



CSR

# Report 2014

## Dedicated to Man's Fight against Disease and Pain

Our corporate philosophy is engraved on the commemorative monument constructed in 1968 at the Minase Research Institute which is a base for drug development.

It was in 1717 in Dosho-machi, Osaka that Ichibei Fushimiya first opened his apothecary. Since the establishment of the company, we have resolutely pushed forward in the pharmaceutical industry up to the present day and have built a history that spans almost 300 years. These years have been a continuous challenge that we must undertake in order to battle disease and pain that affect humans. And we will continue without change, placing importance on the corporate philosophy engraved on the monument making good use of the passion to discover new and creative drugs that has been passed down over our history of around three centuries as well as the technology and know-how that we have accumulated over the years and we will work hard to develop pharmaceuticals that are useful in keeping people healthy in their daily lives while contributing to society.



## 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.

## Ono 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.

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### Editorial Policy

Ono Pharmaceutical publishes this CSR Report as a part of its activities to disclose information relating to corporate social responsibility (CSR). This report also contains a wide range of information to facilitate communications with our stakeholders by ensuring that they can understand the CSR approach of the Ono Pharmaceutical Group, as well as our initiatives in the CSR priority areas based on corporate governance "(Innovative Pharmaceutical Products," "Human Resources and Human Rights," "The Environment," "Fair Operating Practices" and "Society").

### Scope of This Report

This report mainly covers the activities of Ono Pharmaceutical and some pages also include the activities of the whole Group or group companies.

### Period Covered by This Report

April 1, 2013 through March 31, 2014 (2013 fiscal year)  
\*Activities conducted in and after April 2014 are also covered in part.

### Reference Guidelines

Sustainability Reporting Guidelines Version 3.1 by GRI (Global Reporting Initiative)  
ISO 26000  
Environmental Reporting Guidelines 2012 by the Ministry of the Environment of Japan  
Environmental Accounting Guidelines 2005 by the Ministry of the Environment of Japan  
  
Published in October 2014



To be “Dedicated to Man's Fight against Disease and Pain,” we will promote research and development of new drugs that deliver benefits to the world and contribute to society.



The Ono Pharmaceutical Group is “Dedicated to Man’s Fight against Disease and Pain.”

Under this corporate philosophy, we are committed to fulfilling unmet medical needs. We aim to develop innovative new drugs that deliver a true benefit to patients. We are highly aware of our responsibilities as a pharmaceutical company dealing in medicinal drugs upon which human lives depend, and we are working to further strengthen our level of compliance to ensure that all our actions not only fully comply with all legal regulations but also are based on higher ethical standards.

To achieve sustainable development as a pharmaceutical company with a focus on new drug development, we have set a policy in drug discoveries that serves as the core of our business, as well as setting challenges in the current situation as follows.

In the policy of drug discoveries, we have pursued our “Compound-Orient” approach to development of new and unique drugs by identifying priority areas such as bioactive lipids and enzyme inhibitors, instead of targeting specific diseases, collecting a “library” of compounds that act on diverse targets and finding drugs that are effective against disease or support treatment from the library. As well as maximizing the potential of the well-stocked library, Compound-Orient is being updated with technologies that can pinpoint more accurately and speedily compounds that may be suitable for disease or therapy. We will also improve the efficiency of drug discovery research and the likelihood of success in discovering novel drugs through active collaboration with academic and research institutions and venture companies that have world-leading knowledge and technologies.

The pharmaceutical industry is facing extremely challenging times, with a progressive decline in the success rate of drug discovery, and while R&D costs are mounting for pharmaceutical companies, public policies are intent on curtailing medical costs through reforms of the healthcare system. In this context, we will address the current challenges through the following initiatives.

### ① Expanding the Development Pipeline

Vital to realizing sustained growth, we must expand our development pipeline and deliver new products to the market in a continuous stream. We will develop original and breakthrough drugs in a speedy manner using our unique drug development approach and leading-edge technologies. At the same time, we will continue trying to commercialize new drugs by introducing appealing new drug compound candidates that have the highest value in terms of corporate strategy and new drug candidates with high medical needs on an ongoing basis. In clinical studies, we will also acceleratedly develop new drugs by proving their effectiveness and safety in a shorter time.

### ② Expanding Global Reach

We are pursuing global expansion for launch of our original compounds by out-licensing to overseas partners and by progressing clinical developments overseas to enable delivery of the new drugs we develop to the world. We are working to enhance our overseas operations and are moving ahead to develop the personnel we anticipate for overseas business expansion in anticipation of the company marketing specialty products such as anticancer drugs.

### ③ Strengthening Corporate Infrastructure

We will focus our efforts on developing and bringing dynamism to our human resources for enhanced global competitiveness while also continuing to pursue realization of our innovation goals and to deal with all kinds of changing circumstances by strengthening internal and external collaborative ties and enhancing diversification. In addition, we will promote our CSR activities to a new level across the areas of corporate ethics, contribution to society, environmental awareness, and risk management. For our CSR activities, we have selected six priority areas in line with Ono Pharmaceutical Codes of Conduct. They are “Corporate Governance,” which is the foundation of the CSR activities, as well as “Innovative Pharmaceutical Products,” “Human Resources and Human Rights,” “The Environment,” “Fair Operating Practices” and “Society.” We will make company-wide efforts to address challenges in each of the six areas.

We appreciate your loyal patronage, and look forward to your continued support.

Gyo Sagara  
President, Representative Director, and CEO



# CSR Management

Ono Pharmaceutical is "Dedicated to Man's Fight against Disease and Pain." Under this corporate philosophy, we make it our mission to contribute to society through development of safe and effective drugs, which is our core business.



In line with Ono Pharmaceutical Codes of Conduct, we have identified six priority areas for CSR activities which include the cornerstone of corporate governance. Under the initiative of the CSR Committee, we are making company-wide efforts to promote the activities.

Identifying six priority areas based on our corporate philosophy and Codes of Conduct, we will contribute to sustainable development of society through business activities.

## CSR Management of Ono Pharmaceutical

Ono Pharmaceutical has established an unbroken and undaunted history in the pharmaceutical industry since its founding in 1717. We believe that this was possible because our sincere efforts to develop safer and more effective new drugs under the corporate philosophy of "Dedicated to Man's Fight against Disease and Pain" have been valued by society. We will continue to be committed to the

development of new drugs that truly benefit patients with all our strength from a global perspective while promoting proper business activities based on awareness of corporate social responsibility. In compliance with relevant laws, as well as in accordance with high ethical standards, our activities will be based on the following Ono Pharmaceutical Codes of Conduct:

Corporate Philosophy: Dedicated to Man's Fight against Disease and Pain

Corporate Vision: Be Passionate Challengers

Principles of Action

Priority areas to be addressed by Ono Pharmaceutical





Ono Pharmaceutical Codes of Conduct

- 1. We will develop safe, high quality and effective drugs that help people have a healthy life and provide society with them in addition to necessary information.
- 2. We will act with respect for 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 try 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 establishment of transparent corporate management and proactively disclose business information.
- 6. We will seek harmony with society as a corporate citizen.

Setting the above-mentioned Codes of Conduct as the cornerstone of CSR management, Ono Pharmaceutical will improve corporate governance which underlies CSR management, and also strengthen the compliance system. With "Innovative Pharmaceutical Products,"

"Human Resources and Human Rights," "The Environment," "Fair Operating Practices" and "Society" selected as the priority areas, we will disclose information through a CSR report to fulfill accountability to our stakeholders.

Priority Areas for Ono Pharmaceutical

Corporate Governance

To enhance corporate value, Ono Pharmaceutical believes that its important management tasks are not only in achieving strict compliance with laws and regulations, but also in improving transparency in corporate management and in strengthening the function of management control. To this end, Ono Pharmaceutical has adopted an Auditor-based (Board) organizational framework as a part of endeavors to bolster corporate governance focusing on enhancement of the functions of the Board of Directors and the Board of Auditors.

Innovative Pharmaceutical Products

Ono Pharmaceutical considers that it is essential to expand its development pipeline and deliver new products to the market in a continuous stream in order to realize sustained growth. We will promote discoveries of breakthrough drugs using leading-edge original technologies while also focusing on licensing activities to introduce attractive new drug candidates for the treatment of diseases that pose the greatest medical needs. Through a combination of these two initiatives, we will deliver drugs that benefit patients in the true sense.

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 making the work environment where the company and its employees can live in harmony and where individual abilities blossom to their full extent, as well as efforts to improve safety and hygiene conditions. We value a society where human rights are fully respected and seek to establish a company with no discrimination due to race, nationality, ethnicity, gender, age, religion, belief or philosophy, academic background, disability or illness.

The Environment

Ono Pharmaceutical recognizes a corporate social responsibility regarding the environment, and we will develop activities to protect and preserve the global environment in all of our business operations. We are working to understand environmental issues and promoting a wide range of environmental efforts with the involvement of all our employees.

Fair Operating Practices

As advocated in Ono Pharmaceutical Codes of Conduct, we will act with respect for human rights of all people, comply with laws and regulations and strive to maintain fair relations with society in every aspect of our business activities. We are committed to providing employees with comprehensive education based on the Codes of Conduct and strengthening compliance so that we can establish and maintain fair, healthy, and transparent relations with medical personnel, customers, politicians, and governments.

Society

Ono Pharmaceutical is single-mindedly pursuing the development of drugs that truly benefit patients. In addition to development of pharmaceutical products, we will disseminate information about diseases and treatments and support cultivation of human resources who will play major roles in medical services in the future. These activities will increase our value as a social entity. We will further make sincere efforts to be involved in society and act in harmony with society as a local corporate citizen.

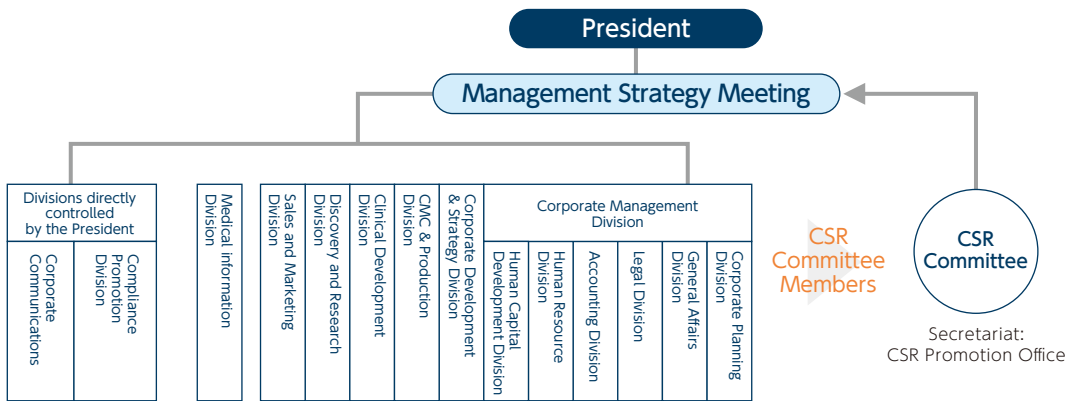
How to Identify Priority Areas

- ① Ono Pharmaceutical Codes of Conduct represent the ideal state of a company from six perspectives based on high ethical standards.
- ② We identify the social issues to be considered for CSR management and divide them into those which we are required to address, those for which we should give support, and those for which we can give indirect support.
- ③ We review those issues and assess the progress in addressing the issues, as well as social demand, to identify any additional issues which we should also address or issues for which we should enhance our efforts.

CSR Promotion Structure

To promote CSR activities, Ono Pharmaceutical has established the CSR Committee, with managers from various divisions as key members, and the Executive Director of Corporate Management Division, who is a director, as the chair. The committee deliberates and makes decisions on the important issues and subjects related to the six priority areas specified for

our CSR activities: "Corporate Governance," "Innovative Pharmaceutical Products," "Human Resources and Human Rights," "The Environment," "Fair Operating Practices" and "Society." The activities of the committee are reported to the management on a regular basis.





# Corporate Governance

Ono Pharmaceutical has in place a corporate governance system including the Board of Directors and the Board of Auditors. Through fair business activities, we are working to contribute to society and enhance our corporate value.



We are also making efforts in risk management activities in order to manage and respond to risks in a proper manner to maintain healthy business activities.

To improve management transparency and corporate value, we strive to enhance corporate governance.

## Basic Concept

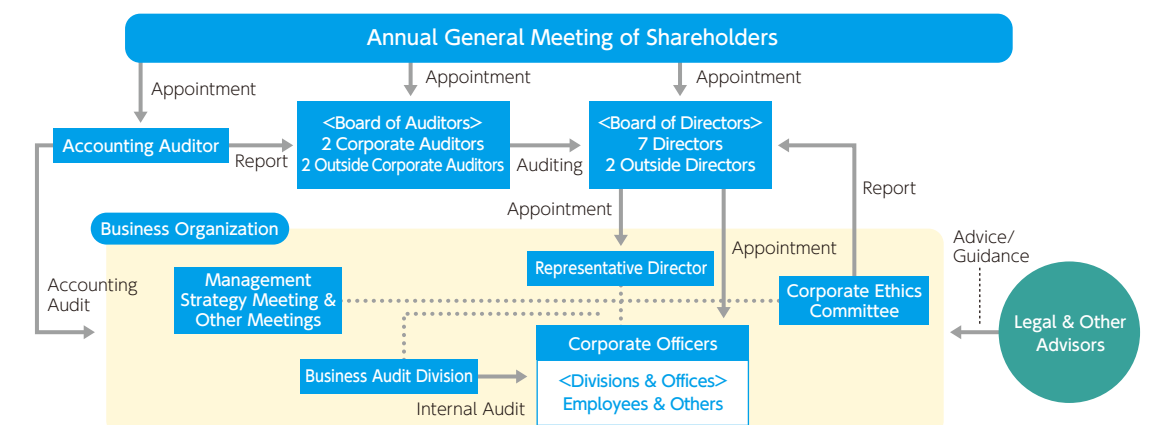
To respond to the trust of all stakeholders and increase corporate value, Ono Pharmaceutical believes that we are required not only to comply with laws and regulations but also to improve management transparency and enhance corporate governance.

## Corporate Governance Structure

Ono Pharmaceutical has adopted an Auditor-based (Board) organizational framework as a part of endeavors to bolster corporate governance focusing on enhancement of the functions of the Board of Directors and the Board of Auditors. The Board of Directors aims to boost corporate dynamism, expedite decision-making and endeavors to ensure that the Board is comprised of the appropriate number of directors. Also, from June 2013, to ensure that operational management remains sound, administration remains surefooted and improvements are made, Ono Pharmaceutical invited two outside directors with expert knowledge and depth of experience onto the Board for further enhancement of corporate governance. Important matters related to operational management and executive decisions are discussed and made in various meetings. The Management Strategy Meeting is attended by the Directors and Corporate Officers, who variously take responsibility for each division, up to the President and Representative Director, as well as the managers of those divisions. The Directors and Corporate Officers also variously preside over meetings according to the significance and details of the management issues at hand, to deliberate and make executive decisions on those issues. We strive to achieve appropriate operational management that takes into consideration provision for supervisory functions by employing such checks and balances.

Furthermore, Ono Pharmaceutical also includes attendance at Management Strategy Meetings and inspection of the Board minutes within the scope of the Auditors' work. Introduction of the Corporate Officer System seeks to enhance operational management functions while allowing members of the Board of Directors to participate directly in important operational management as Corporate Officers, to implement continuous and stable business operations. Meanwhile, the Board of Auditors fulfills its role through its members (four) attending the Board of Directors meeting and other key meetings, and auditing the execution of duties by directors via reports from directors and discussions thereof. As to outside corporate auditors, a lawyer and a certified public accountant are on the Board, respectively providing audit from objective and expert perspectives. With regard to our system of internal control, the Board of Directors meeting held in May 2006 resolved that "a system for ensuring appropriateness of the company's operations" should be in place. To this end, such a system was created and is constantly under review, so as to strengthen and improve operational compliance as well as overall internal control. Furthermore, we adopt a firm stance fighting against any antisocial force or organizations that may threaten social order or security.

### Corporate Governance Structure





Risk Management

1. Rules and Other Systems for Risk Management

- (1) Ono Pharmaceutical manages risks related to compliance, production safety and quality, health and safety, environment, disasters, information security and other issues based on respective internal rules through preparation and distribution of procedures in the relevant sections, as well as training and other measures.
- (2) The risks that are considered to have significant impact on management and cross-organizational risks are addressed at the meeting attended by the President and the Directors and Corporate Officers who respectively take responsibility for the relevant divisions, as well as the managers of those divisions, which monitors risks and takes necessary measures against them. In case of unexpected risks, the President calls a meeting of the Emergency Response Committee to solve problems promptly.
- (3) Risks specific to individual divisions are addressed by the divisions when necessary through preparation of response procedures and other measures.

