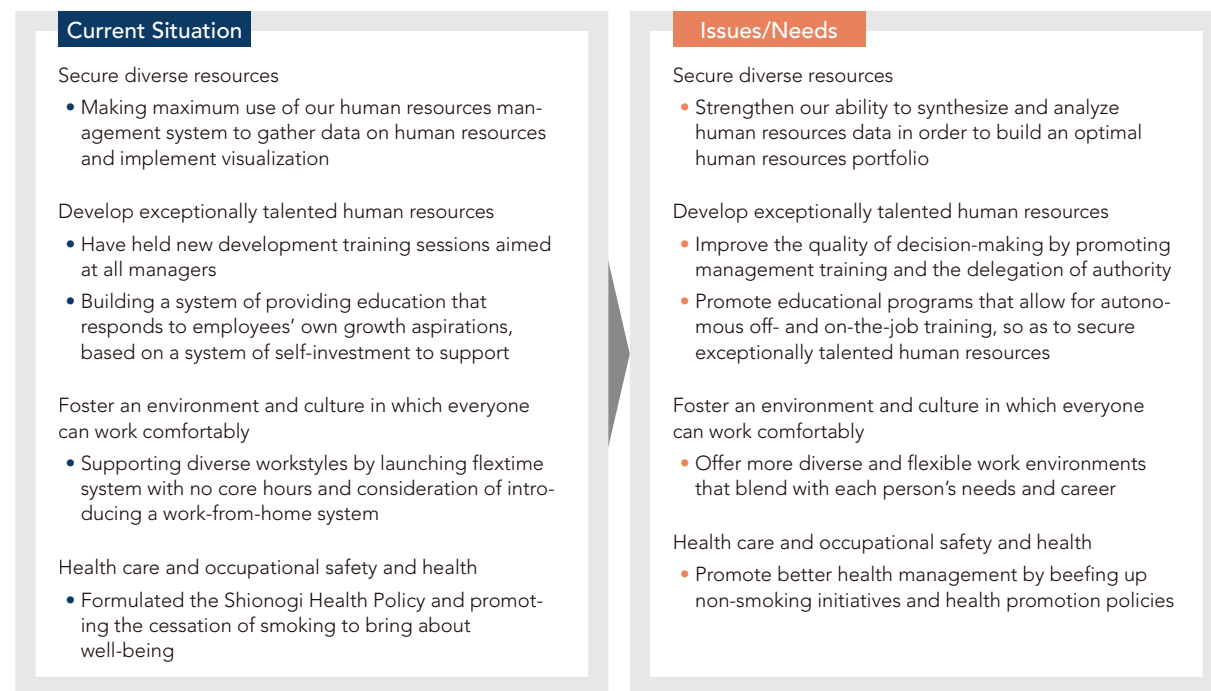


Secure Human Resources to Support Growth

Based on our principle of human resources development, “People are the source of competitiveness,” we are working to “develop and build strong individuals and organizations capable of surviving global competition.” To achieve STS2030, we are visualizing the necessary human resources that we will need in order to realize human resources development that fosters each person’s talents and an environment in which everyone is motivated to work.



Responses	Related indicators
Secure diverse resources <ul style="list-style-type: none"> • Hire by job type • Secure specialists 	<ul style="list-style-type: none"> • Provide the human resources that each organization needs
Develop exceptionally talented human resources <ul style="list-style-type: none"> • Nurture candidates for top management • Nurture independent-minded human resources 	<ul style="list-style-type: none"> • Manager training: 190 hours/person, total expenses: ¥100 million • Amount of self-investment support: ¥170 million • Number of new projects from the employee-led “I want to do it!” program: 2 projects
Foster an environment and culture in which everyone can work comfortably <ul style="list-style-type: none"> • Enable diverse workstyles • Become a company where everyone can flourish, regardless of who they are 	<ul style="list-style-type: none"> • Continually implement programs to improve workstyles • Ratio of female managers: 11.5% • Childcare leave acquisition rate: Women: 100%; Men: 41.1%
Health care and occupational safety and health <ul style="list-style-type: none"> • Implement an education program • Assess current conditions • No-smoking campaign • Prevent/reduce workplace accidents 	<ul style="list-style-type: none"> • Improve health literacy • Health checkup implementation rate: 100% • Implement remedial measures as a result of stress checks • Ratio of employees who smoke: 11% • Work constantly toward improvement, with the goal of 0 workplace accidents <ul style="list-style-type: none"> • Severity rate: 0.0047 • Frequency rate: 0.19

Formulating a vision for human resources (Shionogi Way)

To achieve our 2030 Vision to “Building Innovation Platforms to Shape the Future of Healthcare,” which is part of our Medium-Term Business Plan STS2030, we have set forth a new vision for human resources for the Shionogi Group, called the “Shionogi Way: Be the best that you can be to take on new challenges.” The Shionogi Way consists of the Values that are essential to achieving our Vision as well as the Capability/Knowledge that are skills.

So that each employee will take the initiative to polish their skills and become a human resource with exceptional skills, we are promoting human resources policies that will offer a deeper understanding of Shionogi, such as the acquisition of business skills to increase our market competitiveness, our history and current strategy, and directions for the future.



Educational Curriculum for Achieving the Shionogi Way

We are building a system that will offer support from various angles to help us develop human resources who will reflect the image set forth in the Shionogi Way. This includes the human resources setup, the challenger incentive system, and education and training.

on the labor market, so that we can pay people according to their work. Bonuses are performance-linked so that each employee will benefit based on meeting his/her challenges in contributing to the Company’s growth.

■ Personnel System

Shionogi has had a job grade-based personnel system since 2013. This system treats employees according to their job grade, regardless of their age, gender, or other traits, and it assesses employees using a combination of a behavioral assessment, which is an absolute evaluation of the behavior that Shionogi desires, and a contribution assessment, which is a relative evaluation of the degree to which each employee is contributing. Starting in fiscal 2021, we are adding our five Values to the behavioral assessment items to reflect the Shionogi Way. We also plan to include all of these Values in the human resources requirements in our human resources system from now on. With respect to our compensation system, we set compensation at levels that are appropriate for the job based

■ Challenger Incentive System

We continue to award the President’s Prize, the winner being chosen from among entries from Japan and abroad. In addition, we launched the “I want to do it!” project in fiscal 2019 to support voluntary initiatives by Shionogi Group employees, and two ideas that received awards have been commercialized.

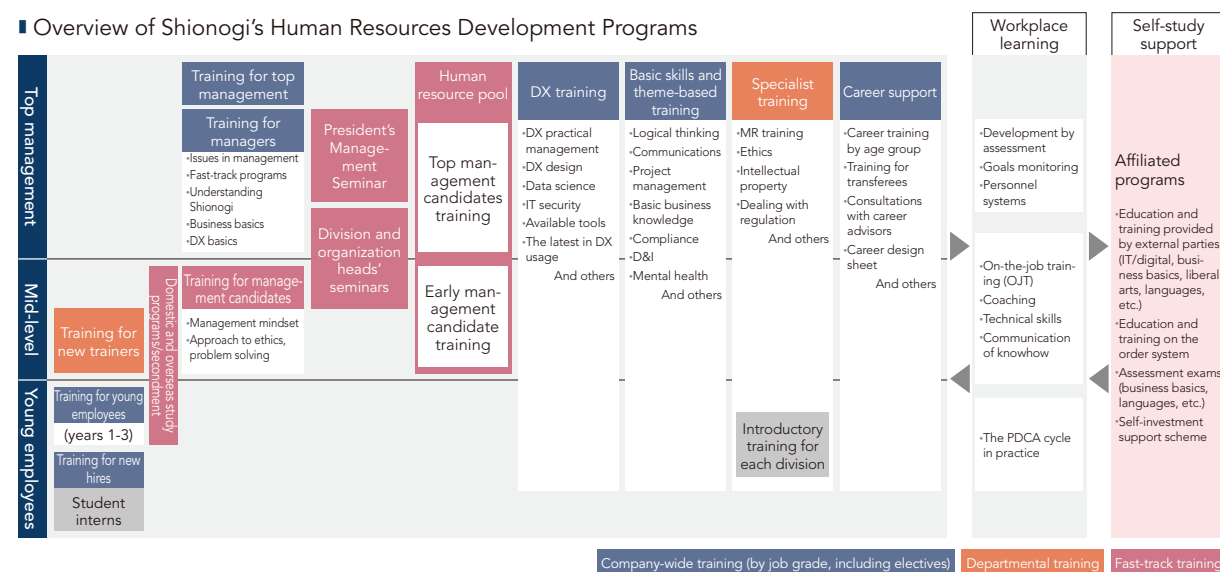
■ Education and Training

We have strengthened and enhanced education and training based on the Shionogi Way, including basic training for boosting key capabilities at all levels, distributing video content that increases Shionogi-oriented knowledge (Shiopedia), and education for managers

