

TSUMURA

Corporate Social Responsibility Report

2009



What Tsumura places importance on

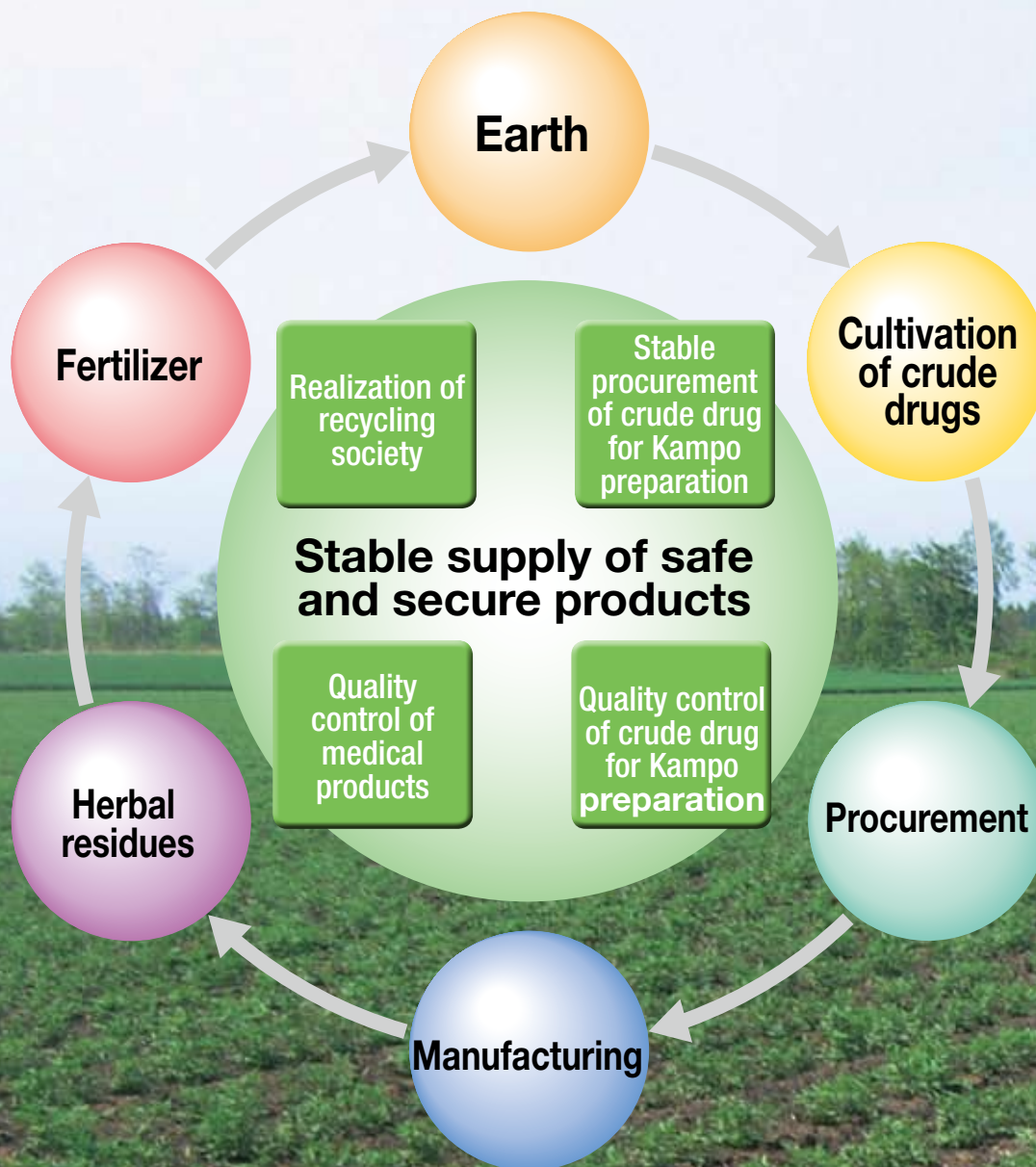
Tsumura's Corporate Philosophy is "The Best of Nature and Science".

It is the fundamental standpoint for our corporate activities to be appreciated by the society and continue business.

We desire to relieve as much pain as possible through producing Kampo, and contribute to people's health.

Tsumura will fulfill social responsibilities through Kampo, as a life science company.

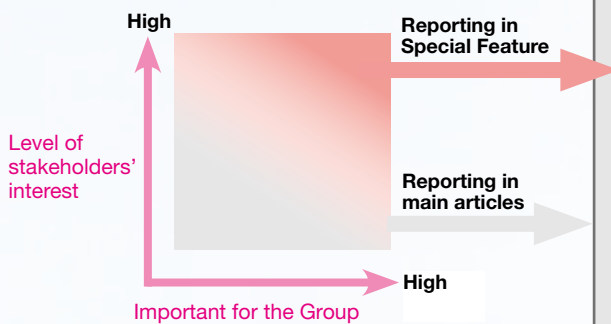
Tsumura's Business Cycle and Four Core Components



It is precisely because we make our business out of Kampo preparations made from crude drugs, nature's bounty, that it is our most important responsibility to supply high quality Kampo preparations in a stable manner. Furthermore, as our business is based on the nature's bounty, we believe that we should be responsible to build a cyclical process that can coexist with nature.

Editorial Policy

Tsumura has reported our environmental performance on our website since FY2001, and issued Environmental Reports since FY2002 for the purpose of communicating our concept of environmental protection and details of our activities. Beginning in FY2005, we have issued a “Corporate Social Responsibility Report” to report our social responsibility concept and contents of relevant activities, as well as environmental approach on which Tsumura places the most importance, making efforts to disclose the relationship between Tsumura and its various stakeholders. In accordance with materiality principle, we edited the Report for FY2009 based on the policy that topics which are important for the Group and in which stakeholders are highly interested should be reported preferentially and intensively.



Tsumura Home Page 
<http://www.tsumura.co.jp/english/index.htm>

For preparing this Report, we referred to “Environmental Report Guidelines FY2007” published by the Ministry of the Environment and GRI’s “Sustainability Reporting Guidelines version 3.0”. In the Report, the “Company” means Tsumura & Co., and “Tsumura Group” means Tsumura & Co. and its consolidated subsidiaries.

Reporting period

This report contains the performance data obtained in fiscal year 2008 (from April 1, 2008 to March 31, 2009). Some qualitative reports are based on activities performed in fiscal year 2009 and stated in each case.

Scope of this report

The performance data in this report was provided by Tsumura & Co., its domestic sites, Creative Service Inc., Logitem Tsumura Co., Ltd., Shanghai Tsumura Pharmaceuticals Co., Ltd., and Shenzhen Tsumura Medicine Co., Ltd. In those cases where the scope differs from the above, the scope of this report is stated in each case.

Changes from the previous report

Tsumura & Co. transferred all shares of Tsumura Lifescience Co., Ltd. to Plumeria Co., Ltd. on August 29, 2008. Accordingly, Tsumura Lifescience Co., Ltd. was excluded from the scope of performance data.

Dates of issues

This report: August 2009
 Previous report: September 2008
 Next report: August 2010

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Tsumura Group Network

The Best of Nature and Science

Tsumura & Co.

■ Corporate profile (As of March 31, 2009)

Tsumura & Co.

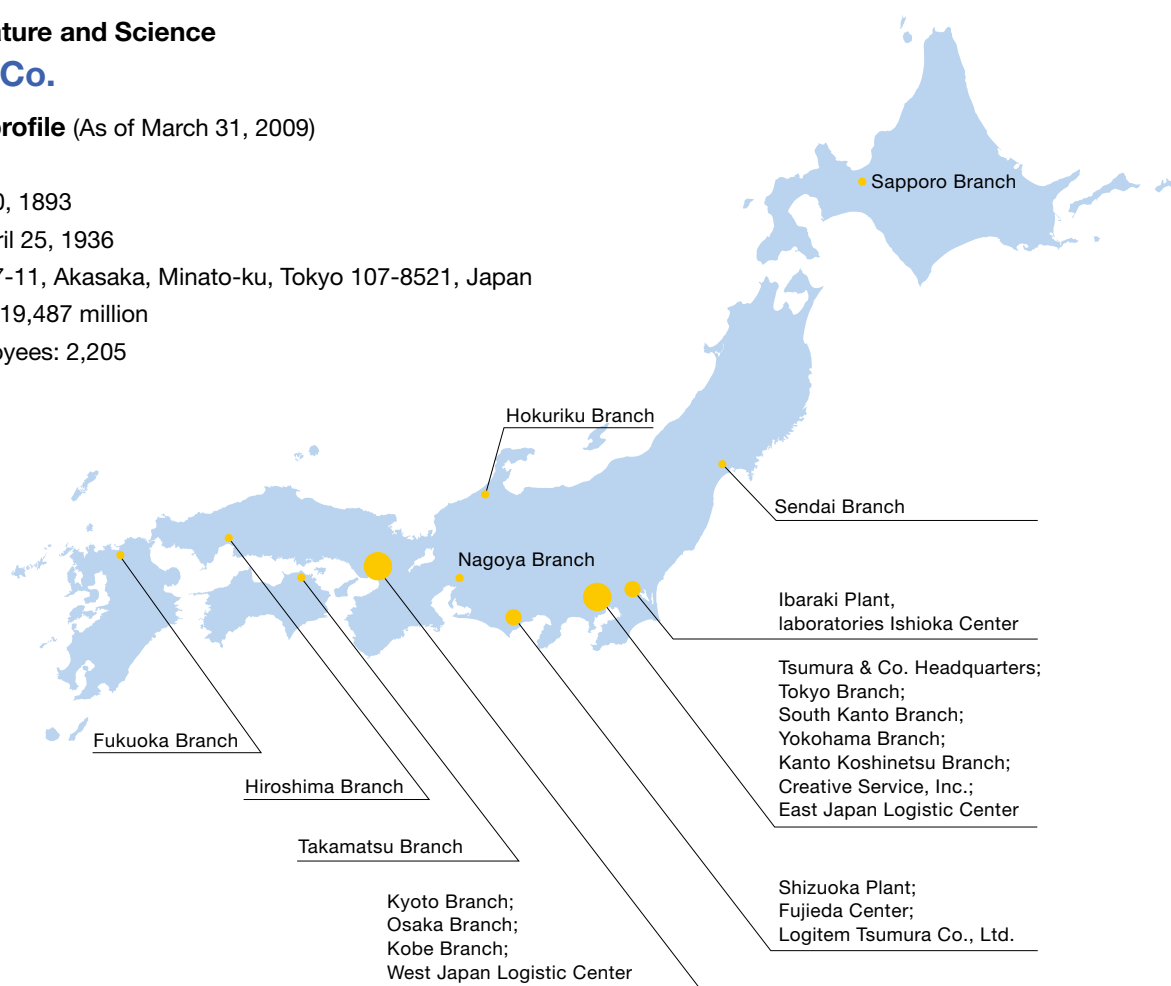
Founded: April 10, 1893

Incorporated: April 25, 1936

Head Office: 2-17-11, Akasaka, Minato-ku, Tokyo 107-8521, Japan

Paid-in Capital: ¥19,487 million

Number of Employees: 2,205



■ Our Products



The Company's share of the domestic market for ethical Kampo Formulation was 83.1% as of fiscal year 2008. ©IMS Japan KK 2009, Reference: IMS pharmaceutical market statistics, Period: March 2009 MAT, Authorized duplication only

* Approval to the production and marketing of Astat®, an external antifungal drug, was transferred to Maruho Co., Ltd as of February 23, 2009.



Prescription Medicines

Tsumura & Co. provides prescription products centering on 129 ethical Kampo formulation, as well as new prescription drugs and crude drug pieces for decoction for subsequent formulation.

Among the Company's new prescription drugs is Metalite 250 Capsules, an agent for treating Wilson's disease. These products all contribute to medical care.

OTC Medicines

In the field of OTC pharmaceuticals, Tsumura provides the superb benefits of Kampo to a broader customer base by offering a product lineup based on 42 Kampo formulas. In addition to cold and digestive medicines, our Company markets tonics with nutritional and invigorative effects, Kampo troches, and various other distinctive products based on our Company's extensive research in crude drugs for Kampo preparations and Kampo medicines. Those products are familiar and broadly used in everyday life.



Base in China for procuring and accumulating crud drugs

Shenzhen Tsumura Medicine Co., Ltd.



In 1991, Shenzhen Tsumura Medicine Co., Ltd. was established for procurement, selection, initial processing, quality control, and storage of crude drugs made in China. It conducts quality tests to provide quality-guaranteed materials to Shanghai Tsumura and Plants in Japan. Also playing a role of traceability system base for crude drugs produced in China, Shenzhen Tsumura collects data from places of production and supervises them.

The largest overseas production plant with facilities equivalent to ones in Japan

Shanghai Tsumura Pharmaceuticals Co., Ltd.



Shanghai Tsumura was established in 2001 as a Japan-China joint venture to enable Tsumura to produce powder extracts which are interim products of Kampo preparations. Producing crude drugs from Shenzhen Tsumura, it processes and exports powder extracts to plants in Japan. In this way, Shanghai Tsumura is playing a role in stabilizing the supply of our Company's products.

Logistic center of Tsumura for stable supply of products


Logitem Tsumura Co., Ltd.



Logitem Tsumura Co., Ltd. was established in 1973. With two distribution centers in eastern and western Japan, it has presently played a role of logistics center of Tsumura by managing operations centering on storage and distribution of our Company's products, and transporting products and crude drugs from production plants to each base. Furthermore, proposals on the optimum logistics have contributed to more efficient distribution and a reduction in distribution costs.

Transfer of Shares in Tsumura Lifescience Co., Ltd.

All shares of Tsumura Lifescience Co., Ltd. which was our subsidiary were transferred to Plumeria Co., Ltd., a share transferee company wholly owned by a fund operated by WISE PARTNERS INC. on August 29, 2008. For further information, visit the below

 URL: http://www.tsumura.co.jp/english/newsrelease/2008/html/0715_tls.htm

Retail business in which we can have direct contact with patients

Creative Service Inc.



Creative Service Inc. was established in 1986 as an insurance pharmacy primarily for the dispensing of Kampo prescriptions. This pharmacy provides various Kampo products centering on Tsumura's, and has the system to respond to a variety of needs regarding Kampo by always having crude drug pieces for decoction stipulated by the Japanese Pharmacopoeia readily available.

Top Commitment

Through the kampo and botanicals business, we aim to become a people-friendly company that will contribute to society and humanity.



● Toward a truly strong company

A company tends to put too much effort in increasing efficiency and profit, and forget that it is a member of society. This time, I have become vividly aware of the corporate citizenship since I received favorable opinions about our decision of entering into Yubari as a production area of botanical raw materials. A company can be beneficial and create a positive impression for people in the society through its business, rather than a volunteer activity. This is the way a truly strong company should be. I have acted in accordance with this value at all times, and I was once again convinced of it with this Yubari case. From this view point, I have decided to put the basic direction at the center of our business conduct, saying “to become a people-friendly company that contributes to society and humanity”. We base our business on the production of botanical raw materials, which is the nature’s bounty. Naturally as a company aiming for the establishment of a cyclical business process, we place importance on making coexistence with natural environment and local community. Furthermore, we are considering the active creation of employment for people with disabilities, and provide even better working conditions.

● Development of a new stage specializing in Kampo medicine and crude drugs

Tsumura formulated a new medium-term management plan with specific goals of activities in fiscal 2007. In FY2008, we achieved all primary objectives with an over 10% growth in sales volume of ethical Kampo formulation by steadily attaining each goal of activities.

Considering the new medium-term management plan starting from FY2009 as the plan for “development of a new stage specializing in Kampo medicine and crude

Corporate Philosophy

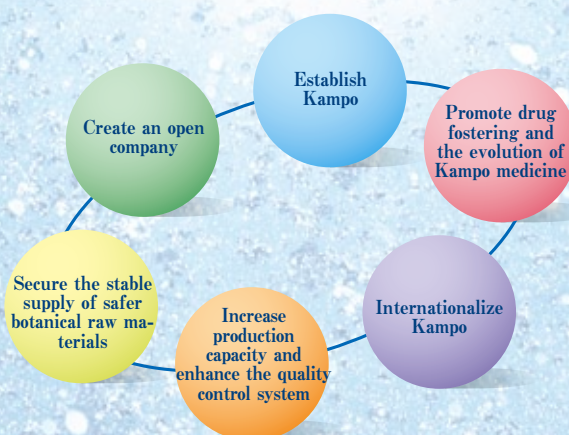
The Best of Nature and Science

Basic Direction:

To become a people-friendly company that contributes to society and humanity

Goals and Action Plan:

Contribute to the availability of medicines of unprecedented quality by combining Kampo and Western medicine.



Action Targets in the Medium-term Management Plan from Fiscal 2009 to 2011

Establish Kampo medicine	We will continue to support improved Kampo education at 80 medical schools in Japan and the establishment of outpatient Kampo clinics in medical school hospitals.
Promote Drug Fostering and Evolution of Kampo	Examining the recent structure of diseases, we will focus on disorders that are difficult to treat with modern drugs but for which kampo preparations have shown specific results in areas where medical needs are heavy and will continue to promote Drug Fostering and Evolution of Kampo to establish evidence. We will also seek new Drug Fostering and Evolution of Kampo prescriptions.
Internationalize Kampo	In relation to the promotion of Drug Fostering and Evolution of Kampo, we will develop a system to connect latest basic and clinical data in Japan to clinical trial procedures in the United States. We will encourage information exchange between leading doctors in Japan and the United States and will create a more efficient development system to develop TU-100 Daikenchuto.
Increase production capacity and enhance the quality control system	We will respond to increasing demand for prescription kampo preparations by updating facilities, including an expansion of our extract powder production building, construction of a granulating building, and introduction of additional packaging equipment, and encouraging efficient personnel assignment. In quality control terms, we will seek to standardize and improve efficiency in inspections primarily, using the analysis center.
Secure the stable supply of safer botanical raw materials	We will continue to take steps to secure a stable supply of safer and more credible botanical raw materials, by developing a traceability system and standardizing cultivation methods and cultivation management at production areas in Japan and overseas.
Create an open company	We will continue efforts to build a management system that will improve corporate value and that will clearly disclose our position through communication with our stakeholders.

drugs”, we will strive across the board to achieve the goal to “contribute to the availability of medicines of unprecedented quality by combining Kampo and Western medicine” with six specific action plans.

● Stable supply of safe and secure Kampo preparations

For supplying safe and secure Kampo preparations in a stable manner, strict “quality control” and “stable procurement” of crude drugs of which production area is clear are required. As for “quality control” to ensure security and quality of crude drug for Kampo preparation, an Analysis Research Center was established in October 2008, and inspections of residual agrichemicals, microbes, and heavy metal were integrated to be more efficient.

As efforts for “stable procurement”, we have unified methods of cultivation and its management in domestic and overseas growing centers of crude drug for Kampo preparation, and are striving to expand cultivation by a long-term contract with farms.

We are also increasing the number and area of plantations, and working on the research of domestication of wild medicinal herbs.

Furthermore, Tsumura is making efforts to establish “a traceability system for crude drug for Kampo preparation”, in which minute production information including cultivation history is collected and stored on each stage from a

growing area through a plant exclusively for processing crude drugs so as to make information traceable and retroactive.

Consequently, all historical information from a medical institute to a growing area of crude drug for Kampo preparation including processes of production and distribution can become retroactive.

● Realization of low carbon and recycling society

Tsumura, of which business is based on a nature’s bounty, believe that it is an important responsibility for us to create recycling system and abundant environment to coexist with nature.

The main waste of the Company is residue of crude drugs, and we have recycled the whole amount as compost. Now we are considering bio-ethanol production as a new way of recycling the residue. We will contribute to a low-carbon and recycling society with active environmental conservation activities, setting a goal of emission limitation of greenhouse gases in Tsumura Medium-Term Environmental Objectives.

August 2009



Junichi Yoshii
President, Representative Director

Things that Kampo Can Do

Drawing out the power of crude drugs promotes an individuals' natural ability to heal. Kampo medicine has its roots in ancient China, and has been developed independently in Japan. Through scientific elucidation, such as the traditionally rooted power of Kampo, should have its potential expanded to contribute to today's broader society.



(Magnolia Bark)

What is Kampo?

The basic approach of Kampo is to promote the natural ability of an individual to heal. Kampo refers to those medications used in Kampo medicine, which are basically prepared as a combination of more than two different materials of herbal, animal, and mineral origins. The herbal materials are mainly dried parts of the leaf, stem, and roots with medicinal properties. The efficacy of Kampo is now being scientifically proven through basic and clinical researches. Drug forms of Kampo come in a variety such as infusions, powders, pills, and extracts. After ethical Kampo extract formulation were covered by national health insurance (NHI) reimbursements, portable and fuss-free Kampo extracts have become widely used in many medical institutions, especially in university hospitals nationwide.

Kampo is a unique medicine in Japan

Kampo is an experience-based medicine in which observations of how people react to a variety of medicinal herbs and treatments have been systemized into a method of medical treatment. Rooted in ancient China, Kampo was introduced into Japan around the 5th to 6th century. Thereafter, Kampo evolved independently into Japan's traditional medicine being adapted to Japan's climate and constitution of the Japanese people.

Undergoing a period of especially major development in the 17th century, Kampo took on the form that is practiced today. The word "Kampo" was attached to this form of medicine to distinguish from "Rampo", which was used for Western medicine introduced to Japan by the Dutch; but, Kampo also differs from traditional Chinese medicine in many respects. Kampo is certainly a medicine that is unique to Japan.



The sourcebook of kampo medicine, Shang Han Lun, The Theory of Injuries by Coldness was written by Zhang Zhong Jing in the Han Dynasty, and published during the Song Dynasty. The above are Japanese reprints issued in 1813.

