

Ono Pharmaceutical Co., Ltd.  
Basic Policy for Procurement Activities  
&  
CSR Procurement Guidelines

CSR Promotion Section  
April 1st, 2019

## **Introduction**

Under the corporate philosophy “Dedicated to Man’s Fight against Disease and Pain,” we at Ono Pharmaceutical Co., Ltd. have been contributing to society by developing pharmaceutical products. We believe that sound business operations cannot be achieved only by ourselves and that it is essential to obtain the understanding and cooperation of all stakeholders involved in procurement, research, development, production, and distribution.

To promote CSR procurement, we have established the Basic Policy for Procurement Activities and the CSR Procurement Guidelines, eventually leading to achieving sustainable social development throughout the supply chain. We seek to enhance the corporate value of both Ono Pharmaceutical and its suppliers by building a sound network and promoting further cooperation with suppliers through CSR procurement.

## **Basic Policy for Procurement Activities**

All Ono Pharmaceutical employees involved in procurement activities are required to comply with the Basic Policy for Procurement Activities, created based on Ono Pharmaceutical’s Code of Conduct, Compliance Program Policy, and Bribery Prevention Global Policy.

## **Ono Pharmaceutical Code of Conduct (Relevant items excerpted in part)**

2. We will act with respect for the human rights of all people in every aspect of our business activities.
3. We will comply with the law in every field of our business activities and strive to maintain fair relationships with society.
4. We will make efforts to conserve the global environment in every field of our business activities.
5. We will strive for highly transparent corporate management and proactively disclose business information.

## **CSR Procurement Guidelines**

The CSR Procurement Guidelines are designed specifically for suppliers. We will promote procurement from suppliers that advance procurement efforts in line with these Guidelines. To ensure compliance with these Guidelines, individual suppliers are recommended to disseminate the details described in these Guidelines or in their own procurement guidelines to their suppliers and business partners.

The CSR Procurement Guidelines were developed using the following CSR- and labor-related guidelines and standards as references:

UN Global Compact <https://www.unglobalcompact.org/>

Global Compact Network Japan (in Japanese) <http://www.ungcjin.org/index.html>

ISO 26000 <https://www.iso.org/iso-26000-social-responsibility.html>

## **Basic Policy for Procurement Activities**

### **1. Compliance**

We will comply with relevant laws and regulations in Japan and other countries, and we will act based on high ethical standards

### **2. QCD (Quality · Cost · Delivery) improvement**

We will pursue QCD to ensure stable delivery of high-quality drugs

### **3. Respect for human rights**

We will respect fundamental human rights and perform our duties without unjust discrimination.

### **4. Consideration of the environment**

We will be conscious of the need to protect resources and conserve the environment in our procurement activities.

### **5. Fair distribution of opportunities**

We will provide opportunities for all suppliers to compete in a fair and transparent manner.

### **6. Information management**

We will recognize the importance of all information collected through our procurement activities and manage the information in an appropriate manner.

### **7. CSR promotion throughout the supply chain**

We will work closely with suppliers to further facilitate CSR procurement based on our CSR Procurement Guidelines, thereby contributing to enhancing the sustainability of society as a whole.

## **CSR Procurement Guidelines**

### **1. Quality and safety control**

#### **(1) Quality maintenance**

Suppliers shall drive continuous quality improvement by establishing an effective quality control system. It is also required to create a sound culture of quality assurance, thereby enabling a more efficient and appropriate response.

#### **(2) Safety management**

Suppliers shall comply with laws, regulations and standards related to hazardous chemicals management and product safety. It is also required to provide their workers with education and training on hazardous chemicals, including chemical compounds and intermediary compounds, and to allow access to safety information, such as safety data sheets.

#### **(3) Process safety management**

Suppliers shall have in place a program to prevent or control the significant release of chemical substances.

#### **(4) Protection of workers**

Suppliers shall not only protect their workers from overexposure to chemical, biological, and physical hazards and from exposure to the hazards of physically demanding tasks in the workplace, but also promote health management, health promotion activities and safety measures including prevention of harassment.

