ESG Briefing

~ Towards Enhancing Corporate Value ~

March 22, 2021



Cautionary Notes

Forecasts and other forward-looking statements included in this document are based on information currently available and certain assumptions that the Company deems reasonable.

Actual performance and other results may differ significantly due to various factors. Such factors include, but are not limited to:

- (i) failures in new product development
- (ii) changes in general economic conditions due to reform of medical insurance system
- (iii) failures in obtaining the expected results due to effects of competing products or generic drugs
- (iv) infringements of the Company's intellectual property rights by third parties
- (v) stagnation of product supply from the delay in production due to natural disasters, fires and so on
- (vi) onset of new side effect of post-licensure medical product and,(vii) currency exchange rate fluctuations and interest rate trend.

Information about pharmaceutical products (including products currently in development) included in this document is not intended to constitute an advertisement of medical advice.

Today's Program

- 1. Corporate Philosophy and Sustainability
- 2. Identification and Progress of Materiality

Corporate Philosophy

Corporate Philosophy

Dedicated to Man's Fight against Disease and Pain

Our Vision

Be passionate challengers

Our Vision is to strive with the utmost effort and strong determination to meet the challenge of combining our individual competencies to deliver new, innovative drugs to patients. We will continue being the most passionate champion in the fight against disease and pain, together with patients, their families, and healthcare providers.

Our Values

One aims to be a world-changing team

What we are trying to achieve is to meet a challenge that nobody has ever successfully overcome before. It is therefore vital that we bring together our greatest wisdom, heart, aspirations and power as a united team.

The greater the challenge, the more passionately Ono will rise to meet it

We will inevitably come up against brick walls when we are facing unprecedented challenges. When we encounter such obstacles, we should unhesitatingly rise to confront them and unflinchingly persevere in applying our ingenuity to overcome them.

Ono acts with dignity and pride

We should never lose the sense of dignity and pride we feel as people working in the pharmaceutical industry. We should be the bringers of hope for all those around the world who are waiting for us to deliver solutions.

