

Social and Environmental Report 2005



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.

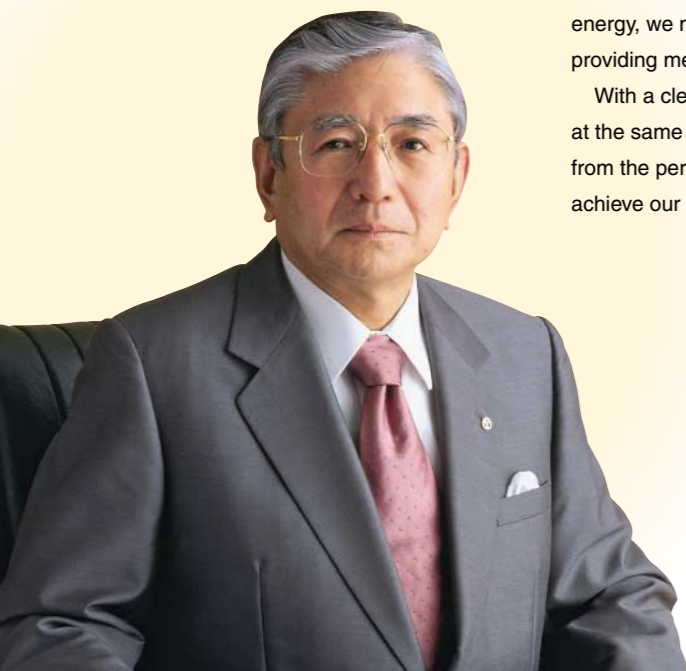
The medical device industry has many roles to fulfil in the development of health care, starting with providing safe and reliable medical devices and pharmaceuticals, as well as providing safe instruments and services that decrease the potential for medical accidents and promoting medical treatment that 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 Corporation
Chairman and Chief Executive officer
Takashi Wachi

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 medicine 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.



Terumo Corporation
President and Chief Operating Officer
Akira Takahashi

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Corporate Philosophy

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 befits a leading company in the industry.

Enhanced Value

We emphasize the importance of scientific thinking, creativity, and time appropriation, 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 openness 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.

Special Section

Contributing to Society through Health Care - 'Gentle' Health Care -

What can we do as an integrated manufacturer of health care products in order to realize the Terumo corporate philosophy of contributing to society through health care, and with what issues should we be grappling?

The simple answer to this question is that we must develop innovative medical devices that materialize the concept of 'gentle' health care, and provide safety and reliability to health care as it continually progresses. Terumo is continuing with its work while looking at the present, and also to the future.

Terumo Medical Pranex: Developing and spreading advanced medical technology

Health care that brings peace of mind

Terumo believes there are many things an integrated manufacturer of health care 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.

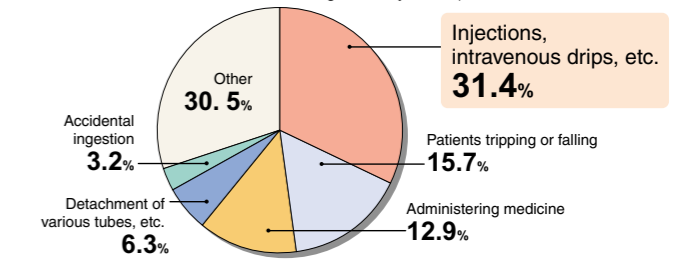
However, Terumo's mission does not stop at this. Understanding the needs of health care practice, developing medical devices and pharmaceuticals that are easily utilized by people involved in health care, and providing opportunities to undertake training in health care techniques, are also important roles for Terumo. Through initiatives of this kind, we can make safe health care a reality for health care 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 220 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 occurrence of such incidents into medical devices and pharmaceuticals is also one of the roles of Terumo, and we are actively engaged in this pursuit.

For example, we are providing safe infusion systems such as pre-filled syringes to prevent accidental use of the wrong medicine, infusion solution bags that contain all the necessary nutrients, infusion tubes that prevent infection accidents, and infusion pumps with functions to prevent mistaken operation.

Results of the "near-miss incidents" studies (From Haruko Kawamura: Health Science Research "Research relating to the establishment of medical risk management systems")



Pre-filled syringes

Providing training to medical professionals

As new medical device 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 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.

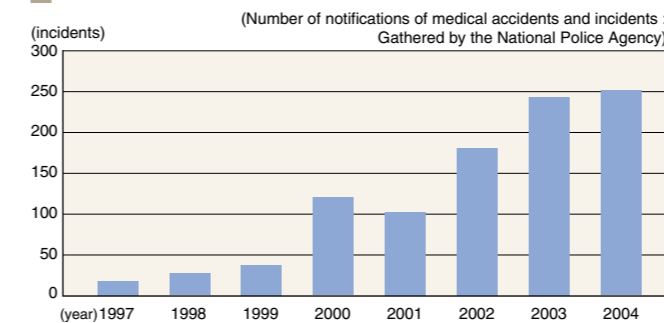
Since nurses were banned from conducting venous injections in 2002, it has also been used as a place for practical training relating to injections and infusions, and has been evaluated highly by people involved in hospitals.

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

Providing information through our Website

Terumo provides information relating to accident prevention and safety measures in health care 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 health care, case studies of, and countermeasures for, accidents that may occur on site, and so on.

Numbers of medical accidents





Left Ventricular Assist System

innovation in medical technology. Terumo's left ventricular assist system is compact, befitting placement within the body, and has features including excellent durability enabling long-term use, and facilitating smooth blood flow making blood clots 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 lessened 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 0.2mm. This can relieve 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.

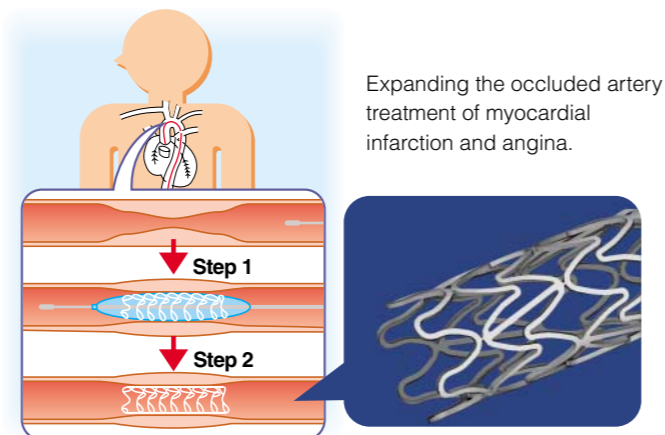


Injection needle for insulin

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



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 have 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

Solving the social problems of medical devices

Up until now in Japan the core of treatment has been pharmaceuticals, and medical devices have been seen as only an extension of this. While pharmacology exists as a specialist field, no academic field exists for medical device, and the situation today is still one in which only certain hospitals have a medical device department or an ME department.

There are many branches of medical device, from scalpels and tweezers to pace makers, catheters, CT scans, and MRIs. There are approximately 300,000 types of medical devices, as opposed to approximately 17,000 pharmaceutical items. Despite the large, fundamental difference to pharmaceuticals, and the complexity and diversity of medical equipment, its importance cannot be said to have been acknowledged by society.

In addition to this, the infrastructure for the smooth development of medical equipment is insufficient.

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.

This is proof of the increasing desire of corporations and government, both of which possess world-class Japanese medical technology and superior elemental technology, to join together to develop innovative medical device out of Japan. We recognize that as a leading company in medical device in Japan, the role of Terumo is large. We will continue to work actively to produce more medical device that can be dispatched overseas, and develop a strong industry that can contribute to global health care.

Terumo's Approach to an Ageing Society

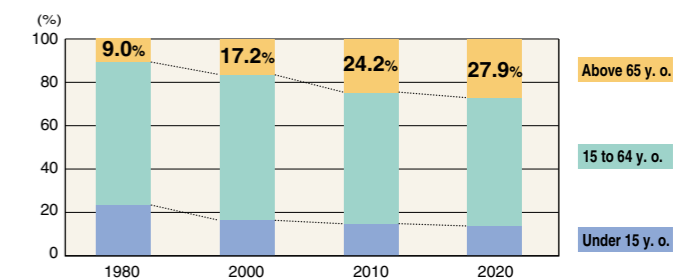
Japan rate of ageing is unprecedented in the world. It is predicted that health care costs of 31 trillion yen in 2002 will swell to close to 70 trillion yen by 2025. It is natural that demand for health care increases with age: how to suppress increasing health care costs is a subject of momentous importance 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 focussed 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



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 fulfils three 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.

