

Annual Report 2016

Sustainability Section

Reporting Policy

With Stakeholders

For the EHS*

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

Scope of this report

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 2015 (April 1, 2015 through March 31, 2016)
Activities reported include some recent activities.

Publication schedule

This report: October 2016
Previous report: October 2015
Next report: October 2017 (tentative)

Referenced guidelines

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

Report archives

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

Participation in United Nations

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

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



The Ten Principles of the United Nations Global Compact

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

With Stakeholders

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Together with Customers

We Value Communication with Customers

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

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

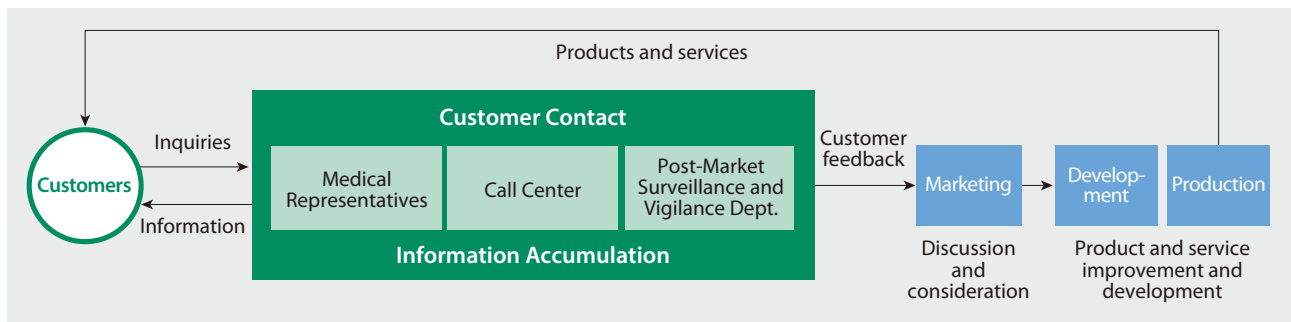
Providing Products that are Valuable for Customers

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

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

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

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



Providing Information to Customers

Promoting Proper Usage of Medical Devices and Pharmaceutical Products

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

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

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



Providing medical training support at Terumo Medical Pranex

Supporting Training at Medical Institutions

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

* From fiscal 2009 through fiscal 2015, training was conducted at approximately 1,200 locations; approximately 1,000 medical facilities and 200 venues arranged for regional training or by sales representatives.



Supporting instruction in the correct usage of medical devices

Responding to Customers

Responding to Customers at the Terumo Call Center

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

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



Inquiries are addressed by staff with specialized knowledge

Applying Customer Feedback

Accumulating and Applying Information from Customers in Japan

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

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

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

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

Product and Service Development Based on Customer Feedback

Terumo provides solutions to medical needs based on a broad range of input from patients, and physicians, nurses, pharmacists, and other medical professionals.

For example, when we learned from medical professionals that diabetes patients discontinue their therapy if they do not understand the significance of monitoring blood glucose, we responded by creating a product that simplifies daily monitoring. The MEDISAFE Fit Smile blood glucose monitoring system incorporates a color-coded, five-level blood glucose scale, making it easy for the patient to know whether their condition is good or bad, and provides usage directions with a voice guidance system. These kinds of Terumo designs and concepts have been well-received in Japan, and garnered international recognition including a 2016 iF Design Award, conferred by iF International Forum Design, of Germany.



MEDISAFE Fit Smile blood glucose monitoring system

Making the Relationship between Corporate Activities and Medical Institutions Transparent

Securing Transparency in Business Activities Involving Medical Institutions

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

and regulations but also industry self-regulation provisions based on the Fair Competition Code and other ethical business standards. Regarding the payment of funds, we disclose information in accordance with regulations in Japan and other countries. Concerning disclosures in Japan, in particular, we have formulated our Transparency Guideline for the Relationships between Corporate Activities and Medical Institutions and our Transparency Guideline for the Relationships between Corporate Activities and Patient Organizations, and disclose the amounts paid.

 Details on the amounts paid in Japan are available at the following link (Japanese only)
<http://www.terumo.co.jp/company/about/compliance.html>

IR Activities and Returns to Shareholders

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

Basic Policy Regarding Shareholder Returns

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

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

 Related link
Details on the Dividend Payout Ratio
www.terumo.com/investor/stocks/return.html

Basic Policy Regarding IR (Disclosure)

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

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

Communicating with Shareholders and Investors

General Meetings of Shareholders and Company Briefings

For the benefit of robust, constructive dialogue with as many shareholders as possible, Terumo holds general shareholders' meetings, in compliance with the law, and company briefings. We schedule general shareholders' meetings to take place on afternoons, rather than mornings, when other companies tend to hold theirs, to facilitate attendance. And for the many shareholders who find it difficult to attend because they live outside of the Kanto Region, we began to hold company briefings in Osaka, in 2015, to create a dialogue opportunity for more shareholders.

At both the general shareholders' meetings and company briefings, we use slide and video presentations to discuss our operations and business performance. Following both events, we hold health seminars and exhibit products to encourage deeper understanding of Terumo, medicine, and health. We will further increase transparency by creating more such opportunities for dialogue with shareholders, building and maintaining shareholder relationships underpinned by trust.



Company briefing held in Osaka

Facility Tours to Better Inform Shareholders

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

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



Shareholders on a facility tour

Results Briefings

Results briefings are held for securities analysts and institutional investors quarterly (by teleconference for the first and third quarters). The Company's President and Representative Director and other key associates attend the briefings, explaining business results and ongoing management strategy. Materials provided at the briefings, along with individual presentations, are also posted on our website.



Results Briefings

Briefings and Events for Individual Investors

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



An event held for individual investors

Procurement Initiatives

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

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

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

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

Implementing a BCP for Stable Procurement

Terumo manufactures products in seven factories within and 18 factories outside Japan, and distributes them in over 160 countries. With rapid changes in procurement, we place top priority on ensuring quality and a stable supply, and procure materials from the most appropriate sources to deliver high-quality products to healthcare providers.

In 2011, despite supply interruptions caused by

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

Ensuring Compliance in Procurement

Conducting Supplier Surveys

Terumo demands reliable procurement performance from its suppliers and conducts surveys to promote improvements.

Survey questions cover a wide range of topics, including our own conduct in transactions with suppliers, business ethics, transaction-related matters that are useful in evaluating suppliers, and matters concerning business continuity plan (BCP) initiatives for preventing supply interruptions that would impact medical settings.

Based on the survey responses and opinions from

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

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

Ongoing Education to Promote Purchasing Compliance

To promote clear communication with suppliers on procurement matters, Terumo takes steps to ensure that all associates clearly understand Japan's Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (the "Subcontracting Law"), in particular, the basic rules covering supplier selection, order placement, invoicing, and payment procedures. To ensure compliance with the Subcontracting Law, order and payment processing are handled with meticulous adherence to a system of strict checks covering Subcontracting Law requirements.



Internal Purchasing Compliance Training held by Procurement Department

Quality Assurance Initiatives

Promoting Improvements in Quality Assurance

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

In recent years, especially, regulatory bodies including the U.S. FDA (Food and Drug Administration) have placed increased importance on global supplier control. We work

to gain suppliers' understanding of how the materials and services they provide affect our finished product. Suppliers cooperate by continuously improving their quality and enabling our regular audits of their quality systems.

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

Employment and Motivation

What Our Associates Mean to Us

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

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

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

Fostering a Motivating and Challenging Work Environment

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

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

Patients’ Day Project Helping Associates Reconnect with Our Mission

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

In Japan, other Y’s TP Day Projects include collaboration with the Japanese Nursing Association to enhance associate understanding of nursing work, and other events we plan and conduct.

In fiscal 2015, we recruited participants for a public health volunteer activity in Ghana as part of our FVA Program for implementing our corporate mission. From among a pool of applicants, two associates were selected and sent to that African nation. (For more information on this activity, please see “Societal Contributions” on p.31.)



Y's TP Day presentation in Japan

TOPICS

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

With approximately 3,000 associates, Terumo Medical Products (Hangzhou) Co., Ltd. (Hangzhou Factory) plays a critical role as one of our largest overseas facilities. The Hangzhou Factory has undertaken various initiatives to supply large volumes of high-quality products and develop human resources with ever-higher skill levels. The aim of these initiatives is to create a culture in which associates can work with pride and vitality.

In a typical year, for example, the Hangzhou Factory organizes a spring off-site event where associates can refresh both mentally and physically, and an autumn athletic meet. All associates participate in the latter, and when they assemble for the event in the large stadium serving as the venue, it is an amazing sight. The families of associates also participate in what becomes quite a heated competition, but



Fall Athletic Meet and Carnival (Family Day)

participating together fosters great unity.

In addition, the factory's workers' union actively arranges trips and activities for various intra-union clubs, including flower arranging and cooking, which are particularly popular among female associates.

In the plant's dormitories for single employees, committees organize events such as 5S activities (Seiri [streamline], Seiton [organize], Seiso [clean], Seiketsu [hygiene], and Shitsuke [self-discipline]), study groups, and birthday parties; all of these contribute to making life at the dorms enjoyable and family-like.

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



Workers' Union club activity

360° Feedback and Motivation Surveys

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

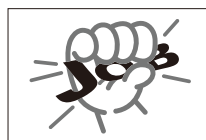
Associates. The results of these surveys are posted on our intranet and provide valuable insights to our management and leadership team, enabling us to continually make Terumo an even better place to work.

Implementation of the ACE In-House Job Posting System

In Japan, Terumo operates an in-house job posting system called “ACE.” Set up in 1997, this system enables associates from a range of departments and job types to enhance their careers by taking on new challenges and opportunities. For those with a strong desire to move their career to the next level, the system, which is open to associates regardless of age or gender, presents opportunities to gain experience and develop as business professionals. Over 700 associates have responded to job

postings on the ACE system so far, and over 160 have moved into new positions as a result.

A talent pool of 46 candidates for global postings has also been set up and over half of these associates are already on global assignments outside Japan.



The ACE In-House Job Posting System logo urging associates to “Take Charge of Your Career!”

Recognizing Associates with the “Genba-no Hokori” Award (Honor the Frontline Award)

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

Winners are selected based on exceptional performance, demonstrated in ways such as: 1) Steadfastness in

working behind the scenes to contribute to the Company and organization; 2) Having skills that others recognize as clearly setting them apart; and 3) Devoting significant time and energy to transferring a career’s worth of knowledge to younger associates. In fiscal 2015, award recommendations were received for around 70 associates and from this number, five were selected for recognition based on contributions in areas such as production and using training to help medical professionals overcome problems and polish their surgical skills.

Appointing Engineers as Fellows

For Terumo to increase the value of its presence on a global scale and achieve ongoing growth, it is critical that we continuously contribute to the advancement of healthcare by creating new value in technology and R&D, which ultimately underpin Terumo’s growth.

Terumo has therefore appointed four associates as “Terumo Fellows.” These individuals have won praise both inside and outside the company for their achievements in technology, research, and clinical development, and have

used their superior expertise and practical experience to produce outstanding innovations benefiting medical settings throughout the world.

As role models for up-and-coming engineers and developers, Terumo Fellows will not only advise their younger colleagues, but also drive the R&D activities that are the future of Terumo, and continue to create new value through further innovation in medical settings.

Continuous Management-Worker Dialogue

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

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

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

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

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

Associate Data

Consolidated Staffing Data by Geographic Area

(Individuals)

	FY 2012	FY 2013	FY 2014	FY 2015
Japan	5,011	5,070	5,195	5,310
Europe	1,892	1,814	1,840	1,856
Americas	5,656	5,936	6,345	6,995
Asia and others	6,334	6,443	6,554	6,536
Total	18,893	19,263	19,934	20,697

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

(Individuals)

	FY 2012	FY 2013	FY 2014	FY 2015
Male, Japan	4,065	4,072	4,088	4,151
Female, Japan	656	639	656	695
Overseas associates*	57	53	55	55
Total	4,778	4,764	4,799	4,901

* Figures for this row are totals for associates at Terumo Corporation's Taipei Branch and South Africa Representative Office.

