

# **Social and Environmental Report 2011**



# Contents

● <b>Message from Top Management</b> .....	1
● <b>Corporate Policy</b> .....	2
● <b>Corporate Governance</b> .....	4
● <b>Compliance</b> .....	6

---

## Feature Report / Contributing to Society through Healthcare

---

● Platelet Transfusion Supports Treatment of Cancer Patients .....	7
● Minimally Invasive Cerebrovascular Treatment .....	9
● Partnering with Healthcare Professionals to Deliver Advanced Medicine to Patients .....	11

---

## Commitment to Society

---

● Together with Customers .....	13
● Together with Shareholders and Investors .....	17
● Together with Partners .....	18
● Together with Our Associates .....	19
● Social Contribution .....	23

---

## Environmental Commitment

---

● Promoting Environment-Friendly Business Activities .....	30
● Environmentally Friendly Products .....	33
● Preventing Global Warming .....	37
● Effective Use of Resources .....	42
● Chemicals Management .....	47
● Promotion of Green Purchasing .....	49
● Environmental Auditing .....	51
● Business Activities and Material Flows .....	52
● Site Data .....	53
● History of Our Environmental Activities .....	54

● <b>Targets and Achievements Activities</b> .....	56
● <b>Reporting Policy</b> .....	59

## Message from Top Management



### For Patients around the World

Terumo has held up its corporate mission of “Contributing to Society through Healthcare” as its highest value over the full 90 years of its history. In keeping with this mission, we consider it our duty to develop excellent products and ensure their stable supply, and to work proactively to address various issues surrounding healthcare.

The environment surrounding the healthcare industry has been undergoing a dramatic transformation. In developed countries, reducing medical costs and improving quality of life have become major issues, shaped by changes in the social landscape like aging populations and slowing economies. In developing countries undergoing economic development, there are growing demand for healthcare.

In response to these social needs, we utilize our unique technologies and expertise to pursue healthcare with added value.

The evolution of medical devices and equipment will lead to reduced physical strain on patients as well as cutting treatment times and costs, thus making healthcare more efficient and economical. A left ventricular assist system, for example, drastically changes the environment for treatment as it allows patients to conduct therapy at home instead of being subject to lengthy hospitalization.

Medical devices and equipment can only be beneficial, however, when operated by professionals who know how to use them properly. With ongoing advancement in healthcare, we must recognize that it is necessary for the development and popularization of healthcare to provide support for the technical training of healthcare professionals to help them acquire the sophisticated skills needed to perform safely.

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

# Corporate Policy

## Corporate Mission

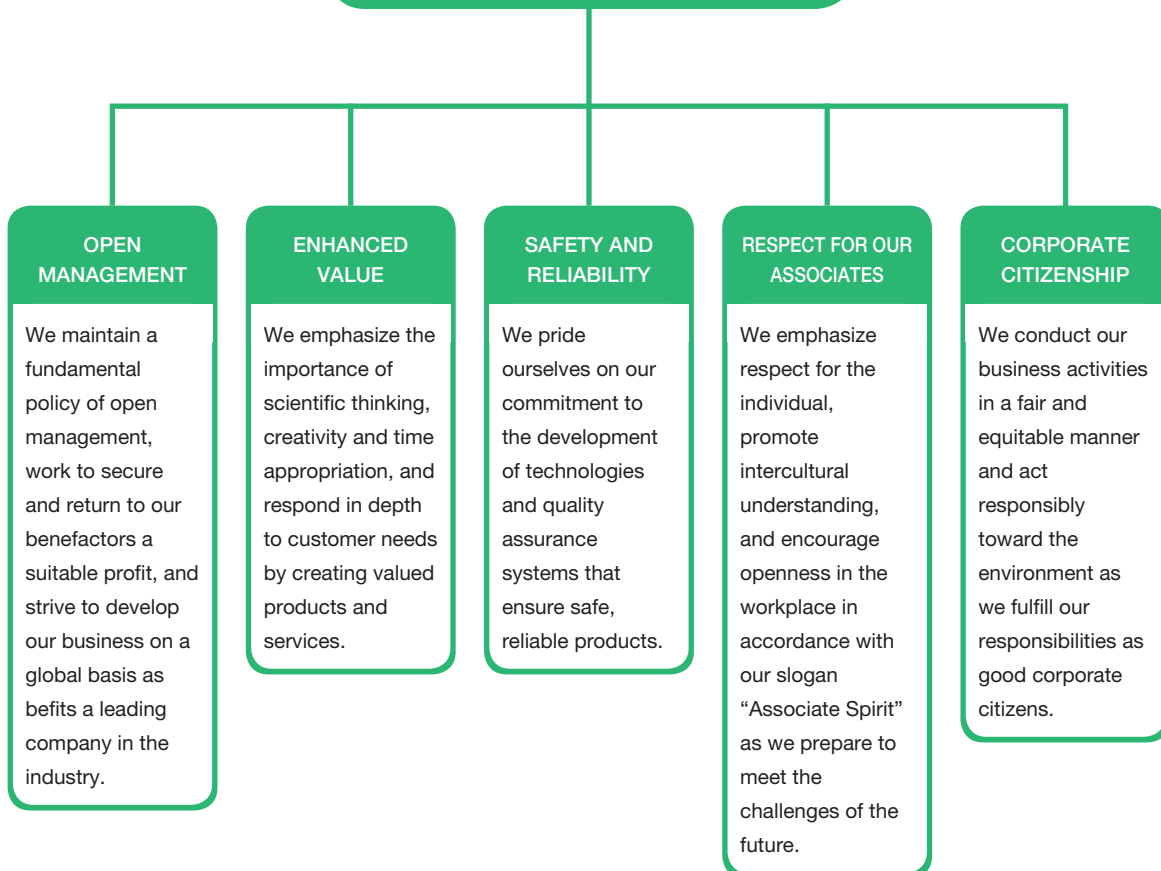
**“Contributing to Society through Healthcare”**

We contribute to society by providing valued products and services in the healthcare market and by responding to the needs of healthcare providers and the people they serve.

## Corporate Vision

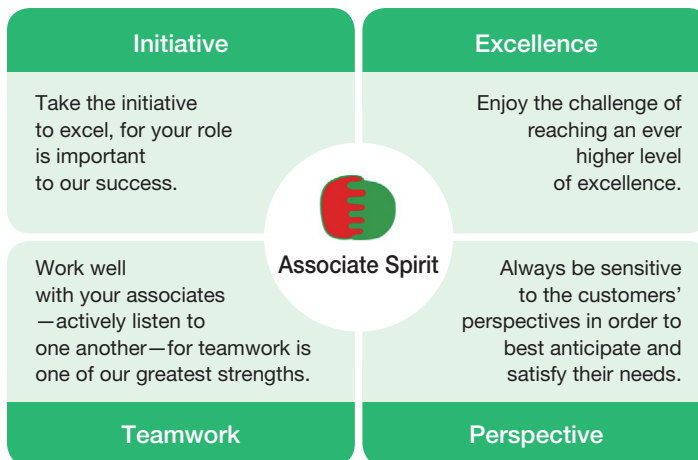
**“Terumo’s unique technology makes medical treatment kinder and gentler”**

## Five Statements



## Associate Spirit

At Terumo, we believe that our employees are our most valuable assets. For this reason, we call our employees “associates.” With the “Associate Spirit,” which contains four key concepts put forward by associates themselves in 1996, each of our associates pledges to independently tackle new challenges, leverage the power of the team through mutual respect, and offer customers higher levels of quality and service.



## Terumo’s stakeholders

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



# Corporate Governance

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

## Corporate governance

### Overview of the corporate governance structure

As of June 30, 2011, Terumo's Board of Directors comprised 14 members, three of whom are independent directors, to reinforce the Board's supervisory function and raise the quality of decision-making. In addition, Terumo has removed executive responsibilities from the Board of Directors; the roles of directors have been classified into representative directors and directors, with the primary responsibilities of determining management policies of the company as a whole and providing oversight. The company has also enhanced its executive officer system, making executive officers accountable for the execution of business operations under their purview.

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

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

Terumo has a Board of Corporate Auditors, comprising four members, two of whom are external corporate auditors as of June 30, 2011. The board confirms the status of governance and implementation, and strives to ensure the appropriateness of day-to-day management activities through oversight of the Board of Directors and in other ways. The Auditors Office provides support for corporate auditors, with specialist staff assigned to further strengthen audit work.

Terumo established the Advisory Board, comprised of eminent figures appointed from outside the company, to provide advice on management of the company as a whole. The company's management meets with this Board to exchange opinions.

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

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

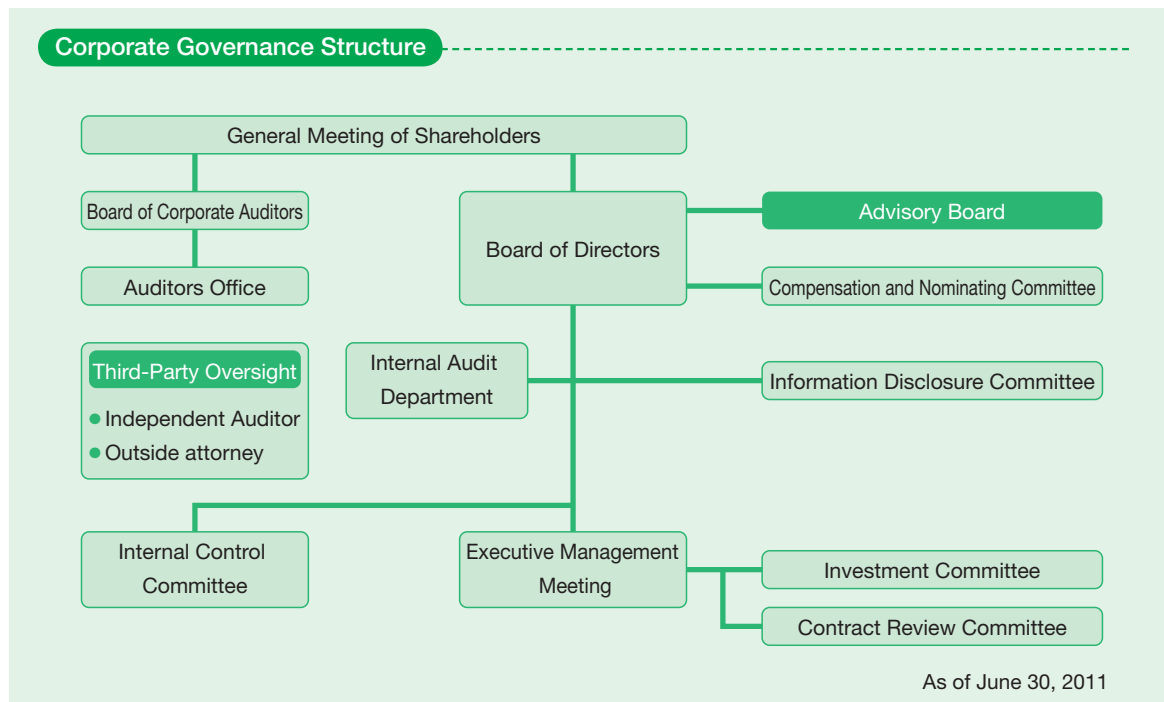
Senior Corporate Auditor Yoshihiko Tosa, who has experience as a General Manager of Accounting at Terumo, and External Corporate Auditor Nobuyuki Takai, who formerly acted as CFO of Yamatake Corporation, both possess considerable expertise in the fields of finance and accounting. External Corporate Auditor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

### Preparation and states of the internal control system

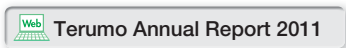
The company maintains a number of in-house bodies that together create a strong internal control structure. The Internal Control Committee works to strengthen internal control measures in the company, reporting directly to the Board of Directors.

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

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



For more detailed information, please refer to our *Annual Report 2011*.



# Compliance

## Compliance

### Compliance system

Terumo's corporate philosophy, "Contributing to Society through Healthcare," is the goal not only of the company but of all associates who work for Terumo. We will continue to conduct honest and fair business practices based on strict legal compliance and corporate ethics and thereby maintain our position as an ethical healthcare company.

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

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

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

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

### Implementing the Whistle-Blowing System "ROBA NO MIMI"

At Terumo, we are in the process of implementing a Whistle-blowing system to detect and reduce the risk of non-compliance. This system allows associates to report or consult any matters related to the violation of laws, regulations and internal rules.

In Japan, the hotline "ROBA NO MIMI" was established in 2003 to support corporate ethics, enabling all associates to report or consult matters or situations deemed as inappropriate in light of the "Code of Conduct of the Terumo Group (SAKURA Rules)." Associates can contact this hotline on an anonymous basis, and we strictly maintain their privacy and prohibit retaliation against them as we address the reported improprieties.

We are also working to further extend the Whistle-blowing system through the establishment of similar hotlines at locations outside of Japan.

### Respect for bioethics

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

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

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



# Platelet Transfusion Supports Treatment of Cancer Patients

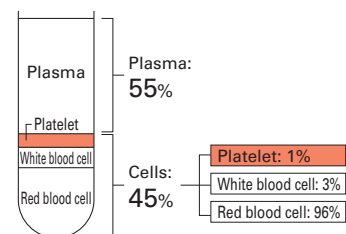


## Transfusion makes up for a decrease in platelet count resulting from cancer treatment

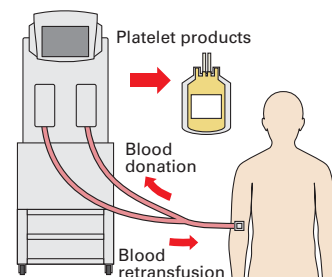
Cancer has been the leading cause of death in Japan since the 1980s. It is the second leading cause of death in Europe and North America.<sup>1</sup> Currently, more than 350,000 Japanese die from cancer every year,<sup>2</sup> and over 1.5 million patients are undergoing cancer treatment on a continual basis<sup>3</sup>.