that develops management skills so that we have managers who fit the image we desire. Besides offering compulsory training tailored to job grades and business units, we have beefed up what we call affiliated programs, which consist of training through self-learning so that employees can acquire exceptional skills. In addition,

as a self-investment support scheme, since fiscal 2019, we have been offering support of up to ¥250,000 per year to union-level employees for self-investment. In fiscal 2020, about 2,300 people used this system, and support totaled about ¥170 million, more than double the prior year's amounts.

Overview of Shionogi's Human Resources Development Programs



An employee speaks



Shiopedia
Akiko Konishi
Human Resources Strategy Group, Sales Planning Office, Pharmaceutical Commercial Division

The Shiopedia is an effort to allow all employees to acquire the Shionogi-oriented knowledge that they should have as part of the Shionogi Way in achieving STS2030. This year, the Sustainability Management Department and Shionogi Career Development Center Co., Ltd. formed a production team that sent out explanatory videos on the Integrated Report internally every week. These videos both explained the content of the Integrated Report and described the struggles of the business units to come up with plans and programs. I think that this content enabled me to identify with them and to feel like I am part of a family. As I asked the business units about their initiatives for achieving STS2030, I became aware of the horizontal links between business units, and this gave me the opportunity to think about how my own work is connected with Shionogi's business direction. Viewing the Shiopedia informs employees about the direction and initiatives the Group is taking, and I hope that this initiative brings about a new type of Shionogi-style healthcare.



"I Want to Do It" Project
Ryo Iwamoto
Digital Business Creation Group, Digital Intelligence Dept., DX Promotion Division

"I Want to Do It" is a program launched in fiscal 2019 to support original ideas from Shionogi Group employees. The first time that proposals were solicited for the "I want to do it" program, I sent in an idea for surveillance of wastewater for infectious diseases, and this was chosen as a new business. In Europe and North America, COVID-19 has led to major strides in public implementation of wastewater epidemiology surveys, but Japan has fewer COVID-19 cases and the concentration of viruses in wastewater is low, so detection has been extremely difficult using the existing technology. We therefore conducted joint research with Associate Professor Masaaki Kitajima of Hokkaido University to develop a virus detection method that is 100 times more sensitive than the existing one. We have started commercialization based on this world-class technology and are offering this service to national and local government bodies.

Making the Most of Human Resources Diversity

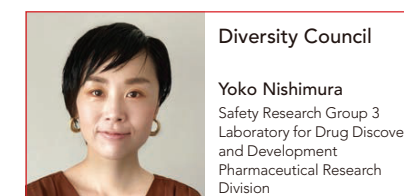
Shionogi offers diverse workstyles so as to provide an environment where each employee can apply his/her skills. In April 2021, we started offering a new workstyle globally in the form of a 24-hour flextime work system that has no core hours. Also, with the expectation of improving productivity by making it easier for all employees to work, we expanded our work-at-home program so that employees will need to go to the office at least five days a month and eliminated the practice of transferring employees without their families.

Besides these improvements, we conducted an engagement survey to assess ourselves and are now

reviewing the situation and coming up with improvements. Specifically, the Human Resources Department is communicating the survey results to employees and holding dialogs with all the Company's divisions so that it can ascertain the particular issues and needs and start making improvements. Through this ongoing initiative, we aim to create a workplace environment where no employee who wants to work at Shionogi will be left out.

The ratio of female managers has been gradually increasing and surpassed 10% in fiscal 2020. Going forward, we will continue to talk with our employees to make further improvements in our system.

An employee speaks



Diversity Council
Yoko Nishimura
Safety Research Group 3
Laboratory for Drug Discovery and Development
Pharmaceutical Research Division

As one of Shionogi's values is having respect for diversity, instituting an organizational culture of diversity and inclusion (D&I) is essential to the achievement of our 2030 Vision. In 2018, Shionogi formed a Diversity Council to formulate a Diversity Vision* and hold joint promotion events in each organization to achieve this vision.

In fiscal 2020, we created a framework for strengthening D&I in our executive ranks and each organization, and selected members of each of our organizations played a central role in identifying D&I issues in each workplace and worked toward resolving them. We also held training for managers and employees, as well as online gatherings for employees to get to know each other. As D&I has a broad range of meanings, we believe the key to achieving it lies in how it is integrated into our daily operations. The Diversity Council is aiming to create conditions in which each employee can contribute to the Company's performance by acting as a motivating force for diversity inside and outside the Company, and it will continue working with an awareness of providing initiatives that make our hearts resonate with each other.

* In 2018, we established the Diversity Council to oversee initiatives for promoting diversity and inclusion in each of our organizations and to create a Diversity Vision so that all our employees can work toward diversity and inclusion from the same perspective.

The Shionogi Health Policy

Shionogi believes that taking steps to address employees' well-being so that they will perform their work energetically is a key part of implementing its basic policy.

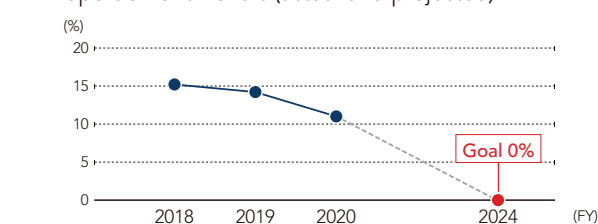
In fiscal 2020, we formulated the Shionogi Health Policy, which supports employees' health from three aspects: improving the health literacy of employees, supporting the maintenance and improvement of the mental and physical condition of employees and their families, and sustaining and continuously improving a supportive and productive working environment, as well as the employees' home environment.

a zero smoking rate among our employees. We want to promote not only the cessation of smoking but also a smoke-free environment for the entire Shionogi Group, so we have embarked on awareness campaigns and non-smoking support initiatives and have launched a stop-smoking project at the request of smokers and non (former) smokers. We will continue our efforts to be smoke-free so that all employees can enjoy a comfortable workplace environment.

The Shionogi Group's Smoke-Free Declaration

As a key part of our Basic Health Policy, the Shionogi Group issued the Shionogi Group "Smoke-Free" Declaration in April 2020 and strengthened our efforts to have

Proportion of smokers (actual and projected)



Improve Social Productivity and Extend Healthy Lifespans

Shionogi sees much room for improvement in healthy life expectancies and social productivity, even though better public health and advances in medical technology have reduced death rates and resulted in a sharp rise in the global population. The World Health Organization (WHO) defines health as a state of complete physical, mental, and social well-being. In line with this concept, Shionogi is also working to expand healthcare services beyond just pharmaceuticals and to improve social environments, with a focus on psychoneurological disease and pain, which substantially reduce quality of life, so that everyone can live longer, more fulfilling, and more active lives.

