

Annual Report 2015

## Sustainability Section

Reporting Policy

With Stakeholders

For the EHS\*

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

### Scope of this report

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

### Report period

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Fiscal 2015 (April 1, 2014 through March 31, 2015)  
Activities reported include some recent activities.

### Publication schedule

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This report: October 2015  
Previous report: October 2014  
Next report: October 2016 (tentative)

### Referenced guidelines

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GRI, Sustainability Reporting Guidelines (3.1 Version) (Standard Disclosures)  
Japanese Ministry of the Environment, Environmental Reporting Guidelines (2012 version)

### Report archives

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Past reports for each year are available in PDF format on our Web site.  
[www.terumo.com](http://www.terumo.com)

## Participation in United Nations

In 2012, Terumo became a signatory of the United Nations Global Compact. This action reflects Terumo’s agreement with the Ten Principles of the compact, which relate to human rights, labor practices, the environment and anti-corruption measures.

Terumo has given shape to the mission of “Contributing to Society through Healthcare” by setting out Five Statements (formulated in 1996). These principles guide the Group’s global business development to make a valuable contribution to healthcare worldwide. Going forward, Terumo will continue to fulfill its responsibilities as a global enterprise, while aiming to achieve sustainable growth.



### The Ten Principles of the United Nations Global Compact

<b>Human Rights</b>	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2	make sure that they are not complicit in human rights abuses.
<b>Labor</b>	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4	the elimination of all forms of forced and compulsory labor;
	Principle 5	the effective abolition of child labor; and
<b>Environment</b>	Principle 6	the elimination of discrimination in respect of employment and occupation.
	Principle 7	Businesses should support a precautionary approach to environmental challenges;
	Principle 8	undertake initiatives to promote greater environmental responsibility; and
<b>Anti-Corruption</b>	Principle 9	encourage the development and diffusion of environmentally friendly technologies.
	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

## With Stakeholders

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## Together with Customers

# We Value Communication with Customers

We believe that Terumo's role and responsibility is to support healthcare by providing safe, high quality products and services.

Maintaining open and honest communication with our customers is part of that responsibility.

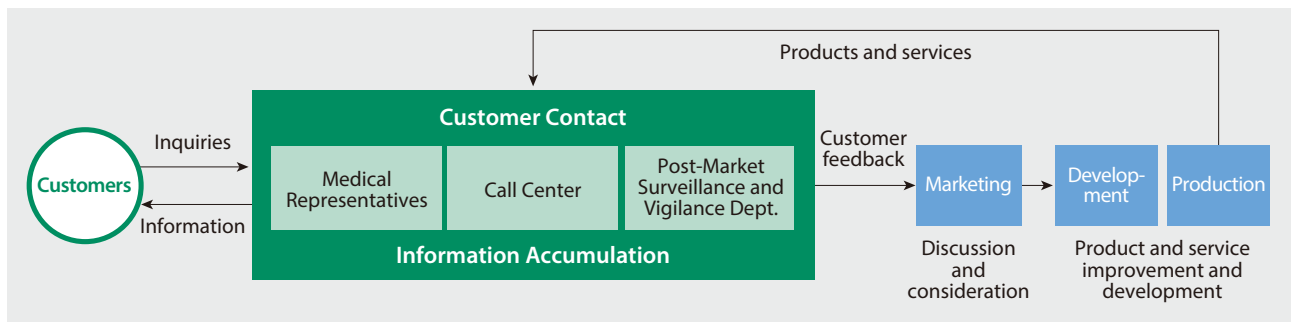
## Terumo's Relationships with its Customers

Terumo's customers include healthcare professionals, patients, and general consumers who are concerned about their health.

At Terumo, we believe our role is to accurately ascertain customer needs and develop products of real value to them. We place equal importance on providing

information and support to ensure that customers can use our products with peace of mind.

Through direct and close communication with our customers, we conduct our business, comprising both product development and the provision of services in a way that contributes to healthy living.



# Providing Information to Ensure Appropriate Use

## Ensuring the Appropriate Use of Medical Devices and Pharmaceutical Products

Terumo MRs\* gather and swiftly provide accurate information to medical institutions to ensure the appropriate, effective, and safe use of medical devices and pharmaceutical products.

At Terumo Medical Pranex, a comprehensive center for the technical training of medical professionals, Terumo offers a range of support instruction in areas such as interventional therapy, injections and the taking of blood samples.

\* MR stands for Medical Representative, which refers to Terumo associates who provide information to medical institutions



Providing medical training support at Terumo Medical Pranex

## Supporting Training at Medical Institutions

To support prevent accidents in the usage of syringes, transfusion sets, and other medical devices, Terumo conducts T-PAS training at medical institutions.\* T-PAS emphasizes critical points in the use of individual devices and enables medical professionals to learn about them through hands-on training scenarios. The value of this program is illustrated by participant feedback which indicates that T-PAS training provides a tangible sense of the situations that can lead to accidents, and demonstrates why the understanding of device use must be based on something more than assumptions or casual advice from others. In yearly conferences on the quality, safety, and practice of medicine, the benefits of T-PAS training are often reported on by hospitals throughout Japan.

\* From fiscal 2009 through fiscal 2014, training was conducted at approximately 1,000 locations, comprising about 800 medical facilities with regional training sessions accounting for the difference.



Supporting instruction in the correct usage of medical devices

# Listening to Customers

## Responding to Customers at the Terumo Call Center

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The Terumo Call Center in Japan receives about 250,000 telephone and email inquiries per year from general consumers, medical institutions, and distributors. Emergency contacts from at-home patients and others are accepted 24 hours a day. To ensure that inquiries relating to different classes of our products—from those designed for medical institutions to those for home medical care—are addressed promptly and appropriately, the call center staff includes experts in every required field.

Call center staff regularly participate in product and communication skill training, and are tested twice a year to ensure that they are properly equipped to respond to inquiries and provide customers with satisfactory results. In addition, steps are being taken to better incorporate customer feedback in the improvement and development of products.



Inquiries are addressed by staff with specialized knowledge

# Reflecting Customer Feedback in Our Products

## Medical Safety Information Management in Japan

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The information from our customers on the quality, safety, and appropriate use of our products have been accumulated in our Post-Market Surveillance and Vigilance Dept. Using this information, we promptly develop and refine our communications, delivering them in various ways, including the labeling of important information alongside our products, our Web site, or via industry

organizations, as well as by sending MRs to medical institutions to provide explanations face-to-face.

Furthermore, we use the accumulated information to develop and improve our products and support medical safety training at medical institutions (T-PAS\*).

\* **T-PAS:** Terumo Proactive Action for Safety, training programs based on Terumo's predictive safety measures.

## Providing Easy-to-Use Products and Services

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Terumo incorporates ergonomic design into many of its products to promote safe and simple operation. The Smart Infusion System Terufusion Infusion Pump and Syringe Pump use data communications functions to ensure greater safety and ease of use in system-based drug delivery. An onboard drug library function allows the setting of flow limits for specific drugs to prevent mistakes. The use of a universal design font\* makes displays easy to read.

\* **Universal design font:** A typeface meticulously designed specifically with ease of use and visibility in mind.



Smart Infusion System Terufusion Syringe Pump designed for easy use by medical staff



# Making the Relationship between Corporate Activities and Medical Institutions Transparent

## Abiding by Laws and Regulations on Transparency and by Our Own Transparency Guidelines (in Japan)

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Terumo has contributed to the development of the life sciences by conducting business activities consistent with “Contributing to Society through Healthcare” - our corporate mission. The development of advanced medical devices and pharmaceuticals requires the efforts of not only individual companies but also cooperation with university and other research and medical institutions. In that connection, funds are paid as compensation, and donations are made for research and other purposes. To ensure a high degree of transparency as it engages in such

payments, Terumo abides by not only the Pharmaceutical and Medical Device Act and other relevant laws and regulations but also industry self-regulation provisions based on the Fair Competition Code and other ethical business standards. Regarding the payment of funds, we have formulated our Transparency Guideline for the Relationships between Corporate Activities and Medical Institutions and our Transparency Guideline for the Relationships between Corporate Activities and Patient Organizations, and disclose the amounts paid.

To provide stable returns to its shareholders through improved corporate value, Terumo is committed to open management which includes fair and timely disclosure, and communication with our shareholders and investors.

### Basic Policy Regarding Shareholder Returns

To ensure higher profitability and sustainable growth, Terumo actively promotes appropriate, aggressive reinvestment of profits as we work to increase corporate value yet further. We believe this serves the interests of our shareholders, and will lead to greater investment value.

Our basic policy for profit allocation is to stably increase dividends to shareholders commensurate with business performance, with a target medium to long-term dividend payout ratio of 30%.

 Related link  
Details on the Dividend Payout Ratio  
[www.terumo.com/investor/stocks/return.html](http://www.terumo.com/investor/stocks/return.html)

### Basic Policy Regarding IR (Disclosure)

In its aim to earn broad social trust, Terumo discloses information in accordance with the timely disclosure rules set forth by the Financial Instruments and Exchange Act and the Tokyo Stock Exchange, based on principles of

transparency, fairness and continuity. In addition, Terumo strives to provide timely and proactive disclosure of information which may be effective in providing a better understanding of the Company.

## Communicating with Shareholders and Investors

### General Meeting of Shareholders

To help ensure that our dialogue with shareholders is as constructive as possible, we schedule our General Meetings of Shareholders to take place in the afternoon, when more shareholders are likely to be able to attend. In addition, we disclose and issue meeting notifications early on to provide shareholders with ample time to consider resolutions.

At our Annual General Meeting of Shareholders, we not only present our financial results, but also explain how our products and technologies are contributing to better healthcare. A video featuring commentary from customers and associates (employees) on Terumo's efforts to realize its corporate mission is also shown prior to the meeting. At the meeting venue, we create a display section for our products so that shareholders can view our medical devices and equipment up close. In these ways, we strive to impart a deeper understanding of Terumo.



A product exhibition at the General Meeting of Shareholders

## Facility Tours to Better Inform Shareholders

Once a year, we invite shareholders to visit Terumo Medical Pranex\* so they can get a sense of the training we provide to medical professionals and those who handle our products. We believe this helps them to better understand not only what we make, but also our views and motivations. This opportunity has proven to be very popular, so, given our desire to accommodate as many shareholders as possible, we extended the visitation period to two days in fiscal 2014.

\* **Terumo Medical Pranex:** Multipurpose training facility where medical professionals can learn to use catheters and other advanced medical technologies and groups of physicians and nurses can strengthen their teamwork abilities.



Shareholders on a facility tour

## Results Briefings

Results briefings are held for securities analysts and institutional investors quarterly (teleconferences for the first and third quarters). The Company's representative directors and other key associates attend the briefings, explaining business results, factors behind any changes, and management strategy going forward. Materials provided at the briefings, along with individual presentations, are also posted on our website, and are available to all of our investors.



Results Briefings

## Briefings and Events for Individual Investors

Terumo holds company briefings to provide opportunities for direct dialogue with individual investors.



An event held for individual investors

Terumo's corporate mission of "Contributing to Society through Healthcare" is reflected in our procurement activities. It is vital that patients and healthcare professionals be able to use our products safely and with peace of mind. We therefore exercise great care in selecting and vetting suppliers for our raw materials and services.

## Raw Material Procurement Policy

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

- Selecting materials that will not produce harmful impacts for the next generation (reducing environmental impact)

- Selecting materials that can be used effectively and produce no waste (saving resources)

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

## Promoting Quality Improvement

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In order to further improve product quality, Terumo proactively seeks to strengthen quality control--not only of raw materials, but also services (such as production equipment, mold design, and outsourced processes) which can impact our quality system.

In recent years, especially, regulatory bodies including the U.S. FDA (Food and Drug Administration) have placed increased importance on global supplier control. We work to gain suppliers' understanding of how the materials and services they provide affect our finished product. Suppliers

cooperate by continuously improving their quality and enabling our regular audits of their quality systems.

We work with our suppliers to make continuous improvements to quality, and conduct regular audits of their QA systems.

We also share QA audit information and other quality information between Terumo Group production sites in an effort to improve the quality of our final products through better procurement activities.

## Initiatives for Stable Procurement

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Terumo manufactures products in five factories within and 19 factories outside Japan, and distributes them in over 160 countries. With the rapid changes in procurement, we place top priority on ensuring quality and a stable supply, and procure materials from the most appropriate sources to deliver high quality products to healthcare providers.

In 2011, despite supply interruptions caused by

the Great East Japan Earthquake, we were able to keep medical supplies flowing to customers by working with suppliers, based on the shared understanding that supplies for healthcare must come first—that healthcare must not be stopped. Based on this experience, we have sought the cooperation of suppliers in making further improvements to enhance the safety and reliability of our supply chain.

## Supplier Surveys

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In Japan, each year Terumo conducts a survey of its suppliers to make further improvements and ensure we become a trusted purchaser for our suppliers.

The survey includes a wide range of questions involving their transactions with Terumo, and covers topics including our business manners, transactional ethics, and how we select our materials. To ensure stable procurement without interruption to healthcare, we added a survey regarding business continuity planning (BCP) beginning in 2011. Based on the responses and opinions

from our business partners, we analyze the issues facing our materials division and provide feedback to our factory materials divisions. The feedback not only aids in resolving the issues identified, but also serves as a tool for verifying the direction of, and reflecting customer input in, our procurement activities going forward.

When necessary, we also meet directly with partners, who provide their opinions and work to further improve our relationships of trust.

## Purchasing Compliance Education

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In Japan, as a measure for ensuring good mutual communications with our suppliers, Terumo briefs its employees on its basic rules for suppliers, including supplier selection, ordering, and payment, and conducts training to ensure that all employees are familiar with and understand the Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (abbreviated in this document as the Subcontracting Law). In addition to building awareness of our internal controls, we also work to maintain and improve compliance with the Subcontracting Law.

In addition, Terumo promotes and encourages understanding of the Subcontracting Law by actively participating in workshops held by the Fair Trade Commission and the Small and Medium Enterprise Agency. During the month the government promotes compliance with the Act, we run a series of checks and interviews to verify compliance status, and work to thoroughly instill and reaffirm understanding of key points of compliance for Terumo as a main subcontracting enterprise.



Internal Purchasing Compliance Training

## Employment and Motivation

### What Our Associates Mean to Us

Terumo respects the rights of its associates and offers fulfilling jobs. And the company gives maximum consideration to enable each associate to take pride in being a member of Terumo and to lead a happy life.

At the same time, associates have an obligation to always improve themselves, bear responsibility of the

corporate philosophy and social mission of “Contributing to Society through Healthcare” and to contribute to Terumo’s development and growth. Our ultimate objective is for Terumo and its associates to work together to improve medical care for patients around the world.

### Fostering a Motivating and Challenging Work Environment

At Terumo, we respect the individuality of our associates, while working to foster a work climate in which each individual can realize his or her maximum potential. We also provide ample opportunities for those with a willingness to

grow to widen their fields of activity. Our goal, based on these initiatives, is to enable each associate to contribute their individual strengths to their team, enhancing performance and creating a strong, motivating workplace.