Providing a Safe Workplace

Promoting the Creation of a Safe Workplace

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

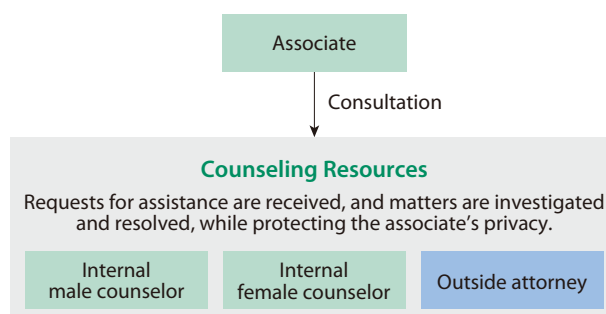
Compliance and Prevention of Harassment

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

Fulfilling their roles as outstanding corporate citizens, associates bear the heavy social responsibility of not only obeying the law but also demonstrating ethical behavior in all aspects of their work. Toward that end, each Terumo workplace holds an annual event aimed at promoting deeper understanding of the code of conduct, emphasizing compliance and preventing harassment.

In addition, training incorporating examples that reflect familiar situations and that can be applied in daily work is regularly held for those in management positions to further their understanding of what is expected of them.

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



Promoting Diversity

Building an Environment in which a Diverse Workforce Can Fully Exercise Its Abilities

At the Terumo Group, we work hard to promote respect for individuals and other cultures, and we do not discriminate, whether by race, nationality, gender, religion, disability or on any other basis that would violate human rights. We believe that the diversity of our associates drives our growth now and into the future. By striving to accept a wide range of differing values, and promoting mutual recognition of diversity, we aim to be a company where differing ideas and knowledge are fused to create new value.

In Japan, we established the Diversity Promotion Department to raise awareness of diversity issues among our associates, and we continually promote diversity in the

Company from a variety of perspectives.

In one such effort, we created a logo for use in purposes such as internal education activities. Based on the theme “overlap,” the logo is composed of overlapping upper- and lower-case letters of different colors to express the idea of associates exercising their unique qualities and energetically pursuing productive activities while acknowledging values different from their own.




Promoting Active Participation by Female Associates (in Japan)

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

To create the environment, culture, and awareness that enable greater participation by women, we provide all associates, regardless of gender, with opportunities to think about their values and the careers they would like to build going forward. We also promote the development of a working culture that is conducive to associates

acknowledging each other and working in comfort, regardless of their backgrounds and abilities.

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

 Terumo's Action Plan regarding the Law for Measures to Support the Development of the Next Generation and the Act to Advance Women's Success in their Working Life
<http://www.terumo.co.jp/company/csr/index.html>

Developing Female Leaders through a Mentoring System

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



Fiscal 2015 training under the Mentoring System

Seminars for Helping Associates Return to Work After Childbirth and Child-care Leave

Terumo is seeing an increasing number of men and women who want to continue with their careers while caring for children or providing nursing care. In fiscal 2013, we began holding an annual career-resumption seminar in Japan for female associates currently on child- or nursing-care leave and their supervisors. In the seminar held in fiscal 2015, associates who participated in the previous year's seminar gave talks on their personal experiences to 17 seminar participants, sharing their experiences in balancing work and child- or nursing-care responsibilities and discussing the mental preparation and cooperation that ongoing professional growth requires. In addition, information was distributed to supervisors on how to use interview sheets distributed to associates prior to their return, and on the various systems in place to support these associates, to facilitate their discussions of working styles with their returning subordinates.



Fiscal 2015 Career Resumption Support Seminars

Opportunities to Share Ideas on What Makes a Comfortable Work Environment

By providing opportunities for male and female associates to consider their own values and careers going forward, we promote a company culture in which associates acknowledge one another, and conditions that support their ability to comfortably exercise their full potential.

In fiscal 2015, we carried on from the year before, conducting training aimed at getting the participants, approximately 100 female associates from throughout the Terumo Group, to think about factors that hinder the creation of a comfortable work environment. Starting with the question of how to prevent uncomfortable situations in the workplace, this training gave participants an opportunity to learn communication skills that value and put all conversation participants on an equal footing, offering approaches for effectively communicating ideas.



Communication Training

Joint Training for Managers

From fiscal 2013, we began conducting annual training for female managers. In fiscal 2015, we focused on training the managers who develop associates. In this diversity management training, around 50 participants from different sections or regions of Japan learned interpersonal communication skills for guiding subordinates and tips to bring out the best from associates with diverse backgrounds and abilities. The training was also an excellent opportunity for female leaders to meet and network.

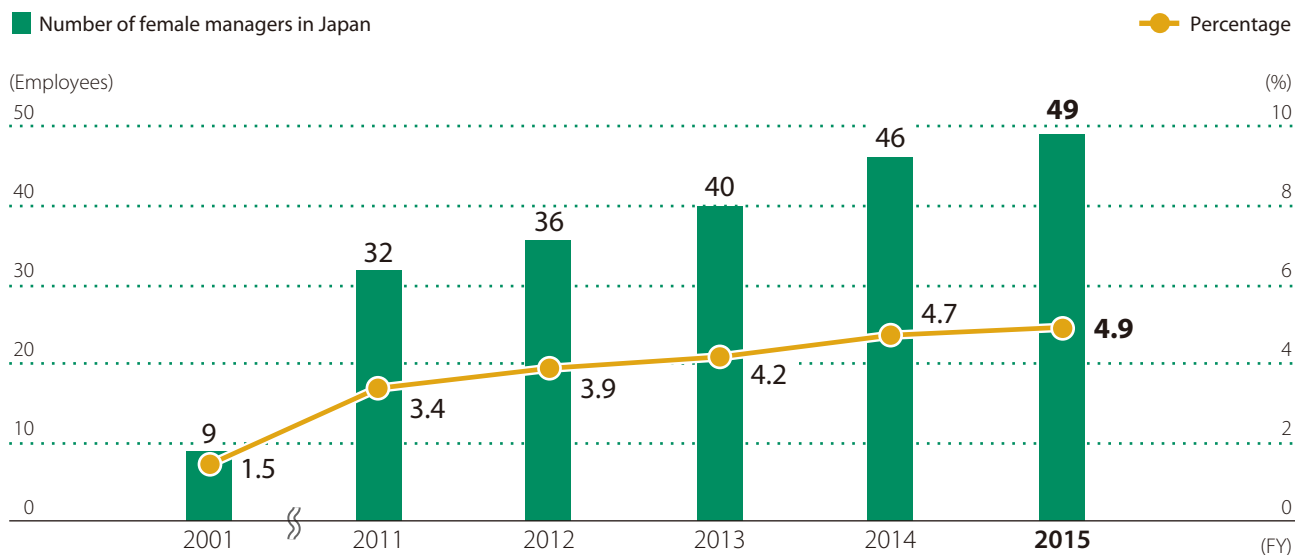


Fiscal 2015 Diversity Management Training

In Japan, the number of female managers at Terumo is gradually rising. As of March 31, 2016, there were 49 women in management positions (4.9% of the entire

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

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



Engagement with People and Organizations in Other Countries (in Japan)

With Japanese associates increasingly working with overseas associates, we took the step in fiscal 2015 of creating an opportunity for associates of various nationalities to freely discuss issues they face in their daily work and talk about their thoughts on careers. In learning about differences in culture and ways of thinking, and the skills necessary for effective communication, participants deepened their understanding of how to pursue work effectively in a global environment.



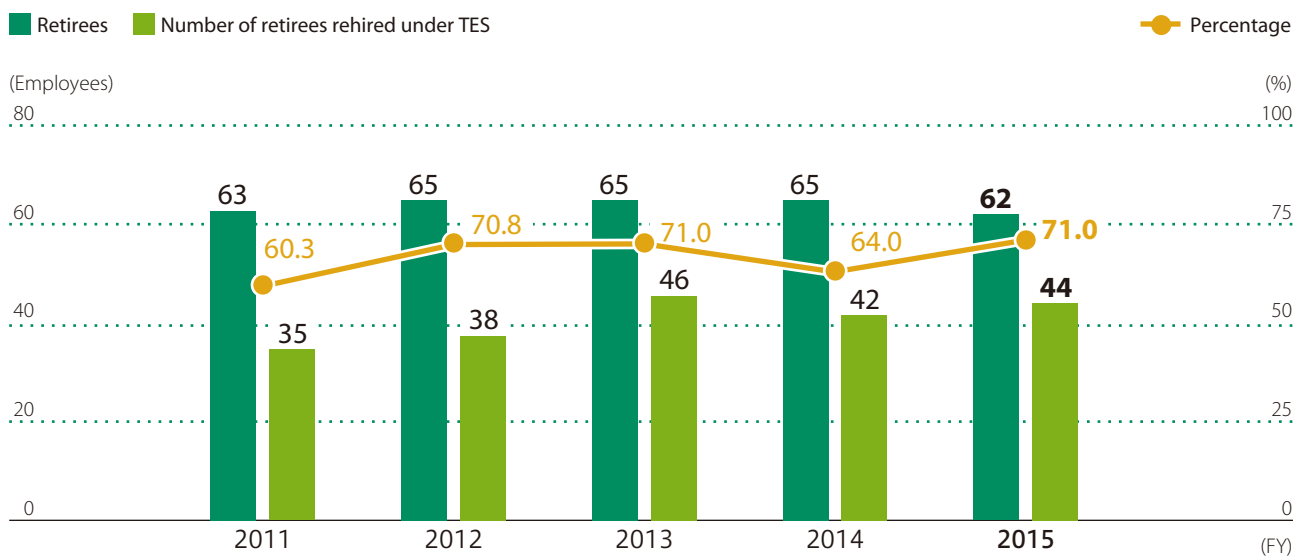
Exchange with associates of various nationalities

Rehiring Associates Who Have Reached the Mandatory Retirement Age

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

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

Number and Percentages of Associates Rehired under TES



Employing of People with Disabilities

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

At Terumo, associates with disabilities are assigned wherever their abilities are needed. Veteran associates, in particular, are deployed to positions where their wealth

of experience is valuable in guiding and advising younger associates.

As of March 31, 2016, people with disabilities made up 2.13% of our workforce in Japan, more than the legally mandated rate of 2.00%. We will continue to expand opportunities for individuals to fully exercise their capabilities.

Human Resource Development

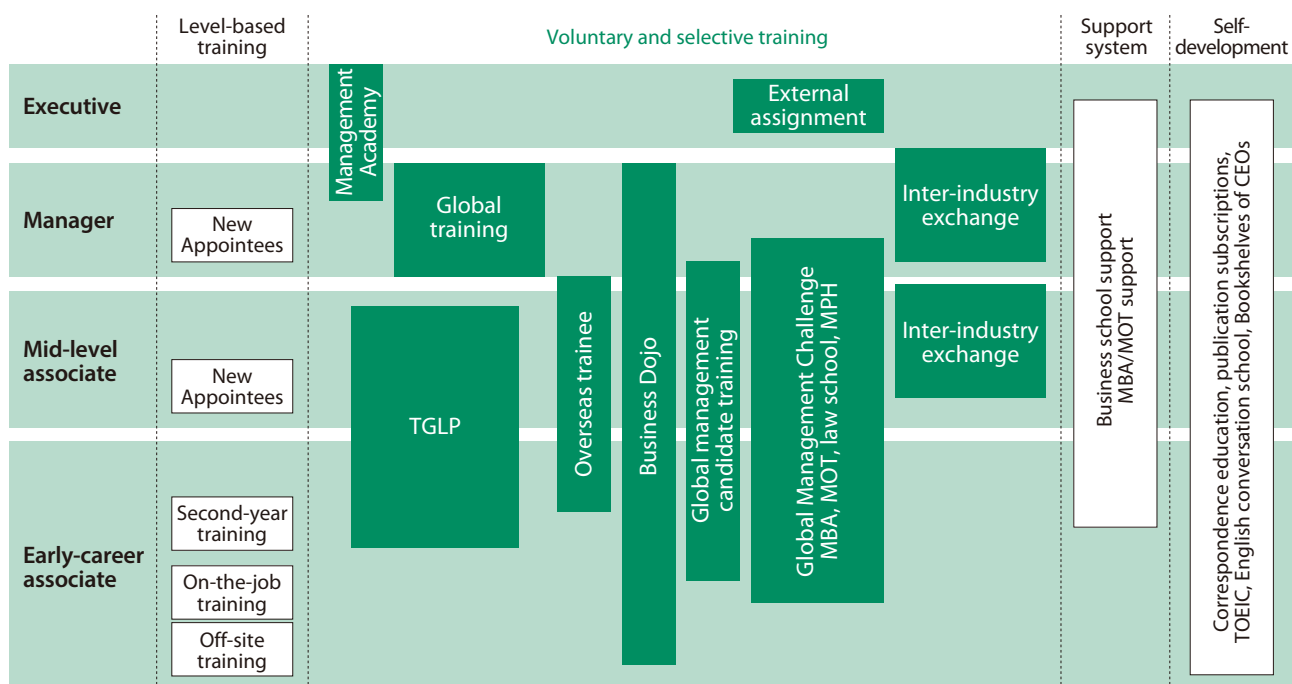
Establishment of a Human Resource Development System that Supports the Growth of Ambitious Associates

Terumo believes that true corporate value lies in the collective value contributed by each associate of the Company.

