

Social and Environmental Report 2010

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Aiming to Provide People-Friendly Healthcare

A corporate philosophy that reflects our dedication to healthcare

Terumo was founded in 1921 by several medical scientists, led by Dr. Shibasaburo Kitasato, with the intention of domestically manufacturing the most reliable clinical thermometer possible. The driving force of the new company was the enthusiasm of this group of medical professionals, who wanted to promote the development of quality public healthcare and contribute to the health of every individual.

This drive lives on in our corporate philosophy, “Contributing to Society through Healthcare,” which we have held as our highest value since our inception.



Aiming to provide people-friendly healthcare

We uphold “Terumo’s unique technology makes medical treatment kinder and gentler” as our corporate vision.

Public interest in health and healthcare is growing. While healthcare has become increasingly sophisticated, the environment surrounding the industry has been undergoing a dramatic transformation. Many countries have reformed their healthcare systems in response to changes in external social conditions, including aging populations and slowing economies.

To address these changing needs, we are committed to pursuing new value for healthcare as a company that possesses unique expertise in both medical devices and pharmaceuticals.

The evolution of medical devices and equipment can lead to reduced physical burdens on patients as well as cutting treatment times and costs, thus improving the efficiency and economy of healthcare. When combined with pharmaceuticals, these new developments can also help improve the effectiveness of treatments.

Medical devices and equipment can only be beneficial when operated by professionals who know how to use them properly.

We therefore recognize that providing support for technical training for healthcare professionals is one of Terumo’s key missions. With our technology and expertise in medical devices and pharmaceuticals, we are committed to continuing to contribute to people-friendly healthcare.



People-oriented management

People are the axis around which we carry out various initiatives at Terumo.

We have always implemented “people-oriented management” as one of our management policies. We believe that our value as a company is the sum of the value of our associates (employees), the individuals who work for the company.

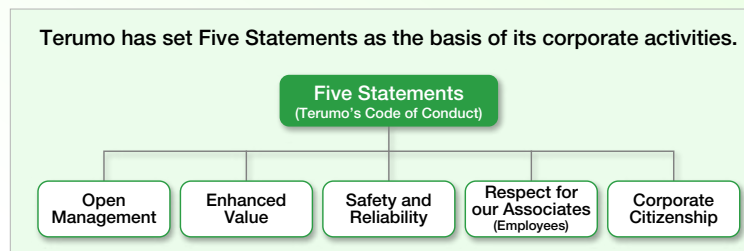
In fiscal 2009, we started a new initiative, “Associate Pride,” to change our corporate culture for the better. This initiative is designed to integrate the strength of each individual with that of their team members to encourage individual growth and improve the overall performance of each team. At Terumo, the word we use for “team” is “pride” — the term used to describe a group of lions, as well as having an innate meaning, that is, an appropriate sense of self-worth. We hope to further contribute to the healthcare industry by exercising the strength of all of our associates to the fullest.

As a member of society

All companies, as members of a society, have a responsibility to take action to ensure the sustainability of that society. Terumo has identified its responsibilities as developing and providing a stable supply of high-quality products, introducing new medical technologies around the globe and proactively tackling the various social issues surrounding healthcare.

Efforts to reduce global environmental impacts are one of the key elements of this latter responsibility. Terumo's ongoing environmentally friendly management includes reducing energy use to prevent global warming and consistently achieving zero emissions to reduce waste. In fiscal 2009, we introduced new development guidelines for promoting environment-friendly product development and recognized two products as being in compliance with these guidelines.

Our goal is to provide better healthcare and become a company needed by people around the world. This is our strong determination.



Based on its corporate philosophy of contributing to society through healthcare, the Company strives to consistently enhance corporate value by providing high quality products and services to the medical world. At the same time, we have formulated the Terumo Corporate Practices Guidelines, which aims for open management and good corporate citizenship and ensures that we operate in a sound and transparent manner. In order to earn and maintain the trust of society, Terumo has established the following corporate governance structure.

Corporate governance

Overview of the corporate governance structure

As of June 30, 2010, Terumo's Board of Directors comprised 15 members, three of whom are independent directors, to reinforce the Board's supervisory function and raise the quality of decision-making. In addition, Terumo has removed executive responsibilities from the Board of Directors; the roles of directors have been classified into representative directors and directors, with the primary responsibilities of determining management policies of the Company as a whole and providing oversight. The Company has also enhanced its executive officer system, making executive officers accountable for the execution of business operations under their purview.

In order to clarify the duties of directors with management responsibilities and ensure that the management system is optimized to adapt flexibly to changing management conditions, the term of appointment is set at one year.

The Compensation and Nominating Committee was established with the aim of enhancing the transparency and objectivity of management. The committee, which includes at least one independent director, recommends candidates for

directorships, evaluates director performance and deliberates on compensation proposals.

Terumo has a Board of Corporate Auditors, comprising four members, two of whom are external corporate auditors. The board confirms the status of governance and implementation, and strives to ensure the appropriateness of day-to-day management activities through oversight of the Board of Directors and in other ways.

The Auditors Office provides support for corporate auditors, with specialist staff assigned to further strengthen audit work.

The Company established the Advisory Board, comprised of eminent figures appointed from outside the Company, to provide advice on management of the Company as a whole. The Company's management meets with this Board every two months to exchange opinions. In addition to the three external advisors, the chairman, president, and other internal directors participate in these meetings.

Auditing by Corporate Auditors and Internal Audits

The Company has a Board of Corporate Auditors, comprising four members, two of whom are external corporate auditors as of June 29, 2010. The board confirms the status of governance and implementation, and strives to ensure the appropriateness of day-to-day management activities through oversight of the Board of Directors and in other ways. The Auditors Office has been established as a support organization for corporate auditors, with specialist staff assigned to further strengthen audit work.

As a part of these endeavors, the Board of Corporate Auditors holds a monthly meeting with the Internal Audit Department, an in-house body comprising eight members. The purpose of these meetings is to receive internal audit reports, reports on internal controls over financial reporting, and other related information and to generally promote increased collaboration on an ongoing basis. In addition, the corporate auditors and the manager of the Internal Audit Department attend meetings of the Internal Control Committee, and

regularly receive reports on the maintenance, implementation and evaluation of internal controls.

The Board of Corporate Auditors also meets approximately six times each year with the independent auditor to actively exchange views and information, and issues reports as necessary on the status of audit implementation, and receives reports as required from the Internal Audit Department regarding evaluation of internal controls over financial reporting. In this way, the board ensures the ongoing existence of a structure that ensures fair and transparent audits.

Senior Corporate Auditor Yoshihiko Tosa, who has experience as a General Manager of Accounting at Terumo, and External Corporate Auditor Nobuyuki Takai, who formerly acted as CFO of Yamatake Corporation, both possess considerable expertise in the fields of finance and accounting. External Corporate Auditor Masasuke Omori is certified as a lawyer.

Preparation and States of the Internal Control System

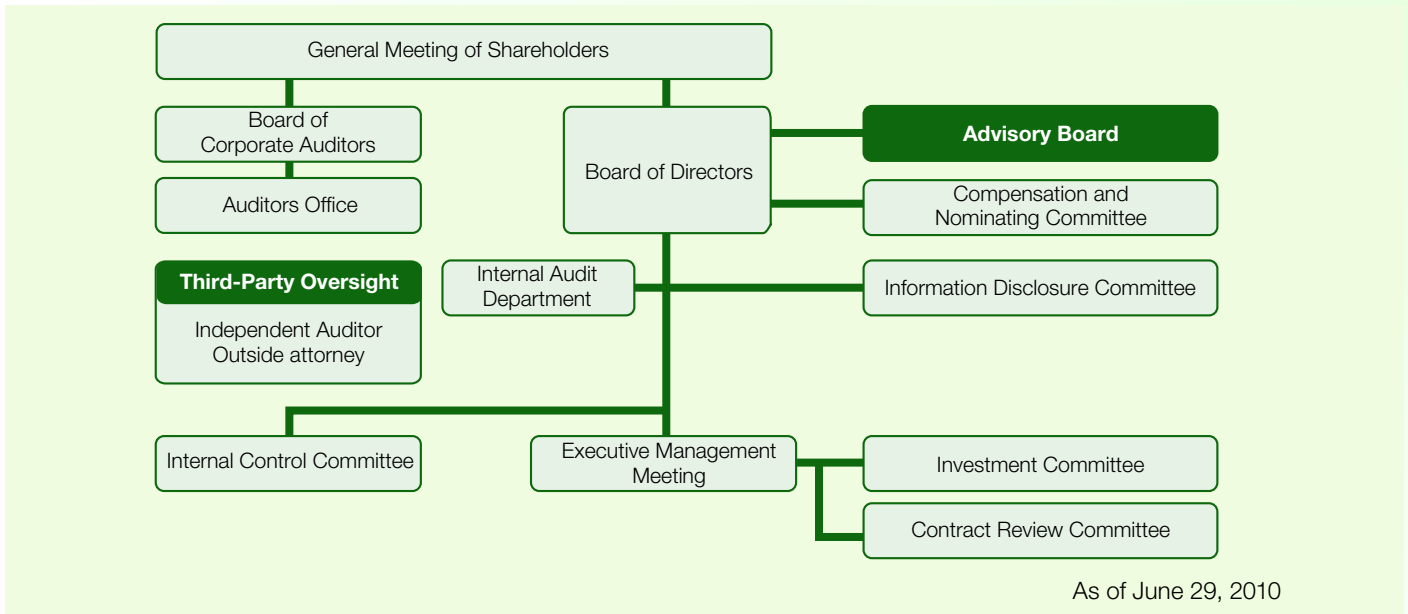
The Company maintains a number of in-house bodies that together create a strong internal control structure. The Internal Control Committee works to strengthen internal control measures in the Company, reporting directly to the Board of Directors.

In compliance with the Companies Code of Japan, Terumo's Board of Directors has decided on a Basic Policy on

Internal Control Systems.

This policy establishes compliance with the Code of Conduct of the Terumo Group as a core aspect of business activities. Based on this policy, and led by the Internal Control Committee, the Company is working to further improve the internal control system.

Corporate Governance Structure



For detailed information about our corporate governance, please see our "Annual Report 2010," available on the Terumo Website.

Compliance system

Terumo's corporate philosophy, "Contributing to Society through Health Care," is the goal not only of the company but of all Associates. We will continue to conduct honest and fair business practices based on strict legal compliance and corporate ethics and thereby maintain our position as an ethical health care company.

To promote these honest and fair business practices, we established the "Internal Control Committee" which deliberates and executes important group-wide issues from compliance perspectives. In addition, based on directions of the Internal Control Committee, each entity placed a "Compliance Officer" whose role is to facilitate compliance activities, and carries out such activities at each entity. Through these activities, the Internal Control Committee receives and deliberates important information to enhance group wide compliance activities.

Compliance with Code of Conduct of the Terumo Group (SAKURA Rules)

To go further toward meeting social expectations, in April 2008 we established the "Code of Conduct of the Terumo Group (SAKURA Rules)," which sets the standard for the conduct of daily business activities for all Associates within the Terumo Group, including overseas entities. A booklet of the SAKURA Rules is distributed to all Associates of the Terumo Group.

The SAKURA Rules, which is based on Terumo's corporate philosophy, states that "each Associate must conduct business activities honestly, take responsible action for environmental conservation and make consistent efforts to enable the company to become a role model reliable corporate citizen." We carry out study sessions on the SAKURA Rules that respond to each site and encourage Associates to recognize the importance of corporate ethics. We also clearly state and thereby promote the need to respect human rights and eliminate discrimination in our Code of Conduct.

Corporate ethics hotline "ROBA NO MIMI"

In 2003, we created a corporate ethics hotline "ROBA NO MIMI," operating under the mottos "all Associates improving the company together" and "creating a culture of openness."

This ROBA NO MIMI is open to all Associates—both permanent and temporary without distinction—wishing to voice concerns over or seek advice regarding any worrisome information or activities in light of the SAKURA Rules. Associates can contact the hotline on an anonymous basis via telephone, e-mail, postal mail and other means and we have established a system to ensure that the privacy of those using the hotline is protected and they are also protected from being penalized or punished. With these protections, we endeavor to resolve issues which need to be improved.

Respect for bioethics

Respect for life is our top priority in our evaluation and development of medical devices and equipment and pharmaceuticals. We are committed to practicing both good ethics and good science not only by observing all relevant laws and public guidelines, but also establishing our own internal regulations.

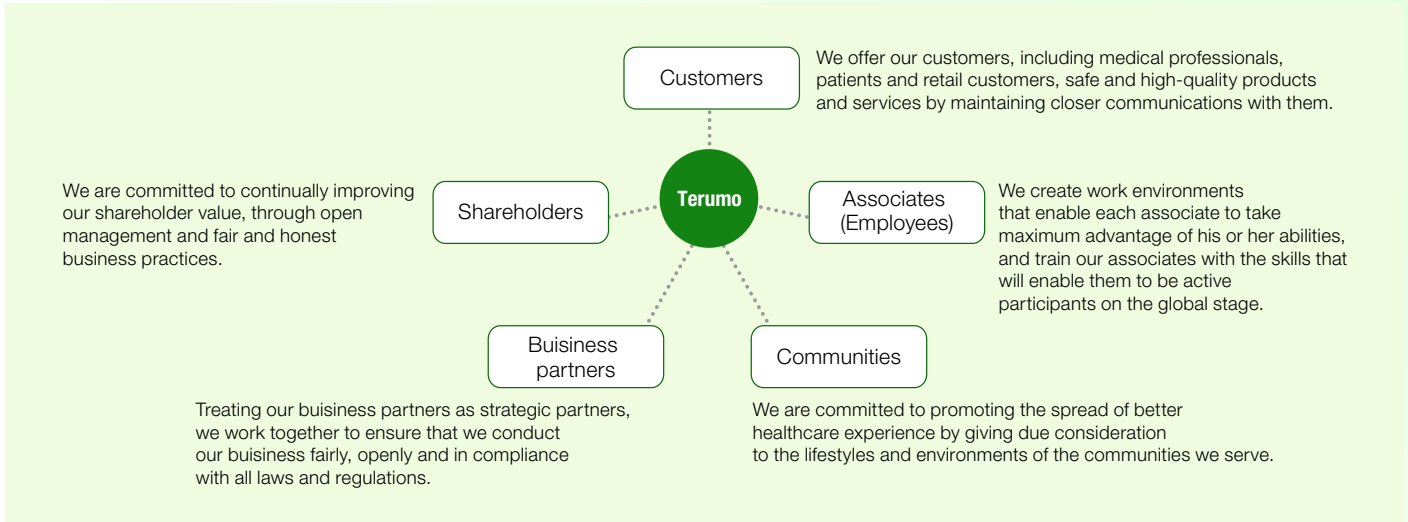
We have created an internal committee on animal testing for research and development and product evaluation. The committee educates associates, reviews testing plans, ensures the appropriateness of experiments and confirms their completion, and oversees feeding, care, management and in-house health checks of animals to achieve the three R's* stipulated in the 2005 revision to the pertinent law, as well as the fourth 'R': Responsibility.

