

Corporate Social Responsibility

1. Corporate Governance

The Suzuken Group recognizes the importance of enhancing corporate governance, and is striving to raise the level of trust stakeholders place in the Group by taking measures focused on strengthening its management systems, enhancing its compliance framework and improving disclosure and accountability. In doing so, the Group intends to work toward its ongoing healthy development as a corporation.

Implementation Status of Initiatives Relating to Corporate Governance

1 Strengthening Management Systems

At Suzuken, the Board of Directors is responsible for management oversight and decision-making, and executive officers are responsible for business execution. Suzuken has terminated its retirement benefits program for executives and replaced it with a program of remuneration linked to business performance and contribution. The number of directors has also been reduced. In addition, the term of office for directors has been set at one year in the Articles of Incorporation in an effort to strengthen the accountability of directors in the performance of their duties.

With regard to the management of subsidiaries, Suzuken performs oversight and auditing to ensure executives and employees of subsidiaries are performing their duties appropriately. This is accomplished by deploying Suzuken directors or corporate auditors to subsidiaries and ensuring decisions are reported to Suzuken and approved in accordance with Affiliate Management Regulations. Regular audits of Group companies are also conducted by Suzuken's corporate auditors, Auditing Office and accounting auditors. In addition, Suzuken develops, and provides guidance related to, appropriate systems of internal control based on the nature of each subsidiary.

2 Enhancing the Compliance Framework

Suzuken has established a Risk Management Committee under its Board of Directors in order to further consolidate the Company's compliance framework from a corporate social responsibility point of view. The committee comprehensively manages risk across the organization. It meets once a month to discuss risk management for Suzuken and its subsidiaries.

In addition, the Risk Management Section provides administrative support to the committee in order to ensure the effectiveness of risk management initiatives. In conjunction with this, an internal reporting system has been set up in the form of a Corporate Ethics Hotline as part of the framework to ensure faithful compliance with laws and regulations at Suzuken and its subsidiaries. Through this hotline, the Company endeavors to obtain important information regarding ethics-related issues as quickly as possible.

3 Improving Disclosure and Accountability

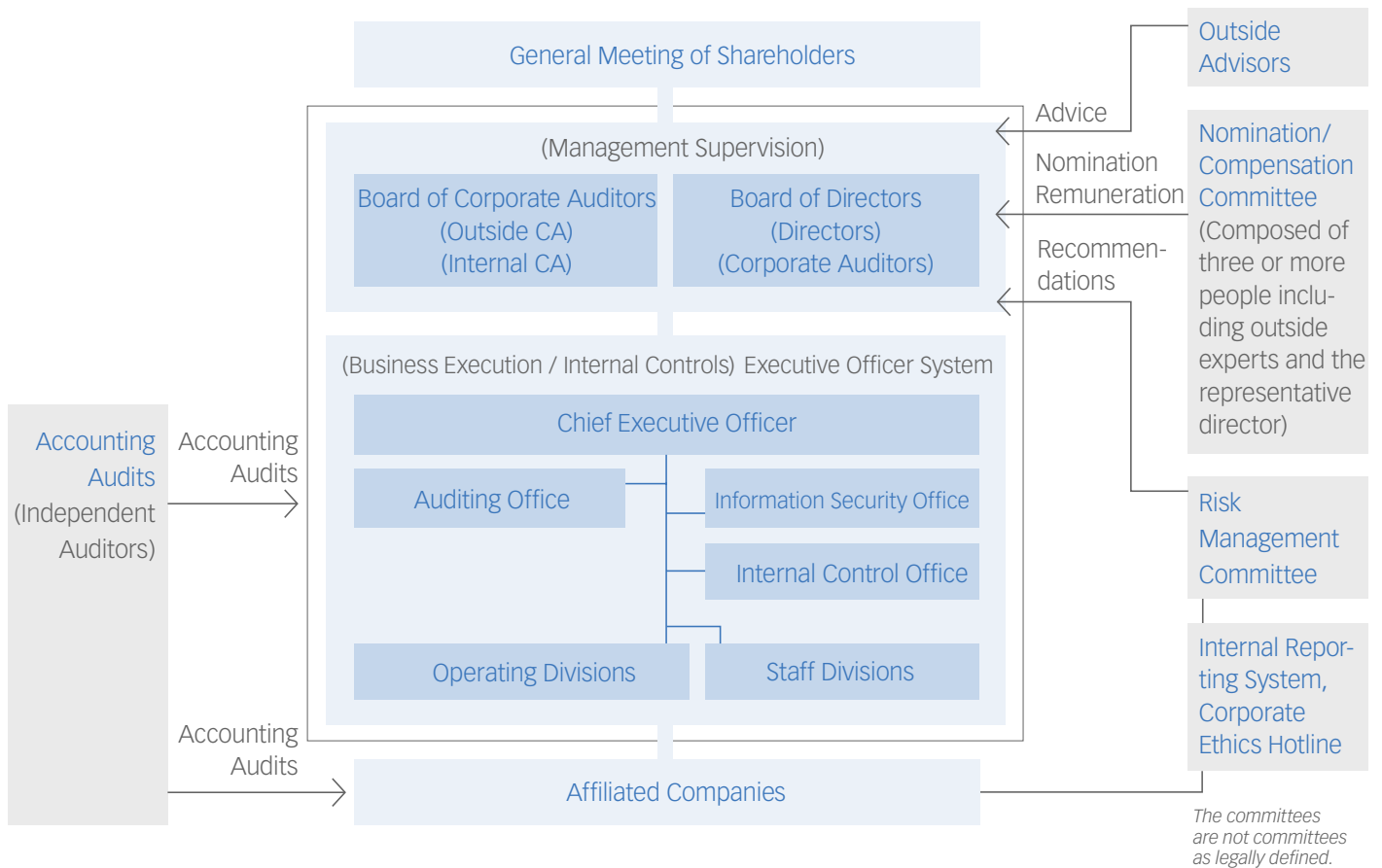
In addition to expediting results announcements and working to enhance the information provided to investors through its business reports, English-language annual reports and website, Suzuken is dedicated to increasing transparency through the proactive, voluntary and timely disclosure of information, going