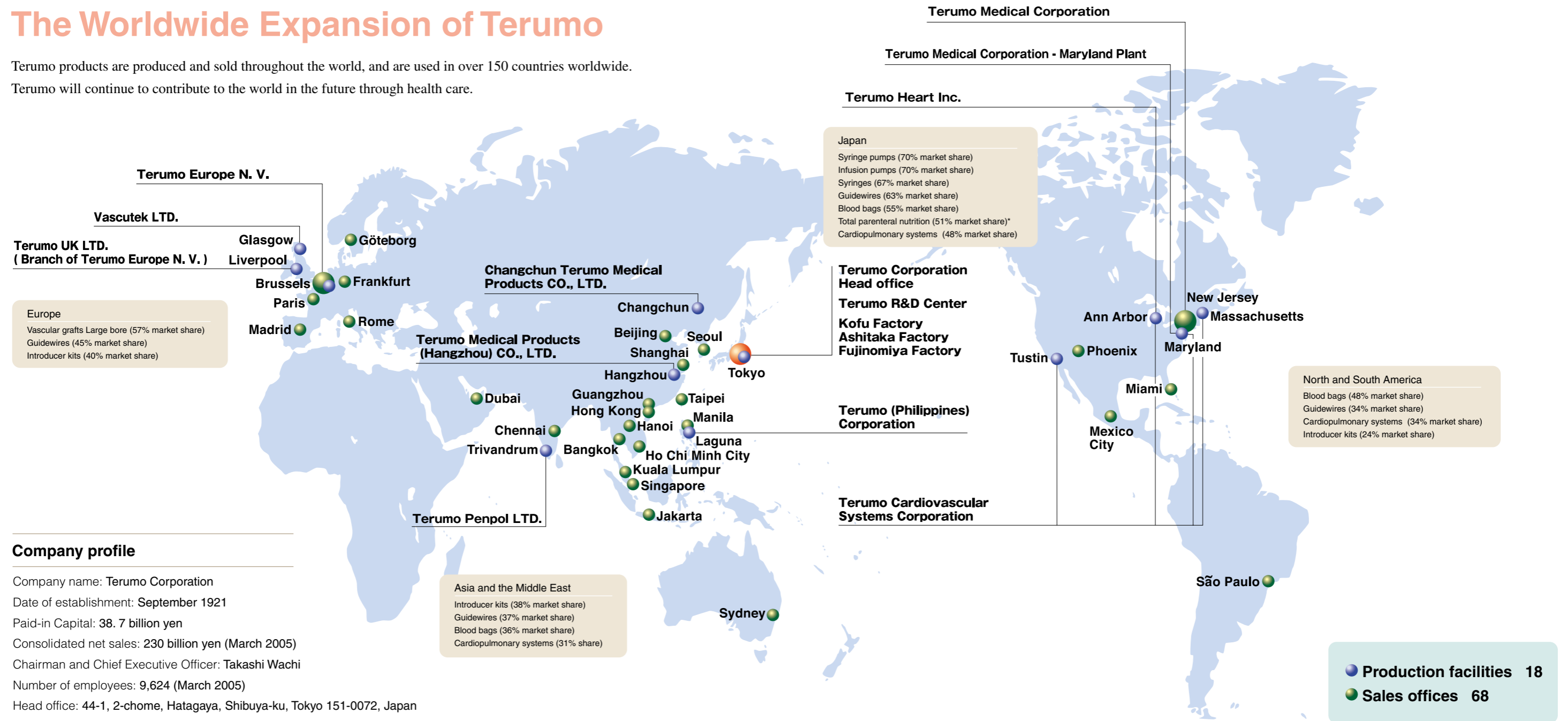
The third role is to be active as a forum for exchange among people involved in health care. It has already been used for various academic conferences and study groups, acting as a place of open communication where people involved in health care can exchange medical information.



Terumo Medical Pranex

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.

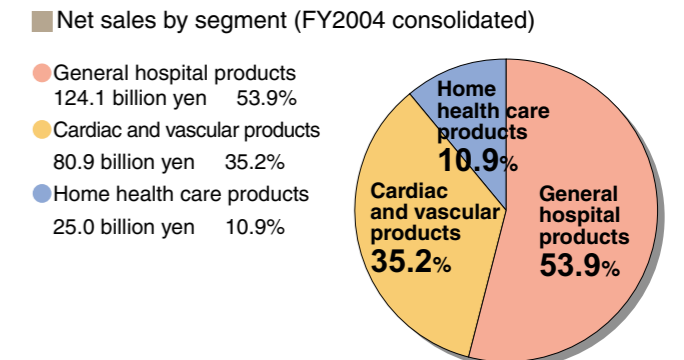
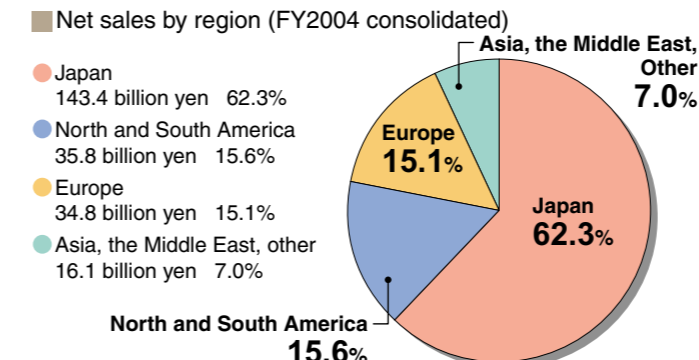
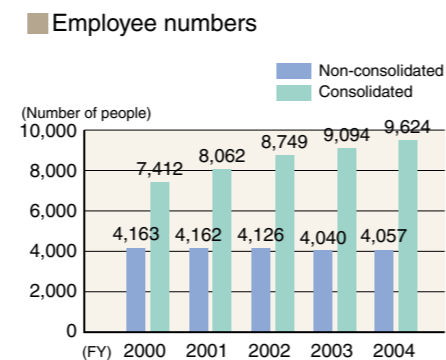
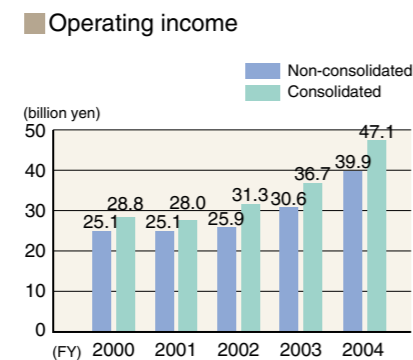
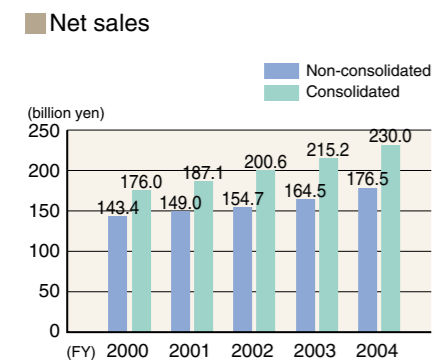


Company profile

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





CSR Performance (Targets and Achievements)

Starting in FY2005, we have been publishing social performance targets and achievements as well as those relating to environment 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

Initiatives		Medium-Term Targets	Initiatives up until now	Relevant page
Compliance	Promoting compliance	● To conduct compliance-related educational activities.	● April 2004: established compliance office. New employees, mid-career recruitment, implementation of leader training.	P12
	Responding to the Personal Information Protection Act	● To establish a PDCA cycle for compliance with the Personal Information Protection Act.	● Implemented personal information protection policy and regulations; carried out systematic awareness-raising.	
Relations with customers	A highly accessible call center	● Over 95% of calls received. ● Incoming calls answered within 2.5 seconds.	● 94.7% of calls received (result from FY2004). ● Incoming calls answered within 2.8 seconds (result from FY2004).	P14
	Improving customer service at the call center	● Self-resolution rate: above 95%.	● Consolidated mastery of product knowledge through regular training and skill-check tests.	
Relations with society	Provision of a health forecast	● To produce nationwide forecasts.	● Began providing forecasts by television (25 regions), newspaper (Kanto), radio (Kanto), and Websites (32 regions).	P15
	Contributions to society	● To continue valuable social contribution activities as a good corporate citizen.	● Carried out appropriate disaster support activities. ● Continued volunteer activities from the perspective of contributing to communities.	P15 P16
Relations with employees	Promoting employment of handicapped employees	● To maintain a disabled-person employment ratio of 1.8%.	● Promoted employment in collaboration with Hello Work (Achieved 1.8% employment rate for disabled people in FY2004).	P18
	Promoting occupational safety	● No deaths or serious injuries, and work-related accidents less than the previous year.	● Continued conducting disaster prevention activities through panel activities and 5S*. * 5S refers to the 5 Japanese words seiri (organization), seiton (neatness), seiso (cleaning), seiketsu (standardization), and shitsuke (discipline).	
	Plans for improving mental and physical health	● To continue measures to improve mental health and physical health.	● 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.	

