Medical devices and pharmaceuticals for those who need us most

The fundamental desire held by everyone is to lead a happy life, and the most important element making that possible is health. For that reason alone, I believe recently there has been a steady increase in people's desire for, and interest in, health. Our health -- of such vital importance -- is maintained by medical treatment. Through our efforts to provide an environment in which more people can receive higher-grade medical treatment, people will be liberated from the suffering of illness. I think this is the social role corporations involved in health care should strive towards. And among these corporations, the role the medical device industry should play is development and provision of advanced medical devices, continually improving and evolving them in line with the needs of health care.

The medical device industry has many roles to fulfill in the development of health care, starting with providing safe and reliable medical devices and pharmaceuticals, as well as providing safe instruments and services that decrease the potential for medical accidents and promoting medical treatment that reduces the pain endured by patients. Treatment methods that cause less scarring compared to open chest surgery, such as interventional cardiology, not only reduce the pain endured by patients: they also reduce the period required for recovery and decrease the number of days in hospital, leading to reduced medical costs.

In addition, from the perspective of patients and their families, our support for the expansion of home medical care through developing and providing products that are easier to use and become accustomed to, is also an important role. Increasing the efficiency of medical treatment and reducing its costs through provision of medical devices and pharmaceuticals is critical both for the purpose of promoting home medical care, and for the coming ageing society.

Development of next-generation medical devices that utilize advanced technology in life-and-death treatment situations, for example artificial organs, regenerative medicine, nanotechnology, and so on, is associated with large risks. However, without taking on challenges, there is no success.

Terumo holds as its mission to contribute to society through health care. Moving forward fulfilling the various roles demanded of the medical device industry, I believe this sense of mission will be the source of our employees' energy and that employees and the corporation will be able to grow by aspiring towards this goal. To make this sense of mission a real source of energy, we must be patient-focused. We help patients suffering from illness and injury by providing medical devices and pharmaceuticals.

With a clear consciousness of this fact, the devotion of employees to their work grows, which at the same time leads to the growth of the corporation. I believe that with all employees thinking from the perspective of patients, and thinking in terms of the future of medical practice, we can achieve our mission of contributing to society through health care.

Terumo-style CSR-improving upon an inherited philosophy

Since Terumo was founded by Dr. Shibasaburo Kitasato and other doctors in 1921, with the objective of substituting imported clinical thermometers with domestically-produced ones, the spirit of contributing to society through health care has been handed down through the company. After that, in the 1960s, our business operations expanded to include disposable medical devices. The prominent social issue in the medical field at the time was prevention of infection, so Terumo developed and supplied medical devices and pharmaceuticals designed on this basis. Since the 1980s, Terumo has continued to contribute to the development of health care in Japan while further expanding its business operations in the form of oxygenators used in cardiac surgery, and commercialization of catheters (thin tubes) that result in less scarring from operations and enable patients to recover more rapidly.

We believe that by combining medical devices and pharmaceuticals, new treatment possibilities will also come to light in the future. Medical devices have the unique characteristic that its use enables direct treatment of the target, reducing side-effects and making treatment more effective. We are working to develop products that capitalize on this characteristic as much as possible. We would like to continue to supply products and services with added value, that meet the practical needs of health care and the needs of patients by combining different technologies, for instance Drug Delivery Systems (DDS) that carry medicines sealed in special capsules directly to the site of illness, and the fusion of regenerative medicine and catheters. To achieve this we will continue to conduct innovative technological development while forming partnerships with healthcare institutions and pharmaceutical manufacturers.

Just as there is no end to health care, there will be no end to the issues for us to work on for patients. From this perspective, I consider this an industry with enormous potential.

Particularly in the ageing society we face, health care will merge into daily life and become an important element of our living environment. Health care institutions and corporations, patients and their families each bear their own responsibilities, and it is important that they maintain relationships of mutual trust. We will strive to be a corporation that can be a good partner to corporations and institutions that play a part in health care.

The concept of CSR is in the public spotlight these days, and I believe our social responsibility is to develop superior products and maintain their stable supply with high levels of product quality; apply the basic corporate philosophy of to contribute to society through health care; and work proactively to address the various social issues affecting health care.

Terumo-style CSR involves continually refining and pursuing improvements in our corporate philosophy within the socially important field of health care.
Contributing to Society Through Healthcare

We contribute to society by providing valued products and services in the healthcare market and by responding to the needs of healthcare providers and the people they serve.

Five Statements

Open Management
We maintain a fundamental policy of open management, work to secure and return to our benefactors a suitable profit, and strive to develop our business on a global basis as a leading company in the industry.

Enhanced Value
We emphasize the importance of scientific thinking, creativity, and time appreciation, and respond in depth to customer needs by creating valued products and services.

Safety and Reliability
We pride ourselves on our commitment to the development of technologies and quality assurance systems that ensure safe, reliable products.

Respect for our Associates
We emphasize respect for the individual, promote intercultural understanding, and encourage openess in the workplace in accordance with our slogan “The Associate Spirit” as we prepare to meet the challenges of the future.

Corporate Citizenship
We conduct our business activities in a fair and equitable manner and act responsibly toward the environment as we fulfill our responsibilities as good corporate citizens.

Healthcare that brings peace of mind

Terumo believes there are many things an integrated manufacturer of healthcare products can do to ensure safe health care that brings its patients peace of mind. The first--which almost goes without saying—is to provide a stable supply of safe, high-quality medical devices and pharmaceuticals.

However, Terumo’s mission does not stop at this. Understanding the needs of healthcare practice, developing medical devices and pharmaceuticals that are easily utilized by people involved in healthcare and providing opportunities to undertake training in healthcare techniques are also important roles for Terumo. Through initiatives of this kind, we can make safe health care a reality for healthcare professionals and patients alike. This is the wish of Terumo.

Initiatives aimed toward safe and easy-to-use products

According to the results of surveys into “near-miss incidents” conducted in 200 hospitals around Japan, the item with the highest number of responses was “injections and intravenous drips”, at 31.4% of the total. Incorporating ideas that lessen the burden of medical devices and pharmaceuticals that are easily utilized by people involved in hospitals.

As new medical devices such as catheters used in health care become increasingly sophisticated, the physical and emotional burdens on medical professionals, including doctors and nurses, who support health care practice are becoming increasingly large. Hoping to reduce this burden on medical professionals even a little, we established Terumo Medical Pranex in June 2002 as a facility where training is conducted on the operation and use of the latest medical devices.

Since nurses were banned from conducting various injections in 2002, it has also been used as a place for practical training relating to injections and infusions, and has been evaluated highly by people involved in hospitals.

Through these kinds of initiatives, in order to provide safe, reliable health care, Terumo is pushing forward to expand into total solutions including “soft aspects,” in addition to providing individual products.

Providing training to medical professionals

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Providing information through our Website

Terumo provides information relating to accident prevention and safety measures in healthcare practice from the perspective of medical professionals. On Terumo’s Website, we provide more detailed and timely information on products aimed toward people involved in healthcare, case studies of, and countermeasures for, accidents that may occur in hospitals, and so on.
innovation in medical technology. Terumo’s left ventricular assist system is compact, allowing placement within the body, and has features including excellent durability enabling long-term use, and facilitating smooth blood flow making blood costs difficult to form. There is a high level of appraisal and expectation towards these devices around the world, and clinical trials have just been completed in Europe. We will continue to progress towards practical implementation in the hope that patients with serious heart disease can return to their daily lives as soon as possible.

Lessening pain with the world’s finest needle
The pricking pain felt with injections is lesser if pain spots are avoided. The smaller the area of contact between the needle and the skin, in other words the finer the needle, the chances of hitting a pain spot are reduced, and reduced pain can be expected. The world’s finest needle, which was brought to market by Terumo, has a diameter at the tip of 0.3mm. This can reduce the burden on diabetic patients who have to administer self-injections several times a day. With the needle structures of the past, the finer the needle, the higher the injection resistance of a liquid medicine, but by making the inner and outer diameters follow a conical shape we have been able to reduce the injection resistance. Looking to the future, we will strive towards realizing ‘gentle’ health care, by always adopting the patient’s perspective and ask the question of how we can alleviate the burden on patients.

Treating myocardial infarctions with less pain and scarring
The general treatment for myocardial infarction, caused when small blood vessels surround the heart, called coronary arteries, are occluded, had been open chest surgery. However, recent years have seen the use of catheters, enabling less invasive treatment to be conducted. Something called a stent is used in this catheter treatment. A stent (a stainless steel mesh pipe) is carried to the blocked blood vessel by a catheter and implanted to dilate the blood vessel. Open chest surgery brings with it significant pain, and requires a few weeks in hospital, but stents involve little pain and only require a few days in hospital, leading to an enormous reduction of the burden on the patient. To further improve the performance of stents, we are in the process of developing a drug-eluting stent that has a coating of medicine.

Stents used in catheter treatment
Expanding the occluded artery treatment of myocardial infarction and angina.

Innovations in medical devices
Terumo is undertaking development aiming to bring about health care that imposes only a small burden on patients, such as medical devices which inflict less pain, treatment methods that enable a quicker return to society, and reduction of treatment expenses. Developing innovative medical devices that conquer disease that until now had no cure is one of our biggest contributions to society, and we have been working on technological development with the belief that we will realize ‘gentle’ health care.

