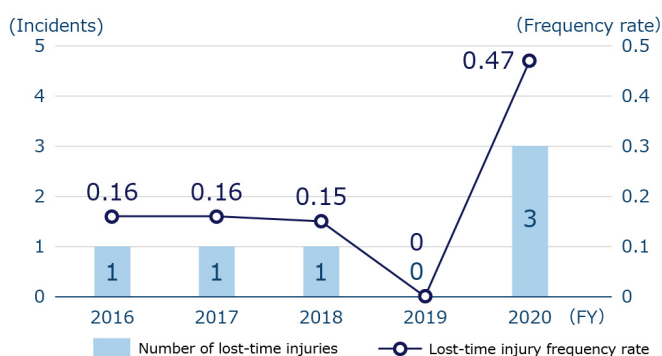
We hold safety and health committee meetings on a regular basis to identify issues and continuously improve the working environment. At our production sites and research institutes, safety and health patrols are conducted, and the issues pointed out during patrols are shared and improvement proposals 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 Head Office 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. The lost-time injuries that occurred in FY2020 were caused by a fall outside the workplace, and we will continue to engage in educational activities to pay more attention.

Furthermore, in FY2020, we began working to increase employees' awareness of safe and eco driving by equipping all sales vehicles with AI-based telematics (in-vehicle device with communication facility) and detecting unsafe driving behavior. We aim to reduce CO2 emissions not only by ensuring the safety of employees, but also by reducing traffic accidents and violations and improving fuel efficiency through eco driving.

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

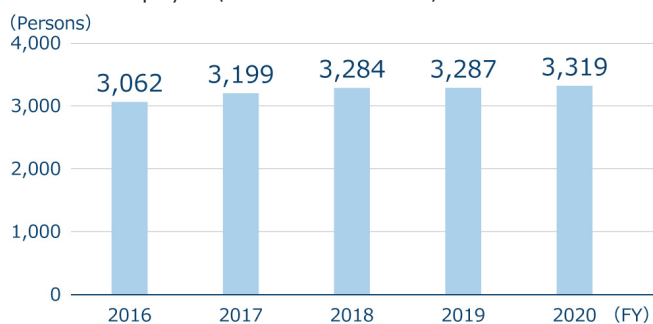
We have two labor unions: the ONO Pharmaceutical Labor Union, which is a nationwide organization, and the ONO Pharmaceutical Chemical & General Workers' Union at the Joto Pharmaceutical Product Development Center. As of March 31, 2021, the ONO Pharmaceutical Labor Union had 2,063 members and the ONO 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 of March 31, 2021.

	Number of employees	Average age	Average service years
Total	3,319	42.7	16.3
Male	2,688	42.3	17.2
Female	631	38.5	12.5

Number of employees (Non-consolidated data)



As of March 31, 2021, 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 turnover rate (regardless of reason for leaving) for full-time employees in each fiscal year, as of the end of March, was as follows.

	FY2016	FY2017	FY2018	FY2019	FY2020
Voluntary turnover rate	1.0%	1.3%	1.5%	1.6%	1.2%
Mandatory retirement rate, etc.	0.9%	0.7%	0.6%	0.2%	0.1%
Total turnover rate	1.9%	2.0%	2.1%	1.8%	2.3%

Efforts made to promote employees' health

Health Up Declaration 2018

Based on our corporate philosophy, Dedicated to the Fight against Disease and Pain, we desire to contribute to society through the creation of innovative drugs. 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.

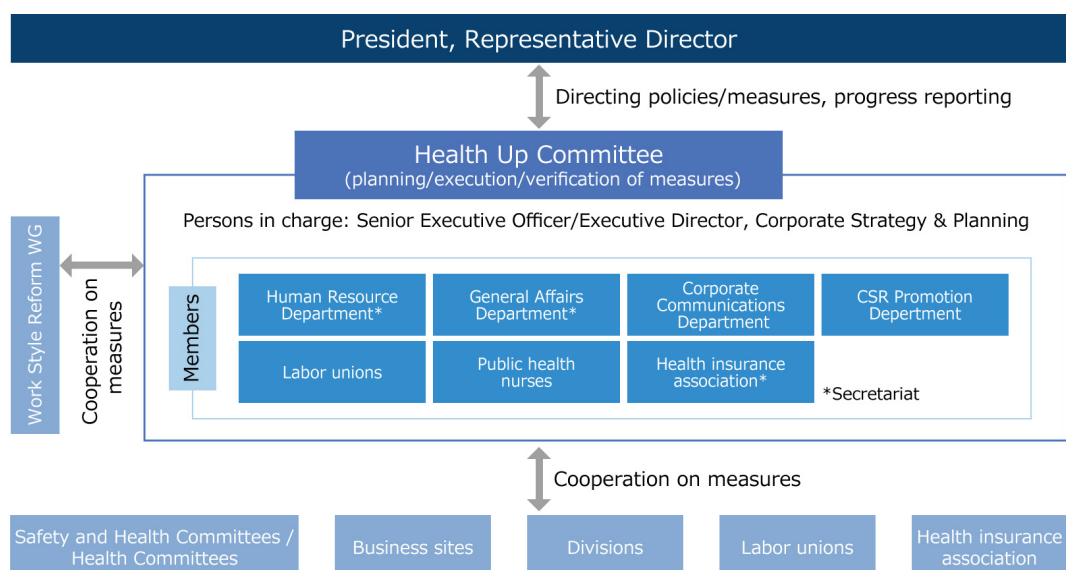
Basic policy

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 99.5% in FY2020, up from 99.7% in FY2019, 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 2021 was 216. 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	95.3%	100%
Lung cancer screening	99.9%	100%
Colorectal cancer screening	94.7%	100%
Breast cancer screening	89.3%	100%
Cervical cancer screening	46.6%	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.

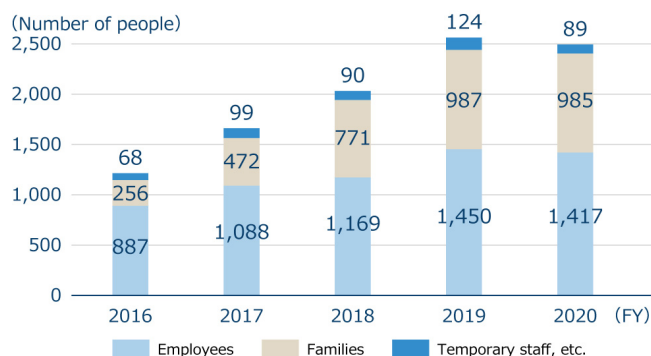
Mental Health Measures

- 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 99.8% in FY2019, and 99.5% in FY2020, 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.
- In addition to the stress check, which is performed once a year, we encourage employees to take the simple self-check, which can be performed whenever necessary.
- 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 FY2020 was 17.0%, down from 18.2% in FY2019. We aim to achieve 16.0% or lower in FY2021.
- We hold a walking campaign every year. In addition to all employees, employees' families, temporary employees, and subcontract workers are subject to this program. This program allows employees to participate voluntarily in teams not only by themselves, but also with their families and volunteers. Selected products from disaster-stricken areas are given to those who achieve certain goals as achievement awards. The activity is continued year by year, which leads to the habit of walking. The participation rate was 44% in FY2019 and 42% in FY2020, and we are targeting 50% in FY2021.
- 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 2021, we were certified as "Health & Productivity Management Outstanding Organization 2021 - White 500 (Large Enterprise Category)" jointly promoted by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi*⁴ for the third consecutive year. We were in the top 100 of the responding companies and received high praise. We will continue to work on health management through various activities.



*4 The Nippon Kenko Kaigi is an organization aiming to encourage workplaces and communities to achieve specific measures to overcome health-related challenges under collaboration among private organizations, e.g., economic associations, medical-care associations and insurers, and municipalities.

> [External Evaluation](#)

Proper Procurement Activities

Basic Policy for Procurement Activities

Due to changes in social structure and technical innovation, supply chain management has been more and more important for conducting business activities. We seek to continue a sound network that we have established with suppliers through the supply chain for quality assurance and stable supply of pharmaceutical products. We also believe that it is essential to enhance the CSR management system and approach with respect for the human rights, labor environment and natural environment in cooperation with all suppliers throughout the supply chain for the realization of sustainable society. We therefore established the Basic Policy for Procurement Activities that serves as the basis for all employees involved in procurement activities and Guidelines for CSR in Procurement that compile matters for which supplier cooperation is required. We aim to enhance the corporate value of both ONO and our suppliers through CSR procurement.

> [Basic Policy for Procurement Activities and CSR Procurement Guideline](#)

Procurement Activities

We utilize a third-party EcoVadis's CSR Assessment System (hereinafter, EcoVadis) to objectively and continually monitor the CSR management status of 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.

When using the evaluation of EcoVadis, we hold explanatory meetings for suppliers whom we request to receive assessment to share our ideas about procurement for suppliers. In the FY2020 evaluation, following on from FY2019, none of our suppliers were classified as having a high risk in terms of CSR. We are working on to enforce CSR procurement activities to attain a risk-free status pertaining to CSR in the supply chain. To this end, we held a meeting for several suppliers among those who received assessment by EcoVadis in the FY2020 to review the situations of the CSR management system, efforts and corrective measure plan. We are going to conduct activities from the standpoint that we would decide to terminate the contract with the suppliers if they could not respond to corrective measures or communication in the future. We seek to promote further cooperation with suppliers through meetings, utilization of EcoVadis, feedbacks of the results and proposal of corrective actions.

Please refer to [ONO's Approach to CSR](#) regarding the supply chain management by promotion of CSR procurement..

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.

Global Environment Policy/Environment Challenging OnoVision (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.

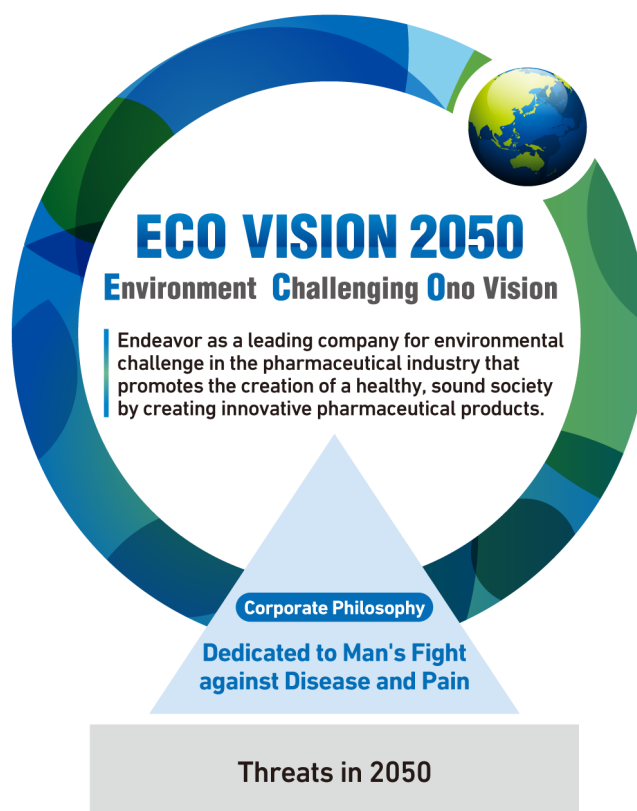
Global Environment Policy

Under the corporate philosophy "Dedicated to the 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 Challenge 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 the 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.

We 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.

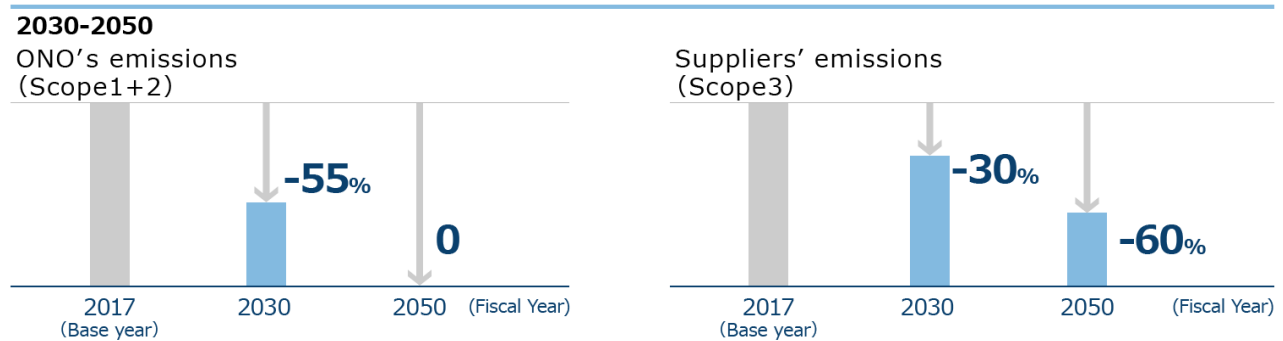
Targets (medium-to long-term targets and fiscal year targets) and results

To realize "ECO VISION 2050," we have set 3 priority items: "Realization of a decarbonized society," "Realization of a water recycling society," and "Realization of a resource recycling society," and have set specific medium-to long-term targets for greenhouse gas, water, and waste in 2019. We have also set annual targets.

Greenhouse gas

medium-to long-term targets and fiscal year targets

Our medium- to long-term greenhouse gas reduction targets are classified by the SBTi as the most ambitious "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		FY2020 Goal
	2030 (milestone)	2050 (ultimate goal)	
Green house gas emissions <small>ONO's emissions (Scope1+2)</small>	FY2017 comparison 55% reduction	0	FY2017 comparison more than 12.6% reduction
Renewable energy usage rate <small>Renewable energy usage / Total electricity usage</small>	more than 55%	100%	more than 12.6%

Results (progress) against targets

Target	FY2020 results
<p>1. Reduce GHG emissions (Scopes 1+2) (on a market basis^{*1}) by 55% by FY2030 and to zero by FY2050 (compared to FY2017). [ECO VISION 2050]</p> <p>*1 Market-basis GHG emissions volumes are calculated based on emissions coefficients published by each electric power company.</p> <p>2. Reduce GHG emissions (Scope 3) by 30% by FY2030 and by 60% by FY2050 (compared to FY2017). [ECO VISION 2050]</p> <p>3. Increase the share of renewable energy in total electricity consumption to 55% or higher by FY2030 and 100% by FY2050.</p>	<p>1. Reduce GHG emissions (Scopes 1+2) by 12.6% compared to FY2017.</p> <p>2. GHG emissions (Scope 3) decreased by 27.6% compared to FY2017. (Scope 3 results are for FY2019 because the FY2020 CSR reports of our major suppliers and wholesale distributors had not been released at the time of calculation.)</p> <p>3. Increase the share of renewable energy in total electricity consumption to 13.2%.</p>

* Items marked with [ECO VISION 2050] are concrete medium-to long-term targets set to realize the medium-to long-term environmental vision of ECO VISION 2050.

Water

medium-to long-term targets and fiscal year targets

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>

Results (progress) against targets

Target	FY2020 results
<p>1. Reduce water resource consumption (water intake) per production volume unit by 15% by FY2030 (compared to FY2017). [ECO VISION 2050]</p> <p>2. Reduce water resource consumption (water intake) to below that of the previous year (FY2019: 296.7 km³) <FY target></p>	<p>1. Water resource consumption (water intake) per production volume unit increased by 4.6% compared to FY2017.</p> <p>2. Water resource consumption (water intake) decreased by 17.2% (51.1 km³) compared to FY2019.</p>

* Items marked with [ECO VISION 2050] are concrete medium-to long-term targets set to realize the medium-to long-term environmental vision of ECO VISION 2050.

Waste

medium-to long-term targets and fiscal year targets

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 our “zero emission.”
2. Reduce the volume of industrial waste per production volume unit by 15% in FY2030. <compared to FY2017>
3. Promote reduction of environmental impact through business activities.
4. Reduce the volume of industrial waste below the previous year. <FY target>

Results (progress) against targets

Target	FY2020 results
1. Maintain a final landfill disposal rate of 1% or less every year [ECO VISION 2050] * Zero emissions are defined as the percentage of non-recycled waste (sent for landfill disposal or simple incineration) being 1% or less of the total volume of waste.	1. The final landfill disposal rate of industrial waste was 0.2%, continuing to achieve zero emissions.
2. Reduce the volume of industrial waste per production volume unit by 15% by FY2030 (compared to FY2017). [ECO VISION 2050]	2. Industrial waste volume per production volume unit increased by 13.2% compared to FY2017.
3. Promote reduction of environmental impact through business activities. [ECO VISION 2050]	3. Reduce the environmental impact of product packaging by changing packaging materials and forms (for details, please refer to " Initiatives to Promote Reduction of Environmental Impact ").
4. Reduce the volume of industrial waste below the previous year. (FY2019: 430.8 tons) < FY target>.	4. Industrial waste volume increased by 71.9 tons compared to FY2019.

* Items marked with [ECO VISION 2050] are concrete medium-to long-term targets set to realize the medium-to long-term environmental vision of ECO VISION 2050.

Towards a decarbonized society

Disclosure of climate change-related information (in line with TCFD recommendations)

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 (FSB) 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 corporate officer 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, which considered issues related to the identification and evaluation of climate change-related risks/opportunities and countermeasures. The identified risks and opportunities are reviewed by the TCFD Working Group on a yearly basis. The TCFD Working Group, which is headed by the corporate officer in charge of the environment, is joined by the heads of major relevant departments (Finance and Corporate Strategy & Planning) and the head of Risk Management Office in order to integrate climate-related issues into our business strategy.



We also joined the TCFD Consortium, which is a platform for companies, financial institutions, etc. expressing support for the TCFD recommendations to discuss initiatives for effective disclosure of information and utilization of disclosed information for appropriate investment decisions by financial institutions. In FY2020, we participated in small-scale round table dialogue sessions with institutional investors hosted by the TCFD Consortium.



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, under the leadership of the TCFD Study Working Group. In FY2020, we reviewed the amount of financial impact of physical risks^{*2} based on changes in our product structure, suppliers, etc. Meanwhile, the amount of financial impact of transition risks^{*3} was not revised since there were no specific changes in assumptions of calculation. Our analysis revealed no financially significant risks in both the 1.5°C and 4°C scenarios. 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.

*2 Physical risks: Acute or chronic damage due to disasters, etc. caused by climate change with decarbonization policy not clearly defined

*3 Transition risks: Risk resulting from enhancement of decarbonization policy on a global scale (e.g. climate change policy/regulation, technology development, market trend, changes in evaluation in the market)

<Risks related to climate change>

Factor		Value chain	Risk and impact		Financial impact	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	Mitigation <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	Mitigation <ul style="list-style-type: none"> • Achieve greenhouse gas emissions reduction target (Scope 3). • Strengthen engagement with suppliers to achieve the target.

