

This is Shire

Shire is the leading global biotechnology company focused on rare diseases. We research, develop, and market innovative medicines that have the potential to transform the lives of people with rare – and often unmet – medical needs.

Our focus on rare diseases

Rare diseases are often misunderstood, under-diagnosed, and are potentially life threatening. With a sharp focus in this area, we strive to address significant unmet needs in order to transform patients' lives and place underserved patient communities at the center of all we do.

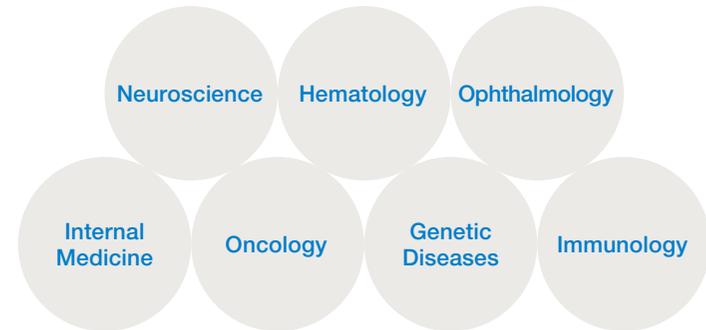
Rising to the challenges associated with our core purpose requires unique capabilities. This is why we aim to attract and nurture outstanding talent, and encourage all of our employees to contribute at their full potential. We have approximately 24,000 employees who come to work every day with a common goal: to develop and deliver breakthrough therapies that enable people with life-altering conditions to live their lives to the fullest.

Our strategy

At Shire, we are dedicated to building and sustaining leadership across our seven therapeutic areas. Through our extensive product portfolio, innovative development pipeline, and collaboration with partners across the healthcare ecosystem, we strive to earn the trust of our patients, their families and physicians, and all others who support and advance their care. Working together, the possibilities for our patients, healthcare partners, employees, and shareholders are remarkable.

More details are available in our Annual Report at shire.com

Our therapeutic areas



Global reach



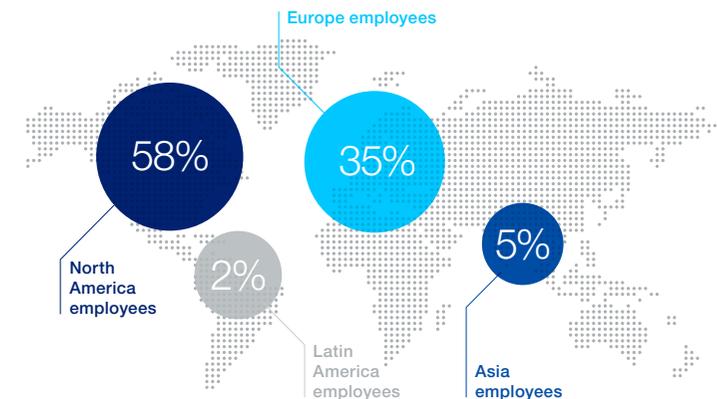
100+

Our products are available in more than 100 countries.



68

We have offices in 68 countries.



24,000 employees

We now sell our products in over 100 countries and have roughly 40 programs in clinical development, of which about 20 are in the later stages of development. We employ approximately 24,000 talented people and have commercial operations in 68 countries. We are committed to developing a diverse organization that values all genders, cultures, ages, and experiences.

Chief Executive Officer's letter

2016 was a transformative year for Shire, in which we became the leading global biotechnology company in rare diseases.

Along with our employees around the world who bring their incredible talent and passion to work every day, I'm proud of the milestones we've achieved in service to patients and all those who support them on their journey. I also know that we have only scratched the surface and that, as a global leader, many great responsibilities lie ahead.

Responsibility and responsible leadership permeate everything we do. At Shire, we address significant unmet medical needs and work tirelessly to improve people's lives with breakthrough medicines. Meeting the fundamental objective of responsible leadership is by no means a simple proposition. It is a challenging endeavor that depends on the efforts of our entire organization and the partnerships and trust we develop with our patients and stakeholders.



Together we have a unique opportunity to place underserved patient communities at the center of all we do and have a positive impact on society.



Flemming Ornskov, MD, MPH
Chief Executive Officer

Throughout 2016, we embarked on a number of key activities to improve our approach to Responsibility. First among these was reaffirming our steadfast commitment to Responsibility within our newly combined Company, following our acquisition with Baxalta. During the year we laid solid foundations, including an examination of our most material Responsibility issues and merging many of our related policies, systems, and processes as a newly combined Company.