Left Ventricular Assist System: good news for heart disease patients
The ventricular assist device we are developing at present is a medical instrument that assists the left ventricle of the heart to distribute blood around the body. We will be able to provide this as an alternative for patients with serious heart disease, for which the only treatment has been a heart transplant. This is indeed an important contribution Terumo can make to society.

Solving the social problems of medical devices

The most important aim of development of medical devices is to provide better treatment for patients and bring about safer, more reliable treatment methods. However, these kinds of initiatives can only contribute to reduced medical expenses. This is another important contribution Terumo can make to society.

Health care rates of aging
In 2000, the rate of patients aged 65 years or above was 9.0% of the population, while the rates among younger age groups were 3.0% for those aged under 15 years, 27.9% for those aged 15 to 64 years, and 24.2% for those aged 65 years or above. However, in March 2003 the Health, Labour and Welfare Ministry announced their Vision for the Medical Equipment Industry, which aims to provide innovative medical devices that are better and safer. In this vision, there is a particular emphasis on the need to develop new Japanese-made medical devices.

Topics
Terumo Medical Pranex
We established Terumo Medical Pranex in June 2002 with the objective of developing and spreading advanced medical technology. It is the site for Terumo’s collaboration with people involved in health care, and has as its goals product development in close adhesion with medical practice; disseminating new treatment methods to the health care industry; and so on. This facility fulfills these roles. The first, as mentioned previously, is to provide a site for the training of medical professionals. The second is bedside development in Europe and the US, it is normal for doctors and manufacturers to develop new medical devices for the clinical work front as equal partners. However, in Japan this kind of development style is unfortunately not the status quo. Therefore, through this facility, doctors and manufacturers will cooperate on the medical work front to develop advanced medical devices and technology.

The third role is to be active as a forum for exchange among people involved in health care. It has already been used for various academic conferences and study groups, acting as a place of open communication where people involved in health care can exchange medical information.

Terumo’s Approach to an Ageing Society
Japan’s rate of aging is unprecedented in the world. It is predicted that health care costs of 31 trillion yen in 2002 will swell to close to 70 trillion yen by 2025. It is natural that demand for health care increases with age, how to suppress increasing health care costs is a subject of momentous importance for Japan.

Answering this problem with medical devices is the wish of Terumo. For example, catheter treatment that eliminates the need for open-chest surgery not only reduces the pain suffered by patients, but also greatly reduces the time spent in hospital, which in turn leads to reduced health care costs. As the needs associated with home medical care broaden, Terumo is doing its utmost to develop diabetes-related products and home parenteral nutrition and oxygen therapy. These kinds of initiatives further promote health care focused on quality of life, thinking from the perspective of the patients, and can also be expected to gain ground in terms of reductions in health care costs.

With the development of innovative medical devices, illness can be diagnosed and treated earlier, reducing the physical and economic burden on patients.

The most important aim of development of medical devices is to provide better treatment for patients and bring about safer, more reliable treatment methods. However, these kinds of initiatives can also contribute to reduced medical expenses. This is another important contribution Terumo can make to society.

Composition of population by age

<table>
<thead>
<tr>
<th>Age Group</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 15 y.o.</td>
<td>9.0%</td>
</tr>
<tr>
<td>15 to 64 y.o.</td>
<td>17.2%</td>
</tr>
<tr>
<td>65 y.o. or above</td>
<td>24.2%</td>
</tr>
<tr>
<td>60 years or above</td>
<td>27.9%</td>
</tr>
<tr>
<td>70 years or above</td>
<td>19.6%</td>
</tr>
<tr>
<td>80 years or above</td>
<td>15.5%</td>
</tr>
</tbody>
</table>
The Worldwide Expansion of Terumo

Terumo products are produced and sold throughout the world, and are used in over 150 countries worldwide. Terumo will continue to contribute to the world in the future through health care.

Company profile

Company name: Terumo Corporation
Date of establishment: September 1921
Paid in Capital: 38.7 billion yen
Consolidated net sales: 230 billion yen (March 2005)
Chairman and Chief Executive Officer: Takashi Wachi
Number of employees: 9,624 (March 2005)
Head office: 44-1, 2-chome, Hatagaya, Shibuya-ku, Tokyo 151-0072, Japan
TEL +81-3-3374-8111
Main business: Manufacture and sales of medical products and equipment, including pharmaceuticals, nutritional food supplement, blood bags, disposable medical devices, cardiovascular systems, peritoneal dialysis, blood glucose monitoring system, medical electronic, and digital thermometers, etc.

Corporate stock: 1st Section of Tokyo Stock Exchange

Top market share in all listed products (as of March 2005)

We have used the IMS data on market share as a reference.

The Worldwide Expansion of Terumo

Terumo Corporation

Terumo Heart Inc.

Terumo R&D Center
Kefu Factory
Asahitaka Factory
Fujinomiya Factory

Terumo Medical Corporation

Terumo Medical Corporation - Maryland Plant

Japan
Syringe pumps (79% market share)
Infusion pumps (79% market share)
Guidewires (65% market share)
Blood bags (65% market share)
Total parenteral nutrition (51% market share)*
Cardiopulmonary systems (46% market share)

Europe
Vascular grafts Large bore (57% market share)
Guidewires (45% market share)
Introducer kits (40% market share)

Asia and the Middle East
Introducer kits (38% market share)
Guidewires (37% market share)
Blood bags (36% market share)
Cardiopulmonary systems (31% market share)

North and South America
Blood bags (48% market share)
Guidewires (34% market share)
Cardiopulmonary systems (34% market share)
Introducer kits (24% market share)

Production facilities 18
Sales offices 68

Terumo products are produced and sold throughout the world, and are used in over 150 countries worldwide.

Terumo will continue to contribute to the world in the future through health care.

Social and Environmental Report 2005
CSR Performance (Targets and Achievements)

Starting in FY2005, we have been publishing social performance targets and achievements as well as those relating to environmental issues. Looking to the future, we will continue to push forward with environmental protection activities and social contribution activities, and disclose information as a responsible corporate citizen.

### Social Performance

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Medium-Term Targets</th>
<th>Initiatives up to now</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance</td>
<td>Promoting compliance</td>
<td>Implement personal information protection policy and regulations; carried out systematic awareness-raising.</td>
<td>P12</td>
</tr>
<tr>
<td>Relations with customers</td>
<td>Responding to the Personal Information Protection Act</td>
<td>Conducted compliance-related educational activities.</td>
<td></td>
</tr>
<tr>
<td>Relations with society</td>
<td>A highly accessible call center</td>
<td>Over 95% of calls received.</td>
<td>P14</td>
</tr>
<tr>
<td>Relations with employees</td>
<td>Provision of a health forecast</td>
<td>Self-resolution rate: above 95%.</td>
<td></td>
</tr>
<tr>
<td>Relations with employees</td>
<td>Contributions to society</td>
<td>Began providing forecasts by television (25 regions), newspaper (Kanto), radio (Kanto), and Websites (32 regions).</td>
<td>P15</td>
</tr>
<tr>
<td>Relations with employees</td>
<td>Promoting employment of handicapped employees</td>
<td>Continued conducting disaster prevention activities through panel activities and 5S*.</td>
<td>P16</td>
</tr>
<tr>
<td>Plans for improving mental and physical health</td>
<td></td>
<td>Implemented various initiatives including mental health seminars and self-checks in all offices. Held a Virtual Walking Rally and other activities as measures to improve health.</td>
<td>P18</td>
</tr>
</tbody>
</table>

### Environmental Performance

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Medium-Term Targets</th>
<th>Initiatives up to now</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Protection</td>
<td>Determine the environmental impact of our business activities</td>
<td>Conducted impact assessment study on important environmental aspects of our laboratories. study following our abandonment of facilities factory, to verify absence of soil contamination.</td>
<td>P24</td>
</tr>
<tr>
<td>Environmental Protection</td>
<td>Eco-product development</td>
<td>Remove mercury from health care practice.</td>
<td>P19</td>
</tr>
<tr>
<td>Environmental Protection</td>
<td>Pollution prevention</td>
<td>Established the ME Eco-Products Group.</td>
<td>P22</td>
</tr>
<tr>
<td>Environmental Protection</td>
<td>Using resources and energy effectively</td>
<td>Continued the study into toxic substances.</td>
<td>P24</td>
</tr>
<tr>
<td>Environmental Protection</td>
<td>Waste reduction</td>
<td>Achieve 8% reduction over FY1996 by FY2005 in amount of wastes landfilled from domestic sites, excluding sales operations.</td>
<td>P23</td>
</tr>
<tr>
<td>Environmental Protection</td>
<td>Establishment of environmental management systems</td>
<td>Conducted compliance audits for environmental protection audits at domestic factories. and laboratories.</td>
<td>P25</td>
</tr>
<tr>
<td>Environmental Protection</td>
<td>Encouraging volunteer activities</td>
<td>Implemented the Terumo Mount Fuji Reformation plan.</td>
<td>P16</td>
</tr>
<tr>
<td>Environmental Protection</td>
<td>Facilitating environmental communication</td>
<td>Published the Social and Environmental Report FY2004.</td>
<td>P26</td>
</tr>
<tr>
<td>Environmental Protection</td>
<td>Compliance with environmental laws and ordinances</td>
<td>Performed on-site studies at 3 sites in Europe (2 sites) and The Philippines.</td>
<td>P28</td>
</tr>
</tbody>
</table>

Results for FY2005

- We will publish the Social and Environmental Report for FY2005.
- We will conduct initiatives for Environment Month.
- We will conduct monitoring of environmental protection activities at domestic factories and laboratories.
- We will conduct on-site reviews at two sites in China.
Corporate Governance / Compliance

Open management and fair corporate activity are present day demands that cannot be neglected by a good corporate citizen. Terumo has been undertaking initiatives to strengthen corporate governance and compliance in line with the spirit of the Terumo Code of Ethics specified in April 2000.