* The principle of the three R's: The three R's stand for Replacement (with research that does not use animals), Reduction (of numbers of animals), and Refinement (reduction of suffering felt by animals). Russell and Burch first advocated this principle in 1959, stating that it is vital for researchers to consider and examine the three R's fully when conducting research. The 2005 revision to Japan's Act on Welfare and Management of Animals states this principle explicitly.

Terumo's stakeholders

Terumo's business activities are supported by a range of different people in different roles. We consider these and all other people who interact with or are affected by Terumo, including the people who use our products, to be our stakeholders. We will continue to maintain close communications with our stakeholders as we grow with them in the future.

Terumo's Stakeholders





Therapies using a catheter inserted into the wrist artery minimize the burden on patients. To help these kinds of therapies become more widely accepted and used, Terumo has been providing support for technical training for healthcare professionals in Japan and abroad. With our equipment devices and our training assistance, we bridge the gap between patients and healthcare professionals and bring benefits to both sides.

Improving patients quality of life through TRI

Heart diseases, including angina pectoris and myocardial infarction, account for a large proportion of deaths around the world. Ischemic heart diseases that narrow the coronary arteries through arteriosclerosis or thrombus have been treated by endovascular intervention via a catheter inserted through the femoral artery in the groin since the 1980s as an alternative to conventional open heart surgery. However, due to the large size of the femoral artery, patients suffer bleeding after this procedure, which keeps them bedridden until the bleeding can be controlled. Bleeding complications are associated with higher morbidity and increased costs.

To reduce the burden on patients and the healthcare system, Trans-Radial Coronary Intervention (TRI) therapy, in

which a patient's coronary artery can be treated via a catheter inserted into the wrist artery, has been in development since the 1990s. Compared with the trans-femoral approach from the thigh, TRI reduces bleeding and makes it possible for patients to get back on their feet immediately after the procedure. As this new therapy does not require the patient to remain in the hospital overnight, it is attractive in terms of cutting healthcare costs.



TRI, in which a catheter is inserted into the wrist artery

Supporting physicians in their efforts to spread the TRI procedure globally

Terumo offers a series of devices for international treatments. Our catheters, which have a narrow diameter of approximately 1 mm and are easy to insert, are highly valued and have been used globally in millions of TRI procedures. However, such procedures are not easy to perform, because the artery from the wrist to the heart is narrow and winding. To further increase the rate at which TRI is employed, it is imperative to provide technical training for physicians. To that end, Terumo started providing support for physicians to acquire TRI techniques in 2005. Since then, we have proactively developed TRI simulation training programs and provided practical training workshops.

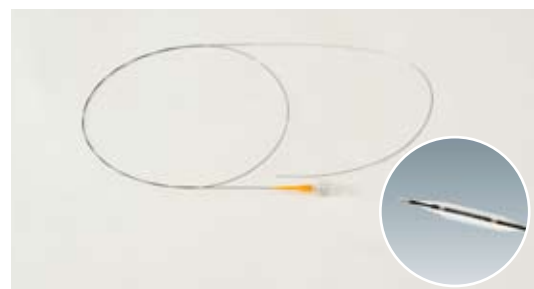
We have also been working on encouraging the adoption of TRI around the globe by providing training programs in a

number of countries, supporting Japanese physicians when they give presentations to local physicians at academic conferences outside of Japan, and organizing seminars. Particularly in the United States, where TRI is in the early phase of popularization, we have been providing several small-group training programs and making efforts to further understanding and education. In addition, in April 2010, we launched a Web site through which physicians can access a comprehensive TRI video library.

Currently, TRI accounts for 60% to 70% of all catheter-based therapies for heart disease in Japan and its use is becoming more common around the world.



TRI training



PTCA balloon catheter (left) Balloon at the catheter tip (right)

Taking on challenges to develop new products for catheter-based therapies

Catheter-based therapies are drawing attention for their effectiveness in treating a broad spectrum of conditions other than heart disease and Terumo has been working on technological development for new products. Catheter therapies adopting Terumo's technology have been used in a number of procedures not related to heart disease. These include procedures where a platinum coil is deployed inside a cerebral aneurysm to prevent it from rupturing or where a stent is inserted in a constricted artery in the leg to expand it and

restore blood flow.

Healthcare technology is advancing day by day, and the needs of medical professionals are becoming ever more diverse. Terumo's mission is to bolster the safety and reliability of healthcare with our products and to provide training support in order to contribute to the delivery healthcare that is friendly to both the professionals who use our products and the patients who are treated with them. Terumo will continue to take on the challenge of "Contributing to Society through Healthcare".

Voice

My patients inspire me to promote easier and safer therapies

In order to popularize TRI, it is essential that physicians learn the highly sophisticated techniques required for the procedure. The technical training, however, is quite difficult. I therefore appreciate the significant role Terumo has been playing in encouraging physicians to start TRI. I hope Terumo will continue to evolve and advance and go on to produce even better products for all the patients around the world who rely on you. And this is something I believe Terumo can do.



Shigeru Saito, MD, Vice Director,
Shonan Kamakura General Hospital (Japan)
Dr. Saito has been working on spreading the use of TRI at hospitals around the world.



Today, “team-based medicine,” simulation training, and other training programs undertaken in realistic hospital-like environments are in demand. By providing support for healthcare professionals through its cutting-edge and fully equipped Terumo Medical Pranex facility, Terumo aims to be a leading healthcare company that contributes to the global community through better healthcare.

Outstanding environment complete with cutting-edge facilities provides opportunities to try out new healthcare approaches

With a total floor space of 14,000 m², Terumo Medical Pranex in Japan is a platform for developing new approaches to healthcare by combining the skills of healthcare professionals with Terumo’s manufacturing capabilities. The WEST building features radiographic rooms and operation theaters complete with cutting-edge equipment and devices, while the EAST wing provides a realistic hospital setting and various simulators. These facilities serve as a site for advanced healthcare training

using blood vessel models and virtual reality systems, basic training on intravenous injection techniques, technological and product development, seminars, academic conferences, and opinion exchange.

In fiscal 2009, a total of over 10,000 healthcare professionals visited Terumo Medical Pranex to take a training course or tour the facilities. The number of visitors since 2002 totals over 40,000.



Radiographic room



Terumo Medical Pranex

Contributing to the safety of healthcare as only Terumo Medical Pranex can

In recent years, we have seen growing needs among healthcare professionals for the kinds of training programs that can only be offered at Terumo Medical Pranex. Existing training programs held at hospitals can be restrictive in terms of facilities or space, and therefore tend to be profession-specific or cover only specific topics. We have also been asked for advice by numerous professionals who are concerned about training courses that comply only with certain hospital-specific rules or about insufficient post-training review.

The Hospital Studio, complete with hospital facilities including operating theaters, wards and a nurses’ station,

reproduces actual clinical situations. Training programs that have been optimized based on the expertise we have acquired through cooperation with hospitals across Japan are also available. In addition, more than 10 cameras are installed to capture footage in entire rooms or track the hands of training participants, allowing them to review the sequence of their movements and understand any issues arising. These make it possible to conduct simulation training in which participants respond to multiple simulated problems that may occur in real-life, hospital-based practice and therefore contribute to preventing near-miss incidents and improving healthcare safety.

Supporting people is crucial for a company aspiring to lead the healthcare industry

At the frontline of healthcare, various changes have been made to improve quality. Among them, team-based medicine, which is conducted as a cooperative effort across the various related professions, has been a particular focus of attention.

There are growing needs for cross-profession training programs including training for surgical teams made up doctors, nurses and clinical engineers, and patient observation training covering the measurement of vital signs such as blood pressure, temperature, and pulse. With a focus on education, we also conduct objective clinical skills testing for doctors-in-training.

Terumo's associates in charge of product development

participate in these training programs to acquire feedback from those using our products, which is then used to further improve them.

Terumo believes that providing safe, high-quality products alone is not sufficient to achieve our objective of contributing to society through healthcare. As a leader and supporter of new approaches to healthcare, we are committed to providing multifaceted support for people.



Training for intravenous injections

Voice

Reproducing the clinical setting to help develop competent nurses

In clinical practice, knowledge serves a purpose only when it results in an action. One of the key objectives of training new nurses is to prepare them to be able to determine priorities in clinical practice. Terumo Medical Pranex is highly placed to satisfy the need for training in a realistic reproduction of a clinical setting.

We have high hopes for our future cooperative activities with Terumo and for their healthcare training support that reinforces the frontline of healthcare.

Ms. Chie Beppu, Head of Nursing Department,
Kitasato University Hospital (Japan)

Ms. Beppu has been using Terumo Medical Pranex to train new nurses.



As a manufacturer of medical devices and equipment, we believe that it is our role and responsibility to provide products that contribute to the achievement of safe, high-quality, people-friendly healthcare. Maintaining open and honest communication with our customers forms a part of that responsibility.

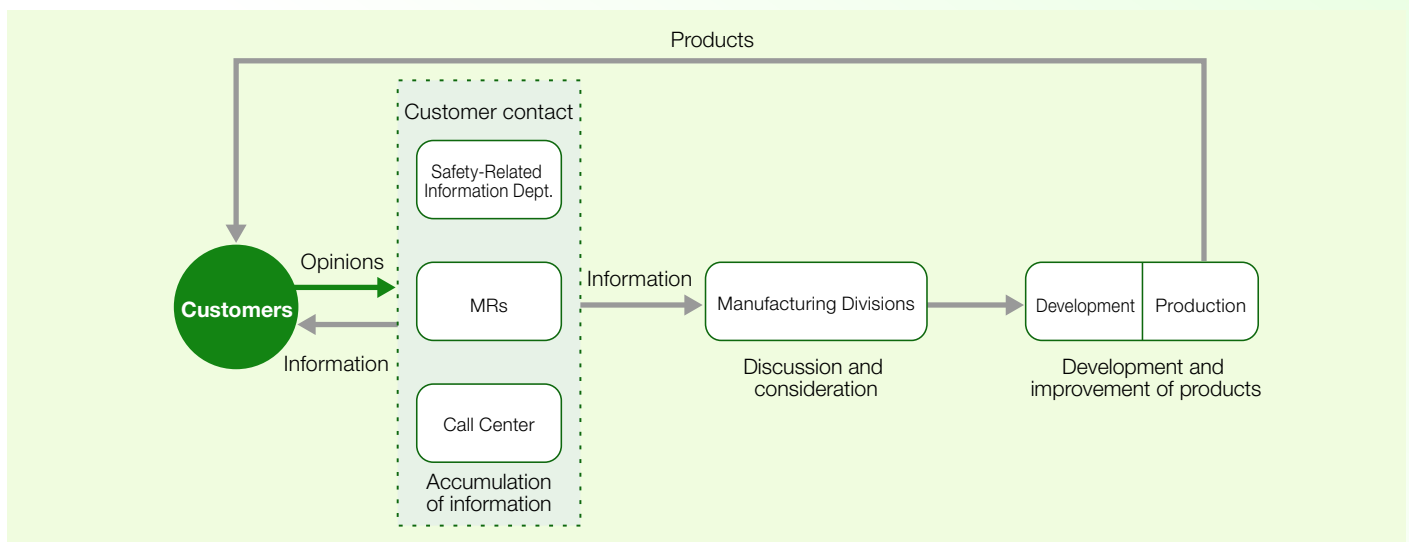
We value communication with customers

Terumo's customers include healthcare professionals, patients, and other general consumers who are concerned about their health. Our focus is on accurately understanding customer needs and developing products that meet those needs. We place equal importance on efforts to ensure that our customers

can use our products with peace of mind.

By direct and close communication with our customers, we carry out our business activities in a way that seeks to contribute to healthy living through product development and services.

Communication with Our Customers



Listening to customers

Terumo Call Center

The Terumo Call Center in Japan receives about 1,500 calls per day from general consumers, medical institutions and agents. To ensure that inquiries related to respective classes of our products, ranging from those designed for medical institutions to those for home medical care, are addressed promptly and appropriately, they are responded to by call center staff with expertise in the particular field. All new call center staff undergo two to four weeks of initial training, followed by daily training. They continuously update their skills and knowledge, and take twice yearly testing to check their competency in various aspects, such as product knowledge, communication skills, customer service and efficiency.



Inquiries are addressed by staff with specialized knowledge

Our call center staff are committed to maintaining and improving their communication to the satisfaction of all customers, and ensuring that urgent inquiries, such as those related to patients receiving healthcare at home, are responded to around-the-clock. Our comprehensive efforts were recognized with the highest award given out in the Corporate Call Center Service Contest conducted by the Japan Telecom Users Association for two consecutive years, in 2008 and 2009.



Corporate Call Center Service Contest award ceremony

Reflecting customer feedback in our products

Medical safety information management in Japan

We accumulate information that we receive from our customers on the quality, safety and appropriate use of our products at our Safety-Related Information Dept. Using this information, we promptly develop and fine-tune our communications and deliver them via a number of methods, including attaching important information to our products, disseminating information on our Web site or via industry organizations, and sending MRs* to

medical institutions to provide face-to-face explanations.

Furthermore, we make the best use of the accumulated information in our product development and support for medical safety training for medical institutions.

* "MRs" stands for Medical Representatives, Terumo associates who provide information to medical institutions.

Quality initiatives for safe and reliable products

Maintaining quality is an important responsibility for companies involved in healthcare and is the foundation of Terumo's corporate value. At Terumo, all associates are committed to improving the quality of our products and services to enable our customers to use our products safely and with peace of mind.

Quality assurance system that meets international standards

Since 1995, when we established a quality management system in response to European medical device directives, we have blended the global-standard system with the advanced quality assurance system based on the existing pharmaceutical GMP (Good Manufacturing Practice)¹ standard. We are now stepping up our effort to develop our quality management system to be robust enough to meet ever-stricter global requirements.