Environmental Performance

Evaluation: ○: Target accomplished △: Part of the target not yet accomplished —: Not relevant

Initiatives	Voluntary Targets (Medium-Term Targets)	Results for FY2004	Evaluation	Relevant page	Initiatives beyond FY2005
Determine the environmental impact of our business activities	● Quantitatively determine the environmental impacts of development, production and sales activities.	● Conducted environmental impact assessments on important environmental aspects of our business activities at domestic factories and laboratories. ● Conducted a voluntary soil contamination study following our abolishment of facilities that use dichloromethane at the Ashitaka factory, to verify absence of soil contamination.	○	P24	● Based on our environmental impact assessments, we will voluntarily prepare promotional plans and undertake concrete initiatives for reduction of ethylene oxide emissions and introducing substitutes for HCFCs. ● We will continue conducting environmental impact assessments in accordance with JEPIX.
Eco-product development	● Remove mercury from health care practice. ● Respond to European regulations.	● Brought a new model of electronic blood pressure monitor to market. ● Established the ME Eco-Products Group. ● Continued the study into toxic substances.	○	P19 P22 P29	● Establishment of a route for recycling mercury blood pressure gauges. ● We will complete our response to WEEE Regulations.
Pollution prevention	● Reduce dichloromethane emissions to under 99 tons for FY2005.	● Reduced FY2004 dichloromethane emissions to 85 tons (target achieved).	○	P24	● We will keep FY2005 dichloromethane emissions below 99 tons. We will continue with voluntary targets.
Using resources and energy effectively	● Reduce CO ₂ emissions per sales unit by 15% from FY1990 level by FY2010.	● Reduced FY2003 CO ₂ emissions per sales unit by 20% from FY 1990 (target achieved). ● Decided to invest in the Japan Green House Gas Reduction Fund.	○	P23	● We will revise our voluntary reduction targets (revision targets). We will reduce basic units of CO ₂ emissions to 25% below 1990 levels by 2010.
Waste reduction	● Achieve 80% reduction over FY1996 by FY2005 in amount of wastes landfilled from domestic sites, excluding sales operations.	● Reduced the amount of landfilled waste from domestic production sites to 98% below 1996 levels (target achieved). ● Achieved zero emissions at domestic production sites (the Fujinomiya factory, the Ashitaka factory, and the Kofu factory) and [Zero emissions means the amount of landfilled waste is below 1% of the total amount of waste produced]	○	P25 P26	● We will reduce landfilled waste to 80% below FY1996 levels for all domestic sites excluding sales offices by 2005. We will continue with our voluntary targets.
Establishment of environmental management systems	● Maintain general compliance with international standard ISO14001 for environmental management systems in all domestic factories and laboratories.	● Continued to maintain the environmental management systems that, on the whole, conform to ISO14001 at domestic factories and laboratories. ● Conducted compliance audits for environmental-related laws at domestic factories and laboratories.	○	P20	● We will continue to maintain the environmental management systems that, on the whole, conform to ISO14001 at domestic factories and laboratories. ● We will conduct environmental audits at domestic factories and laboratories.
Encouraging volunteer activities	● Encouraging volunteer activities.	● Implemented the Terumo Mount Fuji Reforestation plan. ● Expanded support for volunteer activities starting with the Tamagawa Clean Strategy (Tokyo) and the Umezawa Beach Clean-up (Kanagawa).	○	P16	● We will support the Terumo Mount Fuji reforestation project and other volunteer activities. ● We will continue to increase volunteer activities.
Facilitating environmental communication	● Publish <i>environmental reports</i> . ● Initiatives for environment month.	● Published <i>the Social and Environmental Report FY2004</i> . ● Environment Month initiatives (all domestic factories involved in clean-up of garbage in local areas).	○	—	● We will publish <i>the Social and Environmental Report for FY2005</i> . ● We will conduct initiatives for Environment Month.
Compliance with environmental laws and ordinances	● Confirm compliance with laws, ordinances and agreements relating to environmental protection, as well as rigorous legal compliance overseas.	● Performed on site studies at 3 sites in Europe (2 sites) and The Philippines.	△	P28	● We will conduct on-site studies 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 consider increasing 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 meeting, 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 the corporate auditors, further strengthening auditing operations.

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 ethical stance.

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 mottos: “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. The total number of consultations submitted in the 27 months between establishment in January 2003 and March 2005 was 43.

TOPICS

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.



Personal information protection policy details on our Website

Diagram of the Corporate Governance System

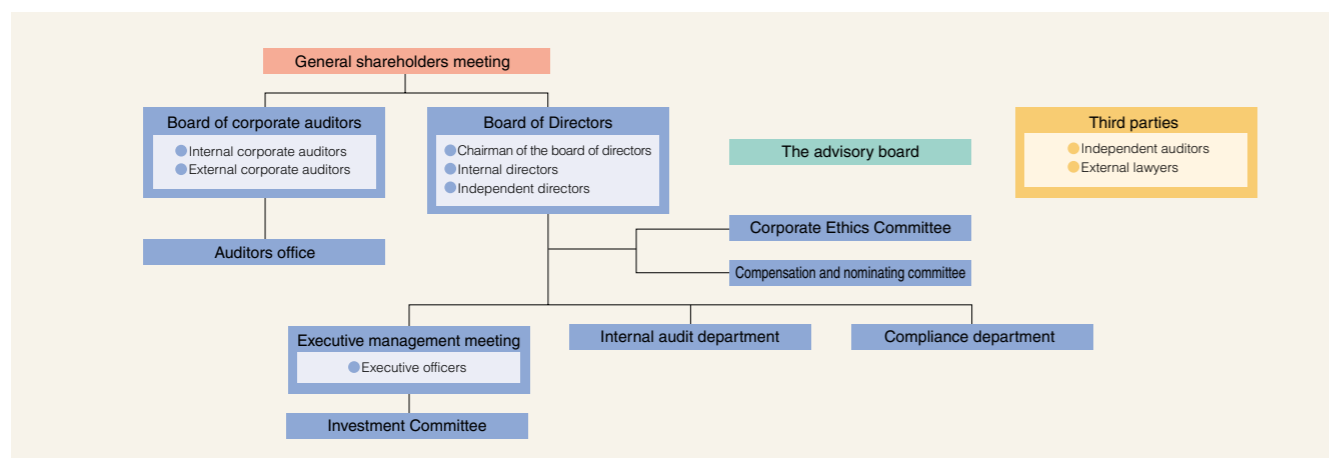
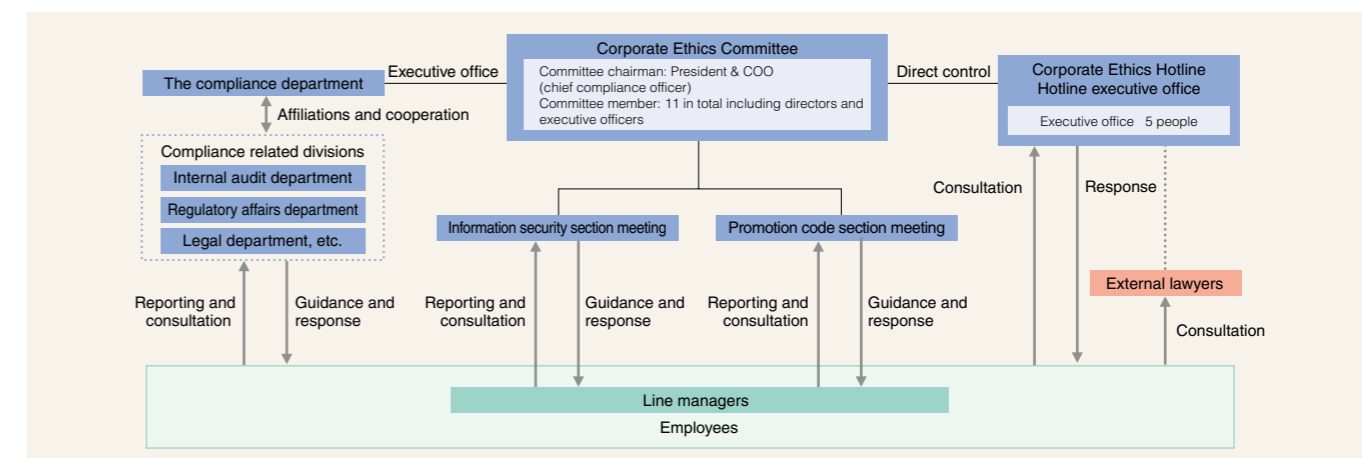


Diagram of the Compliance System



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, shoulder the responsibility 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, ICU's, and other health care sites to exchange and provide information by direct communication with a wide range of people including doctors, pharmacists, nurses, and managerial staff.

Terumo's products for medical institutions are broken down into 2 main groups. First are the Core Business fields, including products used by a broad range of medical professionals, such as syringes, I.V.solutions, and infusion pumps. Next is New Frontier 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'(see p4) 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 causes.

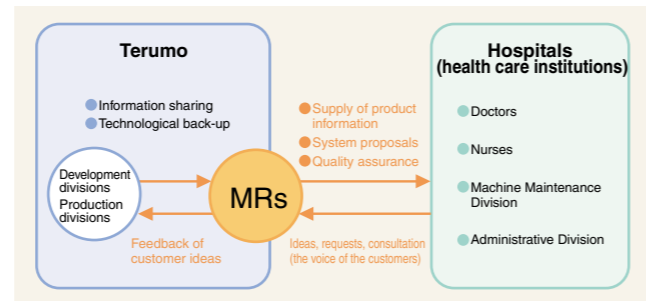
Many issues face the health care industry at the present time. Far more than simply promoting product sales, Terumo conducts a diverse range of activities promoting safer health care including standardization of use and procedures, training programs for medical staff and so on. Another role of Terumo's 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 sales ensure regular opportunities for discussion and other close communication. 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



Relations with general customers

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. As each category requires different specialist knowledge, the calls are handled by specialist 'communicators'. Help for home medical care patients is available 24 hours a day.

