Fulfilling Social Responsibility with a Sense of Mission for Society

Most important to me in running a company is the “high purpose” that is the aim of company activities. I consider a sense of mission for society to be especially important, and I believe it is that sense of mission to benefit society which is the highest purpose for both a company and the employees who work there.

I am happy to report that our consolidated performance for FYE March 2004 was 215.2 billion yen in sales, for our 10th consecutive period of revenue growth. Over the last 10 years, we have approximately doubled sales and multiplied profit about 30-fold.

But growth means nothing without high purpose. The series of deplorable events occurring among companies over the last few years can be seen as the consequence of forgetting their sense of mission for society in the shortsighted drive for profit. Financial performance and social mission are an inseparable pair. Once a company loses sight of its ties to society and stumbles, all is lost and the company’s existence is no longer sanctified. Should that happen, it means a serious loss for the company’s stakeholders. My conviction therefore is that growth is not possible without a sense of mission.

It is from that perspective that Terumo has addressed environmental issues and made efforts for information disclosure by issuing environmental reports since 2000. Beginning this year we are upgrading the report to an Environmental and Social Report and widening the window on our business operations.

Terumo’s corporate philosophy since its founding is “contributing to society through healthcare.” This philosophy has come down to the present from the time of our predecessor, the Akasen Kenonki, which was founded in 1921 under Dr. Shibasaburo Kitazato and 23 other physicians for the domestic production of clinical thermometers in the hope that this would contribute to better health nationwide.

In my thinking, it is surely this sense of mission for society that energizes the people who work at Terumo, that helps them discharge the company’s social responsibilities, and that is the vital key to its survival. A company must indeed keep improving its performance and reinforcing its business to survive, but at the same time its continued existence is worth nothing unless it benefits society and fulfills its social responsibilities.

Terumo marked its 80th year in 2001, and I set forth “Terumo’s unique technology makes medical treatment kinder and gentler” as a new company vision. An example already reported in the newspapers and other media is the development of left ventricular assist systems and injection needles that cause less pain than conventional needles. We shall continue creating new kinds of medical care for those in need throughout the world.
Corporate Philosophy and Environmental Policy

We at Terumo continue our efforts toward medical safety and environmental compatibility. In 1999, we created an environmental policy comprising five elements based on our corporate philosophy of “contribution to society through healthcare.” Terumo does its part for global environmental conservation as a leading company in the medical field.

Companywide Organization for Environmental Management

The chart at right shows our companywide organization for implementing environmental programs. At the peak, the company president serves as chairman of the Environmental Committee. The Committee is responsible for setting the voluntary targets and measures of environmental conservation activities for the entire company, as well as monitoring progress.

- The Environmental Audit Committee conducts internal environmental audits of each site to ensure that the environmental management system operates effectively. Internal auditors endeavor to maintain objectivity and fairness, and while working toward further improvement of Terumo’s own auditing techniques, to apply them on a level commensurate with that of reviews conducted by certification bodies.
- Specialized environmental groups are charged with proposing and carrying out practical improvements with regard to specific issues, while each site’s committee for implementing environmental programs follows predetermined policy in drafting action plans for its own site, facilitating activities and promoting information sharing.

Environmental Management System

Terumo’s environmental initiatives are implemented at each site in accordance with voluntary targets determined by the Environment Committee. Continuous improvement comes about thanks to management practices that follow the Plan-Do-Check-Action (PDCA) Cycle, which reviews and evaluates performance, and reflects its findings in the next set of targets.

Environmental Policy

Guided by our corporate philosophy of contributing to society through healthcare, and under a fundamental policy of providing safety and reassurance in medical care, the Terumo group conducts itself as a leading company by implementing responsible environmental conservation activities and striving to be a trusted corporate citizen.

Terumo sets voluntary targets and works to conserve the environment by:
- ascertaining the environmental impact of our activities.
- developing environmentally friendly products.
- preventing pollution.
- making effective use of energy and resources.
- reducing waste.

Terumo abides by the environmental laws, ordinances, agreements and other legal provisions of all countries.

Terumo has established a system to facilitate environmental efforts and it promotes and audits those efforts.

As a member of society and the community, Terumo supports and cooperates with environmental conservation activities.

Terumo conducts in-house informational and educational activities in an effort to increase its employees’ environmental awareness.
Environmental Conservation Activities in FY2003

Terumo’s main achievements in FY2003 included the attainment of zero emissions at the Ashitaka Factory and the Head Office, coping with the electric power crisis and switching fuels at the Kofu Factory. We also started on-site studies on environmental conservation activities at overseas sites in FY2003.

