

Sustainability Report  
2017



## Contents

2	Corporate Mission, Five Statements and Global Vision
3	Message from the Top Management
<b>6</b>	<b>Toward a Platform for Sustainable Management</b>
7	Management System
<b>17</b>	<b>Relationships with Stakeholders</b>
18	Relationships with Stakeholders
20	Together with Patients and Medical Settings
28	Together with Shareholders and Investors
30	Together with Partners
33	Together with Our Associates
48	Societal Contributions
<b>57</b>	<b>For the EHS</b>
58	EHS Management
69	Developing Environmentally-Friendly and Safety Products
76	Initiatives to Deal with Climate Change
78	Effective Use of Resources
81	Proper Control of Chemical Substances
86	Initiatives for Biodiversity Conservation
88	Material Flow
89	Environmental Data for Fiscal 2016
91	EHS Goals and Achievements

## Reporting Policy

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 2016 (April 1, 2016 through March 31, 2017)  
Activities reported include some recent activities.

### Publication schedule

---

This report: October 2017  
Previous report: October 2016  
Next report: October 2018 (tentative)

### Referenced guidelines

---

GRI, Sustainability Reporting Guidelines (Version 4.0)  
(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 Website.  
[www.terumo.com](http://www.terumo.com)



## Corporate Mission

# Contributing to Society through Healthcare

We contribute to society by providing valued products and services in the healthcare market and by responding to the needs of patients and healthcare professionals.

## Five Statements

### Open Management:

We maintain a fundamental policy of open management, work to secure and return to our benefactors a suitable profit, and strive to develop our business on a global basis as befits a leading company in the industry.

### Enhanced Value:

We emphasize the importance of scientific thinking, creativity, and time appropriation, and respond in depth to customer needs by creating valued products and services.

### Safety and Reliability:

We pride ourselves on our commitment to the development of technologies and quality assurance systems that ensure safe, reliable products.

### Respect for our Associates:

We emphasize respect for the individual, promote intercultural understanding, and encourage openness in the workplace in accordance with our slogan, "Associate Spirit," as we prepare to meet the challenges of the future.

### Corporate Citizenship:

We conduct our business activities in a fair and equitable manner and act responsibly toward the environment as we fulfill our responsibilities as a good corporate citizen.

## Global Vision

# Innovating at the Speed of Life

As society changes constantly and science and technology advance, we remain focused on lives, and on rapidly bringing new value to medical settings.



### Our Unchanging Commitment: Contributing to Society through Healthcare

Shinjiro Sato  
President and CEO

### A Corporate Legacy of Social Contributions

Dr. Shibasaburo Kitasato and other physicians founded Terumo in 1921, when importation of medical thermometers ceased in the aftermath of World War I, spurring the need to manufacture the instruments domestically.

Thermometers are a household item today, but in the 1920s, when Japan was just beginning to gain an awareness of health and hygiene, there was concern that supply could not answer the heightened demand for thermometers in medical settings. The Terumo company charter observed that, “Viewing citizens’ health as the cornerstone of national stability renders ours an industry of national importance (and not merely a profit-making enterprise).” The need for high quality medical thermometers prompted the company’s establishment and corporate goal to contribute to both citizens’ health and society. That sentiment generated Terumo’s corporate philosophy of “Contributing to Society through Healthcare.”

Over the years, Terumo has provided new value by grappling with health care issues in areas such as infection control, prevention of medical errors, the demand for minimally invasive treatments, and improvements in both medical cost efficiency and patient quality of life (QOL). The Terumo Group now conducts business in over 160 nations, expanding our concept of “society” to embrace a global perspective.



## Partnering with Global Stakeholders

In 1996, Terumo drafted five statements supporting realization of the corporate mission and Group business activities: Open Management, Enhanced Value, Safety and Reliability, Respect for our Associates, and Corporate Citizenship. In 2015, we announced our new global vision of “Innovating at the Speed of Life,” expressing the future direction of Terumo business. The Group is focused on expediting development and reliable delivery of innovative, high quality products and services, both for medical settings throughout the world facing high-paced change as well as for patients.

The Terumo Group is committed to conducting responsible corporate business activities based on our corporate mission, five statements, and global vision to benefit patients and their families, medical professionals, shareholders and investors, business partners, regional communities, and all additional stakeholders. In 2012, we signed the United Nations Global Compact, endorsing its Ten Principles advocating for responsible policies on human rights, labor, the environment, and anti-corruption. As our business activities become increasingly globalized, corporate initiatives will strengthen corporate governance, ensure regulatory compliance across borders, and enhance environmental, health and safety management (EHS). Looking ahead, in light of the UN’s 2015 Sustainable Development Goals (SDGs), Terumo will identify important issues impacting society and our corporate group, strive to realize our objectives, and contribute to society.

## Achieving Sustainable Growth through Energization of Human Resources and Organizations

The Terumo Group’s core organizations, strengthened by functional optimization, have sustained corporate business activities and communication over the years to facilitate solutions to sustainability issues influencing society, the environment, and governance. In implementing the Mid-to Long-term Growth Strategy articulated in December of 2016, Terumo continues stressing the “energization of human resources and organizations” as a key transformative point. Our corporate response to the multiple issues impacting corporate and social sustainability such as corporate governance, EHS promotion, and respect for human rights and diversity is to strengthen systems enabling implementation of activities and transcend organizations and regions in search of new opportunities for innovation.

Terumo will celebrate its centennial in 2021. Through delivery of value-added innovations to medical settings and patients throughout the world, the group will strive to earn society’s continued trust as we pursue the sustainable growth required of an essential enterprise. We ask for the warm support of our stakeholders toward this goal.

Shinjiro Sato,  
President and CEO

# Participation in the United Nations Global Compact

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 anticorruption measures.

Terumo gave shape to the mission of “Contributing to Society through Healthcare” by setting out Five Statements 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.



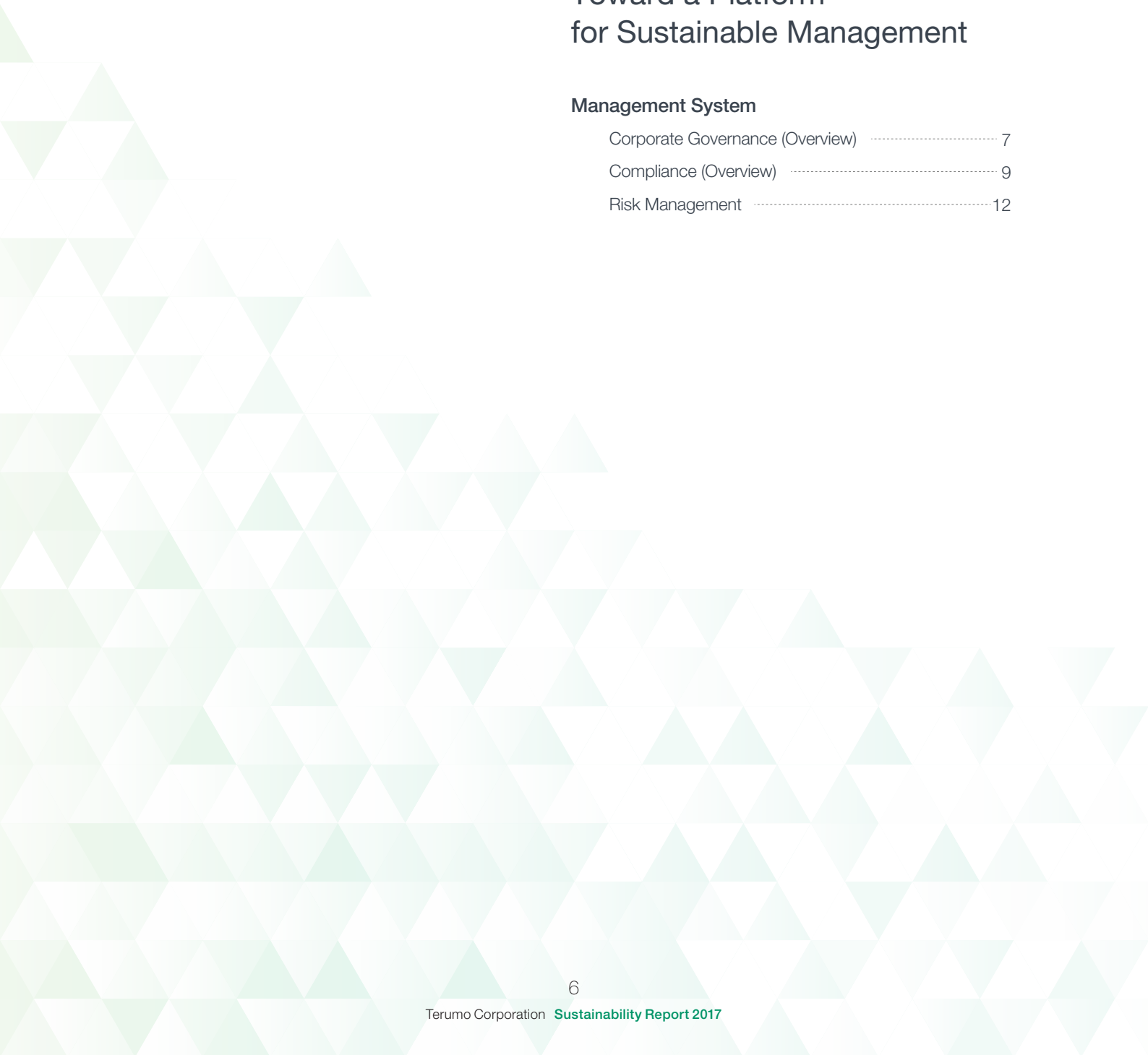
## The Ten Principles of the United Nations Global Compact

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.

# Basic Views on Sustainable Development Goals (SDGs)

As it implements sustainability initiatives, the Terumo Group will also advance activities that contribute to the achievement of the Sustainable Development Goals (SDGs) adopted by the United Nations at the Sustainable Development Summit in 2015. Going forward, we will carefully consider the 17 SDGs and 169 targets to identify issues—those the Terumo Group should address through its business activities, or that have great social impact—and implement concrete measures to address them.





## Toward a Platform for Sustainable Management

### Management System

Corporate Governance (Overview) .....	7
Compliance (Overview) .....	9
Risk Management .....	12

# Corporate Governance (Overview)

## Basic Stance

---

- Terumo's corporate mission is "Contributing to Society through Healthcare". Guided by its mission, Terumo provides valuable products and services to achieve sustainable growth, maximize long-term corporate value and meet the expectations of its worldwide stakeholders, including its customers, shareholders, associates\*, business partners and communities.
- To embody its corporate mission, Terumo articulated Five Statements i.e. open management, enhanced value, safety and reliability, respect for our associates\*, and corporate citizenship. These statements govern the actions and decisions made by all Terumo associates.
- Based on its corporate mission and the Five Statements, Terumo has established this Guideline for Corporate Governance. It is intended to promote timely decision-making while maintaining transparency and objectivity in management.
- Terumo continuously strives to earn the understanding and trust of its internal and external stakeholders by recognizing its accountability to its stakeholders and promoting dialog and other means of communication with its shareholders.
- Informed by Corporate Governance Code, Terumo has developed a global platform for its activities as a good corporate citizen.
- Terumo strives diligently to foster a corporate culture of "a highly motivating and challenging workplace with open and candid communication," because Terumo believes a culture of this nature is essential to effective corporate governance.

 For more information on the TERUMO Corporate Governance Guideline, please visit Terumo's website.  
<http://www.terumo.com/about/governance.html>

## Corporate Governance Structure

Terumo adopted the organizational design of a “Company with an Audit/Supervisory Committee” to achieve the following initiatives, further strengthen its corporate governance framework, and to enhance its mid- and long-term corporate value.

### 1. Strengthen audit and supervisory functions

The members of the Audit/Supervisory Committee shall have voting rights in the meetings of the Board of Directors.

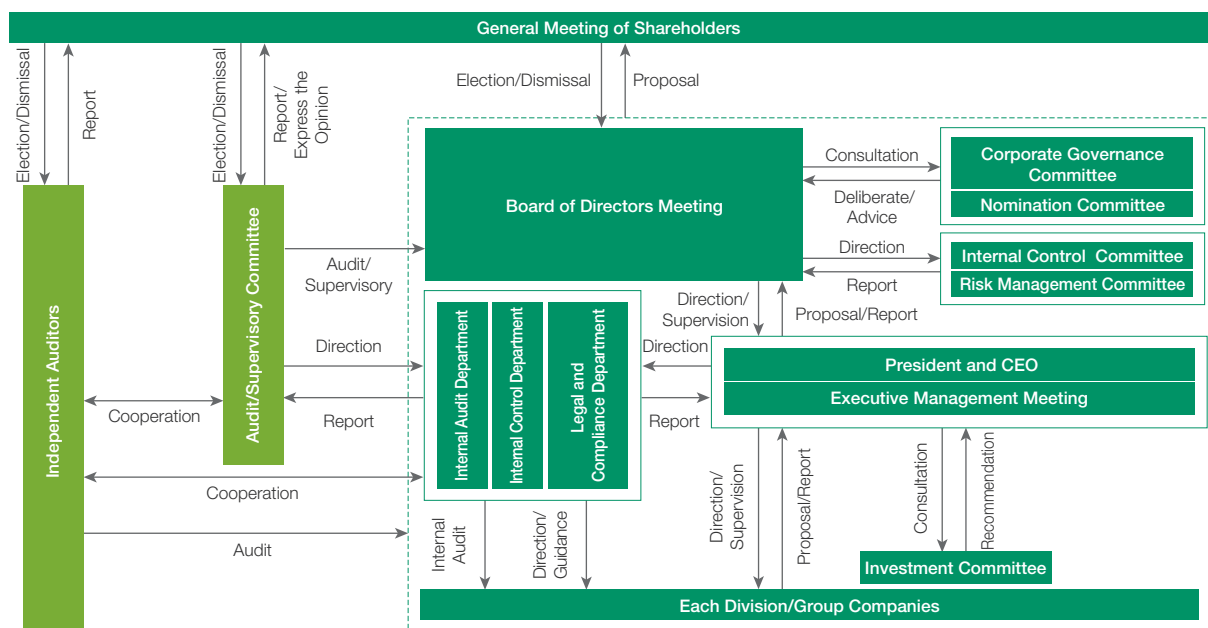
### 2. Enhance transparency and objectivity in management

By increasing the proportion of independent directors on the Board, transparency and objectivity in decision-making will be enhanced at the Board level reflecting opinions of the independent directors which representing the perspective of shareholders and other stakeholders.

### 3. Expedite decision-making process

By promoting the appropriate delegation of the Board’s authority by way of the executive officer system, Terumo will further expedite its decision-making process and business development.

To enhance management transparency and objectivity, Terumo has also established the Corporate Governance Committee, Nomination Committee, Internal Control Committee, and Risk Management Committee as discretionary organs.



\* Audit/Supervisory Committee members are directors, and have voting rights in the BOD meeting. The majority of Audit/Supervisory Committee is constituted by independent directors.


\* Audit/Supervisory Committee serves for the function of auditing and supervising the directors and the BOD.

# Compliance (Overview)

## Compliance System

---

At Terumo, the Internal Control Committee, which is responsible for enacting the Internal Control System within the Terumo Group in accordance with the “Internal Control System Design Basic Policy” approved by the Board of Directors, shall deliberate and make decisions regarding important policies related to compliance, and regularly report the status of these activities to the Board of Directors and Audit/Supervisory Committee. The Chief Legal Officer (CLO) shall be the primary entity implementing the compliance system across the Terumo Group, and under the leadership of the CLO, the compliance officers of the Terumo Group companies who are in charge of promoting compliance related activities, promote a variety of measures including creating related rules, performing training and education, and monitoring to quickly discover and ascertain compliance issues. In the event that any significant compliance violations, etc. occur, a handling team shall be immediately organized under the direction of the chairperson of the Internal Control Committee, and that team shall, in addition to handling and resolving the occurrence, report and make proposals to the Internal Control Committee regarding the cause and recurrence prevention measures.

 For more information on the Internal Control System Design Basic Policy, please visit Terumo’s website.  
<http://www.terumo.com/about/compliance.html>

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

---

Terumo’s corporate mission, “Contributing to Society through Healthcare,” is the goal not only of the company but of all associates who work for Terumo. We will continue to conduct honest and fair business practices based on strict legal compliance and corporate ethics in order to maintain our position as an ethical healthcare company. To go further toward meeting these social expectations, we established the Code of Conduct for the Terumo Group (SAKURA Rules) in April 2008 to set standards for the conduct of daily business activities for the entire group, including overseas entities. In accordance with this Code, we are striving throughout the Terumo Group to base our actions on social ethics, as well as on compliance with relevant laws and regulations.

The Code of Conduct of the Terumo Group (SAKURA Rules) states that “Each Associate must conduct business activities honestly, act in a manner that demonstrates responsibility for environmental conservation and seek to become a model citizen within the corporate group.” We carry out training on the Code of Conduct tailored to each site and encourage associates to recognize the importance of corporate ethics. As a global company, we also clearly state and promote the need to respect human rights and eliminate discrimination in our Code of Conduct.

 For more information on the Code of Conduct of the Terumo Group (SAKURA Rules), please visit Terumo’s website.  
<http://www.terumo.com/about/compliance.html>

## **| Appropriate Relationships with Public Officials**

---

All Terumo associates observe the “Code of Conduct of the Terumo Group (SAKURA Rules)” and the “Terumo Global Anti-corruption and Anti-bribery Policy” in all dealings with public institutions, related officials and the employees of public medical institutions. These codes aim to ensure that all business is conducted in a transparent, fair, and honest manner. Full compliance is expected under Japan’s Unfair Competition Prevention Act, the US Foreign Corrupt Practices Act, and other anti-bribery laws within the countries and regions where Terumo Group operates.

## **| Prohibition of Collusion and Cartels**

---

In recent years, the anti-competitive practices such as collusion, action as a cartel, or other kinds of violations of competition laws have been uncovered and subjected to strict punishment. To help ensure that it does not contribute to such activities, Terumo established the “Terumo Group Global Anti-trust Policy” in January 2015. In addition, the Terumo Group conducts cartel prevention training for associates in Japan and overseas in a Group-wide effort to maintain free and fair competition.

## **| Combating Anti-Social Forces**

---

Avoiding relationships with anti-social forces is one of Terumo’s corporate responsibilities. We, therefore, strictly refuse to become involved in any relationship with anti-social forces and engage in no transactions with companies, other organizations, or individuals with ties to anti-social forces. Furthermore, we work with law enforcement authorities and other agencies to combat anti-social forces.

## **| Whistle-Blowing System**

---

When we are aware of compliance issues, taking appropriate measures, such as investigation, preventive action, disciplinary action and/or recurrence prevention measure are important. For such actions to be taken, it is necessary to ensure that any associate can report any compliance concern within the company without a fear of retaliation against the report. This is why Terumo established the “Terumo Global Compliance Violations Reporting and Anti-Retaliation Policy”. Under the Policy, Terumo builds and operates a whistle-blowing system in which Group Employees can, upon discovering compliance violations, etc., can report problems out of their usual line of authority. Further, the divisions operating the whistle-blowing system shall report on its status to the President of Terumo Corporation, the Internal Control Committee, and the Audit/Supervisory Committee as appropriate.

