

Material Issues and KPI

Material Issues	Reason for being a priority issue	Vision over the medium to long term	Major initiatives	Indicators (items in blue are actual for FY2022)	
Value Creation	1 Creation of Innovative Drugs	The creation of innovative drugs is the practice of our corporate philosophy, "Dedicated to the Fight against Disease and Pain," and is the core value we provide to society. To sustainably create this value, drug discovery research using the latest scientific knowledge and cutting-edge technologies is crucial, and strengthening our competitiveness in drug discovery research will lead to our growth.	Cooperate with top scientists and accelerate the creation of new drugs that can change the world.	<ul style="list-style-type: none"> Explore unique breakthrough drug seeds and creation of new drug candidate compounds through open innovation Improve the speed of creation of new drug candidate compounds by selecting optimal modalities, utilizing artificial intelligence (AI), etc. Promote drug discovery research based on human disease biology using the latest technologies, such as AI and informatics, as well as patient-derived samples Promote translational research by searching for biomarkers based on the mechanism of action 	<ul style="list-style-type: none"> The number of new products going to clinical trials: 3 (ONO-7018, ONO-1110, ONO-2020)
	2 Pipeline Expansion	Our pipeline is the source of our sustainable growth. We continue enriching our pipeline to constantly provide innovative drugs to patients.	The speed and accuracy of establishing PoC* for new drug candidates are improving, and the pipeline is enriched through licensing activities. * PoC (Proof of Concept): PoC studies are an early stage of clinical drug development to c	<ul style="list-style-type: none"> Establish PoC on multiple projects and conduct global clinical trials <ul style="list-style-type: none"> Continue system development for early establishment of PoC Further enhance activities for translational research (TR) and reverse translational research (rTR) Increase the speed and accuracy of establishing PoC by using state-of-the-art technologies and methodologies Strengthen licensing activities to obtain global rights 	<ul style="list-style-type: none"> The number of products in the clinical development stage: 21 The number of newly introduced products: 1 (exclusive option and asset purchase agreement for itolizumab) Approvals received in the U.S. and Europe: Total of 12 projects at the clinical trial stage
	3 Maximization of Product Value	Our mission is to contribute to people's health through our products. To achieve this mission, it is essential to maximize the potential of our products and promptly deliver drugs to patients in need. At the same time, we aim to enrich our resources for continued research and development through the maximization of product value.	We have addressed our goal of achieving the well-being* of patients and their families in cooperation with healthcare professionals, and as a result, our new drugs are spreading promptly. * "Well-being" refers to a state in which satisfaction in mental, physical, social, and life conditions are achieved.	<ul style="list-style-type: none"> Engaging in effective marketing activities, using digital communications to provide information, and improving the expertise of MRs Obtaining approvals for drugs with indications and usage, dosage and administration that maximize the potential of developed compounds Identifying needs of patients and healthcare professionals and designing products to meet them Generating evidence focused on extension of the healthy life span (efficacy, safety, and QoL) 	<ul style="list-style-type: none"> Number of patients to whom our new drugs are delivered: about 850,000 Sales by major product: OPDIVO, 142,300 million yen; FORXIGA, 56,500 million yen Number of approvals received in Japan, Korea, and Taiwan: Japan, 4; Korea, 4; Taiwan, 7
	4 Realization of Direct Sales in the US and Europe	We are committed to bringing medicines to patients around the world with our own hands. And to achieve sustainable growth, we will develop business in the U.S. and Europe, which have large markets.	Aiming to become a globally competitive specialty pharmaceutical company, we are marketing new drugs in the U.S. and Europe.	<ul style="list-style-type: none"> Establish a sales structure for the launch of ONO-4059 in the U.S. Carry out development in Europe and establish a sales structure according to the progress of the development 	<ul style="list-style-type: none"> Start our own sales in the U.S. and Europe: increase of about 40 employees (total of about 100 employees) to reinforce development organization, sales organization, and infrastructure at ONO PHARMA USA increase of about 10 employees (total of about 60 employees) primarily for development at ONO PHARMA UK