Factor		Value chain	Risk and impact		Financial impact	Management approach
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 3.4 billion	Adaptation <ul style="list-style-type: none"> • Introduce emergency power generators at main bases and conduct periodic maintenance. • Integrate climate risks into enterprise risk management (ERM). • Maintain a cooperation system with business partners (review of waterproofing measures by product storage service provider and business partners, etc.). • Secure multiple suppliers. • Consider the impact of flood due to climate change in the business partner selection process.
			Water shortage risk (chronic)	Since sufficient inventory is maintained, it is not likely at present that water-use restrictions due to long-term depletion of water resources will cause an interruption of our operations, resulting in a decrease in revenue.	JPY 0 billion	Adaptation <ul style="list-style-type: none"> • Secure proper inventory to avoid loss of opportunities. • Maintain a cooperation system with business partners

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

Mitigation measures to reduce emissions of greenhouse gases that cause climate change, **Adaptation** measures to prevent or mitigate damage caused by the effects of climate change that have already occurred (or are expected to occur in the future).

<Opportunities related to climate change>

Factor		Value chain	Opportunity and impact		Financial impact	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 ^{*4} etc.) technology can be an opportunity to reduce raw material costs. ^{*4} 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, 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 open innovation, 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.

* Financial impact is 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.)

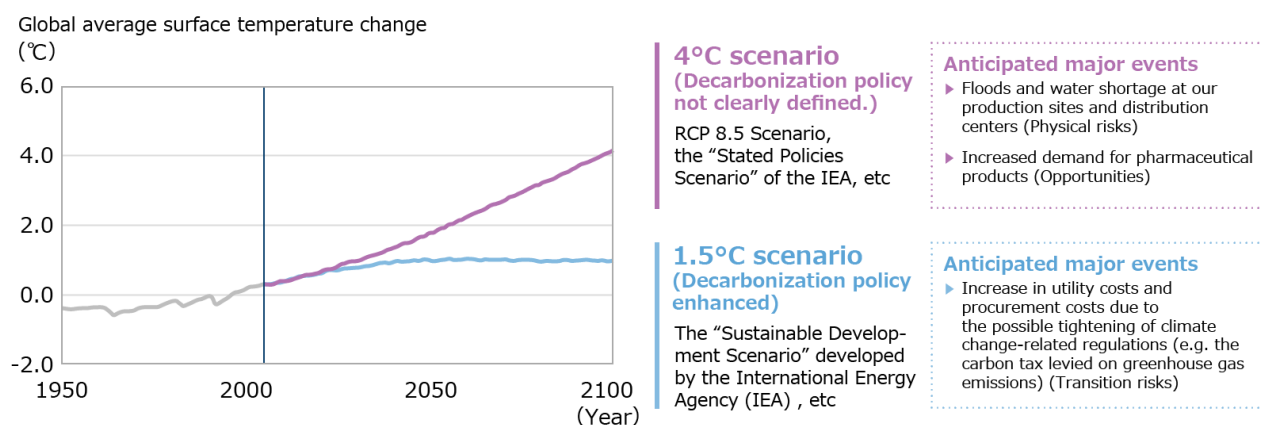
<Analysis method>

Selection of climate change scenario

Analysis and evaluation were performed using the 1.5°C and 4°C scenarios in which progress toward a decarbonized society and intensification of global warming are projected, respectively.

* 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) developed by the Intergovernmental Panel on Climate Change (IPCC), the “Stated Policies Scenario” of the IEA, etc. were used.

[Concept of climate change scenarios]



(Prepared by ONO based [Global average surface temperature change] of “Climate Change 2013: The Physical Science Basis – Summary for Policymakers” [IPCC, 2013, page 19])

Rationale for scenario selection

- The RCP 8.5 scenario is one of the Representative Concentration Pathways (RCP) scenarios developed by the Intergovernmental Panel on Climate Change (IPCC), where global average temperature is predicted to increase by approximately 4°C by 2100. Since this scenario has widely been used as a 4°C scenario globally, it was selected as one of our 4°C scenarios.
- The Sustainable Development Scenario is one of the scenarios referred to in the “World Energy Outlook (WEO),” the flagship publication of the International Energy Agency (IEA) which is widely recognized as the most trusted information source of global energy forecast and analysis. The Sustainable Development Scenario is fully aligned with the Paris Agreement that aims to hold the increase in the global average temperature to well below 2°C or possibly 1.5°C. Since the Sustainable Development Scenario is in line with our 1.5°C target, it was selected as our 1.5°C scenario.

Scope of analysis and key points

- The scope of analysis includes our domestic plants and contract manufacturers, suppliers, investors, customers, recruitment, etc. at home and abroad. The target period and area are FY2020-2030 and the pharmaceutical manufacturing industry, which is our major business, respectively.

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. These risks are managed effectively by the Environment Management Committee. Regarding the identified risks, 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 production sites 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.

› [For our risk/opportunity management system, please click here.](#)

Indicators and targets

We have created a road map to achieve the greenhouse gas emission reduction targets 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)^{*5}.” 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 (FY2020 target: at least a 12.6% reduction compared to FY2017). We also calculate greenhouse gas emissions across the entire value chain (Scope 3). Since FY2014, 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 as “disaster/climate change risks” among the company-wide risks, we implement measures based on our business continuity plan (BCP), including maintaining a proper stock. In the future, we will also work to establish a collaborative relationship with our business partners, to secure multiple suppliers, and to consider the impact of flood/shortage of water due to climate change in our business partner selection process.

* Details on risks/opportunities regarding climate change, as well as greenhouse gas emissions are described in our CDP Climate Change's response (Japanese only). These can be confirmed at the CDP website (CDP ID required).

* 5 SBTi: An international initiative that prompts private corporations and other types of organizations set science-based greenhouse gas emission reduction targets in accordance with the Paris Agreement

Carbon Pricing

We have incorporated carbon pricing^{*6} into our environment-related investment decisions. We review and implement carbon pricing on a periodic basis.

*6 Carbon pricing: To put a price on greenhouse gas emissions from facilities that is incorporated in management decisions in order to promote decarbonization of activities

Progress towards a decarbonized society

For the targets and progress, please click [here](#).

As for the results (progress) against the greenhouse gas (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^{*7}) for FY2020 were reduced by 12.6% against the reduction target of 12.6% or more compared to FY2017 (FY2017, 29.8 kt-CO₂; FY2020, 26.1kt-CO₂). Meanwhile, our Scope 3 GHG emissions were reduced by 27.6% compared to FY2017 (FY2017, 75.1kt-CO₂; FY2019, 54.4kt-CO₂).

Regarding the use of renewable energy, in line with the RE100^{*8} international initiative (we joined in June 2020), we worked to promote the use of renewable energy and attained the share of renewable energy in total electricity consumption of 13.2%, thereby achieving the FY2020 target (increasing the share by at least 12.6%).

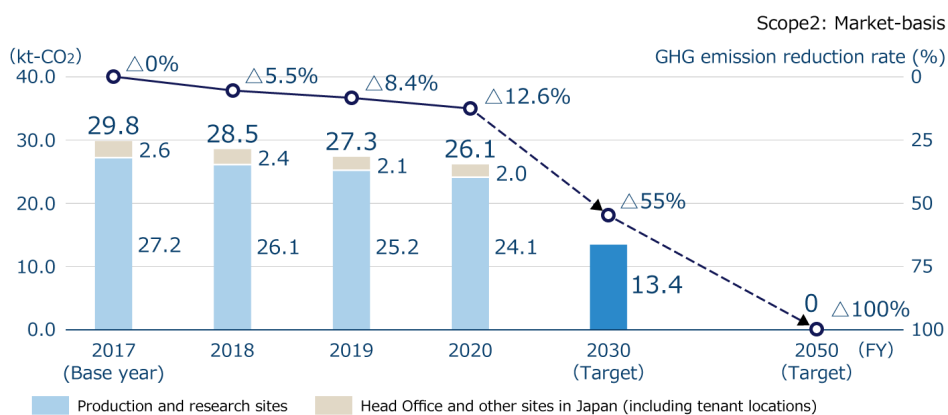
* Regarding Scope 3 emissions, figures were calculated based on FY2019 emissions because the FY2020 data for our major business partners have not been published at the time of calculation.

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

*8 RE100: An international initiative which aims to have companies utilize 100% renewable energy for electricity used in their operations

Progress towards a decarbonized society (data)

GHG emissions (Scopes 1+2)



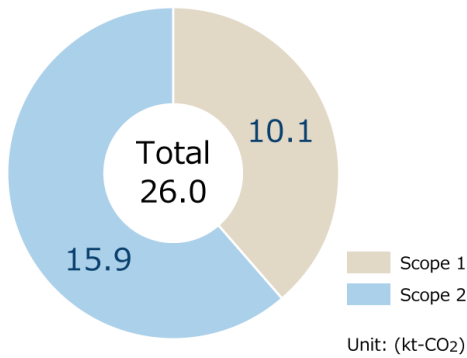
* Sites where data on GHG emissions were collected: Fujiyama Plant, Joto Pharmaceutical Product Development Center, Yamaguchi Plant (added from FY2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, Head Office, sales offices and other offices, etc.

GHG emissions are calculated using the following formula.

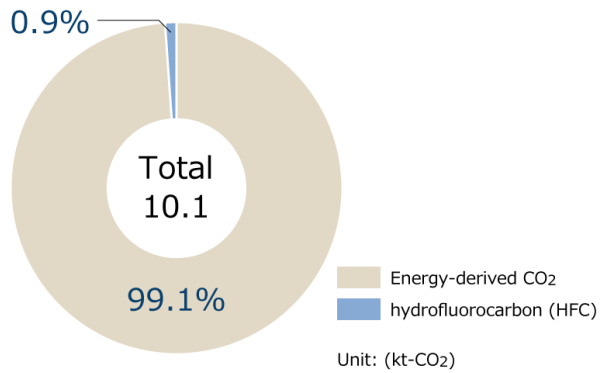
GHG emissions = Purchased electricity × adjusted emission factor published by the electric company + ∑ (Fuel consumption × Unit calorific value × Carbon emission factor × 44/12) + ∑ (Fluorocarbon leakage amount × global warming potential)

The amount of green electric power certified under the Green Energy Certificate and renewable energy certified under J-Credit Scheme are deducted.

Breakdown of GHG emissions by scope (Market-basis)

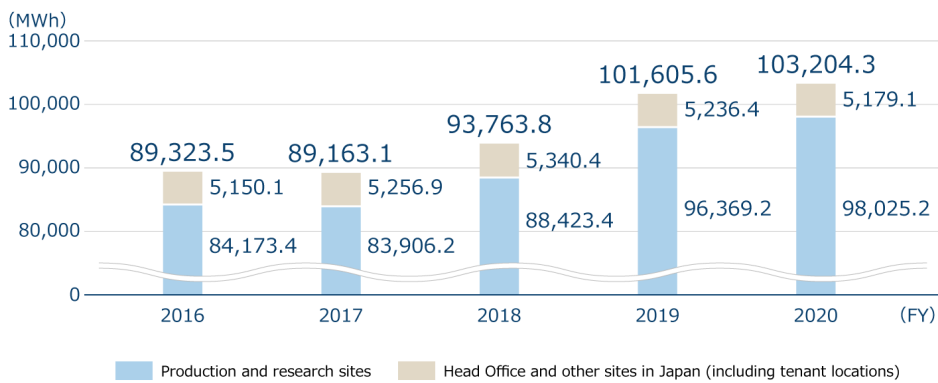


Breakdown of Scope 1 by GHG type



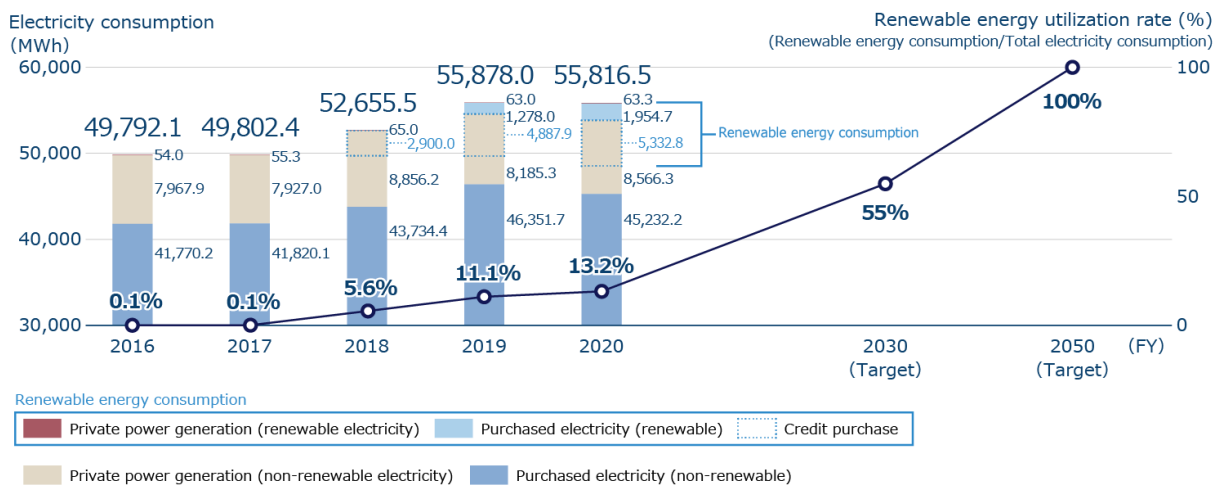
* GHG types are based on the Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System of the Act on Promotion of Global Warming Countermeasures.

Energy consumption



* Sites where energy consumption data were collected: Fujiyama Plant, Joto Pharmaceutical Product Development Center, Yamaguchi Plant(added from FY2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, Head Office, sales offices and other offices, etc.

Electricity consumption and Renewable energy utilization rate



Initiatives for a decarbonized society

Creating a road map for reduction of GHG emissions

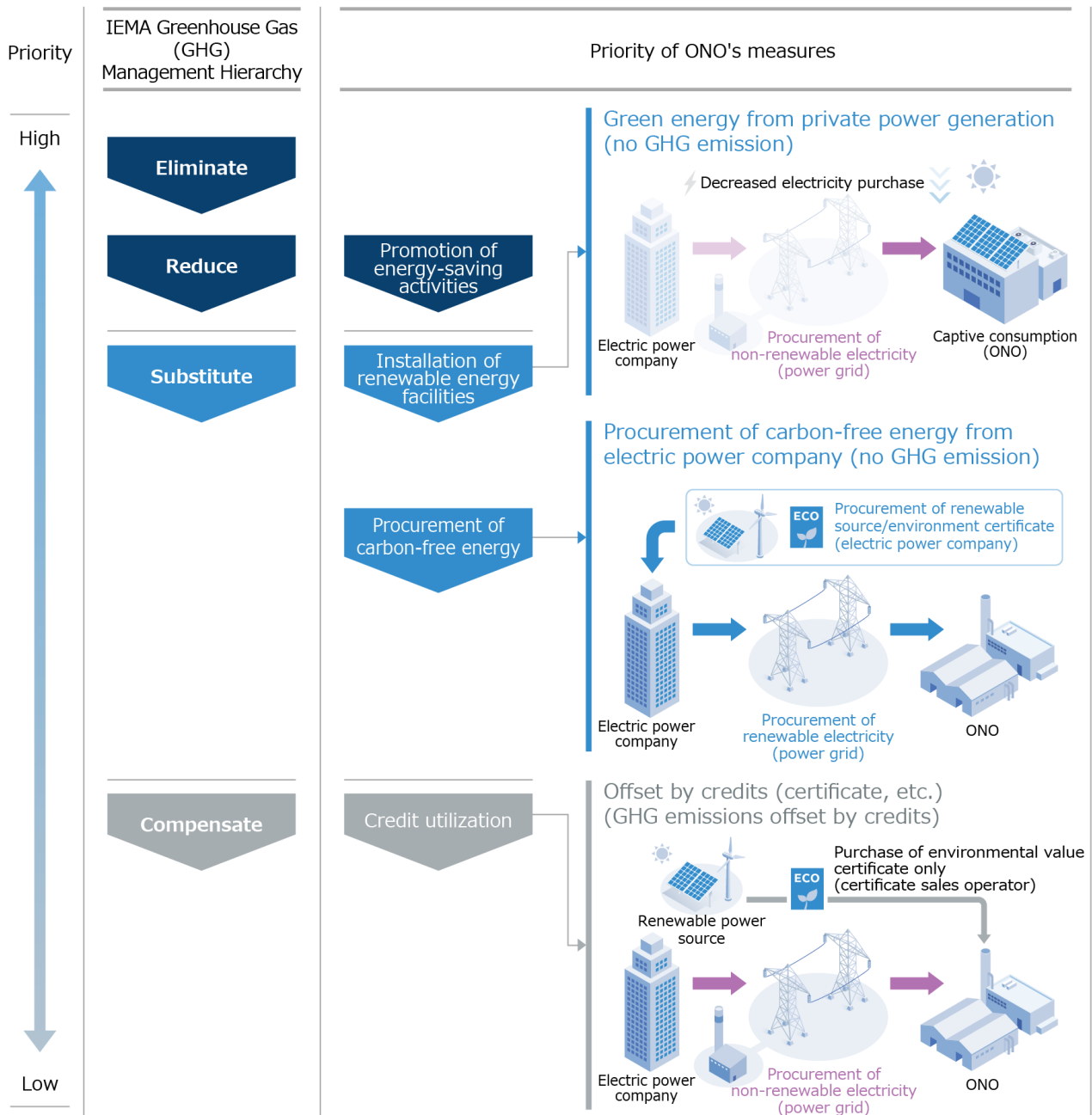
- Participation in the “FY2019 Model Project for Supporting Development of CO₂ Emission Reduction Plans to Achieve SBT” (sponsored by the Ministry of the Environment of Japan)

As of the end of March 2021, there were only thirty 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 “FY2019 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 emission reduction road map, incorporating new technologies based on the research and advice of experts.

- Discussion on GHG emissions reduction policy

In FY2020, we took a closer look at our GHG emissions reduction policy. Specifically, the priority order of our measures was defined as promotion of energy-saving activities, installation of renewable energy facilities, procurement of carbon-free energy, and credit utilization. Consequently, it was decided to raise the procurement ratio of carbon-free energy as compared to credit utilization based on recent energy market trends, costs, and forecasted fluctuation of emission factors. The Greenhouse Gas Management Hierarchy of IEMA was referred to when making these revisions.