The Corporate Governance System

- Directors, the Board of Directors and the Executive Officer System
- At Terumo we are committed to improving management transparency to be the basis of corporate governance, and have been undertaking initiatives accordingly. First, in 1999 we introduced executive officers and in 2001, independent directors. In 2002, as part of the reform of our management structure, we abolished responsible directors in the hope of strengthening corporate governance and establishing a mobile management system. We created two types of director: representative directors and directors, with the primary duties of making decisions on company-wide management policies and direct operations. We are striving to expand the executive officer system, and the duty of executive officers is to conduct business operations based on their rank, which befits their responsibilities.

- On 1 June 2005 we established a new compensation and nominating committee, including external committee members, as a discretionary committee. The committee undertakes objective and fair consideration of the director compensation system, compensation standards, and so on.

- Independent Directors and External Corporate Auditors
- To date it has elected a total of 4 external committee members, made up of 2 independent directors and 2 external corporate auditors, and is strengthening the governance system.

- Auditing of Corporate Auditors and Internal Audits
- The board of corporate auditors is composed of 2 internal corporate auditors and 2 external corporate auditors. They fulfill the functions of monitoring and auditing of management by participating in important meetings of the board of directors and executive management meetings. Listening to operational reports from directors, reading important resolutions, and so on. In order to ensure the transparency and reliability of disclosed accounting information, they undertake review meetings beforehand and post-disclosure debriefing sessions. On 1 June 2005, the auditors office was established with full-time staff member given the role of supporting disclosure debriefing sessions. On 1 June 2005, the auditors office was established with full-time staff member given the role of supporting disclosure debriefing sessions. On 1 June 2005, the auditors office was established with full-time staff member given the role of supporting disclosure debriefing sessions. On 1 June 2005, the auditors office was established with full-time staff member given the role of supporting disclosure debriefing sessions. On 1 June 2005, the auditors office was established with full-time staff member given the role of supporting disclosure debriefing sessions. On 1 June 2005, the auditors office was established with full-time staff member given the role of supporting disclosure debriefing sessions.

- The board of corporate auditors undertakes briefing sessions once a month with the internal audit department, which is composed of 5 internal auditors to request reports on internal audits and strengthen affiliations. They also meet about 6 times a year with the independent auditors to actively exchange ideas and information. Where necessary, they also strengthen the systematic capability to conduct fair audits, for instance by requesting reports on the progress of auditing.

- Maintaining the Internal Control System
- We established the Corporate Ethics Committee-controlled by the board of directors and the Investment Committee-as a consultative body for executive management meetings. The committee prepares studies and reports on corporate ethics and compliance, and conduct the analysis and evaluation of important management matters. Every two months at the advisory board (made-up of external experts), a new theme is set and a meeting is held to exchange information and ideas on this theme. Objective and rewarding advice is provided to the management when required.

- The Ethics Committee and the Investment Committee hold a regular meeting every month, or every quarter, and submit reports and opinions to the board of directors and the executive management meeting.

- Since March 2005, in order to strengthen the management system for information disclosure, president and chief operating officer (COO) was made the highest post, and the Disclosure Promotion Team was established, made up of related departments to promote the timely and appropriate disclosure of corporate information.

Our Approach to Compliance

Corporations engaged in health care are expected to adopt a high ethical stance, and to this end Terumo has always nurtured a spirit of observance of the law. We recognize our corporate social responsibility to lie in the provision of a stable supply of worthy, safe products and services to health care institutions, based on our corporate philosophy of “Contributing to Society through Health Care”. Based on this recognition, we will continue to comply with laws and ordinances while conducting corporate activities from a high-level standpoint.

- The Compliance System
- In April 2004 we established the compliance department, which doubles as the corporate ethics committee office. It works to further strengthen corporate ethics and compliance. The internal audit department carries out checks on the fairness and appropriateness of daily operational activities.

- The Terumo Code of Ethics
- In April 2000, the Terumo Code of Ethics was enacted. It stipulates the everyday behavioral framework for employees. In addition to the 10 items of behavioral policy, we have clearly stated that even in cases where certain conduct may be of benefit to the company, it will not be permitted if there is concern that it may go against the Terumo Code of Ethics.

- Corporate Ethics Hotline
- The Corporate Ethics Hotline was established at Terumo in January 2003 under instruction of the president and COO to further promote thorough compliance. This hotline conducts business under two mottoes: “all employees improving the company together” and “creating a culture of openness”. In the event that concerns arise from the content of the Terumo Code of Ethics, or from related situations, employees and temporary employees alike can by phone, e-mail, or letter, and either anonymously or using their real name, submit consultations through the hotline on a broad range of issues. Members of the hotline office (made up of 5 people chosen from within the company and corporate lawyers) respond appropriately to consultations while ensuring that personal privacy is protected and no disadvantage is suffered.

- Another undertaking has been to promote measures tightening information security on both the hard and soft fronts to prevent the leakage of personal information, while at the same time taking concrete measures in accordance with guidelines from relevant ministries and agencies. These measures include identifying the personal information held by Terumo, establishing rules for the protection of personal information, deciding on and declaring personal information protection policies, educating and training employees, and setting up information desks for outside enquiries relating to personal information.

- Into the future, we will further improve the information security system, and continue working to protect personal information.

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- Personal Information Protection Act
- In FY2004, Terumo established the Personal Information Protection Act response team within the Terumo Corporate Ethics Committee’s information security section meeting, as an initiative for the purpose of compliance with the Personal Information Protection Act, enforced in April 2005.

- The team has undertaken system maintenance as one of the measures designed to strengthen information security. Another undertaking has been to promote measures tightening information security on both the hard and soft fronts to prevent the leakage of personal information, while at the same time taking concrete measures in accordance with guidelines from relevant ministries and agencies. These measures include identifying the personal information held by Terumo, establishing rules for the protection of personal information, deciding on and declaring personal information protection policies, educating and training employees, and setting up information desks for outside enquiries relating to personal information.

- Into the future, we will further improve the information security system, and continue working to protect personal information.
Relations with Customers

Communication with customers is one of the most important factors for realizing the Terumo corporate philosophy. Direct and close communication is a valuable asset and an important guiding principle for a variety of corporate activities.

Our approach to customer relations

One of Terumo's major roles as an integrated manufacturer of medicine is developing and supplying products that respond to the needs of customers, who include medical professionals and general consumers. Needless to say, it is also extremely important to ensure that our existing products can be used with peace of mind. Our Medical Representatives (MRs) along with the Terumo Call Center make the possibility of maintaining close contact both with the front line of health care practice and everyday life in the outside world, thereby collecting valuable information from customers.

Relations with health care professionals

The people responsible for communication with medical professionals at hospitals, and so on, are the MRs. The MRs pay visits to operation rooms, ICUs, and other health care sites to exchange and provide information by direct communication with a wide range of people, such as doctors, pharmacists, nurses, and managerial staff.

Terumo's products for medical institutions are broken down into 2 main groups. First are the Core Business products, including products used by a broad range of medical professionals, such as syringes, I.V. solutions, and infusion pumps. Next is the New Fraternity Business, centered on cardiac and vascular products such as catheters, cardiovascular systems, and vascular grafts. The MRs have received specialist education in line with their customers’ specific medical needs, in areas such as sophisticated medical treatment and long-term treatment. All MRs work constantly to be able to provide valuable information by not only obtaining MR qualifications, but also taking in the very latest knowledge and refining their specialist skills by undertaking training and attending academic conferences.

MRs in charge of hospital products, contributing to hospital risk management

A major point of consideration in Core Business fields, in addition to developing new products, is ensuring that our existing products are used correctly.

For example, forgetting how to use syringe pumps, used to subtly adjust the amount of medicine delivered, may result in an accident that threatens the patient's life. However, it is not rare to find products from various manufacturers and brands mixed together in a disorganized fashion. One study of ‘near-miss incidents’ (near accidents) reported that dangerous incidents with injections and intravenous drips are the most common, and the lack of homogeneity among these instruments is thought to be one of the reasons.

Many issues face the health care industry at the present time. Far more than simply promoting product sales, Terumo conducts a diverse range of activities promoting safer health care including standardization of use and procedure, training programs for medical staff and so on. Another role of Terumo’s MRs is to join together with medical professionals to provide solutions to problems while responding to valuable proposals prompted by customers’ respective cases.

