

Fundamental Policy on CSR

The Shionogi Group's purpose, as expressed in the beginning of the Company Policy instituted in 1957, is "to strive constantly to provide medicine of the best possible kind essential for protection of the health of the people." This eternal and unwavering corporate philosophy is a statement of our vision and value to society. Our operations as a pharmaceutical company inherently contribute to society, and we believe that implementing this philosophy promotes the fulfillment of our social responsibilities as a corporation.

To help realize the Company Policy, we have created Action Guidelines, which all Shionogi employees share and embrace as norms for daily activities. These guidelines also describe the ideal nature of all our current and future activities.

By acting in accordance with the Company Policy and the Action Guidelines, we can contribute to patients, physicians, and other healthcare professionals who need the medicines we provide as well as to shareholders, other investors, and society as a whole. We are confident that this contribution, in turn, leads to the Company's development and to the personal growth of Shionogi employees as fellow human beings.

The Company Policy of Shionogi



Shionogi's Action Guidelines

Mission

We will deliver pharmaceuticals that offer an even higher level of satisfaction to patients, their families, and healthcare providers and improve the quality of life for patients and their families.

Vision

A company with a strong presence worldwide
A company that has pride and dreams, and embraces challenges

Value

Customer Focus, Trust, Professionalism, On-Site Orientation, Respect for the Individual

Customer Focus

- Shionogi understands that the greatest joy comes from bringing joy to patients, their families, and healthcare professionals by relieving their suffering and concerns.
- For this reason, the Company places the highest priority on relationships with these people, and takes meticulous care to meet their demands.

Trust

- Shionogi understands that the only way to gain the trust of society is to steadily provide original medicines in a proper manner to the maximum number of people.
- To do this, employees must build relationships of mutual trust both inside and outside the Company.

Professionalism

- Shionogi understands that maintaining the highest level of professionalism in attitude and conduct is crucial for ensuring that it provides the best medicines to patients and healthcare professionals.
- For this reason, Shionogi's employees work steadily, overcoming major challenges with a positive mind set and accomplishing the goals they have set in order to achieve the highest level of competence in every field.

On-Site Orientation

- Shionogi understands that its laboratories, plants, and the places where it sells its products are a focus of expertise and fact, and that the Company's activities at these sites reflect whether the Company's efforts are benefiting patients, their families, and healthcare professionals.
- For these reasons, Shionogi places a priority on information from these sites, and uses such information as a basis for action.

Respect for the Individual

- Shionogi understands that respect for individuals and the recognition of diversity result in a higher level of creative value, and that this allows the Company to provide patients, their families, and healthcare workers with greater value.
- For this reason, Shionogi's employees maintain maximum respect for each other and everyone they deal with.

Relationships with Patients and Medical Professionals

Responding to Inquiries

To respond to various inquiries regarding Shionogi products, Shionogi has two different toll-free telephone numbers—one for medical professionals and the other for general consumers and patients. Inquiries are also accepted round the clock on the Company's website.

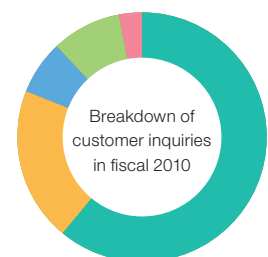
In fiscal 2010, the total number of inquiries was approximately 78,400, decreasing roughly 9% from fiscal 2009. This decrease can be accounted for by the 1,500 or so inquiries made in fiscal 2009 regarding our newly approved thiazide antihypertensive diuretic, Fluitran® 1mg. Such inquiries receded in fiscal 2010.

The Drug Information Center is our contact point for inquiries. Here, we gather information on not only Shionogi products but also peripheral areas, in order to promptly provide accurate information in response to inquiries. We collect, compile and store information on inquiries received, and provide feedback on analysis of this information to the relevant departments. Through this feedback, we strive to share and make good use of all of this information. By sharing this information, we not only monitor current conditions but also conduct company-wide risk management and implement prompt and proper responses to risk. At

the same time, these efforts ultimately help us to prevent the materialization of future risks.

Looking ahead, we will focus on multifaceted application of information. For example, we will gauge the extent to which current strategies have become established through the analysis of inquiries related to various product strategies, which will enable us to identify new directions for future strategies.

Furthermore, by responding promptly and accurately to inquiries from within and outside the Company, we will work to expand and promote the appropriate use of Shionogi products and contribute to the health of even more patients, while increasing our contribution through the optimized use of information.