Terumo obtained certification for ISO13485², which is an international standard for quality assurance, and is keeping track of revisions to the Japan's Pharmaceutical Affairs Act and regulation requirements in other countries, including revisions to the EU Medical Device Directives, US FDA regulations, which have been rapidly strengthened in recent years, and tightening

regulations in emerging countries in response to accelerating global harmonization. In anticipation of these requirements, we are striving to continually improve our quality management system.



Strict quality control at a factory

1. Pharmaceutical GMP: Guidelines for the manufacture of pharmaceutical products issued by the regulatory authorities to ensure the safety and quality aspects of the products comply with the specifications throughout all phases, from the receipt of materials to manufacturing and shipment of products.
2. ISO13485: An ISO standard to assure the quality of medical devices and equipment.

Quality policy aimed at safety and security

Our top management sets up quality policies to develop and operate our quality management system and maintain its effectiveness. Each division also sets policy targets based on these quality policies. In this way, policies devised by top management are incorporated into individual associates' targets. The customer's perspective, referred to first in our Quality Policy, is the basis of our quality assurance.

QUALITY POLICY

- In order to deliver safety and reliability to healthcare fields, we shall
- pursue products valuable for our customers;
 - understand our own roles in the quality system and practice them, and
 - always review and improve our ways of doing business.

October 1, 2010

Auditing system to maintain high quality

To maintain and improve quality, we implement internal audits that objectively evaluate whether our quality management system is being appropriately complied with and operated. The audits are conducted by trained associates who have met predetermined standards. The results are reported to our top management, who direct improvements which are then

incorporated, allowing us to continually upgrade our quality management system. In addition, we undergo several external audits each year to prove that we meet various regulations ranging from the Pharmaceutical Affairs Act to international regulations expanding from Europe to the entire world, as well as individual demands from our corporate customers.

Strict quality control at overseas facilities

As the role played by our overseas factories increases in importance, we provide overseas associates with the know-how we have cultivated in Japan for improving quality, while we, in turn, learn much from them about system-related aspects, including systematic ways of thinking and

standardization. As these exchanges increase, overseas factories have also begun introducing Shoki Ryudo (initial quality assessment*), an evaluation method developed in Japan.

* Initial quality assessment is a system designed to reaffirm quality and product specifications of new products when shifting to mass production.

Together with Shareholders and Investors

Terumo is making every effort to achieve “Open Management” through communication with shareholders and investors. We implement fair information disclosure to maintain a high level of management transparency, and make various other efforts to ensure Terumo’s business and products, as well as general healthcare topics, can be comprehensively understood. As a good corporate citizen, we consistently aim for high-quality communication that is easy to understand.

Disclosure Policy



URL

http://www.terumo.co.jp/English/ir/top_message/disclosure_policy.html

Winning support at our General Meeting of Shareholders

At our ordinary General Meeting of Shareholders, we not only present our financial results, but also explain how our products and technologies are contributing to better healthcare to help our shareholders enhance their understanding of TERUMO. In addition, we create a display section for our products so that shareholders can view them up close.



Displaying our products at the General Meeting of Shareholders

Disclosing IR information to help investors make better investment decisions

Terumo discloses IR information on its Web site. We are striving to provide financial information in as concise and easy-to-understand manner as possible to help individual investors make sound investment decisions.



<http://www.terumo.co.jp/English/ir/index.html>

Holding seminars for individual investors

We held seminars for non-industrial investors in Fukui, Kanazawa, Sapporo, and Sendai in 2009. Many participants commented that they had high expectations for the Company.



Holding seminars for individual investors

We participated in the “Tokyo Stock Exchange IR Festa 2010” hosted by Tokyo Stock Exchange, Inc. By putting our medical devices and equipment on display, we were able to provide visitors to our section with a good understanding of what we do.

Together with Partners

Terumo procures raw materials based on our corporate philosophy of “Contributing to Society through Healthcare.” Our choice of raw materials reflects our commitment to enable healthcare professionals and patients to use our products safely and with peace of mind.

Raw material procurement policy

In October 2009, we introduced our “Human x Eco Development Guidelines” throughout the company in line with our commitment to being a people- and environment-friendly company. With these guidelines, we are making an effort to reach a new stage of people- and environment-friendly procurement, with particular consideration given to the following:

1. Selecting materials that won't produce harmful impacts for the next generation (reducing environmental impact)
2. Selecting materials that can be used effectively and produce no waste (saving resources)

Based on these ideas, we maintain fair and equitable relationships with our partners. At the same time, we continue to procure raw materials in compliance with pharmaceutical regulations and rules in the respective countries concerned.

Initiatives in raw material procurement

Terumo manufactures products in 5 factories within and 15 factories outside Japan, and sells them in over 160 countries. With the rapid changes in the environment for raw material procurement, we place top priority on ensuring quality and

stable supply and procure materials from the most appropriate sources to provide high-quality products to healthcare practice.

Questionnaire survey with partners

Every year, we ask our partners to take part in a questionnaire survey that helps us improve our material divisions and gain more trust from our partners.

The survey asks questions on Terumo's business style regarding material transactions, transaction ethics, material selection methods, and other various transaction-related matters. Using the answers and comments received from

respondents, we analyze issues identified within our purchasing and provide feedback to the purchasing team at our factories to facilitate the solving of such issues.

Where necessary, we also communicate directly with partners who have provided specific comments in order to improve mutual trust.

At Terumo, we call our employees “associates,” and “associates” are expected to think and act independently and to take responsibility for their own professional development. For its part, Terumo provides an environment that supports, facilitates and rewards the efforts of each associate to reach their full potential.

For a dramatic transformation in our corporate culture

“Associate Pride”

In Japan, Terumo launched its “Associate Pride” initiative in fiscal 2009 in order to achieve a dramatic transformation in our corporate culture. The word “pride” has two meanings; 1) “The team” to collaborate with each other (like lion’s pride), 2) To make our “team” that can take pride as a member. We considered that teams should be formed freely to fulfill the particular mission without being constrained by the existing organizational structure. The leader of a pride is free to assemble the team members who are best suited from all division. We currently have a wide variety of cross-sectional “prides” working on specific projects. In addition, we have no preset criteria regarding position or age when it comes to appointing a pride leader but rather make the appointment in consideration of the mission. The leader may be selected from among the most competent individuals or from among the most highly motivated individuals, that is, those who have indicated their interest in the position, regardless of their formal job title. For its part, we can break the walls between the organizations, and can strengthen our team-work.



A cross-sectional pride at work

Ensuring all associates understand how Terumo products are used

Medical training

In Japan, all newly hired and other associates undergo product training at Terumo Medical Pranex to better understand how Terumo products are used in real healthcare settings. This hands-on experience with medical devices and equipment in a realistic hospital-like environment makes trainees more aware of frontline issues and better equips them to come up with new proposals.

In the United States, Terumo Medical Corporation works on the popularization of the Trans-Radial Intervention (TRI) technique. Even associates working in divisions such as logistics, accounting, IT, Customer Service and HR participate in TRI technique study meetings, based on the idea that the company’s effort to popularize TRI will be more successful if all associates have a good understanding of the technique.



New employee training program

From experienced associates to new recruits

Handing down techniques and skills

In Japan, newly hired associates assigned to production divisions take part in training programs to acquire the basic knowledge they need to work at the frontline of production, as well as safety training. Highly experienced, highly skilled associates train the new recruits, teaching them the techniques employed to maintain a high level of quality.

Such techniques acquired in Japan are also handed down to associates outside of Japan. For example, associates from overseas production sites undergo training at factories in Japan while Japanese associates travel overseas to provide technical guidance at factories.



Training for newly hired associates

Spotlighting associates who play a supportive role

“Genba-no hokori” Award

Terumo’s overall performance cannot just be attributed only to those associates working in the “high-performing” or “glamorous” divisions. We also have many associates who work steadily behind the scenes every day. In Japan, we reward and recognize such associates with the “Genba-no hokori” Award (“Honor of the Frontline” Award).

Some of our overseas sales offices have similar systems to award hard-working frontline associates. Our Australian Branch grants awards to those who are nominated by fellow associates from four perspectives, including customer satisfaction and teamwork.



2009 award winners at Australian Branch

Providing associates’ children with work experience opportunities in healthcare

Under a program titled “Pranex Medical School” held at Terumo Medical Pranex, Terumo offers the children of our associates work experience opportunities in the healthcare sector. This program is designed to help children understand the significant role of the healthcare industry and the value of healthcare professionals, as well to encourage them to develop a new respect for life itself.

Taking advantage of the Terumo Medical Pranex’s true-to-life hospital environment, our 2009 program for junior high school students provided 19 students with the opportunity to experience the work of a nurse, pharmacist, surgeon, or clinical engineer under the guidance of clinically seasoned associate trainers. Every time we run the program, we receive

favorable feedback on the program, with some participants expressing a desire to enter these professions in the future.

We will continue to hold this student program in order to spark children’s interest in healthcare professions and help them acquire an understanding of both the world of work and the firm that employs their parents.



Participants engaged in work experience under the guidance of an associate trainer

As well as making important contributions in the area of healthcare in the form of outstanding products and services, Terumo actively provides health-related information, donates supplies for disaster relief, and contributes to the wider community.

Providing information to manage health

KARADA no Kimochi health information TV program

The Terumo-sponsored television program, *KARADA no Kimochi* (“How we feel”) has been on the air since 2006. Its purpose, in light of the increasing importance of preventive medicine, is to deliver useful information for healthy living. The program focuses on a weekly topic related to everyday life and provides doctor-approved medical tips to help viewers live a healthy life.

KARADA no Kimochi weekly health TV program
Broadcast on Sundays
from 7:00 to 7:30 am
on CBC/TBS,
a national network with
28 stations across Japan



The show features relevant topics to promote healthy living

Terumo Health and Weather Forecast

The Terumo Health and Weather Forecast, a daily weather forecast that also provides information about how the day’s weather may affect health, has been broadcast and published in Japan since 2004 on television, radio and our Web site. Our forecasts, based on unique calculation formulae cover joint pain, heat stress, asthma, blood pressure, migraine and so on.

There is a public demand for biometeorologically-based information that may help prevent diseases from developing or worsening.

Terumo Health and Weather Forecast Web site (Japanese only)



► URL <http://kenkotenki.jp/> <Japanese only>

Terumo’s Lifestyle Disease Prevention Seminars

The daily management by each person of his or her own health is vital for the prevention of lifestyle diseases. In Japan, in addition to the health-related information we publish on the Internet and in booklet and other forms to assist people in this regard, we began organizing Lifestyle Disease Prevention Seminars targeted at the general public in fiscal 2005. A total of about 7,000 people have attended the seminars to date.

Well-received seminar for the general public



► URL <http://www.terumo.co.jp/healthcare/seminar/index.html> <Japanese only>

New Health College

Since 2008, Terumo and St. Luke’s College of Nursing have been jointly holding health support seminars in Japan for the general public called “New Health College.” With the aim of achieving a society in which every person proactively takes care of his or her own health, we are organizing seminars on familiar health problems, including lifestyle disease prevention and influenza.

New Health College held at St. Luke’s College of Nursing



► URL <http://www.terumo.co.jp/healthcare/seminar2009/seminar.html> <Japanese only>

Leg Varicose Veins Seminars

Aimed at raising awareness of varicose veins in the legs and helping sufferers to alleviate symptoms and prevent their progression, Terumo holds public information seminars in regional areas of Japan. We provide a variety of information about the condition, including letting people know that it is

easily treatable and that symptoms can be managed with compression stockings.



Leg Varicose Veins Seminar

Contribution to the development of healthcare

Terumo Life Science Foundation

The Terumo Life Science Foundation was established in 1987 to subsidize and promote research on science and technology, including life-science-related materials, bioengineering and biological defense mechanisms, and has so far provided 1.1 billion yen in subsidies to a total of 723 projects.

In fiscal 2009, we provided subsidies for: three projects under the special research subsidy category, including a project to develop biological pacemakers; six projects under the general research subsidy, including a project to conduct research into treatment approaches for muscular dystrophy; and 28 projects under the international exchange subsidy, including the 8th Cerebral Vascular Biology International Conference.

Additionally, in June 2010, we established the Terumo International Prize, an academic prize for researchers around the globe who have made significant contributions to the

development of regenerative medicine, particularly through the study of biomaterials.

In 2009, we launched a life science Web site (Japanese only) called the “Life Science DOKIDOKI Laboratory” for junior high and high school students. The Web site offers enhanced content, including easy-to-understand information on life science topics, such as embryo stem cells and iPS cells.



Kickoff meeting for special research subsidy, launched in fiscal 2009 (Japan)



Terumo Life Science Foundation Web site

▶ URL <http://www.terumozaidan.or.jp/english/>

Improving the quality of healthcare in China with the Terumo Fund

In 2007, to commemorate the 10th year of operation of Terumo Medical Products (Hangzhou) Co., Ltd. in China’s Zhejiang province, we established the Terumo Fund in conjunction with Zhejiang University with the aim of providing healthcare benefits to as many people as possible. Terumo Fund grants are given to support research investigating Eastern and Western medical traditions with a view to creating new types of medicine by fusing the two. The Fund also contributed to improving the quality of healthcare in China by providing scholarships to

talented students. Following the completion of the first operation period (from 2007 to 2009), the second operation period started in 2010.



Exchange with graduate medical students from Zhejiang University

Outline of the Terumo Fund

- **Name of fund:** Terumo Fund (The second operation period)
- **Application:** Research grants and scholarships
- **Total amount of fund:** 400,000 yuan per year x three years = 1.2 million yuan
- **Fund operation period:** 2010 to 2012

Terumo Body Temperature Research Institute

In cooperation with specialist doctors, the Terumo Body Temperature Research Institute* conducts research on body temperature and related educational activities, including free classes on the relationship between body temperature and the rhythms of everyday life for elementary and junior high schools. In fiscal 2009, the institute gave classes for a total of 16 schools in Japan. In addition, by taking part in a project for children on the rhythm of everyday life initiated by the Japanese Ministry of Education, Culture, Sports, Science and Technology called "Early to Bed, Early to Rise, and Eat Your Breakfast," the institute is promoting lifestyle improvement based on an understanding of the relationship between body temperature and daily habits.