For Growth of Our Company



Identification of Materiality

Materiality identification process

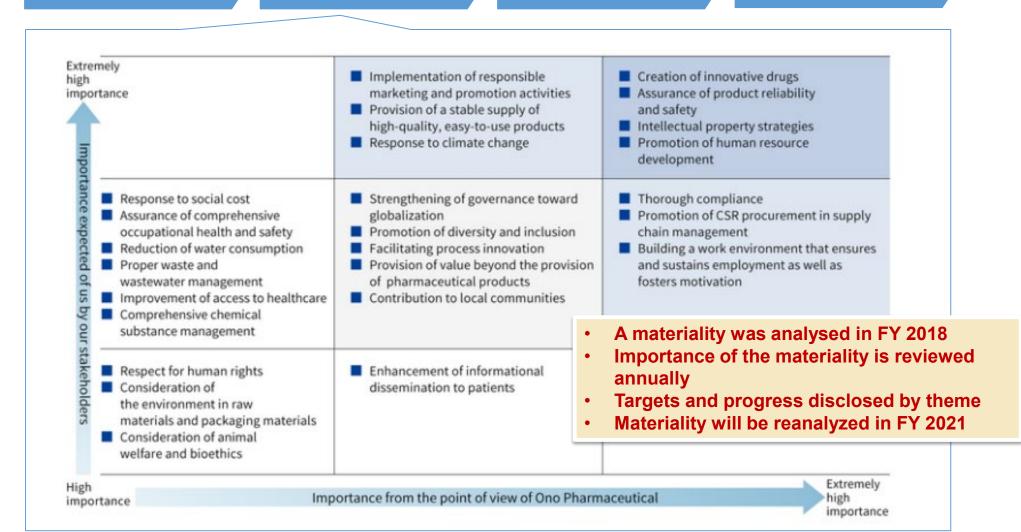
STEP.1 Identify the Issues

STEP.2

Analyze Materiality

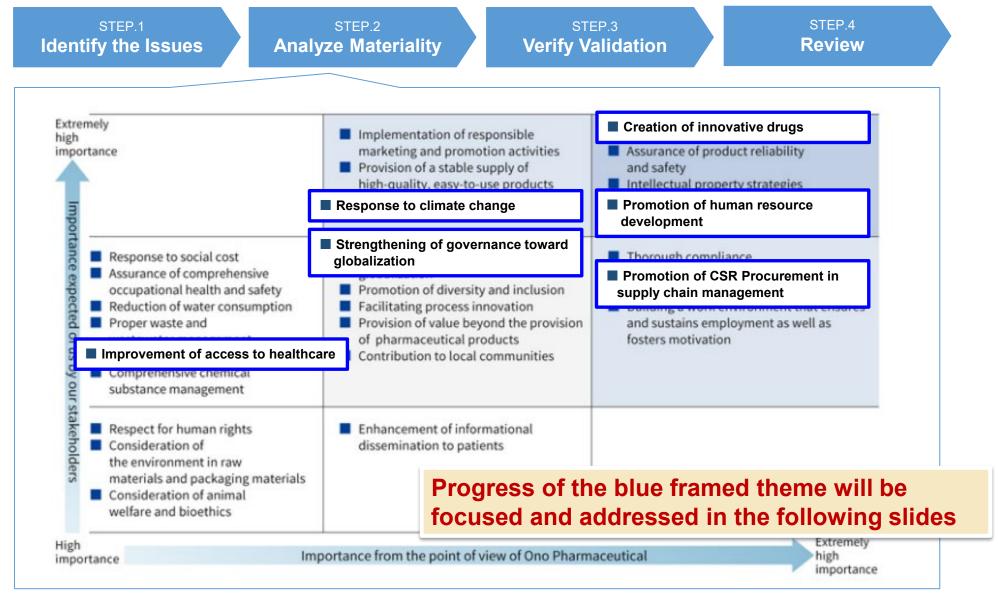
STEP.3
Verify Validation

STEP.4 Review



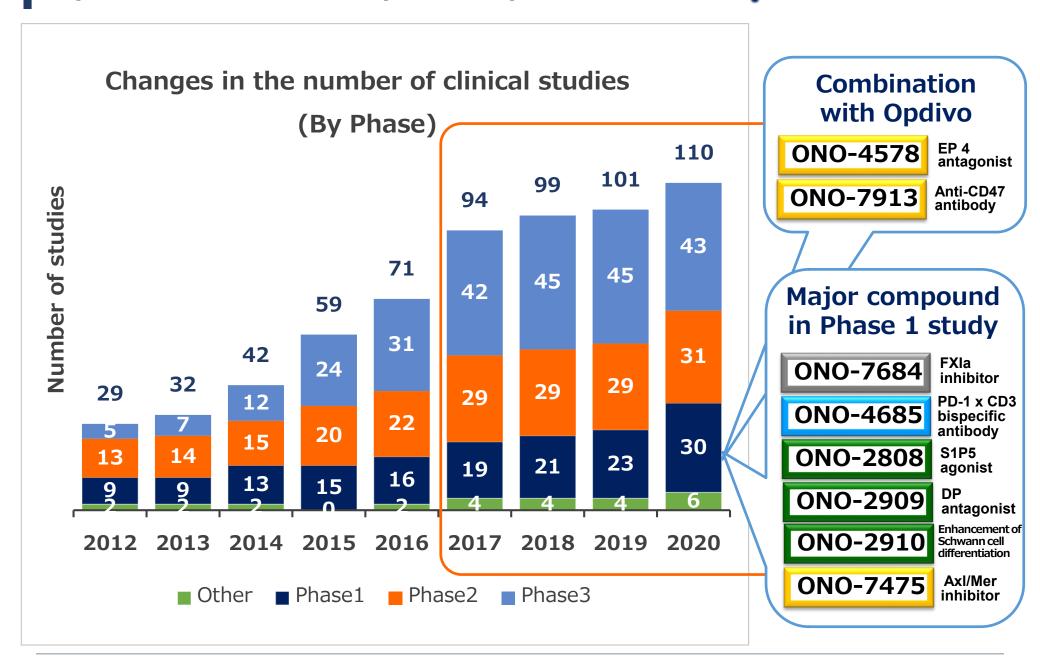
Progress of Materiality

Process for identification of materiality



Creation of Innovative Drugs

Expansion of the Development Pipeline-Increased Speed and Success Rate



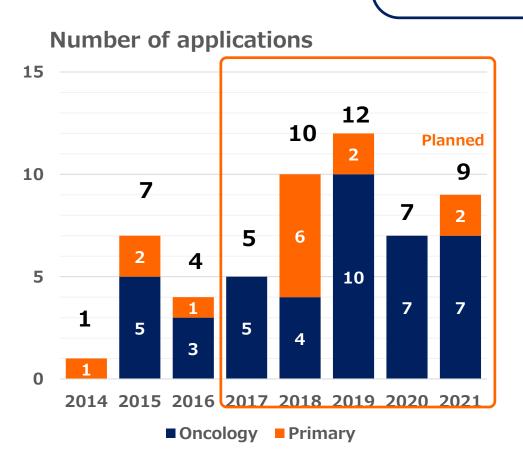
Number of Applications/Approvals (Japan)

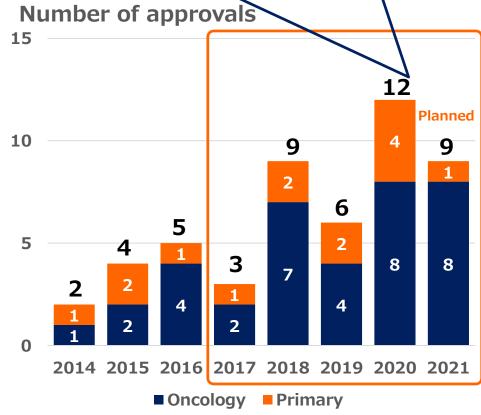


News commentary



Ranking of drug approvals in Japan in 2020: Ono Pharmaceutical is the top with 11 approvals