Highlights of Environmental Conservation Activities in FY2003

- Fuel switch at Kofu Factory (LPG to natural gas) (p.10)
- Attainment of zero emissions (Ashitaka Factory, Head Office) (p.12)
- On-site studies at overseas sites (p.18)
- Terumo Mount Fuji reforestation (p.21)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine the environmental impact of our business activities.</td>
<td>• Quantitatively determine the environmental impacts of development, production and sales activities.</td>
<td>• Performed environmental impact assessments on important environmental aspects of business activities, and their elements, at domestic factories and a research center (Shizen Center).</td>
<td>Achieved</td>
<td>• Continue performing environmental impact assessments on important environmental aspects of business activities, and their elements, at domestic factories and a research center.</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Eco-product development</td>
<td>• Reduce use of natural rubber and PVC*, which have a heavy environmental impact.</td>
<td>• Eliminated PVC from arm band of digital blood pressure monitors.</td>
<td>Achieved</td>
<td>• Compliance with RoHS* and WEEE** directives.</td>
<td>1416</td>
<td></td>
</tr>
<tr>
<td>• Reduce waste by simplifying packaging.</td>
<td>• Developed reusable packaging for transporting rental infusion pumps and other electronic medical equipment.</td>
<td></td>
<td></td>
<td>• Adopt substitutes for Ni-Cd batteries.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Rou to design products that can be easily handled and sorted for recycling.</td>
<td></td>
<td></td>
<td></td>
<td>* Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pollution prevention</td>
<td>• Reduce dichloromethane emissions to under 99 tons in FY2005.</td>
<td>• Reduced FY2003 dichloromethane emissions to 91 tons.</td>
<td>Achieved</td>
<td>• Bring FY2005 dichloromethane emissions below 99 tons. Maintain voluntary target.</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Using resources and energy effectively</td>
<td>• Reduce CO₂ emissions per sales unit by 15% from FY1990 level by FY2010.</td>
<td>• Reduced FY2003 CO₂ emissions per sales unit by 15% from FY1990 level.</td>
<td>Achieved</td>
<td>• Reduce CO₂ emissions per sales unit by 15% from FY1990 level by FY2010. Maintain voluntary target.</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>• Switched to Kofu Factory fuel from LPG to natural gas.</td>
<td>• Switched Kofu Factory fuel from LPG to natural gas.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste reduction</td>
<td>• Achieve 80% reduction over FY1996 by FY2005 in amount of wastes landfilled from domestic sites, excluding sales operations.</td>
<td>• Achieved 80% reduction from FY1996 in amount of wastes landfilled from domestic sites, excluding sales operations.</td>
<td>Achieved</td>
<td>• Achieve 80% reduction from FY1996 by FY2005 in amount of wastes landfilled from domestic sites, excluding sales operations. Maintain voluntary target.</td>
<td>11,12</td>
<td></td>
</tr>
<tr>
<td>Create a companywide organization for environmental management, and work on implementation and auditing.</td>
<td>• Environmental management systems at factories and a research center in Japan should generally conform to the international standard ISO 14001.</td>
<td>• Domestic factories and a research center continued to maintain environmental management systems generally conforming to ISO 14001.</td>
<td>Achieved</td>
<td>• Domestic factories and a research center will continue their environmental management systems.</td>
<td>4,9</td>
<td></td>
</tr>
<tr>
<td>• Domestic factories and a research center continued to maintain environmental management systems generally conforming to ISO 14001.</td>
<td>• Domestic factories and a research center continued to maintain environmental management systems generally conforming to ISO 14001.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Domestic factories and a research center audited their environmental management systems and other legal provisions, and confirm legal compliance annually.</td>
<td>• Domestic factories and a research center audited their compliance with environmental laws.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support and cooperate with environmental conservation activities as a member of society and the community.</td>
<td>• Environmental management systems at factories and a research center in Japan should generally conform to the international standard ISO 14001.</td>
<td>• Terumo Mount Fuji reforestation (Shizuoka)</td>
<td>Achieved</td>
<td>• Continue supporting volunteer activities such as Terumo Mount Fuji reforestation.</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>• Encourage volunteer activities.</td>
<td>• Encourage volunteer activities.</td>
<td>• Terumo Mount Fuji reforestation (Shizuoka)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conduct in-house informational and educational activities in an effort to increase its employees’ environmental awareness.</td>
<td>• Publish Environmental Report 2003.</td>
<td>• Published Environmental Report 2003.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilitating environmental communication</td>
<td>• Implement Environment Month initiatives.</td>
<td></td>
<td></td>
<td>• Publication of Environmental and Social Report 2004.</td>
<td>9,19</td>
<td></td>
</tr>
<tr>
<td>▪ Support for volunteer activities, such as participation in Tamagawa Clean Strategy (Tokyo) and Ninomiya Coastal Clean-up (Kanagawa).</td>
<td>• Published Environmental Report 2003.</td>
<td>• Held environmental seminar for Head Office staff.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abide by the environmental laws, ordinances, agreements and other legal provisions of all countries.</td>
<td>• Compliance with environmental laws and ordinances</td>
<td>• Performed on-site studies at five sites: one in Europe and four in the U.S.</td>
<td>Achieved</td>
<td>• Perform on-site studies at facilities in Britain, the Philippines and China.</td>
<td>18</td>
<td></td>
</tr>
</tbody>
</table>

A Message from the Environment Committee Chairperson

In FY2003, we succeeded in achieving two major goals ahead of schedule: reducing the amount of wastes landfilled and our carbon dioxide emissions. What is more, two of our facilities also achieved zero emissions, meaning that they landfill less than 1% of the total waste they transfer off-site.

Environmental conservation activities are important management challenges related to more efficient business activities and to long-term company risk. In addition to advancing environmental conservation activities by site-based committees, we shall also reinforce our collaboration with overseas facilities and move ahead with groupwide environmental conservation activities.
Environmental Accounting

At Terumo we quantitatively assess the costs and effectiveness of environmental conservation activities. Management then uses the assessments to judge those activities’ cost effectiveness. We also provide for environmental considerations and risk reduction when expanding production facilities, and make well-planned and efficient investments in environmental conservation to achieve our environmental targets. Beginning this year we are announcing the environmental investment plans that have been finalized.

<table>
<thead>
<tr>
<th>Category</th>
<th>Environmental conservation costs Principal initiatives</th>
<th>Investments</th>
<th>Expenditures</th>
<th>Economic benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Costs within business area</td>
<td>Wastewater treatment and solvant recovery equipment</td>
<td>235</td>
<td>1,275</td>
<td>1,144</td>
</tr>
<tr>
<td>(ii) Breakdown</td>
<td>Energy-saving facilities</td>
<td>1,112</td>
<td>67</td>
<td>122</td>
</tr>
<tr>
<td>(iii) Global environmental conservation</td>
<td>Waste treatment and recycling expenses</td>
<td>31</td>
<td>471</td>
<td>11</td>
</tr>
<tr>
<td>(iv) Resource recycling</td>
<td>Eco-product production facilities</td>
<td>29</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>(v) Business and downstream costs</td>
<td>No applicable cost</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(vi) Costs related to environmental management</td>
<td>Environmental management-related expenditures</td>
<td>0</td>
<td>138</td>
<td></td>
</tr>
<tr>
<td>(vii) R&amp;D costs</td>
<td>R&amp;D expenditures for reducing environmental burden of Terumo products</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(viii) Social activity costs</td>
<td>Developing and maintaining green space</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(ix) Environmental damage costs</td>
<td>No applicable cost</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2,38</td>
<td>1,669</td>
<td></td>
</tr>
</tbody>
</table>

Investments: Investment in pollution-control and energy-saving equipment, green spaces and other areas in FY2003. Expenditures: Depreciation, operation and maintenance expenses related to pollution-control and energy-saving equipment, eco-product development expenses, waste management expenses, recycling expenses, green space maintenance expenses, environmental education expenses, etc. Economic benefits: Reduced costs from energy conservation, reduced raw material expenses, etc. Note: Totals based on expected benefits such as estimated contribution to sales are not included.

Business Activities, Material Flow

Terumo determines how energy, raw materials and other inputs translate into environmental burdens in the production process, such as CO₂, wastewater, and wastes. Our findings are used as indicators for our efforts to mitigate these environmental burdens.

<table>
<thead>
<tr>
<th>Category</th>
<th>Item</th>
<th>FY2003 performance</th>
<th>Compared to previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of waste for landfill</td>
<td>2,544,124GJ</td>
<td>▲8.8%</td>
<td></td>
</tr>
<tr>
<td>Energy consumption</td>
<td>256t</td>
<td>▲9.9%</td>
<td></td>
</tr>
<tr>
<td>CO₂ emissions</td>
<td>123,907t-CO₂</td>
<td>▲4.0%</td>
<td></td>
</tr>
<tr>
<td>Chemical emissions</td>
<td>Dichloromethane</td>
<td>911t</td>
<td>▲9.0%</td>
</tr>
<tr>
<td></td>
<td>Trichloroethylene</td>
<td>109</td>
<td>▲6.2%</td>
</tr>
<tr>
<td></td>
<td>Tetrachloroethylene</td>
<td>109</td>
<td>▲6.2%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>3,443,000m³</td>
<td>▲4.3%</td>
</tr>
</tbody>
</table>

Environmental conservation benefits

<table>
<thead>
<tr>
<th>Category</th>
<th>Item</th>
<th>FY2004 environmental investment plan (finalized items only; millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pollution prevention costs</td>
<td>Wastewater treatment facility return pump, sterilization gas treatment equipment, etc.</td>
<td>22</td>
</tr>
<tr>
<td>Global environmental conservation costs</td>
<td></td>
<td>82</td>
</tr>
<tr>
<td>Resource recycling costs</td>
<td></td>
<td>50</td>
</tr>
</tbody>
</table>

Note: NOx emitted in distribution were calculated using the coefficients in the Environment Ministry’s “Environmental Activities Evaluation Program (April 2002).”
Environmental Education, Compliance Auditing

Terumo has an environmental education system that includes new employee orientation and environmental seminars. In FY2003, we gave priority to environmental education for sales personnel. We also conducted environmental compliance audits to reduce the environmental risk at domestic factories and a research center.

