



TERUMO CORPORATION
Sustainability Report 2018



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.



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Editorial Policy

The Terumo Group is engaged in various activities aimed at resolving medical and other social issues to fulfill its corporate mission—“Contributing to Society through Healthcare.” This sustainability report was prepared to explain such activities by Terumo and Terumo Group companies to stakeholders in an easy-to-understand manner to help them better understand these efforts.

Scope of this Report

This report focuses primarily on Terumo Corporation and its domestic and overseas consolidated subsidiaries. In principle, “Terumo” refers to Terumo Corporation and the “Terumo Group” refers collectively to Terumo Corporation and its domestic and overseas consolidated subsidiaries. When the scope differs from that described above, notification will be provided.

Report Period

Fiscal 2017 (April 1, 2017 through March 31, 2018)

This report also contains information on some activities prior to or after this period.

Publication Schedule

This report: September 2018

Previous report: October 2017

Referenced Guidelines

- GRI, Sustainability Reporting Standards
- Japanese Ministry of the Environment, Environmental Reporting Guidelines 2012

Report Archives

Past reports for each year are available in PDF format on the website of Terumo Corporation.

Message from the President and CEO



We are committed to helping realize a sustainable society by resolving medical challenges.

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 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 of contributing to both citizens' health and society. That sentiment generated Terumo's corporate mission of "Contributing to Society through Healthcare."

Over the years, Terumo has provided new value by grappling with healthcare 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.

Realization of a Sustainable Society while Achieving Sustainable Growth

In 1996, Terumo drafted the Five Statements in support of fulfilling its corporate mission: Open Management, Enhanced Value, Safety and Reliability, Respect for Our Associates, and Corporate Citizenship. These statements guide us in advancing responsible corporate activities. Later, in 2012, we signed the United Nations Global Compact, which comprises Ten Principles in the areas of human rights, labor, the environment, and anti-corruption. Ever since, we have been contributing to the realization of a sustainable society through responsible activities as a good corporate citizen.

The expectations levied on companies to help realize a sustainable society have grown much higher. Indicators of this trend include the adoption of the Paris Agreement and the United Nations Sustainable Development Goals in 2015. This was also the year when the UN's Principles for Responsible Investment stimulated an upward trend in so-called ESG investment based on environmental, social, and governance issues. These changes inspired Terumo to determine its sustainability priorities in 2018 while simultaneously establishing the Corporate Sustainability Department to promote Groupwide activities with this regard. Based on the Five Statements, we will address our sustainability priorities, which include resolving healthcare challenges through innovation, improving access to healthcare, and reducing the environmental impact of our business operations. Through action guided by these priorities, the Terumo Group aims to contribute to the realization of a sustainable society while also achieving sustainable growth.

Terumo will celebrate its centennial in 2021. In recent years, we have seen substantial progress in the field of medicine. At the same time, new challenges are emerging in medical settings around the world on a nearly daily basis. Against this backdrop, Terumo will strive to maintain the trust of society and always be viewed as a necessary company through an earnest effort to resolve medical challenges and responsible corporate activities as a global business operator. I would like to ask our stakeholders for their ongoing trust and support as we move forward on this quest.

September, 2018



President and CEO

Sustainability at the Terumo Group

Approach to Sustainability at the Terumo Group

Under the corporate mission of “Contributing to Society through Healthcare”, the Terumo Group strives to provide a stable supply of high-quality medical equipment and services to patients and medical settings throughout the world, as well as resolve the various challenges facing healthcare.

To achieve this corporate mission, Terumo has established its Five Statements—“Open Management”, “Enhanced Value”, “Safety and Reliability”, “Respect for our Associates”, and “Corporate Citizenship.” These govern the actions and

decisions made by all Terumo associates.

