



SUSTAINABILITY REPORT 2022

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About the Sustainability Report

Editing Policy

This Sustainability 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 sustainable 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

FY2021 (from April 2021 to March 2022)

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

Publication Date

October 2022

Reference Guidelines

GRI (Global Reporting Initiative) ' GRI Standards '


GRI Standards Content Index is posted on [ONO's website "Sustainability"](#) .

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 2022, 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." In order to contribute to society by developing pharmaceutical products that truly benefit patients, we continue to tackle diseases that remain unconquered as yet and address areas with high healthcare needs where patients are poorly satisfied with current treatments.

In FY2021, we continued to conduct our business activities amidst the novel coronavirus pandemic, and in order to fulfill our mission as a pharmaceutical company, 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 initiatives such as research and development on pharmaceuticals for rare diseases, intractable diseases, and pediatric patients, for which medical needs have not yet been fulfilled.

In addition, we formulated a sustainable management policy in FY2021, and will continue to take on the challenge of realizing a sustainable society by contributing to people's health, preserving a rich global environment for future generations, realizing a society where people can play active roles, and establishing highly transparent and robust management.

In particular, the issue of global warming, including extreme weather events, is becoming increasingly serious in recent years. Countermeasures to address climate change is one of the critical challenges facing the international community. We believe that it is important to be fully aware of our corporate social responsibility to the environment, and to consider the environment in all aspects of our business activities so that we can play our part in preserving a rich global environment. Based on this belief, in June 2019 we formulated the medium- to 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 VISION 2050," we determined three priority items, namely the "Realization of a decarbonized society," "Realization of a water recycling society," and "Realization of a resource recycling society," and set specific medium- to long-term reduction goals for greenhouse gas emissions, water use, and waste amounts. We are working vigorously to achieve the set goals. In October 2019, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and 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.

With regard to the Sustainable Development Goals (SDGs) adopted by the United Nations, we have set three development goals as our top goals and are collaborating with parties both within and outside of our company to promote activities that will help us achieve them. Namely, those goals are "GOAL 3: Good Health and Well-being," "GOAL 9: Industry, Innovation and Infrastructure," and "GOAL 17: Partnerships for the Goals."

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 Sustainability

Since our foundation in 1717(Kyoho 2nd year of the Edo period), we have fully committed to the pharmaceutical business, under the corporate philosophy “Dedicated to the Fight against Disease and Pain”. In FY2021, we have newly established sustainable management policy, to realize a sustainable society.

Sustainable Management Policy

For more than 300 years since our founding, we have walked hand in hand with society.
To help people who are suffering from disease,
we have created a series of innovative new medicines that had been thought to be impossible.
We will continue to contribute to people's health by practicing our Corporate Philosophy and
taking on the challenge of realizing a sustainable society through responsible business activities.

Contributions to People's Health

- In addition to our own drug discovery, we will take on the challenge of drug research and development in collaboration with the world's top scientists, and bring more hope to patients and their families around the world by providing them with original and innovative medicines that are safe, secure, and appropriate.
- We will contribute to the realization of a society in which people can live healthier lives through our evidence- based, next-generation healthcare business.



Preserving a rich global environment for future generations

We are deeply aware of our social responsibility to the environment, and will actively adopt eco-friendly technologies and work together with our suppliers and partners to pass on a prosperous and sustainable global environment to future generations.

Realization of a society in which everyone can play an active role

Through our business activities, we will contribute to the realization of a society in which the human rights and diversity of all people are respected and everyone can play an active role.

Establishment of highly transparent and robust management

We will build a strong foundation through corporate governance and conduct highly transparent business activities by strengthening compliance and risk management.

Materiality (Priority management issues)

Our Materiality

Previous Initiatives

ONO has striven to develop our CSR by defining important areas of focus based on ISO 26000. In FY2018, we redefined our materiality as “important CSR issues” to clarify CSR activity themes that we should emphasize. ONO is actively engaged in CSR in accordance with the materiality that we have established.

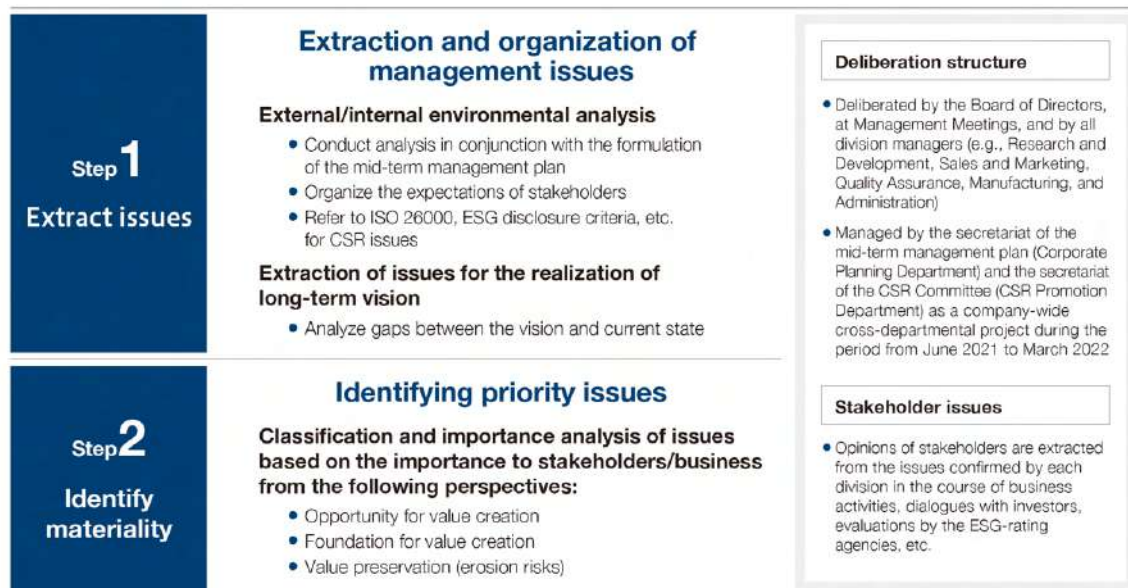
 For the Targets and Progress of the Previous Materiality (FY2019-FY2021), please see here. (819KB)

Integration of “Management Issues” and “Materiality”; to Realize a Sustainable Society and Business

In FY2021, based on the newly established sustainable management policy, we changed the materiality from “important CSR issues” to “important management issues” to analyze and manage financial and non-financial management issues in more integrated way. The materiality thus defined has been clearly linked to the strategy of the mid-term management plan and has been developed into a more dynamic management system.

We believe that the disclosure of integrated financial and non-financial information and dialogues will be possible so that stakeholders outside of ONO can understand our sustainability initiatives.

Steps in materiality analysis



Step 1: Identify the Issues

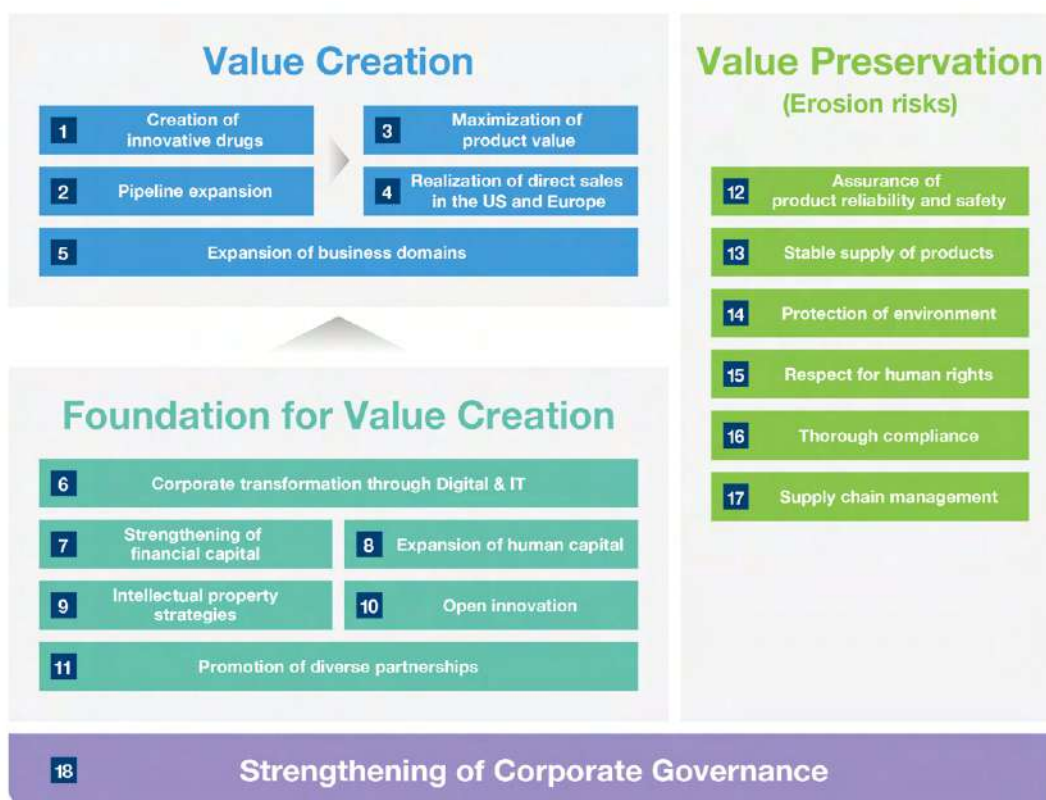
In the materiality analysis conducted in FY2021, we conducted a management environmental analysis in conjunction with the formulation of the mid-term management plan to extract potential management issues. This analysis identified important opportunities and risks for creating value and achieving sustainable growth of our company. Our directors, executive officers, and senior management from all divisions participated in the external/internal management environmental analysis, which included analysis of the management environment surrounding the business and analysis of gaps between our long-term vision and current status. In addition, management issues were extracted based on requests and expectations of stakeholders that were confirmed by each division in its daily business activities. As for non-financial issues, we extracted issues related to intangible assets such as human capital and intellectual capital that are needed to realize our growth strategies.

Non-financial issues were updated based on ISO 26000, the GRI Standards, the SASB Standards, the Ten Principles of the United Nations Global Compact, evaluations by ESG-rating agencies, dialogues with investors, etc. Analysis of issues was conducted while the progress of deliberation was reported to and confirmed by the Board of Directors.

Step 2: Identify the Materiality

In identifying materiality, we first classified the issues extracted in Step 1 into “value creation,” “foundation for value creation,” or “value preservation (erosion risks).” We recognized that “value creation” and “foundation for value creation” are opportunities and “value preservation” is a risk for our company. Furthermore, at the Management Meeting and other occasions, 18 materiality issues were defined as the most important issues from the perspective of importance to stakeholders and business. Materiality issues were deliberated and finalized by the Board of Directors.

Please see the [“Actions for Materiality Issue”](#) for reason for being a priority issue, targets and progresses for each materiality.



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.

Also, in FY2021, we engaged in a dialogue with the same external experts, about the validity and future challenge of our new materiality analysis.



Radical and excellent materiality analysis in ONO's way

Overseas communications will become more important.

Makiko Akabane
Japan Representative, CSR Asia

This materiality analysis is conducted in ONO's way and is very forward-thinking. In the previous materiality analysis, a general biaxial materiality map was used; however, this time, it is going beyond the existing framework and creating a more satisfactory examination process at ONO. ONO conducted and compiled a radical analysis in its own way. It is excellent.

Other companies will likely use it as a reference.

In addition, issues that bring a sense of satisfaction are defined even from the perspective of whether the corporate philosophy "Dedicated to the Fight against Disease and Pain" can be achieved by engaging in the materiality identified this time. What ONO should strengthen in the future is to include global awareness and perspectives when aiming to be a global specialty pharma. The following two points are noted when assuming overseas audiences:

The first point is whether global and high-interest themes are fully identified. Particularly in the US and Europe, the topics of interests are the wealth gap, medical access, diversity and inclusion, and industrial safety and health, etc. While ONO is developing globally, it is necessary to acknowledge the issues that overseas stakeholders acknowledge, now more than ever. The second point is clear communication to show the attitude of a "challenger" that ONO put forth in its Mission Statement. For example, in the expression "protection of environment," it is difficult to communicate ONO's aggressive features to become a leading environmental company in the pharmaceutical industry. Therefore, more proactive communication is important with overseas stakeholders.

It will be more important to include the expectations of overseas stakeholders in the future, and it is better to reflect the opinions of overseas employees, now more than ever.



**ONO has grown steadily towards expected integrated materiality.
In the future, the establishment and management of goals as well as
disclosure and communication will be more important.**

Kenji Fuma
Chief Executive Officer,
Neural Inc.

The position of materiality has changed from major CSR issues to management issues in which financial and non-financial matters are combined. This shows that ONO has overcome the previous issues and made major progress. The materiality analysis procedures are also appropriate. It was excellent to see that ONO, including management members, verbalized the issues, and examined why the issues were important to them. In addition, it is also highly appreciated that ONO examined them in consideration of how non-financial issues influence future financing.

At the same time, ONO should be careful when engaging in communication outside the company in the future. The number of groups with major issues that are included in the “Foundation for value creation” and “Value Preservation” among the materialities identified at this time is large and there is a wide variety of such groups. For this reason, stakeholders may have concerns as to whether ONO can really manage these issues or whether the issues are narrowed down to truly material issues. When disclosing information outside the company, it is important to present medium-term goals that can satisfy each issue and to give explanations of the management methods that are being strengthened more than ever.

In addition, in the new materiality, issues are listed in large categories, such as “Thorough compliance,” etc.; however, stakeholders would like to know what specific materiality issues are included in each category. In particular, investors communicate with companies on the assumption that themes such as corruption prevention, the protection of personal information, etc., are included among the major issues, and are interested in how far ONO is going to progress activities for these themes, etc. Therefore, it is preferable that companies can disclose the information and provide careful explanations. Materiality analysis is progressing in the expected direction. In order to achieve strategic goals for value creation, it becomes important to engage in non-financial issues integrally and to strengthen communication outside the company year by year.

Actions for Materiality Issue

With regard to each materiality issue that was redefined in FY2021, we will establish mid-term targets and plans, and confirm the progress. Furthermore, in conjunction with the mid-term management plan, each issue will be linked to a corresponding division, organization, and committee, and a company-wide PDCA management cycle will be established and managed by the Board of Directors and via Management Meetings.

Please see below for reason for being a priority issue, targets and actions for each materiality. Progress toward the targets will be disclosed every fiscal year starting with the results in FY2022.

1 Creation of Innovative Drugs		Value creation
Reason for being a priority issue	The creation of innovative drugs is in the practice of our corporate philosophy, "Dedicated to the Fight against Disease and Pain," and it is a core value that we provide to society. In order to continue creating this value, drug discovery and research using the latest scientific knowledge and cutting-edge technology are important. Strengthening competitiveness in drug discovery and research will also lead to the growth of our company.	
Mid- to long-term goals	We are accelerating world-changing drug discovery in cooperation with top scientists.	
Indicators	Number of drugs that are newly moved to clinical stage	
Major activities	<ul style="list-style-type: none"> • Exploring original drug seeds and creating new drug candidate compounds through open innovation • Accelerating the creation of new drug candidate compounds through the selection of optimal modalities and the utilization of artificial intelligence (AI) • Promoting drug discovery and research based on human disease biology using the latest technologies, such as AI, informatics, etc., and patient-derived samples • Exploring biomarkers based on action mechanisms and promoting translational research between basic and clinical research 	
2 Pipeline Expansion		Value creation
Reason for being a priority issue	Pipelines are the source of our sustainable growth. Pipelines will be expanded to continue supplying innovative drugs to patients.	
Mid- to long-term goals	The speed and accuracy of establishing PoC for new drug candidate compounds have increased, and pipelines have been expanded through licensing activities.	
Indicators	<ul style="list-style-type: none"> • Number of drugs under clinical development • Number of new in-licensed drugs 	
Major activities	<ul style="list-style-type: none"> • Establishing PoCs for multiple projects and implementing global clinical trials <ul style="list-style-type: none"> - Continuously developing systems to establish PoC at early stage - Accelerating Translational Research (TR) and reverse Translational Research (rTR) - Increasing the speed and accuracy of establishing PoC using cutting-edge technology and methods • Enhancing licensing activities for acquiring global licenses 	

3 Maximization of Product Value

Value
creation

Reason for being a priority issue	Our mission is to contribute to people's health through our products. To achieve this mission, it is necessary to maximize the potential of our products and to promptly deliver drugs to patients in need. At the same time, we aim to enrich our resources for continued research and development through the maximization of product value.
Mid- to long-term goals	We have addressed our goal of achieving the well-being* of patients and their families in cooperation with healthcare professionals, and as a result, new drugs are spreading promptly. *“Well-being” refers to a state in which satisfaction in mental, physical, social, and life conditions are achieved.
Indicators	<ul style="list-style-type: none"> • Number of newly prescribed patients to whom our new drugs are delivered • Sales by major product • Number of approvals received in Japan, Korea, and Taiwan
Major activities	<ul style="list-style-type: none"> • Engaging in effective marketing activities, using digital means to provide information, and increasing the expertise of MRs • Obtaining approvals for drugs with indications and usage, dosage and administration that maximize the potential of developed compounds • Identifying needs of patients and healthcare professionals and designing products to meet them • Generating evidence focused on extension of the healthy life span (efficacy, safety, and QoL)

4 Realization of Direct Sales in Europe and the US

Value
creation

Reason for being a priority issue	We will deliver drugs directly to patients around the world by ourselves. In addition, to achieve sustainable growth, we will promote business development in Europe and the US, where the market is large.
Mid- to long-term goals	With the aim of becoming a specialty pharma that is competitive around the world, we will deliver new drugs to Europe and the US through our own marketing operations.
Indicators	<ul style="list-style-type: none"> • Approvals and start of direct sales in Europe and the US
Major activities	<ul style="list-style-type: none"> • Establishing own marketing system for the launch of ONO-4059 in the US • Developing drugs in Europe and establishing own sales system based on the development progress

5 Expansion of Business Domains

Value
creation

Reason for being a priority issue	In order to solve social healthcare issues and realize a society in which people can live healthier lives, we are expanding not only our new drug business, but also new business domains. We consider that we can uniquely develop business by using the knowledge and strengths that we have cultivated in our company's long history of drug creation.
Mid- to long-term goals	Digital means and our strengths are leveraged to contribute to resolving social issues and achieving next generation healthcare.
Indicators	<ul style="list-style-type: none"> • Amount of new business started • Number of new products/services provided
Major activities	<ul style="list-style-type: none"> • Creating and promoting new business using digital means based on unresolved issues (needs) of customers • Developing and commercializing products and services for resolving social issues in the healthcare field, based on evidence (Ono Pharma Healthcare Co., Ltd.) • Making investments in venture companies that engage in business to resolve healthcare issues and creating business (Ono Digital Health Investment, GK)

6 Corporate Transformation through Digital & IT

Foundation for
value creation

Reason for being a priority issue	We are implementing digital means and IT cross-functionally with an aim to promote company growth to achieve acceleration of growth strategy, innovation of business processes, and creation of new values (digital transformation).
Mid- to long-term goals	Global IT infrastructure has been developed and corporate transformation has been achieved by digital strategies.
Indicators	<ul style="list-style-type: none"> • Completion and use of the IT blueprint (overall plan for IT infrastructure) • Establishment and use of data utilization environment • Establishment of a cross-functional DX promotion system • Number of participants in the digital talent development and training program: 500 <p>Including persons who can plan, manage, and execute the DX project: 100</p>
Major activities	<ul style="list-style-type: none"> • Developing IT infrastructure based on the IT blueprint cross-functionally • Establishing internal and external data utilization environments and using data for major decision making • Increasing robust information security management capabilities • Fostering talent to plan and drive our digital transformation

7 Strengthening of Financial Capital

Foundation for
Value Creation

Reason for being a priority issue	To achieve the provision of value to patients and the continued increase of our corporate value, we consider that robust financial capital is important for continued investment in management infrastructure that supports research and development and growth.
Mid- to long-term goals	Based on our corporate philosophy, "Dedicated to the Fight against Disease and Pain," in order to respond to unmet medical needs, we strive to maintain and expand a robust financial base that leads to drug discovery, with the aim of becoming a global specialty pharma that creates innovative new drugs that truly benefit patients.
Indicators	<p>(2022 to 2026)</p> <ul style="list-style-type: none"> • Average annual growth rate of sales revenue: In the high single digits • Operating profit rate: Maintain 25% or higher.
Major activities	<ul style="list-style-type: none"> • Enhancing operating cash flow through the expansion of sales revenue • Increasing asset efficiency through the reduction of cross-shareholdings • Maintaining and increasing profitability and ROE through maximization of return on investment

8 Expansion of Human Capital

Foundation for
Value Creation

Reason for being a priority issue	To achieve sustainable growth, it is essential to secure talent that can execute strategies as passionate challengers towards achievement of our corporate philosophy.
Mid- to long-term goals	Talent development programs have been provided to selected people, approximately 30% of employees of our group companies, and the creation of corporate value is driven through talent development. In particular, the enhancement of executive talent, globally competent talent, digital talent, and innovation talent have been set as important themes.
Indicators	<p>(Total number of persons up to 2026)</p> <ul style="list-style-type: none"> • In next executive talent pool: 250 or more • In globally competent talent pool: 300 or more • Persons who will have participated in digital talent development and training program: 500 or more • Including those who can plan, manage, and execute the DX project: 100 or more • Core innovation talent: 150 or more
Major activities	<ul style="list-style-type: none"> • Next executive talent: Promoting the training for selected employees and the strategic personnel transfers • Globally competent talent: Promoting development plans based on global development and implementing global strategic personnel transfers • Digital talent: Developing talent to plan and lead the digital transformation, and providing training programs for them • Innovation talent: Providing programs to trigger innovations, and promoting innovation • Other: Engaging in activities to disseminate mission statements, providing voluntary-participation type training, developing a self-development learning support system, etc.

9 Intellectual Property Strategies

Foundation for
Value Creation

Reason for being a priority issue	Intellectual property is one of the most important intangible assets for research and development-type pharmaceutical companies. In order to deliver value to patients and to generate further financial value, it is necessary to patent intellectual properties (inventions), which are intangible assets, and to embody them as innovative drugs. The creation, preservation, and utilization of intellectual properties are important issues to maximize value.
Mid- to long-term goals	In the company's research and development activities, we ensure that intellectual properties leading to innovative drugs are patented and new intellectual properties are generated by using internal and external intellectual properties. In that way, the properties lead to the creation of financial value.
Indicators	<ul style="list-style-type: none"> • Products and research and development pipelines • Amount of intellectual property information used (IP landscape)
Major activities	<ul style="list-style-type: none"> • Creating and preserving intellectual properties that lead to innovative drugs • Strengthening the procedures to create inventions that lead to extending the product life of launched products and developed products, and filing patent applications that are effective for LCM* • Using intellectual property information through integrated analysis with market and business information to judge the appropriateness of in-license products, new businesses, investment, etc. (IP landscape) <p>* Lifecycle management</p>

10 Open Innovation

Foundation for
Value Creation

Reason for being a priority issue	We have led unique drug creation seeds that we discovered through joint research with academia, etc. to innovative new drug creation. The capability to achieve open innovation is our core strength and is a lifeline to continue creating innovative new drugs in the future.
Mid- to long-term goals	Unique seeds that lead to the creation of innovative drugs have been discovered through joint research with world-class researchers, and new drug candidate compounds have been created continuously through drug discovery alliance with bio-ventures.
Indicators	<ul style="list-style-type: none"> Number of joint research activities
Major activities	<ul style="list-style-type: none"> Promoting joint research with world-class researchers and collaboration and joint research in drug discovery with bio-ventures, with a focus on our priority research areas Building networks with world-class researchers by providing research grants from the Ono Pharma Foundation Strengthening competitiveness in drug discovery and research and development through strategic investment by Ono Venture Investment

11 Promotion of Diverse Partnerships

Foundation for
Value Creation

Reason for being a priority issue	Our business is based on partnerships with diverse stakeholders. We will further strengthen networks and relationships of trust and cooperation with our partners and strengthen our brands, and thereby expand partnership opportunities and achieve growth strategies.
Mid- to long-term goals	We strengthen company brands, etc. and accelerate business development to facilitate the building of partnerships with diverse stakeholders.
Indicators	<ul style="list-style-type: none"> The number of companies with which in-license and out-license agreements are concluded Number of joint research projects Other partnering results
Major activities	<ul style="list-style-type: none"> Collaborating with partner companies in the research and development and sale of drugs Building relationships with local communities and municipalities Building cooperative relationships with the suppliers Building relationships with many partners for our business

12 Ensuring Product Reliability and Safety

Value Preservation
(Erosion risks)

Reason for being a priority issue	Quality assurance and safety management of drugs are foundations of our business. If a problem occurs in these areas, it would constitute a major risk: it is against our corporate philosophy and can impair patient health, and our social values and the meaning of our presence can be significantly reduced.
Mid- to long-term goals	As a global specialty pharma, we engage in quality assurance and safety management appropriately.
Indicators	<ul style="list-style-type: none"> Establishment of quality assurance and safety management systems for global business No major findings by regulatory authorities No recalls of our products
Major activities	<ul style="list-style-type: none"> Establishing an appropriate global system for product quality and safety management systems Establishing procedures to study drug safety signals Establishing a system for responding to audits of products to be shipped to the U.S.A. for the launch of ONO-4059 in the U.S.

13 Ensuring Stable Supply of Products

Value Preservation
(Erosion risks)

Reason for being a priority issue	We consider that the provision of a stable supply of our drugs to patients who need them is a basic duty of our business.
Mid- to long-term goals	Our products are supplied stably to patients throughout the world.
Indicators	<ul style="list-style-type: none"> No out-of-stock incidences
Major activities	<ul style="list-style-type: none"> Building a global product supply system Implementing risk management for overall operations related to product supply, such as strengthening response to BCP, maintaining proper inventory, etc. Examining mid- to long-term stable production systems, including increased production efficiency and the use of CMO, etc.

14 Protection of Environment

Value Preservation
(Erosion risks)

Reason for being a priority issue	Our businesses are supported by a sound global environment. We consider that reduction of the burden on the global environment and local communities in association with our business activities is an important corporate responsibility.
Mid- to long-term goals	Under "ECO VISION 2050," we aim to become a leading environmentally friendly company in the pharmaceutical industry, and strive to maintain a rich earth environment for the future generation so that people can have a healthy and sound society.
Indicators	<p>Achievement of 2030 goals (click here for details)</p> <ul style="list-style-type: none"> Achievement of a decarbonized society Achievement of a water-recycling society Achievement of a resource-recycling society
Major activities	<ul style="list-style-type: none"> Reducing greenhouse gas emissions and increasing share of renewable energy in total electricity consumption Reducing water resource consumption Reducing the final landfill rate of our industrial waste

15 Respect for Human Rights

Value Preservation
(Erosion risks)

Reason for being a priority issue	<p>Based on our belief that we have a responsibility to engage in the achievement of a society in which the human rights of individuals are respected throughout our business activities, we engage in strengthening human rights risk management.</p> <p>In addition, we consider the rights to access necessary medical care and to live healthy lives are issues related to human rights. As a pharmaceutical company capable of resolving these issues, we consider that we are responsible for contributing a maximum effort to resolve the issues.</p>
Mid- to long-term goals	<p>[Human rights risk management]</p> <ul style="list-style-type: none"> A human rights risk management system has been established in ONO Group, and negative impact on human rights in our business activities have been minimized. <p>[Improvement of access to medicines]</p> <ul style="list-style-type: none"> Innovative drugs for rare diseases and pediatric diseases are delivered. Contributing to local capacity building* in areas with underdeveloped medical care infrastructure (Achieved by collaboration with NPOs and NGOs.) <p>*To provide support, such as fostering talent for medical care and building medical care systems, etc. so that areas with issues can overcome them on their own.</p>
Indicators	<p>[Human rights risk management] (up to 2026)</p> <ul style="list-style-type: none"> Implementation of human rights due diligence within the Group Implementation of human rights risk assessment for high priority suppliers <p>[Improvement of access to medicines]</p> <ul style="list-style-type: none"> Number of approvals obtained for rare diseases/pediatric indications Project outcome goals (start of new projects in FY2022)
Major activities	<p>[Human rights risk management]</p> <ul style="list-style-type: none"> Implementing human rights due diligence <p>[Improvement of access to medicines]</p> <ul style="list-style-type: none"> Developing new drugs and expanding indications for rare diseases and pediatric indications for which the unmet medical need is high Collaborating with NPOs and NGOs to support local capacity building in areas with underdeveloped medical care infrastructure

16 Thorough Compliance

Value Preservation
(Erosion risks)

Reason for being a priority issue	As a pharmaceutical company producing products related to drugs that are involved in people's lives, we need to take actions based on high ethical standards, as well as compliance with laws and regulations. In addition, problems related to compliance are major risks that may harm our brands and trust, which are our important non-financial capital, and may have impact on our business continuity.
Mid- to long-term goals	A compliance risk management system that supports the expansion of our global business has been established, and the prevention of compliance violations has been achieved.
Indicators	<ul style="list-style-type: none"> • Number of major compliance violations*: None <p>*Compliance violations that have a major impact on sales and profits and that have a major social impact</p>
Major activities	<ul style="list-style-type: none"> • Establishing enterprise risk management (ERM) for global responses, including compliance • Complying with laws and regulations related to pharmaceutical businesses, promoting appropriate use, preventing corruption, and protecting information, etc. • Fostering a culture in which people take initiatives to prevent compliance violations • Strengthening the governance of compliance risks by the Board of Directors

17 Supply Chain Management

Value Preservation
(Erosion risks)

Reason for being a priority issue	To achieve a stable supply of our products to patients and a sustainable society, we consider that it is important to build a sound network with all suppliers in the supply chain, to engage in the improvement of human rights and the working environment, and to protect the natural environment, etc. with our suppliers.
Mid- to long-term goals	The collaborative relationship with suppliers has been strengthened and risks related to sustainability, such as the environment and human rights, etc., are managed.
Indicators	<p>(up to 2026)</p> <ul style="list-style-type: none"> • Development of a more robust risk management system (Establishment of policies and code of conduct, establishment of the system) • Implementation of a comprehensive assessment of companies in high-risk fields
Major activities	<ul style="list-style-type: none"> • Sharing our Code of Conduct and obtaining consent sheets • Risk assessment • On-site audit • Activities for remediation

18 Strengthening corporate governance

Reason for being a priority issue	To establish a highly transparent and robust management for sustainable growth, ONO focus on enhancing the functions of the Board of Directors and the Audit & Supervisory Board to strengthen corporate governance.
Mid- to long-term goals	Establish an effective corporate governance system to achieve our sustainable growth.
Indicators	<ul style="list-style-type: none"> • Evaluation of the effectiveness of the Board of Directors (evaluated annually by all members of the Board of Directors and the Audit & Supervisory Board)
Major activities	<p>①Improve function of the Board of Directors to enhance governance</p> <ul style="list-style-type: none"> • 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 <p>②Establish governance system for sustainable growth</p> <ul style="list-style-type: none"> • Continue monitoring risk management-related measures by the Board of Directors

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

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 expertise from various fields worldwide. At the same time, we have been actively working to introduce and draw on new candidate compounds for pharmaceuticals. In addition to alliances with venture companies and other pharmaceutical companies, we form partnerships with a wide range of stakeholders from universities and research institutes to government agencies, local communities and NPOs in an effort to resolve problems via open innovation. A list of our main partnerships can be found [here](#).