The First Step of Kampo Treatment: Knowing "Sho" (kampo) diagnosis

"Sho" is a diagnostic result in which patient's constitution and symptoms were comprehensively determined with methods of Kampo medicine. Among measures to determine "Sho", "Kyojitsu" and "Oketsu" are explained below.

"Kyojitsu (hypo- or hyper-function)": "Kyojitsu" represents patient's constitution and physical strength, and resistance to diseases. Even with similar symptoms, each patient should use different Kampo preparations depending on "Kyojitsu". As the patient cannot benefit from but have adverse effects from Kampo preparations which are taken with wrong "Sho", it is required to be careful.

"Oketsu (stagnation of normal flow of blood)": In Kampo medicine, disease states are recognized with observation of three factors, "vital power, blood, and water." "Vital power" is a kind of mental energy, and "blood" mainly means a circulation of blood. "Water" means metabolism of fluid other than blood, which is related to swelling and dizziness. Diseases are considered to be caused by influences from those three factors. "Oketsu" is a condition in which blood flow is stagnant. Since women tend to have congestion inside pelvis due to menses, many women's disease are caused by "Oketsu"

Are you hypo-functioning type, hyper-functioning type, or normal?

Questions	Check	Points
1. I have relatively good strength.		2
2. I often have a night sweat.		-2
3. I am ambitious, energetic, and active.		2
4. I have a strong stomach.		2
5. I often suffer from the summer heat, and get cold in winter.		-2
6. I have a health color and complexion.		2
7. I often have diarrhea after eating something cold.		-2
8. My stomach is elastic and bone structure is well-built.		2
9. I cannot eat so much and quickly.		-2
10. I have pain on the early stage of menses with a large amount of menstrual bleeding containing blood clots.		2
Total points		

Source: "Low-impact medicine, Women's health and Kampo"
If your total point of appropriate entries is 0 or less, you are a hypo-functioning type. In a case of 2 - 6 points, you are normal. In a case of 8 points or more, you are a kind of hyper-functioning type.
However, these are just rough indication to help you understand "Sho", and not accurate diagnosis. See a specialist for precise diagnosis of "Sho".

How about looking for a doctor to prescribe Kampo formulations in your neighborhood?

Search for Kampo doctors
<http://www.gokinjo.co.jp/kampo/>



(Balloon Flower)

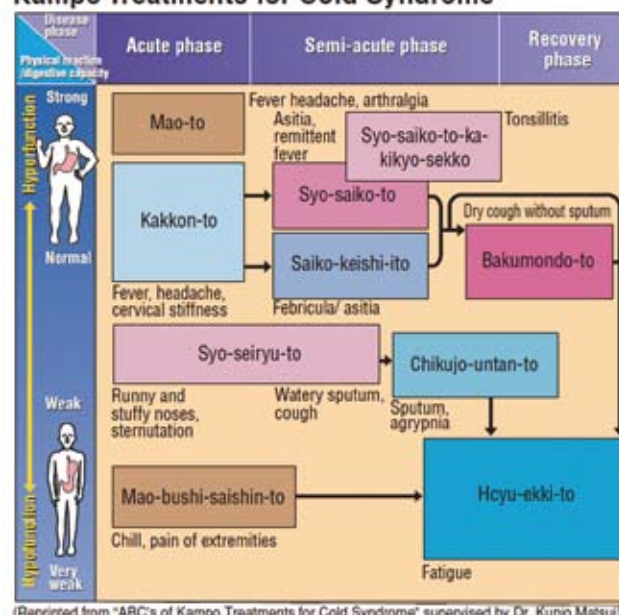


(Perilla Herb)

■ The distinctive aspects of Kampo

As one can call it a “tailor-made medicine”, Kampo medicine does not only diagnose patients based on the name of the disease, but also takes into consideration the state of disease in individual patients as well as their constitutions in determining the most appropriate Kampo medicines to use in treatments. In Kampo prescriptions, multiple crude drugs are combined to suite the patients' state of disease and individual constitutions. This is also effective to overcome the limitations in medicinal effects of a single drug. The combinations have been systematized from many years of experience on the human body as Kampo medicine, and therefore perform the integral therapeutic effects. Despite the popular misconception, Kampo medicines do have side effects. Strong medication against Kampo diagnosis and over-dose may induce unexpected symptoms. It is important to follow a doctor's and a pharmacist's advice on dosage administration. For example of treatment of cold, different medication is chosen depending on the stage of disease and patient's physical strength.

Kampo Treatments for Cold Syndrome



■ Kampo's difference from native medicine and herbs

Native medicines have been handed down as wisdom of living

Native medicines are medical plants handed down and used through the ages. Generally, only one kind of plant is used for a certain symptom. As native medicines are a sort of wisdom of living derived from old lore of experiences, medical doctors don't use them as prescription drugs.

Furthermore, herbs which have been popular in recent years are native medicines rooted in European lives since olden time. They are used for cooking and health promotion.

Kampo medicines are based on systematic theories.

A theoretical system peculiar to Kampo medicines has been established based on experiences concerning efficacy and security over thousands years. According to the theory and patient's symptoms, multiple crude drugs are combined.

■ Kampo's difference from Western medicine

Western medicines are sharp and fast-acting medicines

Chemically-synthesized active ingredients make Western medicines sharp and fast-acting. On the other hand, incorrect use may increase the risk of side effects.

Kampo medicines treat diverse symptoms

Modern Kampo medicine uses multiple crude drugs, mainly from plants (includes 118 kinds of crude drug for Kampo preparation for Tsumura's Kampo medicines). By having the multiple ingredients work together, Kampo medicines act on diverse symptoms.

Things that Kampo Can Do



(Ginger)

■ Fusion of Kampo Medicine and Western Medicine

The value of Kampo medicines has become recognized anew in the modern society due to their various unique features. We believe that Tsumura can contribute to the provision of the unprecedented premium medicines by fusing Kampo and Western medicine to establish Japanese unique medical treatment.

■ Modern medical care and Kampo

As a basic drug pharma

From the viewpoint of realizing the global attractive environment to create new drugs and pharmaceutical markets, and enhancing international competitiveness of the pharmaceutical industry, the Ministry of Health, Labor and Welfare announced “New Vision of Medicine Industry”. In this Vision, “basic drug pharma” was newly defined as one of five categories provided as the direction that pharmaceutical companies should go in. The “basic drug pharma” means “a pharma company which supplies basic and essential drugs supporting medical care, or traditional drugs in an efficient and stable manner.” It was clearly stated that traditional drugs mean crude drugs and Kampo preparations.

Gender-oriented medicine and Kampo

As people have become more aware of gender between male and female in society, gender-oriented medicines have been attracting attention even in the medical world. Medical institutes tend to organize open women’s clinic to deal with female-specific disorders and symptoms. The number of those institutes is presently more than 300 across the nation. Kampo is greatly expected to sensitively respond to symptoms such as indefinite complaints that are peculiar to women.

The elderly and Kampo

It can be often seen that elderly people with lower physical and immunological capacity according to aging see multiple doctors of various departments and are given too many medicines prescribed for each complaint and disorder to take; therefore, problems occur. It was reported that Kampo increases immunological capacity and a single preparation has the benefit of a compound treatment. Consequently, certain features of Kampo that cannot be seen in western medicines are attracting attention.

Economic efficiency of Kampo medicines

In spite of the image that Kampo is expensive and not covered by health insurance ethical, Kampo formulations are actually covered by health insurance. Furthermore, a single

preparation may treat multiple symptoms. Comparing cases of Western medicines to ones of Kampo in the treatment of cold syndrome, it was reported that the average total medication cost per patient for Kampo was reduced to one-third of that for western medicines *1. Also in abdominal surgeries or laparoscopic surgeries for colon cancer, it was reported that the number of days in hospital in any of the cases in which Daikenchuto, one of the Kampo formulae, was administered after operation was less than those cases without it *2. As indicated in these examples, it is expected that Kampo brings in significant economic advantages in fields in which only Western medicine have been used for treatment so far.

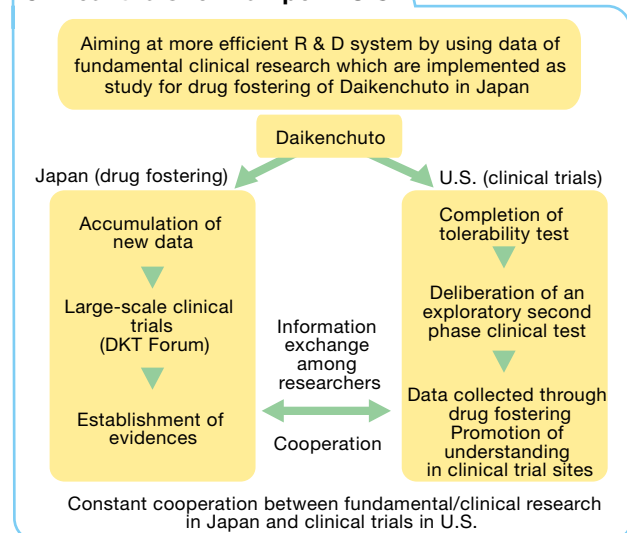
*1 Tomohide Akase et al. Japanese Journal of Oriental Medicine 2000, 50(4), p.655-663

*2 Yasuro Kabashima et al. The Japanese Journal of Gastroenterological Surgery 2005, 38(6), p.592-597

■ Internationalization of Kampo

We have conducted clinical trials based on GCP (Good Clinical Practice: standard for implementation of clinical trials for medicines) under a FDA (U.S. Food and Drug Administration) investigator license. Presently, the clinical trials for “TU-100 (Daikenchuto)” for improving intestinal paralysis soon after operation are being conducted. Tsumura is advancing the internationalization of Kampo based on results of scientific tests while actively supporting information exchange between researchers using Daikenchuto in Japan and researchers in U.S.

Clinical trials for Kampo in U.S.





(Common Peony)

■ Drug fostering of Kampo

Drug fostering is implemented to accumulate the scientific evidence focusing on the field where Kampo preparations demonstrate special efficacy for disorders that are difficult to treat with Western drugs. Currently, we have selected the following drugs to be the focus of our drug fostering: Tsumura Yokukansan, for peripheral symptoms of dementia; Tsumura Rikkunshito, for disorders of upper abdominal indefinite complaints and secretion of ghrelin, a hormone to increase appetite; and Tsumura Daikenchuto, for the

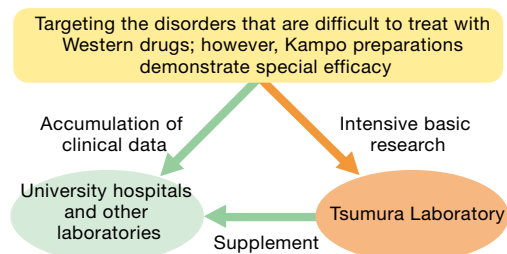
improvement of intestinal movement and blood flow.

Yokukansan is currently drawing a lot of attention as a report on its treatment benefits were published in a famous specialty journal overseas, whereby peripheral symptoms of dementia improve without lowering daily activities such as eating, changing cloths, and walking. (👉 See P.21-22)



(Pueraria Root)

Drug Fostering of Kampo



COLUMN

Achievement of drug fostering... Evidence of Rikkunshito

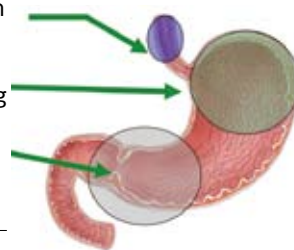
Rikkunshito is used for disorders of upper abdominal indefinite complaints caused by FD^{*1}, GERD^{*2}, NERD^{*3} and other diseases. It is attracting attention as the following effects were recognized; improving abilities for gastric emptying and storing, and increasing appetite by promoting secretion of ghrelin, a peptide hormone.

As a recent achievement of drug fostering related to Rikkunshito, eight papers have been presented at the Digestive Disease Week meeting (DDW 2008) in May 2008, and four papers at United European Gastroenterology Week meeting (UEGW2008) in October 2008. Furthermore, another paper was published in "Gastroenterology"^{*4}, a leading journal in the field of digestive diseases. At DDW 2009, twelve papers have been presented on Rikkunshito, and attracted a high degree of attentions from international experts.



With diverse working mechanism, Rikkunshito is considered effective in treatment of disorders of upper digestive tube with complex clinical conditions such as FD and GERD. (Features of Kampo consisting of multiple components)

- ① Improving ability to clear esophagus
(Pushing back counterflowing stomach acid from esophagus into stomach)
- ② Improving ability to gastric emptying
- ③ Improving ability to gastric storing
- ④ Promoting secretion of ghrelin
(a hormone to increase appetite)



the Digestive Disease Week (DDW 2008)

*1 FD: Functional Dyspepsia

*2 GERD: Gastroesophageal Reflux Disease

*3 NERD: Non-erosive GERD

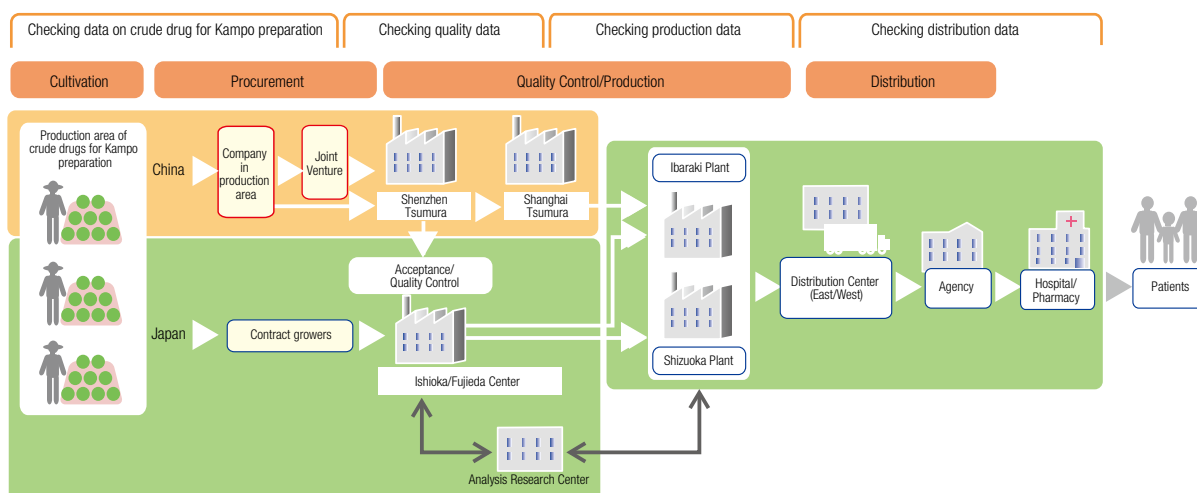
*4 "Gastroenterology" : the most authoritative medical magazine in the field of digestive diseases issued by the American Gastroenterological Association

Stable Supply of Safe and Secure Kampo Preparations

We will introduce Tsumura's efforts to supply patients with safe and secure crude drugs for Kampo Preparation which are cultivated in an abundant natural environment.

Traceability system

In order to maintain quality of Kampo preparations, a consistent traceability system has been realized from cultivation of crude drugs for Kampo preparation which is "the most upstream stage", production, shipment through distribution. Information of appropriate application and security of ethical Kampo preparation is collected and provided to the downstream stage such as hospitals, clinics and pharmacies all over the nation from the viewpoint of patients.



Cultivation

For making quality stable and improving crop yields

We have been fostering plantations for the stable procurement and ensuring quality with cultivation of crude drugs for Kampo preparations by contract for a long time. In contract cultivation, a system has been established to provide a guide to producers, based on the production standards for crude drug for Kampo preparation in which the method of cultivation, agrichemicals used, and the method of drying and preparation are described. The management of a database on cultivation conditions, such as fertilizers and agrichemicals, was already started.

For preservation of biodiversity and sustainable use of resources

The global natural resources of medicinal plants are generally decreasing, and many plant species are under threat. As bountiful nature is an important business base for Tsumura using raw materials for crude drugs, the efforts to foster high quality crude drugs and preserve healthy ecological systems necessary therefore are essential to develop sustainable businesses. In order to maintain biodiversity in production

areas of crude drugs and realize sustainable harvest of crude drugs, Tsumura is working on the domestication and protection of wild medicinal herbs for crude drugs, in an attempt to avoid the destruction of the natural environment due to over harvesting, secure the quality and stability of resource procurement, and clarify information for traceability.

Domestication research and protection

Some crude drugs are depending on harvest of wild plants in China. Tsumura has facilitated domestication of Ephedra herb, licorice, and rhubarb which are used in large quantities in cooperation with China Meheco Corporation and research institutions, and also implemented our unique research for domestication of other crude drugs. Furthermore, Tsumura has contributed to protection of gene resources and diffusion of botany and pharmacognosy by publishing international academic magazines concerning research and study of wild plants including endangered species for over 80 years.

Procurement

Efforts for stable procurement of safe crude drugs for Kampo preparation

In response to expanding demand for ethical Kampo preparations, Tsumura are developing efforts for cultivation. We are expanding cultivation on a long-term contract by enhancing cultivation guidance and management systems in existing growing areas in China, and preparing for establishment of a local company with an eye to domestication in Laos. Aiming at a large-scale managed cultivation securing traceability by the Company's own farms in Laos, we are implementing land surveys for establishing a lease of farmland. It is planned to start the cultivation of tropical plants, etc. for a small number of crude drugs on the early stage, and gradually expand production items while advancing research on domestication.

As for domestic activities, we intend to expand areas of cultivation on a contract in Hokkaido where it can be most expected to reduce production costs with a large-scale automated cultivation and control risks by decentralizing production centers of crude drugs among five growing centers. Especially, it is planned to establish Yubari Tsumura as a subsidiary and open the Company's own farm in Yubari City which has possessed transportation infrastructures and climates appropriate for storage. In addition, Yubari Tsumura will establish production, processing and storage facilities for crude drugs and strive to bolster productivity by integrating the operations of its existing drying facility for crude drugs in Chitose.

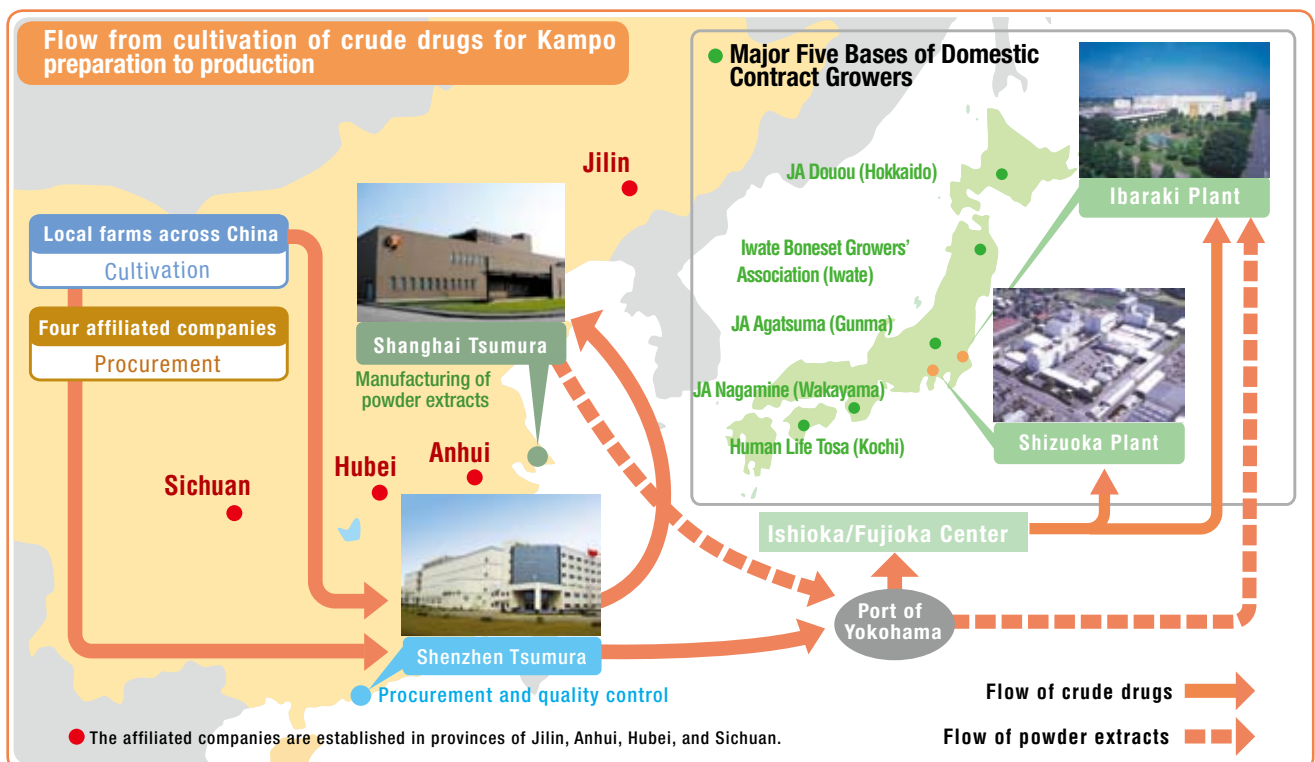
COLUMN

Fostering relationship of trust together with crude drugs

Around 80% of crude drugs for our Kampo preparations are imported from China. Crude drug for Kampo preparation produced by farms in China are collected by a company in each production area, and delivered to Shenzhen Tsumura directly or through a joint venture in China. A company in each production area is playing an important role to provide cultivation guidance to producers, apart from a role to procure crude drug for Kampo preparation. In order to help employees of companies in production areas understand Tsumura's policy to procure safe and secure crude drug for Kampo preparation in a stable manner, "Tsumura Cooperation Meeting in China" was held in December 2008. All of about 100 participants who came from production areas in China reaffirmed their enthusiasm and determination to strive to procure safe and secure crude drug for Kampo preparation as a whole.