The side effects of chemotherapy and radiation therapy may include reduced production of red blood cells and platelets. Platelets play an important role of hemostasis. As the number of platelets continues to decline, the risk of bleeding increases and transfusions are needed to replace those lost.

1. WHO, Cause-specific mortality: regional estimates for 2008
2. Ministry of Health, Labour and Welfare, Preliminary Annual Vital Statistics Report, 2010
3. MHLW, Patient Survey (summary), 2008



**Blood components**



**Flow of apheresis**

By the process of apheresis, only a specific component of the blood, such as plasma or platelets, is collected and the red blood cells, which the body takes a long time to replace, are returned to the donor.

## Improving efficiency of apheresis systems to support transfusion

To support transfusion medicine, Terumo BCT is pursuing its own apheresis technology for blood donation and providing systems with improved centrifuge functionality for the efficient collection of precious platelets. Apheresis puts a smaller burden on donors than whole blood donation because it collects only a specific component, such as plasma or platelets, and returns the donor's red cells, the replacement of which takes time.

With the goal of minimizing the physical strain on donors and patients, and not wasting precious blood donated with good intentions, Terumo BCT provides blood system products around the globe to support cancer treatment and transfusion medicine.



### **Blood processing system**

The system can collect high concentrations of platelets in a short time.

### **Outstanding products saving the lives of many people**

---

Bonfils Blood Center needs thousands of donors to give blood each week to meet the needs of the Colorado community. This constant need for blood and blood products illustrates the important role Bonfils, CaridianBCT and Terumo Corporation play in optimizing patient care. Our more than 25-year strategic partnership with CaridianBCT continues to support our mission to save and enhance lives through excellence in transfusion medicine.



Thomas C. Puckett, President & CEO  
Bonfils Blood Center, Colorado, U.S.

## Minimally Invasive Cerebrovascular Treatment

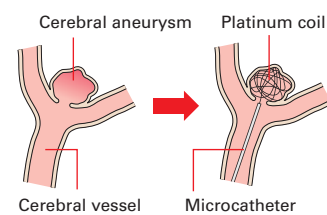


### Treating cerebral aneurysms with platinum coils is becoming more widely adopted as an interventional treatment requiring a smaller incision and shorter hospital stay

A cerebral aneurysm is a localized dilation or ballooning of the blood vessel in a cerebral artery. The rupturing of a cerebral aneurysm can lead to life-threatening subarachnoid cerebral hemorrhage or intracerebral hemorrhage.

One way to treat a cerebral aneurysm is to perform a craniotomy to clip the root of the aneurysm and block the blood flow. Another treatment is a cerebrovascular procedure in which a catheter is inserted through the artery in the groin to deploy a platinum coil inside the aneurysm.

In Europe and North America, coil procedures account for over 50% of cerebral aneurysm treatments. The percentage in Japan is about 20% at present but this interventional therapy is likely to increase in the future as it reduces the physical strain on patients and does not require a lengthy hospitalization.

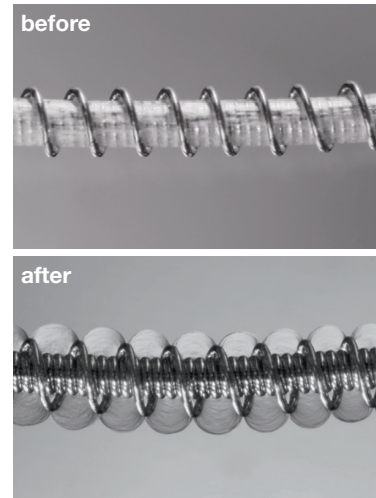


#### **Endovascular coils for the treatment of cerebral aneurysms**

To prevent cerebral aneurysms from rupturing, a microcatheter is used to deploy embolic material (a very small platinum coil) inside the aneurysm to reduce blood flowing in.

## Proprietary coils that expand by absorbing moisture can be more effective for embolization

When treating a cerebral aneurysm, it is important for the platinum coils to be distributed evenly throughout the aneurysm to help prevent blood flow and reduce the risk of rupture. A Terumo subsidiary, MicroVention, Inc. has developed a unique coating for their platinum coils using a proprietary technology called hydrogel. When these hydrogel-coated coils absorb the moisture in blood during the procedure, they expand to assist with filling the space within the aneurysm. Clinical trials have been completed which show that hydrogel-coated coils provide evidence for increased efficacy. These findings were recently published in an international medical journal called THE LANCET.



Terumo's subsidiary, MicroVention, Inc. has developed the hydrogel series of coils. As hydrogel in the outer layer of the coils absorbs moisture in the blood, it expands to effectively fill the space between the coil loops to achieve embolization.

## Terumo continues to develop devices that are effective in treating diseased blood vessels including devices to treat cerebral infarction

In order to provide a whole range of products for cerebrovascular treatment, Terumo is working on devices that are useful not only in treating rupturing blood vessels but also dealing with cerebral infarction caused by blocked blood vessels.

Additionally, current technologies used to treat cerebrovascular diseases are also being utilized for treatment of aneurysms within other parts of the body, hemostasis of a massive hemorrhage and treatment of cancer. Terumo expects to continue to increase its efforts in developing minimally invasive medical devices and equipment that will improve the quality of life for patients.

### Coil embolization is good news for people with cerebral aneurysms

Our study shows that the non-invasive techniques for treating brain aneurysms are getting better. Hydrogel coated coils offer an improved treatment for ruptured aneurysms and coiling has a faster recovery than having to have brain surgery and come with less risk as well, which is great news for the thousands of people affected by this condition each year.



Philip White, M.D.  
Western General Hospital, Edinburgh, Scotland, U.K.

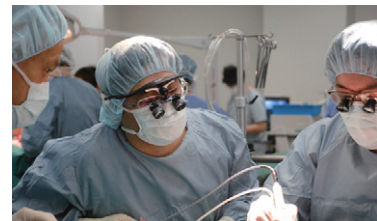
## Partnering with Healthcare Professionals to Deliver Advanced Medicine to Patients



### Providing healthcare professionals with training opportunities to support increasingly sophisticated intervention and cardiac surgeries

In the world of medical practice, new medical devices and equipment and sophisticated treatment technologies are constantly being developed. On the other hand, the operation of state-of-the-art medical devices and equipment requires the development and improvement of treatment techniques specific to each product. As many devices and products can be operated only by trained or licensed physicians, the development of medical devices and the acquisition of techniques through training may be the two main pillars that support the delivery of advanced medicine.

Terumo has supported healthcare professionals by establishing Terumo Medical Pranex, a training center fully equipped with various simulators and hospital facilities that reproduce actual clinical situations. It offers a number of training programs for young physicians to help them improve their skills in the areas of intervention and cardiac surgery.



Providing training programs at Terumo Medical Pranex



Supporting training programs around the world (photo: interventional training in Germany)

## Promoting widespread use of TRI by offering training and support to physicians

Heart diseases, including angina pectoris and myocardial infarction, account for a large proportion of deaths around the world. Ischemic heart diseases, one of these conditions that narrow the coronary arteries through arteriosclerosis or thrombus, have been commonly treated by endovascular intervention via a catheter inserted through the femoral artery.

As a new treatment that can reduce the strain on patients and the healthcare system, Trans-Radial coronary Intervention (TRI) therapy, in which a catheter is inserted into the patient's wrist artery to treat coronary arteries, is increasingly popular.

However, TRI procedure is not easy to perform, because the artery from the wrist to the heart is narrow and winding. To further increase the use of TRI, it is imperative to provide technical training for physicians. To this end, Terumo started providing support for physicians to acquire TRI techniques in 2005. Since then, we have proactively developed TRI simulation training programs and provided practical training workshops.

We have also been working to encourage the adoption of TRI around the world by providing training programs in Europe, North America and Asia. We support Japanese physicians when they give technical training on TRI to local physicians in those foreign countries as well as to foreign physicians visiting Japanese TRI experts.

Healthcare technology is advancing day by day, and the needs of medical professionals are becoming ever more diverse. Terumo is committed to ensuring that our products support safe and reliable healthcare, and to this end we provide effective training support for medical professionals, aiming to deliver healthcare that is friendly to both professionals who use our products and patients who are treated with them. Terumo will continue to take on the challenge of "Contributing to Society through Healthcare".



TRI: inserting a catheter into the wrist artery



TRI simulator

### Providing a valuable service by facilitating technical improvement in interventional therapies

I train young physicians to help them improve their cardiac intervention techniques for treating difficult cases. Repeated practice is essential in order to acquire techniques, but is difficult at hospitals. Terumo offers us a platform for learning through correction as we conduct simulations again and again. Terumo therefore provides physicians with a tremendously valuable service.



Masato Nakamura, M.D., Professor of Cardiology  
Toho University Ohashi Medical Center, Tokyo, Japan

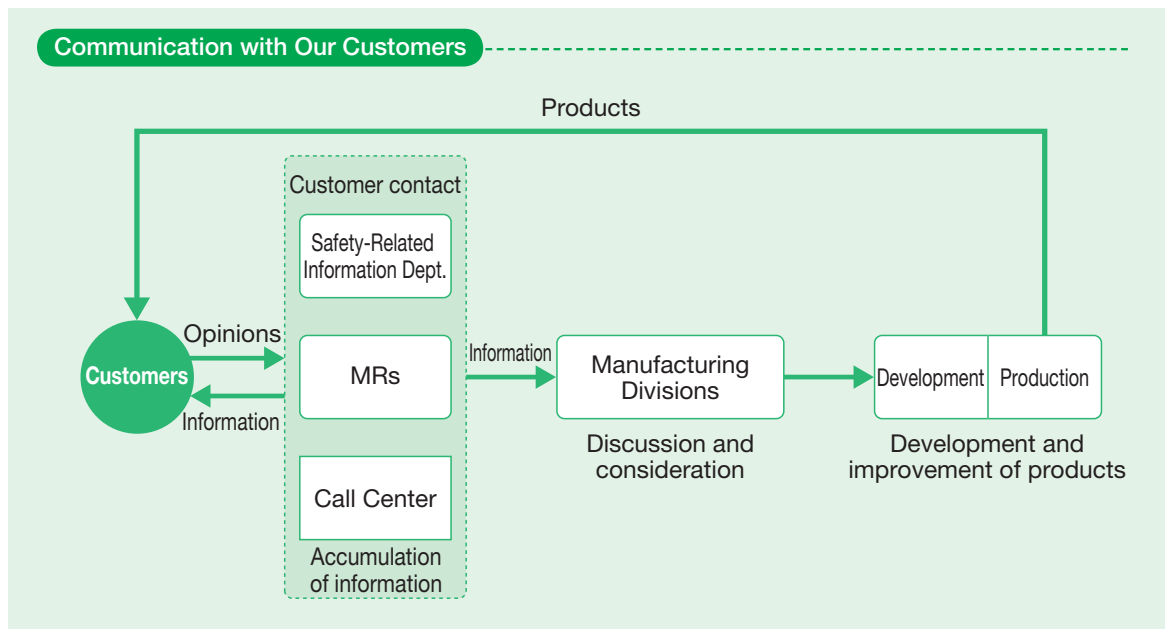
## Together with Customers

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

### We value communication with customers

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

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



## Listening to customers

### Terumo Call Center

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

Our call center staff are committed to maintaining and improving the level of satisfaction of all callers and to ensuring that urgent inquiries, such as those related to patients receiving healthcare at home, are responded to around-the-clock. Additionally, the center is enhancing its mechanism for internally reflecting customer feedback in the improvement of existing products and the development of new products.



Inquiries are addressed by staff with specialized knowledge

## Reflecting customer feedback in our products

### Medical safety information management in Japan

We accumulate information that we receive from our customers on the quality, safety and appropriate use of our products at our Safety-Related Information Dept. Using this information, we promptly develop and fine-tune our communications and deliver them via a number of methods, including attaching important information to products, disseminating information on our Web site or via industry organizations, and sending MRs<sup>1</sup> to medical institutions to provide face-to-face explanations.

Furthermore, we use the accumulated information to develop and improve products and support medical safety training for medical institutions (T-PAS<sup>2</sup>).

1. "MRs" stands for Medical Representatives, Terumo associates who provide information to medical institutions.
2. T-PAS: Terumo Proactive Action for Safety, training programs based on Terumo's predictive safety measures

### Supporting medical institutions' training programs

In order to prevent medical errors associated with medical devices and equipment like syringes and I.V. solution sets, Terumo conducts T-PAS training in which participants simulate the critical incidents warned against in package inserts. Conducted on-site at medical institutions, the training is designed to help participants better understand how such incidents occur. The feedback we have received from healthcare professionals who have completed the training includes: "Simulating the actions that lead to medical errors made me aware of how serious the risks are" and "I realized that I should not rely solely upon my own assumptions or the verbal directions given by my supervisors." At the 5th Annual Congress of the Japanese Society for Quality and Safety in Healthcare in 2010, four hospitals from across Japan reported on this training.



Providing support for training healthcare professionals how to use medical devices and equipment accurately



## Quality initiatives for safe and reliable products

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

### Quality assurance system that meets international standards

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

Terumo obtained certification for ISO13485<sup>2</sup>, which is an international quality standard for medical devices and equipment, at its five domestic sites (Fujinomiya Factory, Ashitaka Factory, Kofu Factory, R&D Center, Terumo Clinical Supply Co., Ltd.) and 15 sites outside of Japan. We also keep up to date with developments regarding Japan's Pharmaceutical Affairs Act as well as regulatory trends and requirements for medical devices/equipment and pharmaceutical products outside of Japan, including the EU Medical Device Directives, US FDA regulations, which have been strengthened in recent years, and tightening regulations in emerging countries in response to accelerating global harmonization. In anticipation of new trends and requirements, we are striving to continually improve our quality management system.