	5 Expansion of Business Domains	To solve society's healthcare issues and realize a society where people can live healthier lives, we are expanding our business beyond the new drug business to new business domains. We believe that we can develop unique businesses by leveraging the knowledge and strengths we have cultivated in our history of drug discovery.	Contributing to solving social issues and realizing next-generation healthcare by leveraging digital technologies and our strengths.	<ul style="list-style-type: none"> Creating and promoting new businesses utilizing digital technology, starting from customers' unresolved issues (needs) Develop and commercialize evidence-based products and services to solve social issues in the healthcare sector (Ono Pharma Healthcare Co., Ltd.) Invest in and create business for venture companies engaged in businesses aimed at solving healthcare issues (Ono Digital health Investment, GK) 	<ul style="list-style-type: none"> The number of new businesses started: 1 (michiteku Co., Ltd.) The number of new products and services provided: 1* * Released michiteku β-version in May 2023
Foundation for Value Creation	6 Corporate Transformation through Digital & IT	We aim to grow into a company capable of accelerating our growth strategy, innovating business processes, and creating new value (digital transformation) by leveraging digital and IT cross functionally.	A global IT infrastructure is being implemented and corporate transformation through digital is being realized.	<ul style="list-style-type: none"> Implement cross-functional IT infrastructure based on the IT blueprint Implement a data utilization platform including internal and external data for important decision-making Improve robust information security management capabilities Develop the talent to plan and lead DX 	<ul style="list-style-type: none"> Completion and utilization of the IT blueprint (big picture for IT infrastructure and related systems) Construction and use of a data utilization platform: Operate OASIS Establishment of a cross-functional DX promotion system: obtained DX certification Number of participants in the Digital Talent Development Training Program: 100 (FY2026 target of 500) Of these, the number capable of planning, managing, and executing DX projects: 15 (FY2026 target of 100)(achieved all FY2022 targets)
	7 Strengthening of Financial Capital: financial strategy and policy on medium- to long-term investment	Robust financial capital is important for continuing investment in management infrastructure that supports research and development and growth, which makes it possible for us to provide value to patients and continue increasing our corporate value.	Based on our corporate philosophy, Dedicated to the Fight against Disease and Pain, we strive to maintain and expand a robust financial base that leads to drug discovery, with the aim of becoming a global specialty pharma that creates innovative new drugs that truly benefit patients, and responds to unmet medical needs.	<ul style="list-style-type: none"> Enhancing operating cash flow by expanding sales revenue Increasing asset efficiency by reducing cross-shareholdings Maintaining and increasing profitability and ROE by maximizing return on investment 	(FY2022 to FY2026) <ul style="list-style-type: none"> Revenue CAGR: In the high single digits: 23.8% for FY2021 Operating income to revenue ratio: Maintain 25% or higher: 31.7%
	8 Expansion of Human Capital	To achieve sustainable growth, it is essential to secure talent that can execute strategies as passionate challengers towards achievement of our corporate philosophy.	We provide talent development programs to selected people, approximately 30% of employees of our group companies, and the creation of corporate value is driven through talent development. In particular, the enhancement of executive talent, globally competent talent, digital talent, and innovation talent have been set as important themes.	<ul style="list-style-type: none"> Next executive talent: Promoting the training for selected employees and the strategic personnel transfers Globally competent talent: Promoting development plans based on global development and implementing global strategic personnel transfers Digital talent: Developing talent to plan and lead the digital transformation, and providing training programs for them Innovation talent: Providing programs to trigger innovations, and promoting innovation Other: Engaging in activities to disseminate mission statements, providing voluntary-participation type training, developing a self-development learning support system, etc. 	(Total number of persons up to 2026) <ul style="list-style-type: none"> In next executive talent pool: 91 (goal of at least 250) In globally competent talent pool: 153 (goal of at least 300) Persons who will have participated in digital talent development and training program: 269 (goal of at least 500) Including those who can plan, manage, and execute the DX project: 40 (goal of at least 100) Core innovation talent: 29 (goal of at least 180)
	9 Intellectual Property Strategies	Intellectual property (IP) is one of the most important intangible assets for R&D-based pharmaceutical companies. To deliver value to patients and generate financial value, IP (inventions), which are intangible assets, must be patented and given concrete form as innovative drugs. Creating, maintaining, and utilizing IP are important issues for maximizing its value.	In our research and development activities, we ensure that IP that leads to innovative pharmaceuticals is licensed, and we create new IP by leveraging internal and external IP to create financial value.	<ul style="list-style-type: none"> Creating and maintaining IP to create innovative new drugs Strengthening the inventive process to lengthen the life of launched products and products in development, and filing patents effective for LCM* Utilization of IP (IP landscape) through integrated analysis with market and business information to determine the appropriateness of in-licensed products, new businesses, investments, etc. * Lifecycle management 	<ul style="list-style-type: none"> Products and the R&D pipeline: ▶ See p. 37. Amount of IP in use (IP landscape)