beyond disclosing only what is required by law.

To improve accountability, Suzuken works to earn still greater trust and understanding among those outside the Company. To this end, Suzuken provides detailed explanations of its management policies and progress with various initiatives at events including the General Shareholders' Meeting, analyst presentations and presentations to individual investors.

Corporate Bodies

Suzuken uses a system of corporate auditors. Systems for business execution, management oversight and internal controls are shown below:



1 Directors and the Board of Directors

Suzuken's Board of Directors comprised seven directors as of the end of the fiscal year under review and it meets twice a month, in principle, to facilitate rapid and effective decision-making. The legality and validity of decisions made are ensured through an effective management system consisting of supervision and oversight by each director, as well as corporate auditors and outside advisors. During the fiscal year under review, the Board of Directors met 26 times, and four of the five auditors attended all the meetings, while one auditor attended 24 meetings.

The maximum number of directors stipulated under Suzuken's Articles of Incorporation is 10. The Articles of Incorporation also stipulate that resolutions to appoint directors must be approved by a majority of the voting rights of the shareholders present at meetings in which shareholders representing at least one-third of the voting rights of all shareholders eligible to vote are in attendance.

2 Corporate Auditors and the Board of Corporate Auditors

Suzuken's Board of Corporate Auditors was made up of five auditors as of the end of the fiscal year under review. (Six auditors as of June 27, 2008. This includes four outside auditors, comprising two lawyers, a certified public accountant, and an eminent businessperson from outside the Company.) Objectivity and transparency is therefore ensured through participation by specialists in various fields. The board meets once a month, in principle, with extraordinary meetings held as necessary. It receives reports on the results of audits performed and deliberates on matters as required. During the fiscal year under review, the Board of Corporate Auditors met 17 times, and all five auditors attended all the meetings.

3 Auditing Office

The Auditing Office is under the direct jurisdiction of the president and chief executive officer, and its 16 members are responsible for conducting internal audits. Internal audits are based on Internal Auditing Rules and involve auditing whether Suzuken's business offices and affiliates are in full compliance with the law and whether risk controls and other internal controls are functioning appropriately.

4 Internal Control Office

Measures to deal with internal controls over financial reporting are led by the Internal Control Office, established as an entity under the direct jurisdiction of the Company's president in July 2007. The office has established a system to ensure that senior management can fully evaluate the Company's internal controls. To this end the office devises internal regulations, prepares manuals and takes action to train employees and make them all aware of the ground rules for implementing the regulations. At the same time, it collaborates with the Auditing Office to constantly monitor the status of internal control implementation.

5 Nomination/Compensation Committee

The transparency and objectivity of appointments and remuneration for directors and executive officers are ensured through the Nomination/Compensation Committee, which includes outside experts. The Nomination/Compensation Committee is not a committee as legally defined.