I am eager to build on the work that we've done and extend our role as a champion for patients and a role model for responsible leadership. We will achieve this by attracting, retaining, and developing our talent, and managing our operations in an ethical and sustainable way. In 2017, we will bring all these areas together to define a long-term strategy for Responsibility.

Our approach to Responsibility thus far has continued to gain recognition. We are a constituent in the FTSE4Good Index Series and ranked first in Newsweek's 2016 Green Ranking. We were also named Pharma Company of the Year by Scrip Intelligence, a significant recognition awarded annually by industry peers, for our enduring commitment to serving patients and families affected by rare diseases.

I am honored to work alongside my colleagues at Shire. Together we have a unique opportunity to place underserved patient communities at the center of all we do and have a positive impact on society. I invite you to explore our Responsibility highlights and progress in this 2016 Annual Responsibility Review.

As always, I thank you for your continued support and partnership.

Sincerely,



Flemming Ornskov, MD, MPH
Chief Executive Officer

Gaining recognition

FTSE4Good

In 2016, we remained a constituent of the FTSE4Good Index Series, a leading responsibility investment index.

Newsweek's Green Ranking

We were ranked as the 'greenest' company in the world from Newsweek, improving on our position of second last year.

Pharma Company of the year

We were named Pharma Company of the year by Scrip Intelligence, a recognition awarded by industry peers for our commitment to serving patients with rare diseases.

Highlights from 2016

We are proud of our accomplishments in 2016 and we will continue to work towards achieving our Responsibility ambitions.



\$1.3bn

invested in targeted R&D during 2016.



60,000

patients supported by our U.S. patient assistance programs.



\$11m

provided in educational grants.



37

clinical programs in our development pipeline.



\$254m

spent on small businesses in the U.S. as part of our Supplier Diversity Program.



Shire's Global Day of Service

In October, we hosted our second annual Global Day of Service. More than one-third of our workforce participated in over 150 volunteer projects worldwide. A total of 25,000 hours were given to community organizations that, in many cases, help children overcome odds.

25,000
volunteering hours

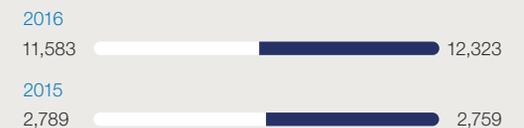
Employee statistics

Employment by region as at Dec 31, 2016

- North America.....58%
- Europe.....35%
- Latin America.....2%
- Asia.....5%



Shire global employees gender split as at Dec 31, 2016



- Male.....48% ↕ 2%
- Female....52% ↕ 2%

23,906

[READ MORE ON PAGE 34 →](#)

Highlights from 2016 continued

CEO Awards

Our CEO Awards are given to colleagues who have demonstrated outstanding performance, making a significant difference to our stakeholders and colleagues, and, most importantly, in the lives of our patients. In 2016, 164 employees from nine countries received an individual or team CEO Award.



Over \$100,000

saved

Our facility in Vienna, Austria, implemented multiple energy conservation projects, such as converting to LED lighting and optimizing cooling and ventilation. These efforts made annualized savings of over \$100,000 and reduced energy consumption by 1.6 million kWh.

ShireLearns Hub

This year, we launched the ShireLearns Hub, a new online platform that provides employees with access to training, webinars, reading material, and links to partner sites. Since launch, 4,500+ employees have used the resource.



\$3m

committed over three years to the SeriousFun Children's network.

SeriousFun Children's Network

In February of 2016, we committed \$3 million over three years to SeriousFun Children's Network, a global non-profit organization comprised of 30 camps and programs serving children with serious illnesses and their families, always free of charge. SeriousFun Children's Network aims to foster independence, resilience and personal growth, and help children to see beyond the limits of their medical conditions.

Our support will enable nearly 1,000 children, many with rare diseases, to attend SeriousFun's transformative camps and Family Weekend programs. In the summer of 2016, 15 Shire employees from around the world had the unique chance to volunteer as counselors at SeriousFun camps, volunteering over 1,500 hours with campers. In total, our employees donated approximately 5,000 hours of volunteering with SeriousFun through on- and off-site programming throughout the year.