Stakeholder engagement

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

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

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 Keidanren (Japan Business Federation)
NPOs/NGOs	Collaboration through various programs to improve medical access
	Participation in various initiatives

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

Activities with the Local Government

On November 12, 2021, we concluded an agreement with Osaka Prefecture on cooperation and collaboration for the promotion of health promotion among residents in Osaka prefecture.

The public and private sector work together to solve social issues through cooperation between government initiatives and CSV^{*1} activities by private company. We have been promoting "Dialogues with local communities" as one of an important theme of our business activities. As a pharmaceutical company headquartered in Osaka prefecture, we will continue to cooperate in promoting the health of the residents in Osaka prefecture by working together with Osaka Prefecture to solve social issues related to health, taking advantage of the mutual strengths of the government and company.



A picture of the signing ceremony of partnership agreement at the Osaka Prefectural Head Office

^{*1} CSV... Creating Shared Value

Corporate Governance

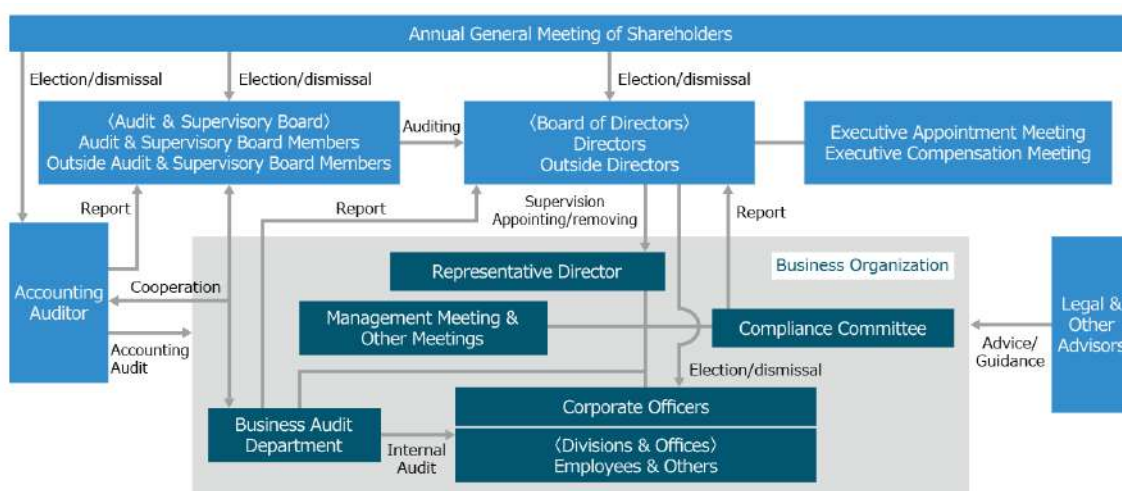
ONO believes that, in order to earn the trust of all stakeholders and to improve our corporate value, it is important not only to comply with laws and regulations, but also to increase the transparency of management and strengthen corporate governance.

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, in order to ensure independence and objectivity with regard to the appointment and remuneration of the senior management and Members of the Board of Directors, we have established the Executive Appointment Meeting and the Executive Compensation Meeting, where Outside Directors account for a majority and one of them serves as chairperson.

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 (FY2021)

Positions ^{*1}	Name	Assignments or Important Concurrent holding of Positions ^{*1}	the Meeting of the Board of Directors	
			Attendance / holding	Attendance rate
Representative Director, President & CEO	Gyo Sagara	—	15 / 15	100%
Member of the Board of Directors, Senior Executive Officer	Toshihiro Tsujinaka	Executive Director, Corporate Strategy & Planning	15 / 15	100%
Member of the Board of Directors, Senior Executive Officer	Toichi Takino	Executive Director, Discovery & Research	15 / 15	100%
Member of the Board of Directors, Executive Officer	Isao Ono	Director, Corporate Research	15 / 15	100%
Member of the Board of Directors, Executive Officer	Kiyooki Idemitsu ^{*2}	Executive Director, Clinical Development	11 / 11	100%
Member of the Board of Directors, Outside Director	Masao Nomura	Senior Adviser to the Board, Iwatani Corporation Outside Director, Keihanshin Building Co., Ltd.	15 / 15	100%
Member of the Board of Directors, Outside Director	Akiko Okuno	Professor, Faculty of Business Administration, KONAN UNIVERSITY	15 / 15	100%
Member of the Board of Directors, Outside Director	Shusaku Nagae ^{*2}	Special Corporate Advisor, Panasonic Holdings Corporation Chairman, Vehicle Information and Communication System Center	11 / 11	100%

^{*1} Positions, Assignments or Important Concurrent holding of Positions are as of April 1, 2022.

^{*2} At the 73rd Ordinary General Shareholders Meeting held on June 17, 2021, Kiyooki Idemitsu and Shusaku Nagae were newly elected and assumed as Members of the Board of Directors. (The meetings of Board of Directors were held 11 times after they assumed office as their positions.)

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 (FY2021)

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	—	15 / 15	100%	16 / 16	100%
Full-time Audit & Supervisory Board Member	Hironobu Tanisaka ^{*4}	—	11 / 11	100%	11 / 11	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	15 / 15	100%	16 / 16	100%
Outside Audit & Supervisory Board Member	Akiko Tanabe	Representative, Akiko Tanabe CPA office Outside Director, OIE SANGYO CO., LTD. Partner of Midosuji Audit Corporation	15 / 15	100%	16 / 16	100%

^{*3} Positions, Assignments or Important Concurrent holding of Positions are as of April 1, 2022.

^{*4} At the 73rd Ordinary General Shareholders' Meeting held on June 17, 2021, Hironobu Tanisaka was newly elected and assumed as an Audit & Supervisory Board Member to fill in for the Audit & Supervisory Board Member who resigned at the close of the meeting. (The meetings of Board of Directors and the Audit & Supervisory Board were held 11 times each after he assumed office as his position.)

Executive Appointment Meeting

The Executive Appointment Meeting is composed of 5 members: 3 Outside Directors, the President & CEO, and 1 internal director in charge of human resources (the meeting has been chaired by an Outside Director since 2022). 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 4 members: 3 Outside Directors, and the President & CEO (the meeting has been chaired by an Outside Director since 2022). All members attend Executive Compensation Meetings to ensure the transparency and objectivity, and deliberate on of 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](#)

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 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 FY2021, a total of approximately 220 meetings were held online. We conducted briefings via live stream because it was difficult to hold face-to-face meetings due to the impacts of the novel coronavirus.

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 six 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.

Our Disclosure Policy for information is described [here](#).

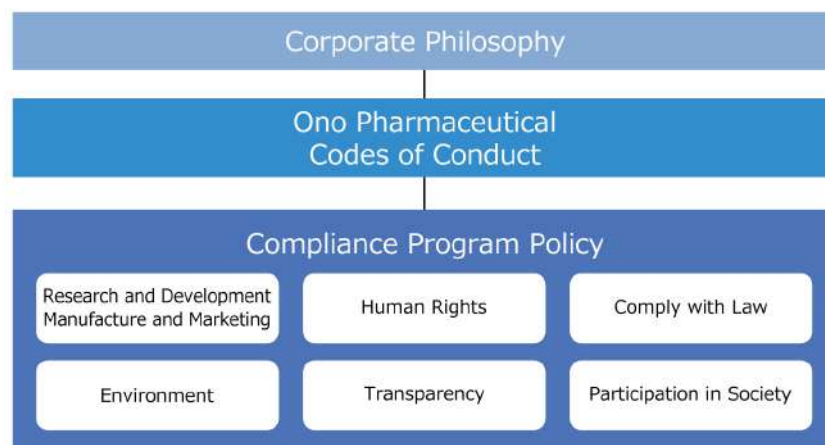
Compliance

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 compliance 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 have also formulated "ONO Pharmaceutical Code of Practice," in line with the Japan Pharmaceutical Manufacturer's Association (JPMA) Code of Practice, which sets forth action standards for promotion activities, and we act in strict compliance with this code.

In putting the compliance system into practice, we adequately inform our employees to ensure transparency, prevent fraud and corruption, and to be constantly aware of domestic and international social conditions.



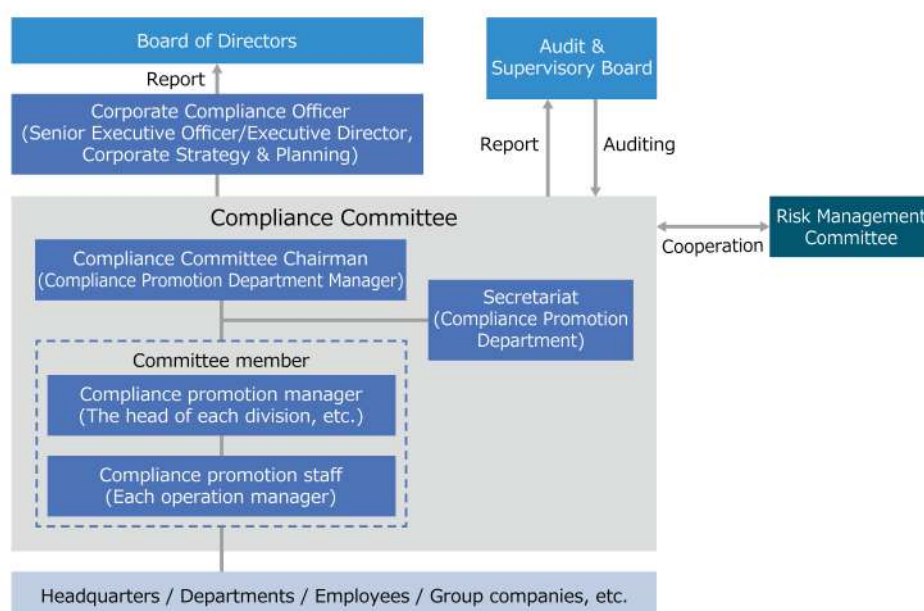
For details, please refer to the Corporate Philosophy /ONO Pharmaceutical Codes of Conduct, ONO Pharmaceutical Compliance Program Policy, and ONO Pharmaceutical Code of Practice below.

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

Compliance Promotion Initiatives

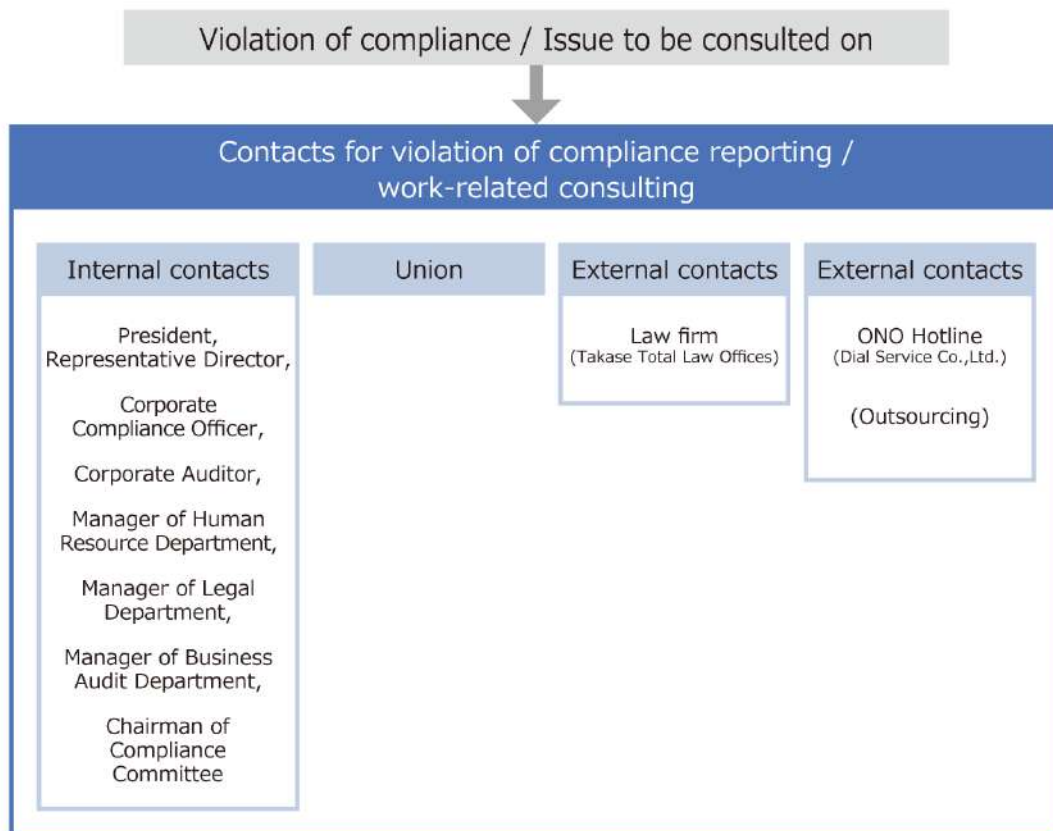
Compliance Promotion System

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 committee examines and deliberates compliance-related issues, and plans and promotes training. In addition, in collaboration with the Internal Audit Unit, the committee confirms the status of efforts at each site. The committee also works with the Risk Management Committee to implement compliance risk management. In FY2021, we worked to strengthen the supervisory system of the Board of Directors, such as by taking measures to prevent recurrence based on the case of serious compliance violation that had occurred in the previous year, and regularly reporting the progress (such as the implementation status of company-wide training) to the Board of Directors and receiving advice from outside directors. Compliance Officer has been newly appointed to each department as the operational manager for strengthening compliance. The risk manager, who manages the overall risk of the organization, and the compliance managers, who have been newly assigned to all departments as a consultation desk in the workplace regarding compliance issues, work together to establish an operating system that promptly takes measures against issues that have been raised within the organization. Regarding consultation matters, we also share the information with the newly-established Assessment Office in the Compliance Department and provide advice to the compliance managers. In addition, a specially appointed person in charge of overall compliance is assigned to the Sales and Marketing Division, and regularly participates in compliance promotion meetings within the Sales and Marketing Division, and strives to optimize operations and establish awareness of prevention by pointing out issues and giving advice. 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, the "ONO Hotline." 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. As for the use of the system, matters related to the privacy of whistleblowers, such as their names, 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, and that they are legally protected. These policies are clearly stated in the internal whistleblowing regulations newly enacted based on the revised Whistleblower Protection Act that will come into effect in 2022, and are thoroughly known to employees. We are also expanding 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 FY2021, based on the lesson learned from the case of serious compliance violation that occurred in the previous year, we held training meetings with discussions to thoroughly prevent recurrence and conducted education and training on prevention of bribery. We also conduct annual training on harassment and continuously strengthen our efforts to create a comfortable working environment. 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. 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. We also recognize that the use of human embryonic stem cells (ES cells) for research purposes raises bioethical concerns because human ES cells are derived by destroying human embryos, which are the emerging potential of human life, and they have the potential to differentiate into any type of human cell. We believe that we should carefully consider the use of human ES cells for research purposes at the internal Ethics Committee based on relevant laws and regulations and guidelines.

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 ensure our business activities are conducted fairly and transparently, we provide e-learning and establish a training month in each division every year to provide thorough education 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 provision of a stable supply of our products, we need to cooperate with research and medical institutions and engage in collaborative activities such as 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 \(89KB\)](#)

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 Funds](#)

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 they occur.

In addition, we have a company-wide risk management system with President and Representative Director as the chief risk management officer and the Executive Director of Corporate Strategy & Planning (a member of the Board of Directors and a Senior Executive Officer) as the risk management director in charge. In this way, we tackle issues related to risk management, recognizing them as important issues for management strategy. Furthermore, we have an Audit & Supervisory Board and an internal auditing department (Business Audit Department) working to increase the effectiveness of audits in risk management.

Risk Management

Establishment of the Enterprise Risk Management (ERM) System

We introduced Enterprise Risk Management (ERM) in FY2019, aiming for total, rather than partial, optimization of risk management. For implementation, 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). In addition, we made the Legal Department the managing department for risk management, and established 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 have 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, using the risk assessment sheets, and autonomously promotes risk management.
- (3) We identify the most important and urgent risks that could have a considerable impact on business management, and promote company-wide risk management activities.
- (4) In the event a risk materializes, we will 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. Each Division Head uses the division's Risk Management Promotion Meeting to supervise the division's risk management.
2. Office Managers conduct daily risk management.
3. The Legal Department periodically monitors the risk management status of each division from the viewpoint of ERM. The results of monitoring are 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 division's risks and extracts issues using a risk assessment sheet, and develops prevention measures for identified risks according to their materiality and urgency, as well as risk responses. 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, bribery, etc. In FY2021, each division extracted risks in a bottom-up fashion (bottom-up interviews) primarily by the division's risk manager, to see if there were any unidentified risks.

(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. The head of the Legal Department also participates in this working group, and progress is reported to the Company-Wide Risk Management Committee to ensure coordination with ERM. For details on TCFD, see "[Information Disclosure Based on the TCFD Recommendation](#)"

(4) Response to Major Risks

The Management Meeting identifies important and urgent risks as material risks every fiscal year, and considers, develops, and implements measures to control the identified risks, while monitoring the identified risks on a company-wide scale. In the event a risk occurs, we will 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 occurs, the President will establish an Emergency Response Committee as necessary, to take measures to minimize damage and facilitate speedy recovery.

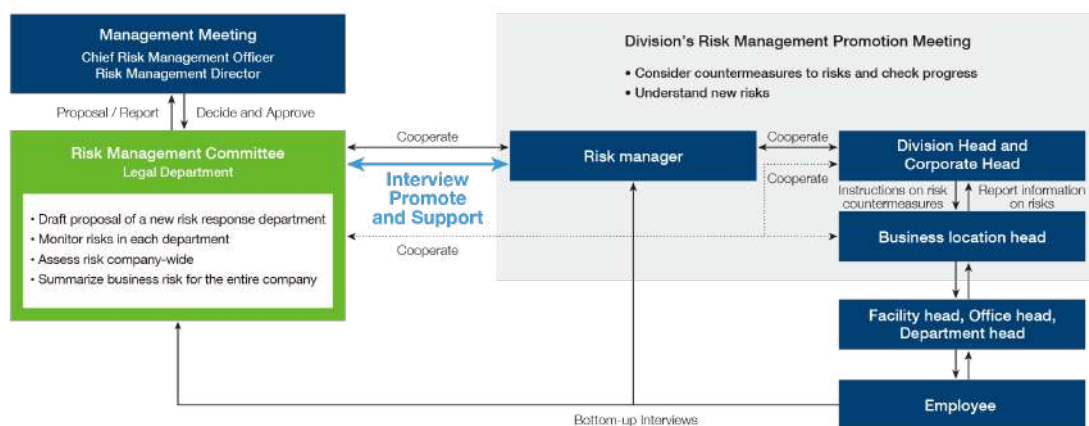
(6) Risk management education

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 to FY2021, we provided 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.
- In FY2020, 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.

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. In FY2021 we assessed the risks and extracts issues using a risk assessment sheet.

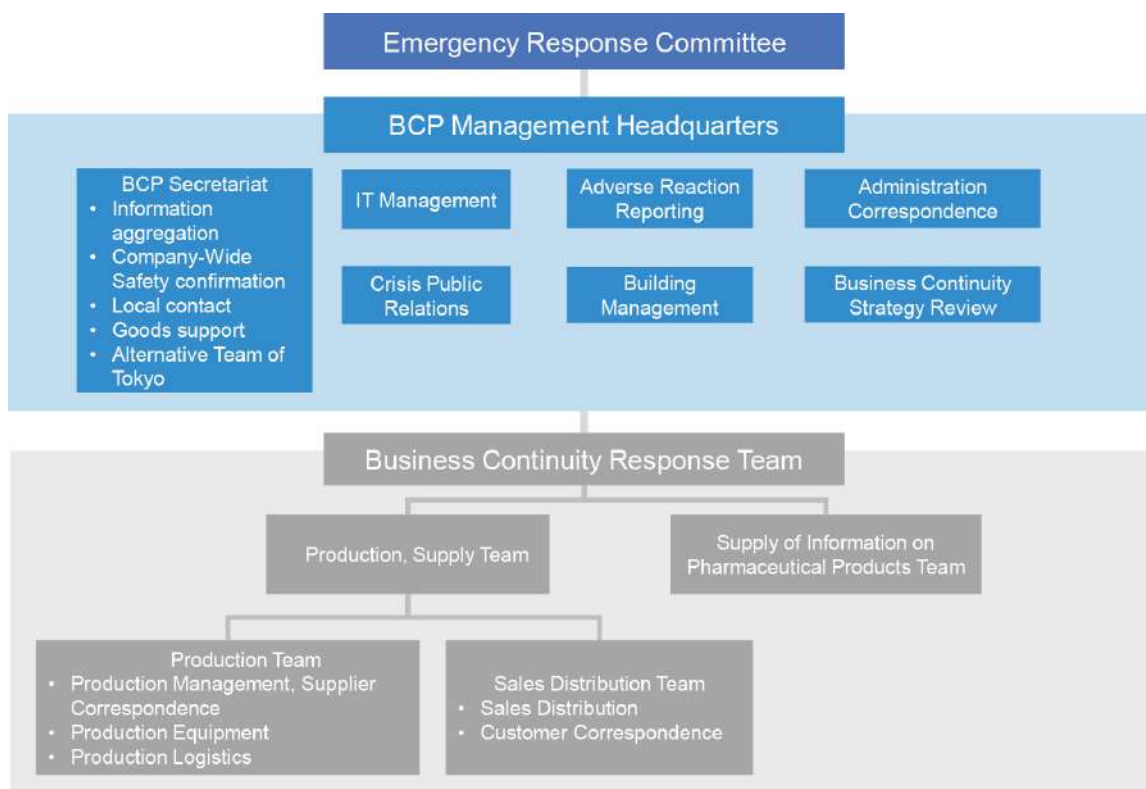
System to ensure proper business operations of the ONO Group

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)

We have set up a BCP Management Headquarters under the Emergency Response Committee, chaired by the President and Representative Director, and established a system designed to minimize the impact on operations even if a natural disaster or serious accident occurs, so that we can continue business activities, and even if they are suspended, recover promptly and resume them. And for management during normal times, we have a Business Continuity Management (BCM) Committee, which is chaired by the Executive Director of Corporate Strategy & Planning and is in charge of business continuity management, and a Management Office to maintain and strengthen our abilities to respond to crisis and continue our business operations, and promote relevant management activities.

We have prepared for disasters by installing systems such as emergency generators and duplicate power service in our Headquarters, the Tokyo Building, and all of our plants and research institutes, and we have also introduced seismic isolation systems to prepare for earthquakes in our Headquarters, the Tokyo Building, Minase Research Institute, and the Yamaguchi Plant. Also, because we have transferred some of the functions of the Headquarters in Osaka to the Tokyo Building, the development of a two-base system, improves our ability to continue our business operations. The BCM Committee conducts drills under the assumption of a large-scale disaster, identifies issues, and redoes plans to improve BCP response capabilities.



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 FY2021.

Identified risks are divided into three categories, "strategic risks," "external factor risks," and "operational risks," and basic action policies and priority orders against risks are determined. The basic action policy for each risk category is stated below.

Strategic risks: Risks associated with the business itself, such as failure of the business plan, etc.; these should be handled under a medium-term plan, etc.

External factor risks: Risks arising due to uncontrollable external factors; these should be handled under Business Continuity Plan (BCP), etc.

Operational risks: Risks arising from management failures that could have been avoided by using imagination; these should be handled by Enterprise Risk Management (ERM).

ONO's "major risks" based on these three categories are stated below.

Risk field	Major risk item	Risk category
(1) New product development	<ul style="list-style-type: none"> Failure to develop new products 	Strategic risk
(2) Response to changes in the market environment	<ul style="list-style-type: none"> Fiercer competition with competing products and generic products 	Strategic risk
(3) Compliance	<ul style="list-style-type: none"> Breach of laws and regulations related to bribery prevention Breach of Code of Practice Breach of the Anti- Monopoly Act Pharmaceutical and Medical Device Act 	Operational risk
(4) Product quality control	<ul style="list-style-type: none"> Occurrence of defects and recall of products 	Operational risk
(5) Securing and developing human resources	<ul style="list-style-type: none"> Failure to secure and develop human resources 	Strategic risk
(6) Large-scale earthquakes, climate change-related natural disasters, and accidents	<ul style="list-style-type: none"> Occurrence of natural disasters and accidents, etc. 	External factor risk
(7) Supply-chain (stable supply)	<ul style="list-style-type: none"> Supply-chain risks 	External factor risk
(8) Health insurance system reform	<ul style="list-style-type: none"> Failure of actions for measures to limit healthcare spending 	External factor risk
(9) Reliance on specific products	<ul style="list-style-type: none"> Failure to end reliance on specific products 	Strategic risk
(10) Newly discovered side effects	<ul style="list-style-type: none"> Occurrence of new side effects, etc. 	Strategic risk
(11) Intellectual property rights	<ul style="list-style-type: none"> Infringement of a third party's intellectual property rights, etc. 	Operational risk
(12) Litigation	(To be included in other risks.)	
(13) Information management	<ul style="list-style-type: none"> Cyber-attacks, unauthorized access Leakage of personal information 	Operational risk
(14) Overseas business expansion	<ul style="list-style-type: none"> Failure of own marketing operations in Europe and the U.S.A. 	Strategic risk

(15) Alliance with other companies	<ul style="list-style-type: none"> • Failure of business alliances 	Strategic risk
(16) Fluctuations in financial market conditions	<ul style="list-style-type: none"> • Foreign exchange fluctuations • Price fluctuations of financial resources 	External factor risk
(17) Response to environmental issues	<ul style="list-style-type: none"> • Increasing costs for measures against global warming • Occurrence of environmental pollution accidents 	External factor risk Operational risk
(18) Spread of novel coronavirus infection (COVID-19)	<ul style="list-style-type: none"> • Occurrence of a new pandemic 	External factor risk
(19) Deferred tax assets and impairment treatment	<ul style="list-style-type: none"> • Suffering large impairment loss 	Strategic risk

<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, thereby responding appropriately to changes in the market. We also constantly analyze market trends in the factors affecting the product lifecycle to prepare 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, internal and external desks for reporting compliance violations, and employment consultation desks, to ensure that all business activities are conducted in compliance with applicable laws and regulations. However, if the Group or any of 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, or safety of any of our products, investigation will be conducted promptly, and if a decision to recall is made, such recall information will be communicated immediately to medical professionals and the relevant product will be recalled. 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 (BCPs) 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 could cause problems in our raw material procurement, manufacturing, or logistics operations, thus hindering the supply of products and our R&D activities. In any such case, the operating results and financial position could 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) Supply-chain (stable supply)

The Group identified the "stable supply of its products" as a materiality and built a system responding to risks of natural disasters and accidents and risks of deviation from the Pharmaceutical and Medical Device Act. For more details on countermeasures against natural disasters and accidents, please see Section (6), "Large-scale earthquakes, climate change-related natural disasters, and accidents."

Concerning actions for deviation risks from the Pharmaceutical and Medical Device Act, we established strict quality standards internally and we are conducting thorough control with records and documents related to manufacturing, review, change control, and deviation control. In addition, quality audits are conducted at Company plants and contractors and the appropriateness of the operations is periodically checked. As mentioned above, constant and high-level quality control is conducted thoroughly to prevent products not conforming to the standards from being shipped. However, if the functions of specific plants or external contractors were to stop, and the supply of raw materials from the suppliers stops, and production activities are suspended or delayed due to natural disasters, such as earthquakes, typhoons, etc., a pandemic, such as the outbreak of novel coronavirus infection (COVID-19), fire, system failure, terrorism, and other accidents, or deviation from the Pharmaceutical and Medical Device Act, the Group's management performance and financial conditions could be affected.

(8) 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.

(9) 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, 2022). 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.

(10) 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 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.

(11) Intellectual property rights

The Group takes great care to ensure that the products it manufactures or sells do not infringe upon third-party intellectual property rights. However, if an event occurred in which the Group were to be found to have infringed upon a third-party intellectual property right, the Group's operating results and financial position could be adversely affected by the payment of damages and a decrease in revenue due to the suspension of manufacturing and sale, etc. Therefore, 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 were to be filed by an inventor, etc., the Group's operating results and financial position could 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. In May 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 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, but the petition was denied in May 2021 and the judgement was finalized.

In June 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 of these judgments and lawsuits on its business results, etc. 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 were underway. As of November 12, 2021, we reached an amicable settlement based on the court recommendation to find an amicable settlement.

(12) 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.

(13) Information management

The Group is promoting the use of digitals and IT, in addition to streamlining and sophisticating operations, so that company reforms can be implemented more flexibly to respond to the business environment. We also handle personal information and highly confidential information with these systems. In association with the promotion of business globalization and the expansion of the range of data use, complexity is increasing and therefore the possibilities are increasing that technical failure may occur, that business operations could be suspended due to unauthorized access, or attacks made by a third party or internally, and that important information could be leaked. To reduce these risks, in addition to the establishment of policies related to securities and the stable operation, and selection of appropriate technologies and services in conformance with changes to technologies, and the social environment, training is provided for all employees and measures are strengthened continuously based on third-party security assessment. However, if information in the possession of the Group were to be 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 could be adversely affected due to a significant loss of social credibility.

(14) 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, status of political stability, region-specific natural disasters, and uncertainties in the business environment, and consider necessary measures accordingly. However, if these risks cannot be avoided completely, the Group's operating results and financial position could be adversely affected.

(15) 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.

(16) 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 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 fair value of equity instruments were to fluctuate to a substantially higher degree than expected, the Group's operating results and financial position could be adversely affected.

(17) 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

(18) Spread of novel coronavirus infection (COVID-19)

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.

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.

(19) Deferred tax assets and impairment treatment

The Group monitors performance through budget control, etc. We built a system to review the collectability of deferred tax assets at the appropriate time and to measure impairment loss, etc. if there is a sign of a decline in earnings. 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 would be a possibility that tangible fixed assets and intangible assets could be impaired, and deferred tax assets could 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](#)

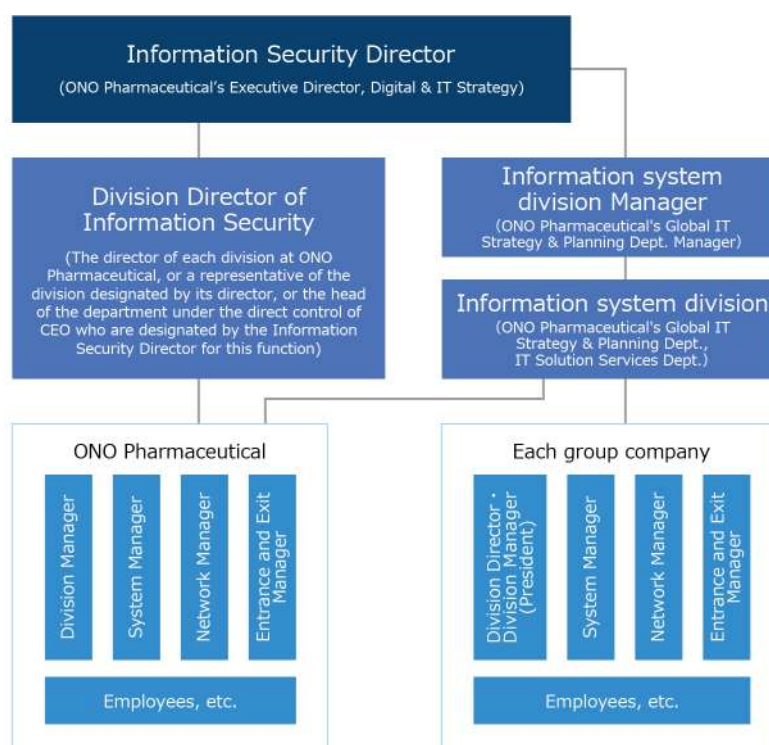
Information Security Management System

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 (Corporate Executive Officer / Executive Director, Digital & IT Strategy). 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, Information System Division 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



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 or TV conferences attended by all medical representatives (MRs). In addition, as for the status of promotional activities, the Compliance Management Department regularly reviews business reports to confirm whether appropriate promotional activities are being carried out, and conducts and checks a monthly questionnaire to MRs regarding this Code.

