

ESG Section

35 Sustainability at the Terumo Group

39 Environment

40 EHS Management

42 Development of Environmentally Friendly and Safe Products

44 Initiatives to Address Climate Change

48 Effective Utilization of Resources and Initiatives to Realize a Circular Economy

50 Effective Utilization of Water Resources

51 Proper Control of Chemical Substances

52 Initiatives for Biodiversity Conservation

54 Society

55 Quality and Safety of Products and Services

58 Procurement

60 Human Resources

74 Human Rights

75 Contribution to Society and Local Communities

77 Governance

78 Corporate Governance

87 Dialogue with Independent Director

90 Directors, Audit and Supervisory Committee Members, and Executive Officers

93 Dialogue with Shareholders and Investors

94 Risk Management

99 Compliance

103 Intellectual Property

104 Data Sheets

105 Ten-Year Financial Summary

106 Consolidated Financial Statements

109 Human Resources and Labor Data

111 Environmental Data

116 Independent Assurance Statement

118 Corporate Information

Sustainability at the Terumo Group


Terumo Group Sustainability Policy

Based on the Group Mission of Contributing to Society through Healthcare, Terumo believes that its social mission (corporate purpose) is to lead the advancement of healthcare and the enhancement of patients' QOL. To achieve this, Terumo will strive for the utmost quality in all activities, create solutions of value by utilizing new technologies, and spread those solutions globally.

Amid drastic changes in social and global environments,

Terumo will also take leadership toward solving a variety of social issues, and to meet the expectations of its broad range of stakeholders.

Through these sustainability efforts, Terumo will contribute to the realization of a sustainable society, create new Terumo strengths and culture, and bring about sustainable corporate growth. With the Core Values and Group Code of Conduct as guides, we will meet the future challenges of healthcare and society together as Terumo Group associates.

 **TERUMO's Purpose**
<https://www.terumo.com/about/purpose>

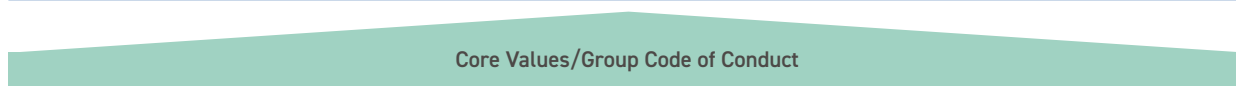
Sustainability Priorities

Sustainability Priorities

Based on the Terumo Group's Sustainability Policy, we have identified seven sustainability priorities we will focus on to realize our Group mission. These priorities are classified into the categories of "Social value creation" (CSV) and "Foundation supporting social value creation" (ESG). (Please refer to pp.14-17 for specific CSV/ESG themes and KPIs set out in our five-year growth strategy GS26 based on our sustainability priorities.)

Sustainability Priorities

  : Sustainability Priorities



		Core Values/Group Code of Conduct		
CSV	Social value creation	<ul style="list-style-type: none"> ■ Resolving healthcare challenges <ul style="list-style-type: none"> • Providing healthcare that is closely aligned with the life of each individual • Co-creating a sustainable healthcare system • Spreading medical technologies and services and improving access to healthcare 		
	ESG	Foundation supporting social value creation	<ul style="list-style-type: none"> ■ Pursuing Total Quality <ul style="list-style-type: none"> • Ensuring the quality, safety, and stable supply of products and services • Sustainable supply chain management 	<ul style="list-style-type: none"> ■ Promoting active participation of associates <ul style="list-style-type: none"> • Improving associates' experiences (safety, health, growth, and motivation) • Cultivating an organization that leverages diverse human resources to create value
<ul style="list-style-type: none"> ■ Reducing the environmental impact <ul style="list-style-type: none"> • Initiatives to achieve carbon neutrality • Making effective use of resources • Reducing emissions of chemical substances in production processes • Developing environmentally friendly products (Human × Eco Development Guidelines) 			<ul style="list-style-type: none"> ■ Contributing to society and local communities <ul style="list-style-type: none"> • Offering support for social activities and research that contribute to the development of healthcare • Engaging in social contribution activities in local communities 	
<ul style="list-style-type: none"> ■ Lives and human rights of associates/business partners 				
<ul style="list-style-type: none"> ■ Promoting compliance 				
	Governance	<ul style="list-style-type: none"> ■ Corporate governance / Risk management 		

Social value creation (CSV)

We have defined "Resolving healthcare challenges" as the most important sustainability priority for us and will focus on contributing to the advancement of healthcare and the enhancement of patients' quality of life. By doing so, we will create value for society and strive to realize a sustainable society as well as the Group's sustainable growth.

Foundation supporting social value creation (ESG)

As a foundation to support the creation of social value, we have set six sustainability priorities including "Pursuing total quality," "Promoting active participation of associates," "Reducing the environmental impact," and "Lives and human rights of associates and business partners." While responding to various social demands, we will build a solid business foundation through our unique activities.

The Process to Determine Sustainability Priorities

The Terumo Group determines priorities according to the following process.

