

SHIONOGI GROUP MODERN SLAVERY STATEMENT

(Year ended March 2024)

1. Introduction

This statement has been published in response to Section 54 of the UK Modern Slavery Act 2015. It sets out the steps taken by SHIONOGI & CO., LTD. and SHIONOGI B.V. in the fiscal year ended March 31, 2024 (FY2023) to prevent modern slavery and human trafficking in the business and supply chains.

2. Business and supply chains

Since its foundation in 1878, SHIONOGI Group (“we”) has been committed to continuously creating innovative healthcare products and services to provide more comprehensive solutions to patients and society worldwide. SHIONOGI Group consists of SHIONOGI & CO., LTD., 43 consolidated subsidiaries, 4 associated companies, and 2 joint ventures (as of March 31, 2024). SHIONOGI Group has a single business segment related to prescription drugs and operates research, development, purchase, manufacturing, and distribution of prescription drugs and related businesses. With a consolidated workforce of 4,959 employees (as of March 31, 2024), of which the majority is based in Japan, we are engaged in research, development, manufacturing, and distribution of pharmaceuticals, diagnostics, reagents, and medical devices, centered on the ethical pharmaceuticals business.

More information on SHIONOGI Group is available at

<https://www.shionogi.com/global/en/company.html>

In Europe, Shionogi B.V. is responsible for the commercial and R&D operations for the U.K. and Europe. Shionogi B.V. has its registered office in the Netherlands (Herengracht 464, 1017CA, Amsterdam, the Netherlands), and a U.K. branch office in London, United Kingdom.

With our core business in pharmaceuticals, we procure active pharmaceutical ingredients, intermediates, raw materials, packaging, and services globally, mainly through a network of the head office, manufacturing group companies, and overseas group companies. We also cooperate with a number of outsourcing partners in order to provide the best possible medicines needed to protect people’s health at all times, and require these business partners in the supply chains to address human rights issues appropriately in accordance with the policy described in the following section.

3. Policies in relation to modern slavery and human trafficking

Codes of Conduct

- SHIONOGI Group Code of Conduct

In addition to SHIONOGI Group Code of Conduct, which sets out the core standards and behaviors we expect all our employees to apply in their daily behavior, we have also developed regional codes of conduct. The Code embeds the need to understand and respect human rights and labor rights, across all our business activities.

The Group's management teams pledge to lead by example, acting out the spirit of the Codes, educating all SHIONOGI Group members thoroughly with respect to the Codes, and asking our business partners to accept and agree to the Codes.

<https://www.shionogi.com/global/en/company/business.html>

Policies

- SHIONOGI Group Human Rights Policy

Recognizing our responsibility to respect the human rights of all those affected by our business activities, we established SHIONOGI Group Human Rights Policy in March 2021 based on the UN Guiding Principles on Business and Human Rights and this policy sets out our commitment to promote respect for human rights.

SHIONOGI Group Human Rights Policy is available at

<https://www.shionogi.com/global/en/company/policies/shionogi-group-human-rights-policy.html>

The policy covers all individuals and groups that may be affected by our business activities and business relationships. This commitment applies to all board members and employees of SHIONOGI Group, and we encourage our business partners involved in the Group's products and services to support this policy. The policy expresses our commitment to adhere to the United Nations International Bill of Human Rights (specifically the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights), the ILO Declaration on Fundamental Principles and Rights at Work, international human rights standards for workers adopted in conventions on such matters as wages and working hours, and United Nations Declaration on the Rights of Indigenous Peoples, and respect the Ten Principles set forth in the United Nations Global Compact and the Ethical Principles for Medical Research Involving Human Subjects (Declaration of Helsinki). SHIONOGI & CO., LTD. has been a signatory to the United Nations Global Compact since August 2019.

The policy has received the approval of our Board of Directors and the signature of our

Representative Director, President and CEO.

- SHIONOGI Group Procurement Policy

We conduct procurement activities based on honesty, accuracy, fairness, and transparency in order to maintain and enhance the health, safety, and daily comfort of people around the world and to realize a sustainable and healthier society. Supporting and respecting international standards, including the Ten Principles of the United Nations Global Compact, the Pharmaceutical Supply Chain Initiative (PSCI) principles (Principles for pharmaceutical manufacturers in implementing appropriate supply chain management for ethics, labor, health and safety, environment, and management systems.), and ISO20400 (Guidance on Sustainable Procurement) as the basic approach to procurement, we promote procurement that respects the human rights of all people in consideration of the working environment and safety and health, in accordance with relevant international norms.

