

Corporate Framework

1 CSR Framework

Suzuken sees Corporate Social Responsibility (CSR) as a well-balanced approach to increasing economic value, social value, and environmental value in order to achieve sustainable growth. To realize this objective, Suzuken undertakes its CSR activities based on the Company's management philosophies and principles.

Management Principles, Corporate Philosophies, Business Domain, Basic Management Policy, Basic Management Targets, Conduct Guidelines
The origins of Suzuken CSR, also including the fulfillment of our social responsibilities

The Foundations of Corporate Activities

Thorough implementation of compliance and two-way communication

Basic conduct that should be implemented prior to CSR in order for Suzuken to exist



Social responsibilities that should be fulfilled with important stakeholders



Suzuken is committed to creating new value in a diverse range of fields related to medicine and healthcare as a health creator and is working to contribute to a healthy and prosperous society for everyone. Suzuken will strive to take a well-balanced approach to increasing economic value, social value, and environmental value based on the Company's management philosophies and principles. To this end, Suzuken will work to interact with both its internal and external stakeholders and as a good corporate citizen, ensure it observes all laws and regulations and complies with its own corporate philosophies to promote management that is based on sincerity.

Suzuken believes that putting in place and strengthening internal systems and mechanisms is an essential component for the Company to fulfill such social responsibilities. Together with efficiently pushing ahead with its work, Suzuken will also strive to promote CSR management to improve corporate governance, risk management, and stakeholder satisfaction to attain a high level of trust from society.

Suzuken believes that these efforts will allow the Company and society to develop and grow together in a sustainable manner while contributing to the preservation of the global environment.

2 Implementation of Corporate Governance Initiatives

The Suzuken Group recognizes the importance of enhancing corporate governance, and its basic policy to bolster the level of trust stakeholders place in the Group by strengthening management systems, enhancing its compliance framework, and raising levels of disclosure and accountability. In doing so, the Group intends to work toward its ongoing healthy development as a corporation.

1 Corporate Governance

Strengthening management systems

At Suzuken, the Board of Directors is responsible for management oversight and decision-making, while executive officers are responsible for business execution.

Suzuken has eliminated its retirement benefits program for executives based on length of service and replaced it with a merit-based remuneration program linked to business performance, in addition to reducing the number of directors. This has been accompanied by shortening the term of office for directors from two years to one year, beginning in June 2005, in an effort to enhance 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 for appropriate systems of internal control based on the respective attributes of each subsidiary.

Strengthening risk management systems

Suzuken recognizes compliance as a key facet of its corporate activities and believes that protecting the Company's assets is something expected by all stakeholders. To this end, Suzuken is working to develop, maintain, and operate an effective risk management system. The core organizations that comprise this system and their respective functions are as follows.

I Board of Directors

Suzuken's Board of Directors maintains overall authority and responsibility for the oversight of risk management from the viewpoint of corporate strategy. The board also makes decisions regarding comprehensive risk measures and the appropriate allocation of resources for risk management to facilitate the development of corporate strategy.

II Risk Manager

The Risk Manager is responsible for risk management for the Suzuken Group and controls and directs all facets of the Group's risk management, including the Risk Management Committee, Risk Management Practices Committee, Risk Management Section, Main Divisions, and Risk Officer.

III Risk Management Committee

Suzuken has established a Risk Management Committee under its Board of Directors responsible for formulating policies and direction for the Group's risk management to provide effective risk management throughout Group companies. The Committee reports and answers to the Board of Directors as necessary.

IV Risk Management Practices Committee

Responsible for effective and efficient risk management across the organization, the Risk Management Practices Committee adopts a pragmatic approach to examining measures and provides the Risk Management Committee with reports and proposals.

V Risk Management Section

Established under the direct jurisdiction of the President and Chief Executive Officer, the Risk Management Section supervises overall risk management throughout the organization. In coordination with management and the Group's divisions and subsidiaries, the section provides comprehensive assessment and analysis of risk on a Company-wide level, and manages the provision and implementation of solutions for the Suzuken Group.

VI Main Divisions

Each of the Company's main divisions works in cooperation with the Risk Management Section to ensure that vital information in respect to primary risks is obtained at an early stage and to formulate preventative measures.

VII Risk Officer

Each of the Group's main divisions and subsidiaries has a risk officer responsible for risk management. In addition to ensuring employees in each division are made aware of risk management measures proposed by the Risk Management Committee, the Risk Officer is also responsible for risk management and the training of employees in their respective division or subsidiary.

