

# Basic Concept of CSR



President,  
Representative Director, and CEO  
Gyo Sagara

Since its establishment in 1717, ONO has resolutely pushed forward in the pharmaceutical industry up to the present day and has built a history that spans almost 300 years. Upholding the corporate philosophy “Dedicated to Man’s Fight Against Disease and Pain”, we make united efforts to create innovative drugs that are globally competitive and to become a research-based international pharmaceutical company focusing on specific fields.

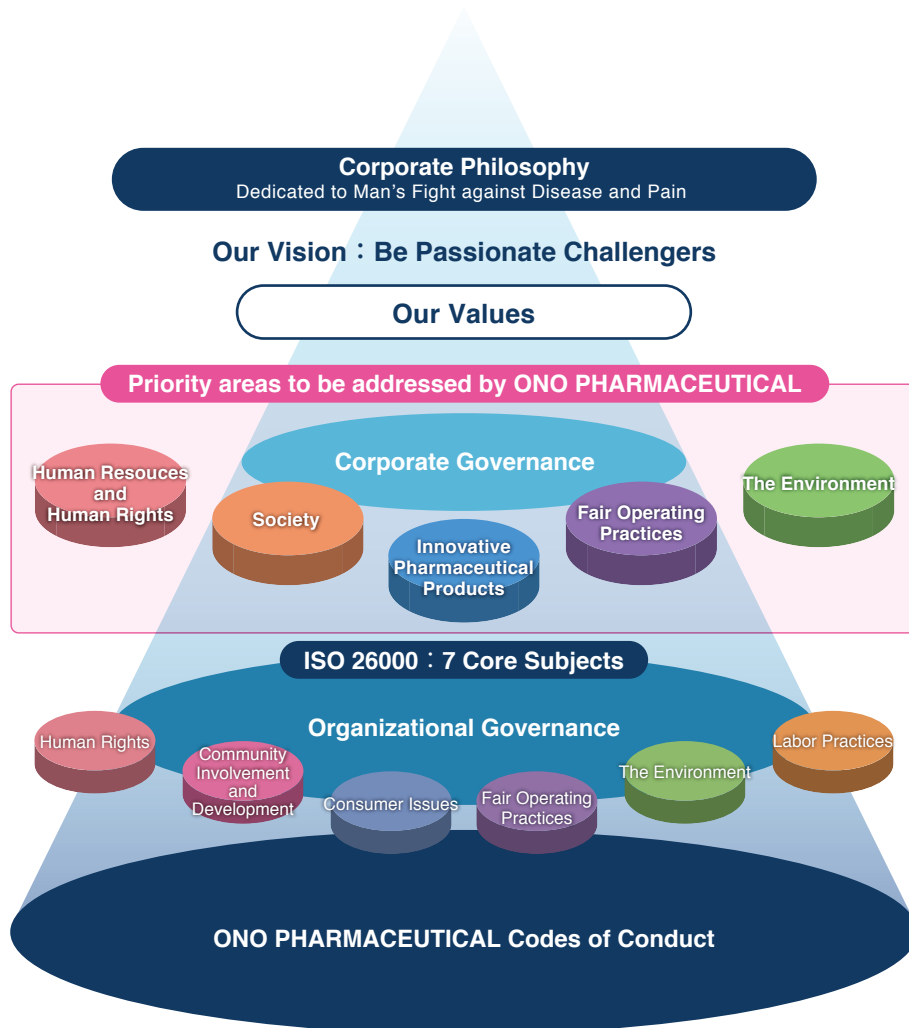
We will continue to single-mindedly pursue the development of drugs that truly benefit patients and raise our social value.

We also always engage with the community seriously and with sincerity. To this end, we work to further strengthen compliance to ensure that we always act in accordance with high ethical values, as well as to achieve strict compliance with laws and regulations, and take action in six priority areas that we have stipulated in light of the ONO PHARMACEUTICAL Codes of Conduct and the 7 core subjects contained in ISO 26000. The first of these priority areas is Corporate Governance, which forms the foundation for the five remaining areas of Innovative Pharmaceutical Products, Human Resources and Human Rights, The Environment, Fair Operating Practices, and Society. We will continue to fulfill our social responsibility to stakeholders by promoting activities related to these priority areas.

# CSR Management

## Identifying six priority areas based on our corporate philosophy and Codes of Conduct, and contributing to sustainable social development through business activities

ONO PHARMACEUTICAL Codes of Conduct represent the ideal state of a company from a perspective of a high standard of ethics. They also guide us in acting with respect for human rights of all people, complying with laws and regulations, and striving to maintain fair relations with society in every aspect our business activities. Placing the ONO PHARMACEUTICAL Codes of Conduct at the foundation of our CSR management, we have cross-checked them against the Seven Core Subjects of ISO 26000, and identified Six Priority Areas for the CSR activities that would be expected of us. Based on our Corporate Governance, we have defined the other priority areas as Innovative Pharmaceutical Products, Human Resources and Human Rights, The Environment, Fair Operating Practices, and Society, and we are committed to demonstrating accountability to our stakeholders by disclosing information about our efforts in these areas.



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

\*ISO26000.....The international standard on social responsibility for organizations, published by the ISO (International Organization for Standardization, based in Geneva) in November 2010

### ● Corporate Governance

We enforce transparency in our corporate management, and thus enhance our corporate value, by not only complying with laws and regulations but also by strengthening our corporate governance systems.

### ● Innovative Pharmaceutical Products

We are working to develop innovative pharmaceutical products by combining our distinctive drug discovery approach with cutting-edge technologies at home and abroad in order to meet advanced therapeutic needs. As well, we are using our global network to accelerate clinical development and product development.

### ● Human Resources and Human Rights

ONO believes that “People make the company,” and actively supports the development of individual abilities and positive action taken without fear of failure. We promote efforts to improve safety and health conditions, and to create a working environment where the company and its employees can live in harmony and individual abilities blossom to their full extent.

We also value a society where human rights are fully respected and seek to establish a company with no discrimination.

### ● The Environment

Keeping in mind our corporate social responsibilities for the environment, we make efforts towards realizing a global environment rich in natural beauty through environmentally sustainable activities in all areas of business operations. We promote environmental efforts, working to understand environmental issues, with the involvement of all our employees.

### ● Fair Operating Practices

We strengthen compliance through the thoroughgoing implementation of employee education based on our Codes of Conduct to establish and maintain sound, fair and transparent relations with medical professionals and trading partners as well as with government and administrative bodies.

### ● Society

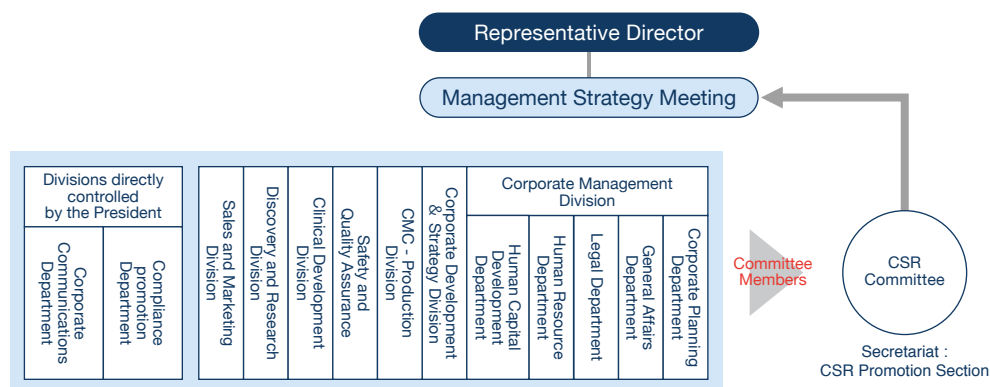
We raise our social value by consistently and wholeheartedly pursuing the development of pharmaceuticals that truly benefit patients. We always engage with the community with sincerity and conduct ourselves in harmony with the community as a local corporate citizen.

## 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, we have the CSR Committee in place, chaired by the Corporate Management Division. The Committee, which mainly consists of managers from various divisions, deliberates and makes decisions on important issues and subjects in the six priority areas for CSR activities. The activities of the Committee are periodically reported to the management.



## ISO 26000 Comparison Table

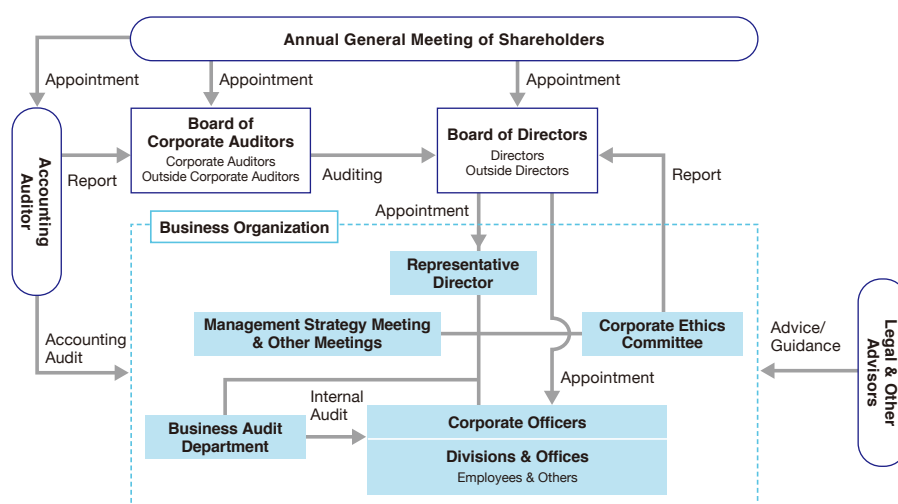
ISO26000		
Core subjects	Issues	Related items
Organizational Governance		<ul style="list-style-type: none"> <li>• CSR Management</li> <li>• Corporate Governance Structure</li> <li>• Internal Control System</li> <li>• Corporate Governance Code</li> <li>• Risk Management</li> <li>• Business Continuity Plan (BCP)</li> </ul>
Human Rights	Due diligence	<ul style="list-style-type: none"> <li>• Respect for Human Rights</li> <li>• Diversity Promotion Initiatives</li> <li>• Enhancing Cultivation of Employee-friendly Workplaces</li> </ul>
	Human rights risk situations	
	Avoidance of complicity	
	Resolving grievances	
	Discrimination and vulnerable groups	
	Civil and political rights	
	Economic, social and cultural rights	
	Fundamental principles and rights at work	
Labor Practices	Employment and employment relationships	<ul style="list-style-type: none"> <li>• Human Resources</li> <li>• Respect for Human Rights</li> <li>• Diversity Promotion Initiatives</li> <li>• Enhancing Cultivation of Employee-friendly Workplaces</li> </ul>
	Conditions of work and social protection	
	Social dialog	
	Health and safety at work	
	Human development and training in the workplace	
The Environment	Prevention of pollution	<ul style="list-style-type: none"> <li>• Environmental Management</li> <li>• Ongoing Environmental Protection Activities</li> <li>• Environmental Efficiency / Environmental Accounting</li> </ul>
	Sustainable resource use	
	Climate change mitigation and adaptation	
	Protection of the environment, biodiversity and restoration of natural habitats	
Fair Operating Practices	Anti-corruption	<ul style="list-style-type: none"> <li>• ONO's Ethical System</li> <li>• Compliance Promotion Initiatives</li> <li>• CSR Procurement</li> </ul>
	Responsible political involvement	
	Fair competition	
	Promoting social responsibility in the value chain	
	Respect for property rights	
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	<ul style="list-style-type: none"> <li>• Key Product Profiles</li> <li>• Status of Development Pipeline</li> <li>• Innovative Pharmaceutical Products (Research, Licensing, Development, Manufacturing, and Marketing)</li> </ul>
	Protecting consumers' health and safety	
	Sustainable consumption	
	Consumer service, support, and complaint and dispute resolution	
	Consumer data protection and privacy	
	Access to essential services	
	Education and awareness	
Community Involvement and Development	Community involvement	<ul style="list-style-type: none"> <li>• Various Corporate Social Responsibility Activities (Web-Based Information Dissemination, Initiatives for Medical Advancement, Activities to Support the Health of People)</li> <li>• Activities as a Corporate Citizen</li> </ul>
	Education and culture	
	Employment creation and skills development	
	Technology development and access	
	Wealth and income creation	
	Health	
	Social investment	