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)
Training by e-learning	Once a month	Code, Guidelines, Fair Competition Code	Q&A for Code and guideline compliance

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 the Post-Marketing Safety Management of Drugs (GVP Ordinance)" in a lecture format for all employees involved in promotion activities. After that, training on drug risk management plans (RMP) is also conducted at the launch of a new product and once a year, and training on pharmaceutical damage is conducted every two years. In addition, 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 policy and progress on new drugs being developed are introduced.

➤ [Development Policy](#)

➤ [Development Pipeline](#)

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 29, 2022)

Product name	Therapeutic indication*4	Date designated as an orphan drug	Development Status
OPDIVO intravenous infusion	Malignant melanoma	June 17, 2013	Approved
	Hodgkin lymphoma	March 16, 2016	Approved
	Malignant pleural mesothelioma	December 1, 2017	Approved
	Cancer of unknown primary	March 11, 2021	Approved
Demser Capsules	Improvement of catecholamine excess and various symptoms in pheochromocytoma	May 25, 2015	Approved
Kyprolis for intravenous infusion	Relapsed or refractory multiple myeloma	August 20, 2015	Approved
Onoact for intravenous infusion	Life-threatening refractory and emergent cardiac arrhythmias: ventricular fibrillation and hemodynamically unstable ventricular tachycardia	August 24, 2016	Approved
Mektovi Tablets	NRAS or BRAF ^{V600} mutation-positive malignant melanoma	December 4, 2013	Approved
Braftovi Capsules	BRAF ^{V600} mutation-positive malignant melanoma	December 4, 2013	Approved
Velembro Tablets	Primary central nervous system lymphoma	August 20, 2019	Approved
	Waldenström's macroglobulinemia, Lymphoplasmacytic lymphoma	November 19, 2019	Approved

*4 Anticipated indications or diseases on the designation

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 29, 2022)

Product name	Therapeutic indication	Status
Onon Dry Syrup	Bronchial asthma, 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
OPDIVO intravenous infusion	Relapsed or refractory classical Hodgkin lymphoma	Approved
Onoact for intravenous infusion	Tachyarrhythmia (supraventricular tachycardia, atrial fibrillation and atrial flutter) in patients with low cardiac function	Filed

Efforts made against intractable diseases

Together with Keio University, Kochi University, Iwate Medical University, the National Institute of Biomedical Innovation, Health and Nutrition, Mitsubishi Tanabe Pharma Corporation, and Daiichi Sankyo Co., Ltd., we established the Immune-mediated Inflammatory Diseases Consortium for Drug Development for the purpose of drug development research targeting intractable immuno inflammatory diseases from 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



We started the ONO SWITCH Project in August 2018 as an initiative to promote both medical system support and work style reform. Under this initiative, donations are made to the medical-related NPOs/NGOs mentioned below who use the money saved by reducing overtime payments through the promotion of our work style reform. The project aims to contribute to the promotion of work style reform, 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 **C**hange



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 determine the recipients of the donation based on an annual questionnaire for all employees. In FY2020, we donated to the three NPOs mentioned below, and the activities for FY2021 utilized this donation. The local healthcare issues and activities are as follows:


Targets and progress of partners in FY2021

Partners (Activity area supported by our company)	
Local healthcare issues	
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.	
FY2021 plans	FY2021 progress
<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 	<ul style="list-style-type: none"> • 96% of two-year-olds received the DPT vaccine (The target vaccination rate was over 95%). We were also able to systematically provide on-site vaccinations to nomadic children and others. • 96% of newborns received the hepatitis B vaccine (The target vaccination rate was over 95%). • 96% of children and 92.8% of pregnant women received the TD vaccine (The target vaccination rate was over 95%). Mass vaccination was also carried out systematically at schools and other areas. • The refrigerated warehouses for vaccine storage that our company has supported have been installed at the following five facilities and are still in use: <ol style="list-style-type: none"> 1. Mongar hospital 2. Lhuentse hospital 3. Paro hospital 4. HongtshoPHC, Thimphu 5. GhummauneyPHC, Samtse <p>All of the vaccines we supported arrived in Bhutan by December 2021, and thanks to the well-organized support we received, we were able to secure stocks of vaccinations even in clinics located in remote areas and maintain a high vaccination rate at all times.</p>
KPI Number of vaccines and vaccine refrigerators supplied	

Partners (Activity area supported by our company)
Local healthcare issues
Japan Heart (Cambodia) 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.

FY2021 plans	FY2021 progress
<p>Donate inspection equipment for detecting jaundice early in newborns, and Jaundice phototherapy equipment and other devices</p> <p>We will donate new testing equipment due to the repeated failures of bilirubin^{*5} analyzers, which are currently in use and necessary for diagnosing jaundice. We will also donate the latest highly safe phototherapy equipment necessary for treating jaundice. Furthermore, we will donate medical equipment necessary for controlling the body temperature of newborns.</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> <p>^{*5} Bilirubin...A yellow pigment formed by the breakdown of hemoglobin in stale red blood cells</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>The donated testing equipment was used not only for testing all babies who were delivered and hospitalized, but also for babies who had concerning levels of bilirubin at cooperating public hospitals during the period when hospitalizations were suspended due to the spread of novel coronavirus infections. We received the following report from Japan Heart: “We were able to confirm our patients’ safety by using the donated measuring equipment. We were able to avoid unnecessary blood collections based on the measurement values we obtained from the equipment. It also made it easier to perform evaluations after starting phototherapy. This has prevented the rise of bilirubin levels in our patients. Compared to the other equipment we’ve used so far, the donated equipment has become easier to use because it allows us to check median values and histories. In addition to our 53 inpatients, we were able to take measures for multiple outpatients as well.”</p> <p>The newly donated infant warmer (open incubator) is very easy to use and makes giving treatments easier since it warms up faster than any device we’ve used until now, and the treatment area is even larger. During the stays of obstetricians and gynecologists, the open incubator is also used for catching babies during cesarean sections.</p> <p>Number of cases in which newborns whose body temperatures needed to be controlled were treated under appropriate temperatures after birth: 10 cases (in repeated use)</p> <ul style="list-style-type: none"> • We conducted training to local healthcare professionals to ensure that they could provide treatment for newborns who needed respiratory support and body temperature management shortly after birth. Three local healthcare professionals were now able to provide appropriate respiratory support and body temperature management for newborns. 
<p>Support for students who aim to become healthcare professionals</p> <p>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>	<p>The Cambodian nursing student we have been supporting since FY2018 advanced to her fourth year on November 15, 2021. She currently continues to take classes online due to the spread of novel coronavirus infections.</p> <p>Not only does she have excellent grades, but she also actively participates in volunteer activities in the healthcare field on days when she does not have class. Although she is not yet healthcare professional, she is looking for things that she can do as a student in order to “deliver medical care to areas where medical care cannot be delivered,” and she has grown to become a very reliable presence.</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 Japan Heart Children's 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>	<p>Improvements have been made to the environment around Japan Heart Children's Medical Center, which has reduced the amount of vibration felt when using a wheelchair and has made things more convenient. Up until now, dust soared up and entered the hospital on sunny days, and when it rained, it was dirty with mud all the way to the entrance. However, since being paved, the environment around the center has been kept clean. Even after it rains, the feet of patients and staff have become less likely to get dirty, and the areas inside the hospital are kept clean and comfortable. In addition, since it became possible to secure waterways, drainage has been improved and it is now possible to prevent water from accumulating for long periods of time. The sanitary environment has also been greatly improved.</p> 
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Partners (Activity area supported by our company)	
Local healthcare issues	
<p>People's Hope Japan (Myanmar)</p> <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>	
FY2021 plans	FY2021 progress
<p>Skill monitoring of midwives and assistant midwives (second)</p> <p>Continuing from FY2020, we will conduct a second skill monitoring to determine whether the knowledge and skills learned are being utilized in clinical practice, and to measure the degree of establishment and improvement. 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>Since February 2021, the domestic situation in Myanmar has been challenging, and the planned skill monitoring for midwives and assistant midwives, postgraduate training for midwives and refresher training for assistant midwives could not be implemented, so a decision was made to postpone the training to the next fiscal year. Instead of the original plan, we trained maternal and child health promoters (volunteers) to serve as a bridge between local residents and health services.</p>
<p>Training after graduation of midwives and refresher 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>	<p>In March 2022, we conducted training for volunteers in two sessions on subjects such as prenatal checkups, neonatal care and signs of danger during pregnancy, and trained 60 maternal and child health promoters in 13 villages. The third training is scheduled to be held in May 2022 (25 people from 6 villages). We will continue to train them in order from the villages where needs and safety have been confirmed. Maternal and child health promoters who have been trained work closely with each expectant and nursing mother and conduct activities such as health education and home visits to pregnant women while ensuring safety.</p>
	 <p>Maternal and child health promotion staff's activities in the village (*The photograph is an image of their activities. Photo taken in August 2019.)</p>

The activities of Future Code (supported area: Bangladesh), which we had been supporting in FY2020, were delayed until later than originally scheduled due to the impacts of the novel coronavirus infection and the severe national regulations. The newly planned hospital opened in December 2021, and we donated PCR testing equipment to the facility. As of May 10, 2022, a total of 31 PCR tests have been conducted to diagnose COVID-19. Out of those 31 subjects tested, 12 tested positive were treated, and the number of deaths from the positive tests was zero. The poor, representing 61% of the patients who received the PCR test were treated free of charge.



Please refer to the following for past results.

 [FY2018 results](#)

 [FY2019 results](#)

 [FY2020 results](#)

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 Capital/Human Rights

We believe that “People make the company,” and so we actively support the development of individual abilities and take positive action 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 while individual abilities get developed to their fullest 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.

Talent Development

| Concept of Talent Development

We regard talent development as an important management issue, and link ONO's growth strategy with its development strategy. In other words, the ultimate objectives of our talent development efforts are to nurture talent who can proactively work on their own growth strategy, and to provide society with ONO's unique value through organizational development. In order to do this, we have incorporated four consistent elements into our talent development strategy (namely, our mission statement, medium- to long-term growth strategy, organizational capability requirements for implementing our growth strategy, and diverse talent) and are providing opportunities for growth so that each and every employee can always take on challenges and work autonomously. We carry out strategic talent development in a manner that will allow us to make the leap to becoming a specialty pharmaceutical company on a global scale. In addition, the value that we want to provide to the global society is innovative new drugs (i.e., innovation). One of our major talent development goals is to produce many innovative talent who create innovative new drugs. We are implementing a variety of development programs with the expectation that our employees from all divisions will innovate. In addition, we are also working to develop organizations that can practice a new form of cohesion that connects outstanding individuals to other individuals, comes up with new ideas, and demonstrates strengths as a team, which are necessary to drive innovation.

Promoting ONO's Growth Strategy Through Talent Development

To advance our growth strategy, the most important thing is to develop talent who can implement actions based on our Mission Statement, which forms the basis of our growth strategy. To that end, we are implementing activities to deepen employees' understanding of our Mission Statement and working to create an environment in which each employee can demonstrate their unique attributes while growing as professionals.

We also promote the introduction of Skill Map Design (listing of skills required for the job) to visualize the current gap with the skills and actions required for growth strategies. Managers and their subordinates prepare skill maps for each department with the aim of clarifying individual activities toward the implementation of growth strategies.

Furthermore, in order to consider talent allocation that is in line with our growth strategies, we have established a Talent Development Conference, which is owned by the president and has secretariats from Corporate Planning and Human Resources. This is a place where all Executive Directors and General Managers jointly consider the allocation of employees selected as next executive talent candidates and employees selected as globally competent talent candidates. Based on their own career vision, their previous experiences and performance evaluations, and Profiles' job matching system, employees are assigned to positions based on the agreement of all Executive Directors. Doing so allows for strategic job rotations across headquarters, the selection of personnel to be seconded to venture companies, and strategic placement into global roles.

| 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 a pharmaceutical enterprise involved in pharmaceutical products, which are closely related to the lives of people.

Desired characteristics of ONO Employees are those who:

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

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

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

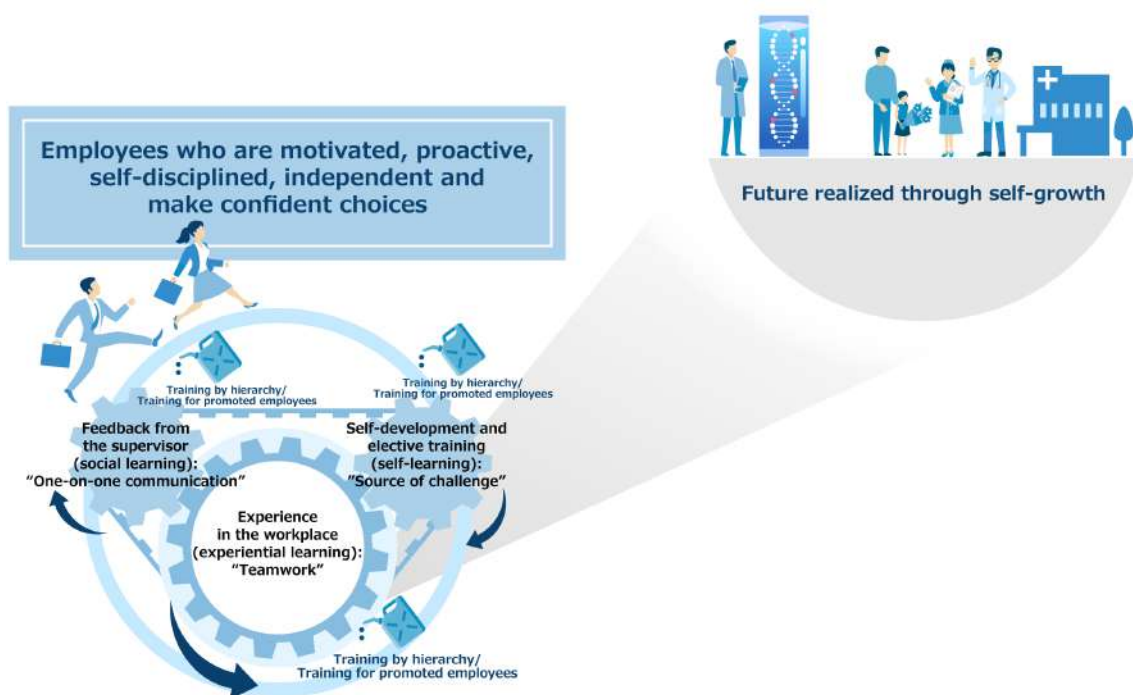
Individual Development

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.

Elements of Personal Growth

We plan and administer various talent development training programs with an emphasis on three important elements for talent development, namely “experience in the workplace (experience learning),” “guidance from supervisors (social learning)” and “self-development and training program (self-learning).” These three elements enhance learning for each employee by clarifying their own career vision. To this end, we are aiming to introduce a system that is run by qualified employees as career consultants, which is a national qualification, to support each and every employee in clarifying and translating their thoughts about what they want to achieve in life and Ono Pharmaceutical, as well as what they wish to be in order to achieve them. This system is called a self-career dock system. In addition, from FY2020 we have been implementing training and e-learning on the self-career dock system.

In addition, we are preparing to implement a system in FY2023 in which we can check skill maps not only in our departments but also in other departments. We are aiming to achieve a state where social learning and self-learning are promoted by using them as an opportunity to independently think about the content of work and measures for career development in departments where we want to take on challenges in the future.



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 their team. Communicating closely with other members of the team on a regular basis and working while showing individuality will lead to the creation of innovations that individuals cannot create on their own.

Feedback from Supervisors (Social Learning): “One-On-One Communication”

For talent development, it is extremely important to allow employees to have one-on-one communication with their immediate supervisors, with whom they liaise and work closely with in their daily work. During one-on-one communication, employees can not only consult about issues they are facing in their work, but also discuss in depth about their job satisfaction, strengths and future career aspirations. Such opportunities help employees stay highly motivated toward their work, leading to the achievement of higher targets.

➤ Click [here](#) for more information on development support from supervisors

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 a variety of opportunities for self-development learning and elective and voluntary training which will be a source of their next challenge.

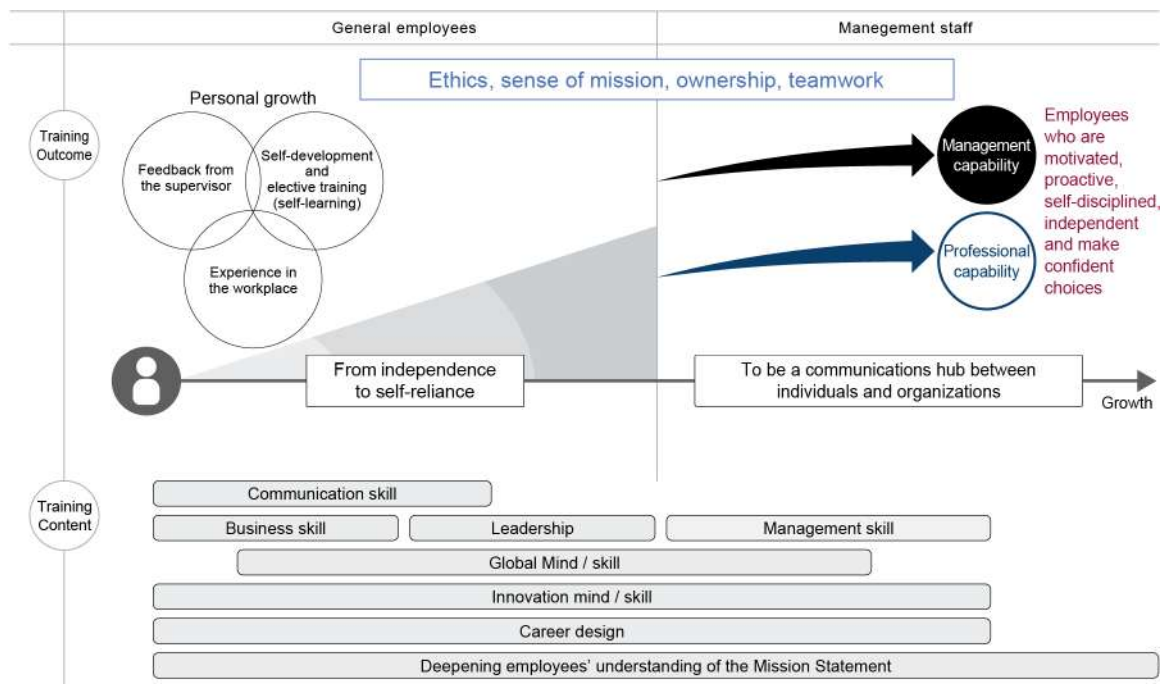
➤ Click [here](#) for more information on self-development learning

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

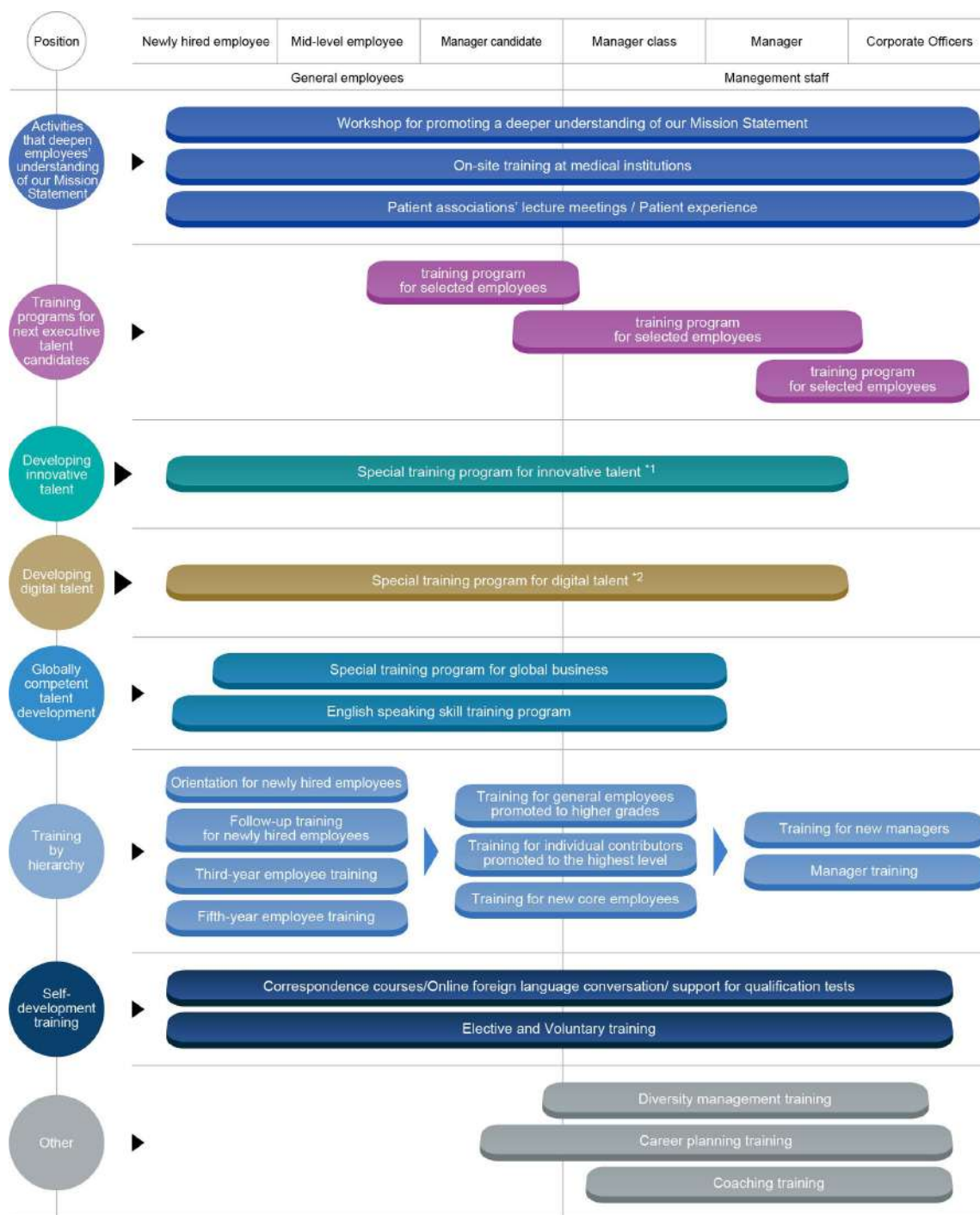
Providing Opportunities for Growth

We organize a wide range of training programs to provide employees with growth opportunities. To develop talent who can act based on our 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 training programs are planned in association with educational institutions. In addition, we have implemented selected programs for next executive talent candidates, globally competent talent and innovative talent. 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 FY2021



*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 developing innovative talent and digital talent.

Activities that Deepen Employees' Understanding of Our Mission Statement

In line with our Mission Statement as a common guidance that all employees can share for realizing our corporate philosophy (Dedicated to the Fight against Disease and Pain), we aim to ensure that each individual employee acts with a certain understanding of how patients and their families feel about and confront the illness and treatment. These activities are aimed at having employees gain a deeper understanding of the true needs of patients, and identifying the significance of the company's existence and the challenges each employee faces. This contributes to creating a sense of oneness as an organization and promotes involvement from employees, and it is considered as one of the most important measures at our company.

Workshop for Promoting a Deeper Understanding of Our Mission Statement

This workshop aims to ensure that all employees embrace our Mission Statement and act accordingly. In the workshop, the CEO talks about the background to the establishment of our 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.

In addition, for employees working at overseas subsidiaries and mid-career employees, the CEO talks about how the Mission Statement was formulated and the history of our company's challenges behind it. After that, there participants have time to share their impressions and what actions they would like to take in the future.

> Click [here](#) to view our Mission Statement.

On-Site Training at Medical Institutions

To deliver pharmaceutical products, it is important to understand the pain patients endure and the true needs of medical professionals. Therefore, we conduct on-site training at medical institutions to provide our staff with an 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 at the medical frontlines. (This training was not conducted in FY2020 and FY2021 due to the influence of COVID-19.)

Patient Association 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 lives, their perceptions of efficacy and side effects, and how they live with their illness on a daily basis. By hearing the voices of patients directly, our employees better understand and develop empathy for patients' feelings and perform their daily work with a patient-oriented mindset.

Patient Experience

Since FY2019, we have conducted experience-based training using VR devices to allow our staff to better understand patients' 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. In addition, from FY2021, we introduced patient experience understanding training to foster an awareness of being closer to patients by understanding the goals and values that patients have, leading to the realization of providing value such as the creation of new drugs.

Training Programs for Next Executive Talent Candidates (Training Program for Selected Employees)

For the purpose of fostering next executive talent 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 the perspectives and ideas of management," but the curriculum is set up according to level, so the training period differs between 1-2 years. In the training for general employees, leadership development is conducted at 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 they also take part in discussion-based opinion exchange meetings with executives from other companies that transcend industries. Next executive talent candidates are considered as valuable human resources shared across divisions, and we established a meeting structure in which the heads of each division are able to discuss from the same perspective to allocate the candidates to jobs that they need to experience as a next executive talent candidate.

Developing Innovative Talent

Special Training Program for Innovative Talent

Innovation is crucial for a pharmaceutical company to deliver novel drugs to patients. As an environment for continuous innovations, we launched the Ono Innovation Platform (OIP) as a place to generate innovation in a multifaceted and intensive manner in addition to conventional development measures.

At OIP, we develop innovative talent through programs such as the Innovation Café, a training program to learn the mindset and skills needed for taking on challenges; Voyage to Venture (V2V), which sends employees to venture companies on secondment to acquire an overwhelming sense of ownership through cross-border experiences; and HOPE, a business contest in which employees challenge new businesses based on their own awareness of issues. All employees are eligible to participate in OIP, and we are working to create an organizational culture that fosters innovative talent in all departments. Innovation Café offers programs that allow employees to “know,” “touch” and “experience.” We hold a variety of seminars and workshops so that employees can learn about the field and acquire practical skills, in addition to basic knowledge. In FY2021, we held a total of 10 programs with themes such as problem-solving methods based on the latest trends in business and healthcare and customer thinking, and a total of 1,315 people participated. With regards to open innovation, which is the focus of our company, we held seminars featuring outside experts to provide fruitful learning opportunities. Going forward, we will continue to provide opportunities for employees to not only acquire knowledge and skills, but also to confront what they wish to achieve (WILL).

In V2V, we have established a system based on the idea that it is important to acquire resilience by overcoming experiences of humane circumstances in order to develop people who can create innovation. Employees are seconded to venture companies for one year and up to five positions per year in the form of recommendations and public offerings at the Human Resources Development Conference. By selecting venture companies in business areas different from the healthcare industry, which is the business area of our company, we hope to strengthen our employees’ resilience and ignite innovation by having them return to the workplace from temporary assignment.

At HOPE, we not only review ideas but also provide various support to help boost our growth and take on challenges. Our hope is that through HOPE, participants will have an opportunity to realize self-actualization and gain the ability to spearhead change. In FY2021, 83 people entered the program in 123 themes, with 5 themes currently in the screening process.

In FY2022, we will participate in LoanDEAL’s Outsight (a business creation venture proposal program), an “online cross-border” program where we propose solutions to the management issues of venture companies and earnestly discuss them. We expect participants to acquire the mindset and skills to take on unknown challenges by facing real challenges from different industries many times. We began enrolling employees in April 2022 with the aim of honing their problem-solving skills by putting them into practice and cultivating a spirit of challenge and courage through the Outsight external study.

Developing Digital Talent

Special Training Program for Digital Talent

In order to utilize recent new technologies such as AI, we have actively been working on fostering talent 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 each employee’s individual level.

Globally Competent Talent 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 and gain leadership skills, logical thinking, and global business skills. The training lasts for about one year.

English Speaking Skill Training Program

This is a training program to acquire English speaking skills essential for global business. With the purpose of strengthening employees' 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).

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 and to refresh their minds for the second year.

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, 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 to becoming MRs, who are required by the medical field, we provide opportunities for them to accompany senior MRs in on-site training, learn about the duties of MRs and the rules used in the medical field, and hear directly from doctors and wholesalers. As for the MR accreditation test, with the aim of having 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 maintain a top-class pass rate in the industry.

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.

Training for Promoted Employees

In the training for those who are promoted to higher grades, they will understand the roles required of leaders, and foster the awareness and attitude of proactively engaging in team management. In addition, the training helps participants acquire the skills to identify problems and understand what is necessary to become an influencer.

In the training for employees promoted to core employees, as a candidate for the next candidates for managers, they will acquire management skills that will enhance their understanding of the personnel evaluation system, the ability to build trust with those around them, and the ability to take action.

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. These training sessions for those promoted are held with members who go beyond the framework of their level or department, which has led to enhanced awareness of cross-functional collaboration. Furthermore, in the FY2020 training for promoted employees, we held a training briefing session after the training for trainee supervisors, with the objective of increasing the effect of the training by connecting them to OJT after the training sessions. From FY2021, in addition to briefings after the training sessions, we are also holding briefings before training for trainees' supervisors to motivate them to receive training, thereby increasing the return on investment in training.

Manager Training

In manager training, we implement programs that incorporate understanding and practicing the Mission Statement and talent development. For the purpose of intensifying interactions between departments, we provide management skill 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)

For employees who are self-motivated and have a strong awareness of growth, we provide opportunities for self-development learning and provide partial financial support. 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 a 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 regarding which training 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.

Diversity Management Training

We are always pursuing innovation to continuously create innovative pharmaceuticals. As a source of ideas leading to the 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 interviewing skills 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 their future careers. In order to develop future career plans and translate them into results by discovering qualities, strengths, challenges, and values that employees did not recognize themselves, 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 promoting a deeper understanding off our Mission Statement	164
Patient association lecture meetings and patient experience	1,051
Training program for selected employees (training programs for next executive talent candidates, special training program for globally component talent)	64
Training programs for innovative talent	541
Training programs for digital talent	174
English speaking skill training program	108
Orientation for newly hired employees Follow-up training for newly hired employees	82
Third-year employee training Fifth-year employee training	146
Training for individual contributors promoted to the highest level Training for new core employees Training for new managers Manager training	290
Self-development learning (Correspondence courses / Online foreign language conversation /support for qualification tests)	642
Elective and v oluntary training	1,184
Career planning training (including e-learning)	8,068

In addition to these training programs, training sessions to acquire specialized skills required by each division have been provided separately. In FY2020, each employee received an average of 53.8 hours of annual training.