### Patients’ Day Project

At the root of what motivates our associates is a strong belief that the work we do is meaningful. This is captured in our corporate mission that has remained unchanged since our founding in 1921 — “Contributing to society through healthcare.” “Y’s TP Day” (Your smile, our pleasure, Terumo Patient’s Day) was held in each region that conceived of as an opportunity for associates to reconnect with our mission and consider again what it means for them to personally contribute to the advancement of medical care, and to reflect on the value we provide to society. On each Y’s TP Day, associates listen to moving accounts of what patients have actually experienced in their struggle to overcome illness. Associates also have the opportunity to visit actual places where medicine is practiced. This enables them to see in a concrete way the connection between their everyday work and frontline patient healthcare.

In Japan, other Y’s TP Day Projects include collaboration with the Japanese Nursing Association to enhance associate understanding of nursing work and other events we conduct to give associates chances to meet and interact with medical professionals.



Y’s TP Day



## TOPICS

### Activities at Terumo Medical Products (Hangzhou) Co., Ltd.

With approximately 3,300 associates, Terumo Medical Products (Hangzhou) Co., Ltd. (Hangzhou plant) is the largest of our overseas business locations. It functions both as a critical production facility and a distribution center for Terumo Group products. To enable the supply of increasingly high-quality products and to foster the development of even higher skills and abilities, we have undertaken various initiatives aimed at creating conditions at the Hangzhou Plant under which associates can work with vitality and pride.

Each spring, for example, an off-site event is held where associates can refresh themselves both mentally and physically. Each fall, we organize an athletic meet attended by the entire workforce and their families. A large stadium provides a thrilling venue where heated though friendly competition provides a powerful way to foster unity.

In addition, the plant's workers' union frequently arranges trips and organizes activities for various union member clubs, including flower arranging and cooking that are very popular among female associates.

The plant has dormitories for single employees

and these have their own governing committees that also actively organize events such as 5S activities (Seiri [streamline], Seiton [organize], Seiso [clean], Seiketsu [hygiene], and Shitsuke [self-discipline]), study groups and birthday parties that all contribute to making life at the dorms more enjoyable and family-like.

We believe that continually holding activities such as these deepens the relationships between associates, contributes to unity at the Hangzhou Plant, and ultimately forms a strong foundation for Terumo's production and sales endeavors, which aim to deliver products safely and with peace of mind.



Fall athletic meet and carnival (Family Day)

### 360° Feedback and Motivation Surveys

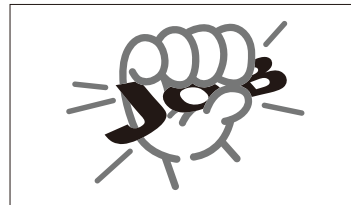
In Japan, to help create “a highly motivating and challenging workplace with open and candid communication and a forward looking spirit,” we regularly conduct 360° feedback surveys of all executives and general managers. Associate engagement surveys is also

taken. The results of these surveys are posted on our intranet and provide valuable insights for our management and leadership team, enabling us to continually strive to make Terumo an even better place to work.

## ACE In-House Job Posting System

In Japan, Terumo operates an in-house job posting system called “ACE.” Set up in 1997, this system enables associates from a range of departments and job types to enhance their careers by taking on new challenges and opportunities. For those with a strong desire to move their career to the next level, the system, which is open to associates regardless of age or gender, presents opportunities to gain experience and develop as business professionals. Over 600 associates have responded to job postings on the ACE system so far, and over 140 have moved into new positions as a result.

A talent pool of 33 candidates for global postings has also been set up and over half of these associates are already on global assignments outside Japan.



A banner of ACE In-House Job Posting System urging associates to, “Take Charge of Your Career!”

## “Genba-no Hokori” Award (Honor the Frontline Award)

Terumo’s growth is supported not only by highly visible associates who achieve outstanding results, but also by the many associates who consistently produce solid results and work diligently “behind the scenes” every day. In Japan, we reward and recognize such associates with the “Genba-no Hokori” Award (literally, the “Honor the Frontline” Award) which is presented each year.

Winners are selected based on exceptional performance as demonstrated in ways such as: 1) Steadfastness in endeavoring behind the scenes to

contribute to the Company and our organization; 2) Having skills that others recognize as clearly setting them apart; and 3) Devoting significant time and energy to transferring a career’s worth of knowledge to younger associates. In fiscal 2014, award recommendations were received for around 50 associates and from this number, four associates were selected for recognition based on contributions in areas such as production, safety and health, and human resources development.

## Top Management-Worker Dialogue

Terumo recognizes that a healthy management-worker relationship based on trust and mutual understanding is extremely important for us to grow and develop together with our associates.

Input from the workers’ union is treated as valuable feedback, and we resolve issues by taking actions that are acceptable to both management and associates.

In Japan, dialogue with top management takes place in meetings and UC (Union and Company) Discussions,

where both sides have an opportunity to fully state their views. The relationship between management and the workers’ union is one in which both sides work as partners to bring about mutual growth and development.

Outside of the management-worker dialogue, views are freely exchanged throughout the company through surveys conducted by the workers’ union, and through other feedback received via different channels.



## Associate Data

### Consolidated Staffing Data by Geographic Area

(Individuals)

	FY 2011	FY 2012	FY 2013	FY 2014
<b>Japan</b>	5,048	5,011	5,070	5,195
<b>Europe</b>	1,837	1,892	1,814	1,840
<b>Americas</b>	5,177	5,656	5,936	6,345
<b>Asia and others</b>	6,050	6,334	6,443	6,554
<b>Total</b>	18,112	18,893	19,263	19,934

### Associates by Gender and Location (Standalone Data for Terumo Corporation)

(Individuals)

	FY 2011	FY 2012	FY 2013	FY 2014
<b>Male, Japan</b>	4,123	4,065	4,072	4,088
<b>Female, Japan</b>	664	656	639	656
<b>Associates from overseas</b>	144	57	53	55
<b>Total</b>	4,931	4,778	4,764	4,799

# Providing a Safe Workplace

## Basic Policy on Providing a Safe Workplace

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At the Terumo Group, we strive to create a safe workplace so that our associates—valued assets of the Company—can realize their full potential.

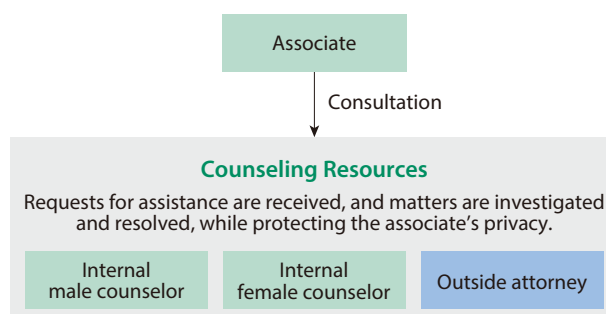
## Compliance and Prevention of Harassment

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The Terumo Group has formulated the “Terumo Group Code of Conduct (SAKURA Rules)” that provides guidance on all aspects of behavior and conduct associates are expected to adhere to in their daily business activities.

Fulfilling their roles as outstanding corporate citizens, associates bear the heavy social responsibility of not only obeying the law but also demonstrating ethical behavior in all aspects of their work. Toward that end, each Terumo workplace holds an annual event aimed at promoting deeper understanding of the code of conduct, emphasizing compliance and preventing harassment. In addition, training incorporating examples that reflect familiar situations and that can be applied in daily work is regularly held for those in management positions to further their understanding of what is expected of them.

In Japan, to give associates who feel they have been harassed or been the victim of unethical behavior access to immediate assistance, we have positioned male and female counselors under the immediate supervision of the Company’s President and made it possible to consult with an outside attorney, as well. Work to resolve reported issues will be undertaken with thorough measures to protect the privacy of anyone seeking assistance and to ensure that no one suffers mistreatment as a result of their seeking assistance.



# Promoting Diversity

## Basic Policy: Respect Human Rights and Harness Diversity

At the Terumo Group, we work hard to promote respect for individuals and other cultures, and we do not discriminate, whether by race, nationality, gender, religion, disability or on any other basis that would violate human rights. We believe that the diversity of our associates is a powerful engine that drives our current growth and will do so into the future. By striving to accept a wide range of differing

values, and promoting mutual recognition of diversity, we aim to be a company where differing ideas and knowledge can intermingle, creating new value.

Having established our Diversity Promotion Department, which works to raise awareness of diversity issues among our associates, we continually promote diversity in the Company from a variety of perspectives.

### TOPICS

#### We Developed a Diversity Logo

Based on the theme “overlap”, the logo is composed of overlapping upper- and lower-case letters of different colors to express the idea of associates exercising their own unique qualities and vigorously pursuing productive activities while simultaneously acknowledging values different from their own.



## Promoting Active Participation by Female Associates

As a first step in channeling mutual recognition of diversity toward corporate growth, Terumo’s top management has committed itself to promoting active participation by female employees.

To create the environment, culture, and awareness that enable greater participation by women, we provide all associates, regardless of gender, with opportunities to think about their values and the careers they would like to

build going forward. We also promote the development of a working culture that is conducive to associates acknowledging each other and working in comfort, regardless of their backgrounds and abilities.

Examples of the various initiatives contributing to this effort include a mentoring system for women and seminars for women who wish to resume their careers with us.

### Mentoring System in Japan

This system pairs female associates in leadership positions working in different parts of the company or of different ages so that they can share experiences and ideas to broaden their perspectives and support one another’s career growth. Raising the awareness and skills of female associates and having more women assume leadership roles within Terumo will contribute fresh perspectives and promote value creation.



Fiscal 2014 Group training session held as part of the Women’s Mentoring System

## Career Resumption Seminars

Terumo is seeing an increasing number of men and women who want to continue with their careers while caring for children or providing nursing care. In fiscal 2013, we began holding an annual career-resumption seminar in Japan for female associates currently on child- or nursing-care leave and their supervisors. In the seminar held in fiscal 2014, 34 employees shared their experiences in balancing work and child- or nursing-care responsibilities and discussed the mental preparation and cooperation that ongoing professional growth requires. We will continue to provide opportunities for associates and their supervisors to discuss new ways of working and furthering their careers.



Fiscal 2014 Career Resumption Seminars

## Creating a Culture that Makes for a Comfortable Communication

In fiscal 2014, we conducted training in which all female associates (approximately 650 in all) were asked to think about factors that make comfortable communication. More specifically, participants thought about how to prevent uncomfortable situations in their own workplaces, learned how to communicate in ways that demonstrate respect for both themselves and others, and how to effectively express their views.

We provide opportunities both male and female associates to think about their values and the careers they would like to build going forward. In this way we are promoting the development of a culture that enables associates, regardless of their backgrounds and abilities, to acknowledge each other and work in comfort.



Communication Training

## Training for Managers

From fiscal 2013, we conducted an annual training for female managers. In fiscal 2014 we invited male managers to participate in what had become diversity management training, and a total of 47 participants from different sections or regions in Japan learned interpersonal communication skills for guiding subordinates and tips for how to elicit the best output from associates with diverse backgrounds and abilities. This training also served as an excellent opportunity for female leaders to meet each other and network.

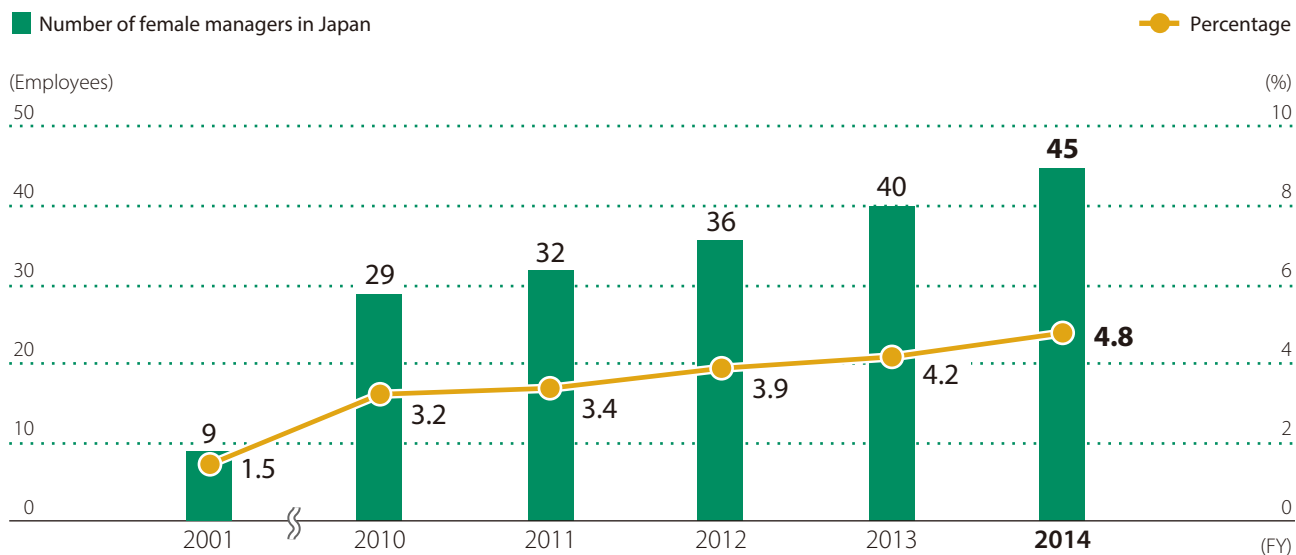


Fiscal 2014 Diversity Management Training

In Japan, the number of female managers at Terumo is gradually rising. As of March 31, 2015, there were 45 women in management positions (4.8% of the entire

management staff). We will continue to advance initiatives that enable ambitious female associates to play greater roles at Terumo.

Numbers and Percentages of Female Managers (Figures for Terumo Corporation's Japan operations and Japanese staff on full-time or temporary assignments to Group companies)



## Engagement with People and Organizations in Other Countries

With Japanese associates increasingly working with overseas associates, we took the step in fiscal 2014 of creating an opportunity for associates of various nationalities to freely discuss issues they face in their daily work and talk about their thoughts on careers. In learning about differences in culture and ways of thinking, and the skills necessary for effective communication, participants deepened their understanding of how to pursue work effectively in a global environment.