Suzuken has also set up a Corporate Ethics Hotline that serves as an internal reporting system as one facet of the framework to ensure compliance with relevant laws and regulations at Suzuken and its subsidiaries and works to expedite understanding of important information.

Raising levels of 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 report, and website in both Japanese and English, Suzuken is committed to increasing transparency through the proactive, voluntary, and timely disclosure of information, going beyond disclosing only what is required by law.

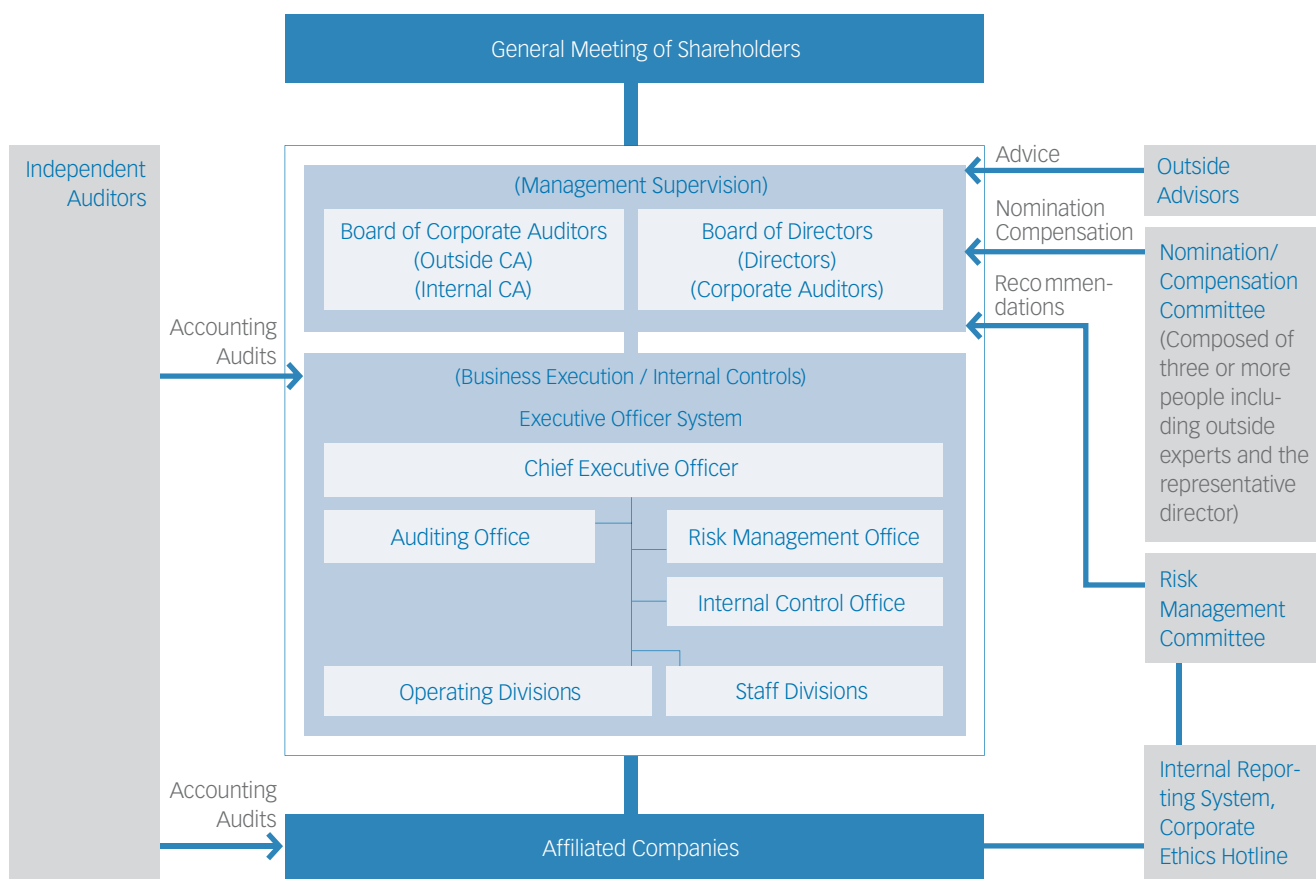
In respect to bolstering accountability, the Company views its Ordinary General Meeting of Shareholders, analyst briefings, and briefings for individual investors as an ideal means to present and explain its management policies and initiatives in detail in working to encourage deeper levels of trust and understanding among shareholders.

2 Corporate Governance Framework

Suzuken employs a system of corporate auditors. Systems for business execution, management oversight, and internal controls are as follows.