MRs in charge of cardiac and vascular products, linking development and production with health care institutions

New Frontier Business products require sophisticated knowledge and the latest technology. An essential factor in creating new products is feeding back the real-life voices from the health care scene to our R & D Center and our factory technicians. For this reason, as MRs gain advanced knowledge, we also make opportunities for those technicians involved in development and production to accompany MRs to medical institutions and speak directly with doctors and other medical professionals as often as possible. These visits allow us to provide specialist explanations of our products, and are also valuable opportunities to obtain product evaluations whereby the voices of our customers are reflected directly in development and production.

The relationship between technicians and the MRs in charge of specific products is extremely close. Regular meetings between members carrying out all roles from development to salespersons, regular opportunities for discussion and other close contact. Our MRs are responsible for bridging the gap between health care and development and production processes, and actively building relationships where the two meet face to face.

Relations with health care institutions (customers) through MRs

The Terumo Call Center, formed by the merger of all internal inquiry counters in April 2002, is where the most direct communication with customers takes place. This includes people involved in health care such as patients, hospitals and wholesalers, and customers using our blood glucose monitors and general consumer products such as digital thermometers and blood pressure monitors. Every day we receive approximately 1,500 questions and consultations.

Questions directed to the Terumo Call Center fall into three categories: people involved in health care, general customers, and home medical care patients. Each category requests different specialist knowledge, the calls are handled by specialist ‘communicators’. Help for home medical care patients is available 24 hours a day.

CS cards: feeding customer voices back into products

Communicators record customer ideas received at the Terumo Call Center on CS cards, and convey them to the division in charge of the relevant product. Regular meetings are held between the product divisions, making a steadfast link between the voice of customers and product development. Approximately 50 CS cards are submitted monthly, leading to such concrete improvements such as better product displays, and ideas to improve user-friendliness.

Education and training for efficient phone response

Suitable conduct is requested of communications, as representatives of Terumo who speak directly with customers. To that end, we conduct training for newly assigned staff, centered around acquiring product knowledge. We also follow this up with regular training and level tests.

Supplying information through the Website

Terumo presents product and health-related information to general customers on its Website. The Health Care Information Office is the site for general consumers, covering digital thermometers, blood pressure monitors, and so on. We have established a Q&A corner containing useful information on body temperature and blood pressure, and many other matters about which we receive questions. It contains various sections including the Teru-Meal Club, which conveys information to people with specific nutrition, management needs such as for people receiving medical care in their homes, the Home Joint, which presents basic information on home medical care and introduces Terumo’s initiatives, the Peritoneal Dialysis Information Site, which provides information on meal management and peritoneal dialysis to dialysis patients and people concerned about their kidneys, and lastly the AutoBlood Glucose Meters section, which has information on correct use of blood glucose monitoring systems. We are striving for smooth communication with our customers.
Relations with Society

The local community is an important stakeholder in Terumo, as are all citizens.

From FY2004 we began the Health & Weather Forecast that transmits useful health-related information by television, radio, etc. We are also actively conducting activities that contribute to society, and working to fulfill our roles as a good corporate citizen.

Transmission of Health & Weather Forecasts

The weather and climate are intimately linked with health. For example, people with neuralgia or rheumatism experience more joint pain when it is humid and cool. There have been many reports recently of people fainting with heatstroke on hot summer days. According to a Terumo study undertaken of 1,168 subjects, 81% of people answered that they think weather changes and health are related, and 73% of people have experienced the influence the weather has on their physical condition.

However, the weather is something that can be predicted. And if weather is something that can be predicted. And if

Useful precautionary information

Information broadcast depends on the season and includes the amount of pollen, amount of UV rays, heatstroke, heatstroke in aged people, joint pain, influenza, the common cold, and asthma. The information we transmit is highly reliable, having set voluntary standards of expression based on statistics and fact, so as not to mislead the audience. It is being appraised as community contribution that embodies the corporate philosophy we have had since our foundation, to contribute to society through health care.

On the relationship between climate, weather, and health

The weather and climate are intimately linked with health. For example, people with neuralgia or rheumatism experience more joint pain when it is humid and cool.

Our approach to disaster support

In places where natural disasters such as major earthquakes and tsunamis have hit, an insufficient supply of medical devices and pharmaceuticals can be a great problem. Terumo is carrying out support activities for such disaster zones by providing emergency support materials, such as the medical devices required when disaster strikes.

Niigata-Ken Chuetsu Earthquake

Two days after the Niigata-Ken Chuetsu Earthquake struck on 23 October 2004, Terumo provided products, including infusion sets, medical devices for intravenous drips such as intravenous needles, electronic digital thermometers, blood pressure monitors, and nutritional meals (Teru-Meals). We were able to contribute to the emergency health care for the older population in the disaster zones. Deep-vein thrombosis occurred among the people living as refugees due to the Niigata Chuetsu Earthquake, and there was also concern for disrupted swelling of legs, exhaustion, and so on. We donated approximately 2,000 JOBST compression stockings that are helpful for blood circulation in the legs, along with pamphlets explaining how to wear them, and associated cautions. Also, immediately after the earthquake, Terumo technicians circulated the hospitals in the disaster-affected zone inspecting and repairing infusion pumps.

Sumatra-Andaman Islands Earthquake

In the regions hit by the Sumatra-Andaman Islands Earthquake in December 2004, there were increased risks of infectious diseases, including cholera and typhoid fever, due to degenerated sanitation and a high concentration of refugee camps. Infusion therapy for vaccinations and medical treatment is extremely important as a preventative measure against such infectious diseases. We donated a total of 400 million yen in emergency aid in response to requests from the disaster-stricken country of Indonesia and the Sri-Lankan Red Cross, through our local subsidiaries, in the form of medical devices used to prevent infectious diseases such as syringes and infusion sets, enough for 100,000 people.

Activities that contribute to society

This question of how to contribute to local communities is an important issue for all good corporate citizens. Terumo is actively expanding activities that contribute to local communities such as environmental protection activities and blood donation.

The Terumo Mount Fuji Reforestation Project

Terumo has two factories in Fujinomiya City, in Shizuoka Prefecture, and we manufacture medical devices and pharmaceuticals using the groundwater that flows out of the foot of Mount Fuji.

Typhoon 17, in September 1996, caused the forest plantations on Mount Fuji unprecedented damage. In the same year, 1997, the NPO Mount Fuji Natural Reformation Group began activities to regenerate natural forest that is resistant to disasters. Terumo empathized with these activities and began the Terumo Mount Fuji Reforestation Project in cooperation with Mount Fuji Natural Reformation Group in 2003. We are removing underground that prevents the growth of saplings in the national forest of Mount Fuji with the participation of employees and their families. In August 2004, approximately 70 employees and their families participated.

Our contribution to society

Activities are classified into two categories, those of corporate level and local level, because there are many opportunities to contribute to society that are not related to disaster support or community activities. Corporate level activities are mainly carried out by the Head Office, whereas local level activities are undertaken by local subsidiaries. Terumo is an active corporate citizen.

D Center. In 2004, 70 employees and their families participated in these activities.

Conservation of rivers and beaches

We have been appealing to employees to participate in the Tamagawa Clean Strategy, a movement to clean up and beautify the Tamagawa river, held every year and sponsored by the city of Chofu, Tokyo. We also hold annual beach clean-up activities at Umezawa beach, in Ninomiya, Kanagawa Prefecture, near the Terumo R & D Center. In 2004, 70 employees and their families participated in these activities.

Community awards granted to Terumo

In FY2004 Terumo received the following 3 awards for its CSR activities.

- Mission Management Prize
- Tokyo Stock Exchange Disclosure Award
- The Eco-products Prize Promotion Council President’s Prize

Relations with Society
**Relations with Employees**

Terumo endeavors to create a corporate culture in which each employee can demonstrate all their capabilities and find meaning and pleasure in their work, while maintaining a safe work environment to facilitate productivity.

### The Associate Spirit

Since 1996, Terumo has promoted the policy of "The Associate Spirit" with our employees. The Associate Spirit involves raising the awareness of each Terumo employee and Terumo pledges support to this end.

**Just reward in line with capabilities and performance**

Terumo has been rewarding its employees in line with their capabilities and performance, based on Terumo's merit system, whose primary elements are no seniority, supporting employees who take on challenges, and transparent evaluation. We have implemented various personnel policies including recruitment, assignment, managerial promotion, and payment systems. These are based on the fundamental policies of providing all employees with the opportunity to demonstrate their capabilities, and improving recognition and growth through ensuring compensation depending on contribution. We have thus maintained an environment where people can work energetically.

**A place for cultivation**

We allow new employees to experience sales and production for a certain period of time, hoping they will gain an understanding of on-site issues. We also practice a cross-rotation system, where personnel are moved between different fields, for instance from the research to marketing, with the aim of broadening the outlook of employees through varied experience. Through these arrangements, we are nurturing employees who understand the perspectives of both customers and on-site issues.