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

We believe that the most effective learning comes from individual motivation and feeling of the necessity to learn; associates with this motivation can nominate themselves to participate in various voluntary and selective training programs.

Terumo Training Scheme in Japan



Veteran Employees Developing Monozukuri Associates

Terumo promotes the transfer of skills, experience, and “monozukuri” spirit from veteran associates to their younger colleagues. We have devoted significant effort to developing curricula, training environments, and instructors to this end. We conduct annual trainings for new associates and associates from overseas.

As another step of this effort, we established the Production Human Resources Development Center in fiscal 2014 in Japan. Here, TES associates—veteran employees rehired after mandatory retirement—focus on transferring skills to globally accelerate the development of the younger individuals who will carry on Terumo’s monozukuri spirit through production, technology, quality assurance, and management. Training programs have been revised to include more practical content than in the past. At

individual factories, veteran associates are appointed as Center instructors as part of our unified effort to develop new generations of associates skilled in manufacturing.



Training Vietnamese technicians

Developing a New Generation of Leaders for Business-led Management

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

Establishing Development Programs Tailored to Individual Company Strategies

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



Practical training in which participants develop solutions to actual problems

Terumo Global Leadership Program

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



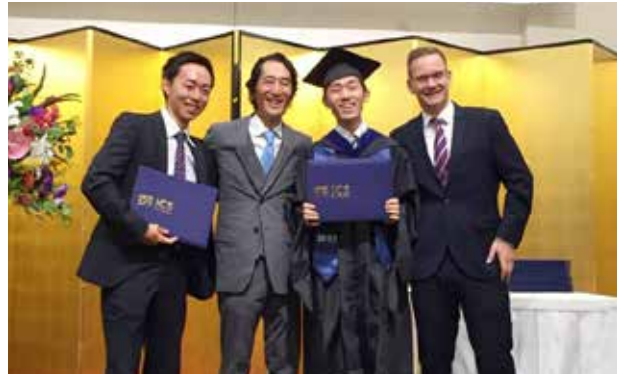
TGLP graduates with Terumo's President

Support for Obtaining MBAs and Other Qualifications

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

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

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



Graduation ceremony for MBA graduates aspiring to become future global leaders

Work-Life Balance

Support for Achieving Better Work-Life Balance

Terumo aims to increase flexibility (hours, location etc.) so that associates can work enthusiastically and exercise their full potential. Our employment system, which aims to promote flexible work approaches, and our systems for accommodating child care, nursing care, and other life events, support associates at work and in their private lives, and will continue to be enhanced as necessary.

Recognized for its efforts in this regard, Terumo was granted the Kurumin Authorization*, as a company actively working to support the raising of children.

* Established under the Act on Advancement of Measures to Support Raising Next-Generation Children, this system enables companies that have established a General Employer Action Plan and have met certain standards to apply to the Ministry of Health, Labour and Welfare for certification as a company that supports the raising of children.



Child- and Nursing-Care Support System (in Japan)

The following table lists the primary systems in place as of March 31, 2016 to help employees meet child- or nursing-care as well as workplace responsibilities in Japan.

Child- and Nursing-Care Support Systems

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

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

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

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

(Individuals)

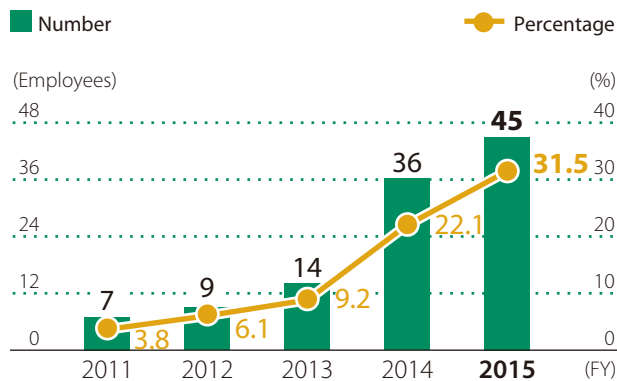
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Associates Taking Maternity Leave		22	19	22	24	39	25
Associates Taking Child-Care Leave	Female	22	28	27	26	30	53
	Male	8	7	9	14	36	45

Encouraging Men to Take Child-Care Leave (in Japan)

The birth of a child is a prime opportunity to review one's professional life. At Terumo, male associates are encouraged to take child-care leave. Reminders of this policy are sent to the supervisors of male associates whose wives have just given birth, and to the associates themselves. Interviews with associates using the system are posted on the intranet to promote understanding of the system among other male associates and create an environment where it is easier for men to participate in child-rearing. As a result, Terumo has seen a gradual rise in male associates opting to take child-care leave.

It is expected that male associates who have taken child-care leave will have developed a strong understanding of the benefits of work-style diversity, and will be effective contributors to the creation of a work environment where everyone can fully exercise their skills.

Number of Male Associates Taking Child-Care Leave



Supporting Greater Flexibility in Working Styles with a Work-at-Home System (in Japan)

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

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

We will continue to support flexible working styles by expanding the range of choices available to associates to continue using their skills and expertise, when demands such as child-care or nursing-care, make conventional work difficult.

Associates Using the Work-at-Home System

(Individuals)

		FY 2013	FY 2014	FY 2015
Registered Associates	Male	2	0	3
	Female	17	13	31

Rehiring Former Associates through the Career-Return System (in Japan)

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

Terumo in Japan.

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

Number of Former Associates Rehired

(Individuals)

	FY 2012	FY 2013	FY 2014	FY 2015
Registered Former Associates	11	9	8	8
Users	0	0	0	1

Proper Working Hour Management (in Japan)

Terumo promotes work efficiency through strict management of daily working hours and the establishment of “no-overtime” days in Japan. As part of our policy of maintaining a workplace environment in which “work time

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

Percent of Paid Vacation Days Taken

	FY 2012	FY 2013	FY 2014	FY 2015
Percent of Days Taken	49.5%	50.8%	49.7%	64.5%

Measures to Help Associates with Nursing Care Responsibilities Remain on the Job (in Japan)

In preparation for the challenges of nursing care, which many associates will eventually face, Terumo has instituted a system to support associates balancing work and nursing-care responsibilities. We have also taken steps to promote associate understanding of this system.

During two two-month periods, one in the summer and the other at the end of the calendar year, when people traditionally visit their parents, we distribute a handbook of information related to nursing care and take steps such as posting on the intranet interviews where associates discuss their experiences with nursing care. This way we encourage families to talk about this oft-avoided topic.

Through ongoing efforts to have associates think about and prepare for what may be sudden nursing-care responsibilities, we work to create an environment in which associates can keep using their professional skills even while nursing-care responsibilities make it difficult for them to work as they have in the past.



Societal Contributions

Activities Supporting the Dissemination of Medical Information

Websites Offering Information on Preventive Medicine and Health Management

Terumo uses websites to provide society at large with various types of medical information for promoting preventive medicine and routine health management.

As of March 2016, information on topics such as the following could be found on these websites. (Japanese only)

- ❑ Infertility treatment via falloposcopic tuboplasty (FT)
<http://ft.terumo.co.jp/>
- ❑ Subarachnoid hemorrhages and one of their causes, cerebral aneurysms
<http://terumo-kumomakka.jp/>
- ❑ Body temperature and health
<http://www.terumo-taion.jp/>
- ❑ Basal body temperature and health
<http://www.terumo-womens-health.jp/>
- ❑ Preventing falls by elderly people
<http://tentou.terumo.co.jp/>



The minimally invasive infertility treatment website (Japanese only)



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

Responding to New Influenza Viruses (in Japan)

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

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

Initiatives Contributing to the Development of Medicine

The Terumo Foundation for Life Sciences and Arts

The Terumo Foundation for Life Sciences and Arts, founded in 1987 as the Terumo Life Science Foundation, took its current form on April 1, 2012, after its registration as a Public Interest Incorporated Foundation. Originally created to contribute to medicine and better health by promoting the advance of life science technologies through subsidies and other forms of assistance, in FY2015 the foundation took on the additional purpose of stimulating hearts and minds by helping to further the arts and culture in Japan. Toward that end, it now also undertakes projects in the field of modern art.

The foundation pursues projects in three major categories.

One of these is project financial assistance, in which aid is provided for life science research (in Japan and abroad) and conferences and other gatherings; for activities (in Japan and abroad) aimed at improving medicine and health; and for creation, research, and other activities related to modern art.

In fiscal 2015, assistance in the field of life sciences included three special research subsidies, including one for the development of a cartridge-type pancreatic islet transplantation graft for the treatment of diabetes; 35 general research subsidies; and 30 international exchange (academic conference) subsidies. In March 2016, all of the research subsidy recipients came together at a presentation ceremony. Subsidy awards included two for overseas research projects—one in Nigeria and another in Vietnam—and six to groups aiming to contribute to improvement in medicine and health (including one overseas organization). Fifteen subsidy awards were


presented in the field of modern art.

To date, the foundation has awarded subsidies totaling 1.58 billion yen, to fund 1,078 projects.

The second major category of the foundation's activities takes the form of prizes for outstanding research accomplishments. The 3rd Terumo Global Science Prize was presented to Dr. Michael V. Sefton of the University of Toronto, and the 4th Terumo Foundation Award went to Dr. Yasushi Kawaguchi of the Institute of Medical Science at the University of Tokyo.

Promoting education is the third major category of the foundation's activities. In 2009, a Japanese website called "Life Sciences DOKIDOKI Laboratory" was created to provide life sciences-related information to junior and senior high school students. Seven years on, the site now provides young users—leaders of the future—with easy-to-understand information on cutting-edge research and researchers in the life sciences.

In August 2015, the foundation invited 33 high school students from 16 high schools across Japan to attend an event at the Joint Institution for Advanced Biomedical Sciences, operated by Tokyo Women's Medical University and Waseda University. The participants at this "Science café" were able to experience simulations and other examples of the latest technology in regenerative medicine. The program met with a highly positive reception, and similar activities are in the works for fiscal 2016.

 Life science DOKIDOKI laboratory (Japanese only)
<http://www.terumozaidan.or.jp/labo/>



Special Research Subsidy Memorial Address at the Fiscal 2015 presentation ceremony



"Science café" participants trying their hands at suturing on realistic practice skin

Public Health Volunteer Activities in Africa

Terumo believes that having every individual associate understand and support the values underlying its corporate mission—“Contributing to Society through Healthcare”—results in unity that leads to even greater corporate value. Through that unity we aim to do even more to live up to the faith society places in us.

Based on that line of thinking, we conducted an FVA (Field Volunteering in Africa) Program in November

and December 2015 related to public health in the Republic of Ghana.

Two associates were selected from a pool of applicants and spent a total of six weeks in Ghana. During that time, they were engaged mainly in performing physical examinations for infants and providing wound care for children. The two participants also underwent training at a hospital to better understand local medical conditions.



Recording infant bodyweight information in a childcare diary



Treating a child's injured leg

Contributing to the Wider Community

Japan-China Friendship Initiative

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

Sponsored by the Japanese Chamber of Commerce and Industry in China on the Japan side, and the China-Japan Friendship Association on the China side, the project has brought Chinese students to Japan in spring and fall annually since 2005. Each occasion hosts about 30 students from one of a rotation of six Beijing-area universities. Students visit companies (headquarters, plants, research facilities, etc.) related to members of the Japanese Chamber of Commerce and Industry in China, and observe the society and industry (including an agricultural community), culture, and other aspects of Japan. They also meet with Japanese university students and spend a night with a Japanese family.

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

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



A farewell party for college students

Assisting Areas Hit by the Kumamoto Earthquakes

In response to the earthquake disaster that struck Kumamoto in April 2016, Terumo donated medical goods including items such as compression stockings, which are thought to be helpful in preventing deep vein thrombosis ("economy class syndrome"), thermometers, and blood glucose monitors. We also made a cash donation of three million yen to aid victims of the disaster via the Japanese Red Cross Society.