Environmental Education Programs

- Internal Environmental Auditor Training
  - In 2003, Terumo began the conversion to natural gas in FY2003 because that fuel has lower CO2 emissions.
  - In December 2003, we held a training session by an outside lecturer (Mr. Toshihiro Suzuki) at the Fujinomiya Factory to have internal auditors learn about the latest environmental-related laws and regulations.

- Factory Training for Environmental Program Personnel at Business Sites
  - In March 2003, three people from our environmental program staff at the Takamatsu Branch, Kawage Branch and the Sales Management Department conducted the following and other activities at the Ashitaka Factory:
    - 1) Environmental Initiatives at the Ashitaka Factory
    - 2) Practice in sorting and dismantling wastes; and
    - 3) Exchanging views with facility officials

- “Courses for Managers of Specially Controlled Industrial Wastes” for Environmental Program Personnel at Business Sites and the Head Office
  - Courses for Managers of Specially Controlled Industrial Wastes: “Wastes Disposal and Public Cleansing Law” for Environmental Auditing
  - Courses for Managers of Specially Controlled Industrial Wastes: “Wastes Disposal and Public Cleansing Law” for Environmental Auditing

- In May, August and December of 2003, we held training sessions for internal environmental auditors to raise their awareness of energy conservation and compliance with the Wastes Disposal and Public Cleansing Law.

Environmental training and programs

<table>
<thead>
<tr>
<th>Type of training</th>
<th>Month</th>
<th>Related to FY2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>New energy equipment</td>
<td>Apr.</td>
<td>Energy</td>
</tr>
<tr>
<td>First environmental training session for sales personnel at all business sites</td>
<td>May</td>
<td>Environment 918</td>
</tr>
<tr>
<td>Environmental seminar for head office staff</td>
<td>Jul.</td>
<td>Environment 73</td>
</tr>
<tr>
<td>First environmental training session for block managers at Tokyo area business sites</td>
<td>Jul.</td>
<td>Environment 15</td>
</tr>
<tr>
<td>Second environmental training session for sales personnel at all business sites</td>
<td>Aug.</td>
<td>Environment 918</td>
</tr>
<tr>
<td>Second environmental training session for block managers at Tokyo area business sites</td>
<td>Nov.</td>
<td>Environment 15</td>
</tr>
<tr>
<td>Third environmental training session for sales personnel at all business sites</td>
<td>Dec.</td>
<td>Environment 918</td>
</tr>
<tr>
<td>Courses for Managers of Specially Controlled Industrial Wastes</td>
<td>All year</td>
<td>Environmental Auditing 27</td>
</tr>
<tr>
<td>Training for internal environmental auditors</td>
<td>Dec.</td>
<td>Environmental Auditing 25</td>
</tr>
</tbody>
</table>

Auditing Program

- Auditing is meant to reduce present and future environmental risks to ensure that Terumo makes no laws and causes no social problems.

Auditing Categories

1) Clarifying environment-related laws and making sure of compliance
2) Confirming site emissions
(a) Confirming waste water paths and outlets
(b) Confirming how measurements of chemical and odor are being made, and their results
(c) Confirming waste disposal routes and methods
3) Confirming how chemicals are being used
4) Confirming how working environments are managed
5) Checking complaints from nearby residents and guidance from authorities and confirming responses to them

Current Status of Compliance Auditing

- No site received notice from administrative authorities or other outside parties concerning compliance with environment-related laws and regulations.
- All reported that they had no violations.
- No site received notice from administrative authorities or other outside parties concerning compliance with environment-related laws and regulations.
- Compliance with Environment-related Laws and Regulations
  - Performing a compliance audit
  - No site received notice from administrative authorities or other outside parties concerning compliance with environment-related laws and regulations.

Response to the Electric Power Crisis

- Terumo’s response to the power crisis included several actions to reduce the risk from power outages and to cooperate with power outage avoidance: reducing summer vacation, stopping power savings, and improving working efficiency.
- The electricity-intensive Kofu Factory benefited from the opportunity afforded by the laying of a pipeline from the Minami Nagaoka gas field in Niigata Prefecture to Showa Town in Yamanashi Prefecture.

CO2 Emission Reduction Target

- Reduction of CO2 emissions per sales unit by 15% from FY2000 level by FY2010

CO2 Emission Reduction Target

- CO2 emissions per sales unit by 15% from FY2000 level by FY2010

- Pipeline from Minami Nagaoka gas field in Niigata Prefecture

- Fuel Switch at Kofu Factory

- The electricity-intensive Kofu Factory has switched its fuel from LPG to natural gas.

- Response to the Electric Power Crisis

- The electricity-intensive Kofu Factory took measures to reduce power consumption, which demonstrated that the factory could achieve an approximate 10% cut.

- Developing a procedure allowed us to prepare for a future electricity crisis.
Reducing Waste and Water Consumption

During FY2003, the Ashitaka Factory and Head Office achieved zero emissions. Of particular note, the Ashitaka Factory succeeded in substantially reducing its amount of landfilled waste. The Fujinomiya Factory is having seven primary actions to conserve water.

### Reducing Landfilled Waste

- **In FY2003, Terumo** established a three-year goal to reduce landfilled wastes generated by domestic sites, excluding sales operations, by 80% from the FY1996 level by FY2005. Landfilled wastes in FY2003 were 10% of the FY1996 level, putting Terumo on schedule. We shall continue working toward our voluntary target.

### Encouraging Recycling

- **Primary Recycled Wastes**: Terumo factories recycle waste plastic as the material for CD and DVD cases and other products. The Kofu Factory uses sludge as artificial sand.

- **Recycling amount and rate**: Total companywide FY2003 emissions were 7,823 tons, and the breakdown was 6,736 tons recycled, 716 tons reduced by outside incineration, 256 tons landfilled and 115 tons handled in other ways.

### Zero Emissions

The Ashitaka Factory and Head Office both achieved zero emissions in FY2003. Terumo is now working on reducing paper use through increased computerization and two-sided printing, and on reducing waste through efforts that include reassessing excessive packaging on production materials delivered to Terumo and the use of reusable packaging.

### Reducing Water Use

- **Terumo Trims Water Use**: Terumo cuts water use by recirculating cooling water and optimizing water use. In FY2003, we used 3,443,000 m³ of water, an approximate 4% decrease from FY2002. We shall continue holding water use down to the FY1990 level.

