

CSR Report 2019

Be passionate challengers



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About the CSR Report

Editing Policy

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

Organization covered by the report

ONO PHARMACEUTICAL CO., LTD

* The report partly contains our group companies' activities.

Period of time covered by the report

FY 2018 (from April 2018 to March 2019)

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

Publication date

September 2019

Reference guidelines

GRI (Global Reporting Initiative) ' GRI Standards '

' ISO26000 '

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

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

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

Independent Practitioner's Assurance

As for the categories of sustainability information,  each of which is disclosed and indicated with the icon check in our CSR Report 2019, 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, and CEO
Gyo Sagara

Since its establishment in 1717, ONO has resolutely pushed forward in the pharmaceutical industry under the corporate philosophy "Dedicated to Man's Fight against Disease and Pain." We aim to contribute to society by developing pharmaceutical products that truly benefit patients, and we will continue to tackle diseases that have not been overcome, as well as the disease areas where the satisfaction level with the treatment is still low among patients and medical needs are high.

As a company that delivers pharmaceutical products affecting the lives and quality of life of patients, we always engage with the community with a sincere and faithful attitude and making efforts to further strengthen our compliance system on a company-wide scale, so as not only to comply with laws and regulations but also to act in accordance with high ethical standards.

As our company continues to grow toward the achievement of global specialty pharma, it goes without saying that we must pursue innovative drug discovery efforts. At the same time it is also necessary to continually strengthen our efforts with respect to the environment, society and corporate governance. We set the ONO PHARMACEUTICAL Codes of Conduct as the basis of our CSR management, and center our activities around materialities (priority CSR issues). By implementing PDCA cycles for each materiality, we move forward with CSR activities that each stakeholder expects us to have including environmental, social and corporate governance. In doing so, I believe that we can thereby achieve sustainable development for both our company and society. I also promise that we will contribute to the achievement of our 2030 Sustainable Development Goals (SDGs).

ONO's Approach to CSR

Materiality (Important CSR Issues)

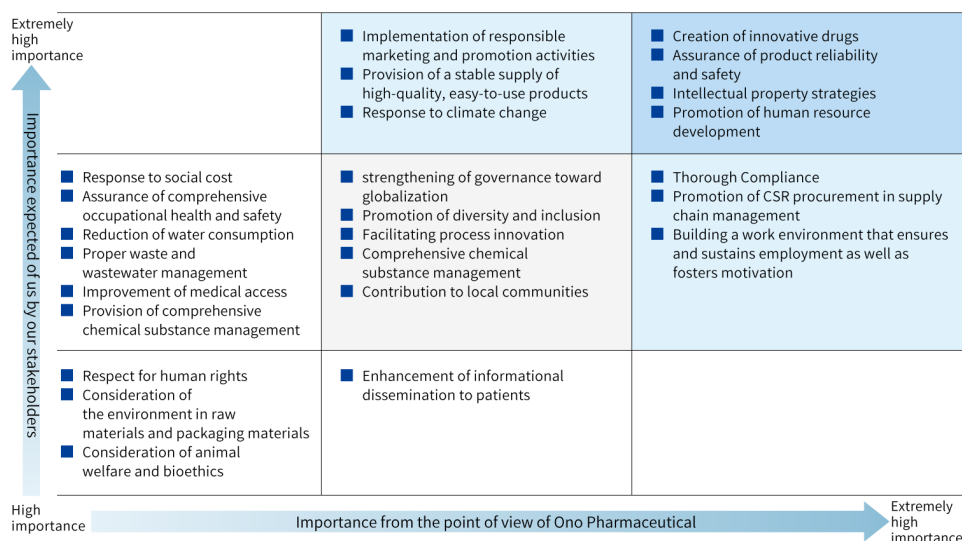
ONO has striven in CSR by defining important areas of focus based on the ISO 26000. In fiscal 2018, in addition to responding to external requirements, we redefined our materiality (important CSR issues) to clarify CSR themes which we should emphasize. ONO actively engages in CSR according to the new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

Step 1: Identify the Issues

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

Step 2: Analyze Materiality

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



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

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

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

Step 3: Verify Validity

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



Makiko Akabane

Japan Representative, CSR Asia

Materiality Unique to ONO PHARMACEUTICAL

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

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

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



Kenji Fuma

Chief Executive Officer, Neural Inc.

Incorporating a Long-term Financial Perspective even in Materiality

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

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

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

Step 4: Review

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

Materiality Targets and Relevant Sustainable Development Goals (SDGs)

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

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

Materiality	Medium- to long-term targets	Plan and KPI for Fiscal 2019	Relevant SDGs
Creation of innovative drugs	Contribute to the health of people all over the world by satisfying unmet needs through the discovery and manufacture of innovative pharmaceutical products	① Speed the drug discovery process and shorten each phase of research and development	  
		② Use open innovation to expand the development pipeline focusing on key areas of research including cancer, immune diseases, central nervous system diseases and specialty domains	
Intellectual property strategies	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	① Spread awareness of the crucial nature of intellectual property, and hold talks and exchanges of views in every department in order to create opportunities to uncover company-internal intellectual property	 
		② Establish specific lifecycle management strategies for each compound in order to maximize product value	
		③ Engage in external information exchange to build a foundation for intellectual property utilization in order to improve access to healthcare	

Materiality	Medium- to long-term targets	Plan and KPI for Fiscal 2019	Relevant SDGs
Promotion of human resource development	Develop human resources able to actively participate on the world stage so that each and every employee can take their own initiative in their duties and carrier and take action as passionate challengers to deliver better pharmaceutical products to patients.	① Engage 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 ② At company-hosted lectures, request that presenters provide information appropriately in keeping with company-internal rules that conform to guidelines KPI 100% acceptance rate. ③ Develop independent human resources by expanding elective training that employees can choose to participate in and enhance support for self-improvement by employees. Ono also nurtures a climate of growth where employees stimulate learning in one another. KPI At least 20% for the participation rate in self-improvement programs ④ Develop 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	  
Assurance of product reliability and safety	Raise awareness in each and every employee about the importance of the reliability and safety of products by properly promoting quality management and safety management operations.	Accurately and reliability execute quality management and safety management operations. ① Identify and eliminate the causes of problems as well as prevent recurrence in addition to strengthening Corrective and Preventative Actions (CAPA) that measure potential factors that cause those problems. KPI Reduce the number of incidents and recurrence of problems in quality management and safety management operations compared to fiscal 2018. ② Conduct internal training. KPI Conduct training at least once a year with a 100% attendance rate as follows: 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.	

Materiality	Medium- to long-term targets	Plan and KPI for Fiscal 2019	Relevant SDGs
Implementation of responsible marketing and promotion activities	Engage in activities that properly disseminate information in accordance with the guidelines for activities to disseminate marketing information about pharmaceutical products.	① Use materials reviewed and approved by the department auditing activities to disseminate marketing information for promotional purposes. KPI Achieve a 100% usage rate of reviewed and approved materials	  
		② At company-hosted lectures, request that presenters provide information appropriately in keeping with company-internal rules that conform to guidelines. KPI Acceptance rate: 100%.	
		③ Conduct internal training for all employees involved in sales activities. KPI Four times a year	
Provision of a stable supply of high-quality, easy-to-use products	Create product designs able to ensure reliable quality and establish a stable supply system.	Actively use frameworks to rapidly extract on-site medical demand as well as treatment needs to employ the medical needs that we discover in new products and product modifications.	 
	Understand new medical needs and expand product designs.		
Building a work environment that ensures and sustains employment as well as fosters motivation	Instill pride in all of our employees about working in the pharmaceutical industry, help employees reach their full potential in diverse situations, and further establish a workplace environment where everyone can actively participate to aid in ensuring and sustaining employment.	① Work to promote diversity and improve work-life balance as well as build a workplace environment in which diverse human resources can actively participate with motivation by establishing and operating human resource policies as well as other programs. KPI Acquire the Platinum Kurumin Certification and improve employee use of annual paid leave.	  
		② Promote awareness and engage in health management initiatives. KPI Consistently earn recognition as a Certified Health & Productivity Management Outstanding Organization (Health and Productivity Management 500), encourage employees to stop smoking during work hours as well as achieve at least a 95% rate of employees undergoing physical examinations and stress checks	

Materiality	Medium- to long-term targets	Plan and KPI for Fiscal 2019	Relevant SDGs
Response to climate change	Reduce CO ₂ emissions by 50% by 2030 (compared to FY2017 figures)	Establish goals that integrate scientific knowledge, and undertake CO₂ emissions reductions toward meeting those goals KPI Obtain approval of the SBT target set A 4% reduction in CO₂ emissions compared to the previous year	    
Promotion of CSR procurement in supply chain management	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	   
Thorough Compliance	Improve awareness about organizational compliance and strengthen auditing systems in an effort to eliminate any regulatory or compliance violations.	① Conduct compliance training. KPI Achieve a 100% attendance rate of all employees ② Work through the companywide compliance PDCA cycle with a compliance committee in which members of company management participate. KPI At least four times a year	

CSR Promotion Structure

To promote CSR activities, we have the CSR Committee in place, chaired by the Director, Senior Managing Executive Officer. The Committee, which mainly consists of managers from various divisions, deliberates and makes decisions on important issues and subjects in the six priority areas for CSR activities. The activities of the Committee are regularly reported to the management.



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 will comply with relevant laws and disseminate the Ten Principles of the Global Compact through our daily activities to ensure that all employees follow them.

The Ten Principles of the UNGC

《Human Rights》

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

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

《Labour》

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

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

Principle 5: the effective abolition of child labour; and

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

《Environment》

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

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

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

《Anti-Corruption》

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



Our Contribution to the SDGs



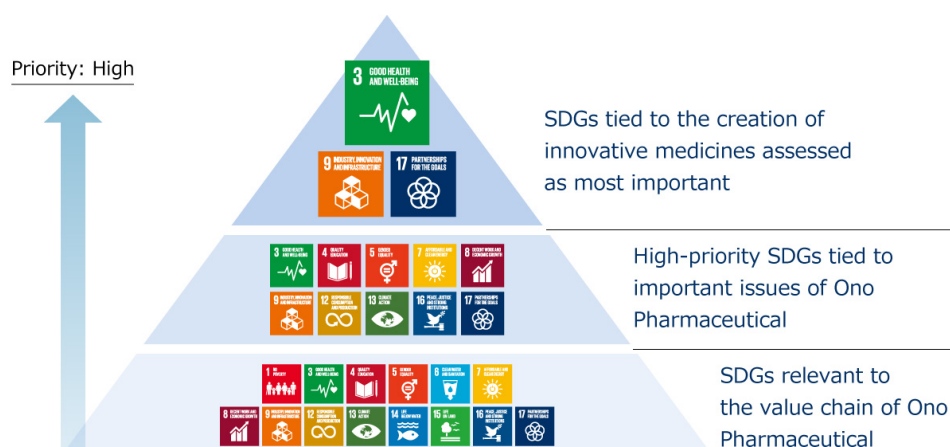
Contribution by ONO PHARMACEUTICAL to the SDGs

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

We strive to realize Goal 3: Ensure healthy lives and promote well-being at all ages as a research and development company specializing in prescription drugs based on our corporate philosophy to be dedicated to man's fight against disease and pain. In response to the mortality rate of non-communicable diseases raised as a goal of the SDGs, we began to concentrate our research area into diseases such as cancers, immunological diseases and central nervous system disorders to contribute to the creation of original and innovative therapeutic medications for diseases for which medical needs have still not yet been satisfied. Furthermore, in addition to aid for diphtheria, whooping cough, diphtheria toxoid and tetanus toxoid vaccines as well as the hepatitis B vaccine to address infectious diseases, ONO PHARMACEUTICAL contributes to therapeutic medications with low marketability, such as malaria, tuberculosis, neglected tropical diseases, as well as new development, such as vaccines and diagnostic pharmaceuticals, through participation in the Global Health Innovative Technology Fund.

In terms of Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation, ONO PHARMACEUTICAL contributes to encouraging innovation and building research and development infrastructure. To vitalize research and development in order to create new drugs, we will of course not only invest in internal research and development but also provide grants, such as those for investigator-initiated clinical trials. Furthermore, the ONO Medical Research Foundation and ONO Pharma Foundation promote research to help build a bedrock for innovation through research grants to researchers overseas.

Moreover, we cannot separate ourselves from the duty to promote innovation or from Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development. We will not only provide innovative drugs independently but also seek out and achieve a wide range of partnerships. Before "open innovation" became a commonly used phrase, ONO PHARMACEUTICAL advanced the development of new drugs through the use of state-of-the-art technology and expertise from various fields worldwide. At the same time, we have been actively working to introduce and draw on new candidate compounds for pharmaceuticals. In addition to alliances with venture companies and other pharmaceutical companies, we form partnerships with a wide range of stakeholders from universities and research institutes to government agencies, local communities and NPOs in an effort to resolve problems via open innovation. A list of our main partnerships can be found [here](#).



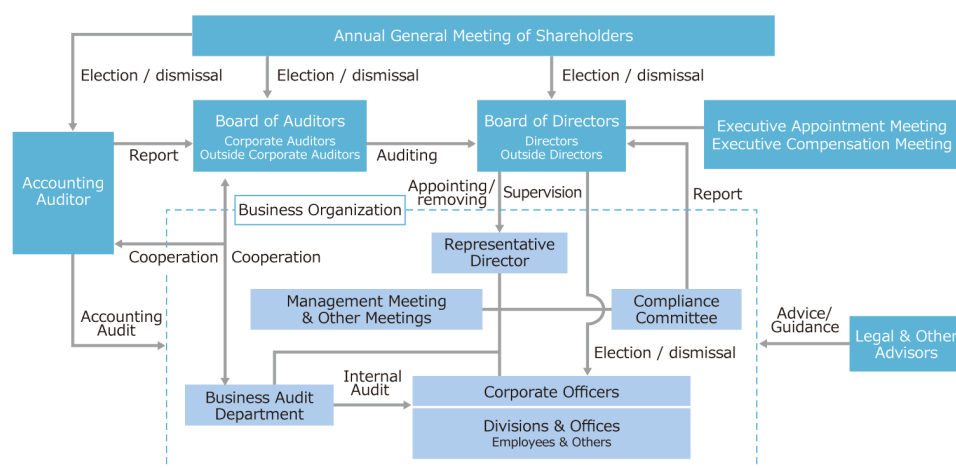
Governance : Corporate Governance

To ensure the trust of all of our stakeholders and increase our corporate value, ONO PHARMACEUTICAL believes it is vital not only to comply with laws and regulations but also to enforce management transparency and strengthen corporate governance.

Corporate Governance Structure

As part of our endeavors to strengthen corporate governance, ONO has adopted an organizational framework with a Corporate Auditor (or Board of Corporate Auditors) whose task is to focus on enhancing the functions of the Board of Directors and the Board of Corporate Auditors.

Corporate Governance Structure



Board of Directors

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

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

Board of Auditors

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

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

Executive Appointment Meeting

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

Executive Compensation Meeting

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

Outside Directors / Outside Auditors

The outside directors attended all meetings of the Board of Directors held in FY 2018. From an independent and objective standpoint, they oversee our business operations and take part in our decision-making process. They are involved in the process of making important decisions such as nomination of officers and executive compensation, help to ensure the transparency and objectivity and enhance the functions of the board by serving as members of the Executive Appointment Meeting and the Executive Compensation Meeting. In FY 2018 the Executive Appointment Meeting was held twice and the Executive Compensation Meeting was held twice, and all meetings were attended by the outside director.

The outside auditors attended all meetings of the Board of Directors and the Board of Auditors held during fiscal 2018. As experts in law and corporate accounting, the outside auditors carry out the audits from an independent and objective standpoint to ensure that our management remains sound and strong.

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

Corporate Governance Code

As for the Corporate Governance Code stipulated by the Tokyo Stock Exchange, while taking into account all principles (general principles that respectively specify the five issues of securing the rights and equal treatment of shareholders, appropriate cooperation with stakeholders other than shareholders, ensuring appropriate information disclosure and transparency, responsibilities of the board, and dialogue with shareholders, as well as the principles that embody the general principles and supplementary principles), we are committed to improving the efficiency, soundness and transparency, etc. of the management, and promoting our system more suitable for our business operations, through the evaluation on the effectiveness of the annual meeting of the Board of Directors.

