

Declaration of Partnership Building

We, Shionogi & Co., Ltd., hereby declare that we will focus on the following matters in order to build new partnerships by promoting cooperation, coexistence, and co-prosperity with our suppliers in the supply chain and businesses seeking to create value.

1. Coexistence and co-prosperity of the entire supply chain and new cooperation that transcends business scale and affiliation

We will strive to increase the value added throughout the supply chain by reaching out, through our direct suppliers, to their suppliers (from “Tier N” to “Tier N + 1”). We also aim to build coexistent and co-prosperous partnerships with our suppliers through cooperation that goes beyond the existing business relationships and company size. We will provide advice and other support, including helping our suppliers introduce teleworking and formulate their Business Continuity Plan (BCP), from the perspective of business continuity in the event of a disaster or other emergency and of work-style reforms.

(Individual item)

- Together with our business partners, we will enhance compliance and risk management related to human rights, labor, and health and safety and will work on sustainable procurement.
- We will improve engagement with our business partners and promote greenhouse gas (GHG) emission reduction throughout the supply chain with the aim of achieving Science Based Targets (SBTs).

2. Compliance with the “Promotion Standards”

We will comply with desirable trade practices between parent enterprises and subcontractors (“Promotion Standards” under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises), and we will actively correct trade practices and commercial customs that may hinder the establishment of partnerships with our suppliers.

① Pricing method

We will not demand unreasonable price reductions. When determining transaction prices, we will agree to engage in and hold sufficient discussions upon request of a subcontractor, giving consideration to the impact of increased labor costs, so that the resulting prices will include proper profits for the subcontractor. When entering into a contract, including the determination of transaction prices, we, if acting as a parent enterprise, will indicate and deliver to the subcontractor the relevant contract terms in writing.

② Mold management and other cost burden

We will promote the disposal of unnecessary molds and will not request subcontractors to store molds without compensation.

③ Terms of payment by draft, etc.

We will pay subcontracting fees in cash as much as is practical. Should we pay those fees by draft, we will never

have subcontractors pay discounts or other fees. We will also endeavor to pay invoices within 60 days.

④ Intellectual property and knowhow

We will not urge subcontractors to enter into any one-sided non-disclosure agreement or take advantage of our trading position to demand that they disclose their knowhow or transfer their intellectual property rights without compensation.

⑤ Consideration for work-style reforms at subcontractors

We will not require subcontractors, without proper cost compensation, to complete subcontract work in unreasonably short time periods, nor will we request sudden changes to the specifications of subcontract work, so that subcontractors can also pursue work-style reforms. In the event of a disaster or other emergency, we will not impose a one-sided burden on subcontractors in terms of transactions, and upon the resumption of business operations, we will give consideration to the continuation of business relationships as much as possible.

3.Other (optional description)

We have made a voluntary action declaration in support of the purpose of the White Logistics promotion campaign and work to improve logistics based on mutual understanding and cooperation with related parties, such as our suppliers and logistics operators.