## **| Appropriate Relationships with Healthcare Professionals**

---

Terumo abides by the “Fair Competition Code” of the Japan Fair Trade Council of the Medical Devices Industry, “Code of Practice” of the Japan Pharmaceutical Manufacturers Association, “Promotion Code” of the Japan Federation of Medical Devices Associations, and other industrial regulations to ensure that it follows appropriate promotion practices for medical devices and pharmaceuticals. As there are more and more global business opportunities, we established the “Terumo Global Ethical Interactions with Healthcare Professionals Policy” based on the principles under the codes of ethics of internationally reputable industrial associations, in addition to “Terumo Code of Practice”. We keep developing and improving continuous in-house education for associates in order to promote awareness and thorough understanding of appropriate relationships with Healthcare Professionals. Going forward, we will continue to abide by these guidelines and practices.

## **| Making the Relationship between Corporate Activities and Medical Institutions Transparent**

Terumo has contributed to the development of the life sciences by conducting business activities consistent with “Contributing to Society through Healthcare” — our corporate mission. The development of advanced medical devices and pharmaceuticals requires the efforts of not only individual companies but also cooperation with university and other research and medical institutions. In that connection, funds are paid as compensation, and donations are made for research and other purposes. To ensure a high degree of transparency as it engages in such payments, Terumo abides by not only the Pharmaceutical and Medical Device Act and other relevant laws and regulations but also industry self-regulation provisions based on the Fair Competition Code, Code of Practice, and other business ethics standards. Transparency has long been a concern outside Japan and has gained emphasis in Japan, as well. This is substantiated by developments such as the issuance of guidelines addressing conflicts of interest in industry-academia relationships in medical association and other contexts. Acting in accordance with voluntary industry rules, therefore, Terumo has formulated its Transparency Guideline for the Relationships between Corporate Activities and Medical Institutions and its Transparency Guideline for the Relationships between Corporate Activities and Patient Organizations, and follows their provisions in disclosing payments of funds to medical institutions, medical professionals, and patient organizations.

 For more information on compliance at Terumo, please refer to the following web page.  
<http://www.terumo.com/about/compliance.html>



# Risk Management

## Basic Stance

---

Changes in global circumstances, the globalization of business, and other factors are causing rapid changes in the Terumo Group's business environment. At the same time, risks affecting our business activities are diversifying and growing in complexity. In response, the Terumo Group is moving forward with the construction of a group-wide risk management system, an effort that began in fiscal 2015.

The Risk Management Regulations, which were formulated to address risk throughout the Group, provide the guidelines for appropriate risk management based on identification and analysis of risk for the Group as a whole. Our objective in managing risk is to provide the proper environment for supporting bold, yet appropriate risk taking—for all types of risk—by management and ultimately to win stakeholder faith and enhance our corporate value.

In an October 2015 address by Terumo's President and CEO, the following two risk management objectives were communicated to all Terumo Group associates.

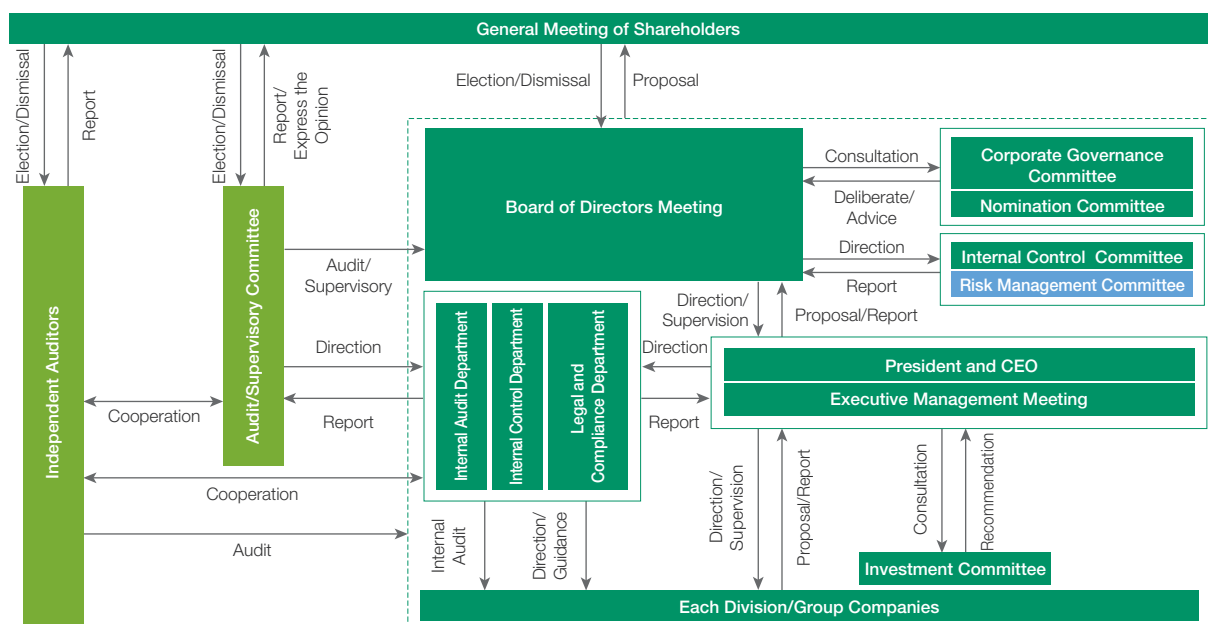
1. Realization of an organizational culture in which each individual associate is conscious of risk as they perform their job responsibilities.
2. Identification of key risks—high priority risks from a companywide perspective—followed by development and implementation of appropriate responses.

## Risk Management System

### Discussions of Key Risks by the Risk Management Committee

The Risk Management Committee, which has been established directly under the Board of Directors, meets twice a year to discuss key risks, and draw up, implement, and monitor risk response measures. Chaired by the President and CEO, the committee's membership includes officers at the level of Managing Executive Officer and higher, representatives of relevant departments selected by the committee chair, and the Company's legal counsel.

Risks that have been identified within the Group and assessed as meeting certain criteria are designated "key risks." Assessment criteria focus on two key points: 1) Potential for extraordinary detriment to patients and others; and 2) Potential to cause management disruption.



### Establishment of a System for Appropriately Sharing Risk Information

Risk information is gathered from throughout the Group, organized in a database, and shared with department heads and risk managers at subsidiaries. In addition, a system has been established for information to be communicated to the management organization directly through functional departments and the relevant departments of subsidiaries, when a significant issue arises.

### Crisis Response

When a crisis emerges, an internal response is organized in accordance with the crisis level. Crisis responses aim to accomplish three things: 1. Protect human lives; 2. Minimize damage and losses; and 3. Maintain the trust of society. For a crisis of the highest level, a crisis response headquarters, led by the Risk Management Committee Chair, and with relevant department heads as the second tier of leadership, is established.

### Risk Education

Beginning in fiscal 2016, we are including content emphasizing the importance of risk management in briefings for department heads, and conducting participatory workshop training for associates. Through initiatives such as these, we are working to enhance the level of risk sensitivity among individual managers and associates.

# Responding to Major Disasters and Other Emergencies

The number of natural disasters has nearly doubled over the past 30 years and is forecast to continue growing. Disasters have become larger in scale, and it is anticipated that areas throughout the world will be hit by unprecedented catastrophes and suffer enormous damage. The Terumo Group, in preparing for natural disasters, is moving forward with the implementation of measures such as establishing business continuity plans (BCPs) and conducting comprehensive disaster response training.

## BCP Preparation

Terumo has prepared business continuity plans (BCPs) for its global operations, based on the following three policies, and is implementing measures for responding to natural disasters.

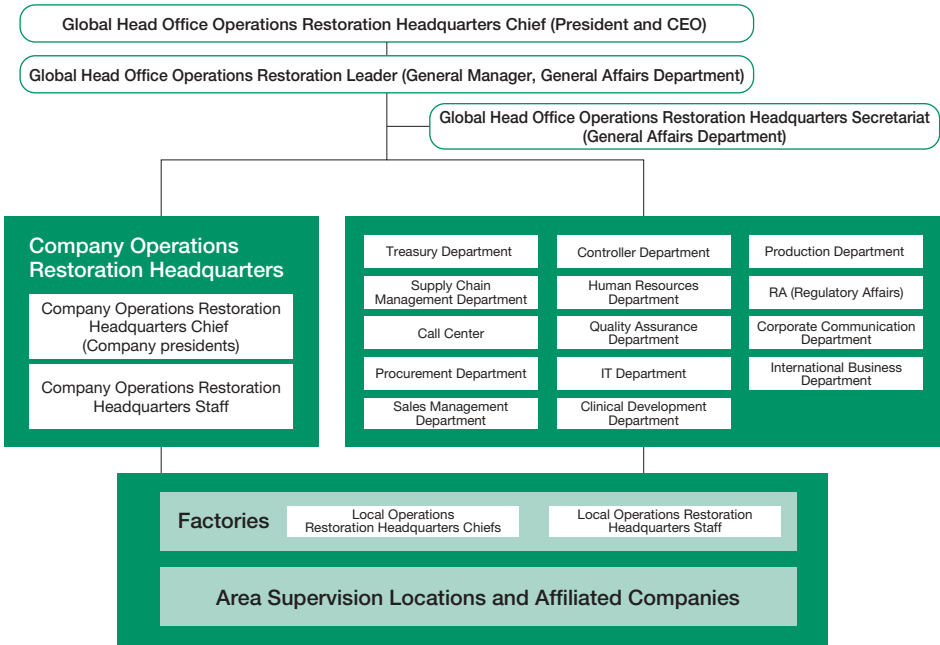
- Meet responsibilities to society, and sustain the provision of medical care
- Protect the lives of associates (employees) and their families
- Protect company assets

BCPs have been prepared not only for our factories but also our functional departments engaged in tasks such as raw material procurement and distribution. Each of these locations is working to enhance its emergency preparedness by implementing steps to minimize disaster-related impacts.

## Responding to Large-scale Disasters

If a large-scale disaster strikes, a disaster response headquarters, led by the President and CEO of Terumo Corporation, will be established to swiftly initiate response activities. The disaster response headquarters will ascertain the condition of associates and their families, and gather information on matters such as conditions at suppliers and in disaster-hit areas to assess the current situation, so that response actions can be determined and implemented. At the same time, the disaster response headquarters will embark on efforts to provide the required human and other support to disaster-hit areas in a timely manner.

If it becomes clear that the Terumo Group’s supply chain or operations will be temporarily interrupted, the disaster response headquarters will transition to a business recovery mode and begin work to restore normal supply chain/operational functions as quickly as possible.



## **Disaster Response and BCP Training**

---

Each of the Terumo Group's locations conducts various types of training on how to respond to a large-scale natural disaster. Training is also conducted to ensure the ability to communicate and interact in other ways with Terumo's logistics partners.

### Training Examples

- Establishment of a disaster response headquarters following a major earthquake, confirmation of role performance by individual staff, and other BCP-related training
- Implementation of the system for rapidly ascertaining the condition of associates and their families, and training in its usage
- Overall disaster response training including firefighting, CPR, and rapid evacuation
- Communication via MCA radio under simulated loss of telephone and email

## **Measures against Infectious Disease**

---

In recent years, the world has seen the emergence and spread of various infectious diseases. Examples include bird flu, the Zika virus, and dengue fever, and extremely virulent diseases, such as Ebola and Crimean-Congo hemorrhagic fever.

Terumo, therefore, has prepared its Infectious Disease Response Manual to prevent infection and the spread of infection. This manual lays out rules covering everything, from infection prevention to the return to work of associates who have been infected, in an effort to protect business operations from the impacts of infectious disease.

Terumo also monitors infectious disease conditions globally and issues travel precautions or restricts business travel for our associates, as conditions warrant.

Furthermore, because Terumo has been designated a specified public institution under Japan's Act on Special Measures for Pandemic Influenza and New Infectious Disease Preparedness and Response, we have developed an operation plan as required and have formulated a business continuity plan (BCP) that will enable us to continue operating even with the outbreak of a new strain of influenza or other infectious disease.

## Information Security

### Basic Policy

In pursuing business operations, we, at the Terumo Group, take measures to properly protect our confidential information and information entrusted to the Terumo Group by customers and business partners from all manner of threats, including, for example, unauthorized access by outside parties; information leaks due to negligence; information manipulation, destruction, and theft; information system malfunctions, and natural disasters.

Regarding personal information, we properly protect and manage all forms of personal information, including national identification numbers, in accordance with Japanese laws and regulations, including the Act on the Protection of Personal Information and Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures.

### Organization

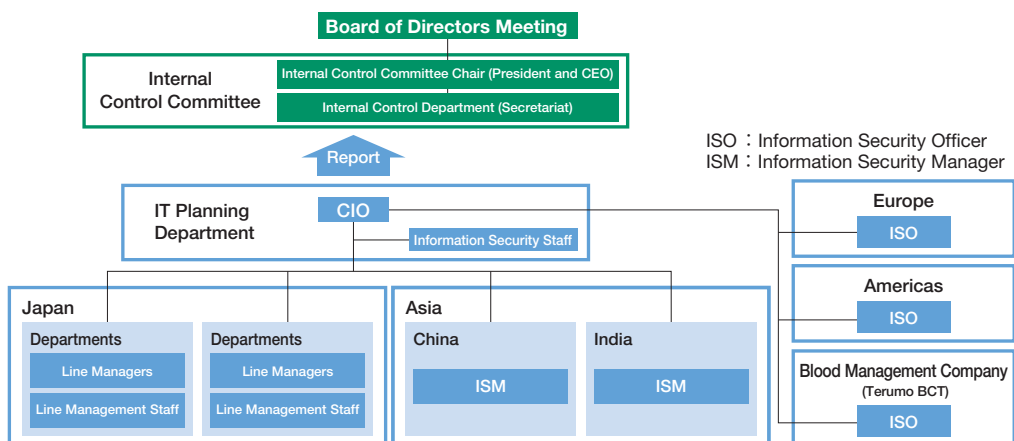
Under the direction of the Chief Information Officer (CIO), the IT Planning Department leads efforts to strengthen Terumo's information security on a global basis.

The Terumo Group Global Security Policy (Concepts) and the Global Information Security Guidelines (Requirements), which have been formulated for uniform application throughout our global operations, serve as the bases for the creation of Information Security Rules (Provisions) at the local level.

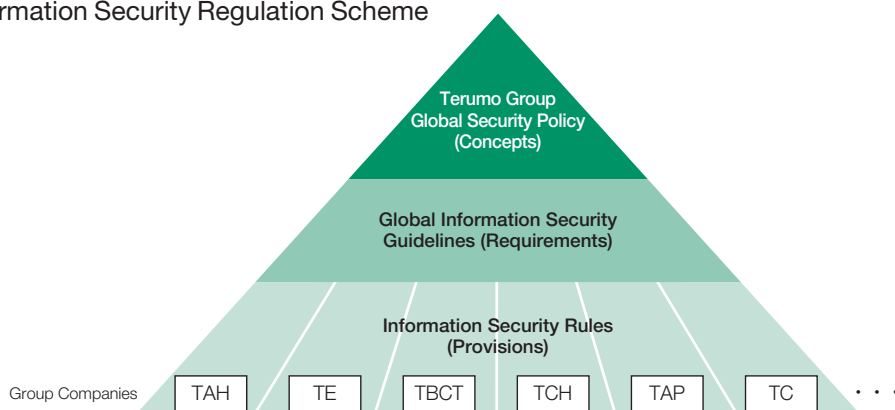
Terumo business locations throughout the world perform a self-evaluation of their security status annually, and information security training is conducted on a regional basis once a year.

In fiscal 2016, there were no significant information security lapses within the Terumo Group.

#### Overview of Global Security Enhancement Organization



#### New Information Security Regulation Scheme



## Relationships with Stakeholders

### Relationships with Stakeholders

Terumo's Stakeholders .....	18
Communication with Stakeholders .....	19

### Together with Patients and the Medical Settings

Relationships with Customers .....	20
Quality Initiatives .....	21
Communication with Customers .....	24

### Together with Shareholders and Investors

IR Activities and Returns to Shareholders .....	28
---	----

### Together with Partners

Procurement Initiatives .....	30
Quality Assurance Initiatives .....	32

### Together with Our Associates

Employment and Motivation .....	33
Providing a Safe Workplace .....	37
Promoting Diversity .....	38
Human Resource Development .....	42
Work-life Balance .....	45

### Societal Contributions

Activities Supporting the Dissemination of Medical Information .....	48
Terumo Group Social Contribution Activities .....	51

## Relationships with Stakeholders

The Terumo Group greatly values communications with its various stakeholders. We do our best to listen to what they have to say, earnestly respond to their desires and expectations, and endeavor to make information disclosures that are timely and appropriate for realizing an open-style of management. These efforts are an important means by which we are striving to be a company that is trusted, and needed, by society.

## Terumo's Stakeholders

Patients for whom Terumo provides its products include people who have been diagnosed or are being treated through the care and skills of physicians, nurses, and other medical professionals, and people whose treatment is the product of their own efforts or the assistance of family members.

Terumo sells its products in over 160 countries, and has 96 consolidated subsidiaries in Japan and abroad. In an effort to contribute to local communities, Terumo Group companies undertake a wide range of initiatives, such as ones supporting the development of future generations of medical professionals.

Terumo offers medical devices across a broad range of therapy areas, and on a global basis, to a wide array of customers, including physicians, nurses, clinical technicians, pharmacists, and others.

The number of people working at Terumo includes 22,441 associates for the Group as a whole, and 4,733 for Terumo Corporation (as of March 31, 2017). Terumo Group associates are hard at work at our facilities in Europe, the Americas, and Asia.

Terumo Corporation has a total of 35,057 shareholders. The largest, by type, include Japanese trust banks, with 34.31% of outstanding shares, and overseas institutional investors, with 27.09% (As of March 31, 2017).

Terumo's products are made at eight locations in Japan and 22 overseas (as of March 31, 2017). Procurement of raw materials and components is accomplished through transactions with suppliers located throughout the world.



# Communication with Stakeholders

The table below provides information on issues, and solution initiatives thereto, that have emerged as high priorities in the Terumo Group's relationships with stakeholders. Page numbers next to specific items indicate availability of additional information.