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Foundation for Value Creation	10 Open Innovation	We have been able to link the seeds of original drug discovery found through collaborative research with academia and other organizations to the creation of groundbreaking new drugs. The ability to realize open innovation is one of our core strengths and is the lifeline to continually create innovative new drugs in the future.	Based on the original seeds discovered through collaborative research with world-class researchers, the company is continually creating new drug candidate compounds through drug discovery alliances with biopharmaceutical companies.	<ul style="list-style-type: none"> Promote collaborative research with world-class researchers, and drug discovery alliances and joint research with biopharmaceutical companies focusing on priority research areas Strengthen competitiveness in drug discovery and R&D activities through strategic investments by Ono Venture Investment 	<ul style="list-style-type: none"> The number of research collaborations: over 300 in globally (ones underway as of March 31, 2023)
	11 Promotion of Diverse Partnerships	Our business is based on partnerships with diverse stakeholders. We will further strengthen networks and relationships of trust and cooperation with our partners and strengthen our brands, and thereby expand partnership opportunities and achieve growth strategies.	We strengthen company brands, etc. and accelerate business activities to promote partnerships with diverse stakeholders.	<ul style="list-style-type: none"> Collaborating with partner companies in the research and development and sale of drugs Building relationships with local communities and municipalities Building cooperative relationships with the suppliers Building relationships with many partners for our business 	<ul style="list-style-type: none"> The number of companies with which in-license and out-license agreements are concluded: 1 The number of research collaborations: over 300 in globally (ones underway as of March 31, 2023) Other partnering results: See p. 65
Value Preservation	12 Assurance of Product Reliability and Safety	Quality assurance and safety management of pharmaceutical products are fundamental to our business. If a problem were to occur in either of these areas, it would be a serious risk that could violate our corporate philosophy, harm the health of patients, and significantly reduce our social value and raison d'être.	A global specialty pharmaceutical company with established organizational systems for appropriate quality assurance and safety management.	<ul style="list-style-type: none"> Create appropriate global systems for product quality and safety management Establish an operation to study safety signals of investigational products Establish a system to respond to inspections of products for the U.S. market in preparation for the launch of ONO-4059 in the U.S. 	<ul style="list-style-type: none"> Construction of global quality and safety management system: Completed OPUS QA SOP proposal, reached agreement on policy among Japan, US, Europe, and constructing QMS system Zero significant findings from regulatory inspections: achieved Zero recalls of Ono products: achieved
	13 Stable Supply of Products	The provision of a stable supply of our drugs to patients who need them is a basic duty of our business.	Our products are supplied stably to patients throughout the world.	<ul style="list-style-type: none"> Building a global product supply system Implementing risk management for overall operations related to product supply, such as strengthening response to BCP, maintaining proper inventory, etc. Examining mid- to long-term stable production systems, including increased production efficiency and the use of CMO, etc. 	<ul style="list-style-type: none"> No out-of-stock incidences: achieved
	14 Protection of Environment	Our businesses are supported by a sound global environment. We believe that reducing the burden from our business activities on the global environment and local communities is an important corporate responsibility.	Under "ECO VISION 2050," we aim to become a leading environmentally friendly company in the pharmaceutical industry, and will strive to maintain a rich global environment for future generations so that people can have a healthy and sound society.	<ul style="list-style-type: none"> Reduce greenhouse gas emissions and increase share of renewable energy in total electricity consumption Reduce use of water resources Recycling of unnecessary materials 	<ul style="list-style-type: none"> Achievement of medium- to long-term environmental goals linked to ECO VISION 2050 Realization of a decarbonized society: Reduced Scope 1 and 2 emissions 38.2% (compared to FY2017) and achieved renewable energy usage rate as a percentage of total electricity consumption of 21.5% Realization of a water-recycling society: Reduced water resource consumption (water intake) 10.5% compared to previous year Realization of a resource-recycling society: Achieved final landfill rate of industrial waste of 0.02%