Internal Control System

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

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

Operational Management Structure

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

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

Information Disclosure

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

We disclose financial results and other timely disclosure information on our website and at the same time through T Dnet, the timely disclosure network of the Tokyo Stock Exchange. Information that is not subject to the timely disclosure rules is also disclosed swiftly through our website and by other means. For securities analysts and institutional investors, we actively hold individual meetings and phone conferences in addition to a financial results briefing or a conference call at the time of each quarterly statement, having held 220 meetings in total in FY 2018. We also participate diligently in investor conferences sponsored by securities firms and the like in order to facilitate individual investors' understanding of our business activities and management strategy.

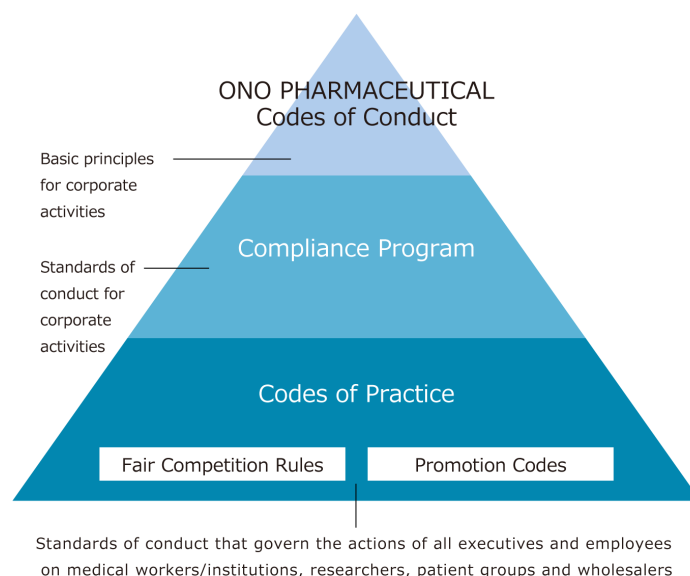
Our website contains an IR library that provides useful current and past data, including development progress updates, as well as financial highlights for the last five years. Also, we endeavor to convey our corporate information to a wider range of people in an easy to understand manner by issuing business reports (shareholder newsletters) and corporate reports. We will disclose the information more accurately and promptly.

Governance : Compliance

Being aware of responsibilities as a pharmaceutical company dealing in pharmaceuticals upon which human lives depend, ONO PHARMACEUTICAL has the Ono Pharmaceutical Code of Conduct to ensure that it acts in compliance with laws and regulations and that it meets high ethical standards. We thoroughly train all employees to ensure compliance and promote proper procurement activities in cooperation with suppliers.

ONO PHARMACEUTICAL's Compliance System

Our compliance system consists of the Ono Pharmaceutical Code of Conduct as basic guidelines for corporate activities, the Compliance Program as a behavioral standard for its activities, and the Code of Practice based on pharmaceutical industry standards related to promotional activities. In practicing the compliance system, we are repeatedly informing our employees about ensuring transparency, preventing fraud and corruption, constantly being conscious of domestic and international social conditions. We will continue to recognize our ethical philosophy as a pharmaceutical company and will make every effort to further improve compliance in line with our compliance system.

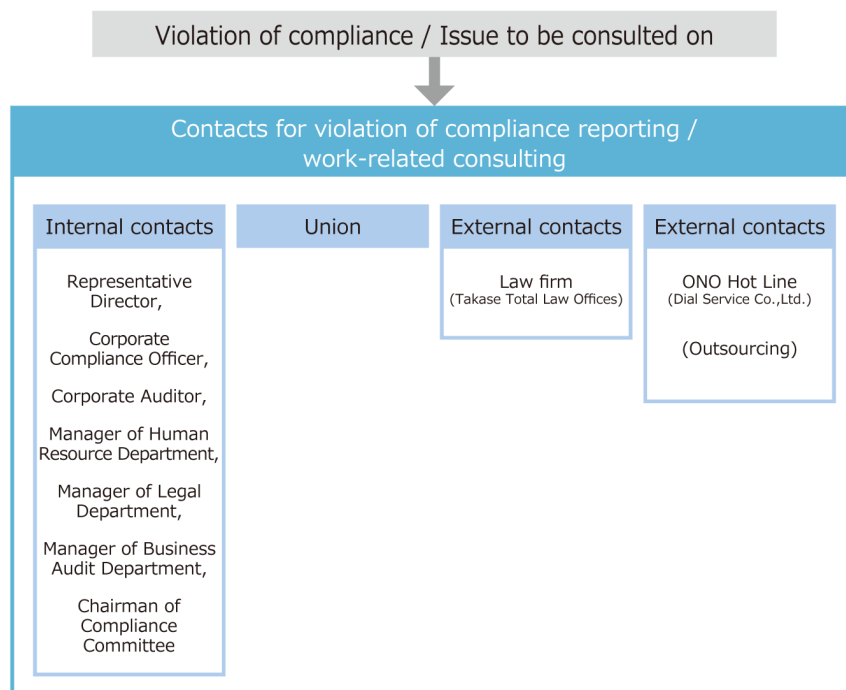


Compliance Promotion Initiatives

Compliance Promotion System

To promote compliance, we have appointed a Corporate Compliance Officer and set up a Corporate Committee. The Corporate Committee examines and deliberates on compliance-related issues, plans and promotes relevant training programs, and checks to what extent such compliant related matters are shared and understood within the company in cooperation with the internal auditing department. We have internal and external contacts (refer to the chart below) including a 24-hour external contact service named the ONO Hot Line, which was set up in 2015 for compliance issues as well as a system to ensure that informants can directly report to or consult with top management—that is, the Representative Director, the Corporate Compliance Officer, and the Corporate Auditors. Under this system, compliance violations including harassment can be prevented, appropriate work environment can be ensured, and necessary measures can be taken to minimize any loss of credibility in the event of a compliance violation. We ensure that the matters including reporting person's name, reported content, and his/her privacy are strictly kept confidential to other than those involved in the survey, and support anonymous reporting. In addition, we will never bring detriment to such a reporting person solely because of use of the system.

In particular, with regard to harassment, not only do we provide training courses for management staff, but we also include harassment and other issues in the sessions conducted by external lecturers, thereby enhancing awareness of compliance. We provide guidance to associated group companies in creating systems and rules to prevent the occurrence of noncompliance, and we strongly urge our affiliates and suppliers to do the same. We also continue enhancing the system to make the contacts available in the entire group so that employees can report or consult without hesitation.



Ethical Considerations

ONO always gives consideration to ethical treatment in various stages of research and development.

We conduct research using human specimens (blood, tissue, cells, genes, etc.) after strict deliberations on ethical and scientific acceptability. To this end, we have established internal ethical codes based on the basic guidelines specified by the Japanese government and set up the Research Using Human Specimens Ethics Committee composed of internal and external members as an advisory board. To ensure that the lives of the animals are respected and proper consideration is made to animal welfare in research using laboratory animals, we have established the Institutional Animal Care and Use Committee that reviews whether all animal experimental protocols are prepared based on the principles of the 3Rs—Replacement (active use of alternative methods of experiment), Reduction (reducing the number of test animals), and Refinement (alleviation of pain)—in advance. The committee also implements self-inspections and assessments of the animal experiment processes. In recognition of these initiatives, Ono has earned the Center for Accreditation of Laboratory Animal Care and Use (CALAC) in the Japan Health Sciences Foundation (JHSF) accreditation as an animal testing facility. Clinical trials, which are essential for verifying the safety and efficacy of investigational compounds, must be performed with respect for the rights of trial subjects. Clinical trials are closely monitored for patients' safety and are stringently conducted under high ethical standards. We are committed to evaluating the real merit of investigational compounds by steadily applying essential and complete testing procedures that comply with the Act on Securing Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices of Japan (Pharmaceutical and Medical Device Act) and other related legislation, as well as the global standards based on the spirit of the Declaration of Helsinki. In the past, inadequate safety monitoring performance for pharmaceuticals caused many chemical hazards. We periodically carry out education on chemical hazards for all employees so that we will not forget the patients' pain, the misery of chemical hazards, and the magnitude of corporate responsibility.

For more information, see the web pages below:

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

[see here](#) ►

➤ [Ethical considerations in animal experiments](#)

[see here](#) ►

Fair and Transparent Business Activities

In order to conduct fair and transparent business activities, we repeatedly educate all employees every year so as to familiarize them with their duties to prevent fraud and corruption by providing e-learning opportunities and scheduling a special month-long period of intensive training during which we conduct training in each division.

We aim to contribute to healthcare all around the world and people's health through continuous R&D activities and the stable supply of new drugs. To this end, we need to engage in collaborative activities—for example, providing support for patient organizations—and cooperate with research and medical institutions to help patients overcome disease and pain. To enhance the fairness and transparency of such collaborations and cooperation, 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 are formulated in line with the relevant guidelines of the Japan Pharmaceutical Manufacturers Association (JPMA).

While compliance with laws related to fraud and corruption is attracting increasing attention on a global scale, we always act in consideration of the social situation in Japan and overseas. To this end, we established ONO PHARMACEUTICAL Bribery Prevention Global Policy and the Regulations on Bribery Prevention in 2017 to clarify our bribery prevention system in a written form, and work to operate them in a strict manner.

To ensure that publicly funded research is conducted in compliance with the relevant guidelines established by the Japanese government, we have formulated the Action Guidelines for Publicly Funded Research and the Regulations on Publicly Funded Research, and apply them for even more appropriate use and management of public research funds.

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 \(147KB\)](#)

PDF

No facilitation payment defined the Global Policy was exercised in FY 2018.

For more information, see the web pages below:

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

[see here](#) ▶

Governance : Risk Management

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

In addition, we are making efforts to effectively and efficiently solve risk management issues, including promotion of the establishment of company-wide risk management system with the senior executive officer / executive director in charge.

Rules on the management of the risk of loss and other systems

1. We manage risks related to compliance, product quality and safety, safety and health, the environment, disasters, information security, and other issues on the basis of internal rules and through the preparation and distribution of procedures in the relevant sections, as well as through training and other measures.
2. Cross-organizational risks and risks deemed to have a significant impact on management are monitored and addressed at a meeting attended by the president and representative director, the directors and corporate officers, and the managers of relevant divisions. In case of unexpected situations, the president calls a meeting with concerned parties to solve problems promptly.
3. Risks specific to a division are addressed through the preparation of handling procedures, which are reviewed constantly in accordance with changes in the business environment.

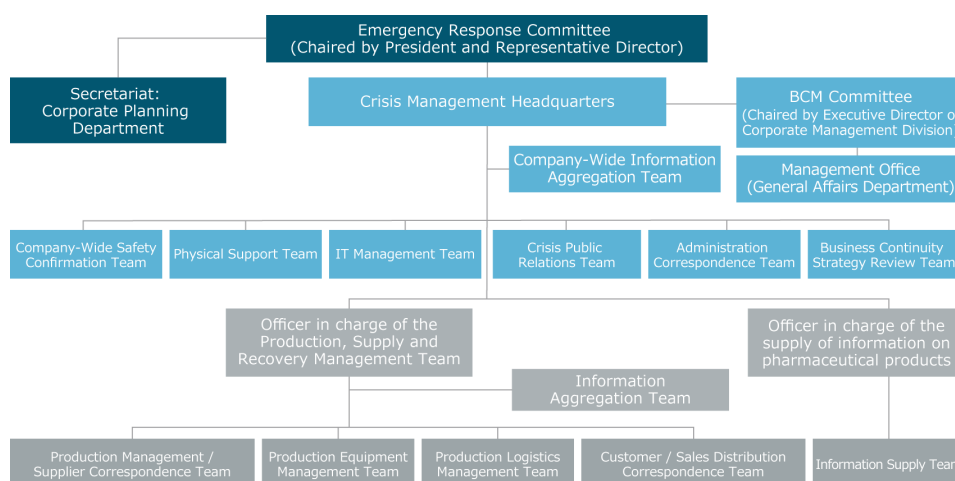
System to ensure proper business operations of the corporate group composed of ONO and its subsidiaries

We provide consultation and guidelines for our group companies with regard to their legal compliance and risk management. While respecting their autonomy, we request that each company provides us with regular business reports and consults with us on important business issues in advance.

Business Continuity Plan (BCP)

According to the instructions of the Emergency Response Committee chaired by the president, we have organized the Crisis Management Headquarters and established a system designed to minimize the impact of an emergency on mission-critical operations even in the case where an emergency occurs such as a natural disaster or serious accident, so that we can continue business activities or recover promptly and resume them if they are suspended. The BCM Committee, which is chaired by the senior executive officer / executive director (executive director of the Operations Division) and in charge of business continuity management (BCM), and the Management Office have been formed to maintain and strengthen our abilities to respond to crisis and continue our business operations, and promote relevant management activities during normal times.

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



Governance : Responsible Promotion Activities

Basic approach

We have formulated the Pharmaceutical Promotion Code in the ONO Codes of Practice (hereinafter referred to as the “Code”) compliant with the JPMA Code of Practice as our action guidelines and are conducting responsible promotion activities through collaboration between the Sales and Marketing Division, the Compliance Promotion Department, and the Safety and Quality Assurance Division, in order to realize optimal and patient-centered healthcare.

Engagement in fair promotion activities

ONO PHARMACEUTICAL defines “promotion” as “providing and conveying pharmaceutical information to medical workers so as to disseminate the appropriate use of pharmaceuticals based on such information.” Employees involved in promotions proactively carry out 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. Also, we comply with the “Guidelines on Activities to Provide Information for Medical Pharmaceutical Product Sales” issued by the Ministry of Health Labour and Welfare, the Code and adhere to the Promotion Code for Prescription Drugs defined by JPMA (Japan Pharmaceutical Manufacturers Association), as well as respecting the IFPMA (International Federation of Pharmaceutical Manufacturers & Associations) Code of Practice, which is a code established by an association in which the JPMA participates.

Examination system for promotional materials

The promotion of pharmaceuticals is required to provide accurate information in order to promote the appropriate use of and spread of pharmaceuticals. All materials used for such promotion are examined and approved by third parties after examination by the Compliance Promotion Department. The sales department is not supposed to be involved in this process at all.

Training to thoroughly inform fair promotion activities

We provide the following training courses for all employees involved in promotion to enhance their awareness of compliance. Every year we schedule a three-month period of intensive training during which we organize lectures given by the leaders of various departments, as well as training courses using an e-learning system, to improve employees' familiarity with and understanding of compliance in general. In the event of a certain type of noncompliance, we also provide ad hoc training sessions to prevent the occurrence or recurrence of such noncompliance on a company-wide scale.

As for fair promotion activities, compliance promotion staff members visit sales branches in various places twice a year to provide MRs with compliance training sessions, aiming to disseminate and teach the Code. Also, in the Compliance Promotion Department and the Sales and Marketing Division, joint meetings at the section chief level are held in collaboration with trade practice committees established under the Fair Trade Council of the Ethical Pharmaceutical Drugs Marketing Industry to share information and provide training. Furthermore, at meetings attended by leaders from the Sales and Marketing Division, systems to improve familiarity with the aforementioned standards within the Division are developed.

Training for collecting safety information on pharmaceuticals

In MR activities, it is also important to collect safety information on the pharmaceuticals used and to provide useful information based on such collected information for the promotion of more appropriate use of pharmaceuticals. All employees involved in promotion activities participate in e-learning activities on the collection of information on side effects caused by our pharmaceuticals on the market every year and receive an educational booklet on matters such as the implementation of surveys on the pharmaceuticals manufactured and sold, so that they are aware of things to remember when collecting information.

Society : Innovative Pharmaceutical Products

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



Research

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

> [Drug development policy](#)

[see here](#) ►

> [Research structure](#)

[see here](#) ►

Business Strategy

ONO's licensing activities and major partners are introduced.

> [Drug discovery alliances](#)

[see here](#) ►

> [Global business and licensing activities](#)

[see here](#) ►

> [Partners](#)

[see here](#) ►

Development

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

> [Development structure](#)

[see here](#) ►

> [IR library](#)

[see here](#) ►

*Please refer to the status of development pipeline.

Manufacturing and Safety/Quality Assurance

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

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

[see here](#) ►

Marketing

ONO's marketing initiatives and main products are introduced.