	Terumo Issue	Main Communication Channel
<b>Patients</b>	<ul style="list-style-type: none"> <li>• Provision of safe, high-quality products</li> <li>• Achieving better medical outcomes</li> <li>• Contributing to greater QOL</li> <li>• Provision of environmentally conscious products</li> <li>• Provision of information on health and disease</li> </ul>	<ul style="list-style-type: none"> <li>• Terumo Call Center (responding to patients' questions) (p.25)</li> <li>• Online inquiry submission form</li> <li>• Postcard survey of purchasers (for certain products)</li> <li>• Instruction tools for patients (for certain products)</li> <li>• Health information website (p.48)</li> </ul>
<b>Medical Settings</b>	<ul style="list-style-type: none"> <li>• Provision of products and services that respond to market needs</li> <li>• Stable provision of safe, high-quality products and services</li> <li>• Improvement of efficiency of treatments and care efficiency</li> <li>• Provision of environmentally conscious products</li> <li>• Collection and dissemination of information on appropriate product use and safety</li> </ul>	<ul style="list-style-type: none"> <li>• MRs (Medical Representatives providing product information)</li> <li>• Fee-based medical training (p.27)</li> <li>• Academic conference exhibits, seminars, etc.</li> <li>• Terumo Call Center (responding to inquiries from medical professionals) (p.25)</li> <li>• Product information website</li> <li>• Online inquiry submission form</li> </ul>
<b>Shareholders and Other Investors</b>	<ul style="list-style-type: none"> <li>• Enhancement of corporate value</li> <li>• Stable shareholder returns</li> <li>• Timely, appropriate information disclosure, and open management</li> </ul>	<ul style="list-style-type: none"> <li>• General meeting of shareholders, financial results briefings, shareholder briefings (pp.28, 29)</li> <li>• IR conferences, IR meetings (p.28)</li> <li>• Annual reports, shareholders news (in Japan)</li> <li>• The Investor Relations portion of Terumo's website</li> <li>• IR inquiry contact (Corporate Communication Department)</li> <li>• Share inquiry contact (General Affairs Department)</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Maintenance and continuation of equal, fair relationships</li> <li>• Raw material procurement in compliance with laws and regulations in each country</li> </ul>	<ul style="list-style-type: none"> <li>• BCP preparation to ensure stable procurement (pp.14, 15, 30, 31)</li> <li>• Conduct compliance education on purchasing (in Japan) (p.31)</li> </ul>
<b>Associates</b>	<ul style="list-style-type: none"> <li>• Rewarding work environments and provision of opportunities</li> <li>• Health and safety management system</li> <li>• Promoting diversity</li> <li>• Development and application of human resources</li> <li>• Enhancement of work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>• Venues for dialogue with top management</li> <li>• Internal Event "Terumo Patient's Day" (p.33)</li> <li>• Various systems supporting the development of human resources (pp.42-44)</li> <li>• Career development interviews and internal recruiting system (p.35)</li> <li>• Health management support: Support for prevention, early detection, and treatment (p.65)</li> <li>• Diversity promotion system and diversity training (p.38-41)</li> <li>• System for promoting better work-life balance (pp.45-47)</li> <li>• Contact for corporate ethics and harassment consultation (p.37)</li> <li>• Dialogue between management and the workers' union (p.36)</li> <li>• EHS Committee (p.68)</li> <li>• Company newsletter, intranet</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>• Social contribution activities that leverage Terumo's business activities</li> <li>• Cultural and environmental activities with local residents</li> <li>• Support for research that contributes to the development of medicine</li> <li>• Support for culture and the arts (mécénat activities)</li> </ul>	<ul style="list-style-type: none"> <li>• Audits, education and awards in line with the Terumo Global EHS Policy (pp.61-63)</li> <li>• Blood donation drives at business locations in Japan (p.54)</li> <li>• Fund-raising for patients' organizations, event participation (p.55)</li> <li>• Various forest protection activities (p.86)</li> <li>• Activities in support of the arts and culture (p.56)</li> </ul>

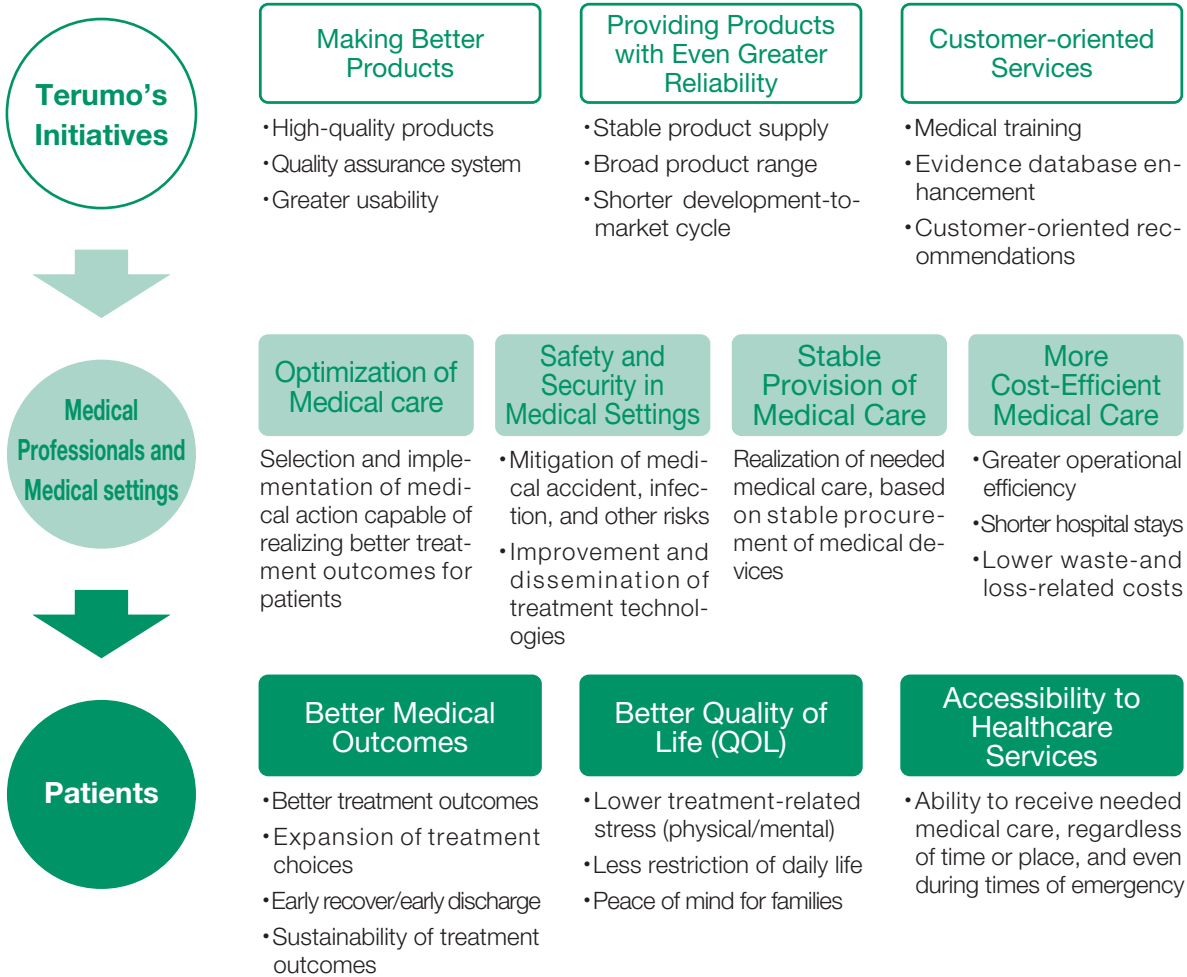


# Together with Patients and the Medical Settings

Terumo’s customers include patients and their families, medical professionals, and ordinary consumers with an interest in health and disease. As a medical device manufacturer, we pay close attention to daily communications with customers as we pursue comprehensive quality—quality not only in our products but also in logistics for stably supplying products to customers, and in the various services we provide.

## Relationships with Customers

Terumo is constantly in communication with physicians, nurses, and other medical professionals performing diagnostic, treatment, and other medical services for patients. This communication is vital for providing products and services that respond to the needs of these professionals, and achieving our ultimate aim of sustainably providing customers with better medical care.



# Quality Initiatives

## Building a Quality Management System Compliant with International Standards

Since we established a quality management system in response to European medical device directives in 1995, we have been striving to blend our international-standard system into an advanced quality assurance system based on the pharmaceutical GMP (Good Manufacturing Practice)\*1 standard. In fiscal 2016, we obtained approval to manufacture and sell a cellular and tissue-based product (HeartSheet™), and put in place the related quality assurance systems. We are now stepping up efforts to make our quality management system more robust, to meet ever-stricter global requirements.

Terumo is certified for ISO 13485\*2, the international quality standard for medical devices and equipment, at all of its production sites in and outside of Japan. We also keep up to date with developments regarding Japan's PMD Act (the Act on Securing Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics) and regulatory trends and requirements for medical devices and pharmaceutical products outside of Japan, including the EU Medical Device Directives, US Food and Drug Administration (FDA) regulations—which have been strengthened in recent years—and emerging country regulations, which are tightening in response to accelerating global harmonization. We strive to continually improve our quality management system in anticipation of new trends and requirements.

Furthermore, for ongoing maintenance and improvement of our quality system, we disseminate information on new standards and regulations and conduct education and training every year to elevate the quality awareness of associates.



Quality-awareness training for associates

\*1 **Good Manufacturing Practice:** Manufacturing and quality assurance guidelines for pharmaceuticals.

\*2 **ISO 13485:** An international standard for the establishment of quality management systems for the medical device industry.

## Establishment of a Quality Policy Emphasizing a Customer Perspective

Group company managers have established the Quality Policy, from which we develop, operate, and effectively maintain our quality management system. Each division also sets quality objectives based on the Quality Policy. The Quality Policy devised by top management is incorporated into individual associates' objectives.

The customer perspective, which appears at the top of Terumo's Quality Policy, forms the basis of the Group's quality assurance.

### Quality Policy

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

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

Terumo Corporation

## Respect for Bioethics

---

In developing and evaluating medical devices and pharmaceuticals, Terumo's first concern is the dignity of life. In doing business, we comply with all relevant laws and ordinances, follow social norms, and give equal weight to science and ethics, as we have outlined in company rules.

Regarding the use of animals for R&D and product evaluations, the head of our animal experimentation group established the Institutional Animal Care and Use Committee (IACUC). This will enable us to supplement the 3R principles\*, clearly specified in a 2005 revision of a Japanese law, with a fourth "R" standing for responsibility. The IACUC undertakes employee education initiatives, examines experimentation plans, confirms that experiments were properly carried out and finished, and performs inspections to determine whether animals are being properly cared for to ensure responsibility in the use of animals in experimentation.

An evaluation performed by the Japan Health Sciences Foundation confirmed that our organizational approach to animal testing is in compliance with the basic guidelines for animal experimentation under the jurisdiction of the Japanese Ministry of Health, Labour and Welfare.

\* **3R principles:** First proposed by W. M. S. Russel and R. L. Burch in 1959, the three Rs—Replacement (switching to research approaches that do not use animals), Reduction (use of fewer animals), and Refinement (reduction of the pain felt by animals) —are principles for the ethical use of animals in experimentation. In Japan, the 3Rs were codified in the 2005 revision of the Act on Welfare and Management of Animals.

## Internal and External Audits to Evaluate Quality Management Effectiveness

---

To maintain and improve quality, we conduct internal audits to objectively evaluate whether our quality management system is being appropriately implemented and followed. The audits are conducted by associates who have been trained within the company to perform internal audits. The results are reported to our top management, who mandate measures by which we continually improve our quality management system. In addition, we undergo several external audits, by governmental authorities, certification bodies, and other organizations, each year to verify our compliance with Japan's PMD Act (the Act on Securing Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics); U.S. regulations, and those of Europe and other countries; and the requirements of corporate customers.



Internal auditor training

## Strict Quality Control at All Facilities, Inside and Outside of Japan

---

Responding to group-wide risk management and quality assurance expectations that have risen with globalization, we introduced a CQO structure\* in 2015 and have enhanced monitoring at all of our production sites.

In addition, to achieve shorter response times and stronger collaboration, we regularly bring the leaders of quality divisions throughout the Group together to discuss common issues and share knowledge and experience. With overseas factories now playing greater roles, we are sharing with overseas associates the quality improvement know-how developed in Japan and having associates in Japan learn about systematic approaches and standardization from colleagues at overseas factories.

\* The CQO structure is a quality management system led by a Chief Quality Officer.



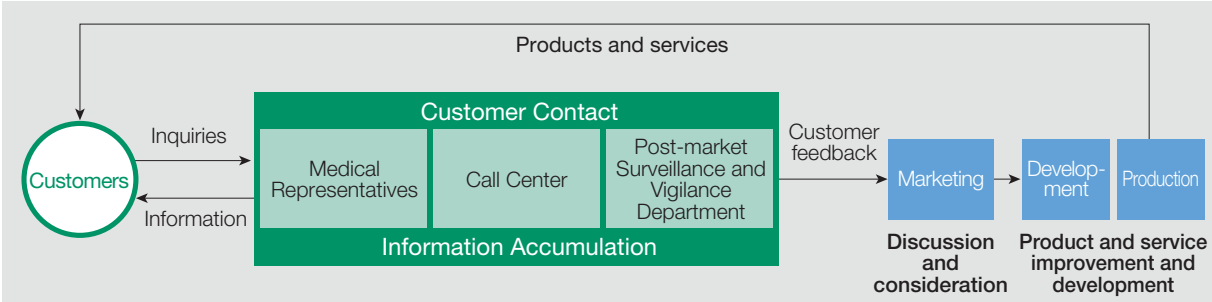
Leaders of Group company quality divisions brought together to discuss global issues

# Communication with Customers

## Providing Information to Customers

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.



Terumo MRs\* help customers to understand how to properly use medical devices and pharmaceutical products. They also meticulously gather information from, and swiftly provide information to, medical institutions to help ensure effectiveness and safety.

When inquiries are received from customers, MRs, the call center, and the Post-market Surveillance and Vigilance Department provide responses in accordance with their responsibilities. Furthermore, they share information on inquiry content with the departments in charge of products, and with development and manufacturing facilities, to benefit customers by reflecting feedback in new products and services.

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



## Applying Customer Feedback

### 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 2016, the effectiveness of these efforts gained acknowledgement in the form of the Chairman's Prize, the highest honor presented at the 20th Nationwide Telephone Service Contest, sponsored by the Japan Telecom Users Association.

In addition to the training and testing mentioned above, steps are being taken to better incorporate customer feedback in the improvement and development of products.



Inquiries are addressed by staff with specialized knowledge

### 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 Website, 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

## TOPICS

### Manufacturing with Patient Usability in Mind

At Terumo, our development process incorporates a design approach focused on usability, so that patients and medical professionals can safely and easily use our products.

The bagged condensed liquid nutrients provided to patients into medical institutions, for example, come in many varieties and calorie counts, and each individual patient is fed based on physician guidance for their particular condition. To make preparation of these meals more efficient, therefore, we have created package labels that allow caregivers to instantly recognize the content and calorie counts of individual bags.

We have also devised approaches such as the use of melodies that are easily heard by people of all ages to indicate that a thermometer is ready to be read. In these and other ways, we are striving to create products that are functionally suited to the intended users.



Product names and calorie counts printed on the edges of nutrient bags to make it easy to recognize information when making a selection from a box or shelf, and even when bags have been stacked



Digital thermometer with enhanced sound volume and a melody with a wide acoustic range to make it easier to recognize when the thermometer is ready to be read

## Provision of Medical Training

### Better Therapeutic Technologies for Medical Settings throughout the World

Terumo believes that medical devices can be used effectively if they are used correctly, so we have long endeavored to enhance the quality and safety of medical care by actively creating training opportunities for medical professionals to learn how to use medical devices properly and apply treatment technologies.

Since establishing the Terumo Medical Pranex\*™, a comprehensive medical training facility within the R&D Center, in 2002, we have offered unique clinical training applying various simulators and other resources within a simulated hospital setting, operating rooms and catheterization laboratories.

In recent years, the activities of medical professionals have taken on a global scale, so that not only medical devices but also treatment technologies are spreading in a borderless fashion.

\* **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.



Supporting a training session at the 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\*1 training at medical institutions.\*2 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.

\*1 T-PAS stands for Terumo Proactive Action for Safety. T-PAS training is based on Terumo's own assessments of accident prevention needs.

\*2 From fiscal 2009 through fiscal 2016, T-PAS training was conducted in approximately 1,350 venues, including regional training sessions, sales agent locations, and 1,100 medical institutions.



Supporting instruction in the correct usage of medical devices



## Together with Shareholders and Investors

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.

## IR Activities and Returns to Shareholders

### 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

<http://www.terumo.com/investor/stocks/return.html>

### Basic Policy Regarding IR (Disclosure)

In its aim to earn broad social trust, Terumo discloses information in accordance with the timely disclosure rules set forth by the Financial Instruments and Exchange Act and the Tokyo Stock Exchange, based on principles of transparency, fairness and continuity. In addition, Terumo strives to provide timely and proactive disclosure of information which may be effective in providing a better understanding of the Company.

## Communicating with Shareholders and Investors

### General 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, and Nagoya as well as Osaka, in 2016, to create a dialogue opportunity for even more shareholders.

At both the general shareholders' meetings and company briefings, we use video and other types of 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.



General meeting of shareholders

## Facility Tours to Better Inform Shareholders

Terumo Medical Pranex is our comprehensive medical training facility, and we invite shareholders to visit it for a chance to experience training conducted for medical professionals, and see and handle our products. In this way, Terumo Medical Pranex serves as a venue for helping shareholders better understand not only what we make but also our philosophy for what we do.

In fiscal 2016, Terumo Medical Pranex also hosted the first 'Kid's Medical School', an experiential event for the elementary and junior high school children, family member of shareholders. As part of the event, the children handled syringes, simulated catheter procedures, and experienced other aspects of medical care in our training facility. Our aim in holding this event was to encourage these children to take an interest in medicine and understand the preciousness of life.



Shareholders on a facility tour

## Results Briefings

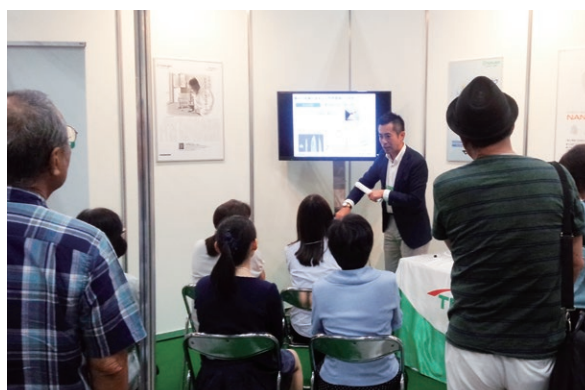
Results briefings are held for securities analysts and institutional investors quarterly (by teleconference for the first and third quarters). The Company's President and CEO and other key associates attend the briefings, explaining business results and ongoing management strategy. Materials provided 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

## Together with Partners

As a manufacturer of medical devices, Terumo works with a broad range of partners, including raw material and component suppliers, subcontractors, and sales representatives. In our procurement activities, we constantly strive to build better relationships with business partners by engaging in transactions that are fair and equitable, and by complying with laws and regulations.

We do this in accordance with the Code of Conduct of the Terumo Group (SAKURA Rules), and other guidelines, as we follow our principle of continuously “Contributing to Society through Healthcare”.

## Procurement Initiatives

### Raw Material Procurement Policy

---

Terumo works to achieve optimal procurement premised on respect for pharmaceutical and other laws, regulations, and rules of the countries where we do business, and on transactions that are fair and equitable for us and our suppliers.

Furthermore, based on the Human×Eco Development Guidelines (p.67), which are intended to ensure that business activities are friendly to people and the environment, we are striving to achieve a new stage of procurement in which our fundamental considerations include “Selecting materials that will not produce harmful impacts for the next generation (reducing environmental impact)”, and “Selecting materials that can be used effectively (reduce waste by saving resources).”