Tsumura Cooperation Meeting in China



Quality Control/Production

Establishment of Analysis Research Center

Analysis Research Center was established in October 2008 in order to unify tests of residual agrichemicals and microbes which had been conducted separately in Shizuoka Plant and Ibaraki Plant to integrate such quality test functions with a development function. It is an organization to maintain and improve quality of our products while responding to a future increase in production volume, realizing a low-cost structure, and actively developing new technologies with an eye to providing safety and security for patients. As a core of quality control function of Tsumura Group, the Analysis Research Center will also integrate quantitative analysis and physical and chemical tests, and actively exchange technical data with Shanghai Tsumura and Shenzhen Tsumura. It is aiming to be a test research center with the world-class assessment technology related crude drug for Kampo preparation in the future.

Quality and security control of crude drugs for Kampo preparation

Kampo preparations are made from natural raw materials. Quality control of the materials to be used is very important for producing more stable quality products. In addition to examinations based on Japanese Pharmacopoeia standards, our quality control is conducted in accordance with our own quality control standards including tests for component quantification and residual pesticides. The quality of Chinese crude drugs delivered via Shenzhen Tsumura and Japanese crude drugs delivered to both Ishioka and Fujieda Centers is managed by our Botanical Raw Materials Quality Control Department (tests of residual agrichemical are conducted respectively by Shenzhen Tsumura and Analysis Research Center), and only qualified materials are provided to our production plants. In case that any queries arise concerning residual agrichemicals and security in the quality test, we

make synthetic determinations based on the results of double checks by using more selective analysis equipment. In this way, we build a system to provide safe and secure crude drug for Kampo preparation through an organic connection to both departments under speedy and stable quality control.

VOICE



Roles of the "Analysis Research Center"

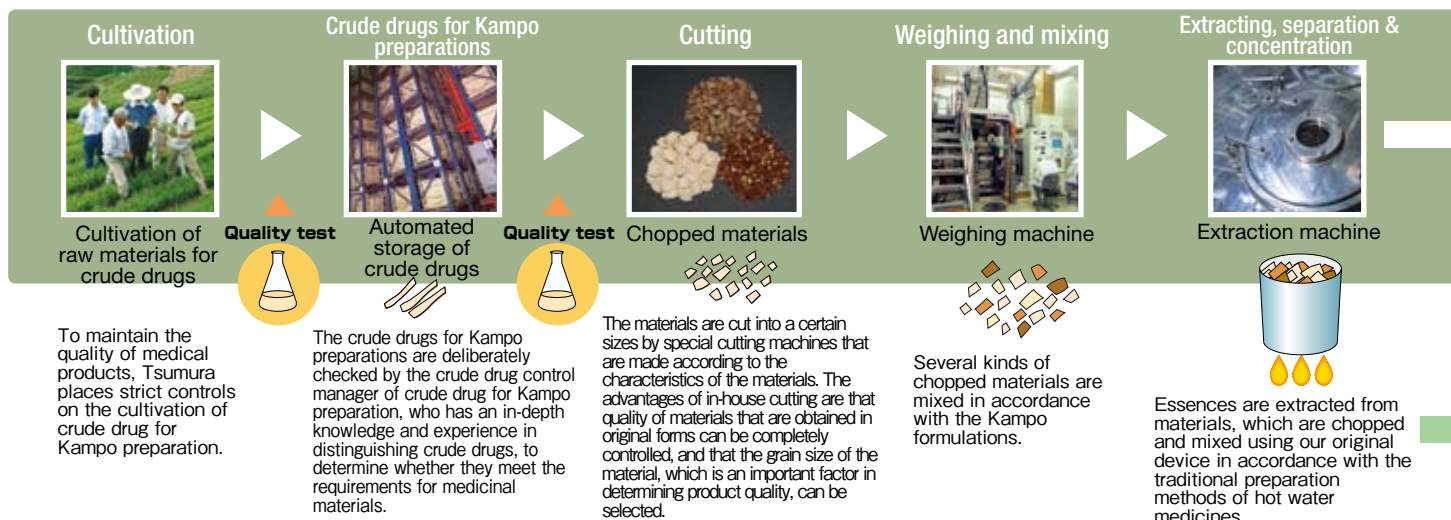
Shuichi Takeda,
director of Analysis Research Center

In recent years, various problems related to quality such as the poisonous gyoza case and disguise of production area have occurred, and undermined consumer's confidence.

Against such a background, Tsumura established an Analysis Research Center for the purpose of enhancing quality assurance of diverse products including ethical Kampo preparation. Especially from the viewpoint of ensuring security of natural raw materials for Kampo preparation, tests of residual agrichemicals and microbes were integrated in the Analysis Research Center.

Tsumura Group is making efforts to have customers take our products without anxiety by improving and unifying test methods in order to always use the same method and obtain the same result. We are also striving to come up to patient's expectations by introducing the latest facilities and trying new test methods. Furthermore, human resource development is essential so that quality of Tsumura's products becomes attributed to the Analysis Research Center. We believe that improvement in quality could be achieved only if excellent Center staff is fostered.

Manufacturing Flow of Kampo Preparation



Quality and Safety Control of Products

We assure the quality and security of crude drugs for Kampo preparations and products using various means including test methods based on standards from an official compendium. As for residual agrichemicals, heavy metals, and microbes, we are working on the development and application of test methods using cutting-edge science technology while establishing our unique standards on the basis of domestic and overseas security standards, apart from implementation of ordinary tests.

Standard of residual agrichemicals on crude drug for kampo preparation

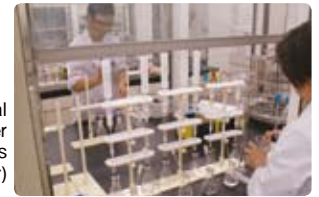
For securing high-quality crude drug for Kampo preparation, it is necessary to use the minimum amount of agrichemicals in order to reduce losses caused by pests and weeds in cultivating medicinal herbs. However, strict control is considered important to prevent damaging health due to residual agrichemicals. Apart from the Japanese Pharmacopoeia which restricts the quantity of residual agrichemicals on crude drug for Kampo preparation, we have voluntarily established a test system for a total of 73 agrichemicals, including those listed in foreign standards for medicines such as the European Pharmacopoeia and Pharmacopoeia of the United States of America. We have also started the examination of all lots of crude drug for Kampo preparation since 2006. We are developing the examination methods for agrichemicals used in cultivation of medicinal herbs, and planning to introduce them.

Standards for residual agrichemicals on crude drugs for Kampo preparations

Standard	Targeted crude drugs for Kampo preparations	Targeted agrichemical
The Japanese Pharmacopoeia Fifteenth Edition (JP XV) (Enforced in April 2006)	14 kinds of crude drugs for Kampo preparations including 20 items such as carrot, red ginseng, and senna (including 6 items of crude drug powder)	2 kinds of organochlorine agrichemicals (Total BHC, Total DDT)
Self-imposed regulation of Japan Kampo Medicine Manufacturers Association (JKMA)(Added in June 2005)	13 kinds of crude drugs for kampo preparations such as carrot and senna	2 kinds of organochlorine agrichemicals (Total BHC, Total DDT)
Tsumura's in-house standard	All crude drugs for Kampo preparations handled	29 kinds of organochlorine agrichemicals*1 25 kinds of organophosphorous agrichemicals 5 kinds of pyrethroid series agrichemicals 5 kinds of other agrichemicals 9 kinds of dithiocarbamate agrichemicals*2

*1 Including total BHC and total DDT
*2 Applied to a cross section of crude drug for Kampo preparation

Quality test of residual agrichemicals and other substances (Analysis Research Center)

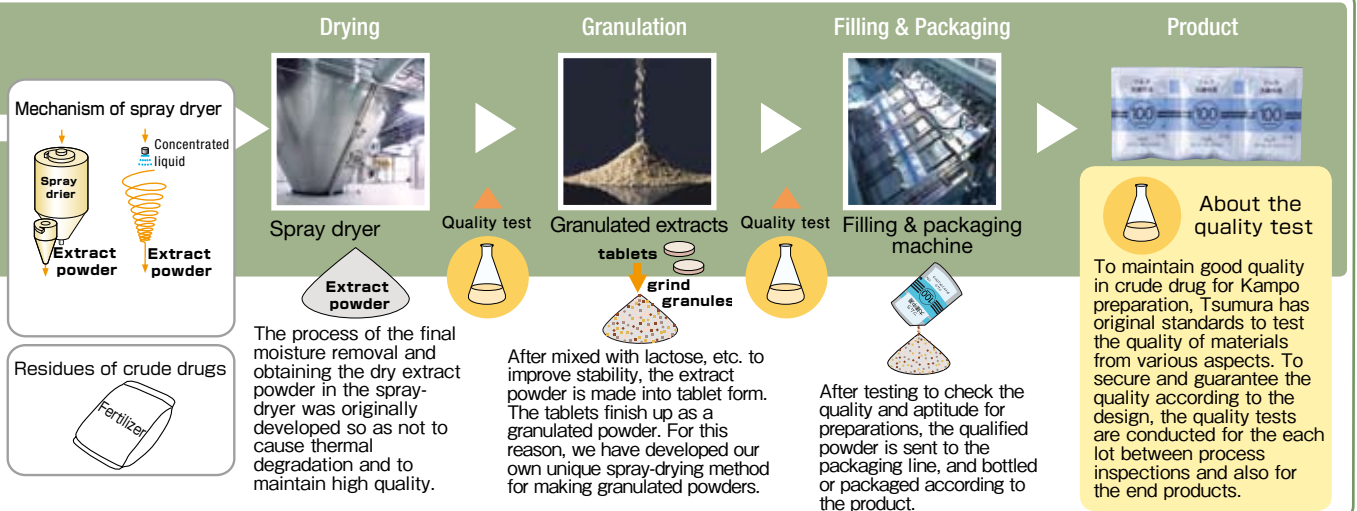
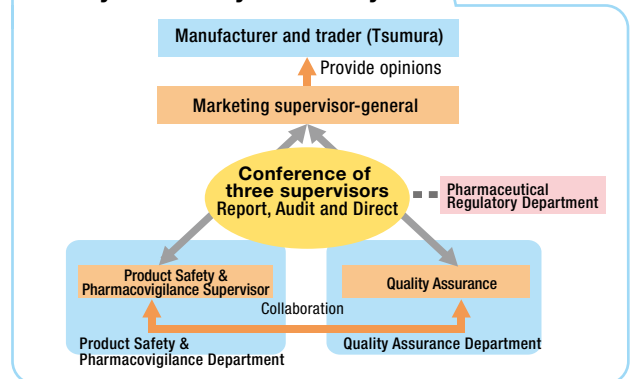


Quality and safety control system

As a manufacturer and trader of medicines, Tsumura has constructed and smoothly operated a corporate structure to promote a stable supply of high-quality medicines and their proper use to ensure safety in compliance with the Pharmaceutical Affairs law and relevant laws. In specific terms, centering on the Marketing Supervisor-General who has the general responsibility for the product quality and safety control, our Quality Assurance department and Product Safety & Pharmacovigilance Department in charge of businesses concerning Good Quality Practice (GQP) and Good Vigilance Practice (GVP) respectively have constantly and closely worked together through the Conference of three supervisors. In addition, our Pharmaceutical Regulatory Department has supported the legal aspects.

With this system, we are able to assure quality of our products, collect and assess used data on products, and take the appropriate necessary measures to fulfill our responsibilities as a manufacturer and trader.

Quality and Safety Control System



Distribution

Safe product packaging

Tsumura has changed specifications of standard product packaging and hermetically sealed packages since June 2006 in order to prevent foreign substances from getting into a packaging box in the process of distribution. We are striving to provide better products with multiple improvement measures toward preventing confusion of medicines and securing traceability. For example, the size of letters on packaging boxes was changed in May 2007, and the indication of new barcode has been implemented since May 2008 with an eye to making packages easier to discriminate in distribution.



Change in a package due to adoption of new barcode (RSS code)

Efforts by distribution centers

The distribution center which had been in the premises of Ibaraki Plant was transferred to Saitama prefecture in May 2008. Presently, two distribution centers have been operated in eastern and western areas of Japan in order to avoid risks at the time of disasters and to improve customer services. The method of product inspection was changed from visual inspection to the one using handy terminal* at each process from storing products from a plant to delivering them to freight companies so as to improve quality in a storage and prevent errors in shipment. At the same time, we have implemented internal training regarding GMP (Good Manufacturing Practice) and JGSP (Japanese Good Supplying Practice), etc. Furthermore, both eastern and western distribution centers are providing better services to customers by switching to high-quality freight companies specialized in medicines for stable supply.

* Handy terminal: a small portable unit to collect data

Provision of information to business partners and agencies

Tsumura has held regular briefing sessions for business partners in order to provide information on quality, effectiveness, security and appropriate use of ethical Kampo preparations. Furthermore, the page to support business partners to study Kampo medicine and a promotion tool in which topics of academic meetings, etc. are placed are provided in Tsumura's Website.

VOICE



As a partner of distributor of medicines

Yuzuru Imai
Head of Tokyo Distribution Center,
Headquarters of Logistics, Mediceo
Paltac Holdings Co., Ltd.

In a distribution center handling various kinds of and a large volume of products, how easily packages can be handled is a very important point. I think that Tsumura's packages are appropriate in size and weight to handle, and can be easily broken down so as to be recycled readily. Individual packages with a zipper can be so easily opened that people can quickly discriminate products. In addition, Kampo preparations with difficult name are indicated with numbers in different colors. Those efforts for easy identification of products help us prevent errors in handling.

VOICE



Thoughtfulness in transportation of medicines

Yasutaro Tachi
President, Network Alliance

We have transported and delivered Tsumura's products from its two distribution bases in the east and west to customers across the nation, as well as from its plants to said distribution bases since June 2008. Through our domestic distribution networks exclusively for medicine, we are striving to supply products in a stable manner by providing high-quality transportation services appropriate to products related to life science (no breaking, no contamination, accurate delivery, and thus no return). Furthermore, we are contributing to a reduction of CO2 by improving efficiency of transportation, for example, increasing the loading ratio of a truck with cooperative transportation with other pharmaceutical makers, and effective use of return trip with backload.



Supporting site for MSs of agencies to study Kampo



Briefing session for agencies to study Kampo

Activities of MRs (Medical Representatives)

MRs visit medical institutions all over the nation, and provide, collect and communicate the latest information on quality, effectiveness, security and appropriate use of ethical drugs. Tsumura's MRs are required to have not only knowledge as a leading maker of Kampo preparations, but also a high sense of ethics as individuals performing a medical role and skills to communicate knowledge accurately. Our MRs consider that it is the greatest satisfaction to mitigate the pain of patients, and act consistently with a sense of purpose to contribute to society through Kampo.

VOICE



My priority as Tsumura's MR

Ai Kato: Jonan Sales Office, Tokyo Branch

Recently, I have been often told by medical doctors that not only nursing families but also patients themselves were delighted with significant effects of Yokukansan on peripheral symptoms of dementia. At a time like this, I am very happy and feel motivated. On the other hand, I think that there are a lot of inquiries about dosing method, dosage and side effects (especially concerning licorice). I am making efforts to provide accurate information on efficacy and side effects to enable medical doctors to further understand Kampo preparations correctly and use them for treatment.

Customer Information Service Center

25% of all inquiries received by Customer Information Service Center is consultations related to the safety and security at taking medicines, for example, a combination with other drugs, medication during pregnancy or breast-feeding, and side effects. In response to those consultations, staff of Customer Information Service Center is making efforts to help customers take medicines without anxiety by explaining with simple and easy words to enable them to understand as much as possible.


We have received various kinds of information from patients and medical practitioners. Information concerning security of products is reported to our Product Safety & Pharmacovigilance Department through MRs (medical representatives) and Customer Information Service Center. After scrutinizing this information, in those cases where products are involved, it is reported to Ministry of Health, Labor and Welfare through the Pharmaceuticals and Medical Devices Agency, and finally released to the public, in compliance with laws and internal rules.

( See P.29)

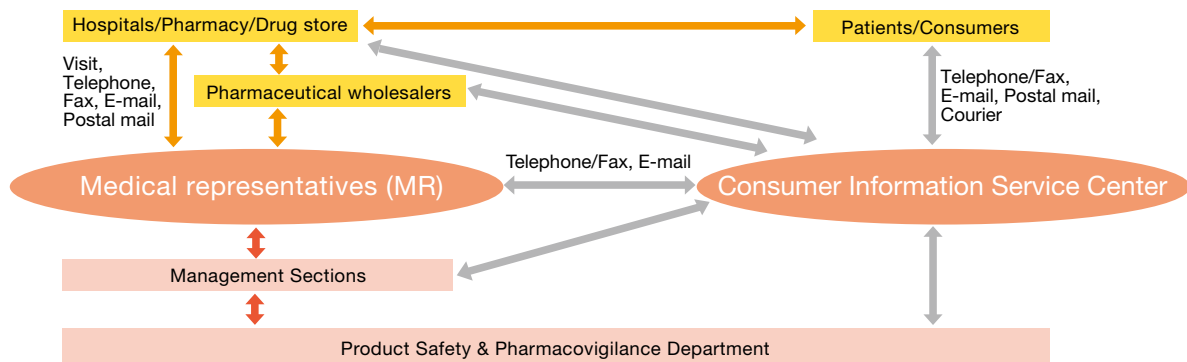
Customer Information Service Center

Call 0120-329-930
(Telephone number for medical personnel:
0120-329-970)

9:00 to 17:30 on weekdays, except company holidays

e-mail (accessed from our company's website)
 http://www.tsumura.co.jp/qa/q&a_index.htm

Flow of Product Safety Information



Contribution to Low-carbon Society

Tsumura's business handling crude drugs, nature's bounty, cannot do without abundant natural environments. Tsumura is promoting activities toward building the low-carbon society while sharing the common goal for emission limitation of greenhouse gases in the entire Group.

Past Activities and Tsumura Medium-Term Environmental Objectives

The manufacturing division has converted to fuels with lesser emission of greenhouse gases, and introduced cogeneration systems*. Branches and business offices are gradually reducing their office space by moving to a new head office and taking other measures leading to energy saving. Although we cannot avoid increasing energy usage due to expansion of production volume, all our plants and business offices will strive to achieve the common objective to reduce emission of greenhouse gases.

*1 Cogeneration system

A system to obtain thermal energy such as steam and hot water simultaneously by using waste heat produced at a time of driving an engine to obtain electric power energy. As electric power and thermal energy can be obtained at the same time, this system is considered as an effective energy-saving system.

FY2008 Tsumura Company-wide Environmental Targets
Reduce emission of greenhouse gases by 19% compared with the performance in FY1990

Result: 44,900t-CO₂ a 22% reduction compared with the performance in FY1990



*2: TJ=1,000 GJ

J (joule): The unit of power in International System of Units

One joule is the work done, or energy expended, by a force of one Newton moving one meter along the direction of the force.

(See P.39)

Tsumura Medium-Term Environmental Objectives

Greenhouse Gases Emissions Reduction

To reduce GHG emission by 19% on average compared with our performance in FY 1990 during the period from FY2009 to FY2011
(To suppress total emission to 140,257 t or less during the period from FY2009 to FY2011)

Tsumura Environmental Action Declaration

All employees will concretely take actions across production and nonproduction sectors.

Production Sectors (Shizuoka and Ibaraki plants, Ishioka and Fujieda centers, the Laboratory)

-Promote further energy saving by introduction and renewal of facilities with higher efficiency.

Sales Vehicles

To reduce total gasoline consumption by 6% per car during the period from FY2009 to FY2011 compared with the performance in FY 2008.

-Gradually introduce hybrid car from FY2009
-Practice eco-friendly driving and regularly organize the inside of vehicles.

Nonproduction Sectors (Headquarter, branches, sales offices)

To reduce total electric power consumption by 6% during the period from FY2009 to FY2011 compared with the performance in FY 2008.

-Turn off unnecessary lights and keep room temperature around 28°C in summer and 20°C in winter.
-Unplug the PCs when leaving office.
-Make thorough efforts for reducing paper materials with two-sided printing, and monochrome copying.
-Don't use an elevator when moving to the floor right below or above.



Rules to set temperature in the office (headquarter)



Unplug electrical equipment when leaving office.

Activities in the Future

The entire group companies will make efforts to realize the “Environmental Action Declaration” by promoting a reduction in electric power usage in both offices and plants, as well as gas usage of sales vehicles. Considering that it is important to accumulate and continuously improve each small effort, we will contribute to realization of the low-carbon society through energy-saving activities and natural environment conservation in growing areas of crude drug for Kampo preparation. (see p.27)



Tosa Tsumura's forest CO₂ absorption certificate (FY2008)

Communication with Society through Kampo

Being aware that it is our social responsibility to have people understand Kampo correctly, Tsumura has provided various opportunities for not only medical practitioners but also general customers to understand Kampo.

Toward establishment of Kampo medicine

In recent years, disease structures have been drastically changing in Japan. In medical institutes, the number of cases that are difficult to treat diseases only with Western medicine is increasing. Therefore, it is further desired to promote education, research, and clinical practices of Kampo medicine. We are making every effort to diffuse and educate people about Kampo medicine through the provision of data on Kampo medicine to medical students, implementation of seminars for medical doctors and pharmacists, and the provision of information on Kampo to the general public.

Kampo education and clinics

Tsumura has proactively implemented activities to provide information for enhancing Kampo education in medical colleges and universities. At present, Kampo courses are introduced in all 80 medical colleges and universities in Japan. Moreover, Kampo outpatient clinics are established in 69 university hospitals, rapidly expanding the understanding of Kampo medicine.

We will continuously promote activities to provide information in order to establish Kampo medicine as a part of Japanese medicine. Consequently, medical practitioners will have as much knowledge and skills of Kampo medicine as Western medicine, and be able to select and execute either or both Western and Kampo medicine for better treatment for each patient. As a part of those information provision activities, we hold Kampo Medical Symposium once a year on the subject of Kampo medicine education, inviting parties involved in university education.



