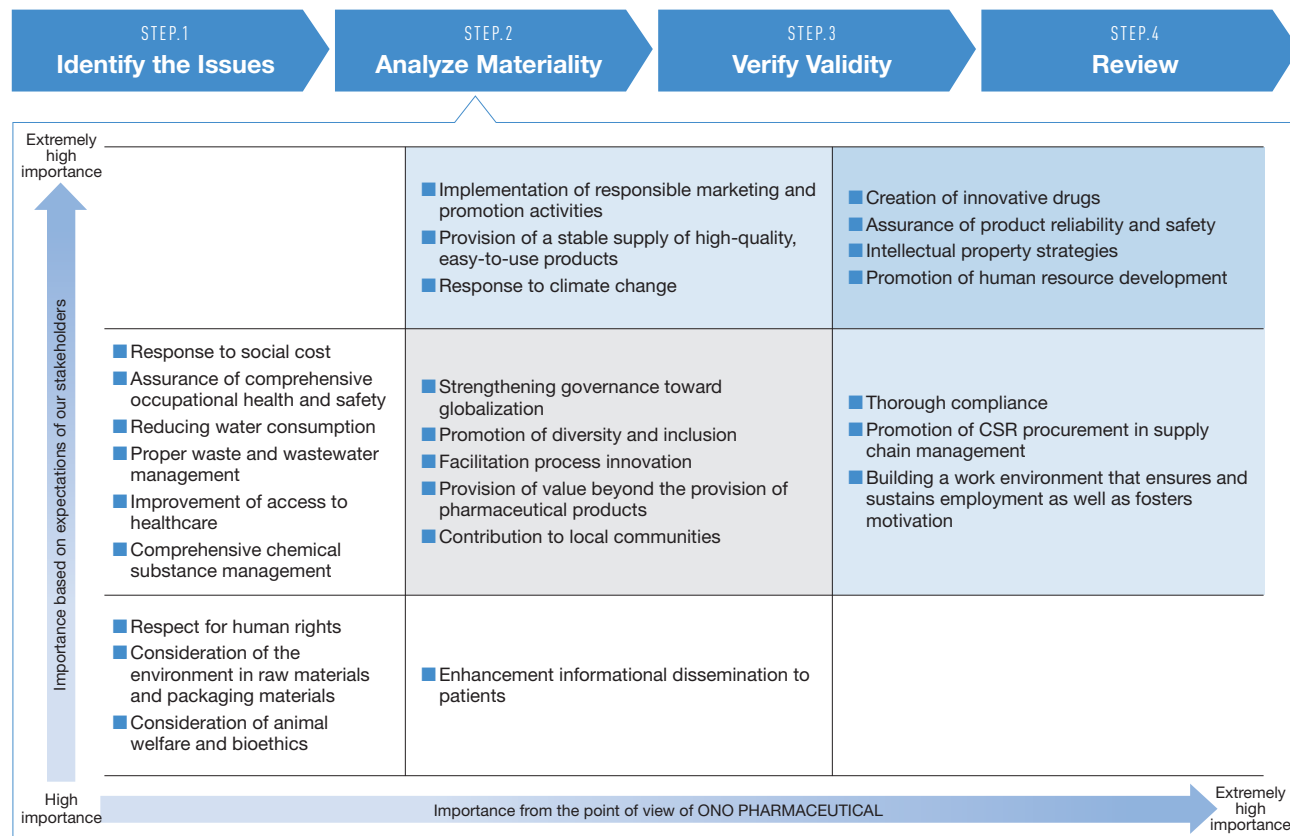


About ONO's Materiality

In FY2018, 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.

Process of Determining Materiality



▶ The process of determining materiality are provided in detail on ONO's CSR website. <https://ono-csr.disclosure.site/en/themes/123#929>

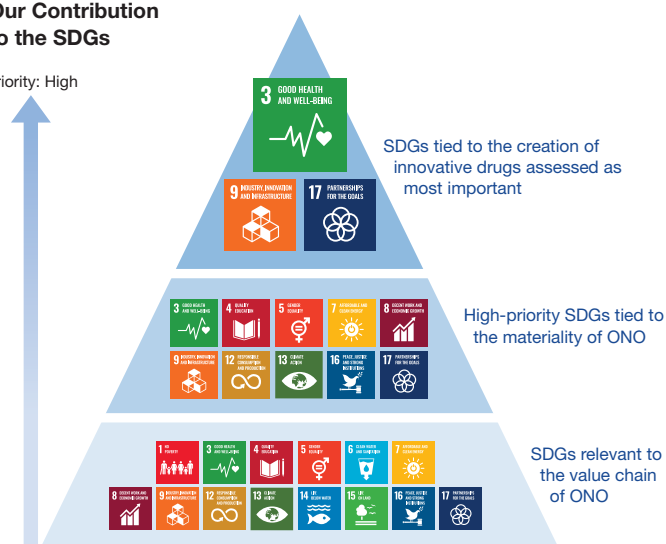
Materiality and Relevant Sustainable Development Goals (SDGs)

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 item and the relevant SDGs are as shown in the table below:
We report and manage the progress of each materiality target each year at the Management Meeting.

