

Sharing Values, Aims, and Ideals—Team Kyowa Hakko Kirin

Since Kyowa Hakko Kirin's establishment in October 2008, we have engaged in discussions transcending the barriers of age and positioning the company to clarify the company's *raison d'être* and how we can contribute to society. We have summarized the passionate values, aims and ideals of the employees in *Sharing Values, Aims, and Ideals—Team Kyowa Hakko Kirin*, a document that sets forth our purpose.

In our role as an R&D-oriented pharmaceutical company, we aspire to contribute to people everywhere through the development of new drugs that bring smiles to the faces of people battling illness.

Here at Kyowa Hakko Kirin, an abiding respect for life, health, and wellness inspires everything we do. First and foremost, we work to protect and improve the lives of those who depend upon our products. As an up-and-coming pharmaceutical supplier and a driver of healthcare innovation, we are well-positioned to make a significant impact on public health. We intend to devote all of our resources and capabilities to this worthy goal.

Believe in Ourselves

Let us place our trust in our experience and our substantial shared pool of knowledge. Although we certainly are not the largest pharmaceutical firm, we possess a unique combination of core competencies and capabilities that are unparalleled in the market. Let us draw upon and sustain our history, our legacy, our technological prowess and our unsurpassed knowledge resources. The possibilities of what we can accomplish as a pharmaceutical company are infinite.

Strive to Be Fearlessly Innovative

The path to excellence is neither smooth nor linear. Let us have the courage to identify and overcome difficulties, the passion to reach beyond the conventional way of doing things, and the integrity to recognize and learn from missteps. Innovation is not simply the maturation of ideas; it is a leap of growth that can only be achieved through diligence, a daring dedication to progress, and a willingness to transcend the status quo.

Support Wellness and Quality of Life

Let us endeavor to go beyond just making medicine. Health is more than just the absence of illness, and our work should be carried out with a solemn awareness that wellness and quality of life are equally worthy goals. And, let us engender happiness. Think always of the families whose ailing loved ones depend on us, and support the healthcare practitioners who strive tirelessly to save lives. Innovative research and business insight are not enough to help us fulfill our mission—we must cultivate kindness, empathy, and sensitivity to the problems facing humanity, as well.

Find Strength in Numbers

Let us aim to become the ultimate team. No matter how talented an individual may be, alone he or she is hardly perfect. Let us take our energy, enthusiasm and pioneering spirit to join as one. Through our combined strength, we can yield unimaginable solutions. This is what we want to show the world.

Accelerate Our Efforts

Let us carry out our work while raising our awareness of the scale of patients' suffering from the diseases that we combat. Each day, lives are lost and families are torn apart by illnesses that our research and products can help to eradicate. The challenge may be overwhelming, but our efforts must be ceaseless—there can be no rest along the way.

Pursue Our Objectives with Honesty and Integrity

At all times and in all things, let us comport ourselves and make decisions in a manner that is consistent with our mission. As a manufacturer of medicine, our company's very survival depends on our customers' implicit trust. Countless lives hang in the balance; let us make a vow to act always with the integrity this mission demands.

Celebrate and Take Pride in Our Shared Mission

The Kyowa Hakko Kirin team comprises a talented group of professionals who hail from all over the globe. Through a remarkable confluence of events, we have all come together to share in this work, forming a unique synergy of hearts and minds in the process. Even though we face difficult challenges, let us also appreciate the opportunity to help protect and improve people's lives.

Let us harness our passion to serve humanity and shape the future. Let us walk the path of hope for every precious life.

We are Kyowa Hakko Kirin. For each life, we are here.

Responsible Care (RC) Community Dialog

Kyowa Hakko Bio actively participates in community dialog activities sponsored by the Japan Responsible Care Council. Each year the Yamaguchi Production Center Ube, jointly with five Ube-Onoda district member companies, holds a Responsible Care Community Dialog meeting in the Ube-Onoda district. The most recent meeting drew about 50 participants, including representatives from residents' associations, environmental NGOs, public administrations and the participating companies. A tour of the Nissan Chemical Industries Onoda Plant and explanations by member companies of their environmental activities were followed by questions from area residents concerning the response to odors, chemical substances and global warming and public relations activities, as well as individual company presentations about their local environmental and security activities.