* Source of IEMA’s GHG Management Hierarchy: Institute of Environmental Management and Assessment (IEMA) Greenhouse Gas Management Hierarchy, first published in 2009 (updated 2020), www.iema.net



Priorities in ONO's GHG emission reduction measures

(Source: Prepared by ONO based on materials from ENECHANGE Ltd.)

Promoting energy conservation

- Introduction of advanced technology
 - Replacing fluorescent lights with LEDs
 - Upgrading heat source facility to module-type heat pump chiller
 - Introduction of ultrahigh efficiency amorphous transformer with extremely low standby power
 - Low air volume (push/pull type), ultrahigh speed variable air volume (VAV) local ventilation device
 - Introduction of sterile isolator system that can limit area subject to high-grade washing
- Improvement of operation
 - Heat collected from high-temperature waste water to be used as heat source
- 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)



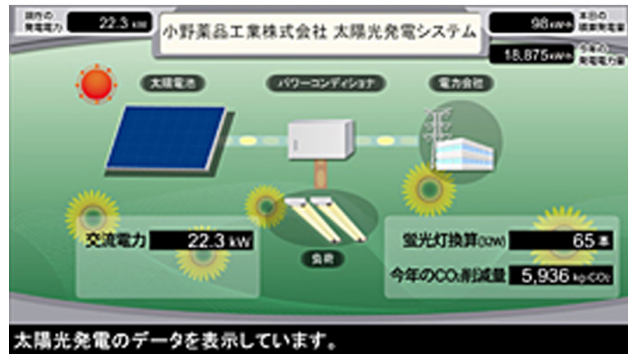
Low air volume (push/pull type), ultrahigh speed variable air volume (VAV) local ventilation device (exhaust fan output visualized on the operation panel) (Minase Research Institute)

Introducing renewable energy

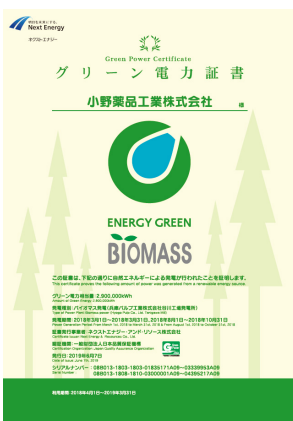
- Introducing and operating solar power generation facilities: Head Office building (FY2003), Minase Research Institute (FY2015), Tokyo Building (FY2017)
- Purchasing electricity under a renewable energy-based electricity menu contract: Minase Research Institute (FY2019) (Switched to fixed-amount contract with tracking information in FY2020 to ensure stable procurement)
- Purchasing Green Energy Certificates (from FY2018) and J-Credits (from FY2019) We are promoting the use of renewable energy by purchasing certificates for electricity generated by renewable energy (Green Energy Certificates)



Solar panels (Minase Research Institute)



Solar power monitoring system (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 and cutting the peak power usage from daytime hours to nighttime through the use of the nighttime heat storage system and cogeneration system
- Protecting production line during occurrence of instantaneous voltage drop and cutting daytime peak power usage by using large-capacity power storage system (NAS battery system)



Large-capacity power storage system (Yamaguchi Plant)

Environment-friendly office design

- When planning our new office in the US, we selected a building that received the LEED^{*9} Gold Certification. Meanwhile in Japan, our company-owned building in Tokyo has been certified as CASBEE^{*10} Class S. We will further pursue environment-friendly office design.

* 9 LEED: The Leadership in Energy and Environmental Design (LEED) is a rating system for buildings and site utilization developed and operated by the U.S. Green Building Council (USGBC), which promotes energy-saving and environmental-friendly buildings and site utilization.

* 10 CASBEE[®]: The Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a method for evaluating and rating the environmental performance of buildings. The quality of buildings is evaluated in a comprehensive manner based not only on considerations for the environment including use of energy-saving and environment-friendly materials, but also on the comfort of the indoor environment and considerations for the surrounding landscape. A class S rating is the highest rating in this five-level rating system.

Fluorocarbon Management

In accordance with the Act on Rational Use and Proper Management of Fluorocarbons, we conduct activities such as the identification of equipment subject to the act, simple inspections/periodic inspections, generation of records, and calculations/reporting of leakage. In FY2020, the calculated leakage of fluorocarbons was 88 tons-CO₂. We will continue to prevent leakage and promote the introduction of non-CFC (chlorofluorocarbon) and low-GWP (global-warming potential) equipment when updating equipment.

Green sustainable chemistry

We have embraced the concept of “Green Sustainable Chemistry (GSC)” in order to work on the development of more environmentally conscious manufacturing process for active pharmaceutical ingredients (APIs) from the research and development stage. The aim of the GSC concept is to minimize the environmental burden throughout the process from selection of materials to manufacturing and disposal. The concept has become widespread in the pharmaceutical industry since the mid-2000s. In accordance with the GSC concept, we established the GSC Working Group at each site in 2018 and have been working on the development of manufacturing process for APIs while minimizing the waste from the development stage. This initiative has been recognized by TCFD analysis as one of the climate change-related opportunities.

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 three consecutive years (in FY2018-FY2020).
- 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).
- The Minase Research Institute received the Osaka Governor's Award of the Osaka Stop Global Warming Award for FY2020.
- Under the Act on the Rational Use of Energy (Energy Conservation Act), we have received the highest S rank for six consecutive years in corporate energy conservation excellence (FY2015-FY2020).
- 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.

See the External Evaluation section for details.

> [External Evaluation](#)

GHG Emissions in the Value Chain (Scope 3)

GHG emissions in the value chain (Scope 3) have been divided into 15 categories under the Ministry of the Environment's guidelines, and calculated for our sites in Japan since FY2014.

Category		FY2019 emissions (kt-CO ₂)	FY2020 emissions (kt-CO ₂)	Calculation method	Notes
Cat1	Purchased goods and services	11.5	-	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.	This category is closely associated with our business activities since active pharmaceutical ingredients for manufacturing of drugs, intermediate products and research reagents are included. -Covers production and research sites -Figures for FY2020 are not calculated because our major business partners had not published their CSR reports at the time of calculation.

Category		FY2019 emissions (kt-CO ₂)	FY2020 emissions (kt-CO ₂)	Calculation method	Notes
Cat2	Capital goods	26.9	25.8	Amount of capital goods treated as fixed assets (reinforcement of facilities/maintenance investment) excluding land, multiplied by factor	Calculated based on capital goods treated as fixed assets. The fixed assets used in this calculation are essential for business activities.
Cat3	Fuel- and energy-related activities not included in scope 1 or scope 2	2.8	2.7	Amount of non-renewable electricity purchased, multiplied by emission factor	-
Cat4	Upstream transportation and distribution	0.1	0.1	Transport data on deliveries from ONO production sites and distribution centers to destinations, multiplied by emission factor	-
Cat5	Waste generated in operations	0.3	0.3	Weight of each type of waste generated, multiplied by emission factor	-
Cat6	Business travel	4.0	0.4	Business trip allowances, multiplied by emission factor	Covers travels by airplane or Shinkansen bullet train
Cat7	Employee commuting	0.5	0.4	Employees' commuting costs, multiplied by emission factor	-
Cat8	Upstream leased assets	2.9	2.0	Cost of gasoline for leased company cars, multiplied by emission factor	-
Cat9	Downstream transportation and distribution	4.9	-	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	Transportation and distribution are important business activities to control distribution of and to ensure stable supply of drugs. Figures for FY2020 are not calculated because our major pharmaceutical wholesalers had not published their CSR reports at the time of calculation.
Cat10	Processing of sold products	Not relevant	Not relevant	-	ONO makes only finished products
Cat11	Use of sold products	Not relevant	Not relevant	-	No energy is consumed during the use of ONO products
Cat12	End-of-life treatment of sold products	0.2	0.2	Weight of each type of ONO product container or packaging disposed of as waste, multiplied by emission factor	-
Cat13	Downstream leased assets	0.3	0.3	Floor space of asset (building) owned and rented out categorized by use, multiplied by emission factor	-
Cat14	Franchises	Not relevant	Not relevant	-	ONO does not operate franchises

Category		FY2019 emissions (kt-CO ₂)	FY2020 emissions (kt-CO ₂)	Calculation method	Notes
Cat15	Investments	Not relevant	Not relevant	-	There is no investment involving large amounts of greenhouse gas emissions.
Total		54.4	-	-	Figures for FY2020 are not calculated because our major business partners and pharmaceutical wholesalers had not published their CSR reports at the time of calculation.

* The emission factors used for calculation are figures stated in the "Emission Factor Database on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (FY2019, Ver. 3.0; FY2020, Ver. 3.1)," 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. In FY 2019 and FY 2020, we received an improved rating of "A-" (up from B in FY 2018) in the Water Security survey conducted by CDP, a U.K.-based nonprofit organization.

*Water intake at factories and research institutes accounts for approximately 90% of the total use (FY2020), and for each sites, water stress categories are as follows. Low-medium: Yamaguchi Plant, Minase Research Institute, Fukui Research Institute, Joto Pharmaceutical Product Development Center, Medium to high: Fujiyama Plant, Tsukuba Research Institute. Note that ONO Pharma Korea is located in the "high risk" area, but its main business is clinical development and sales, so their water use is mainly domestic water at the business office, not factories and research facilities that use relatively large amounts of water.

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 (Japanese only). They can be confirmed at the [CDP website](#) (A CDP ID is required).

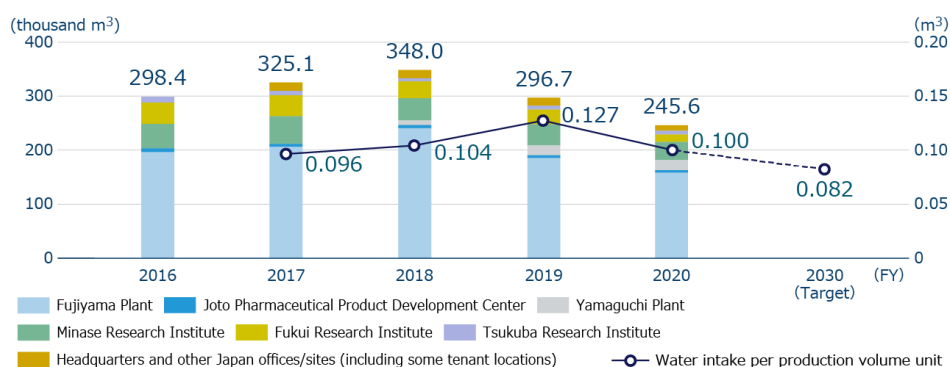
Progress toward a water recycling society

To achieve our medium-term environmental target of the Environmental Vision for the “Realization of a water recycling society” of “Reducing water resource consumption (water intake) per production volume unit by 15% by FY 2030 (compared to FY 2017),” we have set an annual goal to “Reduce water resource consumption (water intake) below that of the previous year” and we are working vigorously to reduce water consumption in business activities. The volume of water intake in FY 2020 was 245.6 km³, a 17.2% reduction (51.1 km³) compared to FY 2019, and we therefore achieved the target for the fiscal year.

Specific initiatives to reduce water consumption include the following: installation of highly airtight doors at the plant and stopping the use of running water traps as insect repellent, reduction of cooling water by adjusting the preset temperature of the heat drain tank, stopping the spraying of water or changing the preset temperature of the spraying water on air-cooling chillers and total heat exchangers in the laboratory. We also install water-saving sanitary equipment when a site is expanded, reconstructed, or renewed. In addition, Fukui Research Institute has installed a water recycling system to reduce water intake.

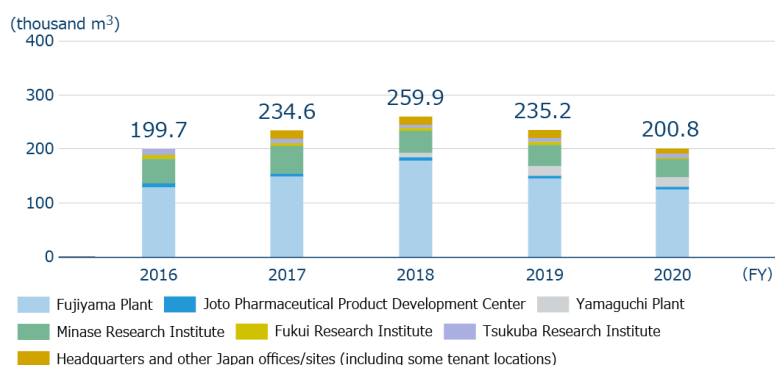
Incidentally, the water intake per production volume unit in FY 2020 increased by 4.6% compared to FY 2017. This is mainly due to a decrease in the number of boxes produced, which is used as a denominator for calculation. High-dose formulations of main products, which were not available in FY 2017, were added in FY 2018. The number of boxes produced, which is the denominator for calculation, was greatly reduced, because the number of boxes produced was apparently calculated as smaller even with the same amount of production.

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 Pharmaceutical Product Development Center, Yamaguchi Plant (added from FY 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: thousand m³)

Site name	River in the area	Wastewater drainage destination	FY2016		FY2017		FY2018		FY2019		FY2020	
			Water intake volume	Waste-water volume	Water intake volume	Waste-water volume	Water intake volume	Waste-water volume	Water intake volume	Waste-water volume	Water intake volume	Waste-water volume
Fujiyama Plant	Fuji River	River	195.7	128.9	205.6	148.6	240.2	178.4	185.0	145.1	157.8	125.0
Joto Pharmaceutical Product Development Center	Yodo River	Sewer	7.2	7.2	5.5	5.5	6.0	6.0	5.1	5.1	4.6	4.6
Yamaguchi Plant	Fushino River	River	-	-	-	-	8.2	8.2	18.1	18.1	18.6	17.7
Minase Research Institute	Yodo River	Sewer	45.2	45.2	51.3	51.3	41.2	41.2	39.1	39.1	33.7	33.7
Fukui Research Institute	Kuzuryu River	Sewer	39.4	7.5	38.7	5.2	31.3	5.0	27.3	5.7	13.7	2.6
Tsukuba Research Institute	Lake Kasumigaura	Sewer	10.9	10.9	8.1	8.1	6.0	6.0	7.1	7.1	7.2	7.2
Head Office and other sites in Japan (including tenant locations)	Rivers/lake in the areas where major business sites are located*11	Sewer	-	-	15.9	15.9	15.1	15.1	15.0	15.0	10.0	10.0
total			298.4	199.7	325.1	234.6	348.0	259.9	296.7	235.2	245.6	200.8

*11 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 realization of a resource recycling society

We recognize that the realization of a resource recycling society is one of the important items for our business activities, and the Resource Recycling Subcommittee, which is a sub-organization of the Environmental Management Committee, has led the company-wide efforts. Based on the basic policies of "promotion of 4Rs (refuse, reduce, reuse and recycle)" and "selection of materials with reduced environmental impact," the subcommittee has investigated and analyzed the waste generation processes, and examined and evaluated policies for the realization of a resource-recycling society, and reinforced initiatives for a sustainable society through environmental conservation.

Progress toward realization of a resource recycling society

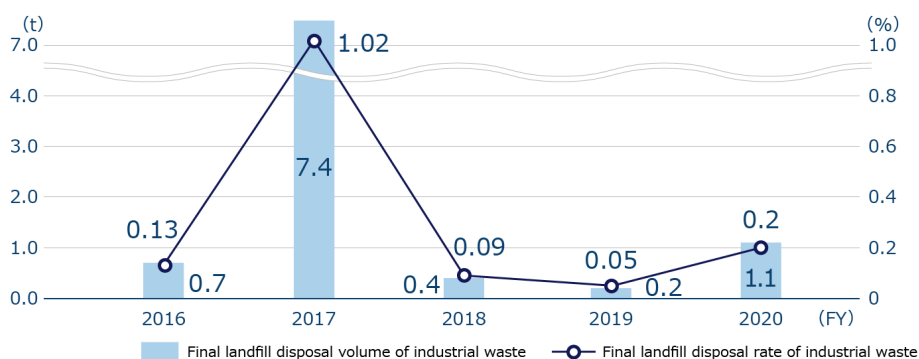
Please check [here](#) for our goals and progress.

Progress toward realization of a resource-recycling society (data)

The final landfill rate of industrial waste in FY2020 was 0.2%, and we have continuously achieved zero emissions^{*12}. The total amount of industrial waste increased by 71.9 t compared with the previous year, and the production volume unit increased by 13.2% compared with the 2017 level, both of which did not meet the respective targets. The increase in emissions was mainly due to the removal of unnecessary items in association with the renovation of Minase Research Institute, an increase in highly active wastewater in association with the increase in the production of highly active pharmaceuticals, and the start of operations at the Yamaguchi Plant. The increase in production volume unit was mainly due to an increase in industrial waste output and a decrease in the number of product packages due to standard change of major products (addition of high-volume products).

*12 Zero emissions are defined as the percentage of non-recycled waste (sent for landfill disposal or simple incineration) being 1% or less of the total volume of waste.

Final landfill disposal volume and Final landfill disposal rate of industrial waste



* Sites where data on final landfill disposal volume and final landfill disposal rate of industrial waste were collected: Fujiyama Plant, Joto Pharmaceutical Product Development Center, Yamaguchi Plant (Added from FY2018), Minase Research Institute, Fukui Research Institute, and Tsukuba Research Institute.

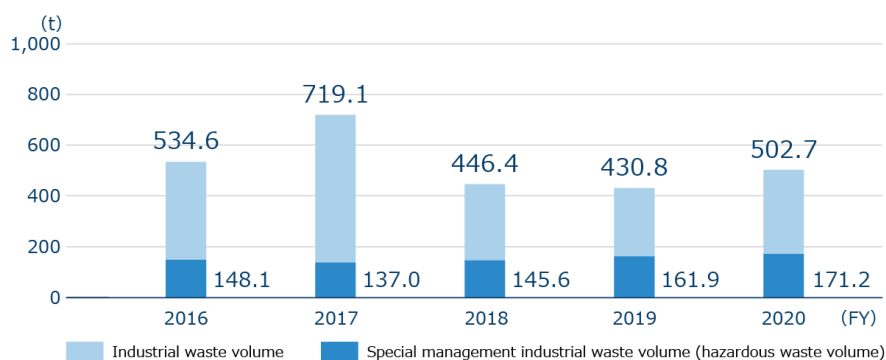
* Final industrial landfill disposal volume of industrial waste in FY2017 includes the amount of waste (5.8 tons) from renovation of the Joto Pharmaceutical Product Development Center.

