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Shire Corporate Responsibility Introduction 2006

**Matthew
Emmens**
Chief Executive
Officer

A new website, and a new approach



If you're a regular follower of Shire, you'll remember that in last year's CR report we moved to an issues-based approach for the first time. That report focused on the specific corporate responsibility issues confronting the pharmaceutical industry in general and Shire in particular.

The new approach went down well with all our stakeholders, and when we came to plan for this year's report we realized that, by its very nature, much of the material in last year's was still valid. After all, the basic challenges that we face remain substantially the same, as do the underlying values and policies by which we work. The obvious

answer was to put this core material into its own dedicated section of our corporate website, where it can be easily accessed and regularly updated as necessary. This new shire.com/cr site covers what we consider to be our three main CR areas. These are drug safety, the marketing of pharmaceuticals, and the principles that govern the way Shire operates as a business. You can use the site to find detailed information about issues such as how we develop and test new drugs, our stance on animal testing, or Shire's approach to equality and diversity in the workplace. There's more detail about the new site on the facing page.

The publication you're now reading is designed for a different purpose. It's a record of what we've achieved in CR in 2006 – the advances we've made in new product development, the evolution of our grant-giving practices in the US, our distinctive

new approach to managing our people, and the contribution many of those people have made in their own communities in the last twelve months.

Shire marked its twentieth birthday in 2006, and it was a year not just of great celebrations but of great expectations. The business continues to grow in both scale and ambition, and to fulfill the promises we have made to shareholders and stakeholders alike. And while we're proud to have a record for being a successful business, we put just as much value on our reputation for being a responsible one.

I hope you enjoy reading this update, and using the new CR site. As always, if you have any feedback or questions you can contact us at cr@shire.com.

Matthew Emmens

The new site covers our three main CR areas: drug safety, the marketing of pharmaceuticals, and the principles that govern the way Shire operates as a business



for more information please visit
shire.com/cr

There are three main areas of the new CR website: drug safety, responsible marketing, and running a responsible organization. These sections set out the principles and policies we operate by, and are a first source of reference for anyone interested in Shire's CR commitments and performance.

Drug safety includes information on the phases of the development process, animal testing and human trials, and the approval process and regulatory framework. It also covers how we monitor and, if necessary, adapt our products once they are out in the marketplace.

Responsible marketing describes how we train and manage our salespeople, the codes of ethics governing pharmaceutical sales, and our support for medical education.

Running a responsible organization looks at the work of the CR

Committee, our engagement with stakeholders, our people policies and processes, environmental performance, health and safety and the supply chain. It also covers issues such as political and charitable donations, and community investment.

In the pages that follow you can read stories and successes from 2006, and real-life examples of how our CR principles are put into practice, every day, across every part of Shire.

Drug safety

Developing Vyvanse™

See more on
drug safety at
shire.com/cr

Main picture
Vyvanse –
continuing
the legacy
in ADHD



From Adderall to the even more effective Adderall XR, Shire has always been a leader in the field of ADHD. And with the launch of Vyvanse we now have a drug that can genuinely stake a claim to be the next generation of ADHD treatment.

Vyvanse began life as the anonymously-named NRP104, a new compound developed by New River Pharmaceuticals. We began a partnership with New River on this drug in 2004 and subsequently worked with them on its development, gaining FDA approval in early 2007. We acquired the business in April 2007 and are now in the process of launching it under the brand name Vyvanse.

There's one key factor that makes Vyvanse different from all the other ADHD products on the market. Vyvanse is a so-called 'pro drug', which means that it becomes active only once it's processed in the body, and we believe that this will allow it to have a steadier and more long-lasting effect for the patient. Trials have shown that when children take it in this form their symptoms can be controlled right through the school day and into the early evening, making it easier for them to concentrate on their homework and socialize at home.

From our point of view, Vyvanse is a natural successor to Adderall and Adderall XR, and a drug with the potential to work well for adults as well as children. But the special nature of Vyvanse means that it could also prove to have a much wider positive impact.

The most effective treatments for ADHD are stimulant drugs, which can make

them attractive to addicts, and vulnerable to possible misuse by people who want to improve their stamina or alertness, like students at exam time. Knowing this, we've worked extensively with college authorities, pointing out the risks of abuse, and supporting educational materials. For example we supported a program with the American College Health Association entitled 'Use and Misuse of Stimulants: A Guide for School Health Professionals' that was sent to all ACHA members.