Education and training for efficient phone response

Suitable conduct is required of communicators, 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.



So that communicators can always deal with customers politely with a smile, there is a mirror placed in front of them on their desk.



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 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.



CS card (CS = Customer Satisfaction)

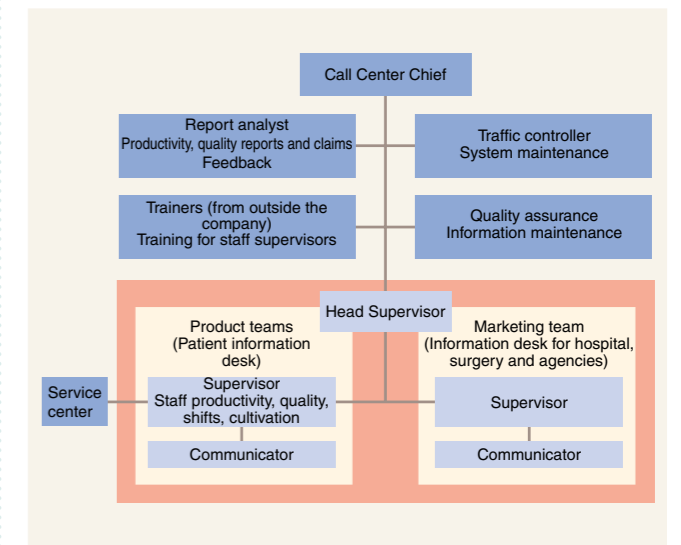


The Opinion Box for submitting CS cards contains the valuable opinions of our customers

Aims of the Terumo Call Center

- Increased customer satisfaction
- Analysis of and feedback from customer information
- Crisis Management

Organizational chart of the Terumo Call Center



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 About Blood 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

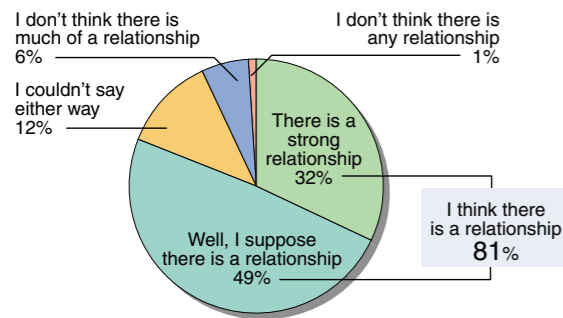


On the relationship between climate, weather, and health

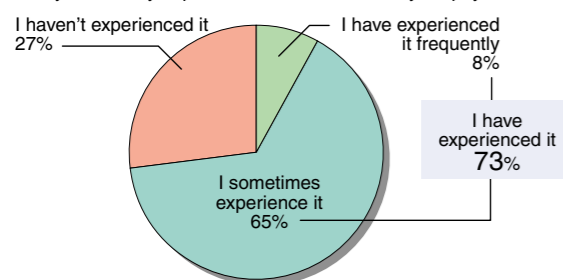
The weather and the climate are intimately linked with health. For example, people with neuralgia or rheumatism experience more joint pain when it is humid and cool. There have been many reports recently of people fainting with heatstroke on hot summer days. According to a Terumo study undertaken of 1,168 subjects, 81% of people answered that they think weather changes and physical condition 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 that is the case, when predictions are made for weather, we should be able to take measures to suppress the occurrence of symptoms and ease symptoms that occur, by encouraging caution in relation to health. From this idea, we began providing the Health and Weather Forecast through television, radio, newspapers, and our homepage in April 2004.

Do you think there is a relationship between changes in the weather and seasons and the physical condition of the human body?



Have you actually experienced its influence on your physical condition?



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 a community contribution that embodies the corporate philosophy we have had since our foundation, to contribute to society through health care.



Health & Weather TV Forecast (TBS Sunday 18:24)

Our approach to disaster support

In places where natural disasters such as major earthquakes and tsunamis have hit, an insufficient supply of medical device and pharmaceuticals can be a grave problem. Terumo carries 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 provided to disaster zones.

Deep-vein thrombosis occurred among the people living as refugees due to the Niigata Chuetsu Earthquake, and there was also concern for dropsical 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.



Employees offering earthquake support services

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 refuge 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

The 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 next year, 1997, the NPO Mount Fuji Natural Reforestation 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 Reforestation Group in 2003. We are removing undergrowth 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.



Progress of undergrowth cutting



Participants in the Terumo Mount Fuji Reforestation Project

Contributing to society in overseas offices - Terumo (Deutschland) GmbH

At Terumo (Deutschland) GmbH, it had become a convention to give a gift to customers at Christmas. However, since 2000 we have been donating the budget for Christmas gifts to children in developing nations. It is being used for educational expenses for the children. We present a Christmas card that tracks the progress of the children for customers. This has received the approval of many customers.

Asking employees to donate blood

Blood donation is the most painless way of participating in volunteer activities. As a corporation involved in health care, Terumo started the Committee to Promote Blood Donation to raise employee interest in the blood donation system and raise employee awareness of activities that contribute to society. We have been appealing to employees to donate blood, with an emphasis on the early spring period each year, when shortages tend to arise. In FY2004, 672 employees donated blood.

Frequency of blood donations and related awards

Name of establishment	Frequency	Award history
Head office	Twice a year	Received the Silver Merit Award in 2000
Shonan region	Twice a year	Received the Gold Certificate of Appreciation in 2003
Fujinomiya factory	Twice a year	-
Ashitaka factory	Twice a year	Received the Gold Merit Award in 2002
Kofu factory	Three times a year	Received the Certificate of Appreciation from the Minister of Health, Labor and Welfare

Christmas lights for hospice patients

From about a week before Christmas we decorate the Terumo Shonan Center with Christmas lights. We have been doing this every year since 1997 to lift the spirits of the hospice patients, who are situated just opposite. On Christmas Eve we have a fireworks display, which is enjoyed by patients and their families.



Christmas lights

Clean-up 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-cho, Kanagawa Prefecture, near the Terumo R & D Center. In 2004, 70 employees and their families participated in these activities.



Participants in the Tamagawa River Clean-Up

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 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.



Supporting the individuality of all the men and women of Terumo - respecting and encouraging their talents while promoting an atmosphere in which everyone works together as a team - this is "The Associate Spirit"

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 own 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.

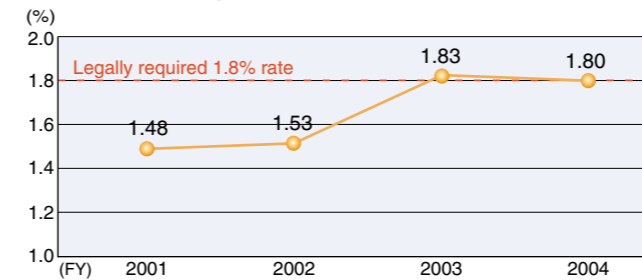
We will devote ourselves to educational activities continuously. As a good corporate citizen with employees who each have a high level of awareness of human rights in their work and also in their daily lives.

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.

Disabled employee rate



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 All-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 58 members in the All-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.

Aiming for no work-related accidents

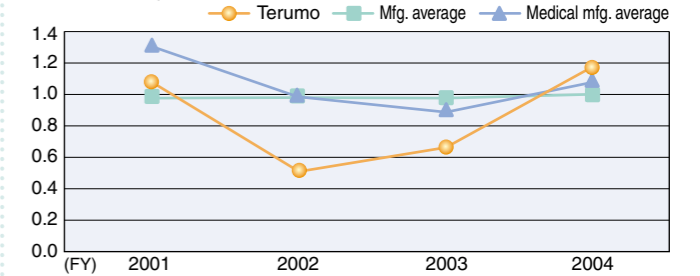
We are aiming to reduce work-related accidents at every work site, by analyzing accidents that have occurred, and continually undertaking workplace safety patrols, primarily through the Safety and Health Committee. At production sites we have introduced group activities and 5S (seiri= organization seiton= neatness seiso= cleaning, seiketsu= standardization, and shitsuke= discipline) to 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.

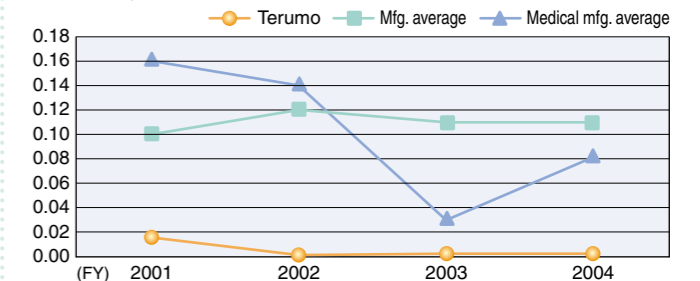
Frequency rate*



* "Frequency rate" is the number of deaths and injuries due to labor accidents per million hours worked, and indicates the frequency with which accidents occur.

$$\text{Frequency rate} = \frac{\text{deaths and injuries due to labor accidents}}{\text{total actual hours worked}} \times 1,000,000 \text{ hours}$$

Severity rate*



* "Severity rate" is the number of working days lost per 1,000 hours worked, and indicates the severity of injuries.

$$\text{Severity rate} = \frac{\text{total working days lost}}{\text{total actual hours worked}} \times 1,000 \text{ hours}$$

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.