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

	FY2017	FY2018	FY2019	FY2020	FY2030 (Target)
Volume of industrial waste per production volume unit	0.197	0.128	0.174	0.223	0.167

* The industrial waste volume in FY2017 (25.64 tons) from renovation of the 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 Pharmaceutical Product Development Center, Yamaguchi Plant (Added from FY 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 realization of a resource recycling society

We have worked to reduce waste generation across the company by reducing paper documents with digitization. We have sold waste paper and metal waste which are no longer needed at our research institutes and production sites as valuable materials, and experimental equipment that is no longer used at the research institutes. In addition, for industrial waste(including specially controlled industrial waste) generated at the research institutes and production sites, we have selected the intermediate treatment contractors that recycle wastes without landfilling.

In pharmaceutical development, we have also started studies using computer simulation technology, which is expected to lead to a reduction in raw materials (waste).

We continue to promote various initiatives and work to realize a resource-recycling society.

Initiatives to Promote Reduction of Environmental Impact

Approaches to Product Packaging

In terms of product packaging, we promote the reduction of its environmental impact by changing packaging materials and forms.

In an effort to reduce the amount of plastic used, previously plastic compartment materials for packaging of injectable solutions were changed to paper-based materials in FY2019, and began distribution in FY2020. In response to the results of a questionnaire survey on product packaging conducted at medical institutions, we have changed the method of binding Blister package sheets for new products from a bag-type (transparent pillow packaging) to a band-type, thereby reducing the amount of plastic used.

In addition, we have switched the inks to be used to vegetable oil inks, as well as changed paper-based materials for individual packaging boxes to FSC®-certified paper. We also verify the quality to further promote the selection of materials that reduce our environmental impact, such as bioplastics.


Major activities	Progress
Changing packaging materials from plastics to paper-based materials	Changing packaging materials for parts of products. Started distribution of the products in FY2020.
Reconsideration and changing the method of binding Blister package sheets (Adopting the band-type)	Started distribution of 2 products in FY2020. (A total of 7 products as of the end of March 2021)
Switching individual packaging box materials to FSC®-certified paper.	Started distribution of 8 products in FY2020.
Selecting vegetable oil inks.	Started distribution of 4 products in FY2020.

Efforts to reduce the amount of plastic used

Reduction of plastic usage in injection packaging

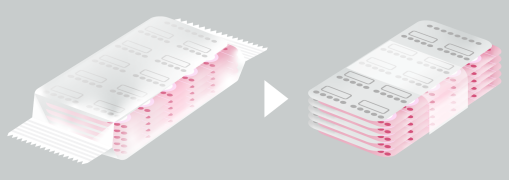
We succeeded in changing the tray (partition) of the injection packaging box from plastic to paper. This will result in an annual plastic usage (expected) of 4,800 kg and volume reduction (48% per box).

<Package before change> <Package after change>

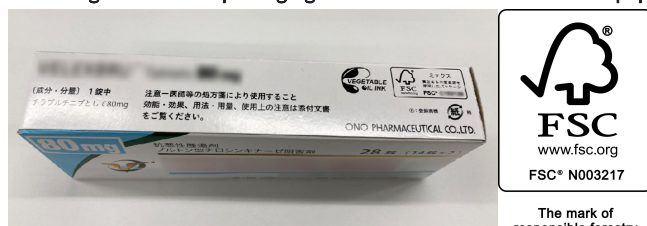


Transparent pillow packaging

Band-type



Switching of individual packaging box materials to FSC®-certified paper and selecting vegetable oil ink



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

FY2020(Unit: tons)

	Container and packaging usage	Obligatory recycling amount
Plastic	161.5	35.1
Paper	198.1	1.4
Glass (colorless)	0	0
Glass (brown)	0.2	0
Commissioning fee paid for recycling : 1,814 thousand yen		

Other efforts

Introduction of paper files

We have introduced paper-based files since January 2020. By switching some plastic files to paper files, we are able to reduce the amount of plastic used.



Use of photocopy paper or purchase of stationary materials

For photocopies, we perform print management, and a cloud storage system "BOX", which was introduced globally in October 2017, promoted paperless storage and reduced the amount of work required to store and share files. As for purchasing, we have indicated in an easy-to-understand manner whether the products listed in the purchasing system are in compliance with the "Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities" and promoted awareness within us so that each employee has environmental awareness.

Reduction of Environmental Risks

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 accordance with the Law concerning "Pollutant Release and Transfer Register (PRTR)," we have appropriately controlled chemical substances that may have a harmful effect on human health and the ecosystem. The amount of PRTR Class 1 designated chemical substances (substances handled in an amount of 1 ton or more per year) reported to the government was 13.0 tons in FY2020, which has been maintained at a low level. In the same fiscal year, the amount released into the air was 0.3 tons, and that into water was 0.0 tons, maintaining low levels. Please refer to the [ESG Data](#) for details. We also legally and appropriately manage chemical substances other than those reported. We will continue to work to reduce emissions into the environment through appropriate chemical substance management.

Results for the goals

Target	FY2020 results
Reduce the amount of PRTR Class I designated chemical substances released into the environment.	Registered amount of chemical substances released to the air was 0.3 tons, and amount released to water was 0.0 tons; the levels were kept low.

Handling of PCBs

We manages waste polychlorinated biphenyls (PCBs) properly in accordance with the Law Concerning Special Measures for Promotion of Proper Treatment of PCB Waste in Japan. The company submits a report on the storage and disposal of waste PCBs to the Osaka municipal government every year.

Site	Status	Type	Number of
Joto Pharmaceutical Product Development Center	Stored	Fluorescent lamp	0
	Disposed*	Condenser, Fluorescent lamp	559
Minase Research Institute	Disposed*	Condenser	2

* Joto Pharmaceutical Product Development Center in FY2007, in FY2019 and in FY2020 and Minase Research Institute in FY2014 delivered PCBs to the Japan Environmental Storage and Safety Corporation, a PCB waste treatment service provider. At Joto Pharmaceutical Product Development Center, a condenser was found during the FY2020 re-inspection, and the disposal was completed during FY2020.

Management of radioisotopes, etc

Management of radioisotopes, etc. is performed appropriately in accordance with the "Act on Prevention of Radiation Hazards due to Radioisotopes, etc." and the results are reported to the Nuclear Regulation Authority as a radiation management status report every fiscal year.

Recombinant organisms, pathogens, etc.

As for genetically modified organisms and pathogens used in drug discovery research and manufacturing activities, we are preventing their spread into the environment and their leakage by complying with in-house regulations based on relevant laws and regulations such as the “Act on the Conservation and Sustainable Use of Biological Diversity through Regulations on the Use of Living Modified Organisms” (Cartagena Act) and the “Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases” (Infectious Diseases Control law). In addition, to promote the appropriate use of these research samples, the In-house Safety Committee continues to provide education and training to laboratory staff and examination of the experimental applications.

Prevention of Air Pollution and Water Pollution


The production sites comply with the Air Pollution Control Act, the Law concerning Pollutant Release and Transfer Register (PRTR), agreements on pollution prevention with local governments, and other related laws and regulations in order to reduce environmental impact. They periodically measure the concentration of exhaust gas and noise from boilers and CGSs as well as wastewater from the plants, in accordance with related laws and other regulations, in order to ensure that levels are within regulatory limits. They also strive to reduce environmental risk. The PDCA cycle is followed in the plants, and employees are provided with the necessary environmental management training in operations in which there is a risk of environmental impact. Emergency drills are also conducted regularly. These drills use scenarios such as high concentrations of soot due to faulty equipment and leakages of oil into the ground, giving employees practice in the necessary preventative and responsive measures for such situations.

In recent years, extreme weather events are occurring as a result of global warming. We have formulated manuals to prepare for accidents and emergency situations caused by such weather, and we organize training sessions to minimize environmental impacts. In particular, to address any accidents and emergency situations that may cause water or soil pollution, we systematically review and implement the backup and reinforcement of relevant equipment.

Results for the goals

Target	FY2020 results
Thoroughly comply with emission standards, and continue to make efforts to prevent any environmental accidents or complaints from local communities.	All analyses of air and water pollution revealed that we complied with emission standards. Also, there were no environmentally related complaints from local communities.

Independent Practitioner's Assurance

As for the categories of sustainability information (environment : GHG emissions, energy consumption, GHG emissions in the value chain (Scope 3) (For Cat1 and Cat9, the previous year's data has been verified in the assurance process.), water intake volume, wastewater volume (including drainage destination), industrial waste volume, special management industrial waste volume (hazardous waste volume), and final landfill disposal volume of industrial waste, society : number of lost-time injuries and frequency rate), each of which is disclosed and indicated with the icon  in our SUSTAINABILITY DATA 2021, we have received independent assurance so as to bolster the reliability of the information. The Independent Assurance Report is reprinted on page 5.

 [SUSTAINABILITY DATA 2021 \(390KB\)](#)

Environmental Management

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 most ambitious "1.5°C target."

> For details, please see the SBTi



Task Force on Climate-related Financial Disclosures (TCFD)

We 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



TCFD Consortium

The TCFD Consortium was established to promote efficient and effective disclosure based on recommendations of the Task Force on Climate-related Financial Disclosures (hereinafter, TCFD recommendations) and to contribute to a "Virtuous Cycle of Environment and Growth," in which information is appropriately evaluated and funding is facilitated through communication between business operators and financial institutions that support TCFD recommendations. We participated in this Consortium in 2019. For details, see the TCFD Consortium home page.

> For details, please see the TCFD Consortium



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. We participated in October 2019.

> For details, please see the "Water Project"



RE100 (Renewable Energy 100%)

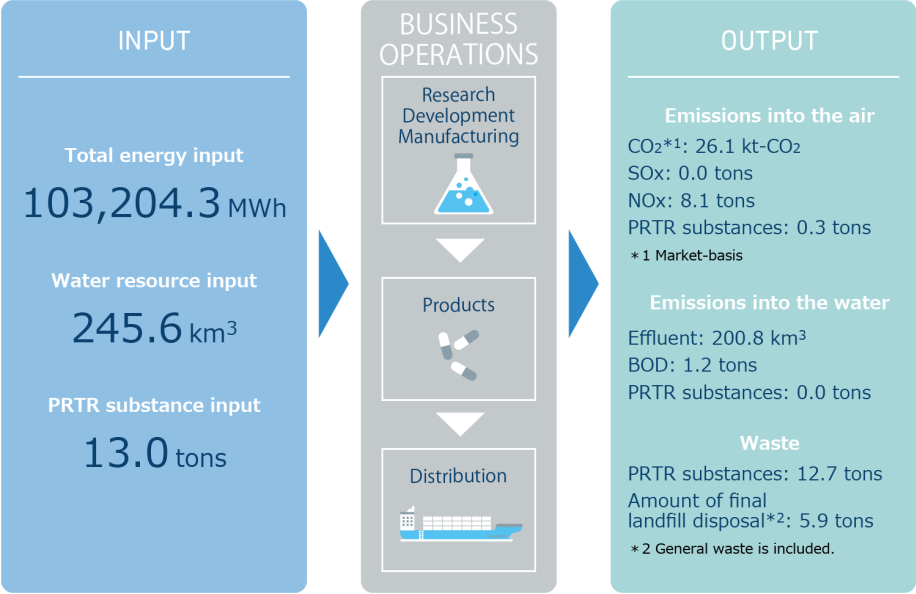
RE100 is an international initiative, aiming to source 100% of the electricity consumed in its business activities with renewable energy, which is operated by The Climate Group, an international environmental NGO which promotes climate change countermeasures, in partnership with CDP, an international NPO, that encourages companies to disclose and manage environmental impact information. We 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 (FY2020).

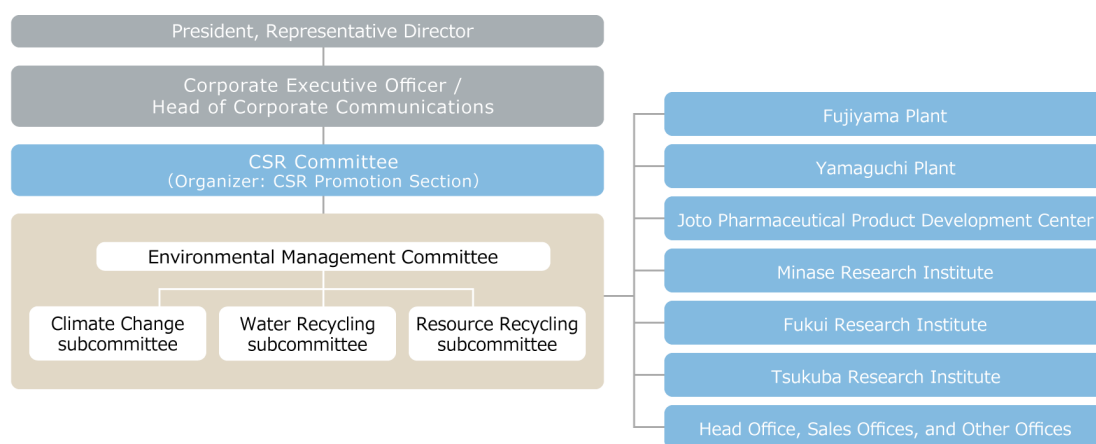


Promotion of Environmental Management

We have established an environmental management system in which the President, Representative Director is in charge of environmental management. Under the President, Representative Director, Corporate Executive Officer / Head of Corporate Communications as a corporate officer in charge of the environment oversees company-wide environmental management, and the CSR Promotion Section manages the Environmental Management Committee. Members of the Committee are chosen from relevant departments and are responsible for specific on-site monitoring and promoting environmental management. In particular, regarding the three priority items of "Realization of a decarbonized society," "Realization of a water recycling society," and "Realization of a resource recycling society," subcommittees (climate change subcommittee, water recycling subcommittee, and resource recycling subcommittee) established under the Environment Management Committee investigates initiatives to reduce the environmental burden and breaks them down as targets for each site to achieve for the fiscal year. Each of the manufacturing and research sites with large environmental burden has established a subcommittee. The manufacturing sites have continuously acquired ISO 14001 certification and worked to reduce their environmental impact. 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 (As of the end of March 2021)

Site name	
Fujiyama Plant	Certification is ongoing
Yamaguchi Plant	Certification scheduled during FY 2021
Scope of ISO 14001 certification at production sites (Including those under construction for ISO14001)	100%

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.

Environmental Costs (Including Depreciation Costs)

(Thousands of Yen)

Category	Environmental costs		Amount of investment in environmental equipment	
	FY2019	FY2020	FY2019	FY2020
1: Pollution prevention cost (air, water, soil, groundwater, hazardous chemicals, noise, vibration, and odor)	161,626	196,051	16,062	8,325
2: Global environment conservation cost (cost for preventing global warming, cost for environmental conservation activities)	862,909	624,210	2,100,004	457,788
3: Resource circulation cost (waste reduction, proper treatment of waste, efficient use of resources)	107,254	111,382	207	0
4: Administration cost (time and cost spent for committee and ISO activities, and environmental management)	5,536	7,704	—	—
5: Research and development cost	0	0	—	—
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)	3,668	9,444	—	520
Total	1,256,953	948,792	2,116,272	466,633

Environmental conservation effects

Environmental performance indicators		Change in the amount of environmental impact		Environmental impact	
		FY2019	FY2020	FY2019	FY2020
Effects corresponding to key business area costs	SOx emissions (tons)	0.0	0.0	0.0	0.0
	NOx emissions (tons)	-0.3	0.0	8.1	8.1
	Water use (1,000 m ³)	-51.3	-51.1	296.7	245.6
	BOD load (tons)	0.0	0.1	1.3	1.2
	CO ₂ emissions (1,000 tons-CO ₂)	-1.2	-1.2	27.3	26.1
	Energy use (MWh)	7,841.8	1,598.7	101,605.6	103,204.3
	Total waste discharge (tons)	-15.6	71.9	430.8	502.7
	Final landfill disposal (tons)	-2.6	-0.8	6.7	5.9

Economic Effects Associated with Environmental Conservation Activities

(Thousands of Yen)

Details	Economic effects	
	FY2019	FY2020
1: Reduction in costs through energy-saving activities	3,954	3,079
2: Reduction in waste costs through recycling activities	0	4,687
3: Profit from sale of recycled materials	4,874	1,762
Annual total	8,828	9,528

Social Contribution Activities

Approach to social contribution activities

We recognize social contribution activities as initiatives for the sustainable development of society. We also 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 the 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 FY2020, 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 addition, since FY2017, 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, from FY2017. In January 2021, 8 researchers were selected as scholarship winners in FY2021. 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. Going forward, we continue to engage in various activities that contribute to people's health.

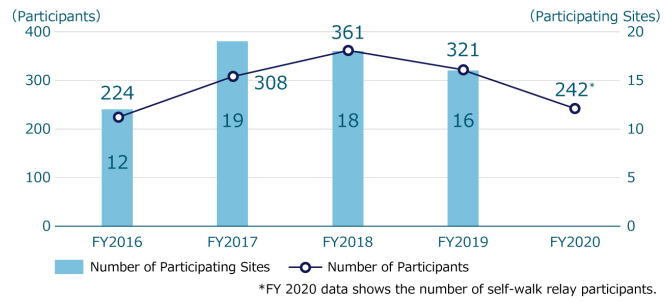
Dissemination of medical information

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 FY2020, 6 sessions were held, focusing on areas such as cancer, diabetes, and rheumatism, with approximately 2750 participants.

Delivered Content and Applications	Description
"For Patients and Their Families"	We operate a website that explains specific symptoms and treatment methods of diseases nearby and precautions in 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 diseases and treatments in the field of cancer and the concepts of cancer immunity. In FY2020, we added "Cancer and Novel Coronavirus - Precautions under the Spread of COVID-19" to a special website for the purpose of supporting the treatment and the lives of cancer patients during the COVID-19 crisis by providing appropriate, science-based information.
"Dementia Treatment Connected by Smiles and Heart"	We operate a website to consider dementia for people involved in dementia treatment and nursing care.
"Grandma's world"	We release a short movie to increase dementia awareness.
Application for patients with lifestyle-related diseases	We provide free smartphone application software to support patients suffering from lifestyle-related diseases.

Relay for Life

We have participated in Relay for Life as a part of our 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 for Life events mainly at the locations where our research institutes, plants, and sales offices reside.



In FY2020, the Relay for Life events were canceled in most locations due to the impact of the novel coronavirus. In order to keep up the hopes of cancer survivors and participants who look forward to this event every year and to continue supporting cancer patients and their families, Self Walk Relay was held instead of the yearly Relay for Life.

Self Walk Relay is a charity event in which anyone can participate by downloading an application onto their smartphone, participants will walk while taking measures against infection respectively, and the total number of steps support the operation of General Cancer Consultation Hotline (one case for every 40,000 steps). Our 242 employees throughout Japan participated in the event and the total number of steps was 26,470,803 (equivalent to 662 cases on General Cancer Consultation Hotline).