But since Vyvanse has to be digested before it starts to work and its chemical composition makes it difficult to artificially extract its active ingredient, we believe it should be less susceptible to misuse or manipulation. In fact, part of the development process included trials with drug addicts, which demonstrated that the so-called 'Drug-Liking Effect' of Vyvanse is less than for equivalent doses of short-acting amphetamine treatments (which are similar to Adderall). Taken together, these data suggest that Vyvanse might have the potential for a lower risk of abuse than other stimulants.

We're only at the early stages of exploring this aspect of Vyvanse. Nonetheless, we're planning to run more studies, and hope to find that this wider social benefit will prove as robust as the advantages we already know the drug can bring to its patients.

Supporting medical education

See more on
supporting
medical
education at
shire.com/cr

Main picture
A web-based
approach
Opposite page
Shire
supported
an interactive
panel
discussion
by Medical
Crossfire for
nephrologists
on hyper-
phosphatemia



With \$1 billion invested every year, the pharmaceutical industry makes a vital contribution to independent continuing education programs for physicians in the US. But with such large sums at stake, there has been growing public concern that these funds should be spent responsibly.

'Medical education funded by drug companies has to be real education, not a soft sell designed to sway treatment decisions.' This is the chairman of the Senate Finance Committee, Max Baucus, announcing the results of their recent inquiry into the activities of pharmaceutical companies in this area.



In fact government and media interest in the whole issue of medical education has been growing steadily in the US over the past few years, and pharmaceutical companies are under pressure to ensure that the independent medical education they support is exactly that – independent – and that no undue influence is exerted on the healthcare providers who benefit from it.

So how are we responding? What is Shire doing to ensure that our support goes to the right programs, and in the right way?

It's Tiffany Cummings, our Professional Education Business Manager, who led Shire Specialty Pharma's efforts in this area, with support from Caroline West and Tom Glavin, the Shire Compliance team. Every request for funding of independent medical education in the US must now be submitted through a new website, www.shiregrants.com. In keeping with guidance from the regulators, sales and marketing staff are explicitly excluded from any decision-making role in the process, and applications are assessed by a grants manager along with a physician

from medical affairs, who has expertise in that particular therapeutic area. Our goal is to support the best and most topical medical education in the areas that Shire specializes in.

As Tiffany says, 'The advantage of the web-based approach is that it not only ensures complete objectivity and efficiency in the receipt and processing of requests, it also provides us with a robust database that will enable us to better analyze what we have done and identify areas of educational need that could merit Shire support in the future.'

When the new site went live, we invited our major educational partners to come in to see us, to discuss how the new process would work, and give them an opportunity to raise any initial concerns. Few pharma companies have made time to do this, and it was certainly appreciated. As Lesley Downes, Director of Educational Services of Medscape, said, 'The transition to the new process was very thorough and organized and it is transparent on how to work with Shire.'

Shire's people

fostering the leader in everyone

See more
on Shire's
people at
shire.com/cr

Main picture
'Life at Shire'
induction day,
part of the
Shire DNA
program
Opposite page
Anita Graham



For Shire, CR is not just about social and environmental accountability, it extends into our responsibilities as an employer, and how we make the most of the immense talent and commitment our people bring to their work for the company.

Shire celebrated its twentieth birthday this year, and having reached such a significant milestone it was only natural that we should take a moment to take stock of what we've achieved, and look ahead to the next phase. And as the business grows, it's crucial that we understand what sort of people and capabilities will help us succeed in an increasingly fast-moving and competitive industry. With this in mind we decided to undertake a comprehensive global analysis of the abilities and skills Shire needs most, and the best way to develop them across the whole business.

Armed with that insight, the next step was the creation of what's now called the Shire leadership 'DNA'. The concept of DNA is a perfect fit for a pharmaceutical business, and the basic but powerful idea behind it is that all our people are born with the capacity to show leadership, whatever their role, and regardless of their job title.

As Anita Graham, our Chief Administrative Officer, says, 'The DNA framework defines leadership as a quality, not a position in the organization. It's designed to support our employees' development in practical ways, and help them understand how their personal and professional progress contributes to our overall ambitions as a business.'

The framework is supported by a whole range of back-up materials, from online



resources to CD-ROMs and learning tools, and everything we do in relation to our people now reflects the DNA. That ranges from performance management processes, to training modules, to succession planning and job descriptions. It's taken only twelve months to integrate the idea completely into the business, which is a tribute to the passion and commitment of all our employees and of the efforts by a team focused on its design and implementation, led by Helena Boschi, Vice President of Leadership Development.