STEP1 Identify potential issues

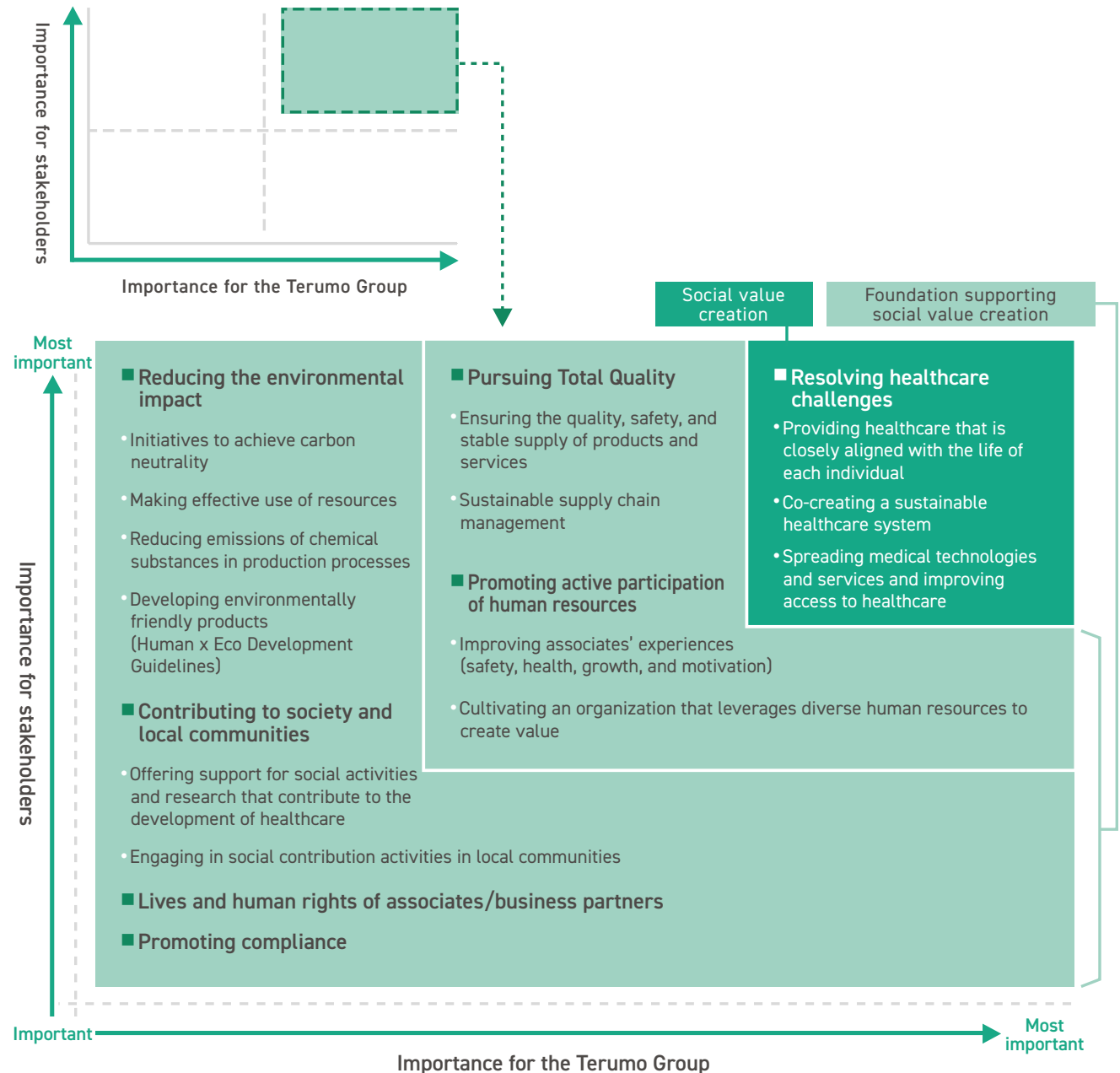
Referring to sustainability guidelines and standards such as those published by GRI and SASB, comprehensively identify which sustainability issues concern the Terumo Group.

STEP2 Prioritize

Evaluate how important these issues are for the Terumo Group, in terms of their importance to stakeholders and relevance to our Group mission and other related policies. Select those that are highly important to both parties.