	15 Respect for Human Rights	We believe that we have a responsibility to work toward the realization of a society in which people's human rights are respected through our business activities, and we are working to strengthen our human rights risk management. We also recognize that the right to access necessary medical care and to live a healthy life is a human rights issue. As a pharmaceutical company with problem-solving capabilities, we believe that we have a responsibility to contribute to this issue to the maximum extent possible.	Human rights risk management <ul style="list-style-type: none"> Aim to construct a management system based on the UN Guiding Principles on Business and Human Rights Aim to construct a governance system with adaptability to appropriately respond whenever human rights problems arise and establish a foundation of trust with society for the Group (including supply chain) Improving access to healthcare <ul style="list-style-type: none"> We are delivering innovative medicines for rare and pediatric diseases. We are contributing to local capacity-building* in areas with immature medical infrastructures (in collaboration with NPOs and NGOs). * Providing support for the development of medical human resources and the establishment of medical systems so that communities facing challenges can overcome them on their own.	Human rights risk management <ul style="list-style-type: none"> Conduct human rights due diligence Improving access to healthcare Develop new drugs and get additional approvals for rare diseases and pediatric indications with high unmet medical needs Collaborate with NPOs and NGOs and support local capacity-building in areas with immature healthcare infrastructure 	Human rights risk management (up to 2026) <ul style="list-style-type: none"> Conduct human rights due diligence within the Group: conducting risk assessment and impact assessment Conduct human rights risk assessments for high priority suppliers: conducted risk assessment (conducted desktop surveys and held workshops to organize human rights risks) Improving access to healthcare <ul style="list-style-type: none"> Number of approved rare disease/pediatric indications: 1 Project outcome goals (new project to begin in FY2022): See ONO Bridge Project goals.
	16 Thorough Compliance	As a pharmaceutical company involved in pharmaceuticals upon which human lives depend, we must not only comply with laws and regulations but also act in accordance with high ethical standards. In addition, compliance problems are a serious risk that could damage our brand and trust, which are our important non-financial assets, as well as affect the continuation of our business.	Establish a compliance risk management system to support global business expansion and prevent compliance violations.	<ul style="list-style-type: none"> Establish overall risk management (ERM) for global response, including compliance Comply with relevant laws and regulations of the pharmaceutical business, promote proper use of pharmaceuticals, prevent corruption and corrupt practices, protect information, etc. Foster a culture of proactive involvement in preventing compliance violations Strengthen governance of compliance risks by the Board of Directors 	<ul style="list-style-type: none"> Number of significant compliance violations*: 0 * Violations that have a great impact on sales and profits and have a great social impact
17 Supply Chain Management	In order to provide a stable supply of our products to patients and realize a sustainable society, we believe it is important to build a sound network with all of our business partners in our supply chain and work together with them to improve human rights and labor conditions and protect the natural environment.	Strengthen collaborative relationships with business partners and manage sustainability-related risks such as the natural environment and human rights.	<ul style="list-style-type: none"> Share our code of conduct, get consent forms Assess risk Carry out on-site audits Confirm corrective action efforts 	<ul style="list-style-type: none"> Establish a stronger risk management system (formulate policies and Sustainable Procurement Code, and create related system) (~2026): Constructed management system and revised Sustainable Procurement Code Comprehensive evaluations of companies in high-risk areas (~2026): Obtained consent forms and held partner explanatory meetings for companies in important and high-risk fields (3 times) 	
Corporate Governance	18 Strengthening of Corporate Governance	To establish a highly transparent and robust management for sustainable growth, ONO focuses on enhancing the functions of the Board of Directors and the Audit & Supervisory Board to strengthen corporate governance.	Establish an effective corporate governance system to achieve our sustainable growth.	<ul style="list-style-type: none"> Improve function of the Board of Directors to enhance governance Continue taking measures to enhance function of the Board of Directors through communications with stakeholders and evaluation of the effectiveness of the Board of Directors Establish governance system for sustainable growth Continue monitoring risk management-related measures by the Board of Directors 	<ul style="list-style-type: none"> Improve operation through evaluations of the effectiveness of the Board of Directors: Expanded support for outside directors and had Board of Directors review SR Activity Report (shared opinion of shareholders and investors) and agenda setting