Measures to Improve Quality of Life

Cancer Pain Management Outreach

Japan reported that two thirds of those experiencing pain from cancer did not seek relief (see source below). Oral therapeutic narcotics can eliminate pain in many cases. Therefore, Shionogi has been running a pain management campaign that includes television commercials and newspaper advertisements in which actor Shunji Fujimura, himself a cancer survivor, emphasizes that patients do not have to simply tolerate pain. This initiative has proved successful over the past four years, achieving high awareness of its message and increasing visits to our cancer pain therapy website.

Shionogi has participated in the Cancer Pain Relief Consortium (<http://www.toutu.jp/>, Japanese only), a collaborative initiative of industry entities that promotes pain care through a variety of activities, since its founding in April 2008. In February 2011, Shionogi hosted a media forum along with representatives from the government, patient groups, academia, and the media, together with a range of people affected one way or another by cancer, to discuss ways to effectively disseminate accurate information on, and



thus increase awareness of pain care for cancer sufferers. Shionogi also supports a project promoted by the Ministry of Labour, Health and Welfare called the Orange Balloon Project, which disseminates palliative care information. These and other ongoing initiatives seek to increase overall social interest in cancer pain therapy and improve quality of life.

With April 2011 marking the fifth year of publicity in this arena, Shionogi is determined to continue taking diverse steps to help eliminate cancer patients' pain as swiftly as possible.

Source: MMJ June 2008, Vol. 4, No.6, p. 534

Supporting Dermatological Treatment for Acne

Acne vulgaris afflicts many people, and, as it mainly appears on the face and can leave scars, significantly affects quality of life. Yet despite these consequences, few sufferers seek the attention of a dermatologist, and instead turn to skincare products and commercially available treatments. Indeed, the notion that acne is a medical condition requiring medical attention is not a common one.

Shionogi continues to provide acne patients with accurate information and encourages them to seek



dermatological treatment to restore their confidence and improve their quality of life.

Fiscal 2011 will see Shionogi continue with our advertising campaign featuring entertainer Kanako Yanagihara. This campaign will include television commercials aimed at dispelling fallacies surrounding the treatment of acne and advising acne patients of the benefits of seeking

medical help, as well as coverage of acne treatment under health insurance.

Going forward, we intend to step up this awareness campaign to encourage more acne patients to seek greater quality of life through treatment by a dermatologist.



Relationship with Employees

Human Resource Development

Shionogi considers people to be its most important resource, and it does its utmost to create an environment in which employees can proactively improve and exercise their skills. And, in doing so, create a workforce that will support Shionogi's basic policy on a global scale.

Shionogi believes that it is this development of individual employees that leads to the growth of the company as a whole. Human resource development at Shionogi is composed of an organic mix of elements, including on-the-job training, off-site training, and personal development. In terms of scope, the strands of HR policy at Shionogi cover a wide range: from company-wide programs, business division-specific content and overseas postings, to intra-company rotation (career development). Furthermore, besides education and training programs, Shionogi also implements a regular "youthful employee interview" program to provide guidance for younger employees.

Human Resources System

In order to continue growing as a Company, we need to deploy our basic policy globally. It is essential for all employees to play an even greater role in such efforts and produce results.

The evaluation system at Shionogi places great emphasis on employees' roles. Employees are scored based on their assigned roles, the difficulty of that role, and their displayed ability levels. The next step in improving their abilities involves assigning to them greater roles to help them grow further through performing new tasks. The end result is a continuous and positive cycle of improvement. This approach aims to motivate employees through the setting and completion of key targets, and thereby improve their skills.

Fair and Equitable Personnel Evaluations

Shionogi has rigorously aligned Company strategy with individual employee targets and has built a target management system that emphasizes Plan-Do-Check-Act (PDCA) management.

To maximize employees' motivation and capabilities, we believe it is crucial to properly evaluate the abilities employees display, the roles they undertake to play, and results they achieve in their areas of responsibility, so that we can give them appropriate jobs, remuneration, and other

benefits. In view of this, besides clarifying evaluation standards, disclosing information to employees on a fair and equitable basis, and providing extensive educational programs for evaluators, Shionogi is increasing the transparency and objectivity of its evaluation methodology. In addition, by gathering appropriate feedback on evaluation results, the Company is working to increase employee satisfaction in the evaluation system and to operate the system in a manner that effectively promotes human resource development.

Occupational Safety and Health

In line with its corporate purpose of "providing the best possible medical products for protecting the health of the people," Shionogi recognizes the primary importance of its employees' safety and health, which the Company works to ensure through a variety of initiatives centered on the safety and health committees of each workplace.