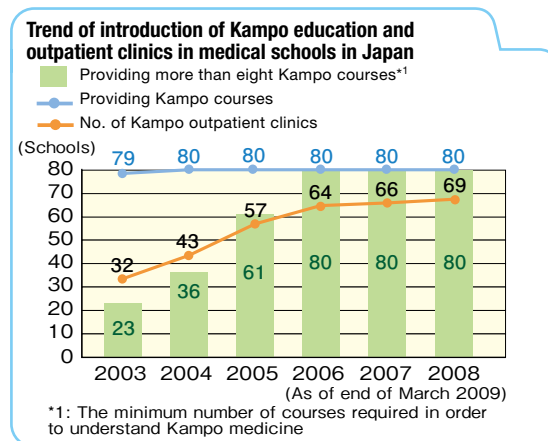
Kampo Medical Symposium 2009

Diffusion and education activities for Kampo medicine

We offer various seminars for healthcare professionals to study Kampo medicine systematically. The seminars are held for small groups of around 20 people according to the learning level of Kampo medicine to make lectures understandable.

These seminars consist of introductory programs to acquire basic knowledge and techniques for those physicians who have not studied Kampo diagnosis and treatments systematically, and a step-up program to learn the practical Kampo medicines including diagnosis methods. Moreover, we offer various specialized seminars for doctors who teach residents, ones working at a university hospital, and female gynecologists in outpatient clinics.

Through continuously providing such seminars in diverse programs, our Company supports the achievement of providing the best and unique medicines in the world by fusing Kampo and Western medicines.



Seminars and Lectures held in FY2008

Category		No. of seminars	
		No. of seminars	No. of participants
Postgraduate seminars for Kampo	Introductory seminar	119	2,267
	Introductory seminar – II	62	1,292
	Step-up seminar	77	1,461
	Subtotal	258	5,020
Seminars for doctors attending clinical research laboratories		28	663
Seminars for university hospital doctors		11	187
Seminars for female gynecology doctors		6	117
Seminars for pharmacists		20	2,331



Tsumura Museum



Inside of Tsumura Museum



Hands-on exhibit of crude drugs

Reopening of the Tsumura Museum

The Tsumura Museum with a medical herb garden is aiming to be a place to communicate information on “Kampo” to our stakeholders in an easy and friendly manner. Since the reopening in April 2008, as a part of the memorial projects for our 115th anniversary, we have received over 3,000 guests including many medical students, and a lot of comments saying that they could enjoy learning about Kampo. Last year, we won the Good Design Award 2008 in the category of public facility and structure sponsored by Japan Industrial Design Promotion Organization. Under the theme of “Tradition and Renovation”, the Tsumura Museum will continue activities to widely provide information on Kampo to the society while improving contents of exhibition with an eye to contributing to human health and medicine,



Crude drug experience corner



Testimonial of the Good Design Award

Tsumura Museum

Open: 10:00~17:00 (enter by 16:00)

Contact: 029-889-2167 (direct to Tsumura Museum)

Prior booking essential for visit

Yoshihara3586 Ami-cho, Inashiki-gun, Ibaraki, 300-1192

Kampo education activities for general public

The company supports public seminars for the purpose of providing proper knowledge of Kampo to as many patients in need as possible. Kampo medicines are often used for disorders and symptoms peculiar to women, and especially may be effective for indefinite complaints and feeling of cold. As many women are very interested in Kampo, we think it is our responsibility to fulfill their expectations.

● Kampo Seminar for Women

Starting from FY2001, Kampo Seminar for Women has been held mainly at seven major cities around the nation. In FY2008, local medical doctors gave lectures on the theme of “menopause” to over 7,000 participants. The seminars received favorable review that participants could enjoy learning correct knowledge on health and Kampo with elaborate contents such as a talk show of an entertainer in each venue. We received a lot of comments from participants who started Kampo treatment at a hospital in the wake of the seminar. In FY2009, with renewed contents targeting women in their 20s to 30s, the seminar are scheduled to be held as follows:



Kampo Seminar for Women

Schedule of Kampo Seminar for Women in FY2009

City	Date
Sendai	May 28(Thu)
Nagoya	Sep. 8 (Tue)
Sapporo	Oct.1 (Thu)
Fukuoka	Oct.15 (Thu)
Hiroshima	Nov. 6 (Fri)
Osaka	Nov. 10 (Tue)
Tokyo	March 7 (Sun)

● Women Health Forum

We supported an event on the theme of support for “working women”, which was sponsored by three magazines including “Nikkei Women” and “Nikkei Health.” Starting with a keynote lecture, “to create the society in which women can be active in good health,” by Dr. Kiyoshi Kurokawa (Professor, National Graduate Institute for Policy Studies), the event was exciting with a seminar panel discussion in which Dr. Keiko Amano (special advisor of Seifuso Hospital) and Dr. Yuko Kinoshita (Department of Oriental Medicine, Nihon University School of Medicine) emphasized that working women need Kampo which is good for health.

About 500 participants mainly in their 20s to 30s commented that the event considerably changed their image and perception of Kampo.



Women Health Forum



Contribution to the society through supporting “dementia” patients

In 2008, the Ministry of Health, Labour and Welfare launched “an Urgent project for enhancement of medical treatment of dementia and improvement of life quality”, and started to take measures for “early building the society in which dementia patients can lead secure lives.” Meanwhile, general public’s interest in dementia is quickly increasing. The reasons why dementia has become a social issue include a rapid expansion in the number of dementia patients, anxiety about burdens of nursing care, and a lack of correct knowledge.

Tsumura is working on educational activities for dementia and supporting local environments to face to dementia, holding the line against mere advertising campaigns for the Company’s products.

Dementia Forum

Tsumura has supported the “Dementia Forum” hosted by NHK, NHK Public Welfare Organization, and Yomiuri Shimbun since 2007. The forum, conducted in a form of a symposium using VTR based on a close-up interview in each region, featured basic knowledge of dementia, the latest medical information, and efforts for nursing care, and other topics.

In FY2008, over 3,100 participants came to five venues, and eagerly listened to local medical doctors, a representative of nursing personnel, and a representative of patient association. The total number of applicants was about 15,000 for thirteen venues including about 7,500 participants selected by lot, indicating a high concern about dementia.

The contents of the forum were broadly publicized to readers and audiences through newspaper articles and TV programs.



the Dementia Forum in Miyazaki

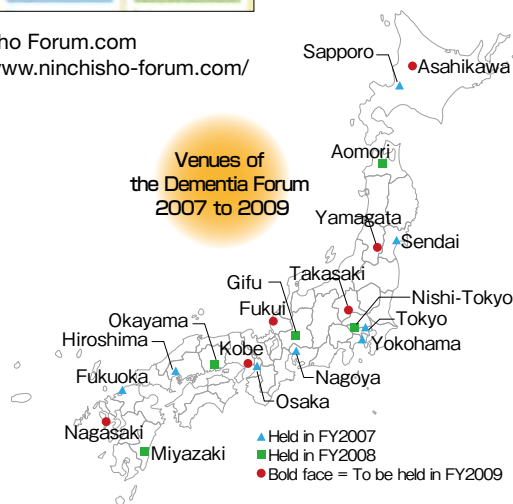
Ninchisho Forum.com

Tsumura supported “Ninchisho Forum.com”, a website to deliver a high-quality video of the “Dementia Forum” and provide diverse information on dementia. This website was opened in December 2007. Presently the hit count is about 15,000 for a month, and the total number of pages browsed is over 60,000.

The website is supervised by Dr. Hidetoshi Endo (Director, Department of Comprehensive Geriatric Medicine, National Center for Geriatrics and Gerontology) and Dr. Joji Onishi (Nagoya University Hospital, Clinical Department of Geriatrics). It was built from three viewpoints, “Prevention”, “Nursing Care”, and “Medicine” so as to be convenient and easy to understand.



Ninchisho Forum.com
<http://www.ninchisho-forum.com/>



BPSD Support Area Project

Supported by “NPO Community-Dementia-Support-Bridge” Tsumura has held workshops to foster medical practitioners and teams to diagnose, treat, and promote educational activities of Behavioral and Psychological Symptoms of Dementia (BPSD) since 2008. The workshop is presently developed in nine regions (Hokkaido, Aomori, Gunma, Nishi Tokyo, Fukui, Gifu, Hyogo, Nagasaki, Miyazaki) for the purpose of education about care of BPSD.

Through supporting such teams, Tsumura is contributing to improvement in social environments so that dementia patients and their families can lead secure lives.

What is dementia?

Dementia is a condition that people cannot perceive what normal people can naturally perceive, for example, not remembering eating meals and being unsure where he/she is. Impaired abilities to perceive, memorize, and judge would interfere with a social life.

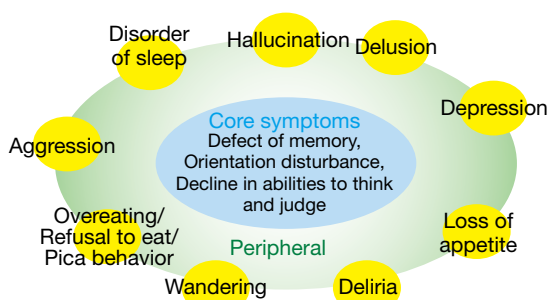
The word “dementia” is not a name of disease, but an inclusive term of conditions showing peculiar symptoms. As a matter of fact, dementia is caused by many diseases, if minutely classified. However, the two most common forms of dementia are Alzheimer’s disease and cerebral vascular dementia. In some cases, those two forms are mixed. Dementia is also caused by Lewy body disease (abnormal aggregates of protein that develop inside nerve cells of brain) and Pick disease (severe shrinkage of frontal and temporal lobes).

Core and peripheral symptoms of dementia

Dementia is not a mental disease, but a physical disease caused by impairment of intellectual functions to memorize things, perceive a place and a person, judge and estimate things due to abnormal changes in brain. These are called “core symptoms” of dementia. Mental symptoms called “peripheral symptoms” including wandering, delusion, and hallucination are caused by those core symptoms.

While abilities to memorize and perceive definitely decline, emotions such as feeling delight, anger, sorrow, and pleasure are not lost. It is not true that patients with dementia feel less stressed. Dementia patients are surely aware that they are troubling others and how people think of them. It is important for family members and other people around a patient to have correct knowledge of dementia to treat the patient.

[Partly excerpted from Ninchisho Forum.com
([See P.21](#))]



Treatment of dementia and Kampo

In recent years, Kampo medicines have been used to improve peripheral symptoms of dementia. Mainly, Yokukansan is prescribed, which has efficacy for improving symptoms such as getting easily excited, irritated, and offended, and sleeplessness. In Kampo medicine, it is considered that a hyper-functioning liver causes mental and nervous symptoms such as getting angered and excited. Suppressing such symptoms, the medicine was named “Yokukansan”, a medicine to control a liver. Although originally being a Kampo medicine to treat children’s crying at night and without reasons, Yokukansan has been presently used for various kinds of mental and nervous symptoms regardless of age.

It was reported that Yokukansan has treatment benefits whereby peripheral symptoms of dementia improve without lowering daily activities. It may be possible to reduce dosage of Western medicines and prevent falling due to side effects. It can be said that Yokukansan is very suitable for dementia patients who have to continue to take medicines for long time. In addition to Yokukansan, various Kampo medicines have been used for improving peripheral symptoms, for example, “Choutousan”, “Yokukansan Kachinpihangu”, “Ourengedokuto”, and “Toukishakuyakusan”. Not all dementia patients take same medicines, but kinds of medicines to take are different depending on constitution of each patient. This is also one of features of Kampo medicines

(Partly excerpted from Kampo view ([See P.30](#))
Supervised by Dr. Kenji Kosaka)

VOICE



Roles of Kampo medicines for better treatment of dementia

Dr. Hidetoshi Endo
Director, Department of Comprehensive Geriatric Medicine, National Center for Geriatrics and Gerontology

One medical practitioner may see only 10 to 20 patients per day. I have been working on production of “Ninchisho Forum.com” in the hope that this website may reduce burdens of a number of people suffering from peripheral symptoms of dementia as a tool for social contribution.

I think that medical practitioners who have learned Western medicine so far may treat disorders which cannot be treated with only Western medicine by supplementing such treatment with Kampo medicines. Furthermore, while the aging of society is advancing in Japan, Kampo medicine with lesser side effects can be considered friendly to the elderly. For the time being, the number of ethical Kampo preparations covered by insurance has been determined and will not increase. However, if fair evaluation and evidences which demonstrate extensive efficacies and application of each prescription are accumulated, Kampo medicine will be developing.

Tsumura is a time-honored company, accounting for far higher market share of ethical Kampo preparations among a number of manufacturers of Kampo medicines. Accordingly, I think that Tsumura should be responsible for making efforts for development of Kampo medicine. I hope that more evidences are accumulated by promoting an innovative research in cooperation with medical practitioners in the future.



Tsumura's board members and employees act in accordance with a higher standard of ethics as respecting human rights, and complying with all laws and regulations, a code of conducts and its spirits both domestically and overseas.

Tsumura Action Charter

Revised in April 2009

Under our corporate philosophy of “The Best of Nature and Science”, Tsumura & Co. places its highest priority on “the dignity of life”, and contributes to human health and medicine by fusing Kampo medicine, which has been cultivated in the Japanese tradition, with Western medicine under scientific support. For this purpose, our board members and employees must act with a higher sense of ethics in accordance with the below-mentioned action principles as respecting human rights, and complying with all related laws, the Tsumura action charter and its spirit both domestically and overseas.

1. Contributing to medical care by supplying high-quality Kampo medicines

We will contribute to medical care by addressing research on Kampo medicines and crude drugs to supply effective, secure and high-quality Kampo medicines in a stable manner. At the same time, we will also contribute to a reduction in medical costs through a research of Kampo medicines.

2. Providing appropriate R & D activities and accurate product information

A clinical research will be implemented in a scientifically strict manner in corporation with medical institutions while respecting human rights of trial subjects, and paying attention to security. Animal tests necessary as a non-clinical trial will be conducted in full consideration of animal welfare.

In order to ensure appropriate use of Kampo medicines, we will exactly provide domestic and overseas information on quality, security and effectiveness under scientific evidences, and quickly collect, analyze, evaluate, and communicate security information after production and sale.

3. Appropriate trade and distribution through fair and free competitions

We will conduct appropriate trade and distribution of our products through fair and free competitions. We will also keep healthy and normal relationship with politics and the government, as well as medical personnel.

4. Appropriate protection and strict management of information

We will take full measures for appropriate protection of personal information, data on customers and confidential information.

5. Creating an open company by disclosing information proactively and fairly

We will communicate with a wide range of stakeholders of the Company, and disclose corporate information proactively and fairly.

6. Actively making efforts for social contribution as a good corporate citizen while harmonizing with environments

We will voluntarily and actively make efforts for solving environmental issues while perceiving them as common issues for all humanity and essential requirements for continuous development of the society and the Company. We will act so as to contribute to development of local society as a good corporate citizen.

7. Realizing secure and rewarding work environments by respecting diversity of employees

We will realize secure and rewarding work environments by respecting diversity of employees such as personality and characteristics. We will also make efforts to increase employee's sense of ethics and improve qualification.

8. Confronting antisocial forces in a resolute attitude

We will confront antisocial forces threatening order and security of the civil society in a resolute attitude.

9. Contribution to development of foreign countries while respecting their culture and complying with relevant laws

In the global business activities, we will operate business which can contribute to development of a community while complying with local laws and code of conducts, and respecting their culture and customs.

10. Top management leadership for realizing spirits of this Charter in order to thoroughly ensure corporate ethics

Aware of their own responsibilities to realize the spirit of this Charter, our top management will take a leadership in practicing each item of the Charter, and spread them to business partners, as well as in the entire group companies.

We will also make internal systems effective and thoroughly ensure corporate ethics as comprehending opinions inside and outside the Company.

In case that an event that goes against the spirit of this Charter occurs, our top management will be responsible for solving such problems, and make every effort to investigate the causes and prevent reoccurrence. Furthermore, while quickly disclosing accurate information to the society, fulfilling their accountability, and clarifying the authorities and responsibilities of the company, those involved, including top management, will be punished severely.



Compliance education for new managerial staff

Compliance system

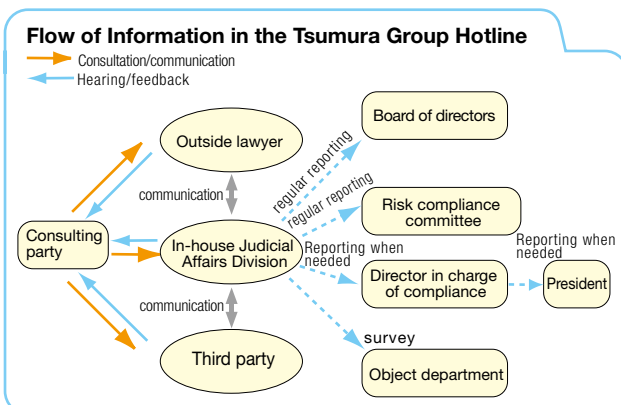
The “Tsumura Compliance Program” has been enacted to promote observance of the law and to foster a company sense of ethics. The content is summarized in the compliance guidebook and is distributed to all directors and employees. As a result, our directors and employees principally follow the “Tsumura Action Charter”. As our business environment was significantly changed with transfer of household products business and other factors, the Tsumura Action Charter was revised and enforced on April 1, 2009. The status of our compliance activities is reported to the Board of Directors on a regular basis.

Compliance education

New recruits and new managerial staff receive compliance training by duty position, in addition to self-enlightenment seminars and education for officers and employees. In FY2008, we implemented thirty compliance seminars in total. As a part of our ongoing efforts to improve the employees’ awareness, problems related to compliance are included in the in-house promotion tests, and each employee sets their compliance action targets in addition to their business target.

Tsumura Group Hotline

The “Tsumura Group Hotline” is set up as a consultation service for problems concerning compliance that cannot be resolved in the work place. In order to improve accessibility to the Hotline, a consultation service by third parties has been started since April 1, 2009. There are three contact points inside and outside the company (Judicial Affairs Division, lawyers, and third parties), through which the directors and employees of the domestic group enterprises can use this service. This prohibits unfair treatment of the consulting party and protects his/her privacy by accepting anonymous calls in order to enable him/her to use the Hotline without anxiety. In FY2008, the Hotline received ten inquiries.



Observance of promotion code and fair competition rule

We thoroughly observe the “Tsumura ethical drug promotion code” (ethical drug code) and “Regulations for the fair competition of ethical drug manufacturers and distributors” (fair competition rule).

In order to promote proper MR activities, persons in charge are appointed at headquarters and each branch office to verify the monitoring situation of “In-house guidelines concerning acts related to business entertainment” and the fair competition rules, and all promotion materials are also examined. The results are finally reported to the management. The number of promotion materials examined in FY2008 was 5,044. Furthermore, “ethical drug code” and “In-house guidelines concerning acts related to business entertainment” were revised and disseminated to relevant departments.

Moreover, introductory and continued training, e-learning and others concerning the ethical drug code and fair competition rules are frequently provided. In conjunction with the “ethical drug code awareness month” in every November, an enlightenment seminar for employees and a presentation seminar for all directors are held by a chairman of ethical drug code committee so as to keep them informed about these issues.

Fair and transparent trade

Mutual trust and partnership with clients and fairness and transparency in trade are going to be more important in an increasingly severe environment for the procurement of chemical and packaging materials. In constructing such relationships, the procurement section plays a critical role.

Upon execution, we follow the “Purchase dealings action agenda” formulated toward penetration and establishment of compliance and purchasing ethics.

Animal testing policy

In order to assure safety and efficacy of medicines, animal testing is essential. In accordance with the internal rules concerning animal testing, it is implemented in a appropriate manners with an approval by a head of authority after deliberation on methods of substitution, the number of animals to use, and methods to eliminate or reduce animal pain and distress (3Rs*) at Animal Care and Ethics Committee. The annual self-inspection of validity of internal rules is implemented. Moreover, a “Laboratory animal memorial cenotaph” was built in the laboratory site and a memorial service ceremony is held every year, so that each researcher continues having a feeling of gratitude for laboratory animals.

* 3 Rs : Replacement, Reduction, Refinement

Corporate Governance

Having a strong sense of mission in achieving sustained growth and development and social responsibility, we have enhanced our corporate governance system as one of our primary management priorities.

Corporate governance

Under our corporate philosophy of “The Best of Nature and Science”, Tsumura & Co. is aware of the necessity of enhancement of corporate governance systems to achieve sustained growth and development and fulfill our social responsibilities in the future, and considers it as one of our primary management priorities.

Especially in order to improve corporate management and its transparency, we are aiming to conduct further sophisticated corporate management by enhancing our internal control system and operating it in an effective and efficient manner.

Furthermore, in recent years, as the Company has faced to more significant and complicated risks and been required to manage and deal with a wide range of risks appropriately, the CSR Promotion Department was established in April 2009 to continuously improve various aspects of our corporate governance.

Internal Control

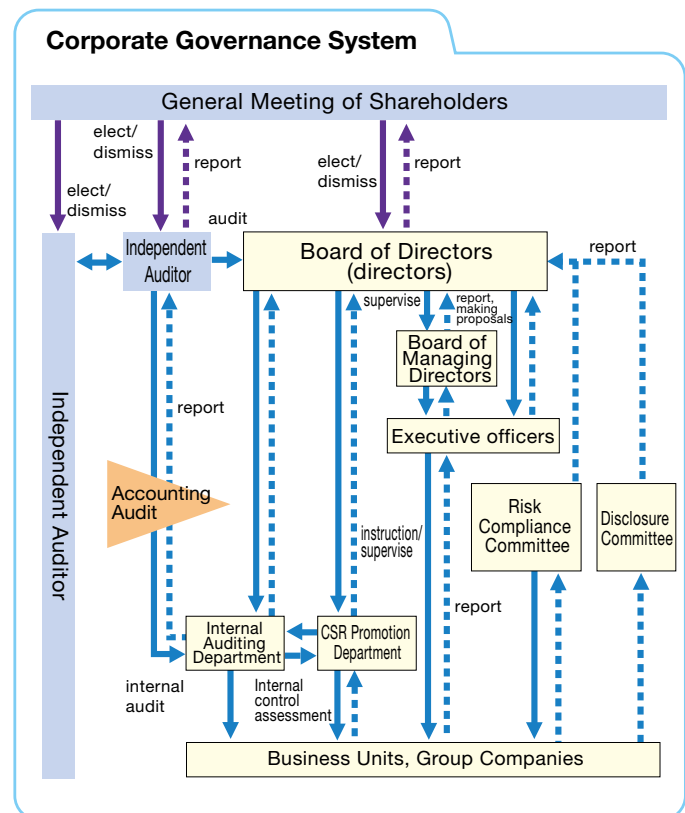
“Project to Construct Internal Control” has been started in response to the Financial Instruments and Exchange Law from FY2006.