In our life plan seminars, targeted at employees over the age of 55, we provide information on health management in retirement plans and health maintenance, and support mental health, which is critical to a prosperous life.



Supplying information on our mental health consultation service

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 among the over 2,800 who made the declaration gather together at a Terumo facility (Medical Pranex) 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 throughout this forum. At 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.



The 100-person forum - Many ideas from heated discussion



Environmental Management System

What Terumo aims for is safe health care and harmony with the environment. We established our Basic Environmental Policy in 1999, and it was based on our corporate philosophy, of contributing to society through health care. As a leading company in the health care field, we strive to protect the global environment.

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:

- ascertaining the environmental impact of our activities
- developing environmentally friendly products
- preventing pollution
- making effective use of energy and resources
- reducing waste

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

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

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

Terumo conducts in-house informational and educational activities in an effort to increase its employees' environmental awareness.

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.

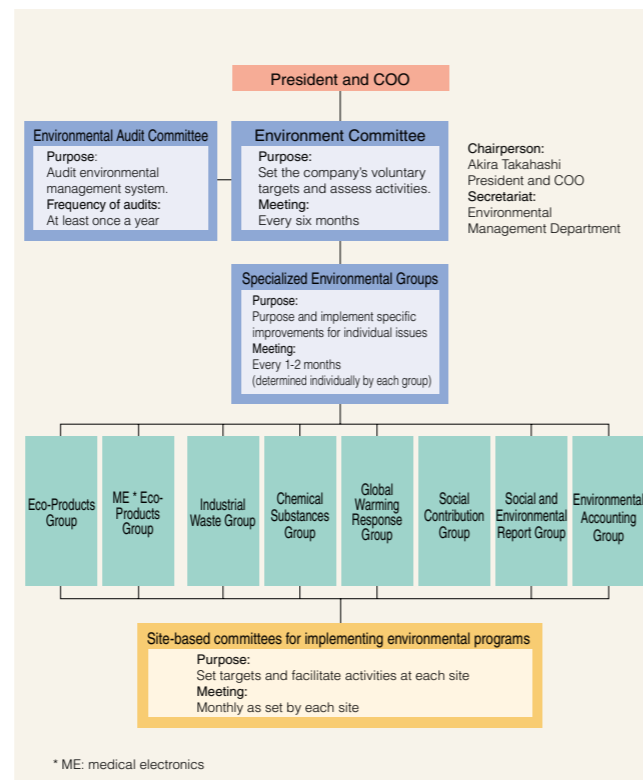
The Environmental Audit Committee ensures the objectivity and fairness of audits and, implementing its own auditing procedures, undertakes internal audits at every work site to check whether the environmental management system is functioning effectively.

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. Aiming to communicate 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.

Companywide Organization for Environmental Management Chairperson:



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.



Internal environmental auditor training

● 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.



Practical training on diagnosis of waste-related risks

Medical Waste Research Group Research Lecture Meeting No. 23

In July 2004 a Terumo employee gave a lecture at a special project of the 23rd Research Lecture Meeting held by the Medical Waste Research Group at Tokyo Jikeikai University School of Medicine. The special project was called "Problems Associated with Medical Waste and Initiatives of Manufacturers" and the lecture was about reducing the environmental load of products.



Medical Wastes Reserch Society

Status of environmental audits

● Objectives of audits

The objectives of audits are to verify compliance with environment-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
 - i Confirming waste water paths and outlets
 - ii Confirming how measurements of chemicals at site boundaries are being made, and their results
 - iii Confirming waste disposal routes and methods
- 3) Confirming how chemicals are being used
- 4) Confirming how working environments are managed
- 5) Checking complaints from nearby residents and guidance from authorities and confirming responses them

● 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.
 - i Standardization of internal recommendation forms for waste disposal consignment contracts
 - ii Improved accuracy of manifest management (computerization, and re-confirmation of details recorded)
 - iii 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 been undertaking solid initiatives aimed at achieving zero emissions (meaning the amount of waste going to final landfill is less than 1% of the total discharge).

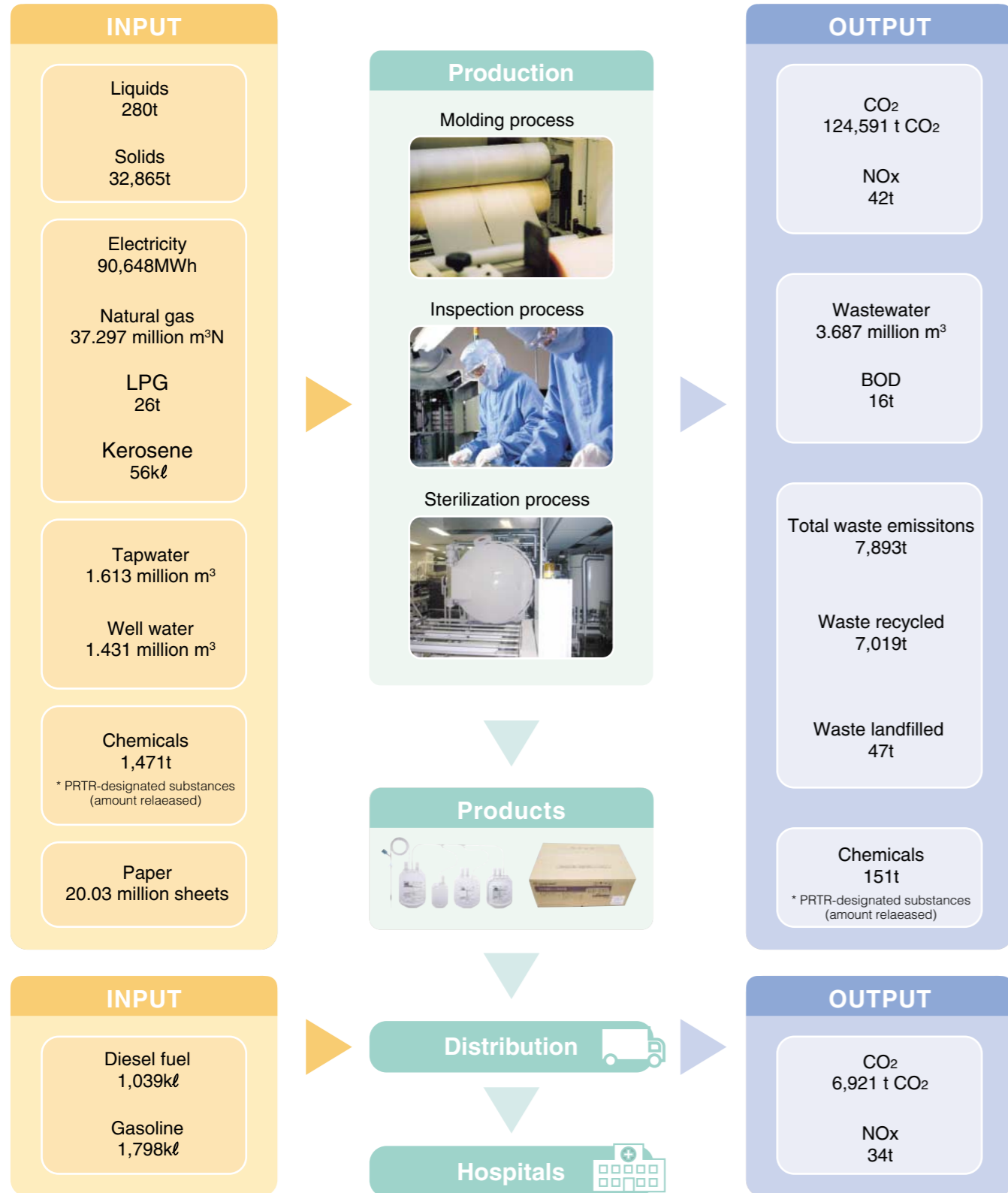


Status of environmental audits

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.

Material Flows



* Nox emitted in distribution were calculated using the coefficients in the Environment Ministry's "Environmental Activities Evaluation Program(April 2002).

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)

- Product development aimed at suppressing waste generation in hospitals - 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.