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



Strict quality control at a factory

### Quality policy aimed at safety and security

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

#### QUALITY POLICY

In order to deliver safety and reliability to healthcare fields, we shall

- pursue products valuable for our customers;
- understand our own roles in the quality system and practice them, and
- always review and improve our ways of doing business.

June 30, 2004

### Auditing system to maintain high quality

To maintain and improve quality, we implement internal audits that objectively evaluate whether our quality management system is being appropriately complied with and operated. The audits are conducted by trained associates who have met predetermined standards. The results are reported to our top management, who direct improvements which are then incorporated, allowing us to continually upgrade our quality management system. In addition, we undergo several external audits each year to prove that we meet various regulations ranging from the Pharmaceutical Affairs Act to international regulations expanding from Europe to the entire world, as well as individual demands from our corporate customers.


### Strict quality control at facilities outside of Japan

As the role played by our factories outside of Japan increases in importance, we provide associates outside of Japan with the know-how we have cultivated in Japan for improving quality, while we, in turn, learn much from them about system-related aspects, including systematic ways of thinking and standardization. As these exchanges increase, factories outside of Japan have also begun introducing Shoki Ryudo (initial quality assessment\*), an evaluation method developed in Japan.

\* Initial quality assessment is a system designed to reaffirm the quality and product specifications of new products, from the customer perspective, when shifting to mass production.

## Together with Shareholders and Investors

Terumo is committed to achieving “Open Management” through communication with shareholders and investors. We implement fair information disclosure to maintain a high level of management transparency, enhance communication by taking various opportunities, including our General Meeting of Shareholders, to provide explanations, and make various other efforts to ensure that Terumo’s business and products, as well as general healthcare topics, can be comprehensively understood. As a good corporate citizen, we consistently aim for clear, high-quality communication.

 [Disclosure Policy](#)

### Winning support at our General Meeting of Shareholders


At our ordinary General Meeting of Shareholders, we not only present our financial results but also explain how our products and technologies are contributing to better healthcare to enhance our shareholders’ understanding of Terumo. At the meeting venue, we create a display section for our products so that shareholders can view our medical devices and equipment up close. We will make continued efforts to communicate more closely with our shareholders and promote deeper understanding.



Displaying our products at the General Meeting of Shareholders

### Disclosing IR information to help investors make better investment decisions

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

 [IR information](#)

 [Corporate Governance](#)

## Together with Partners

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

### Raw material procurement policy

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 stage of people- and environment-friendly procurement, with particular consideration given to the following:

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

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

### Initiatives in raw material procurement

Terumo manufactures products in five factories within and 18 factories outside Japan, and distributes them in over 160 countries. With the rapid changes in the environment for raw material procurement, we place top priority on ensuring quality and stable supply and procure materials from the most appropriate sources to provide high-quality products to healthcare practice.

### Promoting the improvement of material quality

For further improvement of product quality, Terumo has been enhancing quality control of purchased materials.

The Global Harmonization Task Force (GHTF), an international conference aimed at promoting greater uniformity between national device regulatory systems, has developed guidelines for enhancing supplier management. Terumo is committed to improving the quality of our materials with cooperation of our partner, by sharing quality information between our factories.

## Together with Our Associates

### Beyond national borders—to be a company where everyone plays a key role

At the Terumo Group, we call our employees “associates” and each one of them is expected to play a key role in the Group by thinking and acting independently and taking responsibility for their own professional development.

Terumo is a transnational group of people who support global healthcare, seeking to achieve the objective of contributing to society through healthcare.

# VOICE

## Voices of associates from around the world

### Marketing personnel at Terumo Medical de Mexico S.A. de C.V. (top right)

My job is marketing interventional systems in Mexico and I’m currently providing technical training programs on cardiac intervention systems to physicians through cooperation with related Mexican government agencies. My motivation comes from my commitment to improve the QOL (quality of life) of patients.



Physicians participating in training (Mexico)

### Administrative personnel at Terumo Vietnam Co., Ltd. (back row, center)

Terumo Vietnam manufactures products for the Asian market, including Japan, as well as for the European and North American markets. When we first started up, we had to scramble to get our heads around the Vietnamese regulatory system and local business practices but, by upholding the quality policy of providing customers with safe products, we have managed to build up a good organization and production environment run by competent people. Terumo Vietnam will continue to expand production as an organization that contributes to global healthcare.



Associates from Terumo Vietnam

## Fulfilling our potential as a team based on mutual respect

Terumo aims to grow into a strong organization that can achieve ever greater results by channeling the abilities of individual associates to enhance the capacity of the entire team.

### For a dramatic transformation in our corporate culture—Associate Pride

In fiscal 2009, Terumo introduced the “Associate Pride” system in Japan. Under this system, the leader of a pride\* (team) is free to assemble the team members who are best suited from all divisions, aiming to fulfill the particular mission without being constrained by the existing organizational structure. Individual members with different specializations and different perspectives work together to come up with new ideas. Along the way, they are dramatically transforming our corporate culture.

The leader may be selected from among the most competent individuals or from among the most highly motivated individuals, that is, those who have indicated their interest in the position, regardless of their formal job title.

We have a wide variety of active cross-departmental prides, including recently formed cross-border global prides.

\* The word “pride” has two meanings: 1) “The team” to collaborate with each other (like lion’s pride), 2) To make our “team” that can take pride as a member.



Cross-departmental pride

### Creating values through transnational cooperation—Global D&D

Cooperation between associates across hierarchical lines and national borders is key to Terumo’s global expansion.

For our D&D (Drug and Device) initiative, which aims to integrate drugs and healthcare devices and equipment, a global pride consisting of associates from development, production, marketing and sales departments in Japan, Europe and the United States was formed. In working together, the members of this pride are not just cooperating with each other but are really engaging with the pride spirit, that is, inserting themselves into each others’ organizations via opportunities such as the Japan-US associate exchange program and engaging in frank and honest discussions to generate new ideas.



Global cooperation to achieve results

Where people from all walks of life walk the same path

Terumo is committed to providing communication platforms for people of all backgrounds.

As part of our effort to promote management that emphasizes the unity of the Terumo Group, we hold a management retreat where officers from around the world come together to share their strategies and participate in robust discussions. In addition, we present a “global award” to recognize associates and sites that have achieved significant results for the company.

In Japan, Terumo operates an in-house recruiting system called ACE, which helps associates go after the jobs they want. In fiscal 2010, a total of around 90 people applied for overseas positions and positions attached to new projects. These applications resulted in 13 personnel transfers.

We have also introduced an internal exchange program in response to requests from our associates for opportunities to get to know other divisions without having to permanently transfer. The program has demonstrably improved communication among divisions.

Terumo intends to develop an environment where the different values and strengths of different cultures can combine to give rise to a new awareness and create new synergies.



Recruiting logo for the ACE in-house recruiting system

# VOICE

## Voices of associates who participated in internal exchange –the one-month Japan-US associate exchange program

Personnel in charge of healthcare devices and equipment business at Terumo Medical Corporation (USA)

The Exchange Program at Tokyo office for one month provided day to day experience and activity needed to build a global organization and a faster organization. Having face to face meetings on topics such as global markets, product development projects and strategy enabled us to build stronger bonds and to work more efficiently and effectively together. I truly enjoy working with Tokyo office associates.



Personnel in charge of business strategy planning for healthcare devices and equipment at Terumo Corporation

In the past, I sometimes used forceful language when discussing issues with others. But I now believe that in those kinds of situations I can count on the relationship I built during my time in the United States. I'm currently working on the development of healthcare devices and equipment for the global market, and I want to everyone to work together to make this project a success.



**Encouraging associates to take ownership—Terumo (Philippines) Corporation**

Terumo (Philippines) Corporation, which manufactures syringes and other products, seeks to operate mainly with local staff. Our team leaders are required to take ownership of their projects (that is, to work independently and autonomously), improve their communication skills for dealing with customers from around the world and speedily but warmly respond to their customers using their English skills.

At the same time as pursuing clear target control and execution responsibility with respect to individual growth, we also reviewed our evaluation system. In addition, we make efforts to speed up the decision-making process and continue to improve the way we perform daily tasks. In order to reach and even surpass the quality and productivity levels of the factories in Japan, we are enhancing our in-house training system and implementing an early personnel development curriculum, hoping to become the world's No. 1 syringe factory.



Associates of Terumo (Philippines) Corporation

**VOICE**

**Voices of top management from around the world**

Somusak Jarasciriyagul, President of Terumo (Thailand) Co., Ltd.  
—The more we learn the more we earn—

Terumo's way of thinking and its culture are based on not only providing the high quality products, but also developing associates who are the professionals who are highly responsible for the society they serve.

At Terumo Thailand, "Learning Earning Organization" is our main concept.

Every associate share the same understanding that the more we learn the more we earn knowledge together with experience, which eventually improves quality of our lives.



**Spotlighting associates who play a supportive role**

**"Genba-no hokori" Award**

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

In fiscal 2010, the award was presented to six associates, including an associate in charge of factory facilities and an associate in charge of planning interventional therapy training programs. The winners were selected from a field of about 120 peer-nominated candidates.



Winners of the Genba-no hokori Award in fiscal 2010



## Social Contribution

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

### Providing information to manage health

#### KARADA no Kimochi, a Japanese TV program on health information

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

#### KARADA no Kimochi weekly health TV program

broadcast on Sundays from 7:00 to 7:30 am

on CBC/TBS, a national network with 28 stations across Japan



The show features relevant topics to promote healthy living

#### Terumo Health and Weather Forecast

The Terumo Health and Weather Forecast, a daily weather forecast that also provides information about how the day's weather may affect health, has been broadcasted and published in Japan since 2004 on television, radio and our Web site. Our forecasts, based on unique calculation formulae cover joint pain, heat stress, asthma, blood pressure, migraine and so on. There is a public demand for biometeorologically-based information that may help prevent diseases from developing or worsening.

#### Terumo Health and Weather Forecast weekly radio program

broadcast on Saturdays from around 7:20 to 7:30 am

on TBS Radio at 954 kHz (in the Kanto area, Japan)



Terumo Health and Weather Forecast Web site (Japanese only)

 Terumo Health and Weather Forecast (Japanese only)

## Terumo's Lifestyle Disease Prevention Seminars

The daily management by each person of his or her own health is vital for the prevention of lifestyle diseases. In Japan, in addition to the publicly available health-related information we publish on the Internet and in booklet and other forms, in fiscal 2005 we joined forces with a drug store chain to launch our Lifestyle Disease Prevention Seminars targeted at the general public. A total of about 8,000 people have attended the seminars to date.



Well-received seminar for the general public

## New Health College

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

The seminars, which consist of easy-to-understand lectures delivered by prominent speakers, have been well received by participants. Past lecturers include Shigeaki Hinohara, M.D., Chairman of the Board of Trustees of St. Luke's College of Nursing.



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

## Seminars on leg varicose veins and lymphedema

Terumo holds public information seminars in regional areas of Japan aimed at raising awareness of both varicose veins in the legs and lymphedema and helping sufferers to alleviate symptoms and prevent their progression. We provide a variety of information about leg varicose veins, including causes and treatments, and explain how symptoms can be managed with compression stockings. With regard to lymphedema, which is primarily an after-effect of cancer treatment, we inform people of its symptoms and causes and the importance of early treatment.



Leg Varicose Veins Seminars

## World Expo 2010 Shanghai China

Terumo participated in the Japan Industry Pavilion at the Shanghai World Expo in China from May through October 2010, presenting displays and 3D graphics. At Terumo's high-vision 3D theater, the cutting-edge, high-definition 3D graphics helped visitors understand how human beings evolved their excellent immune system based on body temperature and introduced advanced medical technologies, such as interventional systems and ventricular assist devices. A total of 2.1 million people visited the theater during the period. Meanwhile, at the event stage, we held a quiz show and other fun, health-related events designed to teach participants the importance of health management by, for example, measuring their temperature and blood pressure.



3D high-vision graphics introducing advanced medical technologies

Web Expo 2010 Shanghai China

## Helpful information for pet health

From January 2011, Terumo has sponsored Dr. Hiroko's Animal Clinic, a long-running radio program that provides fun and helpful tips for pet owners and animal lovers. The program has been on the air for eight years, a testament to its popularity among pet owners.

**Dr. Hiroko's Animal Clinic radio program**  
broadcast on Sundays from 2:40 to 2:50 pm  
on Nippon Cultural Broadcasting at 1134 kHz (in the Kanto area, Japan)



Providing caring advice from the veterinary viewpoint

## Contribution to the development of healthcare


### Terumo Life Science Foundation


The Terumo Life Science Foundation was established in 1987 to subsidize and promote research on science and technology, including life-science-related materials, bioengineering and biological defense mechanisms, and has so far provided 1.11 billion yen in subsidies to a total of 767 projects.

In fiscal 2010, we provided subsidies for: three projects under the special research subsidy category, including a translational research project for innovation in treating large bone defects; 16 projects under the general research subsidy, including a project on isolation methods for human iPS/ES cell-derived myocardial cells; and 28 projects under the international exchange subsidy, including the 14th International Congress of Immunology.

Additionally, from July to December 2010, we solicited applications, both at home and abroad, for the Terumo International Prize, an academic prize for researchers around the globe who have made significant contributions to the development of regenerative medicine, particularly through the study of biomaterials. Following the screening process, we selected a winner in March 2011 and will invite the winner to Japan in 2012 to collect their prize and present a lecture.

In 2009, we established the "Life Science DOKIDOKI Laboratory," a life science Web site (Japanese only) aimed at junior high and high school students. The Web site provides an introduction to regenerative medicine, covering everything from basic information to clinical practice, and is accessed by around 100,000 visitors each year.