Current Situation	Issues/Needs
<p>Create products and services for psychoneurological diseases, which have a high level of unmet medical needs</p> <ul style="list-style-type: none"> • Help patients by providing <i>Intuniv</i> and <i>Vyvanse</i>, ADHD treatments that have different action mechanisms <p>Secure new assets to deal with the super-aging society</p> <ul style="list-style-type: none"> • Develop a pipeline in the cancer area <p>Provide optimal treatment choices for the causes of pain</p> <ul style="list-style-type: none"> • Develop chronic pain treatments that have different action mechanisms <p>Hold programs to promote public understanding of disease traits and the problems of those affected</p> <ul style="list-style-type: none"> • Assistance programs for persons with developmental disorders (seminars, study sessions, etc.) • Seminars on the proper use of prescription narcotics 	<p>Create products and services for psychoneurological diseases, which have a high level of unmet medical needs</p> <ul style="list-style-type: none"> • Provide new treatment choices and further support for ADHD patients <p>Secure new assets to deal with the super-aging society</p> <ul style="list-style-type: none"> • Develop more effective medicines optimized to individual patients <p>Provide optimal treatment choices for the causes of pain</p> <ul style="list-style-type: none"> • Provide several treatment choices that have different action mechanisms <p>Hold programs to promote public understanding of disease traits and the problems of those affected</p> <ul style="list-style-type: none"> • Total support in the area of developmental disorders • Awareness-raising programs so that patients suffering from cancer pain can lead more fulfilling and active lives • Development of assessment tools for ascertaining educational needs in education setting

Responses	Related indicators
Create products and services for psychoneurological diseases, which have a high level of unmet medical needs	• Pipeline to help change the paradigm for treatment of psychoneurological diseases 5 products
Secure new assets to deal with the super-aging society pipeline	• Pipeline to help change the paradigm for cancer treatment 2 products
Provide optimal treatment choices for the causes of pain	• Pipeline for treatment of pain 4 products
Hold programs to promote public understanding of disease traits and the problems of those affected	• Hold awareness activities via webinar • Implement total support in the area of developmental disorders • Development of assessment tools for ascertaining educational needs in education setting

Our disease strategy VISION for psychoneurological diseases/pain

Shionogi has declared in STS2030 that it will focus on psychoneurological diseases and pain as priority diseases in addition to infectious diseases and provide innovative drugs. We are currently marketing therapeutic drugs for depression, ADHD, and pain, and we are engaged in R&D for the discovery of pharmaceuticals in the fields of developmental disorders, psychological disorders, dementia, and pain. With these core medicines, we aim to achieve total care for diseases, including resolution of the various problems that patients experience.

To achieve HaaS in psychoneurological diseases/pain, Shionogi has formulated a five-part disease strategy VISION. Psychoneurological diseases and pain significantly reduce the quality of life of those people who suffer from them. Also, both the symptoms and the environment surrounding these ailments vary widely, so it is not good to adopt a one-size-fits-all approach.

Shionogi is constantly taking steps toward bringing about a world in which these patients can receive the appropriate healthcare products and services in a timely manner.

Bringing about a world in which patients can receive the appropriate healthcare products and services in a timely manner.



Initiatives for psychoneurological diseases

Psychoneurological diseases, which comprise diseases of the heart and brain, are subject to many prejudices and misunderstandings, so steps need to be taken to impart a correct understanding of these ailments. Also, the appearance and types of symptoms are truly wide-ranging, and it often takes a significant amount of time to form a definitive diagnosis. This results in complaints from patients that they cannot get a proper diagnosis or that their families, friends, colleagues, and others do not understand their situation.

Shionogi is working to provide healthcare that is optimized to the individual's medical history or symptoms through the establishment of technologies and methodologies that are objective and can give rapid diagnoses, even in cases where many symptoms are intermingled in a complex manner. Besides these efforts, we are also working toward achieving total care that incorporates support systems that will enable patients to live fulfilling and comfortable lives.

Initiatives for pain

Pain occurs through a wide range of different mechanisms and it can be extremely difficult to pinpoint the specific cause. On top of this, individuals experience the pain itself and pain severity in different ways, making objective evaluation difficult. This is because patients are unable to communicate to physicians or other people about what kind of pain they have or the severity of their pain, so they have the problem of not being able to get the proper treatment.

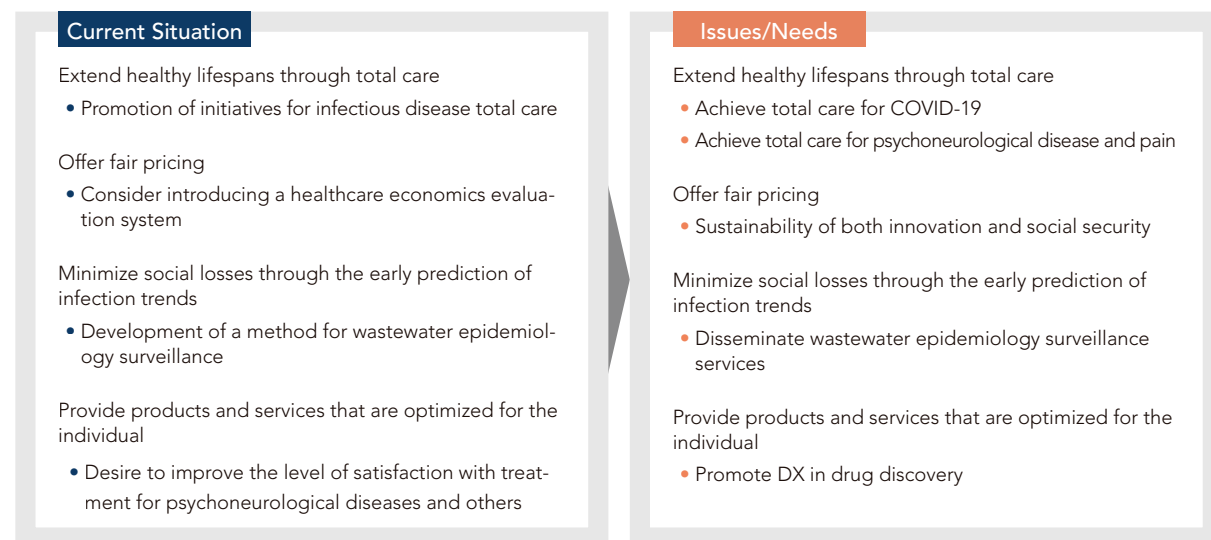
Shionogi is working to develop a way for patients to be able to correctly convey the severity of the pain they are experiencing and a method whereby physicians can quickly and correctly diagnose the cause and severity of pain. We are also aiming to improve quality of life for

patients and the people around them by providing healthcare optimized for the individual from diagnoses that are based on scientific evidence and also offer services that enable people to live with pain.

Shionogi has formulated this VISION for achieving its disease strategy to maximize the value of the healthcare products and services we offer, and our value chain centered on research, development, manufacturing, and marketing is using alliances to execute this strategy. We have pooled our extensive knowledge in collaboration with academia, various corporations, and government bodies so that we can make social contributions by providing optimal solutions for patients' problems.

Contribute to Sustainable Social Security

Rising social security costs are putting pressure on government finances around the world, especially in industrialized nations, as birth rates decline and the average age of the population increases because people are living longer due to medical advances and better lifestyles. Social security systems are likely to be completely overhauled as a result. In this changing environment, if Shionogi is to continue growing along with society for the next 10 or 20 years, we need to constantly seek how to apply our R&D expertise, skills, and experience to the healthcare services and to build systems that will deliver the right products and services to patients and society. We are aspiring to be a company that is constantly contributing to the sustainability of social security and longer healthy lifespans as we explore the possibilities of SARS-CoV-2 surveillance through wastewater epidemiology, therapeutic and preventative vaccines, healthcare apps and other DTx (Digital Therapeutics), and information services, and drill down into the issues that people face from a total care perspective covering pre-symptomatic and preventive care, diagnosis, treatment, and control of disease severity.



Responses	Related indicators
Extend healthy lifespans through total care	<ul style="list-style-type: none"> Provide products and services ranging from pre-symptomatic care, prevention, diagnosis, and suppression of exacerbation
Offer fair pricing	<ul style="list-style-type: none"> Provide products and services that are both innovative and medically economic
Minimize social losses through the early prediction of infection trends	<ul style="list-style-type: none"> Ascertain the status of infection through wastewater epidemiology surveillance
Provide products and services that are optimized for the individual	<ul style="list-style-type: none"> Drug discovery research that uses diagnostic data and lifestyle data



Provide wastewater-based epidemiology surveillance services

In June 2021, we launched a service to survey the spread of SARS-CoV-2 in communities through the use of wastewater-based epidemiologic techniques in regular monitoring of the concentration of virus traces in wastewater. This initiative was the first plan chosen from our "I want to do it" project, which supports ideas proposed by Shionogi employees. The service uses a highly sensitive system for detecting SARS-CoV-2 in wastewater, which we developed jointly with Hokkaido University. We hope that local governments will use this service so that we can help detect infections in communities through the regular monitoring of wastewater from municipal wastewater treatment plants.