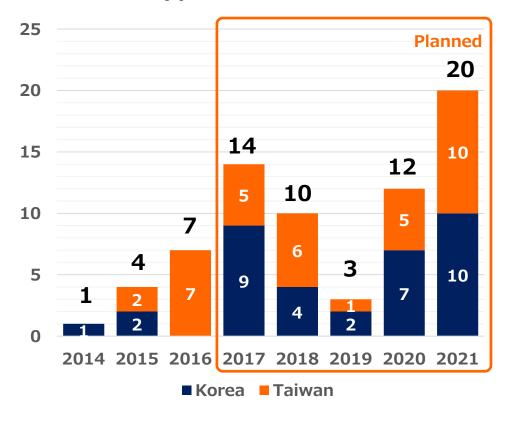




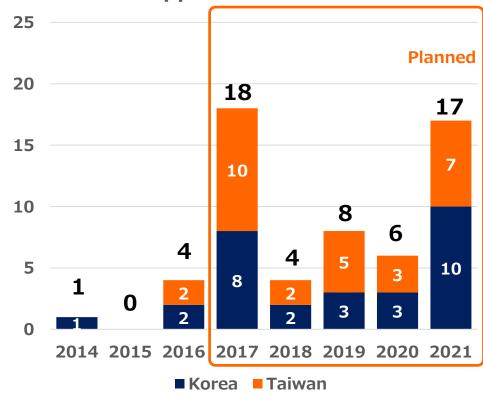
Number of Applications/Approvals (Korea/Taiwan)

Korea/Talwan

Number of applications

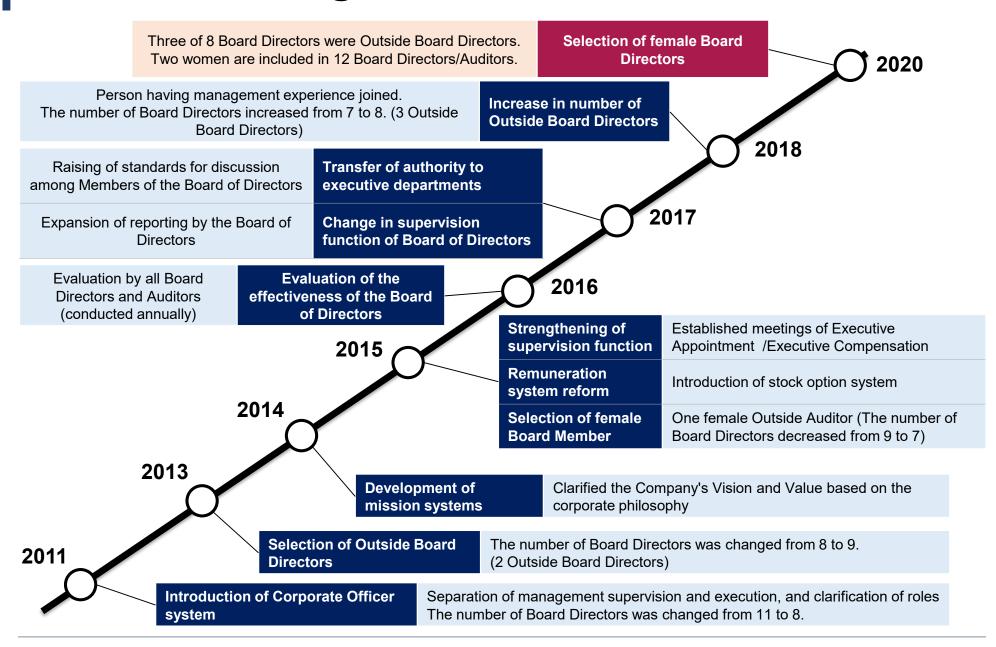


Number of approvals



Strengthening of Governance

Efforts to Strengthen Governance



Outside Board Directors

Three out of 8 Board Directors are Outside Board Directors with the aim of strengthening the supervising function of the Board of Directors, maintaining and improving management transparency and the accuracy of business execution.



Jun KuriharaResearch Director, The Canon Institute for Global Studies



Masao Nomura
Senior Adviser to the Board, Iwatani
Corporation



Akiko OkunoProfessor, Faculty of Business
Administration, Konan University

As a researcher specializing in political economy, corporate strategy, etc., he supervises the management of the company from an international perspective. He has also a abundant knowledge on governance and risk measures.

As an experienced president of a listed company, he supervises the company's management based on his experience of making many complex business decisions. She supervises the management of our company from the perspective of a business scholar with expertise in female labor and personnel evaluation systems.

Executive Appointment and Executive Compensation Meetings

In order to ensure management transparency and objectivity, the executive appointment and executive compensation, both of which have governance-related importance are discussed at the meetings composed of highly independent Outside Board Directors as key members.