 [Terumo Life Science Foundation](#)

 [Life Science DOKIDOKI Laboratory \(Japanese only\)](#)



Presentation of special research results in fiscal 2010



Screening for the 1st Terumo International Prize

## Improving the quality of healthcare in China with the Terumo Fund

In 2007, to commemorate the 10th year of operation of Terumo Medical Products (Hangzhou) Co., Ltd. in China's Zhejiang province, we established the Terumo Fund in conjunction with Zhejiang University with the aim of providing healthcare benefits to as many people as possible. Terumo Fund grants are given to support research investigating Eastern and Western medical traditions with a view to creating new types of medicine by fusing the two. The Fund also contributed to improving the quality of healthcare in China by providing scholarships to talented students. Following the completion of the first operation period (from 2007 to 2009), the second operation period started in 2010.



Exchange with graduate medical students from Zhejiang University

### Outline of the Terumo Fund

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

## Terumo Body Temperature Research Institute


In cooperation with specialist doctors, the Terumo Body Temperature Research Institute\* conducts research on body temperature and related educational activities, including free classes on the relationship between body temperature and the rhythms of everyday life for elementary and junior high schools. In February 2011, the institute held a class for students of an elementary school in Yokohama, Japan. The institute is also promoting lifestyle improvement by taking part in a project for children on the rhythms of everyday life initiated by the Japanese Ministry of Education, Culture, Sports, Science and Technology and the national council for the Early to Bed, Early to Rise, and Eat Your Breakfast campaign.

The institute's Japanese-language Web site provides extensive information on body temperature, including in relation to fever and heat stress as well the effects on different age groups, particularly the elderly and infants. In 2010, Terumo started to provide information on body temperature in China by organizing lectures by Japanese doctors and launching a Web site on women's health.



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

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

 [Terumo Body Temperature Research Institute](#)

## Terumo Body Temperature Research Institute providing information on influenza

The Terumo Body Temperature Research Institute provides information on influenza, including the differences between seasonal influenza and the common cold as well as how to check and take care of children's fevers. Its Web site offers various downloadable PDF posters on "how to measure body temperature correctly" and "how to wash hands and gargle," which are in high demand by schoolteachers and companies for use at schools and workplaces. The posters on body temperature measurement and a check sheet for daily body temperature rhythm are also available in English and Chinese.

TERUMO Body Temperature Laboratory  For health care by taking the body temperature

### How to Measure Body Temperature in the Armpit

- 1 Place the thermometer tip in the center of your armpit.



Point the thermometer tip up and push it upward that it can be clamped tightly in the armpit.



- 2 Adjust the thermometer angle to **about 30 degrees with respect to your upper body** and close your armpit tightly.



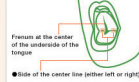
Hold your arm firmly against your body so that your armpit is closed tightly and the elbow section contacts the flank. To assure this posture is main.

Teaching how to measure body temperature correctly

TERUMO Body Temperature Laboratory  For health care by taking the body temperature

### How to Measure Body Temperature in the Mouth

- 1 Place the thermometer tip directly along the side of the center line on the bottom of the tongue at the back.



The correct position is either side of the "lingual frenum" at the deepest part of the tongue.

Slide the thermometer in so that its tip contacts the frenum (the line along the center), and close the mouth tightly.



- 2 Keep your mouth closed until the equilibrium temperature is reached. (Stay still for **more than 5 minutes when a mercury or actual measurement type thermometer is used.** **When a predictive measurement type thermometer is used,**

The Terumo Body Temperature Research Institute Web site

## Contribution to local communities

### Presenting an annual Christmas gift to a hospice

In Japan, each year, about a week before Christmas, a team of Terumo volunteers decorates the outside walls of the Terumo Shonan Center building with Christmas lights. On Christmas Day, it puts on a fireworks display and the Terumo Male Choir performs for patients hospitalized at a hospice across the street. This program was started in 1997 to bring Christmas cheer to the hospice patients, their families and local residents and has been carried out every year since. During the 2010 Christmas holiday season, six different images, including a reindeer design proposed by Terumo associates, brightened the winter night sky.



Fireworks and illumination on the walls of the Terumo Shonan Center



The Terumo Male Choir in action

## Local activities

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

- Cleaning up the Tamagawa river bank, Tokyo (every spring and fall; a total of 52 people joined)
- Cleaning up the surroundings of Shonan Center (a total of 55 people joined)
- Cleaning up the surroundings of Kofu Factory (a total of 312 people joined)
- Cleaning up the surroundings of Fujinomiya Factory (a total of 24 people joined)
- Cleaning up the surroundings of Ashitaka Factory and ME Center (a total of 600 people joined)
- Cleaning up the surroundings of sales branches (a total of 66 people joined)

Note: The participant numbers refer to activities held in fiscal 2010.



Clean-up activity (Tamagawa river)

## Eco Cap collection initiative

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

In fiscal 2010, we collected enough caps to provide polio vaccines to 387 children.



In-house Eco Cap initiative

## Blood donation

Terumo carries out a blood drive at factories and branches every year in Japan. In fiscal 2010, a total of 891 associates at 32 locations across Japan donated blood. In addition to manufacturing blood bags, Terumo will continue to make blood-supply-related social contributions by promoting further blood drives.




Donating blood at work

## Disaster relief

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

In fiscal 2010, we donated funds, clinical thermometers, compression stockings, nutritious food and other urgently required medical supplies to the areas affected by the Great East Japan Earthquake.

 Press release



Medical supplies donated to the affected areas

### Outline of our relief efforts

Relief for the areas affected by the Great East Japan Earthquake

Terumo donated funds and medical supplies worth 240 million yen in total

Medical supplies: 30,000 sets of clinical thermometers

4,000 sets of blood pressure monitors

13,000 pairs of compression stockings

53,000 sets of nutritious food

Others (disinfectant, masks, etc.)

Donated to: local governments and nursing associations in Iwate, Miyagi, and Fukushima prefectures, the Japanese Red Cross Society, Japanese Nursing Association, Japan Association of Medical and Care Facilities, Japan Association of Geriatric Health Services Facilities, Japan Association of Chain Drug Stores, and others

## Terumo Medical Corporation co-sponsoring Juvenile Diabetes Research Foundation International

As a co-sponsor of the US Juvenile Diabetes Research Foundation International (JDRF), Terumo Medical Corporation in the United States has participated in JDRF's annual foot rally for diabetic children for over a decade. Every year, Team Terumo, comprised of associates from the company's New Jersey Office and their families and friends, walk together with diabetic children.



Team Terumo walkers

## Terumo (Deutschland) GmbH supporting children in emerging countries

Terumo (Deutschland) GmbH in Germany has supported children in emerging countries for over a decade through a project run by charity organization World Vision. The project provides support for poor children and their families and helps their communities to create a sustainable future.

The support provided by the project includes vaccinations for children, HIV counseling, building schools, and water purification. Terumo (Deutschland) GmbH frequently receives thank-you letters and drawings from the children, reaffirming for the associates the impact they are having.

## Promoting Environment-Friendly Business Activities

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



### Sharing awareness of environmental conservation with our Basic Environmental Policy

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

#### Terumo's Environmental Policy

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

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

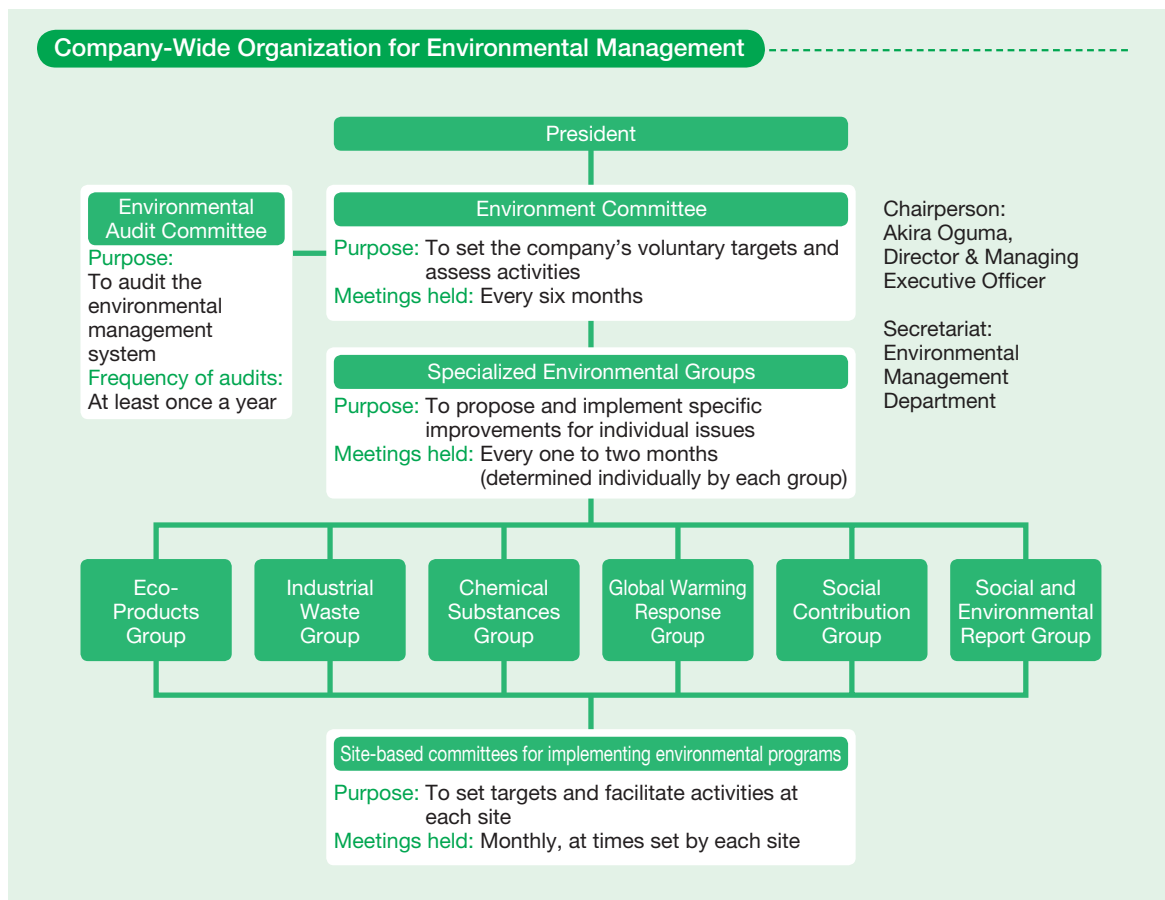
Adopted in December 1999



## Introduction of the environmental management system

We are working to improve our environmental performance by developing an efficient and effective environmental management system that focuses on the PDCA cycle\*. As the ultimate decision-making authority for environmental management, the Environment Committee sets company-wide policies and targets for environmental conservation and confirms the status of activities and the like every six months. There is also an Environmental Audit Committee, which is responsible for conducting internal audits to ensure that each site is effectively operating its environmental management system. We describe and explain the contents of these activities in our social and environmental report to ensure we maintain high transparency in our management system.

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



## Environmental education for associates

To ensure that our associates have a thorough understanding of our Basic Environmental Policy and their own obligations with regard to environmental activities, we provide general environmental training for new hires as well as task-specific environmental training at sales offices and factories in Japan. Additionally, in Japan to further raise environmental awareness and take related action, as a good corporate citizen Terumo provides environmental information via our intranet and carries out eco campaigns in which our associates and their families can participate.



Education for associates

## Increasing environmental awareness with Environmental Bulletin Boards

Each of our sites has its own Environmental Bulletin Board where the company shares information and promotes activities related to the environment. Along with other site-specific information, we post information about on-site energy consumption, CO<sub>2</sub> emissions and the status of waste emissions to help raise the environmental awareness of our associates.

# VOICE

## Report from the Head Office environmental promotion team

At our Head Office, we display monthly updated graphs showing trends like energy consumption and copy paper consumption for the entire site. As part of our effort to introduce common practices and develop good habits across the entire office, we measure hours reduced through operational improvements and present the results in illustration form. We have been working to improve operational efficiency via time-conscious approaches since fiscal 2009. Reduced overtime is one of the results of our efforts and through its institution we are saving energy otherwise consumed by lighting and air-conditioning. Through these efforts, we have realized that each one of us can contribute to creating a greener world with just a small change in individual behavior or habit.



Head Office team members

## Environmentally Friendly Products

Aiming to provide “people- and environment-friendly” healthcare, Terumo develops products that are friendly to healthcare professionals, patients and the global environment.

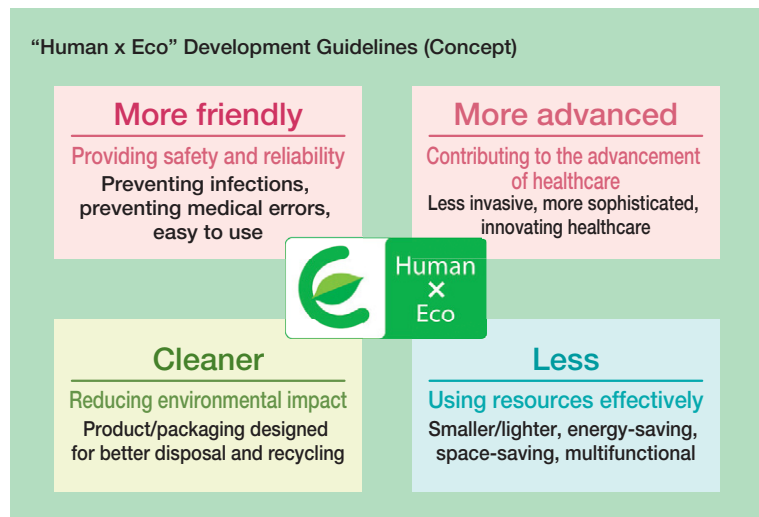
We will continue to contribute to meeting the needs of society and the needs of the planet through our products.