Presenting a cash donation to the Japanese Red Cross Society

Blood Drives throughout the Terumo Group

Every year, all Terumo Group companies participate in internal blood drives. In fiscal 2015, “Terukoro-kun” was designated the official character for Terumo BCT Japan, Inc., the Group’s Blood Management Company, to use in encouraging associates to donate blood in Japan. In total, 16 blood drives were held at Terumo locations in Japan, with



Company blood drive

participation by over 1,000 associates, including those who donated blood on their own at an outside donation facility. At Terumo, we will continue to contribute to society not only by making blood bags but also by making it easy for our associates to participate in blood drives.



Terukoro-kun encouraging associates to participate in a blood drive

Supporting Non-Profit Organizations (Terumo BCT)

Through Terumo BCT, Inc.’s Charitable Giving program, the company gave back more than \$300,000 to local leukemia patient organizations in fiscal year 2015. The vast majority of donations align to the company’s promise to “Unlock the Potential of Blood.” These organizations

include the Cesar Chavez Blood Drive Challenge, National Blood Foundation, America’s Blood Centers, and a wide range of blood centers and educational institutions. In addition, Terumo BCT matches donations associates make to non-profit organizations they personally support.

TOPICS

Terumo BCT Raised \$217,000 to Support the Leukemia & Lymphoma Society

Since 2007, Terumo BCT, Inc. has supported the Leukemia & Lymphoma Society's (LLS) Light The Night campaign and its mission to cure leukemia, lymphoma, Hodgkin's disease and myeloma, and to improve the quality of life of patients and their families.

In 2015, Terumo BCT associates raised \$217,000, the most raised by any company's associates in and around Denver, Colorado (USA). In 2016, Terumo BCT associates will reach more than \$1 million raised over nine years in support of the LLS mission to end blood cancer. Each event invites a patient to share his or her story—connecting all associates to Terumo BCT's vision and purpose of the campaign.



Light The Night event

Terumo BCT Associates Support Non-Profits Around the World

Terumo BCT's Light The Night campaign has expanded each year to engage more associates around the world.

In support of their Light The Night campaign kickoff and World Cancer Day, associates around the globe wore orange on 4 February 2016. These events initially started in Lakewood, CO USA, but efforts have expanded to the UK, Australia, Belgium, Singapore and other countries. Regional offices have partnered with local non-profits that also support ending blood cancer, including Leukemia & Lymphoma Northern Ireland, and Leukemia & Lymphoma Foundation in Singapore.



World Cancer Day activity



Activity in Northern Ireland

Local Social Contribution Activities

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

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

* Note: Activities held in fiscal 2015

For the EHS*

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EHS Management

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

EHS Basic Policy

Establishment of the Basic Policy on Environment, Health, and Safety

The Terumo Global EHS (Environment, Health, and Safety) Policy was established in 2012 as the basic policy on lowering the environmental impact of our business activities, protecting biodiversity, and promoting the safety

and health of our associates. The policy applies to the entire Terumo Group globally and forms the basis for all corporate activities.

Terumo Global EHS Policy

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

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

Established October 2012

EHS Management System

Implementation of the EHS Management System

The Terumo Group EHS Management System integrates environmental, health, and safety management in line with the Terumo Global EHS Policy (“EHS Policy”).

As a key part of Terumo’s focus on sustainability in business, the EHS Policy and related targets and plans are deliberated and decided by the EHS Committee, and then reflected in EHS activities at Terumo Group sites worldwide. EHS Expert Subcommittees, consisting of experts drawn from individual business sites and functioning as subsidiary bodies to the EHS Committee, formulate strategies and proposals in specialized areas. To

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

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

Going forward, we will continue working to improve the Terumo Group EHS Management System in line with international standards.

Organization for Company-wide Promotion of the EHS Management System



TOPICS

ISO14001/OHSAS18001 Certifications Obtained for the Three Principal Factories in Japan

In fiscal 2015, we obtained the ISO14001 environmental management system and OHSAS18001 occupational health and safety management systems certifications for the Ashitaka Factory. Both of these certifications have now been obtained for all three of the principal factories (Fujinomiya, Kofu, and Ashitaka) in Japan. The Terumo Group has also obtained certifications for the integrated safety and health management systems in place at the Haasrode Factory of Terumo Europe NV, in Belgium, and the blood bag factory of Terumo Penpol Private Ltd., in India.



Part of a certification examination

EHS Audits

EHS Internal Audits

To prevent legal violations, environmental accidents, and industrial accidents, and reduce environmental, health, and safety risks, we conduct EHS internal audits based on Terumo EHS Committee Standards. When internal audits identify nonconformities, corrective and preventive actions are implemented and effectiveness-checked. For findings requiring improvement, remediation plans are submitted and those conditions are reviewed in the following year's audit to determine if they have been improved.



EHS Audits

- Audit Tasks

1. Check the operational status of EHS management systems
2. Check compliance with EHS-related laws, conventions, etc.
3. Terumo Global EHS Policy and internal rules and standards, and internal rules and standards
4. Check EHS-related performance

- Group EHS Internal Audit Results

- No serious nonconformities were noted. In total, five minor nonconformities were identified and Request for Corrective and Preventive Actions/Response Forms were issued. Regarding three minor nonconformities identified in the previous fiscal year, it was determined that corrective measures have been implemented and that the nonconformities have been eliminated.
- Regarding the introduction of new equipment and changes in work procedures, EHS risks and regulatory reviews were conducted in accordance with prior assessment procedures. Through these reviews, it was determined that proper actions have been taken to address EHS risks and that applicable laws and regulations are being complied with.
- Regarding major EHS risks identified at individual business sites, it was determined that emergency response training has been conducted and that results have been properly reviewed.
- Regarding EHS objectives at individual business sites, it was determined that progress is being achieved generally according to plans. Given an upward trend in work-related accidents requiring time off, reviews of corrective and preventive measures were conducted at work sites that have experienced accidents.

Results of External Environmental Audits

Conducting Audits of Waste-treatment Contractors

To confirm that the sludge and waste plastics generated by Terumo are appropriately processed throughout all stages of treatment, we have prepared a checklist for our regular audits of waste collection and disposal contractors. In fiscal 2015, we conducted audits at 31 contractors and identified no problems.



Audit of a waste-treatment contractor

Results of External On-Site Inspections

In fiscal 2015, local authorities conducted environmental on-site inspections and tested water samples at factories and the R&D Center based on the Water Pollution Control Act and the Air Pollution Control Act. No inspections or tests resulted in adverse findings by inspection authorities.



Inspection by government authorities

EHS Education

Deepening EHS Understanding among Associates

Training and Education to Deepen EHS Understanding

To ensure solid understanding of the Terumo Global EHS Policy and EHS activities, we have developed an education program on EHS basics. This e-learning-based program is conducted for all associates.

We have also prepared education materials tailored to the needs of factories, the R&D Center, and sales offices, and use them in regularly conducted education and training programs.

Apart from these systematic education initiatives, EHS information is distributed via the intranet and we conduct internal programs that are open to participation by associates' families. Through these and other such initiatives, we are striving to increase EHS awareness among our associates.



Associates in EHS training

Emergency and Accident Response Training

Individual business sites have established procedures to prevent EHS accidents and lessen the severity of any that should occur. They also regularly conduct emergency response training and review results.



Emergency response training

EHS Award

Recognizing Outstanding EHS Activities

We created the Terumo Human×Eco Award in fiscal 2012 to recognize outstanding environmental, health, and safety activities in the Terumo Group worldwide, and encourage participation in and sharing of information on

EHS activities. Four fiscal 2015 initiatives were selected for recognition in fiscal 2016. Details of all of these activities were shared throughout the Terumo Group as examples of good practices.



Terumo Human×Eco Award recipients



Terumo Human×Eco Award recipient (MicroVention Costa Rica S.R.L.)

Award Project & Recipient

Project	Award Recipient
Venoject II Material Savings - Reduction of usage of both plastic and thrombin	General Hospital Products Company R&D Dept. & Medical Device D&T - Kofu Factory
Office Improvement via Introduction of MFPs and Other Equipment - Reduce paper usage and space devoted to office equipment by adopting to paperless approaches	General Affairs Department, IT Planning Department CPU Project
Energy Reduction Target Achievement and Continuation of Zero Accidents Requiring Time Off - Energy savings from improvements in equipment operation - Achieved 2,293 continuous days of zero work-related accidents requiring time off (as of March 31, 2016)	Terumo Clinical Supply Co., Ltd. EHS Committee
Recycling Program Implementation - Increase of Recycled Waste Rate - Reduction of Landfilled Waste Rate	MicroVention Costa Rica S.R.L. Facilities Department

For Employee Health and Safety Management System

Ongoing Initiatives to Prevent Work-Related Accidents

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

Aiming to prevent all types of work-related accidents,

we pursue initiatives including a 5S program, review of danger zones, and risk mitigation measures. Results are reported to the Occupational Health and Safety Management Committee, which then discusses further actions to take. Preventing deaths and serious accidents, and reducing the numbers of minor accidents, is an ongoing objective at Terumo.

Industrial Accidents Resulting in Lost Working Days / Frequency^{*1} / Seriousness^{*2}

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Accidents Resulting in Lost Working Days	2	3	0	4	2
Frequency (%)	0.97	1.68	0.00	0.45	0.44
Seriousness (%)	0	0.01	0	0.02	0.00

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

^{*2} **Seriousness:** Lost working days per 1,000 working hours.

Health Management Support for Associates

Terumo's mission is "Contributing to Society through Healthcare." In Japan, therefore, we actively strive to protect the health of our associates and encourage them to practice "health management." We pursue a range of initiatives aimed at promoting the health of our associates.

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

Recently, the number of cases of metabolic syndrome has been growing in Japan. This trend can also be seen for us here at Terumo with around 22% of

our associates over 40 years of age now diagnosed with the syndrome. In response to this in 2015 we launched a successful "walking campaign" with over 2,000 associates taking part. Other initiatives to improve the health of our associates include ongoing support to stop smoking, promotion of annual health checks (100% participation) and additional detailed health checks (60% participation in 2012 and 90% in 2015). Furthermore, since 2016, our health insurance union started to cover cancer screening costs leading to 60% to 80% of our associates taking cancer screening examinations. We plan to increase this rate further going forward.

* Terumo is a supporting member of the Kenko Keiei Kenkyukai, a Japanese NPO advancing understanding of the benefits to companies of promoting good health among employees

Prevention		Early Detection		Treatment Support	
Exercise		Health Checkups		Medical Expense Support	
Company-Sponsored Gym Memberships	Walking Campaign	Women's Health Checkups		Oral Care	
Financial Support for Vaccines		Financial Support for Comprehensive Physical Exams		Smoking Cessation	
Influenza	Uterocervical Cancer	Financial Support for Comprehensive Neurological Exams		Health Consultations	
Vacation Time		Financial Support for Breast Cancer MRIs			
Lodging subsidies for travel		Follow-On Exams			

Health Promoting Programs (in Japan)

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

In recognition of its achievements in employee health, Terumo was selected by Japan's Ministry of Economy, Trade and Industry for inclusion in its Health & Productivity Stock Selection* for fiscal 2014 and again in fiscal 2015.

As a company involved in the healthcare industry, we are actively involved in health management for associates and, with a view to being a model for other companies, advance management practices that treat employee health as an important contributor to business performance.



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

Terumo is a member of the KENKO Kigyo Kai, an organization of companies committed to this idea. Under the leadership of their top management, members of this organization embark on an ongoing process of taking steps to promote the health of their employees, reviewing the results, and making improvements. Terumo embraces this approach to business management and contributes to efforts to promote its wider adoption.



Developing Environmentally-Friendly and Safety Products

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

Development Direction

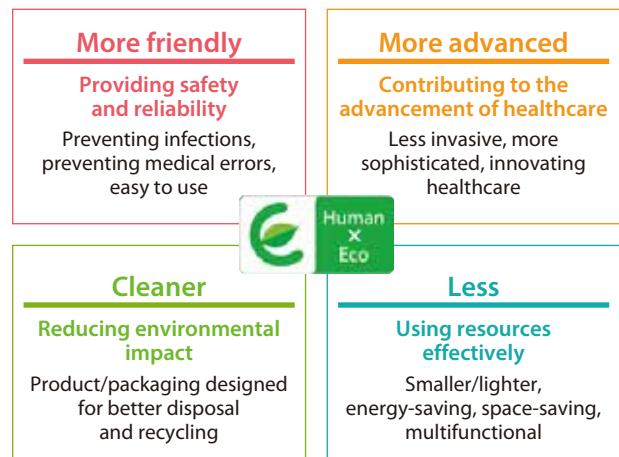
“Human×Eco®” Development Guidelines

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

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

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

“Human×Eco” Development Guidelines



Product Examples

Examples of Products that Save Resources and Costs

TERUPACK® Eco Environmentally Friendly IV Solution Bag

TERUPACK® Eco is an IV solution bag designed to be environmentally friendly. It is manufactured with less plastic, in a production process that consumes less energy and emits less CO₂ than previous processes. In addition, because TERUPACK® Eco bags weigh 23% less than previous bags, it is expected to result in less waste and a lower overall environmental impact.