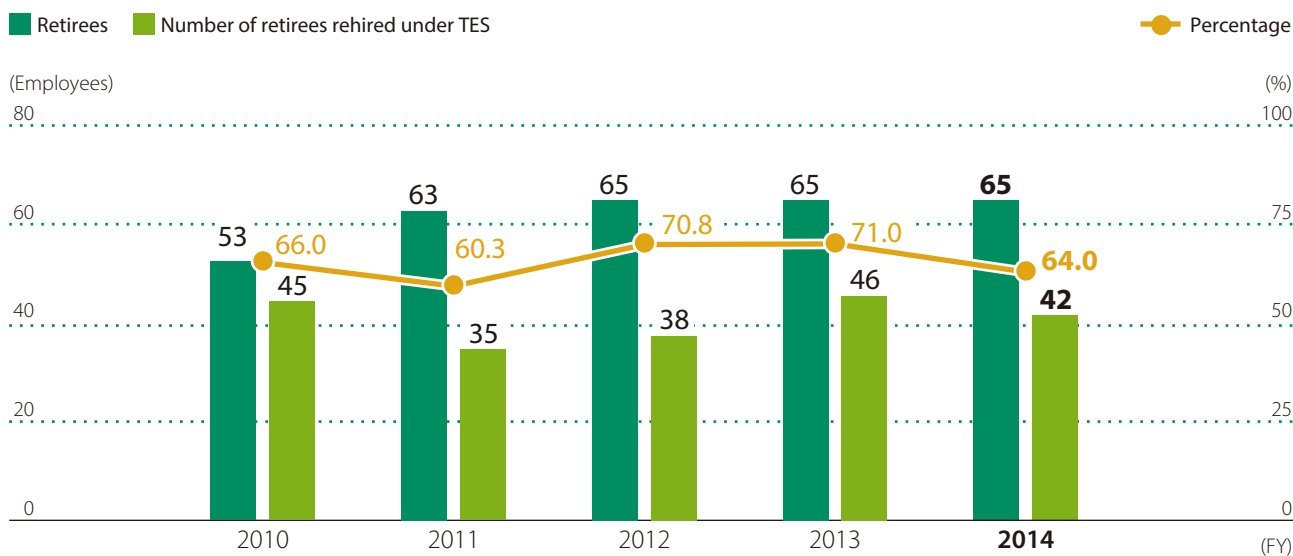
Exchange with associates of various nationalities

## Rehiring System: The Terumo Expert System

In Japan, Terumo introduced TES, or the Terumo Expert System, in fiscal 1998 as a way to rehire retirees with outstanding skills and expertise. Many associates have been brought back through TES and continue to make the most of the expertise they developed over many years.

These Terumo Experts are at work not only in highly specialized areas but also in a wide variety of other places where they contribute to the Company by drawing on their wealth of experience to provide guidance and advice to younger associates.

### Number and Percentages of Associates Rehired under TES



## Employing of People with Disabilities

By providing job opportunities that match the capabilities and aptitudes of individuals, Terumo is advancing the employment of people with disabilities so they can pursue rewarding lives as independent members of society.

As of March 31, 2015, people with disabilities made

up 2.02% of our workforce in Japan, more than the legally mandated rate of 2.00%. Looking to the future, we will continue to expand opportunities for individuals to fully exercise their capabilities.

# Human Resource Development

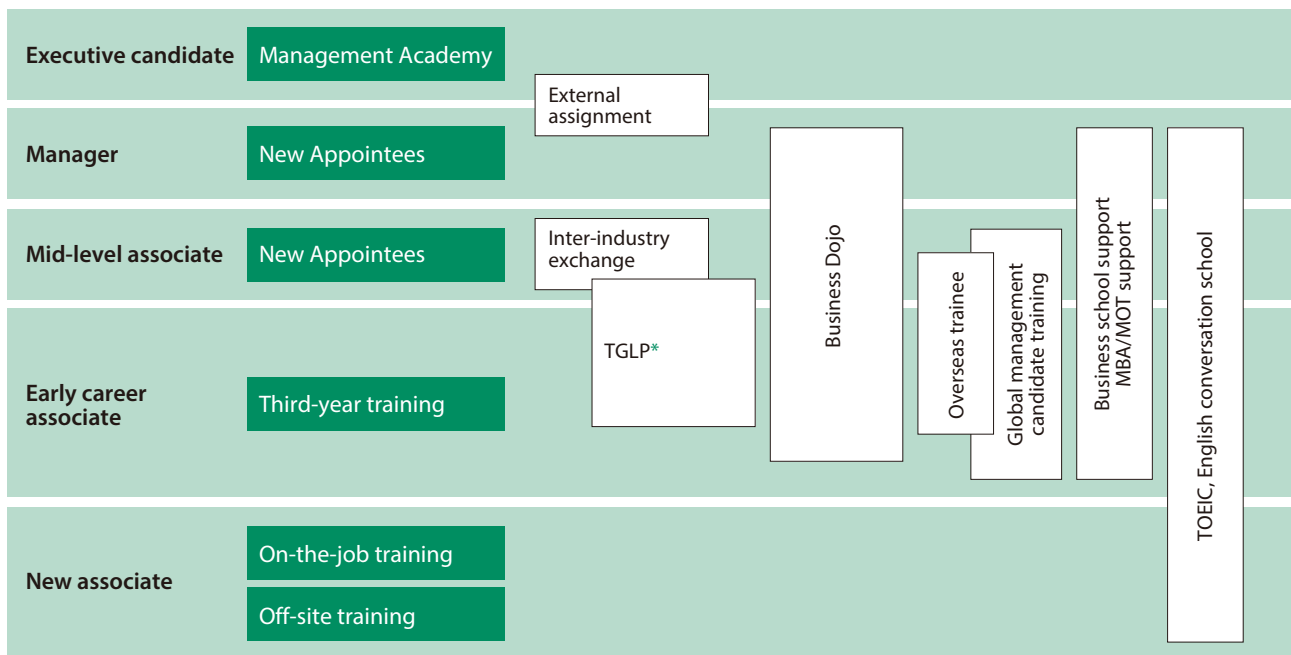
## Basic Policy

Terumo believes that its true corporate value lies in the collective worth of all associates who work for the Company.

Human resource development is based on practical skills acquired through on-the-job training (OJT) and a variety of training programs designed to supplement it.

We believe that the most effective education springs from individual motivation and feeling the necessity to learn and associates to whom this applies can nominate themselves to participate in various programs.

### Terumo Training Scheme in Japan



\* TERUMO Global Leadership Program

## Promoting the Spirit of “Monozukuri” (Spirit of technicians)

Terumo is promoting the transfer of skills, experience, and monozukuri spirit from veteran associates to their younger colleagues. We have devoted significant effort to developing curricula, training environments, and instructors, and conduct training every year for new associates and associates from overseas.

As another step in pursuit of this effort, we established the Production Human Resources Development Center in April 2014 in Japan. Here, TES associates—veteran employees rehired after mandatory retirement—work from a global perspective to accelerate the development of younger generations who will carry on Terumo’s monozukuri spirit in production, technology, quality assurance, and management.



Training Vietnamese technicians

## Developing Personnel who can Advance Business-Led Management

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To advance business-led management as we go forward, we are working to foster employees capable of realizing their ambitions, exercising leadership and developing business on a global scale.

### Development Programs Tailored to Individual Company Strategies

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We conduct a broad range of development programs that are based on companies' growth strategies, are tailored to a broad range of roles and job types, and serve the gamut of needs, from those of business leaders to those of young associates early on in their careers. Topics covered differ by program, with examples that include strategic accounting and finance, project management, marketing, innovation, specialized technologies and sales skills. Follow-up programs are conducted after main training sessions to help ensure that the training is as effective as possible.



Participants working to solve an example of an actual problem in a practical-training session

### Development Programs for Global Business Leader

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In Japan, the Terumo Global Leadership Program (TGLP) develops leaders with the practical capabilities necessary to lead global business. Each program, involving around 20 highly motivated associates and were selected from a large number of applicants, lasts for five months. During the program, participants polish their abilities to discern the essence of business problems, work in groups to develop solutions to actual problems and then present solution proposals to management. This grueling program contributes to the development of associates who will have the capabilities and drive to lead the company in the future.



TGLP graduates with Terumo's President



## Support for Obtaining MBAs and Other Qualifications

In Japan, we have created a system that aims to develop the global human resources needed to execute our future global strategies. We do this by supporting people with strong desires to develop themselves by choosing to earn an MBA or similar qualification.

The system allows associates to take leave for as long as is needed to complete their studies and allows them to take up to an additional 100 days of unused paid leave prior to the start of the period of leave for their studies. In addition, the Company may approve interest-free loans for tuition and living expenses, and under certain conditions, contribute towards entrance fees and tuition.

Behind this support is an appreciation not only for the knowledge and skills that can be gained but also for the invaluable experience of interacting with people from other countries and facing difficult challenges in a different cultural context.



Graduation ceremony for an MBA class that includes outstanding students from around the world

# Work-Life Balance

## Basic Policy

Terumo aims to increase flexibility (hours, location etc.) to better enable our associates to work with enthusiasm and exercise their capabilities to the fullest. We see an employment system that gives rise to flexible work approaches and systems that allow adjustments for child care, nursing care and other life events as measures that

help associates meet responsibilities both at home and at the workplace. Such steps are called for by the Act on Advancement of Measures to Support Raising Next-Generation Children and we will continue to take action as needs arise.

## Child- and Nursing-Care Support System

The following table lists the primary systems in place as of March 31, 2015 to help employees meet child- or nursing-care as well as workplace responsibilities in Japan.

### Child- and Nursing-Care Support Systems

System		Description*1
Child-care	Long term maternity/ paternity leave	Leave that can be taken up until the child reaches the age of three (up to 30 days of unused paid holiday time can be taken at the beginning of leave).
	Shortened working hours	Working hours can be shortened by up to two hours per day until the child finishes elementary school (approximately age 12).
	Adjusted working hours	The start and end time of regular working days can be moved forward or backward by up to an hour until the child finishes elementary school (approximately age 12).
Nursing-Care*2	Special leave	Leave can be taken for a cumulative total of up to three years for each family member requiring nursing care. Up to 30 days of unused paid holiday time can be taken at the beginning of leave.
	Shortened working hours	Working hours can be shortened by up to two hours per day for a cumulative total of up to three years.
	Adjusted working hours	The start and end time of daily working hours can be moved forward or backward by up to an hour for a cumulative total of up to three years.
Other	Hour-based paid leave	Paid leave may be taken in units of an hour for any reason.

\*1 These descriptions are excerpted from the Child- and Nursing-Care Support Systems.

\*2 For nursing-care leave, the "leave," "shortened working hours," and "adjusted working hours" can be used for a cumulative total of three years.

### Number of Associates Taking Maternity and Child-Care Leave (Standalone figures for Terumo Corporation's Japan operations)

(Individuals)

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Associates Taking Maternity Leave		21	22	19	22	24	39
Associates Taking Child-Care Leave	Female	20	22	28	27	26	30
	Male	1	8	7	9	14	36

## TOPICS

### Approved to Display the “Kurumin Mark” as of Fiscal 2014

The Next-Generation Certification Mark (the “Kurumin Mark”) indicates that a company proactively pursues diversity and Terumo has received the right to display it.

The right to display the Kurumin Mark is awarded by Japan’s Ministry of Health, Labour and Welfare to companies it recognizes as having formulated an action plan to help employees meet child-care needs and fulfill both their work and family responsibilities. Companies approved to use the Kurumin Mark can display it on their products, business cards and in advertising. The swaddled infant in the mark’s design illustrates the willingness of the company displaying it to take steps that help employees raise their children.

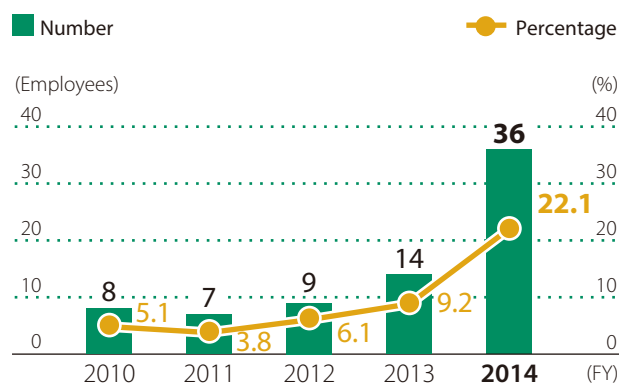
Terumo is committed to fostering a working environment where associates can approach their work with vigor and are free to fully exercise their capabilities.



## Encouraging Men to Take Child-Care Leave

In Japan, the number of male associates who take child-care leave has recently begun to increase. The birth of a child presents a prime opportunity to rethink one’s approach to work. Through measures such as sending email that recommends child-care leave be taken to both male associates whose wives have just given birth and their supervisors, as well as posting accounts of associates who have taken advantage of child-care leave on the Company’s intranet, we promote wider understanding of the system and help to create an atmosphere in which it is easier for men to choose to participate in child rearing.

Number of Male Associates Taking Child-Care Leave



## Work-at-Home System

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In Japan, Terumo has adopted its “Work-at-Home System” to give associates the choice of using a dedicated personal computer to work at home on days when child-care, nursing-care or other responsibilities make it difficult to come to the office. Furthermore, in April 2015, we increased the maximum number of days the system can be used, making it possible for parents to exceed the four-day-per-month limit and work at home

as many days as is necessary when a child has been told to stay home due to an illness.

We are committed to expanding the choices that associates can make so that they can continue using their skills and know-how to the fullest when demands such as those imposed by child-care or nursing-care, for example, make conventional work difficult.

## Career-Return System

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Terumo has opened a pathway to rehire associates who have left because of marriage, child- or nursing-care responsibilities, or the relocation of their spouse. The “Career-Return System” expands the range of employment choices for associates who wish to resume

their careers at Terumo in Japan.

By supporting associates who have had to interrupt their careers return to work, we are making it possible for them to put their broad experience and skills to use and contribute to Terumo’s growth.

## “No-overtime” Days and Encouraging the Use of Paid Leave

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Terumo promotes work efficiency by strictly managing the time that the workday begins and through the establishment of “no-overtime” days in Japan. As part of our policy of maintaining a workplace environment in which

“work time is for work and off-time is for rest,” we institute company holidays and encourage associates to use their paid vacation days.

## Providing Information for Disease Treatment and Prevention

### Website Covering Minimally Invasive Infertility Treatment

In June 2015, we established a website to provide information on a minimally invasive infertility treatment called falloposcopic tuboplasty (FT).

Problems in the fallopian tubes are said to account for approximately 30% of infertility cases. Fallopian tubal occlusion, in which the normal passage of eggs is obstructed, prevents natural pregnancy from occurring. Treatment of this condition has required therapies such as in-vitro fertilization.

In FT, a catheter is used to open up blocked fallopian tubes to enable pregnancy in a more natural way. FT is performed using a minimally invasive approach that puts relatively little stress on the body and most treatments can be performed without overnight hospitalization. Approximately 2,000 FT procedures are performed in Japan annually.

On our website, we provide accurate, easy-to-understand information on FT for people with infertility concerns. In addition to an explanation of the FT approach for treating infertility, we also provide a list of facilities that perform FT procedures in Japan.

Terumo has created numerous other websites providing information on disease prevention and daily health management to society at large. We have also established websites devoted to particular health topics, such as subarachnoid hemorrhages and one of their causes, cerebral aneurysms; body temperature; and prevention of falls among the elderly.