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

[see here](#) ►

> [Product information](#)

[see here](#) ►

Society : Efforts Made for Improving Medical Access

Basic Policy

Even today as we see remarkable developments in the medical field, there are many diseases against which no effective treatment exists. Also, in low- and lower middle-income countries, there are many people who have difficulty receiving necessary medical care due to various reasons such as inadequate medical infrastructure and poverty. Under the corporate philosophy “Dedicated to Man’s Fight against Disease and Pain,” we aim to improve medical access 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 medical access 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
- Establishment of partnerships with outside parties as necessary to deal with issues

Promotion Management System

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

New efforts associated with medical access will be deliberated on and approved by the CSR Committee, chaired by the Senior Executive Officer. 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 medical access. We make the following efforts to develop and provide pharmaceuticals for rare diseases.

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

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

Efforts Made for Flexible Approval for Children

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

Product name	Pharmaceutical indication	Status
Prostandin for injection	Patency of ductus arteriosus in ductus arteriosus-dependent congenital heart disease	Approved
Onon Dry Syrup	Bronchial asthma and allergic rhinitis	Approved
Emend Capsules	Digestive symptoms (nausea, vomiting) resulting from the administration of antineoplastic agents (cisplatin, etc.) (including the delayed phase)	Approved
Proemend for intravenous injection.	Digestive symptoms (nausea, vomiting) resulting from the administration of antineoplastic agents (cisplatin, etc.) (including the delayed phase)	Approved
Orencia for intravenous infusion	Active polyarticular juvenile idiopathic arthritis	Approved
Onoact for intravenous infusion	Tachyarrhythmia in cases of cardiac function failure	Under development

Efforts Made against Intractable Diseases

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

Efforts made for supporting activities to strengthen medical systems (capacity building)

Project ONO SWITCH

As an effort made to promote both Work Style Reform and activities to contribute to society, we started Project ONO SWITCH in August 2018. This effort is an effort to make donations to NPOs/NGOs related to medical care using the money saved through the reduction of overtime work through the promotion of Work Style Reform, aiming to further promote the embodiment of the corporate philosophy "Dedicated to Man's Fight against Disease and Pain" by contributing to the promotion of working style reform and healthcare and people's health around the world.

The project was named by abbreviating Save the World by our work style Improvement and CHange (meaning saving the world through improvement and reform of our ways of working). The project name also expresses switching work methods to new ones, switching the funds obtained through working style reform to donation, and switching on the process of reexamining how to work.

Recipients: We donated to the following NPOs based on responses to questionnaires targeting all our employees.

	Partner	Description of efforts made	Area of operation
1	Nanbyo no Kodomo Shien Zenkoku Network(Nation-wide Network to Support Children with Intractable Disease)	1. To hold symposia aiming to provide information on intractable diseases. 2. To support camping and other events, which provide opportunities for families with children with intractable disease to interact each other.	Japan
2	Vaccines for the World's Children	1. To provide mixed diphtheria/pertussis/tetanus(DPT) vaccines and hepatitis B vaccines used in Bhutan throughout the year. 2. To provide Ice Line coolers for refrigerating the vaccine. Providing the coolers will lead to support for a medium- to long-term vaccine supply.	Bhutan
3	Japan Heart	1. To strengthen the local medical infrastructure in the medium- to long-term by developing medical professionals through multiple-year support for high school students who are from rural regions in Cambodia that aim to become doctors or nurses. 2. To provide local people with education about primary life-saving measures by conducting training programs on initial responses to a sudden deterioration in a patient's condition, mainly focusing on cardiopulmonary resuscitation, in Cambodia. Medical education is also being provided in Cambodia to improve the infant mortality rate in that country, which is 15 to 18 times as high as in Japan.	Cambodia

In this project, we will work on improving access to healthcare products and improving medical infrastructure through partnerships with outside parties.

Goals of partners and their progress

	Partner	Goal	Progress
1	Nanbyo no Kodomo Shien Zenkoku Network (Nationwide Network to Support Children with Intractable Diseases)	To hold symposia to promote understanding of intractable diseases.	1. A symposium was held in Tokyo in January 2019. Lectures about school life and the education of children under medical treatment were held. 2. A camping event was conducted targeting families with children with intractable diseases on Awaji Island. Sixty people participated in the event.
2	Vaccines for the World's Children	To provide DPT vaccines and hepatitis B vaccines to be used in Bhutan throughout the year. To start developing an infrastructure for cold chains (a system to transport vaccines at low temperatures to points of consumption).	Funds were contributed for the provision of DPT vaccines and hepatitis B vaccines to be used in Bhutan next fiscal year as well as Ice Line coolers for refrigerating the vaccines.
3	Japan Heart	To provide one person with healthcare professional education every year. To have 100 people receive healthcare professional education.	1. A nursing student was selected as the person we will support. We will pay all the student's tuition and living expenses for six years, covering university life and training at a hospital. 2. Training about primary life-saving measures was provided to 266 people. Participant breakdown: 190 seniors from Cambodia-Japan Friendship High School, 24 Japan Heart scholarship students, 37 staff members from Japan Heart Children's Medical Center, 15 staff members from Ponnell Hospital. Training in neonatal cardiopulmonary resuscitation was provided to 24 local medical professionals. A child birthing simulator was used in conducting a delivery training workshop for two Cambodian midwives.



A scene at a training session on primary life-saving measures in Cambodia

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, non-profit organization that invests in the development of new drugs against various diseases such as malaria and tuberculosis, other less marketable drugs against neglected tropical diseases and other minor diseases, vaccines, and diagnostic agents, and is funded by the Japanese government, the Bill & Melinda Gates Foundation, the Wellcome Trust, and private enterprises in Japan and overseas. 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 understand the efforts 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 medical access in low- and middle-income countries.

Society : Human Resources and Human Rights

ONO PHARMACEUTICAL believes that “People make the company,” and actively supports the development of individual abilities and positive action taken without fear of failure. We promote efforts to improve safety and health conditions, and to create a working environment where the company and its employees can live in harmony and individual abilities blossom to their full extent. We also respect everyone’s human rights in all business activities and aim to establish a company with no discrimination either inside or outside the company due to race, nationality, ethnicity, gender, age, religion, belief or philosophy, academic background, disability or illness.

Development of Human Resources

Concept of Human Resource Development

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

Desired characteristics for our human resources

Those who make bold efforts and independently act based on their self-discipline

- are innovation-minded and never give up trying until the end;
- can demonstrate their abilities in a team environment and can work collaboratively;
- have a strong sense of responsibility for, and are proud of, their own jobs;
- always take a positive approach and can learn and grow independently; and
- act in an ethical manner with common sense.

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.

Provision of Growth Opportunities

We organize a wide range of training programs to provide employees with growth opportunities. For example, collective training is given in each phase of their career growth, we have introduced company-wide joint training for new employees along with all divisions, departmental introductory training, and annual training for young employees. We also organize training programs to cultivate global human resources who can work actively under any circumstances, and send employees to overseas affiliates. For management staff, we provide training focusing on management skills required for their respective roles and managerial positions and for the growth of the organization, and we continuously enhance the training programs. In addition, we continuously enhance the training programs, providing an abundance of training opportunities from which employees themselves can choose. This enables us to develop the autonomous human resources we seek, while assisting employees in self-learning with an aim to encouraging them to engage in personal development and independent growth.

As for the efforts made mainly by MRs, training is also conducted at medical institutions so that our employees have opportunities to listen to the opinions of patients and medical staff directly and know in depth the needs in the medical field.

Thus, by providing broad-ranging opportunities to learn, we provide opportunities for growth through mutual stimulation.

Summary of common education and training programs for all divisions in FY 2018

Position		Training by hierarchy	Training for selected employees	Self-development	Other
Management staff	Manager	Manager training	Training for selected employees	Correspondence courses / on-line English conversation classes / support for qualification tests	Diversity/ management training Career planning training Coaching training Training for understanding/spreading our mission statement Training for Medical Institutions
	Manager class	Training for new managers			
Individual contributor	Manager candidate	Training for new core employees	English training		
		Training for individual contributors promoted to the highest level			
	Mid-level employee	Fifth-year employee training			
		Third-year employee training			
	Newly hired employee	Follow-up training for newly hired employees			
		Orientation for newly hired employees			

Workshop for understanding/spreading our mission statement

At the workshop, by listening to the background to mission statement, the history of bold efforts and experiences of the top management and managers, participants enrich their understanding to the mission statement so they are able to practice the idea voluntarily.

➤ [Mission Statement](#)

[see here](#) ►

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 ultimate goals, and action principles), information security, the personnel system, mental healthcare, the Act on the Protection of Personal Information, regulations on insider trading, and our business including CSR activities to acquire consciousness as members of society. We also incorporate global training and diversity training in order to broaden the vision of employees, after which they undergo education specialized for the divisions they are separately assigned to. In addition, after 10 months of being employees, follow-up training for newly hired employees is provided for them to take time to review events in the first year as members of society, to refresh their minds for the second year.

The goal of the third-year employee training is for employees to learn that it is necessary to radically change their minds—moving one step ahead from independence to self-discipline—and to make efforts for voluntary proposals, proactive actions, and the promotion of the development of younger employees. The training includes learning communication skills required for achieving goals, and contents that lead to good on-site practices.

The goal of the five-year employee training is to further raise motivation for work by having employees view their work in a multifaceted manner and review it from creative perspectives. The training includes experiential learning cycles for them to grow themselves while achieving outcomes, and contents that help the participants digest tacit knowledge to establish their cherished opinions, leading to effective practices and outward development.

In the training for the newly hired employees of the sales department, which takes half a year after they enter the company, they acquire knowledge of medicine, pharmacology, and the medical system and knowledge on diseases that have to do with our products, all of which are necessary for MRs (persons in charge of medical information), and take practical output-focused training. In addition, we set up an on-site training period during which they learn about MR jobs and rules at medical sites by accompanying senior MRs and provide opportunities for them to listen directly so as to become the kind of MRs required at medical sites. As for the MR accreditation test, aiming to have all our examinees pass, we support them with a carefully operated backup system not only during the training period but also after assignment to a specific post, which allows us to keep a top-class pass rate for the industry.

Training for promoted employees

The highest level individual contributors training makes participants understand the roles required for a manager, and develop awareness and attitudes concerning proactive team management. In addition, the training helps participants acquire the skills to identify problems and understand what is necessary to become an influencer. The training for new management staff is provided to understand the personnel evaluation system, and to acquire the management skills required for being the next candidates for managers, which improves their abilities to build relationships of trust with others and to get things done. At the training for employees who are appointed as managers from among the core employees, participants learn about reaffirming the personnel evaluation system, understanding labor management, the roles expected for managers, team building, and team management.

Manager training

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

Coaching training

In coaching training, trainees take training through online classes once a week with other trainees from different industries, in addition to receiving directions every two to three weeks from a professional coach for managers to learn about coaching. In parallel, coaching for the subordinates and employees is carried out over the course of about a year.

Training for selected employees

The executive candidate development training targets senior managers nominated by officers, and it takes two to four years to develop the next generation of executives. Trainees re-acquire the theory and principles of management and develop self-awareness and self-discipline as managers by having deep discussions on future visions and changes in organizations/businesses with other trainees. The next-generation leader development training targets employees who are nominated as future global leaders by department managers. The purpose of the training is to develop human resources that will influence the entire company while demonstrating leadership within the team at all sites, whether in Japan or overseas, in cooperation with others in an appropriate manner. Trainees spend about a year acquiring environmental adaptability, leadership, logical thinking, and global business skills.

English training

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

Diversity management training

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

Voluntary training

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

Career planning training

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

Self-development learning

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

■ Implementation status of common education and training programs for all divisions in FY 2018

Name	Participants×hours	Participants
Workshop for understanding/spreading our mission statement	317	56
Orientation for newly hired employees Follow-up training for newly hired employees	7,682	86
Third-year employee training Fifth-year employee training	1,667	164
Training for individual contributors promoted to the highest level Training for new managers Training for new core employees Manager training	11,653	1,027
Coaching training	992	37
Training for selected employees	5,471	94
English training	19,215	260
Diversity management training	1,529	734
Career planning training	426	142
Training for volunteers (Correspondence courses / on-line English conversation classes)	2,513	231

In addition to this training, we have implemented department-specific training, for a per-employee total of 35.5 training hours during fiscal 2018.

Besides the training courses listed above, each division conducts its own training for specialized skills required at the division. E-learning is used for basic training such as phytotoxicity education, which is essential for employees of pharmaceutical companies, collecting safety information, handling personal information, and the prevention of bribery.

Respect for Human Rights

ONO will respect everyone's human rights in all business activities.

Based on this principle, we promote establishment and operation of the personnel system in line with the policy that "no discrimination should be allowed either inside or outside the Company due to race, nationality, ethnicity, gender, age, religion, belief/philosophy, academic background, disability or illness." We also prohibit any forms of harassment and provide compliance training.

Furthermore, ONO supports international norms and codes regarding human rights, including the Universal Declaration of Human Rights, the core labor standards of the ILO (International Labor Organization), and the Voluntary Principles on Security and Human Rights.

Diversity Promotion Initiatives

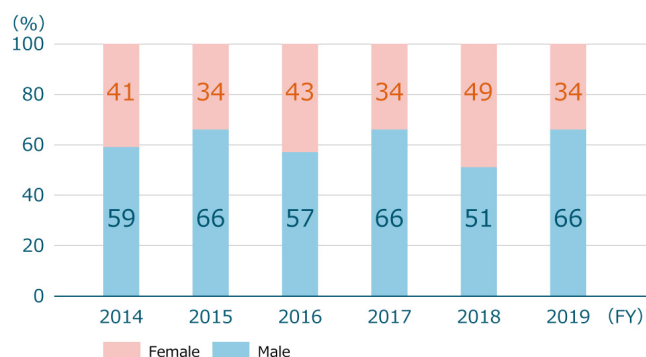
ONO considers that it is important to diversify the characteristics, values, and behavioral features of the members of the organization and accept their individuality for prompt and flexible responses to environmental changes and improvement of the corporate value. In line with this idea, we promote various initiatives.

Efforts made for promoting women's participation and advancement

A priority in this area is a commitment to the development of a system under which women can realize their full potential. As a result of our efforts to aggressively hire women and discourage female workers from quitting after major life events, the number of female employees has been steadily increasing, and the employment rate of female employees as of March 2019 rose by 4.0% compared that as of March 2013. Other initiatives to create an environment in which women can play more active roles include the introduction of programs aimed at improving diversity and inclusion into management staff training and seniority-/hierarchy- based training.

We have participated in the "Diversity Western Japan Study Group," which is operated voluntarily by about 60 companies from western Japan and other parts of the country since 2015 to share information on know-how and initiatives for the improvement of diversity through participation in seminars held beyond the boundaries of companies and other activities. We continuously work to increase the number of female employees and build a system that helps them develop their career in line with our five-year action plan (from April 1, 2016 to March 31, 2021) formulated in response to the Japanese government's enactment in FY2015 of a law to promote women's roles in the workplace (Act on Promotion of Women's Participation and Advancement in the Workplace).

The male-to-female ratio of new employees



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

■ Implementation status of common education and training programs for all divisions in FY 2018

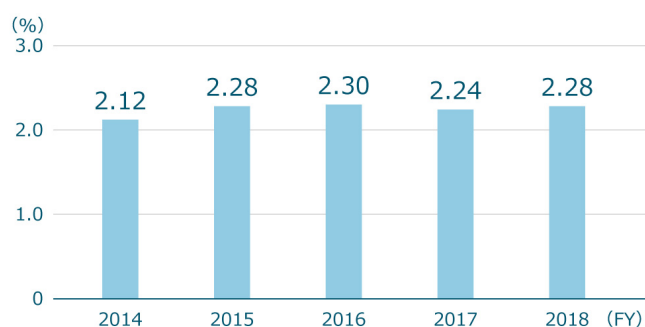
Targets	Efforts	Annual Results
Have women account for 40% of newly hired university graduates in career-track positions starting in fiscal 2017	1. Improve systems and strengthen training aimed at developing human resources 2. Introduce a recruiter system 3. Provide wide range of information to job applicants 4. Create an environment in which young employees can more easily plan their careers	FY2018: 49% FY2017: 34% FY2016: 43%
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	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 Provide wide range of information to job applicants 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	FY2018: 95.6% FY2017: 95.1% FY2016: 96.8%

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

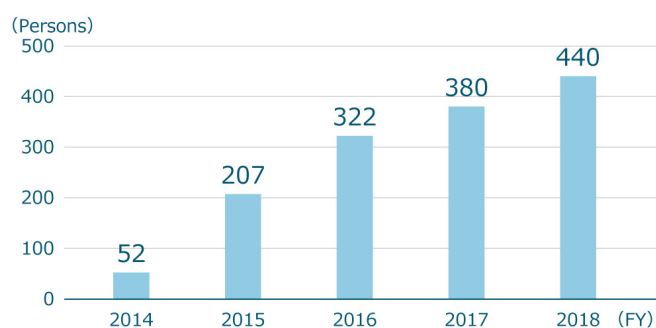
As part of its commitment to improving diversity, ONO has been actively recruiting persons with disabilities, who account for an employment rate of 2.28% as of March 31, 2019. This exceeds the legally stipulated rate (2.2%). Approximately 50 employees with disabilities are currently playing an active role in their respective divisions.