2. Systems to Ensure that Directors Execute Their Duties in an Efficient Manner

- (1) The Corporate Officer System, which authorizes Corporate Officers to perform their duties in the divisions for which they take responsibility, has been introduced to speed up the decision making process, improve management efficiency and realize flexible management that can respond to changes in the environment quickly.
- (2) The Board of Directors holds a meeting every month in principle, as well as an extraordinary meeting when necessary, to make decisions on important issues and supervise execution of duties by Directors.
- (3) The Management Strategy Meeting, which is attended by the Directors and Corporate Officers, who variously take responsibility for each division, up to the President and Representative Director, as well as the managers of those divisions, discusses and deliberates management strategy, urgent business challenges, important issues related to business operations, issues related to company-wide operations and important reports from the divisions, and if needed, informs the Board of Directors of the results for discussion.

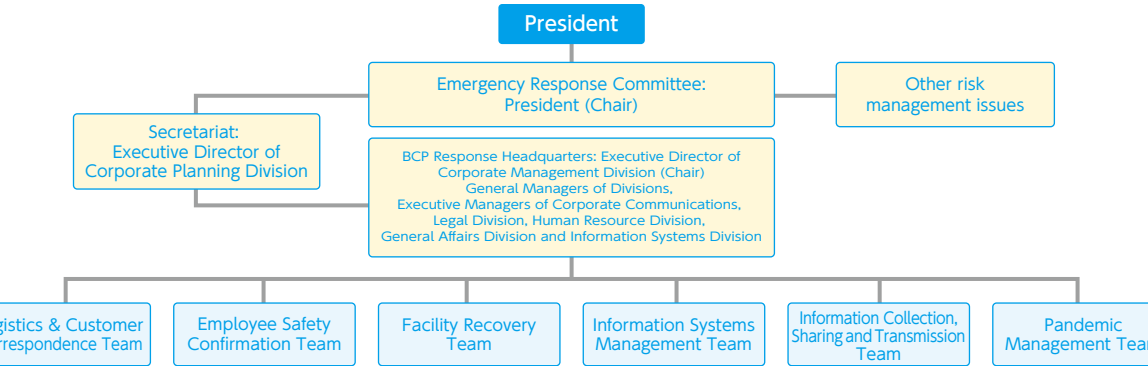
3. Systems to Ensure that the Company and its Corporate Group Composed of the Company's Subsidiaries are Operating in an Appropriate Manner

Ono Pharmaceutical provides sound advice and guidance in order to promote the compliance and risk management systems of the entire Ono Pharmaceutical Group. As to the management of each Group company, while respecting its autonomy, Ono Pharmaceutical receives reports on their business operations on a regular basis and conducts preliminary consultations for important issues.

\* For major risks for Ono Pharmaceutical, please see "Business and Other Risks" in P16-17 of Securities Report.

Structure of Ono Pharmaceutical's BCP (Business Continuity Plan) Response Headquarters

With the Executive Director of Corporate Management Division as the head, the BCP Headquarters are composed of the participants as presented below. Six teams have been established to perform specific tasks in accordance with the BCP: Logistics & Customer Correspondence Team, Employee Safety Confirmation Team, Facility Recovery Team, Information Systems Management Team, Information Collection, Sharing and Transmission Team and Pandemic Management Team.



Action Targets and Results

Mid-term targets (2013 to 2017)	Plan for FY2013	Results in FY2013	Evaluation	Action targets for FY2014	Action plan for FY2014
● Strengthen corporate governance	● Further strengthen the management monitoring function	● Appointed four outside officers as independent executives specified by the Stock Exchange to ensure healthy management and further strengthen corporate governance	○	● Take measures that support the exercise of voting rights by shareholders at the general meeting	● Use of electronic voting ● Participate in the platform ● Disclose part of the convening notices in a broad sense on the website

Evaluation criteria ○: Achieved, △: Mostly achieved ×: Not achieved

Ono Pharmaceutical discloses information to shareholders and investors on various occasions in a timely and appropriate manner to ensure transparent corporate management.

IR Activities

As specified in Ono Pharmaceutical Codes of Conduct, we will strive for establishment of transparent corporate management and proactively disclose business information.

Our investor relations (IR) activities are based on the policy of pursuing fairness, promptness, accuracy and impartiality, and conducted as mentioned below.

Information Disclosure

Ono Pharmaceutical discloses financial results and other related information in a timely manner through TDnet, the timely disclosure network of the Tokyo Stock Exchange, and our website at the same time. Information that is not subject to the timely disclosure rules is also disclosed swiftly through our website and other means.

Provision of Information through Our Website

Our website contains "IR Library," which provides useful materials and past data including Securities Report, flash reports and development pipeline progress status, as well as "Financial Highlights," which presents main financial indicators for the last five years, in efforts to give a wide range of information.

Company Briefings for Individual Investors

Ono Pharmaceutical participates in company briefings organized by securities firms for individual investors to present its profile, growth strategy and status of the main products along with the circumstances surrounding the pharmaceutical industry. Ono Pharmaceutical is continuously working to make many individual investors know about the company.



Company briefing for individual investors

IR Activities for Securities Analysts and Institutional Investors

Ono Pharmaceutical organizes a financial result briefing or conference call on each quarterly statement for securities analysts and institutional investors. In addition, we actively hold meetings and phone conferences with securities analysts and institutional investors in Japan and other countries to help them improve their understanding of our business activities and management strategy.

Preparation of IR Tools

Ono Pharmaceutical prepares materials that introduce its financial results and various corporate activities such as ONO'S VIEW, a business report for shareholders, and Annual Reports, which are also available on our website. We endeavor to convey IR information to a wider array of people in an easy-to-understand manner.



ONO'S VIEW, a business report for shareholders

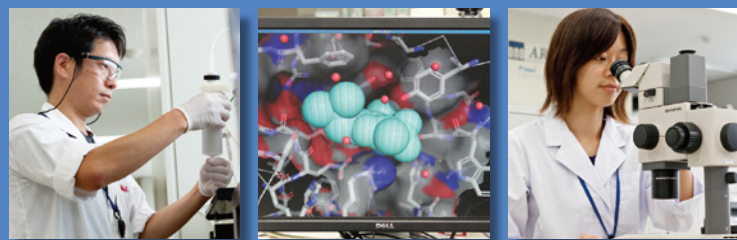


IR webpages



# Innovative Pharmaceutical Products

To tackle the diseases that remain unconquered as yet and meet various unsatisfied needs of patients, Ono Pharmaceutical is fully committed to research and development of innovative pharmaceutical products that have never existed before.



We are working to develop new pharmaceutical products through combination of our proprietary technologies for drug discovery with cutting-edge technologies in Japan and overseas, and have established a system to deliver the products to patients in a safe manner.

Combining our proprietary technologies for drug discovery with cutting-edge technologies in Japan and overseas, we are developing drugs that meet patients' needs.

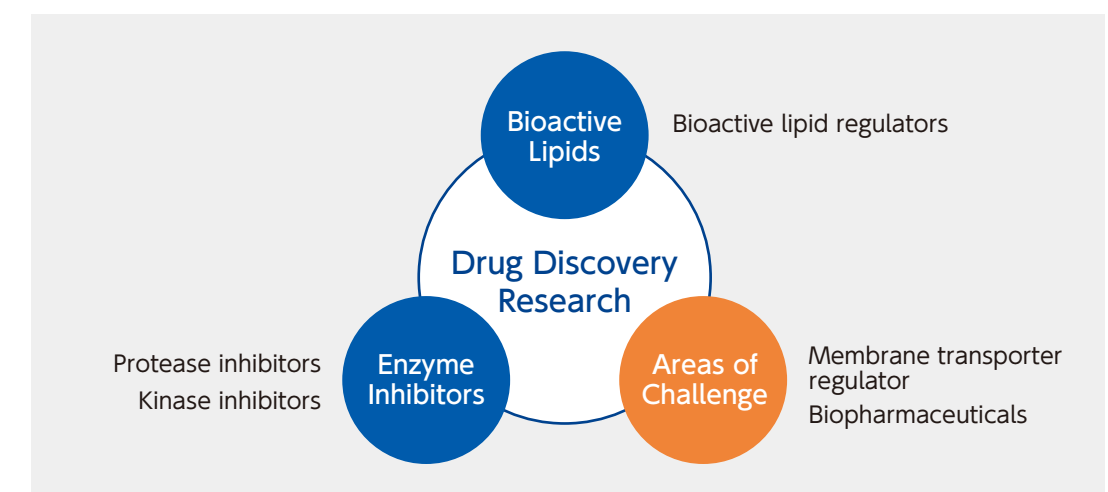
## Business Model Sought by Ono Pharmaceutical

Under the corporate philosophy of "Dedicated to Man's Fight against Disease and Pain," Ono Pharmaceutical is committed to fulfilling unmet medical needs. To this end, we actively strive to develop innovative new drugs, adopting the research and development principle to "Deliver our contribution to society by developing drugs that truly benefit patients."

In our drug discovery research, we recognize bioactive lipids and enzyme inhibitors as areas where we can use the technologies and know-how accumulated in our long history through research into prostaglandins/leukotrienes and enzyme inhibitors. We are engaged in drug discovery research involving bioactive lipid signal mediators and protease/kinase inhibitors. To find the areas of new challenge to develop world-class original and breakthrough pharmaceutical products, we are utilizing know-how developed through neuroscience research and gene assets obtained through genome research as we resolutely take on the challenge in new areas involving modulators of membrane transport system such as ion-channels and transporters as well as biotechnology based medicines.

As a drug discovery method, we collect a "library" of compounds that act on diverse targets in the course of our research, and pursue our original path using Compound-Orient, enabling us to identify drugs that

are effective against disease or support treatment. We have also employed technologies that can pinpoint more accurately and speedily compounds that may be suitable for disease or therapy to improve the efficiency of drug discovery research. Across all areas of drug discovery, we also make active use of world-leading technologies and the "seeds" of breakthrough drug discoveries in Japan and other countries, and combine them with our own original drug discovery methods to develop original and epoch-making pharmaceutical products. For sustainable growth, we also aim to expand the development pipeline so as to provide a continuous stream of new market launches. We continue to forge ahead with licensing activities to introduce attractive new drug candidates that meet high therapeutic need, and that have the highest value in terms of corporate strategy and efficiency, while taking into consideration the development pipeline and existing products. We must also speed up the establishment of proof of concept for this expanded development pipeline. We will promote business activities in the global arena to see the whole world use the new drugs that we created while also driving clinical developments forward in Asia, as well as Europe and the USA, and aiming at out-licensing to overseas partners to launch our original compounds onto overseas markets.





As of August 4, 2014

In-/out-licensing partners

Merck & Co., Inc. (USA), Bristol-Myers Squibb Company (USA), Novartis Pharma AG (Switzerland), Helsinn Healthcare SA (Switzerland), PAION AG (Germany), Kadmon Corporation, LLC (USA), Onyx Pharmaceuticals, Inc. (USA), Les Laboratoires Servier (France), Amgen Inc. (USA), Merck KGaA (Germany), BIAL (Portugal), Daiippon Sumitomo Pharma Co., Ltd. (Japan), Kissei Pharmaceutical Co., Ltd. (Japan), Astellas Pharma Inc. (Japan), KYORIN Pharmaceutical Co., Ltd. (Japan), OncoTherapy Science, Inc. (Japan), Valeant Pharmaceuticals International, Inc. (USA)

Marketing Alliances

AstraZeneca (UK)

Drug discovery alliances

Array BioPharma Inc. (USA), Locus Pharmaceuticals, Inc. (USA), Evotec AG (Germany), Xention Limited (UK), BioSeek LLC (USA), Receptos Inc. (USA), BioFocus DPI Limited (UK), Scil Proteins GmbH (Germany) and Domain Therapeutics S.A. (France)

Global Operation Sites



Progress in the Development of New Drugs

The Minase Research Institute, the hub of our drug discovery and research, has a commemorative stone monument with “Dedicated to Man’s Fight against Disease and Pain,” which is Ono Pharmaceutical’s corporate philosophy, written on it. Ono Pharmaceutical will remain true to the corporate philosophy, clearly engraved in the stone monument, pursuing our passion for the discovery of original and innovative drugs. We will rely on this commitment that has sustained us for nearly three centuries, combined with the technology and know-how we have against disease. Ours is a relentless quest for the development of drugs that deliver true benefit to the health of individuals and genuine contribution to the good of society. The development pipeline currently has new drug candidates in the areas of cancer treatment and supportive care for it,

including antibody drugs and other anticancer agents as well as agents for the treatment of cancer cachexia, in addition to drug candidates for treatment of chronic heart failure. We are working to develop them for quick commercialization.



New Drugs in Development in Japan

Product (development code)	Proposed indication	Pharmacological action, etc.	Development stage	
			P I   P II   P III   Filed	
OPALMON® Tablets (OP-1206・α-CD)	Thromboangiitis obliterans, lumbar spinal stenosis (Stability-improved formulation)	Blood vessel dilation	<div><div></div></div>	Co-development with Sumitomo Daiippon Pharma Co., Ltd.
ONOACT® for Intravenous Injection 150 mg (ONO-1101)	Post-operative tachyarrhythmia, Tachyarrhythmia in low cardiac function (High content formulation)	Short acting beta 1 blocker	<div><div></div></div>	In-house
PROEMEND® for Intravenous Injection (ONO-7847) / MK-0517	Chemotherapy-induced nausea and vomiting in pediatric patients	Neurokinin 1 receptor antagonist	<div><div></div></div>	In-licensed from Merck & Co., Inc., USA
RIVASTACH® Patch (ONO-2540) / ENA713D	Alzheimer’s disease (Additional dosing regimen)	Cholinesterase inhibitor	<div><div></div></div>	Co-development with Novartis Pharma AG
OPDIVO® for Intravenous Injection (ONO-4538) / BMS-936558	Renal cell carcinoma	Human anti-human PD-1 monoclonal antibody	<div><div></div></div>	In-house
ORENCIA® IV Injection (ONO-4164) / BMS-188667	Juvenile idiopathic arthritis	T-cell activation inhibitor	<div><div></div></div>	Co-development with Bristol-Myers Squibb Company
ORENCIA® IV Injection (ONO-4164) / BMS-188667	Lupus nephritis	T-cell activation inhibitor	<div><div></div></div>	Co-development with Bristol-Myers Squibb Company
ONO-7057 / Carfilizomib	Multiple myeloma	Proteasome inhibitor	<div><div></div></div>	In-licensed from Onyx Pharmaceuticals, Inc.
ONO-2745 / CNS 7056	General anesthetic	Short acting GABA <sub>A</sub> receptor modulator	<div><div></div></div>	In-licensed from PAION AG
ONO-7165 / EMD531444	Non-small cell lung cancer	Therapeutic cancer peptide vaccine targeting the tumor antigen MUC-1	<div><div></div></div>	Co-development with Merck KGaA, Germany
ONO-7643 / RC-1291	Cancer cachexia	Ghrelin mimetic	<div><div></div></div>	In-licensed from Helsinn Healthcare SA
OPDIVO® for Intravenous Injection (ONO-4538) / BMS-936558	Esophageal cancer	Human anti-human PD-1 monoclonal antibody	<div><div></div></div>	In-house
OPDIVO® for Intravenous Injection (ONO-4538) / BMS-936558	Non-small cell lung cancer	Human anti-human PD-1 monoclonal antibody	<div><div></div></div>	In-house
ONO-1162 / Ivabradine	Chronic heart failure	If channel inhibitor	<div><div></div></div>	In-licensed from Les Laboratoires Servier
ONO-5163 / AMG-416	Secondary hyperparathyroidism	Calcium sensing receptor agonist	<div><div></div></div>	In-licensed from Amgen Inc.
ONO-6950	Bronchial asthma	Leukotriene receptor antagonist	<div><div></div></div>	In-house
ONO-7056 / Salirasib	Solid tumor	Ras signal inhibitor	<div><div></div></div>	In-licensed from Kadmon Corporation, LLC
ONO-7268MX1	Hepatocellular carcinoma	Peptide vaccines	<div><div></div></div>	In-licensed from OncoTherapy Science, Inc.
ONO-7268MX2	Hepatocellular carcinoma	Peptide vaccines	<div><div></div></div>	In-licensed from OncoTherapy Science, Inc.
ONO-2160 / CD	Parkinson’s disease	Levodopa pro-drug	<div><div></div></div>	In-house
ONO-4053	Allergic rhinitis	Prostaglandin D2 receptor antagonist	<div><div></div></div>	In-house
ONO-2370 / Opicapone	Parkinson’s disease	Long acting COMT inhibitor	<div><div></div></div>	In-licensed from BIAL