Directors and the Board of Directors

Suzuken's Board of Directors comprised seven directors as of the end of the fiscal year ended March 2009 and it meets twice a month, in principle, to facilitate rapid and effective decision-making. The legality



and appropriateness of decisions made at meetings is ensured by an effective supervisory system grounded in oversight and monitoring by directors, corporate auditors, and external advisors.

During the fiscal year under review, the Board of Directors met a total of 28 times, and three of the six auditors attended all the meetings, while two auditors attended 26 meetings, with one auditor appointed on June 27, 2008 attending 22 of the remaining 23 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, and that such resolutions are not subject to cumulative voting.

Corporate Auditors and the Board of Corporate Auditors

Suzuken's Board of Corporate Auditors is responsible for ensuring objectivity and transparency in the Company's operations and was made up of

six auditors as of the end of the fiscal year ended March 2009. The Board meets once a month, in principle, with extraordinary meetings held as necessary. The Board reports on the results of performed audits and deliberates on matters as required. During the fiscal year under review, the Board of Corporate Auditors met 18 times, and three auditors attended all the meetings, with one auditor attending 17 meetings, one auditor attending 16 meetings, and an additional auditor appointed on June 27, 2008 attending all 12 of the remaining meetings.

Auditing Office

The Auditing Office is under the direct jurisdiction of the President and Chief Executive Officer, and its 15 members are responsible for conducting internal audits. Internal audits are conducted in accordance with Internal Auditing Rules and involve audits to ascertain whether the business offices of the Suzuken Group and its affiliates are in full compliance with the law and whether risk controls and other internal controls are functioning appropriately.

Board of Directors

Directors	Corporate Auditors	Executive Officers
Yoshiki Bessho	Standing Statutory Auditor Masaru Sumida	Chairman and Executive Officer Yoshiki Bessho
Hiroshi Ota	Standing Statutory Auditor Kenko Okada	President and Chief Executive Officer Hiroshi Ota
Takahito Ito	Statutory Auditor Toshiharu Ushida	Vice President and Executive Officer Responsible for Corporate Planning Headquarters, Information Systems Headquarters, Administrative Headquarters, Pharmaceutical Regulatory Affairs Department, and Senior General Manager, Corporate Planning Headquarters Takahito Ito
Nobuo Suzuki	Statutory Auditor Toshiaki Iwatani	Senior Executive Officer Senior General Manager, Product Development and Marketing Headquarters Nobuo Suzuki
Hiroshi Kitao	Statutory Auditor Masafumi Nakamura	Senior Executive Officer Senior General Manager, Sales Headquarters Hiroshi Kitao
Kenji Kato	Statutory Auditor Masaharu Nakatsu	Managing Executive Officer General Manager, Pharmaceutical Regulatory Affairs Department and Tokyo Pharmaceutical Regulatory Affairs Department Kenji Kato
		Managing Executive Officer Senior General Manager, Information Systems Headquarters and General Manager, Information Planning Department Kenichi Matsuoka
		Managing Executive Officer Regional Sales Manager, Osaka Sales Department Masahiro Sawada
		Managing Executive Officer General Manager, Pharmaceutical Marketing Department Hiroshi Oba
		Managing Executive Officer Senior General Manager, Administrative Headquarters and General Manager, Accounting Department Harutaka Yamashita

As of June 26, 2009

Internal Control Office

Measures to deal with internal controls over financial reporting are led by the Internal Control Office, established as a body under the direct jurisdiction of the President and Chief Executive Officer. 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 fully aware of the ground rules for implementing such regulations. At the same time, it collaborates with the Auditing Office to constantly monitor the status of implementation of these internal controls.

Nomination/Compensation Committee

The transparency and objectivity of the appointment of 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.

3 Establishment of Internal Control Systems

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

external advisors, external directors, and external 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 and Chief Executive Officer, oversees the effectiveness of controls pertaining to chains of command for business execution and constantly monitors legal compliance and appropriateness.
- The Risk Management Committee—responsible for conducting comprehensive risk management across the organization—and the Risk Management Practices Committee, responsible for effective and efficient risk management, are under the authority of the Board of Directors and monitor risk on an ongoing basis.