**Respect for Human Rights**

We consider respect for human rights to be intimately related to corporate activities and the working environment, and we are actively working on related educational initiatives. The whole company is working together to raise awareness for respect of human rights, through regular training for management, (including directors, newly promoted managers, and new employee training.)

We will devote ourselves to educational activities continuously. As a good corporate citizen with employees who each have a high level of awareness of human rights in their work and also in their daily lives.

We are also striving to create a healthy working environment through initiatives to increase awareness such as training sessions for management on topics including sexual harassment and power harassment, and the Hotline mentioned previously.

**Promoting employment of disabled employees**

Disabled employees rate in FY2004 was 1.8%, equal to the legally required rate. We will continue to promote employment of disabled employees and provide an environment where they can communicate smoothly, and work safely and easily.

**Relation with labor unions**

In Terumo there are two labor unions, the Terumo Labor Union, under the umbrella of the UI Zensen (The Japanese Federation of Textile, Chemical, Food, Commercial, Service and General Workers’ Unions), and the As-Terumo Labor Union, under the umbrella of the Confederation of General Chemistry Labor Unions. As of March 2005, there were 3,148 members in the Terumo Labor Union, and 868 members in the As-Terumo Labor Union, bringing the total proportion of employees in labor unions, 3,206 people, to about 80% of all domestic members. We discuss a variety of matters, with each union, on the Labor-Management Council.

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We are also striving to create a healthy working environment through initiatives to increase awareness such as training sessions for management on topics including sexual harassment and power harassment, and the Hotline mentioned previously.

**Precautionary points for Mental and Physical Health**

As a corporation involved in health care, we support management of the physical and mental health of employees in a variety of ways. As a physical health measure we carry out all kinds of examinations for employees in addition to the various mandatory examinations, including dental examinations led by the Terumo Health Insurance Society, checks for lifestyle-related illnesses, and women’s health checks, including employees’ family members. In addition, we have established an external health-related phone consultation service where we answer questions about everyday eating habits and what to do in emergencies. On the mental health side, we have held mental health seminars throughout the country.

### The 100-Person Forum

Terumo considers reform of our corporate culture to be the major key to corporate growth, and is carrying out various related initiatives. In FY2004, to create a culture brought about by the thoughts of each individual, we held the 100-person Forum in November. This initiative was made up of three parts: 1) starting from the Terumo Foundation Day Ceremony on 17 September for one month, employees make a declaration detailing how they would like Terumo to be in 10 years; 2) 100 employees chosen from November. This initiative was made up of three parts: 1) starting from the Terumo Foundation Day Ceremony on 17 September for one month, employees make a declaration detailing how they would like Terumo to be in 10 years; 2) 100 employees chosen from among those who made this declaration gather together at a Terumo facility (Medical Phoenix) for two days for thorough discussions; 3) the contents of the discussions are presented to board members including the Chairman and then discussed. A variety of lessons arose from the discussions of the 100 people of different age, sex and roles. The discussions were heated. For example, some participants continued on to the second day almost without sleeping and some young participants expressed their thoughts on reform to the board members. The passion of employees toward reform became quite clear through this forum, and the social gathering to wrap up the forum, all the participants shared lessons with together and put them into practice. Employees who couldn’t attend the forum are able to access the information through video and the company magazine, leading to cultural reform movements in every workplace.

**Aiming for no work-related accidents**

We are aiming to reduce work-related accidents at every work site, by analyzing accidents that have occurred, and continually undertaking workplace safety patrols, primarily through the Safety and Health Committee. At production sites we have introduced group activities and 5S (organize isolation system, workplace standardization, and in-house discipline) in every factory, and we are preventing the occurrence of accidents from the perspectives of environmental and human error. Despite continually maintaining a low level in the occurrence of serious accidents, in FY2004, the number of work-related accidents increased. In FY2005, we have established a goal committing ourselves to reducing the number of accidents compared to the previous year and we are strengthening initiatives across the company.

In the area of driving safety as well, we are striving to raise awareness not only from the perspective of employee safety, but with the aim of being a model for society.

### Relations with Employees Social Report

**Social and Environmental Report 2005**
Environmental Management System

Terumo’s Environmental Policy

Adopted in December 1999

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:
- assuring 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.

The Environmental Management System

Terumo’s environmental initiatives are based on voluntary targets set by the Environment Committee and are promoted at the level of every work site. We carry out continual improvement activities in line with the Plan-Do-Check-Action (PDCA) Cycle, in which we seek to understand and evaluate the process and performance of the activities and reflect this in the next set of targets.

The chart on the right shows our companywide organization for environmental management. As the highest decision-making body in the company, we have the Environment Committee, chaired by the President and COO. The Environment Committee sets all environmental conservation targets across the company and keeps abreast of developments.

The Environmental Audit Committee ensures the objectivity and fairness of audits and, implementing its own auditing procedures, undertakes internal audits at every work site to check whether the environmental management system is functioning effectively.

Specialized environmental groups serve the function of making concrete improvements on individual issues.

In FY2004, we established the ME Eco-Products Group to respond to the environmental regulations for electrical and electronic devices. Apart from communicating with more stakeholders, we re-organized the Environmental Report Group into the Social and Environmental Report Group.

The environmental promotion committees in every work site set and promote action plans, share information, and undertake educational activities.

Environmental Education/Environmental Auditing

The environmental education system at Terumo is being maintained through training for new employees and training for internal auditors.

In FY2004 we held hands-on training for internal auditors.

We also held environmental audits aiming to reduce environmental risks at domestic factories and our research center.

The Status of Environmental Education

- Training for Internal auditors
  In November 2004, we invited an outside lecturer (Amita Co., Ltd.) and held a training session for internal auditors and managers of specially controlled industrial wastes from each work site, aiming to learn about legal regulations centered on the revisions to the Wastes Disposal and Public Cleaning Law.

- Undertaking practical training on diagnosis of waste-related risks
  In January 2005 we invited external lecturers from Amita Co., Ltd., and carried out practical training in the Kofu factory aimed at investigating waste-related risks. The targets of the training were internal auditors and managers of specially controlled industrial wastes at every work site.

Status of environmental audits

- Objectives of audits
  The objectives of audits are to verify compliance with environmental-related laws, investigate environmental risks and verify the status of their management, and to reduce the environmental risks we face now and in the future.

- Components of an Audit
  1) Clarifying environment-related laws and making sure of compliance
  2) Confirming site emissions
    - Confirming waste water pathways and outlets
    - Confirming how measurements of chemicals at site boundaries are being made, and their results
  3) Confirming waste disposal routes and methods
  4) Confirming how chemicals are being used
  5) Confirming how working environments are managed

- Results of environmental audits
  - Compliance audits were undertaken at 3 domestic factories (Kofu factory, Fujinomiya factory, and Ashitaka factory) and one laboratory (Shonan Center).

Results of audits

- 1) With regard to compliance to environment-related laws, there was a partial shortfall due to an oversight of a detailed stipulation in a law, but no serious shortfalls at any work sites.
- 2) We reconfirmed the importance of compliance with standards in consignment of waste disposal operations.
  - Standardization of internal recommendation forms for waste disposal consignment contracts
  - Improved accuracy of market management (computerization, and re-confirmation of details recorded)
  - Thorough management of the company consigned to dispose of the waste (Management of the operator’s license, and planned confirmation of site)
- 3) We had found undertaking solid initiatives aimed at achieving zero emissions (measuring the amount of waste going to final landfill is less than 1% of the total discharge).
Business Activities and Material Flows

Terumo determines the environmental loads associated with production processes that use inputs of energy and raw materials, and create outputs like carbon dioxide, wastewater, and waste, and using these values as indicators, we are striving to reduce environmental loads.

Input

<table>
<thead>
<tr>
<th>Input</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquids</td>
<td>280t</td>
</tr>
<tr>
<td>Solids</td>
<td>32,865t</td>
</tr>
<tr>
<td>Electricity</td>
<td>90,648MWh</td>
</tr>
<tr>
<td>Natural gas</td>
<td>37,297 million m³N</td>
</tr>
<tr>
<td>LPG</td>
<td>28t</td>
</tr>
<tr>
<td>Kerosene</td>
<td>56k</td>
</tr>
<tr>
<td>Tapwater</td>
<td>1.613 million m³</td>
</tr>
<tr>
<td>Well water</td>
<td>1.431 million m³</td>
</tr>
<tr>
<td>Chemicals</td>
<td>1,471t</td>
</tr>
<tr>
<td>Paper</td>
<td>20.03 million sheets</td>
</tr>
</tbody>
</table>

Output

<table>
<thead>
<tr>
<th>Production</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Molding process</td>
<td>CO₂ 124,591 t</td>
</tr>
<tr>
<td>Inspection process</td>
<td>NOₓ 42 t</td>
</tr>
<tr>
<td>Sterilization process</td>
<td>Wastewater 3.687 million m³</td>
</tr>
<tr>
<td>Output</td>
<td>Waste recycled 7,011t</td>
</tr>
<tr>
<td></td>
<td>Waste landfilled 47t</td>
</tr>
</tbody>
</table>

Products

<table>
<thead>
<tr>
<th>Products</th>
<th>Input</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper</td>
<td>Diesel fuel 1,039kg</td>
</tr>
<tr>
<td>Gasoline</td>
<td>1,799kg</td>
</tr>
</tbody>
</table>

Development of Environmentally Friendly Products

Terumo products are designed for safety and designed to reduce their environmental load. We are striving to develop products that are gentle to people involved in health care and patients who come into contact with our products, as well as to the global environment, and we are working to respond to the needs of society.