We have also been expanding mid-career employment to quickly obtain human resources with the skills, knowledge, and experiences that are needed immediately. Especially since FY2014, when we started to actively promote such employment in consideration of the business environment, the number of mid-career employees has been increasing substantially in broad range of jobs such as MRs, development personnel, staff in the safety information management department, and administration staff. A total of about 60 new employees joined ONO in FY2018. Many mid-career employees are working to play their respective parts using their experience and expertise.

Employment rate of persons with disabilities



Mid-career employment results



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

Enhancing Cultivation of Employee-friendly Workplaces

ONO is moving ahead to create workplaces where employees can work with a sense of security. 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 each and every person in our diverse workforce can bring energy to their work and demonstrate their full potential.

Promotion of the Review of Working Styles

We consider that the shortening of work hours is an essential and fundamental challenge to be addressed for the development of a pleasant work environment. To this end, we focus on the review of working styles.

We appoint a promotion committee member in each department to involve the whole company in the activities, and the members work to raise awareness and encourage employees to improve operational efficiency and take paid holidays. We have also improved the system by making use of IT and introduced a flexible time system and telecommuting system. Through the use of these systems, we achieved such positive results in fiscal 2018 as a 5.7% reduction in overtime work hours compared to fiscal 2014, the year before the system was put in place, as well as a 17.2% increase in the rate of paid holidays taken.

Regular feedback on evaluations for employees

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

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

Employee satisfaction survey

We regularly conduct employee satisfaction surveys to highlight the organizational issues and improve employee satisfaction. The satisfaction survey results lead to planning of measures to create a workplace where all employees can find what personally feels rewarding to them and they can enjoy their jobs.

Childcare Support Activities

ONO recognize that one of the issues that companies should address is to support child-rearing families throughout society and to create an environment where children can be born and raised. In 2005, we formulated an action plan based on the "Act on Advancement of Measures to Support Raising Next-Generation Children" established by the Japanese government, and are working to support work-life balance. As a result, in 2008, 2012, 2014 and 2017, the company was certified by the Minister of Health, Labor and Welfare as a standard-compliant general company, and the certification mark (Kurumin) was acquired as a childcare support company.

In 2015, recognized the efforts over the years, ONO received the Osaka Labor Bureau Award for Excellence of the Equal Promotion Company Division and the Osaka Labor Bureau Director's Encouragement Award, which are in the field of "Equal Employment Promotion Award" of the 2015 Ministry of Health, Labor and Welfare.-

After April 2017, we introduced a new childcare support system, "Encouraging Leave for Childcare Participation," and as a way to promote understanding of the workplace among male employees who take childcare leave, child-rearing is a life event for both men and women. We are also promoting the creation of an environment where men can actively participate in childcare.



In November 2019, we received a special certification mark (Platinum Kurumin) for its support for balancing work and childcare and creating a work environment.

	Period	
1st phase of action plan	April 1, 2005 to March 31, 2008	● 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	● 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	● 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	● 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	● 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	● 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

Support for Employees with Cancer

Employees diagnosed with cancer face various problems during work such as regular hospital visits, side effects of various treatment, and economic issues. To assist employees with cancer who wish to continue working while being treated, ONO provides a system to prolong the period of absence from work, an income security program to help them avoid a period with no income, a system to allow the use of accumulated holidays on a half-day basis, and a system to offer shortened working hours for the treatment of cancer. We also provide support from other perspectives such as the promotion of understanding among other people in the workplace by establishing a system to encourage such people to support employees with cancer and enhancing the dissemination of it, as well as efforts to review their working styles.

Other Support Systems

ONO has in place various systems aimed at creating a pleasant working environment in addition to the programs required by law. We have listened to the voices of employees and developed systems that meet their actual needs. When introducing a program for which legal standards are specified, we set up the program in a way to exceed the standards. Thus, we continuously work to develop support systems so that employees have many options for working styles.

We also prepare and post a booklet on our intranet that summarizes the systems to inform employees about the contents and how to use them.

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

- **Childcare leave**

Japanese law stipulates that childcare leave can be taken until the time the child turns one year old. However, employees at ONO can take childcare leave until the end of the month when the child turns three years old.

- **Shortened work hours for childcare**

Japanese law stipulates that shortened work hours for childcare leave can be utilized until the child turns three years old. But employees at ONO can shorten their working hours by up to two hours per day until March 31 of the year that their child is in third grade of elementary school.

- **Nursing care leave**

While companies are legally required to provide nursing care leave for up to 93 days in total per family member in need of care, ONO provides the leave for up to a year in total.

[Legally required systems]

- **Shortened work hours for nursing care**

When an employee works while providing care to family members in need of care, the working time can be shortened by up to two hours per day for up to three years aside from the period of nursing care leave.

- **Family care leave**

Employees who have to provide care to preschool children and other family members in need of care can take family care leave without pay. The prescribed number of days is five per year for employees with one person in need of care, and 10 days for those with two or more such persons.

[Systems that promote flexible working styles]

● Flexible working hours

As an initiative was introduced that provides employees with more options for working styles to thereby help them improve their work efficiency and achieve a work-life balance in which they give equal priority to their jobs, family, childcare, and nursing care, the entire company has a flexible working hours system with some exceptions.

● Telecommuting system

All employees are eligible to use the telecommuting system aiming to support employees who are working while taking childcare and nursing care in balancing work and such care. The system was introduced so that employees can establish their individual working styles and work in a flexible and efficient manner.

[Various leave and subsidy systems] (extract)

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

● Accumulated holidays

Expired annual paid holidays can be accumulated under certain conditions and used for the treatment of the disease or injury of the employee, nursing care of family members, fertility treatment, and other purposes. For example, an employee can take a paid holiday using this system in case of sudden illness of their children.

● Holidays to encourage employees to take part in child-raising

Employees at ONO can take up to two days off 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 pregnant employee or an employee within one year from delivery can take leave up to the days specified according to the time of pregnancy to receive a health instruction or health checkup. Other than leave for checkups, up to five days off in total can be taken for the duration of each pregnancy when the employee cannot come to work due to morning sickness or suspicion of threatened premature labor.

● Support of employee volunteer activities

ONO has introduced a volunteer vacation program, which provides a five-day special paid vacation to support employees involved in volunteer activities. We also have a bone-marrow donor leave scheme to give special paid vacation during the period when employees need to take days off for bone-marrow donation.

● Subsidies for day-care centers and baby-sitting

For employees raising preschool children and whose spouses are also working, ONO provides subsidies to help pay for day-care centers or baby sitters when they need such services and make an application for the subsidies. These subsidies are also available if an ONO employee's spouse (working or not working) is ill or cannot care for the child for some other reason.

● Subsidies for sick child care

A subsidy will be paid by the company upon application when it is necessary for a double-income family with a child under two years old to use sick child care facilities / services. Also, subsidies will be also paid to non double-income family if a spouse uses such facilities/services because of his/her sickness, etc.

[Other systems]

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

MRs are allowed to use company cars for the purpose of picking up or dropping off their children before or after work.

- Day-care Center Concierge (day-care center enrollment support system)

In order to support smooth returning of employees who took a childcare leave, we have a third party provide information for such employees to have their children enroll a day-care center.

- Accompanying spouses transferred overseas

For an ONO employee who wishes to accompany his/her spouse transferred to another country, ONO allows the employee to take up to three years off work.

- Re-employment for employees who have quit ONO

The employees who have retired due to problems balancing work and family duties after major life events such as marriage, childbirth, and child-raising, or nursing care of family members can be re-employed when certain conditions are met.

- Non-regular re-employment

The employees who have reached the mandatory retirement age and retired can be re-employed as part-time employees when certain conditions are met until they reach the age of 65.

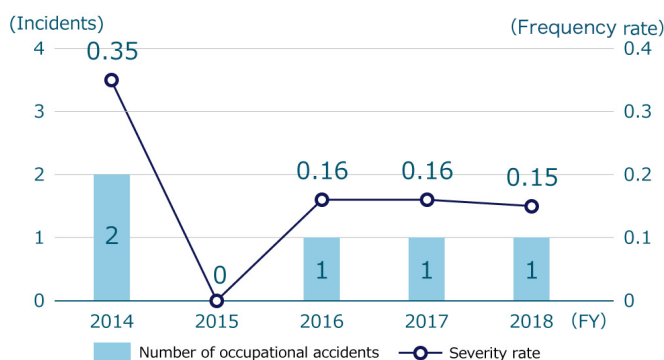
Efforts made regarding wages

We strictly comply with the Minimum Wage Act, safeguard the daily lives of our employees, and work hard to create a workplace environment that is easy to work in.

Safety and Health

For safety and health, ONO holds the regular meetings of the safety and health committee to continuously improve the work environment. Our production sites and research institutes conduct safety and health inspections, report the problems identified during the inspections to the committee, and make proposals for improvement to disseminate information and take proper actions. The inspections are carried out in all ONO workplaces every year to check the items including measures and equipment for the prevention of fires and other disasters, safe handling of machinery, the level of safety in daily work, transport work, and the level of neatness, tidiness, and cleanliness in workplaces.

At the ONO Head Office and other company sites where a Health Committee is established, the Committee discusses health issues based on results of workplace environmental measurements. In addition, the Central Safety and Health Committee is held to provide opportunities for sharing information and exchanging opinions between all Safety and Health Committees and Health Committees and considering policies and measures that contribute to sanitation as a whole company.

Number of occupational accidents and frequency rate ☒

Scope of data collection: All business sites in Japan (Business vehicle accidents were not included before FY 2017)

Severity rate=(Number of occupational accidents / Total actual working hours) × 1,000,000

A part of previous data has been revised due to the detailed check of the data.

Relationship with the Unions

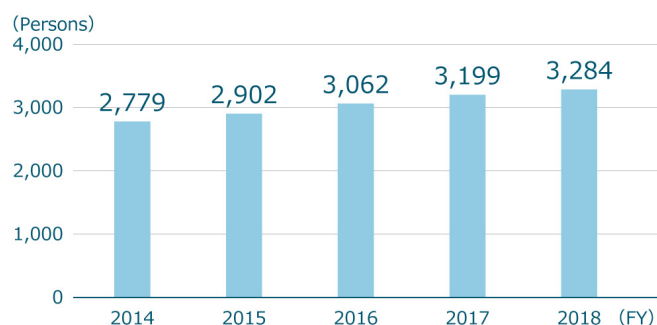
ONO has two labor unions, namely the nationwide union of ONO workers and the industrial union (chemical & general) of ONO workers in Joto Plant. As of March 31, 2019, the nationwide union of ONO workers has 2,129 members while the industrial union (chemical & general) of ONO workers has 14 members. Both unions have good relationships with the company.

Composition of the Employees (Non-consolidated data)

The table below shows the number, average age, and average service years of employees in ONO as of March 31, 2019.

	No. of employees	Average age	Average service years
Total	3,284	41.8	15.5
Male	2,682	42.6	16.3
Female	602	38.0	12.0

No. of employees (Non-consolidated data)



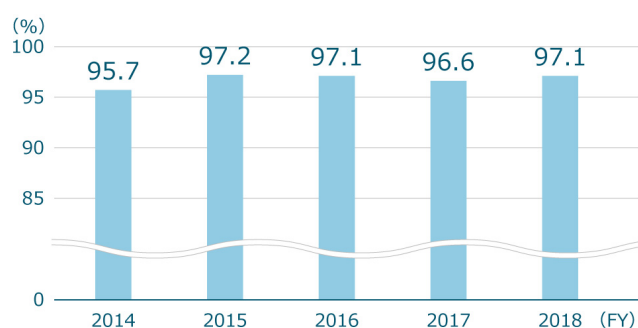
As of the end of March 2019, the percentage of contract workers is 0.1%, and the percentage of temporary staff is 8.9%.

Full-time employee turnover

The voluntary turnover rate for full-time employees in each year, as of the end of March, is as follows.

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Voluntary resignation rate		1.3%	1.1%	1.0%	1.3%	1.5%
Mandatory retirement rate, etc.		1.0%	1.0%	0.9%	0.7%	0.6%
Total turnover rate		2.3%	2.1%	1.9%	2.0%	2.1%

Retention rate for female employees (by fiscal year of entering the company)



Efforts made to promote employees' health

Health Up Declaration 2018

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

April 2018

Gyo Sagara

President, Representative Director, and CEO

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 support 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



Supporting disease prevention, early detection and early treatment

- Employees are obliged to conduct a medical examination once a year, and employees aged 35 and older are supposed to undergo a medical checkup instead of legal medical examinations. The medical checkup rate has continued to be 99.4% excluding those who have unavoidable reasons such as taking administrative leave. Our target is 100% of medical checkup rate.
- We have contract facilities for undergoing medical checkups in prefectures nationwide. As of April 2019, the number of contract facilities is 184, and we take care to make it easier for employees and their families to undergo checkups.
- We support the examination cost of various cancer screenings, and many employees undergo optional cancer-related screenings at the time of a medical checkup. We provide female employees under 35 years old with mail delivery cervical cancer screening.

	Medical examination rate	Target
Stomach cancer screening	97.3%	100%
Lung cancer screening	99.7%	100%
Colorectal cancer screening	93.6%	100%
Breast cancer screening	88.3%	100%
Cervical cancer screening	42.3%	70%

- When necessary after the medical examination, industrial health staff encourages those who need some treatment to see a doctor at medical institutions, provides health guidance, and encourage employees and families with high lifestyle-related disease risks to participate in specific health guidance.

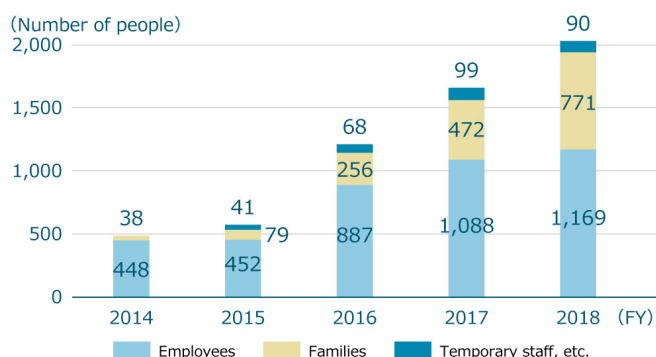
Mental health measures

- We conduct in-house training on mental health and individual interview by industrial health staff for prevention, early detection and early treatment of mental health issues, and we also work in collaboration with industrial physicians.
- We carry out stress checks for all employees once a year, and the participation rate is about 97.8%. We continually promote workplace improvement based on the results of organizational analysis. Our target is 100% of participation rate.
- We have a contract consultation counter that can be used free of charge, and in addition to meetings, we have established a system that allows employees to consult with experts via telephone and e-mail.

Passive smoking countermeasures and health promotions

- We are working to raise awareness about efforts for smoking cessation through measures such as setting up Non-smoking Day, implementing in-house questionnaires on tobacco and announcing the results in order to make the entire site smoke-free in April 2019. In addition, we systematically promote educational activities such as creating and posting original posters using illustrations drawn by employees.
- In order to support the employees who try to quit smoking, we implement an in-house smoking cessation contest, whose goal is to "quit smoking in six weeks in a wise and enjoyable manner." We support employees' health promotion activities through supports such as subsidies for seeing a doctor at smoking cessation clinic and provision of online programs for smoking cessation.
- We conduct a walking campaign every year in the company. The event targets temporary staff and outsources in addition to all the employees. The event is designed to encourage voluntary participation by allowing not only individual employees but also their families to participate as a team. The participants who reach a certain criterion receive specialties in the areas stricken by the earthquake as a prize of achievement. The number of participants has increased year by year, and it is expected to encourage employees to walk regularly and frequently.
The participants of the walking campaign in FY 2018 accounted for 35% of all employees. We aim to have 50% of participation rate in FY 2019.
- A session to measure body composition, blood vessel age, bone density, and the like is held annually at major plants. The session allows the participants to check the conditions of muscle and bone which cannot be understood only by physical examination, and to receive individual advice on meals and exercise from medical staff, which has increased participants year by year.