All the feedback so far has been hugely positive, both from inside the business, and from the wider HR profession. In fact Dave Loring, Senior Enterprise Associate at the Center for Creative Leadership in the US, has called the DNA, 'The finest example of a leadership development process I have seen. Seldom have I seen such a detailed delineation between being 'proficient' and being 'exceptional'. Well done, Shire.'

Shire CR Committee 2006

Angus Russell
Chief Financial
Officer and
Chairman of
the Corporate
Responsibility
Committee

Debates, discussions, and decisions



It's been a year full of activity for the CR Committee, with new members joining, new policies developed, and new programs launched. We've had wide-ranging and sometimes intense debates on subjects as diverse as patient group funding and the new UK Companies Bill, and a number of serious discussions with the Board on the subject of our CR risks. There have also been lively

discussions about the content of the new CR website, and the format of the publication you're reading now.

Three seats on the committee rotated this year, with Greg Flexter, Kristin Murphy and Eliseo Salinas stepping down, and Dr Jo Ferdinando from R&D, Marianne Mortara from HR, and Theresa Heggie from Shire HGT joining. All three have their own particular business expertise, and practical experience of the specific CR issues facing Shire.

If I turn to the committee's achievements during the year, the obvious place to start is our

new global policy on the use of animals in drug development. This is a subject that provokes considerable public interest, and one that we take very seriously. We continually review our own practices to ensure that we follow the highest possible standards, and this is reflected in our new policy, which you can read on our website.

We also updated our policy relating to promotional materials, to take into account new US and European guidelines covering the marketing of pharmaceuticals and ensure that we are continually improving our approach. The committee is now reviewing our approach globally.

New members
appointed to
the Corporate
Responsibility
Committee
during 2006



Jo Ferdinando
Senior Vice
President Global
Pharmaceutical
Sciences and
R&D Project
Operations



Theresa Heggie
Vice President
and General
Manager HGT
Europe



Marianne Mortara
Senior Human
Resources
Manager

Moving from policy to practice, we hosted two very successful conferences for our suppliers this year, which you can read about in more detail later in this update. And we also agreed to develop a new global energy conservation program. These are both good examples of how deeply CR is embedded into Shire's day-to-day operations and the degree to which the work of the committee is integrated into commercial and business decision-making.

You can see the same principle in action in our new diversity task force, which focuses on issues of equality in the workplace, and the encouragement of a healthy work/life balance. The HR

representatives on the committee established this new task force, and defined its objectives, keeping the rest of the committee apprised of its work.

On the community side, we continue to support the areas where we have operations around the world. By giving employees a 'volunteering' day, Shire people are providing help for local needs throughout our communities thereby increasing our commitment to many worthy causes.

So at the end of a busy year I'd like to thank everyone who's worked on the committee, and express my own pride in the fact that the

ongoing improvement in our CR performance has already been recognized in our promotion to the 'silver' band in this year's Business in the Community index.

Angus Russell

2006 report

1 Shire worked with Dr Olivier Rabin, Science Director of the World Anti-Doping Agency

2 Dynepo used for WADA's trials

3 UK's Prescription Medicines Code of Practice Authority's review of Calcichew prompted revision of marketing materials

4 Shire's winning team from the Pharma Times' Marketeers of the Year Awards

5 & 6 Wayne Eppinger Vice President Global Procurement hosted two successful supplier conferences in the US and UK

Social responsibility



Marketing



Our supply chain



7, 8 & 9 'Life at Shire' program developing communication and teamwork skills

10 Shire is developing a fuel-efficiency initiative for our sales representatives

11 & 12 Promoting greater awareness of health for our employees with wellness fairs held at our main sites during 2006

13 Chesterbrook employees took part in the Habitat for Humanity builds

14 Rachel Duncan, Kieran O'Donnell and Prerak Mehta supported Kidney Research

15 Cambridge MA employees volunteered their time to support WGBH as part of the station's annual pledge drive

16 Our Shire Florence KY team provided holiday gifts for underprivileged children

17 Shire's Owings Mills team raised funds for the Komen Foundation

18 Basingstoke's International Quality Assurance department turned painters and decorators for the day

People



Environment, Health & Safety



Shire in the community



Social responsibility



Anti-doping and Dynepo

Many people with severe kidney disease also suffer from anemia, and we developed Dynepo as an effective treatment for this particular group of patients. There are many different 'EPO' drugs available on the market, but Dynepo is the first-ever such treatment to be produced from a human cell line, rather than an animal or synthetic equivalent.