### Implementing a BCP for Stable Procurement

---

Terumo manufactures products in eight factories within and 22 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 accordance with the basic policy of our business continuity plan (BCP)—that healthcare must not be stopped—we have formulated a medical supply BCP based on experiences with natural disasters such as the Great East Japan Earthquake and the Kumamoto earthquakes of 2016, and we are working with suppliers to take additional measures to ensure the stability of our procurement even during times of emergency.

\* As of March 31, 2017

## Ensuring Compliance in Procurement

---

### Conducting Supplier Surveys (in Japan)

---

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.

### Continue Compliance Education for Purchasing (in Japan)

---

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 manufacturing quality.

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 raw 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.

These audits are conducted through the collaboration of production sites in Japan and abroad, and QA audit information and other quality-related information are shared among production sites in an effort to improve the quality of our final products through enhanced procurement activities.

## Together with Our Associates

In the Five Statements, Terumo Group's behavioral guidelines (p.2), we include "Respect for Our Associates" to show our commitment to respect for individuals and to valuing the understanding of different cultures as we strive to nurture a corporate culture that gives rise to innovation.

## 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.

### Terumo Patient's Day 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."

Starting 2013, we have conducted in-house events "Terumo Patient's Day," as the opportunities 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 Terumo Patient's Day, associates listen to moving accounts of what patients have experienced in their struggle to overcome illness. This enables them to see in person the connection between their everyday work and frontline patient healthcare.



Terumo Patient's Day event in Japan



## Initiatives by Terumo (Philippines) Corporation

As a manufacturing location contributing to global medical care, Terumo (Philippines) Corporation (TPC) supplies products to countries all over the world. TPC undertakes a variety of initiatives throughout the year to maintain high associate motivation, enable associates to work and grow with enthusiasm, and ensure high quality and productivity, all with the goal of providing customers with increasingly better products.

### Outdoor Events

TPC begins every year's schedule of activities with an outdoor event on April 30. This event is held to provide a fun, relaxing atmosphere where associates can enjoy each other's company in leisure activities, and unwind mentally and physically. In fiscal 2016, 1,865 associates participated in this event, which was held at one of the most popular beaches in the Philippines.



### Birthday Parties

Joint birthday parties held twice a month throughout the year are a popular event at TPC. These parties serve as occasions for associates and supervisors to not only celebrate birthdays but also reinforce relationships with informal interaction in a casual atmosphere.



### Sports Festa

The Sports Festa is a TPC companywide sports tournament held in September of every year. Each tournament includes events in which anyone can participate and helps to foster a sense of unity by having associates strive for common goals. In addition to developing leadership skills outside the workplace, the Sports Festa gives associates a chance to develop individual skills and capabilities that can lead to better health. In 2016, 1,881 associates participated in the Sports Festa.



### Christmas Party

The Christmas Party, held on December 23rd of every year, is one of the most popular events among TPC associates. TPC hosts this event as a way to thank its associates for their efforts over the past year. Overflowing with the spirit of Christmas, this joyous celebration lets associates know that their work is valued and helps them start the new year with renewed motivation. In fiscal 2016, 2,127 associates joined in the fun of the "glam rock"-themed party, dressing in the style of the 1970s British rock scene.

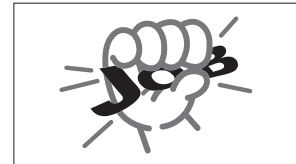


## Career-planning Interviews

Terumo holds annual career-planning interviews to encourage associates to think carefully about their work and careers, and discuss their thoughts with their supervisor. These interviews involve the development of career plans and specific performance targets, which are used as the basis for determining assignments and providing other career support in light of the individual associate's career goals.

## 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 820 associates have responded to job postings on the ACE system so far, and over 170 have moved into new positions as a result. A talent pool of 48 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 2016, 70 associates were nominated and four were selected to receive Genba-no-Hokori Awards. Honorees were selected, for example, for years of service applying expert skills in establishing overseas factories, and for efforts to resolve frontline medical issues by providing appropriate customer-oriented information from the call center.

## Appointing Engineers As "Terumo 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. All non-managerial associates are members of the workers' union (Terumo is a union shop). 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. In fiscal 2016, one meeting and two UC Discussions were held, furthering management-worker communication.

Outside of the management-worker dialogue, views are freely exchanged throughout the company through surveys and feedback conducted by the workers' union.

## Associate Data

### Consolidated Associates by Geographic Area

	(Individuals)			
	FY 2013	FY 2014	FY 2015	FY 2016
Japan	5,070	5,195	5,310	5,297
Europe	1,814	1,840	1,856	2,198
Americas	5,936	6,345	6,995	8,299
Asia and others	6,443	6,554	6,536	6,647
<b>Total</b>	<b>19,263</b>	<b>19,934</b>	<b>20,697</b>	<b>22,441</b>

### Non-consolidated Associates (Terumo Corporation only)

	(Individuals)			
	FY 2013	FY 2014	FY 2015	FY 2016
<b>Domestic male</b>	4,072	4,088	4,151	4,057
<b>Domestic female</b>	639	656	695	672
<b>Overseas associates</b>	53	55	55	4
<b>Total</b>	<b>4,764</b>	<b>4,799</b>	<b>4,901</b>	<b>4,733</b>

### Breakdown of Associates (Terumo Corporation in Japan)

	Male	Female	Total
Avg. age	42.28	36.75	41.51
Avg. years of service	19.3	12.7	18.4
Avg. earnings	—	—	¥7,409,163
New hires	94	29	123
Voluntary turnover (resigning due to personal reasons)	65	35	100

# Providing a Safe Workplace

## Compliance and Prevention of Harassment

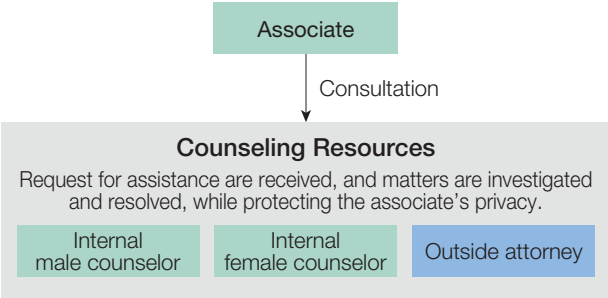
The Terumo Group has formulated the “Code of Conduct of the Terumo Group” that provides guidance on all aspects of behavior and conduct associates are expected to adhere to in their daily business activities.

Furthermore, our company rules establish the basic principle of preventing harassment. They forbid sexual harassment, regardless of gender-orientation or gender-identification, and forbid activities intended to put individual associates at a disadvantage due to reasons such as pregnancy, or roles as a parent or caregiver.

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 President and CEO 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.



For more information on the Code of Conduct for the Terumo Group (SAKURA Rules), please visit Terumo’s website. <http://www.terumo.com/about/compliance.html>

# 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 on a corporate-wide basis 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.

### 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 2016 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 2016, associates who participated in the fiscal 2014 seminar gave talks on their personal experiences to 23 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, supervisors were briefed on various systems for helping associates balance work and family responsibilities, and were given guidance on

the evaluation scheme and assignment of associates. This was done to provide supervisors with management tools that support associates with workstyle flexibility enabling the full application of their abilities.



Fiscal 2016 Career Resumption Support Seminars

## Opportunities to Review and Refresh Career and Health

By providing opportunities that allow associates, regardless of gender and age, to consider their careers and wellness going forward, we promote a company culture in which associates acknowledge one another and can comfortably exercise their full potential.

In fiscal 2016, training was conducted for a diverse group of around 70 associates from Tokyo offices and branches. The training, which included discussion among the training participants, was designed to examine health and career issues by age, and what is necessary, in terms of workplace considerations and personal lifestyle management, to enable associates to remain healthy while pursuing fulfilling careers.



Training for healthy lives and careers

## Joint Training for Managers

From fiscal 2013, we began conducting annual training for female managers. In fiscal 2016, we focused on diversity management training to help participants develop mentoring skills for subordinates regardless of gender. The training provided the 40 or so participants with instruction on how to be better supervisors in terms of bringing out the best from associates, while providing work-life support, and gave participants an opportunity to work out their own thoughts on mentoring and decide how they will approach mentoring on a day-to-day basis. The training was also an excellent opportunity for female leaders to meet and network.

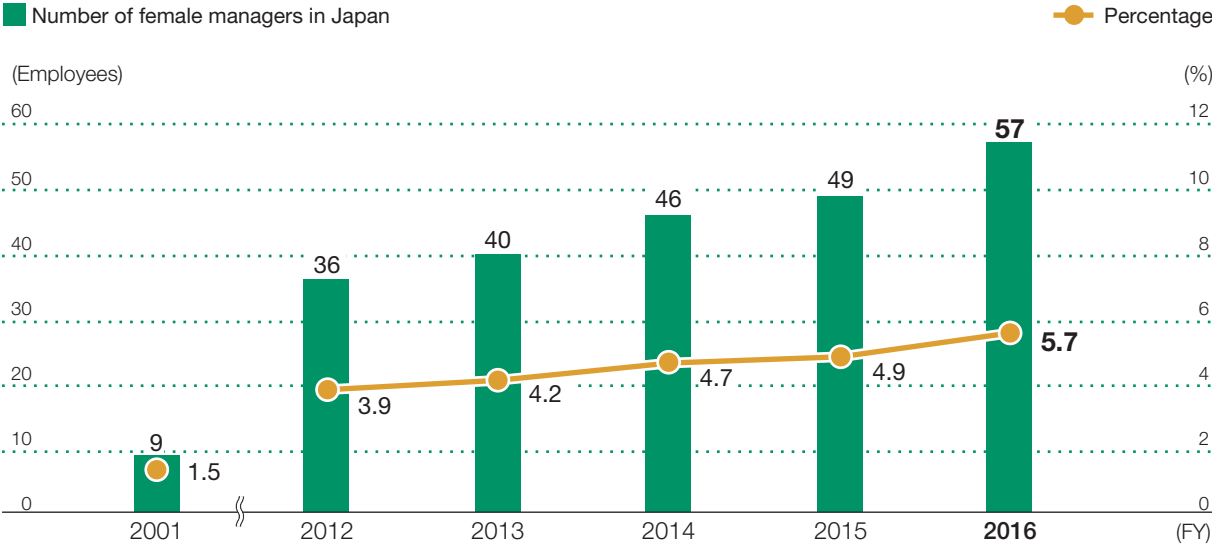


Fiscal 2016 Diversity Management Training

In Japan, the number of female managers at Terumo is gradually rising. As of March 31, 2017, there were 57 women in management positions (5.7% 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 of Other Countries (in Japan)

The number of occasions in which Japanese associates work together with their overseas colleagues is growing. In fiscal 2016, we conducted training to give both sides a chance to learn about differences in cultures and values, and to experience each side’s communication issues and underlying ways of thinking. For participants, the training provided an opportunity to learn about cultural and perceptual differences, and skills needed for communication. It also gave them a chance to think seriously about the culture that emerges from the combination of strengths in a global context.



Gathering attended by Japanese and overseas associates

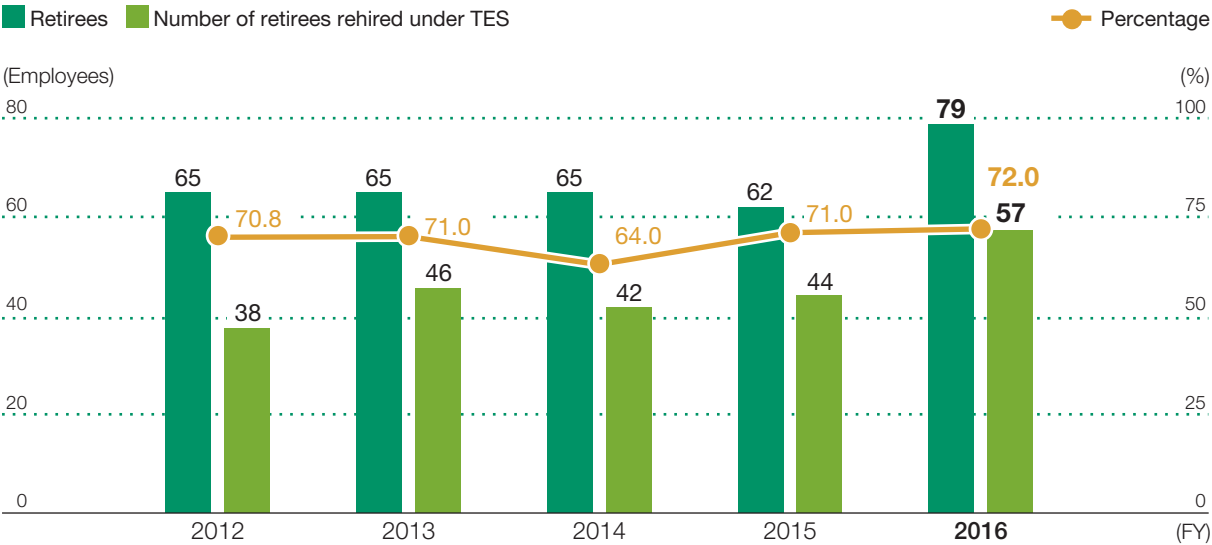


## Rehiring Associates Who Have Reached the Mandatory Retirement Age

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.

As of March 31, 2017, people with disabilities made up 2.1% of our workforce in Japan, more than the legally mandated percent of 2.0%. Anticipating an increase in the legally mandated percent in fiscal 2018, we will continue our efforts to expand employment of people with disabilities by undertaking initiatives for enabling individuals to fully exercise their capabilities.

# Human Resource Development

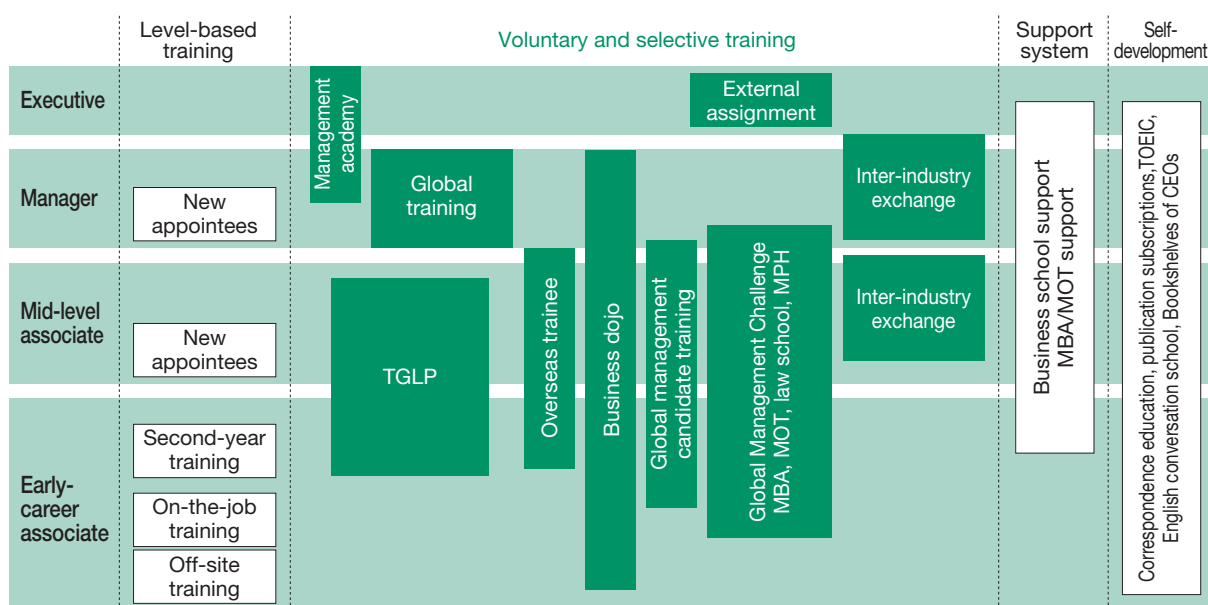
## Establishment of a Human Resource Development System that Supports the Growth of Highly Motivated Associates

At Terumo, we believe the growth of our business is the sum total of the growth of individual associates, and we manage our human resource policies with the fundamental intent of supporting the ongoing growth of diverse human resources.

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. In June 2016, we conducted “Ikuseijuku” training for approximately 80 new associates assigned to engineering or development positions.

As another step of this effort, we established the Production Human Resources Development Center in fiscal 2014 in Japan. Here, TES (Terumo Expert System) 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 each of the three 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.



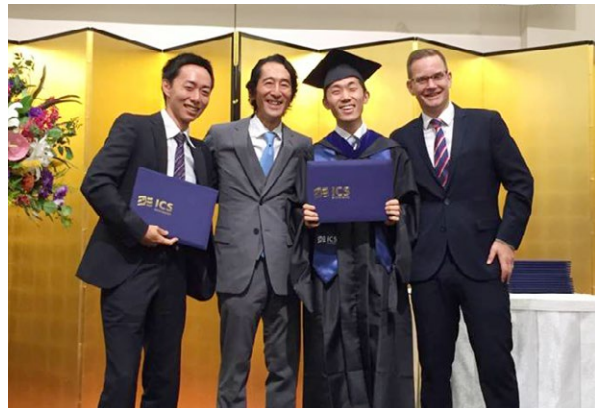
TGLP completion ceremony

## 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 create conditions that allow associates to work enthusiastically and exercise their full potential. We respect that associates require flexibility in work approaches, and have increased flexibility in terms of hours and location to help associates achieve a better work-life balance. Our flexible employment system 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, 2017 to help employees meet child- or nursing-care as well as workplace responsibilities in Japan.