### “Human x Eco™” Development Guidelines

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

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

In line with this belief, Terumo has created a set of original standards called the “Human x Eco Development Guidelines” to govern the development of people- and environment-friendly products. We follow the guidelines in our product development and display our own “Human x Eco” certification mark on outstanding products to make it easy for our customers to identify them.



### Measures against hazardous substances

#### A pioneer in the removal of mercury from healthcare practice

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



Digital thermometer



Blood pressure monitor

**Exhibited digital thermometers and blood pressure monitors at INC2**

Terumo exhibited its digital thermometers and blood pressure monitors at the second session of the Intergovernmental Negotiating Committee to prepare a global legally binding instrument on Mercury (INC2) held at Makuhari Messe International Conference Hall, Japan in January 2011. The committee was established under the United Nations Environment Program for the creation of an international treaty to reduce global emissions of mercury, a substance that affects human health and ecological systems. Alongside our products, we also introduced our environmental initiatives, including our efforts to remove mercury from healthcare practice.



Our exhibition at INC2

**Carbon Footprint (CFP) initiatives**

Aiming to assess the life cycle environmental impacts of our products in order to improve product development, we have participated in the Japanese Ministry of Economy, Trade and Industry's CFP Pilot Project since fiscal 2009. Carbon footprint measurement refers to the task of identifying the amount of greenhouse gas emissions generated over the entire life cycle of products or services, from material procurement, production and distribution to

use, maintenance and, finally, disposal and recycling. For the pilot project, we developed criteria for calculating and indicating the CFP of digital thermometers and obtained approval of the criteria. We are committed to accurately measuring CO<sub>2</sub> emissions caused by our products at each stage of their life cycle in order to achieve more environment-friendly product development.

**Promoting PVC-free, DEHP-free products**

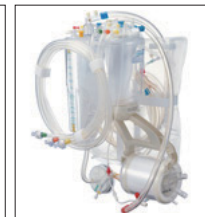
Where alternatives are available, we supply products that do not use materials containing PVC, which may produce toxic gas when incinerated, or di (2-ethylhexyl) phthalate (DEHP), a plasticizer that may have serious toxicity, as well as eliminating the use of such materials in packaging.



IV solution set



IV solution bag



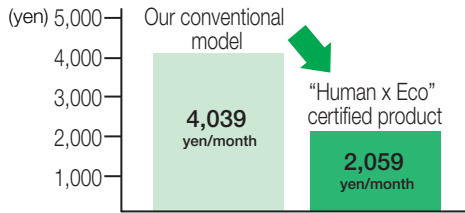
Cardiovascular circuit

## Energy-saving efforts

### Smaller, lighter, energy-saving oxygen concentrator

Terumo's "Human x Eco" certified oxygen concentrator, 30% lighter than our conventional concentrators, consumes less power. In addition, with a built-in battery, able to continue to operate in the event of a power outage or disaster, the product can also detect overheating at the oxygen outlet to prevent the spread of fire, if fire occurs.

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



Assumptions: flow rate of 3 l/min; 24-hour use

Note: Calculation is based on a new standard electric unit price of 22 yen/kWh (tax inclusive).



Oxygen concentrator "Human x Eco" certified product

## Resource-saving and waste reduction efforts

### Flexible and portable blood bag now used in over 100 countries

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



Blood bag

### PTCA balloon 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 single patient, resulting in a saving in resources.

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



PTCA balloon catheter

### Lighter, smaller products—Starting wherever we can

We reduced the size and weight of our syringes while maintaining volume and functionality. This improvement enabled a 25% reduction in waste in terms of weight.

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



Syringe



CAPD solution

### Packaging and waste volume/weight reduction

Having developed a certified angiographic kit that eliminated excess packaging and procedures by providing products needed during surgery together in a single set, we further reduced the weight and volume of the waste generated by this product by improving the method and form of its packaging and redesigning the shape of the tray. This allowed a 53% reduction in materials, compared with Terumo's conventional solution pack.



"Human x Eco" certified angiographic kit

### 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 reduces the environmental impact associated with the washing of bottles. Moreover, this mixture of water and thick liquid nutrition reduces the burden on healthcare professionals and caregivers.



"Human x Eco" certified thick liquid meal

### Integration—Combining several drugs in one bag

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



IV solution product in a bag

### Integration—Prefilled syringes

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



Injection solution prefilled syringes

### Integration—Oxygenator with integrated arterial filter

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



Oxygenator

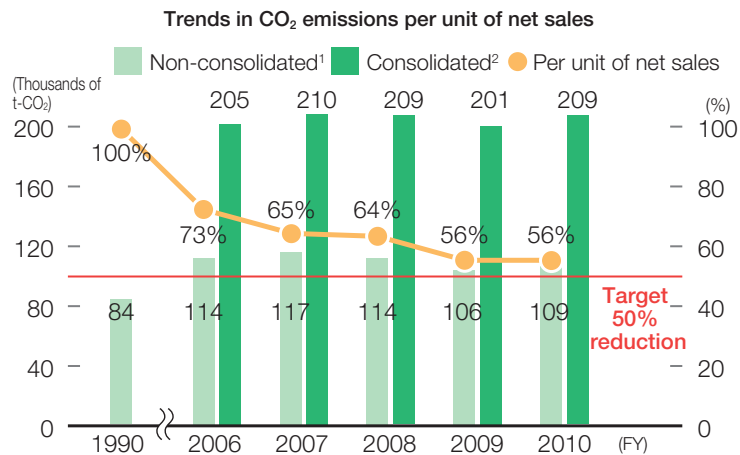
# Preventing Global Warming

Terumo conducts its business activities based on the assumption that the global environment must be protected. To promote further reduction of CO<sub>2</sub> emissions, we take part in the “Challenge 25” campaign in Japan and other eco programs with the full participation of our associates, in addition to energy-conservation activities conducted on-site.

With regard to electricity use,  
Terumo is making energy-saving efforts and visualizing its power consumption.

## Target for reduction of CO<sub>2</sub> emissions

Terumo is addressing the issue of global warming by setting a target to reduce CO<sub>2</sub> emissions per unit of net sales by 50% relative to the fiscal 1990 level by fiscal 2012 (non-consolidated basis).



1. Excluding overseas sales offices

2. Excluding overseas sales offices and overseas representative offices

## Effort to reduce CO<sub>2</sub> emissions

At Terumo we have stepped up our efforts to prevent global warming and achieve the CO<sub>2</sub> emissions reduction target, including by converting from gas to lower CO<sub>2</sub>-emitting electricity at our production sites and analyzing the waste of steam and other heat sources. We are committed to carrying out company-wide initiatives—including those related to offices and work vehicles—to prevent global warming and contribute to the development of low-carbon society.

## Energy-saving initiatives at factories

### Initiatives at Kofu Factory

Kofu Factory in Japan has carried out initiatives for optimum control of heat source systems. These include introducing highly efficient facilities, connecting cold water piping, and studying the optimization of operation patterns of refrigeration units and cold water pumps. The factory has also continued its energy-saving activities, such as reducing energy loss in factory processes, with the participation of all associates.

In recognition of these efforts, the factory received the highest prize in the fiscal 2010 Kanto Electricity Efficiency Committee Chair Award.



Award ceremony

### Initiatives at Fujinomiya Factory


In addition to adopting highly efficient and energy-saving facilities, Fujinomiya Factory installed 15 kW solar panels on the wall of its new factory building. It also used solar- and wind-powered hybrid streetlights to illuminate the road that was built alongside the new building. The factory is committed to the proactive use of renewable energy.



Solar panels installed at the new production building

### Initiatives at Terumo Europe N.V.

Terumo Europe N.V. has launched an energy-saving project to make company-wide energy-saving efforts. For example, its clean room uses highly efficient fluorescent lights and motion sensors, and controls the volume of outside air intake. Other on going efforts to save energy and prevent global warming include using electricity to power molding machines and the modification of the regulation of the heating, ventilation and air-conditioning systems.

 [Terumo Europe N.V.](#)



Energy-saving clean room



### Initiatives at Terumo (Philippines) Corporation

To use energy more efficiently at its factory, Terumo (Philippines) Corporation installed inverters for power units, compressors, and air conditioners. The company is also making various efforts to prevent global warming. These include using current transformers and capacitor banks which allow individual improvement of power factor.

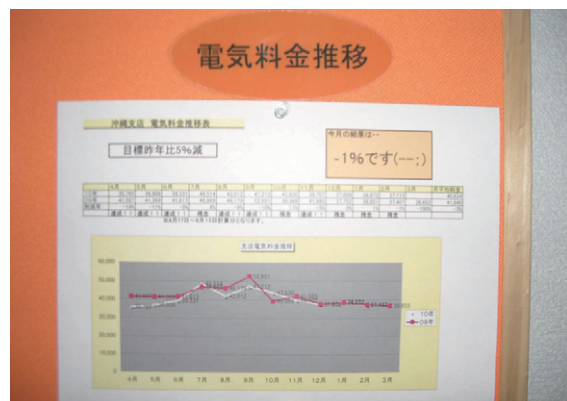


Capacitor banks to reduce phase current

### Daily eco activities at offices

#### Initiatives at offices in Japan

In Japan, each Terumo office sets targets for saving energy as part of its eco activities. Each office promotes activities in which all associates in the office can participate, such as turning off unnecessary lights, reviewing the temperature settings of air conditioners, and making efforts for the effective use of resources by ensuring waste separation.



Environmental Bulletin Board

#### Energy-saving driving

In Japan, Terumo has been promoting eco-driving of work vehicles. This involves taking proactive actions such as promoting environment-friendly driving practices (e.g., starting up slowly, the moderate use of air conditioning, and eliminating unnecessary extra weight) and converting to fuel-efficient, low emission, green vehicles.

In line with the Japanese government-led “Challenge 25 campaign,” we will continue to promote eco-driving of both work vehicles and privately owned vehicles.



Committed to eco-driving

### Efforts to reduce the environmental impact of distribution

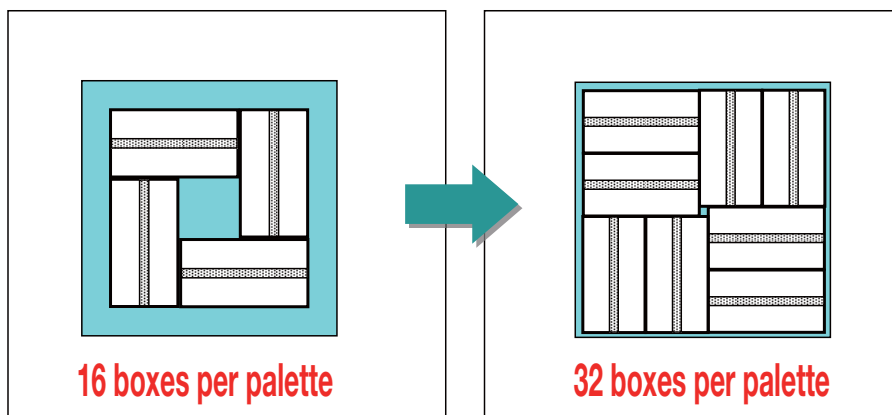
The need to reduce the amount of energy used in the transportation of products has become a major theme in the fight to prevent global warming.

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

### Improving efficiency in the transport and storage of prefilled syringes

Packaging box of pharmaceutical products requires a tamper-proof structure so that the products are not easily taken out of their box by removing the sealing tape. We developed a new tamper-proof structure to replace the previous boxes (which had flaps that covered the entire bottom section) in order to downsize the packaging boxes. The new structure not only uses paper resources more effectively but also increases the efficiency of transportation, thus reducing CO<sub>2</sub> emission during transportation, and takes up less storage space.

Improving efficiency in pallet loading (example: injection solution prefilled syringes)



### Participation in the Challenge 25 campaign

Terumo is participating in the Japanese government-led “Challenge 25 campaign” for the prevention of global warming. This campaign asks people to take on “six challenges” — specific, practicable actions to reduce CO<sub>2</sub> emissions at the workplace and home. In support of the campaign objective, Terumo promotes both office- and home-based activities designed to curb global warming.



The logo of “Challenge 25”

## Initiatives for biodiversity conservation

In line with its commitment to biodiversity conservation, Terumo makes efforts for the development of a low-carbon, recycling-oriented society in which humans coexists with nature.

### The Terumo Mt. Fuji Reforestation Project

Terumo has two factories in Fujinomiya city in Shizuoka. Both take water from springs at the foot of Mt. Fuji for use in production processes for medical devices and equipment, pharmaceuticals and other products. Since 2003, in cooperation with the Mt. Fuji Natural Reforestation Group, an NPO, we have been undertaking the Terumo Mt. Fuji Reforestation Project to protect this area. As part of the project we conduct reforestation, with indigenous trees, of a part of the Mt. Fuji forest that sustained heavy typhoon damage, helping the forest to become better resistant to future natural disasters and ensuring it can continue to serve as an underground water source.



Associates voluntarily participated in reforestation activities

In fiscal 2010, a total of 150 of our associates, including those from Group companies, and their families voluntarily planted trees.

### Terumo's "ECO Challenge" volunteer campaign

Every summer in Japan, we implement a campaign called "ECO Challenge," in which volunteer Terumo associates and their family members conduct various environmental conservation activities both at home and at work. In fiscal 2010, 2,419 individuals participated in the program, making eco-friendly changes to their everyday lifestyle.

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



Children's Forest Program (children in the Philippines)

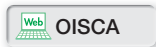
### Aiming for Greener Earth Together with Children Globally

The Children's Forest Program encourages children to get involved in greening activities in order to help them cultivate a love of nature.

Terumo has supported our activities in the Philippines, which have helped many children to understand the importance of forests and the need to conserve their forests for the future by inviting them to nurture seedlings for plantation in forests in their communities.