Regarding safety, because many chemicals are used at its research and production facilities, the Company strictly enforces appropriate handling and storage management, and is also strengthening its internal check system. In addition, to prevent occupational injury or illness, Shionogi regularly conducts rigorous safety inspections, promptly rectifies any problems identified, and works to raise employee safety awareness.

Concerning employee health, Shionogi is promoting a work information system to facilitate the management of working hours and thereby create a framework for preventing the incidence of chronically excessive work hours. We are also cooperating with a health insurance association to augment our efforts to maintain and improve employee health. Specifically, we work to ensure employees take part in the regular annual health checkup (99.7% of employees have had checkups), and encourage employees to receive testing for adult-onset and gynecological illnesses. Based on the results, industrial physicians, nurses and other health maintenance staff undertake detailed follow-up work regarding each individual employee with a pre-existing or newly diagnosed condition. Moreover, we organize such events as health seminars and fitness walks to improve employees' awareness of their own health situations.

To address mental health, Shionogi has a specialized physician working full-time as an industrial physician and has established a counseling system that includes a counseling room and outside services. In these and other ways, the Company is implementing a comprehensive

range of measures in line with the Japanese Ministry of Health, Labour and Welfare’s “four care policy” (selfcare, managerial care, on-site industrial staff health care, and external resource-based care).

	2007	2008	2009	2010 (FY)
Number of occupational illnesses/injury incidents	18	12	16	10
Occupational illness/injury incident frequency rate	0.33%	0.108%	0.22%	0.209%
Occupational illness/injury incident severity rate	0.002%	0.0002%	0.001%	0.0007%

Employment of Persons with Disabilities

To help normalize the lives of persons with disabilities, Shionogi has been making proactive, ongoing efforts to hire such persons. In fiscal 2010, the share of Shionogi’s employees with disabilities was 1.92%, above the legally mandated share of 1.8%. Shionogi has received recognition from the Osaka Employment Development Association as a distinguished employer. This association also annually presents disabled Shionogi employees with longtime service awards that reflect the Company’s high retention rate for employees with disabilities.

Human Rights Initiatives

Shionogi has clearly articulated its policy on employee rights in the “Conduct at Shionogi” section of the Shionogi Charter of Conduct, stating that “Shionogi respects the rights and individuality of its employees and works to ensure their comfort and fulfillment.” In line with this, Shionogi has implemented various training programs and established a consultation service to ensure that there is no discrimination either inside or outside the Company on the grounds of race, national origin, religion, creed, beliefs, gender, age, education, disability, illness or other factors, nor any sexual harassment, power harassment, or other types of harassment. In addition, as stated in one of the five values of Shionogi’s Action Guidelines, “Respect for the individual,” maintaining maximum respect for the diverse individualities of everyone involved with Shionogi is one of the Company’s most important values.

Community Relations

Socie—Our Social Contribution Support Association

Shionogi established Socie in 1997. The Company, its employees and the employee labor union cooperate in supporting Socie members’ voluntary social contribution activities. Management and employees work together in carrying out social contribution activities, using funds provided by Shionogi and the labor union at the time Socie was established, and through monthly contributions from employees and the Company.

Socie provides assistance to areas affected by earthquakes, storms, volcanic eruptions and other disasters as deemed necessary by Japan’s Disaster Relief Act, as well as surrounding regions in Japan and overseas when deemed necessary by the executive board. It also makes annual

donations to groups that contribute to society, such as the Japanese Red Cross Society and the Japan Guide Dog Association.

Socie donated ¥20 million through the Japanese Red Cross Society to support relief efforts for victims of the Great East Japan Earthquake that struck in March 2011, and to promote recovery of the affected regions. Shionogi also donated ¥100 million to the prefectural governments of Iwate, Miyagi, and Fukushima Prefectures.

In addition, Shionogi supports the voluntary social contribution activities of employees by helping raise their consciousness of volunteer work with time off or leaves of absence for such activities or for bone marrow donation.

Investor Relations

Interactive Communications

Shionogi endeavors in various ways to improve communications with all our shareholders. Top management holds semiannual and annual results briefings and first- and third-quarter conference calls for domestic institutional investors and analysts. We also distribute audio recordings of briefings and conference calls. We convene annual briefings on research and development, which is vital for pharmaceutical manufacturers, reporting on R&D progress, presenting new compounds, and providing

other useful information.

We welcome visits from Japanese and overseas institutional investors and analysts, and visit these investors ourselves. Meanwhile, management itself goes to see these investors and participate in brokerage-run conferences. In addition, we endeavor to disclose all corporate data, such as progress in research and development projects, and new product launches, that are useful for determining the corporate value of Shionogi.