	Internal Board Directors		Independent Outside Board Directors		
	Gyo Sagara Toshihiro Tsujinaka		Jun Kurihara	Masao Nomura	Akiko Okuno
Executive Appointment Meeting	Chairperson	0	0	0	0
Executive Compensation Meeting	Chairperson	_	0	0	0

Executive Appointment Meeting	Executive Compensation Meeting
 Selection of candidates for Board Directors and Corporate Auditors Deliberation on successor plans 	 Evaluation regarding fixed and performance-linked compensation and deliberation of compensation amounts Supervision to ensure the compensation system function in a way that encourages sound growth

Board Director Compensation

Board Director (excluding Outside Board Directors)

Fixed remuneration

(About 70%*)

Set at an appropriate level by referencing executive remuneration databases and accounting for business size of the company, position, etc.



Short-term incentives

(Approximately 20% *)

Board Directors' bonuses



Sound incentives aimed at ensuring sustainable growth

- ⇒ Achievements assessed from comprehensive angles
 - Performance indicators (sales, operating profit, etc.)
- Qualitative indicators (linkage to medium-term management goals)
- · External factors, etc.

Long-term incentives

(Approximately 10%*)

 Stock-based remunerationtype stock options Incentives to improve medium-to long-term corporate value from the same perspective as stockholders

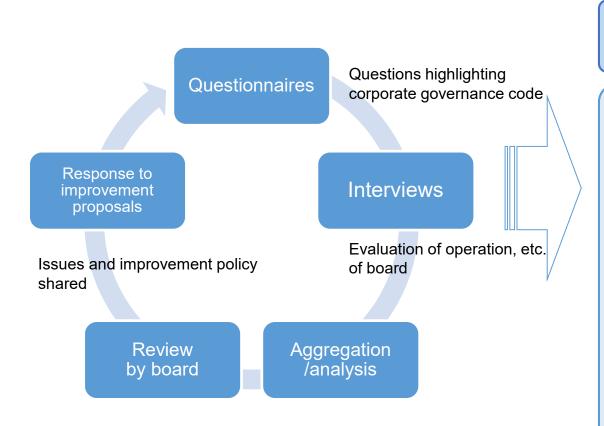
⇒ Focus on decision making for sustainable growth in the future

^{*}The appropriateness of the proportion will be determined based on the current management issues and business environment.

Evaluation of Effectiveness in Board of Directors

Effectiveness in Board of Directors is evaluated every year by all of the Board Directors and Auditors

Self-evaluation is conducted through questionnaires and interviews to improve the board



Contributing to improvement of effectiveness of the Board of Directors

[Changes/improvements from last year]

- Composition of the Board of Directors
 - ⇒ Invitation of female Board Director (Scholar on female labor and personnel evaluation systems)
- Supervision function of Board of Directors
- ⇒ Expansion of discussions on medium-to long-term management
- Sharing of investor perspectives
- ⇒ Sharing analyst reports, and dialogues between investors and Outside Board Directors

Reduction in Cross-Shareholdings

About 30% reduction planned for cross-shareholdings from the level at end of March 2018 (111 issues totalling 167.1 billion yen) over the next three years starting from November 2018, aiming to improve capital efficiency and keep pace with changing environment surrounding corporate governance code

	end-Mar 2018	end-Sep 2020	Change
Number of issues	111	79	- 28.8 %
Amount on balance sheet	167.1 billion yen	142.5 billion yen	- 14.7 %
End-Mar 2018 market value	167.1 billion yen	132.0 billion yen	- 21.0 %

Issues Going Forward

Roles and functions of the Board of Directors

- Deepening of discussions focusing on globalization
- ⇒ Careful and bold management decisions