The Ube-Onoda District Responsible Care (RC) Community Dialog meeting (February 2009)

Bio-adventure Activities (Tokyo Research Park)

2009 marks the tenth year for bio-adventure activities, in which Tokyo Research Park employees conduct science experiment classes at local elementary and junior high schools.

Over the years, these activities have taken firm root in the community, and some children have even participated twice. One participant wrote the following in a questionnaire survey conducted after the classes: "DNA is very cool. My dream is to become a researcher, and I think I was able to take the first step with this class." The employees intend to continue their efforts to increase the number of children who love science.



The Bio-adventure Mobile Laboratory

WWF Japan

Established in Switzerland in 1961, the World Wide Fund for Nature (WWF) is an environmental conservation organization that engages in activities in approximately 100 countries to construct a future in which humans and nature can coexist in harmony. The WWF currently focuses on preservation of forest and marine biological diversity, promotion of sustainable use of natural resources such as timber and marine products, and global warming prevention. All WWF activities are supported by donations from individuals and corporations, and Kyowa Hakko Kirin provides support as a corporate member.

Distribution of Braille Calendars

Each year since 1994, we have produced Braille calendars for people with visual impairments and distributed them free of charge to schools for the blind nationwide. We delivered about 4,000 copies of the 2009 edition of the calendar, which features elephants, koalas and other large and small animals, to 71 schools across Japan.

Activities to Support Areas Hit by Torrential Rains

Hofu City in Yamaguchi Prefecture, home to Kyowa Hakko Bio's main production plant, incurred severe damage in torrential rains that battered Chugoku and Northern Kyushu in July 2009. The Kyowa Hakko Kirin Group is offering cooperation and support, along with prayers for rapid recovery, for the residents of this area, who have been supportive of the company going back to the time of the former Kyowa Hakko Kogyo. Employees of the Kyowa Hakko Bio Yamaguchi Production Center Hofu participated in volunteer support activities in affected areas.



The removal of mud from roads and homes

Investor and Partner Relations

Relations with Shareholders and Investors

The Kyowa Hakko Kirin Group regards investor relations as an important management priority and endeavors to provide shareholders and investors with business information in a manner that is timely, appropriate and fair. We have established a disclosure policy to ensure the information benefits our customers, employees, society, shareholders, investors and other stakeholders. Our aim is to communicate a wide variety of information about the Kyowa Hakko Kirin Group as one element of sincere and highly transparent management.

Disclosure Policy

Based on the principles of transparency, fairness and consistency, Kyowa Hakko Kirin strives to provide timely, accurate disclosure of information to shareholders and other investors in accordance with the Financial Instruments and Exchange Law and the timely disclosure rules of the Tokyo Stock Exchange (TSE). In addition, Kyowa Hakko Kirin is committed to the timely and active disclosure of other information that, in the judgment of the Company, will be effective in helping shareholders and other investors to understand Kyowa Hakko Kirin. (Amended October 2008)

Analyst Meetings

Kyowa Hakko Kirin holds meetings at which the CEO explains to institutional investors, securities analysts and mass media representatives the financial results for the interim period and fiscal year. Interested parties unable to attend the meetings may obtain accounts of the meetings from the Kyowa Hakko Kirin website for shareholders and investors. The CEO and other corporate executives strive to actively disclose business information at all times and the CEO visits overseas investors each year.



Analyst meeting on financial results, held on April 28, 2008

Kyowa Hakko Kirin Website for Shareholders and Investors

<http://ir.kyowa-kirin.co.jp/english>

Reports for Shareholders and Investors—

“To Our Shareholders” and the Annual Report—

Kyowa Hakko Kirin sends the Japanese-language report “To Our Shareholders” (formerly the business report) to shareholders twice a year and posts the report on its website for viewing by investors other than shareholders. We distribute a printed English-language annual report to overseas investors and post the English version and Japanese version of the report on the corporate website.