Initiatives at Overseas Subsidiaries

ONO Pharma Korea (OPKR) had been engaging in social contribution activities every year on December 11, the anniversary of its establishment; however, with its 7th anniversary in FY2020, the novel coronavirus prevented us from engaging in face-to-face activities with patients. Therefore, OPKR held a Charity Walk Campaign in which employees participated while thinking of patients with renal cancer and their families. A target donation amount per 1 km was set and all employees joined in the event and achieved the target donation amount. The donation delivered to Society of Patients with Renal Cancer will be used for patient support programs, sharing correct treatment information, activities to improve political measures, and other activities for patients with renal cancer and their families. OPKR employees participated in an activity that resulted in support for patients and their families and gained a sense of satisfaction from the activity.



Supporting Members

Since FY2014, we have been supporting the ["Solaputi Kids' Camp"](#), dream camp with medical care for children who have serious or life threatening illnesses, as a supporting member.

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. We also agree with the "[Declaration of Biodiversity by Keidanren and Action Policy](#)".

Efforts at each worksite

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.

At Fujiyama Plant, we provided trash bags for "Operation Trash Clean-sweep," a clean-up activity of the municipaighborhood associations of Fujinomiya City and the "Fujinomiya City Cleaning Campaign" as activities friendly to communityenvironment. We also cleaned the area surrounding the plant premises in March 2021.

At Joto Pharmaceutical Product Development Center, cleanup of the periphery of Joto Pharmaceutical Product Development Center and a neighboring elementary school as well as parks, which was part of the "Osaka Marathon Cleanup campaign" by the Osaka Municipal Government, was canceled in FY2020 for reasons of preventing of spread of the novel coronavirus. We participated in the autonomous firefighting technique training meeting (FY2020) held by the Higashinari Autonomous Firefighting Brigade Council for the purpose of enhancing autonomous firefighting skills and disaster response skills as in the previous year despite of limited number of participants and we received training for actual fires, including how to use a fire extinguisher and indoor fire hydrant under the instruction of the Higashinari Fire Department.

At Minase Research Institute, we join the Rikyu no Mizu Conservation Society to protect the famous water source, which has been selected as one of the 100 best springs in Japan. We took part in the joint cleanup activities that are organized twice a year. In addition, we usually participate in firefighting training in a fire-prevention festival in Shimamoto-cho that is held to raise awareness of fire prevention among local residents every year in November as well as in the New Year parade of the firefighting brigade of Shimamoto-cho as private fire brigade members at the institute, which is organized on the second Sunday of January every year. However, in FY2020, both events were canceled for reasons of preventing the spread of the novel coronavirus and we could not participate in the events.

At Fukui Research Institute, we take part in cleanup activities, including picking up litter around the boundary of the site on a regular basis. The private fire brigade members at the institute join a volunteer fire brigade competition that is held every year to raise awareness of fire prevention and to improve firefighting skills and they participate in firefighting training. The gymnasium and tennis courts on the premises are opened to the public as places for communication. In FY2020, the volunteer fire brigade competition was canceled for reasons of preventing the spread of the novel coronavirus.

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



Activities at Fujiyama Plant

Eco-Cap Activities

Our head office and Minase Research Institute (since 2014) and Tsukuba Research Institutes (since 2018) have been taking part in an “Eco-cap” campaign. Special trash cans for PET bottle caps are placed near vending machines.

Instead of disposing of PET bottle caps as general waste, through cap recycling activities they are used in various social contribution activities, such as medical support, support for people with disabilities, and environmental education for children.



Special Garbage Containers

Amount collected at each worksite	FY2017	FY2018	FY2019	FY2020
head office	28,380caps (66.0kg)	20,210caps (47.0kg)	33,250caps (77.3kg)	20,640caps (48.0kg)
Minase Research Institute	10,750caps (25.0kg)	26,875caps (62.5kg)	23,220caps (54.0kg)	15,480caps (36.0kg)
Tsukuba Research Institute	—	2,365caps (5.5kg)	1,290caps (3.0kg)	1,720caps (4.0kg)

Sponsorship of 'Exploring the mystery of water' (Organized by local governments around Fujiyama Plant/intended for elementary school students)

We have supported the Fujinomiya City sponsored hands-on learning 'Exploring the mystery of water' (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. In FY2020, these activities were canceled due to the impact of the novel coronavirus.



Exploring the mystery of water

Initiatives at Overseas Subsidiaries

ONO Pharma Taiwan (OPTW) engaged in CSR activities on the 6th anniversary of its establishment, December 11, 2020. We usually engage in activities with cancer patients through a cancer patient association, the Formosa Cancer Foundation; however, in FY2020, in consideration of the COVID-19 crisis, we conducted glass bottle recycling activities by focusing on environmental issues, which is one of the important social issues in Taiwan.

This CSR activity was planned in consideration of Sustainable Development Goals (SDGs) of the United Nations. We learned about the status of environmental pollution in Taiwan, waste disposal issues, the importance of recycling, and the recycling process, through lectures and experience. All employees experienced the recycling of the empty bottles they brought into small glasses with the company name.

We promote CSR activities that OPTW can implement in consideration of SDGs.



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.

Since FY2019, this project has been postponed due to the impact of the novel coronavirus; however, it is scheduled to be implemented in Iwate prefecture around the autumn of 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	—
FY2020	Re-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 while visiting schools

The purpose of this program is for students to understand dementia as a familiar disease 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. In FY2020, this program was canceled due to the impact of the novel coronavirus.

Implementation status	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	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(Learning the secrets of Pharmaceuticals!) "(Science Education Program while visiting schools)

With the aim of increasing children's interest in science, experiments, and pharmaceuticals, as well as with the aim of career education, our researchers have conducted outreach classes on pharmaceuticals for 6th grade students, serving as instructors. We have carried out this program continuously since FY2015 at Shimamoto Municipal Third Elementary School, which is near Minase Research Institute and since FY2019 at Hoei Elementary School, which is near Joto Pharmaceutical Product Development Center. In FY2020, despite the COVID-19 crisis, according to the strong request by Hoei Elementary School, we conducted this project by taking more careful measures than ever (wearing masks and face shields, health check before and after the class, ventilation check by CO2 measurement device, disinfection of hand and fingers and equipment for each class, limitation of number of staff members, etc.). According to the questionnaires answered by the children after the classes, their interest in pharmaceuticals and research seems to have grown and this project seems to be a trigger for them to consider a career. It is also a valuable opportunity for our staff members to get a sense of the reactions of children directly and to realize their connection with local communities.

Number of Participants per Year	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Total
Students	71	64	59	72	141	81	488
Staff members supporting the experiment	10	10	9	12	25	9	75
Secretariat staff members	9	10	7	10	22	6	64

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



Implemented at Hoei 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 Pharmaceutical Product Development Center since FY2018. Toothbrush sets and toothbrushes are manufactured by our company affiliate, BeBrand Medical Dental Co., Ltd. This activity is implemented in line with the June 4 to 10th "Dental and Oral Health Week" with our desire to contribute to maintaining and increasing health by working "Towards a world free of cavities." In FY2020, we donated 3,488 sets and 350 toothbrushes. We cherish the fact that local communities and companies coexist, that they develop together, and we continue to engage in this activity as a good corporate citizen.

Sponsoring the performance Kokoro no Gekijo (Theater 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 (Theater 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, consideration of other people, the joy to believe each other to children's heart through the performance. We understand such philosophy and support activities.

In FY2020, the Theater of the Heart was canceled due to the impact of the novel coronavirus throughout the year and throughout Japan.



Kamome ni tobukoto wo oshieta Neko (A cat that taught gulls to fly), a family musical performed in FY2019 by Shiki Theatre Company
Photo by Takashi Uehara

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

We have 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 FY2020, we decided to donate money to 3 NPOs.



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

Other efforts

Blood Donation

Our employees at the Head Office, plants, and research institutes actively donate their blood to the Japanese Red Cross Society. In FY2020, although we reduced the number of blood donation sites and we are continuing these activities while taking full measures against infection.

Support for People with Disabilities

Since January 2013, our head office has held a sales event for handmade bread and cookies made at workplaces that support the independence of people with disabilities, on the fourth Wednesday of every month. In FY 2020, as a countermeasure against the new coronavirus infection, we received pre-ordered bread and cookies instead of face-to-face sales. The activities have now been completed for various reasons.

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 • Initiatives at ONO Pharma Korea (OPKR) • 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) • Initiatives at ONO Pharma Taiwan (OPTW)
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(Learning the secrets of Pharmaceuticals!)"(Science Education 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 Code of Conduct

See here for the ONO Pharmaceutical Codes of Conduct.

> [ONO Pharmaceutical Code of Conduct](#)

ONO Pharmaceutical Compliance Program Policy

See here for the ONO Pharmaceutical Compliance Program Policy.

> [ONO Pharmaceutical Compliance Program Policy](#)

ONO Pharmaceutical Global Tax Policy

See here for the ONO Pharmaceutical Global Tax Policy.

> [ONO Pharmaceutical Global Tax Policy](#)

ONO Pharmaceutical Global Anti-Bribery and Corruption Policy

See here for the ONO Pharmaceutical Global Anti-Bribery and Corruption Policy.

> [ONO Pharmaceutical Global Anti-Bribery Corruption Policy](#)

ONO Pharmaceutical Code of Practice

See here for the ONO Pharmaceutical Code of Practice.

> [ONO Pharmaceutical Code of Practice](#)

Information Security Global Policy

See here for the Information Security Global Policy.

> [Information Security Global Policy](#)

Privacy Policy

See here for our Privacy Policy.

> [Privacy Policy](#)

ONO Pharmaceutical Human Rights Global Policy

See here for the ONO Pharmaceutical Human Rights Global Policy.

> [ONO Pharmaceutical Human Rights Global Policy](#)

Basic Policy for Procurement Activities and CSR Procurement Guideline

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

> [Basic Policy for Procurement Activities and CSR Procurement Guideline](#)

Global Environment Policy

See here for Global Environment Policy.

> [Global Environment Policy](#)

ONO's global policy for social contribution activities

See here for ONO's global policy for social contribution activities.

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

ESG Data

Regarding the data for FY2020 marked with ★, we have received independent assurance in our Sustainability data 2021 (PDF version) so as to bolster the reliability of the information. For details, please see the "[Independent Practitioner's Assurance](#)." Governance Data

Governance Data

Corporate Governance

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Board structure	Directors (Total)	Non-consolidated	Persons	7	7	8	8	8
	Independent outside directors	Non-consolidated	Persons	2	2	3	3	3
	Female directors	Non-consolidated	Persons	0	0	0	0	1
Board of Auditors structure	Auditors (Total)	Non-consolidated	Persons	4	4	4	4	4
	Independent outside auditors	Non-consolidated	Persons	2	2	2	2	2
	Female auditors	Non-consolidated	Persons	1	1	1	1	1
Director Remuneration	Total	Non-consolidated	Million yen	345	336	360	368	384
	President, Representative Director, and Chief Executive Officer	Non-consolidated	Million yen	-	-	114	116	126
Auditor Remuneration	Total	Non-consolidated	Million yen	71	76	77	78	83
Number of Board of Directors meetings		Non-consolidated	Times	15	13	13	13	13
Number of Board of Auditors meetings		Non-consolidated	Times	13	13	14	14	19
Board attendance rate (directors)		Non-consolidated	%	-	100	100	100	98.6
Board attendance rate (auditors)		Non-consolidated	%	-	-	100	92.3 ^{*1}	100

*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%.

Compliance

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Compliance training attendance rate	Non-consolidated	%	-	-	100	100	100	
Number of reports	Discrimination and harassment related	Non-consolidated	Incidents	-	-	-	22	15
	Personnel and labor management related	Non-consolidated	Incidents	-	-	-	2	1
	Others	Non-consolidated	Incidents	-	-	-	44	6
	Total	Non-consolidated	Incidents	-	-	44	68	22
Number of compliance violations* ²	Discrimination and harassment related	Non-consolidated	Incidents	-	-	-	3	1
	Personnel and labor management related	Non-consolidated	Incidents	-	-	-	0	0
	Bribery cases	Non-consolidated	Incidents	0	0	0	0	1
	Others	Non-consolidated	Incidents	-	-	-	6	0
Total	Non-consolidated	Incidents	-	-	5	9	2	
Costs for legal violations	Non-consolidated	Million yen	-	-	-	-	0	
Number of facilitation payments	Non-consolidated	Incidents	0	0	0	0	0	

*2 Those judged to be disciplinary

Social Data

Research Development

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
R&D expenses	Non-consolidated	Million yen	57,506	68,821	70,008	66,497	62,384
Ratio of R&D expenses to net sales	Non-consolidated	%	23.5	26.3	24.3	22.7	20.2

Provision of Growth Opportunities

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Annual training hours per employee	Non-consolidated	Hours	-	-	35.5	30.7	34.1	
Classification by training category	General capability development	Consolidated	Hours	-	-	-	39,189	69,080
		Participants	-	-	-	16,194	16,867	
	Professional capability development	Consolidated	Hours	-	-	-	57,226	43,214
		Participants	-	-	-	11,012	13,072	
	Compliance training	Consolidated	Hours	-	-	-	6,885	3,816
		Participants	-	-	-	13,999	33,503	

* For more information on the training, see "[Human Resources Development](#)."

Promoting active participation of persons with disabilities/mid-career employment

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Employment of persons with disabilities	Non-consolidated	%	2.3	2.24	2.28	2.2	2.17 ^{*3}
Number of employees hired by Mid-career recruitment (As of the end of FY)	Non-consolidated	Persons	322	380	440	446	457

*3 As of March 31, 2021, the employment rate has been 2.17%, but we are actively recruiting, and we expect to meet the legal employment rate by October.

Employee composition

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Ratio of new graduates (male)	Non-consolidated	%	57	66	51	66	60
Ratio of new graduates (female)	Non-consolidated	%	43	34	49	34	40
Employees (total)	Non-consolidated	Persons	3,062	3,199	3,284	3,287	3,319
Employees (male)	Non-consolidated	Persons	2,358	2,629	2,682	2,676	2,688
Employees (female)	Non-consolidated	Persons	524	570	602	611	631
Contract workers ratio	Non-consolidated	%	-	0.3	0.1	0.1	0.1
Temporary staff ratio	Non-consolidated	%	-	8.8	8.9	8.0	8.8
Average age (total)	Non-consolidated	Years old	40.4	41.4	41.8	41.9	42.7
Average age (male)	Non-consolidated	Years old	41.1	42.1	42.6	42.7	43.7
Average age (female)	Non-consolidated	Years old	37.1	37.9	38	37.9	38.5
Average consecutive years of employment (total)	Non-consolidated	Years	15.3	15.3	15.5	16	16.3
Average consecutive years of employment (male)	Non-consolidated	Years	15.9	16	16.3	16.8	17.2
Average consecutive years of employment (female)	Non-consolidated	Years	12.3	11.8	12	12.4	12.5

Employee information

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Average annual salary	Non-consolidated	JPY 10,000	897	906	917	928	937
Collective bargaining rights holding rate	Non-consolidated	%	-	-	-	97.3	95.7
Labor union participation rate	Non-consolidated	%	68.6	66.8	65.1	60.8	62.2
Employee satisfaction rate (total)	Non-consolidated	%	62	-	66	-	54 ^{*4}
Employee satisfaction rate (male)	Non-consolidated	%	-	-	68	-	56
Employee satisfaction rate (female)	Non-consolidated	%	-	-	57	-	45
Female manager rate	Non-consolidated	%	3.4	3.9	4.0	4.6	4.6

*4 The index and calculation method for employee satisfaction was changed in FY2020. When calculated using the indicators from the 2018 survey, it is 70% in 2020.

Turnover and retention rate

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Retention rate after 3 years (total)	Non-consolidated	%	89.9	97.8	97.8	93.9	96.6
Retention rate after 3 years (male)	Non-consolidated	%	93.1	98.4	96.1	95.4	97.7
Retention rate after 3 years (female)	Non-consolidated	%	85.4	96.9	100.0	90.9	95.3
Full-time employee turnover rate (voluntary resignation)	Non-consolidated	%	1.0	1.3	1.5	1.6	1.2
Full-time employee turnover rate (Mandatory retirement, etc.)	Non-consolidated	%	0.9	0.7	0.6	0.2	1.1
Full-time employee turnover rate (total)	Non-consolidated	%	1.9	2.0	2.1	1.8	2.3

Enhancing cultivation of employee-friendly workplaces

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Overtime hours	Non-consolidated	% compared to FY2014	-	▽0.5%	▽5.7%	▽14.5%	▽3.8%
Percentage of paid vacation taken	Non-consolidated	% compared to FY2014	-	△6.4%	△17.2%	△24.7%	△18.6%

Health and safety

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	★FY2020	
Industrial accident	Number of lost-time injuries	All Japanese operation sites (Employees) ^{*5}	1	1	1	0	3	
		All Japanese operation sites (Temporary employees) ^{*7}	-	-	-	1	0	
	Lost-time injury frequency rate ^{*6}	All Japanese operation sites (Employees) ^{*5}	-	0.16	0.16	0.15	0	0.47
		All Japanese operation sites (Temporary employees) ^{*7}	-	-	-	-	2.09	0

*5 Scope before FY2016: Domestic plants and research institutes

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

*7 The data on the number of lost-time injuries and the lost-time injury frequency rate for temporary employees are subject to disclosure from FY2019.

Supporting disease prevention, early detection and early treatment

Item		Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Medical checkups received		Non-consolidated	%	-	99.1	99.4	99.7	99.5
Cancer screening rate	Stomach cancer screening	Non-consolidated	%	-	97.2	97.3	97.7	95.3
	Lung cancer screening	Non-consolidated	%	-	99.3	99.7	99.9	99.9
	Colorectal cancer screening	Non-consolidated	%	-	93.9	93.6	95.8	94.7
	Breast cancer screening	Non-consolidated	%	-	90	88.3	86.7	89.3
	Cervical cancer	Non-consolidated	%	-	43.4	42.3	47.3	46.6

Mental health measures and health promotion

Item		Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Stress checks received		Non-consolidated	%	-	95.1	99.4	99.8	99.5
Number of participants in walking campaign	Employees	Non-consolidated	Persons	887	1,088	1,169	1,450	1,417
	Family	Non-consolidated	Persons	256	472	771	987	985
	Temporary staff, etc.	Non-consolidated	Persons	68	99	90	124	89
Walking campaign total employee participation rate		Non-consolidated	%	-	34	35	44	42

Environmental Data

GHG emissions

The scope of environmental data is non-consolidated basis. Since the figures in the table are rounded, the breakdown totals may not always coincide with the overall totals.