The institute's Web site provides extensive information on body temperature in Japanese, including in relation to fever and heat stress. In fiscal 2009, the year in which the world saw an outbreak of the H1N1 influenza virus, the Web site provided information on the pandemic and the differences between seasonal influenza and the common cold. English and Chinese versions of posters on how to measure body temperature correctly are also available as PDF files for download.

*: The Terumo Body Temperature Research Institute is Terumo's research institute devoted to health studies from the perspective of body temperature. It provides information on body temperature and proposes lifestyle adjustments for improved health.



Class where schoolchildren investigated changes in their own body temperature and made presentations (Japan)



Teaching how to measure body temperature correctly

The Terumo Body Temperature Research Institute Web site

► URL <http://www.terumo-taion.jp/terumo/overseas/01.html>

Contribution to local communities

Presenting an annual Christmas gift to a hospice

In Japan, each year, about a week before Christmas, a team of Terumo volunteers decorates the outside walls of the Terumo Shonan Center building with Christmas lights and, on Christmas Day, puts on a fireworks display. This project was started in 1997 to bring Christmas cheer to patients hospitalized at a hospice across the street, their families and local residents and

has been carried out every year since. During the 2009 Christmas holiday season, six different images, including a reindeer design proposed by Terumo associates, brightened the winter night sky.



Fireworks and illumination on the walls of the Terumo Shonan Center

The Terumo Mt. Fuji Reforestation Project

Terumo has two factories in Fujinomiya city in Shizuoka, which take water from springs at the foot of Mt. Fuji for use in production processes for medical devices and equipment, pharmaceuticals and other products.

Since 2003, in cooperation with the NPO Mt. Fuji Natural Reforestation Group, we have been undertaking the Terumo Mt. Fuji Reforestation Project to protect this area. As part of the project we conduct reforestation, with indigenous trees, of a part of the Mt. Fuji forest that sustained heavy typhoon damage, helping the forest to become better resistant to future natural disasters and ensuring it can continue to serve as an

underground water source.

In fiscal 2008, we launched new activities aimed at reproducing the original forest, including wrapping pieces of sacking around trees to protect them from feeding deer and clearing underbrush to help young trees grow. In fiscal 2009, about 150 of our associates and their families voluntarily joined the reforestation activities.



Associates and their families joined the reforestation activities

Local activities

Terumo conducts many social contribution activities in local communities at our business sites in Japan. Some examples of Terumo associates' ongoing social contribution through local activities are listed below:

- Cleaning up the Tamagawa river bank, Tokyo (every spring and fall; a total of 40 people joined)
- Cleaning up the surroundings of Terumo's premises (regularly conducted at our factories, branches and Head Office)
- Cleaning up the roads surrounding Shonan Center (a total of 73 people joined)
- Cleaning up the roads surrounding Kofu Factory (a total of 300 people joined)
- Cleaning up the roads surrounding Fujinomiya Factory



Clean-up activity (Tamagawa river)



Clean-up activity (Shonan Center)

Eco Cap initiative

Terumo in Japan is participating in the "Eco Cap" campaign organized by the NPO, Eco Cap Movement, in which the caps of used drink bottles are collected and sold for recycling, with proceeds from the sales used to buy vaccinations for children in developing countries



In house Eco Cap initiative

Blood donation

Terumo carries out a blood donation campaign at factories and branches every year in Japan. In fiscal 2009, a total of 620 associates at 32 locations across Japan donated blood. In addition to manufacturing blood bags, Terumo will continue to make social contributions by promoting blood donations.

Disaster relief

Terumo provides medical equipment and devices and other relief supplies to disaster-stricken areas with a pressing need for such items.

In 2009, we donated syringes, blood bags and other urgently required materials to an area in the Philippines affected by Typhoon Ketsana and a part of Indonesia hit by the Sumatra earthquake.



Donating administration sets to M. Djamil General Hospital

Outline of our relief efforts

1. Relief for the area affected by Sumatra earthquake (Indonesia)
 - 2,000 sets of blood bags (Donated to: Indonesian Red Cross)
 - 1,000 administration sets (Donated to: M. Djamil General Hospital)
2. Relief for the area affected by Typhoon Ketsana (Philippines)
 - 85,000 syringes and food (rice) (Donated to: Laguna province, Philippine Economic Zone Authority)

Activities at overseas offices

Terumo's group companies in the United States continue to carry out the following activities as part of their contribution to their local communities:

- Regularly participating in charity walk events sponsored by organizations that support heart disease and cancer patients, as well as holding blood drives
- Cleaning up highways and recycling plastic bottles, cans, paper, etc.
- Donating food at Thanksgiving, as well as toys and coats, to homeless people and others in need



Highway clean-up activity by Terumo medical corporation, Elkton, MD.

Aiming to achieve harmony between “people-friendly healthcare” and “environment-friendly healthcare,” Terumo has played an active role in promoting the coexistence of human beings with the global environment by establishing our Basic Environmental Policy and Environmental Management System.



Terumo's Environmental Vision
We pursue people- and environment-friendly product development based on the concept of “Human x Ecology” to create new value in healthcare.

Sharing awareness of environmental conservation with our Basic Environmental Policy

According to our corporate philosophy of “Contributing to Society through Healthcare,” we developed our Basic Environmental Policy in 1999. Based on this policy, Terumo, a leading company in the healthcare industry, has since been engaging in a range of activities aimed at protecting the global environment. Throughout the Terumo Group, we conduct business activities based on the assumption that the global environment must be protected.

Terumo's Environmental Policy

Guided by our corporate philosophy of “Contributing to Society through Healthcare,” and under a fundamental policy of providing safety and reassurance in medical care, the Terumo Group conducts itself as a leading company by implementing responsible environmental conservation activities and striving to be a trusted corporate citizen.

- Terumo sets voluntary targets and works to conserve the environment by:
 - Ascertaining the environmental impact of our activities
 - Developing environmentally friendly products
 - Preventing pollution
 - Making effective use of energy and resources
 - Reducing waste
- Terumo abides by the environmental laws, ordinances, agreements and other legal provisions of all countries.
- Terumo has established a system to facilitate environmental efforts and it promotes and audits those efforts.
- As a member of society and the community, Terumo supports and cooperates with environmental conservation activities.
- Terumo conducts in-house informational and educational activities in an effort to increase it's employees' environmental awareness.

Adopted in December 1999

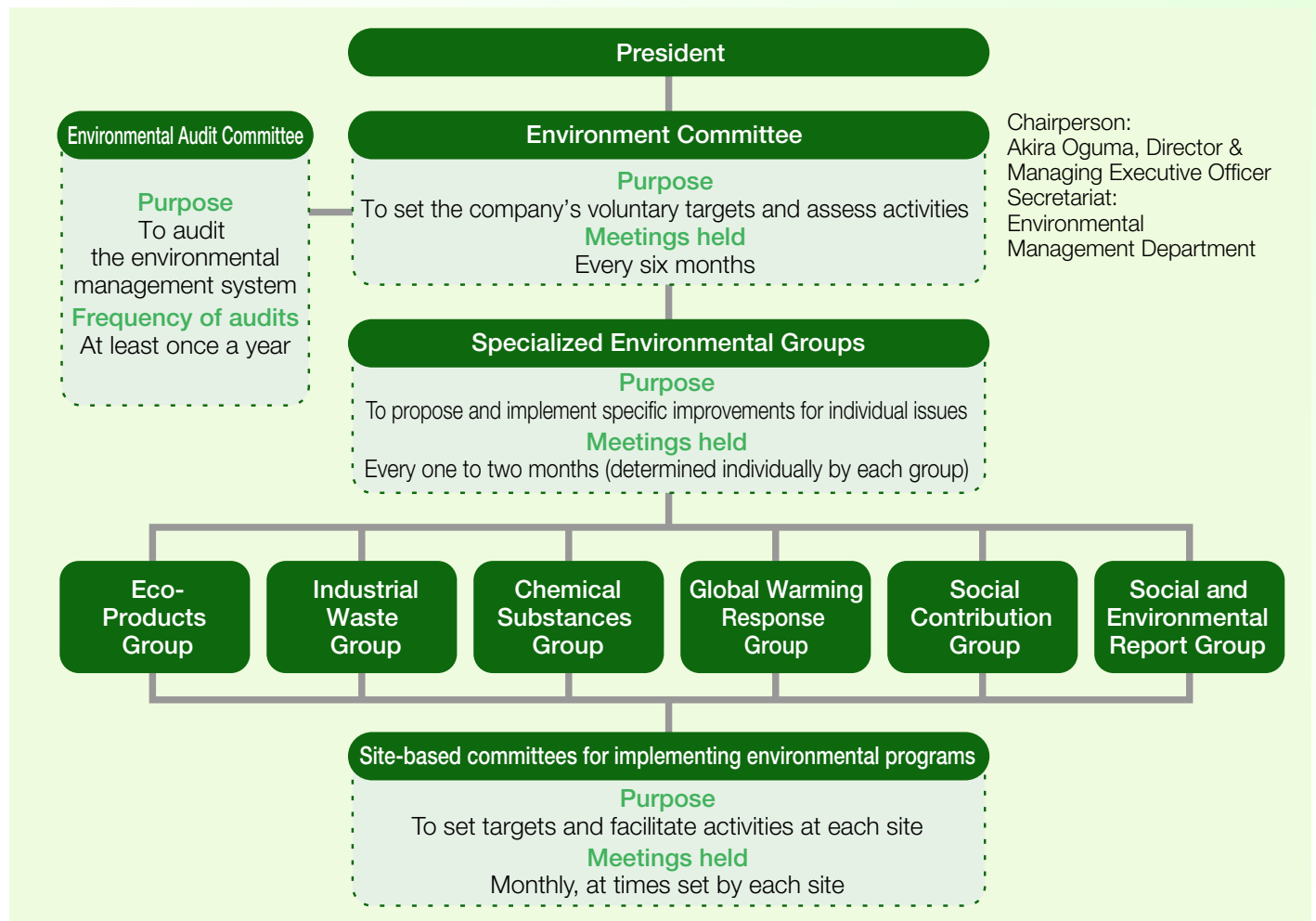
Introduction of the environmental management system

We are working to improve our environmental performance by developing an efficient and effective environmental management system that focuses on the PDCA cycle¹. As the ultimate decision-making authority for environmental management, the Environment Committee sets company-wide policies and targets for environmental conservation and confirms the status of activities and the like every six months. There is also an Environmental Audit Committee, which is

responsible for conducting internal audits to ensure that each site is effectively operating its environmental management system. We describe and explain the contents of these activities in our social and environmental report to ensure we maintain high transparency in our management system.

1. PDCA cycle: A management cycle designed to realize continuous improvement of business operations by repetition of the four processes of plan, do, check and act.

Company-wide Organization for Environmental Management



Environmental education for associates

Every year we provide environmental training for our associates to ensure that they have a thorough understanding of our Basic Environmental Policy and their own obligations with regard to environmental activities. In fiscal 2009, we organized management training for sales office managers on waste management and energy saving at offices and training for MRs (Medical Representatives) that focused on how to conduct

everyday tasks in an environmentally friendly manner as well as on relevant environmental laws and regulations in Japan.



Education for associates

Awards for in-house environmental conservation activities

In fiscal 1999, Terumo established an in-house system of environmental awards to honor the policies and activities that produced outstanding results in terms of environmental conservation. In fiscal 2003, the company extended the award program worldwide to encompass the entire Terumo Group.

Year	Fiscal 2009
Division	Maintenance Department, Administration Division, Fujinomiya Factory
Project Awarded	Energy-saving and cost-saving through the introduction of electric refrigeration units

Increasing environmental awareness at Kofu Factory

Terumo's Kofu Factory in Japan installed an Environmental Bulletin Board at the entrance of the canteen in fiscal 2009 and has since been updating it monthly. The bulletin board displays environmental information complete with graphs and illustrations. Subjects covered include the visual environmental impact of the entire factory (e.g., trends in energy consumption and CO₂ emissions and the status of waste emissions), the mechanism behind global warming, and energy-saving

practices. Disclosing environmental information at a familiar spot has improved information sharing and increased consciousness of environmental issues factory-wide.



Environmental Bulletin Board at Kofu Factory

Aiming to provide “people- and environment-friendly” healthcare, Terumo develops products that are friendly to healthcare professionals, patients and the global environment. We will continue to contribute to meeting the needs of society and the needs of the planet through our products.

“Human × Eco” Development Guidelines and In-house Certification Mark

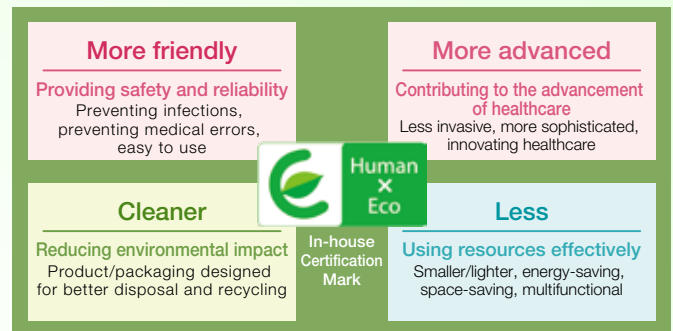
Terumo is committed to providing “people-friendly healthcare” as identified in our corporate vision. “People-friendly healthcare” means reducing burdens on patients, preventing infections, improving ease of use for healthcare professionals, and enhancing the safety and efficiency of healthcare.

These efforts also lead to “environment-friendly healthcare” in the sense that once an infection or medical error occurs, it involves the otherwise unnecessary use of healthcare resources. For that reason, Terumo believes that the development of safer and more efficient products contributes to the eco-friendliness of hospitals.

It was from these perspectives that we developed our “Human × Eco” Development Guidelines for providing “people- and environment-friendly healthcare.” We put our own “Human

× Eco” certification mark on outstanding products that have been developed following these guidelines to make it easy for our customers to identify them.

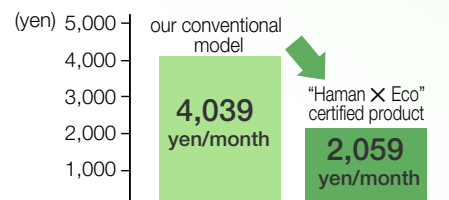
“Human × Eco” Development Guidelines (Concept)



Smaller, lighter, energy-saving oxygen concentrator

- Environment-friendly: 30% lighter than Terumo’s conventional concentrators. Consumes less power.
- People-friendly: With a built-in battery, reliable in the event of a power outage or disaster. Can detect overheating at the oxygen outlet to prevent the spread of fire, if fire occurs.