Efforts to Preserve the Environment

Due to electricity supply shortages in the wake of the Great East Japan Earthquake and social needs arising from these, Shionogi business locations within the service areas of The Tokyo Electric Power Company, Inc. and Tohoku Electric Power Co., Inc. have taken a range of actions to save electricity mindful of their social mission to ensure a stable supply of pharmaceuticals. Initiatives include installing generators, raising capacity utilization, starting shifts earlier, asking staff to wear cool business attire earlier than normal, and upgrading to LED lighting. Moreover, in business facilities and offices, including Head Office, Shionogi is promoting efforts to save electricity and conserve energy in accordance with a power-saving plan.

Efforts to Preserve the Environment

In promoting its business activities, the Shionogi Group is aware that, as a Company, it has an important social responsibility to give appropriate consideration to the global and local environments. To lessen the environmental impact of all of our business activities, we established "The Shionogi Group's Basic Environmental Policy." In line with this policy, we have established the Shionogi Group Environmental Protection Plan and conduct a growing range of environmental preservation activities.

◆ The Shionogi Group's Basic Environmental Policy

1. Environmental Management System

The Shionogi Group will promote high-quality environmental protection activities by assigning the Director in charge of the environment to the post of Chief Environmental Supervisor and clarifying organizational responsibilities and authority for environmental management.

2. Compliance with Laws and Regulations

The Shionogi Group will work to protect the environment by complying with environmental laws and regulations as well as setting voluntary management standards.

3. Reduction of Environmental Impact

In its research and development, manufacturing, distribution, marketing, and other business activities, the Shionogi Group will set and periodically revise targets in areas such as energy and resource conservation, waste reduction, and strengthening management of chemical substances, striving for continual improvement.

4. Education and Training

The Shionogi Group will raise the awareness of all employees toward environmental protection by conducting environmental education and training and providing environment-related information.

5. Coexistence with Society

From its standpoint as a corporate citizen, the Shionogi Group will cooperate in environmental protection activities of regional communities. In addition, we will disclose our environmental information to promote mutual understanding with society.

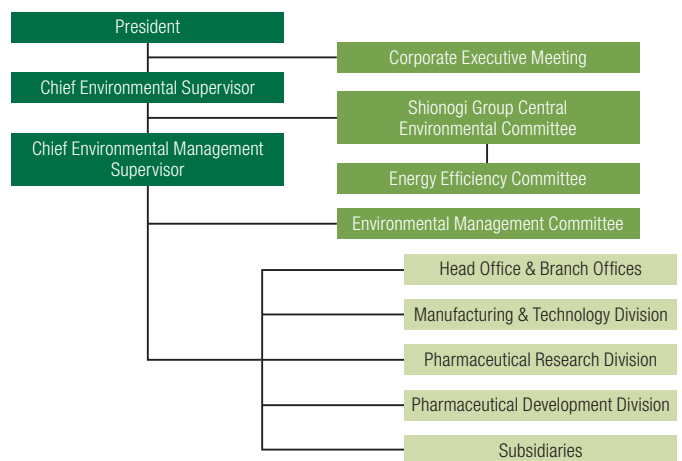
6. Disclosure of Our Basic Environmental Policy

The Shionogi Group will disclose the Basic Environmental Policy both inside and outside the Group.

April 1, 2008
Isao Teshirogi, President and Representative Director
Shionogi & Co., Ltd.



energy use and control greenhouse gas emissions across the Group as a whole. These changes included the election of an Energy Management Supervisor and an Energy Management Plan Coordinator, as well as the establishment of an Energy Efficiency Committee under the Central Environment Committee.



Environmental Management System

◆ ISO 14001 (International Standard for Environmental Management Systems)

Shionogi has acquired ISO 14001 certification for six production divisions and R&D divisions with a high environmental impact (Kuisse Site, Settsu Plant, Kanegasaki Plant, Shionogi Research Laboratories, Shionogi Pharmaceutical Research Center, and Aburahi Laboratories) as well as an onsite affiliate, Shionogi Analysis Center Co., Ltd. Domestic production subsidiary Shionogi Pharma Chemicals Co., Ltd. also acquired certification in 2001, which it continues to maintain.

In order to ensure proper adherence to ISO 14001, we appoint internal auditors at each business location to conduct internal audits. At the same time, we train and certify internal auditors in the ISO 14001 standard and offer advanced training courses so as to further improve the capabilities of internal auditors.