The sound performance of the duties of directors, executive officers, and employees of Suzuken and its Group companies 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 President and Chief Executive Officer. The Office ensures effective operation by effecting compliance with the Financial Instruments and Exchange Law and other related laws and regulations, maintaining related regulations, and working to develop an optimal management system through utilization of information technology. This is in addition to 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

- With a focus on risk management regulations, the Company is putting in place information security management regulations, personal information protection regulations, and disaster prevention management regulations. The Committee is also responsible for building, establishing, and managing a comprehensive and all-inclusive management of risk pertaining to Suzuken and all its Group companies (organizational/strategy, information management, administration, compliance, disaster, incident/accident and financial reporting etc.).
- Managers are appointed for each category of risk and monitoring is conducted autonomously and continuously so that risk management functions effectively. Working in close conjunction with the Risk Management Section responsible for integrated management of overall risk under the direct jurisdiction of the President and Chief Executive Officer, Suzuken promotes initiatives aimed at preventing and minimizing the effects of risk and crisis management arising from performance of business operations and preventative measures to contain any such damage.

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 organizational 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 organizational 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 appropriate 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 the parent company.
- 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 audits identify 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 senior manager of the Legal Section of the General Affairs Department 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, in principle, directors comply with this request 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 Legal Section of the General Affairs Department, in accordance with the Rules for the Board of Corporate Auditors.
 - The general manager of the Legal Section of the General Affairs Department, who helps corporate auditors 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 compliance 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 audi-

tors 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 audits by corporate auditors through ensuring opportunities for them to attend important internal meetings.

4 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 schedule that is formulated each year and approved by the President. Following completion of each audit, 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, part of Suzuken's Internal Auditing Division, the two parties exchange opinions regarding formulation of the annual auditing schedule 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 schedule, auditing progress report (interim report), 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 visiting 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.

5 Accounting Audits

Deloitte Touche Tohmatsu have been appointed as the accounting auditors of the Suzuken Group. 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 three certified public accountants. In addition, six certified public accountants assisted in auditing work along with three assistant certified public accountants, and nine 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 that 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.

6 Relationship with External Directors and External Auditors

No external directors have been appointed as of the present time. Four external auditors who do not have any personal, equity, business, or other interests in the Company have been appointed by the Suzuken Group. Pursuant to the provisions of Article 427, Paragraph 1 of the Company Law, the Company has executed agreements with the external auditors that 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.

7 Enhancing Risk Management Systems

The Company's Risk Management Committee, Risk Management Practices Committee, and the Risk Management Section, under the direct jurisdiction of the President and Chief Executive Officer, lead efforts to promote effective risk management throughout 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—part of the Risk Management Section—is leading efforts to build a system for stringent information management. Specifically, in December 2006 the Information Systems Division 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.

8 Director and Corporate Auditor Remuneration

Remuneration paid to directors and corporate auditors in the fiscal year ended March 2009 was as follows:

	Remuneration
Directors	¥ 292 million
Corporate Auditors (including ¥32 million paid to external auditors)	¥ 70 million

Note: Data refers to remuneration paid to directors and corporate auditors in office on March 31, 2009

9 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 provi-

sion 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.

10 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 progress more efficiently.

3 Personnel Development

In January 2009, Suzuken launched a course-based remuneration system based on each employee's role and position. Under this new system, Suzuken aims to assist personnel with career development and encourage the diverse use of human resources by establishing a total of eight job categories in three distinct courses comprising a management course, specialist course, and expert course.

This system offers a range of working models and enables Suzuken to take a proactive approach to providing the environment and the opportunity for a diverse range of people with unique skills to improve their competencies through work and to use them to maximum potential.

The basis for enhancing the ability of Suzuken employees is founded on a framework for skills development known as the Suzuken Human Innovation Program (SHIP). Through SHIP, the Company

provides a systematic range of learning tools including various training courses, programs to support self-development, and e-learning using the Internet. In this way Suzuken is making every effort to assist employees realize their full potential.

4 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.

- Target/goal setting
- Implementation plan creation
- Rule creation

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.



Environmental Management System (EMS) System Outline

5 Community Activities

Suzuken Community Seminars

Suzuken aims to contribute not only to physical health, but also to psychological well-being. To this end, it has joined with NHK Culture Centers to offer seminars for the public led by leading experts in a diverse range of fields. To provide food for thought to our younger generation—the future of Japan—Suzuken invites school and university students to attend lectures held in Nagoya and Osaka free of charge. The seminars commenced in Nagoya in April 2001, in Tokyo in July 2004, and in Osaka in April 2005. To date, over 16,000 people have attended these seminars.

Support for a Foundation

As part of Suzuken's corporate social responsibilities, the Company provides support for the Suzuken Memorial Foundation.

Suzuken Memorial Foundation

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. It also conducts biannual academic lectures within Japan for doctors and other health professionals.