SARS-CoV-2 in wastewater. Meanwhile, Japan has had a lower rate of COVID-19 infection per capita compared to those countries, and thus a low concentration of the virus in wastewater, making it difficult to detect the virus in wastewater with existing methods. To overcome this issue, Shionogi has been conducting joint research with Hokkaido University on a highly sensitive technology for the detection of SARS-CoV-2 in wastewater. The technology jointly developed by Shionogi and Hokkaido University has achieved a 100-fold increase in sensitivity compared to conventional methods. We will first engage in social implementation of this technology on SARS-CoV-2 to assist Japanese disease-fighting efforts.

Wastewater-based epidemiology surveillance initiative using Japanese technology

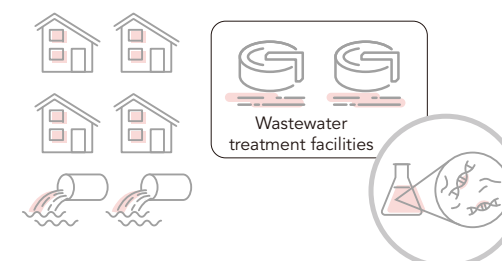
Wastewater-based epidemiology (WBE) is a way to monitor the outbreak and spread of epidemics by measuring the concentration of traces of the virus (genetic information) in wastewater using wastewater-based epidemiologic techniques. SARS-CoV-2 is a virus that can cause severe acute respiratory syndrome, such as pneumonia, and it multiplies in the intestinal tract. It has been reported that the virus is detectable in feces of infected individuals, regardless of the presence of symptoms. Therefore, various countries, including European countries and the United States, have been attempting to estimate the prevalence of infections in communities by detecting

Infection prevention countermeasures based on objective indicators

It is difficult to predict when and where, and what kinds of pathogens cause infectious pandemics (global outbreaks) to spread. Wastewater-based epidemiology is an effective way to detect symptoms from an early stage. For COVID-19, it seems that many infected people are asymptomatic, so it is extremely difficult to find out how much the infection has spread. This methodology does not identify individuals but makes it possible to ascertain the status of the infection over a broad area, such as in a community or facility. We therefore hope that it will serve as an objective indicator when municipalities are considering pandemic prevention measures.

Services for municipalities

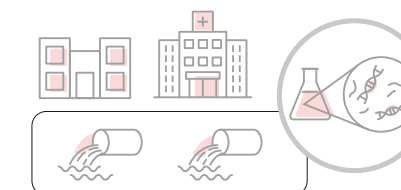
The results of the collected samples can be used as epidemiological indicators to identify the prevalence of SARS-CoV-2, where it is spreading, and convergence in catchment areas.



Measuring traces of the SARS-CoV-2 in wastewater samples
 ▶ Detection of infection in catchment areas

Services for other facilities

Early detection of infected individuals and the outbreak of clusters at various facilities (such as hospitals, elderly care homes, dormitories and other group housing facilities) is possible, thereby preventing the spread of infection.

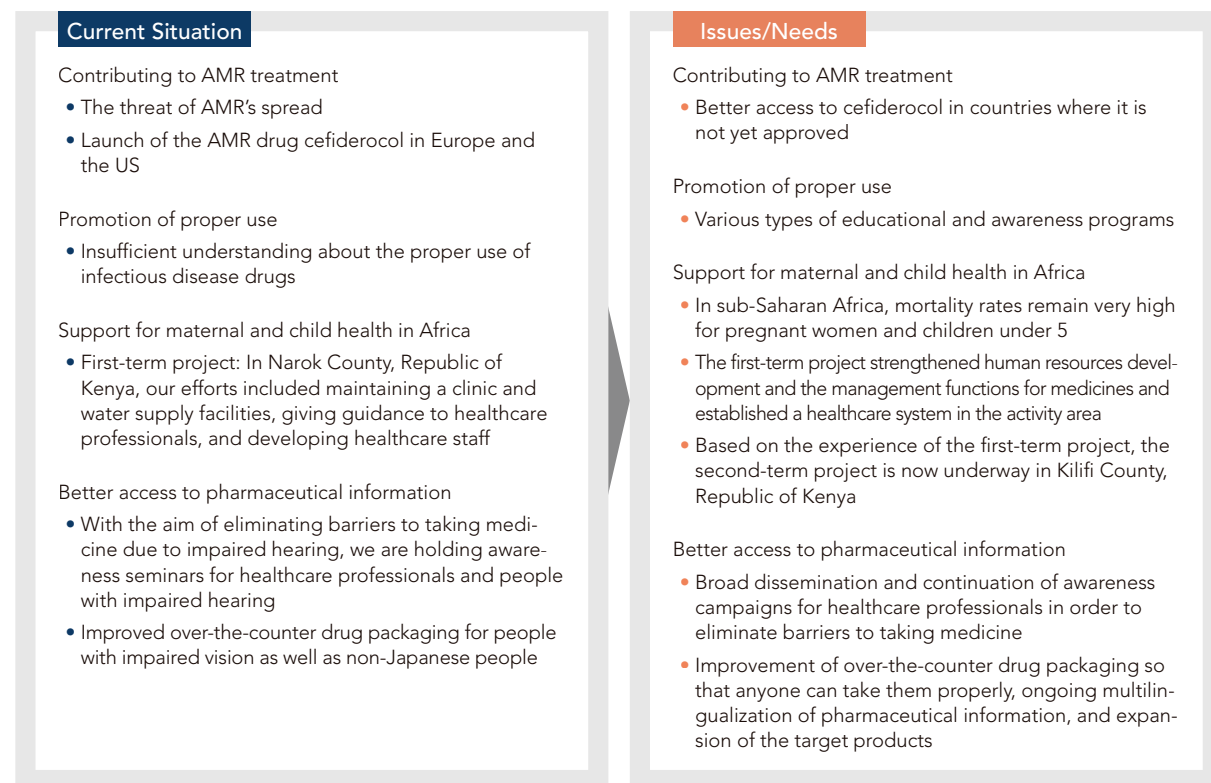




Measuring traces of the SARS-CoV-2 in facilities' wastewater
 ▶ Identification of infected individuals in the facility

Prompt measures to prevent the spread of infection

Improve Access to Healthcare

In countries throughout the world, physical, economic, and social problems are causing disparities in people's access to healthcare. Our purpose is embodied in the slogan, "to strive constantly to supply the best possible medicine to protect the health and wellbeing of the patients we serve," and we, along with our many partners, are working earnestly to improve access to healthcare so that the value that is generated by our innovations can be delivered to as many people as possible.

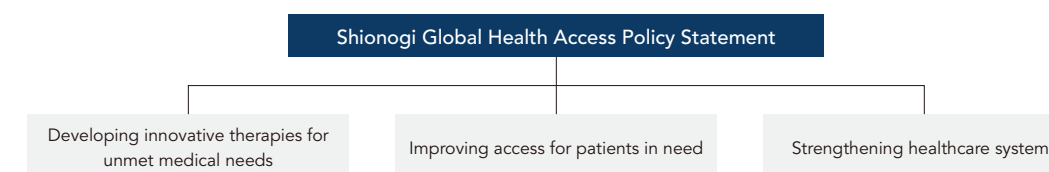


Responses	Related indicators
Contributing to AMR treatment	<ul style="list-style-type: none"> Inclusion on the WHO Model List of Essential Medicines Partnering to improve access in LMICs Elimination of the drug lag through Compassionate Use
Promotion of proper use	<ul style="list-style-type: none"> Supply information to facilitate patients' awareness of proper use
Support for maternal and child health in Africa (see website for details)	<ul style="list-style-type: none"> First-term project: Improve access to healthcare services for mothers and children, upgrade nutrition and water hygiene initiatives, strengthen the healthcare system Second-term project: Maintain healthcare facilities, enlighten local residents, improve the skills of healthcare staff, bolster community healthcare throughout the region by partnering with a high-level hospital to oversee community clinics
<p> Mother to Mother SHIONOGI Project https://www.shionogi.com/global/en/sustainability/society/social-contribution-activities/mtom.html</p>	
<p>Better access to pharmaceutical information</p> <p> Communication Barrier-Free Project (Japanese only) https://www.shionogi.com/jp/ja/sustainability/society/social-contribution-activities/cbf.html</p>	<ul style="list-style-type: none"> Hold awareness seminars for healthcare professionals to eliminate barriers to taking medicine Supply information aimed at eliminating barriers to taking medicine Institute a universal design for over-the-counter drug packaging

Shionogi Global Health Access Policy Statement

Shionogi has formulated the Shionogi Global Health Access Policy Statement and is helping to improve access to healthcare by focusing on the three areas of

developing innovative therapies for unmet medical needs, improving access for patients in need, and strengthening healthcare systems.