The minimally invasive infertility treatment website (only Japanese)



Our website which provides an explanation of cerebral aneurysms, which are a key cause of subarachnoid hemorrhages (only Japanese)

## Responding to New Influenza Viruses

Following implementation of Japan's Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response in April 2013, the Company was deemed a specified public institution and has developed an operation plan as called for in Article 9 of the Act.

In the event of an influenza or new infectious disease pandemic, Terumo will fulfill its social responsibility by implementing this plan and working with institutions to provide a continuous supply of syringes, needles and other devices for administering vaccines.

## Contributing to the Development of Healthcare

### The Terumo Life Science Foundation

First established in 1987, the Terumo Life Science Foundation was re-launched after its registration as a Public Interest Incorporated Foundation on April 1, 2012. The purpose of the foundation is to contribute to medicine and better health by promoting the advance of life science technologies through subsidies and other forms of assistance. There are three parts to the foundation's mission.

The first is to support life science research and the holding of academic and other conferences. In fiscal 2014, Designated Research Assistance subsidies were granted to three research projects addressing topics such as optical coherence tomography and the diagnosis of the depth of penetration of early-stage gastrointestinal cancer by NBI fusion; 27 general research projects; and 29 international exchanges (academic conferences). A ceremony to award these subsidies to recipients was held in March 2015.

To date, the foundation has disbursed a total of around ¥1.43 billion in subsidies to 985 recipients. A new initiative, Assistance for the Advancement of Medical Care and Health, was started in fiscal 2014. Under this category of assistance, funding was provided to four public interest projects (including one overseas recipient) for work aimed at improving medical care and health.

As part of the second aspect of its mission—awards and related operations—the foundation selected the recipient for the second annual Terumo Global Science

Prize commemorating the 25th anniversary of its founding. This prize is awarded to outstanding researchers making a unique contribution to regenerative medicine through biomaterials research. The winner of the second annual prize is Professor Sung Wan Kim of the University of Utah. Professor Kim was formally presented with the prize at a presentation ceremony held in July 2014.

Promoting education is the third aspect of the foundation's mission. In 2009, a Japanese website called "Life Sciences DOKIDOKI Research Class" was created to provide life sciences-related information to junior and senior high school students. Six years on, the site now provides young users with easy-to-understand information on cutting-edge research and researchers in the life sciences. With around 10,000 visits a month, the site enjoys a high level of activity.

In August 2014, the foundation invited 31 high school students from 14 schools in the Hokuriku, Koshinetsu, and Tokai regions of Japan to attend an event at the Joint Institution for Advanced Biomedical Sciences, operated by Tokyo Women's Medical University and Waseda University. The participants at this "science café" were able to experience simulations and other examples of the latest technology in regenerative medicine, which greatly impressed them. Similar activities are in the works for fiscal 2015.



Selecting the recipients of R&D assistance and the Terumo Global Science Prize



Hands-on training experience with the Da Vinci system at the "science café"

## Contributing to the Wider Community

### Presenting an Annual Christmas Gift to a Hospice

In Japan each year around Christmas time, a team of Terumo associates decorates the outside walls of the Terumo Shonan Center building with Christmas lights. On Christmas Day, the team puts on a fireworks display for the local community and a hospice, while the Terumo Male Choir sings Christmas carols to the hospice patients. This

program was started in 1997 to bring Christmas cheer to the hospice patients, their families, and local residents, and has continued every year since. In the 2014 Christmas holiday season, those at the hospice were again able to enjoy a variety of illumination displays, including one depicting reindeer.



The Terumo Male Choir singing



Illumination display and fireworks

### Local Activities

Terumo conducts many social contribution activities in local communities at our business sites in Japan. Here are some examples of Terumo associates' social contributions through local activities:

1. Weekly cleanup of public roads and parks near the Head Office
2. Cleaning up the Tama river bank, Tokyo (every spring and fall)
3. Cleaning up the surroundings of Shonan Center
4. Cleaning up the surroundings of Fujinomiya Factory
5. Cleaning up the surroundings of Ashitaka Factory and ME Center
6. Cleaning up the surroundings of sales branches

\* Note: Activities held in fiscal 2014

## Japan-China Friendship Initiative

Terumo is cooperating in a project set up to give Chinese university students a chance to visit Japanese companies and further their understanding of Japan.

Sponsored by the Japanese Chamber of Commerce and Industry in China (Beijing) and the Japan-China Friendship Association, the project has brought Chinese students to Japan in spring and fall annually since 2005. Each occasion hosts up to 40 students from one of a rotation of six Beijing-area universities. Students visit companies (headquarters, plants, research facilities, etc.) related to members of the Japanese Chamber of Commerce and Industry in China, and observe society and industry (including an agricultural community), culture, and other aspects of Japan. They also meet with Japanese university students and spend a night with a Japanese family.

Terumo hosts visiting students on a tour of the Terumo Medical Pranex, where they experience a medical training program aimed at helping them see medical devices and medicine from a different perspective.

Terumo employees, as homestay hosts, provide their outstanding student guests with their first direct exposure to daily customs and culture in Japan, giving these future leaders of China a chance to experience the delights and warmth of Japanese culture.

We believe that by having Chinese students interact with people and companies in Japan, we will deepen the relationship between the two countries and lead to greater friendship and mutual understanding in the future. Terumo will continue its participation going forward.



Students on a tour of Terumo Medical Pranex



A farewell party for college students

## Donations to Support Earthquake Victims in Nepal

The Company donated two million yen to the Japanese Red Cross Society to aid victims of the April 2015 earthquake that struck Nepal.

In addition, Terumo Group companies in Asia donated blood bags, transfusion sets and other medical devices.



Donation to the Japanese Red Cross Society



## Blood Donations

Terumo carries out annual blood drives at factories and branches in Japan. In fiscal 2014, associates at all our locations in Japan participated. At Terumo, our contributions to society include not only the manufacture of blood bags, but also blood donations themselves.



Associates donating blood

## Terumo BCT Donates to Non-Profit Organizations

Through the Terumo BCT Charitable Giving Committee, the company gave back more than \$100,000 to the community through non-profit organizations in fiscal 2014. The Charitable Giving Committee closely aligns the majority of donations to the company's promise to unlock the Potential of Blood. These organizations include

St. Anthony's Medical Center, Cesar Chavez Blood Drive Challenge, Foundation of American Blood Centers, National Blood Foundation and the Bonfils Blood Center Foundation. Terumo BCT also donated \$5,000 in FY 2014 to match the donations that associates made to non-profit organizations they personally support.

## TOPICS

### Terumo BCT Raised \$188,000 to Support Leukemia & Lymphoma Society

Terumo BCT annually supports the Leukemia & Lymphoma Society Rocky Mountain Chapter's Light the Night event. Through 10 separate events throughout 2014, Terumo BCT associates raised a total of \$188,000 for LLS, far exceeding the \$125,000 goal set at the beginning of the year. Since 2007, Terumo BCT has raised more than \$600,000 through the annual campaign to support LLS and its mission to cure leukemia, lymphoma, Hodgkin's disease and myeloma, and to improve the quality of life of patients and their families.



Light the Night event

### Terumo BCT Associates Support Young Girls Pursuing Careers in Science, Technology, Engineering and Math

For the sixth year in a row, Terumo BCT associates volunteered to lead student workshops at Girls Exploring Science, Technology, Engineering and Math (GESTEM), an event for sixth and seventh grade girls in the Denver-metro area geared toward introducing them to career opportunities in the science, technology, engineering and math (STEM) fields. The event provides the girls interaction with professionals in STEM careers and introduces students to STEM in business. The GESTEM event is free and presented 100 percent by volunteers and made possible by donations of sponsors, including a \$5,000 donation from Terumo BCT.



Workshops at Girls Exploring Science, Technology, Engineering and Math (GESTEM)

## For the EHS\*

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\*EHS: Environment, Health, and Safety

EHS (Environment, Health, and Safety) initiatives are a social responsibility and a key for ongoing growth. The entire Terumo Group works to advance EHS initiatives as we endeavor to be a good corporate citizen.

## Formulation of the Terumo Global EHS Policy

In October 2012, we revised our Basic Environmental Policy and instituted the Terumo Global EHS (Environment, Health, and Safety) Policy. This outlines our stances on reducing the impact of business activities on the environment,

conserving biodiversity, and on the safety and health of our associates. The policy applies to the entire Terumo Group and forms the basis for all corporate activities.

### Terumo Global EHS Policy

The Terumo Group aims to be a good corporate citizen, striving to reduce environmental impacts associated with business activities and to ensure the safety and health of employees based on its corporate mission, "Contributing to Society through Healthcare."

- We take action based on an environmental health and safety (EHS) management system, establish the following voluntary goals, and strive for continuous improvement:
  - Reduce the environmental impact and EHS risk of our business activities;
  - Develop environmentally friendly and safe products; and
  - Effectively use and appropriately manage energy and resources.
- We comply with the laws, ordinances, agreements, and other rules relating to EHS in each country.
- We carry out environmental conservation activities and strive to conserve biodiversity as a member of society and the community.
- We work to ensure the safety and health of employees in all business activities and strive to create safe and comfortable work environments.
- We strive to prevent EHS accidents such as environmental pollution and occupational injuries, and, in emergencies, strive to prevent damage from spreading by responding swiftly and appropriately.
- We systematically and continuously provide education and training and strive to increase EHS awareness.
- We actively disclose information pertaining to EHS activities, and strive to communicate with society and the community

Established October 2012

## EHS Management System Established

In line with the Terumo Global EHS (Environment, Health, and Safety) Policy (“EHS Policy”), we are developing the Terumo Group EHS Management System to integrate our approach to these issues. The EHS Policy and related targets and plans will be deliberated and decided by the EHS Committee as a key part of Terumo’s focus on sustainability in business, before being reflected in EHS activities at Terumo Group sites worldwide. EHS Expert Subcommittees are formed to provide advice to the EHS Committee on key areas. In addition, the EHS

Audit Committee oversees the conduct of EHS-related internal audits at all sites, to confirm the effectiveness and operational status of systems, and compliance with relevant laws and regulations.

Terumo views actions that lower environmental impact and promote the safety and health of its associates as corporate social responsibilities and critical factors for sustaining growth.

Going forward, we will continue working to improve the Terumo Group EHS Management System.

### Company-wide Organization for Promoting the EHS Management System



## TOPICS

### ISO14001/OHSAS18001 Certifications Obtained for the Kofu Factory

In fiscal 2014, we obtained the ISO14001 environmental management system and OHSAS18001 occupational health and safety management systems certifications for the Kofu Factory (Showa-cho, Yamanashi Prefecture), as we had earlier for the Fujinomiya Factory (Fujinomiya City, Shizuoka Prefecture). The Terumo Group has also obtained certifications for the integrated safety and health management systems in place at the Haasrode Factory of Terumo Europe N.V., in Belgium, and the blood bag factory of Terumo Penpol Ltd., in India.



Part of a certification examination

## EHS Internal Audits

To prevent legal violations, environmental problems, and industrial accidents, and reduce other present and future environmental, health, and safety risks, we conduct EHS internal audits based on Terumo EHS Committee Standards.



EHS Audits

- Audit Tasks

1. Check the operational status of EHS management systems
2. Check compliance with EHS-related laws and ordinances
3. Check EHS-related performance

- Group EHS Internal Audit Results

- Regarding compliance with EHS-related laws and ordinances, there were no serious nonconformities. Three minor nonconformities were identified, and corrective and preventive actions are being implemented.
- Regarding EHS risk items at individual business sites, it was determined that efficient management systems are in place and that serious efforts were being made to achieve voluntary goals.
- Regarding occupational safety and health, while there were some matters being addressed, it was determined that the actions being taken would result in improvements.

## Results of External Environmental Audits in Fiscal 2014

### Auditing Waste-treatment Contractors

To confirm that the sludge and waste plastics generated by Terumo are appropriately processed throughout all stages of treatment, we have prepared a checklist for our regular audits of waste collection and disposal contractors. In fiscal 2014, we conducted audits at 30 contractors and identified no problems.



Audit of a waste-treatment contractor

### Results of External On-Site Inspection

In fiscal 2014, prefectural and municipal authorities conducted environmental on-site inspections and tested water samples at factories and the R&D Center based on the Water Pollution Control Act, the Air Pollution Control Act, the Waste Disposal and Public Cleansing Law, and the Act on the Rational Use of Energy. No inspections or tests resulted in the issuance of remedial instructions by inspection authorities.



Inspection by government authorities

### Handling Potential EHS Accidents or Emergencies

Individual business sites have established procedures to prevent EHS accidents and lessen the severity of any that should occur. Education and training are conducted, and procedure effectiveness is confirmed, on a regular basis to mitigate risk.



Emergency response training

## EHS Education and Award System

### Environmental Safety Training for Associates

To ensure solid understanding of the Terumo Global EHS Policy and the EHS activities expected of everyone at Terumo, we have developed and administer education programs tailored to sales, production, and other types of business sites. All associates, including new hires, are required to participate. We also strive to increase EHS awareness by distributing environmental, health, and safety information and holding internal events that associates' families may also participate in.



Associates in EHS training

## EHS Award System—Terumo Human×EcoAward

We created the Terumo Human×Eco Award in fiscal 2012 to recognize the environmental, health, and safety activities in the Terumo Group worldwide, and we encourage participation in and further development of EHS activities. Three initiatives were selected for recognition in fiscal 2014. Details of all three were shared throughout the Terumo Group as examples of good practices.



Terumo Human×Eco Award ceremony

### Award Project & Recipient in fiscal 2014

Project	Award Recipient
<b>EHS-MS Construction and Steam Supply System Renovations for Greater Energy Supply Efficiency</b> - ISO14001 and OHSAS18001 certifications - CO <sub>2</sub> emissions and energy cost reductions	Fujinomiya Factory - EHS Team - Administration Dept, Maintenance Section
<b>Environmental Impact Reduction for Semi-Solid EJ Shipping Boxes</b> - Cardboard usage and cost reductions - Greater product shipping efficiency and lower waste generation	Kofu Factory - Project for the Use of Otor Boxes for Shipping Semi-Solid EJ
<b>Excellence in EHS Performance</b> - Reduction of the occupational accident - Energy and resource-saving activity - Certification for ISO14001 and OHSAS18001	Terumo Penpol Ltd. Blood Bag Factory

### Award Project & Recipient in fiscal 2015

Project	Award Recipient
<b>Health Enhancement of Employees by Health Management Promotion</b> - Promotion of anti-smoking/anti-lifestyle disease measures - Promotion of health checkups and increase of the secondary examinations	- Human Resources Dept, Health Management Execution Project - Ashitaka Factory, Health Promotion Subcommittee - Terumo Health Insurance Society
<b>Effective Utilization of Resources Promoted by Waste Material Separation</b> - Increased sales rate of valuables - Disposal-cost reduction of waste materials	Kofu Factory, Valuables Promotion Team
<b>Excellence in EHS Performance</b> - HCFC-225 Change-Out - Reduction in Methanol emissions - Machine safety activity	Terumo Elkton, Maryland Campus, EHS Team



## Occupational Health and Safety Management Structure

To protect the safety of our associates in Japan, our Occupational Health and Safety Management Committee holds regular meetings at our factories, R&D headquarters, sales offices, and head office. To prevent industrial accidents and minimize the impact of those that occur, we continually undertake initiatives aimed at ensuring health and safety in the workplace. With a goal of zero industrial accidents, initiatives include a 5S program, review of

danger zones, and risk mitigation measures. Information is shared through reports to the committee and to others.