Role of Outside Board Directors

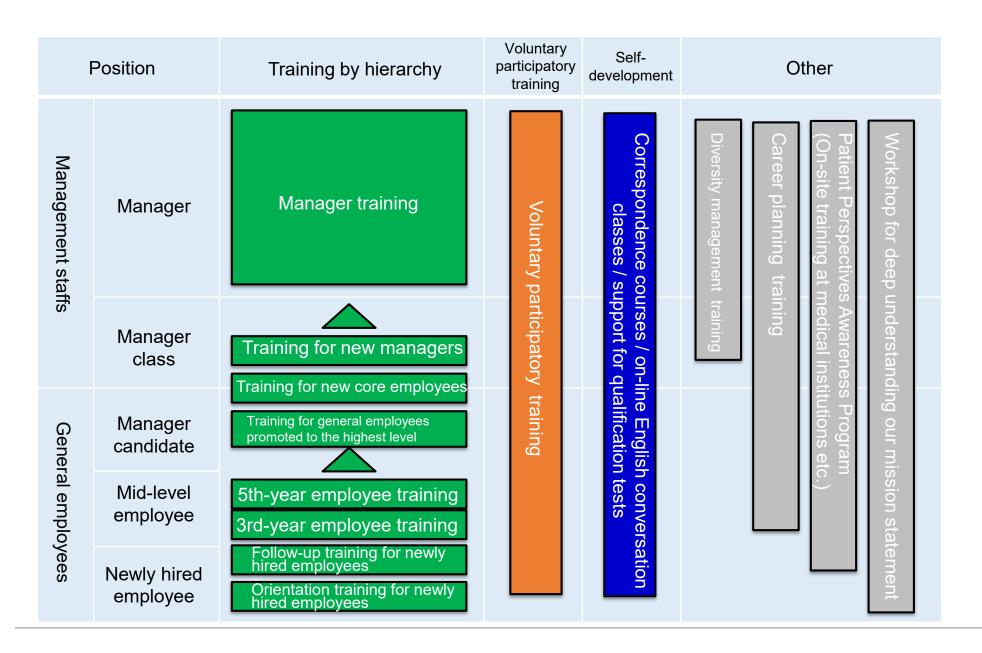
- Role expansion in governance
- ⇒ Further involvement in the executive personnel and remuneration decision process

Remuneration system

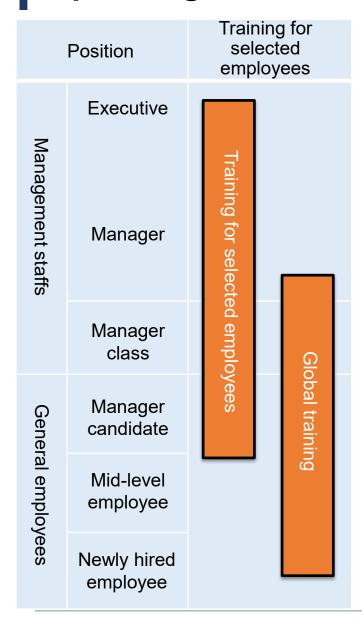
- Incentives appropriate for short-term/medium-to-longterm management issues
- ⇒ Matching perceptions with shareholders and investors

Human Resource Development

Human Resource Development (Training Programs for All levels)



Human Resource Development (Training Programs for Future Top Management Candidates)



[Training for selected employees]

Objectives: Fostering awareness and autonomy as management

Core training curriculum: set up in different tiers

- ◆ Training for Executives was set at 1 level, and training for managers was divided into 2 levels
- Training for Executives is focused on management discussions (including communication with corporate managers of other companies)
- ◆ Training for managers consists of understanding the overall concept of management and leadership

Human resource pools (target number of candidates in each pool and current conditions)

- Executive pool (target number is 20)
- Management pool
 - · Pool of directors (target number is 100)
 - · Pool of chiefs and section chiefs (target number is 200)

Strengthening of training of promising human resources from younger generation

[Global training]

Objectives: Fostering human resources who can play an active role globally and demonstrate leadership

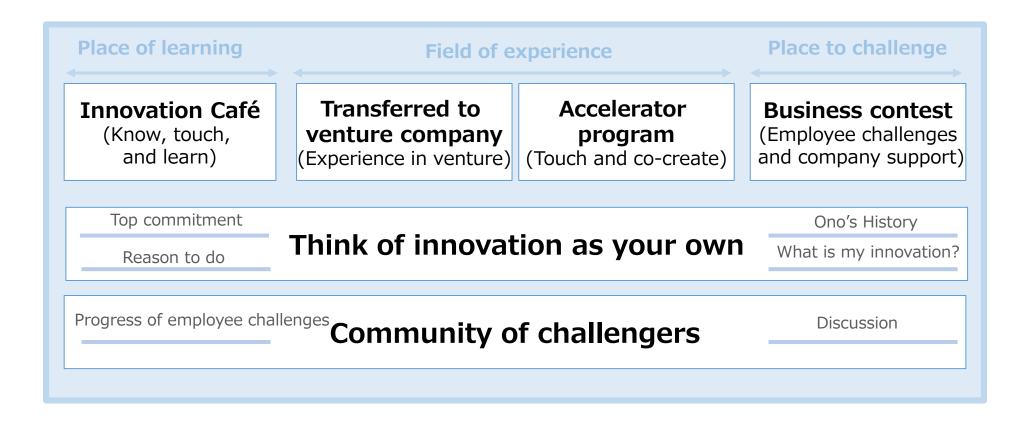
Core training curriculum

Consists of environmental adaptability, leadership, and global business skills

Human Resource Pool (target number is 200)

21/41

Ono Innovation Platform



Ono Innovation Platform

A community of challengers, in which each employee has a strong will to achieve, and can change the presently "impossible" into "possible."