As employees of pharmaceutical companies, we also provide 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 Talent (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 we act accordingly. Upholding these principles, we prohibit discrimination and bullying of any type, both internally and externally, on the basis of race, nationality, ethnicity, gender, age, color, religion, or belief/philosophy, and we have established and administer a personnel system based on this principle. We also prohibit any form of harassment, and we conduct training to ensure compliance.

Furthermore, as a signatory of the United Nations Global Compact (UNGC), we support their ten principles of human rights. 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 Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), 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 are continuously implementing a human rights “due diligence system,” to prevent and mitigate any adverse human rights impacts a violation 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 FY2021 evaluation, none of our suppliers were classified as having a high risk in terms of CSR.

Also, we will implement comprehensive human rights due diligence from FY2022.

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 related initiatives. In order to understand the significance of diversity and to utilize it for management of various human resources, we promote internal understanding by incorporating the content for the promotion of diversity & inclusion (diversity, inclusion, and social integrity) into both, 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 2022 had increased by 4.7% 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.

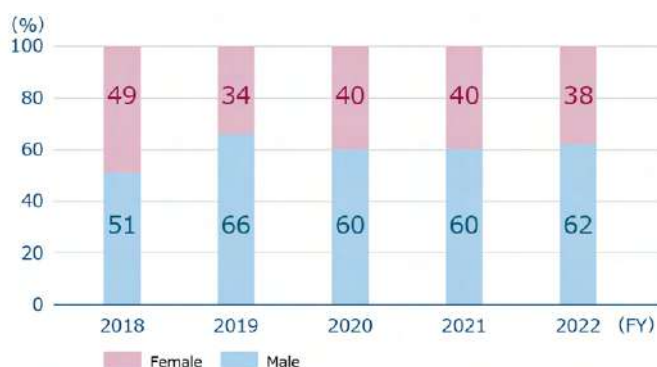
We have established an action plan based on the Act on Promotion of Female Participation and Career Advancement in the Workplace. In accordance with the action plan formulated to be implemented from April 1, 2021 to March 31, 2023, we are improving the employment environment to increase the number of female potential managers and to support the balance of working and family life.

In addition, we hold seminars called “Support Balancing Work and Child-raising after Returning from Childcare Leave” twice a year to support employees who are balancing their work and child-raising. By providing information about the seminars and opportunities to consider participation with childcare and balancing of work and child-raising, not only for women but for all employees, we are creating a friendlier working environment.

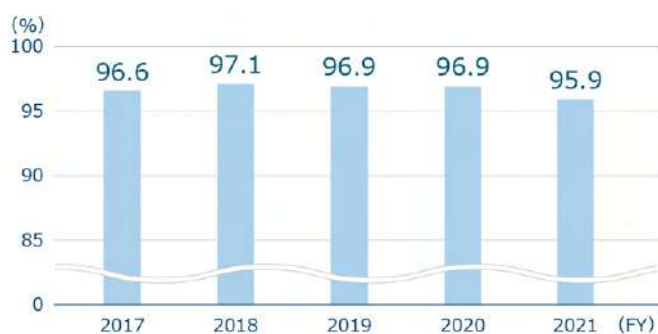
Number of new graduates hired and male-to-female ratio (non-consolidated)

(Unit : Peoples)

	FY2018	FY2019	FY2020	FY2021	FY2022
Total	87	71	73	82	68
Male	44	47	44	49	42
Female	43	24	29	33	26



Retention rate of female^{*3}



*3 Retention rate = 100-(Turnover rate of each years)



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.

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% 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

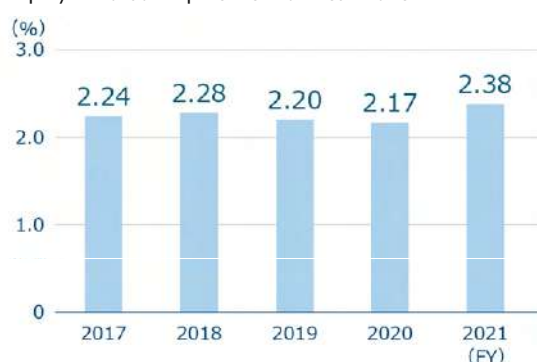
Goal	Action plan	Annual Results
Increase the ratio of women in the section chief level to 15% or more	<ol style="list-style-type: none"> 1. Provide opportunities to consider careers, regardless of gender, so that future careers, including management, can be envisioned 2. Provide systems to support the careers of subordinates in order to foster a culture for training the next generation of managers 	FY2021 : 14.0%
Increase the rate of male employees taking childcare 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 	FY2021: 79.0%

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

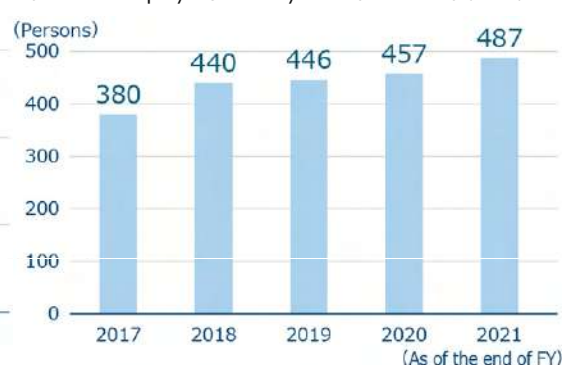
We actively promote the employment of people with disabilities as part of our efforts to increase diversity and create an environment in which people with disabilities can work comfortably. In April 2022, We established Ono Pharma UD Co., Ltd., a wholly owned subsidiary, to provide more work opportunities for people with disabilities. We will start with a printing business, and in the future we plan to contribute to the promotion of sustainable society by providing opportunities for employment that are rewarding for people with disabilities to fully demonstrate their abilities and play active roles in a wide variety of tasks. At present, 32 employees are actively involved.

In addition, we are also focusing on career recruitment, to employ 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, we have been actively hiring mid-career employees in a broad range of jobs, including MR, development, safety information management, digital / IT, and managing section. In FY2021, about 50 mid-career recruits joined our company and now play 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 as a communication tool for hearing-impaired people, and use it in almost all departments to which 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 reviews is to enhance productivity by simultaneously enhancing work efficiency and creating an attractive working environment. 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 systems, and interval work systems. In FY2021, 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 16.3 hours of overtime per month and a percentage of employees taking paid vacation days of 62.5%. From now on, we will further enhance new working styles, such as telecommuting, and enhance work efficiency. In FY2022, we 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% or more.

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, all 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)

Based on the concept that “a company is its people,” we believe that it is important to promote talent development, improve diversity and broaden the abilities of each individual in order to respond to various environmental changes and overcome competition in the future. That is why we have been conducting organizational surveys once every two years since 2014 with the aim of objectively measuring the status of our efforts to strengthen corporate infrastructure and help boost organizational capabilities. In addition, in order to carry out future initiatives in a multilateral fashion, we conducted a major review of the survey’s question items in FY2020. Accordingly, we have also increased the number questions indicating engagement to make it possible for respondents to evaluate engagement from a variety of perspectives, including the viewpoints of the organization, superiors and individuals.

We also use the results of the organizational surveys when planning new development programs and introducing various systems. We will continue to improve the issues identified from those results and improve employee engagement through initiatives linked to activities that disseminate our mission statement.

Summary of FY2020 survey results (survey period: July 13 to July 21, 2020)	
Number of respondents	3,143 people (response rate: 96%) (male : 82%、female : 18%)
Response method	Response at a website
Style	Unsigned
Engagement score*1	79% (Male: 80%, Female: 74%)
Number of questions	58 questions in total ,6 questions related to engagement

*1 We review the indicators and calculation methods of surveys including engagement items each time.

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. We formulated an action plan based on the "Act on Advancement of Measures to Support Raising Next-Generation Children," and are working to support employees balance their work and childrearing. As a result, we were certified by the Minister of Health, Labor and Welfare as a standard-compliant general company, and we were awarded the mark of certification as a childcare support company (Kurumin*2) five times between 2008 and 2020.

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, that child-rearing is a life event for both men and women. We are also promoting the creation of an environment in which men can actively participate in childcare. Specifically, we hold seminars to support work-life balance, in which employees and their superiors can participate, to support employees balance their work and childrearing. In addition, we publish open newsletters about the experiences of men taking childcare leave. 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*2 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

For beyond April 2021, we have 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 continue to promote initiatives to further support balancing of work and family life, including the establishment of personnel systems and holding seminars to support the balance.

Various Support Systems for Creating a Pleasant Workplace

In addition to the systems stipulated in laws and regulations, we have established various other systems to create a rewarding and 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 promote employee challenges]

- **Open recruitment system**

We have used an open recruitment system to promote employee challenges and revitalize inter-departmental transfers. In FY2021, while more than 80 employees applied, only about 10% of the applicants were transferred by the open recruitment system because the application conditions were too strict. From FY2022, we have eased conditions for applying based on the needs of employees, greatly expanded the number of positions available, and renewed the system to raise awareness for more employees.

- **Internal challenge job system**

Based on the needs of employees who wish to expand their horizons by learning about work in areas other than their own department, to grow professionally, or to deepen person-to-person exchanges across departments, we have introduced an internal challenge job system with the aim of challenging employees to work in another department for 20% of their prescribed working hours while still being in their current department, and raising employees' skills and providing career support. We plan to proceed with trial operation in limited departments in FY2022.

[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.

- **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 (40 facilities nationwide), Daiwa Royal Hotel (24 facilities nationwide), and ANA Crowne Plaza Resort 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.

- **Group long-term disability (GLTD) system**

If an employee is absent from work for a long period of time due to an illness or injury, and the period of payment of illness and injury allowance and additional illness and injury allowance provided by the health insurance society has expired, the employee will have no income. For such a case, we have introduced a system in which the company pays the premium and the insurance company compensates for a certain amount of income up to the age of 60.

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

To ensure safety and health at manufacturing plants and research institutes, we conduct risk assessment that is evaluated risks for the exposure to chemical substances, injury and accident at each site, and identify issues. Measures to address those issues are established at the Safety and Health Committee held regularly for continuous improvement of the working environment. We also conduct workplace patrols in accordance with laws and regulations, share the findings with the Safety and Health Committee, make proposals for improvements, and take other appropriate measures. Such activities are shared at the EHS Committee that meets every half term for opinion exchange, in an effort to provide employees with a safe working environment.

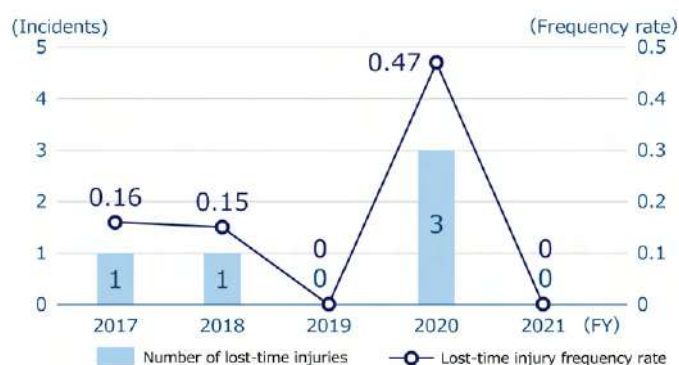
At the headquarters and other business sites where the Health Committee is established, various measures are considered at the Health Committee to maintain the health of employees, taking into account the results of workplace environment measurements.

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 meetings of the Safety and Health Committee and the Health Committee of each business site. At the Central Safety and Health Committee meeting, we discuss and decide on safety and health activities to be implemented across the entire company.

Furthermore, from FY2020, we have worked 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. In addition to securing the safety of employees, we try to not only reduce traffic accidents and violations, but also reduce CO₂ emission by improving fuel efficiency through eco-driving.

The EHS Promotion Division confirms the above-mentioned activities at each site and promotes continuous improvement activities related to occupational health and safety.

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



* Scope of data collection: Employees at non-consolidate

^{*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

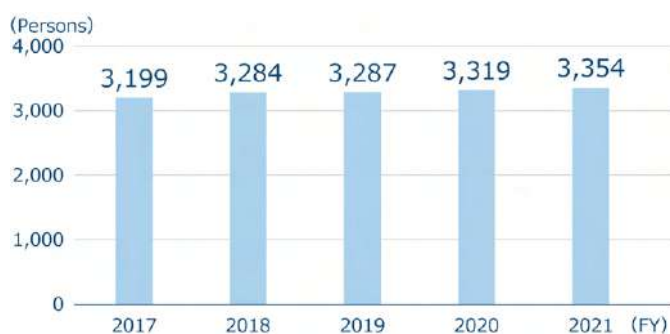
We have two labor unions: the ONO Pharmaceutical Labor Union, which is a nationwide organization, and the ONO Pharmaceutical Chemical & General Workers' Union at the Joto Pharmaceutical Product Development Center. As of March 31, 2022, the ONO Pharmaceutical Labor Union had 1,951 members and the ONO 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, 2022.

	Number of employees	Average age	Average service years
Total	3,354	43.0	16.5
Male	2,696	44.1	17.5
Female	658	38.8	12.4

Number of employees (Non-consolidated data)



As of March 31, 2022, the percentage of contract workers was 0.1% and that of temporary staff was 9.3%.

(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.

	FY2017	FY2018	FY2019	FY2020	FY2021
Voluntary turnover rate	1.3%	1.5%	1.6%	1.2%	1.7%
Mandatory retirement rate, etc.	0.7%	0.6%	0.2%	1.1%	1.7%
Total turnover rate	2.0%	2.1%	1.8%	2.3%	3.4%

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.

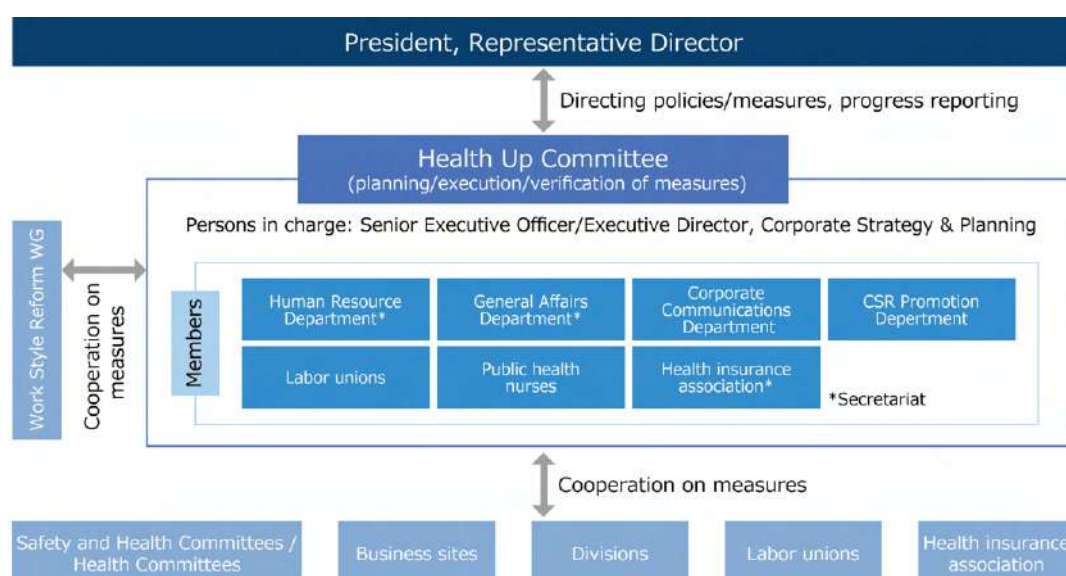
Basic policy

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 undergo health checkups once a year, and of these, employees aged 35 years or older can undergo a comprehensive medical examination in lieu of statutory health checkups. Excluding unavoidable reasons such as absence from work, the proportion of subjects undergoing comprehensive medical examination in FY2021 was 99.8%.
- We hold contracts with medical facilities nationwide for thorough medical checkups. The number of contract facilities as of April 2022 was 223. 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	96.5%	100%
Lung cancer screening	100%	100%
Colorectal cancer screening	93.2%	100%
Breast cancer screening	92.5%	100%
Cervical cancer screening	52.3%	70%

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

Mental Health Measures

- To promote prevention, early detection, and early treatment of mental health problems, we conduct in-house training on mental health and individual consultations by industrial health staff. We also work in cooperation with industrial physicians to promote employees' mental well-being.
- We conduct stress checks once a year for all employees. The proportion of employees who received stress checks was 99.5% in FY2020, and 98.7% in FY2021, 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 answer a simple self-check questionnaire, which can be taken whenever necessary.
- We have also established a free consulting service counter operated by an external company, and we have developed systems in which not only employees, but also their families 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 FY2021 was 15.5%, down from 17.0% in FY2020. We aim to achieve 15.0% or lower in FY2022.
- 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 42% in FY2020 and 47% in FY2021, and we are targeting 50% in FY2022.
- 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

- In October 2021, we opened a health management portal site that aggregates the transmission and sharing of health information and health promotion content. We will promote efforts to encourage employees to consider self-care as their own issues by aggregating and posting interview articles on health promotion by the president and other health-related contents.
- We have linked the health management portal site with an existing site where employees can check the results of their thorough medical checkups and periodic health checkups at any time via 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 are working to enhance the contents of the portal site to raise employees' awareness of their health.

Health Management Efforts

In March 2022, we were certified as "Health & Productivity Management Outstanding Organization 2022 - White 500 (Large Enterprise Category)" jointly promoted by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi^{*4} for four consecutive year. Also, we were in the top 50 of the responding companies (2,869 companies in FY2021) and received high praise for second consecutive year. We will continue to work on health management through various activities.



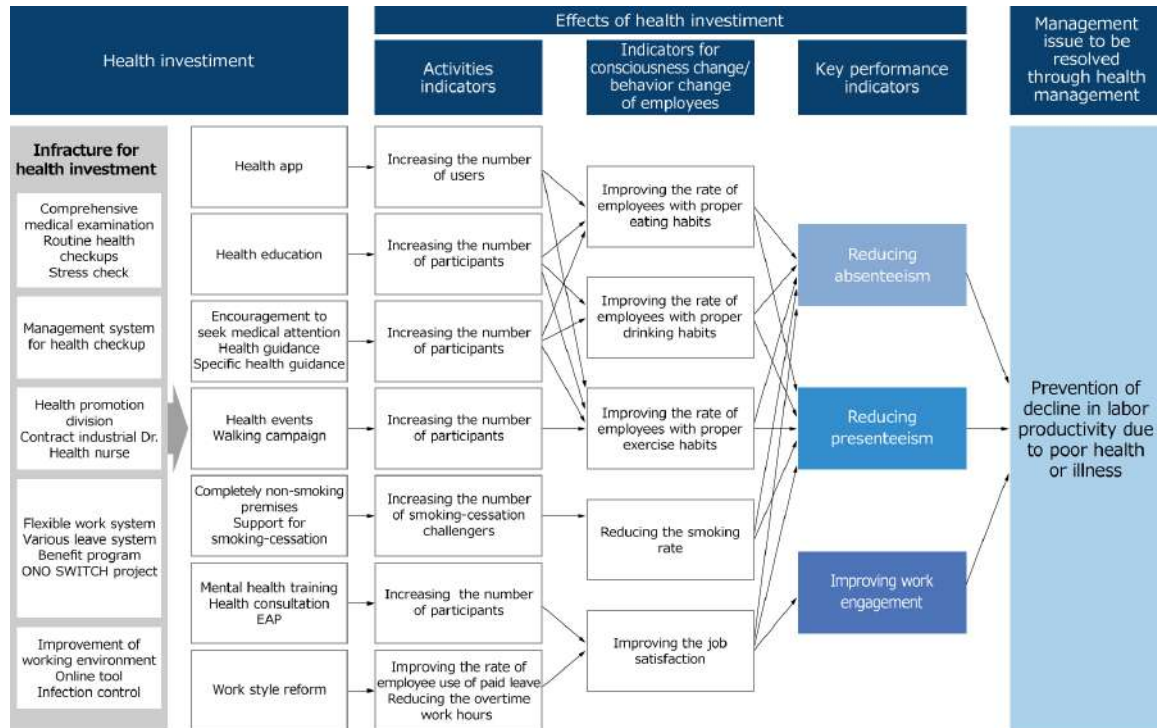
^{*4} The Nippon Kenko Kaigi is an organization aiming to encourage workplaces and communities to achieve specific measures to overcome health-related challenges under collaboration among private organizations, e.g., economic associations, medical-care associations and insurers, and municipalities.

> [External Evaluation](#)

Strategic Map (Visualization of Health Management Strategies)

For effective and efficient health management, we have clarified the important issues and evaluation indicators (KPI) that we want to solve, and we have visualized the flow of initiatives toward the resolution of important issues as a story.

Strategic map of health management



Social value: Dissemination of health management to suppliers and local communities

Corporate value: An increase in the market capitalization of stocks

Health resource: Human and environmental health resources

Supply Chain Management

Our Stance on Supply Chain Management

As social structures evolve due to factors such as technological innovations and globalization, supply chain management has become increasingly important since it is difficult to sustain business activities without cooperation from business partners and other organizations. Furthermore, in order to contribute to the realization of a sustainable society, it is crucial to not only develop activities on our own, but to also work together with all business partners in the supply chain to establish and strengthen management systems related to human rights, the labor environment, the natural environment, and other issues. We have built a sound network with our business partners to ensure the quality and stable supply of pharmaceutical products. While maintaining this network and strengthening our collaborations with partners, we will develop a management system and initiatives related to human rights, the labor environment, the natural environment, and other issues in order to enhance not only our corporate value, but that of our business partners as well.

In addition to ensuring that all employees involved in procurement activities comply with our Basic Policy for Procurement Activities, we have also formulated CSR Procurement Guidelines that summarize matters which we would like our business partners to cooperate with. Moving forward, we will strive to request cooperation from more business partners while strengthening our collaborative efforts at the same time.

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

Procurement Activities

We utilize EcoVadis's sustainability assessment system (hereinafter, EcoVadis) to objectively and continually grasp the status of sustainability initiatives by business partners in our supply chain. The use of EcoVadis enables us to obtain highly reliable information regarding suppliers' sustainability management practices, and thereby allows us to propose appropriate corrective actions to our suppliers.

When we request a business partner to undergo an EcoVadis evaluation, we hold explanatory meetings to help people understand our approach to sustainability procurement. In the FY2021 evaluation, following on from FY2020, none of our suppliers were classified as having a high risk in terms of sustainability. In addition, we provided an opportunity for several of our business partners who underwent EcoVadis in FY2020 to confirm the status of their sustainability-related management systems, initiatives and corrective action plans. In the FY2021 evaluation, we confirmed that the initiatives of these companies have been strengthened.

We will strive to further strengthen our supply chain management initiatives moving forward. In FY2021, we conducted a risk analysis based on information including procurement amount, type of industry, presence of substitutes and country of origin in order to grasp and organize sustainability-related risks in our supply chain. We plan to set priorities and develop initiatives in collaboration with our business partners based on the results of this risk analysis and the degree of impact it will have on our business.

Major Supplier Types

Research & Development	<ul style="list-style-type: none">● Research and Preclinical outsourced activities● Clinical Services● Reagents/laboratory equipment● Laboratory equipment and Controls
Production & Logistics	<ul style="list-style-type: none">● Contract manufacturing of API (Active pharma ingredient)● Contract manufacturing● Raw materials● Packaging Materials/Apparatus● Packaging contractor● Manufacturing process equipment and Controls● Purified water system and Controls● Logistics/Warehouse
Provision of medical information	<ul style="list-style-type: none">● Product-related materials● Convention related● Call Center● Post-marketing surveillance● Market research
Professional Services	<ul style="list-style-type: none">● Consulting● Temporary staffing (external employees)● Media (Advertising)
Digital	<ul style="list-style-type: none">● Software● Hardware● Digital service
Other	<ul style="list-style-type: none">● Power● Gas● Telecommunications services● Building maintenance● Office supplies

For more information on Supply Chain Management, see also [ONO's Approach to Sustainability](#).

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 Ono Vision (ECO VISION 2050)

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 medium- to long-term 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.

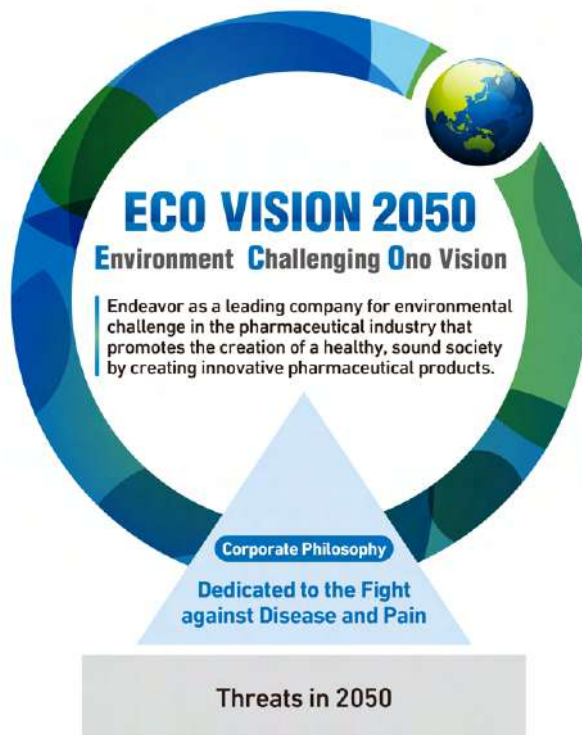
Global Environment Policy

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.

Medium- to Long-term Environmental Vision

ONO has established a medium- to 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.

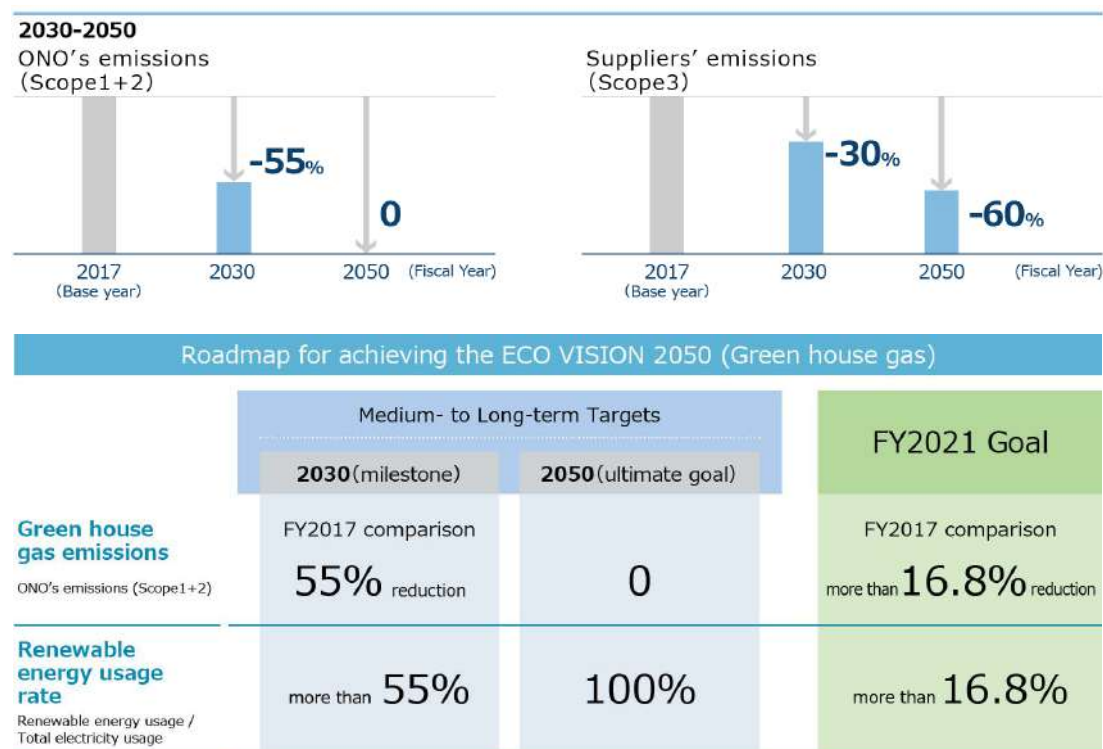
Targets (Medium- to Long-term Targets and Fiscal Year Targets) and Results

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 resource recycling in 2019. We have also set annual targets.

Realization of a decarbonized society

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.



Results (progress) against targets

Targets	FY2021 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 20.9% compared to FY2017 Scopes 1 and 2 GHG emissions do not include CO₂ offsets from voluntary credits (for purchases of carbon-neutral city gas). Including the amount of CO₂ offset by voluntary credits (for purchases of carbon-neutral city gas), Scopes 1 and 2 GHG emissions will be reduced by 22.9% compared to FY2017 (FY2021: 23.0 kt-CO₂).</p> <p>2. Reduce GHG emissions (Scope 3) by 33.7% compared to FY2017 (Scope 3 results are for FY2020 because the FY2021 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 17.0%</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.

Realization of a water recycling society

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

Targets	FY2021 results
1. Reduce water resource consumption (water intake) per production volume unit by 15% by FY2030 (compared to FY2017) [ECO VISION 2050]	1. Water resource consumption (water intake) per production volume unit increased by 25.6% compared to FY2017
2. Reduce water resource consumption (water intake) to below that of the previous year (FY2020: 245.6 thousand m ³) <FY target>	2. Water resource consumption (water intake) decreased by 26.2 thousand m ³ compared to FY2020 (FY2021: 219.4 thousand m ³)

* 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.

Realization of a resource recycling society

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

Targets	FY2021 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 0.04%, 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 20.3% 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 "Efforts for Pharmaceuticals")
4. Reduce the volume of industrial waste below the previous year (FY2020: 502.7 tons) < FY target>	4. Industrial waste volume decreased by (23.6 tons) compared to FY2020 (FY2021: 479.1 tons)

* 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.

Information Disclosure Based on the TCFD Recommendation

ONO 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 businesses. In June 2017, the TCFD announced its recommendations on how companies should disclose information. Based on the TCFD recommendations, we will evaluate and manage climate change-related risks and opportunities and disclose information appropriately.

Governance, Strategy, Risk and Opportunity Management, Indicators and Targets

Governance

We appoint president, representative director, and CEO as the chief executive officer on environmental management, while an executive officer in charge of the environment is appointed directly beneath the president, representative director, and CEO, and together they work to resolve environmental issues including climate change. The executive officer in charge of the environment serves as the chairperson of the Environment Management Committee and also concurrently chairs the CSR Committee, which deliberates, makes decisions and reports to management on important issues and matters related to the company's CSR activities. The executive officer in charge of the environment is also a member of the Management Meeting, which is chaired by the president, representative director, and CEO. The Environment Management Committee examines climate change issues at least once a quarter, and the results of its activities are reported and discussed at the CSR Committee and the Management Meeting at least once every six months. The results of reports and discussions at the CSR Committee and the Management Meeting are reported to the Board of Directors at least once a year, and are shared and supervised by all directors. Furthermore, the remuneration system for directors has been revised with the aim of further promoting the company's efforts to increase corporate value over the medium- to long-term and raising awareness on performance targets and ESG evaluations, and includes external evaluations, etc., of ESG as indicators.