Global EHS policy

One of our most important tasks in 2016 was to develop Shire's new global Environment, Health, and Safety (EHS) policy for our newly combined Company. This policy outlines our commitments, within our operations and across the entire value chain.



66%

of total waste diverted from landfill.

21st Century Cures Act

We played a fundamental role in shaping U.S. healthcare legislation through the 21st Century Cures Act. The Act was passed in December 2016, paving the way for improved services and training for Medicare patients with Hemophilia.

Our approach to Responsibility

Responsibility is central to our overall success

Responsibility is deeply embedded within our organization. Our approximately 24,000 employees lead the way in ensuring we have a positive impact on society. In addition to their day-to-day focus on underserved patient communities and a commitment to doing the right thing at work, they are also involved in our communities.

Meeting ever-changing stakeholder expectations and anticipating emerging risks, issues, and opportunities continue to be integral to how we run our business, ensuring we stay accountable for our social, economic, and environmental impacts.

Our approach to Responsibility is divided into four broad areas as described in this report.

1

Supporting our patients

Every day, we strive to make a meaningful difference in the lives of the patients who count on us. This is our primary Responsibility. It starts with understanding and responding to the unmet needs of patients, families, and caregivers affected by rare diseases. Part of this involves raising awareness of the conditions we treat and providing evidence-based information to help patients receive accurate and timely diagnosis and treatment. We also strive to break down barriers limiting availability, access, and affordability of treatments once patients have been diagnosed. We believe that the best way to deliver on these responsibilities is through collaboration with patients, industry leaders, and advocacy organizations in our key therapeutic areas.

[READ MORE ON PAGE 11 →](#)

2

People and culture

Our approximately 24,000 employees come to work every day with a common purpose: to develop and deliver breakthrough therapies that enable people with life-altering conditions to live their lives to the fullest. But we can only be truly successful if we attract, develop, and retain world-class employees, provide them with a safe work environment, and promote healthy lifestyles and behaviors. By investing in training and development, we aim to create a high-performing, healthy, and inclusive workplace where everyone is encouraged to excel.

[READ MORE ON PAGE 26 →](#)

3

Sustainable operations

Managing the environmental and social impacts of our operations, products, manufacturing, and sourcing is an important part of our commitment. We work with business partners, contractors, and suppliers to ensure the products we deliver are safe, effective, and of the highest quality. Operating responsibly and using resources efficiently involves setting and living up to exacting standards, and supporting our partners and suppliers in doing the same.

[READ MORE ON PAGE 35 →](#)

4

Ethics and transparency

Upholding high standards of ethics and transparency is fundamental to everything we do. We hold ourselves accountable for operating ethically and responsibly and ensure we are transparent with our stakeholders. This includes implementing the right policies and procedures so that we meet the highest standards of integrity across all parts of our business and in all our business relationships.

[READ MORE ON PAGE 44 →](#)