Promotion of Women's Involvement

Planned duration

April 1, 2016, to March 31, 2021 (5 years)

Goal

Goal not achieved

(1) Targeting 40% employment rate for women among newly graduated employees from FY 2017

	2017	2018	2019	2020	2021 (expected)
Female rate	35.1%	48.8%	33.8%	40.3%	40.2%

(2) Targeting a female retention rate of at least 90% compared with the male retention rate among newly graduated employees who joined in the past 5 years

	2016	2017	2018	2019	2020 (end of December)
Gender difference in retention rate	96.8%	95.1%	95.6%	98.9%	97.2%

Goal achieved

Promotion of Women's Involvement (Issues and Measures)

(1) The proportions of female managers and percentage of female in candidates for manager are low.



Goal: At least 15% female candidates for management

- Provide opportunities to consider careers, including management, regardless of gender, so that the employees can develop a concrete image of their future careers
- Provide a system for supporting the careers of subordinates to create a corporate culture for fostering the next generation of managers
- (2) Creating an employment environment that contributes to balancing work life and family life

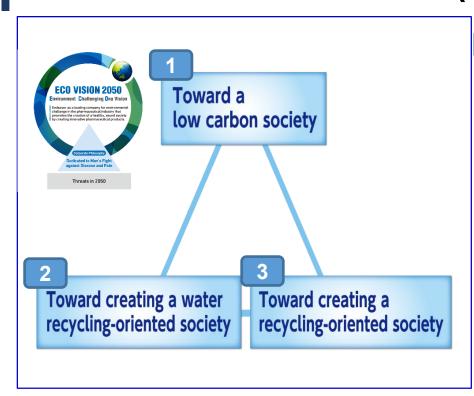


Goal: Increase the percentage of male employees taking childcare leave to at least 75%

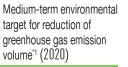
- After childbirth, send an e-mail to supervisors and employees recommending that they take childcare leave and childcare participation encouragement leave.
- Increase opportunities to disseminate the system
- Disseminate the existing system for balancing childcare

Response to Climate Change

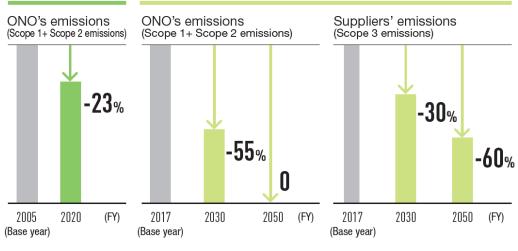
Environmental VISION (Established in June 2019)







New medium- and long-term targets for reduction of greenhouse gas emission volume² (2030-2050)



Water consumption

Reduce water resource consumption (water intake) by 15% per production volume unit in FY2030 (compared to FY2017).

3 Waste

- 1. Maintain final disposal of industrial waste at 1% or less every year.
 - Our company's zero emissions standards are defined as a total percentage of waste not recycled is 1% or less of the total amount of waste.
- 2.Reduce industrial waste emissions by 15% per production volume unit in FY2030 (compared to FY2017).
- 3. Promote reductions in the environmental burden in business activities.

Organization for Environmental Promotion



■ ISO 14001-compliant environmental management system (manufacturing sites)

Name of manufacturing site	Acquisition status
Fujiyama Plant	Acquired
Yamaguchi Plant	Scheduled to be acquired in FY 2021

Environmental Objectives









DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- Reduces In-house CO₂ emissions based on our targets in line with "<1.5°C" (approved by SBTi*).
- Joined RE100, an international initiative aiming to raise the proportion of renewable energy used in business activities to 100%, in June 2020.

Roadmap for Achieving the ECO VISION 2050 (Greenhouse gas)

	Medium- and Lo	ng-term Targets	
	2030 (milestone)	2050 (Ultimate goal)	2019 Targets
Greenhouse gas emissions ONO's emissions (Scopes 1+2)	FY2017 comparison 55% reduction	0	FY2017 comparison 8.4% or more reduction
Renewable energy usage rate Renewable energy usage / Overall electricity consumption	55% or more	100%	8.4 % or more

^{*}For more information on "Science Based Targets initiative (SBTi)", see https://sciencebasedtargets.org/

Emission Reduction Activities

Incorporate renewable energy

Photovoltaic system (Minase Research Institute)



Green energy certificates



Levelling electricity demand (peak shift of daytime electricity use)

Large-capacity electricity storage system (Yamaguchi Plant)



- Nighttime heat storage system
- Cogeneration system

Updating to energy saving facilities

Updating heat source equipment (Minase Research Institute)



Module-type heat pump chillers

Reducing Environmental Impact of Products

Item	Goal
Waste materials	Promote measures to mitigate environmental impact through business activity
	Reinforce measures for product packing • Reduce amount of packing materials, including plastics • Use certified paper materials • Change inks

Efforts to reduce plastic usage

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



Disclosure Based on TCFD



- Disclosure of responses to "Governance", "Strategy", "Management of Risks and Opportunities", and "Indicators and Targets" proposed by TCFD
- Promotion of Integration of risks into Enterprise Risk Management and of annual updating