# Corporate Governance

To ensure the trust of all of our stakeholders and increase our corporate value, ONO PHARMACEUTICAL believes it is vital not only to comply with laws and regulations but also to enforce management transparency and strengthen corporate governance.

## Corporate Governance Structure

As part of our endeavors to bolster corporate governance, ONO has adopted an organizational framework with a Corporate Auditor (or Board of Corporate Auditors) whose task is to focus on enhancing the functions of the Board of Directors and the Board of Corporate Auditors.



### ● Board of Directors

When selecting board members, we take into consideration their knowledge, experience, and proficiency, so that the Board of Directors as a whole can incorporate a good balance of perspectives into its technical and comprehensive management decisions. The term of office for each director is limited to one year. This serves to clarify their responsibility towards shareholders, and it allows the board to respond flexibly to changes in the management environment.

The number of directors and the structure of the board are determined in a way that is optimally suited to enforcing management transparency, enhancing corporate governance, and expediting the decision-making process. Presently, the board consists of seven members, including two outside directors. The board holds a meeting every month to deliberate and make decisions on important management issues and to assess how each board member is conducting his or her duties.

### ● Board of Auditors

To maintain a strong auditing function, the Board of Auditors comprises two independent outside auditors along with two full-time auditors who have expert knowledge on our business operations and who are highly skilled in collecting auditing information. These full-time and outside auditors work together to achieve high auditing efficiency. The Board of Auditors holds a meeting every month in principle. Working with the internal auditing department to enforce auditing efficiency, the Board of Corporate Auditors endeavors to improve its functions of the management oversight by enhancing the effectiveness of audits in cooperation with the accounting auditor.

## ● Outside Directors / Outside Auditors

The outside directors have profound and extensive knowledge about corporate management. From an independent and objective standpoint, they oversee our business operations and take part in our decision-making process. They also help to enhance the functions of the board by serving as members of the Director Appointment Committee and the Executive Compensation Committee.

As experts in law and corporate accounting, the outside auditors carry out their duties from an independent and objective standpoint to ensure that our management remains sound and strong. We have already informed the Tokyo Stock Exchange that these outside directors and auditors are acting as independent members of the board who have no personal affiliations with ONO, nor any capital ties, business relations, or other connections to the company.

## ● Operational Management Structure

For the improved efficiency and accuracy of our decision making and business operations, we hold Management Strategy Meetings attended by the president, board members, corporate officers in charge of each division, and managers of relevant departments. At these meetings, we take a multifaceted approach to addressing important management issues, including those that are to be deliberated on at board meetings. We have also introduced a corporate officer system to enforce the execution of business operations in each department.

Auditors are obliged to attend Management Strategy Meetings and inspect their minutes, as these meetings are also subject to auditing.

## Internal Control System

We have laid out our operational system in compliance with the corporate governance guidelines set out by the board of directors. Implementation of the system is inspected regularly by the Internal Auditing Department (Business Audit Department). Results are reported to the board of directors with the aim of constantly improving the system. Furthermore, we adopt a firm stance of fighting against any antisocial forces or organizations that may threaten social order or security.

## Corporate Governance Code

In order to enhance the management efficiency, soundness, and transparency of our business operations, we are working to improve our corporate governance in accordance with the corporate governance code stipulated by the Tokyo Stock Exchange.

## Risk Management

There are many factors that involve risks ONO's business activities and that could have a major impact on our business performance. We work to identify potential major risks to prevent them from occurring, and we have a structure in place to ensure that appropriate actions are taken in case of their occurrence.

Cross-organizational risks and risks deemed to have a significant impact on management are monitored and addressed at a meeting attended by the president and representative director, the directors and corporate officers in charge, and the managers of relevant divisions. In case of unexpected risks, the president calls a meeting of the Emergency Response Committee to solve problems promptly and to minimize loss and damage.

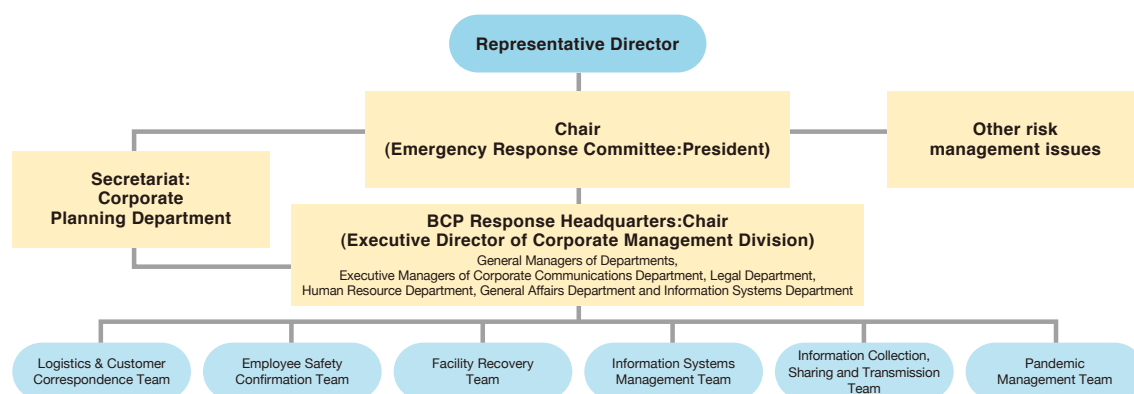
ONO manages risks related to compliance, product quality and safety, safety and health, the environment, disasters, information security, and other issues. It does so on the basis of respective internal rules and through the preparation and distribution of procedures in the relevant sections, as well as through training and other measures. Risks specific to a division are addressed by that division through the preparation of handling procedures and other

necessary measures.

We provide consultation and guidelines for our group companies with regard to their legal compliance and risk management. While respecting their autonomy, we request that each company provides us with regular business reports and consult with us on important business issues in advance.

## Business Continuity Plan (BCP)

In the event of an emergency such as a natural disaster or accident, we will respond through a structure we have in place at the BCP Headquarters. Chaired by the Executive Director of Corporate Management Division, this structure is designed to minimize the impact of an emergency on mission-critical operations, so that we can continue business activities or recover promptly and resume them if they are suspended. In the event of an emergency, six teams have been established to perform specific tasks in accordance with the BCP: the Logistics and Customer Correspondence Team, the Employee Safety Confirmation Team, the Facility Recovery Team, the Information Systems Management Team, the Information Collection, Sharing and Transmission Team, and the Pandemic Management Team.



## Information Disclosure

As specified in our Codes of Conduct, we strive to establish transparent corporate management and recognize the importance of taking various opportunities to disclose information on our business activities in a timely and appropriate manner. We actively conduct investor relations (IR) activities based on a policy of pursuing accuracy, promptness, fairness, and impartiality. We disclose financial results and other related information in a timely manner on our website and at the same time through TDnet, the timely disclosure network of the Tokyo Stock Exchange. Information that is not subject to the timely disclosure rules is also disclosed swiftly through our website and by other means.

For securities analysts and institutional investors, we actively hold individual meetings and phone conferences in addition to a financial results briefing or a conference call at the time of each quarterly statement. We also participate diligently in securities firm-sponsored investor conferences and the like in order to facilitate individual investors' understanding of our business activities and management strategy.

Our website contains an IR library that provides useful current and past data, including flash reports and development progress updates, as well as financial highlights for the last five years. Also, we endeavor to convey our corporate information to a wider range of people in an easy-to-understand manner by issuing business reports for shareholders and corporate reports.



# Innovative Pharmaceutical Products

“Dedicated to Man’s Fight against Disease and Pain” is our corporate philosophy as a pharmaceutical company dedicated to the development of new drugs, a philosophy to which all our divisions, all our people, dedicate themselves with passion and conviction in our research, development, business strategy, manufacturing, safety/quality assurance, and marketing, so that we can bring innovative drugs as soon as possible to patients throughout the world.



## Research

**ONO's mission, policy, and structure regarding research and development are introduced.**

Drug development policy <http://www.ono.co.jp/eng/rd/index.html>

Research structure [http://www.ono.co.jp/eng/rd/research\\_organization.html](http://www.ono.co.jp/eng/rd/research_organization.html)

## Business Strategy

**ONO's licensing activities and major partners are introduced.**

Drug discovery alliances <http://www.ono.co.jp/eng/alliances/index.html>

Global business and licensing activities <http://www.ono.co.jp/eng/alliances/licensing.html>

Partners <http://www.ono.co.jp/eng/alliances/partners.html>

## Development

**ONO's development structure and progress on new drugs being developed are introduced.**

Development structure <http://www.ono.co.jp/eng/rd/development.html>

IR library [http://www.ono.co.jp/eng/investor/ir\\_library.html](http://www.ono.co.jp/eng/investor/ir_library.html)

\* Please refer the status of development pipeline.