New Drugs in Development Overseas

Development code	Proposed indication	Pharmacological action, etc.	Development stage	
			P I   P II   P III   Filed	
ONO-4538/BMS-936558	Renal cell cancer	Human anti-human PD-1 monoclonal antibody	<div><div></div></div>	Out-licensed to Bristol-Myers Squibb Company
ONO-4538/BMS-936558	Non-small cell lung cancer	Human anti-human PD-1 monoclonal antibody	<div><div></div></div>	Out-licensed to Bristol-Myers Squibb Company
ONO-4538/BMS-936558	Melanoma	Human anti-human PD-1 monoclonal antibody	<div><div></div></div>	Out-licensed to Bristol-Myers Squibb Company
ONO-4538/BMS-936558	Head and neck cancer	Human anti-human PD-1 monoclonal antibody	<div><div></div></div>	Out-licensed to Bristol-Myers Squibb Company
ONO-4538/BMS-936558	Glioblastoma	Human anti-human PD-1 monoclonal antibody	<div><div></div></div>	Out-licensed to Bristol-Myers Squibb Company
ONO-4538/BMS-936558	Diffuse large B cell lymphoma	Human anti-human PD-1 monoclonal antibody	<div><div></div></div>	Out-licensed to Bristol-Myers Squibb Company
ONO-4538/BMS-936558	Follicular lymphoma	Human anti-human PD-1 monoclonal antibody	<div><div></div></div>	Out-licensed to Bristol-Myers Squibb Company
ONO-6950	Bronchial asthma	Leukotriene receptor antagonist	<div><div></div></div>	In-house
ONO-4053	Allergic rhinitis	Prostaglandin D2 receptor antagonist	<div><div></div></div>	In-house
ONO-2952	Irritable bowel syndrome	Translocator protein antagonist	<div><div></div></div>	In-house
ONO-9054	Glaucoma, ocular hypertension	Prostaglandin receptor (FP/EP3) agonist	<div><div></div></div>	In-house
ONO-4538/BMS-936558	Solid tumors (triple negative breast cancer, stomach cancer, pancreatic cancer, small cell lung cancer, bladder cancer)	Human anti-human PD-1 monoclonal antibody	<div><div></div></div>	Out-licensed to Bristol-Myers Squibb Company
ONO-4538/BMS-936558	Colon cancer	Human anti-human PD-1 monoclonal antibody	<div><div></div></div>	Out-licensed to Bristol-Myers Squibb Company
ONO-4538/BMS-936558	Hepatocellular carcinoma	Human anti-human PD-1 monoclonal antibody	<div><div></div></div>	Out-licensed to Bristol-Myers Squibb Company
ONO-4538/BMS-936558	Chronic myeloid leukemia	Human anti-human PD-1 monoclonal antibody	<div><div></div></div>	Out-licensed to Bristol-Myers Squibb Company
ONO-4538/BMS-936558	Hepatitis C	Human anti-human PD-1 monoclonal antibody	<div><div></div></div>	Out-licensed to Bristol-Myers Squibb Company
ONO-4059	B-cell lymphoma	Bruton’s tyrosine kinase (Btk) inhibitor	<div><div></div></div>	In-house
ONO-8055	Underactive bladder	Prostaglandin receptor (EP2/EP3) agonist	<div><div></div></div>	In-house
ONO-8539	Gastroesophageal reflux disease	Prostaglandin receptor (EP1)	<div><div></div></div>	In-house
ONO-1266	Portal hypertension	S1P receptor antagonist	<div><div></div></div>	In-house
ONO-4232	Acute heart failure	Prostaglandin receptor (EP4) agonist	<div><div></div></div>	In-house

(as of August 4, 2014)

Products in Key Areas

● **GLACTIV® Tablets** (generic name: sitagliptin phosphate hydrate tablet) for the Treatment of Type 2 Diabetes

Sales in FY2013: 35.7 billion yen

**GLACTIV® Tablets** is used for the treatment of type 2 diabetes. This product was released in December 2009 as the first therapeutic drug aimed at type 2 diabetes with the novel mechanism of DPP4 inhibitor action in Japan.

Single daily dosing of **GLACTIV®** improves blood sugar levels by enhancing the function of incretin, which stimulates secretion of insulin, a hormone released from pancreas with a function to lower blood sugar levels.

The treatment of diabetes is based on dietary and exercise therapy. **GLACTIV®** is administered when dietary and exercise therapy has insufficient effect.



● **FORXIGA® Tablets** (dapagliflozin propylene glycolate hydrate) for the Treatment of Type 2 Diabetes

Launched in May 2014

**FORXIGA® Tablets** is used for the treatment of type 2 diabetes. This product was released in May 2014 as a drug aimed at type 2 diabetes with the novel mechanism of SGLT2 inhibitor action.

Single daily dosing of **FORXIGA® Tablets** lowers blood sugar levels by excreting sugar via urine as a result of the inhibition of SGLT2, a protein that mediates sugar reabsorption in the kidneys.

The treatment of diabetes is based on dietary and exercise therapy. **FORXIGA®** is administered when dietary and exercise therapy has insufficient effect.



● **RECALBON® Tablets** (generic name: minodronic acid hydrate) for the Treatment of Osteoporosis

Sales in FY2013: 11.1 billion yen

**RECALBON® Tablets** is used for the treatment of osteoporosis.

**RECALBON® Tablets** inhibit release of calcium from bones (bone resorption) to increase the bone mass and also reduce the incidence of spinal compression fracture. We offer **RECALBON® Tablets** for single daily dosing and for dosing every four weeks. There are usually various restrictions on the administration of drugs for the treatment of osteoporosis, which involve complexity and inconvenience in the daily life that may lower the rate of continuing the dosing or the rate of dosing the drugs. As an option to mitigate this problem, we developed **RECALBON® Tablets** for dosing every four weeks and released it in September 2011.



● **RIVASTACH® Patch** (generic name: rivastigmine) for the Treatment of Alzheimer's Disease

Sales in FY2013: 6.4 billion yen

**RIVASTACH® Patch** is used to inhibit the progression of symptoms of Alzheimer's disease.

**RIVASTACH® Patch** is the first transdermal patch for the treatment of Alzheimer's disease in Japan. Application of the patch can improve neurotransmission in the brain and thereby slow the progression of symptoms of Alzheimer's disease such as memory loss. Adoption of the patch style has reduced the side effects of the drug on gastrointestinal symptoms, and also enabled administration to patients with dysphagia or difficulty in taking oral agents. The administration can be also visually checked, which can reduce burden on the caretakers who supervise the administration. This drug was released in July 2011, and is now used in over 80 countries and regions across the world.



● **EMEND® Capsules** (generic name: aprepitant) and **PROEMEND® Intravenous Injection** (generic name: fosaprepitant meglumine) for the Treatment of Chemotherapy-induced Nausea and Vomiting

Sales in FY2013: 8.8 billion yen

**EMEND® Capsules** and **PROEMEND® Intravenous Injection** are used to prevent gastrointestinal symptoms caused by anticancer drugs such as nausea and vomiting.

**EMEND® Capsules** and **PROEMEND® Intravenous Injection** suppress the central emetic response to inhibit chemotherapy-induced nausea and vomiting. In addition to **EMEND® Capsules**, we developed **PROEMEND® Intravenous Injection** and released it in December 2012 to meet the demand in the medical front for the treatment of the cancer patients who have difficulty in oral medication.



● **ORENCIA® for Subcutaneous Injection** (generic name: abatacept (genetical recombination)) for the Treatment of Rheumatoid Arthritis

Sales in FY2013: 800 million yen

**ORENCIA® for Subcutaneous Injection** is used for the treatment of rheumatoid arthritis when existing therapies have insufficient effect.

**ORENCIA® for Subcutaneous Injection** inhibits the function of cells called T-lymphocytes (T cells), which are responsible for immunity, so the immune system does not mistakenly attack the body's cells and tissues. Inhibition of T cells prevents excessive production of a protein called cytokines and consequently relieves pain and swelling in the joints.



● **OPDIVO® for Intravenous Injection** (generic name: nivolumab (genetical recombination)), an Anti Cancer Drug

Launched in September 2014

**OPDIVO® for Intravenous Injection** is used for the treatment of unresectable melanoma.

**OPDIVO® for Intravenous Injection** was launched in September 2014 as the world's first drug that targets PD-1 (a receptor on the surface of lymphocytes). This pharmaceutical product is expected to effectively enhance an immune response that recognizes cancer cells as foreign objects and eliminate them.





Provision of Proper Information on Pharmaceutical Products

Proper Use and Dissemination of Pharmaceutical Products

Pharmaceutical products aim to save precious lives. Companies involved in pharmaceutical products are required to ensure high levels of ethicality and transparency and fulfill their accountability to remain worthy of the trust placed in them by society. Japan Pharmaceutical Manufacturers Association (JPMA) has established JPMA Code of Practice on interactions with researchers, healthcare professionals, patient organizations, etc.

Ono Pharmaceutical as well provides training on the promotion code for prescription drugs in the Head Office and Branches all over Japan to ensure that employees are familiar with the code including any changes and additions to it. It is crucial to provide appropriate information for the proper use of drugs. This important

task is assumed by medical representatives (MRs), who provide healthcare professionals with information on the safety and efficacy of drugs, as well as proper drug usage, and also gather information from the frontline of healthcare. The information collected is analyzed internally and the results are appropriately fed back to the frontline of healthcare in an effort to support patients and their families.

In addition to visits by MRs to hospitals, etc., we also use websites to provide information. The corporate website of Ono Pharmaceutical has pages for healthcare professionals, as well as pages for patients and their families, which introduce characteristics of our drugs and information for proper use of them.

Introduction of Presentation Tools into the Tablets of MRs

In response to faster transfer of information and use of IT systems by doctors, MRs are required to provide highly specialized knowledge and updated information to medical practitioners as quickly as possible. From

2013, we supply tablet terminals to all MRs so that they can access the latest useful information constantly via the terminals and utilize it for their daily marketing activities.

Supply of Information to Medical Personnel via Websites

We put emphasis on the use of Ono Medical Navi, our website exclusive to medical practitioners, to supply information to about 20,000 members of the website. In particular, we organized an online live seminar 46 times in a year, which was watched by approximately

13,000 healthcare professionals in total. New websites of ORENCIA.JP and FORXIGA.JP were also launched in 2013. We are committed to supply of medical information in an accurate and prompt manner through the marketing activities of MRs and via the websites.

Product Liability

System to Ensure the Reliability of Drugs

Ono Pharmaceutical supplies safe, quality and effective drugs in a stable manner, and provides and collects information to ensure that its drugs are used properly at the frontline of healthcare.

We always give first priority to patients through preparation of a drug risk management plan and operation of a drug quality system. These activities are part of our efforts to establish a system to ensure that patients and medical personnel can use our medical products in a safe and reliable manner.



Efforts to Ensure Reliability

- Basic Policy for Quality Assurance

Quality Assurance Policy of Ono Pharmaceutical

Pharmaceutical products play a crucial role in maintaining health and treating diseases and thus deal with human lives. It is necessary to guarantee their high quality and ensure stable supply. Accordingly, we do not only meet legal requirements as a manufacturer and distributor, but also develop better pharmaceutical products from the viewpoints of patients, care takers and healthcare professionals and work for continuous improvement in order to supply pharmaceutical products guaranteed with high quality in a stable manner, thereby contributing to society.

Recall

Ono Pharmaceutical has in place a system to recall any products with problems related to safety, quality or efficacy after promptly providing information on them for medical personnel.

Efforts to Improve User-friendliness

Ono Pharmaceutical is committed to development and improvement of products so that, for example, patients can store drugs in a more convenient manner, patients can take drugs safely without water, or children can take drugs easily. We are also developing products designed

We conduct drills in preparation for recall on a regular basis to check that we can recall products quickly even in unexpected circumstances.

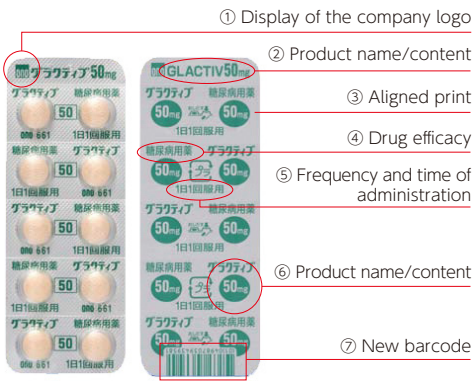
to allow necessary information to be written on them or their packages in order to avoid confusion of products at medical institutions and prevent patients from using the drugs improperly.

For the Proper Use of Pharmaceutical Products

Medical institutions make efforts to prevent malpractice, such as confirmation of the drug name, dosage and other information before prescription for patients. Self check of the name, dosage, etc. by the patients before administration will further ensure the safety and security of medication.

Ono Pharmaceutical prevents medication errors through various measures, including clear labelling on containers to avoid confusion of drugs by patients, their family members and medical personnel (doctors, pharmacists, nurses, etc.) as well as printing the drug name and content clearly even on divided PTP sheets.

● Example of Measures to Prevent Malpractice



Safety (Side Effects) Information

For safe and proper use of drugs, collection and provision of safety (side effects) information is crucial to the pharmaceutical company. Safety (side effects) information is collected through reports from patients and medical personnel (doctors, pharmacists), review of academic papers, surveys conducted by

pharmaceutical companies and other means. We assess the collected information and accordingly revise precautionary statements in the package inserts when necessary. We also provide information for the frontline of healthcare in a timely manner to ensure safe and proper use of drugs.

● Action Targets and Results

Mid-term targets (2013 to 2017)	Plan for FY2013	Results in FY2013	Evaluation	Action targets for FY2014	Action plan for FY2014
● Develop activities of medical representatives (MRs) in the promotion of in-house products	● Promote proper use and dissemination of pharmaceutical products  ● Introduce presentation tools to accelerate the activities ● Enhance abilities of MRs to make objective assessments	● Provided training on the promotion code at 14 branches ● Introduced evaluation rules on compliance with the code by leaders ● Enhanced the use of "Fast Answer" to accelerate the activities to collect and provide information for proper use, and incorporated it into Knowledge Navi and tablets ● Introduced presentation tools ● Collected survey data and evaluation results (on the opinions of doctors about Ono Pharmaceutical)	○ ○ ○ ○ △	● Promote proper use and dissemination of pharmaceutical products	● Promote the activities of MRs to provide information based on the latest data supported by scientific evidence in a proper manner ● Accelerate activities to collect and provide information on safety and proper use (Fast Answer) ● Strengthen collaboration with Medical Information Division, which is in charge of code management ● Provide MRs with education and training to ensure compliance with the promotion code ● Promote marketing using tablets (for faster and more sophisticated activities)
● Develop activities to provide information to medical practitioners (other than activities of MRs)	● Make use of websites	● 18,000 ONO Medical Navi members (target: 60,000 members) ● Organized 46 online live seminars ● Launched ORENCIA.JP concurrently with the release of ORENCIA® for Subcutaneous Injection in June ● Launched FORXIGA.JP concurrently with approval of manufacturing in March	△ ○ ○ ○	● Make effective use of website information  ● Evaluate and verify product branding	● Provide medical and drug information via websites (ONO Medical Navi, ORENCIA.JP, FORXIGA.JP, ONO oncology website) ● Organize 60 online seminars ● Develop multi-channel mixture to help MRs enhance their appeal (CareNet, etc.)

Evaluation criteria ○: Achieved, △: Mostly achieved ×: Not achieved



# Human Resources and Human Rights

Ono Pharmaceutical is committed to development of human resources that can adapt to changes in the environment and play active roles in the global arena, as well as establishment of a well-developed training system and a pleasant working environment, to promote diversity.



We also respect human rights in our business activities based on Ono Pharmaceutical Codes of Conduct, and regularly hold health and safety committee meetings to improve the working environment.



Based on the idea that “People make the company,” we are promoting a corporate climate where all employees can demonstrate their abilities and work lively.

Ono Pharmaceutical aims to grow as a global R&D-oriented pharmaceutical company that delivers world-class unique drugs to society while also maintaining the identity developed in its long history of nearly 300 years. This vision cannot be realized without the contribution of human resources. Human resources are “sources of the competitiveness of

the company” and the most important “assets.” Literally, they are “resources” for us. Ono Pharmaceutical is committed to development of human resources who can adapt to changes in the environment and play active roles in the global arena. We are working to establish a well-developed training system and a pleasant working environment to promote diversity.

## Development of Human Resources Who “Exert themselves” and are “Self-directed”

### Human resources sought by Ono Pharmaceutical

Amid the changing environment, Ono Pharmaceutical needs “self-directed” human resources who always have a sense of innovation, adapt to such changes in a prompt and flexible manner and act based on their own ideas and decisions. A new future for Ono Pharmaceutical will be built by the human resources who tackle any difficulties with a sense of purpose and an awareness of issues as members of a team that works to reach the same goal. As pharmaceutical products are closely related to the lives of people, it goes without saying that the human resources also need to act in an ethical manner with a strong sense of responsibility.