Electricity cost per month (3-liter/minute model)



Assumptions: flow rate of 3 l/min; 24-hour use
 Note: Calculation is based on a new standard electric unit price of 22 yen/kWh (tax inclusive).



Oxygen concentrator
 First “Human × Eco” certified product

Thick liquid meal that needs no water adjustment

- Environment-friendly: Unlike conventional products in which fluidity and thickness must be adjusted, creating the need for a bottle, this product is ready to use. This helps reduce waste and lessens the environmental impact associated with the washing of bottles.
- People-friendly: This mixture of water and thick liquid nutrition reduces the burden on healthcare professionals and caregivers.



Thick liquid meal
 Second “Human × Eco” certified product

Measures against hazardous substances

A pioneer in the removal of mercury from healthcare practice

Terumo marketed the first domestically produced predictive digital thermometer in 1983. Driven by environmental concerns we then took a quick action to terminate our production of mercury thermometers in the following year. We have been making efforts to replace medical-use products containing mercury with safer alternatives, including marketing a mercury-free blood pressure monitor.



Digital thermometer



Blood pressure monitor

Promoting PVC-free, DEHP-free products

Where alternatives are available, we supply products that do not use materials containing PVC, which may produce toxic gas when incinerated, or di (2-ethylhexyl) phthalate (DEHP), a plasticizer that may have serious toxicity, as well as eliminating the use of such materials in packaging.



IV solution set



IV solution bag



Cardiovascular circuit

Resource-saving and waste reduction efforts

Flexible and portable blood bag now used in over 100 countries

Aiming to improve safety in transfusion, Terumo marketed the blood bag produced first in Japan in 1969. Compared with conventional products made of glass, the plastic bag incorporating a blood collection tube and a container and excels in flexibility and portability, reducing transportation costs as well as waste volume.

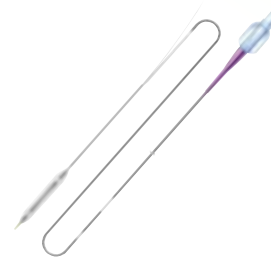


Blood bag

PTCA balloon catheter¹ for various types of therapies

We developed a PTCA balloon catheter that can be used with various types of therapies by using more advanced materials and improving the way the balloon is folded. This product has made it possible to reduce the number of catheters used to provide treatment to a single patient, resulting in a saving in resources.

1. PTCA balloon catheter is a medical device that is used to widen a clogged blood vessel by inflating a balloon at its tip.



PTCA balloon catheter

Lighter, smaller products—Starting wherever we can

We reduced the size and weight of our syringes while maintaining volume and functionality. This improvement enabled a 25% reduction in waste in terms of weight. Reduction in the size has also reduced costs and packaging during transportation (as of 1998). We also achieved a 40% reduction in the weight of our continuous ambulatory peritoneal dialysis (CAPD) bags used in home healthcare in an effort to reduce household waste.



Syringe



CAPD solution

Packaging and waste volume reduction—Reducing materials and management processes and halving waste volume

Having developed a solution pack that eliminated excess packaging and procedures by providing products needed during surgery together in a single set, we further reduced the weight and volume of the waste generated by this product by improving the method and form of its packaging and redesigning the shape of the tray to enable a 50% reduction in materials.



Package after opening

Integration—Combining several drugs in one bag

We have placed several IV solutions, which must be mixed prior to injection anyway, into a single bag, reducing the amount of waste, including vial containers and syringes used for packaging or injecting.



IV solution product in a bag

Integration—Prefilled syringes

Syringes prefilled with solutions replace ampoules and vials that require suction and dissolution. Being made of plastic, prefilled syringes are easy to dispose of, in terms of weight and volume, compared with glass syringes.



Injection solution prefilled syringes

Integration—Oxygenator with integrated arterial filter

By integrating an oxygenator and an arterial filter into one device, we reduced the number of parts used in the blood circuit as well as the materials used.



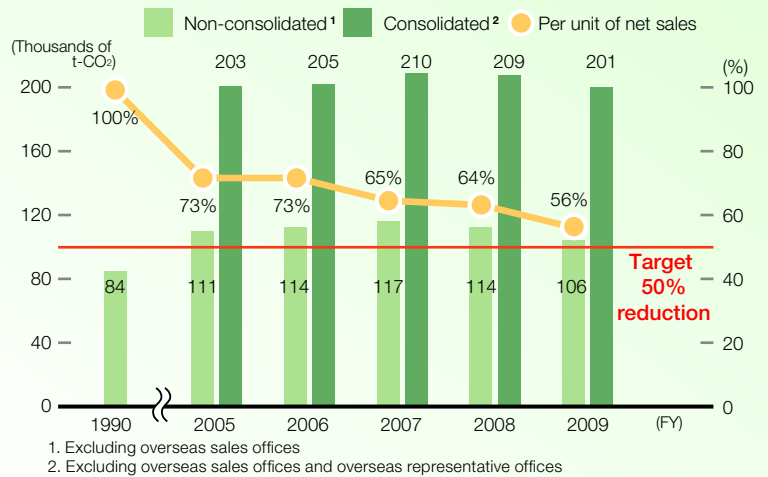
Oxygenator

Terumo conducts its business activities based on the assumption that the global environment must be protected. To promote further reduction of CO₂ emissions, we take part in the "Challenge 25" campaign in Japan and other eco programs with the full participation of our associates, in addition to energy-conservation activities conducted on-site.

Target for reduction of CO₂ emissions

Terumo is addressing the issue of global warming by setting a target to reduce CO₂ emissions per unit of net sales by 50% relative to the fiscal 1990 level by fiscal 2012 (non-consolidated basis).

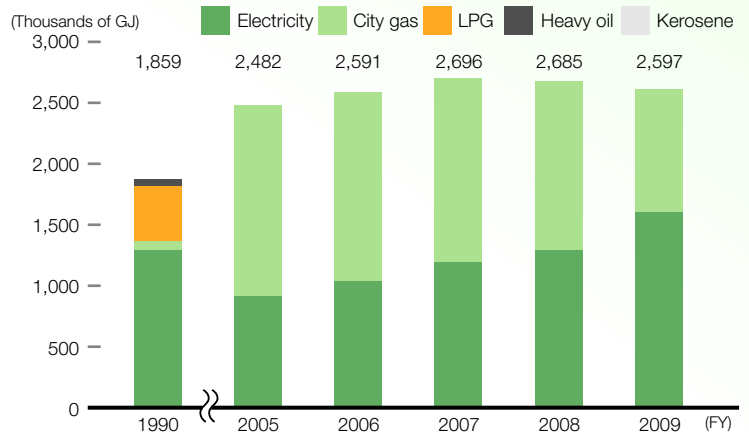
Trends in CO₂ emissions per unit of net sales



Effort to reduce CO₂ emissions

At Terumo we converted from gas to lower CO₂ - emitting electricity by suspending the operation of natural gas cogeneration facilities and replacing gas suction refrigeration units with high-efficiency electric refrigeration units. In fiscal 2009, we increased the utilization ratio of electricity up to 57%, while conducting other highly detailed energy-saving measures, including eliminating steam trap leaks. As a result, in fiscal 2009, we substantially reduced CO₂ emissions per unit by 56% relative to the fiscal 1990 level. Additionally, we succeeded in cutting total CO₂ emissions 8% from the fiscal 2008.

Trends in energy usage and breakdown of energy sources



Note: Converted into CO₂ emissions and calorific values using the conversion coefficient provided by the Ordinance on the Calculation of Emissions of Greenhouse Gases Consequent to the Business Activities of Specified Emitters (March 2006, Ministry of Economy, Trade and Industry, Ministry of the Environment Ordinance 3).

Introducing high-efficiency electric refrigeration units at Fujinomiya Factory

Before introducing new electric refrigeration units, Fujinomiya Factory in Japan considered load changes in air-conditioning and adopted specifications combining turbo refrigeration units and screw refrigeration units, which dramatically improved the efficiency of the system. As a result, CO₂ emissions at the factory dropped by 12% from the previous year.



Turbo refrigeration system



Screw chiller

Initiatives at Terumo Medical Products (Hangzhou) Co., Ltd.

Terumo Medical Products (Hangzhou) Co., Ltd. in China took measures to protect its hazardous material warehouse against high summer temperatures including by adding an extra layer to the roof and sprinkling the roof with water. The company can now maintain normal temperatures inside the warehouse without air-conditioning, thereby simultaneously ensuring the safe management of hazardous materials and cutting energy consumption.

As an additional measure against global warming, the company installed roof-top solar water heaters.



Hazardous material warehouse with double roofing



Roof-top solar water heaters

Initiatives at Terumo Medical Corporation

Terumo Medical Corporation in the U.S. has been taking various measures to address global warming. It has installed highly efficient fluorescent lighting at production process facilities, warehouses and offices. It also conducts comprehensive energy-saving activities, including introducing a highly efficient cooling system, preventing compressed air leaks, and adopting an inverter control system for cooling tower fans. As part of its effort to reduce the amount of water used, the company has introduced a water-free toilet system and optimized the water used for lawn maintenance.



Cooling tower

Efforts to reduce the environmental impact of distribution

The need to reduce the amount of energy used in the transportation of products has become a major theme in the fight to prevent global warming.

As a cargo owner, in Japan Terumo has been making efforts to improve distribution efficiency and construct an efficient distribution infrastructure by, among other things, reducing the amount of energy used to transport our products via a modal shift to shipping contractors with high transportation efficiency, increasing sea shipping, and integrating and eliminating distribution centers. We have also been monitoring data on the environmental impact of distribution since fiscal 2006, switching from truck to marine transportation to reduce environmental impact, and improving the carry efficiency of our own distribution vehicles.

Fujinomiya Factory accredited as a supporter of excellence of the 2009 Eco-Ship Modal Shift project

To reduce CO₂ emissions produced during the transportation of finished medical devices and equipment and pharmaceutical products to a warehouse in Fukuoka Prefecture, our Fujinomiya Factory in Japan, through cooperation with MOL Ferry Co., Ltd., has increased lower CO₂-emitting marine transportation since 2007. As a result, CO₂ emissions have been drastically reduced by 814 tons, or 52%, compared with the conventional truck transportation system employed in fiscal 2008. In recognition of this effort, the factory was accredited as a supporter of excellence of the 2009 Eco-Ship Modal Shift project, which is organized by the Eco-Ship Modal Shift Project Executive Committee and supported by the Ministry of Land, Infrastructure, Transport and Tourism.



Award ceremony

Participation in the Challenge 25 campaign

Terumo is participating in the Japanese government-led “Challenge 25” campaign for preventing global warming. This campaign, which grew out of the national “Team Minus 6%” project for the prevention of global warming, has been launched to step up the effort to reduce CO₂ emissions. The campaign asks people to take on the “six challenges”—specific practicable actions to reduce CO₂ emissions at the workplace and home. In support of the campaign objective, Terumo promotes activities to prevent global warming at offices and homes.



The logo of “Challenge 25”

Terumo’s “ECO Challenge” volunteer campaign

Every summer in Japan, we implement a campaign called “ECO Challenge,” in which volunteer Terumo associates and their family members conduct various environmental conservation activities both at home and at work. In fiscal 2009, 2,036 individuals participated in the program, making eco-friendly changes to their everyday lifestyle.

Efforts made by participants are scored and these scores are converted into a monetary amount to be donated to the Children’s Forest Program organized by the Organization for Industrial, Spiritual and Cultural Advancement-International (OISCA), an NGO promoting international cooperation. The donation is used to provide environmental education to children all over the world and support reforestation activities in the form of planting and nurturing seedlings.



Children’s Forest Program (children in the Philippines)

Energy-saving driving

We have been promoting eco-driving of work vehicles at all domestic branches. This involves taking proactive actions, such as promoting environment-friendly driving practices (e.g., starting up slowly and eliminating idling), reviewing the use of work vehicles and introducing fuel-efficient vehicles (including hybrid vehicles) into our fleet. Additionally, we relocated our Tokyo 3rd Branch, which mainly works with university hospitals and acute hospitals in the 23 wards of Tokyo, from Shibuya-ku to Bunkyo-ku, an area with a high concentration of hospitals. The branch took this opportunity to cut back on the use of work vehicles and instead requires associates to use public transportation wherever possible for work-related travel. Consequently, we reduced CO₂ emissions from gasoline use by about 200 tons year on year. In line with the government-led Challenge 25 campaign, we will continue to promote eco-driving, whether of work vehicles or privately owned vehicles.