"HumanxEco" certified TERUPACK Eco

TRI Introducer Kit — Minimally Invasive and Medically Cost Efficient

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



TRI Introducer Kit

PTCA Balloon Catheter* — Designed for Use in a Wide Range of Treatments

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

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



PTCA balloon catheter

Concentrated Liquid Formula — Ready to Use without a Bottle

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



"HumanxEco" certified concentrated liquid formula

Infusion Solution — Reducing Waste through Multi-Drug Kits

This product combines necessary infusion solution in a single kit. This simplifies the mixing process and helps to prevent any microbial or other external contamination from coinjection, while also eliminating the risk for accidents involving needles. The product also helps to save resources and reduce medical waste by eliminating the need for medical equipment used when preparing infusion bags.

Infusion solution kits like this are also designed to prevent administration before the inner partitions are properly breached.



Infusion solution

Prefilled Syringes — A Simpler, Safer Way to Administer Injections

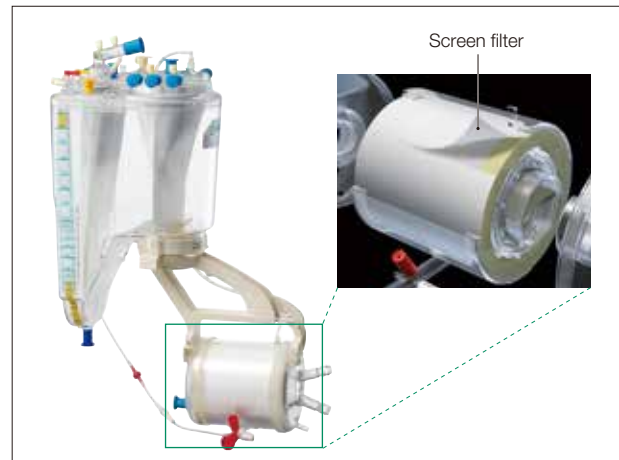
Prefilled syringes not only eliminate the need for suction and dissolution, but also replace ampoules and vials. Besides boosting productivity, this can also reduce the risk of microbial contamination, problems due to syringe misidentification, and accidents involving needles. Made of plastic, prefilled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



Injection solution prefilled syringes

Oxygenator with Integrated Arterial Filter — Fewer Parts and Raw Materials

By integrating an arterial filter into an oxygenator, we reduced the number of parts used in the blood circuit.



Oxygenator with integrated arterial filter

Syringes and Other Products — Same Capacity and Functionality with Less Weight and Smaller Size

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



Syringe

CAPD bag

Blood Bags — Reducing Transportation Costs, Increasing Flexibility and Portability

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



Blood bag

Solution Pack® — Greater Efficiency, Less Waste

Having developed a certified angiographic kit that eliminated excess packaging and procedures by providing in a single set the products needed to perform angiography for interventional therapies, we further reduced weight and waste by developing a better method and form of product packaging and redesigning the shape of the tray. This allowed a 53% reduction in materials, compared with Terumo's conventional solution pack.



"HumanxEco" certified angiographic kit

Products that are Safer and Easier to Use

Closed Infusion System for Chemotherapy Drugs — Reducing the Risk of Accidental Exposure

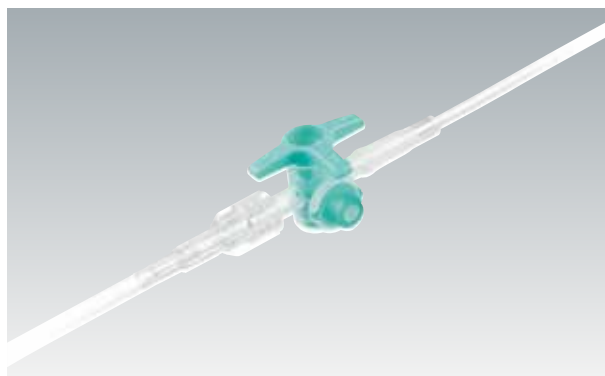
While chemotherapy drugs help to control cancer, many have been reported to pose a potential risk to the health of those handling them due to carcinogenicity. Terumo's system for infusion of chemotherapy drugs eliminates these risks through a closed system to prevent exposure to drugs during the process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



Closed Infusion System for chemotherapy drugs

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

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



Infusion line connector

Blood Glucose Monitor with Voice Guidance — Greater Ease of Use for Patients

This device has a large and easily readable LCD screen and a voice guidance feature that provides audible measurement readings and error messages for easy operation even by first-time users. The raised power button is easy to distinguish by touch to ensure that diabetic patients with an impaired sense of vision or touch can use the device easily.



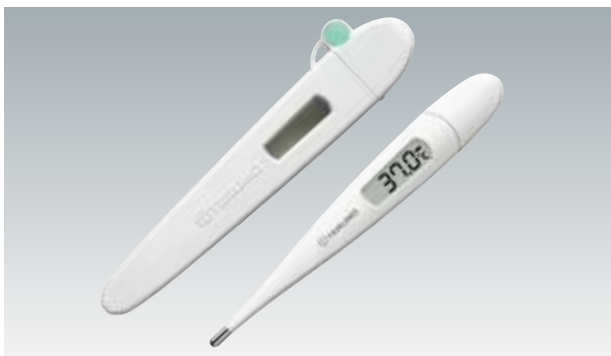
Blood Glucose Monitor

Products Free of Hazardous Substances

Leading the Industry toward Mercury-Free Products

The Minamata Convention on Mercury was adopted and signed at the Conference of Plenipotentiaries on the Minamata Convention on Mercury in 2013. Under the convention, it will become illegal to manufacture and engage in trade involving products containing mercury beginning in 2021. Terumo ceased production of mercury

thermometers in 1984. That was over 30 years ago and since then we have contributed significantly to the elimination of mercury from medical settings and homes by developing and introducing products such as mercury-free digital thermometers and digital blood pressure monitors, which are friendlier to the environment and safer to use.



Digital thermometer

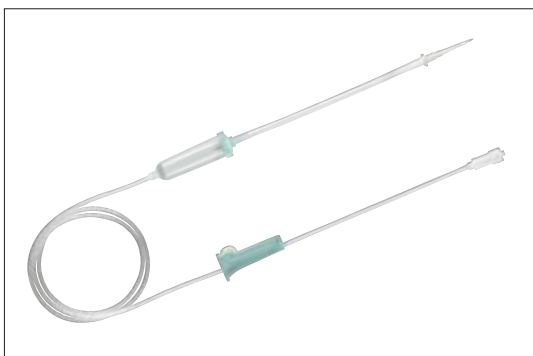


Digital blood pressure monitor

Promoting PVC-free, DEHP-free Products

Terumo helps reduce the release of toxic gas from incineration of polyvinyl chloride (PVC) by promoting use of PVC-free packaging. We also use alternatives to di-2

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



Polybutadiene IV solution set



PVC-free IV solution bag



DEHP-free cardiovascular circuit

Initiatives to Deal with Climate Change

Climate change due to global warming is among the most critical environmental problems threatening humanity. Unusual weather events are expected to cause an increase in natural disasters and affect ecosystems in ways that will have serious health and other impacts. Terumo's business activities will also be subject to greater risk. We are working to fight climate change by reducing CO₂ emissions associated with our business activities.

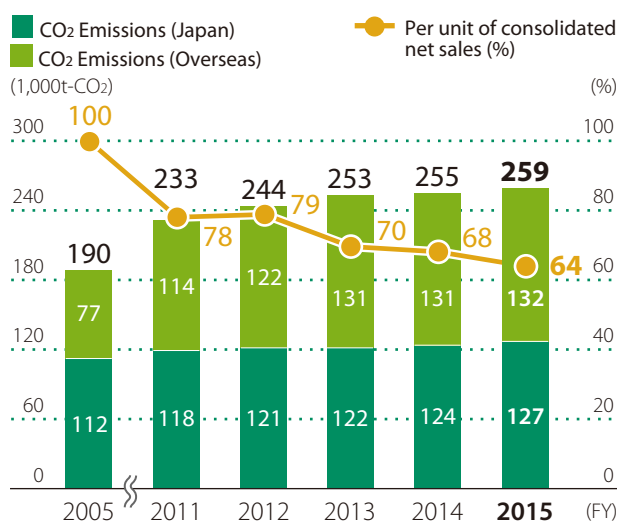
Reducing Greenhouse Gas Emissions from Business Activities

Target for Reduction of CO₂ Emissions (Scope 1, 2*)

The entire Terumo Group is working to reduce CO₂ emissions. The Energy Subcommittee (one of the EHS Expert Subcommittees) leads the development and advancement of energy-saving measures. In fiscal 2015, efforts focused mainly on upgrades introducing once-through boilers, inverter compressors, and other types of high-efficiency equipment, and on repairing air and steam leaks in regular inspections. In office environments, we conducted activities including promotion of energy-saving by setting thermostats appropriately and turning off unneeded lighting in order to involve the entire Terumo Group in energy-saving activities. Overall, these activities succeeded in lowering CO₂ emissions per unit of consolidated net sales in fiscal 2015 to 36% of the figure for fiscal 2005, an improvement of 4 percentage points from the previous fiscal year.

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

CO₂ Emissions in Total and Per Unit of Consolidated Net Sales



* The electricity-related CO₂ emissions coefficients for Japan were set based on the actual results obtained for individual customers in fiscal 2005. Overseas electricity-related CO₂ emissions coefficients are defined as the regional coefficients for 2005 published in IEA CO₂ Emissions from Fuel Combustion 2012.

Long-term-target

Reduce CO₂ emissions per net sales unit for the entire Group to 50% of the fiscal 2005 level, by fiscal 2025

CO₂ Emissions (Breakdown of Scope 1 and Scope 2 emissions) Fiscal 2015

(t-CO₂)

	Scope 1	Scope 2	Total
Japan	39,719	87,185	126,904
Overseas	17,604	114,986	132,590
Global	57,323	202,171	259,494

Renewable Energy Usage

Photovoltaic power (kWh)	400,155
Biomass gas (kg)	2,025

TOPICS

Kofu Factory Awarded the Outstanding Energy Management Company, Director of the Kanto Bureau of Economy, Trade and Industry Prize

The Kofu Factory has upgraded its facilities to introduce advanced boilers, refrigerators, and other types of high-efficiency equipment, and is continuously implementing factory-wide energy-saving and other types of activities. As a result, from fiscal 2012 through fiscal 2014, the Kofu Factory achieved energy consumption reductions of approximately 4% annually. In recognition of this effort, the Kofu Factory was named a winner of the Outstanding Energy Management Company, Director of the Kanto Bureau of Economy, Trade and Industry Prize.



