

Environmental & Safety Management

In all aspects of its business operation, a corporate is expected not only to adhere to the laws, but also is expected to act voluntarily and responsibly with regard to environmental conservation and occupational safety & health.

Introduction of an environmental management system such as ISO14001 or of an occupational safety & health management system (OSHMS) such as OHSAS18001 may be considered a specific management methodology that fulfills this expectation.

On the other hand, an environmental report can be a means to publicize widely information about the environmental effects of corporate activities, and explain to the society corporate environmental conservation efforts. A report can also function as a tool to make such information available as a part of corporate social responsibilities and also as an important tool of communication. The importance of environmental reports is ever increasing.

At JPMA

We recommend and encourage the introduction of an environmental management system and becoming certified in the use of this system. We will also offer support after certification. In FY 2006, we have conducted an inquiry into the state of introducing ISO14001 or other environmental management systems, as well as into the state of introduction of an occupational safety & health management system and

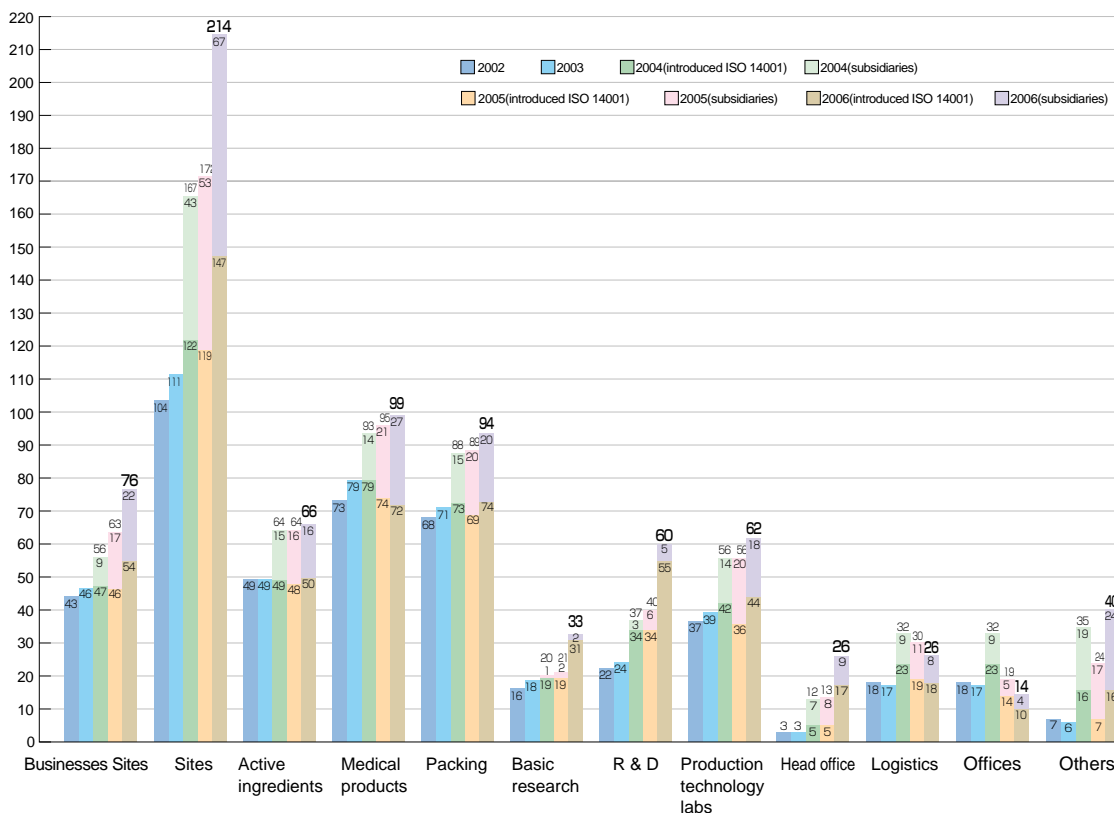
the state of the environmental report publication. In return, we have provided an overview of the state of introduction and utilization of environmental management systems in the pharmaceutical industry.

We have also hosted lectures on methodology to explain knowledge concerning to sustainability and to produce reports for getting the trust of stakeholders to disseminate and share information in these areas.

Environment Management System Introduction

Among the 74 member companies, 54 companies have introduced ISO14001 at their 147 business establishments, and 22 affiliated companies have reported introduction.