- **Water Use Reduction at the Fujinomiya Factory**: The Fujinomiya Factory takes seven primary actions to conserve water.

### Waste Management

- **In commissioning outside waste management companies, Terumo creates and follows checklists to systematically verify sites for waste collection, transport and treatment, making sure that wastes are properly treated and avoiding risks including that of illegal dumping.

- **In FY2003, Terumo verified 24 commissioned waste management sites.**
Chemical Substance Management

Terumo factories fully determine and manage the emissions and transfers of chemical substances they use. Factories control chemical emissions, reduce use and recycle chemicals pursuant to voluntarily established chemical emission reduction targets.

Congo Dichloromethane Use

We achieved our FY2005 target for reducing dichloromethane emissions to below 99 tons ahead of schedule.

Preventing Soil and Groundwater Contamination

In July 2003 and January 2004, measurements performed at six observation wells at the Kofu Factory ascertained the extent of groundwater contamination by seven hazardous substances (hexavalent chromium, di-(2-ethylhexyl) adipate (DEHA), tri-chloroethylene, dichloromethane, benzene, toluene, nitrite nitrogen and nitrate nitrogen). Measurements confirmed that all seven substances were below their environmental quality standards.

PCB Management

Terumo has removed all the transformers, fluorescent light ballasts and other equipment using PCBs from company facilities, and has stored them at the Fujimya and Ashitaka Factories. In preparation to address the possibility that trace amounts of PCBs are present, we have finished investigating and categorizing our heavy electrical equipment according to period of manufacture.

Substances designated by PRTR Law* (tons)

<table>
<thead>
<tr>
<th>Substance</th>
<th>Amounts</th>
<th>Kofu</th>
<th>Ashitaka</th>
<th>Fujigawa</th>
<th>Shoman</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethylene oxide gas (EOE)</td>
<td>Handled</td>
<td>19</td>
<td>31</td>
<td>11</td>
<td>0</td>
<td>61</td>
</tr>
<tr>
<td></td>
<td>Limited</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Dichloromethane</td>
<td>Handled</td>
<td>112</td>
<td>38</td>
<td>0</td>
<td>0</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td>Limited</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>HCF-141b</td>
<td>Handled</td>
<td>279</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>279</td>
</tr>
<tr>
<td></td>
<td>Limited</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>HCF-141b</td>
<td>Handled</td>
<td>0</td>
<td>21</td>
<td>0</td>
<td>0</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>Limited</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>HCF-141b</td>
<td>Handled</td>
<td>0</td>
<td>17</td>
<td>0</td>
<td>0</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Limited</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>HCF-141b</td>
<td>Handled</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Limited</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

*PRTR Law. Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Preventing Improvements in Their Management (Pollution Release and Transfer Register Law)

Heavy electrical equipment with possible trace PCBs

- Period of manufacture: No. of units
- February 1973–1977: transformer production with PCBs
- October 1977–1979: transformer production with new oil and regenerated oil
- Period of September 1990: production with new oil only

Terumo has initiated a study on the product content of RoHS-designated hazardous substances. The company plans to increase its green purchasing percentage. Terumo has also created an in-house commendation system that awards environmental conservation activities.

Environmental Report

Chemical Substance Management

Cutting Dichloromethane Use

Terumo has removed all the transformers, fluorescent light ballasts and other equipment using PCBs from company facilities, and has stored them at the Fujimya and Ashitaka Factories. In preparation to address the possibility that trace amounts of PCBs are present, we have finished investigating and categorizing our heavy electrical equipment according to period of manufacture.

Preventing Soil and Groundwater Contamination

In July 2003 and January 2004, measurements performed at six observation wells at the Kofu Factory ascertained the extent of groundwater contamination by seven hazardous substances (hexavalent chromium, di-(2-ethylhexyl) adipate (DEHA), tri-chloroethylene, dichloromethane, benzene, toluene, nitrite nitrogen and nitrate nitrogen). Measurements confirmed that all seven substances were below their environmental quality standards.

PCB Management

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Substances designated by PRTR Law* (tons)

<table>
<thead>
<tr>
<th>Substance</th>
<th>Amounts</th>
<th>Kofu</th>
<th>Ashitaka</th>
<th>Fujigawa</th>
<th>Shoman</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethylene oxide gas (EOE)</td>
<td>Handled</td>
<td>19</td>
<td>31</td>
<td>11</td>
<td>0</td>
<td>61</td>
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<tr>
<td></td>
<td>Limited</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>8</td>
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<tr>
<td>Dichloromethane</td>
<td>Handled</td>
<td>112</td>
<td>38</td>
<td>0</td>
<td>0</td>
<td>150</td>
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<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
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<tr>
<td>HCF-141b</td>
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<td>279</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>279</td>
</tr>
<tr>
<td></td>
<td>Limited</td>
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<td>1</td>
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<td>0</td>
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</tr>
<tr>
<td>HCF-141b</td>
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<td>0</td>
<td>21</td>
<td>0</td>
<td>0</td>
<td>21</td>
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<tr>
<td></td>
<td>Limited</td>
<td>0</td>
<td>4</td>
<td>0</td>
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<td>4</td>
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<td>HCF-141b</td>
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<td>17</td>
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<td></td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>HCF-141b</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Limited</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

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Green Procurement

Complying with European Regulations on Chemical Substances in Electrical and Electronic Equipment

From July 2006, the EU will restrict the use of mercury, lead, cadmium, hexavalent chromium, PBBS and PBDEs in electrical and electronic equipment under the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive. Although Terumo-made electronic medical equipment is currently not subject to this directive, we reasoned that Terumo might be late in complying if action is delayed until final decisions are made, and for that reason we initiated a study in autumn 2003 on the inclusion in products of designated hazardous substances with the cooperation of the companies supplying parts for Terumo products exported to Europe. Our study uses the Japan Green Procurement Survey Standardization Initiative’s standard format. Based on information gathered, Terumo will move forward with preparations for a sound response before the RoHS Directive is enforced.

Green Purchasing

Terumo practices green purchasing in line with guidelines it has established for manufacturing processes, office supplies and other equipment. Results for FY2003 appear in the table at right. Terumo intends to increase its green purchasing percentage.

<table>
<thead>
<tr>
<th>Green purchasing in FY2003 (thousands of items; yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product type</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
</tr>
<tr>
<td>Vehicle &amp; office total</td>
</tr>
<tr>
<td>Factory total</td>
</tr>
</tbody>
</table>

The Japan Green Procurement Survey Standardization Initiative’s Survey Response Format

Low-Emission Vehicles

As of March 31, 2004, Terumo’s company fleet numbered 874 vehicles, of which 304 were ultra-low-emission vehicles, accounting for 34.4% of the fleet.

Company Environmental Awards

Terumo has created a company environmental award system for measures and activities that achieve exemplary results for environmental conservation. In FY2003, TMC/TCVS Maryland was the first overseas site to win an award.