### We seek human resources who:

- Have a sense of innovation and a strong will to keep trying until the end;
- Can demonstrate their abilities in a team and work in a collaborative manner;
- 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.

In order to fulfill its corporate philosophy of “Dedicated to Man’s Fight against Disease and Pain,” by developing innovative drugs and delivering benefit to the health of individuals,

Ono will cultivate human resources that are willing to take on challenges and have the enthusiasm to improve themselves.

### Human resource policy

Ono Pharmaceutical values a society where human rights are fully respected, and believes that no discrimination should be allowed due to race, nationality, ethnicity, gender, age, religion, belief/philosophy, academic background, disability or illness. Based on the idea that “People make the

company,” we actively support development of individual abilities and positive actions taken without fear of failure, promoting a corporate climate where the company and its employees can live in harmony and where individual abilities blossom to their full extent.



Provision of Growth Opportunities

Ono Pharmaceutical organizes a wide range of training programs including joint training for new employees from all divisions, departmental introductory training for medical representatives (MRs) and other staff, annual training for young employees in their 3rd and 5th year, pre-management training for employees in their 8th and 13th year and collective training for employees in their 20th and 30th year. Position-based training is also provided for managerial staff, namely division managers, assistant managers and section leaders, once a year with focus on what management is required for organizational growth. In addition to these seniority-and position-based training programs, we also organize English language training in Japan and overseas and send employees to overseas affiliates in a continuous manner to develop human resources that can contribute to our global strategy.

Pleasant Working Environment

Ono Pharmaceutical is committed to creating a pleasant working environment to ensure that employees can devote themselves to work with a sense of security. We recognize the importance of providing employees with benefits, as well as offering programs and an environment that support employees in achieving a balance between work and private life according to their life stage, in order to enable each individual who are part of the diverse human resources at Ono to work lively and perform at their full potential. We also engage actively in the promotion of diversity management as a

As part of our commitment to promotion of diversity, we provide training for female workers with the aim of establishing a corporate culture where women can work more actively and demonstrate their abilities. Training is also conducted at medical institutions specializing in dementia, diabetes and cancers 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. In addition, we have a system to assist employees in self-learning with an aim to develop a culture where they study and grow independently. While committed to development of human resources that can respond promptly to changes in the environment and contribute to society, we are also working actively to create an environment where employees can improve their capabilities and deliver good performance.

management strategy to attract a wide range of human resources to the company. Promotion of diversity helps us create new values and reform our operations. As work-life balance is closely linked to diversity, we have launched various activities from these two perspectives.



Child care support activities

While the birth rate is decreasing in Japan, companies are also required to work for a balance between work and child care as part of the efforts of the whole society to assist families raising children and create a better environment for having and raising children. Ono Pharmaceutical was certified as a general business operator meeting the criteria based on the Law for Measures to Support the Development of the Next Generation in 2008, 2012 and 2014, obtaining "Kurumin," the mark accredited to such business operators. As an initiative to support child care, we work to facilitate communication by providing the employees on

maternity or child care leave with company information to help facilitate their return to work including that on new systems, while also encouraging them to use the system. We have also introduced various other child care support programs such as child care leave and extension of the term for shortened work hours for child care. We established a new general business operator (4th phase) action plan in 2014, which is presented below along with our relevant activities in the past:



- 1st phase of action plan: April 1, 2005 to May 31, 2008
  - ntroduction of a shortened work hour system available for the employees raising preschool children
  - Introduction of a leave system for nursing care of children
- 2nd phase of action plan: April 1, 2008 to May 31, 2012
  - Expansion of the shortened work hour system available for the employees raising children
  - Implementation of measures to reduce overtime
- 3rd phase of action plan: April 1, 2012 to May 31, 2014
  - Supply of information to encourage male employees to take child care leave
  - Introduction of a system for the employees who have left their jobs due to child care and other reasons to apply for reemployment
- 4th phase of action plan: April 1, 2014 to May 31, 2017
  - Examination of a new system to support female employees to continue their careers, and introduction and dissemination of the system
  - Implementation of measures to reduce overtime
  - Survey of the current situation on annual paid holidays taken by employees and implementation of measures to encourage employees to take the holidays

Ono Pharmaceutical offers programs to support employees at various stages of their lives as follows:

Marriage, Childbirth and Child-raising

- **Special paid vacation**  
Employees are granted a five-day special paid vacation when getting married, and a two-day special paid vacation when a child is born.
- **Child care leave scheme that exceeds the legal requirements**  
While companies are legally required to give child care leave until the child becomes one year old, Ono Pharmaceutical provides leave until the child becomes three years old.
- **Shortened work hours for child care**  
When an employee who is raising a child in the third grade (up to end of March of school year) or younger wants to work in a shorter time than the regular working hours, the working time can be reduced by up to two hours a day (in units of 30 minutes; installments at beginning and end of working hours also available).
- **System for employees who leave their jobs for marriage, childbirth or child-raising to register in advance to apply for reemployment**  
Employees who have to give up their jobs due to difficulty in balancing work and home life even with help from various programs offered by the Company are eligible to register in advance to apply for reemployment. After the situation changes so that such retired employees can return to work, they inform the Company accordingly, and when the Company recruits staff, it reemploys them if appropriate.

Voice 《 Comment from a User of Reemployment Register Program for Retired Employees: Eriko Adachi, Tokyo I Branch 》

I retired after marriage to accompany my husband who was assigned overseas, and then used the system to return to work when the time was appropriate

The job I am doing now is very different from what I used to do as an MR. There was much to learn for my new job, and there were times when it was confusing. But I felt relieved with many familiar faces, including superiors and previous colleagues with whom I worked with before.

My current goal is to use my experience and knowledge I acquired as an MR before and consider the aspects of both operation and marketing to support MRs so that they can work comfortably.

For those who are considering the use of this system, I would like to recommend that they register in the system when they must leave their job. Even if it currently seems to be difficult to envision returning to work in the future, their lifestyle might change before the five-year effective period of the system expires.



Family Care and Nursing Care

- **Nursing care leave scheme that exceeds the legal requirements**  
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 Pharmaceutical provides the leave for up to a year in total.
- **Shortened work hours for nursing care**  
When an employee wants to work in a shorter time than the regular working hours to engage in nursing care, the working time can be reduced by up to two hours a day.
- **Family care leave scheme**  
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.
- **System for employees who have to give up their jobs for nursing care to register in advance to apply for reemployment**  
Employees who have to give up their jobs due to difficulty in balancing work and home life even with help from various programs offered by the Company are eligible to register in advance to apply for reemployment. After the situation changes so that such retired employees can return to work, they inform the Company accordingly, and when the Company recruits staff, it reemploys them if appropriate.

Retirement

- **System for employees who have to give up their jobs due to the transfer of the spouse to a different location to register in advance to apply for reemployment**  
Employees who have to give up their jobs due to difficulty in balancing work and home life even with help from various programs offered by the Company are eligible to register in advance to apply for reemployment. After the situation changes so that such retired employees can return to work, they inform the Company accordingly, and when the Company recruits staff, it reemploys them if appropriate.
- **Scheme to reemploy retired employees as non-regular staff**  
All applicants for this scheme can extend their retirement age in a phased manner to 65, the time when they start to receive their pension.

Support of employee volunteer activities

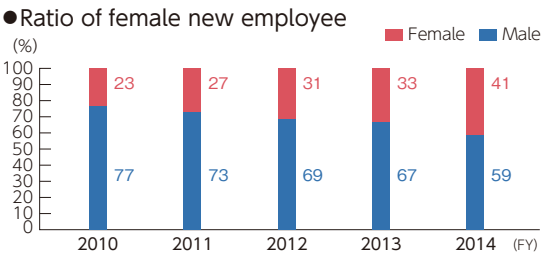
Ono Pharmaceutical has introduced a volunteer vacation program, which provides a five-day special paid vacation to support the employees involved in volunteer activities. We have also adopted a bone-marrow donor leave system to give special paid vacation during the period when employees need to take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



Promotion of Diversity

Promotion of Opportunities for Women to Play Active Roles

Ono Pharmaceutical regards human resource development as one of its key management issues, and especially works for creation of a system where women can work lively as a priority issue. In addition to programs to support childbirth and child-raising that exceed the legal requirements, we assist the employees who have used the programs in returning to work smoothly and aim to develop a comfortable working environment for them after the return. Ono Pharmaceutical has also increased recruitment of women in all divisions in recent years, and the ratio of female new graduate hires is rising year by year. We organize training for female employees and seniority-based training to ensure that women can develop their capabilities to play more active roles including those in managerial positions. In the future, we will make efforts to help employees improve their capabilities through development of career advancement plans designed for their individual career paths, as well as interviews, and to create a working environment where all employees can work with dreams and motivation.

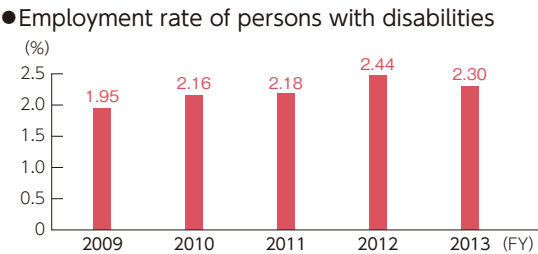


Mid-career Employment

To quickly obtain human resources with the skills and knowledge that are needed immediately, Ono Pharmaceutical hires mid-career workers with such skills and knowledge. We employed two mid-career workers in fiscal 2011, two in fiscal 2012 and nine in fiscal 2013.

Employment of persons with disabilities

As a healthcare company, we make efforts to establish a working environment where persons with disabilities can also work vividly, which also aims to promote employee diversity, as well as to meet social requirement. The employment rate of people with disabilities at Ono was 2.30% as of March 31, 2014, which still exceeds the legally stipulated rate amended on April 1, 2013 (1.8% to 2.00%). We will continue active recruitment.



Health and Safety

While striving to establish safe and hygienic workplaces, we will respect human rights in every aspect of our business activities.

Ono Pharmaceutical regularly holds health and safety committee meetings to improve the working environment. We also respect human rights in our business activities based on Ono Pharmaceutical Codes of Conduct.

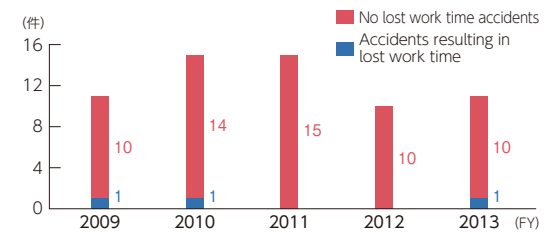
Workplace Health and Safety Activities

Ono Pharmaceutical regularly holds health and safety committee meetings in plants and research institutes, where findings from health and safety inspections are reported and areas for improvement are proposed, while working to make employees fully aware of health and safety procedures. The inspections are carried out for all establishments annually. They include inspections of fire and other disaster prevention measures, fire extinguishing and first aid equipment, safe handling of machinery, implementation level of safety procedures, transportation operations and cleaning and housekeeping.

In the Head Office and other workplaces in which a

health committee needs to be established, health committee members from the union and management have discussions on health, report the results of environmental measurement in workplaces and conduct the review of overtime working hours and other issues.

Numbers of Industrial Accidents



Respect to Human Rights

Ono Pharmaceutical will respect human rights of all people in every aspect of our business activities. Based on this principle, we adopt 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,” and promote establishment and operation of the personnel system in line with the policy. We also prohibit any forms of

harassment and provide compliance training with focus on harassment.

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

Relationship with the Unions

Ono Pharmaceutical has two labor unions, namely the nationwide union of Ono Pharmaceutical workers and the industrial union (chemical & general) of Ono Pharmaceutical workers in Joto Plant.

As of March 31, 2014, the nationwide union of Ono

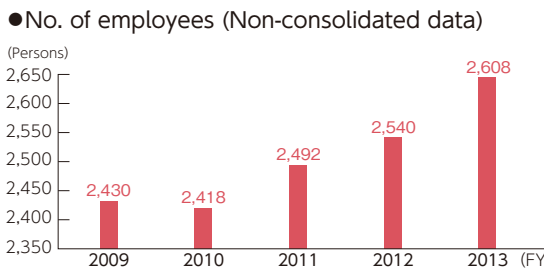
Pharmaceutical workers has 1,884 members while the industrial union (chemical & general) of Ono Pharmaceutical workers has 25 members. Both unions have good relationships with the Company.

Composition of the Employees

The table below shows the number, average age and average service years of employees in Ono Pharmaceutical as of March 31, 2014.

	Total	Male	Female
No. of employees (consolidated data)	2,608 persons (2,858 persons)	2,224 persons (2,357 persons)	384 persons (501 persons)
Average age	40.0 years old	40.4 years old	38.0 years old
Average service years	15.9 years	16.1 years	14.4 years

\* The figures in brackets indicate the total number of employees in Ono Pharmaceutical and its consolidated subsidiaries.  
\* The numbers of new employees in the past three fiscal years were: 101 persons in FY2012, 123 persons in FY2013 and 99 persons in FY2014.



Action Targets and Results

Mid-term targets (2013 to 2017)	Plan for FY2013	Results in FY2013	Evaluation	Action targets for FY2014	Action plan for FY2014
●Strengthen the human resource development system	●Review the procedure to recruit human resources ●Review the training system ●Verify the personnel system and the evaluation system ●Develop human resources who can work for international business ●Introduce a self-learning system ●Conduct an examination for appointment of line chiefs	●Implemented an internship program ●Diversified the selection procedure ●Reviewed the position-based training (conducted a questionnaire survey, etc.) ●Verified the revised system from April 2013 ●Continued to provide English language training ●Launched a distance learning course in October 2013 ●Conducted an examination for candidates for line chiefs twice	○ ○ ○ ○ ○ ○ ○	●Develop and implement a human resource recruitment procedure that responds to changes in the environment ●Provide introductory training under a new system ●Provide company-wide position-based training and theme-based training under a new system ●Develop human resources who can work for international business	●Implement an internship program and diversify the selection procedure ●Provide joint introductory training for all divisions ●Verify and revise introductory training for MRs ●Design training for selected leaders ●Plan and design training for the line chiefs who work with female subordinates (section leader level) ●Organize a short-term overseas study program and continue to provide English language training ●Provide evaluator training
●Take measures to enhance diversity	●Promote diversity and understanding of it ●Introduce a system for retirees to register in advance to apply for reemployment ●Revise the scheme to reemploy retired employees as non-regular staff	●Asked the divisions to conduct a survey on diversity ●Introduced a system for retirees to register in advance to apply for reemployment in April 2013, and reemployed one retiree in February 2014 ●Revised the scheme to reemploy retired employees as non-regular staff in April 2013 in accordance with the revised law, and started to operate the revised scheme	△ ○ ○	●Launch new wage and evaluation systems ●Acquire the Kurumin certification for 2014 ●Conduct a questionnaire survey on the tool to help improve transparency as part of the "Positive Action" initiative ●Improve and disseminate the system to support employees who take childbirth and child rearing leave ●Introduce "no overtime" days ●Introduce a flex time system on a trial basis (at the research institutes)	●Review the retirement benefit scheme ●Examine the system to support employees who take childbirth and child rearing leave ●Examine a new working style of retired employees reemployed as non-regular staff ●Consider introduction of the days when employees are encouraged to take paid leave ●Examine a plan for introduction of a flex time system
●Respect human rights	●Respect human rights and act as such in all aspects of the business activities	●Established and operated a system based on the human resource policy	○	●Continue to promote establishment and operation of a system based on the existing human resource policy	●Establish a personnel system and improve the operation of the system

Evaluation criteria ○: Achieved, △: Mostly achieved ×: Not achieved



# The Environment

Ono Pharmaceutical understands the whole picture of environmental impact, and promotes environmental conservation activities with a system developed under the initiative of the CSR Promotion Office and the Environmental Management Committee.



Based on Ono Pharmaceutical Environmental Guidelines, we have formulated an Environmental Self-regulating Action Plan. Ono Pharmaceutical is committed to achieving the specific targets set for six items to protect and preserve the global environment.



Ono Pharmaceutical has formulated an Environmental Self-regulating Action Plan, is aware of challenges in environmental conservation and makes continuous efforts to reduce environmental impact.

In recent years, abnormal weather has increased its intensity, and other impacts of global warming have also been growing continuously. Fight against global warming is one of the inevitable tasks for human beings. Accordingly, Ono Pharmaceutical has formulated an Environmental Self-regulating Action Plan. In line with

this plan, we make company-wide efforts to reduce greenhouse gas emissions from our business activities, and with recognition of corporate social responsibility for the environment, strive to perform environmentally friendly activities in all business fields to help improve the global environment.