The number of member companies and business establishments that introduced the ISO14001 management system has remained almost unchanged in the last four years since 2003. As of FY 2006 just over 70% of member companies have introduced a management system, suggestive that most companies that needed introduction have now completed the task and are moving toward introduction at the affiliated firms.





Environment Report from Member Companies

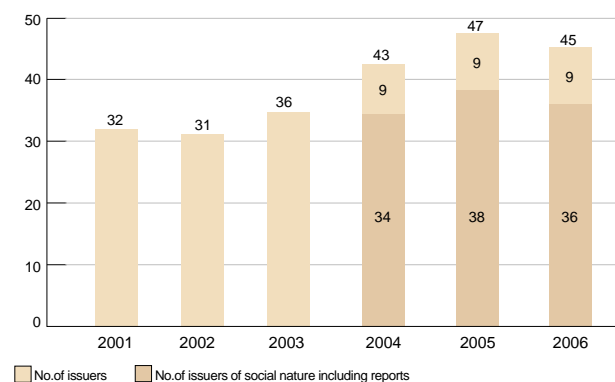
State of Environment Report Publication

As a result of a questionnaire sent to the 45 member companies that have published environmental reports, 36 companies (80%) had a publication that included reporting of societal nature. About half of those companies included, in addition to the environmental division personnel, staff from other divisions such as CSR, public relations, management planning, human resources, and so on, on the teams that prepared their reports (Details about social situation reporting by each company can be found on page 20).

The stakeholders they identified as targets are shown in the graph. Most of the companies identified executives and employees of their

own company as stakeholders. Following stakeholders are the consumers, neighboring residents, shareholders, investors and trading partners (suppliers and clients). On the other hand, less than half the companies recognized NPOs, the media and ranking institutions, who would monitor corporate efforts for CSR, as stakeholders. These results are comparable to those of last year, with an increase from 26 companies last year to 32 companies who answered they were conscious of their trading partners (suppliers and clients).

Environment Reports Publication



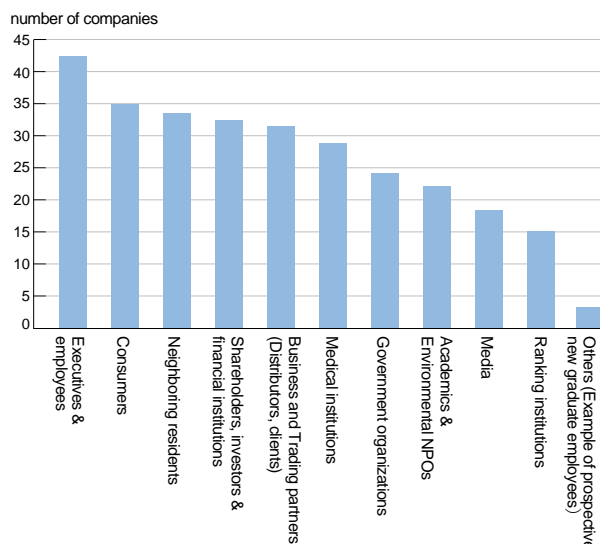
69 companies in FY 2001, 72 companies in FY 2002, 79 companies in FY 2003, 78 companies in FY 2004, 74 companies in FY 2005 and 70 companies in FY 2006.

The State of Environment Report Publication from member companies is investigated annually.

Since FY 2004, investigation has commenced of reports that include a section with a societal nature, such as environmental / social reports.

Number of companies responding to the survey:

Stakeholders identified as target of reports



Results of other investigations related to publication of reports

About plans for future report publication

- Of those 25 companies that have yet to publish reports, the future publication plans include a plan to publish by one company; no plan to publish by six companies; unsure of publication plans by 18 companies.

About titles of reports

- From most to least used, "Environment / Social Report" six companies (last year 10); "Environment Report" six companies (last year seven); "CSR Report" five companies (last year four); "Annual Report" three companies (last year two); "Social / Environment Report" three companies (last year four); etc.

Ways to improve reliability of reports

- Third party judgment and observation are ways to improve the quality of reports. There were 11 companies that used third party judges (last year 12), while 12 companies used third party observation (last year seven). Thus, the number of companies using third party observation has increased.

About use of a published report

- Twelve companies plan to run internal read / explain sessions, while two companies plan to target external stakeholders. About three-tenths of businesses plan to use a report as a specific communication tool.