#### Child- and Nursing-care Support Systems

System		Description <sup>*1</sup>
Child-care	Long term child-care 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 two hours until the child finishes elementary school (approximately age 12).
Nursing-care <sup>*2</sup>	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 two hours 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 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Associates Taking Maternity Leave		19	22	24	39	25	36
Associates Taking Child-care Leave	Female	28	27	26	30	53	55
	Male	7	9	14	36	45	68

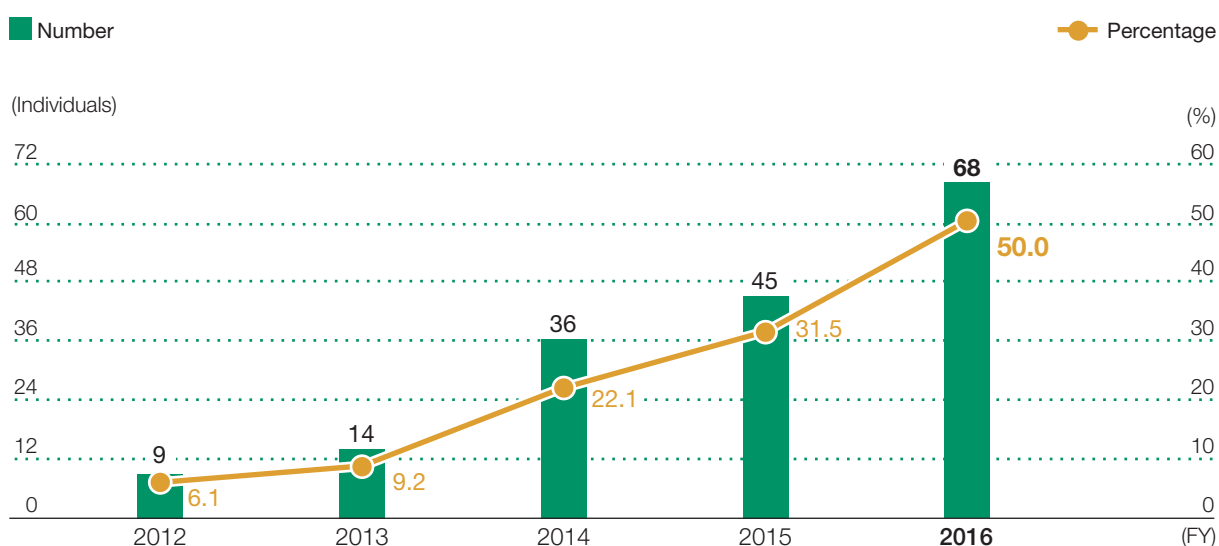


## Encouraging Male Associates to Take Child-care Leave (in Japan)

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 2014	FY 2015	FY 2016
Registered Associates	Male	0	3	4
	Female	13	31	35

## 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 helping associates resume their careers, 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 2013	FY 2014	FY 2015	FY 2016
Registered Former Associates	9	8	8	6
Rehired	0	0	1	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 2013	FY 2014	FY 2015	FY 2016
Percent of Days Taken	50.8%	49.7%	64.5%	65.4%

## 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, we hold nursing care seminars and Kaigo Café events, both of which are led by outside speakers, to 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.



Fiscal 2016 nursing care seminar

## Societal Contributions

At Terumo, we view contributing to the realization of a sustainable society as one of our duties as a corporate citizen, so we work with communities to address local needs. In countries across the globe, we respect local communities and their customs and culture. We also contribute to the development of the next generation of leaders in medicine, donate medical supplies for disaster relief, cooperate in blood drives, and devote time and resources to other types of social contribution activities based on our principal business operations.

## 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.

- Subarachnoid hemorrhages and one of their causes, cerebral aneurysms  
<http://terumo-kumomakka.jp/>
- For more information, please visit Terumo's website (Japanese only).  
<http://www.terumo.co.jp/consumer/guide/>



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.

- The Operation Plan for Responding to Pandemic Influenza and New Infectious Diseases (Summary) is posted on the following web page. (Japanese only)  
<http://www.terumo.co.jp/company/csr/index.html>

## 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 2016, three subsidies were provided for life science research performed in Japan in designated areas. As an example of the kind of research recognized, one of these projects is for the development of a new nervous function diagnostic approach using electroencephalographic and magnetoencephalographic big data and artificial intelligence. General R&D subsidies were awarded to 43 projects and were formally presented at a ceremony in March 2017. Regarding research being performed outside Japan, subsidies were provided for four projects (including one ongoing project) in the area of medicine and public health in Africa and other parts of the developing world. Subsidies were also provided to support 27 conferences and other international exchanges, and 11 organizations contributing to the development of medical care. 30 subsidies were provided in the area of modern art.

When the Terumo Foundation for Life Sciences and Arts made its first awards, it presented a total of ¥19 million to 19 applicants. Expanding its activities over the years, it provided a total of ¥180 million to 115 applicants in fiscal 2016.

In the second area of its endeavors, the foundation awards prizes for outstanding research accomplishments. The 3rd Terumo Global Science Prize was presented at a July 2016 ceremony to Dr. Michael V. Sefton of the University of Toronto. The 5th Terumo Global Science Prize will go to Dr. Koji Eto of the Center for IPS Cell Research and Application, Kyoto University, and to Dr. Toru Takumi, a senior team leader at the Riken Brain Science Institute.

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. Eight 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 2016, the foundation invited 28 high school students from 15 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 2017.

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



Special Research Subsidy Memorial Address at the Fiscal 2016 presentation ceremony



"Science café" participants trying their hands at controlling an endoscope

## TOPICS

### Terumo BCT Workshop to Encourage Girls to Aim for a STEM Profession


Terumo BCT, Inc. lent its support to Girls Exploring Science, Technology, Engineering and Mathematics (GESTEM), an event held in Denver, Colorado, to introduce girls ages 11-13 years old to professions in the fields of science, technology, engineering, and mathematics. Over 60 Terumo BCT, Inc. associates volunteered their time and energy to provide basic explanations of matters related to blood and lead workshops on medical technology and the manufacturing of medical devices and products.



Girls participating in a GESTEM workshop

### Supporting the Colorado Bioscience Institute's Research Education Program for High School Teachers

Terumo BCT, Inc. provides financial support to the Colorado Bioscience Institute and participates in one of its programs, Research Experience for Teachers (RET), the purpose of which is to build partnerships linking teachers with scientists working in the corporate sector and with members of the local education community. In the summer of 2015 and again in the summer of 2016, teachers from Denver, Colorado schools were invited to Terumo BCT, Inc.'s Lakewood campus to participate in a four-week program that enabled them to experience various elements of medical device development in an R&D lab. After each program, participants expressed enthusiasm about using their experiences to add greater realism to their teaching activities.

 Information on Terumo BCT's other social contribution activities is available on the company's website.  
<https://www.terumobct.com/about-us/corporate-responsibility>



# Terumo Group Social Contribution Activities

## 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 Earthquake-hit Areas

### Kumamoto Earthquakes

To help people living in areas hit by the earthquakes that struck Kumamoto on April 14, 2016, Terumo, through the Japanese Red Cross Society, provided a total of roughly ¥22 million in emergency assistance, consisting of ¥3 million in cash support and the equivalent of approximately ¥19 million in medical supplies.

The medical supplies included items such as medical devices and pharmaceuticals for disease prevention; thermometers, glucose monitors, and other vital sign measurement devices needed for medical examinations; food formulated for people with decreased kidney function, and compression stockings, which are helpful for people with venous disorders of the legs.

#### Financial Assistance and Donated Medical Supplies

Financial assistance: ¥3 million

Medical supplies: Approx. ¥19 million

Hand disinfectant	2,400 bottles
Emergency bandages	2,000
Closed infusion sets (IV tubes)	4,800
Digital thermometers	1,000
Digital blood pressure monitors	300
Digital glucose measurement kits	100
Condensed liquid nutrients, low-protein meals, and other food items	16,000
Compression stockings	4,000 pairs
Fall-prevention socks	3,000 pairs
Oral care products	3,000



Associates delivering relief supplies immediately after the Kumamoto earthquakes

## TOPICS

### In Recognition of Disaster Assistance Efforts, Compression Stockings Win 2016 Medical Health Science Award

In October 2016, Terumo compression stockings (below-the-knee type) were named a winner of the 2016 Medical Health Science Award presented by The Japan Society of Medical Health Science (JMHS). This award is presented to bring attention to products that play useful roles in health and medical care and to recognize the outstanding efforts of companies that develop, produce, and sell these products.

In naming Terumo compression stockings a winner of its award, the JMHS cited not only the effectiveness of the product itself in promoting circulation but also Terumo's donation of 4,000 pairs of its below-the-knee compression stockings when the 2016 Kumamoto earthquakes struck.



## Earthquake in Central Italy

On August 24, 2016, a magnitude 6.2 earthquake struck central Italy. With its epicenter near Norcia in the province of Perugia, the quake claimed 298 lives. It was the second deadliest Italian quake in recent years, surpassed only by the 2009 L'Quila earthquake, which took 309 lives.

In response to the more recent disaster, Terumo Europe NV provided €10,000 in financial assistance, through the Italian Red Cross.

## Indonesian Earthquake Aid

On December 7, 2016, a magnitude 6.5 earthquake struck the Pidie Jaya Regency, located in the Indonesian province of Aceh. A report by local authorities on December 13 indicated that the quake had killed 102 people and displaced 85,133. With many hospitals destroyed, the military and Indonesian Red Cross Society continue to provide care in tents serving as field hospitals.

PT. Terumo Indonesia, in collaboration with the Japanese Embassy in Indonesia, the Indonesian Red Cross Society, and an association of hospital pharmacists in Indonesia, has donated the following relief supplies.

For its contributions of relief aid, Terumo received verbal and written messages of thanks from Ginandjar Kartasasmita, the Vice Chairman of the Indonesian Red Cross Society (at the time). These messages were relayed to Terumo by then Japanese Ambassador to Indonesia (at the time), Mr. Yasuaki Tanizaki, and the embassy's then Economic Minister (at the time), Ms. Mari Takada.

### Relief Supplies

Digital thermometers	300
Digital blood pressure monitors	100
Syringes with needles (3cc, 5cc)	10,000
Safety IV catheters (various sizes)	3,000
Infusion sets	1,600
Transfusion sets	500



Local associates delivering relief supplies in Aceh



Staff from a hospital in Aceh continuing to provide medical care in tents following the earthquakes

## Terumo BCT Blood Collection Activities

Terumo BCT, Inc., the leader of the Terumo Group's blood management business, collaborates in and actively supports blood collection activities in various regions throughout the world. Terumo BCT will continue manufacturing blood bags and other devices needed for blood collection and contributing to society through blood collection activities.

### Activities in Japan

Since 2015, Terumo BCT Japan, Inc., the leader of the blood management business in Japan, has been using the "Terucolo-kun" character to encourage all associates to donate blood.

In fiscal 2016, the company decided to create stickers that associates who had donated blood could place on their chests. Using the "Terucolo-kun" character, these stickers are intended to encourage associates who have not donated blood to do so. The concept was that the stickers would remind associates who had yet to donate that a blood drive was underway and nudge them into participating. And we believe it worked.

Counting associates who participated in the 15 blood drives we held at our business locations in Japan, or went to an outside collection facility, over 1,000 associates donated blood.



Company blood drive



Terucolo-kun stickers encouraging associates to participate in a blood drive

### Activities in the US

In 2016, Terumo BCT, Inc., the headquarters of the blood management business, held blood drives every two months or so at its Lakewood, Colorado, campus. Its efforts succeeded in collecting a total of 230 units of blood, a 30% increase compared with 2015.

In June 2016, the Bonfils Blood Center, located in Denver, Colorado, presented Terumo BCT, Inc. with an award recognizing its 30 years of service as a community blood collection partner. The Bonfils Blood Center has conducted 119 blood drives at Terumo BCT's campus, in which it has collected 4,866 units of blood (an average of 41 units on each occasion) that have been used to help save the lives of approximately 14,000 people.

### Activities in India

Terumo BCT, Inc. has established the Club 25 program for students aged 18 to 25 who donate blood 25 times. At present, there are 11 active clubs with over 6,500 members donating blood. Among this total membership, 4,100 students are supporting their club by regularly donating blood.

## Activities in Uruguay

In Uruguay, blood drives and community support activities are held in connection with World Blood Donor Day (June 14). In 2016, blood drives conducted by Terumo BCT associates and the apheresis blood collection systems used for these activities were recognized with awards presented by the hospital associated with the Faculty of Medicine of the University of the Republic and by the country's national blood service.



Blood collection in Uruguay

## Terumo BCT Raises \$275,000 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 improve the quality of life of patients and their families. The purpose of the Light The Night campaign is to increase awareness of the LLS' work in eradicating blood cancer and to encourage donations to support their efforts.

In 2016, Terumo BCT associates raised \$275,000, the most raised by any company's associates in and around Denver, Colorado (USA). The total amount of money Terumo BCT associates have raised over ten years in support of the LLS mission to end blood cancer now exceeds \$1 million.

At each Light The Night event an invited guest (cancer patient) shares the story of their fight against cancer, clearly demonstrating to associates the importance of Terumo BCT's mission of ending blood cancer and the connection to the Light The Night campaign.

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

These events are now being held in the US, 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 the Leukemia & Lymphoma Foundation in Singapore.



Light The Night event

## Terumo BCT's Local-community Initiatives

---

### Activities in India

Since 1999, Terumo Penpol Private Ltd. (TPL), an Indian subsidiary of Terumo BCT, Inc., has been providing support to four elementary schools near its factory.

To date, TPL has provided approximately \$500,000 in infrastructure assistance, purchases of computers and books, scholarship funding, and other forms of support. TPL has also introduced a tennis instruction program to promote health and has provided uniforms and shoes to students, and equipment to schools.




Children in Thiruvananthapuram, India

### Activities in Rwanda

Terumo BCT, Inc. has donated blood bags to Zipline International, a California-based organization that uses drones to deliver medical supplies to clinics in remote areas of developing countries.

In the African nation of Rwanda, Zipline International works with the government to make 50 to 150 deliveries of blood on a daily basis to 21 remote medical facilities. Zipline International is committed to applying advances in technology to help millions of people get the medical help they need.

 Information on Terumo BCT's other social contribution activities is available on the company's website.  
<https://www.terumobct.com/about-us/corporate-responsibility>

## Activities in Support of Culture and the Arts

---

In fiscal 2015, Terumo began to support culture and the arts by providing financial assistance to various organizations. In the spring of 2017, we provided a total of ¥8 million in grants to eight recipients working in the field of traditional arts and crafts. Many of Japan's traditional arts and crafts are regarded as among the world's finest examples of artisanal handcrafted works and several have won status as World Heritage Items. Nevertheless, their existence is being threatened by the fading of their original uses and a shortage of people to keep their practice alive. While there is rising interest in Japan and abroad in the country's time-honored arts and crafts, the difficult reality facing their continuation demands that they be found a new place in society.

We will support the future of traditional crafts by subsidizing such scene.



## For the EHS\*

### **EHS Management**

EHS Basic Policy .....	58
EHS Management System .....	59
EHS Risk Management .....	61
Health Promotion Initiatives .....	64

### **Developing Environmentally-Friendly and Safety Products**

Development Direction .....	69
Product Examples .....	70

### **Initiatives to Deal with Climate Change**

Reducing Greenhouse Gas Emissions from Business Activities .....	76
---	----

### **Effective Use of Resources**

Waste Reduction and Recycling .....	78
Effective Utilization of Water Resources .....	80

### **Proper Control of Chemical Substances**

Reduction of Chemical Emissions .....	81
---------------------------------------	----

### **Initiatives for Biodiversity Conservation**

Protecting Forests .....	86
Voluntary Programs .....	87

### **Material Flow** .....

### **Environmental Data for Fiscal 2016** .....

### **EHS Goals and Achievements** .....

\* EHS: Environment, Health & Safety

## EHS Management

EHS (Environment, Health and Safety) initiatives are a corporate 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.

In April 2017, the Terumo Global EHS Policy was partially revised in light of our EHS initiatives thus far, revisions to the ISO14001 standard, and changes in society.

#### Terumo Global EHS Policy

Established October 25, 2012

Revised April 1, 2017

The Terumo Group aims to be a good corporate citizen, striving to reduce environmental impact 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 environment, health and safety (EHS) management system, establish the following voluntary goals, and make continuous improvements:
  - Reduce the environmental impact and EHS risk of our business activities;
  - Develop environmentally friendly and safe products and production processes;
  - Effectively use energy and resources; and
  - Appropriately manage chemical substances.
- We comply with the laws, ordinances, agreements, and other rules relating to EHS in each country.
- We work to ensure the safety and health of employees in all business activities and create safe and comfortable work environments.
- We strive to prevent EHS accidents such as environmental pollution and occupational injuries, and, in emergencies, prevent damage from spreading by responding swiftly and appropriately.
- We carry out environmental conservation activities and strive to conserve biodiversity as a member of society and the community.
- We systematically and continuously provide education and training and take other actions to increase EHS awareness, while strengthening our infrastructure for addressing EHS issues.
- We actively disclose information pertaining to EHS activities and maintain good communication with various stakeholders.

Shinjiro Sato  
President and CEO

# EHS Management System

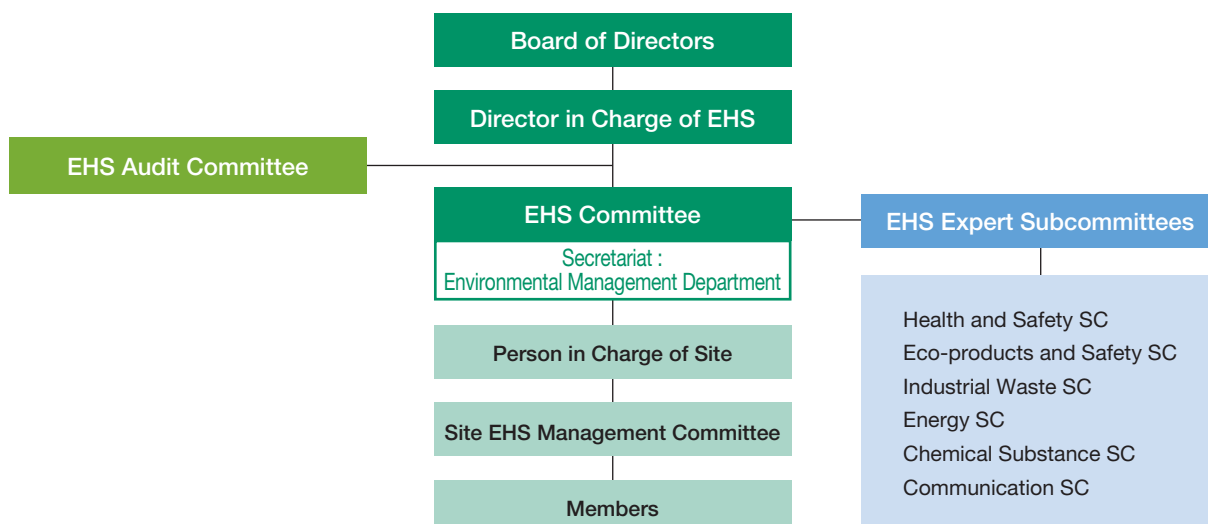
## Implementation of the EHS Management System

With the Terumo Corporate EHS Management System providing a foundation, we use an EHS management system that is compliant with international environmental (ISO14001:2015) and occupational health and safety (OHSAS18001:2007, ISO/DIS45001:2016) standards.

As a key part of Terumo’s focus on sustainability in business, EHS risks and opportunities, and 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.

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

### Organization for Company-wide Promotion of the EHS Management System



## ISO14001 (Environmental) and OHSAS18001 (Occupational Health and Safety) Certifications

Principal manufacturing sites in Japan, a certain number of manufacturing sites overseas, and the head office (Environmental Management Department) have obtained third-party certifications of their compliance with the ISO14001:2004 and OHSAS18001:2007 international standards.

### Facilities with Third-Party Certifications

Company Name	Site	Certified
Terumo Corporation	Head office (Environmental Management Department)	October 2013
	Fujinomiya Factory	October 2013
	Kofu Factory	November 2014
	Ashitaka Factory	November 2015
Terumo Europe NV	Haasrode Factory	February 2012
Terumo Penpol Private Ltd.	Blood Bag Factory	May 2013



## EHS Initiatives via the Value Chain

---

Terumo's business activities are possible only with the cooperation of numerous suppliers, so we think it is important to address EHS (Environmental, Health and Safety) issues from the perspective of our entire value chain. We provide the suppliers of the raw materials and components that constitute our products with the Terumo Global EHS Policy, and we ask that they respect EHS laws and regulations, and social norms; exercise proper controls on chemical substances; maintain up-to-date information on the chemical content of their products and assist in inspections; and cooperate in our efforts to advance EHS activities. We also conduct surveys to determine the operational status of our suppliers' environmental, health and safety management.

