

SHIONOGI GROUP MODERN SLAVERY STATEMENT

(Year ended March 2023)

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, 2023 (FY2022) to prevent modern slavery and human trafficking in our business and supply chains.

2. Our 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. 45 consolidated subsidiaries, three associated companies, and one joint venture (as of March 31, 2023). 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 5,680 employees (as of March 31, 2023), 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 the U.K., 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 focus on the procurement of active pharmaceutical ingredients, intermediates, raw materials, packaging and services through a global network of manufacturing sites and distribution centers. 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 that these business partners in the supply chains also 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

Code of Conduct

- SHIONOGI Group Code of Conduct

Code of Conduct sets out the core standards and behaviors we expect all our employees and contractors to apply in their daily behavior. 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 Code, educating all SHIONOGI Group members thoroughly with respect to the Code, and asking our business partners to accept and agree to the Code.

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

We have also implemented a code of conduct specific to our business in Europe and UK, reflecting both the Group Code and legislative requirements in Europe and UK.

Policies

- SHIONOGI Group Human Rights Policy

We recognize our responsibility to respect the human rights of all those affected by our business activities and established SHIONOGI Group Human Rights Policy based on the UN Guiding Principles on Business and Human Rights which 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 will continue to 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). The Company has signed up 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 CEO in March 2021.

- **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, 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 are committed to realizing a sustainable and healthier society by working with business partners throughout the value chain. Therefore, we ask all our business partners to follow this Code. SHIONOGI Group Business Partner Code of Conduct has been formulated based on the United Nations Global Compact and the PSCI (Pharmaceutical Supply Chain Initiative) 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>

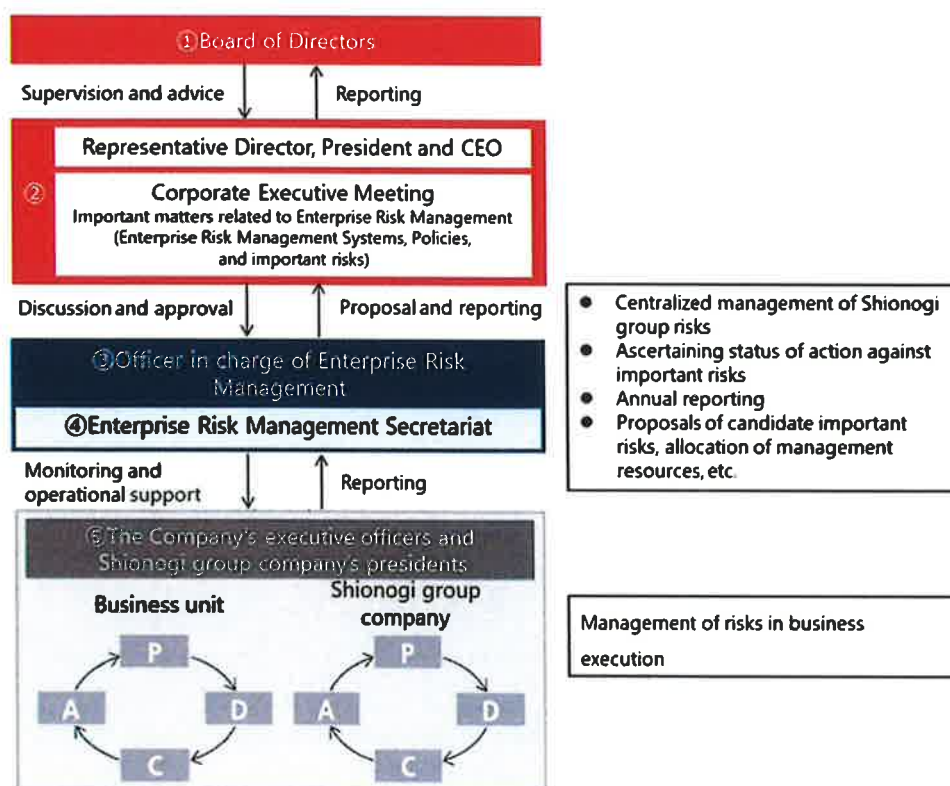
- **SHIONOGI Group Anti-Corruption/Anti-bribery Policy**

There is a proven link between modern slavery and corruption. We have strict policies 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. In combination with the company-wide risk management process, this has helped ensure that we as a company, including the Corporate Executive Committee and the Board, maintain a focus on these important topics.