## Manufacturing and Safety/Quality Assurance

**ONO's manufacturing and safety/quality assurance initiatives are introduced.**

Manufacturing and safety/quality assurance

<http://www.ono.co.jp/eng/about/manufacturing.html>

## Marketing

**ONO's marketing initiatives and main products are introduced.**

Marketing (scientific information) <http://www.ono.co.jp/eng/about/marketing.html>

Main products [http://www.ono.co.jp/eng/about/our\\_products.html](http://www.ono.co.jp/eng/about/our_products.html)

# 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 efforts to improve safety and health conditions, and to create a working environment where the company and its employees can live in harmony and individual abilities blossom to their full extent. We also 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, and others.

## Development of Human Resources

### ● Human Resources Sought by ONO

Amid the changing environment, ONO 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 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:**

- are innovation-minded and never give up trying until the end;
- can demonstrate their abilities in a team environment and can work collaboratively;
- 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.

To help develop such human resources, we are committed to enhancing our education and training system, and cultivating employee-friendly workplaces.

### ● Provision of Growth Opportunities

We organize a wide range of collective training programs for employees in each phase of career growth, including company-wide joint training for new employees from all divisions, departmental introductory training, annual training for young employees, and pre-management training. We also provide training for managerial staff focusing on management skill which is required to growth of organization and various capabilities that are required on each managerial level and position.

In addition to these seniority- and position-based training programs, we organize training programs to develop employees who can work on the global stage, and send employees to overseas affiliates. As part of our commitment to promotion of diversity, we provide training for employees. Training is also conducted at medical institutions 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.

## Respect for Human Rights

ONO 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.

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

## ● Diversity Promotion Initiatives

ONO considers human resource development a key management issue and conducts ongoing efforts to improve diversity. One priority in this area is the creation of a system under which women can realize their full potential. In recent years, we have been hiring more women in all company divisions, and women make up an increasingly higher percentage of the new university graduates that we hire each year. With the goal of creating an environment where women can reach their potential, including taking managerial positions, we have training for current managers and seniority-based training.

We have formulated a five-year company action plan (from April 1, 2016 to March 31, 2021) in response to the Japanese government’s enactment in 2015 of a law to promote women’s roles in the workplace (Act on Promotion of Women’s Participation and Advancement in the Workplace). We will implement this action plan in building a system where women can take on all kinds of challenges and make the most of their talents.

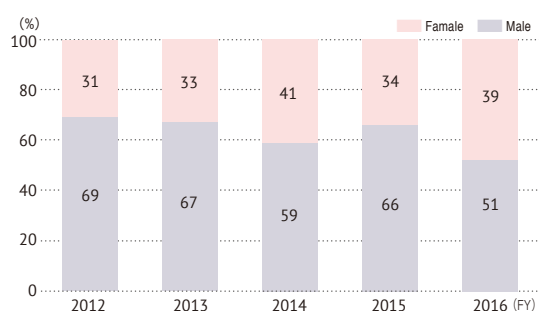
Overview of Action Plan Based on the Act on Promotion of Women’s Participation and Advancement in the Workplace (Targets, Efforts)

Targets	Efforts
Have women account for 40% of newly hired university graduates in career-track positions starting in fiscal 2017	<ul style="list-style-type: none"> <li>•Improve systems and strengthen training aimed at developing human resources</li> <li>•Hold ongoing recruitment activities that facilitate job applications from potential female employees</li> <li>•Provide wide range of information to job applicants</li> <li>•Create an environment in which young employees can more easily plan their careers</li> </ul>
Have the retention rate of women in career-track positions who joined ONO in the last five years be at least 90% that of men	<ul style="list-style-type: none"> <li>•Ensure employees can continue working at ONO after various life events Expand support systems for women taking maternity leave and employees raising children</li> <li>•Work-life balance Encourage men to take part in child-raising</li> <li>•Help employees return to work at the earliest possible date Create an environment where employees can balance work, childcare, and nursing care</li> <li>•Create a corporate climate where women utilize their talents Promote career-building support measures</li> </ul>

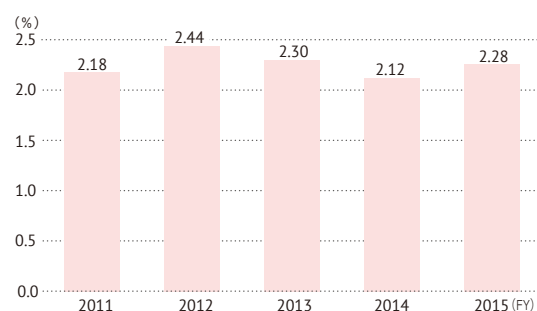
We have been actively recruiting persons with disabilities, who account for an employment rate of 2.28% as of March 31, 2016. This exceeds the legally stipulated rate (2.0%) revised in 2013.

We have also been expanding mid-career employment to quickly obtain human resources with the skills and knowledge that are needed immediately.

The male-to-female ratio of new employees



Employment rate of persons with disabilities



## Enhancing Cultivation of Employee-friendly Workplaces

ONO believes it is important to create a pleasant working environment to ensure that all employees can devote themselves to work with a sense of security. 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 must build an environment where employees can balance their work, childcare, and nursing-care duties, and set up systems that allow employees to work in the style best suited to them. At ONO, we have ongoing efforts aimed at improving employee's work-life balance by structuring various support systems, adopting shorter working hours, designated no-overtime day, and mandatory paid vacation. All part of our efforts is to build an environment conducive to rewarding and pleasant work for employee.

### ● Childcare Support Activities

While the birth rate is decreasing in Japan, companies are also required to work for a balance between work and childcare 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 was certified as a general business operator meeting the criteria based on the Act on Advancement of Measures to Support Raising Next-Generation Children in 2008, 2012, and 2014, obtaining "Kurumin," the mark accredited to such business operators. We work to uphold the spirit of this law in implementing our action plan.

We help employees raise children through childcare leave and other company systems that exceed the requirements of the law. In order to help employees on leave return to work at the earliest possible date after taking maternity and childcare leave, we provide those on leave with company information and hold orientations for them upon returning to work. We also publish booklets that inform employees about work-life-balance support systems and how they can apply for them, as well as training for managers on diversity.

These and other efforts were rewarded as ONO received two Osaka Labor Bureau Director's Prizes in the 2015 Equal Employment/Work-Life Balance Corporation Awards, sponsored by Japan's Minister of Health, Labor, and Welfare. One was in the category of companies promoting gender equality, and the other was in the category of family-friendly companies.

	Period	
1st phase of action plan	April 1, 2005 to May 31, 2008	<ul style="list-style-type: none"> <li>• Introduction of shortened work hour programs for employees raising preschool children</li> <li>• Introduction of a leave program for nursing care of children</li> <li>• Encouragement of employees to take annual paid holidays</li> </ul>
2nd phase of action plan	April 1, 2008 to March 31, 2012	<ul style="list-style-type: none"> <li>• Expansion of the shortened work hour programs for employees raising children</li> <li>• Implementation of measures to reduce overtime work</li> </ul>
3rd phase of action plan	April 1, 2012 to March 31, 2014	<ul style="list-style-type: none"> <li>• Provision of information to encourage male employees to take childcare leave</li> <li>• Introduction of a re-employment scheme for employees who have left their jobs due to childcare and other reasons</li> </ul>
4th phase of action plan	April 1, 2014 to March 31, 2017	<ul style="list-style-type: none"> <li>• Examination of a new program to support female employees to continue their careers, and introduction and dissemination of the program</li> <li>• Implementation of measures to reduce overtime work</li> <li>• Survey of the current situation on annual paid holidays taken by employees and implementation of measures to encourage employees to take the holidays</li> </ul>

## ● Programs to Support Employees in Achieving a Work-Life Balance

### Special paid vacation

Employees are granted a five-day special paid vacation when getting married, and a two-day special paid vacation upon the birth of a child.

### Childcare leave

Japanese law stipulates that childcare leave can be taken until the time the child turns one year old. However, employees at ONO can take childcare leave until the child turns three years old.

### Shortened work hours for childcare

Japanese law stipulates that shortened work hours for childcare leave can be utilized until the child turns three years old. But for ONO employees raising children who want to work shorter hours than the normal working hours, they can shorten their working hours by as much as two hours per day until March 31 of the year that their child is in third grade of elementary school. (30-minute increments; can be taken before or after regular working hours)

### Nursing care leave 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 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

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.

### Flexible working hours

To help employees achieve a work-life balance in which they give equal priority to their jobs, family, childcare, and nursing care, ONO's research institutes have a flexible working hours system.

### Subsidies for day-care centers and baby-sitting

For employees raising preschool children and whose spouses are also working, ONO provides subsidies to help pay for day-care centers or baby sitters. These subsidies are also available if an ONO employee's spouse (working or not working) is ill or cannot care for the child for some other reason.

### Use of company cars to pick up and drop off children

Company cars used by MRs can be used for the purpose of picking up or dropping off their child before or after work.

### Accompanying spouses transferred overseas

For ONO employees whose spouse is being transferred by his/her company to another country, ONO allows the employee to take up to three years off work (on the condition that he or she resides with the spouse) and then promptly return to work at ONO.

### Re-employment for employees who have quit ONO

Although ONO has systems that allow employees to stay with the company even after getting married, having and raising children, or caring for family members, sometimes the ONO employee has no choice but to quit due to problems balancing work and family duties. By applying for our re-employment system upon quitting the company, employees can, at some time in the future, inform the company that their situation has changed and that they are ready to return to work. At that time, if the company needs a position filled, it will inform the employee, who can apply for the position.

### Non-regular re-employment for retired employees

All applicants for this scheme can extend their retirement age to 65, the time when they start to receive their pension.

### Support of employee volunteer activities

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

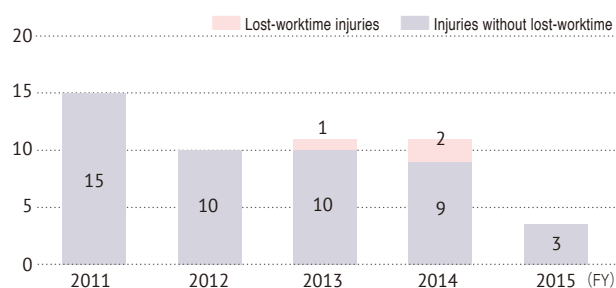
### Consideration of employees' workplace requests

Although ONO has no formal system, we take into account employees' requests regarding what ONO site they would like to work at due to factors such as employees getting married or their spouses being transferred to another location.

## ● Safety and Health

ONO strives to create and maintain a safe and hygienic workplace. We strive to improve the work environment in numerous ways. For example, the safety and health committee holds regular meetings at which members discuss problems discovered during safety and health inspections. These inspections are carried out in all ONO workplaces and check for criteria including fire prevention measures and firefighting equipment in case of fire, safe handling of machinery, the level of safety in daily work, transport work, and the level of neatness, tidiness, and cleanliness in workplaces. At the ONO Head Office and other company sites where there is a health committee, union and management representatives of the committee discuss issues such as health and overtime working hours based on results of workplace environmental measurements.

