SHIONOGI's Material Issues

The Material Issue Identification Process

Identification of Issues

Assessing Opportunities and Threats
- Organize based on perceptions of internal and external environmental changes
  - Evaluation on three axes: social, business, and internal
  - Consideration of ISO 26000 and ESG disclosure standards

Category
- Organize into three elements based on implications: value creation, mitigation of negative impacts, and infrastructure

Material Issue Identification

Priority Ranking of Identified Items
- Evaluation of each of the three elements on two axes: impact and likelihood of occurrence
  - Impact: Consider expectation values derived from stakeholder engagement
  - Occurrence and feasibility: Consider time frames

Board of Directors approval
- Approval by the Board of Directors after discussion at the Executive Officers' Meeting

	Material issues	Major initiatives	Main relevant indicators and evaluation axes	SDGs we contribute to particularly
Material issues to create value by solving healthcare social issues	Protect people from the threat of infectious diseases	Provide products and services for acute infectious diseases	• Number of acute infectious disease-related pipelines • Number of serious infectious disease-related pipelines • Number of countries adopting pull-type incentives for severe infectious diseases	3 GOOD HEALTH AND WELL-BEING
		Providing products and services for infectious diseases requiring a long period of treatment	• Number of HIV-related product pipelines • Contribution to improvement of QOL with cabotegravir • Development of anti-malarial drugs, etc.	
		Build a vaccine business	• Provide COVID-19 vaccine • Development of next-generation vaccines	
	Contributing to a healthy and prosperous life	Discover products and services for disease areas with high unmet medical needs	• Number of psychoneurological diseases-related pipelines • Number of pain-related pipelines • Number of oncology-related pipelines • Numbers of products and services for other quality of life diseases with high social impact	
		Raise awareness of the characteristics of the disease and the problems faced by those affected by the disease to promote social understanding	• Number of educational activities conducted using webinars • Number of support services provided in the area of developmental disorders	
	Contribute to sustainable social security	Providing solutions different from pharmaceuticals	• Numbers of solutions and partners	8 DECENT WORK AND ECONOMIC GROWTH
		Promote self-medication	• Number and sales results of OTC drugs	
	Improve access to healthcare	Create an environment of improved access	• Number of countries provided with ensitrelvir • Number of countries that can be provided with cefiderocol through partnerships with GARDP and CHAI • Listing on WHO Model Lists of Essential Medicines • Number of countries where ViiV provides dolutegravir and cabotegravir	
		Strengthen health care systems	• Improve the health of pregnant and lactating women and children under 5 years of age • Operation of independent health services	
Material issues to reduce negative impacts on customers and society	Supply socially responsible products and services	Stably supply of products and services	• Management of procurement, production, and distribution to prevent shortages by grasping changes in the supply-demand balance • Conduct regular/non-regular discussions with suppliers to ensure stable procurement • Support for strengthening relationship with contract manufacturers and maintaining their business continuity plans (BCP)	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
		Strengthening legal compliance and monitoring	• Ensure strict observance of laws, regulations, and guidelines related to the manufacture and sale of pharmaceutical products	
	Respect human rights	Address human rights issues	• Statement based on the Modern Slavery Act • Implementation of human rights impact assessments	
	Protect the environment	Climate change: Reduce greenhouse gas (GHG) emissions	• Disclosure under the TCFD • FY2030: Reduce Scope 1+2 by 46.2% and Scope 3 Category 1 by 20% (relative to FY2019); FY2050: Achieve zero emissions	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
		AMR: Reduce the impact of antimicrobials manufacturing on the environment	• Have proper control, including of the supply chain, by FY2030 (completion of audit follow-up)	
Material issues to support the realization of a sustainable society and the growth of SHIONOGI	Secure human resources to support growth	Securing a competitive and diverse workforce	• Clarification of skill requirements • Competitive compensation system • Number of employees reassigned through the internal open recruitment system • Number of mid-career hires	
		Nurture human resources who possess exceptional strengths	• Strengthen monitoring of human development • Education and training costs • Percentage of employees using assistance programs for self-investment • Number of people applying for side work	
		Foster an environment and culture in which everyone can work comfortably	• Continuous implementation of work style reforms and revitalization of employee communication • The degree of penetration of management philosophy • Percentage of female managers • Percentage of employees taking childcare leave	
		Promotion of health management (health management and occupational health and safety)	• Health checkup reception rate • Stress checks, percentage of highly stressed persons • Percentage of employees who smoke • Severity rate • Frequency rate	
	Strengthen supply chain management	Identification of key suppliers and supplier sustainability assessment	• Assessment by FY2022 Questionnaire or EcoVadis • Number of EcoVadis rated companies • Percentage of suppliers meeting established criteria	17 PARTNERSHIPS FOR THE GOALS
		Interviews and briefings on sustainability issues	• Percentage of suppliers that agree with the procurement code of conduct • Number of companies promoting positions through interviews or briefings	
	Ensure compliance	Strengthening our compliance system in Japan	• Establishing Supervisory Unit Compliance Committees • Strengthening collaboration with domestic and overseas compliance promotion organizations	
	Strengthen governance	High-performing corporate governance framework	• Efficacy assessment by third-party assessment organization • Skill matrix reviews	
		Strengthen risk management	• Classifying company-wide risks into strategic risks and execution risks	