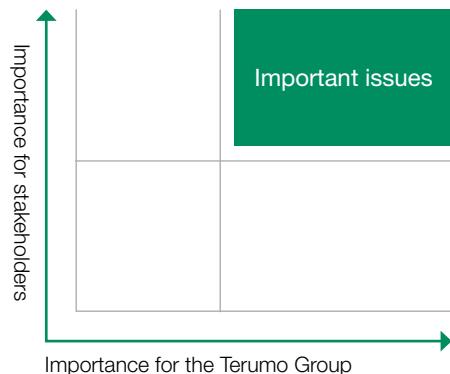
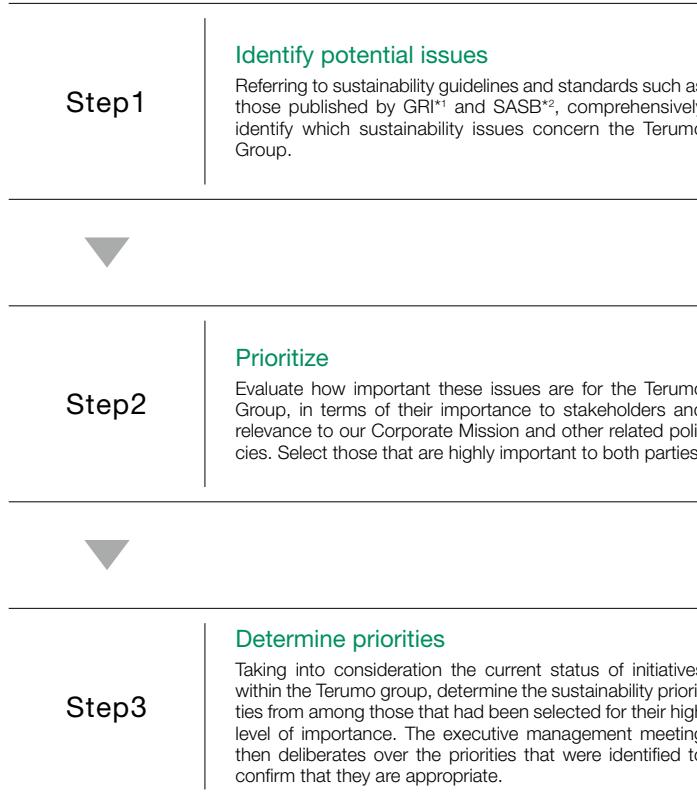
Based on the Five Statements, the Terumo Group determines priorities for sustainability that must be put into practice in the course of daily business activities. The Group will strive for balance between realization of a sustainable society and Terumo Group’s sustainable growth by promoting these priorities, while communicating with patients, medical professionals and other stakeholders.

Sustainability Priorities

Under the corporate mission of “Contributing to Society through Healthcare”, the Terumo Group aims to balance the realization of sustainable society with sustainable growth of the Terumo Group by striving to use business activities as a means to solve social issues.

In order to make this happen, the Terumo Group determines sustainability priorities to address, and works on specific initiatives within daily business activities.

The Process to Determine Sustainability Priorities



*1 GRI (Global Reporting Initiative): A non-profit organization based in the Netherlands that advocates sustainability reporting guidelines

*2 SASB (Sustainability Accounting Standards Board): A non-profit organization in the US that aims to develop and spread sustainability accounting standards

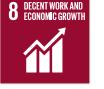
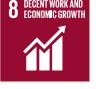
Terumo Group's Sustainability

Based on the Five Statements, which governs the actions and decisions that give shape to our Corporate Mission, the Terumo Group is addressing the sustainability priorities on a daily basis in our business activities. The group is working to resolve social issues including issues in healthcare, and balance the realization of sustainable society with sustainable

growth of the Terumo Group, while taking the United Nations Sustainable Development Goals (SDGs^{*3}) into account.

^{*3} SDGs (Sustainable Development Goals): The global goals for the years 2016 through 2030, listed in the "2030 Agenda for Sustainable Development" which was adopted at the United Nations summit in September 2015. These are comprised of 17 goals and 169 targets for achieving a sustainable society.

Sustainability Priorities

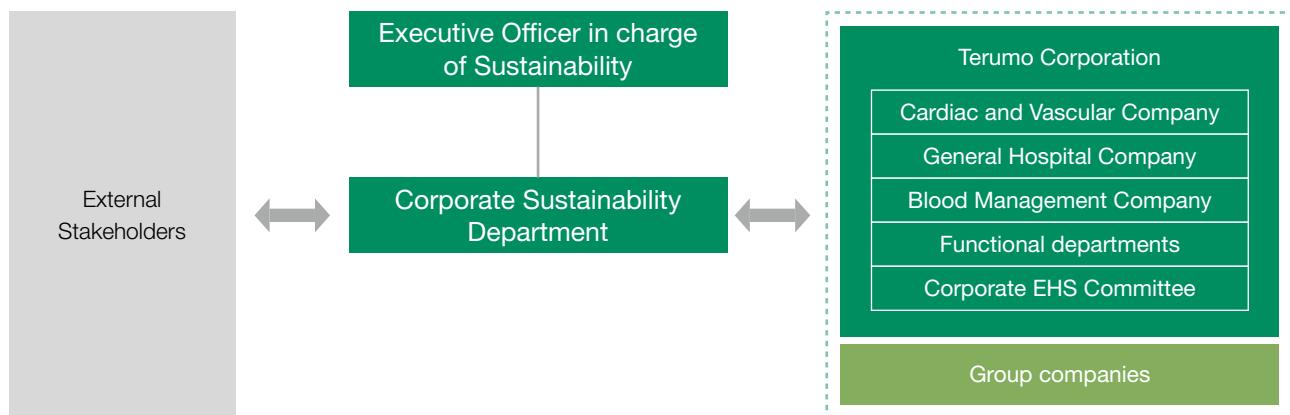
Five Statements	Sustainability Priorities	Related United Nations SGDs ^{*4}
Open Management	Building relationships of trust through dialogue with stakeholders	
Enhanced Value	Resolving healthcare challenges through innovation	  
	Improving access to healthcare	 
Safety and Reliability	Ensuring the safety and quality of products and services	 
	Managing supply chains that support stable supply	 
Respect for our Associates	Ensuring occupational safety and promoting health	 
	Creating workplace environments where diverse associates can demonstrate their skills and abilities	 
Corporate Citizenship	Promoting compliance	 
	Reducing the environmental impact of our business operations	  
	Promoting responsible procurement	  