## Ono Pharmaceutical Environmental Guidelines

- We recognize that our company has a social responsibility regarding the environment, and 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 a continuous effort to protect and preserve the environment, including natural resources and biodiversity.
- In all of our business operations we will implement environment-focused measures such as saving resource and energy, recycling, reducing waste and preventing pollution.
- We will endeavor to produce eco-friendly products and will cooperate with society.
- With the participation of every employee, we will strive to further understand environmental issues and to promote environment-related activities.

## Environmental Management

In accordance with the above-mentioned Environmental Guidelines, we have formulated an Environmental Self-regulating Action Plan. Ono

Pharmaceutical is committed to achieving the specific targets set for six items as presented below.

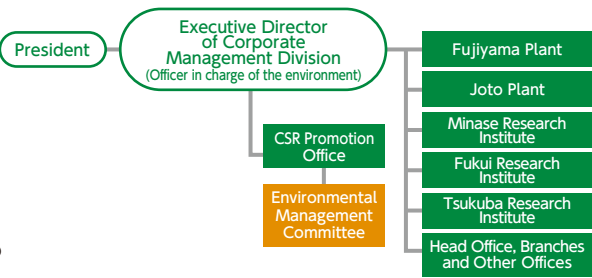
### ●Environmental Self-regulating Action Plan (production and research sites)

Objective	Target	Activities in FY2013
Commitment to a Low Carbon Society	Reduce CO <sub>2</sub> emissions by 23% from the 2005 level in 2020	CO <sub>2</sub> emissions in FY2013 decreased by approximately 1.3% from the FY2012 level and increased by approximately 6.4% from the FY2005 level. The increase was mainly due to the significant deterioration of the CO <sub>2</sub> emission factor for purchased electricity as a result of shutdown of the nuclear power plants, as in the previous fiscal year.
Control of chemical substances	The release and transfer volume of the PRTR Class I designated chemical substances is around 10 tons. We work to minimize the release in addition to complying with relevant laws and regulations.	The release and transfer volume of the notified chemical substances was 11.99 tons.
Waste reduction	Reduce the amount of waste landfilled by 40% from the FY2010 level by FY2015.	The amount of waste landfilled was 13 tons in FY2013, 28.0% less than 18 tons in FY2010.
Measures to control air and water pollution	Thoroughly comply with emission standards, and continue to make efforts to prevent any environmental accidents or complaints from local communities.	In the Tsukuba Research Institute, analysis of effluent before discharge found that the 1,4-dioxane level exceeded sewage standards, and the effluent was therefore not discharged. The institute reported it to Ibaraki Prefecture and Tsukuba City, and disposed of all of the effluent in the storage tank as industrial waste in accordance with instructions of the competent authority. Accordingly, the incident had no impact on the drainage system. Other sites had no environmental accidents or received no complaints from local communities.
Environmental accounting	Disclose environmental accounting data in accordance with the guidelines issued by the Ministry of the Environment of Japan.	In addition to disclosure of data on environmental cost, capital investment, economic effect and environmental conservation effect, we evaluated environmental efficiency. According to the evaluation, the environmental impact in FY2013 was reduced by 18.9% from the FY2000 level.
Engagement with local communities	Support local communities through cleanup and other activities, and endeavor to prevent any workplace accidents involving employee injury.	Employees of our plants and research institutes participated in cleanup campaigns and fire fighting activities of the respective local communities. We also disclosed data on relationships with our employees in reference to the environmental guidelines.



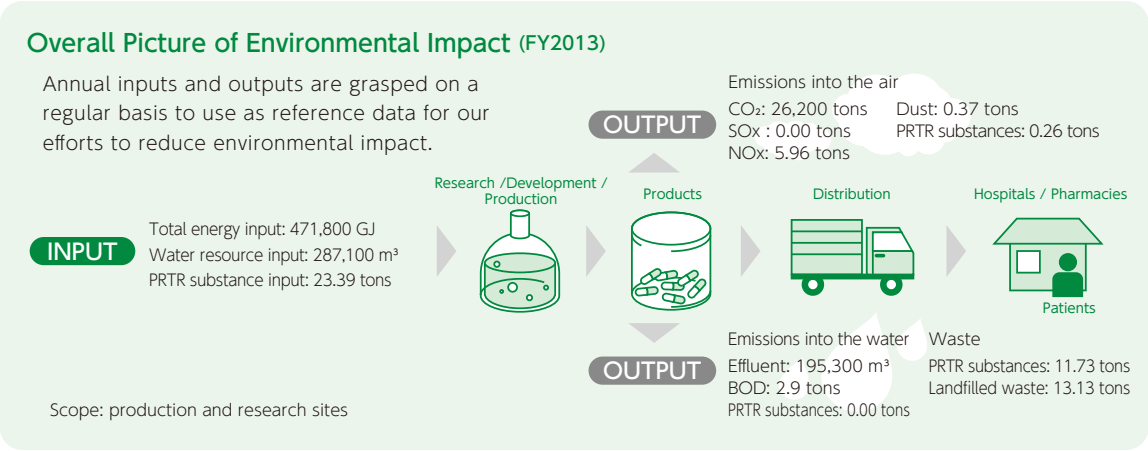
Environmental Management Promotion Structure

CSR Promotion Office is responsible for all environment-related issues at Ono Pharmaceutical. Meanwhile, members of the Environmental Management Committee consisting of representatives from sections across the company gauge the current situation and promote environmental management. In addition, each of our research institutes and manufacturing plants, which have greater environmental impact, has a subcommittee to work on environmental issues.



In line with the policy in Ono Pharmaceutical Environmental Guidelines “We recognize that our company has a social responsibility regarding the environment, and we will work to protect and preserve the global environment in all of our business operations,” each of the manufacturing bases of the production division (Fujiyama and Joto Plants) has established an environmental management system in accordance with ISO 14001 and formulated environmental policy for the operation of the system.

Engagement of Ono Pharmaceutical with the Environment



Measures to Address Global Warming

Ono Pharmaceutical works for prevention of global warming at all stages ranging from research and production to logistics. Our research institutes and plants have introduced clean fuels such as city gas and LNG for the boilers. Cogeneration systems have also been adopted in the plants to generate electricity on site and make effective use of the heat recovered from power generation. The sales division now uses only hybrid vehicles for marketing activities, and is considering replacement of them with more fuel efficient hybrid vehicles in the future. On a company-wide scale, we employ “top-runner” equipment when renewing machines and appliances to reduce CO<sub>2</sub> emissions. Through these initiatives, both energy consumption and CO<sub>2</sub> emissions decreased in our production and research sites in fiscal 2013.

To meet the mid-term target of reducing CO<sub>2</sub> emissions by 23% from the FY2005 level, we will make continuous efforts to reduce environmental impact, such as energy saving measures, introduction of energy efficient equipment and efficient operation of machines and appliances.



Reduction of GHG Emissions

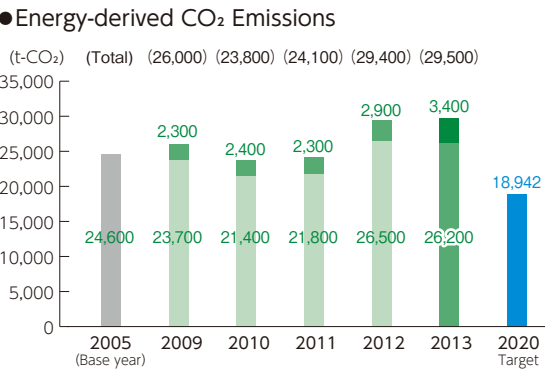
Environmental Action Plan

Reduce CO<sub>2</sub> emissions by 23% from the 2005 level in 2020.

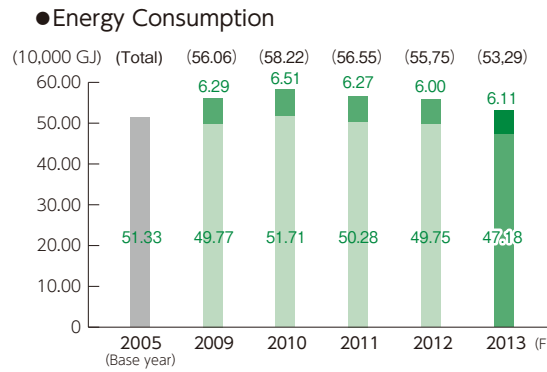
\* This target is in compliance with the target value set by JPMA \* The action plan covers energy-derived CO<sub>2</sub> emissions from plants and research institutes.

Ono Pharmaceutical reduced energy consumption at its production and research sites by 5.16% from the previous fiscal year in FY2013 through introduction of high efficiency devices and energy saving measures. On the other hand, energy-derived CO<sub>2</sub> emissions in FY2013 decreased only by 1.32% at the production and

research sites and increased by 0.68% on a company-wide basis year-on-year due to the significant deterioration of the GHG emission factors published by electric companies as a result of shutdown of their nuclear power plants.



Lower segment: production and research sites; upper segment: Head Office and other offices in Japan (including tenant locations)  
\* Sites where CO<sub>2</sub> emission data were collected: Fujiyama Plant, Joto Plant, Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, Head Office, branches, sales offices, and distribution centers.  
CO<sub>2</sub> emissions are calculated in accordance with the Act on the Rational Use of Energy.  
CO<sub>2</sub> emissions = Purchased electricity x CO<sub>2</sub> emission factor (\*) +  
Z: Fuel consumption x Per unit calorific value x Carbon emission factor x 44 / 12)  
\* Actual emission factor of each electricity power supplier published by the Ministry of the Environment of Japan every year  
The figure in the base year and the target value are those in the production and research sites.



Lower segment: production and research sites; upper segment: Head Office and other offices in Japan (including tenant locations)  
\* Sites where energy consumption data were collected: Fujiyama Plant, Joto Plant, Minase Research Institute, Fukui Research Institute and Tsukuba Research Institute, Head Office, branches, sales offices, and distribution centers.

**●(Reference) CO<sub>2</sub> Emission Factors for Electricity Purchased in the Production and Research Sites**

Electricity company	Emission factor (t-CO <sub>2</sub> /1,000 kWh)					Sites that receive electricity from the company
	2009	2010	2011	2012	2013	
Tokyo Electric Power	0.418	0.384	0.375	0.464	0.525	Fujiyama Plant, Tsukuba Research Institute
Hokuriku Electric Power	0.550	0.374	0.423	0.641	0.663	Fukui Research Institute
Kansai Electric Power	0.355	0.294	0.311	0.450	0.514	Joto Plant, Minase Research Institute

Measures to Save Energy

**●Initiatives in the Production Division**

The manufacturing bases of the production division (Fujiyama and Joto Plants) are committed to energy saving and management based on the respective energy management rules.

To meet the target of reducing electrical energy consumption and fuel consumption, the sites take such measures as renewal of aging air conditioning equipment and cubicles, as well as leakage testing of steam drain pipes and suspension of air supply to unnecessary parts to reduce gas consumption, and thorough implementation of turning off of lights and air conditioners when not in use, replacement of fluorescent lamps with energy-saving/LED type and introduction of air-cooled inverter air conditioners to reduce power consumption. Furthermore, in response to the request for power saving

by the government, we make systematic efforts according to the company-wide plan on energy saving measures in summer and winter, including encouragement of “2UP 3DOWN” (use stairways instead of an elevator when going up two floors and going down three floors) and turning off of toilet equipment and hot water heaters. Meanwhile, Fujiyama Plant has been designated as a designated energy management factory, and reports its energy consumption and energy saving plan every year to the Ministry of Economy, Trade and Industry and the Ministry of Health, Labour and Welfare.

Cubicle in Fujiyama Plant



● Initiatives in the Research Division

The three sites of the research division (Minase, Fukui and Tsukuba Research Institutes) are designated as designated energy management factories based on the Act on the Rational Use of Energy (Energy Saving Act), and report their energy consumption and energy saving plan every year to the Ministry of Economy, Trade and Industry and the Ministry of Health, Labour and Welfare.

As measures to prevent global warming, the institutes made various efforts to reduce GHG emissions in FY2013 such as further reduction of power consumption of air conditioners, lights, elevators, OA equipment and other devices, which also aimed at responding to nationwide demand for energy saving as a result of the Great East Japan Earthquake. GHG emission reduction activities also included

company-wide adoption of “Cool Biz” and “Warm Biz,” as well as replacement of boilers and air conditioners with high-efficiency types and of lamps with LED equivalents, which was conducted based on a mid- and long-term plan prepared in compliance with the Energy Saving Act.

We will continue to take measures to prevent global warming in a systematic manner in the division.



Inverter compressor



Eco Cute heat pump system

● Initiatives in Other Divisions

The building of the Head Office has been environmentally conscious and committed to energy saving since its opening in September 2003. Efforts are made to reduce environmental impact and save energy in the building, including extension of the life with earthquake proof design, as well as power load leveling with a

high-efficiency water heat storage system. In our sales activities, we encourage the staff to practice eco-driving, and have been gradually replacing the vehicles leased for the activities with hybrid cars since FY2010. By the end of FY2013, all vehicles for sales activities except 4WD cars for cold weather were replaced with hybrid cars.

Various Efforts to Reduce GHG Emissions

Fuel-related Initiatives

● Initiatives in the Production Division

Replacement of fuels used in boilers and other equipment (heavy oil, kerosene, etc.) with equivalents that emit less CO<sub>2</sub> helps prevent global warming. The Production Division has promoted conversion of fuel for boilers from heavy oil and kerosene to city gas in the plants where city gas can be supplied.

Joto Plant and Fujiyama Plant already switched the fuel from heavy oil and kerosene to city gas and started operation of boilers with the new fuel in FY1994 and FY2012 respectively.

In addition, the air ratio is adjusted at the time of maintenance to improve the combustion efficiency and thereby reduce CO<sub>2</sub> emissions.



Boiler equipment in Fujiyama Plant

● Initiatives in the Research Division

Minase and Tsukuba Research Institutes have traditionally used city gas as fuel for boilers to prevent air pollution. In the course of annual maintenance, the air ratio is adjusted to maintain efficient combustion and control CO<sub>2</sub> emissions.

Fukui Research Institute constructed LNG satellite facilities to switch boiler fuel from kerosene to natural gas and reduce CO<sub>2</sub> emissions, and started the operation in FY2014.



Minase Research Institutes

Introduction of Heat Pumps

Heat pumps, which use heat in the air for heating, are very effective for improvement of energy efficiency.

● Initiatives in the Production Division

The manufacturing bases of the production division (Fujiyama and Joto Plants) have promoted introduction of heat pumps when renewing existing air conditioning systems and installing new ones. We will expand the scope of equipment to employ heat pumps in line with the technical development to further promote the introduction.



Heat pump chillers in Minase Research Institute

● Initiatives in the Research Division

The three sites of the research division (Minase, Fukui and Tsukuba Research Institutes) have also promoted introduction of heat pumps when renewing existing air conditioning systems and installing new ones. We

will expand the scope of equipment to employ heat pumps in line with the technical development to further promote the introduction.

Energy Monitoring

We consider that it is important in energy management to estimate/measure and visualize energy consumption for understanding of the current situation, and that a key is the idea of analyzing the consumption from every angle.

Energy management needs to involve processing of data collected from different facilities to provide easy-to-understand information, which requires preparation of graphs, flow diagrams and a list of main devices, for example. It is fundamental to determine the efficiency of the facilities and reduce energy load based on effective use of the information.

While the manufacturing bases of the production division (Fujiyama and Joto Plants) and three sites of the research division (Minase, Fukui and Tsukuba Research Institutes) have conventionally measured

energy use, we are considering adoption of FEMS (factory energy management system) and BEMS (building energy management system), which offer an enhanced monitoring system, and gradually introducing a system where energy use can be monitored.



Waste Management

● Initiatives in the Production Division

The manufacturing bases of the production division (Fujiyama and Joto Plants) met the target of limiting the amount of landfilled waste below 0.2 tons through reduction of various wastes generated from all operations ranging from manufacturing to delivery, testing and storage, as well as through material recycling. Fujiyama Plant also promoted “zero waste emission\*” activities and achieved a recycling rate of 100% in FY2010.

\* Some hazardous substances and waste reagents are excluded from the “zero waste emission” activities because priority is given to disposal of them in a safe and reliable manner.  
\* This aims to reduce the proportion of waste landfilled (waste landfilled / waste generated x 100) below 1.0% through reuse of waste generated from business activities.