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

Our Contribution to the SDGs

Priority: High



Materiality Targets and Progress

Medium- to long-term targets	Plan and KPI for Fiscal 2019	Progress results in Fiscal 2019	Targets for Fiscal 2020
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	①Speed the drug discovery process and shorten each phase of research and development ②Use open innovation to expand the development pipeline focusing on key areas of research including cancer, immune diseases, central nervous system diseases and specialty domains	Please refer to the page listed below for details of our R&D initiatives and their progress. ・Game-changing R&D (pp. 29-32) ・R&D Topics (pp. 17-18) ・Status of Development Pipeline (pp. 19-20)	①Speed up the drug discovery process and shorten each phase of research and development. ②Use open innovation to expand the development pipeline focusing on key areas of research including cancer, immune diseases, central nervous system diseases and specialty domains. Please refer to "Game-changing R&D" (pp. 29-32) for details of our R&D initiatives.
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	①Spread awareness of the crucial nature of intellectual property, and hold talks and exchanges of views in every department in order to create opportunities to uncover company-internal intellectual property ②Establish specific lifecycle management strategies for each compound in order to maximize product value ③Engage in external information exchange to build a foundation for intellectual property utilization in order to improve access to healthcare	The department in charge of intellectual property conducted awareness-raising sessions on intellectual property within relevant departments and held more than 10 discussions. We updated the lifecycle management strategies for compounds under development from the perspective of intellectual property strategies. We engaged in continuous information exchange with the World Intellectual Property Organization. We updated and disclosed our approach to intellectual property rights and patents in countries with difficulties ensuring healthcare access.	①Spread awareness of the crucial nature of intellectual property by holding talks and exchanges of views in each department to uncover new company-internal intellectual property, with the aim of continuing to develop innovative pharmaceutical products while respecting others' patents. KPI ✓ Hold talks and exchanges of views at least 10 times a year. ✓ There are no cases where we have infringed on others' intellectual property rights. ②Consider and formulate specific lifecycle management plans for all products and compounds under development, including plans to improve drug formulation, from the perspective of intellectual property. ③Engage in external information exchange to build a foundation for intellectual property utilization in order to improve healthcare access. KPI ✓ Collect information from relevant institutions (such as the World Intellectual Property Organization). ✓ Consider the expectations of stakeholders for enhancing access to pharmaceutical products and possible measures we can take, and establish a policy to respond to their expectations.
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 take action as passionate challengers to deliver better pharmaceutical products to patients.	①Engage in activities to raise awareness about our mission statement. KPI ✓ Prepare and conduct awareness raising efforts at four overseas sites and for all employees in Japan who are mid-career employees ②Conduct cross-sectional training for seven ranks of employees, from new employees to managers, in order to develop human resources that behave according to the behavioral characteristics required of each rank, with the aim of facilitating changes in their behavior. KPI ✓ 100% acceptance rate. ③Develop independent human resources by expanding elective training that employees can choose to participate in and enhance support for self-improvement by employees. Ono also nurtures a climate of growth where employees stimulate learning in one another. KPI ✓ At least 20% for the participation rate in self-improvement programs ④Develop human resources and build an organization able to adapt to harsh environmental changes worldwide. KPI ✓ Provide global development programs that include language education and future management candidate training	・We conducted awareness-raising efforts at all four overseas sites. ・Awareness-raising efforts for mid-career employees in Japan: Conducted at a 100% level (54 persons) ・We held employee training programs at medical institutions and lectures delivered by patients to deepen their understanding of medical needs. ・Attendance rate: 100% ・Total No. of attendees: 603 persons Participation rate: 27.8% (910 persons / 3,272 persons) ・No. of attendees for the global development programs: 87 persons ・No. of attendees for the future management candidate training: 69 persons	①Continue to engage in activities to raise awareness about our mission statement. KPI ✓ Rate of employees who are highly aware that the company's mission statement is their principle for taking action: At least 50% ②Conduct cross-sectional training for seven ranks of employees, from new employees to managers, in order to develop human resources that behave according to the behavioral characteristics required of each rank, with the aim of facilitating changes in their behavior. KPI ✓ Rate of behavior change recognized in the evaluation made by their superiors after the training: At least 80% ③Develop human resources that can act independently by expanding elective training in which employees can choose to participate, and enhancing support for self-improvement of employees. Ono also nurtures a climate of growth where employees are stimulated by learning from each other. KPI ✓ Attendance rate for self-improvement programs: At least 33% ④Develop human resources and build an organization able to adapt to harsh environmental changes worldwide. KPI ✓ In the global skills assessment (BISA test) after the global development programs, 80% of the attendees reach at least 700 points (a level that allows for overseas assignment). ✓ Rate of behavior change recognized in the evaluation made by their superiors after the future management candidate training: At least 80%