^{*4} "Related United Nations SDG Goals" under "EHS Goals and Achievements" on page 61 indicate SDGs relevant to each EHS initiative. Meanwhile, the "related United Nations SDGs" on this page focuses on SDGs that are highly relevant to each sustainability priority for the Terumo Group as a whole.

Sustainability Management

The Corporate Sustainability Department was established in April 2018. Its purpose is to coordinate and promote activities throughout the group. Working together with related departments, committees, and with group companies, the Corporate Sustainability Department sets action policies and priorities related to sustainability, finds ways to

disseminate these throughout the group, and promotes specific initiatives. It also interacts with internal and external stakeholders, sharing information and engaging in discussions, in order to understand the expectations society has for the Terumo Group and reflect these in the initiatives.



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;
Environment	Principle 5	the effective abolition of child labor; and
	Principle 6	the elimination of discrimination in respect of employment and occupation.
Anti-Corruption	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.

Resolving Healthcare Challenges through Innovation and Improving Access to Healthcare

Special Feature: Quest to Provide Safe, High-Quality Healthcare to All

Medical systems and infrastructure can vary by country and region, leading to an array of issues being faced in different medical settings. As a global provider of medical devices, the Terumo Group seeks to ensure that everyone has constant access to safe, high-quality healthcare. Accordingly, we earnestly address the medical issues faced in specific countries and regions, collaborating with medical institutions, government agencies, international institutions, and nonprofit and nongovernmental organizations, to resolve these issues.

CASE 1

Transradial intervention (TRI): percutaneous coronary intervention via the radial artery in the wrist

Transradial intervention (TRI) training for physicians in Latin America conducted through public-private partnership to contribute to improved patient quality of life and reduced healthcare expenditures



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CASE 2

Pathogen reduction technology system for safer blood transfusions

Public-private partnership to advance measures for infection control of blood used for transfusions in Ghana



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CASE 3

Oxygenators supporting cardiovascular surgeries

Support for first open heart surgery in Zambia performed by Zambian surgeons



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CASE 4

Training for medical professionals underpinning safe, high-quality medical services

Planning and implementation of practical training programs based on the needs of Japan's medical settings



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CASE 1 Quest to Provide Safe, High-Quality Healthcare to All

Transradial intervention (TRI): percutaneous coronary intervention via the radial artery in the wrist

Transradial intervention (TRI) training for physicians in Latin America conducted through public-private partnership to contribute to improved patient quality of life and reduced healthcare expenditures

TRI's Contribution to Patient Quality of Life and Reduced Medical Spending

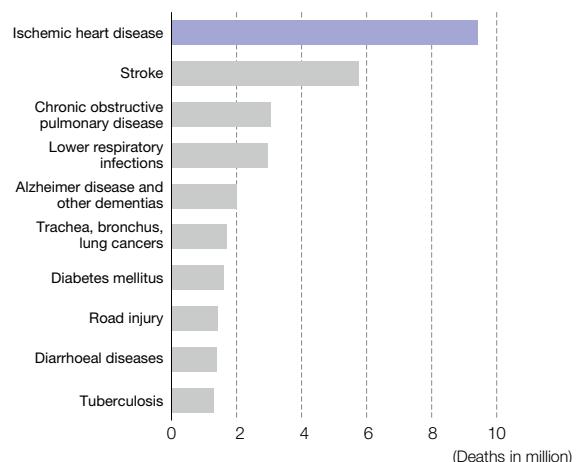
According to a survey^{*1} by the World Health Organization, of the 56.9 million deaths around the world in 2016, the leading cause of death was ischemic heart diseases, such as angina pectoris and myocardial infarction. These diseases claimed the lives of 9.4 million people and accounted for 17% of deaths in that year. Percutaneous coronary intervention (PCI) using catheters is a widely used method of treating ischemic heart disease.