Our fundamental approach toward environmentally friendly products

- Safety & eco-design

Terumo’s medical device and pharmaceuticals directly impact the health of patients, so we carry out product development with the overriding priority given to safety and prevention of medical accidents. At present, in addition to safety and prevention of medical accidents, we are striving to develop products that are friendly to the environment.

A concrete example of an environmentally friendly product

- Suppressing waste generation (reduce)

High calorie infusion (Received the First Eco-Product Prize Promotion Council President’s Prize in 2004)

In the past, it was necessary to add vitamins to the high-calorie infusion bags used for nutritional supplementation for postoperative patients. Terumo teamed up with Tanabe Seiyaku Co., Ltd. and developed a product that has vitamins arranged in advance, allowing them to be mixed together with an easy procedure when used. It decreases the waste generated by the vitamin packaging and the syringe used for mixture injection. In addition, it does not require refrigerated distribution or refrigerated storage, so less carbon dioxide is generated during these stages of its life cycle. In recognition of these results, in FY2004 we received the First President’s Prize of the Eco-Product Prize Promotion Council.

- Complete abolition of use of toxic substances (mercury)

Electronic clinical thermometers, and electronic blood pressure monitors

In 1983, we released to market an electronic thermometer to substitute the leading product of the time, the mercury thermometer. The next year, in 1984, we ended 63 years of production of mercury thermometers. With this move we rid ourselves of the problem of mercury pollution caused by disposal of thermometers. Again in 1992, Terumo began selling electronic blood pressure monitors to hospitals for bedside use and since then we have been promoting abolition of mercury use from health care practice. However, there is still a long way to in the dissemination of electronic blood pressure monitors, with about 70-80% of those currently used in hospitals being of the mercury type.

There have been a number of problems associated with electronic blood pressure monitors, such as inconsistent readings and difficulty in reading the blood pressure levels of patients with weak pulses. In response to this, Terumo has developed a new measurement principle that solves those problems, and in September 2004 we began selling the new style blood pressure monitors. We will continue to push for elimination of mercury from health care.

- Appropriate disposal

Puncture needle for a blood glucose meter

The blood glucose meters used mainly by diabetes patients prick the finger with a needle (puncture needle) extract blood, and measure the glucose concentration (blood glucose value). Patients must dispose of used puncture needles appropriately, and because they are sharp implements with blood on them, their handling had become a problem. Terumo has ensured the safety of this puncture needle by structuring it so that the needle only protrudes when in use, remaining un-exposed before and after use (see picture).
Environmental Report

Prevention of Global Warming

In May 2005, Terumo revised its targets for reduction of carbon dioxide emissions, and we are pushing forward with further initiatives. In December 2004, as an effective use of the Kyoto Mechanisms, we made a decision to invest in the Japan GHG Reduction Fund.

Initiatives to reduce carbon dioxide emissions

In FY2003, Japan was discharging approximately 1.3 billion tons (about 1% of the world’s total) of greenhouse gases annually. This is 8%* higher than the benchmark year of 1990. Terumo discharged approximately 100,000 tons annually as of FY2004, which made up about 0.009% of Japan’s discharge (approximately 0.026% of the production industry’s discharge). The growth rate in net sales of domestically produced goods was about 75% of the 1990 value, while the growth rate in carbon dioxide emissions was about 33%. This is the result of Terumo abolishing use of fuel oil in 1996, becoming more aggressive in our introduction of gas co-generation systems, and converting our fuel to town gas. In FY2004, as a result of steady energy conservation activities at every work site, we achieved the voluntary target for 2010 ahead of time for the second year running, by reducing carbon dioxide emissions per unit of net sales to 80% of 1990 levels. In February 2005 the Kyoto Protocol came into effect and in May 2005 we revised our reduction targets, making more solid progress in emission reductions.

* See Ministry of the Environment estimates


Emission reduction case studies

- Fuel conversion for dichloromethane collection apparatus

In FY2004, we converted the fuel used by the dichloromethane collection apparatus at the Kofu factory from kerosene to town gas. This reduced the annual carbon dioxide emissions of the dichloromethane collection apparatus by about 25%.

- Introduction of inverter/VFD type fluorescent lights

By converting inverter/VFD types to fluorescent lights at the Ashitaka factory.

- Number of fluorescent light inverter ballasts introduced

<table>
<thead>
<tr>
<th>Year</th>
<th>Ballasts introduced</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>300</td>
</tr>
<tr>
<td>2006</td>
<td>276</td>
</tr>
<tr>
<td>2007</td>
<td>400</td>
</tr>
</tbody>
</table>

- Introduction of dummy tubes for fluorescent lights

For 40V two-bulb fluorescent lights, because they can’t be lit with one fluorescent light bulb, a dummy tube is installed leading to an energy saving of about 37%. At present there are about 450 dummy tubes installed at the Ashitaka factory.

- Effective use of the Kyoto Mechanisms

At the Conference of Parties III (COP3) in Kyoto in December 1997, the Kyoto Mechanisms were incorporated into the obligation of developed countries to reduce greenhouse gases. The Kyoto Mechanisms include emissions trading, joint implementation, and the clean development mechanism, that allow reductions achieved in one country to be used to contribute towards achieving reduction targets in another country, in addition to self-reduction. Continuing to support sustainable development in developing countries, Terumo decided in December 2004 to invest in the Japanese GHG Reduction Fund, which acquires carbon credits for greenhouse gas reductions. Through this we will continue to contribute to emission reductions on a global scale.

Change in total CO₂ emissions

<table>
<thead>
<tr>
<th>Year</th>
<th>Total emissions</th>
<th>Per sales unit (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>2002</td>
<td>120</td>
<td>115</td>
</tr>
<tr>
<td>2003</td>
<td>110</td>
<td>105</td>
</tr>
<tr>
<td>2004</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2005</td>
<td>78</td>
<td>78</td>
</tr>
</tbody>
</table>

Change in energy consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Total sales (Nm3)</th>
<th>Energy consumption (kWh)</th>
<th>Water consumption (Ml)</th>
<th>Solid waste (トン)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>1,853</td>
<td>2,549</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>2002</td>
<td>2,000</td>
<td>2,558</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>2003</td>
<td>2,266</td>
<td>2,558</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>2004</td>
<td>2,594</td>
<td>2,238</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>2005</td>
<td>2,594</td>
<td>2,594</td>
<td>0</td>
<td>9</td>
</tr>
</tbody>
</table>

Terumo is in the process of thoroughly determining and managing usage and emissions of chemicals utilized at all factories and at our research centers. We are pushing forward strongly with establishing voluntary reduction targets for all chemicals used, suppressing emissions, and changing to substitutes.

In the Japan Electrical Manufacturers’ Association, we have completed study and categorization of equipment manufactured in periods when there may have been a risk of contamination by trace amounts of PCBs.

Substances designated by PRTR Law

<table>
<thead>
<tr>
<th>Substances</th>
<th>Units (ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethylene oxide</td>
<td>0.01</td>
</tr>
<tr>
<td>Dichloromethane</td>
<td>10</td>
</tr>
<tr>
<td>HFC-141b</td>
<td>100</td>
</tr>
<tr>
<td>HFC-227ea</td>
<td>500</td>
</tr>
<tr>
<td>C4F8</td>
<td>100</td>
</tr>
<tr>
<td>C2F6</td>
<td>50</td>
</tr>
<tr>
<td>SF6</td>
<td>10</td>
</tr>
<tr>
<td>Hydrogen fluoride</td>
<td>50</td>
</tr>
<tr>
<td>Sulphur hexafluoride</td>
<td>100</td>
</tr>
<tr>
<td>Brominated flourocarbons</td>
<td>50</td>
</tr>
<tr>
<td>Brominated hydrocarbons</td>
<td>50</td>
</tr>
</tbody>
</table>

Effective use of the Kyoto Mechanisms

In February 2005 we decommissioned the facility designated in the Water Pollution Control Law (facility for cleaning dichloromethane at the Ashitaka factory). We carried out a voluntary study to investigate the possibility of soil contamination from dichloromethane and 10 other chemicals. No soil contamination was identified.

Voluntary soil contamination study

A dichloromethane emission reduction target was set in FY2000 we set a target of reducing CO₂ emissions by 25% from FY1990 per sales unit. In May 2005, Terumo revised its targets for reduction of carbon dioxide emissions, and we are pushing forward with further initiatives. In December 2004, as an effective use of the Kyoto Mechanisms, we made a decision to invest in the Japan GHG Reduction Fund.