In FY2019, we established the TCFD Study Working Group, headed by the executive officer in charge of the environment, to identify risks and opportunities related to climate change, assess their financial impact, and consider how to respond. In addition to the executive officer in charge of the environment, we have also added the heads of related major departments (Finance and Corporate Planning) and the heads of the Risk Management Office as members of the TCFD Study Working Group, who all work on tackling climate-related issues as part of our management strategy. The financial impact of the identified risks and opportunities is reviewed annually by the group. Furthermore, mitigation and adaptation measures against the identified risks, and measures for promoting opportunities will be discussed by the Environment Management Committee. The content of discussions held at the Environment Management Committee is supervised by the president, representative director, and CEO through the above-mentioned environmental management system.



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 from a short-term (up to 3 years), medium-term (3-10 years) and long-term (10-30 years) perspective, under the leadership of the TCFD Study Working Group. Continuing from our efforts in FY2020, in FY2021, we reviewed the amount of financial impact of physical risks*1 based on changes in our product structure, suppliers, etc., and confirmed the status of our response to recognized risks. We also confirmed that there is no high risk of climate change in overseas product inventories and investigational product inventories. Meanwhile, the amount of financial impact of transition risks*2 was not revised since there were no specific changes in assumptions at the time of calculation. The results of the analysis have been reported to the various committees (described in “Governance” above). It has also been confirmed that neither scenario poses a significant financial risk to the company, and the management status is being checked (see “Risks and opportunities related to climate change, as well as financial and business impacts” in the table below). We will continue to check trends in the international community and closely monitor the impact of risks and opportunities that may have a relatively significant financial impact.

*1 Physical risks: Acute or chronic damage due to disasters, etc., caused by climate change with an unclear decarbonization policy

*2 Transition risks: Risks resulting from the enhancement of decarbonization policies on a global scale (e.g. climate change policies/regulations, technology developments, market trends, changes in evaluations, etc., in the market)

<Risks related to climate change, as well as financial and business impacts>

The impact of the scenario we assumed to ONO is as follows:

Factor		Value chain	Risk and impact		Affected period	Financial impact	Management approach
Society aiming for below 1.5°C	Regulatory risk	ONO	Increased carbon tax burden	If carbon prices rise due to regulations on climate change being tightened, and if high growth is achieved and energy consumption, etc., increases, then the burden of carbon tax on greenhouse gas emissions may increase.	Medium -to long -term	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 to reduce the impact on future carbon price increases. Implement energy saving and renewable energy investment plans to achieve the target.
		Suppliers	Carbon tax passed on to procurement prices	If carbon prices rise due to regulations on climate change being tightened, the carbon tax burden on the greenhouse gas emissions of suppliers will increase, and if the tax increase is passed on to our procurement prices, costs may rise.	Medium - to long -term	JPY 0.6 billion	Mitigation <ul style="list-style-type: none"> Achieve greenhouse gas emissions reduction target (Scope 3) to reduce the impact on future carbon price increases. Strengthen engagement with suppliers to achieve the target.
If the temperature rises by 4°C	Physical risk	ONO, manufacturing contractors, suppliers	Flood risk (acute)	Acute damage (flood) risk from typhoons, etc., will increase, and there is a possibility that profits will decline due to interrupted operations from damage to manufacturing equipment, damage to storage facilities for raw materials and products, or flooding.	Short -to medium -term	JPY 2 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. The transfer of the recognized flood risk areas to high positions is scheduled to be addressed sometime in 2022.). 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.	Medium -to long -term	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).

Short-term: Up to 3 years; Medium-term: 3-10 years; Long-term: 10-30 years

<Opportunities related to climate change, as well as financial and business impacts>

Factor		Value chain	Opportunity and impact		Affected period	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 technologies, such as process design and continuous manufacturing system, etc., that takes into account green sustainable chemistry ^{*3} can provide opportunities to reduce energy and raw material costs. ^{*3} Green Sustainable Chemistry is a concept that aims to reduce environmental impacts throughout the life cycle of chemical substances in order to realize a sustainable society.	Medium -to long -term	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.	Medium -to long -term	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.	Short -to medium -term	(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).

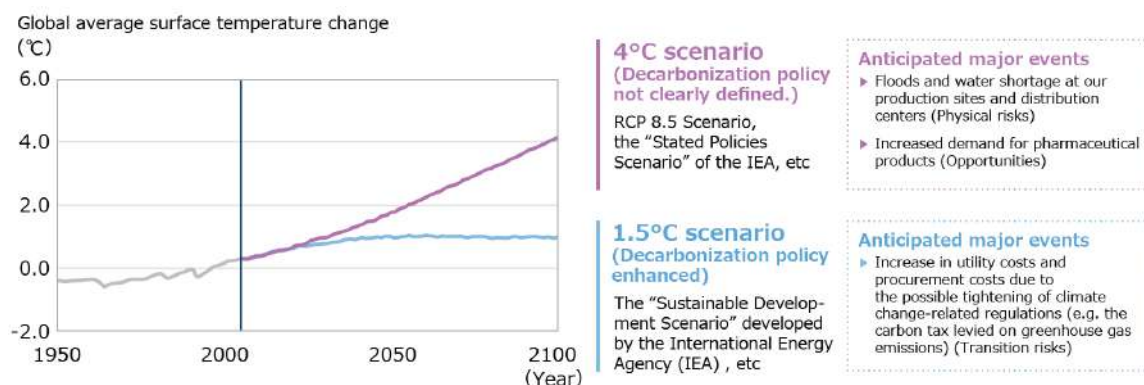
<Analysis method>

Selection of climate change scenario

The TCFD Study Working Group selected, analyzed and evaluated the 1.5°C and the 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])

<Social changes due to the selected scenario & ONO's situation>

Scenario	Name of key scenario	Social changes	ONO's situation
4°C (unclear decarbonization policy)	RCP8.5 scenario, Stated Policies Scenario, etc.	<ul style="list-style-type: none"> • Worsening/increasing abnormal weather, etc. (flooding, water shortages) • Growing demand for drugs to treat relevant diseases due to changes in disease trends due to global warming 	<ul style="list-style-type: none"> • Ensuring a continuous cooperative system with domestic and overseas business partners • Responding to growing demand for existing drugs (for melanoma, etc.), as well as developing and selling new drugs
1.5°C (strengthened decarbonization policy)	Sustainable development scenario, External data unique to Japan, etc.	<ul style="list-style-type: none"> • Rising carbon prices due to tighter emission regulations • Increasing incentives for highly efficient technologies • Increase in ESG investments by investors 	<ul style="list-style-type: none"> • Achieved high growth and energy consumption, etc., is increasing • Portion for carbon tax increase passed on to procurement prices • Growing momentum for highly efficient pharmaceuticals

<List of climate change scenarios that were referenced>

We comprehensively refer to scenarios and use them with different temperature zones as much as possible as a basis for our own scenarios in order to eliminate unexpected variables.



Name & characteristics	World Energy Outlook (WEO) published by International Energy Agency (IEA)	Details	Main viewpoints used at ONO
RCP 8.5	Current Policies Scenario (CPS)	Pessimistic scenario (SSP3 RCP8.5) (Aqueduct Water Risk Atlas tool)	<ul style="list-style-type: none"> This scenario is one of the Representative Concentration Pathways (RCPs) according to the Intergovernmental Panel on Climate Change (IPCC), and is a scenario where the temperature is expected to rise by about 4°C in 2100. It is widely used internationally and used as one of multiple 4°C scenarios since it can assume the most extreme situations with the greatest physical impact.
RCP 6.0	Stated Policies Scenario (STEPS)	STEPS scenario (IEA)	<ul style="list-style-type: none"> This scenario is one of the RCPs and is used to analyze the direction of energy in 2040 from the policies announced by the governments of various countries as a 4°C scenario.
RCP 4.5	-	-	-
RCP 3.4	-	-	-
RCP 2.6	Sustainable Development Scenario (SDS)	Carbon price in developed countries: \$100/t-CO ₂ by 2030, IEA SDS scenario)	<ul style="list-style-type: none"> This scenario is one of the scenarios referenced in the WEO. WEO is the IEA's main publication and is widely recognized as the most reliable source of information on global energy forecasts and analyses. It is used as a 1.5°C scenario because it shows a path consistent with the Paris Agreement to make efforts to limit the increase in temperature to less than 2°C and (if possible) to 1.5°C, and is consistent with our 1.5°C target.
RCP 1.9	-	-	(ONO's scenario is currently being verified)
Other	External data unique to Japan	Ministry of Land, Infrastructure, Transport and Tourism's hazard map and manual for economic evaluation of flood control investment	Used as a domestic scenario where our main offices are located.

* Source: Prepared by ONO with reference to "[Practical guide for Scenario Analysis in line with TCFD recommendations](#) - Scenario Analysis in Disclosure of Climate-related Risks and Opportunities - Ver. 3.0" (Ministry of the Environment, 2022, p.2-25)

Scope of analysis

- 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

We analyze the timing and probability of occurrence, and the scope of impact for each risk and opportunity and evaluate the content of countermeasures, etc., before comprehensively determining the degree of priority. We prioritize and identify those matters that have a large impact on business, those matters with a high probability of occurrence, and those matters that are highly cost-effective to implement countermeasures against, and the Environment Management Committee manages the progress.

The Company-Wide Risk Management Committee considers measures for risk mitigation and adaptation when it comes to identified risks, and afterwards proposes them to the Management Meeting to obtain approval. Based on the measures approved by the Management Meeting, the managers of production sites, research institutes, etc., comprehensively manage risks (including flood risks associated with climate change) when carrying out the approved measures, and the progress of these risks is shared with the Environment Management Committee.

In addition, the amount of financial impact of the identified risks and opportunities is reviewed annually by the TCFD Working Group. Mitigation and adaptation measures for identified risks and measures to promote opportunities are also discussed by the Environment Management Committee. The content of discussions held at the Environment Management Committee is supervised by the president, representative director, and CEO through the environment management system (described in “Governance” above).

> [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 environmental vision, which aims to minimize risks and maximize opportunities associated with climate change, and are considering measures and costs (see here for details). Our medium- to long-term greenhouse gas reduction targets have been approved as science-based by the international initiative “Science Based Targets initiative (SBTi)”^{*4}. 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).

^{*4} 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

Dialogues with stakeholders

In order to appropriately disclose information based on the TCFD recommendations, it is important to understand the concerns and issues of external stakeholders regarding TCFD disclosure. As part of this effort, we participate in the TCFD Consortium, a forum for companies, financial institutions and other organizations who support the TCFD recommendations to discuss effective information disclosure and appropriate initiatives. In March of FY2021, we held an ESG briefing for institutional investors, which we have been conducting continuously since FY2019, and received various opinions and questions. These efforts by us to respond to the TCFD recommendations were published as advanced cases in the Ministry of the Environment's "[Climate Change Adaptation Guide for Private Sector -Preparing for Climate Risk and Surviving- \(revised edition, March 2022\)](#)." We believe that deepening our understanding of TCFD disclosure through such dialogues with stakeholders and collaborations with the government will allow us to help promote responses to climate change in society as a whole.



"Climate Change Adaptation Guide for Private Sector -Preparing for Climate Risk and Surviving- (revised edition, March 2022)," Ministry of the Environment

Realization of a Decarbonized Society

The realization of a decarbonized society is one of our key priorities in our business activities, and we are undertaking various company-wide initiatives toward this end.

Progress Toward 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^{*1}) for FY2021 were reduced by 20.9% against the reduction target of 16.8% or more compared to FY2017 (FY2017, 29.8 kt-CO₂; FY2021, 23.6 kt-CO₂). Meanwhile, our Scope 3 GHG emissions were reduced by 33.7% against the reduction target of 6.9% or more compared to FY2017 (FY2017, 75.1 kt-CO₂; FY2020, 49.8 kt-CO₂). Regarding a portion of Scope 3 emissions (Category 1 and 9), figures were calculated based on the previous-year emissions because current-year data for our major business partners and pharmaceutical wholesalers had not been published at the time of calculation. Scopes 1 and 2 GHG emissions do not include CO₂ offsets from voluntary credits (for purchases of carbon-neutral city gas). Including the amount of CO₂ offset by voluntary credits (for purchases of carbon-neutral city gas), Scopes 1 and 2 GHG emissions will be reduced by 22.9% compared to FY2017 (FY2021: 23.0 kt-CO₂). Regarding the use of renewable energy, in line with the RE100^{*2} international initiative (which we joined in June 2020), we achieved the FY2021 target (a renewable energy utilization ratio of 16.8% or more of total power consumption) and attained 17.0%.

^{*1} Market basis: GHG emissions calculated using the emission factors released by each electric power company

^{*2} RE100: An international initiative which aims to have companies utilize 100% renewable energy for electricity used in their operations

GHG emissions (Scopes 1+2)



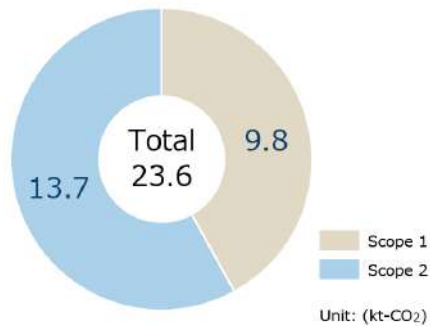
* Sites where data on GHG emissions were collected: Fujiyama Plant, Yamaguchi Plant (added from FY2018), Joto Pharmaceutical Product Development Center, Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, Head Office, sales offices and other offices, etc.

GHG emissions are calculated using the following formula.

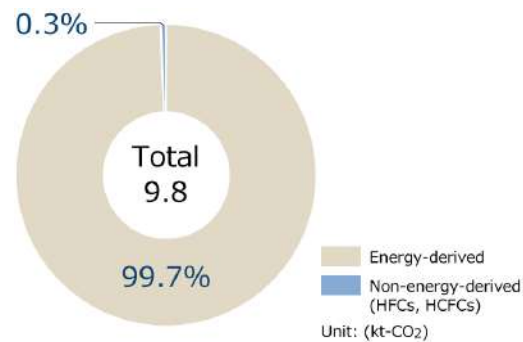
GHG emissions = Purchased electricity × adjusted emission factor published by the electric company + \sum (Fuel consumption × Unit calorific value × Carbon emission factor × 44/12) + \sum (Fluorocarbon leakage amount × global warming potential)

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

Breakdown of GHG emissions by scope (Market-basis)

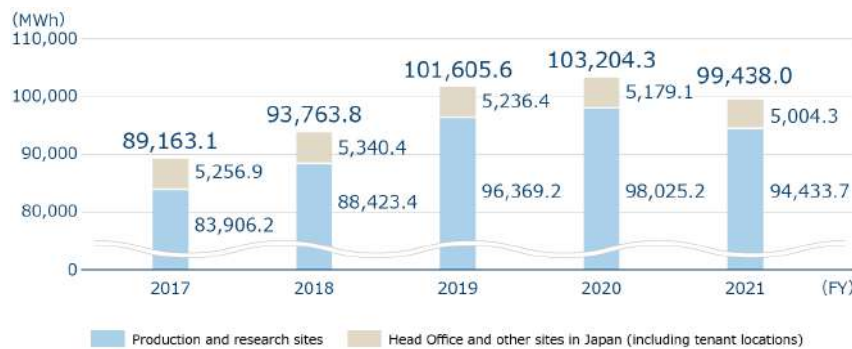


Breakdown of Scope 1 by GHG type



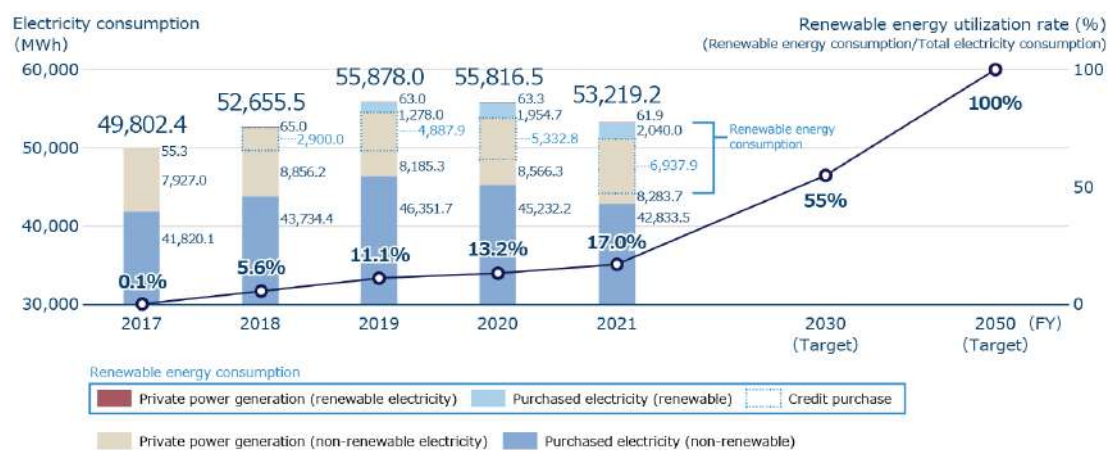
* Scope 1 and 2 GHG emissions do not include CO₂ offsets from voluntary credits (for purchases of carbon-neutral city gas). Including the amount of CO₂ offset by voluntary credits (for purchases of carbon-neutral city gas), Scope 1 and 2 GHG emissions become 23.0 kt-CO₂.

Energy consumption



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

TCFD RISK

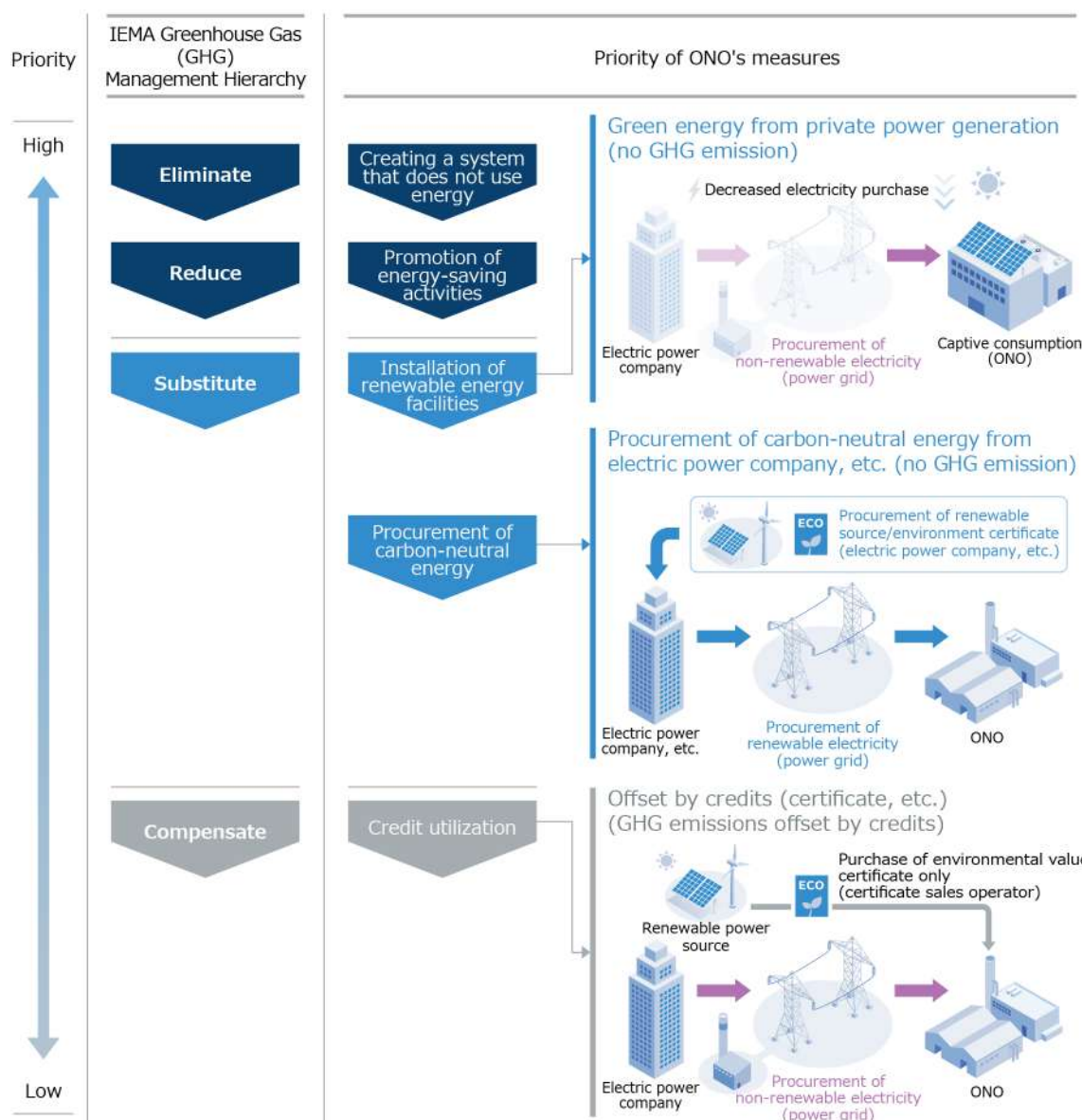
- Participation in the “FY2019 Model Project for Supporting Development of CO₂ Emission Reduction Plans to Achieve SBT” (sponsored by the Ministry of the Environment of Japan)

In order to achieve our medium- to long-term 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 based on factors such as recent energy market trends, costs and emission factor fluctuation forecasts. Referring to the Greenhouse Gas Management Hierarchy of IEMA, we raised the priority of carbon-neutral energy as compared to credit utilization, and the priority order of our measures was defined as promotion of energy-saving activities, installation of renewable energy facilities, procurement of carbon-neutral energy, and credit utilization.

* 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.)

Reduce

Promotion of energy-saving activities

Green sustainable chemistry initiatives **TCFD OPPORTUNITY**

We have embraced the concept of Green Sustainable Chemistry (GSC) in order to work on the development of a 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 entire process, from the selection of materials to manufacturing and disposal. The concept has gradually 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 the manufacturing process for APIs while minimizing the waste from the development stage while utilizing Process Mass Intensity (PMI)^{*3} as an evaluation indicator for API manufacturing efficiency. This initiative has been recognized by TCFD analysis as one of the climate change-related opportunities.

^{*3} PMI is calculated by dividing the total weight of raw materials and materials required for manufacturing APIs by the weight of the API that was manufactured.

Initiatives to introduce a continuous manufacturing system^{*4} **TCFD OPPORTUNITY**

We are working on changing one of the production processes, namely our “wet granulation” production process, from a batch-based system to a continuous one. We anticipate that doing so can reduce the raw materials required for development by approximately 13%^{*5} in weight. In the future, we will further expand the scope of applying this continuous manufacturing system in order to further reduce energy and raw material consumption. This initiative has also been recognized by TCFD analysis as one of the climate change-related opportunities.

^{*4} The continuous manufacturing system is a production method in which raw materials are continuously injected into the manufacturing process and finished products are continuously taken out. Since compact devices are connected and automated, energy saving, production and resource efficiency is expected to be better than batch production, which is the mainstream method in pharmaceutical manufacturing.

^{*5} A numerical value that compares the raw material reduction effect achieved from changing our company’s “wet granulation” process to a continuous one with general batch-type equipment.

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 shifting daytime peak power usage by using large-capacity power storage system (NAS battery system)



Large-capacity power storage system (Yamaguchi Plant)

Participation in demand response

In FY2020, we participated in demand response. Demand response is a system that provides incentives (rewards) to customers for saving electricity when they respond to requests (demand) from power companies during times of tight power supply and demand.

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 FY2021, the calculated leakage of fluorocarbons remained at a low level of 0.03 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.

Introduction of energy-saving equipment

- 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
- Introduction of 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)

Environment-friendly office design

- When planning our new office in the US, we selected a building that received the LEED^{*6} Gold Certification. Meanwhile in Japan, our company-owned building in Tokyo has been certified as CASBEE^{*7} Class S. We will further pursue environment-friendly office design.

^{*6} 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.

^{*7} 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.

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.)

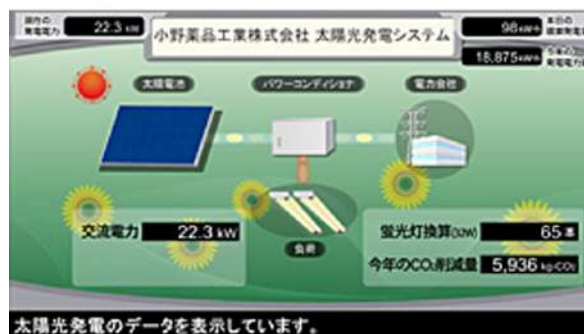
Substitute

Introducing renewable energy

- Introducing and operating solar power generation facilities: Head Office building (FY2003), Minase Research Institute (FY2015), Tokyo Building (FY2017)



Solar panels (Minase Research Institute)



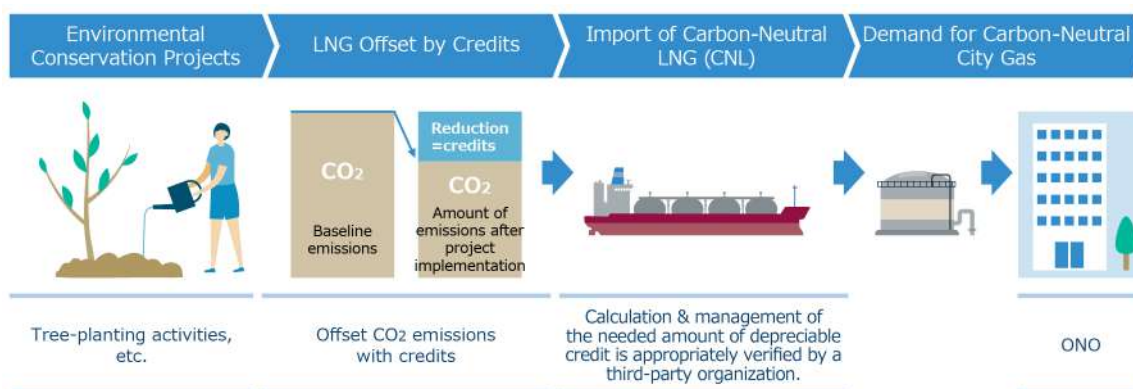
Solar power monitoring system (Minase Research Institute)

Substitute

Procuring carbon-neutral energy

- Purchasing electricity under a renewable energy-based electricity menu contract: Minase Research Institute (from FY2019) and Yamaguchi Plant (expanded from FY2022).
- Introducing carbon neutral city gas: Tsukuba Research Institute (from FY2021) and Joto Pharmaceutical Product Development Center (from FY2021)

Carbon-neutral city gas is a type of city gas that utilizes carbon neutral LNG, or liquefied natural gas (LNG) which offsets greenhouse gases generated in the processes from the extraction to the burning of natural gas with carbon credits (carbon offset) and assumes that no CO₂ is generated on a global scale. The credits are issued by highly reliable international organizations and consist of projects that meet the procurement requirements, quality standards, etc., of the companies that adopt them. These procurement requirements, quality standards, etc., include items such as not having significantly adverse effects on the region or ecosystem (in the case of forest projects, avoiding logging and deforestation).



(Source: Created by ONO with reference to materials from Toko Electrical Construction Co., Ltd.)



Certificate of Carbon Neutral
City Gas Supply

Compensate

Credit utilization

- Purchasing Green Energy Certificates (from FY2018), J-Credits (from FY2019) and Non-Fossil Fuel Certificates (from FY2021)

We are promoting the use of renewable energy by purchasing certificates for electricity generated by renewable energy (Green Energy Certificates) and J-Credits.



Green Energy Certificate

Carbon pricing

We have incorporated carbon pricing^{*8} into our environment-related investment decisions. We review and implement carbon pricing on a periodic basis.

^{*8} 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

External evaluation of our climate change-related efforts **TCFD OPPORTUNITY**

- In the survey conducted by the UK-based CDP on climate change, we were selected as an A-List company, the highest rating, for four consecutive years (in FY2018-FY2021).
- 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.
- Our offices in Osaka won the Osaka Governor's Award for Climate Change Measures for FY2021.
- Under the Act on the Rational Use of Energy (Energy Conservation Act), we have received the highest S rank for seven consecutive years in corporate energy conservation excellence (FY2015-FY2021).
- 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](#)

External Activities for Expanding the Introduction of Renewable Energy

TCFD OPPORTUNITY

Our basic stance is to communicate and engage in constructive dialogue with all stakeholders, including patients, healthcare professionals, shareholders and investors, business partners, local communities, employees, and related government and industry groups. In particular, in order to accelerate the reduction of GHG emissions, it is important to cooperate with other companies to encourage the government to expand the introduction of renewable energy. In March 2021, RE100, with the cooperation of the Japan Climate Leaders' Partnership (JCLP)^{*}, supported a letter to the Japanese government calling for the expansion of renewable energy introduction, together with 52 companies in Japan and overseas (JCLP^{*}, [March 2021 news](#)). We believe that if such inter-company collaboration can reduce renewable energy costs and lead to an expansion of the way in which renewable energy is obtained, it will be easier for companies to utilize renewable energy and contribute to the promotion of reducing GHG emissions in society as a whole.

^{*} JCLP supports the participation and activities of Japanese companies as an official regional partner of RE100.

GHG Emissions in the Value Chain (Scope 3)

TCFD RISK

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. Together with our business partners in the supply chain, we are strengthening our CSR-related management system and initiatives in areas such as the natural environment, human rights and the labor environment (click [here](#) for details).

Category		FY2020 emissions (kt-CO ₂)	FY2021 emissions (kt-CO ₂)	Calculation method	Notes
Cat1	Purchased goods and services	12.7	-	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 FY2021 are not calculated because our major business partners had not published their CSR reports at the time of calculation.
Cat2	Capital goods	25.8	26.4	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 asses used in this calculation are essential for business activities.
Cat3	Fuel- and energy-related activities not included in scope 1 or scope 2	2.7	2.4	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	0.4	0.5	Business trip allowances, multiplied by emission factor	Covers travels by airplane or Shinkansen bullet train
Cat7	Employee commuting	0.4	0.7	Employees' commuting costs, multiplied by emission factor	-
Cat8	Upstream leased assets	2.0	2.1	Fuel consumption used in leased vehicles, multiplied by emission factor	-

Category		FY2020 emissions (kt-CO ₂)	FY2021 emissions (kt-CO ₂)	Calculation method	Notes
Cat9	Downstream transportation and distribution	5.0	-	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 FY2021 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	0.1	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
Cat15	Investments	Not relevant	Not relevant	-	There is no investment involving large amounts of greenhouse gas emissions.
Total		49.8	-	-	Figures for FY2021 are not calculated because our major pharmaceutical partners and 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 (FY2020, Ver. 3.1; FY2021, Ver. 3.2)," published by the Ministry of the Environment, Government of Japan.

Realization of 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.

Analysis and Evaluation of Water-related Risk and Opportunity

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 FY2021, 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 the Water Security survey conducted by CDP, a U.K.-based nonprofit organization, we received "B" in FY2018, "A-" in FY 2019 and FY2020, and "A", a highest rating, in FY2021.