Inclusion in Socially Responsible Investment Indices

Kyowa Hakko Kirin has been included in the FTSE4Good Index Series of socially responsible investment indices.



Certificate of inclusion in the FTSE4Good Index Series

Relations with Business Partners

Green Procurement Activities

Because it is important for the continuation and enhancement of environmental activities to realize a low-carbon corporate group throughout the supply chain, the Kyowa Hakko Kirin Group engages in collaborative environmental activities with business partners in the procurement of raw materials and supplies, office supplies and facilities. In October 2008 we established the Green Procurement Policy, and in fiscal 2009 we conveyed our environmental activity requirements to business partners and conducted a green procurement questionnaire survey.

Human Rights Awareness Activities

Public attention to compliance and CSR has increased in recent years, and it is no exaggeration to say that business activities that place importance on people have become the standard worldwide. To achieve the Group Management Philosophy, Action Guidelines and Business Vision, Kyowa Hakko Kirin has made an earnest commitment to human rights and promotes the creation of cheerful, worker-friendly workplaces that respect diverse values. We have established a human rights hotline, provide consultation and publicized the workplace harassment help desk. During Human Rights Week in December 2008, we distributed a message from the president to all employees. We have conducted human rights and compliance training for all employees since May 2009. In the coming years, we will proceed with continuing activities to raise human rights awareness and foster a sound organizational culture.

Childcare Support Measures

To ensure that Kyowa Hakko Kirin can take maximum advantage of the skills of hard-working employees, regardless of individual lifestyles or gender, we are promoting the following concepts jointly with the labor union.

- We recognize that the creation of a society and companies that provide equal opportunities for men and women is an important matter to Kyowa Hakko Kirin and will support that effort.
- We support employees who require temporary leave or workload reduction to provide childcare, but wish to continue employment and grow with the company.
- We will seek to develop a group-wide culture of supporting employees involved in childcare by instilling awareness that the reconciliation of work and childcare is beneficial to Kyowa Hakko Kirin, while simultaneously encouraging employees who receive support to actively seek harmony with their fellow employees.

Employment of Workers with Disabilities

Kyowa Hakko's rate of employment of people with disabilities was 1.98% in June 2008, exceeding the 1.8% standard in the Law for Employment Promotion, etc. of Persons with Disabilities. Kyowa Hakko Kirin employed 88 disabled people as of March 2009 (one person with severe disabilities is counted as two persons employed) and plans to receive a disabled persons employment adjustment allowance. Kyowa Hakko Kirin will continue to implement workplace environment improvements consistent with the aptitudes and lifestyles of individual employees.

Human Resource Development System

The Kyowa Hakko Kirin Group has established a new human resource development system grounded in the principle that individuals diligently study for their own career development and the company supports their effort. The chart below shows the training system, which consists of rank-specific training to develop skills in accordance with experience or career stage, selective training to contribute to the achievement of strategic objectives, organization-based education conducted by individual organizations and companies, a self-development support system for employees who engage in self-study and training conducted by the Kirin Group. We will seek to enhance the content of these training programs in keeping with a policy of further strengthening human resource development efforts to promote the growth and development of the entire Group.



New employee training

Training System

	Rank-specific and age-specific training	Selective training	Theme-specific training	Other	Group companies and Kyowa Hakko Kirin organizations	Kirin Group training	
Officers	Officer and operating officer study sessions						
Senior managers	Skills training Mental training Manager training	Executive seminars	Planned yearly according to circumstances	Outside assignment system (overseas assignment, career support programs, etc.) Human rights training, compliance training Self-development support system	Independent planning and implementation of necessary personnel development measures	Executive school	
Managers	New manager training Career development training (age 40)	Senior management training Senior globalist training				Kirin management school	
Senior line employees	Business structure Career development training (age 30)	Basic strategy training Leadership Facilitation				Junior globalist training	Business college
Line employees	Logical thinking Independent thinking New employee training						

Occupational Safety and Health

Occupational Safety and Health Management Systems

To prevent industrial accidents, in accordance with the annual environment and safety policy, the Kyowa Hakko Kirin Group engages in risk assessment activities at each business site. These assessments are done as part of routine production and construction work. The progress of environment and safety activities is checked in the annual environment and safety audit, and the audit results are reported to management at a meeting of the Environment and Safety Committee and reflected in the action plan for the following year.