Apart from responding to the Financial Instrument and Exchange Law, the objectives of our internal control activities include “pursuing effective and efficient business” and “being beneficial for observing relevant laws.” To this end, we have been building and practicing systems to eliminate errors and misconducts by having business processes visible, standardized and integrated to clarify them further.

In FY2009, aiming at construction of a stronger corporate structure, we have implemented the effectiveness assessment of the internal control system for two consecutive years.



Briefing session on internal control



Protection of intellectual properties

● Preventing violation of intellectual property rights

To prevent the violation of others’ rights such as patent, trademark and design rights, etc., we conduct investigations, take measures to avoid violation of rights, and appropriately obtain licenses.

● Incentive scheme for invention – “Compensation for application and registration” and “Compensation for performance”

With internal rules in compliance with Article 35 of the patent law, we appropriately transfer our employees’ rights to the Company. Accordingly, “compensation for application” or “compensation for registration” are paid to those employees concerned (17 persons in FY2008), and “compensation for performance” based on sales may be reimbursed. In consideration of the changes in social situation, the calculation method of “compensation for performance” will be reconsidered as required.

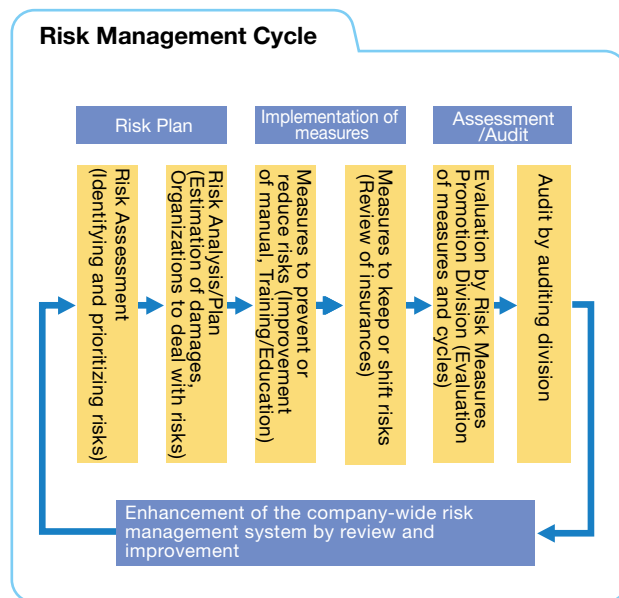
Risk Management

● Practice of risk management cycle

In the Risk Management Project implemented in 2008 (Oct. 2007 ~ March 2008), we identified, assessed and prioritized risks in the Tsumura Group.

About 2,300 risks were extracted in total by category such as compliance, management, business, finance, technology, and human resources. The number of primary risks was then narrowed down, and selected risks were prioritized chiefly by responsible officials from each department.

Measures against major risks on which high priority was placed in the Project and their schedule will be formulated mainly by the CSR Promotion Department established in FY2009. According to the schedule, the measures against risks will be implemented in cooperation with each department and group companies. Based on the evaluation of its findings and the results of audits implemented by the audit office, measures have been improved and a series of PDCA cycles are continuously implemented to execute the risk management.



● Review of risk finance

We reviewed the insurance programs mainly in subsidiaries in China to verify the appropriateness of insurances. As a result, transferable risks became covered by insurance in consideration of efficiency.

* risk finance : Financial measures in preparation for exposed risks.



Risk Compliance Committee

● Execution of countermeasures against pandemic influenza

As pandemic influenza was chosen as the highest-priority risk from among all risks which were identified, assessed, and prioritized in the Risk Management Project, its countermeasure project was set up (September to November 2008). The objectives of this countermeasure project are to minimize damages from occurrence of pandemic influenza on Tsumura Group's human resources and businesses and to protect our management assets. In addition, methods of infection prevention, deliberation of business continuity, an emergency communication, and confirmation of affected individuals at the time of pandemic influenza have been formulated. As a part of infection prevention measures, masks, alcohol for disinfection, mouthwash and other items have been stored in 65 business offices across the nation.

Education on knowledge of pandemic influenza and its countermeasures was provided for employees, and about 280,000 masks were delivered to employees and their families. Furthermore, booklets were distributed to employees of subsidiaries in China in order to educate them about pandemic influenza.



Stockpiles for countermeasures against pandemic influenza



A booklet for countermeasures against pandemic influenza (in Chinese)

Society and Tsumura

As a good corporate citizen, we actively implement various kinds of social contribution activities with an eye to coexisting with society.

Principle of CSR

Yasunori Fuji
Executive officer, Head of CSR Promotion Department



I think that the most important social responsibility of Tsumura, a life science company, is to supply our Kampo preparations to all medical institutes and households in need in a stable manner. In other words, we are responsible for contributing to people's health through our core business.

Three major roles of the CSR Promotion Department established in April 2009 include "risk management", "internal control", and "environmental management", which sound rather stiff, but are reflecting our concept stated above.

In order to establish a cycle of recycling business which starts from cultivation of crude drugs, nature's bounty, it is also considered the most important to coexist with natural environments and local communities surrounding us. This is a principle of human- and nature-friendly CSR activities of Tsumura.

(Shan zhu yu)

For Society: Social Contribution Activities

"Tosa Tsumura's Forest"

For the purpose of facilitating natural environmental conservation in cultivation areas of crude drug for Kampo preparation and exchanging with local citizens, we concluded partnership agreement on Kochi Prefecture's corporate project to grow forest with Kochi Prefecture, Ochi Town, and Human Life Tosa which is an organization to cultivate herbal medicines in June 2008. In the relevant area named "Tosa Tsumura's Forest", we implemented activities to revitalize the forest, which leads to conservation of water resources necessary for cultivation of crude drugs for Kampo preparations. As a part of exchange with local communities, we visited Ochi Junior-High School to give lectures to students, and provided them opportunities to experience tree planting and thinning. We intend to support natural environmental conservation in cultivation areas of crude drug for Kampo preparation, and develop activities so as to build trust relationship with local citizens in the future.



Experience of tree thinning



Visiting lecture

VOICE



"Tosa Tsumura's Forest" Project

Mr. Masaru Onoda

Local support planner, Local development support section, Industrial promotion department, Kochi Prefecture

I really appreciate Tsumura contributing significantly to both local economy and environment through its corporate activities. In the hope of carefully fostering a bond and trust relationship between cultivation areas of herbal medicines and Tsumura in the future, "Tosa Tsumura's Forest" Project has been developed with support of Tsumura in Kochi Prefecture since FY2008. In this Project, the forest conservation activities including tree thinning have been implemented, as well as hands-on activities involving junior-high school students. The solid relationship of trust is the basis of traceability. Kochi prefectural government will make efforts for supporting the Project as much as possible.

Support for emergency restoration

For reconstruction support for the stricken area of the Sichuan Earthquake in China that occurred on May 2008, the Company donated a total of 1.5 million yuan (about 22.5 million yen) including 1 million yuan to the China Red Cross and 0.5 million yuan to its Sichuan Branch. Shanghai Tsumura and Shenzhen Tsumura donated 100,000 yuan respectively. Additionally, we collected donations of ¥3,707,702 from officers and employees at our domestic and foreign Group Companies, and these monies were donated to the China Red Cross. A part of the donation was directly handed over by our president to some employees of Shenzhen Tsumura whose family houses were damaged.



Donations for Sichuan earthquake in China

Cooperation and support of NPO/NGO

World Wide Fund for Nature Japan (WWF Japan) presented Tsumura a certificate of gratitude for our support as a corporate member over 20 years. We are also supporting Youth Friendship Association and OISCA-International (The Organization for Industrial, Spiritual and Cultural Advancement-International).

The Ibaraki Plant, which is using a huge volume of industrial water derived from Kasumigaura, has participated in Asaza Project, as an environmental conservation activity around Kasumigaura, since 2004. So far, a total of over 200 employees have participated in this project, including 40 employees who participated in FY2008.

Our head office, some branches and business offices have participated in “Ecocap Movement” to present polio vaccines to children in developing countries through the NPO Ecocap Movement and the NPO Ecocap Movement Network. In FY2008, we collected about 16,000 caps, enough to buy polio vaccines for 20 children.



Participation in Asaza Project (Ibaraki Plant)



Ecocap Movement (head office)



The certificate of gratitude presented by WWF

Contribution to treatment of rheumatism

Tsumura established “Tsumura Bone and Joint Clinical Medicine Award*” in FY1993, and, since then, had rewarded clinical researches which contributed to suppressing rheumatic disease for 16 years. The Ministry of Health, Labour and Welfare presented us with letters of commendation for this activity.

* Abolished in FY2008.

Cleanup activities around business sites

The Tsumura Group has participated in beautification campaigns in the vicinities of our business sites. In February 2005, the Shizuoka Plant registered with Fujieda City Beautification and Adoption Campaign for the first time as a corporation, and, since then, has participated in an environmental beautification campaign around the entire area of a nearby park.

Major Cleanup Activities in FY2008

Sites, Activities	No. of times	No. of participants
Shizuoka Plant	16	160
Ibaraki Plant	4	43
Ishioka Center	9	42
Logitem Tsumura	1	46
Shenzhen Tsumura	1	113



Cleanup activity (Shenzhen Tsumura)

Contributions and donations

Contributions and donations in FY2008 Shizuoka Plant

	(Yen)	
Shizuoka Plant	Fujieda City Mottainai Campaign	108,887
	Red Feather Community Chest	67,202
	Green Fund	127,624
	Chest for supporting volunteers through vending machines	90,603
	Harmonia	waste newspaper
Ibaraki Plant	Chest for drug abuse prevention activity of UN	27,000
	Chest for Social Welfare Council	1,300
	Red Feather Community Chest	10,000
	Japanese Red Cross, Ibaraki branch	30,000
Social Welfare Council.....	10,000	
Ishioka Center	Chest for drug abuse prevention activity of UN	3,910
Logitem Tsumura	“Fujieda City Mottainai Campaign”	80,650
	Fujieda Social Welfare Council.....	used stamps
	Presented yellow bags for traffic safety to the first-grade elementary school pupils	10,000

Future development and objectives

Since our business is based on nature’s bounty, we must be responsible for coexisting with nature. Principally making efforts to preserve natural environments in the vicinities of cultivation areas of crude drug for Kampo preparation and business offices, Tsumura intends to promote various kinds of social contribution activities as a good corporate citizen.

We value customer requirements and actively offer the information to provide customers with support for using Kampo medicine and our products.

Customer communication policy

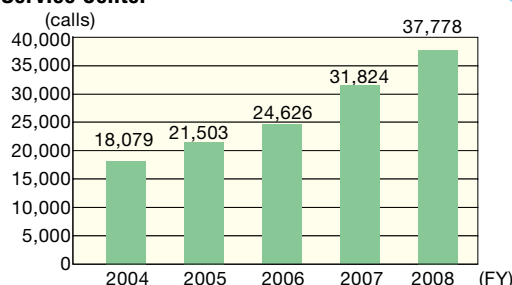
The policy of our Customer Information Service Center is to sincerely provide information based on objective facts and the latest data in order to support proper use of medicines.

Since established in 1995, the Center has received over 200,000 consultations in fourteen years. We have made efforts to actively communicate with our stakeholders while continuously improving our systems for consultation service, for example, the introduction of web-based e-mail service in FY 2004 and a toll free number in FY2007 so as to take advantage of the abundant information provided in consultations.

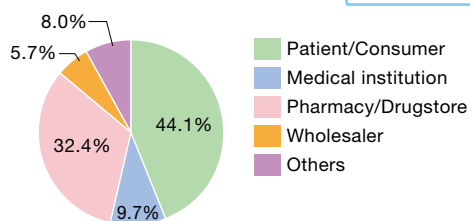
Activities in FY2008: Customer Information Service Center

There have been troubles in getting through to Customer Information Service Center due to the increasing number of consultations through a toll free number. Therefore, in FY2008, we reviewed

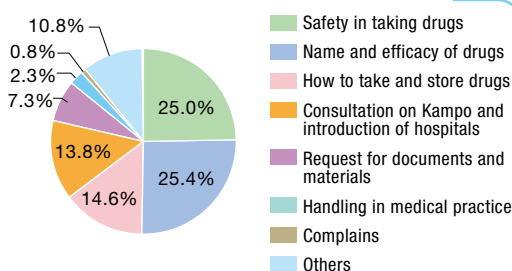
Calls Received by Customer Information Service Center



FY2008 Breakdown of Consulters



FY2008 Breakdown of Consultation Issues



personnel assignment to improve such situation by increasing the number of telephone lines and staff for consultation service at a head office, and opening Osaka satellite information service center. As a result, the problem was resolved.

In addition, we have enhanced our consultation system by operating a new consultation response system so that most of consultations can be resolved with a single telephone call.

Consumer Satisfaction (CS) Conference

Since FY2006, in order to proactively utilize inquiries received from customers in our corporate activities, we have established the "Customer Satisfaction (CS) Conference" consisting of related directors, chaired by the president, and regularly reviewed important matters related to CS. In FY2008, we reviewed internal transmission concerning communication with customers, establishment of routes for response, packaging of ethical Kampo preparations, activities to ensure security of OTC (over-the-counter drugs), and other matters, and improved controversial points.

Example of product improvement reflecting customer's voice



The font of name and number of prescription was changed to be easy to read, with an eye to making drugs easier to identify in drug management and improving dosing compliance of patients.

Acceptance of Facility Tours and Internship

We accepted students on our internship programs and held tours of Tsumura Museum and other facilities to facilitate understanding of the Company and Kampo.

Number of Acceptance of Facility Tours and Internship in FY2008

Site	Facility		Internships		Company	
	No. of acceptance	Visitors	No. of acceptance	Visitors	No. of acceptance	Visitors
Headquarters	3	14	0	0	0	0
Tsumura Museum, Ibaraki Plant	178	2,697	1	5	1	7
Shizuoka Plant	23	166	1	3	1	1
Laboratories (including Analysis Research Center)	* 6	* 136	0	0	0	0
Ishioka Center	6	15	1	2	0	0
Logitem Tsumura	1	4	0	0	0	0
Shanghai Tsumura	22	186	2	3	0	0
Shenzhen Tsumura	23	260	1	17	0	0

* The number of visitors who went to both Tsumura Museum and a laboratory is included in Tsumura Museum.

Provision of diverse information concerning Kampo

In recent years, the number of people who want to take Kampo medicines or know more about Kampo has been steadily increasing. As a leading company of Kampo, Tsumura has put emphasis on scientific elucidation and educational activities. In order to help people have correct knowledge and understand information on effectiveness and security of drugs and practical use of them, we are striving to diffuse Kampo by providing general public diverse opportunities to obtain information on Kampo such as the Company's Home Page and other websites sponsored by Tsumura, individual consultation at the Customer Information Service Center, and Kampo seminars.

● Publicity activities

In order to communicate correct information on Kampo to as many people as possible, we have supported press seminars to provide the latest information on Kampo to reporters of newspaper and magazine and medical writers on a regular basis. Discussion sessions with medical writers of women's magazines on the subject of disorders and themes in which women are interested have been held three times a year and Kampo Medicine Forum with hot topics and high-profile medical practitioners four times a year.

● Website

As corporate websites, we are running "Tsumura Home Page" and "Tsumura Kampo Square." Tsumura Home Page is well designed to be easy to browse with understandable contents so as to respond to diverse information needs such as information on Kampo, IR and recruitment. Tsumura Kampo Square was established for medical practitioners and has provided quality contents, for example, the latest research

Kampo view



<http://www.kampo-view.com/>
Describing Kampo medicines prescribed in clinical practice in an easy-to-understand way with interview with medical practitioners

Kampo-no-Oishasan Sagashi (searching for Kampo doctor)



<http://www.gokinjo.co.jp/kampo/>
Possible to search doctors and medical institutions familiar with Kampo all over the nation

results, information on lectures and workshops, and a menu to learn how to use Kampo.

We have also supported "Kampo View", "Kampo-no-Oishasan Sagashi (searching for Kampo doctor)", and "Ninchisho Forum.com"

as satellite websites.

(👉 See P.21-22)

[\[Tsumura Home Page\]
http://www.tsumura.co.jp/](http://www.tsumura.co.jp/)

[\[Tsumura Kampo Square\]
http://www.tsumura.co.jp/](http://www.tsumura.co.jp/)

Future development and Targets

For improving Web communication which has become more important to communicate with customers, we intend to upgrade our home pages by fusing a consultation service, contents of external websites supported by Tsumura, and other functions aiming at higher usability. We will proactively provide various kinds of information in order to promote appropriate use of our medicines and its diffusion and to ensure security and trust of customers.

VOICE

To increase the number of Kampo fans



Tomoaki Oshima
PR Group, Corporate Communication
Department

PR Group is conducting various kinds of public relations activities to diffuse Kampo and educate general public about it, for example, TV and newspaper advertisement, transmission of information from websites supported by Tsumura, and seminars and lectures concerning Kampo.

In addition, we are putting emphasis on activities intended for the mass media (media personnel and journalists). It is our role to make people in the mass media standing between companies and general citizens "Kampo fans" and "Tsumura fans". Considering PR activities as presentations to general public through media, we could not present various kinds of "useful information" until we have Kampo understood by media personnel. We think it is important to have people feel familiar to Kampo and Tsumura by holding press seminars on a regular basis and implementing tours of Tsumura Museum, plants and other facilities.

We aim to improve corporate value to make us a Company that is trusted by shareholders and investors through proactive investor relations activities at home and overseas.

Basic Management Policy

Tsumura's management policy includes a clause that, under our corporate philosophy of "The Best of Nature and Science", we contribute to provision of the unprecedented premium medicines for human health by fusing Kampo medicine, which has been cultivated in the Japanese tradition, with Western medicine under scientific support.

For achievement of this goal, we are aiming to build the solid status in the medical field by focusing and centralizing "Kampo and crude drugs" and making the best use of uniqueness as a Kampo maker.

Dividend Policy

The amount of annual dividend per share at the end of FY2008 was ¥34 (including interim dividend ¥17), increasing by ¥11 from the previous year. In FY2009, the annual dividend is expected to be ¥40, with a year-on-year increase of ¥6. In principle, we pay dividends in a stable manner on the premise of an increase, generally taking into account consolidated business performance for each term, improvement in dividend payout ratio, and other factors.

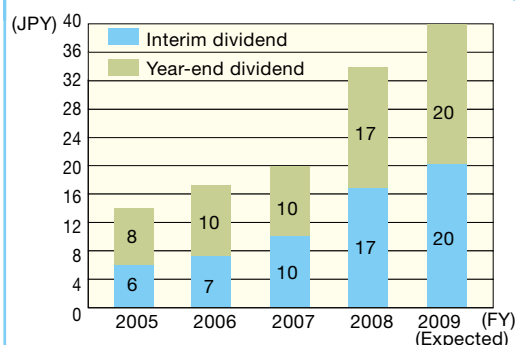
Active provision of information to research agencies related to SRI

We have proactively, sincerely and cooperatively disclosed information in response to questionnaire surveys by third-party research agencies such as Integrex Inc., The Good Bankers Co., Ltd., and Carbon Disclosure Project which collects and announces corporate information on climate changes. In addition, we have always tried to have as many opportunities for face-to-face communication with such research agencies as possible.

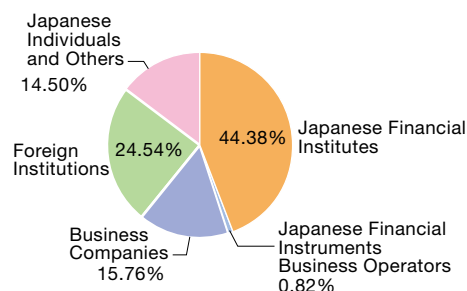
Communication with parties related to SRI funds

As our business centering on Kampo and CSR activities are valued, Tsumura's shares have been incorporated into some SRI (Social Responsibility Investment)* Funds. Our positive efforts towards the aging of society, ensuring the safety of raw materials, and family-friendly personnel policies have been praised favorably. We have implemented tours of Tsumura Museum and Ibaraki Plant for parties related to SRI funds in order to allow them to observe our efforts concerning crude drugs and the quality control of Kampo preparations. Briefing sessions on our business are also held for parties related SRI funds.

Trend of Dividends per Share



Distribution of Shares by Ownership



(As of the end of March 2009)



Briefing session on our business for parties related SRI funds

* SRI (Social Responsibility Investment): Investment behavior of which investment criteria includes the fulfillment of social responsibilities in terms of social, ethical and environmental phases, in addition to conventional investment criteria with financial analysis. This is backed by the concept that companies fulfilling social responsibilities can be more expected to grow continuously in the long term.

General meeting of shareholders/ IR briefing session

Tsumura holds information meetings for investors and analysts twice a year regarding our business results. About 100 visitors attend these meetings consistently. At these meetings, the President and directors explain the management strategy and reviews the financial results, inviting active discussions with the participants. In addition, individual meetings with IR personnel and small-group discussions with the corporate directors are conducted for fostering better communications with our investors. The comments and suggestions from our investors are communicated to the corporate directors and relative sections.