# EHS Risk Management

## EHS Internal Audits

The Terumo Group's EHS Audit Committee conducts EHS internal audits to reduce environmental, health and safety risks. Examples of these risks include legal violations, environmental accidents, and industrial accidents. EHS internal audits are also conducted to assess EHS performance (progress toward the achievement of EHS targets).

When nonconformities have been identified, corrective actions are taken and their effectiveness is checked to prevent recurrences. Situations that could result in nonconformities if they are not addressed are monitored and then assessed again in the following fiscal year's audit to determine what, if any, action is required for improvement.



EHS Audits

- Audit Tasks

1. Check the operational status of EHS management systems
2. Check compliance with EHS-related laws, conventions, and internal rules
3. Check EHS-related performance and EHS target achievement status

- Fiscal 2016 EHS Internal Audit Results

EHS audits were performed at 11 locations in Japan and four locations overseas. These audits uncovered no serious nonconformities, but did find a total of 10 minor nonconformities, all of which have been remedied. Remediation of nonconformities found in the previous fiscal year was also determined to have been completed.

## Conducting Audits of Waste-treatment Contractors

To confirm that industrial waste generated by Terumo is appropriately processed, we perform systematic audits of waste collection and disposal contractors. In fiscal 2016, we conducted audits at 30 contractors and determined that waste collection and disposal is being properly performed.

## EHS Training and Education

---

To ensure solid understanding of the Terumo Global EHS Policy and EHS activities, we conduct a basic EHS education program for all associates.

We have also prepared education materials tailored to the needs of factories, R&D bases, 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 internal bulletin boards. 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.

## Compliance with Environmental Laws and Regulations

---

In fiscal 2016, environmental regulatory through the municipalities having jurisdiction authorities performed on-site inspections of our factories and R&D center (Shonan Center) in Japan through the municipalities having jurisdiction to check for compliance with the Water Pollution Control Law and Air Pollution Control Law. These inspections uncovered no major legal or regulatory violations and made no citations requiring fines or punishments.

## Recognizing Outstanding EHS Activities

We present Terumo Human×Eco Awards to recognize outstanding environmental, health and safety activities in the Terumo Group worldwide, and encourage participation in and sharing of information on EHS activities. Three fiscal 2016 initiatives were selected for recognition in fiscal 2017. 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 (Terumo BCT, Inc.)

### Award Project & Recipient

Project	Award Recipient
<b>Removal of All Chlorofluorocarbons from the CX Fiber Manufacturing Process</b> - Complete Cessation of the Use of the Controlled Substance HCFC-225	Ashitaka Factory, CV Production Engineering Section
<b>Initiatives for EHS Risk Mitigation and Effective Resource Usage</b> - Introduction of an emergency response system for times when associates are working alone - Completion of proper disposal of PCB-contaminated waste - Increasing the percentage of commercial waste sold and reducing the cost of disposal	Ashitaka Factory, Environment Committee, Industrial Waste Subcommittee; Production Section CX-F; Factory Management Department, Maintenance Section
<b>Establish A Safe Work Environment Between Humans and Collaborative Robots (Cobots)</b> - Developed Cobot Safety Risk Assessment Process Based on ISO15066 - Reduced Repetitive Motion Injury Risk and Improved Productivity	Terumo BCT, Inc. Pumpheader Cobot Implementation Team

# Health Promotion Initiatives

## Commitment to Kenko Keiei™ (Health and Productivity Management)

As a company that contributes to medical care, Terumo believes it is important to protect the health of its own employees. With its management having committed its support to Kenko Keiei™, Terumo undertakes various initiatives to encourage keen health awareness among individual associates.

\* “Kenko Keiei” is a trademark of the NPO Kenko Keiei Kenkyukai. Terumo, as a supporting member of this organization, endorses its principal aims.

### Message from Top Management (Excerpted)

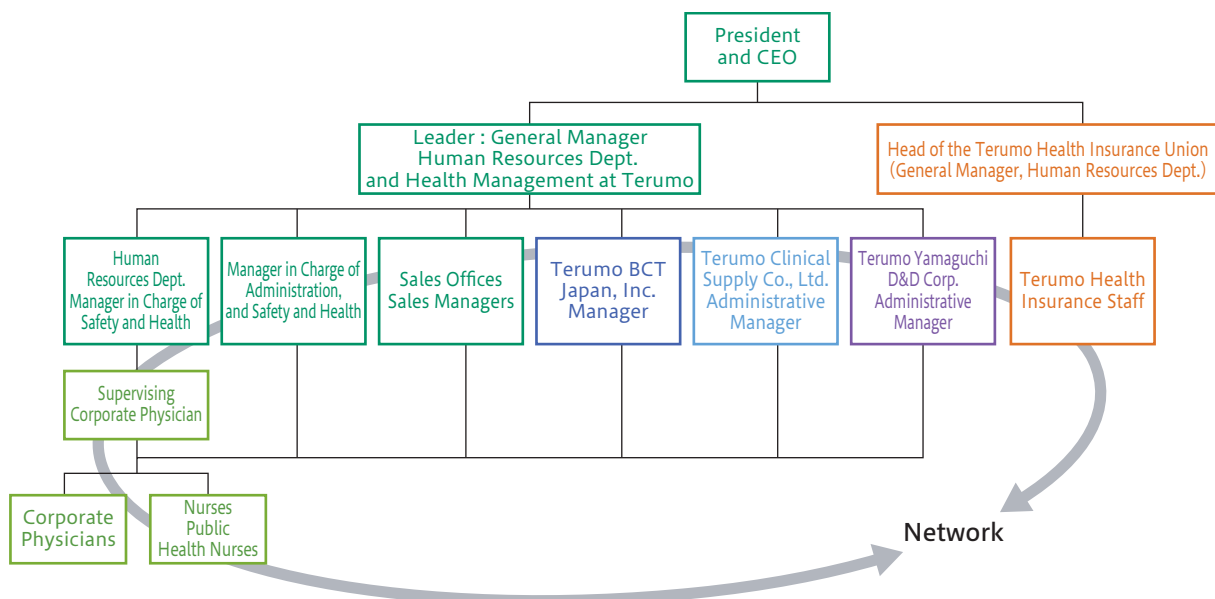
It is important for management to pay attention to the health of associates, so it is meaningful that Terumo is engaged in “Kenko Keiei” initiatives, which treat associate health and well-being as a top management priority. “Invigorating our people and organization” is a key point for bringing about changes under our Mid- to Long-Term Growth Strategy. For a company pursuing business on a global scale, building and invigorating links between different parts of our organization and between different geographic locations is essential, and invigorating our organization requires that individual associates be able to work with enthusiasm. “Kenko Keiei,” a management approach that links the health of employees with the management of an organization, is one of the tools we are using to achieve that goal. (Excerpted from a message to all associates from Terumo’s Chairman of the Board and President and CEO.)

## The Kenko Keiei System

To promote “Kenko Keiei,” we have formed a team, with members drawn from across Terumo Group companies in Japan, to work with the Terumo health insurance union to undertake “collabo-health”\* initiatives. In addition, led by a supervising corporate physician, corporate physicians, nurses, public health nurses, and other corporate health staff deployed to individual business locations share information on “Kenko Keiei” directions for group companies in Japan, and on common initiatives and best practices.

\* Initiatives undertaken with collaboration by company management and health insurance unions.

### Terumo “Kenko Keiei” Promotion Team



## Basic Directions of “Kenko Keiei” Initiatives

We will analyze past diagnostic results and medical expense data to identify directions and initiatives to pursue at all group companies in Japan. At present, we are focusing on the following four priorities.

**1) Reduction of the Percentage of Smokers and the Percentage of Associates Diagnosed with Metabolic Syndrome**

We are working to prevent the onset of lifestyle-related diseases. For that, we aim to reduce the percentage of smokers to 24% and the percentage of associates diagnosed with metabolic syndrome to less than 22%.

**2) Early Diagnosis and Treatment of Cancer to Return Associates to the Workplace**

We are focusing on examinations to diagnose and treat cancer early, and on creating workplaces that enable associates who have been treated for cancer to return to work when they are ready and perform as they did before their diagnosis.

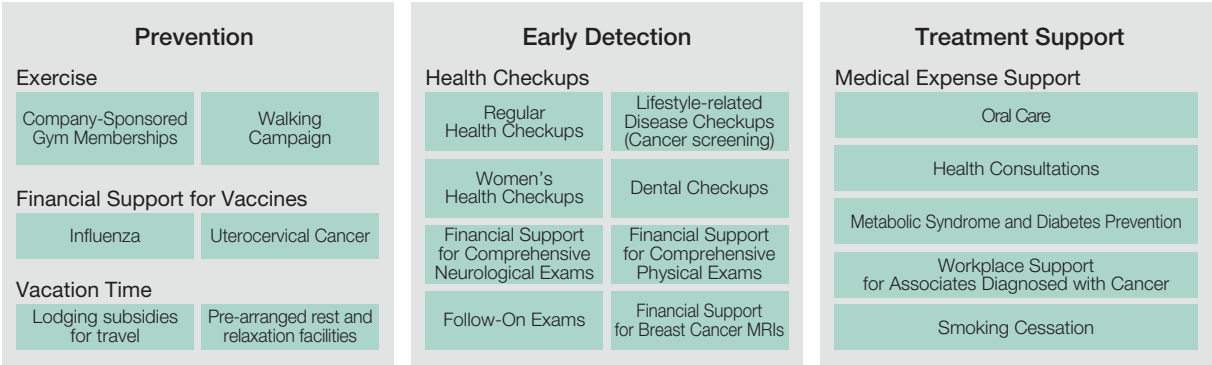
**3) Women’s Health**

In response to the increase in female associates, we will implement health management practices that meet needs specific to women.

**4) Encouragement of Self-Help**

Based on the belief that self-help initiatives are the most important element of health management for associates, we are disseminating information to encourage self-help efforts.

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.





## Initiatives Receiving Special Attention

<b>Health Checkups</b>	<p>In fiscal 2016, all associates underwent the regular checkups required by law. Fees for elective checkups for lifestyle-related diseases (cancer screening) are covered in their entirety, and, depending on the particular examination, 60%-80% of associates undergo elective checkups. When checkup results indicate that a more detailed examination is warranted, associates are encouraged to undergo the secondary examination, and 80% of associates needing a secondary examination choose to do so.</p>
<b>Financial Support for Breast Cancer MRIs</b>	<p>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.</p> <p>* Having a high rate of lesion detection, MRI examinations are said to be effective for early detection of breast cancer in women with unusually dense breast tissue and in women considered at high risk for breast cancer due to family history or other factors.</p>
<b>Oral Care Support</b>	<p>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.</p>
<b>Walking</b>	<p>In a campaign aimed at promoting walking, associates enter step counts into a web-based application and receive prizes for achieving goals.</p>
<b>Stop Smoking Promotion</b>	<p>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, lead seminars and discussions to encourage smokers to stop smoking and close the smoking area. As the result, we reduced the percentage of smokers from 34% in fiscal 2013 to 26% in fiscal 2016.</p>
<b>Mental Health Support</b>	<p>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. We address mental health care from various perspectives; for example, by conducting stress-care training for all associates, and training to help managers understand and address mental health issues among those they oversee.</p> <p>Furthermore, we perform stress checks at all group companies in Japan, and in fiscal 2016 90% of associates chose to undergo one. Associates determined to be under high stress are interviewed by a physician, and the results of workplace analyses are applied, for example, in training for creating more invigorating workplaces.</p>
<b>Preventing Metabolic Syndrome and Diabetes</b>	<p>To reduce the percent of associates diagnosed with metabolic syndrome, the health insurance union provides special health guidance, and public health nurses provide private counseling, perform body composition measurements, and render guidance on diet and exercise. We reduced the percentage of associates diagnosed with metabolic syndrome from 22% in fiscal 2013 to 21.6% in fiscal 2016.</p>
<b>Healthcare Information Website</b>	<p>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.</p>

## Workplace Support for Associates Diagnosed with Cancer

With data indicating that one out of two Japanese will be diagnosed with cancer during their lifetime\*, the number of people who have been diagnosed with cancer is rising. There are many cases in which treatment is long-term and cancer patients face difficulty in continuing their careers. Therefore, in January 2017, Terumo established a new system to help associates continue in their jobs while undergoing cancer treatment.

### Types of Support

<b>Use of expired paid leave, in one-day increments</b>	Expired paid leave may now be used a day at a time, rather than a week at a time as in the past.
<b>Unpaid leave</b>	Associates may take as many days as needed, but not more than 30 consecutive days.
<b>Unpaid working hour reductions</b>	Working hours may be reduced by up to 2 hours per day.
<b>Flextime</b>	Adjustment of daily starting and finishing times by up to 2 hours.

\* Applies to all Terumo associates, regardless of years on the job.

\* Data is from the Cancer Registry and Statistics published by the Cancer Information Service of Japan's National Cancer Center. According to this data (2012), 63% of men and 47% of women will be diagnosed with cancer during their lifetimes.

Employing a PDCA cycle for “Kenko Keiei,” the results of these initiatives are reviewed annually, surveys on “Kenko Keiei” undertakings are conducted, and associate expectations and opinions are gleaned from survey results and reflected in plans for the coming fiscal year. As recognition of the effectiveness of our “Kenko Keiei” initiatives, Terumo was selected by Japan’s Ministry of Economy, Trade and Industry for inclusion in its Health & Productivity Stock Selection\* again in fiscal 2016, the third consecutive year we have received this honor in fiscal 2016. Terumo has also been certified as an Excellent Enterprise of Health and Productivity Management—White 500, a group of companies judged to be outstanding in health and productivity management.

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.

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.

\* 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.



## 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 bases, sales offices, and head office. At our factories, in particular, subcommittees are established to address topics such as work safety, disaster response, occupational health, and traffic safety, facilities are inspected and problems remedied to prevent occupational accidents, associates are encouraged to undergo health checkups, and 5S programs are conducted. Results of improvement measures are shared with 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 2012	FY 2013	FY 2014	FY 2015	FY 2016
Accidents Resulting in Lost Working Days	3	0	4	4	2
Frequency	0.33	0.00	0.45	0.44	0.23
Seriousness	0.01	0.00	0.02	0.00	0.02

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

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

## 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

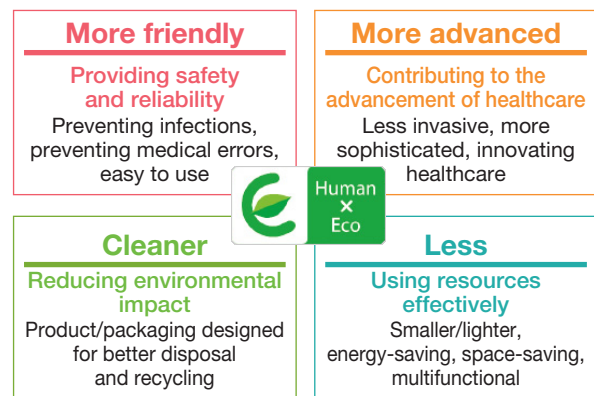
### “Human×Eco™” Development Guidelines

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

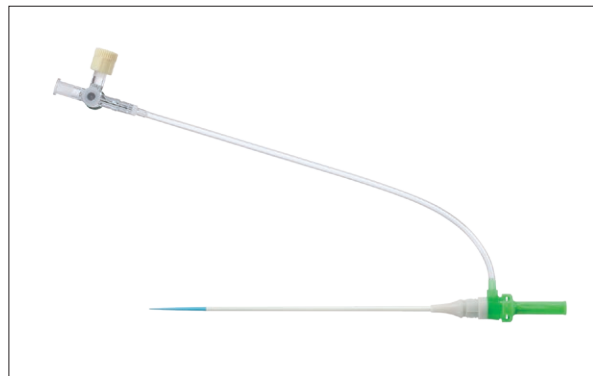
TERUPACK™ Eco is an IV solution bag designed to be environmentally friendly. It is manufactured with less plastic, in a production process that consumes less energy and emits less CO<sub>2</sub> than previous processes. In addition, because TERUPACK™ Eco bags weigh 23% less than previous bag, it is expected 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.

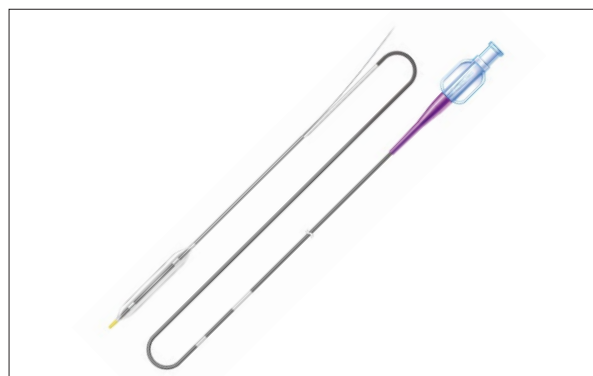


"HumanxEco" certified Glidesheath Slender™ introducer sheath for TRI procedures

### 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

With just the right combination of fluidity and thickness, this ready-to-use nutrient product requires no mixing bottle, produces less waste, and eliminates the labor associated with the washing of bottles. Using this mixture of water and concentrated liquid formula reduces the burden on healthcare professionals and caregivers.



"Human×Eco" 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.



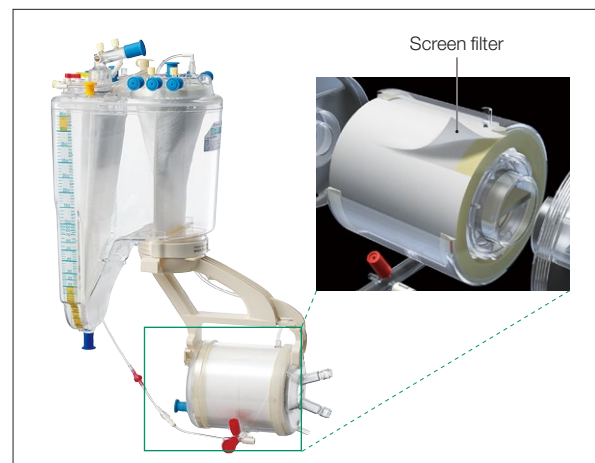
Injection solution prefilled syringes



## Oxygenator with Integrated Arterial Filter – A Simpler Extracorporeal Circuit and Lower Blood Filling Requirement

When a heart is stopped as part of a surgical procedure, an oxygenator is used in place of the lungs to exchange gases in the blood. In the past, the oxygenator was separate from the arterial filter\*. By integrating an arterial filter into an oxygenator, we have simplified both the extracorporeal circuit – the path in which blood is circulated outside the body – and, by doing so, the priming that must be performed before an oxygenator can be used. At the same time, our approach requires less blood to be circulated through the circuit (blood filling) and thus reduces the necessity for transfusion. This lowers the risk of transfusion-related complications for the patient and reduces medical expenses and the use of medical resources. Integrating the arterial filter and oxygenator also reduces the number of parts and the use of raw materials.

