

## 1. この会社が目指す姿が理解できるか

Realizing the shift in healthcare needs and demands in society, Shionogi's set a vision for 2030 – “Building Innovation Platforms to Shape the Future of Healthcare.” Shionogi Co. Ltd has devised a Medium-Term Business Plan called the Shionogi Transformation Strategy 2030 (STS 2030) in 2020, which is a compass for the company to achieve business sustainability by transforming from a drug discovery-based pharmaceutical company specialized in providing medicinal drugs into a “Healthcare as a Service” – HaaS company that provides integrated healthcare products and services.

One big change in Shionogi's management compass is their plan made in response to the COVID-19 situation. They now aim to provide a supply of vaccines, safer and more effective drugs, rapid and more efficient diagnosis, and early prevention. Shionogi also plans to expand their vaccine business and has also started sales in China by placing their products on China's Ping An Insurance Group's online healthcare platform through their new joint venture.

Shionogi believes that research and development (R&D) and business process reformation are crucial in becoming a HaaS company and has hence established the DX Promotion Division in 2021 to facilitate a transformation and create new value. Shionogi wants to accelerate and enhance R&D as well as their business decision-making process. This also involves making their IT and security foundation stronger and more efficient, and they will increase the budget allocated for R&D by at least 20%.

Shionogi's current value creation model comprises of a cycle of research, development, manufacturing, and marketing. Through their growth strategy STS2030, which involves R&D strategy, top-line strategy and management foundation strategy, Shionogi aims to become a HaaS company with their 2030 vision. The HaaS concept that Shionogi is pursuing includes becoming able to accurately grasp changing healthcare needs and hence creating new value by providing the healthcare solution that society needs, and becoming other industries' partner of choice.

To achieve this, Shionogi's STS 2030 includes two phases. In Phase 1, Shionogi will work on expanding our own sales of medicines in Japan, the US, and China and concentrate on building and strengthening a new business model that is not patent reliant, as Shionogi had lost a huge part of its patents due to the COVID-19 situation.

## 2. この会社の競争優位性が理解できるか

Along with changes in society in aspects of increasing hygiene awareness, increase in expectations and demand for global infectious disease countermeasures as well as vaccines has also been seen. Overall, there is a prospect of realizing a society where people can be healthy and a growing demand to improve quality of life. In the pharmaceutical industry, demand for healthcare optimized to the individual is on the rise and AI and real-world data is being utilized in drug discovery. Along with the growing population and economy in emerging countries, all these has led to a market expansion for Shionogi.

Shionogi had developed several drugs that treats infectious diseases, one being the *Tivicay* which is superiorly effective and safe in improving the quality of life for people who have HIV. Shionogi continues to provide these drugs throughout the world, and it is seen that they will be continuously needed in the future. With their technology, Shionogi is more than likely to develop more drugs that contribute to human's wellbeing and be a sustainable business.

## 3. その競争優位性に持続性があるかどうか理解できるか

The growing and aging population calls for advances in healthcare. This aligns with Shionogi's vision for 2030, where they aim to become a more individualized healthcare service. An aging population also means that there will be a higher demand for drugs, which provides a wider market for Shionogi.

Shionogi's corporate governance features balance among their four types of stakeholders – customers, local communities, shareholders, and employees – in maintaining transparency and proper business management. It also emphasis not only on complying with the Corporate Governance Code, but also on expressing their doubts with discussing them. In addition to that, Shionogi aims to diversify the board of directors and auditors. Lastly, Shionogi gives importance to management transparency where a majority of the board are independent and outside officers.

Aging population, corporate governance p75, tech for detecting COVID-19 in wastewater

## 4. この会社で自身の人的資本の価値向上を達成できると思うか

Shionogi is retraining employees to become IT personnel in order to transform their organizational culture and strengthen their IT and digital capabilities company-wide, and has spent ¥140,000 per person for education and training on average in 2020. Shionogi is also building a system which includes the human resources setup, the challenger incentive system, and education and training. The personnel system treats and pays employees according to and only to their job grades. Bonuses are also performance-linked so that employees will benefit based on meeting their challenges in contributing to the company's growth. The challenger

incentive system awards a President's Prize to innovative ideas and commercializes them. Shionogi also launched a program called "I Want to Do It" to support voluntary initiatives by employees. Education and training based on the Shionogi Way, includes basic training and education for managers. Shionogi has been offering support of up to ¥250,000 per year to union-level employees for self-investment as well.

Besides that, Shionogi makes the most of human resources diversity by offering diverse workstyles to provide an environment where each employee will be able to apply their skills. One of them involves expanding their work-at-home program, by offering a new workstyle globally in the form of a 24-hour flextime work system that has no core hours. Shionogi also stopped transferring employees without their families and has been trying to increase their proportion of female workers.

From this, it can be said that working in Shionogi provides great opportunities for learning new skills and honing our abilities. With Shionogi's efforts to respect diversity, working there also allows us to work in the way that the most suited for us, without having to conform to a certain working norm.

#### 5. 報告書にはどのような改善余地があるか

It could have been a little easier to read. There were a lot of specialized vocabulary and in my opinion, that makes it hard to read for people who are not affiliated with the field and are just trying to get a hold of the company's investment value. Some of the contents were all over the place as well, having appeared in several sections of the report. It would have been easier to read and analyze if the points were more summarized and made easier to see.