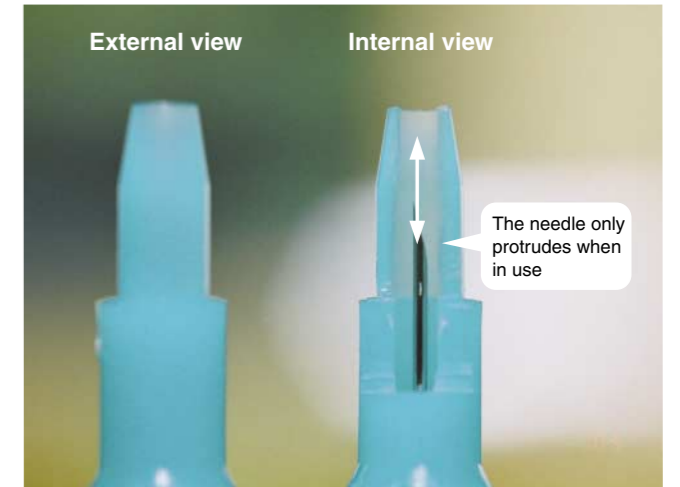
High calorie infusion

● Appropriate disposal

- Product development that ensures safety in collection and transportation after use -

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).



Puncture needle for a blood glucose meter

- 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 these 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.



The new type electronic blood pressure monitor



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

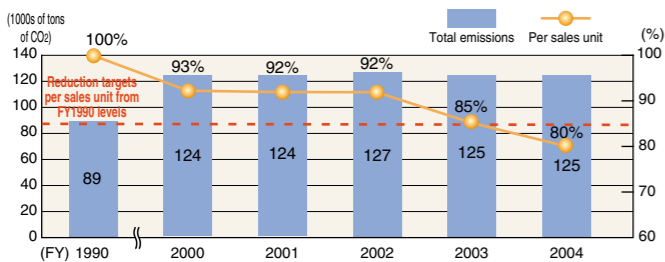
In FY2003, Japan was discharging approximately 1.3 billion tons* (About 5% of the world's total) of greenhouse gases annually. This is 8%** higher than the benchmark year of 1990. Terumo discharged approximately 120,000 tons annually as of FY2004, which made up about 0.009% of Japan's discharge (approximately 0.025% 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 1998, 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.

* and **: Ministry of the Environment estimates
Source: Ministry of the Environment Central Environment Council "On the Course of Action for New Countermeasures for Global Warming Based on the Evaluation and Revision of the Outline of Countermeasures for Global Warming (Second Response)" March 2005.

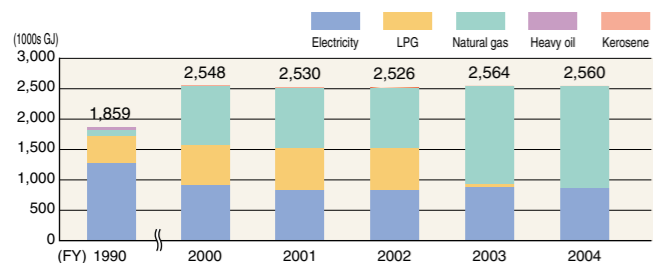
CO₂ Emission Reduction Target (2005 revision)

Reduce CO₂ emissions per sales unit by 25% from FY1990 level by FY2010

Change in total CO₂ emissions



Change in energy consumption



* When converting energy to calorific values, conversion coefficients from the Enforcement Regulations of the Law Concerning the Rational Use of Energy (revised February 2003) were used. For conversion of CO₂ emissions, calorific values and CO₂ emissions were calculated using coefficients based on the Enforcement Order of the Law Concerning the Promotion of Countermeasures for Global Warming (revised December 2002).

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 from iron-core types to inverter/VFD types, energy conservation of about 15% can be achieved with a 40W two-bulb fluorescent light.



Inverter/VFD type fluorescent lights

Number of fluorescent light inverter ballasts introduced

	The Kofu factory	The Fujinomiya factory	The Ashitaka factory
Number introduced (ballasts)	350	2,748	488

Introduction of dummy tubes for fluorescent lights

For 40W 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.



A fluorescent light with a dummy tube

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 Japan 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.



Nihon Keizai Shinbun
Article from 8
November 2004



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 center. We are pushing forward strongly with establishing voluntary reduction targets for all chemicals used, suppressing emissions, and changing to substitutes.

Our approach toward management of chemicals and related initiatives

Through the activities of our Chemical Substances Group, Terumo is investigating and reducing the amount of chemicals we use and discharge.

We are striving to establish a system to determine the monthly units of chemicals in the Pollutant Release and Transfer Register (PRTR), and reducing emissions at the source is a major priority.

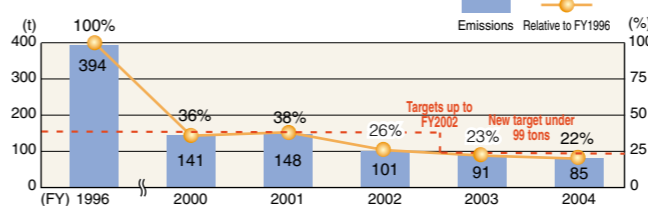
As a voluntary emission reduction target, we have capped the total amount of dichloromethane to be emitted annually from all work sites at 99 tons. In FY2004, the amount of waste (amount transferred) at the Ashitaka factory increased. This was due to the fact that we stopped use of dichloromethane, and we estimate the emissions and amount transferred for the following year to be almost zero.

In future, we will place great importance on reducing discharge, promoting substitutes for HCFC-141b, and thoroughly managing chemicals in the working environment.

Chemical Emission Reduction Target

Bring dichloromethane emissions below 99 tons in FY2005

Dichloromethane emissions



Voluntary soil contamination study

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.



Ashitaka factory: voluntary soil contamination study

Reduction of ethylene oxide emissions

There is a gas sterilization method for sterilizing medical device that uses ethylene oxide. Ethylene oxide sterilization is used widely by medical device manufacturers because it can be used to sterilize many kinds of medical device. Terumo is looking for a substitute for ethylene oxide sterilization, and at work sites that use ethylene oxide, detoxification apparatus such as exhaust gas combustion devices are in use. In FY2004 we set up a liaison conference aiming to reduce emissions further and it has begun investigations.

Detoxification apparatus in operation at each factory

Factory	Detoxification apparatus
Fujinomiya factory	Catalytic oxidator, scrubber
Ashitaka factory	Combustion chamber
Kofu factory	Combustion chamber
Shonan Center	Catalytic oxidator



Fujinomiya factory: Catalytic oxidator



Kofu factory: Combustion chamber

Substances designated by PRTR Law

Units: tons

Substance	Amounts	Kofu	Ashitaka	Fujinomiya	Shonan	Total
Ethylene oxide gas	Handled	17	31	10	0	58
	Emitted	2	3	3	0	8
	Transferred	0	0	0	0	0
Dichloromethane	Handled	128	39	0	0	167
	Emitted	76	9	0	0	85
	Transferred	0	30	0	0	30
HCFC-141b	Handled	21	0	18	0	39
	Emitted	17	0	17	0	34
	Transferred	0	0	1	0	1
HCFC-225	Handled	2	20	4	0	26
	Emitted	0	4	2	0	6
	Transferred	0	17	2	0	19
Di-(2-ethylhexyl) phthalate	Handled	492	18	612	0	1,122
	Emitted	0	0	0	0	0
	Transferred	11	0	0	0	11
Toluene	Handled	8	0	1	3	12
	Emitted	6	0	1	0	7
	Transferred	2	0	0	2	4
Di-(n-butyl) phthalate	Handled	0	22	0	0	22
	Emitted	0	0	0	0	0
	Transferred	0	22	0	0	22
Di-(2-ethylhexyl) adipate	Handled	4	0	0	0	4
	Emitted	0	0	0	0	0
	Transferred	0	0	0	0	0
Hydrogen fluoride	Handled	0	4	0	0	4
	Emitted	0	1	0	0	1
	Transferred	0	0	0	0	0
Tetrahydrofuran (Substance under voluntary management)	Handled	2	7	7	0	16
	Emitted	2	3	5	0	10
	Transferred	0	4	1	0	5

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

Management of PCBs

Terumo has completed removal of transformers and fluorescent light ballasts that use PCBs, in accordance with the Law Concerning Special Measures Against PCB Waste, and the Waste Disposal and Public Cleansing Law, and is storing this equipment at the Fujinomiya factory and the Ashitaka factory. In a study being continued at 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.

PCB-containing equipment inventory

Storage site	Fluorescent light ballasts	Capacitors	Reactors
Fujinomiya factory	459	23	0
Ashitaka factory	419	17	2

Heavy electrical equipment with possible trace PCBs

Period of manufacture	Number of units
Period B	8
Period C	221
Period D	152

B: 1963 to 1972 (concurrent production with PCBs and new oil)
C: 1973 to 1989 (concurrent production with new oil and regenerated oil)
D: 1990 to 2005 (production with new oil only)

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.

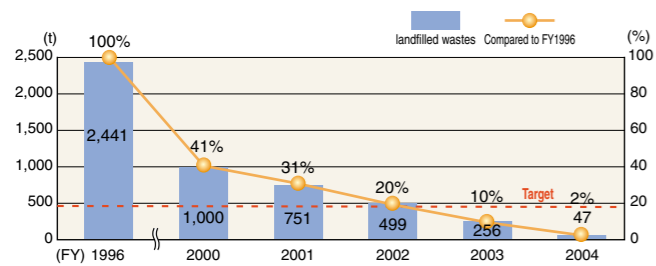
The amount of landfilled waste in FY2004 was 98% below FY1996 levels, representing the second year in a row that targets were achieved.