Committed to eco-driving



Using public transportation for sales calls

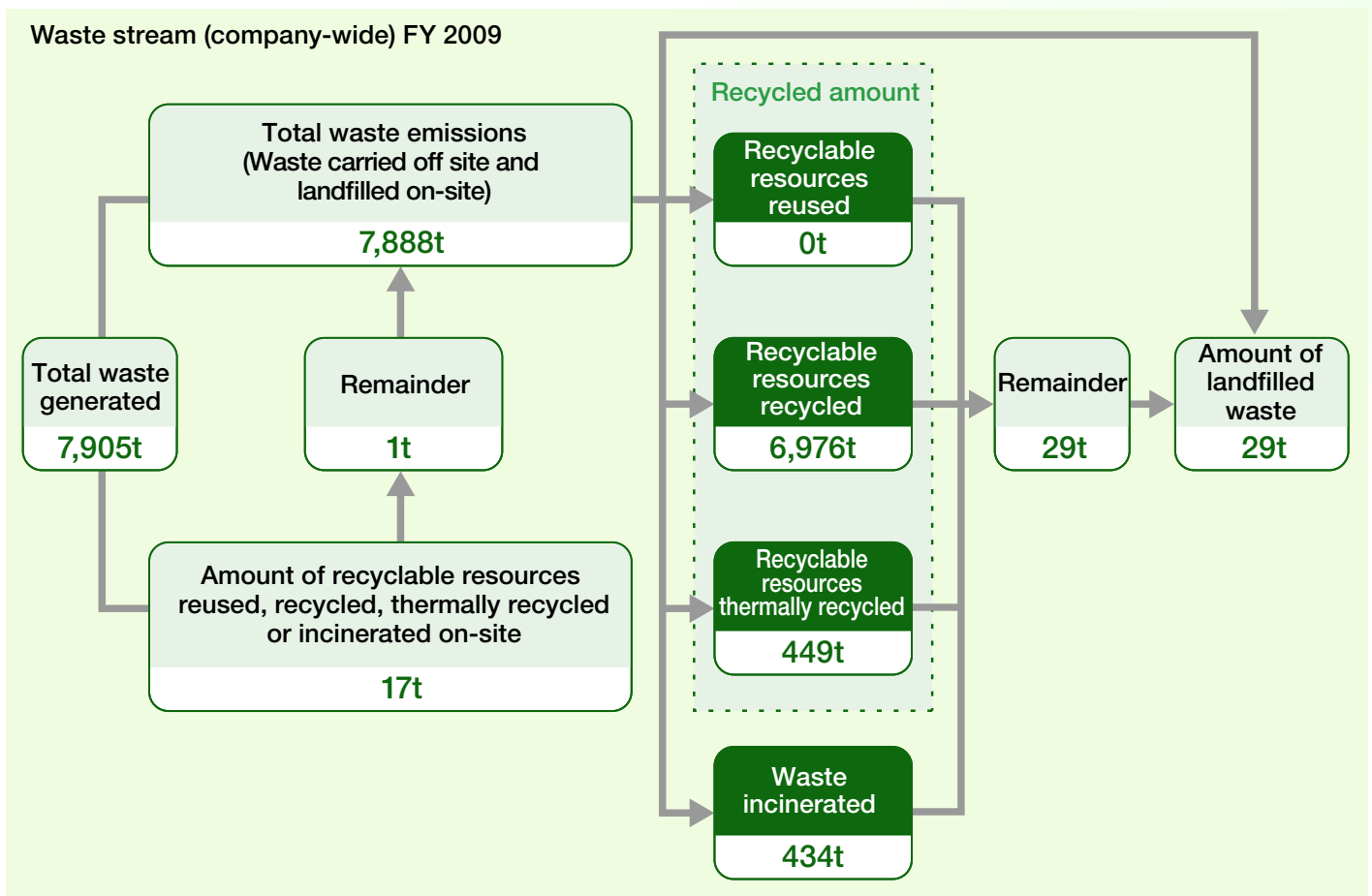
Global resources are limited. Terumo utilizes the resources it requires in the most effective and efficient way possible. We are making efforts to effectively use resources, reduce waste and increase recycling throughout the entire company.

Making efforts to reduce the amount of landfilled waste

Manufacturing processes and business activities at our factories, R&D Center and offices generate a variety of waste. We have therefore set a target of zero waste emissions—defined as “an amount of landfilled waste equal to less than 1% of the total amount of waste generated”—for all of our sites in Japan, excepting our sales offices. To ensure we achieve this reduction target, we urge rigid adherence to the proper sorting of waste and continue to refine our waste treatment methods and rules. In fiscal 2009, only 0.4% of our total waste by volume was disposed as landfill, meaning that we achieved our zero emission target for the sixth consecutive year.

Promoting recycling

While our Industrial Waste Group (one of our specialized environmental groups) plays a big role in sharing important information among sites, all our associates make efforts to recycle. Due to their unique properties and product safety concerns, it is not usually possible to recycle our products for use in other medical products. We do, however, recycle various types of waste generated in our production processes and office-based business activities for use in other plastic products including floor tiles and recycled plastic fuel (RPF). Also, organic sludge generated from wastewater treatment is recycled into organic fertilizer. Our recycling rate reached 94% in fiscal 2009.



In-house liquefying of waste plastic for recycling

We have established an experimental facility at our Kofu Factory in Japan to pyrolyze and liquefy waste plastic generated in syringe or other production processes, and have started research into its use as an energy source. Waste plastic that could be liquefied for recycling used to be treated externally and recycled as solid fuel, which could be used only for limited purposes. Liquefied waste plastic, on the other hand, can be used for a significantly wider range of purposes, including as fuel for boilers and diesel engines. We are conducting further research into controlling the state of pyrolysis oil for more effective use.



Liquefaction equipment



Burner combustion experiment using recycled oil

Initiatives to recycle small rechargeable batteries

We continue to recycle small rechargeable batteries in accordance with the Act on the Promotion of Effective Utilization of Resources. The Japan Portable Rechargeable Battery Recycling Center (JBRC), which promotes the recycling of small rechargeable batteries, collects and recycles used small rechargeable batteries from Terumo products. We have made several improvements to make the recycling separation processes for our products easier, including displaying a recycling logo. In addition, we collect and recycle spent small sealed lead-acid batteries when we replace them during maintenance. We will continue to collect and recycle small rechargeable batteries.



Collection and recycling performance in FY 2009 (April 2009 to March 2010)

(Unit: kg)

Nickel-cadmium	4,816
Nickel-hydride	170
Lithium ion	37
Small sealed lead-acid	919

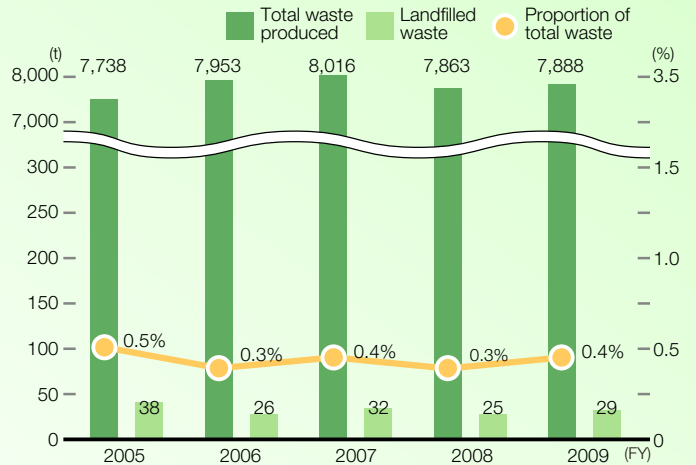
Auditing waste-treatment contractors

To confirm that the sludge and waste plastics generated by Terumo are appropriately processed throughout all stages of treatment, we have prepared a checklist that we use in our regular audits of our waste collection and disposal contractors. In fiscal 2009, we audited 28 contractors.

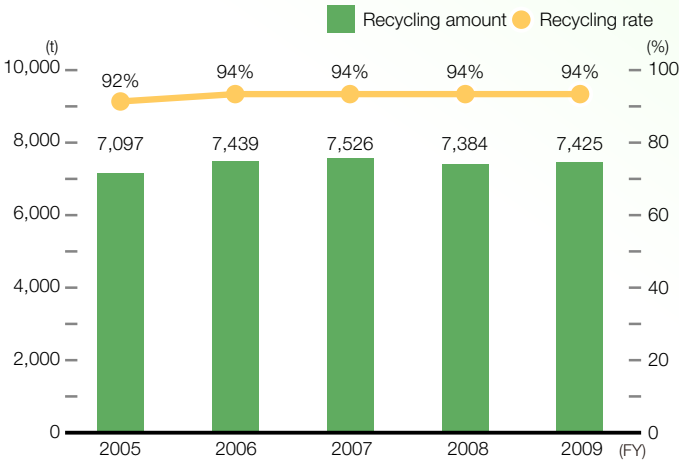
Target for the Reduction of Landfilled Waste:

Reduce the amount of landfilled waste to less than 1% of the total amount of waste generated (sales offices excepted) (=Ongoing zero waste emissions)

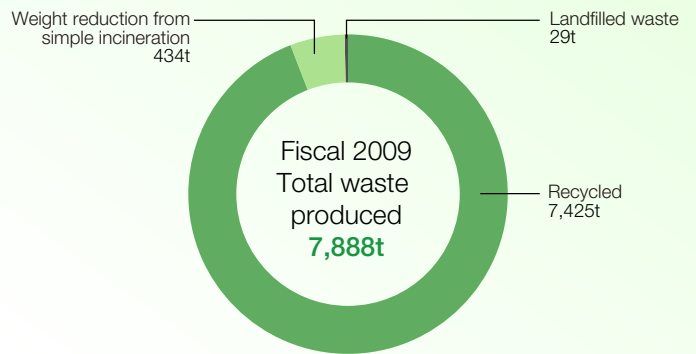
Total amount of landfilled waste



Recycling amount and rate



Total domestic waste and breakdown of disposal or treatment method



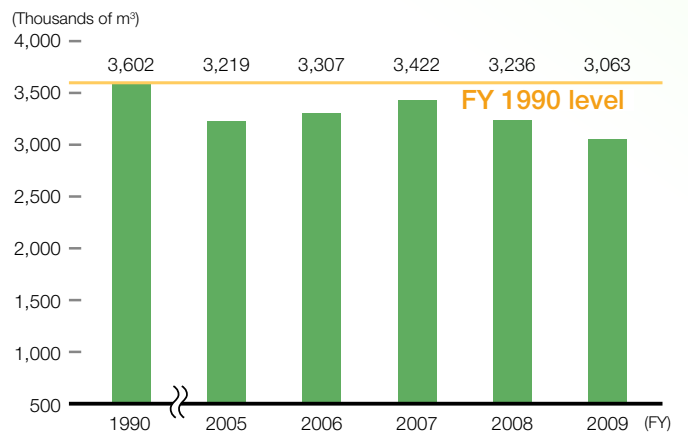
Effective utilization of water resources

At Terumo we are optimizing our use of water resources and circulating and reusing the water we use for cooling. In fiscal 2009, we reduced our water resource usage by 5% over the previous year to 3,063 thousand m³ by reviewing our production processes. Although we expect production levels to continue to rise, we will make every effort to maintain our water consumption at the FY 1990 level or below.

Target limit of water resources use

Maintain water use at or below FY 1990 level

Water use



As clearly declared in our Basic Environmental Policy, “Terumo sets voluntary targets and works to conserve the environment.” We monitor and control chemical substances according to our own strict voluntary management targets.

Introduction of stricter chemicals management

Initiatives to reduce ethylene oxide emissions

Ethylene oxide is widely used to sterilize medical devices and equipment. We set voluntary concentration controls*, equivalent to the environmental standard, for tracking concentrations of ethylene oxide at vent outlets as well as emissions at other sites such as warehouses, and manage emissions along the boundaries of our facilities. In fiscal 2009, we were able to reduce emissions of ethylene oxide despite our increased use of the chemical by operating our emissions treatment system. We will track the emissions pathway in more detail to refine our methods for monitoring the levels of emissions.

* See *The Environmental Risk Assessment of Chemical Substances (second edition)*, Ministry of the Environment

Additional ethylene oxide emissions treatment facilities installed at Fujinomiya Factory

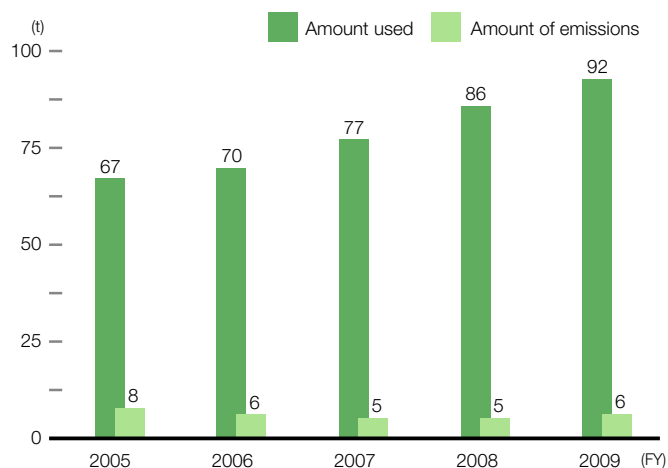
In fiscal 2009, we installed an additional catalytic oxidation treatment system, which can detoxify even low-concentration emissions, at Fujinomiya Factory in Japan, in response to an increase in the use of ethylene oxide. Using this system together with an existing system, we aim to further reduce emissions and improve the work environment in which the processes using the chemical are performed. At all factories where ethylene oxide sterilization is used, Terumo has introduced and been operating systems for the detoxification of ethylene oxide emissions. Catalytic oxidation treatment systems are in operation at Ashitaka Factory and the R&D Center in Japan. We are also working on alternatives to ethylene oxide sterilization.



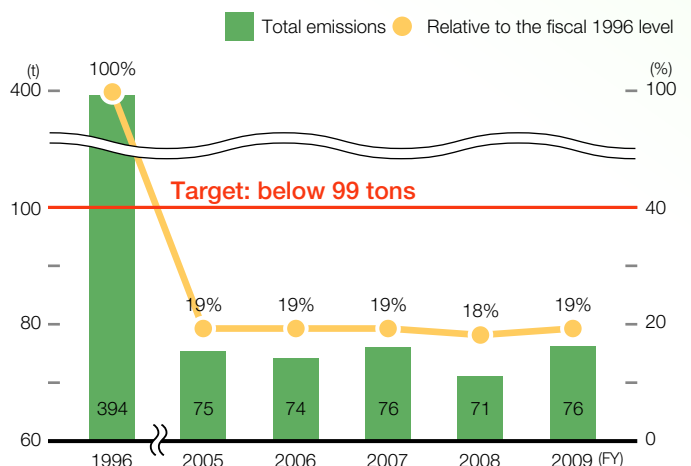
Catalytic oxidation treatment system

Target for Reduction of Chemical Emissions:
Controlling dichloromethane emissions to below 99 tons

Trends in use/emissions of ethylene oxide



Trends in dichloromethane emissions



Substances subject to the PRTR* and substances under voluntary management

(Unit: t)

Substance	Amount (t)	Fujinomiya Factory	Ashitaka Factory	Kofu Factory	R&D	Total
Ethylene oxide (EOG)	Used	19.8	54.1	18.4	0.0	92.3
	Emitted	1.1	2.7	1.7	0.0	5.5
	Transferred	0.0	0.0	0.0	0.0	0.0
Dichloromethane	Used	0.0	5.8	149.2	0.0	155.0
	Emitted	0.0	3.4	72.5	0.0	75.9
	Transferred	0.0	2.4	0.0	0.0	2.4
HCFC-141b	Used	19.1	0.0	2.6	0.0	21.7
	Emitted	19.1	0.0	1.4	0.0	20.5
	Transferred	0.0	0.0	0.0	0.0	0.0
HCFC-225	Used	10.4	22.4	13.0	0.0	45.8
	Emitted	10.4	21.4	11.8	0.0	43.6
	Transferred	0.0	1.0	0.0	0.0	1.0
Di (2-ethylhexyl) phthalate (DEHP)	Used	672.5	6.0	116.1	0.0	794.6
	Emitted	0.0	0.0	0.0	0.0	0.0
	Transferred	0.0	0.0	5.6	0.0	5.6
Toluene	Used	0.0	0.0	11.8	5.7	17.5
	Emitted	0.0	0.0	9.4	0.0	9.4
	Transferred	0.0	0.0	2.5	2.6	5.1
Hydrogen fluoride	Used	0.0	9.7	0.0	0.0	9.7
	Emitted	0.0	0.9	0.0	0.0	0.9
	Transferred	0.0	0.0	0.0	0.0	0.0
Dichloroethane	Used	0.0	3.4	0.0	0.0	3.4
	Emitted	0.0	2.8	0.0	0.0	2.8
	Transferred	0.0	0.6	0.0	0.0	0.6
Tetrahydrofuran THF (under voluntary management)	Used	7.2	20.6	2.4	0.0	30.2
	Emitted	5.6	14.5	2.3	0.0	22.4
	Transferred	1.5	6.0	0.1	0.0	7.6

* PRTR: Pollutant Release and Transfer Register

- Our effort to stop using HCFC-141b resulted in a slight increase in the amount of HCFC-225 used. HCFC-225 has a low ozone depletion potential.
- Benzene has been removed from the list as the benzene content of city-supplied gas, which we use as fuel, has become less than the specified value.