Ms. Emi Takada, in charge of the Children's Forest Program,  
International Cooperation Department, OISCA



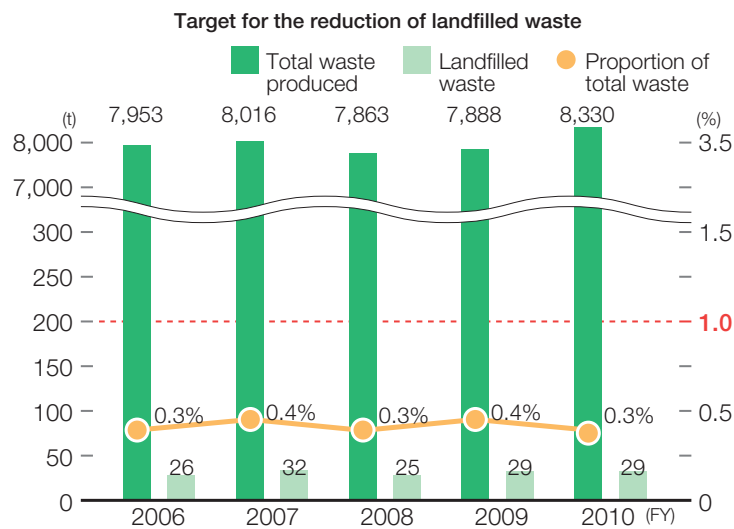
## Effective Use of Resources

Global resources are limited. Terumo utilizes the resources it requires in the most effective and efficient way possible including by reducing waste and increasing recycling across the entire company.

### Making efforts to reduce the amount of landfilled waste

Manufacturing processes and business activities at our factories, R&D Center and offices generate a variety of waste. We have therefore set a target of zero waste emissions—defined as “an amount of landfilled waste equal to less than 1% of the total amount of waste generated”—for all of our sites in Japan, excepting our sales offices. To ensure we achieve this reduction target, we urge rigid adherence to the proper sorting of waste and continue to refine our waste treatment methods and rules. In fiscal 2010, only 0.3% of our total waste by volume was disposed as landfill, meaning that we achieved our zero emission target for the seventh consecutive year.

**Target for the Reduction of Landfilled Waste:** Reduce the amount of landfilled waste to less than 1% of the total amount of waste generated (sales offices excepted) (=Ongoing zero waste emissions)



## Reducing packaging

For effective use of resources and improved usability, Terumo is making efforts to reduce packaging materials without impairing functionality, including by developing smaller, lighter and slimmer packages and reviewing package design.

### Eliminating transportation box for calorie-dense liquid meal

We reviewed the transportation box used for our calorie-dense liquid meal product with a particular focus on redundant distribution practices. Conventionally, we packed multiple product boxes inside a transportation carton, which eventually became waste in the distribution process. We re-examined the necessity of the double packaging and eliminated the transportation box, consequently reducing paper consumption by 50%. On the customer side, the change resulted in the reduction of waste packaging material and eliminating the need for additional unpacking.



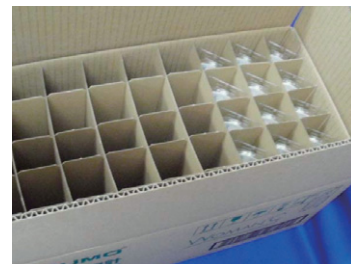
Eliminating transportation box (eliminating the packaging inside the red circle)

### Eliminating inner boxes of digital thermometers

In order to protect female digital thermometers, we used to ship them in double packaging consisting of inner boxes and an outer box. We redesigned a new lean and simple package that allowed us to eliminate the inner boxes without impairing the protective function. With this new package design, we reduced paper consumption by 5%. Eliminating the inner cartons also helps our customers to unpack products faster and reduce waste.



Before re-examination



After re-examination

## VOICE

We established a cross-departmental project involving development, distribution and sales sections plus factories to consider how to reduce packaging while maintaining its functionality in order to improve customer convenience and use resources effectively.

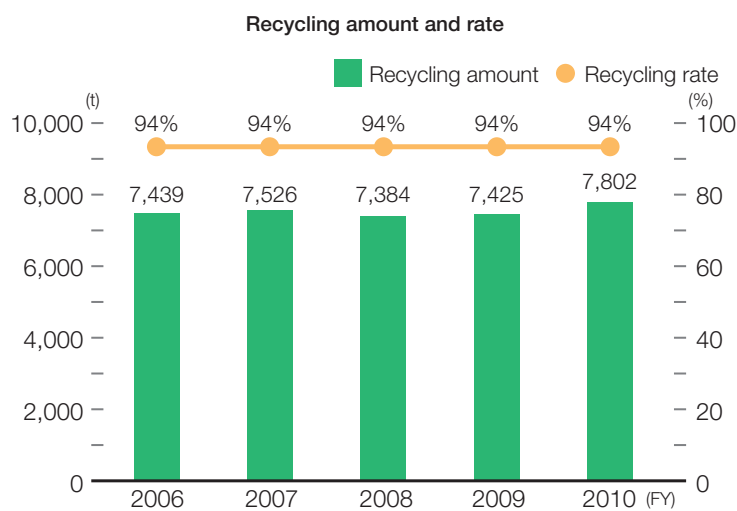
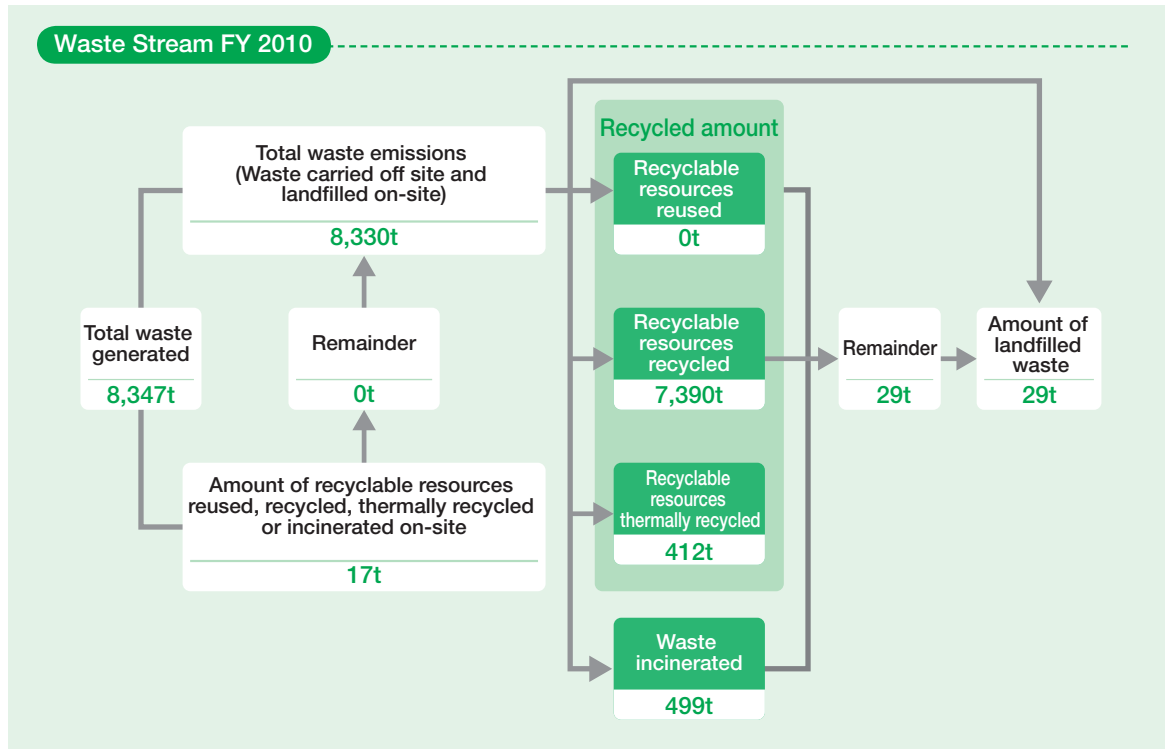
We are committed to reducing packaging for “people- and environment-friendly” healthcare.



A member of Terumo's packaging technology team

## Promoting recycling

While our Industrial Waste Group (one of our specialized environmental groups) plays a big role in sharing important information among sites, all our associates make efforts to recycle. Due to their unique properties and product safety concerns, it is not usually possible to recycle our products for use in other medical products. We do, however, recycle various types of waste generated in our production processes and office-based business activities for use in other plastic products including floor tiles and recycled plastic fuel (RPF). Also, organic sludge generated from wastewater treatment is recycled into organic fertilizer. Our recycling rate reached 94% in fiscal 2010.



### Initiatives at Vascutek Ltd.

Vascutek Ltd., Terumo's subsidiary in the UK, is working on the effective use of resources. The company properly separates waste generated on-site and has it recycled. It has also introduced an apparatus for distilling isopropyl alcohol (IPA), an organic solvent used in a factory process, to collect and reuse 90% of the IPA used. Vascutek will continue to make efforts for the effective use of resources.



IPA distillation apparatus

### Initiatives to recycle small rechargeable batteries

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



### Collection and recycling performance in FY 2010 (April 2010 to March 2011)

(Unit: kg)

Nickel-cadmium	Nickel-hydride	Lithium ion	Small sealed lead-acid
4,220	444	10	462

## Auditing waste-treatment contractors

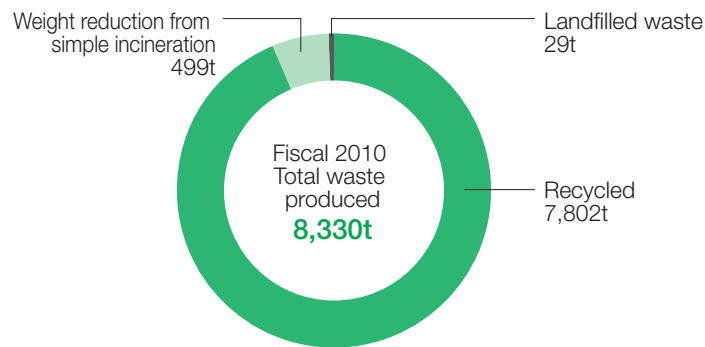
To confirm that the sludge and waste plastics generated by Terumo are appropriately processed throughout all stages of treatment, we have prepared a checklist that we use in our regular audits of our waste collection and disposal contractors.

In fiscal 2010, we audited 26 contractors.



On-site audit

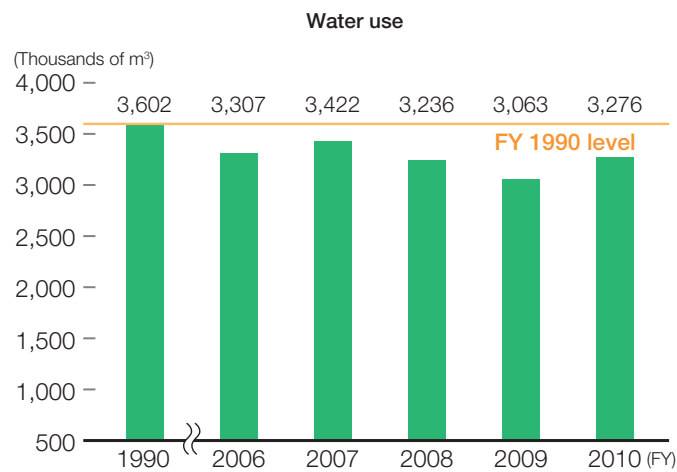
Total domestic waste and breakdown of disposal or treatment method



## Effective utilization of water resources

At Terumo we are optimizing our use of water resources by circulating and reusing our cooling water. Although we expect production levels to continue to rise, we will make every effort to maintain our water consumption at the fiscal 1990 level or below.

**Target Limit of Water Resources Use :** Maintain water use at or below FY 1990 level





# Chemicals Management

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

## Introduction of stricter chemicals management

### Alternatives to HCFC-141b

In response to the Montreal Protocol, Japan prohibited domestic manufacture of HCFC-141b in 2010. At Terumo, we established the HCFC Network under the Chemical Substances Group in 2005. In the years following, the network, comprised of representatives from all of our factories, worked on alternatives to HCFC-141b, which involved listing processes that use the substance, sharing information on alternatives, and sharing the results of studies undertaken at the various sites. By the end of 2009, we had completed the change of our factory settings to accommodate alternatives and are now using up 141b-containing materials that we have already purchased. Although we continue to consume the in-stock materials for some purposes needing a small amount of the substance, our 141b emissions will gradually decrease and finally become zero.

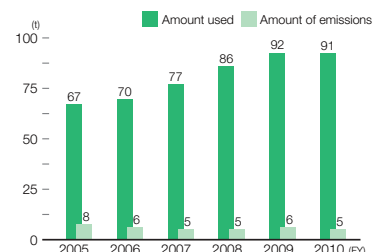
Trends in emissions of HCFC-141b



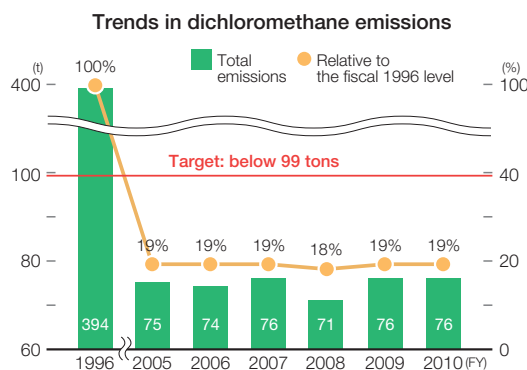
### Additional ethylene oxide emissions treatment equipment installed at Ashitaka Factory

Ethylene oxide is widely used to sterilize medical devices and equipment. In fiscal 2010, we installed an additional catalytic oxidation emissions treatment system, which can detoxify even low-concentration emissions, at Ashitaka Factory in Japan. We use this system together with an existing system to further reduce emissions in order to ensure minimal emissions and improve the work environment in which the processes using the chemical are performed. Catalytic oxidation emissions treatment systems are in operation at Fujinomiya Factory and R&D Center in Japan. We are also working on alternatives to ethylene oxide sterilization.