Developing innovative therapies for unmet medical needs

We at Shionogi want to develop better, more innovative treatment techniques for our core therapeutic areas of infectious diseases and psychoneurological diseases/pain so that we can bring about a society in which all people can live comfortably, in safety, and their own way in areas with unmet healthcare needs. Along with our many partners, we are making contributions to global health by developing healthcare solutions that are considered to be truly necessary.

and healthcare system of each country. In addition, so that third-party institutions can use our research results to meet patients' needs in low-income countries and other selected areas, we are not filing patents for our products in the least developed countries, low-income countries and most low- and middle-income countries. We are also dealing with this issue by entering into appropriate partnerships in areas where we lack a distribution network so that Shionogi's products can reach the patients who need them.

Improving access for patients in need

In developing countries, access to innovative medicines is not always possible due to such reasons as affordability. In consideration of pharmaceutical prices and the accessibility of medicine, Shionogi's responses include product donations, patient assistance programs, and price considerations in accordance with the dynamics

Strengthening healthcare systems

An effective healthcare system is absolutely essential to improving patients' well-being. Shionogi is making every effort to build healthcare infrastructure in cooperation with everyone who is operating in the actual healthcare environment so that we can overcome complex regional issues.

Contributing to AMR

Helping to resolve the issue of AMR with cefiderocol

AMR is an urgent issue that could lead to serious losses in society. If nothing is done to address AMR now, estimates suggest that over 10 million lives will be lost globally each year by 2050. Compared with other disease categories, the infectious disease area is not seen as profitable, which means that many drugmakers have exited the field and few are interested in entering it, and the relevant R&D expertise is gradually being lost. Given

this situation, in 2020, Shionogi became the first company in the world to market cefiderocol, which is a siderophore cephalosporin antibiotic. Cefiderocol is effective against all three types of carbapenem-resistant pathogens (*Acinetobacter baumannii*, and *Enterobacteriaceae*) that the World Health Organization considers as requiring priority action. We believe that with cefiderocol, which was created as a result of R&D that places high importance on AMR countermeasures, we can contribute to the world with our efforts to resolve the serious global problem posed by AMR.

Thinking on the proper use of cefiderocol

Shionogi has been involved in R&D, manufacturing, sales, and distribution of anti-infective medicines for many years, but as a company responsible for handling infectious disease medications, we believe that our responsibility as a company that handles infectious disease medicines is to promote their proper use, which is critical to prevent the generation of resistant bacteria and resistant viruses. To date, the programs we have implemented throughout our value chain (manufacturing, sales, oversight/surveillance, public awareness programs) have focused on Japan, but the same type of approach to proper use will also be necessary when cefiderocol expands on a global scale. In particular, in areas where people needing healthcare services and medicines cannot get them due to social reasons, such as the healthcare system, public health, and poverty, infectious diseases caused by AMR are more serious, but the infrastructure for the proper use of infectious disease medicines does not exist. We believe that we must resolve this issue when we disseminate cefiderocol.

Partnering to expand access to cefiderocol in LMICs

We launched cefiderocol in 2020, focusing on developed countries in Europe and North America, but in countries classified as lower middle-income countries (LMICs), not only is there inadequate infrastructure for proper use, but actually getting cefiderocol to those destinations is a problem in itself. Shionogi believes that cefiderocol should be provided to patients around the world, including in LMICs. We therefore decided to enter into partnerships with companies and organizations that share our thinking on proper use because we need to work with them. Then, in July 2021, we entered into a memorandum of understanding (MOU) with the Global Antibiotic Research and Development Partnership (GARD-P) and the Clinton Health Access Initiative (CHAI) on access to required cefiderocol needed for patients with AMR who have limited treatment options in LMIC. As we pursue discussions and cooperation with these two organizations, we are building a system for accelerated delivery of cefiderocol to needy patients throughout the world with the necessary timing.

Publishing cefiderocol on the WHO Model List of Essential Medicines

Essential medicines are medicines that meet people's top-priority healthcare needs, so medicines chosen for this designation are considered on the basis of patient morbidity rates, evidence regarding efficacy and safety, and relative cost-effectiveness. They are also defined as having a guaranteed product quality and appropriate dosage and formulation, and as being readily available at a price affordable by individuals and the local community. The WHO Model List of Essential Medicines is a list of essential medicines as determined by the World Health Organization (WHO), and many LMICs and other countries use it as an example for compiling lists of critical medications and stockpiling them. About 300 medicines are currently on the list. In November 2020, Shionogi proposed to WHO that cefiderocol be added to the list of essential medicines. As of July 2021, the proposal was being reviewed by experts at WHO. If cefiderocol is added to the WHO Model List of Essential Medicines, we believe that it will facilitate the medicine's inclusion on the essential medicine lists of LMICs and other countries.

Eliminating drug lag through Compassionate Use

Compassionate Use is a system employed mainly in Europe and the United States whereby, from a humanitarian standpoint, investigational drugs can be used by patients with life-threatening illnesses and serious illnesses that seriously affect their daily lives, but only in cases where there is no fully effective treatment available. Shionogi has established a Policy for the Supply of Investigational Drugs, under which we provide such drugs free of charge in accordance with an appropriate process when the prescribed requirements are met. We also have in place a system for prompt supply, such as making a decision within five days of receiving a supply request. With regard to cefiderocol in particular, in both fiscal 2019 and 2020, we received a large number of supply requests from patients and healthcare-related parties in many countries, and we provided supplies after prompt decision-making. Cefiderocol is gradually becoming available in more countries, but many countries have not yet approved it, so we will continue trying to eliminate the drug lag by utilizing the Compassionate Use system.

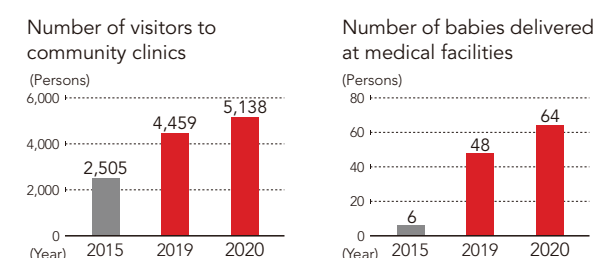
Support for maternal and child health in Africa: Mother to Mother SHIONOGI Project

In line with its goal of achieving universal health coverage (UHC), Shionogi is promoting the Mother to Mother SHIONOGI Project in Kenya. In the sub-Saharan region south of the Sahara Desert, mortality is extremely high among pregnant women and children under the age of 5, and programs are needed that focus on improving the situation of mothers during pregnancy and childbirth and on the situation of infectious diseases among children. We have partnered with the international NGO World Vision to initiate a program for creating communities that can manage maternal and child health autonomously and sustainably.