New Manager Training

We train newly appointed managers at the Group's plants and laboratories in important environment and safety management matters such as the Kyowa Hakko Kirin Group's environment and safety policies, safety management, safety education and risk assessment implementation. We provide safety-related training based on a program for newly appointed safety officers that is mandated under the Occupational Health and Safety Law.

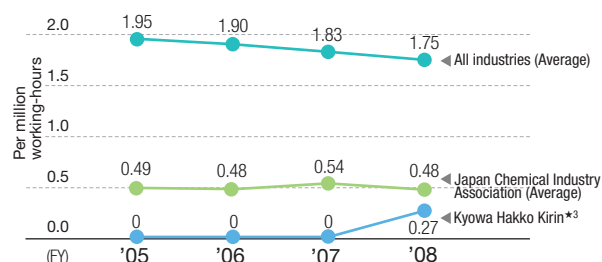
Environmental and Safety Personnel Conference

Each year, the Kyowa Hakko Kirin Group conducts an Environment and Safety Conference and an Environmental and Safety Personnel Conference attended by the environmental and safety managers and personnel of Group production and research sites. In June 2009, we conducted an extraordinary Group Environmental and Safety Personnel Conference. Participants shared information on industrial accident case studies, such as a study of accidents resulting in lost work time, and discussed topics including measures to prevent the recurrence of accidents in irregular operations, technology succession and safety education.

Accident Statistics

In fiscal 2008, the number of accidents resulting in lost work time at Kyowa Hakko Kirin, Kyowa Hakko Bio, Kyowa Hakko Chemical and Kyowa Medex was one, resulting in a low industrial injury frequency rate*1 of 0.27 and a severity rate*2 of 0.0046. There was also one accident resulting in lost work time at a food products subsidiary.

Occupational Injury Frequency Rate



*1 Defined as the number of injuries resulting in lost days per million working hours
 *2 Defined as the total number of working days lost per thousand working hours
 *3 Kyowa Hakko Kirin, Kyowa Hakko Bio, Kyowa Hakko Chemical and Kyowa Medex

Awards

In fiscal 2008 and fiscal 2009 we received the following awards for environment and safety achievements and an accident-free record.

Fiscal 2009

- Incentive Award of the Director-General of the Tokyo Labour Bureau
Kyowa Hakko Kirin Tokyo Research Park

Fiscal 2008

- Certified as an "Eco factory" by the Governor of Yamaguchi Prefecture
Kyowa Hakko Kirin Yamaguchi Production Center Hofu / Ube
- Incentive Award of the Japan Bioindustry Association Forum for Exchange between Academia and Industry
Kyowa Hakko Kirin Tokyo Research Park
- Certificate awarded by the Japan Industrial Safety and Health Association (JISHA) in recognition of a new accident-free record for the organic chemical industry
Kyowa Hakko Chemical Yokkaichi Plant (23.95 million accident-free hours)

Noboru Kojima

Manager
Kyowa Hakko Kirin Tokyo Research Park

3回 東京産業安全衛生大会 2009



At Tokyo Research Park (in Machida), labor and management work together in a spirit of cooperation to vigorously implement occupational safety and health activities. These efforts have earned public recognition in the form of the Incentive Award of the Director-General of the Tokyo Labour Bureau, awarded at the 2009 Tokyo Industrial Health and Safety Convention for maintaining excellent safety and health standards. The Tokyo Research Park team is committed to redoubling efforts to ensure occupational safety and health.

Traffic Safety

Kyowa Hakko Kirin had 1,478 commercial vehicles in use as of March 31, 2009, and sales offices engage in traffic safety activities in accordance with a group-wide traffic safety policy. Since fiscal 2008, we have reinforced safety activities, notably skills instruction at driving schools before and after hiring, to improve the driving skills of new employees.