Numbers of industrial accidents



## ● Relationship with the Unions

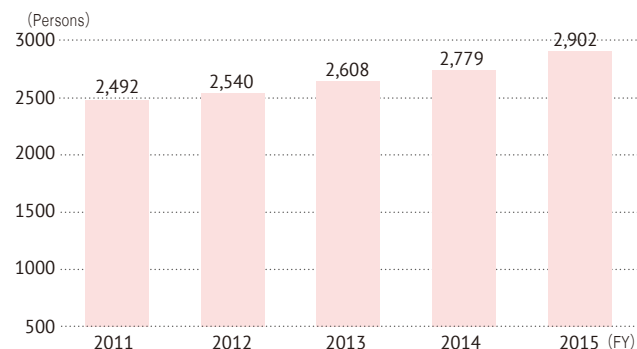
ONO has two labor unions, namely the nationwide union of ONO workers and the industrial union (chemical & general) of ONO workers in Joto Plant. As of March 31, 2016, the nationwide union of ONO workers has 2,008 members while the industrial union (chemical & general) of ONO workers has 19 members. Both unions have good relationships with the company.

## ● Composition of the Employees (Non-consolidated data)

The table below shows the number, average age, and average service years of employees in ONO as of March 31, 2016.

	No. of employees	Average age	Average service years
Total	2,902	40.2	14.6
Male	2,434	40.8	15.1
Female	468	37.4	12.1

No. of employees (Non-consolidated data)



# The Environment

Recent years have witnessed the increasing impact of global warming, and battling this threat has become one of our most important collective challenges. The Paris Agreement from COP 21 sets out a global action plan to limit global warming to less than 2°C compared to temperatures before the Industrial Revolution, with the target, for all intents and purposes, of completely halting the increase in human-generated greenhouse gases. Based on our ONO Pharmaceutical Environmental Guidelines, we have formulated a voluntary action plan under which we will strive to reduce greenhouse gas emissions from business activities on a company-wide basis. In this and other ways, we will fulfill our corporate social responsibility by prioritizing the environment in all business areas and by contributing to the realization of a sustainable global environment.

## ONO PHAMACEUTICAL Environmental Guidelines

- Aware of corporate social responsibility for the environment, 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 resources 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

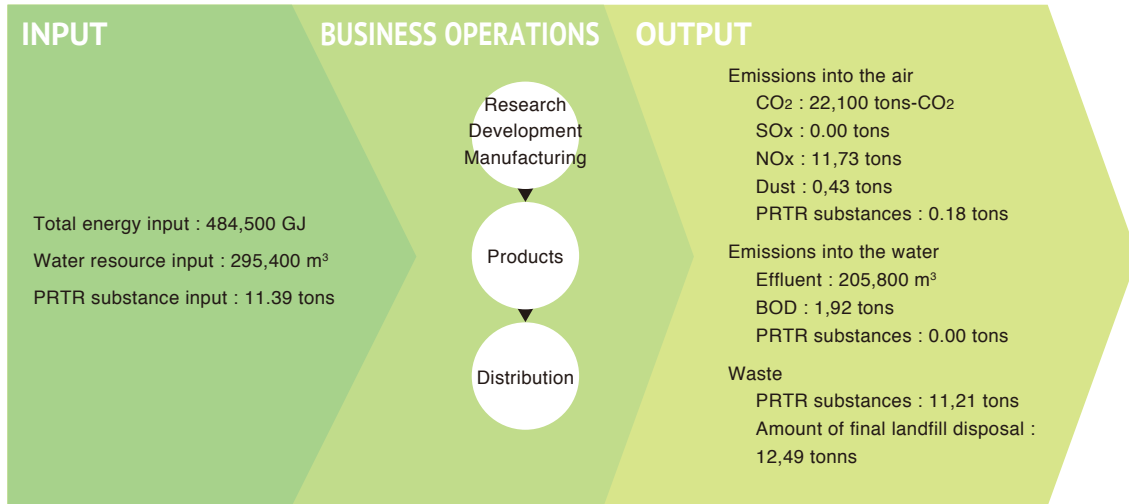
We have formulated a voluntary environmental action plan in accordance with our Environmental Guidelines. Under the plan, we set and work to achieve specific action targets and review the results (or progress) of the work toward the targets every year.

Item	Target	Activities in FY2015
Commitment to a low-carbon society	Reduce CO <sub>2</sub> emissions by 23% from the FY2005 level in FY2020. Note: CO <sub>2</sub> emissions from energy sources at production and research sites	CO <sub>2</sub> emissions in FY2015 were 22,100 tons, a decrease of 17.2% from FY2005's 26,700 tons.
Chemical substances	Reduce the amount of PRTR Class I designated chemical substances released into the environment.	The release and transfer volume of the registered chemical substances was 11.39 tons, a decrease of 2.3% from FY2014.
Waste reduction	Reduce the amount of waste landfilled by FY2015 by 40% over FY2010	The amount of waste landfilled in FY2015 was 12.49 tons, down 30.6% from the 18 tons landfilled in FY2010. We were unable to reach our target of 40%.
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.	All analyses of air and water pollution revealed that we complied with emission standards. Also, there were no environmentally related complaints from local communities.
Environmental efficiency	Comply with 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. Environmental efficiency was up by 5.9 points over FY2005.
Engagement with local communities and employees	Actively support local communities through cleanup activities. Help employees maintain good mental health and endeavor to prevent any workplace accidents involving employee injury.	We participated in community cleanups and firefighting activities. We took part in a municipal project to prevent workplace accidents causing injury, and we conducted awareness and education activities on safety and health.



## ● Overall Picture of Environmental Impact (ONO's Involvement in Environmental Protection)

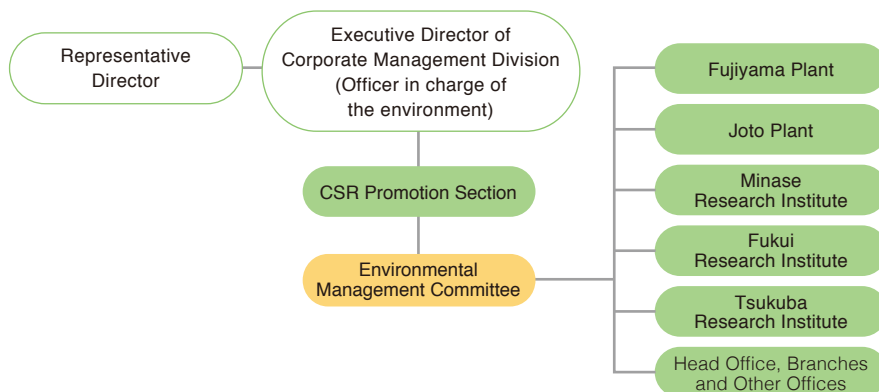
Annual inputs and outputs are grasped on a regular basis to use as reference data for our efforts to reduce environmental impact. (Scope: production and research sites, FY2015)



## ● Promotion of Environmental Management

Our environmental management promotion structure consists of the Executive Director of the Corporate Management Division, the CSR Promotion Section, and the Environmental Management Committee. The Executive Director of the Corporate Management Division supervises company-wide environmental issues, and the CSR Promotion Section manages the Committee. Members of the Committee are chosen from relevant departments and are responsible for specific on-site monitoring and promoting environmental management. Each production and research sites with a major environmental impact has a subcommittee to work on environmental issues. Each production site makes continuous efforts to reduce environmental impact under an ISO 14000-compliant environmental management system.

To reduce environmental risks, employees involved in operations that could have an impact on the environment receive necessary training on environmental management. We also have a structure to minimize environmental impact arising from emergencies by providing training and on-site education and formulating emergency-preparedness manuals.



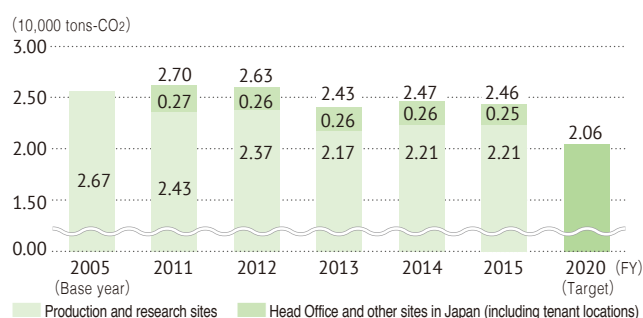
## Ongoing Environmental Protection Activities

### ● Energy Saving and Global Warming Prevention

Energy saving and global warming prevention are regarded as the most important environmental goals of ONO. All our places of business—plants, research institutes, and offices—take energy-saving and power-reducing measures appropriate to the nature of their operations. Efforts are made to reduce greenhouse gas emissions from our business activities with the aim of achieving our medium-term environmental target of a more than 23% reduction in CO<sub>2</sub> emissions (energy-derived, from production and research sites) in FY2020 compared to FY2005. In FY2015, CO<sub>2</sub> emissions from production and research sites decreased by 17.2% compared to FY2005. (It decreased from 26,700 tons to 22,100 tons.) We will continue to work towards our targets for FY2020.

Note: Starting in FY2015, we are using the FPMAJ (Federation of Pharmaceutical Manufacturers' Associations of Japan) progress management coefficient (a FY2005 value) for calculating electricity-based CO<sub>2</sub> emissions. This allows for a proper evaluation of ONO's CO<sub>2</sub> reduction efforts by eliminating external factors—such as the operation status of nuclear power plants—that could affect figures. CO<sub>2</sub> emissions from fossil fuels (other than those used for electricity) are calculated as before, based on provisions in Japan's Act on Promotion of Global Warming Countermeasures. Due to the start of using the FPMAJ progress management coefficient, we have adjusted CO<sub>2</sub> emission amounts for FY2005 and for FY2011 to FY2014.