Risks Associated with Climate Change

Fac	Factor Value Risk and impact		Financial impact*	Management approach		
Society aiming to achieve 1.5°C of global warming	ONO	Increase in burden of carbon tax	Regulations related to climate change may be reinforced and the burden of the carbon tax on greenhouse gas emissions may increase.	¥1.9 billion	Achievement of greenhouse gas emission reduction targets (Scope 1 + Scope 2 emissions) in accordance with the target of 1.5°C; implementation of the energy saving and renewable energy investment plan for achieving said target.	
	Hara	Suppliers	Shift of carbon tax to procurement price	Regulations related to climate change may be reinforced, the burden of the carbon tax on greenhouse gas emissions of suppliers may increase and it may be shifted to ONO's procurement price, and therefore costs may increase.	¥0.6 billion	Achievement of greenhouse gas emission reduction targets (Scope 3 emissions); reinforcement of engagement of suppliers for achievement of said target.
If the temperature	Risks due to ONO,	Risk of floods (acute)	Risk of damage from unexpected typhoons, etc., such as flooding, may become greater and it may cause the suspension of operation due to damage to manufacturing equipment and may cause a decrease in income due to damage to storage facilities.	¥4.6 billion	Introduction of emergency power unit to major sites and their regular maintenance; integration of climate change-related risks to ERM; ensuring cooperation system with customers; and securing multiple suppliers.	
increases by Phys	repercussions	physical Contract	Risk of water shortage (chronic)	Due to the long-term depletion of water resources, operations may be suspended because of water usage restrictions and it may cause a decrease in income.	¥2.1 billion	Reinforcement of management of water-related risks in the entire supply chain (taking into account the impact from water shortage due to climate change in the selection process of customers; securing multiple suppliers).

Opportunities Associated with Climate Change

Fac	otor	Value chain		Opportunity and impact	Financial impact*	Management approach
Society aiming to achieve 1.5°C of global warming	Opportunities arising from an efficient use of resources	ONO	High-efficiency pharmaceutical process	Introduction of high-efficiency pharmaceutical process (green sustainable chemistry, etc.) technology may create opportunities for raw material cost reduction, etc.	¥2.3 billion	Setting indices and developing systems related to the efficient use of resources.
If the temperature increases by 4°C	Opportunities arising from business	Customers	Preventive and therapeutic products	If diseasing trends change due to global warming, demand for existing drugs for said diseases (melanoma due to destruction of the ozone layer from the impact of global warming and other diseases) may increase or development and sale of new drugs may have a positive impact on income.	¥0.5 billion	Additional indications for existing pharmaceuticals, enhancement of new compound library, use of partnerships, etc.
Society aiming to achieve 1.5°C of global warming	Opportunities arising from reputation	Investors, Customers, Recruiting market	Improvement of corporate value	Our activities related to climate change are expected to contribute to acquiring the trust of customers, retaining employes, increasing evaluation in the recruiting market, improving the evaluation of ESG investors, and creating other corporate value.	(Contribution to creating corporate value)	Appropriate publication of results of activities conducted.

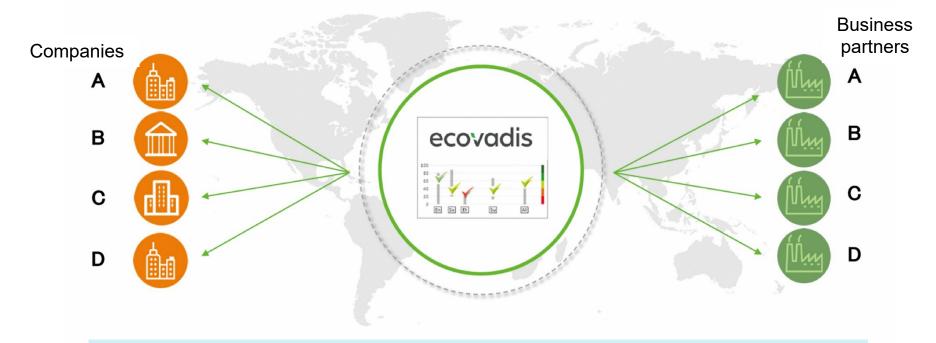
^{*} Financial impact: The maximum amount of money during the period of 2020 to 2030 at 1.5°C or at 4°C

[•]For more information on Task Force on Climate-related Financial Disclosures (TCFD), see https://www.fsb-tcfd.org/.

Promotion of CSR procurement

Strengthening the Supply Chain

We utilize the CSR evaluation system of EcoVadis in order to objectively and continuously grasp the CSR status of important suppliers in the supply chain.