<https://www.shionogi.com/global/en/company/policies/shionogi-group-procurement-policy.html>

- SHIONOGI Group Business Partner Code of Conduct

We have established SHIONOGI Group Business Partner Code of Conduct and ask all business partners to comply with this Code of Conduct in order to contribute to the realization of a sustainable and healthier society across the entire value chain through collaboration with business partners. This Code of Conduct has been formulated based on the UN Global Compact and the PSCI principles. It stipulates the elimination of modern slavery and child labor, non-discrimination, fair treatment, observance of fair wages and reasonable working hours, and freedom of association under “2. Human Rights and Labor”. If it emerges that any activity has violated this Code of Conduct, we will take prompt action to remedy it.

<https://www.shionogi.com/global/en/company/policies/shionogi-group-business-partner-code-of-conduct.html>

- SHIONONGI Group Anti-Corruption/Anti-bribery Policy

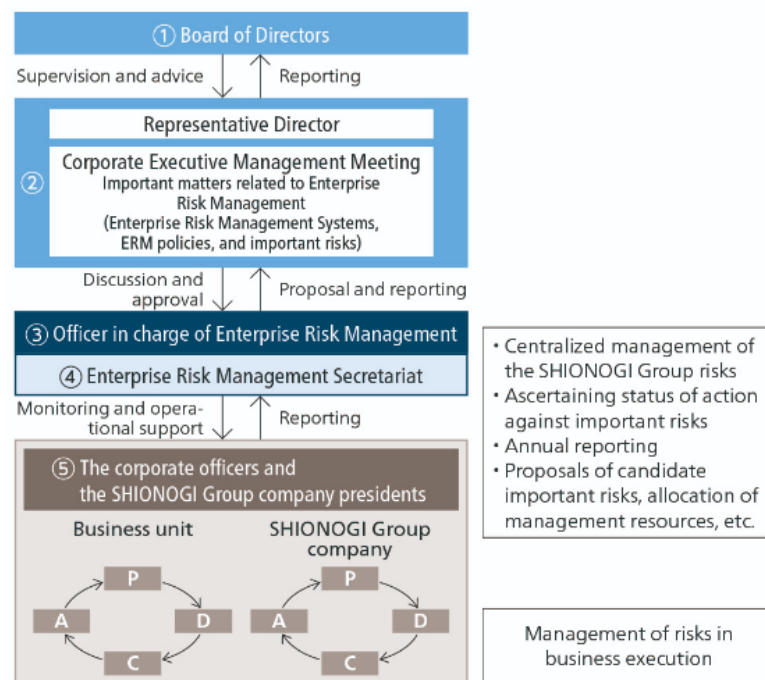
There is a proven link between modern slavery and corruption. We have strict policies both at the Group level and at the regional level to prohibit the giving or receiving of bribes.

<https://www.shionogi.com/global/en/company/policies/shionogi-group-anti-corruption-anti-bribery-policy.html>

4. Governance structure for ensuring respect for human rights

We employ the Enterprise Risk Management (ERM) system, which oversees the entire Group's business risks, including human rights, as an important mechanism for management strategy and management foundations. Risk managers in each department identify company-wide risks, including risks related to business and human rights, and implement risk responses. In particular, significant risks that could have an impact on management and action plans to address them are discussed and decided by the Corporate Executive Management Meeting and the Board of Directors, and based on the action plans, the lead body collaborates with relevant departments to implement the countermeasures. The lead body for respect for human rights is the General Administration Department of the Administration Division.