To help private investors understand contents of our activities, we have introduced a visually aided presentation in the AGM held every June.



IR briefing session

Foreign IR activities

Communication with foreign investors has become increasingly important. We are making every effort to directly explain about our Kampo business, etc. through our director's visiting institutional investors in Europe, North America, and Asian countries.

Shareholder Questionnaire

We conducted a questionnaire to shareholders and 978 shareholders, which is equivalent to 10% of the total responded. We will work toward improvement of IR activities based on the opinions from shareholders, such as improvement of corporate web site and IR reports.

Information disclosure

● Internet home page

From the viewpoint of timely disclosure, we are making efforts to disclose information appropriately on a timely basis. Our Internet web site is actively used as a tool for information disclosure. English translations of disclosed important items are quickly posted to the website, so as to actively transmit information to foreign investors.

● Annual Report

In the page named "What is Kampo?" key points of Kampo are explained in a way easy to understand with an eye to helping foreign investors correctly understand Kampo business.

● Interim/Full-Year Business Results

We provide shareholders "Interim/Full-Year Business Results" twice a year as a communication tool to inform them of our business activities in a way that is easy to understand.



Annual report



The 73rd Interim Business Results

Future development and targets

We intend to build relationships of trust, being always aware of fair and timely disclosure, and communicating with domestic and foreign investors and shareholders actively to continuously convey our good bearing.

We will cultivate human resources who can voluntarily improve corporate value, and create work environments in which employees can actively work with pride.

President's policy meeting

From December, 2008 to January 2009, the president's policy meetings were held at eleven venues all over the nation. This meeting in which the president directly spoke to all employees represents the president's management attitude to place emphasis on workplaces. He explained a lot of matters, for example, the Company has become able to steadily earn profits through implementation of various measures, the direction to which the Company should go has been clearly indicated, and for what purposes ongoing measures have been taken.



Fellowship banquet after President's policy meeting

Personnel Philosophy

Personnel Philosophy

Under our management philosophy, we foster independent organizational persons, improve the environment in which employees can challenge their goals by using their strengths to develop vital corporate culture.

Under our Personnel Philosophy, we are promoting improvement in our personnel system and its operation and creation of corporate culture and working climate.

Fair evaluation and treatment

Tsumura has adopted two evaluation methods, "PAT Evaluation" to assess the process and achievement to a semiannually decided objective and "Performance Review" to clarify the rank of employees with analysis of their vocational ability. To promote understanding of the evaluation process, we have implemented training for evaluators since 2006. As of April 2009, 392 people have attended these classes.

Also, to facilitate appropriate understanding of our personnel system, the "Personnel System Guide Book (TAPS)" is delivered to all employees.

Respect for human rights

In Tsumura Action Charter, we have declared our intent to act in accordance with a higher standard of ethics as respecting human rights and complying with all laws and regulations, a code of conducts and its spirits both domestically and overseas. Tsumura respects the spirit of The Universal Declaration of Human Rights and complies with ILO (International Labor Organization) decreed International Labor Standards for indicating basic labor criteria as our basic stance of our activities for human rights on a global footing.

● Preventing violation of human rights : Senior management shall pay attention to violation of human rights, based on the Law for Equal Employment Opportunity of Men and Women and Ministry of Health, Labour and Welfare guidelines. By making a provision for disciplinary punishment in our Company Rules, we have definitely vowed not to permit any harassment as an internal rule.

Furthermore, briefing sessions are implemented in order to promote the understanding of basic knowledge regarding violation of human rights and its countermeasures.

● Prohibition of discrimination at workplace : In "Tsumura Compliance Guidebook", it is clearly stated that employees must not discriminate against others based on attributes, such as employment status, nationality, age, and gender at workplace. Managerial personnel, in particular, never ignore such discrimination, and shall take appropriate corrective actions.

● Prohibition of child labor : In "Tsumura Compliance Guidebook", prohibition of child labor is clearly provided. In cases of finding violation of relevant laws and regulations in business partners and other parties, we shall alert them with implications for suspension of business, and consider an alternative business partner.

Employees' consultation service counter

Internal and outside consultation service counters have been set up, so that employees can discuss concerns at ease to continue to work actively. The service is available to all employees, including contracted and dispatched employees.

Employees Consultation Service Counters and Their Functions

Service Counter		Primary item of consultations
Tsumura Group hotline	Internal/Outside	Compliance violation
Consultations on crimes and public nuisances	Internal	Crimes and public nuisances
Personnel and labor consultation	Internal	Harassment
KSS Line	Internal	Consultations about health, nursing care, and other worries
Angel Line	Internal	Pregnancy, childbirth, and childcare
Mental health consultation	Industrial physicians	Mental health
Health consultation	Industrial physicians	Health
Health support program	Outside	Health, nursing care, mental health, etc.
Mental health consultation by Health Insurance Association,	Outside	Mental health

Efforts in recruitment activities

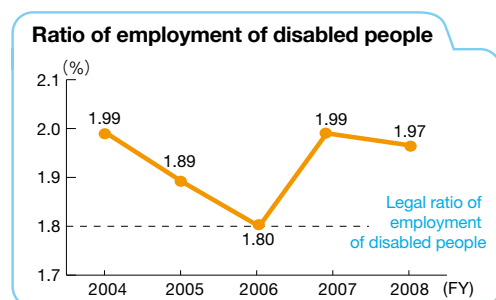
Tsumura implements people-oriented recruitment activity by respecting individual personalities. As recruitment activities, we mainly participate in events for recruitment, hold briefing sessions in universities, and explain our corporate activities and job contents on our website in a way that is easy to understand. In FY2008, we developed recruitment activities by holding “Open Seminar” where employees working in the frontline explain the various job outlines in Tokyo and Osaka so that students can better understand Tsumura & Co.



Recruitment Information
<http://www.tsumura.co.jp/recruit/index.htm>

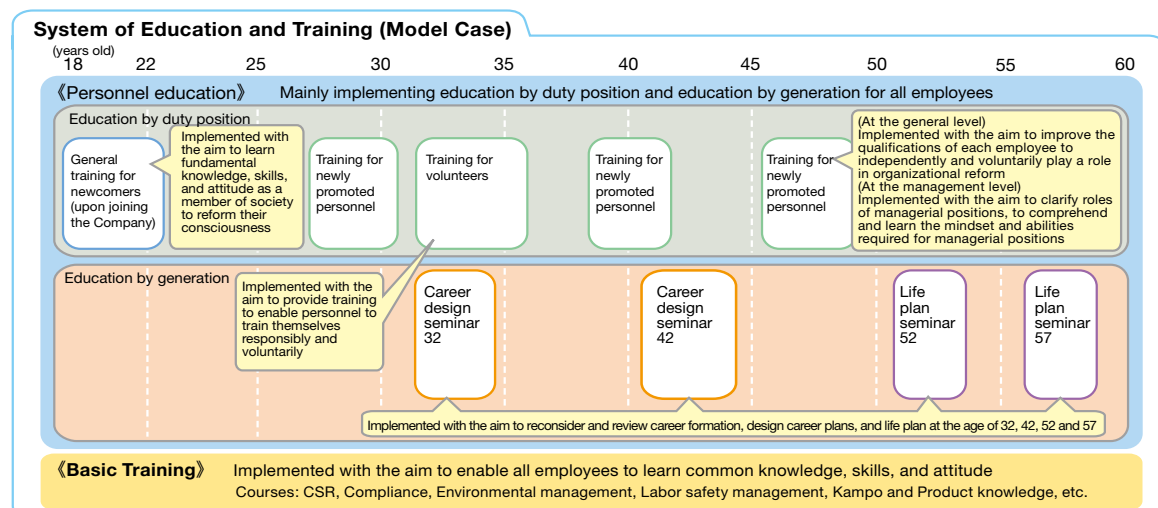
Employment of disabled people

The recruitment of disabled people is continuously and actively implemented through the year. We also intend to provide disabled people better working environment in which they can exercise their individuality and abilities through hearing and interview.



Policy and system of education and training

Personnel who voluntarily decide and carry out things, and achieve good results while responding flexibly to changes in social environments are demanded. With an educational mission of “fostering independent organizational personnel”, we have systematically educated personnel to build career from youth on the basis of independence and self-awareness.



State of employment

We desire to respect diversity of employees and realize ideal working environment. To this end, we have introduced reemployment systems such as the one for retired workers and Comeback Program to provide opportunities to work at Tsumura again for employees who left the Company for certain reasons including child and family care, and job transfer of spouse. As of the end of March 2008, twelve employees have been employed with the reemployment system for retired workers, and two employees with Comeback Program.

Results concerning Employment

No. of employees (unit: persons)

	FY2004	FY2005	FY2006	FY2007	FY2008
Tsumura & Co.	2,316	2,362	2,156	2,172	2,205
Consolidated	2,763	2,759	2,750	2,773	2,631

No. of union members and non-union members (Tsumura & Co.) (unit: persons)

	FY2004	FY2005	FY2006	FY2007	FY2008
Union member	1,642	1,641	1,478	1,458	1,460
Non-union member	692	721	678	714	745

No. of new graduates (Tsumura & Co.) (unit: persons)

	FY2004	FY2005	FY2006	FY2007	FY2008
New graduate	42	29	23	30	56
(Female)	(21)	(13)	(6)	(14)	(29)

Average service years (Tsumura & Co.) (unit: years)

	FY2004	FY2005	FY2006	FY2007	FY2008
Average service years	16.1	16.8	17.4	17.9	18.4

No. of employees by employment status (Tsumura & Co.) (unit: persons)

	FY2004	FY2005	FY2006	FY2007	FY2008
Permanent employees (including non-regular staff)	2,316	2,362	2,156	2,172	2,205
Contract employees	—	286	278	286	329
Temporary staff	89	90	89	117	113

Turnover Ratio (Tsumura & Co.) (unit: %)

	FY2004	FY2005	FY2006	FY2007	FY2008
Turnover ratio	2.7	2.2	9.7*	2.4	1.7

* Due to company split-up of Tsumura Lifescience, Co., Ltd.

Benefit package

We have created the environment in which employees all over the nation can equally enjoy welfare services as feeling a sense of fairness. We are placing emphasis on “housing” which is highly needed and a foundation of employee’s life, especially on the system for rental housing provided by the Company.

In cooperation with a company to provide welfare services, our employees and their families can enjoy benefit packages including availability of various accommodations across the nation. We also have leave systems for child-care, family care, and marrow donors in place.

Assistance on the work-life balance

In an attempt to strengthen employees’ health and promote an affluent life based on work-life balance, a month for promote taking leave is set up in June, July, August and November every year. In addition, it is recommended that our employees take designated long-term paid leave over consecutive three days as refreshment leave. We also facilitate a reduction of overtime work with no overtime work day twice a week and rules for entering and leaving our head office.



Company visits for employees’ children (Headquarters)

Relationship with labor union

Basic guideline of Personnel and Labor Committee

Creating a proud company
 Developing vital corporate culture
 Fostering independent organizational persons

By adopting a union-shop system, we have set up a “Personnel and Labor Committee” to regularly exchange opinions between senior management and the labor union once a month. The committee consists of workers and employers. Objectives of the committee are to consider various personnel and labor issues based on our management philosophy, business guidelines, and personnel philosophy, and to promote study on institutional reform and design to solve and improve problems in response to environmental changes surrounding the company. Under the committee, the following six working teams have been organized and put into operation.

1. Review team of personnel system
2. Review team for appropriate treatment
3. Promotion team for management of working hours
4. Promotion team for “proud company”
5. Review team for reemployment system
6. Review team for labor security and health system



“Proud Company” meeting

Objectives and Achievements of Tsumura’s Action Plan to Support the Development of the Next Generation

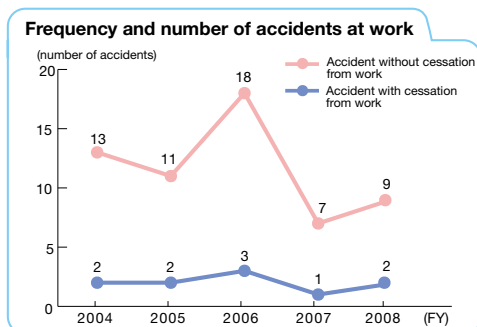
Plan	Achievements (Total No. of FY2007 and FY2008)
1. To boost the childcare leave targets within the target period Male employees: three or more Female employees: 90% or more	<ul style="list-style-type: none"> • Male employees: three • Female employees: 95.7%
2. To expand and publicize the overtime exemption system targeting those employees who have direct responsibility for children of preschool age.	<ul style="list-style-type: none"> • Enlarged the scope to those employees who have direct responsibility for children in the third grade at elementary school
3. To expand and publicize the nursing leave system	<ul style="list-style-type: none"> • Revised and publicized the system to use invalid paid leave for nursing leave
4. To boost the leave acquisition to an average of 10 days	<ul style="list-style-type: none"> • FY2007: 11.7 days, FY2008: 11.7 days (on average for union members)
5. To hold company visits for employees’ children	<ul style="list-style-type: none"> • Implemented in company headquarters, Ibaraki Plant and R&D center
6. To create a system for mutual communication with employees on childcare leave	<ul style="list-style-type: none"> • Introduced wiiw, a support program for employees on childcare leave to return to work
7. To enhance environments regarding health management during pregnancy	<ul style="list-style-type: none"> • Promoted the use of a communication cards for instructions of maternity health management • Introduced paid leave for prenatal checkup (health guidance or checkup subject to Maternal and Child Health Law) (once a month) • Introduced grant of unpaid leave before childbirth starting from the desired date in pregnancy

Policy of health and safety at work

With the basic stance that safety is our first priority to eradicate accidents at work, we have conducted Health and Safety management by enacting rules of Health and Safety management and enforcing Health and Safety management standards. Also by implementing Health and Safety mutual auditing, each department has been improved. While a business establishment with 50 employees or more is obligated by Law to set a health committee, we have set our health committees and selected industrial physicians and health administrators in all branches, beyond the legal provision. Aiming to improve the management level of health committees all over the nation, the “Health Promotion Conference” is held twice a year by a gathering of representatives.

Efforts to prevent accidents at work

Shizuoka and Ibaraki Plants, and Ishioka and Fujieda Centers are improving Health and Safety at work, aiming to completely eliminate labor and traffic accidents and build mental and physical health.



Engagements in FY2008

● Acquisition of OSHMS Certification by Ibaraki Plant

Ibaraki Plant acquired OSHMS Certification, the standards of Occupational Safety and Health Management System, from the Japan Industrial Safety & Health Association for the first time in the pharmaceutical industry (certified on July 15, 2008, and awarded on August 26, 2008). With acquisition of the certification, all employees are proactively working on safety and health management activities to eliminate accidents at work.



Acquisition of OSHMS Certification (Ibaraki Plant)



● Health management activities

Each workplace involved in production is promoting health management activities based on organization, arrangement, cleaning up, cleanliness, and discipline. We intend to lead such activities to establishment of an organizational structure to steadily promote business improvement activities on the basis of “improvement of employee’s independence”, “creation of good teamwork”, “fostering leadership”, and “development of human resources”. Furthermore, it can be expected to ensure security and improve quality and efficiency by accelerating those activities.

● Health and Safety Committee Meeting/Health and Safety Patrol

Health and Safety Committee Meeting is held once a month, and Health and Safety Patrol is implemented for improvement.

● Risk assessment

We are striving to eliminate accidents at work by decreasing risks with promotion of risk assessment for improvement of working environments.

● Risk forecast training

Risk forecast training is implemented to prevent accidents and disasters by realizing dangerousness again.

● Health management

As a part of mental health care, “Mental health diagnosis”, and “VDT health checkup” based on “survey on VDT works” were implemented in the entire Group companies. From the viewpoints including measures against pandemic influenza, we had all employees vaccinated against seasonal flu.

● Training of emergency medical care

Training of emergency medical care is implemented to obtain life-saving skills such as the correct way to use AED (automated external defibrillator) and arrival resuscitation.



Training of emergency medical care (at headquarters)

Environment and Tsumura

Under our corporate philosophy of “The Best of Nature and Science”, Tsumura has established its environmental principle and basic policy. The Company has also set medium-term and yearly environmental objectives to achieve continuous improvements.

Tsumura Environmental Principle

(Enacted in October 2000)

As a company pursuing “The Best of Nature and Science”, Tsumura promotes corporate activities that consider environmental harmonization for global environmental conservation and enrichment of peoples' lives.

Tsumura Environmental Policy

(Enacted in October 2000)

1. Efforts for environmental conservation

Promote corporate activities in consideration of environmental harmonization by recognizing the protection of our precious planet earth as an important issue.

2. Construction and improvement of the environmental management system

Construct an environmental management system and conduct voluntary audits while setting, implementing, and assessing those environmental objectives that are to be addressed in order to make efforts to continuously improve the system.

3. Reduction in environmental impact

Make efforts for conserving the environment by striving to reduce environmental impact, such as saving resources and energy cycles and reducing wastes in various aspects of our corporate activities.

4. Development of green products and technology

Implement manufacturing in consideration of reducing the environmental impact and make efforts to develop technologies for the efficient use of resources and energy at each stage of the product lifecycle from R&D through to disposal.

5. Compliance with environmental regulatory controls

Comply with requirements in laws, agreements, and industrial voluntary standards concerning the environment while promoting improvements in our environmental conservation activities.

6. Improvement in environmental education and awareness

Promote environmental education and enlightenment activities to enable all employees to continuously work on environmental conservation through self-reliance based on the environmental principle and policy.

7. Efforts for information disclosure

Disclose as much information on environmental efforts as possible and provide environmental information on products as and when required.

8. Participation in social contribution activities

As a company and as individuals, we address environmental conservation voluntarily and participate in social contribution activities.

Trend of Major Environmental Performance Indices from Y2004-2008

Reporting Period		FY2004	FY2005	FY2006	FY2007	FY2008	Coverage	Corresponding pages in this report
Total Energy Input [GJ]		862,624	888,971	936,031	898,730	899,501		P.39・42・45
Material Input	crude drugs [t]	5,553	5,674	5,880	6,221	6,365	*4	P.42
	containers and packaging [t]	4,270	4,555	3,441	3,870	4,408		P.42
Water Resource Input [t]		891,375	899,175	977,732	985,739	978,140	*5	P.40・42・47
Chemical Input [t]	acetonitrile [t]	2.8	4.1	3.6	3.8	4.2		P.40・42・46
Green Purchase Rate [%]		75	78	81	80	84		P.46
Production of ethical Kampo extract granules [t]		4,425	4,800	5,052	5,521	6,353	*6	P.42
Emission of greenhouse gases*1 [t-CO ₂]		47,600	47,700	46,600	43,200	44,900		P.39・42・45
Waste	Waste emission [t]	11,460	12,897	14,918	15,318	17,139	*7	P.41・42・46
	Final disposal [t]	30	32	19	2	1		
	Percentage of waste recycled [%]	98.9	99.0	99.4	99.8	99.8		
Effluent discharge [t]		783,916	784,528	894,140	907,732	889,108	*5	P.40・42・47
Eco-efficiency for GHG reduction*2 [million yen/t-CO ₂]		0.56	0.53	0.51	0.46	0.50		—
Eco-efficiency for waste reduction*3 [million yen/t]		0.14	0.14	0.16	0.16	0.19		—
Net sales (consolidated) [million yen]		84,837	90,419	91,227	94,799	90,016		P.48
Total assets (consolidated) [million yen]		122,674	135,158	143,378	135,146	126,824		P.48

The calculation above consists of only the performance data of Tsumura & Co., though the gathering of data of the following Tsumura Group companies began in FY2007: Logitem Tsumura Co., Ltd., Creative Service Co., Ltd., Shanghai Tsumura Pharmaceuticals Co., Ltd., and Shenzhen Tsumura Medicine Co., Ltd.

*1 Greenhouse gases: six kinds of gases designated as greenhouse gases in the Kyoto Protocol.

*2 Eco-efficiency for GHG reduction: [Emission of GHG]/ [Net sales]

*3 Eco-efficiency for waste reduction: [Waste emission]/ [Net sales]

*4 Volume of crude drugs used for the process of extraction in the Shizuoka Plant and Ibaraki Plant

*5 Excluding domestic branches and service offices.

*6 Kampo extract granules for prescription and OTC

*7 Excluding branches, service offices, and recreation facilities.

■ Important Notice about Environmental Performance

- Ishioka Center achieved zero emissions in FY2008.
- Shizuoka Plant and Ibaraki Plant have continuously achieved zero emissions.
- All stocks of Tsumura Lifescience Co., Ltd. were transferred.
- Business of Tsumuland was transferred.

■ Reporting Organizations

Domestic offices and plants of Tsumura & Co.

■ Compliance of Environmental Regulations

There was no violation of the environmental regulatory controls that accompany the guidance, recommendations, instructions, and penalties by the regulator in FY2008.

Tsumura is contributing to the realization of a low-carbon society by examining and implementing various measures to save energy and reduce greenhouse gas emissions from medium-to-long-term viewpoints.

Policy for global warming prevention

Based on the recognition that climate change is a significant risk for Tsumura handling crude drugs, natural products, we are enhancing the Company-wide efforts setting the Mid-term Environmental Objectives

(See P.17-18)

Engagements for global warming prevention in FY2008

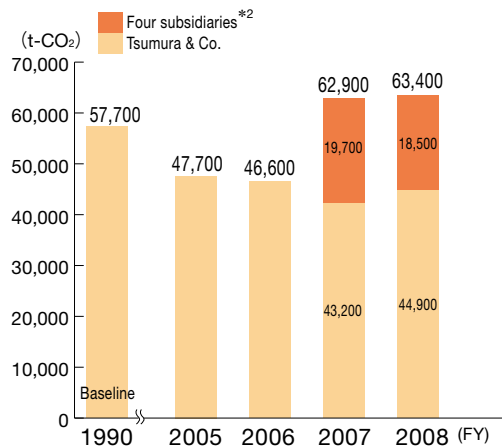
In FY2008, while the production volume of medical extracted granules increased by 15.1% from the previous year, the emission of greenhouse gases increased by 3.9% from the previous year, but decreased by 22.4% in comparison with the level in FY1990.