<table>
<thead>
<tr>
<th>Award year</th>
<th>Award name</th>
<th>Winning group and reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2000</td>
<td>Environmental Conservation Award</td>
<td>Ashitaka Factory Environmental Committee, for saving power usage and saving energy</td>
</tr>
<tr>
<td></td>
<td>Environmental Effort Award</td>
<td>Fujinomiya Factory, 1st and 2nd Divisions water use reduction project, for reducing factory water use</td>
</tr>
<tr>
<td></td>
<td>President’s Award</td>
<td>Fujinomiya Factory Production, for leading environmental conservation activity promotion in Kofu</td>
</tr>
<tr>
<td></td>
<td>Division Manager’s Award</td>
<td>Asahikawa Factory Production, for leading environmental conservation activity promotion in Kofu</td>
</tr>
<tr>
<td>FY2001</td>
<td>Environmental Conservation Award</td>
<td>Ashitaka Factory Environmental Committee, for saving power usage and saving energy</td>
</tr>
<tr>
<td></td>
<td>Environmental Effort Award</td>
<td>Fujinomiya Factory, 2nd Division, for reducing the diesel’s use in water use</td>
</tr>
<tr>
<td></td>
<td>President’s Award</td>
<td>Fujinomiya Factory Production, for leading environmental conservation activity promotion in Kofu</td>
</tr>
<tr>
<td></td>
<td>Division Manager’s Award</td>
<td>Asahikawa Factory Production, for leading environmental conservation activity promotion in Kofu</td>
</tr>
<tr>
<td>FY2002</td>
<td>Environmental Conservation Award</td>
<td>Ashitaka Factory Environmental Committee, for saving power usage and saving energy</td>
</tr>
<tr>
<td></td>
<td>Environmental Effort Award</td>
<td>Fujinomiya Factory, 1st and 2nd Divisions water use reduction project, for reducing factory water use</td>
</tr>
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<td></td>
<td>Division Manager’s Award</td>
<td>Asahikawa Factory Production, for leading environmental conservation activity promotion in Kofu</td>
</tr>
<tr>
<td>FY2003</td>
<td>Environmental Conservation Award</td>
<td>Ashitaka Factory Environmental Committee, for saving power usage and saving energy</td>
</tr>
<tr>
<td></td>
<td>Environmental Effort Award</td>
<td>Fujinomiya Factory, 1st and 2nd Divisions water use reduction project, for reducing factory water use</td>
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<td></td>
<td>Division Manager’s Award</td>
<td>Asahikawa Factory Production, for leading environmental conservation activity promotion in Kofu</td>
</tr>
</tbody>
</table>
Developing Environmentally Friendly Products

Terumo healthcare products feature not only design that accords care for safety, but also consideration for mitigating their environmental burdens. Terumo endeavors to respond to society’s needs by developing products that are friendly to the healthcare specialists and patients who use them and also to the Earth.

- **High-Calorie Infusion**
  - The high-calorie infusion used to provide nutrition to postoperative patients has conventionally comprised a base solution into which is mixed amino acids, an electrolyte, vitamins and other substances.

- **Prefilled Syringes**
  - As a way of simplifying the technique for handling syringes and alleviating the burden on healthcare institutions, Terumo markets prefilled syringes that already contain their preparations. Waste vials are eliminated because syringes are already filled.

- **Rechargeable Batteries**
  - Terumo is a member of the limited liability middle corporation Japan Portable Rechargeable Battery Recycling Center (JBRC; formerly the Small Secondary Battery Recycling Promotion Center).

- **Electronic Blood Pressure Monitors: Eliminating Mercury from the Healthcare Scene**
  - Since 1992, when Terumo began marketing bedside electronic blood pressure monitors for hospitals, we have been helping eliminate mercury from the healthcare scene. As about 70 to 80% of the blood pressure monitors employed in hospitals are still the mercury type, little progress has been achieved in this area.

- **Reusable Packaging for Transporting Equipment**
  - In 2002, Terumo started changing to reusable packaging especially for electronic medical equipment that is lent to healthcare institutions for demonstrations and to substitute for equipment being repaired. Bulky packaging required to assure the quality of precision equipment was a serious problem because of the resulting waste, making it necessary to save storage space and reduce waste by switching to reusable packaging.

- **Prefilled Syringes**
  - They help prevent nosocomial infections.
  - Prefilled syringes contribute to greater efficiency because busy pharmacists and nurses are relieved of tasks such as preparing instruments and mixing drugs.

- **Terumo’s Efforts for Recycling**
  - They help make hospitals more efficient.
  - Prefilled syringes contribute to greater efficiency because busy pharmacists and nurses are relieved of tasks such as preparing instruments and mixing drugs.

- **Eliminating PVC from Blood Pressure Monitor Arm Bands: No-Compromise Development**
  - Thanks to our companywide drive to eliminate PVC, there was little use of the substance in our electronic healthcare equipment. In fact, the use of PVC in the processing stage was limited to the arm bands of electronic blood pressure monitors.

- **Prefilled syringes**
  - PVC for arm bands was used in three parts: the air bladder sheet material, the tube for connection to the monitor unit and the nozzle that links them. PVC was replaced comparatively early in the sheet material and tube, but making a PVC-free nozzle was a serious challenge because it was the only injection molded part, and it would not even assume the right shape when using a PVC substitute.

- **Tote box when folded**
  - Timing our schedule to match the marketing of a new consumer blood pressure monitor, we gathered information from inside and outside our factories and tried molding it over and over again.

- **Prefilled syringes**
  - After finding the right material and partially redesigning the mold, we finally created a consumer arm band that does not use PVC. Although this nozzle weighs less than a gram and is not the sort of part that garners much attention, it turned out to be the product of much expertise. While this project was prompted by our companywide effort to eliminate PVC, keeping this pledge also allowed us to change our environmental awareness and gave the engineers know-how for future benefit.

- **The PVC-free nozzle**
  - To make sure that precision instruments would not malfunction because of problems with the cushioning material, changing the material through repeated transport tests allowed us to create a material that is adequate to the task.

- **Tote box in use**
  - This packaging won the Chairman of Japan External Trade Organization Award in the Japan Packaging Contest 2003 (sponsored by the Japan Packaging Institute).

- **A blood pressure monitor with a PVC-free arm band**
  - This packaging then won the Masataka Yamaga Suruga Development Section Award in 2003.
Environmental Report

Initiatives at Overseas Sites

Terumo’s environmental conservation activities are not restricted to Japan, but also pursued vigorously at overseas sites in Europe, the United States and other places. In addition to reductions in energy and water use, management of chemical substances, encouragement of waste recycling and other efforts, we also conducted reviews at our overseas sites starting in FY2003.

Initiatives at Overseas Sites

1. Terumo Medical Corporation, Terumo Cardiovascular Systems Corp. (Maryland Factory)
   
   **Achievements in FY2003**
   
   1) Reductions in electrical energy and water use.
      - To reduce electricity consumption, we took the following initiatives:
         - Installed energy-efficient refrigerant air dryers.
         - Incorporated air dryers and air compressors into compressed air management systems to optimize control that is responsive to changes in demand and reduces electrical use.
         - Converted air compressors and dryers to compressed air management systems to reduce electrical consumption.
      - Utilized VFD cooling towers for both space conditioning & process chilled water and initiated systems to monitor electricity consumption.
      - These efforts have achieved steady progress, reducing electricity use by 15% and natural gas use by 20% from the previous fiscal year. Water use was reduced by 4% from the previous fiscal year thanks to automatic faucets and flush valves.