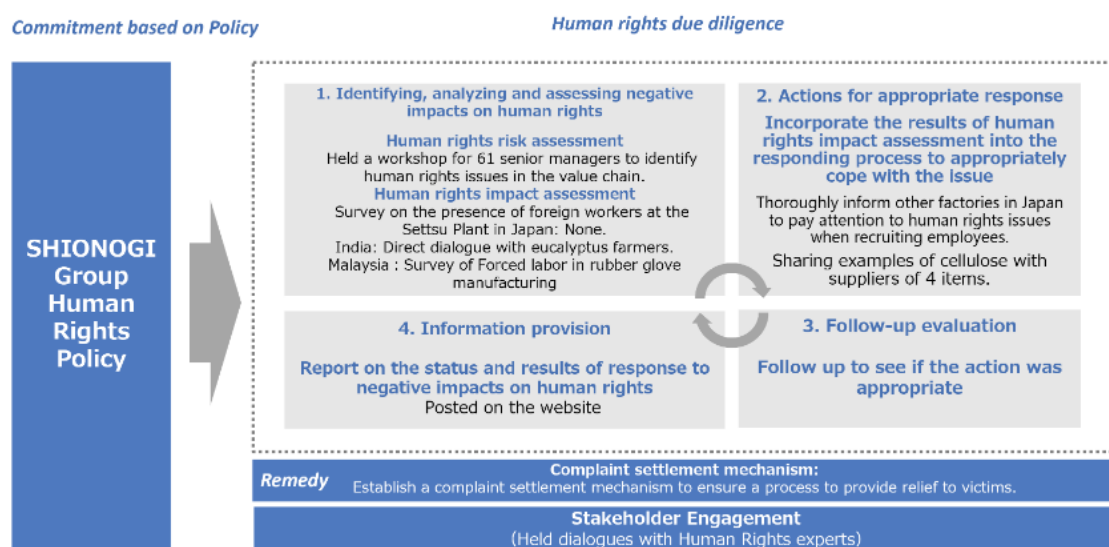
SHIONOGI Group Risk Management Structure



5. Due diligence process

In accordance with processes detailed in the UN Guiding Principles on Business and Human Rights, we have established the following mechanism for human rights due diligence and are taking action accordingly.

SHIONOGI Group Due Diligence Process



6. Human rights impact assessment

In FY2020, we conducted a human rights risk assessment across all businesses of SHIONOGI Group, narrowing down the areas where risks should be more precisely identified.

(1) Conducting human rights risk assessment

In FY2020, with the support of Caux Round Table Japan (CRT Japan), a third-party organization, we identified potential human rights risks that SHIONOGI Group's business activities might have.

After researching human rights issues and industry-specific risks through desktop research and engagement with experts, we held a workshop on November 4, 2020. 61 senior managers discussed potential human rights risks and risk response situations in our value chain and risk items were organized by rights-holder and value chain. We also held workshops and interviews on November 26 and December 21, 2020, on specific human rights risks with personnel from relevant departments and shared examples of initiatives and opinions on potential human rights risks. The risk assessment results identified human rights themes

requiring more precise risk identification from a human rights perspective.

(2) Human rights themes for more precise risk identification

We have an important responsibility to ensure a stable supply of products and services, safety and quality, as well as respect and pay due consideration to the human rights of patients, healthcare providers, and Group employees. We have established a dedicated department within the Group to address these themes based on appropriate management cycles, which we continue to focus on. In addition, the following two points in the supply chain were recognized as important human rights themes for SHIONOGI Group and therefore they were a prioritized focus in FY2023.

- (i) Labor situation of foreign workers
- (ii) Labor situation in the production areas of raw and other materials

(i) Labor situation of foreign workers

In FY2023, we checked whether foreign workers were employed at suppliers related to SHIONOGI Group's operations, and confirmed the employment of technical intern trainees at a packaging printing company. We subsequently proposed to the supplier to conduct interviews with technical intern trainees working on site. However, we were unable to obtain approval from the supplier. Following discussions with CRT Japan and their advice, at this point we will continue to closely monitor the supplier's situation and engage in continuous communication with the responsible person, thereby seeking their understanding of the purpose of our business and human rights initiatives. Also, we asked our suppliers and outsourcing companies including the said supplier to ensure legitimate recruitment practices that respect human rights when employing technical intern trainees.