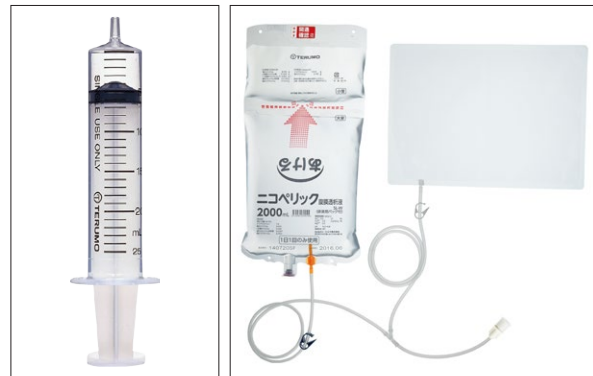
\* Arterial filter – Helps to prevent blood vessel blockages by removing tiny particles (blood clots, fat, and other material) and gas bubbles included in arterial blood.



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, compared to earlier-generation products. 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 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 and, therefore, can be used to deliver even very small amounts of drug solutions. Connecting even syringes and infusion devices requires no special adapters, so drug solution delivery is simple, quick, and more secure from procedural errors. Easy inventory management contributes to greater safety and efficiency in managing infusion line stocks.



"HumanxEco" certified SURPLUG™ AD series closed infusion system

### 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. Furthermore, since no needles are used to prepare the infusion, medical personnel are also kept safe from the risk of needle accidents.



Closed Infusion System for chemotherapy drugs

## 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.

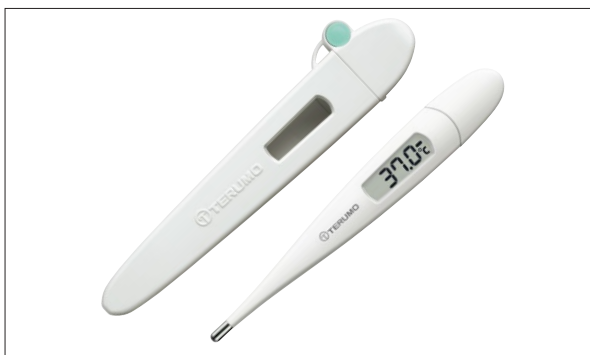


Blood Glucose Monitor

## Products Free of Hazardous Substances

### Leading the Industry toward Mercury-free Products

The Minamata Convention on Mercury took effect in August 2017. 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.



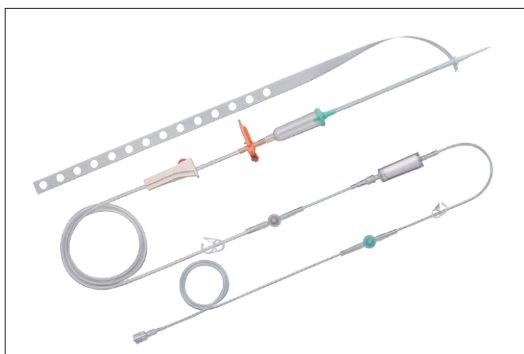
Digital thermometer



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

With the adoption of the 2016 Paris climate accord, the signatories agreed to the long-term goals of holding the increase in the average global temperature to less than 2°C above pre-industrial levels and pursuing efforts to limit the increase to less than 1.5°C above pre-industrial levels. The Terumo Group recognizes the importance of reducing CO<sub>2</sub> emissions from its business activities and is working toward that end.

## Reducing Greenhouse Gas Emissions from Business Activities

### Target for Reduction of CO<sub>2</sub> Emissions (Scope1, 2\*)

The entire Terumo Group is working to reduce CO<sub>2</sub> emissions. In fiscal 2016, efforts focused mainly on revamping our approaches for regulating air conditioning, on upgrading to once-through boilers, inverter turbo chillers, and other types of high-efficiency equipment, and on conducting repairs of air and steam leaks and other problems 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 fiscal 2016 CO<sub>2</sub> emissions per unit of consolidated net sales by 34% compared to the figure for fiscal 2005. Though this is a 2 percentage-point rise compared to the previous fiscal year, it still achieves our medium-term target of reducing CO<sub>2</sub> emissions by 30% compared to the fiscal 2005 figure.

\* **Scope:** Reporting is based on the following GHG Protocol categories.  
**Scope1:** Emissions of greenhouse gases from direct fossil fuel combustion.  
**Scope2:** Greenhouse gas emissions from secondary uses such as purchased or acquired electricity.

#### Long-term-target

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

#### Fiscal 2016 CO<sub>2</sub> Emissions

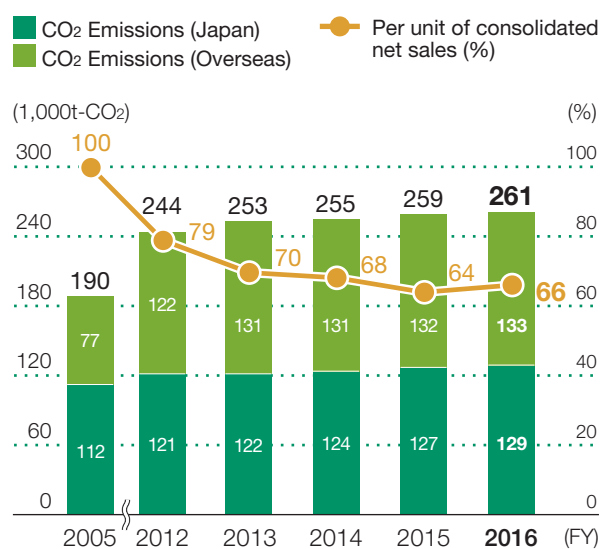
(Breakdown of Scope 1 and Scope 2 emissions)

	Scope1	Scope2	Total
<b>Japan</b>	39,725	88,866	128,591
<b>Overseas</b>	28,719	104,085	132,804
<b>Global</b>	68,444	192,951	261,395

#### Fiscal 2016 Renewable Energy Usage

<b>Photovoltaic power</b>	460,997
---------------------------	---------

#### CO<sub>2</sub> Emissions in Total and Per Unit of Consolidated Net Sales



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

#### Energy Consumption

	FY 2014	FY 2015	FY 2016
<b>Electricity</b>	3,974,565	4,070,023	4,124,949
<b>Gas</b>	956,904	1,028,565	1,003,437
<b>LPG</b>	956	852	24,265
<b>Gasoline</b>	544	401	378
<b>Diesel</b>	2,219	14,005	13,255
<b>Fuel Oil A</b>	19,858	20,133	20,050
<b>Steam</b>	136,798	130,017	135,293
<b>Total</b>	5,091,844	5,263,996	5,321,627
<b>Units per unit of product net sales (GJ/¥100 million)</b>	1,040	1,003	1,035

## TOPICS

### Energy Subcommittee Initiatives

The Energy Subcommittee (one of the EHS Expert Subcommittees) is composed mainly of energy management experts and is responsible for planning and promoting Terumo's measures for saving energy and preventing global warming. In fiscal 2016, the subcommittee's actions included benchmarking companies leading energy-saving activities, promoting energy efficiency measures for overseas factories with significant CO<sub>2</sub> emissions, and having outside experts conduct energy-saving inspections.

Going forward, the Energy Subcommittee will continue working toward the achievement of medium-to-long term CO<sub>2</sub> emission reductions.



Energy-saving inspection at Terumo Medical Products (Hangzhou) Co. Ltd.

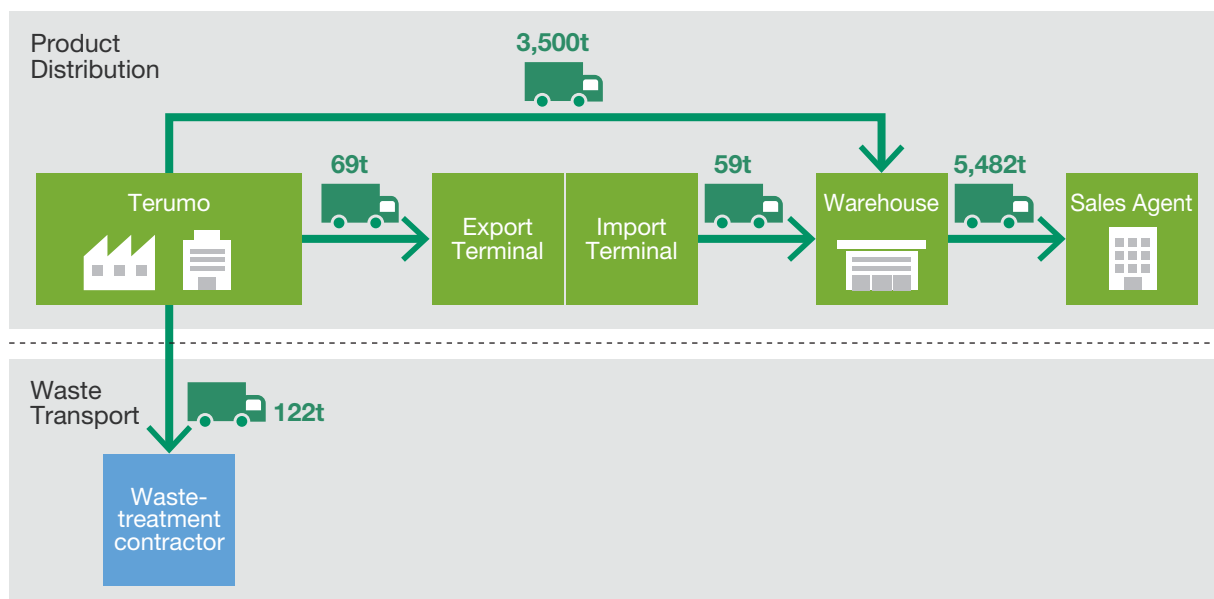
## Reducing CO<sub>2</sub> Emissions (Scope 3\*)

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 CO<sub>2</sub> emissions.

\* **Scope3:** Greenhouse gas emissions from business activities not covered by Scope 1 and Scope 2.

### CO<sub>2</sub> 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 water resources effectively through activities such as reducing waste and promoting recycling.

## Waste Reduction and Recycling

### Increasing Recycling Rates and Reducing the Amount of Landfill Waste

As part of its efforts to use resources more efficiently, Terumo sets targets for recycling and for reducing final disposal waste. From a safety perspective, it is difficult to reuse waste (practice material recycling) internally. We do, however, segregate various types of waste from manufacturing processes and from business activities in offices, and, with the cooperation of a recycling company, turn it into floor tiles and other types of plastic products, RPF (Refuse Plastic Fuel), and organic fertilizer. For fiscal 2016, we achieved a global recycling rate of 85%, with final disposal waste accounting for 0.2% of total waste, achieving our targets for the year.

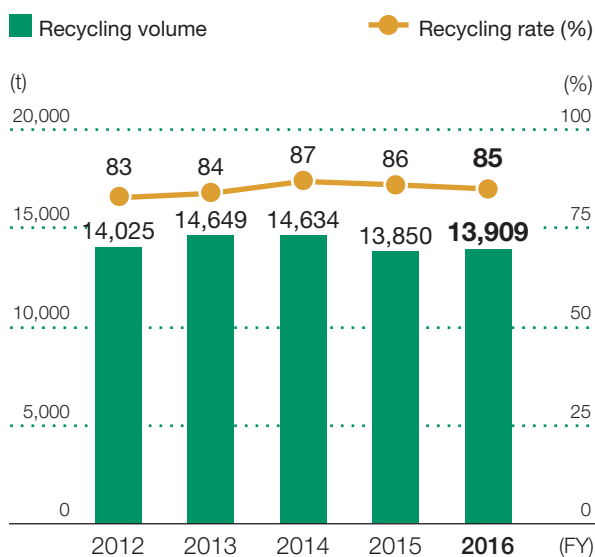
#### Recycling Target

- Achieve a recycling rate of 85% or higher for the Terumo Group.

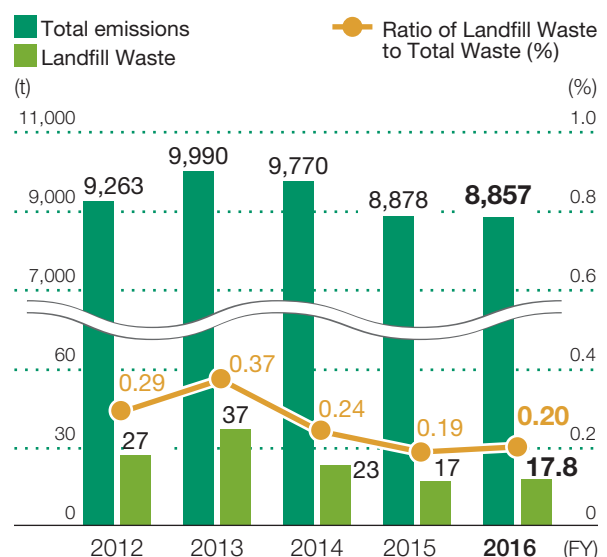
#### Waste-reduction Target

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

#### Recycling Amounts and Rates (Global)



#### Landfill Waste Generated in Japan



\* Data is for Terumo Group business sites in Japan.

## 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 2016

(kg)

Nickel-cadmium	Nickel-hydride	Lithium-ion	Sealed lead-acid batteries
3,357	2,179	434	1,888

## Reducing Packaging and Promoting Recycling

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.

### Recycling Packaging Materials

In Japan, recycling of containers and packaging waste is promoted through the Containers and Packaging Recycling Law, which requires product sellers to recycle containers and packaging discarded as household waste.

Terumo fulfills its recycling obligation by engaging the Japan Containers and Packaging Recycling Association to recycle waste. In fiscal 2016, we sent a total of roughly 221,382 tons of paper and plastic packaging materials to this organization for recycling.

## Effective Utilization of Water Resources

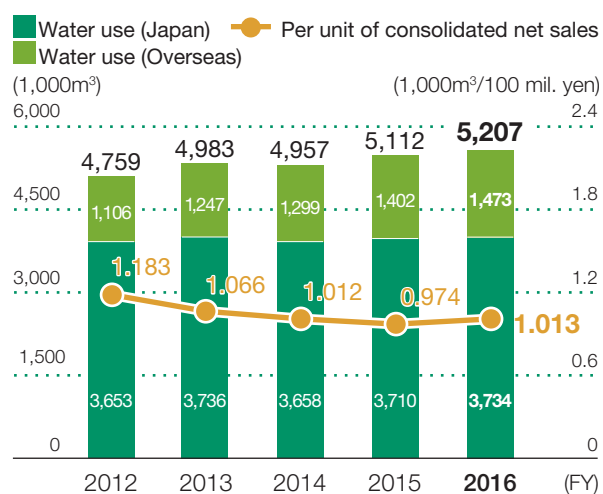
In every country and region where Terumo has a manufacturing site, we examine the state of water resources and ascertain risks and opportunities in water usage. We also strive to use water resources effectively, for example, by circulating and reusing cooling water and using rainwater. As a result, over the past five years, we have reduced the amount of water we use per unit of sales by about 14%.

Beginning in fiscal 2017, we are setting mid-term water-usage reduction targets to be achieved by the entire group.

### Medium-term Target

3% or greater reduction of group-wide water usage per unit of consolidated net sales, compared with the fiscal 2016 level, by the end of fiscal 2019.

### 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

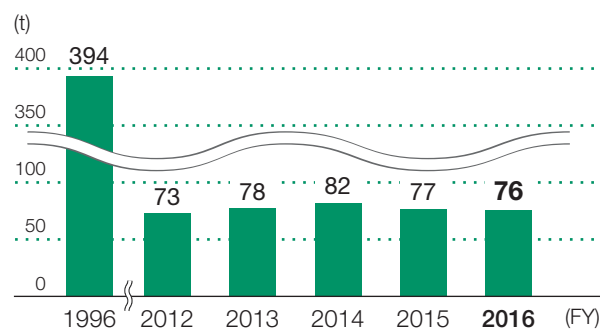
Terumo is working to reduce its emissions of dichloromethane\* based on own voluntary targets. At our Kofu Factory, which handles large amounts of dichloromethane, we have installed recycle system to reduce emissions of this air pollutant. As an added measure, we monitor dichloromethane concentrations 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 annual average 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

Dichloromethane Emissions

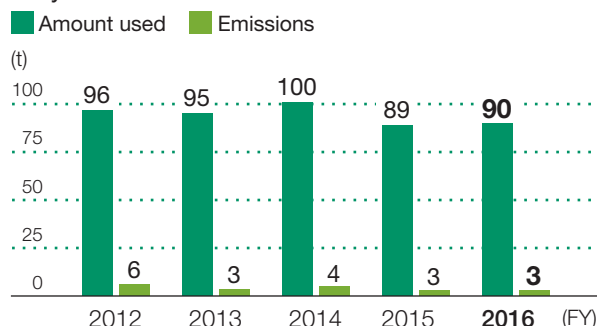


\* Terumo Group business sites in Japan

## 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 (Shonan Center), along with combustion emissions treatment equipment at the Kofu Factory. In addition, we have voluntarily set an upper limit of  $4.3 \mu\text{g} / \text{m}^3$  on atmospheric concentrations at the boundaries of the sites mentioned above and monitor the atmosphere to ensure we abide by it.

### Ethylene Oxide Emissions

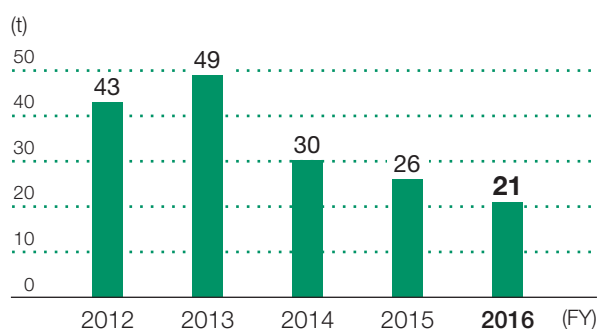


\* Terumo Corporation business sites in Japan

## Alternatives to HCFC-225

In light of the Montréal protocol, an international agreement for the phase-out of substances that deplete the ozone layer, it has been decided that the production of HCFC-225 will be prohibited in Japan beginning in 2020. Working to select replacements for HCFC-225, Terumo's Eco-products and Safety Subcommittee (one of the EHS Expert Subcommittees) has disseminated 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. In fiscal 2016, the transition to HCFC-225 substitutes in the CX fiber manufacturing operation at the Ashitaka Factory was completed, lowering that facility's overall HCFC-225 emissions by 19% compared with the previous fiscal year. Seizing on the momentum of this achievement, we aim to continue our transition to substitute solvents.