Number of participants in walking campaign



Health management support

- We started running a portal site that allows employees to check the results of their own medical examination and medical checkup at any time. We are enhancing the contents for improving awareness of importance of health such as information for employees to correctly understand the results and improving lifestyle habits and advices on lifestyle according to individual situations.

Administrative health management efforts

In February 2019, we were accredited under "Health and Productivity 2019—White 500," (large-scale corporate category), a project hosted by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi. This accreditation system is designed to honor institutions such as companies and medical corporations that achieve particularly marked success in administrative health management.



> [External Evaluation](#)

[see here](#) ►

Society : Proper Procurement Activities

Promoting CSR in procurement

In order to achieve sustainable societal development throughout the entire supply chain, ONO has established a “Basic Policy for Procurement” and “Guidelines for CSR in Procurement,” through which we promote CSR in procurement. The Basic Policy for Procurement serves as a fundamental approach to procurement for all employees involved in procurement activities. The Guidelines for CSR in Procurement compiles all of the items on which we seek cooperation from each of our suppliers. By practicing CSR in procurement, our aim is to build healthy networks with all of our suppliers and lay out frameworks for even greater cooperation, thereby heightening the corporate value of all of our suppliers.

[Basic Policy and CSR Guidelines on Procurement Activities \(209KB\)](#)

PDF

In order to objectively and continually grasp the CSR-related circumstances of the most important suppliers in our supply chain, ONO has adopted the EcoVadis system for CSR management evaluation. The introduction of EcoVadis enables us to obtain highly reliable information regarding supplier CSR management at least once a year, and to recommend appropriate corrective action to our suppliers. We also hold instructional conferences for our suppliers regarding CSR in procurement in order to help them understand our ideas.

Animal experiment outsourcing policy

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

Anti-bribery due diligence for third parties

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

Environment : ONO PHARMACEUTICAL Environmental Guidelines/Environment Challenging Ono Vision (ECO VISION 2050)

Global Environment

We have witnessed the increasing impact of global warming, and battling this threat has become one of our most important collective challenges in the international society. The Paris Agreement from COP 21 sets out a global action plan to limit global warming to less than 2°C compared to temperatures before the Industrial Revolution, with the target, for all intents and purposes, of completely halting the increase in human-generated greenhouse gases. Based on our ONO Pharmaceutical Environmental Guidelines, we have formulated an environmental vision under which we will strive to reduce greenhouse gas emissions from business activities on a company-wide basis. In this and other ways, we will fulfill our corporate social responsibility by prioritizing the environment in all business areas and by contributing to the realization of a sustainable global environment.

ONO PHARMACEUTICAL Environmental Guidelines

- Being aware of corporate social responsibility for the environment, we will work to protect and preserve the global environment in all of our business operations.
- In addition to fully complying with all environment-related laws and regulations, we will establish targets and action plans in an effort to protect and preserve the environment, including natural resources and biodiversity.
- We will make environmental considerations in all of our business operations and we will implement environment focused measures such as saving resources and energy, conservation of water resources, recycling, reducing waste, and preventing pollution.
- We will endeavor to do "Monozukuri" to produce eco-friendly products, and will cooperate with society.
- We will strive to further understand environmental issues and to promote environmentally-related activities with the participation of every employee.

Environmental Vision

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



Background for the establishment of vision

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

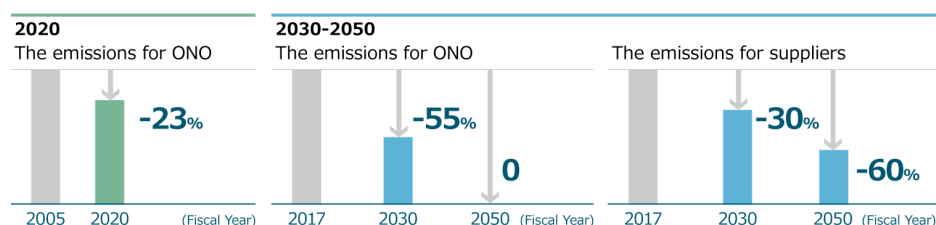
In order to promote the creation of a healthy and sound society through the discovery and development of innovative pharmaceutical products under the corporate philosophy to be "Dedicated to Man's Fight against Disease and Pain", it is important that we recognize that our business activities are supported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

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

Medium- to Long-term Targets

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

Greenhouse gas



*The emissions for ONO indicate the total value for Scope 1 and Scope 2. The emissions for suppliers show Scope 3.

Water consumption

Reduce water resource consumption (water intake) by 15% per production volume unit in FY2030 (compared to FY 2017).

Waste

1. Maintain final disposal of industrial waste less than 1% or less every year (*).

*Defining the ratio of non-recycling (landfill and simple incineration) to less than 1% of the total amount as a standard of ONO's "zero emission".

2. Reduce industrial waste emissions by 15% per production volume unit in FY 2030 (compared to FY 2017).
3. Promote reductions in the environmental burden in business activities.

Towards a low carbon society

We regard the realization of a low-carbon society to be a key priority in conducting our business activities, and we undertake various initiatives accordingly. Regarding the risks and opportunities associated with climate change, our Environmental Management Committee is at the core of our work toward achieving a sustainable society through environmental conservation, conducting analyses with reference to RCP scenarios and performing evaluations.

Analysis/Evaluation of Risks/Opportunities regarding Climate Change

Risk factor		Term	Description	Impact	Management approach
Regulatory risk	Emissions reporting system	Short-term	Additional cost incurred to achieve energy consumption reduction mandated by laws and regulations.	Increase in operating costs	Formulation and implementation of a capital investment plan including high-efficiency equipment to replace current equipment
	Uncertainty due to new regulations	Long-term	Increasing cost of raw materials in the case that new regulations on climate change are introduced and suppliers of raw materials follow them	Increase in operating costs	Indirect involvement in revisions to laws concerning the mitigation of climate change as a member of the Japan Pharmaceutical Manufacturers Association, an industry association. Investigation of modifications or other measures regarding purchasing procedures in case of procurement cost changes
Risk due to physical repercussions	Changes in highest/lowest temperatures	Medium-term	Delay in research and development activities and negative impacts on product shipments in case of failure of temperature control caused by changes in the highest and lowest temperatures	Increase in operating costs	Pursuit of high efficiency, for example, by spraying water onto outdoor units of cooling equipment
	Changes in precipitation patterns	Medium-term	Necessity of taking measures against possible shutdown of our operations caused by abnormal local weather such as strong wind and heavy rain	Increase in operating costs	Introduction of emergency power generators at main bases and periodic maintenance for them
Other risk	Reputation risk	Short-term	Adverse effects on our stock price in case of negative external evaluations of our efforts made against climate change	Decline in stock price	Appropriate disclosure of the results of actual activities to the public

Opportunity factor		Term	Description	Impact	Management approach
Opportunity due to regulations	Emissions reporting system	Short-term	Reduction of energy costs with measures implemented to achieve energy consumption reduction mandated by laws and regulations	Reduction in operating costs	Formulation and implementation of a capital investment plan including high-efficiency equipment to replace current equipment
Opportunity due to physical effects	Changes in average temperature	Medium-to long term	In case of changes in prevalent diseases due to an increase in average temperature, an increase in demand for existing pharmaceuticals against such diseases, or favorable effects on our profits from developing and selling new drugs	Increase in demand for existing products/services New products/services	Increase in efficacy of existing pharmaceuticals Enhancement of new compound library
Other opportunity	Reputation opportunity	Short-term	Positive impact on stock price in case of more positive external evaluation of our responses to climate change	Rise in stock price	Appropriate disclosure of the results of actual activities to the public

* Details on risks/opportunities regarding Climate Change, as well as CO₂ emissions are included in CDP climate change. These can be confirmed at [the CDP website](#) (CDP ID required).

Carbon Pricing

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

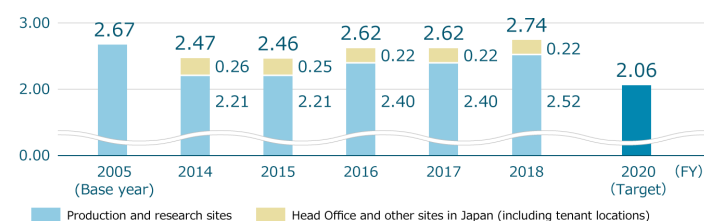
Progress towards a low carbon society

We are making various efforts to control the greenhouse gas emissions generated by our business activities toward two goals: our medium-term environmental target, “to reduce CO₂ emissions in FY2020 by 23% or more from that in FY2005 (the target is energy-derived CO₂ emissions released from production and research sites),” and our short-term target, “to reduce the energy consumption factor at production and research sites by 1% or more from the previous fiscal year (the number of boxes produced is used as a denominator for calculating the factor).” In FY2018, CO₂ emissions from our production and research sites were 25,200 tons on a location basis, and decreased by 5.6% compared to 26,700 tons in FY2005. Although there was an increase from 24,000 tons in the previous fiscal year, the reason for it was the establishment of the new Yamaguchi Plant. Per-unit energy consumption worsened by 6.28% compared to the previous fiscal year. The cause of this was a change in our company’s main product volume capacity (conversion to larger volume products), which led to a reduction in production volume.

In addition, new mid- to long-term reduction targets at all operational sites were formulated as: “Reduction of greenhouse gas emissions at Scope 1 and 2 of 50% by FY2030 and to zero by FY2050 (relative to FY2017). At Scope 3, greenhouse gas emissions reductions by 30% by FY2030 and 60% by FY2050 (relative to FY2017).” Progress toward these targets in FY2018 was made with a 5.5% reduction (relative to FY2017) at Scope 1 and 2 on a market basis²⁾.

1) Location-basis CO₂ emissions volumes are calculated based on progress management coefficients of the Federation of Pharmaceuticals Manufacturers’ Associations of Japan (FY2005 values).

2) Market-basis CO₂ emissions volumes are calculated based on emissions coefficients published by each electric power company.

Energy-derived CO₂ Emissions (Location-basis) (10.0 thousand tons-CO₂)
4.00

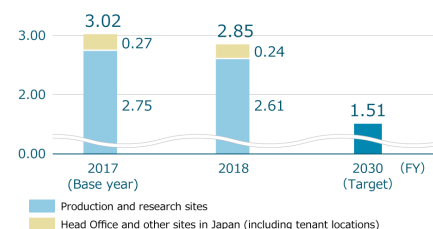
* Sites where CO₂ emission data were collected: Fujiyama Plant, Joto Plant, Yamaguchi Plant (Added from FY2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, Head Office, sales and other offices, etc.

CO₂ emissions are calculated according to the methods below.

CO₂ emissions = Purchased electricity (10,000 kWh) × the Federation of Pharmaceutical Manufacturers' Associations of Japan tracking indicator (1.152 tons-C/10,000 kWh) × 44/12 + Σ (Fuel consumption × Unit calorific value × Carbon emission indicator × 44/12)

We use the value of the Warming Countermeasures Act as the calorific power unit and carbon emission indicator. However, we use the Federation of Pharmaceutical Manufacturers' Associations of Japan tracking indicator (FY2005 values) as the electricity CO₂ emissions volume calculation.

The target range for 2005 (base year) and 2020 (target year) is energy-derived CO₂ emissions from production sites and research laboratories.

Energy-derived CO₂ Emissions (Market-basis) (10.0 thousand tons-CO₂)
4.00

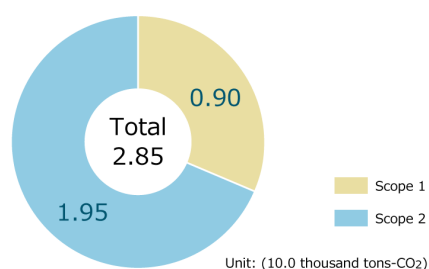
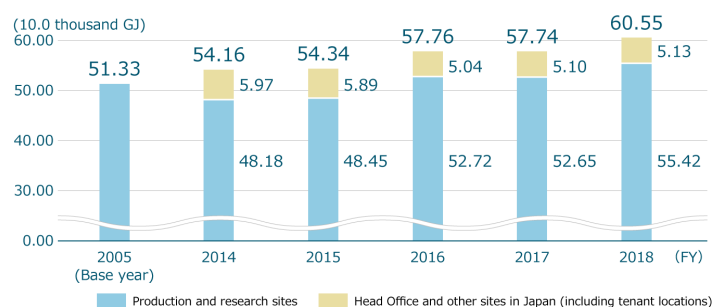
* Sites where CO₂ emission data were collected: Fujiyama Plant, Joto Plant, Yamaguchi Plant (Added from FY2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, Head Office, sales and other offices, etc.

CO₂ emissions are calculated according to the methods below.

CO₂ emissions = Purchased electricity (10,000 kWh) × Basic emission factor published by the power company + Σ (Fuel consumption × Unit calorific value × Carbon emission factor × 44/12)

+ Σ (Fuel consumption × Unit calorific value × Carbon emission indicator × 44/12)

The amount equivalent to green power on the green electricity certificate is deducted.

Break down of energy-derived CO₂ emissions by scope (Market-basis) Energy Consumption 

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

Initiatives for a low carbon society

Overall efforts

As efforts for energy conservation and reducing greenhouse gas emissions, we took proactive measures in FY2018, too, including updating our lighting from fluorescent lights to LEDs and updating heat source equipment to module-type heat pump chillers. Meanwhile, we continue to promote efforts in both tangible and intangible ways, such as reviewing/adjusting the operating hours of facilities and implementing Cool Biz and Warm Biz. We will continue our efforts for energy conservation and reducing greenhouse gas emissions through measures such as adopting Top Runner Equipment and considering the introduction of renewable energy when updating old equipment.

During the last fiscal year, we were selected by the CDP of Britain for inclusion in its “A List,” the highest evaluation rating under the climate change survey it administers. Domestically, we have been designated under Japan’s Act on Rationalization of Energy Use (the Energy Conservation Law) as a designated enterprise that excels in progress with energy conservation efforts. We have received the S Rank that represents the highest evaluation under the law for four consecutive years. Our global warming prevention measures have also been singled out as particularly outstanding by the government of Osaka Prefecture, which conferred top honors on us at their “Osaka Stop Global Warming Awards” held in FY2018.

Details are available at the following website.

> [CDP and the “Osaka Stop Global Warming Awards”](#)

[see here](#) ►

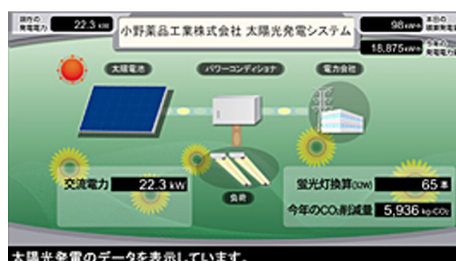
Incorporating Renewable Energy

Solar Panels

Solar power, a form of renewable energy, is an effective way to reduce greenhouse gas emissions, since it does not need to release any when generating electricity. We introduced solar power generation facilities in our headquarters building in FY2003, the Minase Research Institute in FY2015, and the New Tokyo Building in FY2017.



Solar panels at the Minase Research Institute



Solar power monitoring system at the Minase Research Institute

Green Energy Certificates

Since FY2018, we have been purchasing Green Energy Certificates, and have used 2.9 million KWh of renewable energy.

Through the purchase certification that a given unit of power was generated as renewable energy, Green Energy Certificates enable the purchaser to determine on their own that the electric power they use is renewable.



Fuel-Related Initiatives

By switching from fuels such as heavy oil and kerosene to utility gas and natural gas (LNG), the same amount of energy can be obtained but with fewer CO₂ emissions. Therefore, switching to these cleaner fuels results in fewer greenhouse gas emissions.

In our plants and research institutes, we are trying to reduce CO₂ emissions by replacing heavy oil / kerosene with city gas and LNG. All fuels were converted to city gas or LNG at other bases that used to use heavy oil and kerosene by the end of FY2013.