Item		Scope	Unit	FY2016	FY2017	FY2018	FY2019	★FY2020	
GHG emissions (Market-basis)		Production and research sites	kt-CO ₂	27.3	27.2	26.1	25.2	24.1	
		Headquarters and other Sites in Japan (including tenant locations)	kt-CO ₂	2.6	2.6	2.4	2.1	2.0	
		Total	kt-CO ₂	29.9	29.8	28.5	27.3	26.1	
GHG emissions scope breakdown (Market-basis)	Scope 1 (Breakdown by GHG type)	Energy-derived CO ₂	All operation sites	kt-CO ₂	8.5	8.5	9.0	9.7	10.0
		Hydrofluorocarbon (HFC)			-	0.2	0.5	0.4	0.1
		Total			8.5	8.7	9.5	10.1	10.1
	Scope 2	All operation sites	kt-CO ₂	21.4	21.1	19.1	17.1	15.9	

Sites where data were collected: Fujiyama Plant, Joto Pharmaceutical Product Development Center, Yamaguchi Plant (added from FY2018), 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.

GHG emissions = Purchased electricity × Adjusted emission factor published by electric power company + Σ (Fuel consumption × Unit calorific value × Carbon emission factor × 44/12) + Σ (Fluorocarbon leakage amount × 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 types: Based on the Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System of the Act on Promotion of Global Warming Countermeasures

GHG emissions in the value chain (Scope3)

Category	Calculation method	Notes	Scope	Unit	FY2016	FY2017	FY2018	FY2019	★FY2020
Cat1	Purchased goods and services	GHG emissions (scope 1,2) volume of our major suppliers of raw materials and materials (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.	All operation sites	kt-CO ₂	97.1	8.5	8.1	11.5	-
Cat2	Capital goods	Amount of capital investment, multiplied by emission factor		kt-CO ₂	27.0	52.6	60.4	26.9	25.8
Cat3	Fuel- and energy-related activities not included in scope 1 or scope 2	Amount of non-renewable electricity purchased, multiplied by emission factor		kt-CO ₂	1.5	1.5	1.5	2.8	2.7
Cat4	Upstream transportation and distribution	Transport data on deliveries from our production sites and distribution centers to destinations, multiplied by emission factor		kt-CO ₂	0.1	0.1	0.1	0.1	0.1
Cat5	Waste generated in operations	Weight of each type of industrial waste generated, multiplied by emission factor		kt-CO ₂	0.3	0.3	0.3	0.3	0.3
Cat6	Business travel	Business travel costs, multiplied by emission factor		kt-CO ₂	2.2	2.5	2.3	4.0	0.4
Cat7	Employee commuting	Commuting costs, multiplied by emission factor		kt-CO ₂	0.3	0.4	0.4	0.5	0.4
Cat8	Upstream leased assets	Cost of gasoline for leased company cars, multiplied by emission factor		kt-CO ₂	3.5	3.5	3.3	2.9	2.0
Cat9	Downstream transportation and distribution	GHG emissions stated in CSR reports on our major pharmaceutical wholesalers, multiplied by percentage of our net sales included in all net sales of major pharmaceutical wholesalers		kt-CO ₂	6.2	5.3	5.3	4.9	-
Cat10	Processing of sold products	-		kt-CO ₂	Not relevant	Not relevant	Not relevant	Not relevant	Not relevant
Cat11	Use of sold products	-		kt-CO ₂	Not relevant	Not relevant	Not relevant	Not relevant	Not relevant

Category	Calculation method	Notes	Scope	Unit	FY2016	FY2017	FY2018	FY2019	★FY2020
Cat12	treatment of sold products	Weight of each type of our product packaging disposed of as waste, multiplied by emission factor		kt-CO ₂	0.2	0.1	0.2	0.2	0.2
Cat13	Downstream leased assets	Floor space of asset (building) owned and rented out categorized by use, multiplied by emission factor		kt-CO ₂	0.3	0.3	0.3	0.3	0.3
Cat14	Franchises	-	ONO does not operate franchises	kt-CO ₂	Not relevant	Not relevant	Not relevant	Not relevant	Not relevant
Cat15	Investments	-	There is no investment involving large amounts of greenhouse gas emissions.	kt-CO ₂	Not relevant	Not relevant	Not relevant	Not relevant	Not relevant
Total				kt-CO ₂	138.7	75.1	82.2	54.4	-

* Categories 1 and 9 of scope 3 and their total for FY2020 are not calculated because our major suppliers and pharmaceutical wholesalers had not published their CSR reports at the time of calculation.

* The emissions factors are from the "Emission Factor Database on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (ver. 2.4 in FY2016 and FY2017, ver. 2.6 in FY2018, ver. 3.0 in FY2019, and ver. 3.1 in FY2020)," published by the Ministry of the Environment of Japan.

Energy consumption

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Energy consumption	Production and research sites	MWh	84,173.4	83,906.2	88,423.4	96,369.2	★98,025.2
	Headquarters and other Japan offices/sites (including tenant locations)	MWh	5,150.1	5,256.9	5,340.4	5,236.4	★5,179.1
	Total	MWh	89,323.5	89,163.1	93,763.8	101,605.6	★103,204.3
Electricity consumption	Private power generation (renewable) (solar power generation)	MWh	54.0	55.3	65.0	63.0	63.3
	Purchased electricity (renewable) (hydroelectric power generation)	MWh	-	-	-	1,278.0	1,954.7
	Private power generation (non-renewable)	MWh	7,967.9	7,927.0	8,856.2	8,185.3	8,566.3
	Purchased electricity (non-renewable)	MWh	41,770.2	41,820.1	43,734.4	46,351.7	45,232.2
	Total (total electricity consumption)	MWh	49,792.1	49,802.4	52,655.5	55,878.0	55,816.5
Amount of credits purchased	Solar power generation	MWh	-	-	-	2,427.0	4,946.6
	Biomass power generation	MWh	-	-	2,900.0	2,460.9	386.2
Renewable energy usage ⁸	MWh	54.0	55.3	2,965.0	6,228.9	★7,350.7	
Renewable energy usage rate (renewable energy usage / total electricity consumption)	%	0.1	0.1	5.6	11.1	★13.2	

Sites where data were collected: Fujiyama Plant, Joto Pharmaceutical Product Development Center, Yamaguchi Plant (added from FY2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, Head Office, sales offices and other offices, etc.

⁸ Renewable energy usage = Private power generation (renewable) + Purchased electricity (renewable) + Amount of credits purchased

Water intake and wastewater volume by site (unit: 1,000 m³)

Site name	River in the area	Wastewater drainage destination	FY2016		FY2017		FY2018		FY2019		★FY2020	
			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	195.7	128.9	205.6	148.6	240.2	178.4	185.0	145.1	157.8	125.0
Joto Pharmaceutical Product Development Center	Yodo River	Sewer	7.2	7.2	5.5	5.5	6.0	6.0	5.1	5.1	4.6	4.6
Yamaguchi Plant	Fushino River	River	-	-	-	-	8.2	8.2	18.1	18.1	18.6	17.7
Minase Research Institute	Yodo River	Sewer	45.2	45.2	51.3	51.3	41.2	41.2	39.1	39.1	33.7	33.7
Fukui Research Institute	Kuzuryu River	Sewer	39.4	7.5	38.7	5.2	31.3	5.0	27.3	5.7	13.7	2.6
Tsukuba Research Institute	Lake Kasumigaura	Sewer	10.9	10.9	8.1	8.1	6.0	6.0	7.1	7.1	7.2	7.2
Head Office and other sites in Japan (including tenant locations)	Rivers/lake in the areas where major business sites are located*9	Sewer	-	-	15.9	15.9	15.1	15.1	15.0	15.0	10.0	10.0
Total			298.4	199.7	325.1	234.6	348.0	259.9	296.7	235.2	245.6	200.8

Sites where data were collected: Fujiyama Plant, Joto Pharmaceutical Product Development Center, Yamaguchi Plant (added from FY2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, Head Office, sales offices and other offices, etc.

*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

Activities to reduce water consumption (rate of recycled water)

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Percentage of reused water	Production and research sites	%	-	5.9	4.8	5.5	2.0

Waste Management, and Recycling Containers and Product Packaging

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Industrial waste	Waste generated	Production and research sites	t	534.6	719.1	446.4	430.8	★502.7
	Special management industrial waste (hazardous waste) ^{*10}	Production and research sites	t	138.1	137.0	145.6	161.9	★171.2
	final landfill disposal	Production and research sites	t	0.7	7.4	0.4	0.2	★1.1
	final landfill disposal rate	Production and research sites	%	0.1	1.0	0.1	0.1	★0.2
final landfill disposal (Non-industrial waste is included)	Production and research sites	t	10.7	18.0	9.4	6.7	5.9	
Container and packaging usage	Plastic	Production	t	-	164.7	171.7	162.8	161.5
	Paper	Production	t	-	192.0	202.7	200.9	198.1
	Glass (colorless)	Production	t	-	0.0	0.0	0.0	0.0
	Glass (brown)	Production	t	-	0.3	0.3	0.3	0.2
Obligatory recycling amount	Plastic	Production	t	-	34.7	35.5	31.2	35.1
	Paper	Production	t	-	1.6	1.6	1.5	1.4
	Glass (colorless)	Production	t	-	0.0	0.0	0.0	0.0
	Glass (brown)	Production	t	-	0.0	0.0	0.0	0.0
Commissioning fee paid for recycling	Production	1,000 yen	-	1,723.0	1,650.0	1,546.0	1,814.0	

Sites where data were collected: Fujiyama Plant, Joto Pharmaceutical Product Development Center, Yamaguchi Plant (added from FY2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute

Of FY2017 final industrial landfill disposal volume in, the amount of waste (5.8 tons) from renovation of Joto Pharmaceutical Product Development Center was included.

*10 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.

Prevention of Air Pollution and Water Pollution

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Emissions into the air	SOx	Production and research sites	t	0.0	0.0	0.0	0.0	0.0
	NOx	Production and research sites	t	13.8	7.8	8.4	8.1	8.1
	Particulate matter	Production and research sites	t	0.4	0.3	0.3	0.3	0.3
	PRTR substance	Production and research sites	t	0.2	0.2	0.2	0.1	0.4
Emissions into water	Wastewater	Production and research sites	1,000m ³	199.7	218.7	244.8	220.2	★190.8
	BOD	Production and research sites	t	2.4	2.2	1.3	1.3	1.2
	PRTR substance	Production and research sites	t	0.0	0.0	0.0	0.0	0.0

Management of Chemicals (PRTR substances)

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Amount handled by the notified facilities	Acetonitrile	Production and research sites	t	8.3	9.0	7.2	8.5	10.4
	Normal-hexane	Production and research sites	t	3.0	3.0	2.8	3.0	2.6
	Total	Production and research sites	t	11.2	12.0	10.0	11.5	13.0
	Dioxins	Production and research sites	mg-TEQ	-	-	-	-	-
Notified release (into the air)	Acetonitrile	Production and research sites	t	0.2	0.4	0.2	0.1	0.3
	Normal-hexane	Production and research sites	t	0.0	0.0	0.0	0.0	0.0
	Total	Production and research sites	t	0.2	0.4	0.2	0.1	0.3
	Dioxins	Production and research sites	mg-TEQ	0.3	-	-	-	-
Notified release (into public waters)	Acetonitrile	Production and research sites	t	0.0	0.0	0.0	0.0	0.0
	Normal-hexane	Production and research sites	t	0.0	0.0	0.0	0.0	0.0
	Total	Production and research sites	t	0.0	0.0	0.0	0.0	0.0
	Dioxins	Production and research sites	mg-TEQ	0.0	-	-	-	-
Notified transfer (contained in waste)	Acetonitrile	Production and research sites	t	8.1	8.8	6.9	8.4	10.1
	Normal-hexane	Production and research sites	t	2.9	3.0	2.8	3.0	2.6
	Total	Production and research sites	t	10.9	11.8	9.8	11.3	12.7
	Dioxins	Production and research sites	mg-TEQ	16.8	0.0	-	-	-
Notified transfer (Into public sewage)	Acetonitrile	Production and research sites	t	0.0	0.0	0.0	0.0	0.0
	Normal-hexane	Production and research sites	t	0.0	0.0	0.0	0.0	0.0
	Total	Production and research sites	t	0.0	0.0	0.0	0.0	0.0
	Dioxins	Production and research sites	mg-TEQ	0.0	-	-	-	-
Notified release and transfer (total)	Acetonitrile	Production and research sites	t	8.3	9.0	7.2	8.5	10.4
	Normal-hexane	Production and research sites	t	3.0	3.0	2.8	3.0	2.6
	Total	Production and research sites	t	11.2	12.0	10.0	11.5	13.0
	Dioxins	Production and research sites	mg-TEQ	17.0	-	-	-	-

Management of Chemicals (PCB)

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Joto Pharmaceutical Product Development Center	Stored (Fluorescent lamp)	Production and research sites	Stand	552	552	552	0	0
	Disposed	Production and research sites	Stand	6	6	6	558	559
Minase Research Institute	Disposed	Production and research sites	Stand	2	2	2	2	2

Joto Pharmaceutical Product Development Center in FY2007, FY2019 and in FY2020 and Minase Research Institute in FY2014 delivered PCBs to the Japan Environmental Storage & Safety Corporation, a PCB waste treatment service provider. A condenser was identified by reinspection of Joto Pharmaceutical Product Development Center in FY2020, which was disposed of in that fiscal year.

Environmental Management

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Status of acquisition of ISO 14001 certification for sites	Production	site	100%	100%	100%	100%	100%

Scope of ISO 14001 certification at production sites (Including those under construction for ISO14001). Certification is scheduled during FY 2021 in Yamaguchi Plant.

Environmental Violations

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of breaches of legal obligation/regulatory violations	All operation sites	Cases	0	0	0	0	0
Amount of breach-/violation-related fines	All operation sites	Million yen	0	0	0	0	0
Environmental liabilities as of fiscal year-end	All operation sites	Million yen	0	0	0	0	0

Breach/violation cases with fines of USD 10,000 or more

Social Contribution Activities Data

Initiatives for medical advancement

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Osamu Hayaishi Memorial Award	-	Persons	-	1	1	1	1
Recipients of the research grant	-	Persons	12	12	12	12	12
Recipients of the research scholarship grant (40 years old and below)	-	Persons	16	16	16	16	16
Recipients of the Osamu Hayaishi Memorial Scholarship for Study Abroad	-	Persons	8	8	8	8	8

External Evaluation

External evaluation of environmental, societal and corporate governance efforts

Dow Jones Sustainability Indices(DJSI)

We have been selected for the first time as an index component of the DJSI World Index and DJSI Asia Pacific Index.

The DJSI is an index jointly developed by S&P Dow Jones in the U.S. and RobecoSAM in Switzerland. The companies' activities are analyzed in terms of the three aspects of economy, environment and society, and companies evaluated with excellent sustainability are selected as an index component.

DJSI world Index selects the top 10% of companies in each industry.

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

FTSE4Good Index Series

We have been selected as the FTSE4Good Index Series for the consecutive years since 2018.

This index was developed by FTSE Russell, wholly owned by the London Stock Exchange. Companies that satisfy criteria from the perspectives of environment, society and governance are selected.



FTSE4Good

FTSE Blossom Japan Index

We have been selected as the FTSE Blossom Japan Index for the consecutive years since 2018.

This index was developed by FTSE Russell, wholly owned by the London Stock Exchange. Japanese companies that satisfy criteria from the perspectives of environment, society and governance are selected.



**FTSE Blossom
Japan**

MSCI Japan ESG Select Leaders Index

We have been selected as the MSCI Japan ESG Select Leaders Index developed by the U.S. Inc., MSCI for the consecutive years since 2019.

From among the component companies of the MSCI Japan IMI top-700 Index, Japanese companies with outstanding environmental, social and governance evaluations are selected.

**2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

MSCI ESG Leaders Indexes Constituent

We were first selected as the MSCI ESG Leaders Indexes Constituent in 2020.

This index was developed by the U.S. Inc., MSCI, and companies with high evaluation in terms of environment, social, and governance are selected.

**2020 MSCI ESG Leaders
Indexes Constituent**

THE INCLUSION OF ONO PHARMACEUTICAL CO., LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF ONO PHARMACEUTICAL CO., LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

CDP 【Climate Change】

We have been selected as a prestigious "A List company" in CDP2020 【climate change】 by a global environmental non-profit CDP, for our commitment to climate change and disclosure. We have been included in "A List company" for the 3rd consecutive year since 2018.



CDP 【SUPPLIER ENGAGEMENT LEADER】

In the "2020 Supplier Engagement Assessment, we have been selected as a "Leader Board" by a global environmental non-profit CDP, with the highest evaluation following in FY 2019.

The Supplier Engagement Assessment assesses a company's approach to the supply chain for climate change issues.



S&P/JPX Carbon Efficient Index

We have been selected as a constituent of the "S&P/JPX Carbon Efficient Index" since 2018.

This index comprises companies included in the Tokyo Stock Price Index (TOPIX) , and the weight of constituent is determined by the disclosure status of environmental information and carbon efficiency (Carbon emissions per unit of revenue) based on market capitalization.



Awards for Achievement in Promoting Reduce, Reuse, Recycle Activities

We received the Reduce, Reuse, Recycle (3R) Promotion Council Chairman's Award in the 2020 Awards for Achievement in Promoting Reduce, Reuse, Recycle Activities (3R Awards).

The aims of the 3R Awards is to facilitate the creation of a recycling-oriented society by recognizing individuals, groups, companies, etc. that have made distinguished achievements through proactive and continued commitment to 3R activities.

Osaka Stop Global Warming Award

Our Minase Research Institute received the "Osaka Prefecture Governor's Award" of the Osaka Stop Global Warming Award for FY2020 hosted by the Osaka Prefecture, as a company that has made the best efforts in measures for global warming prevention by reducing greenhouse gas emissions on an emission basis and a basic unit basis. This award is commend business operators who have made outstanding efforts in their business activities, serving as a model for other businesses, in terms of controlling greenhouse gases and artificial heat emissions from their business activities, as well as levelling electricity demand ("prevention of global warming, etc."), based on the "Ordinance on Prevention of Global Warming in Osaka Prefecture".

Please see [here](#) for the details of the award.



Health & Productivity Management Outstanding Organization

In 2021, We were also accredited by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi^{*1}, for the third consecutive year, as a "Health & Productivity Management Outstanding Organization 2021 - White 500 (Large Enterprise Category)".