Waste storage in Fujiyama Plant

● Initiatives in the Research Division

The three sites of the research division (Minase, Fukui and Tsukuba Research Institutes) have traditionally worked to achieve “zero emission” by diverting their waste from landfill disposal to recycling. In FY2013 as well, the percentage of waste landfilled in the total amount of waste generated by the institutes was

below 1% to achieve zero emission. We will continue to discuss our initiatives to achieve zero emission and promote recycling of waste. In the meantime, we visited intermediate waste treatment facilities and landfill sites to confirm that our industrial waste is properly treated.

● Initiatives in Other Divisions

All of our sites collect waste paper separately, which is divided into three types and respectively reused or recycled as copy paper, toilet paper and cardboard. In FY2012, we introduced on-demand

printing of marketing materials to reduce the stock of such materials in our sales offices, which has trimmed the stock in the offices and reduced the amount of used materials disposed of as waste.

Air Pollution and Water Pollution

Environmental Action Plan

We will thoroughly comply with emission standards, and continue to make efforts to prevent any environmental accidents or complaints from local communities.

● Initiatives in the Production Division

The manufacturing bases of the production division (Fujiyama and Joto Plants) comply with the 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 measure the concentration of exhaust gas from boilers and cogeneration systems, as well as noise level and industrial effluent, on a regular basis in accordance with relevant legislation to confirm that the levels are within the regulation ranges and to keep them in the ranges.



Treatment system of exhaust gas from cogeneration systems

Fujiyama Plant and Joto Plant



Fujiyama Plant



Joto Plant

The plants internally follow the PDCA cycle to reduce environmental risks as well as health and safety risks. They also place emphasis on training. The workers receive necessary training on environmental management concerning the operations that could have impact on the environment in order to reduce environmental risks. Emergency drills are also conducted annually. With such scenarios as generation of highly-concentrated dust as a result of abnormal operation of equipment,

as well as infiltration of oil into the ground, workers practice necessary preventive and responsive measures and receive an on-site training.

Responses to Accidents and Emergency Situations

In recent years, extreme weather events have happened frequently due to global warming. We have formulated manuals to prepare for accidents and emergency situations caused by such weather, and organize training sessions to minimize environmental impact of them. In particular, to address any accidents and emergency situations that may cause water/soil pollution, we review and implement the backup and reinforcement of the relevant equipment in a planned manner.

● Initiatives in the Research Division

As a measure to prevent air pollution, the three sites of the research division (Minase, Fukui and Tsukuba Research Institutes) employed scrubbers and filters to remove chemical substances from exhaust gas in FY2013. Regular analysis of exhaust gas from boilers is also conducted as specified by prefectural ordinances to confirm that the value is below the regulation level. We will continue to perform maintenance and management of the systems to prevent the value from exceeding the regulation level. All reagents used for experiments are collected and thoroughly disposed of as industrial

waste to prevent water pollution. In FY2013, analysis of effluent before discharge in the Tsukuba Research Institute found that the 1,4-dioxane level exceeded sewage standards, and the effluent was therefore not discharged. The institute reported it to Ibaraki Prefecture and Tsukuba City, and disposed of all of the effluent in the storage tank as industrial waste in accordance with instructions of the competent authority. Other sites had no environmental accidents or received no complaints from local communities.

Chemicals

Ono Pharmaceutical is committed to reducing chemical emissions to the lowest possible level not only in compliance

with laws and regulations but also in recognition that they may have impact on human health and the ecosystem.

Compliance with the PRTR Law

In FY2013, Minase Research Institute and Fukui Research Institute made reports on Class I Designated Chemical Substances including the names and amounts according to the PRTR Law. We thus conduct chemical substance management to comply with the law.

● Handling of PRTR substances

Substance	Amount handled by the notifying facilities	Notified release amounts		Notified transfer amounts	
		Into the air	Into public waters	Contained in waste	Into public sewage
Acetonitrile	7.219	0.116	0.0	7.103	0.0
Xylene	5.320	0.027	0.0	0.000	0.0
1,2,4-trimethylbenzene	6.140	0.031	0.0	0.000	0.0
Normal-hexane	4.712	0.090	0.0	4.622	0.0
Total	23.391	0.264	0.0	11.725	0.0
Dioxins	52.656	0.656	0.0	52.000	0.0

(Unit: tons; for dioxins: mg-TEQ)

Amount of Chemical Substances Handled

Because we do not conduct any synthesis of pharmaceutical substances at Ono Pharmaceutical, the release and transfer volume of Class I Designated

Chemical Substances under the PRTR Law is low at 11.989 tons. Still, we will work to reduce the release to the lowest possible level.

Handling of PCBs

Ono Pharmaceutical manages waste polychlorinated biphenyls (PCBs) properly in accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, and submits a report on the storage and disposal status of waste PCBs to the Osaka Municipal Government every year.

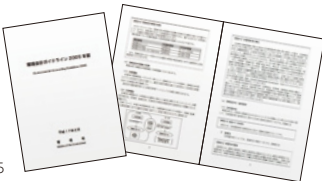
● Storage status of polychlorinated biphenyls (PCBs)

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

\* Delivered to Japan Environmental Safety Corporation, a PCB waste treatment service provider, in FY2007.

Environmental Efficiency/Environmental Accounting

Ono Pharmaceutical calculated environmental efficiency of our activities to evaluate our environmental efforts in a quantitative form. In addition, we disclose environmental accounting data in reference to the Environmental Accounting Guidelines (2005 edition) issued by the Ministry of the Environment of Japan.



Environmental Accounting Guidelines 2005



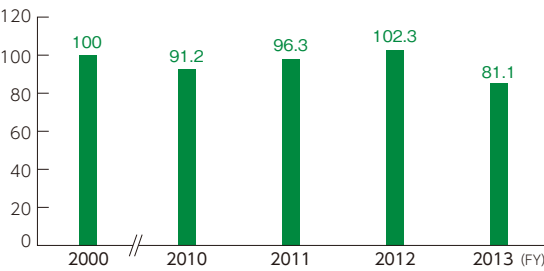
Assessment of Environmental Efficiency

Ono Pharmaceutical has disclosed an indicator that represents the efficiency of our environmental conservation activities in the reduction of environmental impact. To calculate the indicator, environmental impact generated by our activities are categorized into the five categories of chemical substances, global warming, waste, water quality and air quality, and the level of the environmental impact in a representative environmental factor selected for each of these categories is divided by the sales for the fiscal year.

In FY2013, the environmental efficiency indicator improved from both the FY2000 and FY2012 levels.

Main reasons for the improvement included a decrease in CO<sub>2</sub> emissions as a result of the temporary shutdown of the seventh factory of Fujiyama Plant from August to October for installation of equipment, as well as switching from kerosene to natural gas as boiler fuel at Fukui Research Institute, which substantially reduced xylene and 1,2,4-trimethylbenzene contained in

●Assessment of Environmental Efficiency  
(Indicator with a Score of 100 Representing the Level in 2000)



kerosene, and diversion of waste from landfill disposal to recycling dramatically reduced the amount of landfilled waste.

While we had exceptional elements in FY2013, we will continue to endeavor to reduce environmental impact and improve the environmental efficiency indicator in the next fiscal year and beyond.

●Factors Used in the Assessment of Environmental Efficiency and the Calculation Method

Amount of environmental impact	The following environmental factors are used to evaluate the amount of environmental impact generated by our business activities: Chemical: Release of chemical substances designated by the PRTR Law into the environment Water quality: Amount of BOD discharged		Global warming: CO <sub>2</sub> emissions Air quality: Total emissions of dust, NOx and SOx Waste: Amount of waste landfilled
Intensity of environmental impact	Calculated by dividing the discharge of each of the factors by sales for the fiscal year: Intensity of environmental impact of chemicals (A) = Release of chemical substances designated by the PRTR Law / Sales Intensity of environmental impact of global warming (B) = CO <sub>2</sub> emissions / Sales Intensity of environmental impact of waste (C) = Amount of waste landfilled / Sales Intensity of environmental impact on water quality (D) = Amount of BOD discharged / Sales Intensity of environmental impact on air quality (E) = Total emissions of dust, NOx and SOx / Sales		
Environmental impact index	The index represents the relative value when the overall intensity of the environmental impact in the base year (FY2000) is 100. The environmental impact index for each of the five environmental factors in the base year is set to be 20 (the sum for the five factors is 100). The overall environmental impact index is calculated by dividing the intensity of the environmental impact in the fiscal year in question by the intensity in the base year and multiplying this value by 20 (the formula is presented below). Overall environmental impact index=20×(A/A <sub>0</sub> + B/B <sub>0</sub> + C/C <sub>0</sub> + D/D <sub>0</sub> + E/E <sub>0</sub> ) Note: The values of the intensity of the environmental impact in the fiscal year in question are respectively expressed as A, B, C, D and E while the values in the base year are expressed as A <sub>0</sub> , B <sub>0</sub> , C <sub>0</sub> , D <sub>0</sub> and E <sub>0</sub> .		

Green Purchasing

In December 2004, we started purchasing from @office, an office supply purchase system of KOKUYO Co., Ltd., on a company-wide basis. This system offers a wide range of environmentally conscious office supplies including Green Mark and EcoMark certified products, and we use the system to promote green procurement. In FY2013, 76% of the office supplies purchased by Ono Pharmaceutical were environmentally conscious products.



Environmental Cost and Effect in FY2013

The investment in environmental equipment at our main production and research sites during FY2013 was aimed at global warming countermeasures and other environmental measures. The economic effect of

our environmental activities grew as a result of progress in energy saving activities with introduction of high-efficiency and energy-saving equipment.

●Environmental Cost (Including Depreciation Cost)

Category	Environmental cost		Value of investment in environmental equipment	
	FY2012	FY2013	FY2012	FY2013
1: Pollution prevention costs (prevention of air pollution, water pollution, soil pollution, groundwater pollution, hazardous chemicals, noise, vibration and offensive odor)	106,575	91,264	3,189	10,276
2: Global environment conservation costs (prevention of global warming and environmental conservation)	460,226	414,344	104,129	132,136
3: Resource circulation costs (reduction of waste, proper treatment of waste and efficient use of resources)	93,136	117,105	—	28,000
4: Administration costs (time and costs spent for relevant committees, ISO activities and environmental management)	7,193	6,985	—	—
5: Research and development costs	172,028	72,659	—	—
6: Social activity costs (promotion of cleanup and tree planting in the business sites and surrounding areas, etc.)	755	625	—	—
Total	839,916	702,983	107,319	170,412

●Environmental Conservation Effect

Environmental performance indicator	Change in the amount of environmental impact		Environmental impact	
	FY2012	FY2013	FY2012	FY2013
SOx emissions (tons)	-0.01	-0.01	0.0	0.0
NOx emissions (tons)	-1.0	-0.38	6.3	5.96
Water use (10,000 m <sup>3</sup> )	2.36	-1.37	30.1	28.71
BOD emissions (tons)	0.64	0.25	2.7	2.90
CO <sub>2</sub> emissions (10,000 tons)	0.48	-0.08	2.7	2.62
Energy use (10,000 GJ)	-0.49	-2.56	49.8	47.18
Total waste discharge (tons)	-29.96	408.60	604.5	1013.14
Amount of waste landfilled (tons)	11.85	-9.96	23.1	13.13

●Economic Effect Associated with Environmental Protection Activities

Details of effect	Total	
	FY2012	FY2013
1.Reduction in cost through energy saving activities	9,230	248,522
2.Reduction in waste cost through recycling activities	1,038	23
3.Sales revenue from waste recycling	0	90
Annual total	10,268	248,636

●Action Targets and Results

Mid-term targets (2013 to 2017)	Plan for FY2013	Results in FY2013	Evaluation	Action targets for FY2014	Action plan for FY2014
●Reduce CO <sub>2</sub> emissions by 23% from the FY2005 level in FY2020	●Set the target of reducing CO <sub>2</sub> emissions by 16% from the FY2005 level and take such measures as introduction of cutting-edge energy efficient equipment to meet the target	●Increased energy consumption by about 8% and CO <sub>2</sub> emissions by about 6% from the FY2005 level, and reduced energy consumption by about 5% and CO <sub>2</sub> emissions by about 1.3% from the FY2012 level	△	●Promote measures to reduce CO <sub>2</sub> emissions	●Set the target of reducing CO <sub>2</sub> emissions by 17% from the 2005 level and promote office-based activities
●Reduce the release and transfer volume of the PRTR Class I designated chemical substances	●Continue to keep the release volume of the PRTR Class I designated chemical substances below the level that requires notification	●The release and transfer volume was below the level that requires notification in each of the two plants	○	●Promote reduction of chemical substances	●Maintain and continue proper management of chemical substances
●Reduce the amount of waste landfilled by 40% from the FY2010 level by FY2015	●Promote waste reduction activities	●Reduced the amount of waste landfilled by 28% from 18 tons in FY2010 to 13 tons in FY2013	○	●Promote waste reduction activities	●Maintain and continue proper management of waste
●Thoroughly comply with emission standards	●Work to eliminate environmental accidents and complaints from local communities	●Had no impact on the drainage system, and had no environmental accidents or received no complaints from local communities in other sites	△	●Promote prevention of environmental pollution	●Maintain and continue proper management of pollutants
●Improve environmental efficiency	●Seek to reduce environmental impact	●Reduced environmental impact by 18.9% from the FY2000 level in FY2013	△	●Seek to reduce environmental impact	●Continue assessment of environmental efficiency as conducted in FY2013
●Engage in cleanup and other local community activities	●Participate in environmental protection and local community activities	●Participated in cleanup campaigns and fire-fighting activities organized by local communities at major offices	○	●Perform environmental conservation activities	●Continue cleanup activities in the neighborhood of the main offices

Evaluation criteria ○: Achieved, △: Mostly achieved ×: Not achieved

# Fair Operating Practices

As a pharmaceutical company dealing in pharmaceutical products, Ono Pharmaceutical sets original standards of conduct to ensure that our actions fully comply with all legal regulations and are based on higher ethical standards.



We thoroughly train all employees to ensure compliance and promote proper procurement activities in cooperation with suppliers.

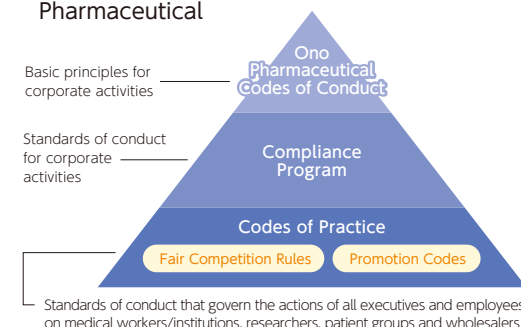
We are aware of our responsibility as a pharmaceutical company dealing in medicinal drugs upon which human lives depend, and working to ensure thorough compliance.

## Promotion of Corporate Ethics

### Ethical System

Recognizing that actions based not only on laws but also on social practices and norms underlie corporate ethics, Ono Pharmaceutical has been committed to disseminating the importance of compliance with laws and internal and external rules to instill the principle in the company. Our ethical system consists of Ono Pharmaceutical Codes of Conduct, which serve as basic guidance for our corporate activities, and Compliance Program, which are standards of conduct for the activities, as well as Codes of Practice, which are based on the industry standards on promotion and other activities. Our efforts to comply with laws and regulations and maintain high ethical standards are in line with this system of Codes of Conduct.

#### ●System of Codes of Conduct in Ono Pharmaceutical



### Compliance Promotion System

To promote compliance, Ono Pharmaceutical has appointed a Corporate Ethics Officer and set up the Corporate Ethics Committee under the officer to examine and deliberate compliance-related issues and plan and promote relevant training programs. We also have in place an organizational structure that can prevent and solve compliance problems, including establishment of internal and external contacts to receive internal information. We also instruct subsidiaries to establish a system and rules to prevent noncompliance, and also strongly ask affiliates and suppliers to take similar measures.

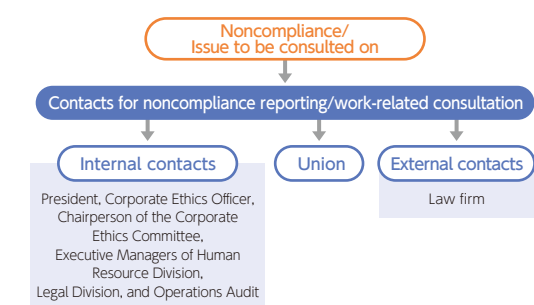
### Compliance Education Program

Ono Pharmaceutical gives the following training courses for employees to enhance their awareness of compliance:

- (1) During the Training Months (three months) specified every year, all employees attend training courses given by leaders of respective divisions, as well as courses using an e-learning system, to learn knowledge on compliance in general (training on information security is provided separately).
- (2) Training on the internal standards established based on laws and agreements in the industry is provided for relevant divisions on a regular basis. For example, compliance promotion staff in the Sales and Marketing Division visit each sales branch a few times each year to provide compliance training with focus on the dissemination of the internal standards relating to the pharmaceutical promotion code in Ono Pharmaceutical Codes of Practice.