#### **(5) Emergency response**

Suppliers shall identify and assess potential emergency situations in the workplace, including company dormitories, develop an emergency response plan, and establish an emergency response system.

### **2. Human rights and labor practices**

#### **(1) Prohibition of forced labor**

Suppliers shall not engage in any form of forced labor, and shall comply with human rights-related laws and regulations in the countries where they operate.

#### **(2) Prohibition of child labor**

Suppliers shall not employ any children under the minimum legal age for employment stipulated in the laws and regulations of the countries/regions where they operate.

(3) Elimination of discrimination

Suppliers shall not engage in unjust acts for treatment of workers by discriminating based on race, national origin, ethnicity, gender, age, religion, beliefs, thoughts, education, disability, illness, or any other factor unrelated to the execution of a worker's duties.

(4) Wages and working hours

Suppliers shall provide workers with accurate wage statements that include sufficient information to verify compensation for the work performed, and pay workers higher wages than the legal minimum wage stipulated in the countries or regions where they operate. It is also required to comply with each country/region's laws and regulations concerning holidays and appropriate working hours.

(5) Freedom of association

Suppliers shall allow the rights of workers to organize and join a labor union and the right to collective bargaining.

3. The environment and animal welfare

(1) Environmental permits

Suppliers shall comply with all applicable environmental laws and regulations in the countries where they operate. It is also required to obtain all required environmental permits, licenses, and information on registration and restrictions, and comply with those operational and reporting requirements.

(2) Waste and emissions

Suppliers shall establish a system to ensure the safe disposal, transfer, storage, recycling, reuse, or management of waste, emissions, and wastewater.

(3) Leakage and spilling

Suppliers shall have in place a system to prevent and reduce accidental leakage and spilling into the environment.

(4) Biodiversity

Suppliers shall promote the resource utilization considering biodiversity.

(5) Environmental efficiency and energy

Suppliers shall set up a voluntary target for reduction and strive to limit emissions of greenhouse gases and curtail the use of water. It is also required to seek ways to save energy and introduce renewable energy.

(6) Animal welfare

From the perspective of animal welfare, suppliers shall respect the lives of animals, alleviate as much pain as possible, and accomplish objectives with minimum use of animals. It is also required to carry out tests on animals in compliance with relevant laws and regulations, and seek verification of their animal care and testing system from an outside professional organization.

4. Anti-corruption, fair competition and response to antisocial forces and organizations

(1) Anti-corruption

Suppliers shall make the policy for anti-corruption and prohibit extortion, bribery, facilitation payments, financial misconduct and any other form of corruption, and work to prevent such behaviors. It is also required to conduct third-party due diligence to prevent bribery and corruption.

(2) Fair competition and antimonopoly legislation

Suppliers shall comply with all applicable antimonopoly laws and engage in fair and transparent competition.

(3) Response to antisocial forces and organizations

We will reject any relationship with and stand firmly against antisocial forces and organizations, including corporate extortionists and organized crime groups that threaten social order or security.

5. Information management

(1) Information security

Suppliers shall comply with information security laws and regulations of the countries where they operate, and take appropriate information security measures to prevent any leakage, alteration, loss or damage of confidential information handled in the course of business activities.

(2) Protection of personal information

Suppliers shall comply with personal information protection laws and regulations of the countries where they operate, and manage and protect personal information in an appropriate manner.

## 6. Management system

### (1) Commitment

Suppliers shall express their commitment to the requirements stated in these Guidelines.

### (2) Education and training

Suppliers shall provide appropriate education and training to the management and workers so that they can appropriately respond to any major risks.

### (3) Continuous improvement

Suppliers shall be expected to make continuous improvement regarding these Guidelines by setting performance goals, implementing plans, and taking corrective measures to fix the problems identified by audits.

### (4) Risk management

Suppliers shall identify potential major risks, prevent such risks from occurring, and establish a system to ensure that appropriate actions are taken in case of their occurrence.

### (5) Reporting and consultation system

Suppliers shall establish a reporting and consultation system to prevent the occurrence or recurrence of non-compliance, including harassment, and enable prompt responses and measures in case of non-compliance.