Management of Chemical Substances

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Management of Chemical Substances

Terumo is in the process of thoroughly determining and managing usage and emissions of chemicals utilized at all factories and at our research centers. We are pushing forward strongly with establishing voluntary reduction targets for all chemicals used, suppressing emissions, and changing to substitutes.
**Waste Reduction and Water Conservation**

Terumo is working hard to reduce the amount of landfilled waste, and practice recycling and resource recovery, aiming to achieve zero waste at head office and all factories. We have also begun a water conservation program that has reduced the amount of water we use.

**Waste reduction**

- **Reducing landfilled waste**
  A variety of waste is generated through manufacturing processes and activity at offices. Terumo is committed to reducing the amount of waste generated and recycling.
  We have set the voluntary target of an 80% reduction, until FY2005, of the amount of landfilled waste from all domestic work sites, excluding sales operations, compared to FY1996 levels, and we are striving to reduce waste and recover resources.
  The amount of landfilled waste in FY2004 was 98% below FY1996 levels, representing the second year in a row that targets were achieved.
  *Continuing reduction targets for the amount of landfilled waste until FY2005.

**Landfilled Waste Reduction Target**
Reduce landfilled wastes generated by domestic sites by 80% from the FY1996 level by FY2005, excluding sales operations

**Waste Stream**

- **Wastes sent for landfill**
- **Recycling amount and rate**

- **Promoting recycling**
  At Terumo waste plastic from every factory is recycled as reusable raw materials. At the Kofu factory, we have opened a recycling plant that uses the grinding sludge generated from polishing syringe needles and uses it as a metal resource. With these results and more, the recycling rate for FY2004 was 89%.

**Recycling amount and rate**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Waste</th>
<th>Landfilled Waste</th>
<th>Recycled Amount</th>
<th>Recycled Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY1996</td>
<td>5,000</td>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2000</td>
<td>2,000</td>
<td>822</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2001</td>
<td>1,372</td>
<td>1,372</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2002</td>
<td>1,000</td>
<td>1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2003</td>
<td>7,893</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2004</td>
<td>7,019</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**Recycling amount and rate**

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<td></td>
<td></td>
</tr>
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<td>7,019</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Waste management**

- **We have made a checklist for outsourced waste management and we are carrying out studies into contractors consigned to collect, transport, and treat waste. We have also checked sites and verified their proper treatment of waste, and endeavored to avoid the risk of illegal dumping.**
- **In FY2004 we carried out site confirmations at 33 contractor sites.**

**Zero emissions**

We again achieved zero emissions at the Kofu factory and the Fujinomiya factory in FY2004. Combining this with the work sites that already accomplished this in FY2003 means Terumo has achieved zero emissions at all production sites countries and at head office.

Terumo defines zero emissions as being when the amount of landfilled waste is less than 1% of the total amount of waste discharged.

**[Kofu factory]**

We have been undertaking primary treatment through thorough sorting and the newly introduced waste plastic crushing and sorting equipment. We have also begun recycling the grinding sludge generated when grinding the injection needles into a metal resource. We have reduced landfilled waste by 80% or more compared to last year, and this makes up 0.4% of total waste discharged.

**[Fujinomiya factory]**

By undertaking thorough waste separation, and promoting RPF (Refuse Paper & Plastic Fuel) for waste plastics, we reduced landfilled waste to 50% of the previous year’s level. This makes up 0.6% of total waste discharged.

**Environmental Report**

**Waste Use Reduction Target**

- **Keep water use down to FY1990 level**

**Water Use**

<table>
<thead>
<tr>
<th>Year</th>
<th>Water Use 2003</th>
<th>Water Use 2004</th>
<th>Water Use Reduction Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2003</td>
<td>2,000</td>
<td>1,800</td>
<td>Keep water use down to FY1990 level</td>
</tr>
<tr>
<td>FY2004</td>
<td>1,800</td>
<td>1,600</td>
<td>Keep water use down to FY1990 level</td>
</tr>
</tbody>
</table>

**Water Conservation**

- **Water Conservation**
  At Terumo we are optimizing water use by for instance reusing cooling water in order to reduce the amount of water we use.
  Water use in FY2004 was 3,044 million m³, about 12% less than the previous year. In future we will maintain water use at or below FY1990 levels.

**Water Use Reduction Target**

- **Keep water use down to FY1990 level**

**Water Use**

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<tr>
<th>Year</th>
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<td>1,600</td>
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</tr>
</tbody>
</table>

**A case study of water conservation at the Fujinomiya factory**

At the Fujinomiya factory we established the Water Resources Conservation Project, as a body under the Environmental Promotion Committee, made up of specialists from the Process Control Section, Production Section, and the Conservation Section.

The project established 7 important measures for water conservation, promoting the 4Rs of water (reduce, replace, reuse, and recycle), and has been putting effective use of water resources and water conservation measures into practice.

**Water conservation measures**

The 7 important measures:

1. **Less water for vacuum pumps on the blood bag manufacturing line**
2. **Higher reuse of deionized cooling water**
3. **Reuse of cooling water**
4. **Reuse of water with impurities concentrated by reverse osmosis**
5. **Less cooling water used for blood bag tubing**
6. **Less washing water used in membrane manufacturing line**
7. **Water conservation in blood bag disinfection**

**A case study of the Fujinomiya factory (Re-use of the cooling water from the molding process)**

Re-using cooling water from membrane production and the molding processes of extruder tubes as domestic water

**Prior to the improvements**

- **Water supply**
- **Heat exchanger**
- **Cooling machine**
- **Domestic use**

**After the improvements**

- **Water supply**
- **Heat exchanger**
- **Cooling machine**
- **Domestic use**

**Effect of improvement Reduction of 28,800 t/yr**
**Environmental Report**

**Initiatives at Our Overseas Sites**

Terumo’s environmental conservation activities do not stop in Japan; we are actively deploying them through our overseas offices in Asia, Europe, and America.

We are striving to understand energy usage and waste quantity at every work site, and to economize on resources.

**Initiatives at Our Overseas Sites**

- **Terumo Europe N. V. ’s Belgian factory**
  Since FY2004 we have been reinforcing our recycling and energy conservation initiatives at the Belgian factory of Terumo Europe N. V., producing substantial results.

1. Reducing landfill waste
   We introduced portable containers to the production process, and set up system so that waste can be transported straight from the production process to the recycling company’s containers. We developed for all packaged products previously impossible to recycle, a recycling route which allows those packaged products to be recycled. By doing this, we reduced the amount of waste incinerated to 44% of the total waste generated and recycled over 400 tons of plastic, cardboard, wood, and metal. In future we will further expand the range of items recycled.

2. Energy conservation
   We have set an energy conservation plan for the next 3 years of a maximum of 10%. We will save energy by adjusting the relative humidity of the clean room, and optimizing the air flow-rate and the air circulation frequency. In addition, the heating system and sterilisation will be further optimized.

3. Reducing wastewater
   We have set the target of cutting our allowed amount of wastewater in half to 200m³/day from February 2006. We plan to achieve the target by re-using cooling water from the extrusion department and the blister package department. In addition, washing water from the glass tubes department will be reused as well. Uncoupling of the sewage pipes from the rainwater system will prevent rainwater to become mixed with industrial waste water.

- **Local studies in overseas offices**

  - **UK work sites** (Vascutek LTD., and Terumo Europe N. V. ’s UK factory)
    People leading the studies: 2 people (Terumo Head Office)
    Terumo conducted a study on our state of compliance with environment-related laws, the status of energy conservation and waste management, and environmental risks, and no problems were identified.

    With regard to environmental risks, both work sites have known histories with no possibility of soil contamination and they hold no PCBs. Asbestos building materials had been registered.

    Regarding compliance with environmental laws, environmental loads from both work sites are minor, falling outside the scope of regulations, and the awareness of related ordinances was good.

    Awareness of energy conservation at both sites was high.

    Energy use has been minimized by turning off lights when not required, converting the air-conditioners to use inverter/VFD (Vascutek, Ltd.), and reducing the number of operating days in line with changes in the working pattern (UK factory). Sorting and recycling of waste was being promoted, and the small amount of chemicals was being managed appropriately.

    Both sites will continue to promote measures for energy conservation and waste management.

  - **Terumo (Philippines) Corporation**
    People leading the studies: 1 person (Terumo Head Office)
    We conducted a study on our state of compliance with environment-related laws, the status of energy conservation and waste management, and environmental risks, and no problems were identified.

    It was confirmed that no PCBs or asbestos were held or used on site, there was a known site history and no possibility of soil contamination. Regarding compliance with environment-related laws, environmental notifications and regular reporting were being carried out in conformity with laws. Information on amendments to laws and regulations was being conducted appropriately, and awareness of related ordinances was high.

    Energy conservation, waste reduction, and recycling activities were being promoted actively, and where lights were not in use, they were being switched off.

    Waste was being classified into plastic waste, paper, metals, and waste oil and liquid, and they were being recycled. In the future we will look at the power situation, investigate introducing energy conserving equipment, and promote measures for energy conservation and waste management.