Power Load Leveling

In Japan, due to stoppages of nuclear power plants, the revised Energy Saving Act, which went into effect in FY2014, included provisions for cutting peak electricity usage in the summer and winter—a process known as power load leveling. We have been promoting electricity demand leveling by implementing a peak shift from daytime electricity use with a cogeneration system (CGS) in addition to a nighttime heat storage system, and modifying the method of heating water for air conditioning (switching from air-cooled chillers to steam boilers). Peak shift and NAS battery system as a BCP measure was implemented at the new plant built in Yamaguchi Prefecture.

Energy Management

In order to successfully carry out measures to achieve energy efficiency and power load leveling and to reduce CO₂ emissions, it is helpful to gather data on energy usage from various facilities, analyze them, and use them to reduce and adjust the load. Through a monitoring system, graphs and flow charts are used to put data into an easy-to-grasp form so that the data can be used in the most effective way. While the production sites and the research institutes have conventionally measured energy use, we are gradually moving ahead with upgrading our energy management systems, which includes the possible adoption of a comprehensive FEMS (factory energy management system) and a BEMS (building energy management system).

CO₂ Emissions in the Value Chain (Scope 3)

ONO divides CO₂ emissions in the value chain (Scope 3) into 15 categories under the Ministry of the Environment's guidelines, and since FY2014 it has been calculating them for sites in Japan.

Category	FY2017 emissions (10.0 thousand tons-CO ₂)	FY2018 emissions (10.0 thousand tons-CO ₂)	Calculation method	Notes
Purchased goods and services	0.85	—*	CO ₂ 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 CO ₂ emissions to the transaction amount at major suppliers.(The calculation method has changed since FY2017. Please see the ESG Data for details.)	Covers production and research sites *Figures for FY2018 are not calculated because our major business partners had not published their CSR reports at the time of calculation.
Capital goods	5.26	6.04	Amount of capital investment, multiplied by emission factor*	—
Fuel- and energy-related activities not included in scope 1 or scope 2	0.15	0.15	Amount of electricity purchased, multiplied by emission factor*	—
Upstream transportation and distribution	0.01	0.01	Transport data on deliveries from ONO factories and distribution centers to destinations, multiplied by emission factor*	—
Waste generated in operations	0.03	0.03	Weight of each type of industrial waste generated, multiplied by emission factor*	—

Category	FY2017 emissions (10.0 thousand tons-CO ₂)	FY2018 emissions (10.0 thousand tons-CO ₂)	Calculation method	Notes
Business travel	0.25	0.23	Business trip allowances, multiplied by emission factor*	Covers travels by airplane or Shinkansen bullet train
Employee commuting	0.04	0.04	Employees' commuting costs, multiplied by emission factor*	—
Upstream leased assets	0.35	0.33	Cost of gasoline for leased company cars, multiplied by emission factor*	—
Downstream transportation and distribution	0.53	—*	CO ₂ emissions stated in ONO's CSR report on major pharmaceutical wholesalers, multiplied by percentage of ONO net sales included in all net sales of major pharmaceutical wholesalers	*Figures for FY2018 are not calculated because our major pharmaceutical wholesalers had not published their CSR reports at the time of calculation.
Processing of sold products	Not calculated	Not calculated	—	ONO makes only finished products
Use of sold products	Not calculated	Not calculated	—	No energy is consumed during the use of ONO products
End-of-life treatment of sold products	0.01	0.01	Weight of each type of ONO product container or packaging disposed of as waste, multiplied by emission factor*	—
Downstream leased assets	0.03	0.03	Floor space of asset (building) owned and rented out categorized by use, multiplied by emission factor*	—
Franchises	Not calculated	Not calculated	—	ONO does not operate franchises
Investments	Not calculated	Not calculated	—	There is no investment involving large amounts of greenhouse gas emissions.

* Figures stated in the "Emission Factor Database on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (ver. 2.6)," published by the Ministry of the Environment, Government of Japan.

Toward creating a water recycling-oriented society

The availability of high-quality fresh water is one of the important factors for us in conducting business activities. We are making efforts for reducing water use so as to mitigate the load on limited water resources. As for water risks, the Environmental Management Committee leads and conducts surveys on the risks, and identifies/analyzes/evaluates the business risks. Risk evaluation at important sites that use large volumes of water is conducted using the WRI AQUEDUCT risk assessment tool of the World Resource Institute. As of the end of FY2018, none of our company's important sites operate or conduct water intake in areas categorized as being at "extremely high risk" for water stress. We continue to operate in areas where it is possible to use good quality fresh water as needed for business operations, and our business activities are therefore not affected. While grasping the volumes of water use at our important sites, we confirm that our water supply and emission pipes are free of leakage, and endeavor to use appropriate amounts of water.

Analysis and Evaluation of Water-related Risk and Opportunity

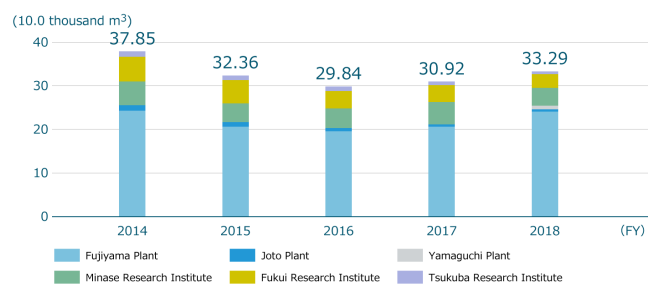
Risk Factors		Period	Details	Impact	Management Method
Regulatory risk	Restrictions on use of good quality fresh water	Long-term	Use of good quality fresh water becomes impossible, restricting production and research activities.	Increase in operating costs	- Assurance of pharmaceutical products supplied - 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	- 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	- Investment in plant and equipment - Water quality analysis and management
	Flooding and/or heavy rain disaster		Facilities are flooded due to flooding or heavy rainfall in the vicinity of a production site.	Increase in operating costs	- 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	- Changes in formulation of existing pharmaceutical products - New Drug Development

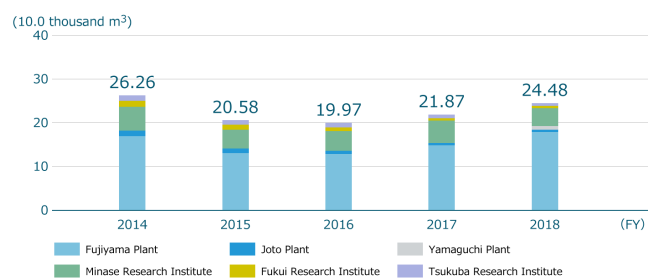
We have posted details such as the water-related risks and opportunities, water intake and wastewater volumes at CDP Water. They can be confirmed at the [CDP website](#) (A CDP ID is required).

Progress towards a water recycling-orientated society

Water intake ☒



Wastewater ☒



* Sites where data on water intake/wastewater was collected: Fujiyama Plant, Joto Plant, Yamaguchi Plant (Added from FY2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute

■ Water intake and waste water volume by site (unit: 10.0 thousand m³)

Facility name	River in the area	2014		2015		2016		2017		2018	
		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	24.32	16.95	20.55	13.02	19.57	12.89	20.56	14.86	24.02	17.84
Joto Plant	Yodo River	1.25	1.25	1.09	1.09	0.72	0.72	0.55	0.55	0.60	0.60
Yamaguchi Plant	Kanno River, Yura River	-	-	-	-	-	-	-	-	0.82	0.82
Minase Research Institute	Yodo River	5.48	5.48	4.28	4.28	4.52	4.52	5.13	5.13	4.12	4.12
Fukui Research Institute	Kuzuryu River	5.58	1.36	5.37	1.13	3.94	0.75	3.87	0.52	3.13	0.50
Tsukuba Research Institute	Kasumigaura	1.22	1.22	1.07	1.07	1.09	1.09	0.81	0.81	0.60	0.60
total		37.85	26.26	32.36	20.58	29.84	19.97	30.92	21.87	33.29	24.48

Base units for water usage volume (m³/production unit volume)

	FY2017	FY2018
Base units for water usage volume	0.096	0.104

Efforts Toward Achieving a Water-Recycling Society

In newly constructed production sites, research sites, the Tokyo Building, and other sites, we use water-saving sanitary equipment. For existing buildings, we are also making efforts for reducing water use, such as installing water-saving washers in faucets. At Minase Research Institute in FY2018, the water coolant spray nozzle of an air conditioning heat source device was switched with a water-saving nozzle to improve the thermal efficiency. The result was a summertime water volume use savings of approximately 2,000m³. In addition, at Tsukuba Research Institute, boiler waste water neutralization equipment was updated to affect a coolant water consumption savings of approximately 2,100m³. Other efforts included installation of a recycled water system at the Fukui Research Institute, and the annual water use there is 16,067m³, which is 4.6% of our total water use.

Toward creating a recycling-oriented society

We regard the recycling of resources in the course of our business activities to be a crucial priority item, and are moving forward with a range of companywide efforts. The Environmental Management Committee plays a central role in conducting surveys, analyses and evaluations to make progress toward achieving a sustainable society through environmental conservation.

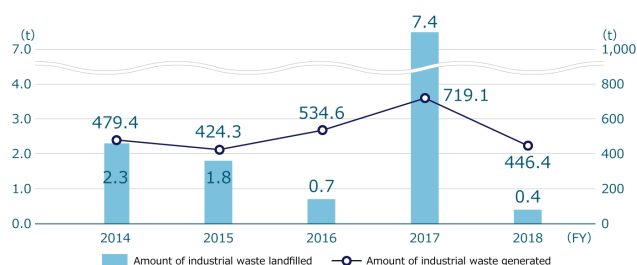
Progressing toward a resource recycling society

We are endeavoring to reduce the amount of waste generated by separating and recycling waste based on our waste management regulations and waste separation rules as we move forward with companywide efforts to reduce the amount of final industrial waste processing.

We continued to achieve zero emissions³⁾ in FY2018, and will make efforts to maintain zero emissions.

- 3) Zero emissions means a final disposal rate (percentage of waste that is landfilled) of less than 1.0%, as result of industrial waste recycling (calculation of final disposal rate: final landfill disposal amount / amount of waste generated ×100). Note that we make an exception of certain materials, such as some hazardous substances and reagent waste, for zero emissions, because their safe disposal is a higher priority.

Industrial waste: Amount of the waste generated/landfilled



* Sites where data on industrial waste (amount of waste generated/landfilled) was collected: Fujiyama Plant, Joto Plant, Yamaguchi Plant (Added from FY2018), Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute

Base units for industrial waste emissions volume (kg/production unit volume)

	FY2017	FY2018
Base units for industrial waste emissions volume	0.197	0.128

Note: Of FY2017 industrial waste emissions volume, waste associated with renovation construction work at the Joto Plant (25.64t) was excluded from the calculation.

Efforts toward a resource recycling-oriented society

We inspect our intermediate and final processing outsourcing contractors to ensure that our industrial waste is processed appropriately. We also have certified heat recovery service providers conduct thermal recycling, and use processing plants that perform materials recycling as our final processing providers. This is how we are moving toward our aim of recycling industrial waste.

Recycling containers and product packaging

Pursuant to the Containers and Packaging Recycling Law, some of the containers and packaging materials for the products we sell are recycled. In addition, we are working to reduce our environmental impact by changing the materials in our containers and changing the designs of our packaging.

■ FY2018(Unit: tons)

	Container and packaging usage	Obligatory recycling amount
Plastic	171.7	35.5
Paper	202.7	1.6
Glass (colorless)	–	–
Glass (brown)	0.3	–
Commissioning fee paid for recycling : 1,650 thousand yen		

Management of Chemicals

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

Compliance with the PRTR Law

In FY2018, the Minase Research Institute and the Joto Plant made reports on Class I designated chemical substances. These chemicals are managed in appropriate amounts and in compliance with the PRTR Law.

■ Compliance with the PRTR Law

Substance	Amount handled by the notified facilities			Notified release						Notified transfer						Total of notified release amounts / notified transfer amounts		
				Into the air			Into public waters			Contained in waste			Into public sewage					
	FY 2017	FY 2018	FY 2017 comparison (%)	FY 2017	FY 2018	FY 2017 comparison (%)	FY 2017	FY 2018	FY 2017 comparison (%)	FY 2017	FY 2018	FY 2017 comparison (%)	FY 2017	FY 2018	FY 2017 comparison (%)	FY 2017	FY 2018	FY 2017 comparison (%)
Acetonitrile	8.98	7.19	80.1	0.36	0.25	69.4	0.00	0.00	–	8.82	6.94	78.7	0.00	0.00	–	8.98	7.19	80.1
Normal-hexane	2.97	2.82	94.9	0.00	0.00	–	0.00	0.00	–	2.97	2.82	94.9	0.00	0.00	–	2.97	2.82	94.9
Total	11.95	10.01	83.8	0.36	0.25	69.4	0.00	0.00	–	11.79	9.76	82.8	0.00	0.00	–	11.95	10.01	83.8

* Unit: tons

Amount of Chemical Substances Handled

In FY2017, as in FY2016, the volume of Class I designated chemical substances under the PRTR Law that we handled remained extremely low, at just 10.01 tons. This is partly because ONO does not conduct any synthesis of pharmaceutical substances. We will continue to make every possible effort to reduce the amount that we handle and to keep down the amount released.

Handling of PCBs

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

Site	Status	Type	Number of units
Joto Plant	Stored	Fluorescent lamp	552
	Disposed*	Condenser	6
Minase Research Institute	Disposed*	Condenser	2

* The Joto Plant in FY2007 and the Minase Research Institute in FY2014 delivered PCBs to the Japan Environmental Storage and Safety Corporation, a PCB waste treatment service provider.

Fluorocarbon Management

In April 2015, amendments to the Act on Rational Use and Proper Management of Fluorocarbons came into force, and the reporting of leakage from and inspection of air conditioning equipment and refrigerators/freezers for business use became obligatory. Therefore, we conduct activities such as the identification of such equipment, simple inspections / periodic inspections, generation of records, and calculations of leakage. In FY2017, the calculated leakage of fluorocarbons was 197.9 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.

Prevention of Air Pollution and Water Pollution

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

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

Green Purchasing

In December 2004, we started purchasing on a company wide basis—from @office, an online office supply purchasing service provided by Kokuyo Co., Ltd. This service offers a wide range of environmentally friendly office supplies, including Green Mark and Eco Mark certified products, and we use this service to promote green procurement. In FY2018, 76.4% of the office supplies purchased by ONO were environmentally friendly products.



Environment : Environmental Management

The Results (or Progress) of the Work

We review the results (or progress) of the work toward every year.

Item	Target	Activities in FY2018
Greenhouse gasses	Reduce CO₂ emissions by 23% from the FY2005 level in FY2020. ※CO₂ emissions from energy sources at production and research sites [ECO VISION 2050] ● Reduce CO₂ emissions by 55% for Scope 1 and Scope 2 as well as 30% for Scope 3 in FY2030(compared to FY2017). ● Eliminate CO₂ emissions for Scope 1 and Scope 2 as well as reduce emissions 60% for Scope 3 in FY2050 (compared to FY2017).	● On a location basis,¹⁾ the figure for FY2018 was 25,200t, a 5.6% reduction from 26,700t in FY2005. ● On a market basis,²⁾ the figure for FY2018 was 26,100t, up 6.2% from 24,600t in FY2005. ※Scope includes CO₂ emissions from energy sources at production and research sites. [ECO VISION 2050] ● Scope 1 and 2 for FY2018 show a market-based reduction of 5.5%, and a location-base increase of 4.9% (comparing with FY2017). (As for Scope 3, the progress is not reported yet because there are categories that have not been calculated at this time.)
Water consumption	[ECO VISION 2050] ● Reduce water resource consumption (water intake) by 15% per production volume unit in FY2030 (compared to FY2017).	● In a comparison with FY2017, water use volume increased 8.7% per unit of production quantity.
Waste	[ECO VISION 2050] ● Maintain final disposal of industrial waste less than 1% or less every year (*). * Defining the ratio of non-recycling (landfill and simple incineration) to less than 1% of the total amount as a standard of ONO's "zero emission". ● Reduce industrial waste emissions by 15% per production volume unit in FY2030 (compared to FY2017). ● Promote reductions in the environmental burden in business activities.	● Zero emissions goals were achieved for another consecutive year, building on the success of FY2017. ● In a comparison with FY2017, industrial waste volume decreased 34.9% per unit of production quantity. ● In FY2018, the proportion of environmentally-friendly products purchased as business supplies was 76.4%. (Since December 2004, we have made purchases through the @office online business supply service offered by Kokuyo Co. Ltd. (We have been using this system to help in our efforts to achieve green procurement goals.)
Chemical substance management	Reduce the amount of PRTR Class I designated chemical substances released into the environment.	● The release and transfer volume of the registered chemical substances was 10.01 tons, which we have kept at an extremely low volume.