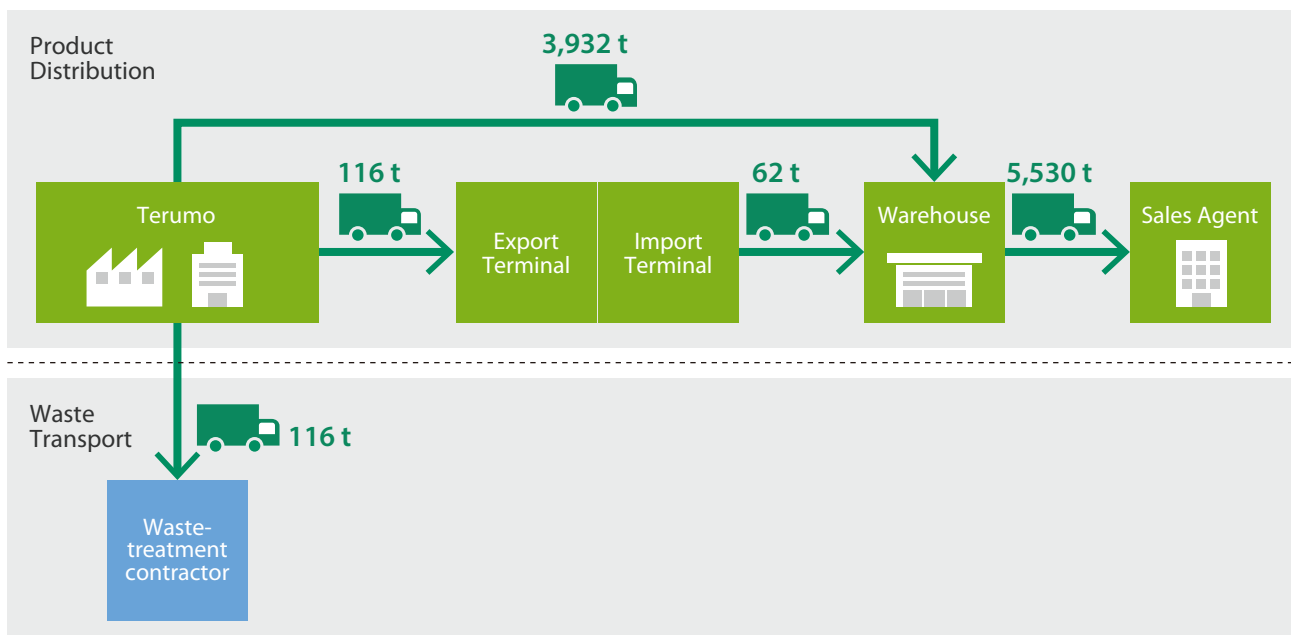
Scene from the award ceremony

Reducing CO₂ Emissions (Scope 3)

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

Distribution will remain the focus of our ongoing efforts to achieve greater efficiency in transportation-related CO₂ emissions.

CO₂ Emissions (Scope 3*)



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

Effective Use of Resources

The Earth's limited resources are what make Terumo's business activities possible. That is why we strive to utilize needed resources effectively and efficiently through activities such as reducing waste and improving recycling rates.

Reducing Waste

Reducing the Amount of Landfill Waste

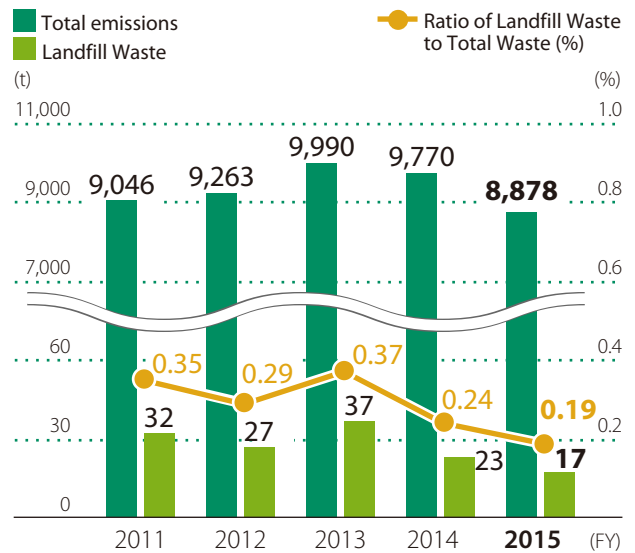
Terumo is advancing efforts to reduce waste and reuse resources to lessen the volume of waste that goes to final disposal (landfills).

Target

Reduce final disposal waste to less than 0.5% of total waste at the Terumo Group in Japan.

In fiscal 2015, only 0.19% of our total waste by volume was disposed of in landfills, meaning that we achieved our target.

Landfill Waste Generated in Japan



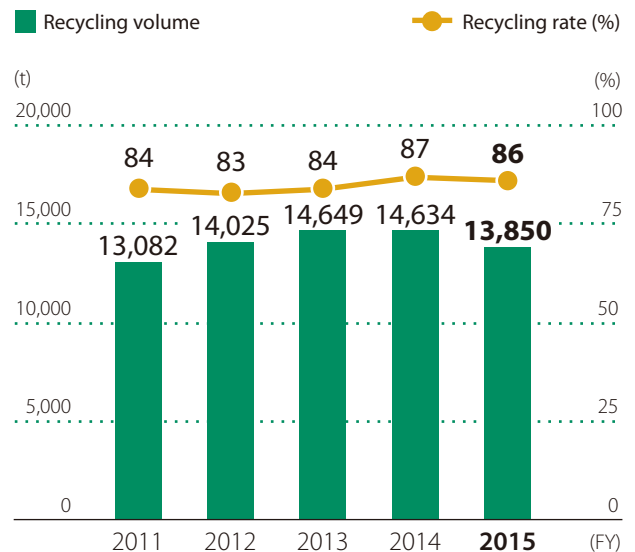
Promoting Recycling

While our Industrial Waste Subcommittee (one of our EHS Expert Subcommittees) plays a major role in the sharing of important information between sites, all our associates make efforts to recycle. Due to their unique properties and product safety concerns, it is not usually possible to recycle our products for use in other medical products. We do, however, recycle various types of waste generated in our production processes and office-based business activities for use in other plastic products, including floor tiles, recycled plastic fuel (RPF), and organic fertilizer. In fiscal 2015, our recycling rate reached 97% at Terumo sites in Japan and 86% globally.

Target

Improvement of the group-wide waste recycling rate to 85% or more

Recycling Amounts and Rates (Global)



Initiatives to Collect and Recycle Small Rechargeable Batteries

Terumo works through the Japan Portable Rechargeable Battery Recycling Center (JBRC) to collect used rechargeable batteries from Terumo products. This is in compliance with Japan's Act on the Promotion of Effective Utilization of Resources. To promote the proper recycling of small rechargeable batteries, we display a recycling logo on our products and inform customers through product instruction booklets that batteries should be recycled. In addition, for products covered by our maintenance services, we regularly inspect and replace small rechargeable batteries, and recycle batteries that are no longer usable.

Collection and Recycling Performance in FY 2015 (kg)

Nickel-cadmium	Nickel-hydride	Lithium-ion	Sealed lead-acid batteries
3,927	2,179	269	2,061

Reducing Packaging

To effectively use resources and improve customer usability, Terumo is working to reduce its use of packaging materials. These efforts include the development of smaller, lighter and slimmer packages and adoption of new package designs.

Reducing the Amount of Paper Used for Shipping Boxes

Based on a drop test evaluation, it was determined that the bottom liner of the boxes used for transporting infusion solution could be removed without endangering the products being shipped. Removal of this piece of cardboard reduces paper usage by approximately 5.5t a year and lightens the disposal burden for customers.

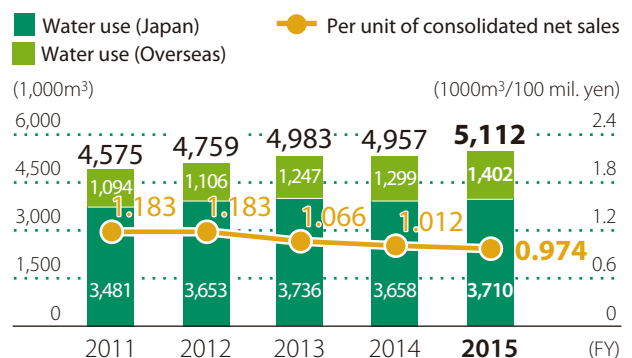


Shipping box ready for use without a bottom liner

Effective Utilization of Water Resources

At Terumo, we are working to optimize our use of water resources through measures such as circulating and reusing our cooling water. We have reduced the amount of water we use per unit of sales by about 18% over the past five years, and will continue looking for ways to use water more effectively.

Water Use



*Terumo Group business sites in Japan, overseas manufacturing sites

Proper Control of Chemical Substances

Terumo monitors and controls the use, emission, and disposal of chemical substances according to voluntary targets established under the Terumo Global EHS Policy.

Reduction of Chemical Emissions

Initiatives Supporting Proper Management of Chemical Substances

At Terumo, the Chemical Substance Subcommittee (one of the EHS Expert Subcommittees) leads efforts to track both the amounts of chemical substances we handle and the amounts we emit, reduce our usage of these materials, and properly manage what we use. Chemical substances are managed based on our Chemical Substance Management

Guidelines, which set forth procedures for the acquisition, storage, handling, disposal, and other activities involving chemical substances. In addition, risks in the working areas where chemical substances are used are assessed based on our Chemical Substance Risk Assessment Procedures.

Voluntary Action to Reduce Chemical Substance Emissions

Reducing Dichloromethane Emissions

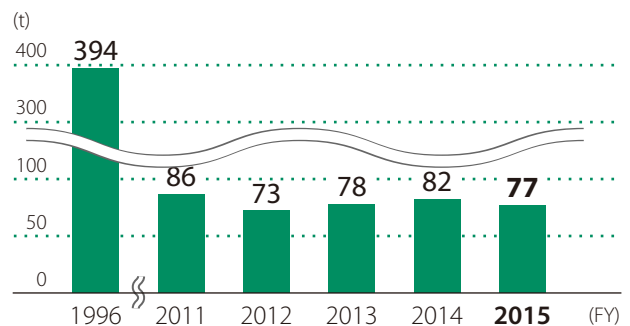
Terumo is working to reduce its emissions of dichloromethane* based on own voluntary targets. At our Kofu Factory, which handles large amounts of dichloromethane, we have installed recycle system to reduce emissions of this air pollutant. As an added measure, we monitor dichloromethane concentrations at the boundaries of the factory site to ensure standards are not exceeded.

* Dichloromethane is designated as a hazardous air pollutant (volatile organic compound) under Japan's Air Pollution Control Law, which has set an upper limit of 150 $\mu\text{g}/\text{m}^3$ on atmospheric concentrations. This standard does not apply to designated industrial areas, such as the location of the Kofu Factory. Nevertheless, Terumo has set and abides by a voluntary standard that is stricter than the official environmental standard.

Target

Keep dichloromethane emissions to less than 100 tons per year for the Terumo Group in Japan for the Terumo Group as a whole

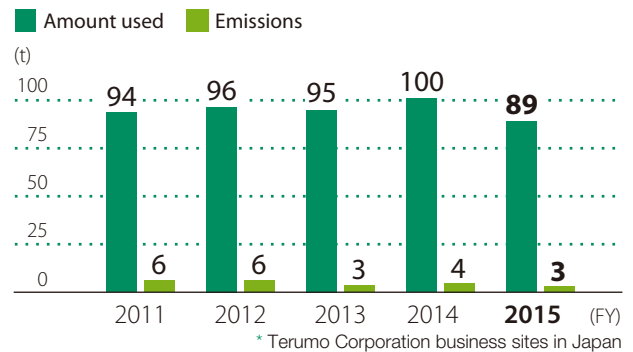
Dichloromethane Emissions



Reduce Ethylene Oxide Emissions

Ethylene oxide is widely used to sterilize medical devices. At Terumo, we are working to reduce ethylene oxide emissions to the outside environment, and have installed catalytic oxidation emissions treatment systems at our Ashitaka and Fujinomiya factories and our R&D Center, along with combustion treatment equipment at the Kofu Factory. In addition, we have voluntarily set an upper limit of 4.3 µg /m³ on atmospheric concentrations at the boundaries of the sites mentioned above and monitor the atmosphere to ensure we abide by it.

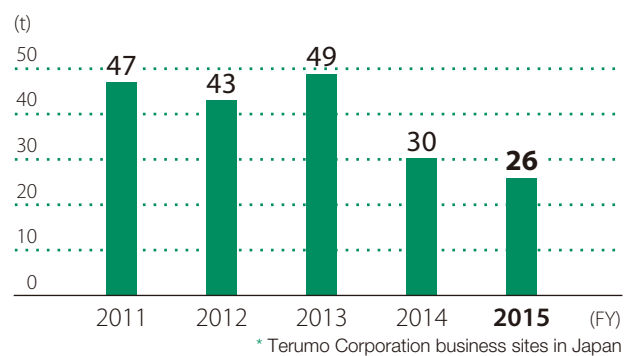
Ethylene Oxide Emissions



Alternatives to HCFC-225

In light of the Montréal protocol, an international agreement for the phase-out of substances that deplete the ozone layer, it has been decided that the production of HCFC-225 will be prohibited in Japan beginning in 2020. Working to select replacements for HCFC-225, Terumo's Eco-Products and Safety Subcommittee (one of the EHS Expert Subcommittees) disseminates information on processes that use HCFC-225 at individual business sites, on HCFC-225 substitutes, and on the results of related discussions at individual business sites.