   2) Reducing emissions of HCFC-141b and VOCs.
      - The insulin syringe manufacturing line completed the switch to use of HCFC-141b to heptane and heptane and heptane, which is not regulated, for a reduction of 92% from the previous fiscal year. Also, a review of manufacturing processes for reducing emissions achieved a 37% cut in use of the regulated VOC isopropyl alcohol from the previous fiscal year.

Activities to Benefit Society

Since 1994, the Maryland Factory has participated in the Adopt-A-Highway Program, in which employees pick up litter from the highway near their factory.

3) Environmental management activities in the U.S.
   - The facility managers engineering promotes these activities in cooperation with the environmental compliance managers at Terumo Group sites in the U.S. (Ann Arbor, Tustin and Ashland).

   - Since 1994, the Maryland Factory has participated in the Adopt-A-Highway Program, in which employees pick up litter from the highway near their factory.

   - Terumo Heart, Inc.

Reviews at Overseas Sites

1. U.S. Sites (Two Corporations, Four Sites)
   - Reviewers: Three persons (two from Terumo Head Office, one from Terumo Europe)
   - Reviews: No noncompliance issues found

   - The Maryland Factory was switching from HCFC-141b to heptane and it was making progress efforts to reduce total VOC emissions to below the level stipulated by regulations.

   - It was confirmed that sites manufacturing electronic equipment must consider collecting information and otherwise study European environmental regulations.

   - In October 2003, we visited Terumo Europe N.V. (Belgium), and in March 2004, Terumo Medical Corporation (Maryland) and Terumo Cardiovascular Systems Corp. (Maryland, Michigan and California), where we conducted on-site reviews of compliance with environmental laws and regulations, the efficient use of resources, energy conservation, and recycling.

   - Terumo Europe confirmed that (1) it will respond to upcoming regulations on schedule, and (2) it will maintain communication with the Head Office regarding product-related environmental regulations (RoHS, WEEE and battery directives).

   - In October 2003, we visited Terumo Europe N.V. (Belgium), and in March 2004, Terumo Medical Corporation (Maryland) and Terumo Cardiovascular Systems Corp. (Maryland, Michigan and California), where we conducted on-site reviews of compliance with environmental laws and regulations, the efficient use of resources, energy conservation, and recycling.

   - Reviews: Three persons (two from Terumo Head Office, one from Terumo Europe)
   - Result: No noncompliance issues found

Environmental performance

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>Electricity</td>
<td>43,077MWh</td>
<td>6,366MWh</td>
<td>1,737MWh</td>
<td>894MWH</td>
<td>3,525 MWh</td>
<td>34,300MWh</td>
<td>162MWh</td>
<td>1,857MWh</td>
<td>9,780MWh</td>
<td>9,271MWh</td>
</tr>
<tr>
<td></td>
<td>Gas</td>
<td>7,834,533 m³</td>
<td>10,209 GJ</td>
<td>447 m³</td>
<td>14,817 m³</td>
<td>—</td>
<td>84,176 GJ</td>
<td>137 m³</td>
<td>5,937 GJ</td>
<td>—</td>
<td>71 t</td>
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<tr>
<td></td>
<td>Water</td>
<td>60,219 m³</td>
<td>6,113 m³</td>
<td>61 m³</td>
<td>864 m³</td>
<td>2,156 m³</td>
<td>71,696 m³</td>
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<td>35,000 m³</td>
<td>288,792 m³</td>
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<tr>
<td>Wastes</td>
<td>Non-recyclable material</td>
<td>824 t</td>
<td>16 t</td>
<td>4,608 t¹</td>
<td>83 t</td>
<td>—</td>
<td>1,036 t</td>
<td>—</td>
<td>1,770 yds³</td>
<td>105 t</td>
<td>59 t</td>
</tr>
<tr>
<td></td>
<td>Hazardous waste</td>
<td>88 t</td>
<td>11 t</td>
<td>11,040 lbs</td>
<td>427 lbs</td>
<td>15 t</td>
<td>174 t</td>
<td>—</td>
<td>3,000 ᵇ</td>
<td>8,100 ᵇ</td>
<td>10 t</td>
</tr>
<tr>
<td></td>
<td>Recycled amounts</td>
<td>239 t</td>
<td>70 t</td>
<td>20,320 lbs</td>
<td>152 t</td>
<td>—</td>
<td>168 t</td>
<td>—</td>
<td>320 yds³</td>
<td>400 ᵇ</td>
<td>28 t</td>
</tr>
</tbody>
</table>

¹VOCs: Volatile organic compounds
Communication

Terumo reaches out to its customers, employees, local communities, and society at large through active communication with them using a variety of communication tools such as environmental reports and in-house reports, participation in conferences and symposia, and other means.

Communication with Customers

- Terumo Call Center
  - In April 2002, we integrated all our contact and inquiry numbers into the Terumo Call Center, which currently receives about 1,500 inquiries a day from healthcare institutions, clients and general customers.
  - Our Call Center can gather customer opinions in greater numbers than any other company division, doing it faster and getting views straight from the callers. As representatives of the company, center communicators work in direct contact with customers and play the most important role of building a relationship of trust with them.
  - Terumo Call Center communicators constantly endeavor to maintain good communication with customers, acting with the self-awareness and responsibility of those who serve as the primary interface between Terumo and its customers.

- In-House Communication Tools
  - Monthly video news
  - Intranet information
  - Quarterly pamphlet called Terumore

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Terumo Call Center

Aims

1. Constant availability
2. One-stop solutions
3. Better responses
4. Suggesting product improvements
5. Enhanced customer services

- Call Center organization
  - Call Center director
  - Traffic controller
  - Quality assurance
  - In-House communication tools

- Video Learning

In response to the information leaks occurring frequently these days, Terumo produced its own training video in October 2003 about security management. The video presents a variety of situations that involve the risk of information leaks by Terumo employees in the course of their everyday jobs, with actual employees letting viewers learn the essentials of security management in a short time.

- Workshops on Manners and Deportment

In November 2003, all sales offices in Japan held workshops on manners and deportment. Employees shared their own work experiences in this area and exchanged views with one another, which made these workshops into good opportunities to review their own deportment and service to customers. Observations made at the workshops were articulated as “Explanations on Manners and Deportment,” which serve as goals for each office and some offices have launched independent initiatives.

- Making Full Use of Environmental Reports, etc.

Terumo facilitates communication with local communities and society at large by issuing a variety of publications including the Environmental Report and Annual Report, which are also posted on our website.