5. Due diligence process

we have established the following mechanism for human rights due diligence in accordance with the processes detailed in the UN Guiding Principles on Business and Human Rights and been working to ensure the due diligence process.



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

We identified potential human rights risks that SHIONOGI Group’s business activities might have with the support of Caux Round Table Japan (CRT Japan), a third-party organization. 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 FY2022.

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

(i) Labor situation of foreign workers

Following the survey conducted in FY2021 to identify the actual situation in the workplace environment for foreign workers, in FY2022, we conducted a survey of suppliers related to COVID-19 products regarding the employment of foreign workers to confirm with CRT Japan that no technical intern trainees were employed. As a result, we conclude that the human rights risk associated with technical intern trainees in SHIONOGI Group at present is very low.

We asked our suppliers and outsourcing companies 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 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 has decided to conduct a human rights impact assessment.

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 FY2022, we shared these results 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.

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, 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 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

In addition to on-site audits, we regularly conduct written audits of our suppliers of critical pharmaceutical raw materials using the Self Assessment Questionnaire (SAQ) provided by PSCI to identify risks in each category, including modern slavery and human trafficking. In the past, we had obtained endorsement of the basic principles set forth by PSCI from business partners. After establishing SHIONOGI Group Business Partner Code of Conduct, we now require new and continuing business partners to agree to and endorse this Code of Conduct. In FY2022, although we did not conduct onsite audits, we completed desktop audits of 37 companies. As a result of the audits, no significant human rights-related issues were identified. 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. We assess suppliers in order of priority. Although COVID-19 has resulted in a decline in the number of on-site audits, EcoVadis has enabled us to assess 63 suppliers in FY 2022, with a cumulative total of 109 suppliers since its implementation. As a result, there were 13 suppliers that fell below the reference point in EcoVadis and we have requested engagement action for these 13 suppliers since FY 2022. We will continue to request remedial actions.

We manage our key suppliers in the above approaches.

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 FY2022, we participated in the workshop from May to July 2022. 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 the result of this engagement in our human rights initiatives.

We will systematically promote human rights initiatives in accordance with the Guiding Principles on Business and Human Rights while considering the views of external experts obtained from the above engagements.

9. Measuring with appropriate performance indicators

In FY2022, as in the previous year, Shionogi & Co., Ltd. continued to regularly communicate with CRT Japan, an expert on “business and human rights” and received advice and comments from a social perspective when advancing initiatives, with the aim of verifying the effectiveness of SHIONOGI Group’s human rights due diligence process and results and considering the future direction of our initiatives. We received positive feedback for the human rights risk assessment for conducting human rights risk assessments in workshops involving management and employees, and for conducting impact assessments and collecting reliable primary information through direct communication with farmers. In addition, we received advice on where to pay attention in advancing our efforts to respect human rights. Based on these, we will advance our initiatives in FY2023.

In order to assess the effectiveness of the steps we are taking to ensure that slavery and human trafficking are not taking place in SHIONOGI Group’s business or supply chains, we will 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.

10. Grievance mechanism

SHIONOGI Group has established a variety of mechanisms, both internal and external, which all workers and those external to the company can use to raise concerns, in Japanese and English.

These include the ability to report anonymously. We have a strict policy on non-retaliation for reports received in good faith and have mechanisms in place to ensure the privacy of the reporter is respected. In FY2022, 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/109/>

In Europe and UK, we have a Speak Up process run through an independent company. In FY2022 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 FY2020, we held a workshop for SHIONOGI Group executives and employees and a lecture on business and human rights was held with a total of 61 participants, including the president, vice president, corporate officers and heads of department. In FY2021, we conducted e-learning for all employees, including those from Group companies in Japan. The completion rate was 89.6% (4,359/5,311 employees). This e-learning helps 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 human rights impact assessments in areas where raw materials are manufactured
Conduct human rights impact assessment, 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.

(2) Conduct human rights impact assessment covering technical intern trainees

Focusing on foreign workers in Japan, who are considered to be at high risk of human rights

violations, we will conduct a questionnaire survey with the aim of confirming the presence of foreign workers at suppliers and their employment and working conditions. Furthermore, for suppliers which are identified as high risk 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 4th, 2023.

September 13th, 2023



Shionogi & Co., Ltd..

Representative Director, President and CEO