*Continuing reduction targets for the amount of landfilled waste until FY2005

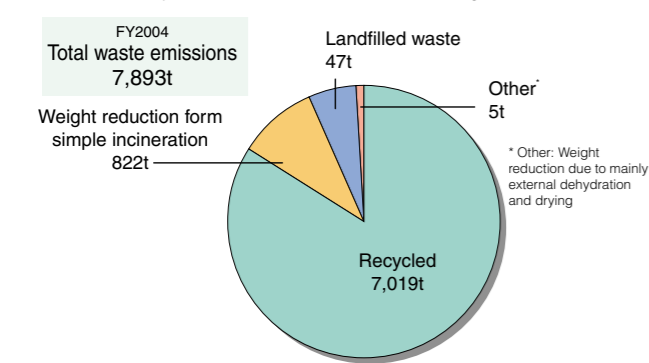
Landfilled Waste Reduction Target

Reduce landfilled wastes generated by domestic sites by 80% from the FY1996 level by FY2005, excluding sales operations

Wastes sent for landfill



Total companywide waste emissions and management breakdown



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.



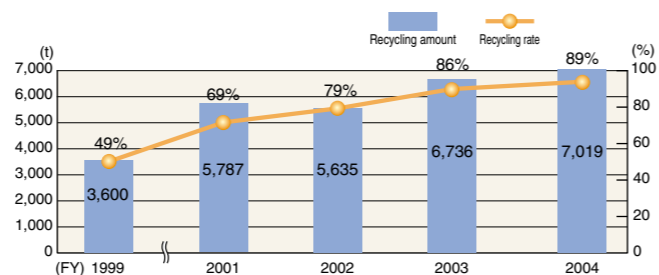
Waste disposal site confirmations

Promoting recycling

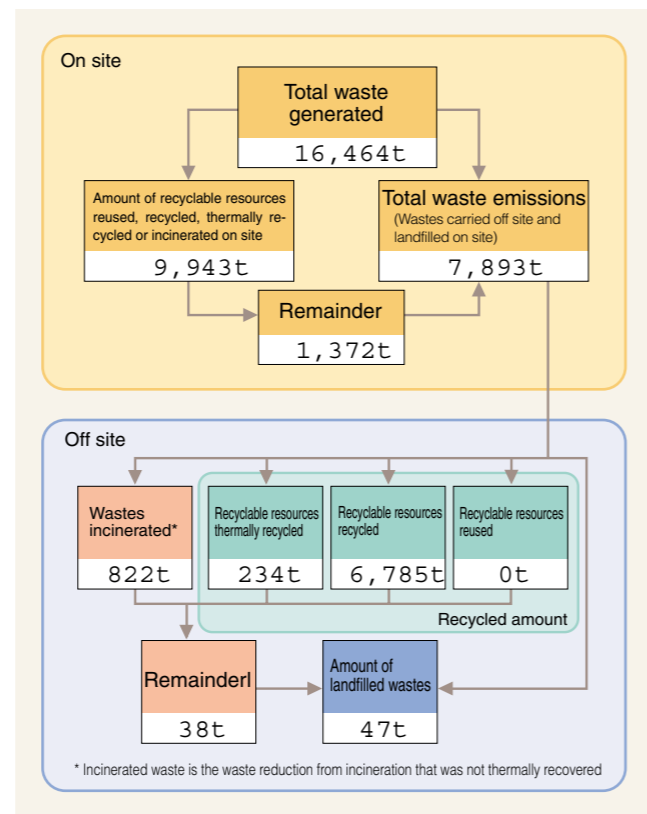
At Terumo waste plastic from every factory is recycled as re-useable raw materials. At the Kofu factory, we have opened a recycling plant that uses the grinding sludge generated from polishing syringe needles and uses it as a metal resource.

With these results and more, the recycling rate for FY2004 was 89%.

Recycling amount and rate



Waste Stream



* Incinerated waste is the waste reduction from incineration that was not thermally recovered

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 countrywide 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 90% or more compared to last year, and this makes up 0.4% of total waste discharged.



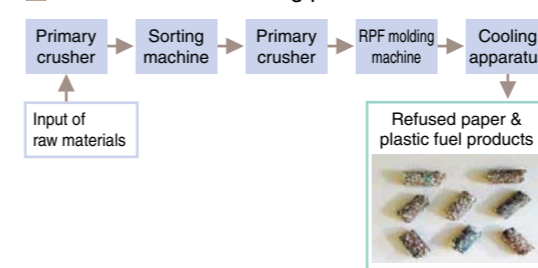
Storage location for recycled resources

[Fujinomiya factory]

By undertaking thorough waste separation, and promoting RPF (material recycling) for waste plastics, we reduced landfilled waste to 50% of the previous year's level. This makes up 0.6% of total

What is RPF?

The RPF manufacturing process



RPF (Refuse Paper & Plastic Fuel)

A high-calorie solid fuel made mainly from industrial waste that is difficult to recycle as raw material, such as old paper and plastic. As the raw material we use industrial waste with a known source and sorted general waste, so the quality of the fuel is stable. Heat value: 6,000 to 10,000 kcal/kg.

Water Conservation

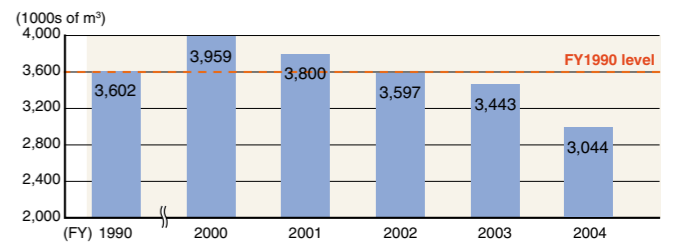
Water Conservation

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



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, re-use, and recycle), and has been putting effective use of water resources and water conservation measures into practice.

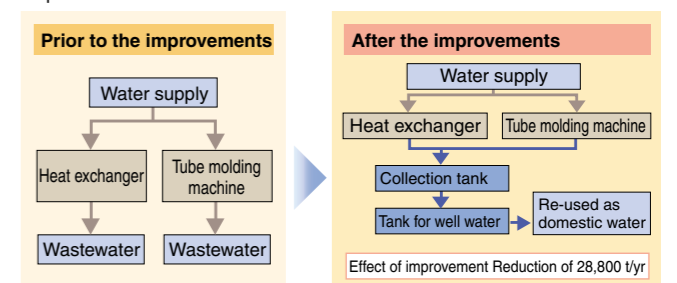
Water conservation measures

The 7 important measures

- 1) Less water for vacuum pumps on the blood bag manufacturing line
- 2) Higher reuse of disinfected 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 tubes
- 6) Less washing water used on 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





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 landfilled 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.



Introduction of storage containers to avoid spillage of solvents in order to prevent soil contamination.

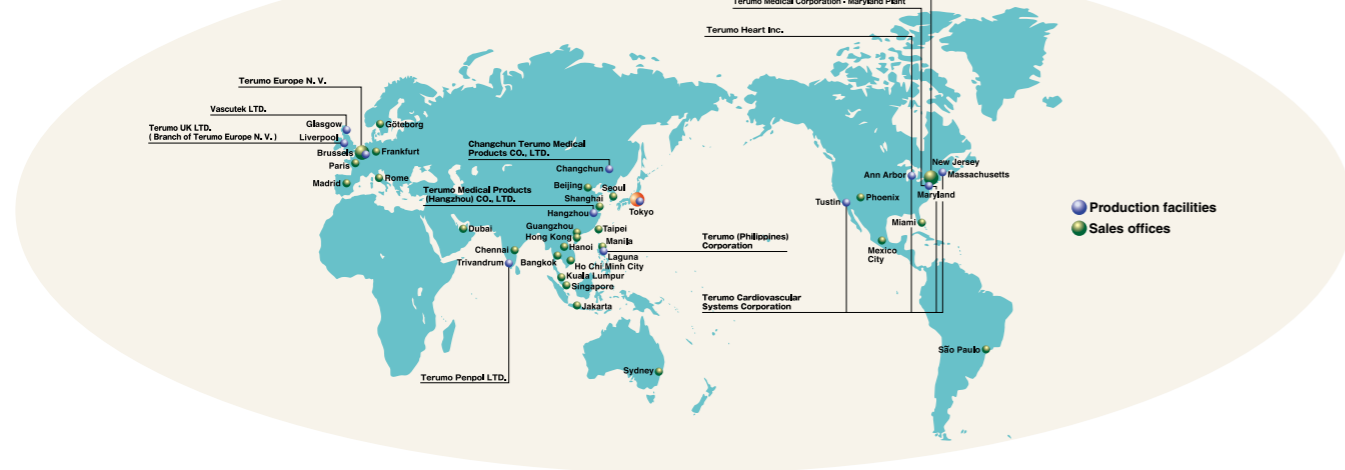
2.Energy conservation

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.