In addition to the regular training courses (1) and (2) above, in case of noncompliance, we give special training to prevent occurrence or recurrence of noncompliance. In fiscal 2013, we organized special training once for the leaders and once for all employees.

### Noncompliance Reporting and Work-related Consultation System and Contacts



To prevent noncompliance and to identify any noncompliance as promptly as possible, take necessary measures and minimize any loss or decrease in credibility of the company, Ono Pharmaceutical has contacts for consultation related to compliance as well as a system to ensure that any reports will be passed to top management. In the system, informants can directly report to or consult with President and Corporate Ethics Officer. We have also appointed a law firm as an external contact. Anonymous reporting or consultation is available. Thus, the system is designed to encourage employees and others not to hesitate in reporting or consulting.



Ethical Considerations in R&D Activities

Activities in the Research Phase

• Ethical Considerations in the Use of Samples of Human Origin

In recent years, research has been in progress to use samples of human origin for the prediction of drug effectiveness and side effects as a process prior to a clinical test. When samples of human origin are used for research, it is essential to make sufficient ethical considerations including protection of personal information of the donors. Ono Pharmaceutical has set ethical rules on “research using human tissues” and on “human genome and gene analyses” based on the basic guidelines issued by the Japanese Government. Our research using samples of human origin is practiced after assessment of the ethical and scientific validity in the Ethics Committee.



• Ethical Considerations in Animal Experiments

Ono Pharmaceutical hopes to contribute to society through development of drugs that help people have a healthy life, which involves drug discovery research using laboratory animals as an essential process. We believe that such research using laboratory animals must respect the lives of the animals from the aspect of animal welfare, minimize pain and distress to them and meet the objective with the minimum necessary number of animals. To this end, we have set up the Institutional Animal Care and Use Committee in the company, which conducts

prior examination and ensures implementation of proper tests with due consideration of replacement (to actively adopt alternative test methods), reduction (to use a smaller number of laboratory animals) and refinement (to relieve pain and distress). In addition, we conduct self-inspection and assessment of the implementation of animal experiments to ensure that they are conducted in a proper manner, and have obtained a third party certificate on these activities from the Japan Health Sciences Foundation.

Activities in the Development Phase

• Ethical Considerations in Clinical Tests to Ensure Human Rights

Clinical tests are essential for verifying the safety and efficacy of investigational products, and they must be performed with respect for the rights of trial subjects. Clinical trials are closely monitored for patient safety, stringently conducted based on the highest ethical standards. Ono Pharmaceutical is committed to evaluating the real merit of investigational products by steadily applying essential and complete testing procedures that comply with Japan’s Pharmaceutical Affairs Law and other related legislation, as well as ICH-GCP\*1, which is a global standard based on the spirit of the Declaration of Helsinki.



\*1: Good Clinical Practice (GCP) guidelines of the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH) for clinical trials on pharmaceutical products in Europe, Japan and the United States



For fair, transparent and environmentally-conscious procurement, Ono Pharmaceutical has formulated transaction rules and gained the cooperation of suppliers.

Efforts to Prevent Bribery and Other Fraud and Corruption

Compliance with laws related to bribery and other fraud and corruption is attracting increasing attention on a global scale in line with establishment of relevant laws in various countries including the Unfair Competition Prevention Act in Japan, the Foreign Corrupt Practices Act (FCPA) in the US and the Bribery Act in the UK. In this context, Ono Pharmaceutical provides training programs to make employees fully aware of their duties

to ensure transparency in transactions and prevent fraud and corruption with a system based on a compliance program in its Codes of Conduct. We also organize training on FCPA, the Bribery Act and other foreign anticorruption laws for relevant divisions to repeatedly familiarize employees with the laws and ensure that they always act in consideration of the social situation in Japan and overseas.

CSR Procurement

Ono Pharmaceutical has formulated transaction rules to ensure fair, transparent and environmentally-conscious procurement, and gained the cooperation of suppliers. To this end, we require our procurement staff to act in

accordance with the Purchase Transaction Rules, and promote CSR procurement activities through internal audits of our purchasing organization and questionnaire surveys directed at suppliers as mentioned below.

CSR Procurement Policy

Ono Pharmaceutical has established its policy for procurement activities based on the six CSR priority areas\*.  
(\* Corporate Governance, Innovative Pharmaceutical Products, Human Resources and Human Rights, the Environment, Fair Operating Practices, and Society)

Basic Ideas on Purchase Transactions

- 1. Purchase transactions are made to select and purchase favorable goods and services in terms of economic rationality.
- 2. Purchase transactions are open to suppliers both in Japan and overseas and conducted in a fair and transparent manner through a simple and easy-to-understand procedure.
- 3. Purchase transactions play a key role in the activities of companies to contribute to society as good citizens. Companies also give consideration to resource saving and environmental conservation in purchase transactions.

Basic Policy for Procurement Activities	(1) Compliance with relevant laws and regulations	We will comply with relevant laws and regulations in Japan and other countries, and conduct fair transactions based on high ethical standards.
	(2) Respect for human rights	We will respect fundamental human rights and perform our duties without unjust discrimination.
	(3) Economic rationality	We will perform sufficient evaluation of the quality of goods and services and the management stability of suppliers, and select suppliers based on proper standards.
	(4) Fair distribution of opportunities	We will provide opportunities to compete for all suppliers in a fair and transparent manner.
	(5) Consideration of the environment	We will be conscious of protection of resources and conservation of the environment in our procurement activities.
	(6) CSR procurement	We will promote CSR activities in all of our procurement activities as part of our efforts to promote CSR activities throughout the Ono Pharmaceutical Group.

Initiatives in Procurement Activities

Our procurement staff are required to act in accordance with the Purchase Transaction Rules based on the Basic Ideas on Purchase Transactions in order to perform fair and transparent procurement activities. Ono Pharmaceutical clearly separates its purchase

organization from other parts of the Company and carries out regular audits of the purchase organization to confirm its transparency. In FY2014, we started to conduct questionnaire surveys directed at suppliers based on the CSR procurement policy.

Action Targets and Results

Mid-term targets (2013 to 2017)	Plan for FY2013	Results in FY2013	Evaluation	Action targets for FY2014	Action plan for FY2014
•Develop activities to eliminate noncompliance	•Eliminate noncompliance	•Developed activities to promote compliance but failed to reduce noncompliance	△	•Eliminate noncompliance	•Provide training (external lecturers scheduled), share information and develop promotion activities in a cooperative manner
•Promote CSR procurement	•Formulate the CSR procurement policy based on the CSR policy of Ono Pharmaceutical	•Formulated the policy for CSR procurement activities in FY2013	—	•Disseminate the concept of CSR procurement of Ono Pharmaceutical among suppliers	•Conduct a questionnaire survey on CSR procurement with suppliers

Evaluation criteria ○: Achieved, △: Mostly achieved ×: Not achieved



# Society

The business facilities of Ono Pharmaceutical in various locations are actively committed to activities that contribute to local communities.



We also provide information that helps enhance understanding of dementia and is useful for medical services and nursing care on the Internet to support patients and their families.



Ono Pharmaceutical engages in a variety of social contribution activities such as participation in community-based activities and transmission of useful information for patients.

## Involvement in the Community

### Support of Patients and Their Families

Ono Pharmaceutical provides information useful for patients and their families on the Internet.

#### ● Corporate website of Ono Pharmaceutical

The corporate website of Ono Pharmaceutical has a section dedicated to patients and their families, which provides information for them to use our main products in a proper manner. This section also explains 11 common diseases, including diabetes, osteoporosis, hay fever and bronchial asthma, in an easy-to-understand manner with diagrams and illustrations. In addition to information on diseases, we introduce specific symptoms, therapeutic methods and things that patients should do in their daily life to support themselves and their families.



Webpages dedicated to patients and their families

#### ● Dementia Treatment Website

Ono Pharmaceutical released the first transdermal patch for the treatment of Alzheimer's disease in Japan in July 2011, and took this opportunity to consider what we can do in the field of dementia. We provided relevant training for our Medical Representatives (MRs) with cooperation of medical institutions, and all of the MRs at Ono Pharmaceutical (roughly 1,000 persons) participated to learn the actual situation of dementia and needs in the medical field. They also attended supporter training courses to consider what Ono Pharmaceutical can do on a daily basis to help dementia patients live with a sense of security from the standpoint of a pharmaceutical company and from the viewpoint of patients and their families as well.

In July of the same year, Ono Pharmaceutical launched a website specialized in dementia medicine. We interview doctors and other medical staff who work on the front lines of local healthcare services about their efforts in medical care, cases of regional alliances and smiling pictures, comments and messages of those performing treatment are collected. These are published as articles on the website for viewing by people across Japan. The website has been viewed by 500,000 people (as of the end of March 2014). Short movies for better understanding of dementia are also shown on the website, and have been watched as many as 180,000 times so far.



Gallery of works posted by dementia patients



Exhibition to display works by dementia patients



In recognition of these efforts, this website on dementia medicine was awarded as an “Excellent Website” for the two categories of “Content Planning & Writing (B2B)” and “Social Contribution and CSR” at the Sixth Japan Web Grandprix (sponsored by the Ministry of Internal Affairs and Communications of Japan) in 2012.

In medical institutions around Japan, an initiative to prevent or impede progression of dementia through involvement of patients in creative activities, such as painting, pottery and paper crafting, is attracting attention. To make this initiative widely known and help the patients who engage in such activities and their families, as well as medical workers, feel happy and satisfied, Ono Pharmaceutical started in April 2013 to invite works of such patients and show them on the website. We received 600 works from 200 institutions during the first year, which can be viewed on the website.



Ono's website on dementia medicine, including short movies for better understanding about the disease

●Software Applications to Support Self-management of Lifestyle-related Disease

Ono Pharmaceutical provides free software applications for smartphones that aim to support people suffering from diabetes and other lifestyle-related diseases on various aspects such as drug administration, management of hospital visits and exercise. The applications, which can be used casually, include a quiz app to learn accurate knowledge about prevention and treatment of lifestyle-related diseases, as well as an application to search well-balanced menus, which are essential for dietary therapy.



●Oncology Website

Ono Pharmaceutical launched ONO ONCOLOGY, a website specialized in the field of oncology to provide accurate information on cancers and their treatments, in August 2014. For medical staff, the website offers academic information and product data in the oncology field, along with latest information on the diseases and treatments.

For patients and their families, we introduce information on cancer immunotherapy and melanomas to help them face the diseases in an appropriate manner.

We will make continuous efforts to add more medical information and enhance the content to make the website more useful for various people who cope with cancers.



Endowed Courses

Ono Pharmaceutical has established endowed courses as part of its social contribution activities. Although technological development has advanced medicine, many medical needs still remain unmet. In the meantime, the needs of ensuring basic health and hygiene in developing countries and controlling various diseases triggered by climate change are emerging as challenges in the world. Moreover, how to define “health” in a broad

sense has also been raised as an issue for companies, local communities, countries and international relationships.

Ono Pharmaceutical has the corporate philosophy of being “Dedicated to Man’s Fight against Disease and Pain.” Based on this philosophy, we will continue to be actively committed to contributing to society.

University	Course	Duration	Purpose
Kyushu University	Surgery and Multidisciplinary Treatment	April 1, 2011 to March 31, 2014 (3 years)	Education, basic research and clinical research on multidisciplinary treatment of cancer, including surgical treatment, radiation treatment, drug therapy and associated supportive care, and medical transplantation, as well as immune disorder and infectious diseases associated with cancer in order to improve performance of surgical treatment. The results of the research and the data collected through necessary epidemiological studies are used to disseminate optimal surgical treatment and cancer supportive care and develop pharmaceutical products through joint efforts between industry and academia.
		April 1, 2014 to March 31, 2017 (continued)	
Keio University	Advanced Therapy for Spine and Spinal Cord Disorders Endowed Chair III	October 1, 2009 to September 30, 2012 (3 years)	Undergraduate and postgraduate education on therapy for spine and spinal cord disorders, as well as development of new treatment techniques and related surgical instruments for spine and spinal cord disorders through basic and clinical research.
		October 1, 2012 to September 30, 2015 (continued)	
Kyoto University	Immunology and Genomic Medicine	April 1, 2005 to March 31, 2010 (5 years)	Fundamental research on the structure of genetic variation in the immune system and its regulation, as well as research on novel treatments for a range of diseases by using immunoregulatory factors.
		April 1, 2010 to March 31, 2015 (continued)	

Ono Medical Research Foundation

(See the feature article on P47-48)

Ono Medical Research Foundation was established with donations from Ono Pharmaceutical in 1988, and celebrated its 25th anniversary last year. This foundation provides grants for research activities in the field of disorders of lipid metabolism, 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.

Recent progress in the studies of the field has revealed that disorders of lipid metabolism influence a variety of medical fields including not just lifestyle-related diseases but also intractable neurological diseases and cancer occurrence, and the importance of lipid research in public health keeps growing.

Since the establishment of the foundation, research grants and scholarships have been provided based on strict assessment by selection committee members

●25th meeting to present research findings



Recipients of research grants and scholarships from Ono Medical Research Foundation

every year. The foundation received over 2,300 applications in the 25 years of operation, and fostered more than 450 among them. The grant recipients make presentations at meetings to present research findings, which are held by the foundation.

For detail on the research activities, visit <http://pac.jfc.or.jp/ono/search.php?zid=f-00163> (in Japanese only).

Activities as a Corporate Citizen

Relationship with Local Communities

Ono Pharmaceutical actively took part in community-based activities such as cleanup campaigns and fire fighting activities to develop communication with people in the local community.

●Initiatives in the Production & Distribution Division

Fujiyama Plant set the improvement of the outdoor environment as a target in its activities in consideration of the local environment (for external communication) in FY2013, and the staff cleaned the boundary areas of the plant premises in September 2013 and March 2014. The plant plans to promote such cleanup activities with involvement of all staff in FY2014 as well, including participation in a volunteer cleanup event on Mt. Fuji.

At Joto Plant, 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 in October 2013. The private fire brigade

of the plant joined the New Year parade of private fire brigades in Higashinari and conducted a drill for medical transportation and fire fighting in January 2014. A fair to sell bread and cookies made at work centers that support the independence of persons with disabilities has been held on the second Wednesday of each month since December 2013. Staff in the production division will continue to actively participate in such useful community-based social contribution activities.



● Initiatives in the Discovery and Research Division

Minase Research Institute joined the Villa Spring (Rikyu no Mizu) Conservation Society to protect the famous water source selected as one of the 100 best springs in Japan, and the staff took part in the joint cleanup activities, which is organized twice a year. In addition, the private fire brigade members at the institute participated in firefighting training in the fire prevention festival in Shimamoto-cho, which is held to raise awareness of fire prevention among local residents every November, as well as the New Year parade of the firefighting brigade of Shimamoto-cho, which is organized on the second Sunday of January every year. At 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 to raise awareness of fire prevention and improve fire fighting skills every year, and conducted firefighting training. Staff members at the institute are also on the executive committee of Techno Port Fukui Summer Festival, which is hosted by Techno Port Fukui Business Council, to deepen exchanges with local people. Moreover, the gymnasium and tennis courts in the premises are opened to the public as places for communication. At Tsukuba Research Institute, employees regularly patrol the areas around the boundary of the site to pick up and dispose of litter.



● Initiatives in Other Divisions

A program to offer on-site classes on dementia to junior high school and high school students was launched in May 2014. Short movies produced by Ono Pharmaceutical for better understanding of dementia are screened, and experts give lectures in the classes, so that the students can feel familiar with dementia and have accurate knowledge about the disease.



● Blood Donation

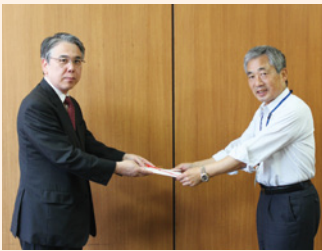
Employees at Head Office, plants and research institutes actively donate their blood for the campaign of Japanese Red Cross Society. Ono Pharmaceutical was awarded a certificate of appreciation for active cooperation in the promotion of blood donation from the Minister of Health, Labour and Welfare at the 49th National Blood Donation Promotion Conference held in Fukuoka City on July 5, 2013.



● Contribution to the Local Community in Shimamoto-cho

In an effort to promote sustainable development in harmony with local communities, Ono Pharmaceutical donated dental goods to children in Shimamoto-cho, Mishima-gun, Osaka Prefecture, the home of Minase Research Institute. During the dental health week (June 4 to 10, 2014), 2,700 tooth brushing kits and 400 tooth brushes 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, with the hope to help realize a world without dental cavities. A ceremony was held to present the

catalogue of the donated items at the town hall of Shimamoto-cho on June 4, 2014. We will continue this initiative for sustainable development of Shimamoto-cho and Ono Pharmaceutical.