Shizuoka and Ibaraki Plants and Ishioka and Fujieda Centers are promoting energy saving activities with introduction of highly efficient model freezer and air conditioning units and energy-saving equipment in order to reduce greenhouse gas emission. Branches and sales offices facilitate energy-saving activities and eco-driving by disclosing greenhouse gas emission of each establishment every month to check up its progress. Shanghai Tsumura and Shenzhen Tsumura are striving to reduce greenhouse gas emissions with efficient production plans and energy-saving activities.

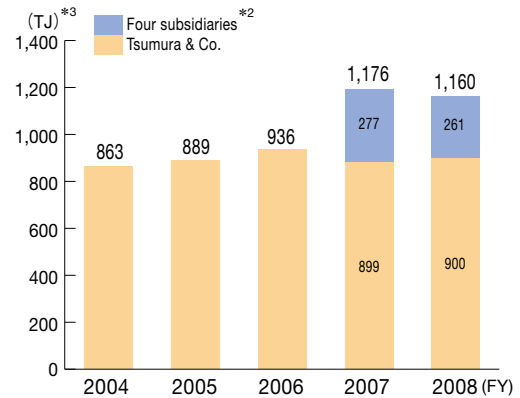
Logitem Tsumura promotes improvement of fuel efficiency targeting 3% every year, by adopting driving practices as constant speed and idling stop. At Information Technology Department, which manage the whole information system of the Group conducted a gradual integration of server at the data center with virtual technique*1. By consolidating 175 servers to 20, it achieved a reduction of 246 t of greenhouse gas, which is equivalent to the annual emission of headquarter building.

*1 virtual technique: the information technology to divide one server to several virtual computers, each of which operates different OS and/or application programs.

Performance of Greenhouse Gas Emissions



Energy Consumption



Related data:
Greenhouse gas emissions by establishment.....P.45
Energy consumption by establishment.....P.45

*2 Logitem Tsumura, Creative Service, Shanghai Tsumura, and Shenzhen Tsumura

*3 TJ=1,000GJ

J (joule): The unit of power in International System of Units. One joule is the work done, or energy expended, by a force of one Newton moving one meter along the direction of the force

Future development and target

While it is inevitable for energy consumption to increase due to the expansion in production volume, we will further promote energy-saving activities by setting discernable reduction targets to extinguish energy waste. Toward achievement of new mid-term environmental objectives, we will work on the Company-wide activities for global warming prevention by considering the introduction of new technologies and effective measures.

Bountiful nature is an important business base for the Company using raw materials for crude drugs. We are making efforts for sustainable use of water and biological resources.

Policy for water resource protection

We will promote a reduction of water usage and cyclic use by recycling recyclable water as much as possible and developing water-saving activities.

Efforts for water resource protection in FY2008

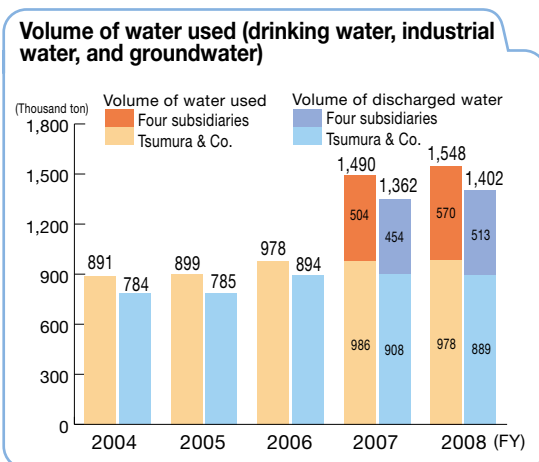
Discharged water from machines to produce purified water and the wastewater are reused for water scrubbers*1 and other miscellaneous purposes. In addition, automatic water faucets have been sequentially introduced as a one of measures to save water.

In our production division, cooling water used in the process to concentrate extracted liquid is collected. In FY2008, Shizuoka Plant collected 54.7% of the entire amount of cooling water.

Discharged water is thoroughly controlled in compliance with relevant laws and rules, and our plants fulfilled all requirements in FY2008. Ibaraki Plant continuously participated in the Asaza Project (See P.28) for water environmental protection around Kasumigaura.

*1 Water scrubber: Facility to reduce hazardous substances emitted to the atmosphere by cleaning exhaust gas emissions with water

Related data:
[Water consumption and discharged by establishment.....P.47](#)
[Discharge of water pollution substanceP.47](#)



Future development and targets

We will develop water-saving activities by recycling water. Also in a plant in Shanghai using a huge volume of water, the recycling of cooling water for concentration process has been considered, as with domestic production processes of extracted powders.

Chemicals management policy

We promote the monitoring of chemical consumption and substitution in compliance with the “Tsumura Management Standard for Chemical Substances” enacted in FY2002, which is a voluntary standard for the purchase, reduction, and prohibition of chemicals according to their hazardous properties.

Among chemicals we use, one subject to PRTR (Pollutant Release and Transfer Register) System has become only Acetonitrile after FY2006 due to steady efforts to reduce such substances. Acetonitrile is used as a solvent in constituent inspections from raw materials for crude drug through products. Following it, chloroform is the second most used substance. We also intend to change methods of quality tests and seek substitution for it.

Chemicals are purchased through the “Cyber Reagent Mall” on the corporate intranet, so that the stockpile of chemical substances is recorded. Furthermore, we will make efforts for improving operation management, for example, periodical renewal of the MSDS*2, education concerning the laws and regulations related to chemicals, and implementation of patrols and emergency drills.

Related Data:
[Amount of pollutant release and transfer according to PRTR System...P.46](#)

*2 MSDS (Material Safety Data Sheet): A safety data sheet for chemicals in which information on nature of chemicals and how to handle them is stated

VOICE



Chemicals Management in Shizuoka Plant

Iwao Sakakibara
 Quality test section, Quality control department, Shizuoka Plant

Shizuoka Plant has worked on a reduction in usage of chloroform by changing quality test methods, and in FY2008, achieved a reduction by 7.5 kg. 127 items of ethical Kampo preparations among 128 items are subject to this approach. As of the end of March 2009, quality tests methods for 111 items were substituted with other methods. Methods for remaining 16 items are scheduled to be substituted by June 2009.

In order to improve chemicals management, MSDS for 157 chemicals have been updated. In addition, we implemented a seminar with consultants, a patrol inside plant, and emergency drills against leakage of chemicals.

Tsumura is continuously working toward the achievement of a recycling society and zero emissions.

Policy for waste reduction and recycling

Tsumura defines zero emissions to be a 100% recycling rate of industrial waste*. As for unavoidable waste disposal, we are making efforts to minimize final disposal volumes by selecting appropriate waste treatment contractors. Although waste generation inevitably increases as production increases, we will actively promote reductions and reuse to minimize absolute waste volumes.

* Recycling rate of industrial wastes (%) = Volume of industrial waste recycled / Volume of industrial waste emissions x 100

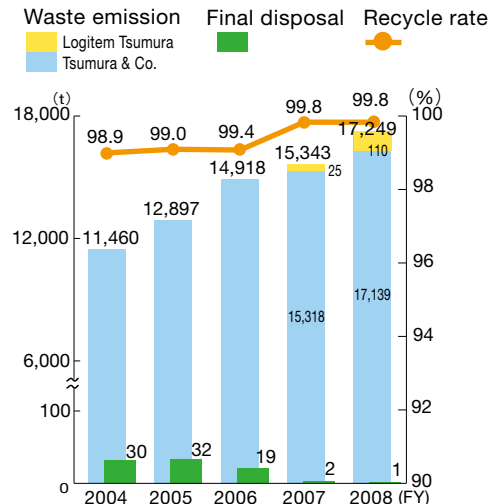
Approach to waste reduction and recycling in FY2008

Although waste generation is increasing as production increases, we are striving to reduce emission by converting waste plastic and packaging materials into valuable resources. As for industrial waste (including industrial waste under special management), Shizuoka and Ibaraki Plants have continuously achieved zero emissions. In FY2008, Ishioka Center achieved zero emission. In addition, we made efforts for effective use of waste with reuse corners and other measures.

As the result of these efforts, the recycle rate reached 99.8% in 17,116t of the Company-wide total waste emissions (including general wastes) in FY2008.

In FY2007, we conducted a voluntary investigation of soil at the premises of Ishioka Center, where found a surface subsidence which appeared to be caused by buried objects of the past. As a result of soil analysis, all the measurement items were below standards, except a part of soil sample showed 170mg/l of lead, which is slightly higher than the standard of 150mg/l. The buried objects contained concrete and paper waste, so that they were segregated and treated properly. All amount of the contaminated soil was excavated and treated properly at a soil washing plant. Although there was no legal

Waste emission, Final disposal, and Recycle rate



Related data: Waste emitted, disposed and recycled by establishment..P.46

obligations, The Company voluntarily reported the case to the prefectural government.

Recycling of botanical residues

100% of 13,970t of botanical residues generated in FY2008 (100% compared with the performance in the previous year) through the manufacturing process of Kampo preparations is recycled as a fertilizer.

Future development and targets

The Company will consider methods of effective utilization, including reuse and reduction of botanical residues, major waste, and conversion of these into valuable resources. Furthermore, the Company will continue zero emissions of industrial waste by converting waste plastic into valuable resources and by reviewing packaging materials such as plastic bags and cardboard boxes as necessary.

VOICE

Efforts to convert waste into valuable resources in Ibaraki Plant

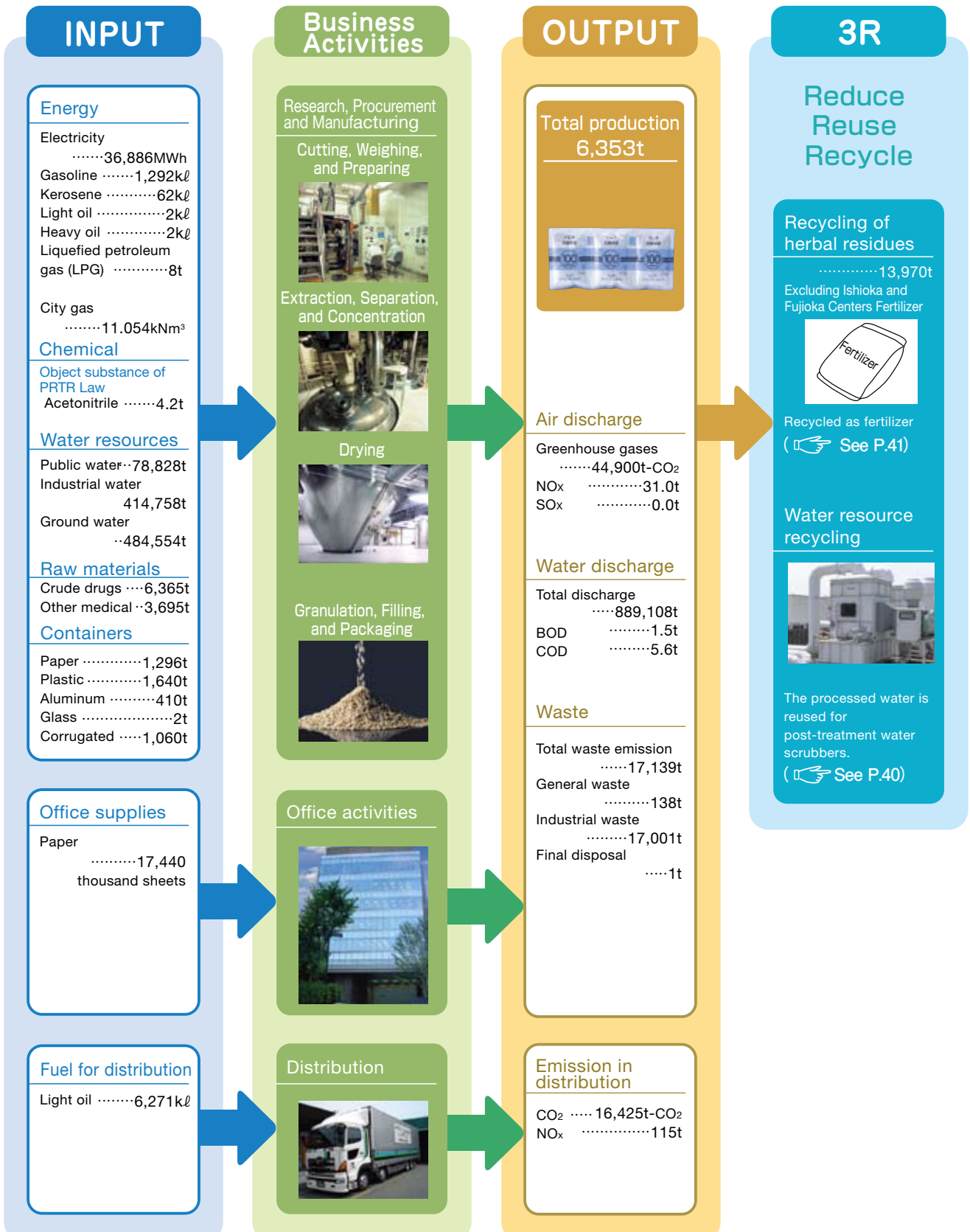


Kaoru Katakura
Environmental management section, Ibaraki Plant

Ibaraki Plant has achieved zero emissions for consecutive three years since FY2006. This activity is based on separation of wastes into over 30 kinds.

Meanwhile, some wastes can be sold to recycling contractors for profit, which are called "valuable resources". "Valuable resources" include over ten items such as flexible containers of lactose, paper bags, cardboard boxes, and plastic bags and wraps for materials. It is necessary to carefully treat valuable resources to be recycled so as not to contaminate and mix foreign substances into them. Centering on members of "Resource Saving Group" to promote this approach, Ibaraki Plant reviews items to be converted into valuable resources, aiming at contribution to a recycling society through these activities.

[Reporting organizations] Domestic offices and plants of Tsumura, Co., Ltd.
 [Period covered] April 1, 2008 to March 31, 2009



* Fuel consumption at Logitem Tsumura and other contract carriers was calculated according to the conventional ton-kilometer method defined by Energy Saving Act.

Tsumura enhances its environmental management system based on the “Environmental Principle” and “Environmental

Environmental management system

Under the “Environmental Principle” and “Environmental Basic Policy”, we are executing environmental management activities with establishment of CSR Promotion Department as a specialized department, and the “Tsumura Environmental Committee” chaired by the director in charge of environmental management. In July 2009, the “Tsumura Environmental Management Rules” was established to further clarify systems and roles of environmental management.

Shizuoka and Ibaraki Plants, domestic production bases, acquired ISO14001, an international standard of environmental management, in 2001, and have built the environmental management systems. Ishioka Center was also registered as an eco-friendly establishment in Ibaraki Prefecture in October 2008, and has promoted environmental management activities. Our head office and business offices have continuously improve their unique management systems.

Approach in FY2008 Environmental Audit

The internal environment audit and the external examination by registered organizations are conducted annually under the framework of ISO14001 at the Shizuoka and Ibaraki Plants. As the result of these examinations conducted by registered organizations for ISO14001, both plants were certified in February 2008. Environment audits which had been implemented with our unique management system were transferred from the Environmental Promotion Department in the company headquarters to our Audit Office in order to secure audit objectivity and independency in April 2009.

Emergency response

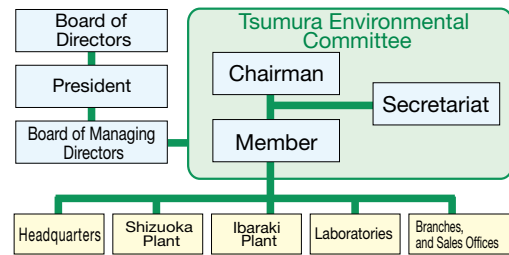
In production departments, the following emergency drills were conducted:

- CFC leakage
- Hazardous substance leakage
- Chemical (caustic soda, hydrochloric acid, and organic solvents) leakage
- Industrial smoke disasters
- Effluent treatment facility disasters
- Operation of steam safety valves
- Noxious emissions
- Decolorization treatment equipment disasters
- Photochemical oxidant hazard warnings

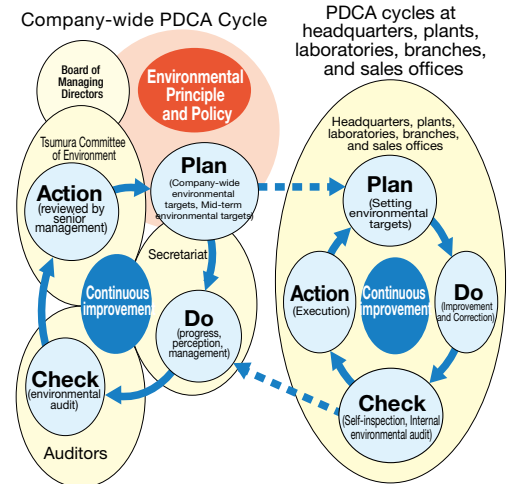
Future development and targets

We will further reinforce our efforts toward environmental management by disseminating the environmental management rules across the Company, and review the management systems of the entire Tsumura Group including not only domestic subsidiaries but also overseas ones.

Environmental Management System



Company-wide Environmental Management System



Efforts in Logitem Tsumura

Logitem Tsumura implemented an emergency response drill on the assumption of the occurrence of fuel leakage caused by minor collision of a vehicle to collect and transport industrial wastes.



Emergency drill at Logitem Tsumura

Tsumura promotes environmental education and enlightening activities to improve awareness of global environmental issues that lead to the practice of conservation activities.

Policy of environmental education and enlightening

We have conducted environmental education since FY2001, aiming to promote continuous engagement in environmental conservation activities according to Tsumura's Environmental Principle and Policy. It is considered important to have all employees understand that as our business is deeply related to nature, coexistence with nature is required to continue business.

Efforts for environmental education and enlightening

● Environmental exhibition

We held the "Tsumura Environmental Exhibition" at our company headquarters with an eye to increasing environmental awareness. On the subject of "Global Warming", Kyoto Protocol and efforts to prevent global warming were introduced by interactive exhibits. About 120 people visited the exhibition. In addition, the film of "What we can do now for prevention of global warming", an educational material created by the Ministry of Environment, was screened.



Tsumura Environmental Exhibition at our company headquarters

● Event for environmental awareness month
In June, an environmental awareness month, a film of "Creeping Catastrophe ~ Global Warming" was screened for the purpose of raising environmental awareness. We received a lot of comments from participating employees, for example, "I recognized anew that the global environments have been exposed to danger" and "The film made me consider what to do not in the future but presently." Through this screening, my environmental awareness increased.

Achievement of Environmental Education in FY2008

Category	Frequency	No. of Participants
General education	117	2,892
Special education	82	1,078
Education of internal auditors	3	9
Guidance on environmental policy	2	2
Collection of environmental	2	546
Emergency drills	45	359

Future development and targets

We will familiarize all employees with the newly established Tsumura Mid-term Environmental Targets. We are making the company-wide efforts to achieve said targets while also implementing education conscious of visualization at not only our plants but also at our offices.

Tsumura Green Photo Contest

Prize-winning works of "Tsumura Green Photo contest 2008"



Gold prize in summer, "The nature I want to conserve" category "Sea of sunflowers"
Tomohiko Harada, Sales promotion section, Sapporo branch



Gold prize in spring, "The nature I want to conserve" category "Cherry Orchard"
Hideki Hirayama, Environmental biochemical department, Analysis Research Center



Gold prize in autumn, "The nature I want to conserve" category "Persimmon"
Mika Iioka, Tsu sales office, Nagoya branch



Gold prize in winter, "The nature I want to conserve" category "Frost"
Fumio Iimura, Academic section, Sendai branch

Tsumura has held the "Tsumura green photo contest", in order to increase environmental awareness by using the medium of photography since 2001. In 2008, photos were accepted from all four seasons of the "nature I want to conserve" or "immediate environmental issues" categories. The selected works were carried on this environmental report and our in-house magazine, in addition to being broadly used as materials for promoting activities for the purpose of environmental enlightenment.

- Nihon Syoyaku Co., Ltd. was taken over by Tsumura and renamed as Ishioka and Fujieda Centers since October 2005.
- The gathering of data of the following Tsumura Group companies began in FY2007: Creative Service Inc., Logitem Tsumura Co., Ltd., Shanghai Tsumura Pharmaceuticals Co., Ltd., and Shenzhen Tsumura Medicine Co., Ltd.
- The headquarters moved to a leased building in May 2007.
- Tsumura Life Science Co., Ltd. of which all stocks were transferred in August 2008 was excluded after its company split-up in October 2006.

■ Prevention of Global Warming

Greenhouse gas emissions by establishment (CO₂ equivalent) [t-CO₂]

Name of establishment	FY2004	FY2005	FY2006	FY2007	FY2008
Headquarters	846	1,240	1,100	662	656
Shizuoka Plant	24,900	23,400	19,800	16,700	14,500
Ibaraki Plant	13,800	14,300	16,400	17,300	20,000
Laboratories	3,910	3,980	3,970	3,150	4,170
Ishioka Center		507	1,110	1,170	1,500
Fujieda Center		247	606	689	635
Branch and sales offices	4,130	3,980	3,620	3,480	3,440
Subtotal	47,600	47,700	46,600	43,200	44,900
Creative Service				24	28
Logitem Tsumura				1,370	1,130
Shanghai Tsumura				12,500	12,800
Shenzhen Tsumura				5,870	4,520
Total	47,600	47,700	46,600	62,900	63,400

- ※ Calculated based on the manual for "Calculation/report/announcement of GHG emissions" in "Law concerning promotion of measures for controlling global warming".
- ※ Emissions derived from purchased electricity are calculated with emission factors that are provided by each electric power company and publicized by the Ministry of Environment.
- ※ For Shanghai Tsumura and Shenzhen Tsumura, the electric emission factor of the latest GHG Protocol (0.788 kg-CO₂/kWh) is used.
- ※ For Shanghai Tsumura, the steam emission factor in the "Laws concerning the promotion of measures for controlling global warming" (0.069 kg-CO₂/MJ) is used.
- ※ The performances of Tsumura's distribution center and recreation facility have been added to the headquarters since FY2005.