**Overseas offices**

**Performance data for overseas offices**

<table>
<thead>
<tr>
<th>Sites</th>
<th>Maryland USA</th>
<th>Michigan USA</th>
<th>California USA</th>
<th>Massachusetts USA</th>
<th>Tamaulipas Mexico</th>
<th>Leuven Belgium</th>
<th>Liverpool U.K.</th>
<th>Glasgow U.K.</th>
<th>Zhejiang China</th>
<th>Jinan China</th>
<th>Manila Philippines</th>
<th>Kerala India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total CO2 emissions</td>
<td>18,444 t</td>
<td>3,194 t</td>
<td>707 t</td>
<td>316 t</td>
<td>1,421 t</td>
<td>17,579</td>
<td>62 t</td>
<td>1,076 t</td>
<td>8,468 t</td>
<td>1,983 t</td>
<td>5,706 t</td>
<td>1,799 t</td>
</tr>
<tr>
<td>Water usage</td>
<td>53,435 m³</td>
<td>6,443 m³</td>
<td>6,853 m³</td>
<td>2,330 m³</td>
<td>1,590 m³</td>
<td>65,084 m³</td>
<td>290 m³</td>
<td>12,855 m³</td>
<td>230,678 m³</td>
<td>21,116 m³</td>
<td>40,072 m³</td>
<td>32,939 m³</td>
</tr>
<tr>
<td>Wastes</td>
<td>790 t</td>
<td>15 t</td>
<td>26 t</td>
<td>72 t</td>
<td>40 t</td>
<td>931 t</td>
<td>—</td>
<td>229 t</td>
<td>28 t</td>
<td>141 t</td>
<td>133 t</td>
<td>464 t</td>
</tr>
<tr>
<td>Recycled amounts</td>
<td>245 t</td>
<td>55 t</td>
<td>8 t</td>
<td>117 t</td>
<td>0 t</td>
<td>445 t</td>
<td>—</td>
<td>76 t</td>
<td>58 t</td>
<td>12 t</td>
<td>45 t</td>
<td>24 t</td>
</tr>
</tbody>
</table>


* Calculations were made assuming waste densities of 0.2t/m³ for general and industrial wastes, and 1.0 t/m³ for toxic wastes.
Green Procurement and Purchasing, Environmental Awards

Terumo has conducted constituent studies on toxic substances in response to the EU’s RoHS Directive. We are also strengthening environmental conservation initiatives such as purchasing more low-emission vehicles. We have established an in-house award system to give recognition to a series of environmental conservation activities.

Green Procurement

In the EU, the WEEE (Waste Electrical and Electronic Equipment) Directive came into effect on 13 August 2005, and the RoHS (Restrictions of the use of certain Hazardous Substances in electrical and electronic equipment) Directive will be enforced from July 2006 for general devices. For this reason we are conducting toxic substance constituent studies in cooperation with our component suppliers. The studies use the common format of the Japan Green Procurement Survey Standardization Initiative (JGPSSI), and target the following substances that include substances other than those specified by the RoHS Directive.

- **Substances targeted in the study in accordance with the JGPSSI common format**
  - Cadmium & its compounds
  - Hexavalent chromium compounds
  - Lead and its compounds
  - Mercury and its compounds
  - Hexabromocyclododecane (HBCD)
  - Polystyrene black (PSB)
  - Polyvinyl chloride (PVC)
  - Polyvinylidene fluoride (PVDF)
  - Bismuth-based flame retardants
  - Polyurethane
  - Copper and its compounds
  - Chromium and its compounds
  - Chromium oxide
  - Nickel and its compounds
  - Tin and its compounds
  - Magnesium
  - Polyvinyl alcohol (PVOH)
  - Non-flame retardant plastic
  - Polyvinylidene fluoride (PVDF)
  - Polyamide
  - Others

- **In-house environmental awards**

Terumo has had an in-house system of environmental awards established since FY1999, for policies and activities that produced outstanding results for environmental conservation. In FY2004, the Kofu factory and the Balkany factory received awards. This result displays our global promotion of environmental conservation activities.

- **Green Purchasing**

Terumo is promoting green purchasing and has set guidelines relating to supplies for production processes, offices, and other equipment. Performance for FY2004 is as shown in the chart below. We plan to continue to increase our green purchasing rates.

- **Low-emission vehicles**

Terumo possesses 894 company vehicles, among which 672 were low-emission vehicles with at least one star, as of March 2005. Low-emission vehicles make up 79% of the total number of vehicles.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of vehicles</th>
<th>No. of green vehicles</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>780</td>
<td>672</td>
<td>85%</td>
</tr>
<tr>
<td>2005</td>
<td>812</td>
<td>672</td>
<td>83%</td>
</tr>
</tbody>
</table>

- **Total investment and R&D costs for the applicable period**

<table>
<thead>
<tr>
<th>Item</th>
<th>FY2005 Total</th>
<th>FY2004 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total investment in the applicable period</td>
<td>10,000</td>
<td>6,850</td>
</tr>
<tr>
<td>Total R&amp;D expenditures in the applicable period</td>
<td>8,359</td>
<td>11.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proceeds from recyclable wastes</th>
<th>Units: millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of PVC, polyurethane, soap, and other wastes</td>
<td>18</td>
</tr>
</tbody>
</table>

- **Environmental conservation benefits**

<table>
<thead>
<tr>
<th>Item</th>
<th>FY2004 performance</th>
<th>Compared to the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of waste for landfill</td>
<td>1,009</td>
<td>▲ 16%</td>
</tr>
<tr>
<td>Energy consumption</td>
<td>2.56 million GJ</td>
<td>▲ 9%</td>
</tr>
<tr>
<td>Cost of wastewater treatment</td>
<td>125,000 (yd)</td>
<td>▲ 0%</td>
</tr>
<tr>
<td>Chemicals emissions</td>
<td>2,200</td>
<td>▲ 13%</td>
</tr>
<tr>
<td>Water usage</td>
<td>2,444 million t</td>
<td>▲ 11.1%</td>
</tr>
</tbody>
</table>

- **Environmental accounting**

Terumo quantitatively assesses the costs and effectiveness of environmental conservation activities. We also make well-planned and efficient investments in environmental conservation to achieve our environmental goals, to provide for environmental considerations and reduce risks when expanding production facilities.

- **Environmental conservation costs and economic benefit**

<table>
<thead>
<tr>
<th>Category</th>
<th>Principal initiatives</th>
<th>Investment</th>
<th>Exposure</th>
<th>Economic benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Costs within corporate area</td>
<td></td>
<td></td>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>1) - 1 Pollution prevention</td>
<td>Repair of wastewater treatment equipment</td>
<td>17</td>
<td>20</td>
<td>32</td>
</tr>
<tr>
<td>1) - 2 Global environmental</td>
<td>Energy-saving facilities</td>
<td>68</td>
<td>47</td>
<td>32</td>
</tr>
<tr>
<td>measures</td>
<td>(1) - 3 Resource recycling</td>
<td>Waste treatment and recycling expenses</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>(1) - 4 Upstream and downstream costs</td>
<td>Eco-product production facilities</td>
<td>3</td>
<td>74</td>
<td>85</td>
</tr>
<tr>
<td>(2) Cost related to environmental management</td>
<td></td>
<td></td>
<td></td>
<td>(2)</td>
</tr>
<tr>
<td>(2) - 1 P&amp;D costs</td>
<td></td>
<td></td>
<td></td>
<td>107</td>
</tr>
<tr>
<td>(2) - 2 Social activity costs</td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>(3) Environmental damage costs</td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>8</td>
</tr>
</tbody>
</table>

- **FY2005 environmental investment plan (finalized items only)**

<table>
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<th>FY2005 performance</th>
<th>Compared to the previous year</th>
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<td>Environmental conservation costs and economic benefit</td>
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<td>Cost of wastewater treatment</td>
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</tr>
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<td></td>
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<tr>
<td>Total</td>
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- **Other**

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<th>Item</th>
<th>FY2004 performance</th>
<th>Compared to the previous year</th>
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<tr>
<td>Amount of waste for landfill</td>
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<td>▲ 11.6%</td>
</tr>
<tr>
<td>Energy consumption</td>
<td>3.56 million GJ</td>
<td>▲ 9%</td>
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- **Environmental accounting**

Terumo quantitatively assesses the costs and effectiveness of environmental conservation activities. We also make well-planned and efficient investments in environmental conservation to achieve our environmental goals, to provide for environmental considerations and reduce risks when expanding production facilities.
Editorial policy

This report is a simple presentation of Terumo's operations, primarily from the social and environmental perspectives, and was prepared with the objective of promoting communication with society.

In the Special Section, we describe in detail our initiatives towards advancing Terumo's medical treatment, based on our corporate philosophy of "Contributing to Society through Health Care". In the social report we discuss important issues and positioning with respect to our contributions to society through health care, particularly in the relation with our customers (people involved in health care and general customers), and have given more depth to the discussion compared to last year's edition. In the Environmental Report, we have again focused on presenting our environmental performance data and environmental initiatives, including those of overseas offices.

In the preparation of this Environmental Report, we have referred to the Japanese Ministry of the Environment's Environmental Reporting Guidelines (FY2003 edition), Environmental Performance Indicators for Businesses (FY2002 edition), and Environmental Accounting Guidelines (FY2002 edition).

Scope
Terumo Corporation (excluding some overseas sales offices)

Period Covered

Publication
December 2005

Next planned publication
December 2006

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