Aiming at appropriate PCB* management

In accordance with the Law concerning Special Measures for Promotion of Proper Treatment of PCB Wastes and the Waste Management and Public Cleansing Law, we have removed all transformers, fluorescent light ballasts and other equipment containing PCBs*. To ensure the prompt and appropriate disposal of these materials, we completed early registration with the Toyota office of the Japan Environmental Safety Corporation (JESCO).

An investigation conducted by the Japan Electrical Manufacturers' Association identified pieces of equipment that may potentially contain trace amounts of PCBs on the basis of the time of manufacture or other factors. Following this, we conducted our own investigation, categorizing and performing a complete analysis of every piece of equipment (including examining manufacturer warranties), with the exception of those that could not be analyzed due to their sealed nature. These will be examined when they reach the end of their life.

* PCB: Polychlorinated biphenyl

As clearly declared in our Basic Environmental Policy, “Terumo sets voluntary targets and works to conserve the environment.” We promote green purchasing through our established guidelines for selecting office and stationery supplies and other equipment used in production processes and workplaces.

Green Procurement

Toward the establishment of a green conformity assurance system

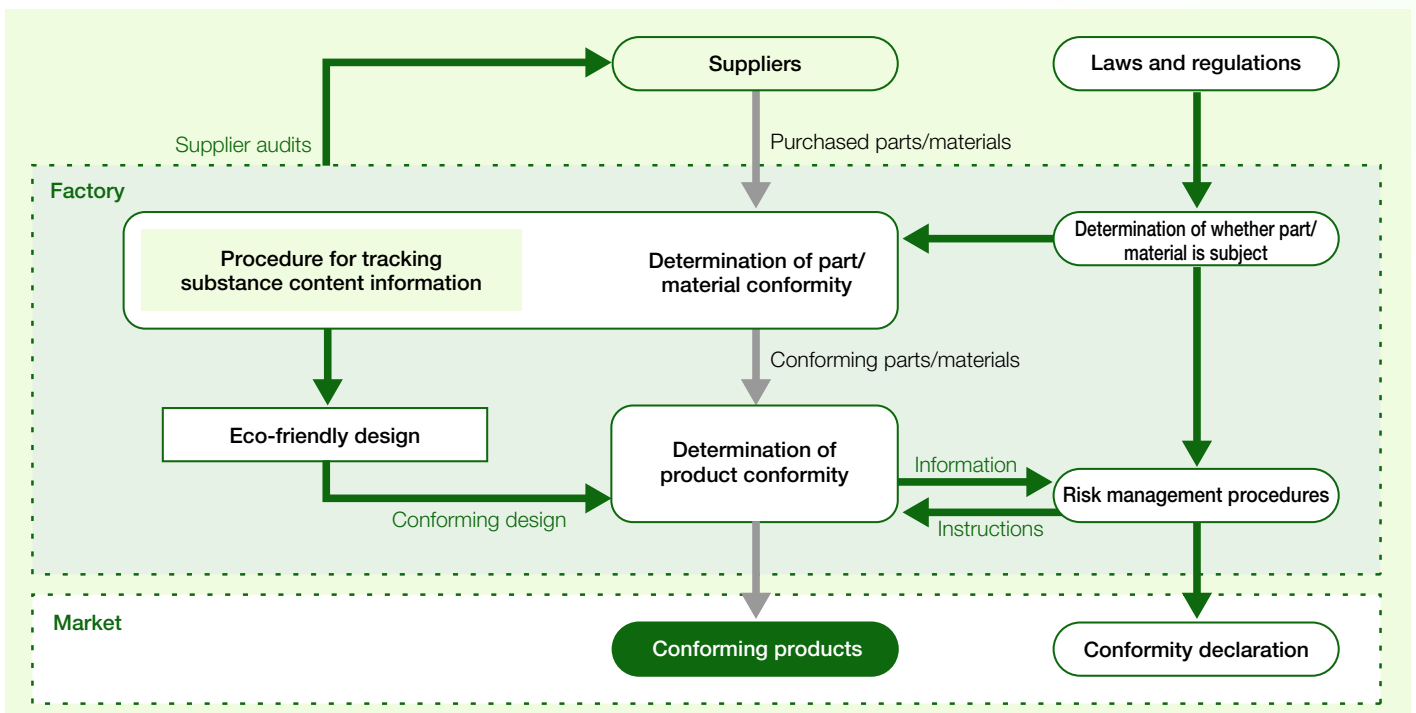
European environmental regulations (RoHS/WEEE), as well as Chinese and Japanese laws, restrict the use of hazardous substances in electrical and electronic equipment (or require that such equipment be labeled). Meanwhile, creating a conformity assurance system to bring medical devices, which are not yet targeted by the EU’s RoHS Directive, into conformity with these regulations is a vital task in the achievement of eco-friendly operation.

Our basic policy on conformity assurance is to prevent harmful substances from entering the factory and also prevent them from exiting. This concept is not vastly different from the traditional concept of quality assurance for medical devices. It was necessary, however, to add new rules to the management procedures due to the need to handle management elements not conventionally present. We thus added the following management steps, the main elements of which had already been stipulated.

- ① **Procedure for determining which items are subject to the assurance system**
- ② **Procedure for determining conformity of parts and materials purchased and products shipped**
(Created determination flow and determination standards for purchased parts/materials. Partially implemented)
- ③ **Procedure for tracking information about substances contained in purchased parts/materials**
(Created instructions for investigating substance composition and began periodic investigations in FY 2007)
- ④ **Procedure for eco-friendly product design**
(Provide results of substance composition investigation via database and provide conformity training)
- ⑤ **Procedure for risk management**
(Risk analysis/improvement instructions/determination of whether self-declarations are allowed)

In the future, we will integrate each of these procedures in turn into our quality management system to construct an overall conformity assurance system.

Green assurance system flowchart



Promotion of Green Purchasing

Carrying out green purchasing

We promote green purchasing through our established guidelines for selecting office and stationery supplies and other equipment used in factories and offices. This is an ongoing activity that complements our other approaches to environmental conservation.

Results of green purchasing in Japan for fiscal 2009

(Unit: thousands of items, thousands of yen)

Category	Data	Overall result	Total of green purchasing	
Head Office/ sales offices (total)	Number of items purchased	18	9	52%
	Total payment	16,929	5,158	30%
Factories (total)	Number of items purchased	33	23	69%
	Total payment	16,739	12,869	77%
Company (total)	Number of items purchased	51	32	63%
	Total payment	33,668	18,027	54%

Note: The above results were calculated according to the current contents indicated by Green Purchasing Act compliance product labels, Eco Marks, and the like.

Low emission vehicles

As of the end of March 2010, Terumo owned 723 vehicles for company use in Japan. Of these, 625, or 86% of the vehicles in our fleet, are 4-star or higher low emission vehicles (LEVs).

Low emission vehicle fleet

Vehicle type	No. of vehicles
☆☆☆☆ 75% below FY 2005 exhaust gas standard	625
☆☆☆ 50% below FY 2005 exhaust gas standard	87
☆☆ 50% below FY 2000 exhaust gas standard	1
☆ 25% below FY 2000 exhaust gas standard	5
None	5
Total	723



Low emission vehicle

Environmental Auditing

As clearly declared in our Basic Environmental Policy, Terumo conducts regular internal environmental audits to prevent illegal acts and environmental problems.

Status of internal environmental audits for fiscal 2009

To prevent illegal acts and environmental problems and reduce present and future environmental risks, we conduct internal environmental audits of factories in Japan, Shonan Center, Head Office, sales offices and Terumo Group companies.

Audit tasks

- (1) Clarify environmental laws and ordinances, and check compliance
- (2) Check the status of management of environmental risk items and their performance:
 - Status of operation of our environmental management organization
 - Status of waste management and related risk management
 - Progress and results of energy management and energy conservation projects
 - Status of chemicals management and related risk management

Audit results

With regard to environmental laws and ordinances, major noncompliance was not detected and a management system was in place at all sites for environmental risks.

In fiscal 2009, regulatory authorities conducted an external on-site inspection of specified factories and offices focusing on environmental issues, particularly with regard to a specified building and a cold evaporator (equipment for liquefied nitrogen). Following these inspections, we received no remedial instructions from authorities.



Internal environmental audit

Auditing at overseas sites

Terumo also conducts audits at our overseas sites. In fiscal 2009, we conducted an audit at Terumo Medical Products (Hangzhou) Co., Ltd. in Hangzhou, China, focusing on compliance with: environmental laws and ordinances; status of management of environment-related equipment; environmental conservation activities (energy saving, waste management and recycling); and work environment and occupational safety and health. Neither major risks nor noncompliance was detected.



Audit at Terumo Medical Products (Hangzhou) Co., Ltd.

Business Activities and Material Flows

Terumo determines the environmental impact associated with production processes that use inputs of energy and raw materials and create outputs like carbon dioxide, wastewater and waste, and uses these values as indicators. We are striving to reduce our environmental impact in this manner.



* Figures for business activities and material flows include data from Terumo's sites in Japan.

* NOx emitted in distribution were calculated using the coefficients in the "Environmental Activities Evaluation Program (April 2002)" developed by the Ministry of the Environment.

Site Data

At Terumo, we work hard every day to effectively utilize resources and reduce emissions of substances that impact the environment. This section provides details of environmental impacts at our production sites in Japan and overseas during fiscal 2009.

Site	Location	Total CO ₂ emissions (thousands of t)	Water usage (thousands of m ³)	Total waste (t)	Hazardous waste (t)	Recycled amounts (t)
Fujinomiya Factory	Fujinomiya, Shizuoka	36.4	1,505	2,821	21	2,794
Ashitaka Factory	Fujinomiya, Shizuoka	14.6	432	1,181	144	1,015
Kofu Factory	Nakakoma, Yamanashi	45.4	1,013	3,586	31	3,343
R&D Center	Ashigarakami, Kanagawa	7.0	94	202	48	158
Hatagaya Head Office	Shibuya, Tokyo	0.5	5	123	1	122
Ikiken Co., Ltd.	Sayama, Saitama	0.1	1	8	0	5
Terumo Clinical Supply Co., Ltd.	Kagamihara, Gifu	0.6	4	41	0	29
Terumo Medical Corporation, TCVS	Maryland, USA	16.9	60	659	119	161
TCVS	Michigan, USA	2.8	11	708	15	286
TCVS	Massachusetts, USA	0.5	3	145	—	77
MicroVention, Inc.	California, USA	0.8	6	—	—	—
Terumo Europe N.V.	Leuven, Belgium	17.3	57	1,346	354	553
Terumo Europe N.V.'s UK factory	Liverpool, UK	0.1	0.3	67	0	50
Vasutek Ltd.	Glasgow, UK	1.8	15	149	9	30
Terumo Medical Products (Hangzhou) Co., Ltd.	Zhejiang, China	27.7	494	130	12	97
Changchun Terumo Medical Products Co., Ltd.	Jilin, China	3.6	30	255	0	206
Terumo (Philippines) Corporation	Manila, the Philippines	17.2	89	704	29	649
Terumo Penpol Ltd.	Kerala, India	3.3	30	472	1	472
Terumo Vietnam Co., Ltd.	Vinh Phuc, Vietnam	2.1	33	56	4	24

* TCVS: Terumo Cardiovascular Systems Corporation

* For the purpose of calculation, we used waste density of 0.2t/m³ for general/industrial waste and 1.0t/m³ for hazardous waste.