With respect to the environment, in fiscal 2008 we achieved our target of using 100% low-pollution company-owned commercial vehicles (certified low-emission vehicles). To further enhance our environmental response, in 2009 we began conversion to hybrid vehicles. We plan to introduce 1,000 gasoline-electric hybrids by 2014.

(FY)	2005	2006	2007	2008
Company-owned commercial vehicles (units)	666	699	698	1,079
Low-pollution vehicles (units)	606	663	695	1,079
Adoption rate (%)	91.0	94.8	99.6	100

Aiming for Zero Accident and Disaster Status

The Kyowa Hakko Kirin Group has established a Safety Measures Headquarters headed by an executive manager and decided a framework for supporting rescue and recovery activities in the event a business site incurs major damage from an explosion, fire, earthquake or other natural disaster. Each business site engages in activities centered on risk assessment, puts in place a disaster preparedness system to minimize damage in the event an accident occurs and periodically conducts disaster preparedness drills. In fiscal 2008 fire broke out at the Kyowa Hakko Chemical Chiba Plant owing to a pipe leak and at the Yokkaichi Plant during periodic repairs. In both instances, firefighting measures were rapidly taken, injury was avoided and damage was held to a minimum. We identified the causes of the fires, took measures to prevent a reoccurrence and cross-implemented the prevention measures at other business sites.

Disaster Preparedness Drill (Kyowa Hakko Bio Yamaguchi Production Center Hofu)

On March 18, 2009 the Yamaguchi Production Center Hofu conducted a comprehensive disaster preparedness drill that simulated the response to a liquefied ammonia leak. The Yamaguchi Production Center Hofu stores and handles high-pressure gas facilities, alcohol and other hazardous materials, and it has many production, storage and handling sites on its grounds. Safety assurance is extremely important since a gas leak from a high-pressure gas facility or a fire, explosion, or leakage accident at a hazardous substance facility would have a significant impact on the surrounding community. The center conducts twice-yearly comprehensive disaster preparedness drills with the cooperation of the organizations concerned. Management intends to continue to raise employee disaster prevention awareness through drills.



Disaster preparedness drill

Measures to Prepare for a Major Earthquake

The Kyowa Hakko Kirin Group has long been committed to its social responsibilities as a manufacturer, particularly its responsibilities as a supplier of pharmaceuticals. Since the 1970s, when the possibility of an earthquake in the Tokai region was first suggested, the Group has responded by developing regulations, dispersing production and distribution operations and earthquake-proofing its buildings. As part of risk

management in preparation for an earthquake in the Tonankai-Nankai area or the Tokyo metropolitan area, we have installed satellite telephone systems at all business sites, including sales offices, and engage in monthly drills. Furthermore, in 2007 we introduced at the head office a system for confirming the safety of employees and their families in case of an earthquake emergency. In fiscal 2008 we expanded the system and commenced operation at the plants, laboratories and sales offices.

Earthquake Preparedness Drill (Fuji Plant)

The Fuji Plant conducted an annual disaster preparedness drill in November 2008 in preparation for an earthquake in the Tokai region. In fiscal 2008 the plant completed anti-seismic reinforcement construction. Now, all buildings can fully withstand the earthquake anticipated for the Tokai region. These preparations notwithstanding, as a precautionary measure the plant conducted a drill to confirm the procedure for temporarily setting up the disaster preparedness team headquarters outdoors and then relocating it inside a safe building following building emergency risk assessment. The drill also involved practice in the use of radio communication to rapidly ascertain the overall damage and issue instructions. The plant plans to continue to conduct practical drills appropriate to specific emergency situations.



Earthquake preparedness drill

Distribution Safety

The Kyowa Hakko Kirin Group maintains a 24-hour emergency response system to rapidly deal with emergencies during the transportation of chemicals and alcohol. We have introduced the Yellow Card and Container Yellow Card systems of the Japan Chemical Industry Association and strive to thoroughly familiarize distribution and transportation workers with disaster response methods and ensure safety. There were no distribution-related accidents during fiscal 2008.



Shipping alcohol