Overseas offices



Performance data for overseas offices

Sites	Terumo Medical Corporation and Terumo Cardiovascular Systems Corporation	Terumo Cardiovascular Systems Corporation	Terumo Cardiovascular Systems Corporation	Terumo Cardiovascular Systems Corporation	Terumo Cardiovascular Systems Corporation	Terumo Europe N. V.	Terumo Europe N. V. 's UK factory	Vascutek LTD.	Terumo Medical Products (Hangzhou)	Changchun Terumo Medical Products	Terumo (Philippines) Corporation	Terumo Penpol LTD.	Total
Location	Maryland USA	Michigan USA	California USA	Massachusetts USA	Tamaulipas Mexico	Leuven Belgium	Liverpool U.K.	Glasgow U.K.	Zhejiang China	Jilin China	Manila Philippines	Kerala India	
Total CO ₂ emissions	18,444 t	3,194 t	707 t	316 t	1,421 t	17,579 t	62 t	1,076 t	8,468 t	1,983 t	5,706 t	1,799 t	60,755 t
Water usage	53,435 m ³	6,443 m ³	6,853 m ³	2,330 m ³	1,590 m ³	65,084 m ³	290 m ³	12,855 m ³	230,678 m ³	25,116 m ³	40,027 m ³	32,939 m ³	477,639 m ³
Wastes	Wastes (municipal solid, industrial)	760 t	15 t	26 t	72 t	931 t	—	229 t	28 t	141 t	133 t	464 t	2,839 t
	Hazardous waste	89 t	13 t	6 t	—	225 t	—	4,224 t	13 t	0 t	18 t	0 t	4,598 t
	Recycled amounts	245 t	55 t	8 t	117 t	0 t	445 t	—	76 t	58 t	45 t	24 t	1,085 t

* CO₂ emission coefficients we calculated with reference to Commercial Greenhouse Gas Emission Computation Method Guidelines of the Ministry of the Environment's Global Environment Bureau (Draft policy, Version 1.2).

* Calculations were made assuming waste densities of 0.2t/m³ for general and industrial wastes, and 1.0 t/m³ for Toxic wastes.

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)
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.

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.



A work site in the UK

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 initiating recycling.



Storage space for plastic waste to be recycled



Oil recycled as fuel

In the future we will look at the power situation, investigate introducing energy conserving equipment, and promote measures for energy conservation and waste management.





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 components 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 the 6 specified by the RoHS Directive.

Substances targeted in the study in accordance with the JGPSSI common format

Substance group
Cadmium & its compounds
Hexavalent chromium compounds
Lead and its compounds
Mercury and its compounds
Bis(tributyltin)oxide (TBTO)
Tributyltins (TBTs) and triphenyltins (TPTs)
Polybrominated biphenyls (PBBs)
Polybrominated diphenyl ethers (PBDEs)
Polychlorinated biphenyls (PCBs)
Polybrominated naphthalene (more than 3 chlorides)
Short-chain paraffin salts
Asbestos
Azo dyes and pigments
Substances that destroy the ozone layer
Radioactive substances
Antimony and its compounds
Arsenic and its compounds
Beryllium and its compounds
Bismuth and its compounds
Nickel and its compounds
Selenium and its compounds
Magnesium
Polyvinyl chloride (PVC)
Bromine-based flame retardants
Phthalic esters
Copper and its compounds
Gold and its compounds
Palladium and its compounds
Silver and its compounds
Others

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 rate.

Green purchasing in FY2004

(Units: Quantities: 1000s of items, Dollar values: 1000s of yen)

Sites	Data type	Total	Eco Mark products breakdown		Breakdown of products conforming to green purchasing		Breakdown of green mark products	
			Quantity	Value	Quantity	Value	Quantity	Value
Head office and sales offices total	Purchase quantity	24	10	39%	12	47%	2	8%
	¥ Total	7,880	3,039	39%	3,037	39%	867	11%
Factory total	Purchase quantity	45	22	48%	24	54%	4	8%
	¥ Total	17,928	6,684	37%	6,701	37%	1,093	6%

Low-emission vehicles

Terumo possesses 849 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.

Low-emission vehicle fleet

Vehicle type	No. of vehicles
New☆☆☆☆75% below FY2005 exhaust gas standard	4
New☆☆☆☆50% below FY2005 exhaust gas standard	129
☆☆☆☆75% below FY2000 exhaust gas standard	234
☆☆☆☆50% below FY2000 exhaust gas standard	2
☆☆25% below FY2000 exhaust gas standard	303
None	177
Total	849



Low-emission vehicles

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 Belgian factory received awards. This result displays our global promotion of environmental conservation activities.



Wim Ghysen from the Belgian factory



Kofu factory Environmental Promotion Committee

Year of award	Name of award	Name of the group awarded and details
FY2004	Division Manager's Award	Terumo Europe N.V.'s Belgian Factory Promotion of environmental measures Kofu factory Environmental Promotion Committee Achievement of zero emissions at Kofu factory
	President's Award	TMC/TCVS Maryland Factory Promotion of environmental measures
FY2003	Division Manager's Award	Ashitaka factory Environmental Promotion Committee Achievement of zero emissions at Ashitaka factory
	President's Award	Project for Environmental Hormones measures For its work on a strategy for replacing DEHP* with TOTM** in products
FY2002	Division Manager's Award	Fujinomiya Factory Production, 1st and 2nd Divisions water use reduction project Water conservation at Fujinomiya factory Ashitaka and Suruga factories' environment committees Promotion of environmental measures at Ashitaka and Suruga factories
	President's Award	Fujinomiya Factory Production, 2nd Division Water conservation at Fujinomiya Factory Production, 2nd Division
FY2001	Division Manager's Award	Kofu East Factory Protection Section Promotion of environmental conservation activities at Kofu factory
	Environmental Contribution Award	Ashitaka factory Environmental Promotion Committee For increasing the waste recycling rate and for energy conservation
FY2000	Environmental Contribution Award	Shonan Center Environment Committee For reducing energy use by 727kℓ
	Environmental Contribution Award	Industrial Waste Group For waste reduction
FY1999	Environmental Contribution Award	The Ashitaka factory For reaching the FY2000 energy conservation targets

* DEHP: Di-(2-ethylhexyl) phthalate
** TOTM: Tris (2-ethylhexyl) trimellitate



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

Units: millions of yen

Scope of assessment: Head office, domestic factories, and a research center

Applicable period: April 1, 2004 to March 31, 2005

Category	Environmental conservation costs		Economic benefit		
	Principal initiatives	Investment		Expenditure	
(1) Costs within business areas		93	1,157	888	
Breakdown	(1) - 1 Pollution prevention	Repair of wastewater treatment equipment	17	250	111
	(1) - 2 Global environmental conservation	Energy-saving facilities	65	347	525
	(1) - 3 Resource recycling	Waste treatment and recycling expenses	11	559	252
(2) Upstream and downstream costs	Eco-product production facilities	0	74	85	
(3) Costs related to environmental management	Environmental management-related expenditures	0	86	85	
(4) R&D costs	R&D expenditures for reducing environmental burden of Terumo products	0	8	0	
(5) Social activity costs	Establishing and maintaining green space	0.3	107	0	
(6) Environmental damage costs	No applicable cost	0	0	0	
Total		94	1,431	1,059	

Investments : Investments for FY2004 in pollution-control and energy-conservation equipment, green areas, etc.

Expenditures : Depreciation, operation and maintenance expenses for pollution-control and energy-conservation equipment, development expenses for eco-products, waste management expenses, recycling expenses, maintenance expenses for green areas, environmental education expenses, etc.
(Portions of investments and expenditures that are not related to environmental conservation have been deducted)

Economic benefit : Reduced costs from energy conservation, cost savings on raw materials, etc.

(Amounts based on estimates (imputed benefits), such as contribution to sales, are not included)

Total investment and R&D costs for the applicable period

Units: millions of yen

Item	Total
Total investment in the applicable period	8,359
Total R&D expenditures in the applicable period	10,900

Proceeds from recyclable wastes

Units: millions of yen

Item	Total
Proceeds from sale of PVC, polypropylene, scrap metal and other wastes	18

Environmental conservation benefits

Item	FY2004 performance	Compared to the previous year
Amount of waste for landfill	47t	▲81.6%
Energy consumption	2.56 million GJ	▲0.2%
CO ₂ emissions	125,000 t - CO ₂	0%
Chemicals emissions	Dichloromethane	85t ▲6.6%
	Toluene	7t ▲34.0%
	Tetrahydrofuran	10t 38.3%
Water usage	3.044 million m ³	▲11.6%

▲ : Shows reduction compared to previous year

FY2005 environmental investment plan (finalized items only)

Units: millions of yen

Category	Item	Budget
Pollution prevention costs	Repair of apparatus for treating ethylene oxide exhaust gas, repairs and improvements to wastewater treatment site	51
Global environmental conservation costs	Co-generation system equipment conversion, installation of inverters, improved power factor for production facilities, installation of measuring instruments	176
Resource recycling costs	Waste plastic crusher	15



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■ 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 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 regard to our contributions to society through health care, particularly to do with our relations 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 (including some overseas sales offices)

■ Period Covered

The 2004 Fiscal Year (FY2004) (1 April 2004 - 31 March 2005)

■ Publication

December 2005

■ Next planned publication

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