*Water intake at factories and research institutes accounts for approximately 90% of the total use (FY2021), 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.

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).

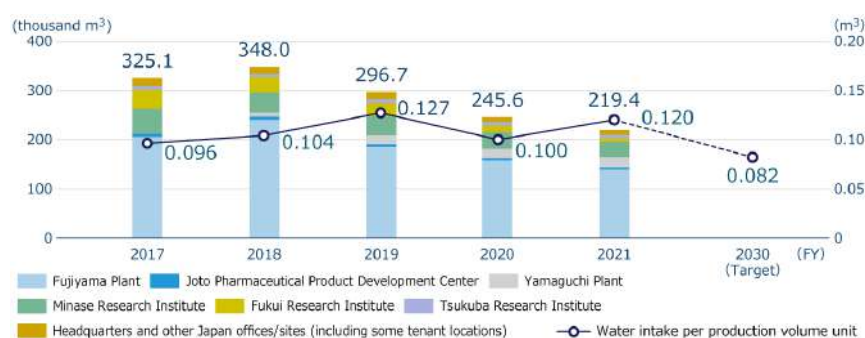
Progress Toward a Water Recycling Society

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 2021 was 219.4 thousand m³, a 10.7% reduction (26.2 thousand m³) compared to FY 2020, and we therefore achieved the target for the fiscal year.

Specific initiatives to reduce water consumption include the following: installation of highly airtight doors 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, optimize sterilization process of pharmaceutical water in the plant, 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.

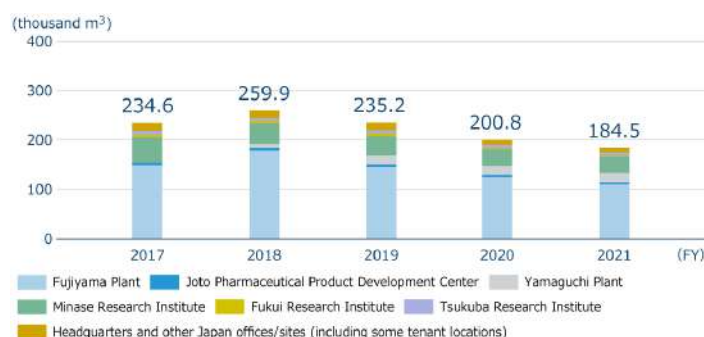
Incidentally, the water intake per production volume unit in FY 2021 increased by 25.6% compared to FY 2017. This is mainly due to a decrease in the number of boxes produced, which is used as a denominator for calculation. High-dose formulations of main products, which were not available in FY 2017, 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	FY2017		FY2018		FY2019		FY2020		FY2021	
			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	205.6	148.6	240.2	178.4	185.0	145.1	157.8	125.0	138.7	110.2
Joto Pharmaceutical Product Development Center	Yodo River	Sewer	5.5	5.5	6.0	6.0	5.1	5.1	4.6	4.6	3.9	3.9
Yamaguchi Plant	Fushino River	River	-	-	8.2	8.2	18.1	18.1	18.6	17.7	21.6	20.0
Minase Research Institute	Yodo River	Sewer	51.3	51.3	41.2	41.2	39.1	39.1	33.7	33.7	31.5	31.5
Fukui Research Institute	Kuzuryu River	Sewer	38.7	5.2	31.3	5.0	27.3	5.7	13.7	2.6	6.6	1.9
Tsukuba Research Institute	Lake Kasumigaura	Sewer	8.1	8.1	6.0	6.0	7.1	7.1	7.2	7.2	7.0	7.0
Head Office and other sites in Japan (including tenant locations)	Rivers/lake in the areas where major business sites are located*1	Sewer	15.9	15.9	15.1	15.1	15.0	15.0	10.0	10.0	10.0	10.0
total			325.1	234.6	348.0	259.9	296.7	235.2	245.6	200.8	219.4	184.5

*1 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

Realization of a Resource Recycling Society

In today's society, in which mass production and mass consumption continue to expand with global economic growth and increasing population, pollution of the environment and damage to ecosystems due to undisposed waste have become problems, while at the same time it is projected that our limited resources may run dry.

In order to sustain business activities while protecting the global environment, we set "Realization of a Resource Recycling Society" as one of the major items of its medium-to-long term ECO Vision, and the Resource Recycling Subcommittee, a sub-organization of the Environmental Management Committee, has led the company-wide efforts.

Progress Toward Realization of a Resource Recycling Society

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

The final landfill rate of our industrial waste in FY2021 was 0.04%, and we have continuously achieved zero emissions^{*1}. In addition, while the total amount of our industrial waste decreased by 23.6 tons compared with the previous year, the Volume of industrial waste per production volume unit increased by 20.3% compared with the FY2017 level. The decrease in the total waste amount was achieved mainly through the conversion of waste plastics into a valuable resource at Fujiyama Plant, and a reduction in production volume of high potency drug product. The major causes of increases in production volume units were decreases in the number of product packages, which is the denominator, due to change in the specifications for major products (addition of high-volume products). The goal for production volume units is under review to change to a goal that uses a recycling rate that takes into consideration the internal status at the time of establishment of the goal and changes in the social environment.

^{*1} 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.

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



* Sites covered by this data: Fujiyama Plant, Joto Pharmaceutical Product Development Center, Yamaguchi Plant (added from FY2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute and Logistics centers (added from FY2021)

* The data from Logistics centers has been added from FY2021. ONO issues the manifest form for industrial waste management for these sites, although the sites are not a part of the ONO group.

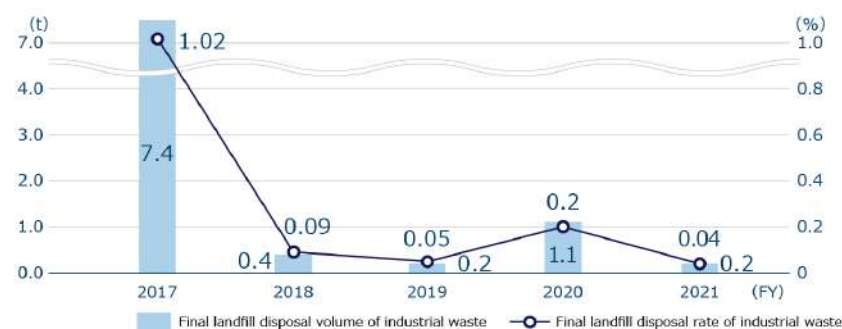
* Special management industrial waste (hazardous waste) is defined under the Waste Management and Public Cleansing Law as waste that has properties of explosiveness, toxicity, infectiousness, and/or possibly causing damage to human health or the living environment.

Industrial waste volume (by item)



* Sites covered by this data: Fujiyama Plant, Joto Pharmaceutical Product Development Center, Yamaguchi Plant (added from FY2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute and Logistics centers (added from FY2021)

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



* Sites covered by this data: Fujiyama Plant, Joto Pharmaceutical Product Development Center, Yamaguchi Plant (Added from FY 2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute and Logistics centers (added from FY2021).

* The final industrial landfill disposal volume of industrial waste in FY2017 was calculated with inclusion of the amount of waste (5.8 tons) from the renovation of the Joto Pharmaceutical Product Development Center.

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

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2030 (Target)
Volume of industrial waste per production volume unit	0.197	0.128	0.174	0.223	0.237	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

Efforts Toward Realization of a Resource Recycling Society

Activities are promoted based on the basic policies of "promotion of the 4Rs (refuse, reduce, reuse, and recycle)" and "selection of materials with reduced environmental impact." In view of reducing waste volume, we are engaging in the investigation and analysis of processes that generate waste, we are considering and evaluating an introduction of equipment to reduce the volume of waste, and we are also promoting activities to circulate resources, by reuse and recycling, for example, and to switch to materials with a low environmental burden across the company.

Specifically, we have worked to reduce waste generation across the company by reducing paper documents through digitization. We have sold waste paper and metal waste that are no longer needed at our research institutes and production sites as valuable materials as well as experimental equipment that is no longer used at the research institutes due to replacement or aging. Furthermore, we have started transactions for used plastics as valuable materials in FY2021. In addition, for industrial waste (including specially controlled industrial waste) generated at research institutes and productions sites, we have selected intermediate treatment contractors that recycle wastes without landfilling as our contractors for residual processing after intermediate waste treatment. We continuously promote a variety of initiatives and are working to realize a resource-recycling society.

Appropriate Disposal of Waste

A meeting of the persons in charge of waste is held every month to discuss measures for the promotion of the 4Rs and the appropriate disposal of waste; the implementation of measures is examined, and their effects are validated.

In addition, in order to implement the appropriate disposal of waste, our policy is to give priority to contractors that are certified as excellent companies when concluding an agreement. On-site observation of contractors for intermediate processing is conducted every year, and we confirm that appropriate disposal of waste is implemented. The final landfill sites are checked every three years. We continuously implement thorough and appropriate disposal of waste.

Internal training

We are introducing and promoting the familiar 4Rs and engaging in internal activities to increase employee awareness of appropriate waste disposal, waste sorting, etc. through various methods, including committee meetings that are organized by each plant and research institution, training provided for persons in charge of practice and for applicants, and dissemination of internal newsletters. We set themes that participants can practice in their operations and opportunities for them to read about the relevant laws and regulations, and in this way, we foster employee awareness.

Efforts for Pharmaceuticals

Pharmaceutical Development / Manufacturing Processes

We are also utilizing computer simulation technology in pharmaceutical development, a step that will reduce the number of experiments conducted, which in turn is expected to lead to a reduction in raw materials (waste).

In addition, we are also working to shift the wet granulation phase of the production process for a portion of our products from a batch processing system to a continuous manufacturing system. Doing so will yield various advantages, such as allowing us to respond flexibly to changes in demand while also saving space by making manufacturing equipment more compact. This shift is expected to help reduce the amount of raw materials needed during pharmaceutical development. We estimate that this can allow us to slim down the amount of raw materials needed during pharmaceutical development by approximately 13% when it comes to products under development. By expanding the scope of continuous manufacturing applications in the future, we aim to not only save more energy but also further reduce the amount of raw materials used in our operations.

Extending the Validity Period of Our Products

We strive to extend the validity period of our products by obtaining long-term quality assessment data for each product. Extending the shelf life of products is expected to reduce the risk of product disposal due to expiration.

Product Packaging

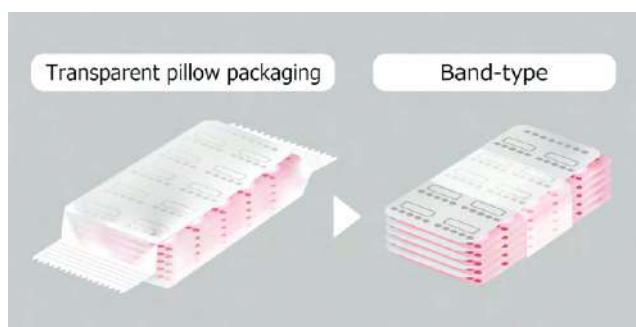
When it comes to product packaging, we work to promote the reduction of its environmental impact by changing packaging materials and forms to help save resources, and selecting eco-friendly materials. Upon disposal, we also switch to material labels and packaging forms that encourage recycling.

In an effort to reduce the amount of plastic we use, plastic compartment materials that were previously used for the packaging of injectable solutions were changed to paper-based materials in FY2019, and we began distributing those newly packaged products in FY2020. Furthermore, 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 changed paper-based materials for individual packaging boxes to FSC®-certified paper, and switched the inks we use to vegetable oil inks. We also verify the quality of primary packaging that comes into direct contact with pharmaceuticals to further promote the selection of materials that reduce our environmental impact.

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 1 product in FY2021. (A total of 8 products as of the end of March 2022)
Switching individual packaging box materials to FSC®-certified paper.	Started distribution of 7 products in FY2021. (A total of 15 products as of the end of March 2022)
Selecting vegetable oil inks.	Started distribution of 2 products in FY2021. (A total of 6 products as of the end of March 2022)

Efforts to reduce the amount of plastic used



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



In Japan, there is an enforced law called the Containers and Packaging Recycling Law, which covers the recycling amounts of containers and packaging waste for products sold by sellers. This is to promote the recycling of containers and packaging waste, and based on this law, some of the containers and packaging materials for the products we sell are recycled.

FY2021(Unit: tons)

	Container and packaging usage	Obligatory recycling amount
Plastic	147.0	36.6
Paper	175.6	1.3
Glass (colorless)	0.0	0.0
Glass (brown)	0.2	0.0
Commissioning fee paid for recycling : 1,958 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.

Awards for Resource-Recycling Efforts

- In recognition of our efforts to reduce waste at our headquarters, we were awarded the Osaka mayor's commendation in 2021.
- We received the Reduce, Reuse and Recycle Promotion Council President's Prize during the FY2020 3Rs (Reduce, Reuse and Recycle) Promotion Merit Awards

Biodiversity Conservation

Recognizing that our business activities benefit from the global environment, ONO is working to reduce environmental risks that affect biodiversity and promote biodiversity conservation activities, with the aim of realizing a sustainable and prosperous society.

Initiatives Toward Biodiversity Conservation

Approach toward biodiversity conservation

We create innovative drugs under the corporate philosophy “Dedicated to the Fight against Disease and Pain.” At entire stages of product research, development, procurement, production, distribution, sales, use, and the disposal of drugs, we recognize the impact of our activities on the ecosystem and conduct activities considering biodiversity conservation. In addition, we do not operate in areas such as national parks or sanctuaries, or in areas with habitats of organisms classified as “Critically Endangered” or “Endangered” on the International Union for Conservation of Nature (IUCN) Red List. We agree with the [“Declaration of Biodiversity by Keidanren and Action Policy.”](#)

Action policy

- Recognizing the impact of our business activities on biodiversity, we conduct business activities while taking biodiversity conservation into consideration.
- We comply with treaties, laws and regulations concerning biodiversity in each country and region.
- We appropriately use and manage living modified organisms and pathogens in accordance with relevant laws and regulations.
- We communicate with internal and external stakeholders and promote biodiversity conservation.
- We enhance the awareness of our employees and promote biodiversity conservation activities with the participation of all employees.

Key initiatives

Environmental impact assessment of wastewater from our manufacturing plant

We conduct Whole Effluent Toxicity (WET) tests, which are toxicity tests using biological response of daphnia, algae and fish, for wastewater discharged into rivers from the Fujiyama Plant, our main plant, to comprehensively assess the environmental burden caused by manufacturing plant wastewater. In addition, wastewater from manufacturing plants and research institutes is controlled by voluntary standards that are more stringent than those imposed by related laws and regulations.

Environmental impact assessment of new drug development

Active pharmaceutical ingredients and their metabolites discharged into the environment through excretion after the proper use and disposal of medicines may affect ecosystems due to their physiological effects, as well as their physicochemical and biological properties. For new drugs which we aim to apply for approval, we appropriately evaluate their impact based on the guidelines of each country for which we are seeking approval.

Environmental conservation activities

Cleanup activity around 5th station at Mt. Fuji

At the Fujiyama Plant, we participated in a cleanup activity around the area of 5th station at Mt. Fuji in August 2019. The purpose of this cleanup activity was to raise awareness of the natural environment around Mt. Fuji and to think about the conservation of the global environment. However, in FY2020 and FY2021, this cleanup activity was canceled due to the spread of the novel coronavirus infection (COVID-19).



"Rikyu no Mizu" (spring water) Conservation Society

At the Minase Research Institute, we are a member of the "Rikyu no Mizu" Conservation Society to protect a 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. However, in FY2020 and FY2021, this activity was canceled due to the spread of the novel coronavirus infection (COVID-19).

Sponsorship of "Exploring the mystery of water"

We have supported the Fujinomiya City sponsored hands-on learning experience called "Exploring the mystery of water" (Organized by local governments around the Fujiyama Plant/intended for elementary school students) since FY2015. This event aims to boost children's awareness of the natural environment around Mt. Fuji and to get children thinking about how they can contribute to preserving the environment. However, in FY2020 and FY2021, this activity was canceled due to the spread of the novel coronavirus infection (COVID-19).

➤ For the more information about our environmental conservation activities, please see ["Efforts toward environmental conservation for the health of everyone"](#)

Reduction of Environmental Risks

Management of chemicals

We are 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.

Controlling emissions of chemical substances into the environment

In accordance with the Law concerning "Pollutant Release and Transfer Register (PRTR)," we have appropriately controlled chemical substances that may have harmful effects on human health and the ecosystem. The amount of PRTR Class 1 designated chemical substances handled in an amount of 1 ton or more was 11.6 tons in FY2021. In the same fiscal year, the emissions into the air and public water/soil were 0.3 tons and zero (no emission), respectively. Emissions into the environment remain at a low level. 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 our goals

Target	FY2021 results
Reduce the amount of PRTR Class 1 designated chemical substances released into the environment.	Registered emissions of chemical substances into the air and public water/soil were 0.3 tons and zero (no emission), respectively; the levels were kept low.

Management of waste containing polychlorinated biphenyls (PCBs)

PCBs-containing waste is disposed of appropriately in compliance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes. In FY2021, PCBs analyses were conducted on two old-fashioned transformers being used at the Minase Research Institute, and it was found that they fall under the category of low-concentration PCBs waste. As for the two transformers, we submitted a "Notification of Storage and Disposal Status of Polychlorinated Biphenyl Waste, etc." to Osaka Prefecture and plan to entrust them to a treatment company that has permission to dispose of low-concentration PCBs waste within the treatment deadline of March 31, 2027, which was stipulated in the above law, and dispose of them properly.

PCBs waste	Type	Classification	Number of units
High-concentration PCBs waste (PCB concentration: Greater than 0.5%)	Capacitor, etc.	In use	0
		Strage	0
Low-concentration PCBs waste (PCB concentration: 0.5% or less)	Transformers, etc.	In use	2
		Strage	0

Management of radioisotopes

The management of radioisotopes is conducted 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.

Living modified organisms and pathogens

As for living 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 conduct examinations on the experimental applications.

Prevention of air pollution and water pollution

In the manufacturing plants and research institutes, we comply with the Air Pollution Control Act, the Water Pollution Control Act, the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement, and conclude agreements on pollution prevention with local governments, in order to reduce our environmental impact. We periodically measure the concentration of exhaust gas and noise from boilers and cogeneration system as well as wastewater in order to ensure that levels are within regulatory limits.

We also strive to reduce environmental risk by implementing a PDCA cycle at each worksite. Employees are provided with the necessary environmental management training in operations in which there are risks of environmental impact.

Emergency drills are also conducted regularly. These drills use scenarios such as a generation of 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 addition, we conduct drills every year in preparation for accidents and emergencies that may lead to water pollution and soil contamination. In preparation for an emergency event when wastewater containing hazardous substances flows into the drainage system, we have installed a storage tank to store wastewater, and for systems with a particularly high degree of risk, we have separated them from the drainage system by setting up a dedicated collection tank.

Results for our goals

Target	FY2021 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.

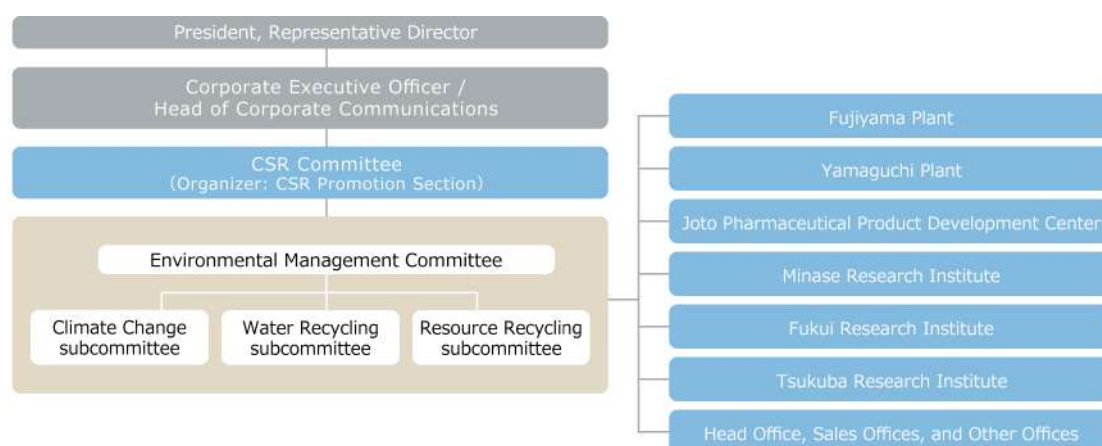
Environmental Management

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.

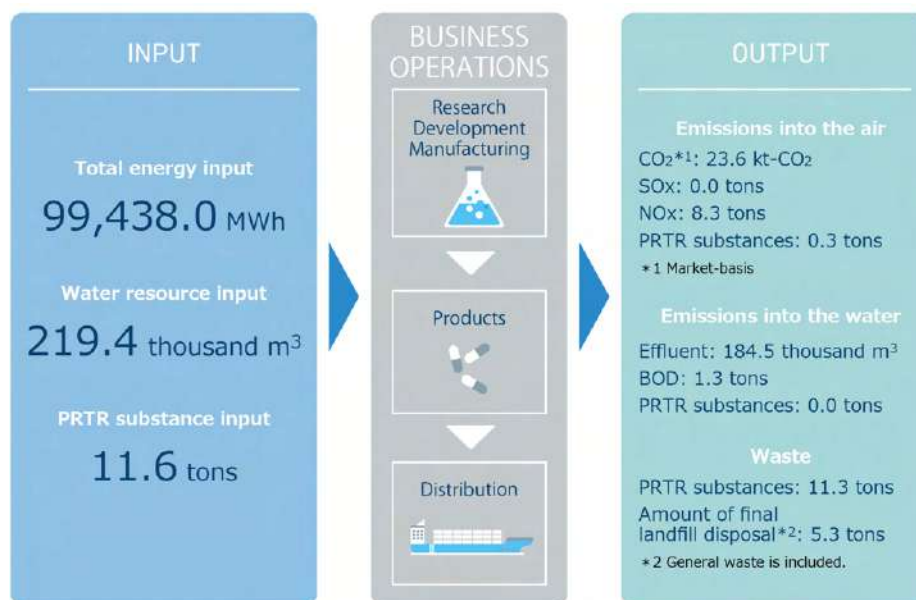


Status of acquisition of ISO 14001 certification (As of the end of January 2022)

Site name	
Fujiyama Plant	Certification is ongoing
Yamaguchi Plant	Certified (December, 2021)
Scope of ISO 14001 certification at production sites	100%

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 (FY2021).



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 (Scope1+2) 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

We participated in the TCFD Consortium in 2019. 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.

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



Water Project

We participated in the "Water Project" in October 2019. 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.

> [For details, please see the "Water Project" \(Only in Japanese\)](#)



RE100 (Renewable Energy 100%)

We participated in RE100 in June 2020. 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.

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



Carbon Neutral LNG Buyers Alliance

We have introduced carbon neutral city gas (CN city gas*) in August 2021 and participated in the Carbon Neutral LNG Buyers Alliance at the same time. The Alliance is a partnership between Tokyo Gas Co., Ltd., which procures and supplies carbon neutral LNG (CNL), and companies and corporations that purchase CNL, with the aim of expanding the use of CNL and increasing its value for a sustainable society.

* CN city gas is made from a type of liquefied natural gas (carbon-neutral LNG), which offsets greenhouse gases generated in the processes from the extraction to the burning of natural gas with carbon credits (carbon offset) and assumes that no CO₂ is generated on a global scale.

> [For details, please see the Carbon Neutral LNG \(Only in Japanese\).](#)



GX League

We expressed our support in April 2022 for the GX (Green Transformation) League Basic Concept, which was announced by the Ministry of Economy, Trade and Industry (METI). The GX League is a place for companies which will take on the challenge of GX with a view to achieving carbon neutrality and social change in 2050 to collaborate with government and academia.

> [For details, please see the GX League \(Only in Japanese\)](#)



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	
	FY2020	FY2021	FY2020	FY2021
1: Pollution prevention cost (air, water, soil, groundwater, hazardous chemicals, noise, vibration, and odor)	196,051	96,578	8,325	11,606
2: Global environment conservation cost (cost for preventing global warming, cost for environmental conservation activities)	624,210	640,751	457,788	441,042
3: Resource circulation cost (waste reduction, proper treatment of waste, efficient use of resources)	111,382	132,626	0	0
4: Administration cost (time and cost spent for committee and ISO activities, and environmental management)	7,704	11,889	—	—
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)	9,444	9,383	520	0
Total	948,792	891,229	466,633	452,648

Environmental conservation effects

Environmental performance indicators		Environmental impact		Change from the previous year
		FY2020	FY2021	
Effects corresponding to key business area costs	SOx emissions (tons)	0.0	0.0	0.0
	NOx emissions (tons)	8.1	8.3	0.2
	Water use (1,000 m ³)	245.6	219.4	-26.2
	BOD load (tons)	1.2	1.3	0.1
	CO ₂ emissions (1,000 tons-CO ₂)	26.1	23.6	-2.5
	Energy use (MWh)	103,204.3	99,438.0	-3,766.3
	Total waste discharge (tons)	502.7	479.1	-23.6
	Final landfill disposal (tons)	5.9	5.3	-0.6

Economic Effects Associated with Environmental Conservation Activities

(Thousands of Yen)

Details	Economic effects	
	FY2020	FY2021
1: Reduction in costs through energy-saving activities	3,079	6,813
2: Reduction in waste costs through recycling activities	4,687	0
3: Profit from sale of recycled materials	1,762	7,143
Annual total	9,528	13,957

Social Contribution Activities

Approach to Social Contribution Activities

We conduct a variety of social contribution activities to contribute to the realization of a sustainable society, based on ONO's Global Policy for Social Contribution Activities. In addition, in consideration of the relationship between current and future business activities and our business resources, we determine priority fields to focus on and then promote activities.

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.

List of Activities

	Related SDGs	Activities
Efforts for the Advancement of Medicine and Pharmacy	 	<ul style="list-style-type: none"> • Donations Through Rrelated Foundations • 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 • Supporting for Sorapti Kids' Camp • Initiatives at ONO Pharma Korea (OPKR) • Initiatives at ONO Pharma Taiwan (OPTW) • Blood Donation
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 Korea (OPKR) • 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) " • Science Education Program "Kusuri no Himitsu Manabu (Learning the secrets of Pharmaceuticals!)" • Efforts to Promote Cancer Education in High Schools • Donation of Tooth Care Sets • Sponsoring the Performance "Kokoro no Gekijo (Theater of the Heart)," Performed in Kansai and Hosted by the Shiki Theatre Company / Butai Geijyutu (Performing Arts) Center • Donations to "Nakanoshima Children's Book Forest "
Efforts for Improvement of the Medical Ecosystem	    	<ul style="list-style-type: none"> • ONO SWITCH Project • Participation in the Global Health Innovative Technology Fund (GHIT Fund)

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 FY2021, 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 October 2021, 8 researchers were selected as scholarship winners in FY2022. 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 FY2021, 5 web sessions were held, focusing on areas such as cancer, diabetes, and rheumatism, with approximately 700 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 web page 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" (This website was closed at the end of March 2022)	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 (The provision and operation were completed at the end of June 2021)	We provide free smartphone application software to support patients suffering from lifestyle-related diseases.
"FukuSapo [®] " (A digital side-effect management support tool)	We provide a free support tool to assist early detection and treatment of side effects (especially immune-related adverse events) through physical condition management of patients treated with immune checkpoint inhibitors.

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 infection (COVID-19). 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 65,000 steps). In FY2021, we launched the "Ono Pharmaceutical Self-Walk Relay," in which 294 employees from our offices across Japan participated and walked a total of 38,285,505 steps (equivalent to 589 cases on the General Cancer Consultation Hotline).

Support for "Solaputi Kids' Camp"

Since FY2014, we have continuously been a supporting member of "[Solaputi Kids' Camp](#)" (Takikawa City, Hokkaido), a campsite with on-site medical care that is a dream of children with serious illnesses.

In addition, we provided support for a new project, "Snow Gift," at a time when camp services had to be reduced due to the impact of the novel coronavirus infection (COVID-19). Snow Gift is a plan to pack the snow in the campsite into boxes, deliver them to hospitals in areas where snow does not fall, and allow the patients to play with the snow; however, there were several cases where smooth delivery of the packages was not possible within some hospitals. Therefore, our medical representatives (MRs), who regularly visit to meet with healthcare professionals at hospitals, received the packages and provided support as "snow-carrying volunteers" to deliver snow directly to the staff in charge at the medical institutions. In FY2021, from January to March 2022, our MRs handed over Snow Gift to the staffs in charge at each of six medical institutions, providing the fun of playing in the snow to hospitalized children who do not otherwise have an opportunity to touch snow. At a later date, children who played with the snow, their parents, and medical staff sent joyful messages, and the participating employees commented that they were glad that they were able to help "deliver the fun (snow)."



Initiatives at Overseas Subsidiaries

Due to the spread of the novel coronavirus infection (COVID-19), it was not possible to carry out activities with patients at Ono Pharma Taiwan Co., Ltd. (OPTW). However, with the desire to continuously contribute to patients, we gave Christmas gifts that are useful for their development and education and handmade message cards to children who are fighting illness, under the title of "Secret Santa." Continuing from FY2020, we have also made donations to the Taiwan Cancer Foundation. (Please check [here](#) for the beach cleanup activities that took place on the same day.)



Blood Donation

Our employees at the headquarters, plants, and research institutes actively donate their blood to the Japanese Red Cross Society. Although the number of blood donation sites were reduced in FY2020 and FY2021 due to the spread of the novel coronavirus infection (COVID-19), we are continuing these activities while taking full measures against infection.

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](#)". In addition, 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.

Efforts at Each Worksite

At Fujiyama Plant, we provided trash bags for "Operation Trash Clean-sweep," a clean-up activity of the municipal neighborhood associations of Fujinomiya City and the "Fujinomiya City Cleaning Campaign" as activities friendly to community environment. We also cleaned the area surrounding the plant premises in March 2022.

At Joto Pharmaceutical Product Development Center, the usual annual cleanup of the periphery of this 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 and FY2021 for reasons of preventing the spread of the novel coronavirus infection (COVID-19). In addition, an autonomous firefighting technique training meeting (FY2021) of the Higashinari Autonomous Firefighting Brigade Council, which was planned for the purpose of enhancing autonomous firefighting skills and disaster response skills, originally to be held at the fire department, was held instead with a small number of people in our office due to the COVID-19 pandemic. We received training for response to actual fires, including how to use a fire extinguisher and indoor fire hydrant, and emergency life-saving techniques 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 and FY2021, both events were canceled for reasons of preventing the spread of the novel coronavirus infection (COVID-19) 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 and FY2021, the volunteer fire brigade competition was canceled for reasons of preventing the spread of the novel coronavirus infection (COVID-19).

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 headquarters, Minase Research Institute, Tsukuba Research Institutes, and Joto Pharmaceutical Product Development Center have been taking part in an “Eco-cap” campaign, in which special trash cans for plastic bottle caps are placed near vending machines.

Instead of disposing of plastic bottle caps as general waste, the provided caps contribute to various social needs such as medical support, support for people with disabilities, support for children's cafeterias, and educational activities for environmental issues through the NPO Ecocap Movement.