● Use of Promotion Materials Made of Thinned Wood

Ono Pharmaceutical uses novelty items made of lumber from thinning, which is a very important process to conserve forests, as sales promotion materials. This initiative indirectly contributes to environmental preservation.

\* Thinned wood is made from trees selectively removed during growth to reduce the density of a crowded forest.



● Initiatives in Overseas Subsidiaries

[Ono Pharma KOREA Co., Ltd.]

Ono Pharmaceutical established Ono Pharma KOREA Co., Ltd., a subsidiary in Seoul, South Korea, in December 2013. In the meantime, we have also supported sales activities of alliance partners in the country to market products such as OPALMON® Tablets for the treatment of peripheral circulatory disorder.

As the numbers "5" and "8" are respectively pronounced as "o" and "pal" in Korean, Ono Pharma KOREA has designated May 8 as "OPALMON Day" and the week including the day as "OPALMON Week" to promote social contribution activities. A program in the activities is a 5 km walk event held on May 8 of every year to have the opportunity to think about lumbar spinal canal stenosis caused by peripheral circulatory disorder. About 150 volunteers

\* Intermittent claudication: Patients with this symptom feel pain and numbness in their feet after walking for a while, but is relieved after a brief rest, and they can start walking again.

including employees of Ono Pharma KOREA and Dong-A ST, a local distributor, walk along Cheonggye River in the suburb of Seoul to be more conscious of how happy the patients can be if they can enjoy walking, because intermittent claudication\* is a symptom of lumbar spinal canal stenosis. Monetary contributions were also collected from volunteers who participated in the walk event to donate wheel chairs to Dongdaemungu Council on Social Welfare. The event was also announced on online media in South Korea.



[ONO Pharma USA, Inc.]

ONO Pharma USA, Inc., a subsidiary of Ono Pharmaceutical in the United States, has participated in a bicycle race hosted by National Multiple Sclerosis (MS) Society since 2011. This is a major event with around 9,000 participants including people from US pharmaceutical companies, medical equipment manufacturers and hospitals, in addition to amateur cyclists. The monetary donations collected from corporate sponsors and others are used for treatment and study of multiple sclerosis.

While ONO Pharma USA has joined the race three times so far, the company will continue to participate in this race that supports the treatment of multiple sclerosis, as part of its social contribution activities as a pharmaceutical company.



● Action Targets and Results

Mid-term targets (2013 to 2017)	Plan for FY2013	Results in FY2013	Evaluation	Action targets for FY2014	Action plan for FY2014
● Actively promote community involvement as a corporate citizen	● Promote activities to contribute to local communities	● Conducted cleanup activities at Head Office and other offices, participated in a fire prevention festival in Shimamoto-cho and continued to participate in Techno Port Fukui Summer Festival	○	● Promote activities to contribute to local communities	● Promote volunteer activities at each of the offices (contribution to local communities, participation in events organized by medical organizations)
	● Continue to provide academic support for medical professionals	● Continued to provide academic support through endowed courses at universities	○	● Continue to provide academic support for medical professionals	● Establish and maintain endowed courses
● Support patients and their families	● Develop activities to raise awareness for diseases and support patients	● Enhanced part of the online content including ONO Medical Navi and the website specialized in dementia medicine	△	● Promote activities to contribute to patients and patient groups	● Support seminars, etc. hosted by patient groups
		● Had 1,500 visitors to the dementia website in a month	○	● Provide information from the standpoint of patients and their families	● Provide medical information via websites
		● Organized the gallery of works posted by dementia patients four times during FY2013 (with 590 works from 150 institutions in total)	○		● Operate the website for enlightenment about dementia
		● Distributed information for patients in cooperation with Bristol-Myers Squibb and Astra Zeneca	○		● Organize the gallery of works posted by dementia patients
					● Distribute short movies for better understanding of dementia
					● Operate Rheumatism Tea Room, a website on rheumatism
					● Provide Welby, a software application for patients
					● Launch a website on oncology

Evaluation criteria ○: Achieved, △: Mostly achieved ×: Not achieved



# 25-year History of Ono Medical Research Foundation

The foundation has consistently provided grants for research activities in the field of disorders of lipid metabolism to support the development of treatment and research in this field for 25 years since its establishment.



## Background of the Establishment

Ono Medical Research Foundation was established in commemoration of the 40th anniversary of Ono Pharmaceutical Co., Ltd., which is the contributor, in November 1988 with approval from the Minister of Health, Labour and Welfare (and recognized as a public interest incorporated foundation on April 1, 2011). Dr. Osamu Hayaishi (currently Chairman of the Board of Trustees of Osaka Bioscience Institute), who provided Ono Pharmaceutical with advice when it started research and development of prostaglandin, was appointed as the Chairman, and Kazuo Sano, then president of Ono Pharmaceutical, served as the Foundation Director. The foundation started activities specialized in the field of lipid metabolism with 14 founding members. The life expectancy in Japan increased remarkably and already reached the world's top level at the time of the establishment of the foundation. Nevertheless, not all of Japanese people lived a healthy and active life. For example, 56% of the people at the age of 65 or older were ill. Although a significant percentage of those patients suffered from diseases that were assumed to be due to disorders of lipid metabolism, research on the relations of lifestyle-related diseases with lipid metabolism was mostly focused on the connection between arteriosclerosis and serum cholesterol. On the other hand, with progress in biochemical research, knowledge and accuracy of analysis on lipid metabolism were

improved dramatically. As the pathophysiology of disorders of lipid metabolism was unraveled with such improvement, it was revealed that disorders of lipid metabolism are closely linked not only to arteriosclerosis but also to typical lifestyle-related diseases such as diabetes, cardiac infarction and hepatic and renal diseases. Accordingly, research for the elucidation of the pathophysiology and mechanism of diseases caused by disorders of lipid metabolism, as well as development of creative therapies discovered as the result of research, can bring immeasurable benefits to people through improvement of medical services. Against such a background, Ono Medical Research Foundation was established for two purposes: to provide grants to research in the field of lipid metabolism with cooperation of authoritative academics, in order to further promote excellent research activities closely linked to the front lines of healthcare and actively contribute to medical activities; and to make presentations of research findings in meetings to collect information and disseminate the knowledge.



Osamu Hayaishi, Chairman Kazuo Sano, First Foundation Director

## Research Grant Programs

In accordance with the specified articles of endowment (and the articles of incorporation since April 2011) based on the charter of Ono Medical Research Foundation, the foundation has continuously provided grants for research in the field of lipid metabolism since its establishment.

The foundation provides 10 research grants in the amount of 2 million yen per theme every year. In addition, a scholarship program to assist researchers at the age of 40 or younger was launched in 1992, and 10 grants in the amount of 1 million yen per theme are provided every year.

## Research Presentation Meeting

At the meeting held in two years from the provision of a grant, the recipient presents findings of the research conducted for one year based on the research plan at the time of application. The research presentation meeting has been held continuously for 25 years from 1990 (1st) to 2014 (25th) with more than 100 guests every year.



25th research presentation meeting in June 2014



10th scholarship poster presentation in June 2004

## Selection Committee

This committee, which selects potential recipients of the grants, plays a crucial role in achieving the aggressive goal of the foundation to support creative and advanced research in the field of lipid metabolism, which is a goal consistent with the articles of incorporation. Doctors, professors, etc. with in-depth knowledge about lipid metabolism are appointed as the committee members, who are required to have high-level expertise and broad perspective, with terms of four years as a general rule. The chair of the selection committee is elected from among the members by the board of the directors. To select the

recipients of grants and scholarships, the seven committee members review the proposals of all applicants and make discussions at committee meetings with focus on whether or not the research can contribute to the development of research in the field of lipid metabolism. In consideration of novelty, originality, continuity, feasibility and other factors, the candidates are assessed in the fairest manner possible. Based on the recommendation by the selection committee, the board of directors makes the final decision to select the recipients. After the approval, the selection results are communicated to the applicants and their nominators.

## Information Disclosure

The grant recipients approved by the board of directors, as well as the themes of the research, are published on the foundation's website. Reports (summary) submitted by all

recipients in the past are also disclosed on the website using the selected theme database of the Japan Foundation Center. (<http://www.ono.co.jp/jp/zaidan/>)

## Transition to a New Public Interest Incorporated Foundation

As a result of the reform of the public interest corporations system by the Japanese government, the foundation's transition to a public interest incorporated foundation was approved by the Cabinet Office for establishment in 2011, and the foundation launched a new program in the field of lipid metabolism, which is specified in the articles of

incorporation. After the transition, stricter rules on governance (internal control) were introduced to define the board of directors and the board of trustees as statutory bodies. The corporation is now required to operate in an autonomous, independent and responsible manner.

## Project to Commemorate the 25th Anniversary of the Establishment

In FY2013, a lecture meeting to commemorate the 25th anniversary of the establishment was held with the people who gave much support to the foundation from its establishment and the leading academics in the field of lipid metabolism who received grants from the foundation in the past. A commemorative discussion meeting was also organized with five world-class experts on lipid in the same fiscal year. With the theme of "history of research on lipid metabolism and future expectations," they freely and openly discussed the problems they faced when they began lipid research, memories of collaborative research with Ono Pharmaceutical, their involvement in the grant programs of the foundation and the future vision of the foundation. In March 2014, the foundation released a commemorative publication focused on these two meetings for its 25th anniversary. The publication introduces messages from

directors and trustees who have contributed to the foundation for many years and the chair of the selection committee, as well as past grant recipients who are now active in the global arena. The grant programs have been operated steadily for 25 years, and we believe that they have provided significant support for young researchers. Marking the 25th anniversary, the public interest incorporated foundation will further enhance its fairness and openness, and continue to offer grants to medical and pharmaceutical research that is anticipated to contribute to improvement of people's health and welfare.











Company Profile

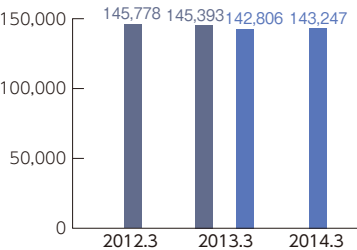
As of March 31, 2014

Company Name	Ono Pharmaceutical Co., Ltd.
Founded	1717
Incorporated	1947
Paid-in Capital	17,358 million yen
Number of Shareholders	10,711
Number of Employees	2,858 (consolidated) 2,608 (unconsolidated)

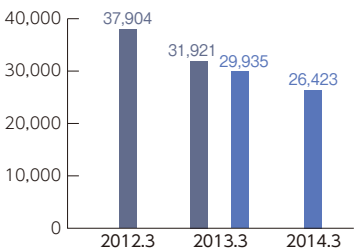
Business Locations

Head Office	8-2, Kyutaromachi 1-chome, Chuo-ku, Osaka 541-8564, Japan Tel : +81-6-6263-5670 Fax : +81-6-6263-2950 (Registered Office) 1-5, Doshomachi 2-chome, Chuo-ku, Osaka, Japan
Branches in Japan	Sapporo, Sendai, Tokyo I, Tokyo II, Kitakanto, Koshinetsu, Yokohama, Nagoya, Kyoto, Osaka, Kobe, Takamatsu, Hiroshima, Fukuoka (Sales offices are also located in major cities throughout Japan)
Research Institutes	Minase Research Institute, Osaka, Japan Fukui Research Institute, Fukui, Japan Tsukuba Research Institute, Ibaraki, Japan
Manufacturing Plants	Fujiyama Plant, Shizuoka, Japan, Joto Plant, Osaka, Japan
Domestic Subsidiaries	Oriental Pharmaceutical and Synthetic Chemical Co., Ltd. Bee Brand Medico Dental Co., Ltd.
Overseas Subsidiaries	Ono Pharma USA, Inc., NJ, USA Ono Pharma UK Ltd, London, UK Ono Pharma KOREA Co., Ltd., Seoul, South Korea
Domestic Affiliates	Namicos Corporation, Tokai Capsule Co., Ltd.
Corporate Website	http://www.ono.co.jp/eng/index.html

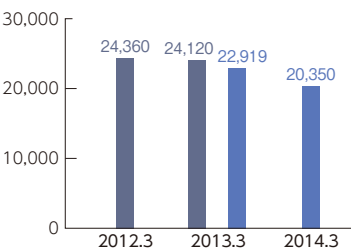
●Net Sales / Sales revenues  
(Millions of Yen)



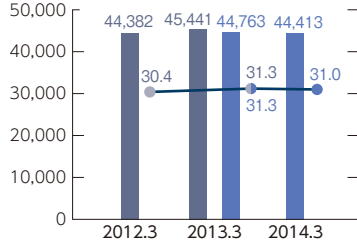
●Operating income  
(Millions of Yen)



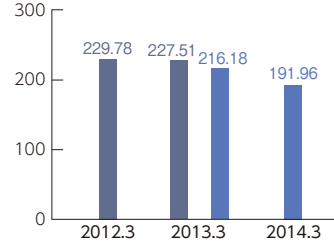
●Net income / Profit for the year  
(attributable to owners of the parent company)  
(Millions of Yen)



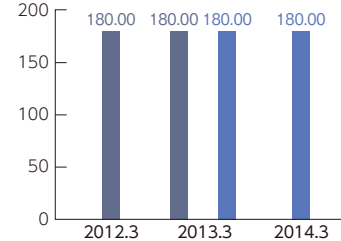
●R&D expenditures / Ratio to net sales  
(revenue) (Millions of Yen / %)



●Net income per share /  
Basic earnings per share (Yen)



●Dividend per share (Yen)



■ JGAAP ■ IFRS

\* Ono Pharmaceutical has adopted International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2014.

ISO 26000 Content Index

Consumer Issues							
Innovative Pharmaceutical Products	Issues	(1) Fair marketing, actual and unbiased information and fair contractual practices	(2) Protecting consumers' health and safety	(3) Sustainable consumption	(4) Consumer service, support, and complaint and dispute resolution	(5) Consumer data protection and privacy	Pages in this report
	Examples of specific actions						
	Proper use and dissemination of pharmaceutical products	○				○	P19
	Supply of information to medical personnel through websites	○				○	P19
	Evaluation and verification of product branding					○	P20
	System to ensure the reliability of drugs			○			P19
	Efforts to ensure reliability			○			P19
	Product recall		○		○		P20
	Efforts to improve user-friendliness			○			P20
	For the proper use of pharmaceutical products			○			P20
Information on side effects			○		○	○	P20

The Environment				
The Environment	Issues	(1) Prevention of pollution	(2) Sustainable resource use	Pages in this report
	Examples of specific actions			
	Measures to address global warming		○	P29
	Reduction of GHG emissions		○	P31
	Waste management		○	P32
	Air pollution and water pollution	○		P33
	Chemicals	○		P34

Labor Practices / Human Rights												
Human Resources and Human Rights	Issues	(1) Employment and employment relationships	(2) Conditions of work and social protection	(3) Social dialogue	(4) Health and safety at work	(5) Human resource development and training in the workplace	(6) Due diligence	(7) Human rights risk situations	(8) Avoidance of complicity	(9) Resolving grievances	(10) Discrimination and vulnerable groups	Pages in this report
	Examples of specific actions											
	Development of self-directed human resources					○						P22
	Pleasant working environment	○	○							○		P23
	Health and safety				○							P25
	Respect to human rights					○		○	○	○	○	P26
	Relationship with the unions			○						○		P26

Community Involvement and Development									
Society	Issues	(1) Community involvement	(2) Education and culture	(3) Employment creation and skills development	(4) Technology development and access	(5) Wealth and income creation	(6) Health	(7) Social investment	Pages in this report
	Examples of specific actions								
	Involvement in the community	○	○				○	○	P42
	Support of patients and their families	○						○	P42
	Endowed courses		○	○	○	○		○	P43
	Ono Medical Research Foundation		○		○			○	P44

Fair Operating Practices							
Fair Operating Practices	Issues	(1) Anti-corruption	(2) Responsible political involvement	(3) Fair competition	(4) Promoting social responsibility in the value chain	(5) Respect for property rights	Pages in this report
	Examples of specific actions						
	Ethical system	○	○	○	○	○	P38
	Compliance promotion system	○	○	○	○		P38
	Compliance education program						
	Ethical considerations in R&D activities					×	P39
	Efforts to prevent bribery and other fraud and corruption	○	○	○	○		P40
	CSR procurement				○		P40

Item (7) in Labor Practices / Human Rights



**Please send inquiries to:**

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8-2, Kyutaromachi 1-chome, Chuo-ku, Osaka 541-8564, Japan Tel.: +81-6-6263-5670  
<http://www.ono.co.jp/jpnw/csr/index.html>