Our approach to Responsibility continued

Responsibility within our newly combined Company

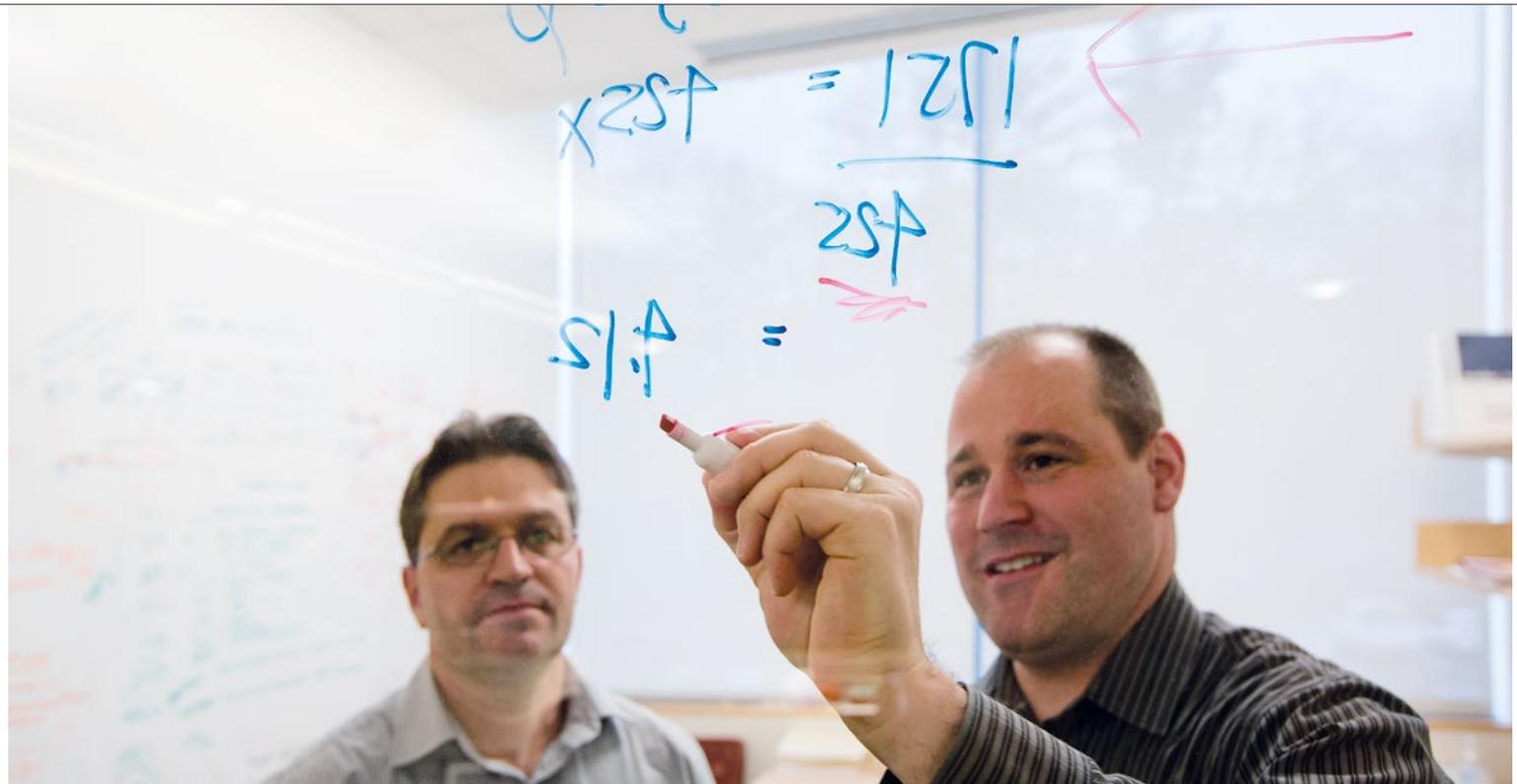
A key component of our approach to Responsibility is looking to the future to identify opportunities where we can use our skills and resources for the greatest impact. With our significant growth and changes in 2016, we commissioned external Corporate Responsibility consultants to conduct an extensive materiality assessment to identify and help prioritize our Responsibility issues.

Our materiality process

To conduct our Responsibility materiality assessment, we consulted a comprehensive set of information sources, beginning with more than 40 internal and publicly available documents to develop Shire's material issue list. From this initial review we identified nearly 300 topics across our value chain. These topics were then amalgamated into Shire's top 20 Responsibility issues.

To prioritize the issues, we engaged more than 30 functional leaders across the Company, gathering input on how the issues could impact Shire's business today and in the future. To assess their input, we considered the following criteria:

- The degree of impact the issue may have on [Shire's four strategic drivers](#) of growth, innovation, efficiency, and people.
- The degree to which the issue is significant to Shire's patients, operations, and manufacturing and sourcing footprint.
- The extent of Shire's ability to directly influence the issue.



We also engaged more than 20 external stakeholders – including patient organizations, supply chain experts, investors, policy and media specialists, and industry and non-profit leaders – to gain their views on the issues most relevant to Shire. We conducted additional assessments with supply chain experts and investors to deepen our understanding of these stakeholder groups' expectations of our newly combined organization.

To capture the viewpoints of our employees, we also ran a Responsibility materiality survey for all employees and received over 5,500 responses.

We completed our research with a workshop for members of Shire's Responsibility Sponsor Network — a group of senior leaders dedicated to implementing Responsibility strategies across the organization — to discuss and validate the materiality results.



5,500

We ran a Responsibility materiality survey for all employees and received over 5,500 responses.

Moving forward

Over the coming months, we will work to understand our key challenges and opportunities and refine our efforts to meet the evolving needs and expectations of all our stakeholders. Our aim is to define a long-term, sustainable Responsibility strategy with clear metrics and goals. We will also continue to monitor other issues that may rise in significance and become increasingly important to our business, our patients, and key stakeholders.