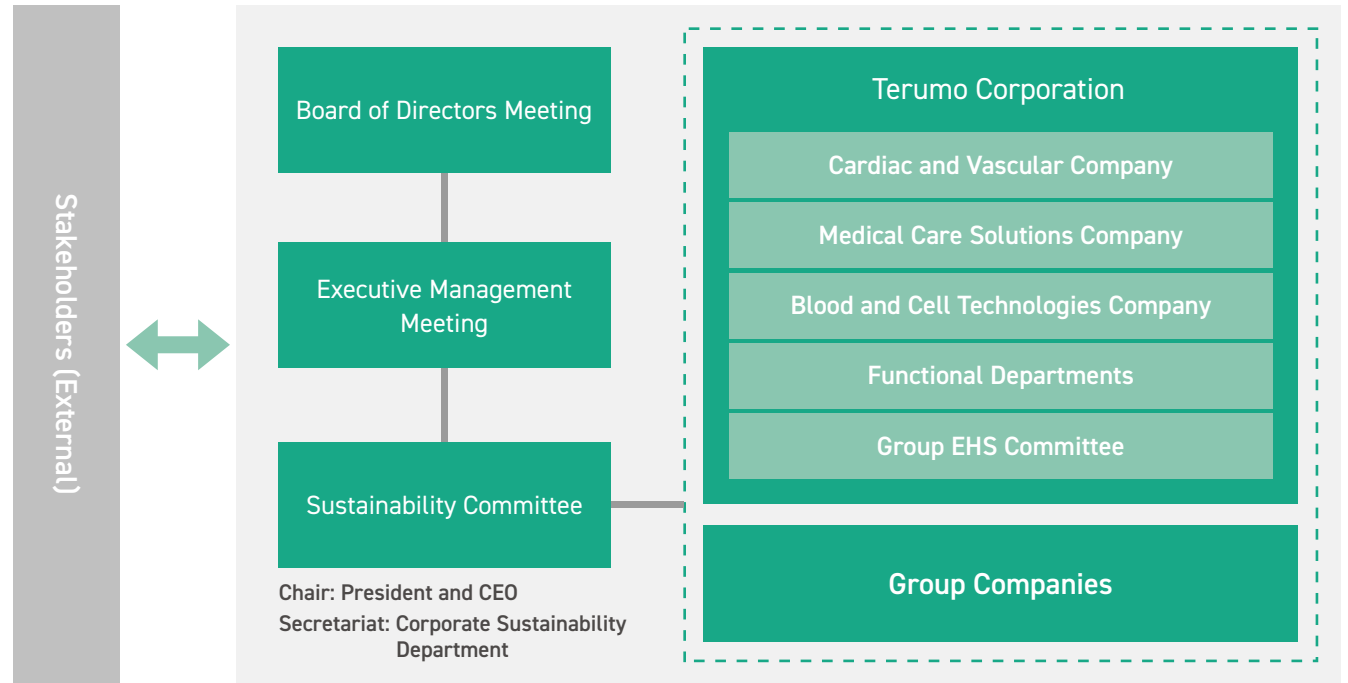
STEP3 Determine priorities

Taking into consideration the current status of initiatives within the Terumo Group, determine the sustainability priorities from among those that had been selected for their high level of importance. The executive management meeting and the board of directors meeting then deliberates over the priorities that were identified to confirm that they are appropriate.



Sustainability Management

Terumo established the Sustainability Committee in April 2023. The Sustainability Committee under the Executive Management Committee develops action policies and priorities related to sustainability, including CSV and ESG, finds ways to disseminate them throughout the Terumo Group, and promotes specific initiatives, by working together with relevant departments and the Group companies. The Sustainability Committee also monitors the progress of the initiatives and KPIs for CSV and ESG and reports them regularly to the Executive Management Meeting and the Board of Directors meeting. Matters raised at the Executive Management Meeting and the Board of Directors meetings are fed back to the relevant departments or Group companies to improve the initiatives. Terumo also interacts with internal and external stakeholders, sharing information and engaging in discussions to understand society's expectations to the Terumo Group, and reflects them in the initiatives.



As of October 31, 2023

Participation in Initiatives

United Nations Global Compact

In 2012, Terumo became a signatory to the United Nations Global Compact. This action reflects Terumo's agreement with the Ten Principles of the compact, which relate to human rights, labor practices, the environment, and anti-corruption measures. Under the Group mission of "Contributing to Society through Healthcare," the Terumo Group is striving to practice these principles throughout the course of its business operations.

WE SUPPORT



Science Based Targets Initiative (SBTi)

Terumo's greenhouse gas (GHG) emissions reduction targets have been approved by the Science Based Targets initiative (SBTi) as being aligned with the common goal to limit global temperature rise to 1.5°C above pre-industrial levels.



External Recognition

FTSE4Good Index Series/FTSE Blossom Japan Index/FTSE Blossom Japan Sector Relative Index

Terumo has been selected as a constituent stock of the FTSE4Good Index Series, the FTSE Blossom Japan Index, and the FTSE Blossom Japan Sector Relative Index created by FTSE Russell (as of June 2023).



FTSE4Good



FTSE Blossom Japan



FTSE Blossom Japan Sector Relative Index

ISS ESG Corporate Rating

Terumo has been rated "Prime" in "The ESG Corporate Rating" by ISS ESG, an ESG investment solution business unit of the world's leading proxy advisory firm, ISS, Institutional Shareholder Services Inc. of the U.S. (as of June 2023).

S&P/JPX Carbon Efficient Index

Terumo has been selected for inclusion in the S&P/JPX Carbon Efficient Index (as of March 2023).



SOMPO Sustainability Index

Terumo has been selected for inclusion in the SOMPO Sustainability Index (as of June 2023).



Sompo Sustainability Index