- Tokyo Metropolitan Hospitals Association Environmental Conference

At the October 2003 Environmental Conference of the Tokyo Metropolitan Hospitals Association, a Terumo representative gave a talk on our efforts to reduce the environmental burdens of Terumo product use. The main topics covered were:

- Lighter syringes weight
- Reduction of packaging
- Products that cut use of syringes and vials
- Switch to corrugated cardboard for cushioning material
- Products that facilitate handling of wastes, such as the lancet needles of blood glucose measuring devices with unexposed needles
- Site initiatives (separate collection, on-site check of waste management companies, etc.)

- Mount Fuji Charter Symposium

The Mount Fuji Charter Symposium (sponsored by the Shizuoka Prefecture Department of Environment and Forests) held in November 2003 featured a presentation on efforts by Terumo’s Fujinomiya Factory to reduce water use. The factory will continue to apply the four Rs (reduce, replace, reuse and recycle) to water use and practice the effective use and conservation of water resources.

- Environmental and Social Report

- Annual Report

http://www.terumo.com/
Activities for Contributing to Society

At Terumo we believe that our social responsibility is none other than “contributing to society through healthcare.” We also promote a variety of other activities to benefit society, including help for disaster victims, blood donations and reforestation.

Contribution to Society

Terumo Mount Fuji Reforestation
In August 2003, we held the first “Terumo Mount Fuji Reforestation” event with the NPO “Mount Fuji Natural Reforestation Group.” Fifty-plus participants cut grass and other undergrowth to help the growth of beach seedlings planted in a national forest. Thoughts from participants included, “It’s slow work that demands persistence, but it’s very meaningful and a change of pace. I hope I can continue doing this,” and “I think that taking a personal interest in nature while still a child and participating in volunteer activities are very meaningful also in the sense of encouraging future participation in society.”

Tamagawa Cleanup Strategy
In November 2003, Terumo participated in the Tamagawa Cleanup Strategy hosted by Chofu City. Thanks to the good weather on that day, many participants from organizations in the Tama River watershed worked hard at picking up litter. The inaugurating beautiful autumn day served as an opportunity to think again about the environment.

Donating Blood
All sites conducted blood donations in 2003 and a total of 656 people gave blood. The breakdown was Fujinomiya Factory, 80; Ashikita Factory, 108; Kofu Factory, 266; Shonan Center, 35; and Head Office, 167. For 10 odd years of continued blood donations, the Shonan Center received a commendation for distinguished service in blood donation drives from the Kanagawa Prefecture chapter of the Japan Red Cross.

Blood donations and commendations

<table>
<thead>
<tr>
<th>Site name</th>
<th>Site name</th>
<th>Blood donations (2003)</th>
<th>Commendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fujinomiya</td>
<td>Ashikita</td>
<td>80</td>
<td>Gold certificate of appreciation in 2003</td>
</tr>
<tr>
<td>Kofu</td>
<td>Shonan</td>
<td>22</td>
<td>Gold certificate of appreciation in 2002</td>
</tr>
<tr>
<td>Head Office</td>
<td>Shonan</td>
<td>2</td>
<td>Gold certificate of appreciation in 2002</td>
</tr>
<tr>
<td>Kofu</td>
<td>Shonan</td>
<td>3</td>
<td>Certificate of appreciation from the Fujinomiya City Government in 2002</td>
</tr>
</tbody>
</table>

Gift of Light to Hospice
Since 1997, the Shonan Center has been putting Christmas lights on its building about a week before Christmas for inpatients at the Peace House Hospice (operated by the Life Planning Center Foundation) across the street from the center. Every Christmas Eve the center also puts on a fireworks display and the families of hospice inpatients also come to enjoy the show.

Opening Facilities to Family Use
Terumo Medical Planex
Terumo Medical Planex is a facility at which Terumo works with healthcare institutions to develop cutting edge technologies and give physicians technical training. Nearly 300 people came to try products and see inside places such as operating rooms. In the product area they were able to pass guide wares through model blood vessels, use sterile connecting devices and try other products. Not only family members, but even some Terumo employees found themselves amazed by the technologies. People viewed cellular telephones with X-rays, operated endoscopes and did other things that would only be possible at Planex.

Social Awards
During FY2003 Terumo received the following awards and commendations:
- Corporate Ethics Award
- Individual Achievement Award from the Meito Children's Aid Foundation
- Certificate of Appreciation from the Aichi Welfare Foundation
- Terumo Lifescience Foundation, Japan
- The Terumo Lifescience Foundation, Japan was founded in 1987 for the purpose of assisting and promoting research in science and technology fields such as materials used in the life sciences, bioengineering, the biophysics mechanism, bioinstrumentation and pathological biochemistry. In FY2003, Terumo donated 20 million yen to the foundation.

Outside Evaluations of Terumo

<table>
<thead>
<tr>
<th>Ranking description</th>
<th>2003</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noise corporate excellence ranking, evaluated from “is,” “profitability,” “staff” and “growth potential.”</td>
<td>99th</td>
<td>90th</td>
<td>About 2,300</td>
</tr>
<tr>
<td>Metric ranking: superior companies are evaluated for the four criteria of “is,” “profitability,” “staff” and “growth potential” (earnings and market value of more than 50 billion yen).</td>
<td>1,289</td>
<td>1,219</td>
<td>2,070</td>
</tr>
<tr>
<td>Asia-Pacific Clean Culture, benefit to society by influential companies.</td>
<td>24th</td>
<td>41st</td>
<td>818</td>
</tr>
<tr>
<td>Noise environmental management ranking</td>
<td>150th</td>
<td>438th</td>
<td>1,772</td>
</tr>
<tr>
<td>Noise corporate brand value ranking</td>
<td>89th</td>
<td>84th</td>
<td>880</td>
</tr>
<tr>
<td>Noise business, overall ranking for corporate governance</td>
<td>2,489</td>
<td>2,399</td>
<td>2,854</td>
</tr>
</tbody>
</table>

Certificate of Appreciation from the Aichi Welfare Foundation

Terumo received the Corporate Ethics Award and “being a good corporate citizen” is fixed in the company’s code of conduct. We must always have that awareness so that we naturally spring into action when something happens.
Terumo believes that its corporate social responsibility is providing a stable supply of safe products and services of value to the healthcare scene throughout the world in keeping with the corporate philosophy of “contributing to society through healthcare.” This conviction underlies Terumo’s efforts to gain society’s trust and support as a “good corporate citizen” by strictly observing laws and regulations and by continuing to run its business according to high ethical standards.

**Corporate Ethics and Compliance**

Terumo Code of Conduct

In April 2000, Terumo established its Code of Conduct, which in addition to 10 action guidelines unequivocally advocates that “any action which might violate the Terumo Code of Conduct must not be taken, even if it might benefit the company financially.” Further, we have prepared the Terumo Code of Conduct Guidelines to help create a milieu in which employees gain a deeper awareness of how important corporate ethics are.

**Promoting Compliance**

In FY2003, we created the Terumo Corporate Ethics Committee to take charge of making corporate ethics and compliance an integral part of the way we operate. The Committee Chairman, Mr. Takaishi, is the chairman of this committee. The committee has enthusiastic discussions on matters pertaining to advancing corporate ethics and compliance using the concept of “developing a sense of ethics among employees (changing people)” and “developing a culture of ethics and compliance (changing the organization).”