Item	Target	Activities in FY2018
Pollution control management	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.
Evaluation of environmental efficiency	Comply with guidelines issued by the Ministry of the Environment of Japan.	- Disclosed data on environmental cost, capital investment, economic effect, and environmental conservation effect. - Evaluated environmental efficiency. - Environmental efficiency was up by 56.9 points over FY2005.

1) Location-basis CO₂ emissions volumes are calculated based on progress management coefficients of the Federation of Pharmaceuticals Manufacturers' Associations of Japan (FY2005 values).

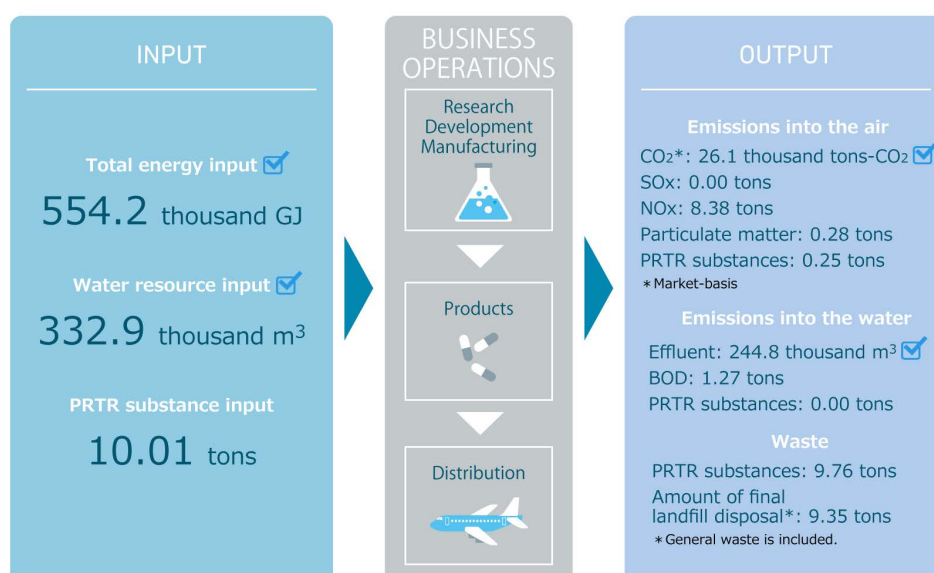
2) Market-basis CO₂ emissions volumes are calculated based on emissions coefficients published by each electric power company.

Science Based Targets (SBT) Approval

Our mid- to long-term greenhouse gas reduction targets are approved by the international initiative Science Based Targets (SBT) as having a scientific basis. For details, please refer to the SBT website (<https://sciencebasedtargets.org/>).

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

Annual inputs and outputs are grasped on a regular basis to use as reference data for our efforts to reduce environmental impact (Scope: production and research sites, FY2018).



Promotion of Environmental Management

Our environmental management promotion structure consists of the Member of the Board of Directors, Senior Executive Officer/Executive Director of the General Administration Headquarters, the CSR Promotion Section, and the Environmental Management Committee. The Senior Executive Officer/General Manager supervises company-wide environmental management, and the CSR Promotion Section manages the Committee. Members of the Committee are chosen from relevant departments and are responsible for specific on-site monitoring and promoting environmental management. Each production and research sites with a major environmental impact has a subcommittee to work on environmental issues. Each production site makes continuous efforts to reduce environmental impact under an ISO 14001-compliant environmental management system. We have also acquired ISO 14001 certification for all production sites in operation. In addition, to reduce environmental risks, employees involved in operations that could have an impact on the environment receive necessary training on environmental management.

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



■ Status of acquisition of ISO 14001 certification

Production site name	First acquired in
Fujiyama Plant	November 2002
Joto Plant	February 2004
ISO 14001 acquisition percentage for production sites	100%

*Production sites in operation are 100% ISO14001 certified.

Environment : Environmental Efficiency / Environmental Accounting

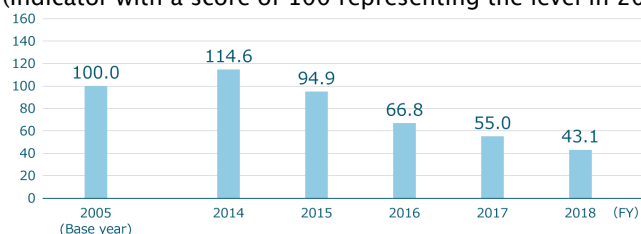
We assess the environmental efficiency of our production and research sites to evaluate their environmental efforts in a quantitative form.

Assessment of Environmental Efficiency

In terms of the environmental efficiency indexes for FY2018, NOx and CO2 emissions volumes exceeded previous-year levels. On the other hand, the completion of renovation construction on a clinical trial drug facility at the Joto Plant has resulted in a major year-on-year reduction in the volume of waste undergoing final processing. This, in turn, resulted in an improvement of 56.9 percentage points compared to FY2005.

Assessment of Environmental Efficiency

(Indicator with a score of 100 representing the level in 2005)



Environmental Costs and Effects in FY2018

The environmental investment at our production and research sites during FY2017 was for global warming countermeasures and other environmental measures.

Environmental Costs (Including Depreciation Costs)

■ (Thousands of Yen)

Category	Environmental costs		Amount of investment in environmental equipment	
	FY2017	FY2018	FY2017	FY2018
1: Pollution prevention costs (prevention of air pollution, water pollution, soil pollution, groundwater pollution, hazardous chemicals, noise, vibration and offensive odors)	88,855	118,662	117,421	668,927
2: Global environment conservation costs (prevention of global warming and environmental conservation)	375,738	424,006	543,660	2,679,921
3: Resource circulation costs (reduction of waste, proper treatment of waste, and efficient use of resources)	97,111	91,983	0	7,570
4: Administration activity costs (time and costs spent for relevant committees, ISO activities, and environmental management)	7,766	7,290	—	—
5: Research and development costs	193,194	130,436	—	—
6: Community activity costs (cleanup and tree-planting activities on business sites and in surrounding areas, etc.)	767	1,835	—	—
Total	763,431	774,212	661,081	3,356,418

Environmental Conservation Effects

Environmental performance indicators		Change in the amount of environmental impact		Environmental impact	
		FY2017	FY2018	FY2017	FY2018
Effects related to business area costs	SOx emissions (tons)	0	0	0	0
	NOx emissions (tons)	5.99	0.57	7.81	8.38
	Water use (10.0 thousand m ³)	1.08	2.37	30.92	33.29
	BOD load (tons)	-0.16	-0.95	2.22	1.27
	CO ₂ emissions (tons-CO ₂)	-0.02	-0.15	2.75	2.61
	Energy use (10.0 thousand GJ)	-0.07	-0.11	52.65	52.54
	Total waste discharge (tons)	218.15	-361.04	983.89	622.85
	Final landfill disposal (tons)	7.38	-8.69	18.04	9.35

Economic Effects Associated with Environmental Conservation Activities

■ (Thousands of Yen)

Details of effects	Total	
	FY2017	FY2018
1: Reduction in costs through energy-saving activities	7,364	11,703
2: Reduction in waste costs through recycling activities	0	0
3: Profit on sales from waste recycling	436	1,205
Annual total	7,800	12,908

Corporate Social Responsibility (CSR) Activities

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 fiscal 2018, 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 to help them establish healthy exercise habits.

Through this project, implemented in partnership with the Specified Nonprofit Corporation Sports Community and Intelligence Complex (SCIX), we continue to help promote health among the youth that will lead the next generation in three Tohoku prefectures.

■ 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

Kick-off Event



Follow-up Programs



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

ONO SWITCH Project

Our efforts to promote both work-style reforms and social responsibility activities include the ONO SWITCH Project begun in August 2018. This project involves the donation to healthcare-related NPOs and NGOs using the money saved through the reduction of overtime work through the promotion of Work Style Reform Details are available at the following website.

➤ [Details on efforts to improve healthcare access](#)

[see here](#) ▶

Training in the use of basic life support equipment, made possible by a partnership with Japan Heart, a certified NPO



Primary life-saving measures, Children's Medical Center



Primary life-saving measures, Ponnell Hospital

Initiatives for Medical Advancement

We are making efforts to meet unmet medical needs and contribute to medical advancement. 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. The Foundation has provided research grants and scholarships every year since its establishment and gave an Osamu Hayaishi Memorial Award to one researcher, research grants to 12 researchers, and scholarships (for researches under 40 years old) to 16 researchers respectively in FY2017. In FY2018, we newly funded or continued to fund approximately 40 courses across Japan mainly on cancer, diabetes, neurological diseases, bone and motor organ diseases and other disease areas the patients of which are likely to increase rapidly as the population ages. In addition, we have supported the Japanese Biochemical Society's Osamu Hayaishi Memorial Scholarship for Study Abroad, which assists researchers who are willing to research biochemistry-related life sciences in general in studying abroad, for 10 years from FY2017, and we made a decision to support eight researchers in March 2019 and another decision to support other eight researchers.

Activities to Support the Health of People

We conduct various health-related activities to provide a wide range of support for people such as patients and the families of patients. We also cooperate in holding seminars for citizens to raise awareness and provide correct information about diseases. In addition, we have been participated in Relay for Life as a part of CSR activities since FY2014. Relay for Life is a charity activity project conducted by the Japan Cancer Society and the National Action Council of Relay of Life aiming to deal with and overcome cancer. We have been actively participating in the Relay of Life events mainly at the locations where our research institutes, plants, and sales offices reside.

In the field of dementia, all our MRs who have completed the Dementia Supporters Training Program learn and put into action what they can do on a daily basis to help people with dementia and their families live with a sense of security. We produce and release on our corporate website a series of short movies titled [Grandma's World](#) which are aimed at raising dementia awareness. In addition, we continue [the Communicate & Link exhibition](#) on the website which shows images of paintings calligraphy and other art works created by people with dementia at medical institutions. This exhibition is aimed at spreading joy to people with dementia and their families and helping medical providers gain professional fulfillment. We received 428 works from various parts of Japan for the tenth exhibition held in FY2018 and sent comments handwritten by the selection committee members as well as a certificate of commendation to each applicant.

In March 2018, we held the Operation Slimmer and Healthier program in Soma City, Fukushima Prefecture, as held previously in Aizu Misato Town, Fukushima Prefecture in March 2015, in Ishinomaki City, Miyagi Prefecture in March 2016, and in Ofunato City, Iwate Prefecture in April 2017 and in March 2019 in Higashimatsushima City, Miyagi Prefecture, as a Great East Japan Earthquake reconstruction assistance activity. With the cooperation of top athletes and specialists in lifestyle disease, the program addressed childhood obesity, a social issue in the earthquake-affected areas. This project provides an opportunity for children and their parents to consider diet and lifestyle habit through sports. Learn more about the Operation Slimmer and Healthier Program [here](#).

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

Efforts made for children's education

We are proactively engaged in activities to support the development of children, who will be responsible for the future. The classes we have continued to provide at schools (targeting junior high school students and high school students) focusing on dementia are the effort we make to have children consider dementia as common matter and acquire correct knowledge through viewing of the dementia awareness short movie titled *Grandma's World* we created and lectures by specialists. We started the event in May 2014, and more than 2,000 junior high school students and high school students have participated by the end of March 2019.

In FY2018, we continued the activities we had done in FY2017, aiming to raise the children's interest in learning science with the theme of medicine, our researchers visited Shimamoto Municipal No. 3 Elementary School (in the town where the Minase Research Institute resides) to give the sixth graders a lecture and co-sponsored an experiential learning event called *Water Wonder Expedition Part 4* (sponsored by the municipalities in the vicinity of Fujiyama Plant and targeting elementary school students) aiming to have children think about the global environments, particularly the water environment.

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. Theater of the Heart is a project to invite children (mainly elementary sixth grade students) from various regions in Japan to theaters for free and demonstrate the excitement of theater aiming to bring the most important things for people to live, such as the importance of life, the heart to consider a person, the joy to believe each other to children's heart through the performance. We understand such philosophy and support activities.

We also donated to the project *Kodomo Hon no Mori Nakanoshima* (Woods of Children's Book in Nakanoshima) (tentative name) that aimed to stop children being away from reading. *Kodomo Hon no Mori Nakanoshima* (tentative name) is a project to build a library designed by an architect Tadao Ando in the Nakanoshima Park to encourage children to develop rich creativity through books and arts/culture.



Science classes for elementary schools



Water Wonder Expedition Part 4



Maho wo Suteta Majorion (Majorion who Quite from Being a Witch), a family musical performed by Shiki Theater Company
Photo by Ken Arai



Water Wonder Expedition Part 4

Relationships with communities

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

Initiatives in the Production Division

The Fujiyama Plant's recent activities for improving the environment involved cleanup at Mt. Fuji 5th Station in July 2018 and cleaning up the areas surrounding the plant in March 2019. These events aim 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.

We also provided trash bags for "Operation Trash Clean-sweep," a clean-up activity of the municipal neighborhood associations of Fujimiya City.

At the Joto Plant in November 2018, staff took part in the cleanup of the periphery of the plant site and the area around a neighboring elementary school as well as parks and other places as part of the Osaka Marathon Cleanup campaign organized by the Osaka Municipal Government.

They also trained in making announcements and performing initial firefighting using equipment of the technical competition division of the Higashinari Autonomous Firefighting Brigade Council. Participants practiced carrying firehose ends and directing water with the nozzle. Under the direction of Higashinari firefighters, they received training against the actual eventuality of fires.

A fair to sell bread and cookies made at work centers that support the independence of persons with disabilities is held on the second Wednesday of every month. Staff in the production division will continue to actively participate in such useful community-based social contribution activities.



Trash clean-up near Mt. Fuji 5th Station



The Osaka Marathon Cleanup campaign

Initiatives in the Discovery and Research Division

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

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

Initiatives in Other Divisions

On the fourth Wednesday of every month, the Head Office holds events at which bread and cookies made by the disabled members of a social welfare organization are sold.

Eco-Cap Activities

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



Special Garbage Containers

Blood Donation

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

Local Community Contribution Activities with Affiliated Companies

In an effort to promote sustainable development in harmony with local communities ONO donated dental goods to children in Shimamoto-cho Mishima-gun June 4 to 10 (Osaka Prefecture—the home of the Minase Research Institute. During Dental Health Week) 3,300 tooth-brushing kits and 400 toothbrushes produced by Bee Brand Medico Dental Co. Ltd. which is one of our affiliates were provided for four elementary schools and five kindergartens/nursery schools in the town, as well as an elementary school near the Joto production facility, with the hope to help realize a world without dental cavities. This initiative is implemented as an annual program with an aim to realize coexistence of the local community with the company and achieve sustainable development.

Policies

Ono Pharmaceutical Code of Conduct

See here for the Ono Pharmaceutical Code of Conduct.

➤ [The Ono Pharmaceutical Code of Conduct](#)

[see here](#) ►

Ono Pharmaceutical Compliance Program Policy

See here for the Ono Pharmaceutical Compliance Program Policy.

[Ono Pharmaceutical Compliance Program Policy \(529KB\)](#)

PDF

Ono Pharmaceutical Bribery Prevention Global Policy

See here for the Ono Pharmaceutical Bribery Prevention Global Policy.

[Ono Pharmaceutical Global Anti-Bribery and Corruption Policy \(88KB\)](#)

PDF

Environmental Guidelines and Vision

See here for Environmental Guidelines and Vision.

➤ [For more information on Environmental Guidelines and Vision](#)

[see here](#) ►

Basic Policy for Procurement Activities and CSR Procurement Guideline

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

➤ [For more information on Basic Policy for Procurement Activities and CSR Procurement](#)

[see here](#) ►

Privacy Policy

See here for our Privacy Policy.