Special Garbage Containers

Amount collected at each worksite	FY2017	FY2018	FY2019	FY2020	FY2021
Headquarters	66.0kg (28,380caps)	47.0kg (20,210caps)	77.3kg (33,250caps)	48.0kg (20,640caps)	54.0kg (23,220caps)
Minase Research Institute	25.0kg (10,750caps)	62.5kg (26,875caps)	54.0kg (23,220caps)	36.0kg (15,480caps)	36.0kg (15,480caps)
Tsukuba Research Institute	—	5.5kg (2,365caps)	3.0kg (1,290caps)	4.0kg (1,720caps)	—
Joto Pharmaceutical Product Development Center	—	—	—	—	6.13kg (3,300caps)

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 and FY2021, these activities were canceled due to the impact of the novel coronavirus infection (COVID-19).



Exploring the mystery of water

Initiatives at Overseas Subsidiaries

Every year, Ono Pharmaceutical Korea (OPKR) and Ono Pharmaceutical Taiwan (OPTW) carry out social contribution activities in which employees voluntarily participate around December 11, the anniversary of establishment of these subsidiaries.

In FY2021, OPKR carried out cleanup activities while trekking in Ansan Mountain, Seodaemun-gu, Seoul, with the aim of protecting the natural environment around us by focusing on ESG (environment, society, governance). Cleanup trekking was planned to contribute to environmental conservation and to improve the health of employees whose activities and lives had been restricted due to the impact of the novel coronavirus infection (COVID-19), and it was a meaningful time.

After conducting cleanup activities, we visited the pediatric cancer NGO "Hanbit Love Supporters Association." Due to the impact of the novel coronavirus, we refrained from volunteer activities and instead made donations to convey our feelings to children with cancer and their families. The donations will be used to purchase necessary supplies at "Hanbit Love House."



OPTW carried out beach cleanup activities the day before its founding anniversary. Taiwan is an island country like Japan, and water pollution and marine debris are among their socially related problems. Through cleanup activities, we learned that not only plastic bottles and empty cans, but also metal pieces and styrofoam waste, etc., are being disposed of in higher quantities than we had imagined. In the future as in the present, we will continue to promote CSR activities in which employees can participate while being aware of the SDGs and social issues.



Efforts Toward an Education for the Children's Health

We are proactively engaged in educational 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.

The next project in Miyako City, Iwate prefecture, which was postponed from FY2019 due to the impact of the novel coronavirus infection (COVID-19), also could not be held in FY2021. Unfortunately, we have since decided to discontinue this project in Miyako City.

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	Miyako, Iwate prefecture (Delayed by COVID-19)	—
FY2020	Miyako, Iwate prefecture (Re-delayed by COVID-19)	—
FY2021	Miyako, Iwate prefecture (Discontinued 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

Science Education Program While Visiting Schools ("Kusuri no Himitsu Manabu")

With the aim of increasing children's interest in science, experiments, and pharmaceuticals, as well as 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 FY2021, despite the COVID-19 pandemic, in response to strong requests by the elementary schools, various departments gathered to devise pandemic countermeasures to meet the special needs of the schools. We conducted this project while taking careful measures (wearing masks and face shields, ensuring social distancing, health check before and after classes, ventilation check by CO₂ measurement device, disinfection of hands and fingers, and equipment for each class, limitation on numbers of staff members, etc.) on the day. According to questionnaires answered by the children after the classes, their interest in pharmaceuticals and research seems to have grown and this project seems to have triggered them to consider their careers. It has also been 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	FY2017	FY2018	FY2019	FY2020	FY2021
Students	59	72	141	81	135
Staff members supporting the experiment	9	12	25	9	17
Secretariat staff members	7	10	22	6	9

After conducting on-site lessons, we provide questionnaires to children, teachers, and our staff, and use them to review the program to provide insight for improvement the next fiscal year onward.



Implemented at Hoei Elementary School



Implemented at Shimamoto Municipal Third Elementary School

Efforts for Cancer Education in High School

The "Osaka Cancer Education Summit" was held with the aim of identifying issues to promote cancer education, and was attended by cancer specialists, government officials, and educators, at the time of the full-scale start of cancer education in high schools from April 2022.

To promote "cancer education" in which children acquire correct knowledge of cancer and learn the importance of health and life, we will continue to address identified issues in cooperation with relevant parties.

➤ Please check [Asahi Digital \(Japanese only\)](#) for the details of the summit.

Donation of Tooth Care Sets

Since FY2014, we have been donating toothbrush/toothpaste sets and toothbrushes to children in elementary schools, kindergartens, and day care centers (a total of 17 sites) in Shimamoto-cho, Mishima-gun, Osaka Prefecture, where Minase Research Institute is located. We have also donated toothbrush/toothpaste sets and toothbrushes to the elementary school next to the Joto Pharmaceutical Product Development Center, since FY2018. The toothbrush/toothpaste sets and toothbrushes are manufactured by our company affiliate, BeBrand Medical Dental Co., Ltd. This activity is implemented in line with the June 4th to 10th "Dental and Oral Health Week," with the aim of contributing to the maintenance and promotion of health by extending the life of teeth. In FY2021, we donated 3,874 sets of toothbrush/toothpaste and 380 toothbrushes. We cherish the fact that local communities and companies coexist and 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),” 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 6th grade students) from various regions in Japan to theaters free of charge, and demonstrate the excitement of theater, aiming to bring the most important principles for people in life to the children’s hearts, from the basic importance of life, consideration of other people, and the joy of believing in each other, through the performance. We understand such philosophy and therefore support these activities.

The Theater of the Heart was canceled in FY2020 due to the impact of the novel coronavirus infection (COVID-19), but in FY2021, we resumed activities in a new form of video distribution.



Hajimarinoki no shinwa ~Kosoado no mori no monogatari~ (The myth of the Starting Tree ~The story of the forest called Kosoado~), a family musical performed in FY2021 by Shiki Theatre Company

Photo by Takahiro Higuchi

Donations to "Nakanoshima Children’s Book Forest"

We have donated to "Nakanoshima Children’s Book Forest" since 2018. "Children's Book Forest Nakanoshima" was designed by architect Tadao Ando and built in Nakanoshima Park to encourage children to investigate various books and foster infinite creativity and curiosity.

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 made donations to 3 NPOs, and the donated funds are being utilized for the activities of NPOs in FY2021.



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

ESG Data

Regarding the data for FY2021 marked with ★, we have received independent assurance in our SUSTAINABILITY DATA 2022 (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	FY2017	FY2018	FY2019	FY2020	FY2021
Board structure	Directors (Total)	Non-consolidated	Persons	7	8	8	8	8
	Independent outside directors	Non-consolidated	Persons	2	3	3	3	3
	Female directors	Non-consolidated	Persons	0	0	0	1	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	336	360	368	384	428
	President, Representative Director, and Chief Executive Officer	Non-consolidated	Million yen	-	114	116	126	125
Auditor Remuneration	Total	Non-consolidated	Million yen	76	77	78	83	85
Number of Board of Directors meetings		Non-consolidated	Times	13	13	13	13	15
Number of Board of Auditors meetings		Non-consolidated	Times	13	14	14	19	16
Board attendance rate (directors)		Non-consolidated	%	100	100	100	98.6	100
Board attendance rate (auditors)		Non-consolidated	%	-	100	92.3 ^{*1}	100	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	FY2017	FY2018	FY2019	FY2020	FY2021
Compliance training attendance rate		Non-consolidated	%	-	100	100	100	100
Number of reports	Discrimination and harassment related	Non-consolidated	Incidents	-	-	22	15	29
	Personnel and labor management related	Non-consolidated	Incidents	-	-	2	1	2

Item		Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
	Others	Non-consolidated	Incidents	-	-	44	6	29
	Total	Non-consolidated	Incidents	-	44	68	22	60
Number of compliance violations (Disciplinary action cases)	Discrimination and harassment related	Non-consolidated	Incidents	-	-	3	1	0
	Personnel and labor management related	Non-consolidated	Incidents	-	-	0	0	1
	Bribery cases	Non-consolidated	Incidents	0	0	0	1	0
	Others	Non-consolidated	Incidents	-	-	6	0	10
	Total	Non-consolidated	Incidents	-	5	9	2	11
Costs for legal violations		Non-consolidated	Million yen	-	-	-	0	0
Number of facilitation payments		Non-consolidated	Incidents	0	0	0	0	0

Social Data

Research Development

Item		Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
R&D expenses		Non-consolidated	Million yen	68,821	70,008	66,497	62,384	75,879
Ratio of R&D expenses to net sales		Non-consolidated	%	26.3	24.3	22.7	20.2	21.0

Provision of Growth Opportunities

Item		Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Average hours of training and development per employee		Consolidated	Hours	-	-	-	-	50.8
		Non-consolidated	Hours	-	35.5	30.7	34.1	53.8
Classification by training category	General capability development	Consolidated	Hours	-	-	39,189	69,080	63,161
			Participants	-	-	16,194	16,867	23,013
	Professional capability development	Consolidated	Hours	-	-	57,226	43,214	84,870
			Participants	-	-	11,012	13,072	23,414
	Compliance training	Consolidated	Hours	-	-	6,885	3,816	36,179
			Participants	-	-	13,999	33,503	38,276
	General capability development	Non-consolidated	Hours	-	-	-	-	60,479
			Participants	-	-	-	-	22,568
	Professional capability development	Non-consolidated	Hours	-	-	-	-	82,325
			Participants	-	-	-	-	21,720
	Compliance training	Non-consolidated	Hours	-	-	-	-	34,811
			Participants	-	-	-	-	37,412

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

Employees information

Item		Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Employees (total)		Non-consolidated	Persons	3,199	3,284	3,287	3,319	3,354
Employees (male)		Non-consolidated	Persons	2,649	2,682	2,676	2,688	2,696
Employees (female)		Non-consolidated	Persons	570	602	611	631	658
			%	17.8	18.3	18.6	19.0	19.6
Contract workers ratio		Non-consolidated	%	0.3	0.1	0.1	0.1	0.1
Temporary staff ratio		Non-consolidated	%	8.8	8.9	8.0	8.8	9.3
Average age (total)		Non-consolidated	Years old	41.4	41.8	41.9	42.7	43.0
Average age (male)		Non-consolidated	Years old	42.1	42.6	42.7	43.7	44.1
Average age (female)		Non-consolidated	Years old	37.9	38	37.9	38.5	38.7
Employee age group ratio	<30 years old	Non-consolidated	%	-	-	-	13.3	14.0
	30-50 years old	Non-consolidated	%	-	-	-	61.7	60.0
	>50 years old	Non-consolidated	%	-	-	-	25.0	26.0
Average consecutive years of employment (total)		Non-consolidated	Years	15.3	15.5	16	16.3	16.5
Average consecutive years of employment (male)		Non-consolidated	Years	16	16.3	16.8	17.2	17.5
Average consecutive years of employment (female)		Non-consolidated	Years	11.8	12	12.4	12.5	12.4
Average annual salary of employees		Non-consolidated	JPY 10,000	906	917	928	937	947
Collective bargaining rights holding rate		Non-consolidated	%	-	-	97.3	95.7	96.0
Labor union participation rate		Non-consolidated	%	66.8	65.1	60.8	62.2	58.6

Diversity and Inclusion

Item		Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Employment of persons with disabilities		Non-consolidated	%	2.24	2.28	2.2	2.17	2.38
Female manager rate		Non-consolidated	%	3.9	4.0	4.6	4.6	5.2

Recruitment

Item		Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Total number of newemployee hires	Total	Non-consolidated	Persons	166	161	88	105	131
	New graduates	Non-consolidated	Persons	98	87	71	73	82
	Mid-careers	Non-consolidated	Persons	68	74	17	32	49
Ratio of new graduates (male)		Non-consolidated	%	66	51	66	60	60
Ratio of new graduates (female)		Non-consolidated	%	34	49	34	40	40

Employee Engagement

Item	Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Actively engaged employees *2(total)	Non-consolidated	%	-	66	-	79	-
Actively engaged employees (male)	Non-consolidated	%	-	68	-	80	-
Actively engaged employees (female)	Non-consolidated	%	-	57	-	74	-

*2 We review our employee engagement indicators and calculation methods each time.

Turnover and retention rate

Item	Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Retention rate after 3 years (total)	Non-consolidated	%	97.8	97.8	93.9	96.6	91.5
Retention rate after 3 years (male)	Non-consolidated	%	98.4	96.1	95.4	97.7	93.6
Retention rate after 3 years (female)	Non-consolidated	%	96.9	100.0	90.9	95.3	87.5
Full-time employee turnover rate (voluntary resignation)	Non-consolidated	%	1.3	1.5	1.6	1.2	1.7
Full-time employee turnover rate (Mandatory retirement, etc.)	Non-consolidated	%	0.7	0.6	0.2	1.1	1.7
Full-time employee turnover rate (total)	Non-consolidated	%	2.0	2.1	1.8	2.3	3.4

Enhancing cultivation of employee-friendly workplaces

Item	Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Overtime hours	Non-consolidated	hours / month	15.4	14.9	13.6	15.3	16.3
Percentage of paid vacation taken	Non-consolidated	%	56.8	56	65	57.5	62.5

Health and safety

Item		Scope	Unit	FY2017	FY2018	FY2019	FY2020	★FY2021
Industrial accident	Number of lost-time injuries	Non-consolidated (Employees)	Incidents	1	1	0	3	0
		Non-consolidated (Temporary employees) ^{*4}	Incidents	-	-	1	0	0
	Lost-time injury frequency rate ³	Non-consolidated (Employees)	-	0.16	0.15	0	0.47	0
		Non-consolidated (Temporary employees) ^{*4}	-	-	-	2.09	0	0
	Number of fatalities due to occupational accidents	Non-consolidated (Employees)	Persons	0	0	0	0	0
		Non-consolidated (Temporary employees) ^{*4}	Persons	0	0	0	0	0

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

*4 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	FY2017	FY2018	FY2019	FY2020	FY2021
Comprehensive medical examination rate		Non-consolidated	%	99.1	99.4	99.7	99.5	99.8
Cancer screening rate	Stomach cancer screening	Non-consolidated	%	97.2	97.3	97.7	95.3	96.5
	Lung cancer screening	Non-consolidated	%	99.3	99.7	99.9	99.9	100.0
	Colorectal cancer screening	Non-consolidated	%	93.9	93.6	95.8	94.7	93.2
	Breast cancer screening	Non-consolidated	%	90	88.3	86.7	89.3	92.5
	Cervical cancer	Non-consolidated	%	43.4	42.3	47.3	46.6	52.3
Smoking rate		Non-consolidated		-	-	18.2	17.0	15.5
Difference between health age and actual age		Non-consolidated	Years old	-	-	-1.5	-1.4	-1.8

Mental health measures and health promotion

Item		Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Stress checks rate		Non-consolidated	%	95.1	99.4	99.8	99.5	98.7
Number of participants in walking campaign	Employees	Non-consolidated	Persons	1,088	1,169	1,450	1,417	1,582
	Family	Non-consolidated	Persons	472	771	987	985	1,027
	Temporary staff, etc.	Non-consolidated	Persons	99	90	124	89	117
Walking campaign all employee participation rate		Non-consolidated	%	34	35	44	42	47

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	FY2017	FY2018	FY2019	FY2020	★FY2021
GHG emissions (Market-basis)			Production and research sites	kt-CO ₂	27.2	26.1	25.2	24.1	21.8
			Headquarters and other Sites in Japan (including tenant locations)	kt-CO ₂	2.6	2.4	2.1	2.0	1.7
			Total	kt-CO ₂	29.8	28.5	27.3	26.1	23.6
GHG emissions scope breakdown (Market-basis)	Scope 1 (Breakdown by GHG type)	Energy-derived	All operation sites	kt-CO ₂	8.5	9.0	9.7	10.0	9.8
		Non-energy-derived (HFCs, HCFCs)			0.2	0.5	0.4	0.1	0.03
		Total			8.7	9.5	10.1	10.1	9.8
	Scope 2		All operation sites	kt-CO ₂	21.1	19.1	17.1	15.9	13.7

Item	Scope	Unit	FY2017	FY2018	FY2019	FY2020	★FY2021
Amount of CO ₂ offset due to voluntary credit(Carbon-neutral city gas purchased)	Joto Pharmaceutical Product Development Center, Tsukuba Research Institute	kt-CO ₂	-	-	-	-	0.6
GHG emissions after offset	All operation sites	kt-CO ₂	-	-	-	-	23.0

Sites where data were collected: Fujiyama Plant, Yamaguchi Plant (added from FY2018), Joto Pharmaceutical Product Development Center, 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 , the amount of renewable energy certified under the J-Credit Scheme and the Non-Fossil Fuel Certificate quota are deducted

GHG emissions in the value chain (Scope3)

Category	Calculation method	Notes	Scope	Unit	FY2017	FY2018	FY2019	FY2020	★FY2021
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	8.5	8.1	11.5	12.7	-
Cat2	Capital goods	Amount of capital goods treated as fixed assets (reinforcement of facilities/maintenance investment) excluding land, multiplied by factor		kt-CO ₂	52.6	60.4	26.9	25.8	26.4
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	2.8	2.7	2.4
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

Category		Calculation method	Notes	Scope	Unit	FY2017	FY2018	FY2019	FY2020	★FY2021
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	2.5	2.3	4.0	0.4	0.5
Cat7	Employee commuting	Commuting costs, multiplied by emission factor	The commuting costs includes the amount for commuting by car from 2021		kt-CO ₂	0.4	0.4	0.5	0.4	0.7
Cat8	Upstream leased assets	Fuel consumption used in leased vehicles, multiplied by emission factor	-		kt-CO ₂	3.5	3.3	2.9	2.0	2.1
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 FY2021 are not calculated because our major pharmaceutical wholesalers had not published their CSR reports at the time of calculation.		kt-CO ₂	5.3	5.3	4.9	5.0	-
Cat10	Processing of sold products	-	We 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	0.1	0.2	0.2	0.2	0.1
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	75.1	82.2	54.4	49.8	-

* Categories 1 and 9 of scope 3 and their total for FY2021 are not calculated because our major suppliers 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 (FY2017, Ver. 2.4; FY2018, Ver. 2.6; FY2019, Ver. 3.0; FY2020, Ver. 3.1; FY2021, Ver. 3.2)," published by the Ministry of the Environment, Government of Japan.

Energy consumption

Item			Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Energy consumption			Production and research sites	MWh	83,906.2	88,423.4	96,369.2	98,025.2	★94,433.7
			Headquarters and other Japan offices/sites (including tenant locations)	MWh	5,256.9	5,340.4	5,236.4	5,179.1	★5,004.3
			Total	MWh	89,163.1	93,763.8	101,605.6	103,204.3	★99,438.0
Share of renewable energy in total electricity consumption	Electricity consumption	Private power generation (renewable) (solar power generation)	All operation sites	MWh	55.3	65.0	63.0	63.3	61.9
		Purchased electricity (renewable) (Non-fossil fuel)		MWh	-	-	1,278.0	1,954.7	2,040.0
		Private power generation (non-renewable)		MWh	7,927.0	8,856.2	8,185.3	8,566.3	8,283.7
		Purchased electricity (non-renewable)		MWh	41,820.1	43,734.4	46,351.7	45,232.2	42,833.5
		Total (total electricity consumption)		MWh	49,802.4	52,655.5	55,878.0	55,816.5	53,219.2
	Amount of credits purchased	Solar power generation		MWh	-	-	2,427.0	4,946.6	3,937.9
		Biomass power generation		MWh	-	2,900.0	2,460.9	386.2	3,000.0
	Renewable energy usage*5			MWh	55.3	2,965.0	6,228.9	7,350.7	★9,039.9
	Renewable energy usage rate (renewable energy usage / total electricity consumption)			%	0.1	5.6	11.1	13.2	★17.0

Sites where data were collected: Fujiyama Plant, Yamaguchi Plant (added from FY2018), Joto Pharmaceutical Product Development Center, 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	FY2017		FY2018		FY2019		FY2020		★FY2021	
			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	205.6	148.6	240.2	178.4	185.0	145.1	157.8	125.0	138.7	110.2
Joto Pharmaceutical Product Development Center	Yodo River	Sewer	5.5	5.5	6.0	6.0	5.1	5.1	4.6	4.6	3.9	3.9
Yamaguchi Plant	Fushino River	River	-	-	8.2	8.2	18.1	18.1	18.6	17.7	21.6	20.0
Minase Research Institute	Yodo River	Sewer	51.3	51.3	41.2	41.2	39.1	39.1	33.7	33.7	31.5	31.5
Fukui Research Institute	Kuzuryu River	Sewer	38.7	5.2	31.3	5.0	27.3	5.7	13.7	2.6	6.6	1.9
Tsukuba Research Institute	Lake Kasumigaura	Sewer	8.1	8.1	6.0	6.0	7.1	7.1	7.2	7.2	7.0	7.0
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	10.0	10.0
Total			325.1	234.6	348.0	259.9	296.7	235.2	245.6	200.8	219.4	184.5

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

Activities to reduce water consumption (rate of recycled water)

Item	Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Percentage of reused water	Production and research sites	%	5.9	4.8	5.5	2.0	1.6

Waste Management, and Recycling Containers and Product Packaging

Item		Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Industrial waste	Waste generated	Production and research sites, etc.	t	719.1	446.4	430.8	502.7	★479.1
	Special management industrial waste (hazardous waste)*7	Production and research sites, etc.	t	137.0	145.6	161.9	171.2	★170.3
	final landfill disposal	Production and research sites, etc.	t	7.4	0.4	0.2	1.1	★0.2
	final landfill disposal rate	Production and research sites, etc.	%	1.0	0.1	0.1	0.2	★0.04
final landfill disposal (Non-industrial waste is included)		Production and research sites	t	18.0	9.4	6.7	5.9	5.3
Container and packaging usage	Plastic	Production	t	164.7	171.7	162.8	161.5	147.0
	Paper	Production	t	192.0	202.7	200.9	198.1	175.6
	Glass (colorless)	Production	t	0.0	0.0	0.0	0.0	0.0
	Glass (brown)	Production	t	0.3	0.3	0.3	0.2	0.2
Obligatory recycling amount	Plastic	Production	t	34.7	35.5	31.2	35.1	36.6
	Paper	Production	t	1.6	1.6	1.5	1.4	1.3
	Glass (colorless)	Production	t	0.0	0.0	0.0	0.0	0.0
	Glass (brown)	Production	t	0.0	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	1,958.0

Sites where data were collected: Fujiyama Plant, Yamaguchi Plant (added from FY2018), Joto Pharmaceutical Product Development Center, Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute /Logistics Center (added from FY2021)

The final industrial landfill disposal volume of industrial waste in FY2017 was calculated with inclusion of the amount of waste (5.8 tons) from the renovation of the Joto Pharmaceutical Product Development Center.

*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.

Prevention of Air Pollution and Water Pollution

Item	Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
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	7.8	8.4	8.1	8.1	8.3
	Particulate matter	Production and research sites t	0.3	0.3	0.3	0.3	0.3
	PRTR substance	Production and research sites t	0.2	0.2	0.1	0.4	0.3
Emissions into water	Wastewater	Production and research sites 1,000m ³	218.7	244.8	220.2	190.8	★174.5
	BOD	Production and research sites t	2.2	1.3	1.3	1.2	1.3
	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	FY2017	FY2018	FY2019	FY2020	FY2021
Amount handled by the notified facilities	Acetonitrile	Production and research sites t	9.0	7.2	8.5	10.4	9.3
	Normal-hexane	Production and research sites t	3.0	2.8	3.0	2.6	2.3
	Total	Production and research sites t	12.0	10.0	11.5	13.0	11.6
	Dioxins	Production and research sites mg-TEQ	-	-	-	-	-
Notified release (into the air)	Acetonitrile	Production and research sites t	0.4	0.2	0.1	0.3	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	0.4	0.2	0.1	0.3	0.3
	Dioxins	Production and research sites mg-TEQ	-	-	-	-	-

Item		Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
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	-	-	-	-	-
Notified transfer (contained in waste)	Acetonitrile	Production and research sites	t	8.8	6.9	8.4	10.1	8.9
	Normal-hexane	Production and research sites	t	3.0	2.8	3.0	2.6	2.3
	Total	Production and research sites	t	11.8	9.8	11.3	12.7	11.3
	Dioxins	Production and research sites	mg-TEQ	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	-	-	-	-	-
Notified release and transfer (total)	Acetonitrile	Production and research sites	t	9.0	7.2	8.5	10.4	9.3
	Normal-hexane	Production and research sites	t	3.0	2.8	3.0	2.6	2.3
	Total	Production and research sites	t	12.0	10.0	11.5	13.0	11.6
	Dioxins	Production and research sites	mg-TEQ	-	-	-	-	-

Management of Chemicals (PCB)

Item		Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Joto Pharmaceutical Product Development Center	In use or stored	Production and research sites	Stand	552	552	0	0	0
Minase Research Institute	In use or stored	Production and research sites	Stand	0	0	0	0	2

In FY2019, the Joto Pharmaceutical Product Development Center brought in 552 units of equipment to the Japan Environmental Storage and Safety Corporation, a processing facility, and disposed of them appropriately. One condenser was found at the Joto Pharmaceutical Product Development Center in FY2020, but it was properly disposed of in FY2020. The Minase Research Institute found that two transformers in use fell within the scope of the "Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes" in 2021, and submitted a report on the storage and disposal of waste of polychlorinated biphenyls to the Osaka municipal government.

Environmental Management

Item	Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Status of acquisition of ISO 14001 certification for sites	Production	site	100%	100%	100%	100%	100%

Scope of ISO 14001 certification at production sites.

Environmental Violations

Item	Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
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

The above includes violations related to air and soil pollution, noise, vibration, and water quality.

Social Contribution Activities Data

Initiatives for medical advancement

Item	Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Osamu Hayaishi Memorial Award	-	Persons	1	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 index component of the DJSI World Index and DJSI Asia Pacific Index in 2020 and 2021.

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.



FTSE4Good Index Series

We have been included in the FTSE4Good Index Series for the consecutive years since 2018.

This index is designed by FTSE Russell, a member of the London Stock Exchange group. Companies with relatively good environmental, social and governance practices are selected in each sector.



FTSE Blossom Japan Index

We have been included in the FTSE Blossom Japan Index for the consecutive years since 2018.

This index is designed by FTSE Russell, a member of the London Stock Exchange group. Japanese companies with relatively good environmental, social and governance practices are selected in each sector.



FTSE Blossom Japan Sector Relative Index

We have been included in the FTSE Blossom Japan Sector Relative Index in 2022.

The index is designed by FTSE Russell, a member of the London Stock Exchange group.

Japanese companies with relatively good environmental, social and governance practices are selected in each sector.

The Index is designed as a sector neutral benchmark and supports climate transitions to a low carbon economy, especially for those companies with particularly high GHG emissions, by evaluating companies' climate governance and climate change efforts via the Transition Pathway Initiative's Management Quality Score.



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.

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.

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

CDP [climate change] [water security]

We have been selected by CDP, a global environmental non-profit organization, as a prestigious A-List company in the two fields of [climate change] and [water] in CDP 2021, in our commitment and disclosure to climate change and water security. We have been selected for the A-List for the fourth consecutive year in climate change category and for the first time water security category.



CDP [SUPPLIER ENGAGEMENT LEADER]

In the Supplier Engagement Assessment, we have been selected as a "Leader Board" by a global environmental non-profit CDP, with the highest evaluation for the 3rd consecutive year since 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.



Health & Productivity Management Outstanding Organization

In 2022, We were also accredited by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi^{*1}, for four consecutive year, as a "Health & Productivity Management Outstanding Organization 2022 - 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 5th Nikkei Smart Work Management Survey (November 2021).



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 factors: the realization of diverse and flexible work styles, a system for creating new businesses, and market development capability. Based on these 3 factors and management infrastructure such as corporate governance, companies with deviation values of 50 or more are evaluated on a scale of 5 (Star 5, 4.5, 4, 3.5, 3).

Nikkei SDGs Management

We were rated 4 stars in the 3rd Nikkei SDGs Management Survey (November 2021).



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 5 (Star 5, 4.5, 4, 3.5, 3) based on three factors: economic value, social value, and environmental value.

SUSTAINA ESG AWARDS


We received the Bronze Class which is given to the top 51 to 100 companies in the "Comprehensive Categories" of SUSTAINA ESG AWARDS in 2021.



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

We have received independent assurance so as to bolster the reliability of the information disclosed and indicated with the icon  in our SUSTAINABILITY DATA 2022.

【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 and special management industrial waste volume (hazardous waste volume)
- Final landfill disposal volume and rate of industrial waste

【Society】

- Number of lost-time injuries
- Frequency rate
- Number of fatalities due to occupational accidents

The Independent Assurance Report is reprinted on page 5.