In fiscal 2014, we experienced four industrial accidents that required associates to take three or more days off from work (There were no such accidents in fiscal 2013). We will continue our efforts to avoid industrial accidents, with a goal of zero serious accidents or deaths.

### Industrial Accidents Resulting in Lost Working Days / Frequency\*1 / Seriousness\*2

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Accidents Resulting in Lost Working Days	2	2	3	0	4
Frequency (%)	0.66	0.97	1.68	0.00	0.45
Seriousness (%)	0	0	0.01	0	0.02

\*1 Rate of Occurrence: Number of accidents resulting in injury or death per million working hours.

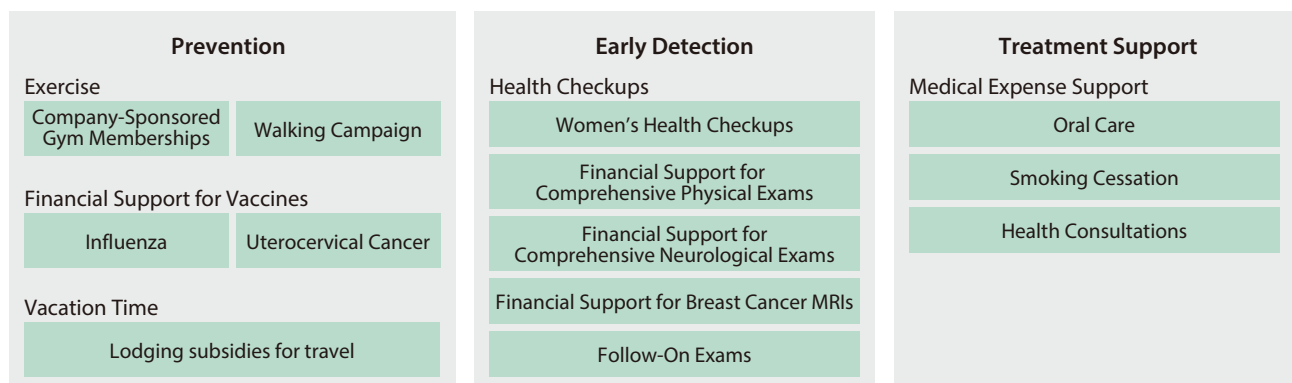
\*2 Seriousness: Lost working days per 1,000 working hours.

## Employee Health Management

Terumo’s mission is “Contributing to Society through Healthcare.” In Japan, we therefore active strive to protect the health of our associates and encourage them to be aware of their own health and physical condition. We pursue a range of initiatives aimed at promoting the health of our associates.

For example, the Company, its health insurance

union, and industrial health staff collaborate to provide associates with health checkup opportunities, hold seminars and health-oriented events, and offer financial assistance to promote prevention, early detection, and early treatment. In addition, health guidance is provided to individual associates and their families.



## Health Promoting Programs (in Japan)

<b>Walking</b>	In a campaign aimed at promoting walking, associates enter step counts into a web-based application and receive prizes for achieving goals.
<b>Breast-Cancer Screening Support</b>	Though we had already been offering ultrasound and mammography examinations, we began in fiscal 2015 to also provide financial support for MRI examinations, which are still not commonly used to diagnose breast cancer in Japan. We also distribute breast-cancer information pamphlets to associates and their spouses, holding in-house seminars, and take other steps to promote understanding of this disease.
<b>Oral Care Support</b>	To help raise awareness of dental diseases, which can contribute to lifestyle diseases, we now offer oral care subsidies in addition to the dental exams we have traditionally provided.
<b>Stop Smoking Support</b>	Associates who would like to stop smoking but have not yet succeeded can receive subsidies for outpatient smoking cessation assistance. Those who do not succeed in quitting after one round of assistance are encouraged to try again, and they can receive financial assistance again in the year following their first attempt. In addition, corporate physicians conduct in-house smoking cessation programs and lead seminars and discussions to encourage smokers to stop smoking.
<b>Mental Health Support</b>	By implementing personal consultations with corporate health staff and establishing an external consultation system, we have made it easy for associates to get assistance for mental health concerns. Furthermore, we address mental health care from various perspectives; for example, by conducting stress-care training for all associates, and trainings to help managers understand and address mental health issues among those they oversee.
<b>Healthcare Information Website</b>	To promote Healthy Company management, we have established a dedicated intranet website. With the aim of increasing health awareness, the site contains information on our Healthy Company management approach, top management's position on associate health, and the health-improvement assistance available to associates.

In recognition of its achievements in employee health, Terumo was selected by Japan's Ministry of Economy, Trade and Industry in its Health & Productivity Stock Selection\*<sup>1</sup> for fiscal 2014. In addition, Terumo's Ashitaka Factory was awarded a prize by the Governor of Shizuoka for companies that work to promote employee health\*<sup>2</sup>.

\*<sup>1</sup> This stock selection, determined jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, is intended to spotlight companies where management addresses employee health as a matter of strategic importance. Updated just once a year, the Health & Productivity Stock Selection is chosen from among companies listed on the Tokyo Stock Exchange, with only one company selected from each industry segment.

\*<sup>2</sup> This award, unique to Shizuoka Prefecture, is intended to promote health improvement in workplaces. Winners are selected based on assessment of their efforts to actively promote employee health, and on the expectation that they will continue those efforts.



With a goal of healthcare that is friendly to both people and the environment, Terumo develops products that are friendly to healthcare professionals, patients, and the global environment.

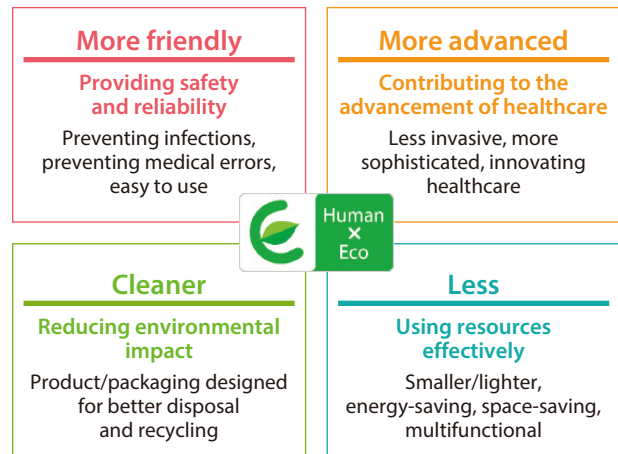
## “Human×Eco” Development Guidelines

Terumo aims to make medical treatment kinder and gentler. That means making medical procedures safer and more efficient by creating technologies that place less physical stress on patients, prevent infection, and facilitate the work of medical professionals.

Doing this leads to medicine that is friendly to the environment. When an infection or medical accident occurs, it becomes necessary to use medical resources that would not have been needed otherwise. We believe, therefore, that developing products that emphasize safety and efficiency in usage, as well as effectiveness, is good for the environment.

Terumo has established its own “Human×Eco” guidelines, a set of four principles and 24 directives, for developing products that are friendly to both people and the environment. To promote these efforts, we display the “Human×Eco” logo on the best examples of our design philosophy.

### “Human×Eco” Development Guidelines



## Easier to Use and Safer

### Closed Infusion System for Chemotherapy Drugs Reduces Exposure Risk

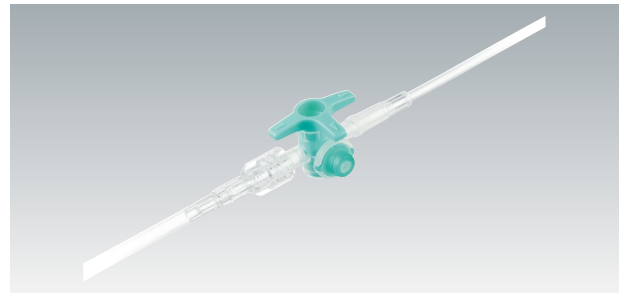
While chemotherapy drugs help to control cancer, many have been reported to pose a potential risk to the health of those handling them due to carcinogenicity. Terumo Chemoshield system for infusion of chemotherapy drugs eliminates these risks through a closed system to prevent exposure to drugs during the process of administration and disposal. Since there is no need to use needles to prepare the infusion, the system contribute to safety for medical personnel by preventing the risk of needle accidents.



Closed Infusion System for chemotherapy drugs

## Closed Infusion Systems—Contributing to Safer, More Efficient Infusion Line Management

Keeping infusion line connectors closed helps to prevent contamination by external airborne microbes. In addition, our infusion line connectors are designed to retain no liquid, to deliver even very small amounts of drug solutions. With no need for special adapters, injecting drug solutions via syringes or infusion devices is simple and fast. Furthermore, easy physical management means reduced risk of improper use, as well as other safety and efficiency improvements in infusion line management.



Infusion line connector

## For Safer, More Convenient Intravenous Injections—IV Catheters Engineered to Prevent Leaks and Accidental Needle Sticks

Intravenous needles are used for a variety of purposes including the administration of infusions over long periods of time, and certain hazards accompany their use. Examples include accidental needle sticks, and the spattering or leaking of blood. Incorporating a design feature that automatically covers a needle simply by withdrawing it, and a structure that prevents the spattering and leaking of blood, our intravenous needles contribute to the lowering of infection risk, while enhancing ease of use.



IV catheter

## Improving Usability for Patients—Blood Glucose Monitor with Voice Guidance

This device has a large and easily readable LCD screen and a voice guidance feature to enable users to hear the readings or error messages. The raised buttons are separated and easy to distinguish by touch to ensure that any diabetic patients with an impaired sense of vision or touch can use the device easily.



Blood Glucose Monitor

## Saving Resources and Costs

### Cardiac Catheter Introducer Kit — Contributing to Economic and Minimally Invasive

Cardiac catheterization can be performed by inserting a catheter at either the wrist or the groin. Inserting at the wrist entails fewer complications, such as post-procedure bleeding, and is less invasive. Terumo has developed an innovative introducer kit that features a sheath with a thinner, more finely formed wall for a smaller outside diameter. A narrower sheath makes more treatment options available for patients with small arteries while also reducing costs and resource usage associated with post-procedure complications.



Cardiac Catheter Introducer Kit

### PTCA Balloon Catheter\* for Various Types of Therapies

We developed a PTCA balloon catheter that can be used with various types of therapies by using more advanced materials and improving the way the balloon is folded. This product has made it possible to reduce the number of catheters used to provide treatment to a patient. That means it is more comfortable for patients, helps to save resources and reduces treatment expenses.

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



PTCA balloon catheter

### Integration—Thick Liquid Meal that Needs No Water Adjustment

Unlike conventional products in which fluidity and thickness must be adjusted, creating the need for a bottle, this ready-to-use product produces less waste and eliminates the labor associated with the washing of bottles. Moreover, this mixture of water and thick liquid nutrition reduces the burden on healthcare professionals and caregivers.



"HumanxEco" certified thick liquid meal

## Integration—Combining Several Drugs in One Bag

This product puts all of the infusion liquids required into a single bag. This simplifies the mixing process and helps to prevent any microbial or other external contamination from coinjection, while also eliminating the risk for accidents involving needles. The product also helps to save resources and reduce medical waste by eliminating the need for medical equipment used when preparing infusion bags. In fiscal 2012, we introduced a version of this product that has a mechanism to prevent administration if the liquids in separate compartments of the bag have not been mixed safely for infusion.

\* Fulcaliq is a registered trademark of Mitsubishi Tanabe Pharma Corporation



Infusion solution

## Integration—Prefilled Syringes

Prefilled syringes not only eliminate the need for suction and dissolution, but also replace ampoules and vials. Besides boosting productivity, this can also reduce the risk of microbial contamination, problems due to syringe misidentification, and accidents involving needles. Made of plastic, prefilled syringes are less fragile and easier to dispose of in terms of waste separation and weight compared with glass syringes.



Injection solution prefilled syringes

## Integration—Oxygenator with Integrated Arterial Filter

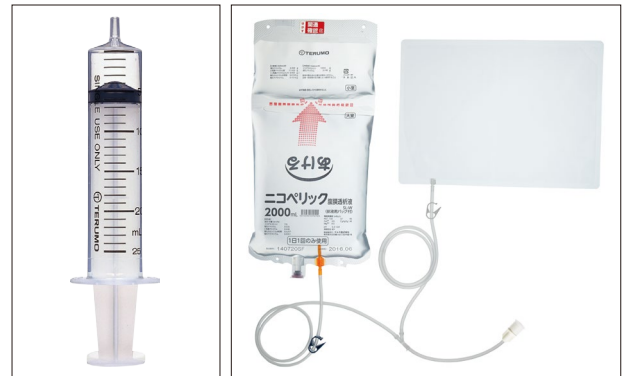
By integrating an oxygenator and an arterial filter into one device, we reduced the number of parts used in the blood circuit as well as the materials used.



Oxygenator with integrated arterial filter

## Lighter, Smaller Products

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



Syringe

CAPD bag

## Flexible and Portable Blood Bag Now Used in Over 100 Countries

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



Blood bag

## Packaging and Waste Volume/Weight Reduction

Having developed a certified angiographic kit that eliminated excess packaging and procedures by providing the products needed during surgery together in a single set, we further reduced weight and waste by developing a better method and form of product packaging and redesigning the shape of the tray.

This allowed a 53% reduction in materials, compared with Terumo's conventional solution pack.



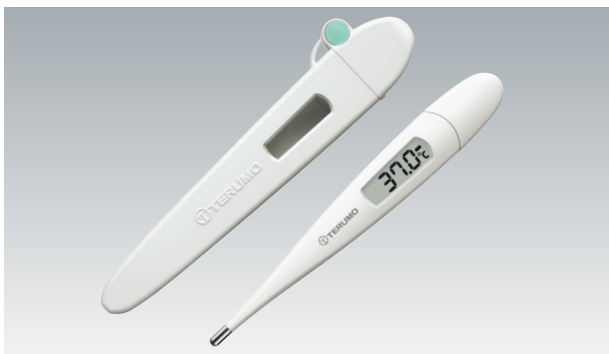
"HumanxEco" certified angiographic kit

## Measures Against Hazardous Substances

### A Pioneer in the Removal of Mercury from Healthcare Practice

The Conference of Plenipotentiaries on the Minamata Convention on Mercury was held in October 2012 and the convention was adopted and signed. Once the convention takes effect, it will essentially prohibit the manufacture, import and export of products containing

mercury after 2020. Terumo ceased production of mercury thermometers in 1984. In the 30 years since then, we have developed digital thermometers, digital blood pressure monitors and other devices that are mercury-free, safer for people and friendlier to the environment.