First-Term Project (Narok County, Republic of Kenya, Oct. 2015 – July 2021*)

To date, we have built community clinics and water supply facilities, given guidance to healthcare professionals, and trained healthcare staff. In 2020, the program had to be temporarily suspended due to COVID-19, but during that time, healthcare staff in Narok County's communities took over and raised residents' awareness and took other steps to advance the program. As a result, clinic visitors and births at the facilities increased, showing that awareness about and the practice of proper hygiene is spreading. Following the project's end, we handed over the community clinic to the County in June 2021 after we strengthened the support system for healthcare staff so that they could continue to share knowledge and change behaviors on their own, and we cre-

Results through 2020



First-term project: The community clinic built as part of the support project was transferred to Narok County

ated a support system for the County's Health Department so that it would be able to continue providing services to the clinic. With the cooperation of Nagasaki University and World Vision, we are now evaluating what intervention effects can be seen with respect to maternal and child health, nutrition, and hygiene as a result of the first-term project.

* We extended the support period after the program was temporarily suspended.

Second-Term Project (Kilifi County, Republic of Kenya, Apr. 2020 – March 2023 (tentative))

Although the impact of COVID-19 delayed the start of actual programs from the project's beginning, we have embarked on building a maternity ward, started knowledge and technical training and education for healthcare workers, and are sending a mobile clinic to remote areas every month, among other things. In 2021, we will build a water supply facility for the clinic and strengthen and expand community awareness programs.



Second-term project: Instructional visit to a household with malnourished children

Mother to Mother SHIONOGI Project
<https://www.shionogi.com/global/en/sustainability/society/social-contribution-activities/mtom.html>

Communications Barrier-free Project (CBF-PJ)

As part of its Vision, Shionogi is implementing the Communication Barrier-free Project (CBF-PJ) to eliminate communication barriers for patients with vision, hearing, and other impairments when they are accessing medicine. The universal packaging for the Sedes series that came out of this project proposal won the METI Manufacturing Bureau Director-General's Prize at the 60th Japan Packaging Convention 2021 (JPC2021). This packaging is designed so that anyone, including people with disabilities and non-Japanese people, can find out how to take the medicine correctly, and customer satisfaction is higher than for the previous packaging. We are thrilled to be able to help more patients use their medicine properly, and we are striving to develop more solutions aimed at achieving our Vision.



Universal packaging for Sedes series

Supply Socially Responsible Products and Services

It is Shionogi's duty as a life-related company to protect people's health by providing a stable supply of essential, high-quality products and services. Our entire Group is focused on providing information about product quality, safety, and proper usage so that people will know that they can have peace of mind with a Shionogi product or service.

Current Situation	Issues/Needs
<p>Stable supply</p> <ul style="list-style-type: none"> • A one-stop supply chain control framework of strong, stable supply at Shionogi Pharma • Setting KPIs for timely and proper deliveries of externally sourced goods and strengthening our monthly monitoring and correction measures • Periodic revision and review of supplier/contractor contract terms and implementation of associated risk policies <p>Strengthen monitoring systems</p> <ul style="list-style-type: none"> • Implementing periodic site inspections at plants, etc., and strengthening the level of oversight in accordance with manufacturing risk • Steady supply of high-quality medicines • Bolstering the Shionogi Group's quality assurance framework <p>Create an internal framework to ensure proper usage</p> <ul style="list-style-type: none"> • Building an organizational framework based on the Guidelines on Activities to Provide Sales Information on Prescription Drugs 	<p>Stable supply</p> <ul style="list-style-type: none"> • Build a framework that allows for the revision of production plans and responds flexibly to sudden increases in the demand for drugs due to drastic changes in the external environment • Identify latent procurement risks and strengthen the framework for ensuring continuity of policy formulation and execution • Collaborate with suppliers/contractors on measures to deal with BCP <p>Strengthen monitoring systems</p> <ul style="list-style-type: none"> • Respond with a new plant management system post-COVID (move from on-site supervision to remote supervision) • Respond to customers' diverse needs vis-a-vis product quality by disclosing the countries where the drugs were produced • Deal strictly with compliance violations relating to the production and sales of medicines <p>Create an internal framework to ensure proper usage</p> <ul style="list-style-type: none"> • Strengthen the operating efficiency and monitoring framework of medical information surveillance to ensure proper usage

Responses	Related indicators
Stable supply	<p>Initiatives for achieving no stockouts and no recalls</p> <ul style="list-style-type: none"> • Periodic evaluation of suppliers and implementation of remedial and precautionary measures • Handle risk with procurement from multiple suppliers and front-loaded purchasing • Periodic evaluation of contract manufacturers and BCP framework assessments
Strengthen monitoring systems	<ul style="list-style-type: none"> • Strict observance of laws and ordinances • Build and strengthen remote audit system
Create an internal framework to ensure proper usage	<ul style="list-style-type: none"> • Use AI to improve the ability and effectiveness of detecting cases of impropriety • Regular meetings of the Promotion Review and Oversight Committee • Introduce training achievement indicators by using specific behavioral objectives, in the areas responsible for marketing information activities • Evaluations when compliance violations occur in the area responsible for marketing information activities



Stable supply

Shionogi periodically conducts quantitative assessments of its procurement risk vis-à-vis suppliers and contract manufacturers so that we will never run out of product supplies, and we ask risky suppliers to make improvements, keep a list of alternate suppliers, and procure from multiple companies.

During the COVID-19 crisis in fiscal 2020, we gathered data from other countries and conducted regular checks on our overseas suppliers so that we would not experience any impediments in procuring raw materials, especially from overseas. Also, when deemed necessary, we procured overseas raw materials ahead of time, and therefore had no Japanese domestic inventory stockouts.



Strengthen monitoring systems

In accordance with the amended Pharmaceutical and Medical Device Act, we are clarifying the scope of the roles and responsibilities of the responsible officers, so that an event like the recent loss of credibility regarding drug manufacturing due to compliance violations will not occur. Based on a framework of proper controls, we continue to bolster our internal standards and every Group company's production and marketing framework, as well as raise awareness through Shionogi Group employee education and training.

Furthermore, the Shionogi Group is attempting to develop compliance-oriented attitudes throughout its supply chain through initiatives to instill a "quality culture."

At the same time, due to COVID-19 limitations on visits, it has been difficult to perform the site inspections that we had been doing. However, we plan to be proactive in initiating remote inspections so that we can implement even more efficient and high-quality control and oversight of our domestic and overseas plants.

Create an internal framework to ensure proper usage

As pharma companies are now expected to be transparent in their relations with healthcare providers and others, Shionogi is responding to the expectations of healthcare providers, patients, and other stakeholders by observing laws, regulations, and the industry's self-imposed rules and devising its own Shionogi Prescription Drug Promotion Code, which is based on higher ethical standards.

We are also devising an internal framework based on the Ministry of Health, Labour and Welfare's Guidelines on Activities to Provide Sales Information on Prescription Drugs. We separated the Promotional Compliance Office from the area responsible for sales promotion activities, and the office is reviewing promotional materials, monitoring and providing oversight guidance for marketing information activities, and giving appropriate

training to employees. With respect to the Promotional Compliance Office's reviews and supervision and guidance of activities, we received advice from the Review and Supervision Committee, whose members include external third parties, and a reporting system has been put in place so that we will have an internal framework that ensures the dissemination of reliable information.

Furthermore, we have incorporated AI into our tasks for monitoring marketing information activities and are improving the efficiency and quality of our activity surveillance by strengthening our setup to achieve better supervision of activities company-wide.

Through these initiatives, we are aiming to build an appropriate internal framework for promoting the proper usage of medicines and to improve public health.

Respect Human Rights

Shionogi believes that respect for human rights is very important to the pursuit of its business, and respect for human rights is part of the Shionogi Group Code of Conduct. We promote initiatives that are in line with the UN Guiding Principles on Business and Human Rights (hereinafter, Guiding Principles), and in fiscal 2020, we formulated the Shionogi Group Human Rights Policy and carried out a human rights risks assessment.