Energy-derived CO<sub>2</sub> Emissions



Note: Sites where CO<sub>2</sub> emission data were collected: All ONO sites in Japan and other countries, including production sites (Fujiyama Plant, Joto Plant), research sites (Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute), offices (Head Office, branches, sales offices), and distribution centers

CO<sub>2</sub> emissions were calculated using this formula. CO<sub>2</sub> emissions = Purchased electricity × FPMAJ progress management coefficient × 44 / 12 + Σ (Fuel consumption × Per-unit calorific value × Carbon emission factor × 44 / 12)

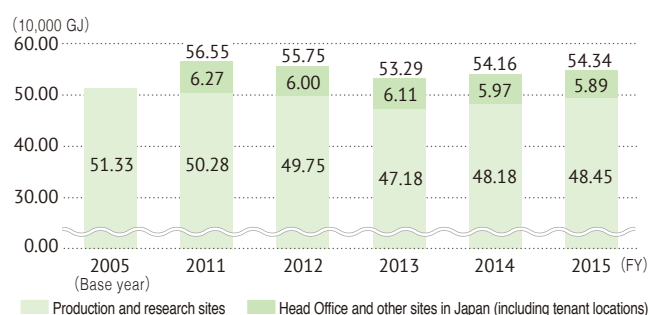
Starting in FY2015, we are using the FPMAJ progress management coefficient (a FY2005 value) for calculating electricity-based CO<sub>2</sub> emissions. This allows for a proper evaluation of ONO's CO<sub>2</sub> reduction efforts by eliminating external factors—such as the operation status of nuclear power plants—that could affect figures. The per-unit calorific value and carbon emission factor are taken from the Act on Promotion of Global Warming Countermeasures. Because the FPMAJ progress management coefficient is used to calculate electricity-based CO<sub>2</sub> emissions, this figure will differ from the one calculated under the Act on Promotion of Global Warming Countermeasures.

The figures in the base year and the target value are those for production and research sites.

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

Electricity company	Emission factor (tons-2/1,000 kWh)					Sites that receive electricity from the company
	FY2011	FY2012	FY2013	FY2014	FY2015	
Tokyo Electric Power	0.375	0.464	0.525	0.531	0.505	Fujiyama Plant, Tsukuba Research Institute
Hokuriku Electric Power	0.423	0.641	0.663	0.630	0.647	Fukui Research Institute
Kansai Electric Power	0.311	0.450	0.514	0.522	0.531	Joto Plant, Minase Research Institute

Energy Consumption



Sites where energy consumption data were collected: Fujiyama Plant, Joto Plant, Minase Research Institute, Fukui Research Institute, Tsukuba Research Institute, Head Office, branches, sales offices, distribution centers, and other

## 1) Measures to Save Energy

### •Company-Wide Initiatives

ONO is a specified business operator under Japan's Act on the Rational Use of Energy (Energy Saving Act), and every year we report our energy consumption and our energy reduction plan to the Ministry of Economy, Trade and Industry (METI) and the Ministry of Health, Labor and Welfare (MHLW). Across the entire company, we do everything possible to reduce the load on energy usage. For example, we promote Cool Biz and Warm Biz, initiatives under which employees dress casually in summer and warmly in winter so that less air conditioning and heating are needed; we encourage employees to walk up two flights of stairs and down three flights instead of using the elevator; and we save electricity in summer and winter by, for example, turning off heated toilet seats, hot water heaters, and some lights.

### •Initiatives at Production Sites

ONO's two production sites (the Fujiyama and Joto Plants) conduct energy management based on their respective energy management rules. The Fujiyama Plant has been designated as a specified business operator under the Energy Saving Act, and it reports its energy consumption and energy reduction plan every year to METI and MHLW.

Major initiatives in FY2015 included upgrading lighting to LEDs. We also further reduced energy usage from thermal sources by using waste heat from cogeneration systems to heat water. After having done this at the Fujiyama Plant's No. 1 and No. 6 factories, it was carried out at the No. 7 factory as well. On the operational side, we tested for leaks in steam drains, stopped supplying air to unnecessary places, and turned off lighting and air conditioning when they weren't needed.

### •Initiatives at Research Institutes

ONO's three research institutes (Minase, Fukui, and Tsukuba) conduct energy management based on their respective energy management rules. They are also designated as specified business operators under the Energy Saving Act, and therefore report their energy consumption and energy reduction plan every year to METI and MHLW.

Major initiatives in FY2015 included upgrading aging air conditioning equipment to high-efficiency models at the Minase and Fukui Research Institutes and switching pumps from fixed-speed to the inverter method in order to achieve more efficient operation by adjusting to changing load conditions. We also upgraded lighting to LEDs and made boilers better able to retain heat. On the operational side, we carried out steam trap inspections on a regular basis, and carefully controlled air conditioning (specifically, by managing operation schedules, adjusting interim external air conditioning, and adjusting temperature and humidity settings according to the season).

### •Initiatives in Other Divisions

The Sales and Marketing Division encourages employees to practice eco-driving, and it has been gradually replacing its leased company cars with hybrid vehicles since 2010. As of the end of FY2015, 95% of all company cars (except ones with cold climate specifications) had been switched over to hybrid vehicles. We are currently in the process of switching to smaller cars with better gas mileage.

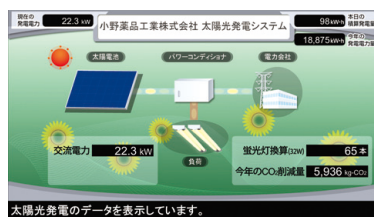
## 2) Measures to Reduce Greenhouse Gas Emissions and Achieve Power Load Leveling

### •Incorporating Renewable Energy

Solar power, a form of renewable energy, is an effective way to reduce greenhouse gas emissions, since it does not need to release any when generating electricity. A solar power generation system was installed on the ONO Head Office building in FY2003 and at the Minase Research Institute in FY2015. We are looking into continuing to strategically incorporate renewable energy.



Solar panels at the Minase Research Institute



Solar power monitoring system at the Minase Research Institute

#### •Fuel-Related Initiatives

By switching from fuels such as heavy oil and kerosene to utility gas and natural gas (LNG), the same amount of energy can be obtained but with fewer CO<sub>2</sub> emissions. Therefore, switching to these cleaner fuels results in fewer greenhouse gas emissions. We have been switching boiler fuel from heavy oil and kerosene to utility gas at factories where utility gas can be supplied. The Joto Plant and Fujiyama Plant have switched fuels 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.

The Minase and Tsukuba Research Institutes have traditionally used utility gas as boiler fuel 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. We constructed an LNG satellite station at the Fukui Research Institute to switch boiler fuel from kerosene to natural gas and reduce CO<sub>2</sub> emissions. This station started operations in FY2013.

#### •Power Load Leveling

In Japan, due to stoppages of nuclear power plants, supply has had trouble keeping up with demand in the summer and winter. In FY2014, the revised Energy Saving Act went into effect. This includes provisions for cutting peak electricity usage in the summer and winter—a process known as power load leveling. Besides implementing company-wide energy-saving measures (such as turning off heated toilet seats, hot water heaters, and some lights) in summer and winter, our major bases are conducting the following measures to achieve power load leveling.

The Fujiyama Plant uses a cogeneration system to generate power for its daily needs, thus easing the amount it needs to obtain from the electric power utility.

At the three research institutes (Minase, Fukui, and Tsukuba), we have been using an ice thermal storage chiller to carry out peak shifts during summer; this system has been in place since before the revised Energy Saving Act went into effect. In addition, the Fukui and Tsukuba Research Institutes have been striving to achieve power load leveling through efforts such as switching from air-cooled chillers to steam boilers to produce hot water.

#### •Energy Monitoring

In order to successfully carry out measures to achieve energy efficiency and power load leveling and to curb global warming, it is helpful to gather data on energy usage from various facilities, analyze it, and use it to reduce and adjust load. Through a monitoring system, graphs and flow charts are used to put data into an easy-to-grasp form so that it can be used in the most effective way.

While the production sites (the Fujiyama and Joto Plants) and the three research institutes (Minase, Fukui, and Tsukuba) have conventionally measured energy use, we are gradually moving ahead with upgrading our energy monitoring systems, which includes the possible adoption of a comprehensive FEMS (factory energy management system) and a BEMS (building energy management system).

### 3) CO<sub>2</sub> Emissions in the Value Chain (Scope 3)

ONO divides CO<sub>2</sub> emissions in the value chain (Scope 3) into 15 categories under the Ministry of the Environment's guidelines, and since FY2014 it has been calculating them for sites in Japan. Identifying emissions as Scope 3 constitutes one of the indicators of how well we are contributing to the realization of a low-carbon society.

Category	FY2014 emissions (10,000 tons-CO <sub>2</sub> )	FY2015 emissions (10,000 tons-CO <sub>2</sub> )	Calculation method	Notes
Purchased goods and services	8.89	7.57	Purchase cost of raw materials, materials, etc., multiplied by emission factor*	Covers production and research sites
Capital goods	4.54	4.46	Amount of capital investment, multiplied by emission factor*	—

Fuel- and energy-related activities not included in scope 1 or scope 2	0.13	0.14	Amount of electricity purchased, multiplied by emission factor*	—
Upstream transportation and distribution	0.02	0.03	Transport data on deliveries from ONO factories and distribution centers to destinations, multiplied by emission factor*	—
Waste generated in operations	0.03	0.04	Weight of each type of industrial waste generated, multiplied by emission factor*	—
Business travel	0.14	0.18	Business trip allowances, multiplied by emission factor*	Covers travels by airplane or Shinkansen bullet train
Employee commuting	0.03	0.03	Employees' commuting costs, multiplied by emission factor*	—
Upstream leased assets	0.33	0.33	Cost of gasoline for leased company cars, multiplied by emission factor*	—
Downstream transportation and distribution	0.35	—**	CO <sub>2</sub> emissions stated in ONO's CSR report on major wholesale pharmaceuticals, multiplied by percentage of ONO net sales included in all net sales of major wholesale pharmaceuticals	**No calculations made for FY2015, because at the time of calculation ONO's major wholesale pharmaceuticals CSR report had not been released
Processing of sold products	Not calculated	Not calculated	—	ONO makes only finished products
Use of sold products	Not calculated	Not calculated	—	No energy is consumed during the use of ONO products
End-of-life treatment of sold products	0.02	0.02	Weight of each type of ONO product container or packaging disposed of as waste, multiplied by emission factor*	—
Downstream leased assets	0.04	0.04	Floor space of asset (building) owned and rented out categorized by use, multiplied by emission factor*	—
Franchises	Not calculated	Not calculated	—	ONO does not operate franchises
Investments	Not calculated	Not calculated	—	—

\* Figures stated in the "Emission Factor Database on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (ver. 2.2)," published by the Ministry of the Environment, Government of Japan.

## ● 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.

### •Initiatives in the Research Division

The three sites in the research division (Minase, Fukui, and Tsukuba Research Institutes) strive to reduce the amount of waste generated by separating and recycling waste based on in-house waste management regulations and waste separation rules. Managers in charge of waste management at these sites periodically conduct observation at the intermediate waste treatment facilities and landfill sites run by waste treatment subcontractors to ensure our company’s waste is being disposed of appropriately.

The three sites have also been gradually switching from landfilling waste to recycling it. At the Fukui Research Institute, the ashes remaining after incinerating leaves and other vegetation-related waste on the premises used to be landfilled, but in FY2014, the site switched to recycling this material as, for example, culture soil. The research division achieved zero emissions in FY2014 and it will strive to continue this record.