Digital thermometer

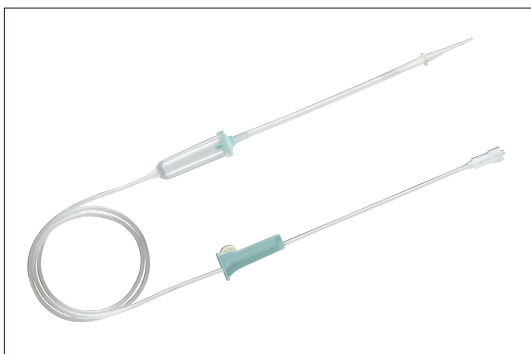


Digital blood pressure monitor

### Promoting PVC-free, DEHP-free Products

Terumo helps reduce the release of toxic gas from incineration of polyvinyl chloride (PVC) by promoting use of PVC-free packaging. We also use alternatives to

di-2 ethylhexyl phthalate (DEHP) whenever possible since there are concerns that it may be biologically harmful.



IV solution set



IV solution bag



Cardiovascular circuit



## Initiatives to Deal with Climate Change

Climate change due to global warming is among the most critical environmental problems threatening humanity. Unusual weather events are expected to cause an increase in natural disasters and affect ecosystems in ways that will have serious health and other impacts. Terumo's business activities will also be subject to greater risk. We are working to fight climate change by reducing CO<sub>2</sub> emissions associated with our business activities.

### Target for Reduction of CO<sub>2</sub> Emissions (Scope 1, 2 <sup>\*1</sup>)

The entire Terumo Group is working to reduce CO<sub>2</sub> emissions. Armed with the knowledge that nearly all (99%) of our CO<sub>2</sub> emissions are accounted for by our manufacturing sites and R&D center, our EHS Expert Subcommittee on Energy takes the lead in planning and advancing energy efficiency, global warming, and other measures, which are then implemented by individual business facilities. In fiscal 2014, we invested mainly in highly efficient turbo-coolers and once-through boilers, LED lighting and other efficiency-boosting devices. We also repaired air and steam leaks and took other energy-saving measures based on a regimen of regular inspections. We implemented other simple yet effective measures in our offices, including setting thermostats appropriately, turning off unneeded lighting, and instituting eco-campaigns to involve the entire Terumo Group in energy-saving activities. As a result, our global<sup>\*2</sup> CO<sub>2</sub> emissions per consolidated net sales unit in fiscal 2014 fell to 68% of the figure for fiscal 2005, an improvement of 2% points.

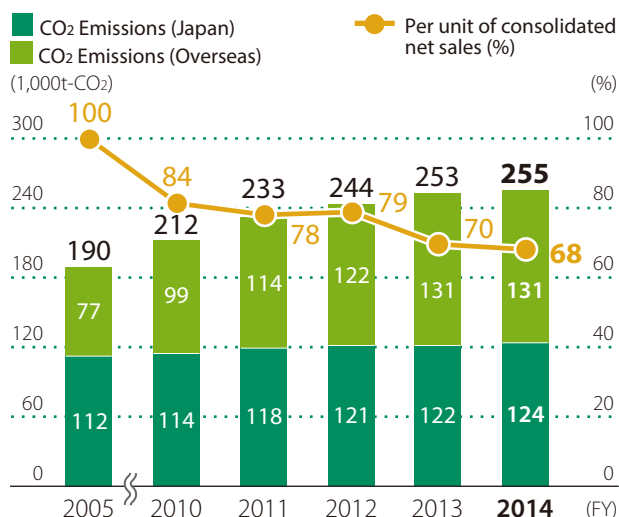
<sup>\*1</sup> **Scope:** Terumo uses the GHG Protocol's Scope 1 and 2 standards to calculate greenhouse gas emissions. The Scope 1 standard is for all direct emissions of greenhouse gases from corporate facilities and plants. The Scope 2 standard is for indirect greenhouse gas emissions associated with the consumption of purchased electricity. The Scope 3 standard (which Terumo does not employ) is for all other greenhouse gas emissions from business activities.

<sup>\*2</sup> **Global:** Terumo Group Business sites in Japan and overseas manufacturing sites

#### Mid- and Long-term Goal (Global)

Reduce CO<sub>2</sub> emissions per consolidated net sales unit to 50% of their the fiscal 2005 level, by fiscal 2025

#### CO<sub>2</sub> Emissions\* FY 2014



\* The electricity-related CO<sub>2</sub> conversion coefficients for Japan were set based on the actual results obtained for individual customers in FY 2005. Overseas electricity-related CO<sub>2</sub> conversion coefficients are defined as the regional coefficients for 2005 published in IEA CO<sub>2</sub> Emissions from Fuel Combustion 2012.

#### CO<sub>2</sub> Emissions (Breakdown of Scope 1 and Scope 2 emissions) FY 2014

(t-CO<sub>2</sub>)

	Scope 1	Scope 2	Total
Japan	38,978	85,312	124,291
Overseas	38,133	93,044	131,177
Global	77,111	178,356	255,468

#### Renewable Energy Usage

Photovoltaic power (MWh)	259
Biomass gas (kg)	2,025

## TOPICS

### Energy Subcommittee Initiatives

Our EHS Expert Subcommittee on Energy is composed mainly of energy management experts and takes the lead in planning and advancing Terumo's energy-saving and global warming measures. In fiscal 2014, it convened a meeting to consider technologies to prevent global warming, shared examples of best practices within the company, and discussed medium-to-long-term energy-saving measures. Focusing on the Terumo business locations with the highest CO<sub>2</sub> emissions, it also commissioned third-party energy-saving studies and shared the results with them. Going forward, the subcommittee will continue to consider and advance measures to achieve further CO<sub>2</sub> emissions reductions.



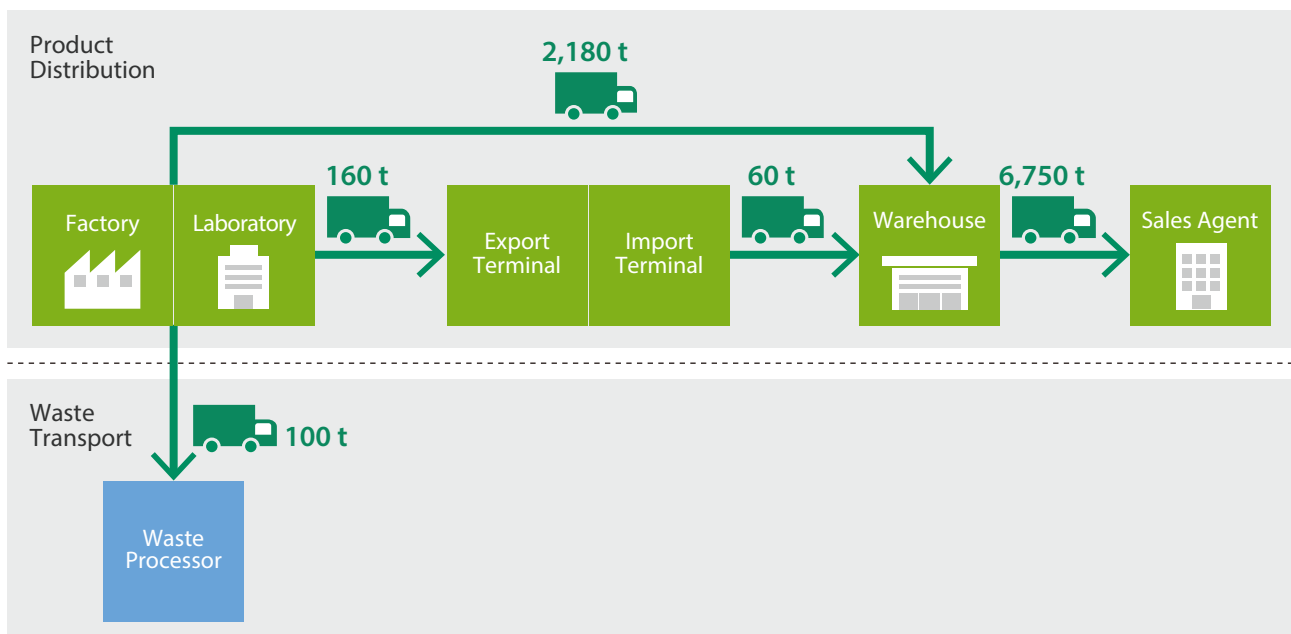
An energy-saving study by third-party experts

## Reducing CO<sub>2</sub> Emissions in Distribution (Scope 3)

Terumo is switching from truck-based to marine transportation, improving distribution vehicles' carry efficiency, and undertaking other measures to lighten the environmental impact of distribution.

In fiscal 2014, we cut CO<sub>2</sub> emissions by increasing the number of warehouses that receive imported goods to reduce the distance traveled between ports and warehouses.

### CO<sub>2</sub> Emissions (Scope 3\*)



\* Scope 3 data is being disclosed to the extent it has been gathered

The Earth's limited resources are what make Terumo's business activities possible. We therefore strive to utilize needed resources effectively and efficiently through activities that all associates can do, including waste-reduction, effective resource utilization, and improved recycling.

## Reducing the Amount of Landfill Waste

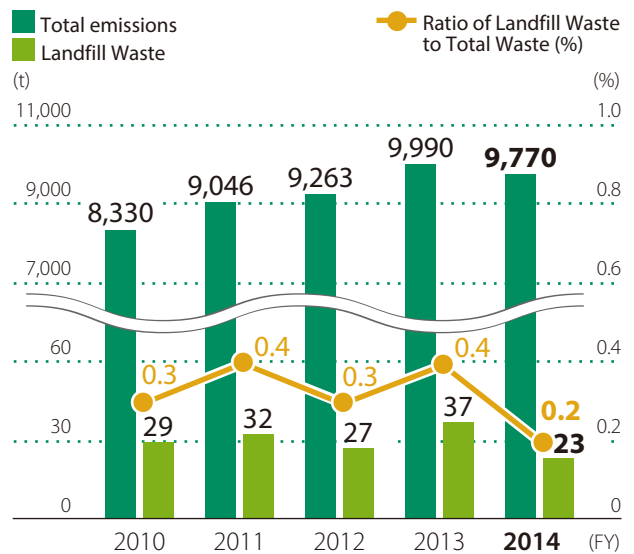
Terumo is advancing efforts to generate less waste and recycle resources to reduce the volume of waste that goes to final disposal (landfills).

In fiscal 2014, only 0.24% of our total waste by volume was disposed of in landfills, meaning that we achieved our target.

**Target**  
Reduce landfill waste to less than 0.5% of the total amount of waste generated at our sites in Japan.

\* Terumo Group in Japan

Landfill Waste Generated in Japan

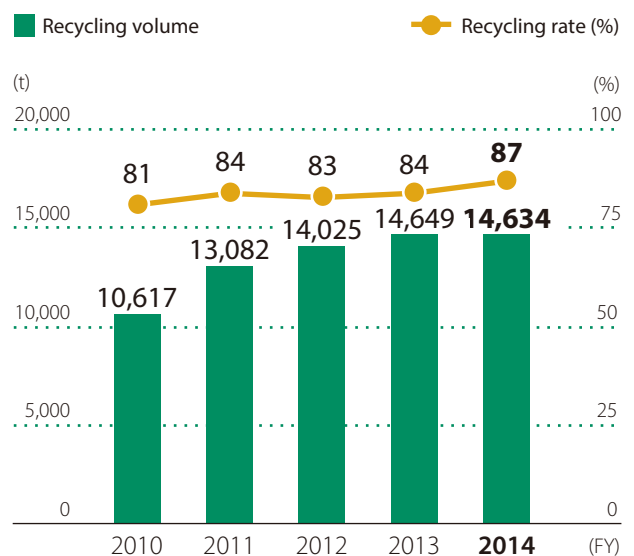


## Promoting Recycling

While our Industrial Waste SC (one of our EHS Expert Subcommittees) plays a major role in the sharing of important information between sites, all our associates make efforts to recycle. Due to their unique properties and product safety concerns, it is not usually possible to recycle our products for use in other medical products. We do, however, recycle various types of waste generated in our production processes and office-based business activities for use in other plastic products, including floor tiles, recycled plastic fuel (RPF), and organic fertilizer. In fiscal 2014, our recycling rate reached 95% in Japan and 87% globally.

\* **Japan:** Terumo Group Business sites in Japan  
\* **Global:** Terumo Group Business sites in Japan and overseas manufacturing sites

Recycling Amounts and Rates (Global\*)



## Reducing Packaging

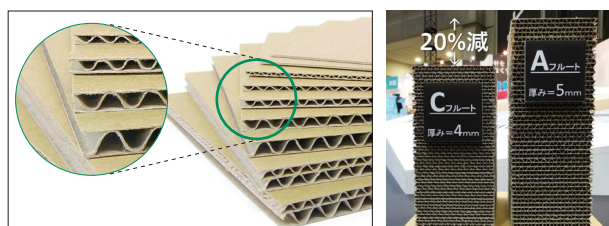
To effectively use resources and improve customer usability, Terumo is working to reduce packaging materials without impairing functionality. These efforts include the

development of smaller, lighter and slimmer packages and reviewing package design.

### Reducing the Amount of Paper Used for Shipping Boxes

By reducing the thickness of the cardboard used in the shipping boxes for infusion solution (500ml products), we have succeeded in cutting our cardboard usage by approximately 7%, and reducing our paper usage by about 42t per year. Using boxes with thinner cardboard has also resulted in space savings for customers, lessening the vertical space needed to stack boxes by around 20%.

Reducing the amount of paper used in cardboard boxes



## Initiatives to Recycle Small Rechargeable Batteries

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

Collection and Recycling Performance in FY 2013 (April 2013 to March 2014)

(Kg)

Nickel-cadmium	Nickel-hydride	Lithium-ion	Sealed lead-acid batteries
4,405	1,274	276	1,168

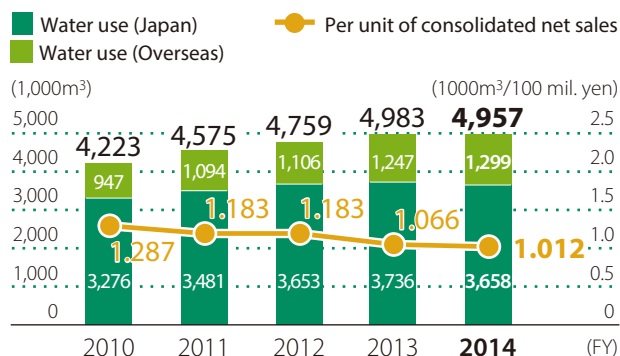
## Effective Utilization of Water Resources

At Terumo, we optimize our use of water resources through measures such as circulating and reusing our cooling water. Although we expect production levels to continue to rise, we will make every effort to utilize water resources more effectively.