Current Situation	Issues/Needs
<ul style="list-style-type: none"> • Our "Approach to Human Rights" published on our website • Company units implement their own risk responses • Hold special education sessions on such topics as compliance and harassment 	<ul style="list-style-type: none"> • Formulation and announcement of a human rights policy aimed at a broader spectrum of business partners • Assessment of human rights risks where no business unit is responsible, human rights due diligence • Education and training on global trends in "business and human rights"
Responses	Related indicators
Policy formulation	<ul style="list-style-type: none"> • Formulation of the Shionogi Group Human Rights Policy https://www.shionogi.com/global/en/company/policies/shionogi-group-human-rights-policy.html
Implementation of risk assessments	<ul style="list-style-type: none"> • Workshops for employees • Workshops for managers • Training sessions for senior managers • Human rights due diligence

Formulation of the Shionogi Group Human Rights Policy

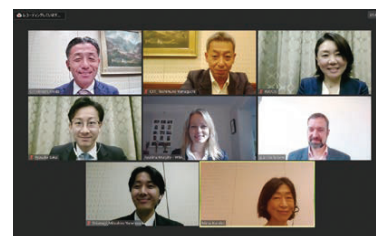
We formulated the Shionogi Group Human Rights Policy based on the Guiding Principles, the Universal Declaration of Human Rights, and other international models. This policy applies to all Shionogi Group executives and employees, and we are also asking all business partners that deal

with our Company's products and services to comply with the policy. In fiscal 2020, we held executive and employee education and training on business and human rights, inviting external experts to participate. We will continue to hold human rights education and training sessions.

Human rights due diligence

In fiscal 2020, we moved forward with human rights due diligence at Shionogi in dialog with external experts and human rights specialists. So that we could check the state of our risk response, we compiled the human rights risks related to the Company's value chain from the executives and employees who had received human rights education. This risk assessment found issues in the areas of risk assessment concerning labor conditions in manufacturing regions that use raw materials and basic materials and in labor conditions for foreign workers. Therefore, in fiscal 2021, we will be implementing specific programs to help us understand the risks in more detail. See our website for details.

Human rights initiatives <https://www.shionogi.com/global/en/sustainability/society/respect-human-rights/human-rights-policy.html>



Dialog with external experts on human rights (online)

Reinforce Supply Chain Management

Building relationships of trust and cooperation with suppliers is essential if a company is to fulfill its social responsibilities. In view of the recent changes in the external environment, Shionogi is revising its Procurement Policy and its code of conduct for business partners as a way of strengthening its supply chain management and realizing a sustainable and healthy society.

Current Situation	Issues/Needs
<ul style="list-style-type: none"> • Cite the basic principles set forth by the Pharmaceutical Supply Chain Initiative (PSCI) as a code of conduct that our business partners are required to follow • Assess and manage our business partners based on our own Business Partner Assessment Rules • Risks of global supply chain that can be disrupted due to COVID-19 and other infectious diseases, natural disasters, and geopolitical risks, causing stoppages in procurement and supplies 	<ul style="list-style-type: none"> • Revise our Procurement Policy • Establish "Business Partner Code of Conduct" • Incorporate tools for evaluating suppliers from the perspective of sustainable procurement and multifaceted methods • Establish management methods in accordance with the importance of business partners • Establish a stable supply chain management system by diversifying risks through multi-sourcing and automating business processes
Responses	Related indicators
Install EcoVadis, decide which suppliers have greatest priority and evaluate their sustainability	<ul style="list-style-type: none"> • Number of supplier evaluations 30 companies, percent evaluated 5% (30 of 593 companies) • Percentage of suppliers meeting the set standards 70% (21 of 30 companies) <p>(All as of September 2021)</p>
Stable supply of Shionogi products	<ul style="list-style-type: none"> • No stockouts

Install EcoVadis, decide which suppliers have greatest priority and evaluate their sustainability

Shionogi has begun revising its Suppliers' EHS/CSR Management Guidance, which sets risk classifications and administrative procedures for business partners, and is ranking and conducting assessments of its business partners in AMR and rare disease medicines and its business partners with high human rights risks.

In addition, we have installed EcoVadis, a rating platform that evaluates companies' social responsibility and sustainability of procurement, to enable more fair and objective CSR evaluations and are assessing our business partners in accordance with the highest priorities.

Stable supply of Shionogi products

Shionogi analyzes the risks in the procurement and manufacturing of raw materials and products while taking measures to ensure a stable supply by working closely with supply chain business partners. To deal with pandemics, earthquakes, and other unforeseen situations,

we are multi-sourcing suppliers and product manufacturing plants that handle raw materials for high-volume products. We also secure a certain level of inventory for raw materials and products that can only be supplied by that business partner.

Revising the Procurement Policy and creating a Business Partner Code of Conduct

To achieve a sustainable society, we are now expected to energetically promote a high standard of CSR management not only for ourselves but also for our business partners.

To deal with these changes in the external environment,

Shionogi will revise its Procurement Policy in fiscal 2021 to incorporate new ESG topics. We will also create a new Business Partner Code of Conduct for our business partners to follow and will work to resolve social issues throughout our entire supply chain.

Protect the Environment

Shionogi believes it is important to address environmental issues such as climate change, conservation of biodiversity, resource conservation and resource recycling, and to aim for the realization of a sustainable society while preserving the global environment.

Shionogi has formulated the Shionogi Group EHS Policy and its accompanying Shionogi Group EHS Action Targets, and we are striving to reduce the burden on the environment caused by our business activities, including by our supply chain.

See our website for more information on our environmental initiatives.
<https://www.shionogi.com/global/en/sustainability/environment.html>

Environment Report
<https://www.shionogi.com/shionogi/global/en/investors/ir-library/annual-report-integrated-report.html>

Current Situation	Issues/Needs
<p>AMR</p> <ul style="list-style-type: none"> Establish a system of strict controls at Shionogi plants to reduce the impact of antimicrobials manufacturing on the environment <p>Climate change</p> <ul style="list-style-type: none"> Set medium- and long-term targets for reducing the volume of greenhouse gas (GHG) emissions Commit to SBT <p>Resource conservation/circulation</p> <ul style="list-style-type: none"> Set medium-term targets, promote countermeasures against waste <p>Water</p> <ul style="list-style-type: none"> Conduct a water risk assessment Reduce the volume of water resources used 	<p>AMR</p> <ul style="list-style-type: none"> Strict controls, including over the supply chain <p>Climate change</p> <ul style="list-style-type: none"> Obtain SBT approval <p>Resource conservation/circulation</p> <ul style="list-style-type: none"> Set medium- and long-term targets Initiatives to reduce usage of plastic <p>Water</p> <ul style="list-style-type: none"> Refine the water risk assessment Set medium-term targets for reducing the volume of water resources used

Responses	Related indicators
<p>AMR</p> <ul style="list-style-type: none"> Reduce the environmental impact of the antibiotic manufacturing process 	<ul style="list-style-type: none"> Strict controls, including of the supply chain, by FY2030 (completion of audit follow-ups)
<p>Climate change</p> <ul style="list-style-type: none"> Reduce greenhouse gas (GHG) emissions 	<ul style="list-style-type: none"> FY2030: 46.2% reduction for Scopes 1+2; 20% reduction for Scope 3, category 1 (FY2019 benchmark) FY2050: Achieve zero emissions
<p>Resource conservation/circulation</p> <ul style="list-style-type: none"> Reduce waste and improve recycling rates 	<ul style="list-style-type: none"> FY2030: Recycle 65% of plastic waste
<p>Water</p> <ul style="list-style-type: none"> Control the volume of water resources used 	<ul style="list-style-type: none"> FY2024: Reduce the volume of water resource usage to 1.34 million m³ or less



AMR

As part of the AMR Industry Alliance's programs, the Shionogi Group is investigating the status of antimicrobial emissions controls and management. We have already completed audits of all of our owned antimicrobial-manufacturing plants, as well as all of our suppliers in Japan, in accordance with the Common Antibiotic Manufacturing Framework published by the AMR Industry Alliance. In FY2019, we began audits of our suppliers outside Japan.



Selection for AMR Benchmark 2020*1

Shionogi has been selected for AMR Benchmark 2020 in recognition of its excellent overall AMR control activities. In the manufacturing category, in particular, Shionogi obtained 80, the highest score.



*1 The world's first report analyzing and evaluating AMR initiatives, issued by the Access to Medicine Foundation, a Netherlands-based NGO

Climate Change

It is feared that climate change will have a devastating impact on global economy and social systems, and an early transition to a carbon-free society is an urgent social challenge for the entire world. Risks relating to climate change and the process of transitioning to a carbon-free society affect almost all industrial sectors. At Shionogi, we are assessing and working to minimize climate change risks.