What makes this into a CR story is the work we've done in the last year with the anti-doping authorities and sports organizations. Some athletes misuse EPO drugs to enhance their performance, and we were approached to help develop an effective screening test for Dynepo. This was all the more important for the authorities, because Dynepo's human derivation could have made it much more difficult to detect.

As Dr Olivier Rabin, the Science Director of World Anti-doping Agency (WADA), says, 'We are very pleased that Shire has given its full support to WADA in our trials for Epoetin delta detection in athletes. The cooperation and support that they have given us is a clear demonstration of their commitment to ensuring mitigation against the risk of misuse of their drug, as well as a real statement of how seriously they take their societal responsibility as an organization in the fight against doping in sport.'

The new test is now nearing completion, so in its own small way Shire is helping to eradicate this particular form of cheating from international sport.

1st

Dynepo is the first-ever EPO treatment to be produced from a human cell line, rather than an animal or synthetic equivalent

Marketing



A complaint against Calcichew

Last year a complaint was lodged by one of our UK competitors relating to claims we'd made about the palatability of Calcichew, our osteoporosis treatment, compared with competitor products.

The complaint related to four specific pieces of marketing communications, and the UK's Prescription Medicines Code of Practice Authority cleared three of these completely. The fourth was found to be in breach of the regulations, because it did not contain sufficient information to back up the claim. We accepted the ruling and fully complied with it, and have since revised our procedures and approval processes for marketing materials, to prevent any similar incidents in the future.

Awards in 2006

We're proud to have been named UK Marketing Company of the Year for 2006 in the annual Pharma Times' Marketeers of the Year Awards, and the third Most Admired Specialty Pharmaceutical Company in the world as ranked by MedAdNews magazine. In addition we were honored by Baltimore County, Maryland with its New Directions Award and named as one of Deloitte's Technology Fast 50 Companies in the greater Philadelphia region.

Our supply chain



Making progress

This is an area where we made real progress in 2006. Our Global Procurement Services team established a number of new processes designed to improve our management of our supply chain, and foster better working relationships with suppliers.

This included a standardized approach to requisitioning, the full implementation of SAP Phase 3 technology, and a number of new electronic tools.

Diversifying our supplier base

We have now launched a new supplier diversity program in the US, which aims to build new contacts with minority suppliers. It's in the early stages at present, but is being supported by a new database that is accessible to both employees and suppliers.

The 2006 supplier conferences

In supply chain terms, the most important events in this area this year were the two conferences we held in North America and Europe. These full-day events were designed to let us share our goals and philosophy as a business with all our key suppliers. Around 60% of our UK suppliers came to the Basingstoke event, and the 93 companies who attended at Chesterbrook, Pennsylvania, represented 65-75% of our US spend.

There were presentations by senior management on Shire's strategy, and detailed practical sessions on our approach to compliance, diversity and corporate responsibility.

68%

Our supplier conferences have been hugely successful, with an average of 68% of our suppliers attending our day-long workshops

People



Environment, Health & Safety



Life at Shire

During 2006 we launched a program for all new Shire employees called 'Life at Shire'. The roll-out began in the second half of the year and we are already seeing excellent results. This program facilitates the on-boarding of new employees and this is particularly important given the number of people we are now hiring – 976 in 2006 alone. Through the program, employees gain a thorough understanding of Shire's history and heritage, our philosophy as a business, our culture and processes, and the high standards of integrity we demand from all our people.

Nurturing a supportive culture

We've always seen Shire's culture as one of our most positive and important assets, but we're well aware that you can never take this for granted, especially as the company grows and circumstances change.

That's why we've established a dedicated culture team, which brings together twenty senior people from across the business. Their task is to make sure we preserve and develop everything that's special about Shire as a workplace. We want to ensure that this continues to be a place that attracts the best talent, develops its people to their maximum potential, and enjoys the kind of working ethos that represents a powerful competitive advantage in a fast-moving and demanding sector like ours.

Plans for a new Global Energy Conservation Program

One of our new projects for 2007 will be the development of a green initiative and energy conservation program to cover

all our travel, offices, and manufacturing needs, right across the business. We want to encourage people to take more advantage of car-pooling and public transport, and make better use of video conferencing facilities. Where air travel is unavoidable, we'll look to make voluntary payments to offset the CO₂ emissions we create.