\* **Japan:** Terumo Group Business sites in Japan

\* **Overseas:** Overseas manufacturing sites

Water Use



Guided by the Terumo Global EHS Policy, Terumo monitors and controls the use, emission, and disposal of Chemical Substances according to its own voluntary targets. Under the leadership of our Chemical Substances Subcommittee (one of our EHS Expert Subcommittees), we work to track and reduce our handling and emission of Chemical Substances.

## Target for Reduction of Chemical Emissions

### Initiatives Aimed at Reducing Dichloromethane Emissions

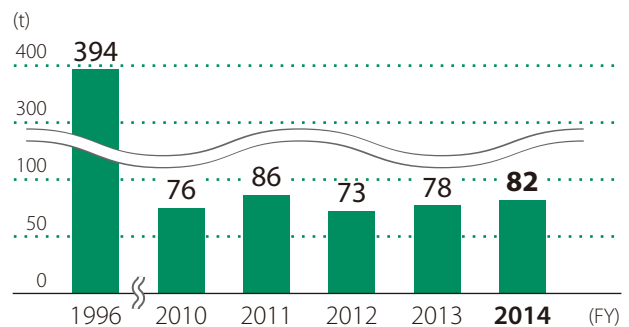
To reduce dichloromethane emissions, we installed recovery equipment at our Kofu Factory and we are working to bring emissions below our voluntary target of less than 100 tons per year.

**Target**

Keep dichloromethane emissions to less than 100 tons per year.

\* Terumo Corporation business sites in Japan

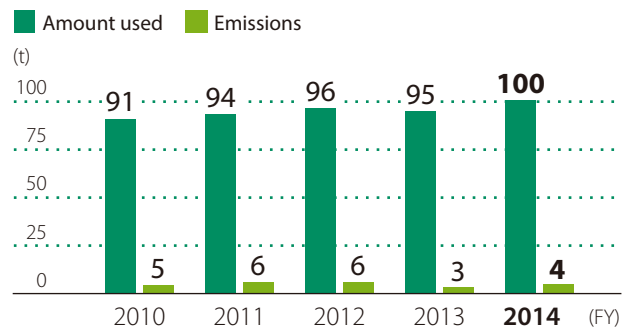
Dichloromethane Emissions



### Initiatives to Reduce Ethylene Oxide Emissions

Ethylene oxide is widely used to sterilize medical devices. At Terumo, we are working to reduce ethylene oxide emissions to the outside environment, and have installed catalytic oxidation emissions treatment systems at our Ashitaka and Fujinomiya factories and our R&D Center, along with combustion treatment equipment at the Kofu Factory. We are also working on alternatives to ethylene oxide sterilization.

Ethylene Oxide Emissions

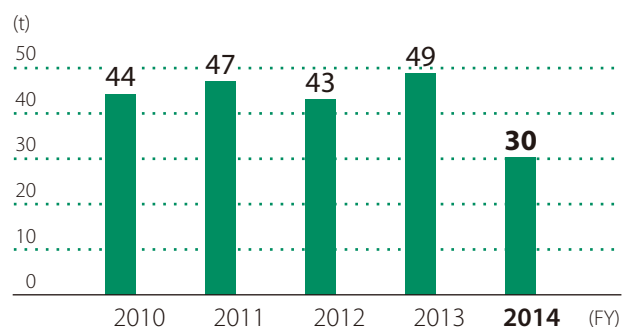


\* Terumo Corporation business sites in Japan

### Alternatives to HCFC-225

In light of the Montréal protocol, an international agreement for the phase-out of substances that deplete the ozone layer, it has been decided that the production of HCFC-225 will be prohibited in Japan beginning in 2020. Therefore, Terumo's Eco-Products and Safety Subcommittee is collecting details on the processes that use HCFC-225 at individual business sites, sharing information on products that may be used in place of HCFC-225 and promoting the exchange of feedback between our business sites on how to proceed.

HCFC-225 Emissions



\* Terumo Corporation business sites in Japan

## GHS Initiative

At Terumo, we provide GHS\*<sup>1</sup>-based information on hazardous Chemical Substances to all associates who handle Chemical Substances. Doing this promotes the proper handling of Chemical Substances and ultimately protects the environment and the health of associates. We also gather

data on PRTR\*<sup>2</sup> and other substances on a monthly basis and work to reduce source emissions as our number one priority.

\*<sup>1</sup> GHS: Globally Harmonized System of Classification and Labelling of Chemicals

\*<sup>2</sup> PRTR: Pollutant Release and Transfer Register

### Management of PRTR Substances

Substance	Volume	Fujinomiya Factory	Ashitaka Factory	Kofu Factory	R&D Center	Total
Ethylene oxide gas (EOG)	Amount used	11.6	65.3	22.7	0.1	99.7
	Emissions	0.4	2.0	1.2	0.0	3.6
	Amount transferred	0	0	0	0	0
1, 2-dichloroethane	Amount used	0	2.6	0.0	0.0	2.6
	Emissions	0	2.1	0	0	2.1
	Amount transferred	0	0.5	0.0	0.0	0.5
HCFC-141b	Amount used	1.8	0.0	0.0	0.0	1.8
	Emissions	1.2	0.0	0.0	0.0	1.2
	Amount transferred	0	0	0	0	0
HCFC-225	Amount used	7.5	29.4	6.8	0.0	43.7
	Emissions	3.8	22.7	3.2	0.0	29.7
	Amount transferred	0.9	1.2	0.0	0.0	2.1
Dichloromethane	Amount used	0.1	9.0	193.6	0.1	202.8
	Emissions	0.1	5.6	76.6	0.0	82.3
	Amount transferred	0.0	3.4	0.0	0.1	3.5
Toluene	Amount used	0.6	0.0	9.1	6.0	15.7
	Emissions	0.6	0.0	6.2	0.0	6.8
	Amount transferred	0.0	0.0	2.9	3.1	6.0
Di (2-ethylhexyl) phthalate (DEHP)	Amount used	564.2	3.6	121.7	0.0	689.5
	Emissions	0	0	0	0	0
	Amount transferred	0	0	2.0	0.0	2.0
Hydrogen fluoride	Amount used	0	20.0	0.2	0.0	20.2
	Emissions	0	0.8	0	0	0.8
	Amount transferred	0	0	0	0	0
1-bromopropane	Amount used	0	0	1.3	0.0	1.3
	Emissions	0	0	1	0	1
	Amount transferred	0	0	0.3	0.0	0.3
n-hexane	Amount used	0	7.2	0.0	0.0	7.2
	Emissions	0	3.6	0.0	0.0	3.6
	Amount transferred	0	3.6	0.0	0.0	3.6
N, N-dimethylformamide	Amount used	0	4.5	0.0	0.0	4.5
	Emissions	0	2.9	0.0	0.0	2.9
	Amount transferred	0	1.6	0.0	0.0	1.6

## Green Procurement

Terumo must respond to a wide variety of demands from customers and government authorities, not only regarding the substance control regulations of various countries, but because of the nature of medical devices, concerns about

allergies and endocrine disruptors. Through cooperation among the relevant departments, Terumo is working to respond to these requests by building a forward-looking system for monitoring and controlling hazardous substances.

## Compliance with Chemical Regulations Worldwide (REACH, etc.)

In response to increasingly strict chemical regulations worldwide, Terumo is developing a regulatory compliance system to cope with future changes through cooperation among relevant departments.

### Collection of Regulatory Information

Our Environmental Management Department aggregates information on environmental regulations obtained from government bulletins and through our activities in the industry. In Europe, which has the most advanced chemical regulations, and other countries, our local

subsidiaries also provide regular reports. By centralizing management of this information, Terumo works to ensure that we are aware of surveys of targeted substances and other regulatory responses.

### Checks in the Design Phase/Supplier Survey

At the product design stage, designers are informed of regulated substances so that they can refrain from using environmental pollutants wherever possible. We use our “Human x Eco Development Guidelines” as a tool to raise designer awareness. Meanwhile, the Procurement Department and sections in charge of material procurement cooperate to investigate the amount of regulated substances contained in materials procured.

This material investigation is conducted in the form of a comprehensive survey that serves a wide variety of purposes and covers items that are necessary in assuring product quality.

As survey results become available, the Procurement Department enters them into a database so that we can use the data immediately when needed.

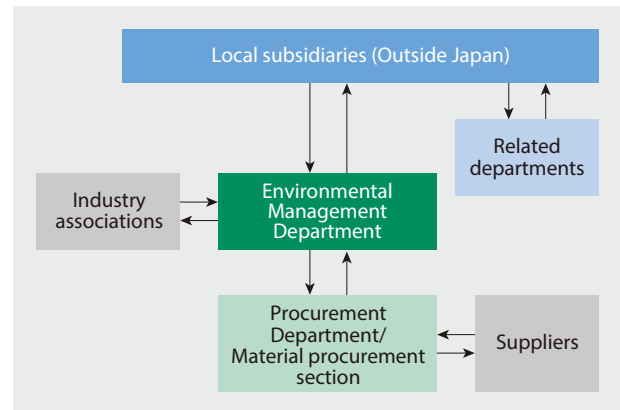
### Humanx Eco Development Guidelines

*A:excellent, B:satisfactory, C:inadequacy						
Principles	Guidelines	Application <sup>1)</sup> (Inputs)	Applicable: design objectives non-applicable; the reason	Verification (Results)	evaluation*	
Cleaner Reducing environmental impact	A1	Comply with environmental laws, rules, regulations and agreements.	Applicable	Human X Eco guide for regulations	ref. Report No.*****	A
	A2	Avoid toxic materials which cause environmental pollution.	Applicable	Human X Eco guide for toxic substances	Exclude terumo Human x Eco designated chemicals including RoHS, REACH.	A
	A3	Use the materials that have a lower impact on the environment.	NA	Low LCA plant-based materials are inadequate in gas and water vapor barrier. B1 has priority and lower the environmental impact.		(B)
	A4	Product / packaging designed for better disposal and recycling.	Applicable	25% reduction of the volume of packaging materials at the time of disposal	35% reduction of the volume of packaging materials at the time of disposal due to easy compaction.	A
	A5	Reduce the discharge of hazardous materials in the production process.	NA	No change (Minor change of packaging and labeling)		(B)
	A6	Extend the expiration dates or the product life (durable product).	NA	No change (Minor change of packaging and labeling)		(B)
Less Using resources effectively	B1	Reduce the amount of resources used in product & packaging materials by size/weight reduction, etc.	Applicable	25% weight reduction of packaging materials.	25% weight reduction of packaging materials.	A
	B2	Reduce the number of parts/products by standardization, simplification or multi-function, etc.	Applicable	Use the XX for packaging material ***	The same packaging material as ***. The material - sharing leads \3 cost reduction.	B
	B3	Reduce the energy and raw materials in production process.	Applicable	Decrease the temp. of heat sealing by using XX	20°C decrease of heat sealing temperature of package	A
	B4		Applicable	Increase membrane yield from 45% to 60%	30% increase in membrane yield by changing the filter change. dg	A

## Feedback to Local Sites

To ensure that our local sites comply with regulations, the Environmental Management Department provides information to local subsidiaries and related departments.

### Feedback to Local Sites



## Proper Disposal of Polychlorinated Biphenyls (PCBs)

Terumo has removed all equipment containing high concentrations of PCBs from its operations and stores these items under strict controls. To ensure that they can be expeditiously and properly disposed of, we have already registered them for detoxification by the Japan

Environmental Storage & Safety Corporation. We are also continuing efforts to identify equipment that may contain trace amounts of PCBs and will systematically dispose of these as well.



## Initiatives for Biodiversity Conservation

In line with its commitment to biodiversity conservation, Terumo promotes activities that support the development of a low-carbon, recycling-oriented society in which humans coexist with nature.

### Mt. Fuji Reforestation Project — Terumo Megumi-no-Mori

Terumo has two factories in Fujinomiya City in Shizuoka, Japan. Both take water from springs at the foot of Mt. Fuji for use in the production of medical devices, pharmaceuticals, and other products. Recognizing that our business depends on the use of natural resources, we have undertaken the Terumo Mt. Fuji Reforestation Project to protect this area. This project involves the reforestation of parts of Mt. Fuji's forests that have lost many trees to typhoons, helping it to become more resistant to future natural disasters and ensuring that it can continue to serve as a source of groundwater.

In fiscal 2011, Terumo entered into an agreement with Shizuoka Prefecture and local forest owners called the "Shizuoka Mirai-no-Mori (Future Forest) Supporter Pact." Under this agreement, we plant trees and maintain forested areas to create the "Terumo Megumi-no-Mori" reserve within the Fumoto district of Fujinomiya.

In fiscal 2014, activities were initiated in new areas, following expansion of the territory covered by the pact to 6.30ha from 1.65ha.



### Initiatives in Fiscal 2014

In fiscal 2014, Terumo associates, their family members, and local junior high school students, numbering around 200 in all, came together to plant trees. The group planted 350 maple, beech, and dogwood trees, all of which are indigenous to the area, and installed shelters around

the saplings to prevent grazing by deer. As the year progressed, the group also took action such as trimming grass to help the planted trees thrive. Work with local communities on reforestation projects is an activity we will continue into the future.



The Volunteers




Tree Planting

## Terumo's "ECO Challenge" Volunteer Campaign

Every summer since 2006, we have held the "ECO Challenge", in which volunteer Terumo associates in Japan, and their families, hold a variety of environmental conservation activities at home and work.

"Challenge Sheet" describing specific eco activities is distributed to participants, who then perform them. Points are calculated based on the activities of participating associates, and Terumo uses the resulting figures to determine the size of its donation to the Organization for Industrial, Spiritual, and Cultural Advancement—International (OISCA). In fiscal 2014, a total of 4,362 associates participated in the ECO Challenge.

事業所	所属部署	名前	7/19 ~ 7/21	7/28 ~ 8/3	8/4 ~ 8/10	8/11 ~ 8/17	8/18 ~ 8/24	8/25 ~ 8/31	9/1 ~ 9/7	9/8 ~ 9/14	9/15 ~ 9/21
オフィス編	人がいないエリアや会議室の照明は消灯する エレベーターの使用を控え階段を使う コピーやプリントアウトは必要最低限にとどめる										
		家庭編	冷房時の室温は28度を目安にする テレビを見ないときは電源を切る 冷蔵庫の余分な開閉や詰め込みすぎはしない 洗濯やシャワーの時等、節水を心がける エコバックを持参しレジ袋をもらわない								
				オリジナル項目 *上記以外にあれば記載ください!							
<b>合計</b>											

ポイント! ●の合計数をご記入ください! 

Challenge Sheet

## Programs Receiving Donations from Terumo

### Children's Forest Program

The Children's Forest Program encourages children to get involved in greening activities to cultivate a love of nature and learn the importance of forests by nurturing seedlings on their school grounds and in their communities. Funds donated by Terumo are used to provide environmental education to children in the Philippines, to expand woodlands by planting and nurturing seedlings, and in other activities.



