

## Material Issue 17

## Supply Chain Management

## Management of Priority Issues

<b>Reason for being a priority issue</b>	In order to provide a stable supply of our products to patients and realize a sustainable society, we believe it is important to build a sound network with all of our business partners in our supply chain and work together with them to improve human rights and labor conditions and protect the natural environment.
<b>Vision over the medium to long term</b>	Strengthen collaborative relationships with business partners and manage sustainability-related risks such as the natural environment and human rights
<b>Indicators</b>	(up to 2026) <ul style="list-style-type: none"> <li>• Establish a stronger risk management system (formulate policies and a code of conduct, make the system well established)</li> <li>• Comprehensive evaluations of companies in high-risk areas</li> </ul>
<b>Major initiatives</b>	<ul style="list-style-type: none"> <li>• Share our code of conduct, get consent forms</li> <li>• Assess risk</li> <li>• Carry out on-site audits</li> <li>• Confirm corrective action efforts</li> </ul>

## Our Stance on Supply Chain Management

As the social structure changes with technological innovation and globalization, it is difficult to sustain business activities without collaborating with suppliers, and supply chain management is becoming increasingly important.

Also, to contribute to the realization of a sustainable society, rather than roll out activities on our own, it is important to work with all of our suppliers in the supply chain to establish a management system for human rights, the labor environment, the natural environment, and other issues and strengthen our efforts together. We have built a sound network with our suppliers to ensure the quality and stable supply of pharmaceutical products. While maintaining and strengthening this network, we will develop a management system and initiatives for human rights, the labor environment, the natural environment, and other issues aiming to enhance the corporate value of both our company and our suppliers.

All employees involved in procurement activities comply with the Basic Policy for Procurement Activities, and we have formulated CSR Procurement Guidelines, which outlines items for which we request cooperation from our suppliers.

[Web Basic Policy for Procurement Activities and CSR Procurement Guidelines https://www.ono-pharma.com/company/policies/procurement.html](https://www.ono-pharma.com/company/policies/procurement.html)

## Sustainability Initiatives of Suppliers

To identify the sustainability status of the suppliers in the supply chain objectively and continuously, we use the EcoVadis sustainability evaluation system (hereinafter, "EcoVadis"). By using EcoVadis, highly-reliable information concerning the sustainability management of suppliers can be obtained and appropriate corrective actions can be proposed. We hold explanatory meetings for the suppliers who request evaluation by EcoVadis so they can understand our sustainability policy and activities in procurement. According to the evaluation in FY2021, as in previous year, there were no suppliers that fell under high sustainability risk.

In addition, we have provided several of our suppliers who were evaluated by EcoVadis in FY2020 with opportunities to confirm their sustainability-related management systems and corrective action plans, and we have confirmed that these companies have strengthened their efforts due to the FY2021 evaluations.

Furthermore, in FY2021, we conducted an analysis of sustainability-related risks in our supply chain, based on information such as industry type and availability of alternative suppliers, to further strengthen the foundation of our internal supply chain management in the future. We plan to roll out initiatives in FY2022 based on the results of this analysis.