Medium- to long-term targets	Plan and KPI for Fiscal 2019	Progress results in Fiscal 2019	Targets for Fiscal 2020
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Assurance of product reliability and safety

Raise awareness in each and every employee about the importance of the reliability and safety of products by properly promoting quality management and safety management operations.	Accurately and reliability execute quality management and safety management operations.		
	<p>① Identify and eliminate the causes of problems as well as prevent recurrence in addition to strengthening Corrective and Preventative Actions (CAPA) that measure potential factors that cause those problems.</p> <p>KPI ✓ Reduce the number of incidents and recurrence of problems in quality management and safety management operations compared to fiscal 2018.</p> <p>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.</p>	<p>· Safety management operations: The incidence of deviation from safety standards that should be improved fell below the in-house limit of 0.01% (also decreased compared to fiscal 2018).</p> <p>· Quality assurance operations: The incidence of deviation from quality standards at each production site fell below the predetermined limit. There was a case where the incidence of deviation exceeded the in-house limit of 0.01% and which required the consideration of a response, including possibly improving the drug formulation of the relevant product. However, the deviation was so slight as to have no impact on safety, and the necessary measures have been taken.</p> <p>All of the target employees participated the internal training. (Attendance rate: 100%)</p>	<p>① Keep the rate of incidents in safety management operations below a certain level. KPI ✓ The compliance rate for reporting to regulatory authorities within the prescribed period is at least 99.9%.</p> <p>② Keep the rate of incidents and recurrence of problems in quality management operations below a certain level. KPI ✓ Zero product recall ✓ The quality claim rate is below 0.01%.</p> <p>③ Conduct internal training. Quality management training: CMC-Production Division and Quality Assurance Department Safety management training: Other programs to be undertaken by implementing departments in addition to employees companywide</p>

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.	<p>① Use materials reviewed and approved by the department auditing activities to disseminate marketing information for promotional purposes.</p> <p>KPI ✓ Achieve a 100% usage rate of reviewed and approved materials</p>	We achieved a 100% usage rate of reviewed and approved materials.	Implement the following initiatives, with the aim of reducing the number of significant compliance violations* to zero. * Compliance violations that have a great impact on sales and profits KPI ✓ No. of significant compliance violations: Zero
	<p>② At company-hosted lectures, request that presenters provide information appropriately in keeping with company-internal rules that conform to guidelines.</p> <p>KPI ✓ Acceptance rate: 100%.</p>	The acceptance rate was 100%. (The rate for prior confirmation of slides was 61%.)	<p>① Conduct internal training for all employees involved in sales activities so that they act in compliance with the guidelines for activities to disseminate marketing information. KPI ✓ Four times a year</p> <p>② At company-hosted lectures, request that presenters provide information appropriately in keeping with internal company rules that conform to the guidelines, and check slides in advance. KPI ✓ Rate for prior confirmation of slides: 100%</p> <p>③ The director of each sales office conducts an assessment to check whether the following activities are appropriately conducted at the time of accompanying his/her office members. 1) Activities to disseminate information at the time of interview 2) Check slides used at company-hosted lectures in advance If the activities are inadequate, clarify the reasons for such activities and consider countermeasures against them. Then report the countermeasures to the Head Office for discussion. KPI ✓ Conduct an assessment once a month.</p>
	<p>③ Conduct internal training for all employees involved in sales activities.</p> <p>KPI ✓ Four times a year</p>	The training was conducted six times a year.	

Provision of a stable supply of high-quality, easy-to-use products

Create product designs able to ensure reliable quality and establish a stable supply system.	Actively use frameworks to rapidly extract on-site medical demand as well as treatment needs to employ the medical needs that we discover in new products and product modifications.	<p>· We incorporated medical needs obtained from medical sites into product designs for four products.</p> <p>· For advice on medical needs, we collected views from 10 institutions with which we signed an advisory agreement.</p>	① Continue to incorporate on-site medical demand as well as treatment needs into product improvements and new products. KPI ✓ Departments in charge conduct on-site investigations at medical sites to identify medical needs.: At least 24 times ✓ Aim to improve packaging materials to be newly designed for at least four products.
Understand new medical needs and expand product designs.			② Supply products to the market in a stable manner. KPI ✓ Reset and ensure proper inventory levels according to product characteristics.