(ii) Labor situation in the production areas of raw and other materials

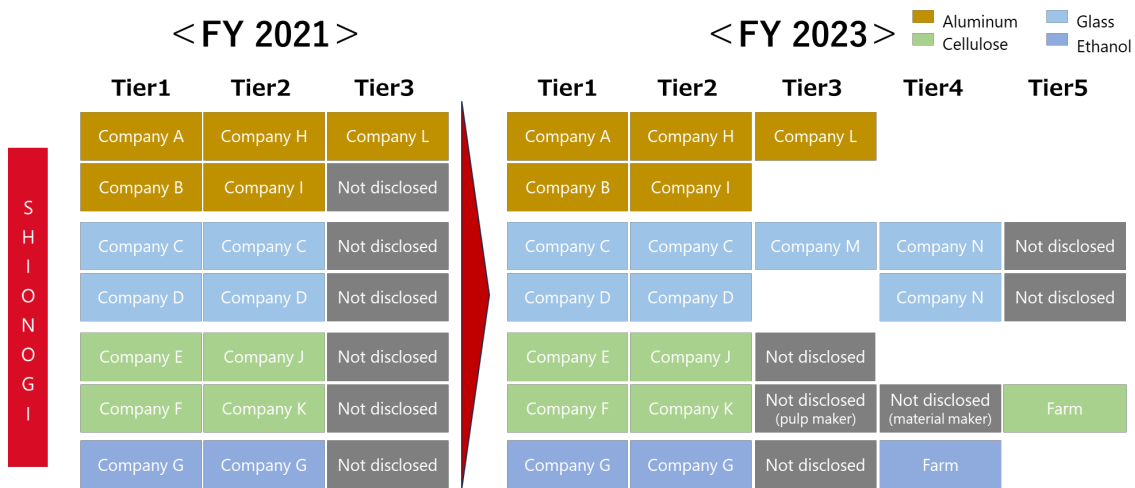
Based on the assessment report (Material-specific Human Rights & Environmental Impact Assessment) by PSCI and research by CRT Japan, we set aluminum, glass, cellulose, and ethanol as SHIONOGI Group important items in terms of the significance of their impact on the Group's business and the degree of potential risk recognized by society, and we have decided to conduct a human rights impact assessment on them.

In FY2021, we initiated an assessment on cellulose. Focusing on eucalyptus, one of the raw materials of cellulose, we conducted an online dialogue with eucalyptus producers in India and confirmed that there is no salient risk of human rights violations such as forced labor and child labor. In addition, we found that the strong position of the brokers buying the timber resulted in producers not being able to negotiate prices; the significant environmental impact

of eucalyptus on the livelihoods of local people and other crop production due to its high water absorption and the lowering of the groundwater table; and the potential future declines in production due to the high environmental impact and low profitability of eucalyptus.

In FY2023, we shared these results of the direct engagement with producers related to cellulose with our aluminum, glass, and ethanol suppliers and asked them to investigate any human rights violations in the areas where the raw materials are produced, and confirmed a collaborative response if adverse impacts become apparent.

By continually taking action in this way, the scope where we can monitor the situation of our suppliers has expanded since last year, and we have made progress in visualizing the situation.



On August 19, 2022, we received information from CRT Japan regarding forced labor associated with the manufacture of rubber gloves in Malaysia (Kimberly-Clark Corporation). We promptly conducted a questionnaire survey of primary suppliers from whom rubber gloves were purchased and investigated the use of such products within SHIONOGI Group. As a result of the survey, we confirmed that the concerned products had been purchased in the past, but were not being purchased or used at the time we recognized the problem. We will continue to monitor the improvement status of forced labor at the concerned company. We will continue to assess the human rights risks in the supply chains regarding the SHIONOGI Group's important items and to maintain a management system that allows us to take prompt action to remedy when issues arise.

More information on our human rights due diligence initiatives is available at

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

7. Procurement initiatives

We continue to obtain agreement to SHIONOGI Group Business Partner Code of Conduct from all suppliers involved in our business.

In addition, we regularly conduct written and on-site audits of suppliers of critical pharmaceutical raw materials and others using the Self Assessment Questionnaire (SAQ) provided by the PSCI to check the risks in each category, including modern slavery and trafficking in persons. In FY2023, although we did not conduct onsite audits, we completed desktop audits of 31 companies. As a result of the audits, no significant human rights-related issues were confirmed. However, where issues arise, we will promptly address the issues and implement remedies.

Supplier management level and auditing items are available at

<https://www.shionogi.com/global/en/sustainability/society/supply-chain-management.html>

In addition, we have been using:

- EcoVadis, a rating platform for fair and objective assessment of corporate social responsibility and sustainable procurement, and assessed suppliers in order of priority. In FY2023, we completed assessments for 49 companies and have completed a cumulative total of 121 companies since its implementation. As a result of the assessment, there were 19 suppliers that fell below the standard score in the EcoVadis' "Labour and Human Rights" category. We have requested nine of these suppliers to take action for improvement and reached an agreement on improvement plans with the suppliers by January 2024. We will continue to request improvement actions.
- IndueD (US, EU and UK), a screening platform looking at adverse media, ultimate beneficial owner, sanctions and PEPs. Since implementation we have screened [58] companies] of which [6] were considered high risk and not engaged.