### HCFC-225 Emissions



\* Terumo Corporation business sites in Japan

## 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		Fujinomiya Factory	Ashitaka Factory	Kofu Factory	R&D Center (Shonan Center)	Total
Ethylene oxide gas	Amount used	10.3	59.6	20.1	0.1	90.1
	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	2.0	0.0	0.0	2.0
	Emissions	0.0	1.5	0.0	0.0	1.5
	Amount transferred	0.0	0.5	0.0	0.0	0.5
HCFC-141b	Amount used	3.1	0.0	0.0	0.0	3.1
	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	10.1	18.4	6.0	0.0	34.5
	Emissions	4.3	13.3	3.0	0.0	20.6
	Amount transferred	0.0	0.0	0.0	0.0	0.0
Dichloromethane	Amount used	0.1	7.5	135.7	0.1	143.4
	Emissions	0.1	4.6	71.7	0.0	76.4
	Amount transferred	0.0	0.0	0.0	0.1	0.1
Toluene	Amount used	0.8	0.0	5.5	1.1	7.4
	Emissions	0.3	0.0	1.9	0.0	2.2
	Amount transferred	0.5	0.0	3.6	1.0	5.1
Di (2-ethylhexyl) phthalate	Amount used	395.4	1.9	107.3	0.0	504.6
	Emissions	0.0	0.0	0.0	0.0	0.0
	Amount transferred	0.0	0.0	3.1	0.0	3.1
Hydrogen fluoride	Amount used	0.0	18.5	0.1	0.0	18.6
	Emissions	0.0	1.3	0.0	0.0	1.3
	Amount transferred	0.0	0.0	0.0	0.0	0.0
n-hexane	Amount used	0.0	6.1	0.0	0.0	6.1
	Emissions	0.0	3.1	0.0	0.0	3.1
	Amount transferred	0.0	3.1	0.0	0.0	3.1
N, N-dimethylformamide	Amount used	0.0	5.1	0.0	0.0	5.1
	Emissions	0.0	3.3	0.0	0.0	3.3
	Amount transferred	0.0	1.8	0.0	0.0	1.8

\* PRTR: Pollutant Release and Transfer Register

## Proper Disposal of Polychlorinated Biphenyls (PCBs)

In Japan, Terumo has ceased usage of all products (transformers, capacitors, etc.) containing high concentrations of PCBs and has formally requested that the Japan Environmental Storage & Safety Corporation\* dispose of them. Regarding products that may contain low concentrations of PCBs, Terumo continues to conduct surveys to identify them and plans to complete disposal thereof by fiscal 2019. Products identified as containing PCBs are stored under strict controls for PCB waste at individual business locations. At our Ashitaka Factory, disposal of all products containing PCBs was completed in April 2017.

\* 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, provisions regarding conflict minerals, etc.)

To comply with chemical substance regulations, which are being tightened throughout the world, Terumo is strengthening its chemical substance management system.

### 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.

#### Human x Eco Development Guidelines

*A:excellent, B:satisfactory, C:inadequacy					
Principles	Guidelines	Application*1 (Inputs)	Applicable: design objectives non-applicable; the reason	Verification (Results)	evaluation*
Cleaner Reducing environmental impact	A1	Comply with environmental laws, rules, regulations and agreements.			
	A2	Avoid toxic materials which cause environmental pollution.			
	A3	Use the materials that have a lower impact on the environment.			
	A4	Product / packaging designed for better disposal and recycling.			
	A5	Reduce the discharge of hazardous materials in the production process.			
	A6	Extend the expiration dates or the product life (durable product).			
Less Using resources effectively	B1	Reduce the amount of resources used in product & packaging materials by size/weight reduction, etc.			
	B2	Reduce the number of parts/products by standardization, simplification or multi-function, etc.			
	B3	Reduce the energy and raw materials in production process.			
	B4	Improve yield and quality in production process to reduce the waste.			
	B5	Promote efficiency and space-saving in storage and distribution.			
	B6	Reduce energy consumption when the product is being used.			
Principles	Guidelines	Application (Inputs)	Qualification process, references	Verification	evaluation*
More friendly	C1	Disclose the information related to environment, safety, materials etc.			
Providing	C2	Provide infection prevention measures when using & after using the			

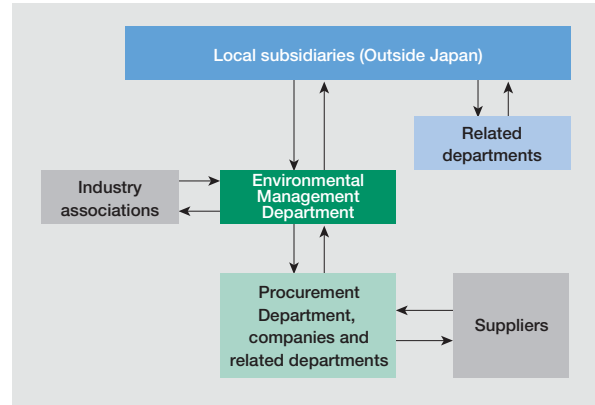
#### Identifying Chemical Substance Content of Procured Items

Compliance with regulations for chemical substances in products, Terumo is working on strengthening the management system by collaborating with related departments and grasp the regulated substances contained in procured items.

### Global Information Sharing

To ensure legal compliance, the Environmental Management Department provides information to relevant departments and local subsidiaries. In addition, EHS internal audits are conducted regularly, 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 launched the Terumo Mt. Fuji Reforestation Project in fiscal 2003 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 2016, reforestation activities took place throughout the year. In the spring, volunteers cut back high branches to allow more sunlight to reach seedlings, reinstalled barriers to protect seedlings from hungry deer (these had been damaged by wind and deer.), and painted Megumi-no-Mori signs. In the fall, they planted trees, made benches and tables out of wood from thinnings, and created walking paths paved with wood chips. The volunteers, approximately 360 in total, included associates, their families, and local junior high school students.



Volunteers performing reforestation activities



Cutting back branches to promote the growth of planted seedlings



Volunteers for fall reforestation activities

# 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 2016, a total of 4,275 associates participated in the ECO Challenge.

The image shows a 'Challenge Sheet' for the 'ECO Challenge 2016' (July 16 - September 19). It is a grid with columns for dates and rows for various activities. Below the grid, there are instructions in Japanese and a section for '合計' (Total) and 'ポイント' (Points). The sheet is titled 'ECOチャレンジ 2016' and includes the OISCA logo.

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.

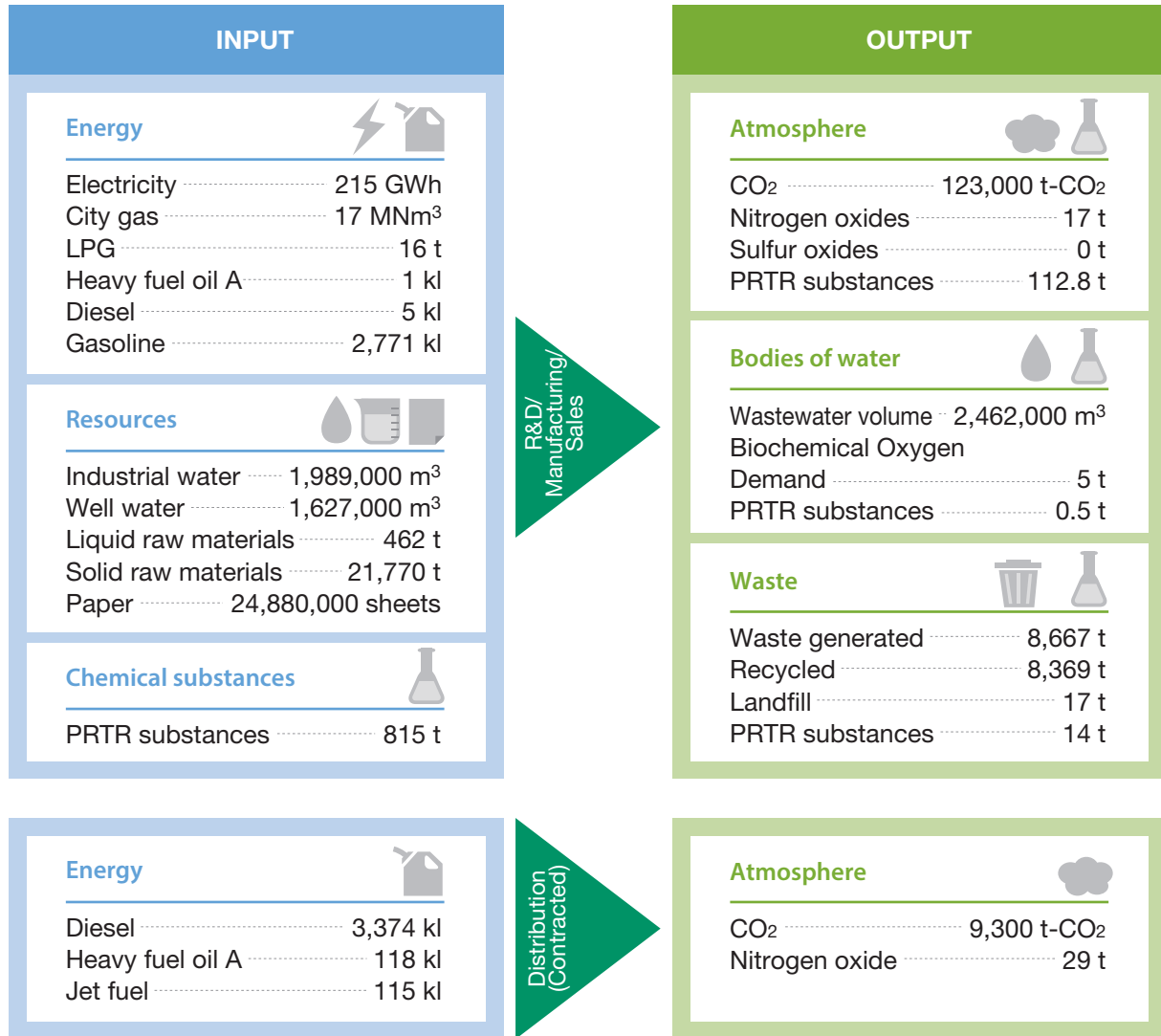


Project to Restore Coastal Forests



## Material Flow

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



\* Data is for only Terumo Corporation locations in Japan.

\* The CO<sub>2</sub> emissions coefficients for electricity are the fiscal 2005 coefficients provided by the electric power providers.

## Environmental Data for Fiscal 2016

### Green Purchasing Results

(Individual units and thousands of yen)

	Overall Purchases	Green Purchases	
Units	49,995	30,650	61%
Cost	45,553	23,740	52%

### Site Data (Manufacturing and R&D sites in Japan) Fiscal 2016

Site	Location	CO <sub>2</sub> Emissions (t)	Water Usage (1,000 m <sup>3</sup> )	Total Waste (t)	Hazardous Waste (t)	Recycled Amounts (t)
Fujinomiya Factory	Fujinomiya, Shizuoka, Japan	44,851	1,862	2,719	18	2,676
Ashitaka Factory	Fujinomiya, Shizuoka, Japan	20,321	557	1,669	95	1,618
Kofu Factory	Nakakoma, Yamanashi, Japan	43,467	1,113	3,950	30	3,941
R&D Center (Shonan Center)	Ashigarakami, Kanagawa, Japan	5,934	69	211	27	165
Terumo Clinical Supply Co., Ltd.	Kakamigahara, Gifu, Japan	655	6	26	1	20
Terumo Yamaguchi Corp.	Yamaguchi, Yamaguchi, Japan	11,440	111	164	71	153



## Site Data (Manufacturing and R&D sites) Fiscal 2016 (Overseas)

Site	Location	CO <sub>2</sub> Emissions (t)	Water Usage (1,000 m <sup>3</sup> )	Total Waste (t)	Hazardous Waste (t)	Recycled Amounts (t)
Terumo Medical Corp. and Terumo Cardiovascular Systems Corp.	Maryland, USA	17,798	100	446	93	132
Terumo Cardiovascular Systems Corp. and Terumo Heart Inc.	Michigan, USA	4,112	7	235	1	12
Terumo Cardiovascular Systems Corp.	Massachusetts, USA	556	1	199	0	96
MicroVention, Inc.	California, USA	1,786	9	152	50	48
Terumo BCT, Inc.	Colorado, USA	15,142	90	1,767	11	1,432
MicroVention Costa Rica, S.R.L	San Jose, Costa Rica	209	13	121	18	81
Terumo Europe NV	Leuven, Belgium	8,092	39	450	46	239
Terumo UK, Ltd.	Liverpool, UK	174	1	130	0	105
Vasutek Ltd.	Glasgow, UK	2,430	9	178	25	69
Terumo BCT, Ltd.	Larne, UK	4,354	43	238	0	192
Terumo Medical Products (Hangzhou) Co., Ltd.	Zhejiang, China	32,201	541	1,124	99	856
Terumo (Philippines) Corp.	Laguna, the Philippines	22,979	286	1,460	80	1,314
Terumo Penpol Private, Ltd.	Kerala, India	8,910	36	530	0	518
Terumo Vietnam Co., Ltd.	Vinh Phuc, Vietnam	7,081	150	295	46	172
Terumo BCT Vietnam Co., Ltd.	Dong Nai, Vietnam	6,745	149	130	1	100


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

\* Coefficients used for calculating CO<sub>2</sub> emissions related to electricity use in Japan are the fiscal 2005 coefficients as provided by the electric power providers. CO<sub>2</sub> emissions coefficients for electricity outside of Japan are the 2005 emissions coefficients by country presented in IEA CO<sub>2</sub> Emissions from Fuel Combustion 2012.

## EHS Goals and Achievements

Initiatives	Fiscal 2016 Voluntary Targets (Medium-Term Targets)	Fiscal 2016 Assessment	Medium-Term Targets (Fiscal 2017-2019)	Fiscal 2017 Targets
Establishment and Operation of the Group EHS Management System	Introduction of the Corporate EHS Management System to all manufacturing sites in Japan Obtaining 3rd-party certifications at major manufacturing sites	✓	Expand application of the Corporate EHS Management System Manual to production sites outside Japan and operate globally	Establish Corporate EHSMS Manual (global version) that complies with ISO revisions (ISO/DIS 45001: 2016, ISO14001: 2015)
	Expansion of the application of the Corporate EHS Management System to principal global manufacturing sites		Address ISO revisions (ISO45001:2017, ISO14001:2015) and acquire third-party certification (including major production bases outside Japan)	Address ISO14001 revisions (2015 version) and acquire third-party certification (major production sites in Japan)
			Foster an EHS culture in Group overall - Implement basic EHS education in major production bases outside Japan	Implement basic EHS education and provide related educational tools (whole group in Japan)
Reduction of Accident Risk, Health Enhancement	Zero fatal or critical work-related accidents Reduction of work-related accidents by 50% or more less compared to that of fiscal 2013* [Terumo business sites in Japan] * Fiscal 2013:19	✓	Zero fatal or major occupational injuries Reduce number of occupational accidents (including lost worktime but not including commuting accidents) to seven or less by FY19 (TC offices in Japan: associates, dispatched associates and contract workers) * Bring number of occupational accidents (including lost work time) to levels on par with or below the average frequency rate for occupational accidents in the same industry 100% consultation rate for regular health exams and consultation rate of 80% or more for secondary exams (associates at TC offices in Japan)	Zero fatal or major occupational injuries Reduce number of occupational accidents (including lost worktime but not including commuting accidents) to nine or less (TC offices in Japan: employees, dispatch employees and contract workers) 100% consultation rate for regular health exams and consultation rate of 80% or more for secondary exams (associates at TC offices in Japan)
	Continuation of operation with no significant environmental accidents		Zero major environmental accidents	Zero major environmental accidents Establish procedure for response to emergency situations and carry out training
Develop of Environmentally Friendly and Safe Products and Production Processes	Bringing 3 or more Human×Eco products to the market (Terumo Group in Japan)	✓	Bring three Human×Eco products onto the market	Provide specifics on development of at least one Human×Eco product/production process in each development site
	Development of non-CFCs production-technologie (Terumo Group in Japan)		Establish a production process that does not use regulated chlorofluorocarbons (such as HCFC-225)	Make prospects for technology as alternative for chlorofluorocarbons in each product line (countries in which regulations apply)
Effective Use of Energy and Resources	Group-wide 30% reduction of CO <sub>2</sub> emissions per unit of net sales, compared to the fiscal 2005 level * Long-term target: Reduction of 50% by fiscal 2025	✓	Cut the Group's overall CO <sub>2</sub> emissions by 38% or more compared to FY05 per unit of consolidated sales * Long-term target: 50% reduction in FY25	Reduce the Group's overall CO <sub>2</sub> emissions by 1% or more per unit of consolidated sales compared to previous year
	Improvement of the group-wide waste recycling rate to 85% or more		Reduce Group's overall water usage by 3% or more per unit of consolidated sales compared to FY16	Reduce Group's overall water usage by 1% or more per unit of consolidated sales compared to previous year
			Raise Group's overall recycling rate to 87% or higher Recycling rate of 98% or more, volume of waste for final disposal to 0.3% or less of total emissions (business sites in Japan)	Raise Group's overall recycling rate to 85% or higher Recycling rate of 97% or more, volume of waste for final disposal to 0.5% or less of total emissions (business sites in Japan)
Proper Control of Chemical Substances and Reduction of Emissions	Formulation of a chemical substance management system, compliance with guidelines (Terumo Group in Japan)	✓	Continue to observe laws and regulations governing chemical substances (zero violations)	List laws and regulations governing chemical substances and assess compliance Improve high-risk environment (over intermediate 3) in chemical substance risk assessment and establish management system, continue education on chemical substance management (whole group in Japan)
	Improvement of organic solvents-using work environments, elimination of the class-3 (i.e., high exposure) working areas (Terumo Group in Japan) Promotion of management of emissions and site-boundary concentrations of chemicals including dichloromethane (Terumo Group in Japan)		Monitor emissions of hazardous chemical substances and appropriately manage them	EO environmental concentration on outskirts of facilities adjacent to residential areas: less than 4.3µg/m <sup>3</sup> Implementation of EO concentration measurements at air pollution outlets Dichloromethane emissions: less than 100 t/year (business sites in Japan) Continuation of zero class 3 working area in which organic solvents are handled (whole group in Japan)

Initiatives	Fiscal 2016 Voluntary Targets (Medium-Term Targets)	Fiscal 2016 Assessment	Medium-Term Targets (Fiscal 2017-2019)	Fiscal 2017 Targets
Preservation of Biodiversity	Collaboration with NGOs to promote and expand biodiversity preservation activities	✓	Globally cooperate and promote biodiversity protection activities (15 SDG goals)	Implement education on biodiversity preservation at each site Expand biodiversity preservation activities by planting trees at Mt. Fuji and taking on the Eco Challenge (nationwide recruitment of participants) (whole group in Japan)
	Expansion of the Mt. Fuji Reforestation Project to include ongoing care of planted trees (Terumo Group in Japan)			
Advancement of EHS Communication	Quality-improvement of the disclosure activities in the annual report	✓	Raise quality of disclosure of information in sustainability reports - Refer to GRI Standards	Raise quality of information disclosed in sustainability report - Conforming to core items in GRI 4.0, inclusion of comparison table
	Development and improvement of the EHS education system, including e-learning system (Terumo Group in Japan)			

 , HeartSheet, Terumo Medical Pranex, T-PAS, MEDISAFE Fit Smile, HumanxEco, TERUPACK, Glideshiath Slender, Solution Pack, SURPLUG and Elemano are trademarks of TERUMO CORPORATION.



**TERUMO CORPORATION**

Tokyo Office  
Tokyo Opera City Tower, 3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1450, Japan

© Terumo Corporation October 2017