To assess the impact of climate change while responding to societal demand for related information disclosure, we are working to improve and expand our information disclosure relating to climate change based on the framework of the Task Force on Climate-related Financial Disclosures (TCFD). See our website for details.

Climate change
<https://www.shionogi.com/global/en/sustainability/environment/results/climate.html>

Greenhouse Gas Reduction Targets Approved by the SBT Initiative

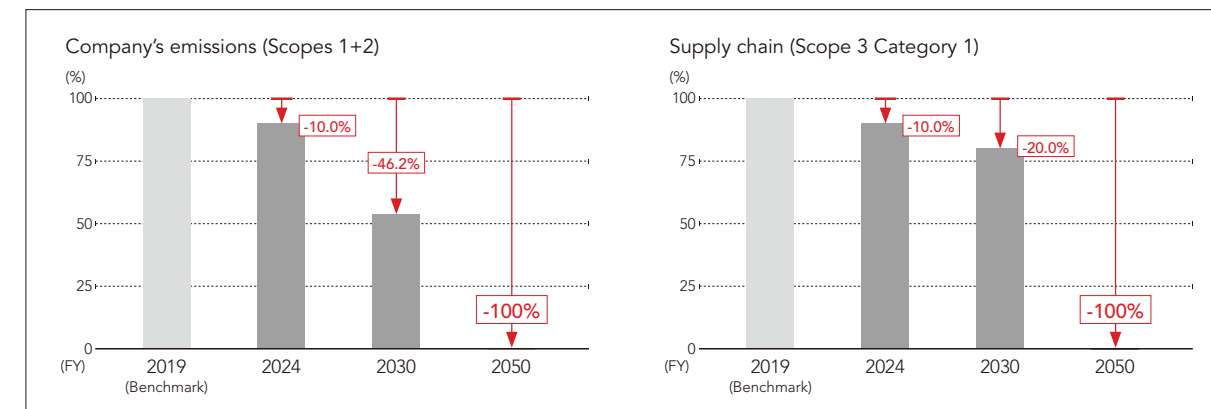
At Shionogi, we have devised a medium- to long-term greenhouse gas emissions reduction plan as a step toward reducing greenhouse gas emissions globally and achieving zero CO₂ emissions by 2050.

This target received the approval of the international environment body SBT*2 initiative in June 2021.

*2 SBT stands for Science Based Targets: Targets for reducing emissions based on scientific evidence.



Greenhouse gas emissions reduction plan



Resource conservation and circulation

One of Shionogi's resource conservation and circulation initiatives is to use biomass bottles and mechanically recycled PET film in our product packaging, and we will continue to expand their use to more products.

■ Biomass bottles

We use biomass bottles (plant-derived polyethylene bottles) as containers for our Cinal EX Pro chewable tablets, Cymbalta capsules, Irbetan tablets, and Pirespa tablets. Biomass bottles are packaging containers made of polyethylene derived from materials left over in sugarcane processing. By switching from conventional petroleum-derived polyethylene bottles to biomass bottles, we can reduce CO₂ emissions and also conserve fossil fuel resources.



■ Mechanically recycled PET film

We use mechanically recycled PET (polyethylene terephthalate) film in the packaging (aluminum bags) of *Intuniv*.

Mechanically recycled PET film derives from used PET bottles that undergo several steps: selection, crushing, cleansing, and high-temperature decompression.

The replacement of virgin PET film in the outermost layer of the aluminum bags with mechanically recycled PET film results in reduced CO₂ emissions and fossil fuel conservation while maintaining the quality of the packaged products.



Use of recycled plastic as part of the raw material for bags

Biodiversity


■ Kelp forest regeneration project

In July 2021 in Hokkaido's Hakodate City, Shionogi Healthcare Co., Ltd. launched the Kelp Forest Regeneration Project, an industry-government partnership with Hakodate City, which aims to preserve natural *Kjellmaniella crassifolia* kelp, which is in danger of extinction, and to propagate the use of farmed *Kjellmaniella crassifolia* kelp.

Shionogi Healthcare is the developer of Fucoidan, which uses *Kjellmaniella crassifolia* kelp. Realizing that the areas producing natural *Kjellmaniella crassifolia* kelp are in danger of disappearing, the company launched this regeneration project in fiscal 2019 and is attempting to shift from natural kelp to farmed kelp as the ingredient for Fucoidan.

Going forward, we will make even greater efforts to protect natural *Kjellmaniella crassifolia* kelp and promote regional revitalization through accumulated knowledge. We also plan to collaborate with academic institutions on improving the quality of farmed *Kjellmaniella crassifolia* kelp.

See the press release below for details.

 Kelp forest regeneration project (Japanese only)
<https://www.shionogi-hc.co.jp/content/dam/shc/jp/news/2021/07/20210713.pdf>

■ Aburahi Botanical Gardens

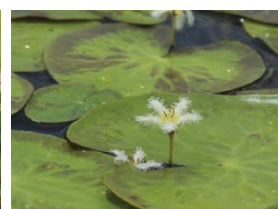
At the Botanical Gardens within the Aburahi Research Center in Shiga Prefecture, we conserve endangered species and rare plants. We are also partnering with government and academia to provide educational support for local children, who are the community leaders of the future. Comprehensive educational support at Aburahi.



Elementary School, a public school in Koga City



Anemone keiskeana, a Class II endangered species



Nymphoides indica, a near-threatened species

Ensure Compliance

For the Shionogi Group, compliance is the basis for the company's survival and development. Compliance means compliance not only with laws, rules, and regulations, but also with social standards, and it also includes ethical behavior as a company and as a member of society. This stance is set forth in the Shionogi Group Code of Conduct and the Shionogi Group Compliance Policy, and all of our executives and employees are in strict adherence.

Current Situation

- Establishment of Shionogi Group Compliance Policy
- Establishment of a compliance promotion system headed by the Representative Director and President
- The Compliance Promotion Unit was established within the General Administration Department to plan compliance activities, support promotion, conduct education and training, and conduct awareness surveys.
- Compliance promotion by group companies in Japan and overseas
- Early detection of violations and prevention of recurrence through the establishment of an internal reporting desks

Issues/Needs

- Aiming for zero compliance violations
- Restructuring of the compliance promotion system involving domestic and overseas group companies
 - Collecting on-site opinions and reflecting them in group-wide activities
 - Evaluation/review of the whistleblower system in light of the revision of the Whistleblower Protection Act

Responses

Instill compliance awareness

Strengthen tie-ups with compliance Units in each countries

Employee education

Internal reporting system

Compliance awareness survey

Related indicators

• Renewed to a bottom-up compliance handbook that reflects the opinions of employees

• Verify through progress reports: 5 times

- Top managers (division and organization heads): 3 times
- Education for compliance officers and promoters: 2 times
- Education for new hires: 4 times
- Awareness education regarding the revised Code of Conduct: 100% completion rate
- Prevention of corruption and bribery (domestic law/international law): 96.5% completion rate

• Reorganize reporting desks (for Group companies)

• Number of incidents submitted to reporting desks: 40

• Administered a questionnaire on compliance (100% response rate)

Instilling compliance awareness

Shionogi's Compliance Handbook serves as the guidepost for addressing questions about compliance, and it is promoting understanding and awareness of the importance of compliance. In particular, in 2020, as the COVID-19 pandemic wrought changes in the social environment, major shifts occurred in workstyles, and as stated in STS2030, opportunities to enter new fields increased as we partnered with other sectors that we had never dealt with before. In other words, we had to possess a high awareness of compliance and develop the ability to behave properly as we needed to make new and difficult

compliance judgments and execute them more promptly. Therefore, rather than taking passive measures, such as trying to increase compliance awareness through messaging from business units responsible for compliance activities, we implemented programs that involved more proactive and specific messaging by having from each employee make a self-determination (expression of intention) about how they are aware of compliance in their own job and at the workplace, and how to put it into action. After compiling these messages, we revised the Shionogi Compliance Handbook (6th edition).