HCFC-225 Emissions



Tracking and Managing PRTR Substances

At Terumo, monthly tracking of usage and emissions volumes for PRTR and other chemical substances, and reducing emissions at their source, is a top priority.

Management of PRTR Substances

(t)

Substance	Volume	Fujinomiya Factory	Ashitaka Factory	Kofu Factory	R&D Center	Total
Ethylene oxide gas	Amount used	9.5	59.2	20.1	0.1	88.9
	Emissions	0.3	1.8	1.0	0.0	3.1
	Amount transferred	0.0	0.0	0.0	0.0	0.0
1, 2-dichloroethane	Amount used	0.0	2.2	0.0	0.0	2.2
	Emissions	0.0	1.6	0.0	0.0	1.6
	Amount transferred	0.0	0.5	0.0	0.0	0.5
HCFC-141b	Amount used	2.6	0.0	0.0	0.0	2.6
	Emissions	1.8	0.0	0.0	0.0	1.8
	Amount transferred	0.0	0.0	0.0	0.0	0.0
HCFC-225	Amount used	9.9	24.9	6.5	0.0	41.3
	Emissions	3.6	18.6	3.4	0.0	25.6
	Amount transferred	1.5	0.0	0.0	0.0	1.5
Dichloromethane	Amount used	0.1	6.5	158.3	0.1	165.0
	Emissions	0.1	4.0	73.0	0.0	77.1
	Amount transferred	0.0	0.0	0.0	0.1	0.1
Toluene	Amount used	0.6	0.0	8.1	0.9	9.6
	Emissions	0.6	0.0	4.5	0.0	5.1
	Amount transferred	0.0	0.0	3.6	0.6	4.2
Di (2-ethylhexyl) phthalate	Amount used	443.2	3.7	110.9	0.0	557.8
	Emissions	0.0	0.0	0.0	0.0	0.0
	Amount transferred	0.0	0.0	2.0	0.0	2.0
Hydrogen fluoride	Amount used	0.0	20.0	0.1	0.0	20.1
	Emissions	0.0	1.7	0.0	0.0	1.7
	Amount transferred	0.0	0.0	0.0	0.0	0.0
n-hexane	Amount used	0.0	7.0	0.0	0.0	7.0
	Emissions	0.0	3.5	0.0	0.0	3.5
	Amount transferred	0.0	3.5	0.0	0.0	3.5
N, N-dimethylformamide	Amount used	0.0	4.6	0.0	0.0	4.6
	Emissions	0.0	3.0	0.0	0.0	3.0
	Amount transferred	0.0	1.6	0.0	0.0	1.6

* PRTR: Pollutant Release and Transfer Register

Proper Disposal of Polychlorinated Biphenyls (PCBs)

Terumo has removed all equipment containing high concentrations of PCBs from its operations and stores these items under strict controls. To ensure that they can be expeditiously and properly disposed of, we have officially requested that the Japan Environmental Storage & Safety Corporation* handle such disposal. Processing of equipment with high concentrations of PCBs at the

Ashitaka Factory was completed in fiscal 2015. Surveys to identify equipment that may contain small amounts of PCBs are ongoing. Processing of all equipment containing PCBs is scheduled for completion by fiscal 2019.

* The Japan Environmental Storage & Safety Corporation (JESCO) is a special company wholly owned by the Japanese government. It was established in April 2004 as the only company in Japan to carry out detoxification of items with high concentrations of PCBs.

Compliance with Chemical Regulations Worldwide (REACH, etc.)

Chemical regulations are being tightened throughout the world, and relevant Terumo departments are working to comply with regulations and to develop a regulatory compliance system to stay abreast of future changes.

Construction of a System to Ensure Regulatory Compliance

Collection of Regulatory Information

Our Environmental Management Department gathers information on environmental regulations via the Japanese government's Official Gazette and through industry activities, and it regularly receives information from local subsidiaries in Europe, which has the most advanced chemical regulations. It then shares this information within Terumo to address shortcomings in regulatory compliance and ensure ongoing compliance.

Considerations in Design and Procurement

At the product design stage, designers are informed of regulated substances and instructed to take all possible steps to avoid using these and other environmental pollutants. We use our "Human x Eco Development Guidelines" as a tool to raise designer awareness.

Humanx Eco Development Guidelines

*A:excellent, B:satisfactory, C:inadequacy						
Principles	Guidelines	Applicable (Items)	Applicable: design objectives non-applicable: the reason	Verification (Results)	evaluation*	
Cleaner Reducing environmental impact	A1	Comply with environmental laws, rules, regulations and agreements.	Applicable	Human X Eco guide for regulations	ref. Report No.****	A
	A2	Avoid toxic materials which cause environmental pollution.	Applicable	Human X Eco guide for toxic substances	Exclude toxic substances (to be designated chemicals including RoHS, REACH)	A
	A3	Use the materials that have a lower impact on the environment.	NA	Low-LCA (low impact materials are designated) is against water vapor barrier. B1 has priority and lower the environmental impact.		(B)
	A4	Product / packaging designed for better disposal and recycling.	Applicable	25% reduction of the volume of packaging materials at the time of disposal.	27% reduction of the volume of packaging materials at the time of disposal due to easy connection.	A
	A5	Reduce the discharge of hazardous materials in the production process.	NA	No change (Minor change of packaging and labeling)		(B)
	A6	Extend the expiration dates or the product life (durable product).	NA	No change (Minor change of packaging and labeling)		(B)
Less Using resources effectively	B1	Reduce the amount of resources used in product & packaging materials by size/weight reduction, etc.	Applicable	25% weight reduction of packaging materials	25% weight reduction of packaging materials	A
	B2	Reduce the number of parts/products by standardization, simplification or multi-function, etc.	Applicable	Use the XX for packaging material ***	The same packaging material as ***. The material sharing leads to cost reduction.	B
	B3	Reduce the energy and raw materials in production process.	Applicable	Decrease the temp. of heat sealing by using XX	21°C decrease of heat sealing temperature of package	A
	B4	Improve yield and quality in production process to reduce the waste.	Applicable	Increase membrane yield from 45% to 62%	37% increase in membrane yield by changing the filter shape. 40	A
	B5	Promote efficiency and space saving in storage and distribution.	Applicable	Reduction in size and volume more than 20%	Increase of 30% load and storage efficiency due to size reduction of new package design.	A
	B6	Reduce energy consumption when the product is being used.	NA	No change (Minor change of packaging and labeling)		(B)
Principles	Guidelines	Applicable (Items)	Qualification process, references	Verification	evaluation*	
More friendly	C1	Disclose the information related to environment, safety, materials etc.	Applicable	Risk analysis report, No.XXXXX-2, D6	package and website	A
Providing	C2	Provide infection prevention measures when using the product.	Applicable	Risk analysis report, No.XXXXX-2, D6	in-use safety specification against needle stick.	B

Identifying Chemical Substance Content of Procured Items

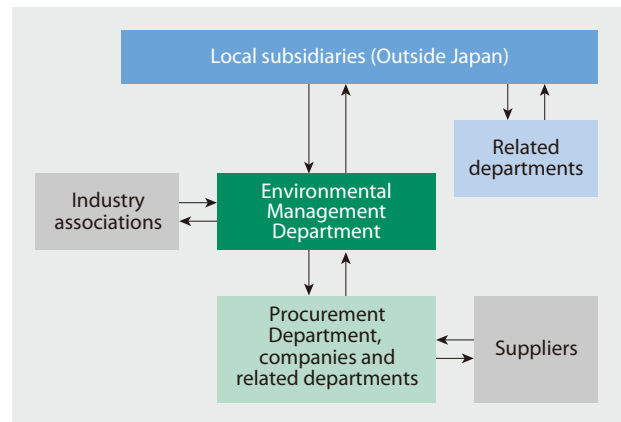
To comply with increasingly strict chemical substance regulations throughout the world, it is necessary to identify and properly manage the chemical substances included in procured items. Relevant Terumo departments work to strengthen our chemical substance management system. Preparation for the future application of the chemSHERPA scheme* is one aspect of these efforts.

* chemSHERPA is being advanced by Japan's Ministry of Economy, Trade and Industry as a way of sharing product chemical content information within the supply chain.

Global Information Sharing

To ensure legal compliance, the Environmental Management Department provides information to relevant departments and local subsidiaries. In addition, internal audits are conducted regularly, with the cooperation of experts, and steps are taken to share regulatory information and ensure the proper functioning of the regulatory compliance system.

Feedback to Local Sites



Responding to GHS International Chemical Management Rules

At Terumo, we provide GHS* -based information on hazardous chemical substances to all associates working in locations that handle chemical substances. Properly handling chemical substances in accordance with this information protects the environment and the health of associates.

* GHS: Globally Harmonized System of Classification and Labelling of Chemicals

Initiatives for Biodiversity Conservation

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

Protecting Forests

Mt. Fuji Reforestation Project—Ongoing Initiatives at Terumo Megumi-no-Mori

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

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

In fiscal 2015, tree-planting and forest maintenance activities were conducted throughout the year. In the spring, trees were pruned to allow more sunlight to reach seedlings, and barriers were erected to protect them from wind and hungry deer. With the coming of fall, trees were planted, or replanted, by a total of approximately 300 volunteers including associates, their families, and local junior high school students.



Tending the forest in spring



Autumn activity volunteers

Voluntary Programs

Terumo's "ECO Challenge" Volunteer Campaign

Every summer since 2006, we have held the "ECO Challenge", in which volunteer Terumo associates in Japan, and their families, hold a variety of environmental conservation activities at home and work. At the beginning of the ECO Challenge, a "Challenge Sheet" describing specific eco activities is distributed to participants, who then perform them. Points are calculated based on the activities of participating associates, and Terumo uses the resulting figures to determine the size of its donation to the Organization for Industrial, Spiritual, and Cultural Advancement—International (OISCA).

In fiscal 2015, a total of 4,131 associates participated in the ECO Challenge.



Challenge Sheet

Donations to Two Programs

Supporting Environmental Education for Children through the Children's Forest Program

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



Children's Forest Program

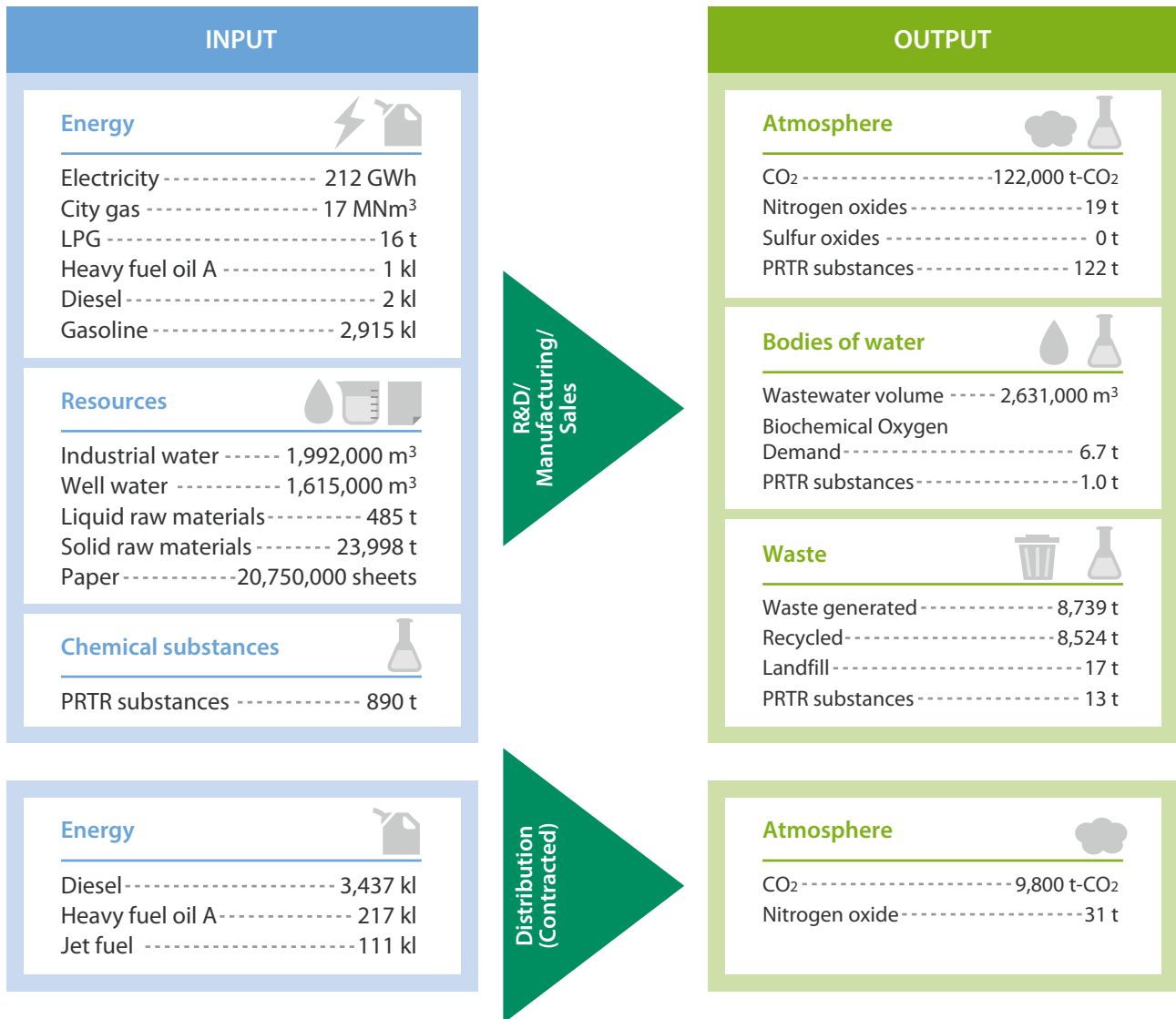
Supporting the Restoration of Coastal Forests Damaged in the Great East Japan Earthquake

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



Project to Restore Coastal Forests

For the energy, raw materials and other inputs we use, we identify the environmental impact in terms of the CO₂, wastewater, and waste generated by our business activities, and use this data as indicators for activities aimed at reducing environmental impacts going forward.