Establishment of Internal Control System

Suzuken's Basic Policy on the Establishment of Internal Control Systems is as follows:

1 System to ensure directors and employees are in compliance with the law and the Articles of Incorporation in the performance of their duties

SOFT 21, which consists of management principles and conduct guidelines for Suzuken and Group companies, and the Corporate Ethical Guidelines are established as important codes of conduct. An ethical orientation is fostered among directors, executive officers and employees and full compliance with the law is ensured by an internal communication system, training sessions and other means.

Efforts are made to further develop the oversight function and relevant systems by adding outside experts, outside directors and outside auditors with diverse views and varied knowledge in order to ensure directors perform their duties fairly and legally.

The Auditing Office, which is responsible for internal auditing under the direct jurisdiction of the president, oversees the effectiveness of controls pertaining to chains of command for business execution and constantly monitors legal compliance and appropriateness.

The Risk Management Committee is under the authority of the Board of Directors and is responsible for conducting comprehensive risk management across the organization and monitoring risk on an ongoing basis. The soundness of directors, executive officers and employees of Suzuken and its Group companies in the performance of their duties is maintained with a Corporate Ethics Hotline, which functions as an internal reporting system.

Internal controls over financial reporting are supported and promoted by the Internal Control Office, which is under the direct jurisdiction of the Company's president. The office endeavors to establish the optimum framework for control by ensuring that financial reporting is compatible with the Financial

Instruments and Exchange Law and other related laws and regulations, as well as establishing relevant internal rules, and making the best use of IT. In addition, the office ensures that the controls are put into practice by offering employees and others training and guidance on how to carry out their duties appropriately.

2 System for storing and managing information pertaining to directors in the performance of their duties

Information pertaining to decision-making by directors and the performance of their duties is kept and managed pursuant to the Document Management Regulations and Information Security Management Regulations. The executive officer in charge of the Administrative Headquarters provides coordination and management.

The archival period for information described in the previous paragraph is in accordance with the law and the provisions of the List of Archival Time Periods.

3 Regulations and other systems for managing the risk of loss

The Risk Management Committee comprehensively and all-inclusively manages risk pertaining to Suzuken and all its Group companies (compliance, organizational/strategy, information management, administration, etc.) in accordance with risk management policy.

Managers are appointed for each category of risk and monitoring is conducted autonomously and continuously so that risk management functions effectively. The Risk Management Section and the Information Security Office cooperate closely to promote initiatives

aimed at managing and minimizing risk related to business execution.

4 System to ensure directors perform their duties efficiently

Directors are responsible for management oversight and decision-making, while executive officers are responsible for business execution. Their respective duties are carried out promptly and efficiently because authority has been clarified in the Rules for the Board of Directors and Rules for Executive Officers.

The Board of Directors formulates clear management plans and works to ensure its goals penetrate the entire organization. Executive officers in charge of each division formulate and execute specific and efficient policies for achieving the goals.

The Board of Directors oversees and confirms the status and appropriateness of business execution via reports from directors and executive officers in charge at twice monthly board meetings. It also constantly deliberates on, and enacts, policies to improve the accuracy and efficiency of activities to achieve the goals.

The system is enhanced by improving company-wide administrative efficiency through the utilization of information technology, which includes the internal communication system.

5 System for ensuring the appropriateness of business activities of the corporate group comprising Suzuken and its subsidiaries

With respect to the management of Group companies, detailed reports are made to Suzuken on important management matters in accordance with Affiliate Management Regulations. Decision-making on important matters requires the approval of Suzuken.

Corporate auditors, the Auditing Office, and accounting auditors conduct regular

audits of Suzuken and its Group companies, and independently and objectively assess the status of management activities. Additionally, when auditing identifies matters requiring improvement, the auditing bodies provide recommendations and consultation to the audited department or subsidiary, request as necessary that improvement reports be submitted, and otherwise work to maintain the system of internal controls.

Led by the Risk Management Committee, Suzuken closely collaborates with risk management departments at Group companies to promote the development of an effective risk management system for the entire Group.

6 Matters pertaining to employees designated to assist corporate auditors in the performance of their duties

The general manager of the Risk Management Section provides assistance as an employee designated to assist corporate auditors in the performance of their duties.

When additional employees are requested to help corporate auditors carry out their duties smoothly, directors comply with this request, in principle, and promptly provide the necessary cooperation.

7 Matters pertaining to the independence from directors of employees stated in the previous paragraph

Opinions are exchanged with the Board of Corporate Auditors on personnel matters for the general manager of the Risk Management Section, in accordance with the Rules for the Board of Corporate Auditors.