### •Initiatives in Other Divisions

All of our sites separately collect three types of waste paper, and they are recycled into 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. This has trimmed the amount of stock in the offices and reduced the amount of used materials disposed of as waste.

#### Notes:

\* We have not achieved zero emissions for certain materials, such as some hazardous substances and reagent waste, because their safe disposal is a higher priority.

\* Zero emissions means a final disposal rate (percentage of waste that is landfilled) of less than 1.0%, because industrial waste generated is recycled.  
(Calculation of final disposal rate: Final disposal amount / amount of waste generated  $\times$  100)

## ● Air Pollution and Water Pollution

### •Initiatives at Production Sites

The two production sites (the Fujiyama and Joto Plants) comply with the Japanese 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 periodically measure the concentration of exhaust gas and noise from boilers and cogeneration systems as well as wastewater from the plants in order to ensure that levels are within regulatory limits.

They also strive to reduce environmental risk. The PDCA cycle is followed in the plants, and employees are provided with the necessary environmental management training in operations in which there is a risk of environmental impact.

Emergency drills are also conducted regularly. These drills use scenarios such as high concentrations of soot due to faulty equipment and leakages of oil into the ground, giving employees practice in the necessary preventative and responsive measures for such situations.

In recent years, extreme weather events are occurring as a result of global warming. We have formulated manuals to prepare for accidents and emergency situations caused by such weather, and we organize training sessions to minimize environmental impacts. In particular, to address any accidents and emergency situations that may cause water or soil pollution, we systematically review and implement the backup and reinforcement of relevant equipment.

## •Initiatives at Research Institutes

The three research institutes (Minase, Fukui, and Tsukuba) periodically analyze boiler exhaust gas and wastewater in accordance with laws, municipal ordinances, and pollution control agreements to confirm that values are within regulatory limits.

To prevent air pollution, the institutes employ scrubbers and filters to remove chemical substances from exhaust gas. The Fukui Research Institute switched to gas-fired boilers to reduce the amount of soot and nitrogen oxide in the exhaust gas. To prevent water pollution, all reagents used for experiments are collected and appropriately disposed of as industrial waste based on wastewater management regulations. Based on the Japanese Water Pollution Control Act, wastewater is inspected regularly to ensure that no pollution of groundwater occurs.

We will continue to take all possible measures to prevent air and water pollution.

## ● Chemicals

ONO is committed to reducing chemical emissions to the lowest possible level not only in compliance with laws and regulations but also in recognition that these emissions may impact human health and the ecosystem.

### •Compliance with the PRTR Law

In FY2015, the Minase Research Institute, Fukui Research Institute, and the Joto Plant made reports on Class I designated chemical substances. These chemicals are managed in appropriate amounts and in compliance with the PRTR Law.

Compliance with the PRTR Law

Substance	Amount handled by the notifying facilities			Notified release						Notified transfer						Total of notified release amounts/notified transfer amounts		
				into the air			into public waters			Contained in waste			Into public sewage					
	FY 2014*	FY 2015*	FY 2014* comparison (%)	FY 2014*	FY 2015*	FY 2014* comparison (%)	FY 2014*	FY 2015*	FY 2014* comparison (%)	FY 2014*	FY 2015*	FY 2014* comparison (%)	FY 2014*	FY 2015*	FY 2014* comparison (%)	FY 2014*	FY 2015*	FY 2014* comparison (%)
Acetonitrile	7.72	8.48	109.8	0.25	0.13	52.0	0.00	0.00	—	7.47	8.36	111.9	0.00	0.00	—	7.72	8.48	109.8
Normal-hexane	3.94	2.90	73.6	0.07	0.05	71.4	0.00	0.00	—	3.87	2.85	73.6	0.00	0.00	—	3.94	2.90	73.6
Total	11.66	11.39	97.7	0.32	0.18	56.3	0.00	0.00	—	11.33	11.21	98.9	0.00	0.00	—	11.66	11.39	97.7
Dioxins	—	—	—	0.59	0.48	81.4	0.00	0.00	—	3.00	9.12	304.0	0.00	0.00	—	3.59	9.60	267.4

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

### •Amount of Chemical Substances Handled

In FY2015, as in FY2014, the volume of Class I designated chemical substances under the PRTR Law that we handled was extremely low, at just 11.39 tons. This is partly because ONO does not conduct any synthesis of pharmaceutical substances. We will continue to strive to reduce the amount that we handle and release.

### •Handling of PCBs

ONO manages waste polychlorinated biphenyls (PCBs) properly in accordance with the Law Concerning Special Measures for Promotion of Proper Treatment of PCB Waste in Japan. The company submits a report on the storage and disposal of waste PCBs to the Osaka municipal government every year.



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

\* The Joto Plant in FY2007—and the Minase Research Institute in FY2014—delivered PCBs to the Japan Environmental Storage and Safety Corporation, a PCB waste treatment service provider.

## ● Green Purchasing

In December 2004, we started purchasing—on a company—wide basis—from @office, an online office supply purchasing service provided by Kokuyo Co., Ltd. This service offers a wide range of environmentally friendly office supplies, including Green Mark and Eco Mark certified products, and we use this service to promote green procurement. In FY2015, 84% of the office supplies purchased by ONO were environmentally friendly products.



## ● Independent Practitioner's Assurance

In order to improve the reliability of the information—in our Corporate Report 2016 and on this website—that we release on energy-derived CO<sub>2</sub> emissions and CO<sub>2</sub> emissions in the value chain (Scope 3), we had our data certified by an independent third party.

The Independent Practitioner's Assurance Report on energy-derived CO<sub>2</sub> emissions is on page 115 of the Corporate Report. The Independent Practitioner's Assurance Report on CO<sub>2</sub> emissions in the value chain (Scope 3) is as follows.

## Environmental Efficiency / Environmental Accounting

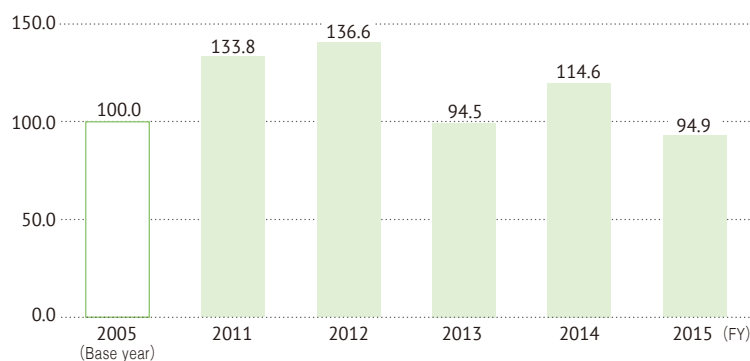
We have assessed the environmental efficiency of our production and research sites to evaluate their environmental efforts in a quantitative form. In addition, we have disclosed environmental accounting data in reference to the Environmental Accounting Guidelines (2005 edition) issued by the Ministry of the Environment of Japan.

## ● Assessment of Environmental Efficiency

We have disclosed an indicator that shows the efficiency of our environmental conservation activities in reducing environmental impact. To calculate this indicator, we classified the company's environmental impacts into five categories: chemical substances, global warming, waste, water quality, and air quality. We then selected a typical environmental factor for each of the categories and divided their amount of environmental impact by the net sales in the relevant fiscal year. The resulting figure is then used to assess the level of reduction in environmental impact achieved through environmental conservation activities.

The environmental efficiency indicator for FY2015 improved by 5.1 points compared to FY2005. This was due to reductions in the amount of final landfill disposal and BOD load. We will remain committed to reducing our environmental impact and improving the environmental efficiency indicator.

Assessment of Environmental Efficiency (Indicator with a score of 100 representing the level in 2005)





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

Amount of environmental impact	<p><b>The following environmental factors are used to evaluate the amount of environmental impact generated by our business activities :</b></p> <p>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, NO<sub>x</sub> and SO<sub>x</sub>  Waste : Amount of waste landfilled</p>
Intensity of environmental impact	<p><b>Calculated by dividing the discharge of each of the factors by sales for the fiscal year :</b></p> <p>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, NO<sub>x</sub> and SO<sub>x</sub> / Sales</p>
Environmental impact index	<p><b>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).</b></p> <p><b>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).</b></p> <p>Overall environmental impact index = <math>20 \times (A/A_0 + B/B_0 + C/C_0 + D/D_0 + E/E_0)</math>  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>.</p>

## ● Environmental Costs and Effects in FY2015

The environmental investment at our main production and research sites during FY2015 was for global warming countermeasures and other environmental measures.

### Environmental Costs (Including Depreciation Costs)

(Thousands of Yen)

Category	Environmental costs		Amount of investment in environmental equipment	
	FY2014	FY2015	FY2014	FY2015
1: Pollution prevention costs (prevention of air pollution, water pollution, soil pollution, groundwater pollution, hazardous chemicals, noise, vibration and offensive odors)	53,037	102,270	2,149	0
2: Global environment conservation costs (prevention of global warming and environmental conservation)	299,828	347,727	112,839	527,469
3: Resource circulation costs (reduction of waste, proper treatment of waste, and efficient use of resources)	95,814	100,827	0	0
4: Administration activity costs (time and costs spent for relevant committees, ISO activities, and environmental management)	8,526	10,908	—	—
5: Research and development costs	116,208	211,741	—	—
6: Community activity costs (cleanup and tree-planting activities on business sites and in surrounding areas, etc.)	1,049	1,098	—	—
Total	574,462	774,571	114,988	572,469

## Environmental Conservation Effects

Environmental performance indicators		Change in the amount of environmental impact		Environmental impact	
		FY2014	FY2015	FY2014	FY2015
Effects related to business area costs	SOx emissions (tons)	0.00	0.00	0.00	0.00
	NOx emissions (tons)	5.54	0.23	11.50	11.73
	Water use (10,000 m <sup>3</sup> )	2.00	-1.17	30.71	29.54
	BOD load (tons)	-0.42	-0.56	2.48	1.92
	CO <sub>2</sub> emissions (10,000 tons-CO <sub>2</sub> )	-0.04	-0.00	2.21	2.21
	Energy use (10,000 GJ)	1.00	0.27	48.18	48.45
	Total waste discharge (tons)	-322.44	-24.89	690.70	665.81
	Final landfill disposal (tons)	-0.21	-0.43	12.92	12.49

## Economic Effects Associated with Environmental Conservation Activities

(Thousands of Yen)