We're also looking at developing a fuel-efficiency initiative for our sales representatives, which aims to increase the use of alternate fuels for company vehicles and provides a wider selection of fuel-efficient cars. We already have a selection of hybrid cars in our US fleet, and we're looking to expand this program globally.

Live well – work well

This was a new program for Shire for 2006, and aims to give all our employees a greater awareness of health and well-being at home and at work. We ran several on-site events during this year, including very successful 'drop-in' expos at our US sites in Chesterbrook, Owings Mills, Cambridge and Florence, and at our Basingstoke and Cambridge sites in the UK. These were supported by nutritionists, sports therapists, masseurs, and reflexologists and attended by over 1000 employees. There were exhibits, seminars, and expert talks covering subjects as diverse as health screening, driving safety, nutrition, allergies, and bone and skin health.

Shire in the community



A day to volunteer

Shire has always been committed to playing an active role in the community, and many of our people give their time and efforts every year to make a difference in their own neighborhoods.

We've now decided to give them extra support by allowing every employee one day every year in work time to spend volunteering. As you can read in the stories that follow, hundreds of Shire people will be putting this to good use in the coming months.

A marathon effort for kidney research

Three enthusiastic runners from our Basingstoke office ran the 2006 Fleet Half Marathon, to raise funds for Kidney Research UK and a local charity called the Six Counties Kidney Patient Association, which supports patients in the South of England.

Kieran O'Donnell, Rachel Duncan and Prerak Mehta raised over £800, much of it sponsorship from their colleagues at Shire, with the company matching their efforts.

Supporting local charities in New England

In June 2006, a team from our Cambridge MA office joined nearly 12,000 other New Englanders for the annual JP Morgan Corporate Challenge. The 3.5 mile race looped through the Back Bay of Boston, providing runners, walkers, and spectators with beautiful views of the Boston Common, the Charles River, and Commonwealth Avenue. With donations going to local charities, the Shire HGT Corporate Challenge team was proud to have represented Shire among dozens of other New England companies.

The specially-designed Shire T-shirts stood out in the crowd of other company shirts, and even made it to the finals in the event's T-Shirt Contest.

School winners

The International Quality Assurance department in Basingstoke turned painters and decorators for the day at the end of 2006. They volunteered to help out at a local primary school painting walls, stools, and benches, and generally smartening and brightening up the environment for the children. Their efforts were particularly appreciated by the head teacher, who told us, 'If I hadn't had all this help from the Shire team, I'd have ended up doing the whole job myself over the Christmas holidays!'

Steps forward for breast cancer

In October last year a team from our Owings Mills plant took part in a fund-raising walk in Baltimore for the Susan G. Komen Foundation. The Foundation is named after a woman who died of breast cancer, and now nearly every large US city has a Komen Foundation chapter.

The Shire team raised over \$3500. As Jack Gibbs, Senior Planner/Scheduler at Owings Mills, said, 'It was amazing to see the thousands of people at the starting gate. People working together to support a tremendous cause. I was particularly inspired by all the Breast Cancer Survivors. Some were walking, some were running. I was shocked to see how many people this disease impacts! I am already looking towards next year's race. I will certainly increase my goal and start my campaigning early.'

We recruited 976 new employees in 2006

Our full Corporate Responsibility
report can be found at:



Where you can find more
information about our objectives
and progress we've made against
them, details of payments made
to patient groups, as well as the
topics listed on the opposite page:

Drug safety

- Understanding public concerns
- Developing new drugs
- Animal testing
- Human trials
The regulatory environment
The conduct of trials
- Publishing trial results
- Getting a drug approved
- Putting the right information on the label
- Ongoing monitoring
- Our pipeline

Ethical marketing

- Selling pharmaceuticals
- Sales and marketing at Shire
- Training and coaching
- Supporting medical education

A responsible business

- The Shire CR Committee
Composition
CR objectives and policies
- How we engage with our stakeholders
- Shire's people
Communications
Performance and development
Equality and diversity
Recognizing excellence
- Our environmental performance, and health and safety
Waste, emissions, and energy
Safety and well-being at work
- Our supply chain
- Shire's role in the community
Working with charities
Assistance to patients
Involvement in the local community
Employee giving and volunteering
Political donations

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**For further information or to
give feedback on this report
please email cr@shire.com**

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EMAS