The general manager of the Risk Management Section, who helps corporate auditors perform their duties, and necessary employees appointed to help corporate auditors perform their duties, are not subject to orders or

instructions from directors or their superiors in the departments they are affiliated with, within the scope of their assistance activities for corporate auditors.

8 System for reporting by directors and employees to corporate auditors and other systems pertaining to reporting to corporate auditors

Directors, executive officers and employees report to corporate auditors as required when important issues arise. In addition, auditors receive ongoing reports on important matters pertaining to Suzuken and Group companies from directors, executive officers and employees by attending important internal meetings, including meetings of the Management Committee and Risk Management Committee.

The general manager of the Auditing Office makes regular reports to corporate auditors and conducts investigations when requested to do so by them.

Directors, executive officers and employees report to the Risk Management Section by directly conveying matters in violation of the law or Articles of Incorporation or by using the Corporate Ethics Hotline, in conformance with Rules for Internal Reporting. The Risk Management Section reports the information it has received to corporate auditors, as necessary.

9 Other systems for ensuring auditing by corporate auditors is conducted effectively

Directors, executive officers and employees promptly respond to requests from corporate auditors for reports and to view important documents. Opportunities are regularly created for corporate auditors to exchange opinions with directors, accounting auditors, the Auditing Office, and other bodies. Efforts are made to improve the effectiveness of auditing by corporate auditors through ensuring opportunities for them to attend important internal meetings.

Internal Auditing and Auditing by Corporate Auditors

Internal auditing is the responsibility of the Auditing Office, which is under the direct jurisdiction of the president and chief executive officer. The Auditing Office conducts onsite and document audits based on an auditing plan that is formulated each year and approved by the president. After auditing is complete, an auditing report is submitted to the president. For matters recognized by the president as requiring improvement in light of the auditing report, the Auditing Office orders improvement to the audited department using an official form for that purpose. The department is requested to report on the formulation of an improvement plan and progress on its implementation by submitting an Audit Improvement Status Report.

Auditing by corporate auditors is based on standards established by the Board of Corporate Auditors and annual policies and plans. Corporate auditors attend meetings of the Board of Directors and other important meetings, interview directors, executive officers and the internal auditing division on the performance of their respective duties, and view important approval documents. By these means, they audit the head office, major business offices and Group companies with regard to business and financial performance, systems for compliance with laws and other regulations, and whether internal control systems for risk management and other areas are constructed and put into practice appropriately. Reports are received from affiliated companies as necessary.

Regarding coordination between the corporate auditors and the Auditing Office, Suzuken's internal auditing division, the two parties exchange opinions regarding formulation of the annual auditing plan and work to conduct audits efficiently. The Auditing Office regularly reports on the results of audits to the Board of Corporate Auditors, corporate auditors are involved in onsite audits by the Auditing Office, and efforts are made to improve the efficiency and effectiveness of audits through mutual collaboration.

With regard to coordination between corporate auditors and accounting auditors, the

Board of Corporate Auditors meets with Deloitte Touche Tohmatsu, the accounting auditors, four times per year, and receives their auditing plan, interim auditing progress report, term-end auditing progress report and the final Independent Auditor's Report. Explanations are received on each report and opinions are exchanged. Corporate auditors also participate in onsite audits by the accounting auditors at Suzuken's business offices and affiliates, and efforts are made to improve the efficiency and effectiveness of audits through mutual collaboration.

Accounting Audits

With regard to accounting audits of Suzuken, Deloitte Touche Tohmatsu have been appointed as the accounting auditors. Accurate management information is provided from a fair and impartial perspective, and conditions are in place for effective auditing to be conducted.

Accounting audits were conducted by two certified public accountants. In addition, six certified public accountants assisted in auditing work along with four assistant

certified public accountants, and six other staff members.

Pursuant to the provisions of Article 427, Paragraph 1 of the Company Law, the Company has executed agreements with the accounting auditors which limit their liabilities for damages with regard to actions pursuant to Article 423, Paragraph 1 of the Company Law. The limit of the liabilities for damages under such agreements is prescribed by the law.

Relationship With Outside Directors and Outside Auditors

No outside directors have been appointed as of the present time. Four outside auditors have been appointed by Suzuken as of June 27, 2008. Outside auditors do not have personal, equity, business or other interests in Suzuken.

Pursuant to the provisions of Article 427, Paragraph 1 of the Company Law, the Company

has executed agreements with the outside auditors which limit their liabilities for damages with regard to actions pursuant to Article 423, Paragraph 1 of the Company Law. The limit of the liabilities for damages under such agreements is prescribed by the law.