* Scope: Terumo Corporation business sites in Japan.
 * Based on fiscal 2005 CO₂ emissions coefficients provided by electric power providers.

Green Purchasing Results

(Units and yen are stated in thousands)

	Overall Purchases	Green Purchases	
Units	65	53	82%
Cost	54,572	41,433	76%

Site Data (Manufacturing and R&D sites) Fiscal 2015 (Japan)

Site	Location	CO ₂ Emissions (t)	Water Usage (1,000 m ³)	Total Waste (t)	Hazardous Waste (t)	Recycled Amounts (t)
Fujinomiya Factory	Fujinomiya, Shizuoka, Japan	45,500	1,821	2,843	20	2,813
Ashitaka Factory	Fujinomiya, Shizuoka, Japan	20,297	548	1,780	150	1,728
Kofu Factory	Nakakoma, Yamanashi, Japan	42,231	1,140	3,798	45	3,719
R&D Headquarters	Ashigarakami, Kanagawa, Japan	5,957	76	198	43	149
Terumo Clinical Supply Co., Ltd.	Kakamigahara, Gifu, Japan	535	9	54	1	45
Terumo Yamaguchi Corporation	Yamaguchi City, Yamaguchi Prefecture	10,844	94	76	20	66

Site Data (Manufacturing and R&D sites) Fiscal 2015

Site	Location	CO ₂ Emissions (t)	Water Usage (1,000 m ³)	Total Waste (t)	Hazardous Waste (t)	Recycled Amounts (t)
Terumo Medical Corp. and Terumo Cardiovascular Systems Corp.	Maryland, USA	16,097	71	515	120	133
Terumo Cardiovascular Systems Corp. and Terumo Heart Inc.	Michigan, USA	4,229	12	318	4	40
Terumo Cardiovascular Systems Corp.	Massachusetts, USA	464	0.7	204	0	103
MicroVention, Inc.	California, USA	1,761	9	98	44	15
Terumo BCT, Inc.	Colorado, USA	14,653	56	1,812	7	1,552
MicroVention Costa Rica, S.R.L.	San Jose, Costa Rica	1,103	13	135	18	99
Terumo Europe NV	Leuven, Belgium	9,605	48	697	137	333
Terumo UK Ltd.	Liverpool, UK	177	0.5	108	0	90
Vasutek Ltd.	Glasgow, UK	1,981	8	128	5	34
Terumo BCT, Ltd.	Larne, UK	5,232	56	193	0	154
Terumo Medical Products (Hangzhou) Co., Ltd.	Jilin, China	30,341	514	937	65	822
Terumo (Philippines) Corp.	Laguna, the Philippines	23,304	271	860	56	796
Terumo Penpol Private Ltd.	Kerala, India	9,162	36	682	0.6	673
Terumo Vietnam Co., Ltd.	Vinh Phuc, Vietnam	6,380	167	181	52	129
Terumo BCT Vietnam Co., Ltd.	Dong Nai, Vietnam	8,102	144	121	0.4	76

* Waste densities used in the calculations are 0.2 t/m³ for general waste and industrial waste, and 1.0 t/m³ for hazardous waste.

* CO₂ emissions coefficients related to electricity use in Japan were calculated based on coefficients provided by electric power providers for fiscal 2005.

CO₂ emissions coefficients related to electricity use outside of Japan are the 2005 country emissions coefficients presented in IEA CO₂ Emissions from Fuel Combustion 2012.

EHS Goals and Achievements

Initiative	Mid-term Targets: Fiscal 2014-2016	Fiscal 2015 Targets	Fiscal 2015 Assessment	Fiscal 2016 Targets
Establishment and Operation of the Group EHS Management System	<ul style="list-style-type: none"> Introduction of the Group EHS Management System to all manufacturing sites in Japan, and obtaining 3rd-party certifications at major manufacturing sites 	<ul style="list-style-type: none"> Expansion of application of the Group EHS Management System to Ashitaka factory 	✓	<ul style="list-style-type: none"> Expansion of application of the group EHS Management System to all manufacturing sites in Japan
	<ul style="list-style-type: none"> Expansion of the application of the Group EHS Management System to principal global manufacturing sites 	<ul style="list-style-type: none"> Move forward with the preparation of a global EHS Management System manual and documents 		<ul style="list-style-type: none"> Expansion of application of the Group EHS Management System to principal global manufacturing sites
Reduction of Accident Risk, Health Enhancement	<ul style="list-style-type: none"> Zero fatal or critical work-related accidents Reduction of work-related accidents by 50% or more less compared to that of fiscal 2013 [Business sites in Japan, Terumo Corporation] 	<ul style="list-style-type: none"> Zero fatal or critical work-related accidents Reduce work-related accidents to less than 10 accidents per year [Business sites in Japan, Terumo Corporation] 100% periodic health-checkup rate and 80% or more for the follow-up health-checkup rate [Business sites in Japan, Terumo Corporation] 	In Progress	<ul style="list-style-type: none"> Zero fatal or critical work-related accidents Reduction of work-related accidents by 50% or more less than compared to that of fiscal 2013 [Business sites in Japan, Terumo Corporation] 100% periodic health-checkup rate and 80% or more for the follow-up health-checkup rate [Business sites in Japan, Terumo Corporation]
	<ul style="list-style-type: none"> Continuation of operation with no significant environmental accidents 	<ul style="list-style-type: none"> Develop procedures for responding to environmental accidents and emergencies, and conduct these trainings Enhance the corresponding equipment and facilities to improve response capability to accidents which cause serious environmental impacts 		<ul style="list-style-type: none"> Operation with no significant environmental accidents Strengthening measures of chemical-leakage prevention
Develop of Environmentally Friendly and Safe Products and Production Processes	<ul style="list-style-type: none"> Bringing 3 or more Human×Eco products to the market [Business sites in Japan] 	<ul style="list-style-type: none"> Achieve concrete results in the development and planning of at least one Human×Eco product/production process [Business sites in Japan] 	✓	<ul style="list-style-type: none"> Achieve concrete results in the development and planning of at least one Human×Eco product/production process [Business sites in Japan] Bring 2 or more Human×Eco products to the market [Business sites in Japan]
	<ul style="list-style-type: none"> Development of non-CFCs production-technologies [Business sites in Japan] 	<ul style="list-style-type: none"> Select the alternative solvents to CFCs(HCFC-225), and share the information among business sites [Business sites in Japan] 		<ul style="list-style-type: none"> Development of non-CFCs production-technologies for each intended purpose [Business sites in Japan]
Effective Use of Energy and Resources (Reduction of CO ₂ Emissions)	<ul style="list-style-type: none"> 30% reduction of group-wide CO₂ emissions per unit of consolidated net sales from the fiscal 2005 level *Long-term target: Reduction of 50% by fiscal 2025 	<ul style="list-style-type: none"> 1% reduction of group-wide CO₂ emissions per unit of consolidated net sales compared to the previous fiscal year 1% reduction of CO₂ emissions per unit of Terumo Corporation net sales compared to the previous fiscal year [Business sites in Japan, Terumo Corporation] 	✓	<ul style="list-style-type: none"> 1% reduction of group-wide CO₂ emissions per unit of consolidated net sales compared to the previous fiscal year
	<ul style="list-style-type: none"> Improvement of the group-wide waste recycling rate to 85% or more 	<ul style="list-style-type: none"> Improvement of the group-wide waste recycling rate to 84% or more Reduce final disposal waste to less than 0.5% of total waste [Business sites in Japan] 		<ul style="list-style-type: none"> Improvement of the group-wide waste recycling rate to 85% or more Reduce final disposal waste to less than 0.5% of total waste [Business sites in Japan]
Proper Control of Chemical Substances and Reduction of Emissions	<ul style="list-style-type: none"> Establishment of a chemical substance management system - Compliance with the chemical substance management guidelines [Business sites in Japan] 	<ul style="list-style-type: none"> Establish and implement chemical substance management guideline [Business sites in Japan] 	✓	<ul style="list-style-type: none"> Establishment of a chemical substance management system - Regular implementation of chemical substance management guideline [Business sites in Japan] Implementation of chemical risk assessment [Business sites in Japan]
	<ul style="list-style-type: none"> Improvement of organic solvents-using work environments - Elimination of the class-3 (ie., high exposure) working areas [Business sites in Japan] Promotion of management of emissions and site-boundary concentrations of chemicals including dichloromethane [Business sites in Japan] 	<ul style="list-style-type: none"> Improve work environments for high-exposure area of organic solvents [Business sites in Japan] Management of dichloromethane emissions to less than 100 tons per year and EOG concentrations at the site boundaries adjacent to residential areas to no more than 4.3µg/m³ [Business sites in Japan] 		<ul style="list-style-type: none"> Improvement of organic solvents-using work environments - Elimination of the class-3 (ie., high exposure) working areas related to the organic-solvent using operations [Business sites in Japan] Management of dichloromethane emissions to less than 100 tons per year and EOG concentrations at the site boundaries adjacent to residential areas to no more than 4.3µg/m³ [Business sites in Japan]
Preservation of Biodiversity	<ul style="list-style-type: none"> Collaboration with NGOs to promote and expand biodiversity preservation activities [Business sites in Japan] 	<ul style="list-style-type: none"> Promote internal eco campaigns and expand covered business sites and participation [Business sites in Japan] 	✓	<ul style="list-style-type: none"> Raising awareness of biodiversity-preservation activities through the internal eco campaign [Business sites in Japan]
	<ul style="list-style-type: none"> Expansion of the Mt. Fuji Reforestation Project to include ongoing care of planted trees [Business sites in Japan] 	<ul style="list-style-type: none"> Conduct planting trees and conservation activities throughout the year at 'Terumo Megumi-no-Mori' through the Mt. Fuji Reforestation Project [Business sites in Japan] 		<ul style="list-style-type: none"> Renew of the Shizuoka Future Forest-Supporter Agreement, and implementation of the Mt. Fuji Reforestation Project throughout the year [Business sites in Japan]
Advancement of EHS Communication	<ul style="list-style-type: none"> Quality-improvement of the disclosure activities in the annual report 	<ul style="list-style-type: none"> Reconstruct annual report and enhance these contents -Preparation to adapt the G4 Sustainability Reporting Guidelines 	✓	<ul style="list-style-type: none"> Enhanced communication of overseas information, corresponding to the globalization of business
	<ul style="list-style-type: none"> Development and improvement of the EHS education system, including e-learning system [Business sites in Japan] 	<ul style="list-style-type: none"> Standardize EHS basic education tool and operate EHS basic education by e-learning system [Business sites in Japan, Terumo Corporation] 		<ul style="list-style-type: none"> Revision of the guideline on EHS education and training associated with restructuring of the EHS-related education system [Business sites in Japan]


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