Trends in use/emissions of ethylene oxide



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



Substances subject to the PRTR<sup>1</sup> and substances under voluntary management

(unit: t)

Substance	Amount	Fujinomiya Factory	Ashitaka Factory	Kofu Factory	R&D	Total
Ethylene oxide (EOG)	Used	16.3	55.5	19.1	0.1	91
	Emitted	0.8	2.8	1.7	0	5.3
	Transferred	0	0	0	0	0
1,2-dichloroethane	Used	0	2.8	0	0	2.8
	Emitted	0	2.4	0	0	2.4
	Transferred	0	0.4	0	0	0.4
HCFC-225 <sup>2</sup>	Used	11.1	28.3	15.3	0	54.7
	Emitted	7.9	22.1	13.5	0	43.5
	Transferred	0.1	1.2	0	0	1.3
Dichloromethane	Used	0.2	7.2	168.5	0.2	176.1
	Emitted	0.2	1.9	73.8	0	75.9
	Transferred	0	5.3	0	0.2	5.5
Toluene	Used	0.8	0	13.2	5.3	19.3
	Emitted	0.6	0	10.9	0	11.5
	Transferred	0.2	0	2.4	2.9	5.5
Di (2-ethylhexyl) phthalate (DEHP)	Used	676.6	3	132.4	0	812
	Emitted	0	0	0	0	0
	Transferred	0	0	2.7	0	2.7
Hydrogen fluoride and its water-soluble salts	Used	0	12.3	0.1	0	12.4
	Emitted	0	0.9	0	0	0.9
	Transferred	0	0	0	0	0
1-bromopropane	Used	0	0	1.8	0	1.8
	Emitted	0	0	0.7	0	0.7
	Transferred	0	0	1.1	0	1.1
Morpholine	Used	0	0	1.6	0	1.6
	Emitted	0	0	1.6	0	1.6
	Transferred	0	0	0	0	0
Tetrahydrofuran THF (under voluntary management)	Used	7	21.4	3.5	0	31.9
	Emitted	5.7	19.6	3.5	0	28.8
	Transferred	1.3	0	0	0	1.3

1. PRTR: Pollutant Release and Transfer Register

2. Our effort to stop using HCFC-141b resulted in a slight increase in the amount of HCFC-225 used. HCFC-225 has a low ozone depletion potential.

### Aiming at appropriate PCB\* management

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

This fiscal year, we identified heavy electrical machinery (high pressure transformers) containing trace amounts of PCBs when we demolished the Head Office building. We submitted a notification and are keeping the transformers in compliance with applicable laws until they can be treated.

\* PCB: Polychlorinated biphenyl

# Promotion of Green Purchasing

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

## Green procurement

### Compliance with chemical regulations world wide (REACH, etc.)

In response to increasingly stricter chemical regulations world wide, Terumo has established a regulatory compliance system through cooperation among the concerned departments.

#### 1. Collection of regulatory information

In Europe, which has the most advanced chemical regulations, our local subsidiaries regularly provide related departments in Japan with information on environmental regulations. These departments then extract the environmental information and report it to the Environmental Management Department, which aggregates external information and serves as a contact point for environment-related industry associations. This system is intended to prevent issues from falling through the cracks at the survey stage, as described below.

#### 2. Checks in the design phase/supplier survey

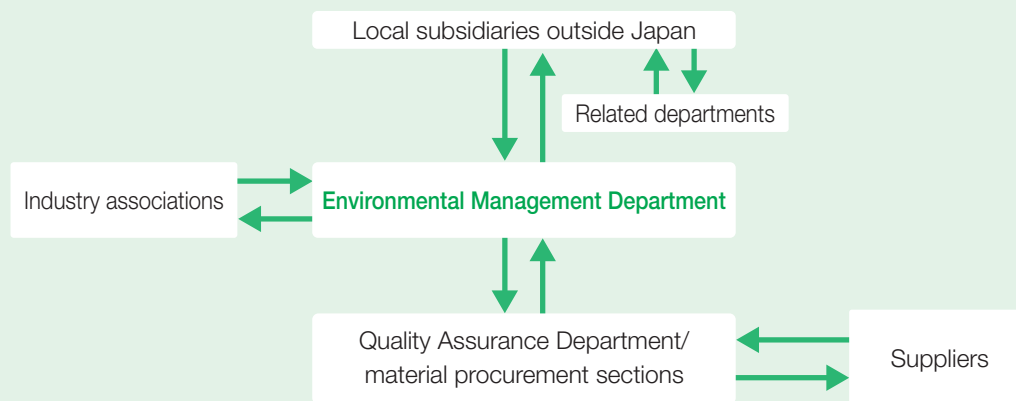
At the stage of product design, designers are informed of regulated substances so that they can refrain from using environmental pollutants wherever possible. We use our “Human x Eco Development Guidelines” as a tool to raise the awareness of our designers.

Meanwhile, the Quality Assurance 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 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 Quality Assurance Department enters them into a database so that we can use the data immediately when needed.

#### 3. Feedback to local sites

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

### Flowchart for Compliance with Chemical Regulations Outside Japan



## Carrying out green purchasing in Japan

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

### Results of green purchasing in Japan for fiscal 2010

(Unit: thousands of items, thousands of yen)

Category	Data	Overall result	Total of green purchasing	
Head Office/ sales offices (total)	Number of items purchased	30	15	50%
	Total payment	30,044	17,823	59%
Factories (total)	Number of items purchased	35	22	64%
	Total payment	17,169	12,845	75%
Company (total)	Number of items purchased	64	37	57%
	Total payment	47,213	30,669	65%

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

# Environmental Auditing

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

## ■ Status of internal environmental audits for fiscal 2010

To prevent illegal acts and environmental problems and reduce present and future environmental risks, we conduct internal environmental audits of our factories, R&D Center, Head Office, and sales offices in Japan, as well as of Terumo Group companies, including overseas sites.

### ■ Audit tasks

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

### ■ Results of internal audits

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



Internal environmental audit at Ashitaka Factory



Internal environmental audit at Terumo Europe N.V.

## ■ Results of external on-site inspection in fiscal 2010

### ■ Results of external on-site inspection

In fiscal 2010, regulatory authorities conducted three external environmental on-site inspections: an inspection by the Ministry of Economy, Trade and Industry (METI) under the Act on the Rational Use of Energy; an inspection of sanitation management at specified buildings; and a sampling of factory wastewater. No remedial instructions were forthcoming from the authorities following the inspections.



METI on-site inspection

# Business Activities and Material Flows

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



Notes:

- 1: Figures for business activities and material flows include data from Terumo's sites in Japan.
- 2: NOx emitted in distribution were calculated using the coefficients in the "Environmental Activities Evaluation Program (April 2002)" developed by the Ministry of the Environment.

## Site Data

At Terumo, we work hard every day to effectively utilize resources and reduce emissions of substances that impact the environment. This section provides details of environmental impacts at our production sites in Japan and overseas during fiscal 2010.

Site	Location	Total CO <sub>2</sub> emissions (thousands of t)	Water usage (thousands of m <sup>3</sup> )	Total waste (t)	Hazardous waste (t)	Recycled amounts (t)
Fujinomiya Factory	Fujinomiya, Shizuoka	37.3	1,599	2,930	11	2,902
Ashitaka Factory	Fujinomiya, Shizuoka	15.6	503	1,365	168	1,179
Kofu Factory	Nakakoma, Yamanashi	46.9	1,056	3,692	54	3,475
R&D Center	Ashigarakami, Kanagawa	7.3	97	203	53	154
Hatagaya Head Office	Shibuya, Tokyo	0.2	2.5	55	1	42
Ikiken Co., Ltd.	Sayama, Saitama	0.1	1	13	0	7
Terumo Clinical Supply Co., Ltd.	Kagamihara, Gifu	1	6	48	0	35
Terumo Medical Corporation, TCVS	Maryland, USA	17.1	50	531	100	149
TCVS	Michigan, USA	2	15	735	16	277
TCVS	Massachusetts, USA	0.5	1	166	—	99
MicroVention, Inc.	California, USA	1.1	6	23	11	—
Terumo Europe N.V.	Leuven, Belgium	17.9	59	1,153	195	511
Terumo Europe N.V.'s UK factory	Liverpool, UK	0.04	0.5	81	0	76
Vasutek Ltd.	Glasgow, UK	1.8	15	122	10	35
Terumo Medical Products (Hangzhou) Co., Ltd.	Zhejiang, China	29	508	261	37	175
Changchun Terumo Medical Products Co., Ltd.	Jilin, China	5.1	41	216	0	201
Terumo (Philippines) Corporation	Manila, the Philippines	18.6	139	779	36	714
Terumo Penpol Ltd.	Kerala, India	4.8	41	503	2	493
Terumo Vietnam Co., Ltd.	Vinh Phuc, Vietnam	2.8	72	96	0	50

## Notes:

1. TCVS: Terumo Cardiovascular Systems Corporation
2. For the purpose of calculation, we used waste density of 0.2 t/m<sup>3</sup> for general/industrial waste and 1.0 t/m<sup>3</sup> for hazardous waste.

# History of Our Environmental Activities

## History of our environmental activities

1971	<ul style="list-style-type: none"> <li>● We establish the Environmental Control Department at Ashitaka Factory.</li> </ul>
1972	<ul style="list-style-type: none"> <li>● We change from a sedimentation system to a chelating adsorption system to treat water effluent containing mercury.</li> </ul>
1975	<ul style="list-style-type: none"> <li>● We install general water effluent treatment facilities at Fujinomiya Factory.</li> </ul>
1976	<ul style="list-style-type: none"> <li>● We discontinue acid surface treatment of needle hubs (at the base of the needle) and shift to a plasma treatment system, which does not generate acid wastewater.</li> <li>● Fujinomiya and Ashitaka Factories sign a pollution control agreement with Fujinomiya city.</li> </ul>
1979	<ul style="list-style-type: none"> <li>● We switch boiler fuel at Fujinomiya Factory from heavy oil to LPG, which contains less sulfur.</li> </ul>
1980	<ul style="list-style-type: none"> <li>● We change the material for syringe gaskets from rubber to thermoplastic elastomer to prevent generation of sulfur oxides during incineration.</li> <li>● We install general water effluent treatment facilities at Ashitaka Factory.</li> </ul>
1981	<ul style="list-style-type: none"> <li>● We adopt non-PVC (polyvinyl chloride) containers for IV solutions (TERUPACK), switching to ethylene vinyl acetate (EVA), which does not generate toxic gases when incinerated.</li> </ul>
1982	<ul style="list-style-type: none"> <li>● We completely stop the use of trichloroethylene, ahead of regulations.</li> </ul>
1983	<ul style="list-style-type: none"> <li>● We adopt gamma ray sterilization, which does not emit gases, for the sterilization system at Kofu Factory.</li> <li>● We start sale of our non-mercury digital thermometer.</li> </ul>
1984	<ul style="list-style-type: none"> <li>● We bring an end to 70 years of production of mercury thermometers, as part of our effort to replace medical-use products containing mercury with safer alternatives.</li> </ul>
1989	<ul style="list-style-type: none"> <li>● We switch from glass vacuum blood collection tubes to plastic vacuum blood collection tubes made of polyester, which can be disposed by incineration.</li> </ul>
1991	<ul style="list-style-type: none"> <li>● We start sales of non-PVC hypodermic administration sets using polybutadiene, which does not generate hazardous gases when incinerated.</li> </ul>
1992	<ul style="list-style-type: none"> <li>● We start sales of a digital blood pressure monitor for hospital use as part of our effort to replace medical-use products containing mercury with safer alternatives, in consideration of the workplace environment of healthcare practice.</li> </ul>
1994	<ul style="list-style-type: none"> <li>● We start sales of a balloon catheter made of thermoplastic elastomer, which does not generate sulfur oxides when incinerated.</li> </ul>
1996	<ul style="list-style-type: none"> <li>● We completely abolish the use of ozone-depleting specified chlorofluorocarbon (CFC) chemicals in the production process at Kofu Factory (followed by other factories).</li> <li>● We start production of a hypodermic administration set with a new-type plastic needle: the non-metal needle makes post-disposal separation at hospitals as well as incineration easier.</li> </ul>
1997	<ul style="list-style-type: none"> <li>● We establish the Environmental Management Department at Head Office.</li> <li>● We start operating cogeneration (combined heat and power, or CHP) at Kofu Factory, supplying 60% of the power used at the factory.</li> <li>● We convert the energy source from LPG to city gas, which emits less CO<sub>2</sub>, at Fujinomiya and Ashitaka Factories.</li> <li>● We completely stop the use of heavy oil at all production sites.</li> </ul>
1998	<ul style="list-style-type: none"> <li>● We reduce the size and weight of syringes, which enables a 25% reduction of waste in terms of weight.</li> <li>● We start the shift to recycled copier paper at our offices.</li> <li>● We introduce a catalytic oxidation treatment system for EOG emissions treatment at Fujinomiya Factory.</li> </ul>
1999	<ul style="list-style-type: none"> <li>● We establish Terumo's Basic Environmental Policy.</li> <li>● We start operating cogeneration at Fujinomiya Factory.</li> <li>● We start the shift to recycled paper for catalogues and specification change notifications.</li> <li>● We start to use non-PVC solution containers for continuous ambulatory peritoneal dialysis therapy for home use.</li> <li>● The use of polypropylene containers, which do not generate hazardous gases when incinerated, enables a 40% reduction of waste in terms of weight.</li> </ul>