Our approach to Responsibility
continued

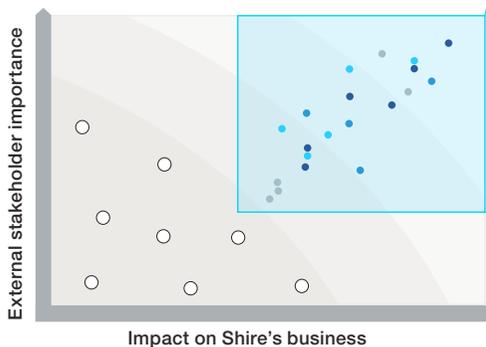
Shire's Responsibility materiality matrix

The Responsibility materiality assessment has reaffirmed the ongoing priority of several top issues, including improving access to medicine and ensuring product quality, safety, and efficacy. It also highlighted the importance of attracting and developing Shire's talent, and ethics and transparency.

Given the increased size and scope of our newly combined Company and our greater focus on operational sustainability and third party manufacturing and sourcing, the assessment highlighted several growing areas of importance, including responsible manufacturing and sourcing, and addressing key environmental impacts across the value chain.

The materiality matrix to the right shows our prioritized Responsibility material issues. The issues in the upper-right region represent some of the greatest opportunities for us to make a positive impact on business and society, due to their high importance to stakeholders and to our business. Issues in the lower-left region are of fundamental or emerging importance to Shire and our industry, requiring continued diligent management. All issues on this matrix are important to Shire and our stakeholders.

Complete universe of material issues



Top 20 Responsibility Material Issues



* Matrix is not drawn to scale

Our approach to Responsibility continued

Governing Responsibility

From our Executive Sponsor for Responsibility, who is a member of Shire's Executive Committee, to our core Responsibility team and champions across the Company, we have voices promoting Responsibility throughout our organization.

Our overall approach to Responsibility is championed by our CEO, supported by the Executive, In-line, Pipeline, and Corporate Committees, and endorsed by Shire's Board of Directors.

Our Responsibility Sponsor Network is critical to shaping our Responsibility efforts. Alongside our Executive Sponsor, the Network comprises nearly 20 senior leaders and advisors who provide strategic advice and help execute Responsibility initiatives within their functions.

The Network also includes leads for specific issue areas, many of which have been highlighted through our Responsibility materiality assessment. These Network leads are responsible for developing strategies and goals for their respective focus areas and monitoring progress.

Our core Responsibility team supports the Responsibility Sponsor Network and manages other Responsibility working groups. It also oversees internal and external Responsibility communications and works with sponsors and stakeholders to identify risks and opportunities.

This year we joined the Pharmaceutical Supply Chain Initiative, (PSCI), to access useful resources that will help us develop and maintain a responsible supply chain.

PSCI
PHARMACEUTICAL SUPPLY CHAIN INITIATIVE

Stakeholder engagement

Engaging thoughtfully with our key stakeholders plays a central role in defining our approach to Responsibility. Our key stakeholders include patients, physicians, advocacy organizations, industry associations, policymakers, business councils, supplier groups, investors, and, of course, our own employees.

To understand what matters most to them and how we can best address their needs and expectations, we consult with our stakeholders on a range of topics and issues. These include our approach to Responsibility, performance

and reporting, our role in improving access to medicines, and how we help raise awareness of rare diseases. We also communicate our Responsibility priorities and performance through our Annual Responsibility Review and other communications, such as social media, shire.com, and investor presentations.

In 2016, we engaged in a number of industry initiatives focused on Corporate Responsibility. We joined the Pharmaceutical Supply Chain Initiative (PSCI) to access useful resources that will help us develop and maintain a responsible supply chain. We also continued to participate in Business for Social Responsibility's (BSR) Healthcare Working Group, which focuses on the latest issues and trends in the industry, particularly relating to barriers that prevent people accessing healthcare.

Understanding the needs and concerns of our patients is a central priority. In 2016, we continued to partner with patients and patient advocacy organizations to gather vital input and feedback on how our products are helping meet critical health needs. Examples of how we have engaged with these groups can be found in the Supporting our patients section (page 11).

These examples provide a demonstration of our commitment to meaningful stakeholder engagement, where we share our work and how we learn directly from stakeholders. Only by listening to and understanding our stakeholders, especially our patients, and incorporating this learning into our business, can we achieve our goal of making a difference in the lives of our patients and their families.