<Background of use of EcoVadis system>

- Efficient information sharing among companies (our business partners and us) through system utilization
- High reliability of data
- Questions designed according to industry and company size

Supply Chain Management by Promoting CSR Procurement

Medium- to long-term targets	Plan and KPI for Fiscal 2019	Progress results in Fiscal 2019	Targets for Fiscal 2020
Promote CSR activities together with our suppliers to build a sound and robust (resilient) supply chain.	Conduct surveys for our business partners about CSR procurement. KPI Conduct surveys of business partners that make up 70% of purchases	We conducted surveys of our business partners that make up 86% of purchases.	 ①Improve initiatives for CSR procurement in the companies that were subject to the survey conducted in the previous fiscal year. KPI ✓ Increase the overall average score of all companies subject to the survey in fiscal 2020, compared to fiscal 2019. ②Support the companies that have not met our standards to improve their initiatives. KPI ✓ Increase the overall score of each company subject to the survey in fiscal 2020, compared to fiscal 2019.

Comparing the FY 2020 score with the FY 2019 score

- (1) Mean total score increased by 2.7 points
- (2) Supply chain company scores ranged from +12 to -2 (1 company: down, 3 companies: same score)

Note) Since the evaluation for FY 2020 is currently ongoing, comparison was made among companies evaluation have completed as of March 15, 2021.

Since this fiscal year, we have been communicating with supply chain companies that did not meet our in-house standards to confirm the status of CSR initiatives.

Improvement of Access to Healthcare

Efforts to Improve Medical Access

Rare diseases

Product name	Indication	Status
MEKTOVI Tablet	Unresectable melanoma with BRAF mutation	Approved
BRAFTOVI Capsule	Unresectable melanoma with BRAF mutation	Approved
VELEVER L. Tablet	Primary central nervous system lymphoma	Approved
VELEXBRU Tablet	Primary macroglobulinemia and lymphoplasmacytic lymphoma	Approved

Pediatric use

Product name	Indication	Status
ONOACT Injection	Tachyarrhythmia in low cardiac function	Under development
OPDIVO Injection	Relapsed or refractory classical Hodgkin lymphoma	Under development

Novel coronavirus infection (COVID-19)

Product name	Indication	Status
FOIPAN Tablet	COVID-19	Under development

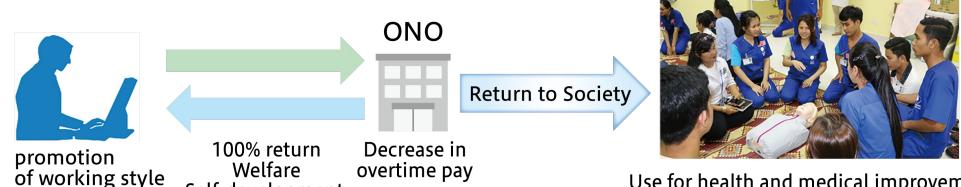
Improving Medical Access

Participation in the Global Health Innovative Tecnology Fund in 2018



reform

ONO SWITCH Project (starting from 2018)



Use for health and medical improvement in Japan and low-income countries

Activities (focus on Asia, an important market)

Cambodia: Healthcare professional support and education

Self-development

training

Bhutan: Donation of DPT vaccines and hepatitis B vaccines to be used yearly in Bhutan

ONO SWITCH Project (from 2018)

SWITCH: Save the World by our work style ImprovemenT and CHange

Certain percentage of the expected reduction

Paid separately by company

To society
~Donations~

An effort to make donations to NPOs/NGOs related to medical care using the money saved through the reduction of overtime work

- ✓ SWITCH work style
- ✓ SWITCH saving gained through work style reforms to donations
- ✓ SWITCH on efforts to change work style

 \sim Donation in 2018 \sim



Total 7.74 million yen donated





 \sim Donation in 2019 \sim

Total 9.51 million yen donated









External ESG Evaluation

Evaluation	FY2017	FY2018	FY2019	FY2020
CDP	Climate Change:A- Water:B	Climate Change:A Water:B	Climate Change: A Water: A-	Climate Change: A Water: A-
FTSE	Score:2.8/5.0	Score:3.2/5.0	Score:3.4/5.0	Score:4.1/5.0
MSCI	Score:BBB	Score:BBB	Score:A	Score:A
DJSI	Score:16/100	Score:19/100	Score:60/100	World Index (Industry Mover)
Toyo Keizai CSR Ranking	Rank:254/1413 companies	Rank:180/1501 companies	Rank121/1593 companies	Rank126/1614 companies
Nikkei Smart Work survey		*** 🌣	****	****
Nikkei SDGs	_	_	***	****
Survey on Health and Productivity Management	Top 60~70% /1239 companies	White 500	2020 Health & Productivity Stock White 500	White 500

ESG-related Awards



Minase Research Institute received "Osaka Governor's Award" of the Osaka Stop Global Warming Award in FY2020

3R

Reduce, Reuse, Recycle (3R) Promotion Council Chairman's Award in FY2020



Gold Class which is given to the top 20 companies in the "Comprehensive Categories" of SUSTAINA ESG AWARDS in 2020.



Environment Minister's Award for Global Warming Prevention Activity in the "Implementation and Dissemination of Countermeasures" Category in FY2019



Dedicated to Man's Fight against Disease and Pain