Medium- to long-term targets	Plan and KPI for Fiscal 2019	Progress results in Fiscal 2019	Targets for Fiscal 2020
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 ✓ Improve employee use of annual paid leave	· We acquired the Platinum Kurumin Certification. · The rate of employee use of annual paid leave increased from 57.5% in fiscal 2018 to 65.0% in fiscal 2019.	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 ✓ Rate of employee use of annual paid leave: 70.0% in fiscal 2020 (65.0% in fiscal 2019) ✓ Return-to-work rate after child-care leave: 100% ✓ Maintain a low turnover rate (below 3%). ✓ Reduce average overtime work hours by promoting reform of working practices, including setting an interval (a certain amount of rest) between working hours. (13.6 hours/month in 2019 → 13.0 hours/month in 2020) ② Promote awareness of and engage in health management initiatives. KPI ✓ Earn inclusion in the Health & Productivity Stock for two consecutive years. ✓ Increase labor productivity by improving presenteeism. Productivity loss per employee per month: Fiscal 2019 (33,120 yen) Fiscal 2020 target: 5% reduction (31,450 yen) ✓ Improve the health age of employees by increasing their degree of health. Difference between health age and actual age (Aged 35 or older; average): Fiscal 2020 target: - 2.0 years (Fiscal 2019: - 1.5 years) ✓ Reduce the smoking rate. [Target of the entire Ono Group] Fiscal 2020 target: 17.0% (Fiscal 2019: 18.2%) ✓ Maintain a low occupational accident frequency rate (0.3%). Fiscal 2020 target: 0.10% (Fiscal 2019: 0.15%) ✓ Rate of employees who realize that they are working with motivation, leveraging their diversity: At least 50% (Targets ① and ②)
	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	· We were selected for inclusion in the 2020 Health & Productivity Stock for the first time and continued to be recognized as a Certified Health & Productivity Management Outstanding Organization (White 500). · We implemented a non-smoking policy during work hours. · Rate of employees undergoing physical examinations: 99.7% · Rate of employees undergoing stress checks: 99.8%	
Response to climate change			
Reduce CO ₂ emissions by 55% by 2030 (compared to FY2017 figures)	Establish goals that integrate scientific knowledge, and undertake CO ₂ emissions reductions toward meeting those goals KPI ✓ Obtain approval of the SBT target set ✓ A 4% reduction in CO ₂ emissions compared to the previous year	· We obtained approval of the SBT target set. · We achieved a 4% reduction in CO ₂ emissions compared to the previous fiscal year (Scope 1 and 2). (8.4% reduction relative to FY2017)	① Continue to work to reduce GHG emissions. KPI ✓ A reduction of 12.6% compared to fiscal 2017 (Scope 1 and 2) ② Increase the usage rate of renewable energy. KPI ✓ Increase the usage rate by 12.6% compared to fiscal 2017. ③ Announce our participation in RE100 (an international initiative that aims for 100% usage of renewable energy in business operations by 2050).
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	We conducted surveys of our business partners that make up 86% of purchases.	① Improve initiatives for CSR procurement in the companies that were subject to the survey conducted in the previous fiscal year. KPI ✓ Increase the overall average score of all companies subject to the survey in fiscal 2020, compared to fiscal 2019. ② Support the companies that have not met our standards to improve their initiatives. KPI ✓ Increase the overall score of each company subject to the survey in fiscal 2020, compared to fiscal 2019.
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	We achieved 100% of the target. (All employees participated in the training.)	Implement the following initiatives with the aim of maintaining no occurrence of significant compliance violations*. * Compliance violations that have a great impact on sales and profits ① · Conduct all department leader training based on the legislation covering prevention of power harassment. · Conduct an employee awareness survey on compliance and harassment to incorporate survey results on the formation of measures by each department. · Conduct sales department training (rules, guidelines, code of conduct). · Conduct e-learning training (twice a year). · Distribute an email magazine on compliance. ② Hold a compliance meeting in which members of company management participate every quarter to work through the companywide compliance PDCA cycle. KPI ✓ No. of significant compliance violations: Zero ✓ Training attendance rate: 100%
	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	We held four compliance meetings.	
		We acquired the whistleblowing compliance management system certification (self-declaration of conformity registration system) administered by the Japan Institute of Business Law.	