Internal auditor training

Environmental Management Organization

The Shionogi Group promotes environmental preservation activities under the group-wide supervision of the Chief Environmental Supervisor and the Chief Environmental Management Supervisor. All major business sites and affiliates have environmental committees chaired by the Environmental Supervisor and composed of the Environmental Management Supervisor, environmental supervisors from each department, and others. The committees deliberate on and approve the operations of the environmental management system.

To coincide with the full enforcement of the Amended Act on Temporary Measures for Promotion of Rational Uses of Energy and Recycled Resources in Business Activities, Shionogi made a number of changes designed to manage

◆Environmental Audits

The Shionogi Group conducts environmental audits at all manufacturing plants, research laboratories and domestic production subsidiaries to confirm that environment-related laws and regulations are being complied with, environmental risks are being properly managed, and improvements to management systems are being made on an ongoing basis. In fiscal 2010, environmental audits were conducted at the Kuise Site and Aburahi Laboratories, where there were changes in management systems.

◆Compliance with Laws and Regulations

Environment-related regulations cover prevention of atmospheric pollution and water contamination, management of chemical substances, and a range of other areas. Shionogi shares information about them with all business sites to obtain up-to-date information on relevant regulatory revisions and ensure proper compliance. In addition, periodically we formally assess whether there is proper compliance with laws and regulations.

We continue to have no environment-related legal action or fines to report.

Reducing Environmental Impact

◆Environmental Protection Plan

We set targets for energy and resource efficiency, reducing waste, strengthening chemical substance management and other areas for all business activities, from research and development to production, distribution, and sales, and we work to make improvements on an ongoing basis. The targets below were set and promoted from fiscal 2005 through fiscal 2010 under the Phase 3 Shionogi Group Environmental Protection Plan. In the meantime, Shionogi has found it difficult to reduce the volume of waste products generated and also greenhouse gases, due to the construction of new manufacturing facilities for drugs for clinical trials and commercial products and higher production volume. However, the Company made steady progress as a whole with other targets such as chemical substance management and green purchasing. Shionogi has been unable to compile data for the main Kanegasaki Plant, due to the impact of the Great East Japan Earthquake, but will post data on its website when able to do so.

1. Strengthen conservation of resources and waste disposal measures
2. Implement measures to counter global warming
3. Strengthen management of chemical substances
4. Enhance system for evaluating safety of chemical processes
5. Promote Product Life Cycle Assessment
6. Implement environmental accounting
7. Expand green purchasing
8. Contribute to society
9. Disclose environmental information

From fiscal 2011, Shionogi has set new targets under Phase 4 of the Shionogi Group Environmental Protection Plan in line with the action plans and charters of corporate behavior of Keidanren (Japan Business Federation) and The Federation of Pharmaceutical Manufacturers' Associations of Japan, including reducing the volume of final waste disposed, and reducing CO₂ emissions. Shionogi is working to achieve these targets as part of its ongoing environmental activities.

◆Resource Conservation and Waste Disposal Measures

Shionogi promotes the 3Rs—reduce, reuse, and recycle—in order to help create a recycling-oriented society. The Company's efforts in this regard include turning waste liquid and waste plastics into items of value, and reducing the volume of waste products that are directly disposed of in landfills to zero (zero emissions).

◆Prevention of Global Warming

Shionogi is implementing measures to reduce greenhouse gas emissions, such as upgrading freezers and lighting equipment to energy-saving models, and reviewing air-conditioner equipment. The Company has also formed the Energy Efficiency Committee, which is examining the Company's policies and medium- to long-term plans, and creating management standards for upgrading environmental equipment, changing operating methods and so forth, as well as evaluating compliance status. Through these actions, Shionogi is promoting measures to conserve energy and reduce CO₂ across the company.

◆Chemical Substance Management

Shionogi is working to control atmospheric and wastewater emissions by setting voluntary standards, as well as properly managing harmful chemical substances and reducing the amount transferred with an awareness that chemical substances can have an adverse impact on people's health, ecosystems, and the natural environment. The Shionogi Pharmaceutical Research Center has also introduced a supplies takeout control system (STOC), which is allowing it to visually track the movement, use, and disposal of general-purpose agents.

◆Biodiversity

The Company engages in environmental activities with an awareness of biodiversity, based on the declaration of the tenth meeting of the Conference of the Parties (COP10) held in Nagoya in October 2010 and Keidanren's Declaration of Biodiversity. Shionogi is conducting employee education programs, managing research based on the Law Concerning the Conservation and Sustainable Use of Biological Diversity through Regulations on the Use of Living Modified Organisms and Invasive Alien Species Act, and conserving rare plants and endangered species at the botanical gardens of Aburahi Laboratories.



Botanical gardens of Aburahi Laboratories