Through the above methods, we manage our key suppliers.

8. Engagement with external stakeholders

SHIONOGI & CO., LTD. participates in the Human Rights Due Diligence Workshop, organized by Nippon CSR Consortium with CRT Japan serving as secretariat, to discuss human rights issues in the pharmaceutical industry. In FY2023, we participated in the workshop from May to July 2023. The workshop brings together different stakeholders, including companies, NGOs/NPOs, and experts, to exchange views on promoting human rights due diligence initiatives. After issues are raised by NGOs/NPOs and experts, the participating companies discuss and identify human rights issues in the pharmaceutical industry, referring to the Human Rights Guidance Tool developed by the United Nations Environment Programme Finance Initiative (UNEP FI). We refer to these results and use them to promote our human rights initiatives.

By participating in the Human Rights Due Diligence Workshop, we will continue to promote systematic human rights initiatives in accordance with the UN Guiding Principles on Business and Human Rights while utilizing the views of stakeholders obtained from the above engagements.

9. Measuring with appropriate performance indicators

In order to assess the effectiveness of the steps we are taking to ensure that slavery and human trafficking are not taking place in the SHIONOGI Group's business or supply chains, we continue to (i) conduct the human rights due diligence assessment periodically, (ii) review the results of supplier audits and (iii) monitor the number and the concerns of reports received through the whistleblowing procedures from employees, suppliers or others who raise concerns about modern slavery and human trafficking we evaluate the effectiveness of these efforts, incorporating third-party perspectives.

We received positive feedback from CRT Japan for our human rights risk assessment, which included our impact assessments where we collected reliable primary information through direct communication with eucalyptus producers.

10. Grievance mechanism

SHIONOGI Group has established online contact points for all workers in the Group's operations, including those of its business partners to report compliance concerns in Japanese and English. We ensure the privacy of the raising party and those involved is protected and have a policy on non-retaliation for the raising party. In FY2023, there were no cases of human rights-related reporting to this contact point.

The detail of this contact point is available at

<https://fofa.jp/song/a.p/115/>

In Europe and UK, we have a Speak Up process run through an independent company. In FY2023 we have had no reports involving modern slavery or human rights.

11. Training to eradicate forced labor and human trafficking

We provide education to raise awareness of human rights risks, including modern slavery and human trafficking to ensure that each Group employee understands the importance of respect for human rights and that they embed the understanding into their day-to-day business operations.

In FY2023, we conducted e-learning for all employees, including those in Group companies in Japan. The completion rate was 89.6% (3,721/4,153 employees). In the post-training questionnaire, positive opinions exceeded 80% in almost all categories. Through human rights

training, we help employees understand the risks of human rights violations in the supply chain and human rights issues in Japan, including those related to slavery, human trafficking, and technical intern trainees, as well as SHIONOGI Group Human Rights Policy.

12. Plan for the next year and onward

In accordance with the UN Guiding Principles on Business and Human Rights, we are committed to ensuring that our operations and supply chains do not cause or contribute to human rights violations. To achieve this, we will specifically focus on the following.

(1) Conduct the second human rights risk assessment

Assemble relevant departments and conduct human rights due diligence risk assessments along the value chain to identify human rights themes in FY2025.

(2) Conduct human rights impact assessments in areas where raw materials are manufactured

Conduct human rights impact assessments, prioritizing the important items, through interviews with our suppliers, and disclose the results on our website. Constantly monitoring social concerns, we investigate and consider countermeasures before risks become apparent.

(3) Conduct human rights impact assessments covering technical intern trainees and temporary workers

In addition to foreign workers in Japan, who are considered to be at high risk of human rights violations, focus on temporary workers and conduct a questionnaire survey with the aim of confirming the presence of these workers at suppliers and their employment and working conditions. Furthermore, for suppliers identified as high risk suppliers based on the results of the questionnaire, interviews will be conducted to ascertain the actual situation.

This statement was made by SHIONOGI & CO., LTD. on behalf of itself and SHIONOGI Group (including SHIONOGI B.V.) and has been approved by the Board of Directors of SHIONOGI & CO., LTD. and signed by Representative Director, President, and CEO on September 2, 2024.

September 30th, 2024

SHIONOGI & CO., LTD.

Representative Director, President, and CEO