Energy usage by establishment (heat amount equivalent) [GJ]

Name of establishment	FY2004	FY2005	FY2006	FY2007	FY2008
Headquarters	21,319	30,314	26,914	16,104	14,471
Shizuoka Plant	408,991	397,734	387,137	328,994	288,767
Ibaraki Plant	279,876	289,922	332,475	367,630	403,075
Laboratories	84,595	87,862	88,549	81,838	89,792
Ishioka Center		13,046	29,423	33,546	34,937
Fujieda Center		5,428	13,180	14,266	13,452
Branch and sales offices	67,843	64,666	58,352	56,350	55,007
Subtotal	862,624	888,971	936,031	898,730	899,501
Creative Service				701	676
Logitem Tsumura				22,426	18,777
Shanghai Tsumura				177,078	183,067
Shenzhen Tsumura				76,616	58,324
Total	862,624	888,971	936,031	1,175,551	1,160,345

- ※ The factor by time (daytime: 9.97 MJ/kWh, nighttime: 9.28 MJ/kWh) is used only for purchased electricity at production bases in accordance with Energy Saving Law.
- ※ The purchased electricity factor in Shanghai Tsumura and Shenzhen Tsumura is 9.97 MJ/kWh.
- ※ The conversion factors of calorific value of city gas provided by each supplier are used.
- ※ As for our Headquarters, electricity usage only for the occupied area was included in and after June. City gas was not used.

■ Air Pollution Control

Emission of air pollution substances [t]

Name of establishment		FY2004	FY2005	FY2006	FY2007	FY2008
Tsumura & Co.	NOx	41.74	40.52	34.46	27.33	30.97
Logitem Tsumura					6.35	5.19
Total		41.74	40.52	34.46	33.67	36.16

Tsumura & Co.	SOx	5.60	3.31	1.52	0.15	0.00
	Dust	0.94	1.09	0.28	0.27	0.14

- ※ Shanghai Tsumura and Shenzhen Tsumura were excluded.
- ※ NOx from commercial vehicles was added.

Chemicals Management Amount of pollutant release and transfer according to PRTR System [t]
 *Performance in FY2007 are shown in parentheses.

Name of establishment	Chemicals	Annual consumption	Release			On-site landfill	Transfer		
			Air	Public water	Soil		Waste	Public sewer	Outside facilities
Shizuoka Plant	Acetonitrile	1.0(1.2)	0(0)	0(0)	0(0)	0(0)	1.0(1.2)	0(0)	0(0)
Ibaraki Plant, Laboratory	Acetonitrile	3.2(2.5)	0(0)	0(0)	0(0)	0(0)	3.2(2.5)	0(0)	0(0)

Waste Reduction/Recycling Waste emitted, disposed and recycled by establishment [t]

Name of establishment		FY2004	FY2005	FY2006	FY2007	FY2008
Headquarters	Emission	190	141	234	59	10
	Final disposal	21	22	9	0	0
	Recycle rate	85.2%	82.9%	87.0%	89.6%	100.0%
Shizuoka Plant	Emission	8,222	9,062	8,861	7,443	6,575
	Final disposal	1	1	1	1	1
	Recycle rate	99.8%	99.9%	99.9%	99.8%	99.8%
Ibaraki Plant	Emission	2,982	3,367	5,318	7,505	9,853
	Final disposal	2	1	1	0	1
	Recycle rate	98.3%	99.5%	99.6%	99.9%	99.9%
Laboratories	Emission	66	217	247	132	428
	Final disposal	6	5	7	0	0
	Recycle rate	45.7%	85.1%	93.7%	100.0%	98.8%
Ishioka Center	Emission		45	142	137	236
	Final disposal		2	1	0	0
	Recycle rate		32.3%	85.8%	99.0%	100.0%
Fujieda Center	Emission		65	116	41	36
	Final disposal		2	0	0	0
	Recycle rate		97.0%	100.0%	99.3%	88.4%
Subtotal	Emission	11,460	12,897	14,918	15,318	17,139
	Final disposal	30	32	19	2	1
	Recycle rate	98.9%	99.0%	99.4%	99.8%	99.8%
Logitem Tsumura	Emission				25	110
	Final disposal				0	0
	Recycle rate				97.6%	100.0%
Total	Emission	11,460	12,897	14,918	15,343	17,249
	Final disposal	30	32	19	2	1
	Recycle rate	98.9%	99.0%	99.4%	99.8%	99.8%

※Industrial wastes including general waste and industrial waste under special management are included in the scope of calculation.

※Recycle rate = Recycle amount / Waste emission amount x 100

※The domestic branches, sales offices, recreation facilities, Creative Service, Shanghai Tsumura, and Shenzhen Tsumura are excluded.

※Since FY2005, the performance of the Laboratories, which had been included in the Ibaraki Plant data, has been calculated on a pro-rata basis.

※General waste from headquarters is excluded from FY2007.

Environmental Considerations in the Workplace

Green purchase rate and office paper consumption

	FY2004	FY2005	FY2006	FY2007	FY2008
Green purchase rate [%]	75	78	81	80	84
Office paper consumption [thousand sheets]	19,674	18,440	17,757	16,953	17,440

※Tsumura's Eco-products Criteria: Products with Eco-mark or Green-mark, on-spec products of Green Purchase Law, listed products in GPN data book.

※Creative Service, Logitem Tsumura, Shanghai Tsumura and Shenzhen Tsumura were excluded.

Water Resource Protection

Water consumption and discharge by establishment [t] (clean water, industrial water, and groundwater)

Name of establishment		FY2004	FY2005	FY2006	FY2007	FY2008
Headquarters	Consumption	9,900	14,883	12,884	4,549	5,398
	Discharge	9,900	14,883	12,884	4,549	5,398
Shizuoka Plant	Consumption	571,010	547,524	550,033	520,004	492,790
	Discharge	483,779	473,385	485,227	458,389	441,711
Ibaraki Plant	Consumption	265,446	285,265	350,634	402,343	433,927
	Discharge	290,237	290,131	381,681	429,307	428,196
Laboratories	Consumption	45,019	45,374	49,833	43,356	32,222
	Discharge	※Included in the water discharge from Ibaraki Plant				
Ishioka Center	Consumption		3,593	9,964	10,276	9,043
	Discharge		3,593	9,964	10,276	9,043
Fujieda Center	Consumption		2,536	4,384	5,211	4,760
	Discharge		2,536	4,384	5,211	4,760
Total	Consumption	891,375	899,175	977,732	985,739	978,140
	Discharge	783,916	784,528	894,140	907,732	889,108
Creative Service	Consumption				328	343
	Discharge				328	343
Logitem Tsumura	Consumption				2,584	2,423
	Discharge				2,584	2,423
Shanghai Tsumura	Consumption				500,996	566,930
	Discharge				450,896	510,237
Shenzhen Tsumura	Consumption				105	53
	Discharge				100	48
Total	Consumption	891,375	899,175	977,732	1,489,752	1,547,888
	Discharge	783,916	784,528	894,140	1,361,640	1,402,159

※ It is assumed that, except for production bases, water consumption equals water discharge.

※ The domestic branches and sales offices are excluded.

※ From FY2007, the headquarters building is excluded (however, the distribution center and recreation facility are included).

Discharge of water pollution substances [t]

Shizuoka Plant

Ibaraki Plant

Shanghai Tsumura

	FY2004	FY2005	FY2006	FY2007	FY2008		FY2004	FY2005	FY2006	FY2007	FY2008		FY2007	FY2008
BOD	1.01	0.69	0.65	0.89	0.80	BOD	0.60	0.49	0.43	0.67	0.67	BOD	2.59	2.55
COD	2.16	2.14	2.24	2.08	1.82	COD	1.14	1.07	1.59	4.19	3.79	COD	4.12	5.94
SS	0.91	0.99	0.94	0.89	0.93	SS	0.33	0.14	0.24	0.19	0.17	SS	-	-
Nitrogen	1.05	0.47	0.47	0.54	0.26	Nitrogen	0.60	0.73	0.81	0.79	0.93	Nitrogen	0.05	0.06
Phosphate	0.027	0.026	0.030	0.027	0.022	Phosphate	0.008	0.004	0.010	0.013	0.011	Phosphate	-	-

※ Including the emission from the laboratory.

Environmental Accounting

Scope: Domestic plants and offices of Tsumura & Co.

Period covered: April 1st, 2008 to May 31st, 2009

Reference: MOE Environmental Accounting Guidelines (2005)

Environmental Conservation Cost [thousands of yen]

Category of cost	Major activities	Investment	Expenses
(1) Business area costs		548,792	581,223
Pollution prevention	Prevention of air and water pollution, odor, etc.	59,663	158,953
Global environmental conservation	Prevention of global warming, energy saving, and prevention of ozone layer depletion	456,399	88,328
Resource circulation	Efficient use of resources, waste recycling, treatment, and disposal, etc.	32,730	333,942
(2) Upstream/downstream costs	Reduction of negative environmental impact of container wrapping, recovery, recycling, and proper processing of waste products, etc.	0	16,942
(3) Administration costs	Development and operation of environmental management, information disclosure, environmental advertising, and environmental education, etc.	1,588	186,617
(4) R&D costs	Research and development of products that contribute to environmental protection	0	21,118
(5) Social activity costs	Contribution and support to environmental protection groups, etc.	0	2,289
(6) Environmental damage costs	Restoration of natural environment, provision of reserves, and insurance costs, etc.	0	42,773*
(7) Other costs	Prevention of radiation injuries	0	0
Total		550,380	850,962

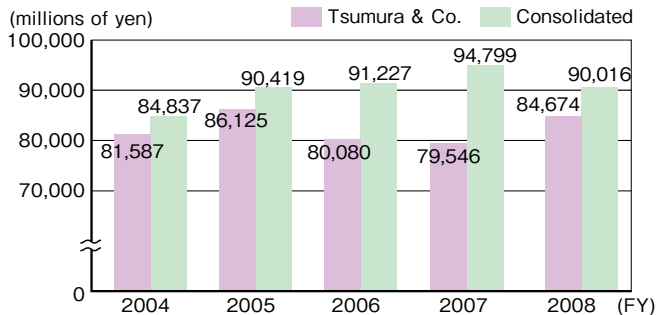
Economic Benefit of Environmental Conservation [thousands of yen]

	Detail of Benefits	Total
Direct economic benefits	Sales of valuable resources	14,398
Cost saving benefits	Waste disposal cost saving from conversion of packaging materials into valuable resources (excluding metal)	34,952
Total		49,350

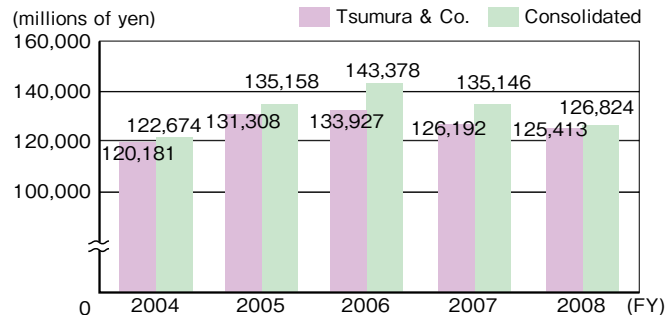
*Recorded as costs for disposal of soil discharged and buried on the premises of Ishioka Center in FY2007.

Financial Report

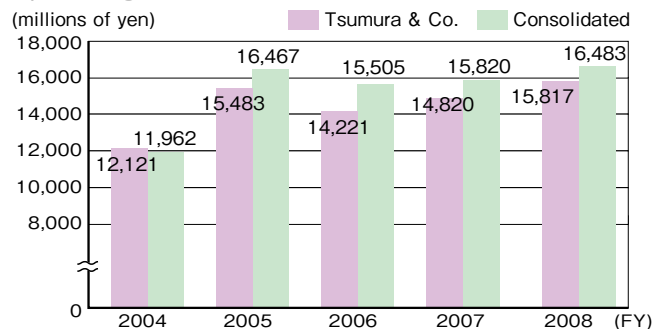
Net Sales



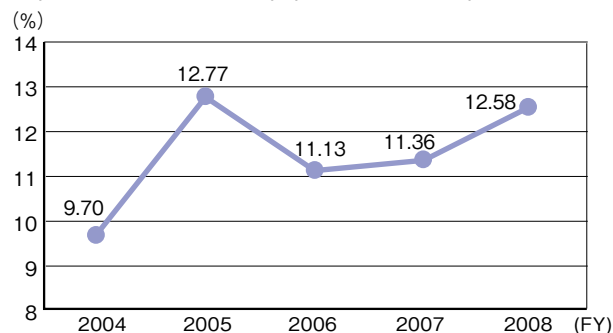
Total Assets



Operating Profit

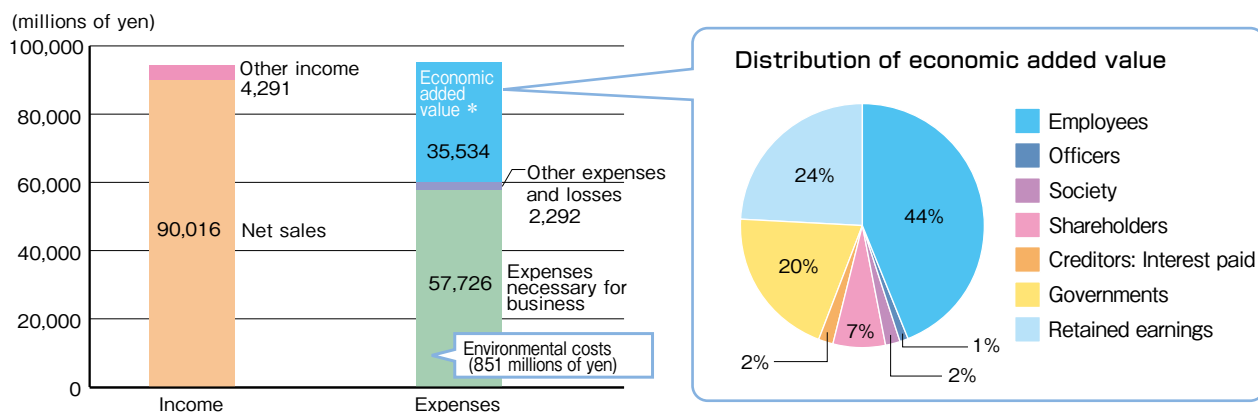


ROA (Return on Assets) (Consolidated)



Distribution of economic added value

“Distribution of economic added value” represents how to allocate profit earned in business activities targeting patients and customers to business partners, shareholders, governments, and a society as economic relation between stakeholders and the Tsumura Group.



* Economic added value=Income - (general administrative expenses + other cost and deficit)



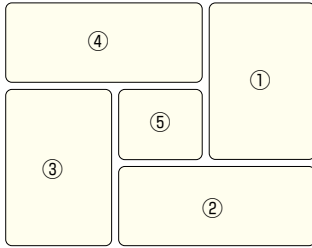
Chujoto (around 1893)



Head office of Tsumura Juntendo after the Great Kanto Earthquake

History of Environmental and Social Activities

FY	Tsumura's History	Environmental and Social Activities
1893	<ul style="list-style-type: none"> Tsumura Juntendo is founded: Starting the manufacturing sales of female medicine "Chujoto". 	
1924	<ul style="list-style-type: none"> Tsumura Research Institute for Pharmaceutical Science and Tsumura Herbal Garden opened. 	
1936	<ul style="list-style-type: none"> Tsumura Juntendo Ltd. is established. 	
1964	<ul style="list-style-type: none"> Shizuoka Plant is completed: 	
1974	<ul style="list-style-type: none"> Kampo extract formulation for prescription goes on sale. 	<ul style="list-style-type: none"> Compliance to antipollution measures and regulatory controls (Treatment of waste water and smoke discharge, prevention of odor and noise, and waste control, etc.)
1976	<ul style="list-style-type: none"> Kampo extract formulation for 33 prescriptions are listed on the National Health Insurance Drug Price Tariff and approved for reimbursement. 	
1982	<ul style="list-style-type: none"> Tsumura's stock listing is upgraded to the First Section of the Tokyo Stock Exchange. 	
1983	<ul style="list-style-type: none"> The Ibaraki factory is completed, and the laboratory is moved in the same site. The international Kampo symposium is held. 	
1986	<ul style="list-style-type: none"> The new headquarters building is completed and moves. 	
1988	<ul style="list-style-type: none"> Corporate identity project is implemented and the name of the company is changed to "Tsumura Ltd." 	<ul style="list-style-type: none"> The pollution control conservancy is started at the Ibaraki Plant. First cogeneration system is introduced at the Shizuoka Plant.
1991	<ul style="list-style-type: none"> Shenzhen Tsumura Medicine Co., Ltd. is established. 	
1992		<ul style="list-style-type: none"> Second cogeneration system is introduced at the Shizuoka Plant. Shizuoka Plant wins "Prize of the Secretariat of the Agency of National Resources and Energy".
1993	<ul style="list-style-type: none"> The 100th founding anniversary 	
1996		<ul style="list-style-type: none"> The environmental management committee is inaugurated at the Ibaraki Plant.
1997		<ul style="list-style-type: none"> Committee on Environment is inaugurated at the Shizuoka Plant.
1999		<ul style="list-style-type: none"> Tsumura Standard (action charter and behavioral standards) is enacted. Industrial water facilities start operation at Ibaraki Plant.
2000	<ul style="list-style-type: none"> The Shanghai office is established: 	<ul style="list-style-type: none"> Environmental Management Section is set up in the General Affairs Department. Tsumura Committee on Environment is inaugurated. Ice thermal storage goes into operation at the Ibaraki Plant. Shizuoka Plant acquires ISO14001 certification.
2001	<ul style="list-style-type: none"> Shanghai Tsumura Pharmaceuticals Co., Ltd. is established. Agreement concluded for collaborative research on the domestication of medical plants in China. Sales of ten Tsumura OTC Kampo formulations begin in South Korea. 	<ul style="list-style-type: none"> The recycling activities of herbal residues win "Minister of Health, Labour and Welfare Prize" in recognition of contribution to promoting recycling. Ibaraki Plant acquires ISO14001 certification.
2002	<ul style="list-style-type: none"> Supports the website "Kampo-no Oishasan Sagashi (Search for a Kampo doctor)". 	<ul style="list-style-type: none"> Tsumura & Co. wins the Commendation of the Head of the Fair Trade Commission of Economic and Trade Affairs Bureau. The Tsumura compliance program is enacted. Environmental Report is issued for the first time.
2003	<ul style="list-style-type: none"> The 110th founding anniversary 	<ul style="list-style-type: none"> Tsumura-OISCA Yichang Ecology Memorial Forest Project is started. The cogeneration system is introduced at Ibaraki Plant.
2004	<ul style="list-style-type: none"> Corporate distribution center is completed. 	<ul style="list-style-type: none"> Participation in the Asaza Project, an environmental conservation project. Participation in the Fujieda City Beautification and Adoption Campaign.
2005	<ul style="list-style-type: none"> Merger of consolidated subsidiary Nihon Syoyaku Co., Ltd. 	<ul style="list-style-type: none"> Fuel conversion to the city gas begins at the Shizuoka Plant.
2006	<ul style="list-style-type: none"> Old corporate headquarters building clearance. Split of household products business (Tsumura Lifescience Co., Ltd.). Expansion of the Kampo extracted powder production facility in the Ibaraki Plant. Change in number of unit stocks. 	<ul style="list-style-type: none"> Zero emission is achieved at the Ibaraki Plant. Participation in Team Minus 6% Tsumura & Co. wins the Commendation of the Head of the Fair Trade Commission.
2007	<ul style="list-style-type: none"> Transfer of the headquarters building Tsumura & Co. wins the outstanding performance award of the best robot of the year 2007 in the industrial robot category. Honorable mention was given to Tsumura's annual report at Nikkei Annual Report Awards. 	<ul style="list-style-type: none"> Shizuoka and Ibaraki Plants achieve zero emission. Shizuoka Plant participates in the "Fujieda City Mottainai Campaign". Ibaraki Plant is registered as an eco-friendly establishment in Ibaraki Prefecture.
2008	<ul style="list-style-type: none"> Tsumura Museum is refurbished and reopened. Tsumura Museum wins "Good Design Award". Tsumura East Distribution Center is transferred. Stocks of Tsumura Lifescience Co., Ltd. are transferred. Approval to the production and marketing of Astat®, an external antifungal drug, is transferred. Business of Tsumuland is transferred. 	<ul style="list-style-type: none"> Shizuoka and Ibaraki Plants and Ishioka Center achieve zero emission. Donations for Sichuan earthquake in China The agreement on "Corporate project to grow forests (Tosa Tsumura's Forest)" is concluded. Ibaraki Plant acquires Occupational Health & Safety Management System (OHSMS) Certificate. Ishioka Center is registered as an eco-friendly establishment in Ibaraki Prefecture.



Description of the cover page


- 1) Cultivation guidance for aconite tuber
- 2) Sorting out of crude drug for Kampo preparation (Ishioka Center)
- 3) Production: Spray dryer (Ibaraki Plant)
- 4) Analysis of pesticide residue (Analysis Research Center)
- 5) Crude drug: "Aconite Tuber"

The processes from cultivation of medicinal herbs for crude drug through a patient's receiving Kampo preparations is reported in Special Feature 1 (See p.11 to p.16) to explain safety and security of Kampo preparations. Pictures of cultivation, procurement, and quality control in the process are placed on the cover page.

TSUMURA & CO.

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