➤ [Privacy Policy](#)

[see here](#) ►

ESG Data

Governance Data

■ Corporate Governance

Category	Item		Scope	Unit	FY2016	FY2017	FY2018
Corporate Governance Structure	Board structure	Directors (Total)	Non-consolidated	Persons	7	7	8
		Independent outside directors	Non-consolidated	Persons	2	2	3
		Female directors	Non-consolidated	Persons	0	0	0
	Board of Auditors structure	Auditors (Total)	Non-consolidated	Persons	5	4	4
		Independent outside auditors	Non-consolidated	Persons	3	2	2
		Female auditors	Non-consolidated	Persons	1	1	1
	Director Remuneration	Total	Non-consolidated	Million yen	345	336	360
	Auditor Remuneration	Total	Non-consolidated	Million yen	71	76	77
	Number of Board of Directors meetings			Times	15	13	13
	Number of Board of Auditors meetings			Times	13	13	14
	Board attendance rate (directors)			%	–	100.0	100.0
	Board attendance rate (auditors)			%	–	–	100.0

Social Data

■ Innovative Pharmaceutical Products

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

■ Human Resources and Human Rights

Category	Item		Scope	Unit	FY2016	FY2017	FY2018
Provision of Growth Opportunities	Company-wide joint training implementation status	Workshop for understanding/spreading our mission statement	Non-consolidated	Participants × hours	-	943	317
			Non-consolidated	Participants	-	145	56
		Orientation for newly hired employees Follow-up training for newly hired employees	Non-consolidated	Participants × hours	-	9,408	7,682
			Non-consolidated	Participants	-	98	86
		Third-year employee training Fifth-year employee training	Non-consolidated	Participants × hours	-	3,040	1,667
			Non-consolidated	Participants	-	190	164
		Training for individual contributors promoted to the highest level Training for new core employees Training for new managers Manager training	Non-consolidated	Participants × hours	-	11,968	11,653
			Non-consolidated	Participants	-	748	1,027
			Non-consolidated	Participants × hours	-	1,950	992
		Coaching training	Non-consolidated	Participants	-	78	37
			Non-consolidated	Participants × hours	-	5,063	5,471
		Training for selected employees	Non-consolidated	Participants	-	61	94
			Non-consolidated	Participants × hours	-	11,988	19,215
		English training	Non-consolidated	Participants	-	111	260
			Non-consolidated	Participants × hours	-	108	1,529
		Diversity management training	Non-consolidated	Participants	-	27	734
			Non-consolidated	Participants × hours	-	1,362	426
		Career planning training	Non-consolidated	Participants	-	190	142
			Non-consolidated	Participants × hours	-	2,604	2,513
		Voluntary training (Correspondence courses/online English conversation classes)	Non-consolidated	Participants	-	217	231
			Non-consolidated	Participants × hours	-	-	-
		Annual training hours per employee		Non-consolidated	Hours	-	35.5

Category	Item	Scope	Unit	FY2016	FY2017	FY2018
Promoting active participation of persons with disabilities/mid-career employment	Employment of persons with disabilities	Non-consolidated	%	2.30	2.24	2.28
	Mid-career employment	Non-consolidated	Persons	322	380	440
Employee composition	Male ratio of new graduates	Non-consolidated	%	66	51	66
	Female ratio of new graduates	Non-consolidated	%	34	49	34
	Male	Non-consolidated	Persons	2,358	2,629	2,682
	Female	Non-consolidated	Persons	524	570	602
	Total	Non-consolidated	Persons	3,062	3,199	3,284
	Contract workers ratio	Non-consolidated	%	–	0.3	0.1
	Temporary staff ratio	Non-consolidated	%	–	8.8	8.9
	Average age (male)	Non-consolidated	Years old	41.1	42.1	42.6
	Average age (female)	Non-consolidated	Years old	37.1	37.9	38.0
	Average age (total)	Non-consolidated	Years old	40.4	41.4	41.8
	Average consecutive years of employment (male)	Non-consolidated	Years	15.9	16.0	16.3
	Average consecutive years of employment (female)	Non-consolidated	Years	12.3	11.8	12.0
	Average consecutive years of employment (total)	Non-consolidated	Years	15.3	15.3	15.5
Turnover and retention rate	Retention rate after 3 years (male)	Non-consolidated	%	93.1	98.4	96.1
	Retention rate after 3 years (female)	Non-consolidated	%	85.4	96.9	100.0
	Retention rate after 3 years (total)	Non-consolidated	%	89.9	97.8	97.8
	Full-time employee turnover rate (voluntary resignation)	Non-consolidated	%	1.0	1.3	1.5
	Full-time employee turnover rate (Mandatory retirement, etc.)	Non-consolidated	%	0.9	0.7	0.6
	Full-time employee turnover rate (total)	Non-consolidated	%	1.9	2.0	2.1

■ Safety and Health

Category	Item		Scope	Unit	FY2016	FY2017	FY2018
Enhancing cultivation of employee-friendly workplaces	Working hours		Non-consolidated	% compared to previous year	N/A	▽0.5%	▽5.7% (compared to FY2014)
	Percentage of paid vacation taken		Non-consolidated	% compared to previous year	N/A	△6.4%	△17.2% (compared to FY2014)
	Number of lost-time injuries	Lost-time injury	Pre-FY2016: Japanese factories and research sites Post-FY2017 : All Japanese operation sites	Incidents	1*	1	1
		Severity Rate	Pre-FY2016: Japanese factories and research sites Post-FY2017 : All Japanese operation sites	–	0.16	0.16	0.15
Supporting disease prevention, early detection and early treatment	Medical checkups received		Non-consolidated	%	–	99.1	99.4
	Cancer screening rate	Stomach cancer screening	Non-consolidated	%	–	97.2	97.3
		Lung cancer screening	Non-consolidated	%	–	99.3	99.7
		Colorectal cancer screening	Non-consolidated	%	–	93.9	93.6
		Breast cancer screening	Non-consolidated	%	–	90.0	88.3
		Cervical cancer	Non-consolidated	%	–	43.4	42.3
Mental health	Stress checks received		Non-consolidated	%	–	95.1	97.8
Health promotion	Number of participants in walking campaign	Employees	Non-consolidated	Persons	887	1,088	1,169
		Family	Non-consolidated	Persons	256	472	771
		Temporary staff, etc.	Non-consolidated	Persons	68	99	90
	Walking campaign total employee participation rate		Non-consolidated	%	–	34	35

*A part of previous data has been revised due to the detailed check of the data.

Environmental Data

■ Energy Saving and Global Warming Prevention

Category	Item			Scope	Unit	FY2016	FY2017	FY2018
CO ₂ emissions	Energy-derived CO ₂ emissions			Production and research sites	10,000 t-CO ₂	2.40	2.40	2.52
				Headquarters and other Sites in Japan (including tenant locations)	10,000 t-CO ₂	0.22	0.22	0.22
				Total	10,000 t-CO ₂	2.62	2.62	2.74
	Energy-derived CO ₂ emissions scope breakdown	Scope 1		All operation sites	10,000 t-CO ₂	-	0.85	0.90
		Scope 2	Location-basis	All operation sites	10,000 t-CO ₂	-	1.77	1.85
			Market-basis	All operation sites	10,000 t-CO ₂	-	-	1.95
CO ₂ emissions in the value chain	Scope 3	Purchased goods and services		Sites in Japan	10,000 t-CO ₂	9.71	0.85 ^{*1}	- ^{*2}
		Capital goods		Sites in Japan	10,000 t-CO ₂	2.70	5.26	6.04
		Fuel- and energy-related activities not included in scope 1 or scope 2		Sites in Japan	10,000 t-CO ₂	0.15	0.15	0.15
		Upstream transportation and distribution		Sites in Japan	10,000 t-CO ₂	0.01	0.01	0.01
		Waste generated in operations		Sites in Japan	10,000 t-CO ₂	0.03	0.03	0.03
		Business travel		Sites in Japan	10,000 t-CO ₂	0.22	0.25	0.23
		Employee commuting		Sites in Japan	10,000 t-CO ₂	0.03	0.04	0.04
		Upstream leased assets		Sites in Japan	10,000 t-CO ₂	0.35	0.35	0.33
		Downstream transportation and distribution		Sites in Japan	10,000 t-CO ₂	0.62	0.53	- ^{*2}
		Processing of sold products		Sites in Japan	10,000 t-CO ₂	Not calculated	Not calculated	Not calculated
		Use of sold products		Sites in Japan	10,000 t-CO ₂	Not calculated	Not calculated	Not calculated
		End-of-life treatment of sold products		Sites in Japan	10,000 t-CO ₂	0.02	0.01	0.01
		Downstream leased assets		Sites in Japan	10,000 t-CO ₂	0.03	0.03	0.03
		Franchises		Sites in Japan	10,000 t-CO ₂	Not calculated	Not calculated	Not calculated
		Investments		Sites in Japan	10,000 t-CO ₂	Not calculated	Not calculated	Not calculated
		Total		Sites in Japan	10,000 t-CO ₂	13.87	7.51 ^{*1}	- ^{*2}

Category		Item	Scope	Unit	FY2016	FY2017	FY2018
Energy consumption	Energy consumption		Production and research sites	10,000 GJ	52.72	52.65	55.42
			Headquarters and other Japan offices/sites (including tenant locations)	10,000 GJ	5.04	5.10	5.13
			Total	10,000 GJ	57.76	57.74	60.55
	Renewable energy amount	Solar power generation (by private power generation)	Sites in Japan	MWh	53.96	55.29	64.97
		Biomass power generation (by purchase)	Sites in Japan	MWh	–	–	2,900

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

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

FY2017: CO₂ emissions volume of our raw materials and materials suppliers (accounting for 80% or more of our raw materials or materials purchase costs) multiplied by the ratio of the sales to ONO out of the total sales of the supplier. Ratios for other suppliers are assumed to follow the same trend as for major suppliers, and are calculated from transaction value and CO₂ emissions volume / sales ratio.

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

■ Efforts Made for Reducing Water Use

Category	Item	Scope	Unit	FY2016	FY2017	FY2018
Water intake	Water intake	Fujiyama Plant/Joto Plant/Minase Research Institute/Fukui Research Institute/Tsukuba Research Institute	10,000 m ³	29.84	30.92	33.29
		Fujiyama Plant	10,000 m ³	19.57	20.56	24.02
		Joto Plant	10,000 m ³	0.72	0.55	0.60
		Minase Research Institute	10,000 m ³	4.52	5.13	4.12
		Fukui Research Institute	10,000 m ³	3.94	3.87	3.13
		Tsukuba Research Institute	10,000 m ³	1.09	0.81	0.60
		Yamaguchi Plant	10,000 m ³	–	–	0.82
Wastewater	Wastewater	Fujiyama Plant/Joto Plant/Minase Research Institute/Fukui Research Institute/Tsukuba Research Institute	10,000 m ³	19.97	21.87	24.48
		Fujiyama Plant	10,000 m ³	12.89	14.86	17.84
		Joto Plant	10,000 m ³	0.72	0.55	0.60
		Minase Research Institute	10,000 m ³	4.52	5.13	4.12
		Fukui Research Institute	10,000 m ³	0.75	0.52	0.50
		Tsukuba Research Institute	10,000 m ³	1.09	0.81	0.60
		Yamaguchi Plant	10,000 m ³	–	–	0.82
Percentage of reused water		Production and research sites	%	–	5.90	4.60

■ Waste Management, and Recycling Containers and Product Packaging

Category	Item		Scope	Unit	FY2016	FY2017	FY2018
Waste	Industrial waste	Waste generated	Production and research sites	t	534.6	719.1	446.4
		Direct landfill disposal	Production and research sites	t	0.7	7.4	0.4
	Amount of waste landfilled (Non-industrial waste is included)		Production and research sites	t	10.66	18.04	9.35
	Container and packaging usage	Plastic	Production and research sites	t	-	164.7	171.7
		Paper	Production and research sites	t	-	192.0	202.7
		Glass (colorless)	Production and research sites	t	-	0	0
		Glass (brown)	Production and research sites	t	-	0.3	0.3
	Obligatory recycling amount	Plastic	Production and research sites	t	-	34.7	35.5
		Paper	Production and research sites	t	-	1.6	1.6
		Glass (colorless)	Production and research sites	t	-	0	0
		Glass (brown)	Production and research sites	t	-	0	0
	Commissioning fee paid for recycling		Production and research sites	1,000 yen	-	1,723	1,650
	PRTR substance		Production and research sites	t	10.94	11.79	9.76

■ Prevention of Air Pollution and Water Pollution

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

■ Management of Chemicals

Category	Item		Scope	Unit	FY2016	FY2017	FY2018
PRTR substances	Amount handled by the notified facilities	Acetonitrile	Production and research sites	t	8.29	8.98	7.19
		Normal-hexane	Production and research sites	t	2.95	2.97	2.82
		Total	Production and research sites	t	11.24	11.95	10.01
	Notified release (into the air)	Acetonitrile	Production and research sites	t	0.20	0.36	0.25

Category	Item		Scope	Unit	FY2016	FY2017	FY2018
		Normal-hexane	Production and research sites	t	0.00	0.00	0.00
		Total	Production and research sites	t	0.20	0.36	0.25
	Notified release (into public waters)	Acetonitrile	Production and research sites	t	0.00	0.00	0.00
		Normal-hexane	Production and research sites	t	0.00	0.00	0.00
		Total	Production and research sites	t	0.00	0.00	0.00
	Notified transfer (contained in waste)	Acetonitrile	Production and research sites	t	8.09	8.82	6.94
		Normal-hexane	Production and research sites	t	2.85	2.97	2.82
		Total	Production and research sites	t	10.94	11.79	9.76
	Notified transfer (Into public sewage)	acetonitrile	Production and research sites	t	0.00	0.00	0.00
		Normal-hexane	Production and research sites	t	0.00	0.00	0.00
		Total	Production and research sites	t	0.00	0.00	0.00
	Notified release and transfer (total)	acetonitrile	Production and research sites	t	8.29	8.98	7.19
		Normal-hexane	Production and research sites	t	2.95	2.97	2.82

Category	Item		Scope	Unit	FY2016	FY2017	FY2018
		Total	Production and research sites	t	11.24	11.95	10.01
PCB	Joto Plant	Stored (Fluorescent lamp)	Production and research sites	台	552	552	552
		Disposed	Production and research sites	Stand	6	6	6
	Minase Research Institute	Disposed	Production and research sites	Stand	2	2	2
CFC	calculated leakage of fluorocarbons		Production and research sites	t-CO ₂	-	197.9	494.4

■ Green Purchasing

Category	Item	Scope	Unit	FY2016	FY2017	FY2018
Green Purchasing	office supplies purchased	Non-consolidated	%	83	80	76

■ Environmental Management

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

*Production sites in operation are 100% ISO14001 certified.

Social Contribution Activities Data

■ Social Contribution Activities

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

External Evaluation

External Evaluation

External evaluation of environmental, societal and corporate governance efforts

FTSE4Good Index Series

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



FTSE4Good

FTSE Blossom Japan Index

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



FTSE Blossom
Japan

MSCI Japan ESG Select Leaders Index

This is an index of a U.S. firm, MSCI. This index represents a selection of Japanese companies that excel in terms of environmental, societal and governance evaluations from among the shares comprising the MSCI Japan IMI top-700 index. We have been included since 2019.



CDP

Based in the United Kingdom, this NGO is active on climate change and in other environmental fields. It seeks information disclosure from the world's major corporations and cities on whether they are taking on climate change and water management issues. It also conducts research and evaluations in these fields. In fiscal 2018, we received the highest climate change evaluation of A, and a water-related evaluation of B.



Osaka Stop Global Warming Award

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



Health & Productivity Management Outstanding Organization

In 2019, we were certified by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi (the Japan Health Commission) under their "Health and Productivity Management Outstanding Organization 2019-- Health and Productivity Management 500 Program (Large Corporation Division)." This certification program is developed to promote health while honoring corporations and healthcare organizations that practice particularly outstanding health management.



Independent Practitioner's Assurance Report

Deloitte.

デロイト トーマツ

(TRANSLATION)

Independent Practitioner's Assurance Report

September 26, 2019

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

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

We have undertaken a limited assurance engagement of the sustainability information indicated with ☒ for the year ended March 31, 2019 (the "Sustainability Information") included in the "CSR Report 2019 (PDF version)" (the "Report") of ONO PHARMACEUTICAL CO., LTD. (the "Company").

The Company's Responsibility

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

Our Independence and Quality Control

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

Our Responsibility

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

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

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

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

Limited Assurance Conclusion

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

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

Member of
Deloitte Touche Tohmatsu Limited