Children's Forest Program

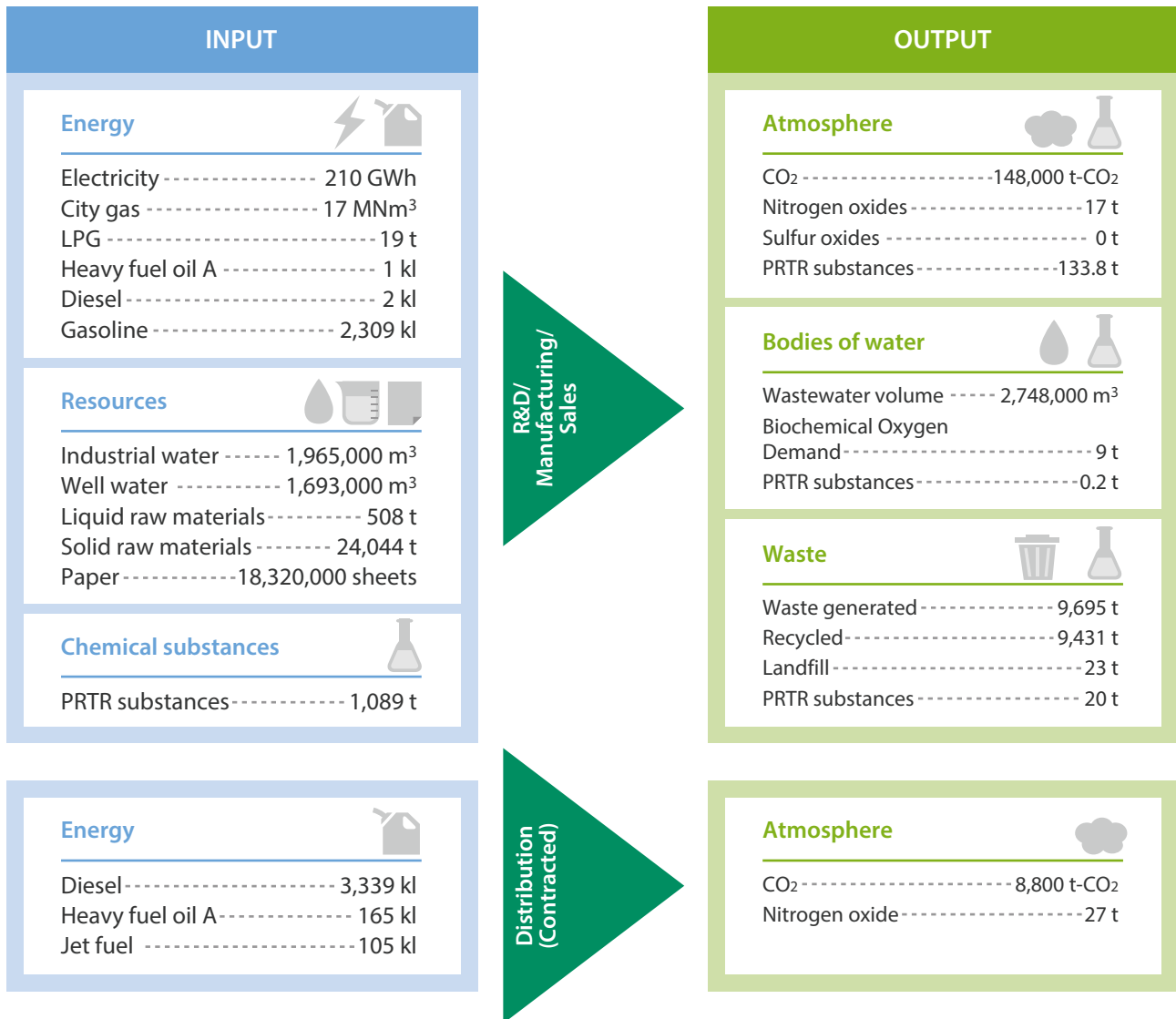
### Project to Restore Coastal Forests

Coastal forests play an important role in preserving local living conditions, acting as sand and wind barriers, and as dampers against tsunamis. With the loss of coastal forests due to the tsunami generated by the Great East Japan Earthquake, salt damage along the coast of the Tohoku region is growing worse. The Project to Restore Coastal Forests is intended to promote expanded production of seedlings and the planting and nurturing of forestland. The project also works for the recovery of disaster-affected regions through farmland restoration and job creation.



Project to Restore Coastal Forests

For the energy, raw materials and other inputs we use, we identify the environmental impact in terms of the CO<sub>2</sub>, wastewater, and waste generated by our business activities, and use this data as indicators for activities aimed at reducing environmental impacts going forward.



\* Material flow data is for Terumo Corporation's operations in Japan.

\* Coefficients used for calculating CO<sub>2</sub> emissions related to electricity use are as provided by the electricity providers for fiscal 2014.

## Green Purchasing Results

(Units and yen are stated in thousands)

		Overall Purchases	Green Purchases	
Head Office and Sales Operations	Units	33	18	56%
	Cost	49,099	33,643	69%
Factories	Units	29	25	84%
	Cost	72,906	60,304	83%

## Site Data (Manufacturing and R&D sites) Fiscal 2014

Site	Location	CO <sub>2</sub> Emissions (1,000 t)	Water Usage (1,000 m <sup>3</sup> )	Total Waste (t)	Hazardous Waste (t)	Recycled Amounts (t)
Fujinomiya Factory	Fujinomiya, Shizuoka, Japan	55	1,850	3,306	17	3,285
Ashitaka Factory	Fujinomiya, Shizuoka, Japan	26	560	1,728	317	1,670
Kofu Factory	Nakakoma, Yamanashi, Japan	57	1,183	4,360	31	4,234
R&D Center	Ashigarakami, Kanagawa, Japan	7.5	71	213	60	160
Terumo Clinical Supply Co., Ltd.	Kakamigahara, Gifu, Japan	0.8	8	38	1	29

## Site Data (Manufacturing and R&D sites) Fiscal 2014

Site	Location	CO <sub>2</sub> Emissions (1,000 t)	Water Usage (1,000 m <sup>3</sup> )	Total Waste (t)	Hazardous Waste (t)	Recycled Amounts (t)
Terumo Medical Corporation and TCVS	Maryland, USA	15* <sup>1</sup>	79	479	61	137
TCVS and Terumo Heart Inc.	Michigan, USA	4* <sup>1</sup>	16	363	1	47
TCVS	Massachusetts, USA	1* <sup>1</sup>	1	203	0	112
MicroVention, Inc.	California, USA	1	11	100	58	14
Terumo BCT, Inc.	Colorado, USA	18	62	1,840	9	1,597
MicroVention Costa Rica, S.R.L	San Jose, Costa Rica	0.2	11	23	12	11
Terumo Europe N.V.	Leuven, Belgium	11* <sup>1</sup>	52	849	160	377
Terumo Europe N.V. UK Plant	Liverpool, UK	0.2* <sup>1</sup>	0.5	207	0	173
Vascutek Ltd.	Glasgow, UK	2	13	141	4	41
Terumo BCT, Inc.	Larne, UK	4	47	235	0	195
Changchun Terumo Medical Products Co., Ltd.	Jilin, China	34	493	862	61	766
Terumo (Philippines) Corporation	Laguna, the Philippines	27	200	994	33	951
Terumo Penpol Ltd.	Kerala, India	8* <sup>1</sup>	37	682	0.3	673
Terumo Vietnam Co., Ltd.	Vinh Phuc, Vietnam	6* <sup>1</sup>	170	154	44	109

\* TCVS: Terumo Cardiovascular Systems Corporation

\* Waste densities used in the calculations are 0.2 t/m<sup>3</sup> for general waste and industrial waste, and 1.0 t/m<sup>3</sup> for hazardous waste.

\* Coefficients used for calculating CO<sub>2</sub> emissions related to electricity use are as provided by the electric power providers. However, coefficients for business sites marked \*<sup>1</sup> are the 2005 geographic emissions coefficients presented in IEA CO<sub>2</sub> Emissions from Fuel Combustion 2012.

## EHS Goals and Achievements

Initiative	Fiscal 2016 Voluntary Targets (Medium-term)	Fiscal 2014 Targets	Fiscal 2014 Assessment	Fiscal 2015 Targets
Establishment and Operation of the Group EHS Management System	<ul style="list-style-type: none"> <li>Introduce the Group EHS Management System at all manufacturing sites in Japan, and obtain third-party certifications at major manufacturing sites</li> </ul>	Expand the Group EHSMS to include the Kofu factory	✓	<ul style="list-style-type: none"> <li>Expand application of the Group EHSMS to Ashitaka factory</li> </ul>
	<ul style="list-style-type: none"> <li>Expand application of the Group EHS Management System to principal manufacturing sites globally</li> </ul>	Move forward with the creation of a global EHSMS manual		<ul style="list-style-type: none"> <li>Move forward with the preparation of a global EHSMS manual and documents</li> </ul>
Reduction of Accident Risk, Health Enhancement	<ul style="list-style-type: none"> <li>No work-related deaths or serious accidents</li> <li>Cut work-related accidents by half or more compared to FY 2013 [Business sites in Japan, Terumo Corporation]</li> </ul>	<ul style="list-style-type: none"> <li>No work-related deaths or serious accidents</li> <li>Cut work-related accidents compared to the previous fiscal year</li> </ul>	In Progress	<ul style="list-style-type: none"> <li>No work-related deaths or serious accidents</li> <li>Reduce work-related accidents to less than 10 accidents per year [Business sites in Japan, Terumo Corporation]</li> <li>100% of consultation rate for regular health checkups, more than 80% of consultation rate for follow-up health checkups [Business sites in Japan, Terumo Corporation]</li> </ul>
	<ul style="list-style-type: none"> <li>Continue operating with no serious environmental accidents</li> </ul>	Develop procedures for responding to environmental accidents and emergencies		<ul style="list-style-type: none"> <li>Develop procedures for responding to environmental accidents and emergencies, and conduct these trainings</li> <li>Enhance the corresponding equipment and facilities to improve response capability to accidents which cause serious environmental impacts</li> </ul>
Develop of Environmentally Friendly and Safe Products and Production Processes	<ul style="list-style-type: none"> <li>Bring three or more Human×Eco products to market</li> </ul>	Achieve concrete results in the development and planning of at least one Human×Eco product/production process (at development sites in Japan)	✓	<ul style="list-style-type: none"> <li>Achieve concrete results in the development and planning of at least one Human×Eco product/production process [Development sites in Japan, Terumo Corporation]</li> </ul>
	<ul style="list-style-type: none"> <li>Develop production technologies that do not use CFCs</li> </ul>	Promote cooperation between business sites on production technologies that do not use CFCs (HCFC-225)		<ul style="list-style-type: none"> <li>Select the alternative solvents to CFCs(HCFC-225) , and share the information among business sites [Business sites in Japan]</li> </ul>
Effective Use of Energy and Resources (Reduction of CO <sub>2</sub> Emissions)	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions per unit of consolidated net sales by 30% relative to FY 2005 [Business sites in Japan, overseas manufacturing sites]</li> <li><b>*Long-term target:</b> Reduce by 50%, by FY 2025</li> </ul>	<ul style="list-style-type: none"> <li>Improve CO<sub>2</sub> emissions per net product sales unit by 4% compared to the previous fiscal year</li> <li>Reduce energy costs by 1% compared to BAU* (Terumo non-consolidated manufacturing and R&amp;D sites in Japan)</li> <li><b>*BAU:</b> Business As Usual = No action taken regarding the situation</li> </ul>	✓	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions per unit of consolidated net sales by more than 1% compared to the previous fiscal year [Business sites in Japan, overseas manufacturing sites]</li> <li>Reduce CO<sub>2</sub> emissions per unit of Terumo Corporation net sales by more than 1% compared to the previous fiscal year [Business sites in Japan, Terumo Corporation]</li> </ul>
	<ul style="list-style-type: none"> <li>Increase the waste recycling to over 85% [Business sites in Japan, overseas manufacturing sites]</li> </ul>	Reduce final disposal waste to less than 0.5% of total waste (Terumo Corporation's business locations in Japan)		<ul style="list-style-type: none"> <li>Increase the waste recycling to over 84% [Business sites in Japan, overseas manufacturing sites]</li> <li>Reduce final disposal waste to less than 0.5% of total waste [Business sites in Japan]</li> </ul>
Proper Control of Chemical Substances and Reduction of Emissions	<ul style="list-style-type: none"> <li>Establishment of a chemical substance management system and compliance with guidelines</li> </ul>	Confirmation of the state of chemical substance management and guideline preparation (business locations in Japan)	✓	Establish and implement chemical substance management guideline [Business sites in Japan]
	<ul style="list-style-type: none"> <li>Move forward with efforts to control releases and property line concentrations of dichloromethane and other chemical substances</li> <li>Improve work environments where organic solvents are handled -High-exposure area zero [Business sites in Japan]</li> </ul>	Keep dichloromethane emissions to less than 100t per year and EOG concentrations at property lines adjacent to residential areas to no more than 4.3 µg/m <sup>3</sup> (business locations in Japan)		<ul style="list-style-type: none"> <li>Keep dichloromethane emissions to less than 100 t per year and EOG concentrations at property lines adjacent to residential areas to no more than 4.3µg/m3 [Business sites in Japan]</li> <li>Improve work environments for high-exposure area of organic solvents [Business sites in Japan]</li> </ul>
Preservation of Biodiversity	<ul style="list-style-type: none"> <li>Work with NGOs to advance and expand biodiversity preservation activities</li> </ul>	Conduct internal eco campaigns and increase the number of participants (business locations in Japan)	✓	<ul style="list-style-type: none"> <li>Promote internal eco campaigns and expand covered business sites and participation [Business sites in Japan]</li> </ul>
	<ul style="list-style-type: none"> <li>Expand the Mt. Fuji Reforestation Project to include ongoing care of planted trees</li> </ul>	Implement and expand the Mt. Fuji Reforestation Project		<ul style="list-style-type: none"> <li>Conduct planting trees and conservation activities throughout the year at "Terumo Megumi-no-Mori" through the Mt. Fuji Reforestation Project</li> </ul>
Advancement of EHS Communication	<ul style="list-style-type: none"> <li>Improve the quality of annual report information disclosures -Adaptation to the G4 Sustainability Reporting Guidelines</li> </ul>	Enhance the content of the annual report by including social and environmental reporting -Integrate economic, social, and environmental information	In Progress	<ul style="list-style-type: none"> <li>Reconstruct annual report and enhance these contents</li> <li>-Preparation to adapt the G4 Sustainability Reporting Guidelines</li> </ul>
	<ul style="list-style-type: none"> <li>Reconstruct and improve EHS education system, including e-learning system</li> </ul>	Implement EHS e-learning (business locations in Japan)		<ul style="list-style-type: none"> <li>Standardize EHS basic education tool and operate EHS basic education by e-learning system [Business sites in Japan, Terumo Corporation]</li> </ul>



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