## Targets and Achievements Activities

2000	<ul style="list-style-type: none"> <li>● We establish the Environment Committee.</li> <li>● We start operating cogeneration at Ashitaka Factory.</li> <li>● We start indicating packaging and container identification marks and materials for recycling.</li> <li>● We start internal environmental audits.</li> <li>● We abolish the use of diesel-powered work vehicles.</li> <li>● We first publish our <i>Environmental Report</i> (which has since been published annually).</li> </ul>
2001	<ul style="list-style-type: none"> <li>● We stop the operation of incinerators at Kofu and Ashitaka Factories.</li> <li>● We stop the use of devices and equipment containing PCBs and put them into storage.</li> <li>● We start sales of non-PVC hypodermic administration sets for use on children.</li> <li>● About 80 associates and their family members participate in a Mt. Fuji cleanup activity.</li> </ul>
2002	<ul style="list-style-type: none"> <li>● We completely abolish the use of benzene and chloroform at Kofu Factory.</li> <li>● We stop the use of incinerators at Kofu and Ashitaka Factories and remove them.</li> <li>● We conduct a cleanup of Mt. Fuji as a joint activity for the Kofu and Fujinomiya areas (with about 130 participants).</li> <li>● We install an observation well at Kofu Factory to monitor the quality of underground water.</li> <li>● We start sales of hypodermic administration sets using TOTM, an alternative to the DEHP plasticizer.</li> </ul>
2003	<ul style="list-style-type: none"> <li>● We achieve zero waste emissions at Ashitaka Factory and Head Office.</li> <li>● We convert from LPG to city gas at Kofu Factory, completing the fuel conversion at all major domestic sites.</li> <li>● We conduct on-site inspections at overseas sites.</li> <li>● We launch the Terumo Mt. Fuji Reforestation Project.</li> </ul>
2004	<ul style="list-style-type: none"> <li>● Our high-calorie electrolyte fluid for IV solution containing a multivitamin, glucose and amino acids receives the President's Prize awarded by the Eco Products Promotion Council at the First Eco-Products Awards in 2004.</li> <li>● We achieve zero waste emissions at Kofu and Fujinomiya Factories.</li> </ul>
2006	<ul style="list-style-type: none"> <li>● We achieve zero waste emissions at Shonan Center.</li> <li>● We start sales of digital blood pressure monitors compliant with the RoHS Directive.</li> <li>● We introduce turbo refrigeration units at Kofu Factory.</li> <li>● We introduce a catalytic oxidation treatment system for EOG emissions treatment at Ashitaka Factory.</li> <li>● We join Team Minus 6%.</li> </ul>
2008	<ul style="list-style-type: none"> <li>● Our Fujinomiya Factory is awarded with the Director General's Prize in the Kanto Bureau of Economy, Trade and Industry's Awards for Outstanding Energy Conservation by a Factory.</li> <li>● We install an additional catalytic oxidation treatment system for EOG emissions treatment at Ashitaka Factory.</li> <li>● We establish a test plant for liquefaction of waste plastic.</li> </ul>
2009	<ul style="list-style-type: none"> <li>● We introduce "Human x Eco Development Guidelines."</li> <li>● We start environmental auditing at our overseas production sites.</li> <li>● Our Fujinomiya Factory is accredited for excellence as a supporter of the 2009 Eco-Ship Modal Shift project.</li> <li>● We introduce an additional catalytic oxidation treatment system for EOG emissions treatment at Fujinomiya Factory.</li> </ul>
2010	<ul style="list-style-type: none"> <li>● We introduce a solar power generation system at Fujinomiya Factory.</li> <li>● Our Kofu Factory is awarded the highest prize in the Kanto Electricity Efficiency Committee Chair Award.</li> <li>● We introduce an additional catalytic oxidation treatment system for EOG emissions treatment at Ashitaka Factory.</li> </ul>

## Targets and Achievements of Activities

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

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

Management Performance				
Initiative	Voluntary Targets (Medium-Term Targets)	Results for FY 2010	Evaluation for FY 2010	Initiatives for FY 2011
Internal control initiatives	<ul style="list-style-type: none"> <li>Continually review and operate internal control system</li> </ul>	<ul style="list-style-type: none"> <li>Developed and operated internal control system</li> </ul>	○	<ul style="list-style-type: none"> <li>Develop and operate internal control system</li> </ul>
Promoting compliance	<ul style="list-style-type: none"> <li>Continue compliance training</li> </ul>	<ul style="list-style-type: none"> <li>Continued compliance training</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue compliance training</li> </ul>

Social Performance (Japan)				
Initiative	Voluntary Targets (Medium-Term Targets)	Results for FY 2010	Evaluation for FY 2010	Initiatives for FY 2011
A highly accessible call center	<ul style="list-style-type: none"> <li>Maintain rate of over 95% of incoming calls answered within 2.5 seconds</li> </ul>	<ul style="list-style-type: none"> <li>95.6% of incoming calls answered within 2.2 seconds</li> </ul>	○	<ul style="list-style-type: none"> <li>Maintain rate of over 95% of incoming calls answered within 2.5 seconds</li> </ul>
Promoting employment of disabled workers	<ul style="list-style-type: none"> <li>Maintain a disabled-worker employment ratio of 1.8%</li> </ul>	<ul style="list-style-type: none"> <li>1.84% disabled-worker employment ratio as of the end of March 2011</li> </ul>	○	<ul style="list-style-type: none"> <li>Maintain a disabled-worker employment ratio of 1.8%</li> </ul>
Promoting occupational safety	<ul style="list-style-type: none"> <li>No work-related deaths or serious injuries, and fewer work-related accidents than the previous fiscal year</li> </ul>	<ul style="list-style-type: none"> <li>Zero work-related deaths or serious injuries in FY 2010 (zero in previous year); 30 other work-related accidents (16 in previous year) Frequency rate<sup>1</sup>: 3.31825 Severity rate<sup>2</sup>: 0.00318</li> </ul>	△	<ul style="list-style-type: none"> <li>Maintain the status of no work-related deaths or serious injuries, and fewer work-related accidents than the previous fiscal year level</li> </ul>
Career advancement of female associates	<ul style="list-style-type: none"> <li>Train and promote associates based on skills and performance, without gender bias</li> </ul>	<ul style="list-style-type: none"> <li>Women accounted for 3.2% of management positions (as of the end of March 2011)</li> </ul>	△	<ul style="list-style-type: none"> <li>Train and promote associates based on skills and performance, without gender bias</li> </ul>
Promoting fair hiring	<ul style="list-style-type: none"> <li>Conduct hiring based on skills, regardless of race, nationality, gender, religion, physical disability or other factors</li> </ul>	<ul style="list-style-type: none"> <li>Educated hiring managers and created manuals</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to practice fair hiring and educate hiring managers</li> </ul>

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

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

Environmental Performance				
Initiative	Voluntary Targets (Medium-Term Targets)	Results for FY 2010	Evaluation for FY 2010	Initiatives for FY 2011
Determining the environmental impact of our business activities	<ul style="list-style-type: none"> <li>Quantitatively determine the environmental impacts of development, production and sales activities</li> </ul>	<ul style="list-style-type: none"> <li>Continued to conduct environmental impact assessments</li> <li>Started odor measurement along the boundaries of our production sites</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to conduct environmental impact assessments</li> </ul>
Environmentally friendly products	<ul style="list-style-type: none"> <li>Remove mercury from healthcare practice</li> <li>Respond to regulations of different countries</li> </ul>	<ul style="list-style-type: none"> <li>Promoted sales of digital blood pressure monitors for hospital use</li> <li>Assessed the environmental impact of products using LCA</li> <li>Introduced "Human x Eco Development Guidelines"</li> <li>Worked on reducing packaging materials</li> <li>Recovered and recycled used small rechargeable batteries</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to develop products compliant with RoHS Directive and to build an assurance system</li> <li>Promote the operation of "Human x Eco Development Guidelines"</li> <li>Assess the environmental impact of products using LCA</li> </ul>
Preventing environmental pollution	<ul style="list-style-type: none"> <li>Maintain dichloromethane emissions of no more than 99 tons</li> </ul>	<ul style="list-style-type: none"> <li>Dichloromethane emissions were 76 tons</li> <li>Carried out voluntary measurement of ethylene oxide concentrations along the boundaries of our facilities</li> <li>Installed an additional catalytic oxidation emissions treatment system at Ashitaka Factory</li> </ul>	○	<ul style="list-style-type: none"> <li>Maintain dichloromethane emissions of no more than 99 tons</li> <li>Continue voluntary measurement of ethylene oxide concentrations along the boundaries of our facilities</li> </ul>
Using resources and energy effectively	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions per unit of sales by 50% relative to FY 1990 level by FY 2012</li> </ul>	<ul style="list-style-type: none"> <li>Promoted conversion from gas to electricity, which has a lower CO<sub>2</sub> emissions coefficient</li> <li>Reduced CO<sub>2</sub> emissions per unit of sales by 44% relative to FY 1990 level</li> <li>Kofu Factory received the highest prize in the Kanto Electricity Efficiency Committee Chair Award</li> <li>Participated in Challenge 25 campaign and carried out in-house eco campaign</li> <li>Promoted eco-driving</li> <li>Promoted energy-saving activities in offices</li> <li>Continued experimental liquefaction of waste plastic</li> </ul>	○	<ul style="list-style-type: none"> <li>Promote energy-saving efforts</li> <li>Take actions to visualize electricity consumption</li> <li>Participate in Challenge 25 campaign and carry out in-house eco campaign</li> <li>Promote eco-driving</li> <li>Continue to promote energy-saving activities in offices</li> <li>Continue experimental liquefaction of waste plastic</li> </ul>
Reducing waste	<ul style="list-style-type: none"> <li>Reduce the amount of landfilled waste to less than 1% of the total amount of waste at all sites in Japan, excepting sales offices</li> </ul>	<ul style="list-style-type: none"> <li>Continued zero waste emissions at all production sites (Fujinomiya, Ashitaka and Kofu Factories), R&amp;D Center and Head Office in Japan (Zero waste emissions: The amount of landfilled waste is less than 1% of the total amount of waste generated)</li> <li>Expanded the use of electronic manifests</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to reduce the amount of landfilled waste to less than 1% of the total amount of waste at all sites in Japan, excepting sales offices</li> <li>Promote the use of electronic manifests across the group</li> </ul>

Environmental Performance				
Initiative	Voluntary Targets (Medium-Term Targets)	Results for FY 2010	Evaluation for FY 2010	Initiatives for FY 2011
Establishing environmental management systems	<ul style="list-style-type: none"> <li>Maintain compliance with the Terumo Environmental Management System across the Terumo Group</li> </ul>	<ul style="list-style-type: none"> <li>Continued to maintain the Terumo Environmental Management System at all sites and Group companies in Japan</li> <li>Conducted environmental audits at all sites and Group companies in Japan</li> <li>Conducted environmental audit at Terumo Europe N.V.</li> <li>Conducted on-site confirmation at Vascutek Ltd.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to maintain the Terumo Environmental Management System at all sites and Group companies in Japan</li> <li>Continue to conduct environmental audits at all sites and Group companies in Japan</li> <li>Conduct environmental audits at factories outside Japan</li> </ul>
Encouraging volunteer activities	<ul style="list-style-type: none"> <li>Encourage volunteer activities</li> </ul>	<ul style="list-style-type: none"> <li>Implemented the Terumo Mt. Fuji Reforestation Project (reforestation using native tree varieties)</li> <li>Supported volunteer activities, including participation in the Tamagawa River Cleanup Campaign (Tokyo)</li> <li>Participated in the “Eco Cap Movement”</li> <li>Cleaned the surroundings of Terumo’s premises</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to support volunteer activities, including the Terumo Mt. Fuji Reforestation Project</li> </ul>
Facilitating environmental communication	<ul style="list-style-type: none"> <li>Publish social and environmental reports</li> <li>Conduct initiatives for Environment Month</li> </ul>	<ul style="list-style-type: none"> <li>Published <i>Terumo Guide 2010</i> (social and environmental report)</li> <li>Conducted Environment Month initiatives</li> <li>Posted special features on Environment Month on corporate intranet</li> <li>2,419 associates voluntarily participated in eco programs</li> <li>Provided environmental education to associates</li> </ul>	○	<ul style="list-style-type: none"> <li>Publish <i>Terumo Guide 2011</i> (social and environmental report)</li> <li>Conduct initiatives for Environment Month</li> <li>Continue eco programs with associate participation</li> <li>Continue to provide environmental education to associates</li> </ul>
Compliance with environmental laws and ordinances	<ul style="list-style-type: none"> <li>Confirm compliance with laws, ordinances and agreements relating to environmental protection, as well as legal compliance overseas</li> </ul>	<ul style="list-style-type: none"> <li>Complied with the revised Act on the Rational Use of Energy and the revised Act on Promotion of Global Warming Countermeasures</li> <li>Complied with REACH and other chemical regulations outside Japan</li> <li>Complied with the revised Soil Contamination Countermeasures Act</li> </ul>	○	<ul style="list-style-type: none"> <li>Comply with the revised Act on the Rational Use of Energy and the revised Act on Promotion of Global Warming Countermeasures</li> <li>Continue to comply with REACH and other chemical regulations outside Japan</li> </ul>

# Reporting Policy

## Reporting policy

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

To introduce Terumo's activities that express our corporate mission, feature reports focus on our activities related to platelet transfusion, which supports the treatment of cancer patients, minimally invasive cerebrovascular treatment and our efforts as a healthcare partner to deliver advanced medical treatment to patients.

## Scope of this report

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

## Report period

Fiscal 2010 (April 1, 2010 through March 31, 2011)

Activities reported include some recent activities.

## Publication schedule

This report: December 2011

Previous report: November 2010

Next report: August 2012 (tentative)

## Referenced guidelines

GRI, *Sustainability Reporting Guidelines 2006*

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

## Report archives

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

 [Back number](#)