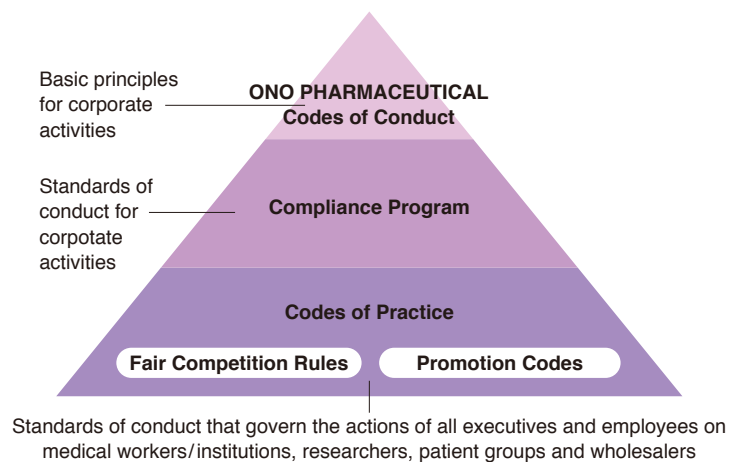
Details of effects	Total	
	FY2014	FY2015
1: Reduction in costs through energy-saving activities	251	2,307
2: Reduction in waste costs through recycling activities	0	0
3: Profit on sales from waste recycling	108	1,424
Annual total	359	3,731

# Fair Operating Practices

Being aware of responsibilities as a pharmaceutical company dealing in pharmaceuticals upon which human lives depend, ONO PHARMACEUTICAL has its own codes of conduct to ensure that it acts in compliance with laws and regulations and that it meets high ethical standards. Recognizing that actions based not only on laws but also on social practices and norms underlie corporate ethics, ONO has been committed to instilling in its employees the importance of compliance with laws and internal and external rules. We thoroughly train all employees to ensure compliance and promote proper procurement activities in cooperation with suppliers.

## ONO's Ethical System

Our ethical system consists of the ONO PHARMACEUTICAL Codes of Conduct, which serve as basic guidance for our corporate activities; the Compliance Program, which provides standards of conduct for those activities; and the Codes of Practice, which are based on industry standards for promotional and other activities. In putting the ethical system into practice, we repeatedly remind our employees of their duties to ensure transparency in transactions and prevent fraud and corruption, and we act in consideration of social situations at home and abroad. Being keenly aware of corporate ethics as a pharmaceutical company, we will continue to strengthen our level of compliance in line with our ethical system.



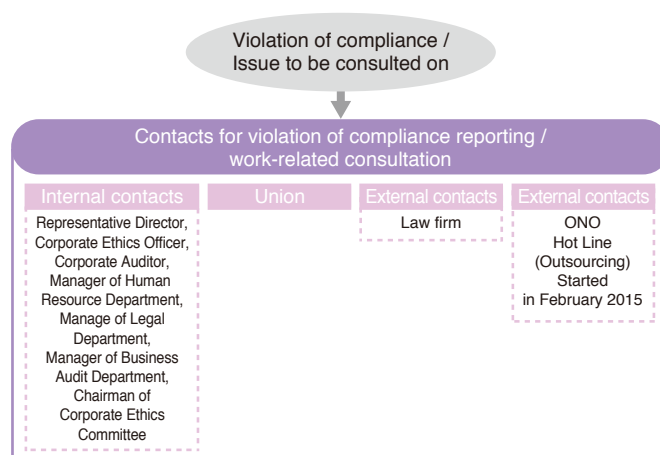
## Compliance Promotion Initiatives

### ● Compliance Promotion System

To promote compliance, we have appointed a Corporate Ethics Officer and set up a Corporate Ethics Committee under the officer to examine and deliberate on compliance-related issues and to plan and promote relevant training programs.

We have internal and external contacts (refer to the chart below) for compliance issues as well as a system to ensure that informants can directly report to or consult with top management—that is, the Representative Director, the Corporate Ethics Officer, and the Corporate Auditors. Under this system, compliance violations can be prevented and necessary measures can be taken to minimize any loss of credibility in the event of a compliance violation.

We provide guidance to associated group companies in creating systems and rules to prevent the occurrence of noncompliance, and we strongly urge our affiliates and suppliers to do the same. A 24-hour ONO Hot Line was set up in February 2015 to enable group-wide employees to report or consult without hesitation.



## ● Compliance Education System

We provide the following training courses for employees to enhance their awareness of compliance:

- (1) Every year we schedule a three-month period of training during which all employees are required to attend lectures given by the leaders of respective departments. At the same time, we provide training courses using an e-learning system to improve employees' familiarity with and understanding of compliance in general. (Training on information security is provided separately.)
- (2) We periodically provide training for relevant departments on the internal standards established based on laws and industry agreements. For example, in the Sales and Marketing Division, compliance promotion staff members visit each sales branch twice a year to provide MRs with compliance training on internal standards, particularly the Pharmaceutical Promotion Code in the ONO Codes of Practice.
- (3) During job-level-specific training programs, sessions on harassment and other issues are held by external lecturers in order to educate employees during their career and enhance awareness of compliance.

## ● Ethical Considerations in Animal Experiments

ONO gives consideration to the ethical treatment of laboratory animals and human-derived biological specimens.

Considerations to ensure human rights during research [http://www.ono.co.jp/eng/rd/human\\_rights.html](http://www.ono.co.jp/eng/rd/human_rights.html)

Ethical considerations in animal experiments [http://www.ono.co.jp/eng/rd/animal\\_ethics.html](http://www.ono.co.jp/eng/rd/animal_ethics.html)

## ● Activities in the Development Phase

### Ethical Considerations in Clinical Tests to Ensure Human Rights

Clinical trials, which are essential for verifying the safety and efficacy of investigational compounds, must be performed with respect for the rights of trial subjects. Clinical trials are closely monitored for patients' safety and are stringently conducted under high ethical standards. We are committed to evaluating the real merit of investigational compounds by steadily applying essential and complete testing procedures that comply with Japan's Pharmaceutical Affairs Act and other related legislation, as well as the ICH-GCP\* based on the spirit of the Declaration of Helsinki.

\* : International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH)

## ● Fair and Transparent Business Activities

We conduct fair and transparent business activities.

We aim to contribute to healthcare all around the world and people's health through continuous R&D activities and the stable supply of new drugs. To this end, we need to engage in collaborative activities-for example, providing support for patient organizations-and cooperate with research and medical institutions to help patients overcome disease and pain. To enhance the fairness and transparency of such collaborations and cooperation, it is important to ensure transparent relationships with our partners. We therefore disclose information on the costs of our assistance to medical institutions and patient organizations in accordance with our transparency guidelines, which are formulated in line with the relevant guidelines of the Japan Pharmaceutical Manufacturers Association (JPMA).

## ● 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 the establishment in various countries of relevant laws such as 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 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 departments to repeatedly familiarize employees with the laws and ensure that they always act in consideration of the social situation in Japan and overseas.

As for publicly funded research, we formulated internal standard operating procedures in line with Japanese government guidelines for the appropriate use and management of such funds. In March 2016, we revised these procedures and upgraded them into two documents: the Action Guidelines for Publicly Funded Research and the Regulations on Publicly Funded Research. These took effect in April and are being applied for even more stringent use and management of public research funds.

## CSR Procurement

We have established a basic policy-the Basic Ideas on Purchase Transactions-for procurement activities in terms of fairness, sound economic sense, and environmental protection. Our procurement personnel 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 clearly separates its purchase organization from other parts of the company and carries out regular internal audits of the purchase organization to confirm its transparency.

## ● CSR Procurement Policy

ONO 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 involve selecting and purchasing favorable goods and services on the basis of economic rationality.
2. Purchase transactions are open to suppliers both at home and abroad and are 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 as part of their contribution to society as good citizens. Companies also give consideration to resource savings 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 we will 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 evaluations of the quality of goods and services and the management stability of suppliers, and we will select suppliers based on proper standards.

#### (4) Fair distribution of opportunities

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

#### (5) Consideration of the environment

We will be conscious of the protection of resources and the 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.

We raise our social value by consistently and wholeheartedly pursuing the development of pharmaceuticals that truly benefit patients. We always engage with the community with sincerity and conduct ourselves in harmony with the community as a local corporate citizen.

## Various Corporate Social Responsibility (CSR) Activities

### ● Web-Based Information Dissemination

Our corporate website contains a section for patients and their families that provides information for the proper use of our key products. This section also explains common diseases, including diabetes, osteoporosis, and allergic rhinitis, in an easy-to-understand manner with diagrams and illustrations. It introduces specific symptoms, therapeutic methods, and things that patients and their families should do in their daily lives to support themselves.

We also have other web sources to disseminate information widely. We have launched a website specializing in dementia titled “Treating Dementia with Positivity”, which provides comments and messages from a wide range of healthcare professionals involved in the treatment and care of people with dementia. We have also set up “ONO Oncology,” a website to communicate information on diseases and treatments in oncology to a wide audience. We also offer a free smartphone app that provides support to patients suffering from diabetes or other lifestyle diseases.

### ● Initiatives for Medical Advancement

We are committed to contributing to medical advancement to meet unmet medical needs. In 1988, the ONO Medical Research Foundation was established with donations from ONO. The Foundation provides grants for research activities in the field of lipid metabolism disorders 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. The Foundation has provided research grants and scholarships every year for 28 years since its establishment.

At the Graduate School of Medical Sciences, Kyushu University, we also fund a special course focusing on multidisciplinary surgical approaches.



### ● Activities to Support the Health of People

We conduct various health-related activities to provide a wide range of support for people such as patients—and the families of patients—who are fighting against disease and pain. We also cooperate in holding seminars for citizens to raise awareness and provide correct information about diseases. Since 2014, we have been participating in “Relay for Life,” a charity event aimed at supporting cancer patients, and their families and making cancer controllable and surmountable through community action against cancer.

In the field of dementia, all our MRs, who have completed the Dementia Supporters Training Program, consider what they can do on a daily basis to help people with dementia and their families live with a sense of security. We produce and release on our corporate website a series of short movies titled “Grandma’s World” which are aimed at raising dementia awareness. We also present the “Communicate & Link” exhibition on the website, which shows images of paintings, calligraphy, and



other art works created by people with dementia at medical institutions. This exhibition is aimed at spreading joy to people of dementia and their families and helping medical providers gain professional fulfillment. In 2015, we held a panel exhibition of such art works and a talk show with the selection committee members, including entertainer and artist Mr. Tsurutaro Kataoka.

In addition, in March 2015 we held the “Operation Slimmer and Healthier” program in Aizu Misato Town, Fukushima Prefecture, as a Great East Japan Earthquake reconstruction assistance activity. Run with the cooperation of top athletes and specialists in lifestyle disease, the program addressed childhood obesity, a social issue in the earthquake-affected areas. This project provides an opportunity for children and their parents to consider diet and lifestyle habit through sports. It was held for the second time in Ishinomaki City, Miyagi Prefecture in March 2016. We will be committed to continuing to be involved in activities that help people keep healthy.