History of Our Environmental Activities

1971	<ul style="list-style-type: none"> ○ We establish the Environmental Control Department at Ashitaka Factory.
1972	<ul style="list-style-type: none"> ○ We change from a sedimentation system to a chelating adsorption system to treat water effluent containing mercury.
1975	<ul style="list-style-type: none"> ○ We install general water effluent treatment facilities at Fujinomiya Factory.
1976	<ul style="list-style-type: none"> ○ We discontinue acid surface treatment of needle hubs (at the base of the needle) and shift to a plasma treatment system, which does not generate acid wastewater. ○ Fujinomiya and Ashitaka Factories sign a pollution control agreement with Fujinomiya city.
1979	<ul style="list-style-type: none"> ○ We switch boiler fuel at Fujinomiya Factory from heavy oil to LPG, which contains less sulfur.
1980	<ul style="list-style-type: none"> ○ We change the material for syringe gaskets from rubber to thermoplastic elastomer to prevent generation of sulfur oxides during incineration. ○ We install general water effluent treatment facilities at Ashitaka Factory.
1981	<ul style="list-style-type: none"> ○ We adopt non-PVC (polyvinyl chloride) containers for IV solutions (TERUPACK), switching to ethylene vinyl acetate (EVA), which does not generate toxic gases when incinerated.
1982	<ul style="list-style-type: none"> ○ We completely stop the use of trichloroethylene, ahead of regulations.
1983	<ul style="list-style-type: none"> ○ We adopt gamma ray sterilization, which does not emit gases, for the sterilization system at Kofu Factory. ○ We start sale of our non-mercury digital thermometer.
1984	<ul style="list-style-type: none"> ○ We bring an end to 70 years of production of mercury thermometers, as part of our effort to replace medical-use products containing mercury with safer alternatives.
1989	<ul style="list-style-type: none"> ○ We switch from glass vacuum blood collection tubes to plastic vacuum blood collection tubes made of polyester, which can be disposed by incineration.
1991	<ul style="list-style-type: none"> ○ We start sales of non-PVC hypodermic administration sets using polybutadiene, which does not generate hazardous gases when incinerated.
1992	<ul style="list-style-type: none"> ○ We start sales of a digital blood pressure monitor for hospital use as part of our effort to replace medical-use products containing mercury with safer alternatives, in consideration of the workplace environment of healthcare practice.
1994	<ul style="list-style-type: none"> ○ We start sales of a balloon catheter made of thermoplastic elastomer, which does not generate sulfur oxides when incinerated.
1996	<ul style="list-style-type: none"> ○ We completely abolish the use of ozone-depleting specified chlorofluorocarbon (CFC) chemicals in the production process at Kofu Factory (followed by other factories). ○ We start production of a hypodermic administration set with a new-type plastic needle: the non-metal needle makes post-disposal separation at hospitals as well as incineration easier.
1997	<ul style="list-style-type: none"> ○ We establish the Environmental Management Department at Head Office. ○ We start operating cogeneration (combined heat and power, or CHP) at Kofu Factory, supplying 60% of the power used at the factory. ○ We convert the energy source from LPG to city gas, which emits less CO₂, at Fujinomiya and Ashitaka Factories. ○ We completely stop the use of heavy oil at all production sites.
1998	<ul style="list-style-type: none"> ○ We reduce the size and weight of syringes, which enables a 25% reduction of waste in terms of weight. ○ We start the shift to recycled copier paper at our offices. ○ We introduce a catalytic oxidation treatment system for EOG emissions treatment at Fujinomiya Factory.

1999	<ul style="list-style-type: none"> ○ We establish Terumo's Basic Environmental Policy. ○ We start operating cogeneration at Fujinomiya Factory. ○ We start the shift to recycled paper for catalogues and specification change notifications. ○ We start to use non-PVC solution containers for continuous ambulatory peritoneal dialysis therapy for home use. The use of polypropylene containers, which do not generate hazardous gases when incinerated, enables a 40% reduction of waste in terms of weight.
2000	<ul style="list-style-type: none"> ○ We establish the Environment Committee. ○ We start operating cogeneration at Ashitaka Factory. ○ We start indicating packaging and container identification marks and materials for recycling. ○ We start internal environmental audits. ○ We abolish the use of diesel-powered work vehicles. ○ We first publish our <i>Environmental Report</i> (which has since been published annually).
2001	<ul style="list-style-type: none"> ○ We stop the operation of incinerators at Kofu and Ashitaka Factories. ○ We stop the use of devices and equipment containing PCBs and put them into storage. ○ We start sales of non-PVC hypodermic administration sets for use on children. ○ About 80 associates and their family members participate in a Mt. Fuji cleanup activity.
2002	<ul style="list-style-type: none"> ○ We completely abolish the use of benzene and chloroform at Kofu Factory. ○ We stop the use of incinerators at Kofu and Ashitaka Factories and remove them. ○ We conduct a cleanup of Mt. Fuji as a joint activity for the Kofu and Fujinomiya areas (with about 130 participants). ○ We install an observation well at Kofu Factory to monitor the quality of underground water. ○ We start sales of hypodermic administration sets using TOTM, an alternative to the DEHP plasticizer.
2003	<ul style="list-style-type: none"> ○ We achieve zero waste emissions at Ashitaka Factory and Head Office. ○ We convert from LPG to city gas at Kofu Factory, completing the fuel conversion at all major domestic sites. ○ We conduct on-site inspections at overseas sites. ○ We launch the Terumo Mt. Fuji Reforestation Project.
2004	<ul style="list-style-type: none"> ○ Our high-calorie electrolyte fluid for IV solution containing a multivitamin, glucose and amino acids receives the President's Prize awarded by the Eco Products Promotion Council at the First Eco-Products Awards in 2004. ○ We achieve zero waste emissions at Kofu and Fujinomiya Factories.
2006	<ul style="list-style-type: none"> ○ We achieve zero waste emissions at Shonan Center. ○ We start sales of digital blood pressure monitors compliant with the RoHS Directive. ○ We introduce turbo refrigeration units at Kofu Factory. ○ We introduce a catalytic oxidation treatment system for EOG emissions treatment at Ashitaka Factory. ○ We join Team Minus 6%.
2008	<ul style="list-style-type: none"> ○ Our Fujinomiya Factory is awarded with the Director General's Prize in the Kanto Bureau of Economy, Trade and Industry's Awards for Outstanding Energy Conservation by a Factory. ○ We install an additional catalytic oxidation treatment system for EOG emissions treatment at Ashitaka Factory. ○ We establish a test plant for liquefaction of waste plastic.
2009	<ul style="list-style-type: none"> ○ We introduce "Human x Eco Development Guidelines". ○ We start environmental auditing at our overseas production sites. ○ Our Fujinomiya Factory is accredited for excellence as a supporter of the 2009 Eco-Ship Modal Shift project. ○ We introduce an additional catalytic oxidation treatment system for EOG emissions treatment at Fujinomiya Factory.

Targets and Achievements of Activities

We have expanded the content of our management, social and environmental performance initiatives and publish the details, achievements and our own evaluations of them in this section.

Looking to the future, we will continue to push forward with social contribution and environmental protection activities and to disclose related information in the interests of transparency and fulfilling our responsibilities as a good corporate citizen.

Legend: ○: Target accomplished, △: Part of the target not yet accomplished, ×: Target not yet accomplished

Management Performance				
Initiative	Voluntary Targets (Medium to Long-Term Targets)	Results for FY 2009	Evaluation for FY 2009	Initiatives for FY 2010
Internal control initiatives	•Continually review and operate internal control system	•Reviewed internal control system	○	•Develop and operate internal control system
Promoting compliance	•Continue compliance training	•Continued compliance training	○	•Continue compliance training

Social Performance				
Initiative	Voluntary Targets (Medium to Long-Term Targets)	Results for FY 2009	Evaluation for FY 2009	Initiatives for FY 2010
A highly accessible call center	•Maintain rate of over 95% of incoming calls answered within 2.5 seconds	•97.4% of incoming calls answered within 2.1 seconds	○	•Maintain rate of over 95% of incoming calls answered within 2.5 seconds
Promoting employment of disabled workers	•Maintain a disabled-worker employment ratio of 1.8%	•1.71% disabled-worker employment ratio as of the end of March 2010	○	•Promote fulfillment of the disabled-worker employment ratio of 1.8%
Promoting occupational safety	•No work-related deaths or serious injuries, and fewer work-related accidents than the previous fiscal year	•Zero work-related deaths or serious injuries in FY 2009 (zero in previous year); 16 other work-related accidents (16 in previous year) Frequency rate ¹ : 1.84931 Severity rate ² : 0.00000	△	•No work-related deaths or serious injuries, and fewer work-related accidents than the previous fiscal year
Career advancement of female associates	•Train and promote associates based on skills and performance, without gender bias	•Women accounted for 3.1% of management positions (as of the end of March 2010)	△	•Train and promote associates based on skills and performance, without gender bias
Promoting fair hiring	•Conduct hiring based on skills, regardless of race, nationality, gender, religion, physical disability or other factors	•Educated hiring managers and created manuals	○	•Continue to practice fair hiring and educate hiring managers

1. Frequency rate: The number of casualties due to industrial accidents divided by hours worked and multiplied by 1,000,000

2. Severity rate: The days lost due to industrial accidents divided by hours worked and multiplied by 1,000

Targets and Achievements of Activities

2/2

Environmental Performance				
Initiative	Voluntary Targets (Medium to Long-Term Targets)	Results for FY 2009	Evaluation for FY 2009	Initiatives for FY 2010
Determining the environmental impact of our business activities	<ul style="list-style-type: none"> Quantitatively determine the environmental impacts of development, production and sales activities 	<ul style="list-style-type: none"> Continued to conduct environmental impact assessments Completed replacement of HCFC-141b¹ 	○	<ul style="list-style-type: none"> Continue to conduct environmental impact assessments
Environmentally friendly products	<ul style="list-style-type: none"> Remove mercury from healthcare practice Respond to regulations of different countries 	<ul style="list-style-type: none"> Promoted sales of digital blood pressure monitors for hospital use Assessed the environmental impact of products using LCA Promoted the development of products compliant with RoHS Directive Introduced "Human x Eco Development Guidelines" Recovered and recycled used small rechargeable batteries 	○	<ul style="list-style-type: none"> Continue to develop products compliant with RoHS Directive and to build an assurance system Promote the operation of "Human x Eco Development Guidelines" Assess the environmental impact of products using LCA
Preventing environmental pollution	<ul style="list-style-type: none"> Maintain dichloromethane emissions of no more than 99 tons 	<ul style="list-style-type: none"> Dichloromethane emissions were 75 tons Carried out voluntary measurement of ethylene oxide concentrations along the boundaries of our facilities Installed an additional catalytic oxidation treatment system at Fujinomiya Factory 	○	<ul style="list-style-type: none"> Maintain dichloromethane emissions of no more than 99 tons Continue voluntary measurement of ethylene oxide concentrations along the boundaries of our facilities Install an additional catalytic oxidation treatment system at Ashitaka Factory
Using resources and energy effectively	<ul style="list-style-type: none"> Reduce CO₂ emissions per unit of sales by 50% relative to FY 1990 level by FY 2012 	<ul style="list-style-type: none"> Promoted conversion from gas to electricity, which has a lower CO₂ emissions coefficient Reduced CO₂ emissions per unit of sales by 44% relative to FY 1990 level Fujinomiya Factory was accredited for excellence as a supporter of the 2009 Eco-Ship Modal Shift project Participated in the Team Minus 6% project and carried out in-house eco campaign Promoted eco-driving Promoted energy-saving activities in offices Continued experimental liquefaction of waste plastic 	○	<ul style="list-style-type: none"> Continue conversion to electricity Participate in the Challenge 25 campaign and carry out in-house eco campaign Promote eco driving Continue to promote energy-saving activities in offices Continue experimental liquefaction of waste plastic
Reducing waste	<ul style="list-style-type: none"> Reduce the amount of landfilled waste to less than 1% of the total amount of waste at all sites in Japan, excepting sales offices 	<ul style="list-style-type: none"> Continued zero waste emissions² at all production sites (Fujinomiya, Ashitaka and Kofu Factories), R&D Center and Head Office in Japan Expanded the use of electronic manifests 	○	<ul style="list-style-type: none"> Continue to reduce the amount of landfilled waste to less than 1% of the total amount of waste at all sites in Japan, excepting sales offices Promote the use of electronic manifests across the group
Establishing environmental management systems	<ul style="list-style-type: none"> Maintain compliance with the Terumo Environmental Management System across the Terumo Group 	<ul style="list-style-type: none"> Continued to maintain the Terumo Environmental Management System at all sites and Group companies in Japan Conducted environmental audits at all sites and Group companies in Japan Conducted environmental audit at Hangzhou Factory Conducted on-site confirmation at Vietnam Factory 	○	<ul style="list-style-type: none"> Continue to maintain the Terumo Environmental Management System at all sites and Group companies in Japan Continue to conduct environmental audits at all sites and Group companies in Japan Conduct environmental audits at factories outside Japan
Encouraging volunteer activities	<ul style="list-style-type: none"> Encourage volunteer activities 	<ul style="list-style-type: none"> Implemented the Terumo Mt. Fuji Reforestation Project (reforestation using native tree varieties) Supported volunteer activities, including participation in the Tamagawa River Cleanup Campaign (Tokyo) Participated in the "Eco Cap Movement" Cleaned the surroundings of Terumo's premises 	○	<ul style="list-style-type: none"> Continue to support volunteer activities, including the Terumo Mt. Fuji Reforestation Project
Facilitating environmental communication	<ul style="list-style-type: none"> Publish social and environmental reports Conduct initiatives for Environment Month 	<ul style="list-style-type: none"> Published <i>Terumo Guide 2009</i> (social and environmental report) Conducted Environment Month initiatives Posted special features on Environment Month on corporate intranet 2,036 associates voluntarily participated in eco programs Provided environmental education to associates Presented an in-house environmental award to Maintenance Department, Administration Division, Fujinomiya Factory 	○	<ul style="list-style-type: none"> Publish <i>Social and Environmental Report 2010</i> Conduct initiatives for Environment Month Continue eco programs with associate participation Continue to provide environmental education to associates
Compliance with environmental laws and ordinances	<ul style="list-style-type: none"> Confirm compliance with laws, ordinances and agreements relating to environmental protection, as well as legal compliance overseas 	<ul style="list-style-type: none"> Began compliance activities related to the revised Act on the Rational Use of Energy Complied with REACH and other chemical regulations outside Japan 	○	<ul style="list-style-type: none"> Conduct compliance activities related to the revised Act on the Rational Use of Energy Continue to comply with REACH and other chemical regulations outside Japan Conduct compliance activities related to the revised Soil Contamination Countermeasures Act

1. HCFC (hydrochlorofluorocarbon)-141b: An alternative to chlorofluorocarbons.

2. Zero waste emissions: The amount of landfilled waste is below 1% of the total amount of waste generated.

Reporting policy

This report is created to share information on Terumo's business activities conducted under its corporate philosophy, "Contributing to Society through Healthcare," and promote communication with society.

To introduce Terumo's activities that express our corporate philosophy and illustrate the concept of people-friendly healthcare, feature reports focus on promoting the spread of catheter-based therapies and the related techniques, as well as Terumo Medical Pranex, which brings together the latest facilities, healthcare devices and equipment to simulate a functioning hospital environment.

Scope of this report

This report carries data for Terumo Group companies both in Japan and overseas, presented on a consolidated basis wherever possible, albeit with some exceptions depending on the data item.

Report period

Fiscal 2009 (April 1, 2009 through March 31, 2010)

Activities reported include some recent activities.

Publication schedule

This report: November 2010

Previous report: December 2009

Next report: October 2011 (tentative)

Referenced guidelines

GRI, *Sustainability Reporting Guidelines 2006*

Japanese Ministry of the Environment, *Environmental Reporting Guidelines (2007 version)*

Report archives

Past reports for each year are available in PDF format on our Web site.

Backnumbers

http://www.terumo.co.jp/English/company/social_environmental_report.html