**Terumo Corporate Ethics Committee**

**Corporate Ethics Hotline**

Terumo created its Corporate Ethics Hotline in accordance with the slogan “Let’s work together to improve the company” and “Let’s create a culture of openness.” Not only Terumo employees, but also customers and other parties, can feel free to call the hotline.

**Corporate Ethics Education and Training**

Terumo conducted the following ethics training.

1. Ethics training for new employees (Mar. – Apr.)
2. Ethics training for new associate leaders (Jul. – Aug.)
3. Ethics training for medical representatives (Apr., Sep., and Nov.)
4. Productivity management training video (DCL)
5. Ethical training for all employees (Jul. – Dec.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Terumo Code of Conduct Issued</th>
<th>Compliance Officer Appointed</th>
<th>Corporate Ethics Award from Asahi Shimbun Culture Foundation</th>
<th>Lectures on socially responsible investment</th>
<th>Employees receive “Ensuring Full Compliance.”</th>
<th>First compliance risk study</th>
<th>Questionnaire to gauge how much code of conduct has pervaded the company created.</th>
<th>Ethics Line established.</th>
<th>Corporate Ethics Award from Asahi Shimbun Culture Foundation</th>
<th>First compliance risk study</th>
<th>Corporate Ethics Award from Asahi Shimbun Culture Foundation</th>
<th>First compliance risk study</th>
<th>Corporate Ethics Award from Asahi Shimbun Culture Foundation</th>
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<td>1996</td>
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<td>2000</td>
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<td>2003</td>
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</tbody>
</table>

**Terumo Corporate Ethics Committee**

Chairman: Shinichiro Nakajima (Director, Compliance Office) Subcommittees:

- Information Security Subcommittee
- Privacy Subcommittee
- Compliance Office (Secretariat)

**Materials for training on sexual harassment**

- Pocket edition of the Terumo Code of Conduct
- Terumo intranet page (Corporate Ethics Hotline)
- Terumo Mfg. average Medical mfg. average

- Frequency rate

- Severity rate

- Additional efforts include the creation of an inside office that provides telephone, health consultations, while efforts to ensure mental health include lectures and training sessions for employees by industrial physicians and other specialists, establishment of an outside consultation office and other initiatives with emphasis on prevention.

**Personal, Hiring, Worker Safety, Employee Welfare**

Through respect for the individual and providing a safe environment that facilitates work, we endeavor to create a corporate culture in which individual employees can demonstrate all their capabilities and find meaning and pleasure in their work.

**Respect for Human Rights**

Terumo sees respect for human rights as an essential element of corporate social responsibility. In FY2003, we had 50 handicapped employees, 24 of them seriously handicapped. Our handicapped employment rate of 1.83% exceeds the legally required 1.8%. Terumo shall continue to encourage the hiring of handicapped people and to create workplaces which are friendly to the handicapped.

**Employing the Handicapped**

In FY2003, we had 50 handicapped employees, 24 of them seriously handicapped. Our handicapped employment rate of 1.83% exceeded the legally required 1.8%. Terumo shall continue to encourage the hiring of handicapped people and to create workplaces which are friendly to the handicapped.

**Leaves and Vacations**

To facilitate use of the childcare leave program, in July 2004, we extended the term to 18 months for special circumstances (plus six more months if there is no change in this circumstance) and added a child sickness nursing vacation (not more than six per year).

Additionally, since the introduction of the elderly nursing care program in 1992, employees have been eligible for a maximum of one year. Terumo has also introduced a laptop rental system and a half-day paid vacation system so that employees can work without concern about getting time off when needed.

**Employee Health**

As a company in the healthcare field, Terumo helps its employees care for their mental and physical health in a variety of ways. In addition to legally required health examinations, measures for staying physically healthy include various checkups directed by health insurance associations, such as dental examinations and lifestyle reviews, as well as examinations for housewives, including other family members. Terumo also actively plans Virtual Walking Rally and other programs that are enjoyable for participants and uses them to raise awareness about health.

Additional efforts include the creation of an office that provides telephone, health consultations, while efforts to ensure mental health include lectures and training sessions for employees by industrial physicians and other specialists, establishment of an outside consultation office and other initiatives with emphasis on prevention.
## Year Timeline of Environmental Activities | Timeline of Social Activities
---|---
1995 | - Eliminated use of controlled CFCs (Kofu Factory).  
- Started producing new infusion sets with plastic spike.  
- Eliminating metallic spike facilitates in-hospital sorting and incineration.
1996 | - Corporate Philosophy Statement released.
- On-call team created.
1997 | - Environmental Management Department created.
- Switched from LPG to natural gas (Higashimurayama and Ashitaka factories).
- Completely phased out heavy oil use.
1998 | - Made syringes smaller and lighter, thereby reducing syringe waste weight by about 50%.  
- Started changing copy paper to recycled paper.
1999 | - Terumo Environmental Policy established.  
- Began cogeneration (Higashimurayama Factory).
- Started eliminating PVC from home-use CAPD bags. Changed to polypropylene, which does not emit toxic gas when incinerated, and cut waste weight by 50%.
2000 | - Environment Committee established.  
- Cogeneration plants (Kofu and Higashimurayama Factories).  
- Began to utilize recycled paper for catalogs, specification change notices, etc.
- Ewaste collection system introduced.
- Work rules and regulations revised (additions such as banning sexual harassment).
2001 | - Shut down incineration (Higashimurayama and Kofu Factories).  
- Stopped use of PCB-containing equipment, put all in storage.
- Child-use infusion set made with non-PVC materials put on market.
- Employees and families participated in Mount Fuji cleanup (Higashimurayama area).
2002 | - Phased out benzene and chloroform at Kofu Factory.  
- Incentives removed (Higashimurayama and Kofu Factories).
- Mount Fuji reforestation launched.  
- Observation wells drilled (for monitoring groundwater quality at Kofu Factory).
- Zero emissions achieved (Kofu Factory, Head Office).
2003 | - Phase-out benzene and chloroform at Kofu Factory.  
- Incentives removed (Higashimurayama and Kofu Factories).
- Mount Fuji reforestation launched.  
- Zero emissions achieved (Higashimurayama Factory, Head Office).
2004 | - Corporate Ethics Hotline established.
- Compliance Office opened.

## Sites in Japan
- **Head Office**: 44-1, 2-chome, Hatagaya, Shibuya-ku, Tokyo
- Terumo Research & Development Center (Shonan Center): 1500 Inokuchi, Nakaimachi, Ashigarakami-gun, Kanagawa Prefecture
- Fujinomiya Factory: 818 Misonotani, Fujinomiya City, Shizuoka Prefecture
- Ashitaka Factory: 150 Mairaki-cho, Fujinomiya City, Shizuoka Prefecture
- Kofu Factory: 1727-1 Tisukai Aoi, Shouwa-cho, Nakakoma-ku, Yamanashi Prefecture
- **Corporate Stock**: 1st section of Tokyo Stock Exchange (No. 4543)