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.

*1 The Nippon Kenko Kaigi is an organization aiming to encourage workplaces and communities to achieve specific measures to overcome health-related challenges under collaboration among private organizations, e.g., economic associations, medical-care associations and insurers, and municipalities.



Nikkei Smart Work Management Survey

We were rated 4 stars in the 4th Nikkei Smart Work Management Survey.

Nikkei Smart Work Management 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.



Nikkei SDGs Management

We were rated 4 stars in the second Nikkei SDGs Management Survey.

Nikkei SDGs Management 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.




SUSTAINA ESG AWARDS

We received the Gold Class which is given to the top 20 companies in the "Comprehensive Categories" of SUSTAINA ESG AWARDS in 2020. In addition, we received the Bronze Class in the "Industry Categories" classified into 33 categories. SUSTAINA ESG AWARDS are award system established by SUSTAINA Japan Inc., for domestic companies that are actively engaged in ESG (Environment, Society, Governance). The top 100 companies with an overall score are selected as "ESG management advanced companies" by adding the financial score to the ESG score provided by the unique AI system.



Independent Practitioner's Assurance

Sustainability information

As for the categories of sustainability information (environment : GHG emissions, energy consumption, GHG emissions in the value chain (Scope 3) (For Cat1 and Cat9, the previous year's data has been verified in the assurance process.), water intake volume, wastewater volume (including drainage destination), industrial waste volume, special management industrial waste volume (hazardous waste volume), and final landfill disposal volume of industrial waste, society : number of lost-time injuries and frequency rate), each of which is disclosed and indicated with the icon  in our SUSTAINABILITY DATA 2021, we have received independent assurance so as to bolster the reliability of the information. The Independent Assurance Report is reprinted on page 5.

 [SUSTAINABILITY DATA 2021 \(569KB\)](#)

Appendix

- Materiality Targets and Progress
- ONO SWITCH Project: The results attained prior to FY2019
- SUSTAINABILITY DATA 2021
- Tax Reporting by Country or Region

Materiality Targets and Progress

Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021
Creation of innovative drugs				
Medium- to long-term targets : Contribute to the health of people all over the world by satisfying unmet needs through the discovery and manufacture of innovative pharmaceutical products				
①Speed up 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	✓ Ono Venture Investment, a new system for open innovation, was established	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 KPI
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		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 development pipeline and its progress	✓ Number of approvals/clinical studies/preclinical studies/in-licensed drugs
Intellectual property strategies				
Medium- to long-term targets : In addition to uncovering company-internal intellectual property, strengthen product lifecycle management from the standpoint of maximizing intellectual property value				
Consider proactive utilization of intellectual property in order to improve healthcare access				
①Spread 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 ✓ 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	✓ The department in charge of intellectual property conducted awareness-raising sessions on intellectual property within relevant departments and held 29 discussions ✓ No intellectual property of others was violated	①Maximize the value of intellectual property by holding talks and exchanges of views in each department to spread awareness of the crucial nature of intellectual property and uncover new company-internal intellectual property KPI ✓ Our intellectual property is actively used, and its value is not damaged

Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021
②Establish 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	✓ Lifecycle management strategies of all projects were examined and made from the perspective of intellectual property	② Enhance analysis, design and promotion of intellectual property strategies for all products and compounds under development from the perspective of lifecycle management
③Engage 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 We updated and disclosed our approach to intellectual property rights and patents in countries with difficulties ensuring healthcare access	③Engage in external information exchange to build a foundation for intellectual property utilization in order to improve healthcare access KPI ✓ 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	✓ Relevant institutions and cases in the pharmaceutical industry were investigated and possible measures were organized	③ Continue collecting external information to build infrastructure for intellectual property utilization to improve healthcare access, extract issues to be addressed for global business development and make a medium- and long-term strategy KPI ✓ The medium- and long-term strategy is made to improve healthcare access

Assurance of product reliability and safety

Medium- to long-term targets : 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

①Identify 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 KPI ✓ Reduce the number of incidents and recurrence of problems in quality management and safety management operations compared to FY2018	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 FY2018) Quality assurance operations: ✓ The incidence of deviation from quality standards at each production site fell below	①Keep the rate of incidents in safety management operations below a certain level KPI ✓ The compliance rate for reporting to regulatory authorities within the prescribed period is at least 99.9%	✓ The compliance rate for reporting to regulatory authorities within the prescribed period is 100%	①Keep the rate of incidents in safety management operations below a certain level KPI ✓ Compliance rate for reporting to regulatory authorities within the prescribed period: At least 99.9% ②Keep the rate of incidents and recurrence of problems in quality management operations below a certain level KPI ✓ Zero product recall ✓ The quality claim rate is below 0.01%
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Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021
	<p>the predetermined limit</p> <ul style="list-style-type: none"> ✓ 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>③Train and raise awareness of relevant departments to improve compliance with GXP (GVP, GQP, GPSP)</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ Safety management training for all employees, plus additional programs for GVP/GPSP education, RMP and product education to be undertaken by implementing departments ✓ Quality management training for CMC, Production Division and Quality Assurance Department
<p>②Conduct internal training.</p> <p>KPI</p> <p>Conduct training at least once a year with a 100% attendance rate as follows:</p> <ul style="list-style-type: none"> ✓ 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>All of the target employees participated the internal training (attendance rate: 100%)</p>	<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% 	<ul style="list-style-type: none"> ✓ Zero product recall ✓ The quality claim rate is below 0.01% 	
		<p>③Conduct internal training:</p> <ul style="list-style-type: none"> ✓ 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 	<ul style="list-style-type: none"> ✓ Four quality management training sessions and about 30 safety management training sessions were conducted as scheduled 	

Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021
<p>Promotion of human resource development</p> <p>Medium- to long-term targets : 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 career and take action as passionate challengers to deliver better pharmaceutical products to patients</p>				
<p>①Engage in activities to raise awareness about our mission statement</p> <p>KPI</p> <p>✓ Prepare and conduct awareness raising efforts at four overseas sites and for all employees in Japan who are mid-career employees</p>	<p>We conducted awareness-raising efforts at all four overseas sites</p> <p>Awareness-raising efforts for mid-career employees in Japan: Conducted at a 100% level (54 persons)</p> <p>We held employee training programs at medical institutions and lectures delivered by patients to deepen their understanding of medical needs</p>	<p>①Continue to engage in activities to raise awareness about our mission statement.</p> <p>KPI</p> <p>✓ Rate of employees who are highly aware that our mission statement is their principle for taking action: At least 50%</p>	<p>✓ Rate of employees who are highly aware that our mission statement is their principle for taking action: 47%</p>	<p>①Continue to engage in activities to raise awareness about our mission statement</p> <p>KPI</p> <p>✓ Rate of employees who are highly aware of our mission statement in taking action: At least 65%</p> <p>✓ Rate of employees of overseas subsidiaries (excluding expatriate employee) who are highly aware of our mission statement: At least 40%</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</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</p> <p>✓ 100% acceptance rate</p>	<p>Attendance rate: 100%</p> <p>Total number of attendees: 603 persons</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</p> <p>✓ Rate of behavior change recognized in the evaluation made by their superiors after the training: At least 80%</p>	<p>✓ Rate of behavior change recognized in the evaluation made by their superiors after the training: 79%</p>	<p>✓ Rate of behavior change recognized in the evaluation made by their superiors after the training: At least 85%</p> <p>③Increase opportunities of self-learning and social learning of employees</p> <p>KPI</p> <p>✓ Attendance rate for self-improvement programs: At least 40%</p> <p>④Enhance training of and increase the number of candidates for top management</p> <p>KPI</p> <p>✓ Training additional 40 candidates for top management</p> <p>✓ Training 20 persons who are competent to work abroad (target number of persons who are competent to work abroad by the end of FY2024: 200; 121 persons already trained)</p>
<p>③Develop independent human resources by expanding elective training that employees can choose to participate in and enhance support for self-improvement by employees. ONO also</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</p>	<p>✓ Attendance rate for self-improvement programs: 32%</p>	<p>⑤Deepen employees' understanding of independent career development</p> <p>KPI</p> <p>✓ Employees' understanding of career</p>

Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021
<p>nurtures a climate of growth where employees stimulate learning in one another.</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ At least 20% for the participation rate in self-improvement programs 		<p>each other</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ Attendance rate for self-improvement programs: At least 33% 		<p>development: 50%</p> <ul style="list-style-type: none"> ✓ Attendance rate of e-learning for career development: At least 85% <p>⑥Discover core persons in charge of innovation</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ Number of participants in discovery programs: At least 60
<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"> ✓ Provide global development programs that include language education and future management candidate training 	<p>Number of attendees for the global development programs: 87 persons</p> <p>Number of attendees for the future top 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 top management candidate training: At least 80% 	<ul style="list-style-type: none"> ✓ In the global skills assessment, 83% of persons were assessed after training to be competent to work abroad ✓ Rate of behavior change recognized in the evaluation after the future top management candidate training: 69% and 52% for two ranks, respectively 	<ul style="list-style-type: none"> ✓ Temporary transfer to ventures <p>⑦Train persons in charge of digital transformation</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ Number of persons with IT passport: 35
<p>Thorough Compliance</p>				
<p>Medium- to long-term targets : Improve awareness about organizational compliance and strengthen auditing systems in an effort to eliminate any regulatory or compliance violations</p>				
<p>①Conduct compliance training</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ Achieve a 100% attendance rate of all employees 	<p>We achieved 100% of the target (all employees participated in the training.)</p>	<p>Implement the following initiatives with the aim of maintaining no occurrence of significant compliance violations*</p> <p>* Compliance violations that have a great impact on sales and profits</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ Number of significant compliance violations: Zero 	<p>Number of significant compliance violations: 1</p> <p>* Case charged with bribery in February 2021 (and judged guilty in June 2021)</p>	<p>Implement the following initiatives with the aim of maintaining no occurrence of significant compliance violations *</p> <p>* Compliance violations that have a great impact on sales, profits and the society</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ Number of significant compliance violations: Zero
<p>②Work through the companywide compliance PDCA cycle with a compliance committee in which members of company management participate</p>	<p>We held four compliance meetings</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 	<ul style="list-style-type: none"> ✓ Training attendance rate: 100% 	<p>①Hold a compliance meeting in which members of company management participate every quarter to work through the companywide compliance PDCA cycle</p> <p>②Conduct compliance training (e-learning twice a year)</p> <p>③Conduct training and follow-up training of new employees</p>

Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021
<p>KPI</p> <p>✓ At least four times a year</p>		<p>department</p> <p>✓ Conduct sales department training (rules, guidelines, codes)</p> <p>✓ Conduct e-learning training (twice a year)</p> <p>✓ Distribute an email magazine on compliance</p> <p>KPI</p> <p>✓ Training attendance rate: 100%</p>		<p>④Conduct an employee awareness survey on compliance and harassment</p> <p>⑤Give feedback to and train each department based on the result of ④</p> <p>⑥Conduct training about rules, guidelines, and codes for employees at Sales and Marketing Department (twice a year)</p> <p>⑦Ensure that all employees (100%) receive the above training as required and are checked and assessed for their understanding after training</p> <p>⑧Dispatch a monthly email newsletter (ONO Compliance Report)</p> <p>2. Enhance compliance management of overseas subsidiaries of our group and collaborate with Enterprise Risk Management to take following company-wide measures</p> <p>① Conduct compliance training: Focus on important compliance in training according to business plan</p> <p>② Enhance global compliance management: Make a road map for global business development in next three years</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>②Hold a compliance meeting in which members of company management participate every quarter to work through the companywide compliance PDCA cycle</p>	<p>✓ Four compliance meetings were held as scheduled</p>	

Implementation of responsible marketing and promotion activities

Medium- to long-term targets : Engage in activities that properly disseminate information in accordance with the guidelines for activities to disseminate marketing information about pharmaceutical products

<p>①Use materials reviewed and approved by the department auditing activities to disseminate marketing information for promotional purposes</p> <p>KPI</p> <p>✓ Achieve a 100% usage rate of reviewed and approved materials</p>	<p>We achieved a 100% usage rate of reviewed and approved materials</p>	<p>Implement the following initiatives, with the aim of reducing the number of significant compliance violations* to zero</p> <p>* Compliance violations that have a great impact on sales and profits</p> <p>KPI</p> <p>✓ Number of significant compliance violations: Zero</p>	<p>✓ Number of significant compliance violations: 1</p> <p>* Case charged with bribery in February 2021 (and judged guilty in June 2021). The same case is mentioned in "Thorough Compliance"</p>	<p>Implement the following initiatives with the aim of reducing the number of significant compliance violations* to zero</p> <p>*Compliance violations that have a great impact on sales, profits and the society</p> <p>KPI</p> <p>✓ Number of significant compliance violations: Zero</p> <p>①Enhance governance: Review and ensure adherence to internal rules of marketing activities, as well as legal compliance</p> <p>Establish a reporting/notifying system (to superiors) to prevent inappropriate activity and conduct regular internal training of all salespersons</p>
<p>②At company-hosted lectures, request that presenters provide information appropriately in</p>	<p>The acceptance rate was 100%. (The rate for prior confirmation of slides was 61%.)</p>	<p>①Conduct internal training for all employees involved in sales activities so that they act in compliance with the guidelines for activities to disseminate marketing</p>	<p>✓ Six times a year</p>	

Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021
<p>keeping with company-internal rules that conform to guidelines</p> <p>KPI</p> <p>✓ Acceptance rate: 100%</p>		<p>information</p> <p>KPI</p> <p>✓ Four times a year</p>		<p>②Guidelines for activities to disseminate marketing information (lecture):</p> <ul style="list-style-type: none"> Check for slides for company-hosted lectures in advance to prevent information provision that violates the guideline
<p>③Conduct internal training for all employees involved in sales activities</p> <p>KPI</p> <p>✓ Four times a year</p>	<p>The training was conducted six times a year</p>	<p>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</p> <p>KPI</p> <p>✓ Rate for prior confirmation of slides: 100%</p>	<p>✓ Rate for prior confirmation of slides for lecture: 99%</p>	<p>KPI</p> <p>✓ Rate for prior confirmation of slides: 100%</p> <ul style="list-style-type: none"> Ensuring the provision of well-balanced information on safety and efficacy at company-hosted lectures <p>KPI</p> <p>✓ Provision of safety information at all company-hosted lectures</p> <p>③Guidelines for activities to disseminate marketing information (interview): Build a system that allows appropriate provision of information to healthcare professionals during interviews with them</p>
		<p>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</p> <ol style="list-style-type: none"> Activities to disseminate information at the time of interview Check slides used at company-hosted lectures in advance <p>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</p> <p>KPI</p> <p>✓ Conduct an assessment once a month</p>	<p>✓ Assessment was conducted once a month to extract issues to be addressed and take measures</p>	<p>✓ Number of MRs who provide information inappropriately: Zero</p> <p>④Assessment of compliance with GL: Assess MRs regularly to check whether the following daily activities are appropriately conducted to determine causes of inappropriate cases, report countermeasures and prevent recurrence (prior confirmation of slides for lecture, safety information supply, information supply during interview)</p> <p>KPI</p> <p>✓ A system is established to assess MR activity regularly, determine the causes and take measures under the responsibility of the director of sales office</p>

Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021
Response to climate change				
Medium- to long-term targets : 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</p> <ul style="list-style-type: none"> ✓ Obtain approval of the SBT target set ✓ A 4% reduction in CO₂ emissions (Scope 1 and 2) compared to the previous year 	<p>We obtained approval of the SBT target set</p> <p>We achieved a 4% reduction in CO₂ emissions (Scope 1 and 2) compared to the previous fiscal year (8.4% reduction relative to FY2017)</p>	<p>①Continue to work to reduce GHG emissions</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ A reduction of 12.6% compared to FY2017 (Scope 1 and 2) <p>②Increase the usage rate of renewable energy.</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ At least 12.6% <p>③Announce our participation in RE100 (an international initiative that aims for 100% usage of renewable energy in business operations by 2050)</p>	<ul style="list-style-type: none"> ✓ Reduction by 12.6% compared to FY2017 (Scope 1 and 2) ✓ Renewable energy usage: 13.2% ✓ Participation in June 2020 	<p>① Continue to work to reduce GHG emissions</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ A reduction of 16.8% compared to FY2017 (Scope 1 and 2) <p>②Increase the usage rate of renewable energy (renewable energy use/total electricity consumption)</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ At least 16.8% <p>③Take measures to abolish all devices using ozone-depleting substances</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ Make a road map

Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021
Stable supply of products				
Medium- to long-term targets : Create product designs able to ensure reliable quality and establish a stable supply system Understand new medical needs and expand product designs				
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	1. Continue 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 2. Supply products to the market in a stable manner KPI ✓ Reset and ensure proper inventory levels according to product characteristics	✓ Number of on-site investigations at medical sites: 72 ✓ Improvement was made on seven products ✓ Proper inventory levels were reset and achieved according to product characteristics	1. Continue to incorporate on-site medical demand (medical needs) and environmental demand (social needs) into product improvements and new products KPI ✓ Departments in charge conduct on-site investigations at medical sites to identify medical needs: At least 100 ✓ Improvement in newly designed packaging materials for at least five products ✓ Accelerated use of environmentally-friendly packaging materials: · Use of FSC®-certified paper for additional five products (currently for seven products) · Use of biomass plastic to be examined for four projects (compounds under development) 2. Supply products to the market in a stable manner Design stable supply of all products in BCP: ①Establish a policy of product priority (importance, categories I to V) ②Visualize a supply chain ③Check the BCP policy with partner companies/suppliers of important products ④Take measures to reduce risks of each product (multiple production bases, maintenance of safety stock, reduction in procurement/production lead time, etc.) ⑤Update crisis management/business continuity manual KPI ✓ Appropriate stock months are maintained by product

Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021
Promotion of CSR procurement in supply chain management				
Medium- to long-term targets : Promote CSR activities together with our suppliers to build a sound and robust (resilient) supply chain				
Conduct surveys for our business partners about CSR procurement KPI ✓ Conduct surveys of business partners that make up 70% of purchases	We conducted surveys of our business partners that make up 86% of purchases	①Improve initiatives for CSR procurement in the companies that were subject to the survey conducted in the previous fiscal year KPI ✓ Increase the overall average score of all companies subject to the survey in FY2020, compared to FY2019 ②Support the companies that have not met our standards to improve their initiatives KPI ✓ Increase the overall score of each company subject to the survey in FY2020, compared to FY2019	✓ CSR evaluation system of EcoVadis indicated that overall score increased by 3.3 points on average ✓ Number of companies with no increase in score compared to previous year: 5	①Enhance CSR procurement for supply chain management: · Analyze CSR risks of entire supply chain · Review CSR procurement policy and guidelines · Train employees to raise their awareness KPI ✓ Check understanding of employees after training ②Continue supporting the companies that have not met our standards to improve their initiatives KPI ✓ Overall score of each company
Strengthening of corporate governance				
Medium- to long-term targets : Establish an effective corporate governance system to achieve our sustainable growth				
—	—	—	—	①Improve function of the Board of Directors to enhance governance: · Continue taking measures to enhance function of the Board of Directors through communication with stakeholders and evaluation of the effectiveness of the Board of Directors ②Establish governance for sustainable growth: · Continue monitoring risk management-related measures by the Board of Directors

Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021
<p>Building a work environment that ensures and sustains employment as well as fosters motivation</p> <p>Medium- to long-term targets : 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>				
<p>①Work 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"> ✓ Acquire the Platinum Kurumin Certification and improve employee use of annual paid leave 	<p>We acquired the Platinum Kurumin Certification</p> <p>The rate of employee use of annual paid leave increased from 57.5% in FY2018 to 65.0% in FY2019</p>	<p>①Work 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 FY2020 (65.0% in FY2019) ✓ 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) 	<ul style="list-style-type: none"> ✓ Rate of employee use of annual paid leave: 58.8% ✓ Return-to-work rate after child-care leave: 100% ✓ Turnover rate: 2.3% ✓ Average overtime work hours: 15.3 hours/month 	<p>①Work to promote diversity and build a workplace environment in which diverse human resources can actively participate, by establishing and operating human resource policies as well as other programs</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ Ratio of female to the section chief level: 14.0% ✓ Rate of male employee use of child-care leave: 72.5% ✓ Eruboshi certification ✓ Return-to-work rate after child-care leave: 100% ✓ Rate of female employees who participate in next-generation top management training for assistant manager or higher position: 30% or more <p>②Work to improve work-life balance and build a workplace environment in which employees are healthy and active at work to show their abilities, 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% ✓ Average overtime work hours: 13.0 hours/month ✓ Low turnover rate (below 3%)
<p>②Promote awareness and engage in health management initiatives</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ Consistently earn recognition as a Certified Health & Productivity Management Outstanding Organization (Health and Productivity Management 500) ✓ Encourage employees to stop smoking during work 	<p>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)</p> <p>We implemented a non-smoking policy during work hours</p>	<p>②Promote 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: FY2019 (33,120 yen) ✓ FY2020 target: 5% reduction (31,460 yen) ✓ Improve the health age of employees 	<ul style="list-style-type: none"> ✓ Out of selection as Health & Productivity Stock (for top companies accounting for 5%) ✓ Improving presenteeism: Increase in monthly productivity loss per employee by 65% ✓ Difference between health age and actual age: -1.4 years ✓ Smoking rate: 17.0% ✓ Lost-time injury frequency rate: 0.47 	<ul style="list-style-type: none"> ✓ Rate of employee use of annual paid leave: 70.0% ✓ Average overtime work hours: 13.0 hours/month ✓ Low turnover rate (below 3%) <p>③Promote awareness of and engagement in health management initiatives</p> <p>KPI</p> <ul style="list-style-type: none"> ✓ Reselection as Health & Productivity Stock ✓ Increasing labor productivity by improving presenteeism (reduction in productivity loss) Monthly productivity loss per employee : FY2021 target: 31,460 yen (5% reduction compared to FY2019)

Plan and KPI for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021
<p>hours</p> <p>✓ Achieve at least a 95% rate of employees undergoing physical examinations and stress checks</p>	<p>Rate of employees undergoing physical examinations: 99.7%</p> <p>Rate of employees undergoing stress checks: 99.8%</p>	<p>by increasing their degree of health.</p> <p>✓ Difference between health age and actual age (aged 35 or older; average): FY2020 target: -2.0 years (FY2019: -1.5 years)</p> <p>✓ Reduce the smoking rate FY2020 target: 17.0% (FY2019: 18.2%)</p> <p>✓ Maintain a low lost-time injury frequency rate (0.3) FY2020 target: 0.10 (FY2019:0)</p> <p>✓ Rate of employees who realize that they are working with motivation, leveraging their diversity: At least 50% (Targets ① and ②)</p>	<p>Rate of employees who realize that they are working with motivation, leveraging their diversity: 68%</p>	<p>✓ Improve the health age of employees by increasing their degree of health Target difference between health age and actual age: -2.0 years (aged 35 or older; average)</p> <p>✓ Reduce the smoking rate FY2021 target: 16.0%</p>

ONO SWITCH Project: The results attained prior to FY2019

Partners (Activity area supported by our company)	FY2018 plans	FY2018 progress	FY2019 plans	FY2019 progress
National Network for Supporting Children with Intractable Diseases (Japan)	Hold symposia to promote understanding of intractable diseases.	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.	-	-
Japan Committee, Vaccines for the World's Children (Bhutan)	Provide DPT vaccines and hepatitis B vaccines to be used in Bhutan throughout the year. Start developing an infrastructure for cold chains (a system to transport vaccines at low temperatures to points of consumption).	Funds were contributed for the provision of DPT vaccines and hepatitis B vaccines to be used in Bhutan next FY year, as well as Ice Line coolers for refrigerating the vaccines.	<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.
Future Code (Bangladesh)	-	-	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.
People's Hope Japan (Myanmar)	-	-	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.

Partners (Activity area supported by our company)	FY2018 plans	FY2018 progress	FY2019 plans	FY2019 progress
Japan Heart※ (Cambodia)	Provide one person with healthcare professional education every year. Have 100 people receive healthcare professional education.	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. 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 Neonatal cardiopulmonary resuscitation (CPR) training was provided to 24 local medical professionals. A child birthing simulator was used in a delivery training workshop for two Cambodian midwives.	1. 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). 2. 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 FY2018.	1. 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. 2. 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.

※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 Japan Heart Children's Medical 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 FY 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 : 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 Japan Heart Children's Medical 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 : Training was given once every two months to all of the nine Cambodian midwives at the Center

SUSTAINABILITY DATA 2021

Social Data

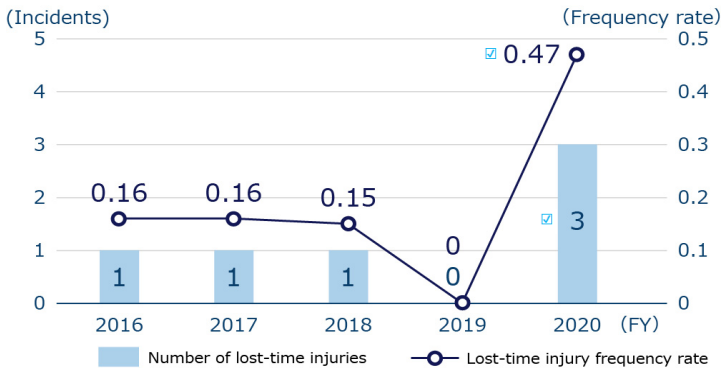
Occurrence of occupational injuries

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Number of lost-time injuries	All Japanese operation sites (Employees)	Incidents	1	1	1	0	3
	All Japanese operation sites (Temporary employees)*2	Incidents	-	-	-	1	0
Lost-time injury frequency rate*1	All Japanese operation sites (Employees)	-	0.16	0.16	0.15	0	0.47
	All Japanese operation sites (Temporary employees)*2	-	-	-	-	2.09	0

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

*2 The data on the number of lost-time injuries and the lost-time injury frequency rate for temporary employees are subject to disclosure from FY2019.

Number of lost-time injuries and lost-time injury frequency rate



Scope of data collection: Employees at all worksites in Japan (excluding business vehicle accidents before FY2016)
Lost-time injury frequency rate = (number of lost-time injuries / total number of actual working hours) x 1,000,000

Environmental Data

The scope of environmental data is non-consolidated basis.

Since the figures in the table are rounded, the breakdown totals may not always coincide with the overall totals.

GHG emissions			Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
GHG emissions (Market-basis)	Production and research sites			kt-CO ₂	27.3	27.2	26.1	25.2	24.1
	Headquarters and other Sites in Japan (including tenant locations)			kt-CO ₂	2.6	2.6	2.4	2.1	2.0
	Total			kt-CO ₂	29.9	29.8	28.5	27.3	26.1
GHG emissions scope breakdown (Market-basis)	Scope 1 (Breakdown by GHG type)	Energy-derived CO ₂	All operation sites	kt-CO ₂	8.5	8.5	9.0	9.7	10.0
		Hydrofluorocarbon (HFC)			-	0.2	0.5	0.4	0.1
		Total			8.5	8.7	9.5	10.1	10.1
	Scope 2	All operation sites	kt-CO ₂	21.4	21.1	19.1	17.1	15.9	

Sites where data were collected: Fujiyama Plant, Joto Pharmaceutical Product Development Center, Yamaguchi Plant (added from FY2018), 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.

GHG emissions = Purchased electricity x Adjusted emission factor published by electric power company + Σ (Fuel consumption x Unit calorific value x Carbon emission factor x 44/12) + Σ (Fluorocarbon leakage amount x 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 types: Based on the Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System of the Act on Promotion of Global Warming Countermeasures

SUSTAINABILITY DATA 2021

GHG emissions in the value chain (Scope3)

Category		Calculation method ¹⁴	Notes	Scope	Unit	FY2016	FY2017	FY2018	FY2019	<input checked="" type="checkbox"/> FY2020
Cat1 ³	Purchased goods and services	GHG emissions (scope 1,2) volume of our major suppliers of raw materials and materials (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.	-This category is closely associated with our business activities since active pharmaceutical ingredients for manufacturing of drugs, intermediate products and research reagents are included. -Covers production and research sites -Figures for FY2020 are not calculated because our major suppliers had not published their CSR reports at the time of calculation.	All operation sites	kt-CO ₂	97.1	8.5	8.1	11.5	-
Cat2	Capital goods	Amount of capital investment, multiplied by emission factor	Calculated based on capital goods treated as fixed assets. The fixed assets used in this calculation are essential for business activities.		kt-CO ₂	27.0	52.6	60.4	26.9	25.8
Cat3	Fuel- and energy-related activities not included in scope 1 or scope 2	Amount of non-renewable electricity purchased, multiplied by emission factor	-		kt-CO ₂	1.5	1.5	1.5	2.8	2.7
Cat4	Upstream transportation and distribution	Transport data on deliveries from our production sites and distribution centers to destinations, multiplied by emission factor	-		kt-CO ₂	0.1	0.1	0.1	0.1	0.1
Cat5	Waste generated in operations	Weight of each type of industrial waste generated, multiplied by emission factor	-		kt-CO ₂	0.3	0.3	0.3	0.3	0.3
Cat6	Business travel	Business travel costs, multiplied by emission factor	Covers travels by airplane or Shinkansen bullet train		kt-CO ₂	2.2	2.5	2.3	4.0	0.4
Cat7	Employee commuting	Commuting costs, multiplied by emission factor	-		kt-CO ₂	0.3	0.4	0.4	0.5	0.4
Cat8	Upstream leased assets	Cost of gasoline for leased company cars, multiplied by emission factor	-		kt-CO ₂	3.5	3.5	3.3	2.9	2.0
Cat9	Downstream transportation and distribution	GHG emissions stated in CSR reports on our major pharmaceutical wholesalers, multiplied by percentage of our net sales included in all net sales of major pharmaceutical wholesalers	- Transportation and distribution are important business activities to control distribution of and to ensure stable supply of drugs. - Figures for FY2020 are not calculated because our major pharmaceutical wholesalers had not published their CSR reports at the time of calculation.		kt-CO ₂	6.2	5.3	5.3	4.9	-
Cat10	Processing of sold products	-	ONO make only finished products		kt-CO ₂	Not relevant	Not relevant	Not relevant	Not relevant	Not relevant
Cat11	Use of sold products	-	No energy is consumed during the use of ONO products			Not relevant	Not relevant	Not relevant	Not relevant	Not relevant
Cat12	End-of-life treatment of sold products	Weight of each type of our product container or packaging disposed of as waste, multiplied by emission factor	-		kt-CO ₂	0.2	0.1	0.2	0.2	0.2
Cat13	Downstream leased assets	Floor space of asset (building) owned and rented out categorized by use, multiplied by emission factor	-		kt-CO ₂	0.3	0.3	0.3	0.3	0.3
Cat14	Franchises	-	ONO does not operate franchises		kt-CO ₂	Not relevant	Not relevant	Not relevant	Not relevant	Not relevant

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Cat15	Investments	-	There is no investment involving large amounts of greenhouse gas emissions.		kt-CO ₂	Not relevant	Not relevant	Not relevant	Not relevant	Not relevant
Total					kt-CO ₂	138.7	75.1	82.2	54.4	-

*3 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: CO2 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 CO2 emissions to the transaction amount at major suppliers.

*4 Categories 1 and 9 of scope 3 and their total for FY2020 are not calculated because our major suppliers and pharmaceutical wholesalers had not published their CSR reports at the time of calculation.

The emissions factors are from the "Emission Factor Database on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (ver. 2.4 in FY2016 and FY2017, ver. 2.6 in FY2018, ver. 3.0 in FY2019, and ver. 3.1 in FY2020)," published by the Ministry of the Environment of Japan.

Only category 2 of scope 3 is consolidation.

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Energy consumption

Item			Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Energy consumption			Production and research sites	MWh	84,173.4	83,906.2	88,423.4	96,369.2	<input checked="" type="checkbox"/> 98,025.2
			Headquarters and other Japan offices/sites (including tenant locations)	MWh	5,150.1	5,256.9	5,340.4	5,236.4	<input checked="" type="checkbox"/> 5,179.1
			Total	MWh	89,323.5	89,163.1	93,763.8	101,605.6	<input checked="" type="checkbox"/> 103,204.3
Share of renewable energy in total electricity consumption	Electricity consumption	Private power generation (renewable) (solar power generation)	All operation sites	MWh	54.0	55.3	65.0	63.0	63.3
		Purchased electricity (renewable) (hydroelectric power generation)		MWh	-	-	-	1,278.0	1,954.7
		Private power generation (non-renewable)		MWh	7,967.9	7,927.0	8,856.2	8,185.3	8,566.3
		Purchased electricity (non-renewable)		MWh	41,770.2	41,820.1	43,734.4	46,351.7	45,232.2
		Total (total electricity consumption)		MWh	49,792.1	49,802.4	52,655.5	55,878.0	55,816.5
	Amount of credits purchased	Solar power generation		MWh	-	-	-	2,427.0	4,946.6
		Biomass power generation		MWh	-	-	2,900.0	2,460.9	386.2
	Renewable energy usage ⁵			MWh	54.0	55.3	2,965.0	6,228.9	<input checked="" type="checkbox"/> 7,350.7
	Renewable energy usage rate (renewable energy usage / total electricity consumption)			%	0.1	0.1	5.6	11.1	<input checked="" type="checkbox"/> 13.2

Sites where data were collected: Fujiyama Plant, Joto Pharmaceutical Product Development Center, Yamaguchi Plant (added from FY2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, Head Office, sales offices and other offices, etc.

⁵ Renewable energy usage = Private power generation (renewable) + Purchased electricity (renewable) + Amount of credits purchased

Water intake and wastewater volume by site (unit: 1,000 m3)

Site name	River in the area	Wastewater drainage destination	FY2016		FY2017		FY2018		FY2019		<input checked="" type="checkbox"/> FY2020	
			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	195.7	128.9	205.6	148.6	240.2	178.4	185.0	145.1	157.8	125.0
Joto Pharmaceutical Product Development Center	Yodo River	Sewer	7.2	7.2	5.5	5.5	6.0	6.0	5.1	5.1	4.6	4.6
Yamaguchi Plant	Fushino River	River	-	-	-	-	8.2	8.2	18.1	18.1	18.6	17.7
Minase Research Institute	Yodo River	Sewer	45.2	45.2	51.3	51.3	41.2	41.2	39.1	39.1	33.7	33.7
Fukui Research Institute	Kuzuryu River	Sewer	39.4	7.5	38.7	5.2	31.3	5.0	27.3	5.7	13.7	2.6
Tsukuba Research Institute	Lake Kasumigaura	Sewer	10.9	10.9	8.1	8.1	6.0	6.0	7.1	7.1	7.2	7.2
Head Office and other sites in Japan (including tenant locations)	Rivers/lake in the areas where major business sites are located ⁶	Sewer	-	-	15.9	15.9	15.1	15.1	15.0	15.0	10.0	10.0
total			298.4	199.7	325.1	234.6	348.0	259.9	296.7	235.2	245.6	200.8

Sites where data were collected: Fujiyama Plant, Joto Pharmaceutical Product Development Center, Yamaguchi Plant (added from FY2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, Head Office, sales offices and other offices, etc.

⁶ 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

Item		Scope	Unit	FY2016	FY2017	FY2018	FY2019	<input checked="" type="checkbox"/> FY2020
Industrial waste	Waste generated	Production and research sites	t	534.6	719.1	446.4	430.8	502.7
	Special management industrial waste (hazardous waste) ⁷	Production and research sites	t	138.1	137.0	145.6	161.9	171.2
	Final landfill disposal	Production and research sites	t	0.7	7.4	0.4	0.2	1.1
	Final landfill disposal rate	Production and research sites	%	0.1	1.0	0.1	0.1	0.2

Sites where data were collected: Fujiyama Plant, Joto Pharmaceutical Product Development Center, Yamaguchi Plant (added from FY2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute

Of FY2017 final industrial landfill disposal volume in, the amount of waste (5.8 tons) from renovation of Joto Pharmaceutical Product Development Center was included.

⁷ 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.

(TRANSLATION)

Independent Practitioner's Assurance Report

July 12, 2021

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 data indicated with for the year ended March 31, 2021 (the "Sustainability Data") included in the "SUSTAINABILITY DATA 2021(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 Data in accordance with the calculation and reporting standard adopted by the Company (indicated with the Sustainability Data). 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 Data 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 Data 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.

Tax reporting by country or regions for the fiscal year ended March 31, 2020

(Billions of yen, unless otherwise stated)

	Japan	Europe and America area	Asia area	Adjustments	Consolidated Total
Revenues	290.3	2.1	6.5	△6.5	292.4
Profit before tax	78.1	0.2	0.8	0.6	79.7
Income taxes paid	28.3	0.0	0.1	—	28.4
Income tax expense	19.6	0.1	0.2	—	19.8
Number of Employees (Persons)	3,435	53	72	—	3,560

The above reported figures are prepared based on the figures of the group companies located in the above country or regions.

This is the latest information available at this time (as of June 2021).