Enhancing Risk Management Systems

Led by the Risk Management Committee and the Risk Management Section, which conduct comprehensive risk management for Suzuken and the Group as a whole, efforts are being made to strengthen systems for organizationally, systematically and autonomously managing and responding to risks related to Suzuken and its subsidiaries.

To protect information, a key management resource, the Information Security Office is leading efforts to build a system for stringent information management. Specifically, in December 2004 the Information Systems Division acquired BS7799 certification under the international certification program for

information security management systems. In the same month, the division also acquired ISMS Conformity Assessment Scheme certification. Subsequently, in December 2006, Suzuken acquired certification under the ISO 27001 international standard for information security management.

As one facet of its Business Continuity Plan (BCP) to prepare for any potential disaster, such as a major earthquake, Suzuken has established a disaster response system and has taken steps to ensure that it has practicable response measures in place by conducting regular training to enable it to respond swiftly and appropriately.

Director and Corporate Auditor Remuneration

Remuneration paid to directors and corporate auditors in the fiscal year under review was as follows:

	Remuneration
Directors	¥ 281 million
Corporate auditors (including ¥ 24 million paid to outside auditors)	¥ 62 million

Note:

Data refers to remuneration paid to directors and corporate auditors in office on March 31, 2008.

General Shareholders' Meeting Resolutions That the Board of Directors is Authorized to Decide

With respect to the distribution of retained earnings and other matters pursuant to the provisions of Article 459, Paragraph 1 of Japan's Company Law, Suzuken has established a provision in its Articles of Incorporation stipulating that these matters shall be resolved by its Board of Directors, rather than the General

Shareholders' Meeting, unless otherwise prescribed by laws or regulations. The purpose of this provision is to enable the implementation of a flexible capital policy that can respond to changes in the economy or the operating environment.

Requirements for Special Resolutions at the General Shareholders' Meeting

With respect to special resolutions pursuant to Article 309, Paragraph 2 of Japan's Company Law, Suzuken has established a provision in its Articles of Incorporation stipulating that such resolutions may be passed with two-thirds or more of the voting rights held by those in attendance, who must hold one-third or more of

all voting rights held by shareholders eligible to exercise voting rights. The purpose of this provision is to reduce the quorum required to pass a special resolution in the General Shareholders' Meeting, thereby allowing the meeting to operate more smoothly.

2. Personnel Development

In February 2005 Suzuken launched its Total HR Program to foster the personnel necessary to turn Suzuken into the Company it aspires to be. Targeting staff demonstrating motivation and ability, the program aims to train them, use their skills fully, and stimulate a "can-do" attitude. Under the Total HR Program, Suzuken introduced three systems to enable it to implement an integrated process of personnel development: the course system assists employees with career development; the remuneration system appropriately rewards them according to their role, skills and contribution to the company; and the assessment system focuses on improving the management skills of managers and extending the capabilities of their staff. The Total HR Program is founded on a framework for skills development known as the Suzuken Human Innovation Program (SHIP). Through SHIP the Company provides a systematic and diverse range of learning tools including various training courses, e-learning and programs to support self-development. In this way Suzuken has put in place a mechanism to help employees realize their full potential.

As the above measures demonstrate, Suzuken takes a proactive approach to offering the environment and the opportunity for a diverse range of people with many unique attributes to improve their skills through learning and use those skills to the full.

3. Environmental Activities

Suzuken has long carried out initiatives to reduce CO₂ emissions, which include installing ice thermal storage air conditioners and using minicars and hybrid vehicles for its fleet. The Company built an Environmental Management System in March 2003, which served to systematize and enhance initiatives in this area. The system ensures Suzuken makes efforts to reduce the environmental impact of its corporate activities as far as possible and provides the basis for environmental activities. In March 2004, Suzuken's head office acquired ISO 14001 certification, the international standard for environmental management systems. Suzuken is now extending its Environmental Management System to distribution centers and, going forward, will extend it further to encompass branches and Group companies as well.

4. Community Activities

The Suzuken Memorial Foundation was established in 1981 to carry on the wishes of the founder of the Suzuken Group, Kenzo Suzuki. The foundation conducts research and provides financial assistance in medical fields, including medical sciences, pharmaceutical sciences and medical engineering. Academic lectures sponsored by the foundation are held twice a year in Japan.

Suzuken also partners with NHK Culture Centers in Nagoya, Tokyo and Osaka to hold community seminars featuring prominent speakers. In Nagoya and Osaka, junior high school, high school and university students—the future of Japan—are invited to attend the seminars free of charge. Over 14,000 people have attended the seminars as of the end of July 2008.