## Activities as a Corporate Citizen

In our role as a corporate citizen, we are committed to strengthening ties with and contributing to local communities by having each of our business sites take part in activities such as cleanups and firefighting drills.

### ● Initiatives in the Production Division

The Fujiyama Plant's recent activities for improving the environment involved planting trees in a nature park near the base of Mt. Fuji in May 2015 and cleaning up the areas surrounding the plant in March 2016. Since 2015, we have been co-sponsoring a hands-on learning activity for elementary school children hosted by the local municipality and other organizations. This program focuses on the wonders of water and aims to boost children's awareness of water and the natural environment around Mt. Fuji. The goal is to get children thinking about how they can contribute to preserving the environment.

At the Joto Plant in October 2015, 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 January 2016, the private fire brigade of the plant joined the New Year's parade of private fire brigades in Higashinari Ward, Osaka. It took on the role of removing rubble as part of rescue training.

A fair to sell bread and cookies made at work centers that support the independence of persons with disabilities is held on the second Wednesday of each month.

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

The Minase Research Institute joined the Rikyu no Mizu Conservation Society to protect the famous water source found on the premises of Minase Jingu Shrine, which has been selected as one of the 100 best springs in Japan. Staff members took part in the joint cleanup activities, which are organized twice a year. In addition, the private fire brigade members at the institute participated in firefighting training in a fire-prevention festival in Shimamoto-cho, which is held to raise awareness of fire prevention among local residents every November, as well as in the New Year parade of the firefighting brigade of Shimamoto-cho, which is organized on the second Sunday of January every year.

At the 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 every year to raise awareness of fire prevention and improve firefighting skills—and conducted firefighting training. Staff members at the institute are also on the executive committee of the Techno Port Fukui Summer Festival, which is hosted by the Techno Port Fukui Business Council, to deepen exchanges with local people. Moreover, the gymnasium and tennis courts on the premises are opened to the public as places for communication. At the 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

The Head Office joined the Osaka Marathon Cleanup campaign and cleaned up the area around its premises. On the fourth Wednesday of every month, the Head Office holds events at which bread and cookies made by the disabled members of a social welfare organization are sold.

Special lessons for high-school students and junior high-school students to deepen understanding of dementia were launched in May 2014. Short movies produced by ONO 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.

## ● Eco-Cap Activities

The Minase Research Institute (from June 2014) and the Head Office (from July 2014) have been taking part in an “Eco-cap” campaign. The caps of plastic bottles are disposed of in special garbage containers near vending machines and are recycled. The proceeds from this recycling are used, for example, to buy vaccines for children in developing countries and help communities recover from earthquakes.



## ● Blood Donation

Employees at the Head Office, plants, and research institutes actively donate their blood to the Japanese Red Cross Society.

## ● Contribution to the Local Community in Shimamoto-cho

In an effort to promote sustainable development in harmony with local communities, ONO donated dental goods to children in Shimamoto-cho, Mishima-gun, Osaka Prefecture—the home of the Minase Research Institute. During Dental Health Week (June 4 to 10), 2,700 tooth-brushing kits and 400 toothbrushes 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.

In November 2015, researchers from the Minase Research Institute led a lesson for sixth grade students at Shimamoto Municipal No. 3 Elementary School. The theme of the lesson was medicine, and it taught children the joys of learning science and the role of medicine in society. It also sought to offset the declining interest in science studies among the younger generation and promote the value of scientific learning.





## Medium-term Targets and Progress Status

### Corporate Governance

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

Medium-term targets	Plan for FY2015	Results in FY2015	Evaluation	Action plan for FY2016
Strengthen corporate governance	Respond to the revised Companies Act and Corporate Governance Code, both enacted in Japan in 2015	Took appropriate measures to respond to the revised Companies Act and the Corporate Governance Code	○	Take new measures for the Corporate Governance Code, and continue to step up corporate governance

### Innovative Pharmaceutical Products

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

Medium-term targets	Plan for FY2015	Results in FY2015	Evaluation	Action plan for FY2016
Research and develop innovative pharmaceutical products	Develop drugs through unique methods, carry out speedy clinical development, and conduct aggressive licensing	Built an industry-academia research network, launched one new product, received approval of additional indications for two products, and derived one compound	○	Continue to develop drugs through unique methods, carry out speedy clinical development, and conduct aggressive licensing
Conduct appropriate marketing	Based on the latest data, use appropriate methods to provide information	Sped up process for gathering and conveying information on safety and proper usage, provided online information on treatment and pharmaceuticals	○	Continue to use the latest data in providing information in appropriate ways
Supply products to global markets	Supply ONO brand products to Asian markets	Began initial supply of ONO brand products to Asian markets	○	Build a system for the ongoing supply of ONO brand products to Asian markets
Ensure stable supply of antibody products	Ensure stable supply of ONO-made antibody products to global markets	Supplied ONO-made antibody products to Korea and Taiwan	○	Carry out supplemental application of antibody products at pharmaceutical substance plants, and strengthen the system for stable supply

### Human Resources and Human Rights

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

Medium-term targets	Plan for FY2015	Results in FY2015	Evaluation	Action plan for FY2016
Strengthen the human resource development system	<b>[Hiring]</b> Create and implement a hiring process capable of adapting to change	Revised the hiring process to effectively secure new graduates and mid-career recruits	○	Continue to revise and implement a hiring process capable of adapting to change
	<b>[Education/Training]</b> Verify our conventional education and training in order to plan, propose, and implement better training	Conducted training that was useful in fostering human resources	○	Verify the results of training with the goal of training human resources through effective education and training
	<b>[Self-learning]</b> Enrich correspondence education and employees' awareness of it, and provide correspondence course information and application forms online	Enriched correspondence courses and promoted their use by making applications available online	○	Analyze how many employees are taking the correspondence courses in order to enrich them and get more employees taking self-learning
Respect human rights	Respect human rights in words and actions in all aspects of business. Based on current human resource policy, establish and operate human resource systems	Established and operated a system based on current human resource policy	○	Continue to operate a system based on current human resource policy, and verify this system
	Hold compliance training to help prevent harassment	Held compliance training for line managers with the goal of preventing harassment	○	Hold compliance training to help prevent harassment

## The Environment

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

Medium-term targets	Plan for FY2015	Results in FY2015	Evaluation	Action plan for FY2016
Reduce CO <sub>2</sub> emissions by 23% from the FY2005 level in FY2020 Note: Covers production and research sites	Set the target of reducing CO <sub>2</sub> emissions by FY2020 by 23% from the FY2005 level and promote activities at each base	As a result of upgrading aging equipment, expanding the use of waste heat from cogeneration systems, and strictly controlling air conditioner operation, CO <sub>2</sub> emissions decreased by 17.2% over FY2005	○	Incorporate highly energy-efficient equipment when upgrading equipment, and continue strict air conditioner control in order to improve energy efficiency and reduce CO <sub>2</sub> emissions
Reduce the amount of PRTR Class I designated chemical substances released into the environment	Maintain and continue proper management of chemical substances	Periodic replacement of exhaust air filters reduced chemicals discharged into the atmosphere. The amount of chemicals handled decreased by 2.3%	○	Maintain the volume of chemicals handled at the current level, and continue to work to reduce their discharge into the atmosphere
Reduce the amount of waste landfilled by FY2015 by 40% over FY2010 Note: Covers production and research sites	Maintain and continue proper management of waste	We strove to reduce waste, and we reduced the amount of waste landfilled to 12.49 tons by recycling sediment after intermediate treatment. However, we only achieved a 30.6% reduction in waste landfilled, falling short of our target of 40%	△	Set a new target of maintaining FY2020 waste landfilled at the FY2015 level, and work to maintain and continue proper management of waste
Prevent environmental accidents and complaints from local communities on an ongoing basis	Maintain and continue proper management of pollutants	To prevent air pollution, we took smoke concentration measurements of boilers and cogeneration systems. To prevent water pollution, we measured final wastewater quality levels. Both were within emission standards, so there were no violations of emission standards or complaints from local communities	○	Continue proper management of pollutants with the goal of maintaining our record of zero complaints from local communities
Comply with guidelines issued by the Ministry of the Environment of Japan	As in FY2014, continue evaluating environmental efficiency	By reducing the amount of waste landfilled and biological oxygen demand (BOD), environmental efficiency increased by 5.1 points over FY2005	○	Continue to reduce environmental impact in order to improve environmental efficiency
Beautify local communities, prevent workplace accidents involving employee injury	Continue beautification of areas surrounding major bases such as plants and research institutes. To prevent workplace accidents, take part in municipal programs and continue to educate employees on workplace safety	Major bases such as plants and research institutes took part in community clean-ups and firefighting activities. To prevent workplace accidents, we took part in municipal programs and educated employees on workplace safety	○	Take part in environmental protection activities and community action programs. Continue to educate employees

## Fair Operating Practices

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

Medium-term targets	Plan for FY2015	Results in FY2015	Evaluation	Action plan for FY2016
Promote CSR procurement	Disseminate our concept of CSR procurement among suppliers	Publicized our CSR procurement policy on our website	△	Disseminate our concept of CSR procurement among suppliers
Conduct activities to eliminate noncompliance	Eliminate noncompliance	Stepped up efforts to identify latent cases of noncompliance but were not able to totally eliminate noncompliance	△	Raise individual employee awareness through training and other measures; prevent noncompliance through mutual monitoring of company divisions

## Society

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

Medium-term targets	Plan for FY2015	Results in FY2015	Evaluation	Action plan for FY2016
Actively promote community involvement as a corporate citizen	Make a further contribution to local communities	Along with projects to contribute locally, we started an initiative focusing on medical treatment and health	○	Step up the medical treatment and health initiative and projects to contribute locally
	Continue to provide academic support for medical professionals through endowed courses at universities	Continued to provide academic support through endowed courses at universities	○	Continue academic support activities through endowed courses
Support patients and their families	Support lectures and other events sponsored by patient organizations	Supported events such as lectures on topics such as diabetes, dementia, and cancer	○	Continue to support lectures and other events sponsored by patient organizations
	Expand medical information online	Expanded the content on sites including ONO Medical Navi, ONO Oncology, and a website specializing in dementia	○	Continue to expand information online
	Use the Internet to expand activities to raise awareness of diseases and support patients	Used the Internet to raise awareness among patients concerning diseases such as dementia, rheumatism, diabetes, and cancer	○	Continue expanding online content to educate patients about diseases such as cancer