 SUSTAINABILITY DATA 2022

Appendix

- [Targets and Progress of the Previous Materiality \(FY2019-FY2021\)](#)
- [ONO SWITCH Project: Targets and Progress of Partners from FY2018 to FY2020](#)
- [SUSTAINABILITY DATA 2022](#)
- [Tax Reporting by Country](#)

Targets and Progress of the Previous Materiality (FY2019-2021)

Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in 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 ✓ Number of approvals/number of projects moved to clinical studies/number of projects moved preclinical studies/in-licensed drugs	✓ Number of approvals obtained Japan: 7, South Korea: 9, Taiwan: 5 ✓ Number of projects moved to clinical studies: 0 ✓ Number of in-licensed drugs: 0 The main progress of product development is described in detail in the Financial Results (supplementary material on financial results), so please refer to it for more information.
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		
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	✓ 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	① Maximize 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	① ✓ Conducted 28 awareness-building activities & discussions in related departments to utilize intellectual property ✓ Promoted the expansion of application patents and pharmaceutical patents for multiple products/compounds

Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in FY2021
		<p>exchanges of views at least 10 times a year</p> <p>✓ There are no cases where we have infringed on others' intellectual property rights</p>		<p>②Enhance analysis, design and promotion of intellectual property strategies for all products and compounds under development from the perspective of lifecycle management</p> <p>③Continue 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</p> <p>✓ The medium- and long-term strategy is made to improve healthcare access</p>	<p>②</p> <p>✓ Formulated and advanced the development plans based on patent strategies for compounds under development</p> <p>✓ Strengthened the department in charge of intellectual property & started utilizing IP landscape</p> <p>③</p> <p>When we updated materiality, we set the theme of improving access to medicine as a theme that is included in the materiality "respect for human rights." We confirmed that continued efforts will be made to promote the acquisition of indications for rare diseases and children, and that continued considerations will be made on how to effectively utilize patented compounds to meet the needs of developing countries.</p>
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		
③Engage in external information exchange to build a foundation for intellectual property utilization in order to improve access to healthcare	<p>We engaged in continuous information exchange with the World Intellectual Property Organization</p> <p>We updated and disclosed our approach to intellectual property rights and patents in countries with difficulties ensuring healthcare access</p>	<p>③Engage in external information exchange to build a foundation for intellectual property utilization in order to improve healthcare access</p> <p>KPI</p> <p>✓ Collect information from relevant institutions (such as the World Intellectual Property Organization)</p> <p>✓ Consider the expectations of stakeholders for enhancing access to pharmaceutical products and</p>	✓ Relevant institutions and cases in the pharmaceutical industry were investigated and possible measures were organized		

Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in FY2021
		possible measures we can take, and establish a policy to respond to their expectations			
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 the predetermined limit ✓ There was a case where the incidence of deviation exceeded the in-house limit of 0.01% and which required the consideration of a response, including possibly improving the drug formulation of the relevant product	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%	① Keep 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% ② Keep 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% ③ Train and raise awareness of relevant departments to improve compliance with GXP (GVP, GQP, GPSP) KPI ✓ 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	① ✓ Achieved a compliance rate of 99.9% or more for reports to regulatory authorities within prescribed period ② ✓ Zero product recalls ✓ Less than 0.01% quality claim rate ③ Implemented safety management training and quality management training in accordance with our annual plan

Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in FY2021
	<ul style="list-style-type: none"> ✓ However, the deviation was so slight as to have no impact on safety, and the necessary measures have been taken 				
②Conduct internal training. KPI Conduct training at least once a year with a 100% attendance rate as follows: <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 	All of the target employees participated the internal training (attendance rate: 100%)	②Keep the rate of incidents and recurrence of problems in quality management operations below a certain level KPI <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% 		
		③Conduct internal training: <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 		

Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in FY2021
Promotion of human resource development 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					
①Engage in activities to raise awareness about our mission statement KPI ✓ Prepare and conduct awareness raising efforts at four overseas sites and for all employees in Japan who are mid-career employees	We conducted awareness-raising efforts at all four overseas sites Awareness-raising efforts for mid-career employees in Japan: Conducted at a 100% level (54 persons) We held employee training programs at medical institutions and lectures delivered by patients to deepen their understanding of medical needs	①Continue to engage in activities to raise awareness about our mission statement. KPI ✓ Rate of employees who are highly aware that our mission statement is their principle for taking action: At least 50%	✓ Rate of employees who are highly aware that our mission statement is their principle for taking action: 47%	① Continue to engage in activities to raise awareness about our mission statement KPI ✓ Rate of employees who are highly aware of our mission statement in taking action: At least 65% ✓ Rate of employees of overseas subsidiaries (excluding expatriate employee) who are highly aware of our mission statement: At least 40% 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 KPI ✓ Rate of behavior change recognized in the evaluation made by their superiors after the training: At least 85% ③ Increase opportunities of self-learning and social learning of employees KPI ✓ Attendance rate for self-improvement programs: At least 40% ④ Enhance training of and increase the number of candidates for top management KPI ✓ Training additional 40 candidates for top management ✓ 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)	① ✓ 82% of employees are highly aware of the mission statement and take action. ✓ 86% of employees of overseas subsidiaries (excluding expats) are highly aware of the mission statement. (implemented for ONO PHARMA KOREA CO., LTD.) ② ✓ 83.3% behavior change according to superior evaluation after implementation of training ③ ✓ 42.7% of participants in self-improvement programs ④ ✓ Newly developed 40 candidates for top management ✓ Developed 24 persons who are competent to work abroad
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 KPI ✓ 100% acceptance rate	Attendance rate: 100% Total number of attendees: 603 persons	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 KPI ✓ Rate of behavior change recognized in the evaluation made by their	✓ Rate of behavior change recognized in the evaluation made by their superiors after the training: 79%		

Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in FY2021
		superiors after the training: At least 80%		⑤Deepen employees' understanding of independent career development KPI ✓ Employees' understanding of career development: 50% ✓ Attendance rate of e-learning for career development: At least 85%	⑤ ✓ 57.3% of employees understand career development ✓ 85.1% attendance rate in e-learning for career development
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 nurtures a climate of growth where employees stimulate learning in one another. KPI ✓ At least 20% for the participation rate in self-improvement programs	Participation rate: 27.8% (910 persons / 3,272 persons)	③Develop human resources that can act independently by expanding elective training in which employees can choose to participate, and enhancing support for self-improvement of employees. ONO also nurtures a climate of growth where employees are stimulated by learning from each other KPI ✓ Attendance rate for self-improvement programs: At least 33%	✓ Attendance rate for self-improvement programs: 32%	⑥Discover core persons in charge of innovation KPI ✓ Number of participants in discovery programs: At least 60 ✓ Temporary transfer to ventures ⑦Train persons in charge of digital transformation KPI ✓ Number of persons with IT passport: 35	⑥ ✓ 69 participants in discovery program ✓ 5 employees seconded to venture companies ⑦ ✓ 40 employees have acquired IT passports
④Develop human resources and build an organization able to adapt to harsh environmental changes worldwide KPI ✓ Provide global development programs that include language education and future management candidate training	Number of attendees for the global development programs: 87 persons Number of attendees for the future top management candidate training: 69 persons	④Develop human resources and build an organization able to adapt to harsh environmental changes worldwide. KPI ✓ In the global skills assessment (BISA test) after the global development programs, 80% of the attendees reach at least 700 points	✓ 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		

Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in FY2021
		(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%			

Building a work environment that ensures and sustains employment as well as fosters motivation

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

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 KPI Acquire the Platinum Kurumin Certification and improve employee use of annual paid leave	We acquired the Platinum Kurumin Certification The rate of employee use of annual paid leave increased from 57.5% in FY2018 to 65.0% in FY2019	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 KPI ✓ 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	✓ 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 ✓	① Work 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 KPI ✓ 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	① ✓ Ratio of female to the section chief level: 14.0% ✓ Rate of male employee use of child-care leave: 79.0% ✓ Have not yet obtained Eruboshi certification ✓ Return-to-work rate after child-care leave: 100% ✓ Rate of female employees who participate in next-generation top management training for an assistant manager or higher position: 25%
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Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in FY2021
		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)		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 KPI ✓ Rate of employee use of annual paid leave: 70.0% ✓ Average overtime work hours: 13.0 hours/month ✓ Low turnover rate (below 3%) ③Promote awareness of and engagement in health management initiatives KPI ✓ 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) ✓ 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) ✓ Reduce the smoking rate FY2021 target: 16.0%	② ✓ Rate of employee use of annual paid leave: 62.5% ✓ Average overtime work hours: 16.3 hours/month ✓ Turnover rate: 3.4 % ③ ✓ Health & Productivity Stock not yet selected (within the top 50 (2%) and the highest overall rating in the pharmaceutical industry) ✓ Improvement of presenteeism: Monthly productivity loss per employee of 56,396 yen ✓ Difference between healthy age and actual age: -1.8 years ✓ Smoking rate: 15.5%
②Promote awareness and engage in health management initiatives KPI ✓ Consistently earn recognition as a Certified Health & Productivity	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	②Promote awareness of and engage in health management initiatives KPI ✓ Earn inclusion in the Health & Productivity Stock for two consecutive years	✓ Out of selection as Health & Productivity Stock (for top companies accounting for 5%) ✓ Improving presenteeism: Increase in monthly productivity loss per employee by 65%		

Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in FY2021
<p>Management Outstanding Organization (Health and Productivity Management 500)</p> <p>✓ Encourage employees to stop smoking during work hours</p> <p>Achieve at least a 95% rate of employees undergoing physical examinations and stress checks</p>	<p>Outstanding Organization (White 500)</p> <p>We implemented a non-smoking policy during work hours</p> <p>Rate of employees undergoing physical examinations: 99.7%</p> <p>Rate of employees undergoing stress checks: 99.8%</p>	<p>✓ Increase labor productivity by improving presenteeism</p> <p>✓ Productivity loss per employee per month: FY2019 (33,120 yen)</p> <p>✓ FY2020 target: 5% reduction (31,460 yen)</p> <p>✓ Improve the health age of employees 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</p> <p>FY2020 target: 17.0% (FY2019: 18.2%)</p> <p>✓ Maintain a low lost-time injury frequency rate (0.3)</p> <p>FY2020 target: 0.10 (FY2019:0)</p>	<p>✓ Difference between health age and actual age: -1.4 years</p> <p>✓ Smoking rate: 17.0%</p> <p>✓ Lost-time injury frequency rate: 0.47</p> <p>✓</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>		

Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in FY2021
Thorough Compliance Medium- to long-term targets : Improve awareness about organizational compliance and strengthen auditing systems in an effort to eliminate any regulatory or compliance violations					
①Conduct compliance training KPI ✓ Achieve a 100% attendance rate of all employees	We achieved 100% of the target (all employees participated in the training.)	Implement the following initiatives with the aim of maintaining no occurrence of significant compliance violations* * Compliance violations that have a great impact on sales and profits KPI ✓ Number of significant compliance violations: Zero	Number of significant compliance violations: 1 * Case charged with bribery in February 2021 (and judged guilty in June 2021)	Implement the following initiatives with the aim of maintaining no occurrence of significant compliance violations * * Compliance violations that have a great impact on sales, profits and the society KPI ✓ Number of significant compliance violations: Zero 1. <ul style="list-style-type: none"> ①Hold a compliance meeting in which members of company management participate every quarter to work through the companywide compliance PDCA cycle ②Conduct compliance training (e-learning twice a year) ③Conduct training and follow-up training of new employees ④Conduct an employee awareness survey on compliance and harassment ⑤Give feedback to and train each department based on the result of ④ ⑥Conduct training about rules, guidelines, and codes for employees at Sales and Marketing Department (twice a year) ⑦Ensure that all employees (100%) receive the above training as required and are checked and assessed for their understanding after training ⑧Dispatch a monthly email newsletter (ONO Compliance Report) 	✓ Zero significant compliance violations 1. <ul style="list-style-type: none"> ✓ Measures ① through ⑧ have been implemented as planned ✓ Our Compliance Department has conducted training by department for all employees based on the significant compliance violations recognized in FY2020. We also conducted anti-bribery e-learning training for all employees.
②Work through the companywide compliance PDCA cycle with a compliance committee in which members of company management participate KPI ✓ At least four times a year	We held four compliance meetings	① <ul style="list-style-type: none"> ✓ Conduct all department leader training based on the legislation covering prevention of power harassment ✓ Conduct an employee awareness survey on compliance and harassment to incorporate survey results on the formation of measures by each department ✓ Conduct sales department training (rules, guidelines, codes) ✓ Conduct e-learning training (twice a 	✓ Training attendance rate: 100%		

Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in FY2021
		year) ✓ Distribute an email magazine on compliance KPI ✓ Training attendance rate: 100%		2. Enhance compliance management of overseas subsidiaries of our group and collaborate with Enterprise Risk Management to take following company-wide measures ① Conduct compliance training: Focus on important compliance in training according to business plan ② Enhance global compliance management: Make a road map for global business development in next three years	2. ✓ Conducted training on important compliance themes according to the business plans of each overseas subsidiary ✓ Established an overseas liaison department to strengthen our systems, and promoted the enhancement of personnel at overseas subsidiaries (recruiting compliance specialists, etc.) ✓ Formulated a road map based on global business development.
	We acquired the whistleblowing compliance management system certification (self-declaration of conformity registration system) administered by the Japan Institute of Business Law	②Hold a compliance meeting in which members of company management participate every quarter to work through the companywide compliance PDCA cycle	✓ Four compliance meetings were held as scheduled		

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

①Use materials reviewed and approved by the department auditing activities to disseminate marketing information for promotional purposes KPI ✓ Achieve a 100% usage rate of reviewed and approved materials	We achieved a 100% usage rate of reviewed and approved materials	Implement the following initiatives, with the aim of reducing the number of significant compliance violations* to zero * Compliance violations that have a great impact on sales and profits KPI ✓ Number of significant compliance violations: Zero	✓ Number of significant compliance violations: 1 * Case charged with bribery in February 2021 (and judged guilty in June 2021). The same case is mentioned in "Thorough Compliance"	Implement the following initiatives with the aim of reducing the number of significant compliance violations* to zero *Compliance violations that have a great impact on sales, profits and the society KPI ✓ Number of significant compliance violations: Zero ①Enhance governance: Review and ensure adherence to internal rules of marketing activities, as well as legal compliance Establish a reporting/notifyng system (to superiors) to prevent inappropriate activity and conduct regular internal training of all salespersons	✓ Zero significant compliance violations ① <ul style="list-style-type: none"> Redeveloped internal rules and operating procedures. As a reporting system to prevent inappropriate activities from occurring, we also created a reporting system that allows for regular management meetings to be held (once a month) and for cases of violations using self-check sheets and incidents to be shared and consulted. Regular in-house training and internal testing for all salespersons.
②At company-hosted lectures, request that presenters provide information appropriately in keeping with company-internal rules that	The acceptance rate was 100%. (The rate for prior confirmation of slides was 61%.)	①Conduct internal training for all employees involved in sales activities so that they act in compliance with the guidelines for	✓ Six times a year		

Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in FY2021
conform to guidelines KPI ✓ Acceptance rate: 100%		activities to disseminate marketing information KPI ✓ Four times a year		②Guidelines for activities to disseminate marketing information (lecture): · Check for slides for company-hosted lectures in advance to prevent information provision that violates the guideline KPI ✓ Rate for prior confirmation of slides: 100% · Ensuring the provision of well-balanced information on safety and efficacy at company-hosted lectures KPI ✓ Provision of safety information at all company-hosted lectures	② ✓ 99.7% confirmation of slides in advance before company-hosted lectures ✓ 99.6% of company-hosted lectures were able to provide safety information
③Conduct internal training for all employees involved in sales activities KPI ✓ Four times a year	The training was conducted six times a year	②At company-hosted lectures, request that presenters provide information appropriately in keeping with internal company rules that conform to the guidelines, and check slides in advance KPI ✓ Rate for prior confirmation of slides: 100%	✓ Rate for prior confirmation of slides for lecture: 99%	③Guidelines for activities to disseminate marketing information (interview): Build a system that allows appropriate provision of information to healthcare professionals during interviews with them KPI ✓ Number of MRs who provide information inappropriately: Zero 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) KPI ✓ A system is established to assess MR activity regularly, determine the causes and take measures under the responsibility of the director of sales office	③ ✓ Recognized three MRs who provided inappropriate information, and therefore provided guidance on an individual basis. ④ ✓ Created a system that conducts regular assessments and responses to MR activities
		③The director of each sales office conducts an assessment to check whether the following activities are appropriately conducted at the time of accompanying his/her office members 1) Activities to disseminate information at the time of interview 2) Check slides used at company-hosted lectures in advance If the activities are inadequate, clarify the reasons for such activities and consider countermeasures against	✓ Assessment was conducted once a month to extract issues to be addressed and take measures		

Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in FY2021
		<p>them. Then report the countermeasures to the Head Office for discussion</p> <p>KPI</p> <p>✓ Conduct an assessment once a month</p>			

Response to climate change

Medium- to long-term targets : Reduce CO₂ 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> <p>✓ Obtain approval of the SBT target set</p> <p>✓ A 4% reduction in CO₂ emissions (Scope 1 and 2) compared to the previous year</p>	<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> <p>✓ A reduction of 12.6% compared to FY2017 (Scope 1 and 2)</p> <p>②Increase the usage rate of renewable energy.</p> <p>KPI</p> <p>✓ At least 12.6%</p> <p>③Announce our participation in RE100 (an international initiative that aims for 100% usage of renewable energy in business operations by 2050)</p>	<p>✓ Reduction by 12.6% compared to FY2017 (Scope 1 and 2)</p> <p>✓ Renewable energy usage: 13.2%</p> <p>Participation in June 2020</p>	<p>① Continue to work to reduce GHG emissions</p> <p>KPI</p> <p>✓ A reduction of 16.8% compared to FY2017 (Scope 1 and 2)</p> <p>②Increase the usage rate of renewable energy (renewable energy use/total electricity consumption)</p> <p>KPI</p> <p>✓ At least 16.8%</p> <p>③Take measures to abolish all devices using ozone-depleting substances</p> <p>KPI</p> <p>✓ Make a road map</p>	<p>①</p> <p>✓ Achieved a 20.9% reduction compared to FY2017 (Scope 1+2)</p> <p>②</p> <p>✓ 17.0%</p> <p>③</p> <p>✓ Identified devices using ozone-depleting substances and formulated a plan for total abolition by FY2024</p>
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Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in 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 individual packaging in additional five products (currently for eight 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	1. ✓ Departments in charge conducted 86 on-site investigations at medical sites to identify medical needs ✓ Improved five products ✓ Added seventh products that use FSC®-certified paper for individual packaging ✓ Adoption of biomass plastics: Currently in the process of conducting detailed examinations in four development product projects (conducting stability tests, etc.)

Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in FY2021
				continuity manual KPI ✓ Appropriate stock months are maintained by product	2. ✓ Secured an appropriate number of stock months for each product
Strengthening of corporate governance Medium- to long-term targets : Establish an effective corporate governance system to achieve our sustainable growth					
—	—	—	—	① Improve 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 ② Establish governance for sustainable growth: · Continue monitoring risk management-related measures by the Board of Directors	① ✓ Established opportunities for explaining and discussing the status of governance through ESG briefings and IR/SR activities, etc. ✓ Made progress in improving the function of the Board of Directors through evaluations of the effectiveness of the Board of Directors (enhanced discussions regarding medium- to long-term management issues, changed the chair of Executive Appointment Meeting and Executive Compensation Meeting to an outside director, started reviewing the remuneration system after the introduction of stock options, etc.) ② ✓ Continuously conducted reports on risk management at board meetings

Targets for FY2019	Progress results in FY2019	Targets for FY2020	Progress results in FY2020	Targets for FY2021	Progress results in 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	✓ CSR evaluation system of EcoVadis indicated that overall score increased by 3.3 points on average	①Enhance CSR procurement for supply chain management: <ul style="list-style-type: none"> 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	① ✓ Conducted a CSR risk analysis of entire supply chain ✓ The review of the CSR procurement policy and guidelines are underway ✓ Employee training has not been completed ② ✓ EcoVadis's sustainability assessment shows that the score for two target companies is up by eight points
		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	✓ Number of companies with no increase in score compared to previous year: 5	②Continue supporting the companies that have not met our standards to improve their initiatives KPI ✓ Overall score of each company	

ONO SWITCH Project: Targets and Progress of Partners in FY2018

Partners (Activity area supported by our company)	FY2018 plans	FY2018 progress
National Network for Supporting Children with Intractable Diseases (Japan)	Hold symposia to promote understanding of intractable diseases.	<p>1. A symposium was held in Tokyo in January 2019. Lectures about school life and the education of children under medical treatment were held.</p> <p>2. A camping event was held on Awaji Island, targeting families with children with intractable diseases. Sixty people participated in the event.</p>
Japan Committee, Vaccines for the World's Children (Bhutan)	<p>Provide DPT vaccines and hepatitis B vaccines to be used in Bhutan throughout the year.</p> <p>Start developing an infrastructure for cold chains (a system to transport vaccines at low temperatures to points of consumption).</p>	Funds were contributed for the provision of DPT vaccines and hepatitis B vaccines to be used in Bhutan next FY year, as well as Ice Line coolers for refrigerating the vaccines.
Japan Heart (Cambodia)	<p>Provide one person with healthcare professional education every year.</p> <p>Have 100 people receive healthcare professional education.</p>	<p>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.</p> <p>2. BLS training was provided to 266 people.</p> <p>Participant breakdown:</p> <p>190 seniors from Cambodia-Japan Friendship High School</p> <p>24 Japan Heart scholarship students</p> <p>37 staff from Japan Heart Children's Medical Center</p> <p>15 staff from Ponnell Hospital</p> <p>Neonatal cardiopulmonary resuscitation (CPR) training was provided to 24 local medical professionals.</p> <p>A child birthing simulator was used in a delivery training workshop for two Cambodian midwives.</p>

ONO SWITCH Project: Targets and Progress of Partners in FY2019

Partners (Activity area supported by our company)	FY2019 plans	FY2019 progress
Japan Committee, Vaccines for the World's Children (Bhutan)	<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.
Japan Heart * (Cambodia)	<ol style="list-style-type: none"> Improve equipment/infrastructure at Japan Heart Children's Medical Center. <ul style="list-style-type: none"> Introduce a new CBC measuring device*5(automated blood cell analyzer). <ol style="list-style-type: none"> Provide support for healthcare professional education. <ul style="list-style-type: none"> Support for students who aim to become healthcare professionals. <p>Continue support for a nursing student whom we have supported since FY2018.</p>	<ol style="list-style-type: none"> Replaced the aging CBC measuring device, which frequently malfunctioned, with a new one, enabling accurate tests to be performed within the Center in a timely manner. Without relying on other hospitals, the Center has become able to detect severe dengue infection early, perform accurate tests on child cancer patients and postpartum mothers, and obtain reliable results. Also, not relying on other hospitals for testing has led to a reduced financial burden for patients. Support for students who aim to become healthcare professionals. <p>The Cambodian nursing student whom we are supporting are working hard learning about nursing care and improving her language skills.</p>
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.

*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

ONO SWITCH Project: 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>	<p>•DPT vaccines for 50,000 people were provided. (100% elimination of the shortage of vaccines for two-year-old children)</p> <p>•Hepatitis B vaccines for 8,000 people were provided. (100% elimination of the shortage of vaccines for infants within 24 hours of birth)</p> <p>•Five vaccine refrigerators were provided and are still in use.</p>
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> <p>•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>
	<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> <p>•Attended classes mainly online.</p> <p>•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>

Partner (Activity area supported by our company)	FY2020 plans	FY2020 progress
<p>Japan Heart (Cambodia)</p>	<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>Number of people who received awareness-raising materials (target: 4,000 people)</p> <p>KPI: 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.

Partner (Activity area supported by our company)	FY2020 plans	FY2020 progress
Future Code (Bangladesh)	PCR testing equipment for detecting the novel coronavirus or X-ray equipment to the new hospital KPI : In the case of PCR testing equipment, conduct 50 PCR tests a day, of which at least 10% should be given to the poor.	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.
	Conduct health checkups at orphanages and hygiene education at orphanages and elementary and junior high schools KPI : Number of participants in hygiene education sessions: 50 (number of times sessions are conducted: at least once a year)	<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.

Partner (Activity area supported by our company)	FY2020 plans	FY2020 progress
<p>People's Hope Japan (Myanmar)</p>	<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>

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Social Data

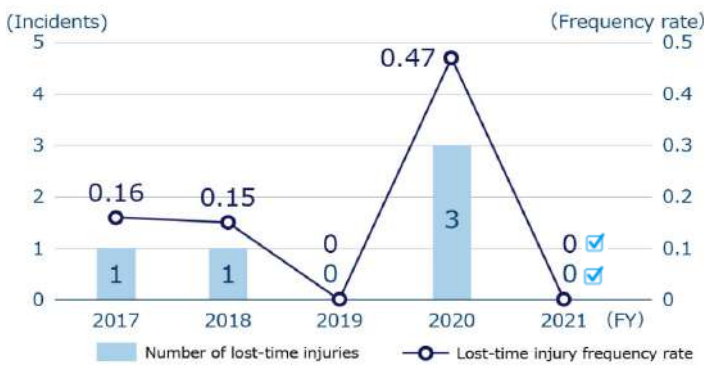
Occurrence of occupational injuries

Item	Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Number of lost-time injuries	Non-consolidated (Employees)	Incidents	1	1	0	3	0
	Non-consolidated (Temporary employees) *2	Incidents	-	-	1	0	0
Lost-time injury frequency rate*1	Non-consolidated (Employees)	-	0.16	0.15	0	0.47	0
	Non-consolidated (Temporary employees) *2	-	-	-	2.09	0	0
Number of fatalities due to occupational accidents	Non-consolidated (Employees)	Persons	0	0	0	0	0
	Non-consolidated (Temporary employees)	Persons	0	0	0	0	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 non-consolidated

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

Environmental Data

The scope of environmental data is non-consolidated basis.

GHG emissions

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

Item	Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
GHG emissions (Market-basis)	Production and research sites	kt-CO ₂	27.2	26.1	25.2	24.1	21.8
	Headquarters and other Sites in Japan (including tenant locations)	kt-CO ₂	2.6	2.4	2.1	2.0	1.7
	Total	kt-CO ₂	29.8	28.5	27.3	26.1	23.6
GHG emissions scope breakdown (Market-basis)	Scope 1 (Breakdown by GHG type)	Energy-derived	8.5	9.0	9.7	10.0	9.8
		Non-energy-derived (HFCs, HCFCs)	0.2	0.5	0.4	0.1	0.03
		Total	8.7	9.5	10.1	10.1	9.8
	Scope 2	All operation sites	21.1	19.1	17.1	15.9	13.7
Amount of CO ₂ offset due to voluntary credit (Carbon-neutral city gas purchased)	Joto Pharmaceutical Product Development Center, Tsukuba Research Institute	kt-CO ₂	-	-	-	-	0.6
GHG emissions after offset	All operation sites	kt-CO ₂	-	-	-	-	23.0

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, 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, the amount of renewable energy certified under the J-Credit Scheme and the Non-Fossil Fuel Certificate quota are deducted

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GHG emissions in the value chain (Scope3)

Category		Calculation method ³	Notes	Scope	Unit	FY2017	FY2018	FY2019	FY2020	<input checked="" type="checkbox"/> FY2021
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.	-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 FY2021 are not calculated because our major suppliers had not published their CSR reports at the time of calculation.	All operation sites	kt-CO ₂	8.5	8.1	11.5	12.7	-
Cat2	Capital goods	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.		kt-CO ₂	52.6	60.4	26.9	25.8	26.4
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	2.8	2.7	2.4
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	2.5	2.3	4.0	0.4	0.5
Cat7	Employee commuting	Commuting costs, multiplied by emission factor ⁴	-		kt-CO ₂	0.4	0.4	0.5	0.4	0.7
Cat8	Upstream leased assets	Fuel consumption used in leased vehicles, multiplied by emission factor	-		kt-CO ₂	3.5	3.3	2.9	2.0	2.1
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 FY2021 are not calculated because our major pharmaceutical wholesalers had not published their CSR reports at the time of calculation.		kt-CO ₂	5.3	5.3	4.9	5.0	-
Cat10	Processing of sold products	-	ONO makes 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	0.1	0.2	0.2	0.2	0.1
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	75.1	82.2	54.4	49.8	-

*3 The emission factors used for calculation are figures stated in the "Emission Factor Database on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (FY2017, Ver. 2.4; FY2018, Ver. 2.6; FY2019, Ver. 3.0; FY2020, Ver. 3.1; FY2021, Ver. 3.2)," published by the Ministry of the Environment, Government of Japan.

*4 The commuting costs includes the amount for commuting by car from 2021.

Categories 1 and 9 of scope 3 and their total for FY2021 are not calculated because our major suppliers and pharmaceutical wholesalers had not published their CSR reports at the time of calculation. Only category 2 of scope 3 is consolidation.

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Energy consumption

Item			Scope	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Energy consumption			Production and research sites	MWh	83,906.2	88,423.4	96,369.2	98,025.2	<input checked="" type="checkbox"/> 94,433.7
			Headquarters and other Japan offices/sites (including tenant locations)	MWh	5,256.9	5,340.4	5,236.4	5,179.1	<input checked="" type="checkbox"/> 5,004.3
			Total	MWh	89,163.1	93,763.8	101,605.6	103,204.3	<input checked="" type="checkbox"/> 99,438.0
Share of renewable energy in total electricity consumption	Electricity consumption	Private power generation (renewable) (solar power generation)	All operation sites	MWh	55.3	65.0	63.0	63.3	61.9
		Purchased electricity (renewable) (Non-fossil fuel)		MWh	-	-	1,278.0	1,954.7	2,040.0
		Private power generation (non-renewable)		MWh	7,927.0	8,856.2	8,185.3	8,566.3	8,283.7
		Purchased electricity (non-renewable)		MWh	41,820.1	43,734.4	46,351.7	45,232.2	42,833.5
		Total (total electricity consumption)		MWh	49,802.4	52,655.5	55,878.0	55,816.5	53,219.2
	Amount of credits purchased	Solar power generation		MWh	-	-	2,427.0	4,946.6	3,937.9
		Biomass power generation		MWh	-	2,900.0	2,460.9	386.2	3,000.0
	Renewable energy usage ^{*5}			MWh	55.3	2,965.0	6,228.9	7,350.7	<input checked="" type="checkbox"/> 9,039.9
	Renewable energy usage rate (renewable energy usage / total electricity consumption)			%	0.1	5.6	11.1	13.2	<input checked="" type="checkbox"/> 17.0

Sites where data were collected: Fujiyama Plant, Yamaguchi Plant (added from FY2018), Joto Pharmaceutical Product Development Center, 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	FY2017		FY2018		FY2019		FY2020		<input checked="" type="checkbox"/> FY2021	
			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	205.6	148.6	240.2	178.4	185.0	145.1	157.8	125.0	138.7	110.2
Yamaguchi Plant	Fushino River	River	-	-	8.2	8.2	18.1	18.1	18.6	17.7	21.6	20.0
Joto Pharmaceutical Product Development Center	Yodo River	Sewer	5.5	5.5	6.0	6.0	5.1	5.1	4.6	4.6	3.9	3.9
Minase Research Institute	Yodo River	Sewer	51.3	51.3	41.2	41.2	39.1	39.1	33.7	33.7	31.5	31.5
Fukui Research Institute	Kuzuryu River	Sewer	38.7	5.2	31.3	5.0	27.3	5.7	13.7	2.6	6.6	1.9
Tsukuba Research Institute	Lake Kasumigaura	Sewer	8.1	8.1	6.0	6.0	7.1	7.1	7.2	7.2	7.0	7.0
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	10.0	10.0
total			325.1	234.6	348.0	259.9	296.7	235.2	245.6	200.8	219.4	184.5

Sites where data were collected: Fujiyama Plant, Yamaguchi Plant (added from FY2018), Joto Pharmaceutical Product Development Center, 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	FY2017	FY2018	FY2019	FY2020	<input checked="" type="checkbox"/> FY2021
Industrial waste	Waste generated		Production and research sites, etc.	t	719.1	446.4	430.8	502.7	479.1
	Special management industrial waste (hazardous waste) ^{*7}		Production and research sites, etc.	t	137.0	145.6	161.9	171.2	170.3
	Final landfill disposal		Production and research sites, etc.	t	7.4	0.4	0.2	1.1	0.2
	Final landfill disposal rate		Production and research sites, etc.	%	1.0	0.1	0.1	0.2	0.04

Sites where data were collected: Fujiyama Plant, Yamaguchi Plant (added from FY2018), Joto Pharmaceutical Product Development Center, Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, logistics centers (added from FY2021)

The final industrial landfill disposal volume of industrial waste in FY2017 was calculated with inclusion of the amount of waste (5.8 tons) from the renovation of the Joto Pharmaceutical Product Development Center.

*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.

Independent Practitioner's Assurance Report

July 22, 2022

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, 2022 (the "Sustainability Data") included in the "SUSTAINABILITY DATA 2022(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 for the fiscal year ended March 31, 2021

(Billions of yen, unless otherwise stated)

	JAPAN	USA	UK	KOREA	TAIWAN	Adjustments	Consolidated Total
Revenues	308.7	0.9	1.3	2.8	3.5	△8.0	309.3
Profit before tax	100.9	0.0	0.1	0.2	0.2	△0.6	100.9
Income taxes paid	33.8	0.0	0.0	0.1	0.1	—	34.1
Income tax expense	25.4	0.0	0.0	0.1	0.0	△0.1	25.4
Number of Employees (Persons)	3,462	32	35	40	38	—	3,607

The above reported figures are prepared based on the figures of our group companies located in the above countries.

This is the latest information available at this time (as of March 2022).

