



Material Issues

Material issues to create value by solving healthcare social issues

- Protect people from the threat of infectious diseases
- Contributing to a healthy and prosperous life
- Contribute to sustainable social security
- Improve access to healthcare

Material issues to reduce negative impacts on customers and society

- Supply socially responsible products and services
- Respect human rights
- Protect the environment

Material issues to support the realization of a sustainable society and the growth of SHIONOGI

- Secure human resources to support growth
- Strengthen supply chain management
- Ensure compliance
- Strengthen governance

Medium-Term Business Plan STS2030 Revision

Creating value through solutions to social issues of healthcare

Strengthening the company platform and contributing to a sustainable society

Risks and Opportunities

Environmental Changes/ Social Needs

- The global epidemic of COVID-19 and subsequent lifestyle changes
- Further expansion of the scope of corporate social responsibility
- Aging of developed countries' populations and rise of emerging countries
- Accelerating investment in the children of the future
- Structural changes in the healthcare industry
- Restricted access to medical care
- International instability
- Technical innovation and evolution, including digitalization, and greater use of data
- Growth of the global market for prescription drugs, and contraction of the Japanese market
- Global warming

- Transformation to realize the SHIONOGI Group Vision
- Promotion of workstyle reforms
- Numbers of pipelines, imbalance in R&D progress
- High reliance on royalty business
- Lower patent cliff risks

Risks

- Contraction in market for infectious disease drugs as awareness of hygiene increases
- Human rights violations, risks affecting stable supply, business delays, continuity, and deterioration of creditworthiness by the Company and its suppliers due to the following events
 - Deterioration in relations with local communities
 - Human rights, environmental, and compliance/governance issues
- Greater information security risks
- Collapse of existing business models through disruptive innovation
- Lack of human resources to realize transformation
- Loss of business opportunities as nothing is done in emerging countries
- Higher hurdles to drug discovery and lower research efficiency
- Decrease in productivity/outflow of human resources

Opportunities

- Globalization of infectious diseases due to climate change
- Increased expectations and demand for global infectious disease countermeasures
- Increasing demand for wellbeing and social participation in all generations
- Rising needs for prevention, presymptomatic conditions, self-medication needs, and related market expansion
- Promoting access to medical care
- Creating solutions through technological innovation
- Achieving stable supply, customer satisfaction, and reliability in the company and its suppliers in the following events:
 - Continuous improvement of stable supply and quality assurance
 - Care for human rights and the environment
- Construction of a business that does not rely on patents
- Enhance employee awareness of transformation, to create innovation and enhance their ability to respond to change
- Secure human resources by expanding the environment in which diverse human resources can play active roles