A common PCI procedure used to treat ischemic heart disease is transfemoral intervention (TFI), which entails inserting catheters through the femoral artery in the groin. Recently, however, use of TRI, a procedure in which catheters are inserted through the radial artery in the wrist, has been becoming more common out of consideration for its ability to contribute to higher patient quality of life and reduced medical spending. TRI does not require hemostasis procedures around the groin, and patients are generally able to walk sooner after TRI procedures than after TFI procedures, resulting in shorter hospital stays. Furthermore, the rate of hemorrhagic complications at the site of catheter insertion after procedures is said to be lower, and a U.S. clinical study^{*2} has indicated that the cost of TRI is roughly ¥90,000 less than TFI per procedure.

Promotion of TRI Use in Various Countries through Product Development and Training

Although TRI boasts these benefits, it is also more difficult to perform than TFI as it can be hard to insert catheters into the narrow blood vessel (radial artery) and the path to the coronary artery is winding. Terumo is seeking to remove these obstacles by developing and supplying refined and improved devices for use in TRI procedures. At the same time, we are working together with highly talented Japanese physicians to develop training programs and educational tools while also creating opportunities for techniques to be transferred between physicians. We thereby aim to spread understanding of the value of TRI along with the techniques for performing this procedure. As a result of these ongoing efforts, the percentage of PCI procedures for ischemic heart disease represented by TRI has been found to be around 90% in

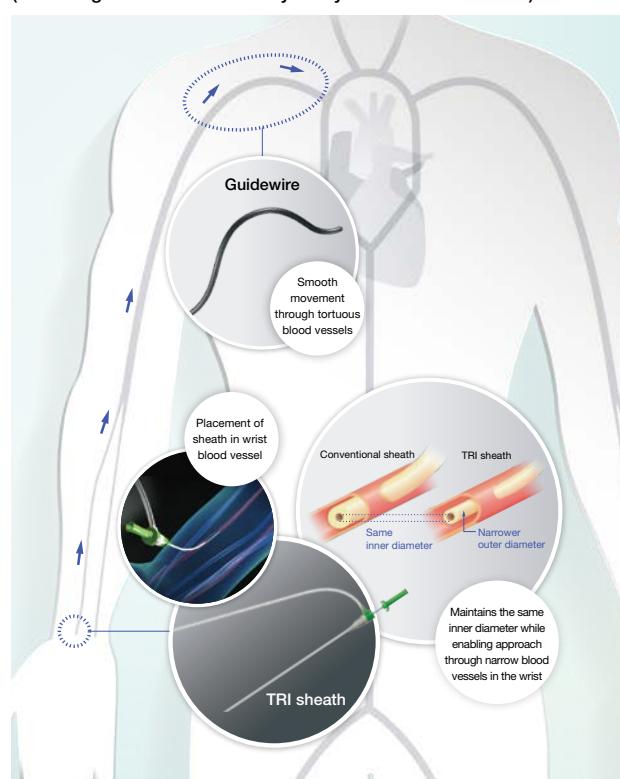
Top 10 Global Causes of Death, 2016



Source: Global Health Estimates 2016: Estimated deaths by age, sex, and cause, World Health Organization, 2016

TRI procedure

(accessing lesion site in coronary artery via wrist blood vessel)



Resolving Healthcare Challenges through Innovation and Improving Access to Healthcare

China and 70% in Japan and 40%–50% in Asia and Europe. Moreover, the rate of use of this procedure has risen to roughly 35% in the United States, despite being less than 10% a decade ago.*³

Support for Spreading TRI in Latin America through Public-Private Partnerships

The spread of TRI in Latin America has been slower than in other regions, despite ischemic heart disease rating high among the causes of death in this region. Actual rates of usage varied from country to country but were estimated to range from 10% to 30% five years ago.*³ Medical infrastructure is being installed in these countries as their populations grow and age, but there is still a lack of equipment and physicians, creating a need for efficient, low-cost medical services.

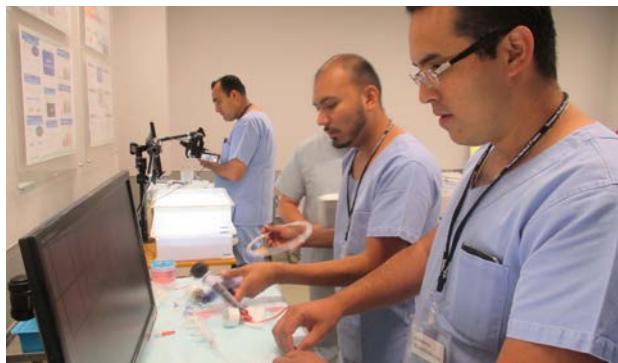
To address this issue, Terumo is supporting the spread of TRI in Latin America through public-private partnerships to contribute to improved quality of life for patients, higher medical efficiency, and reduced medical costs. In 2011, Terumo together with Japan International Cooperation Agency (JICA) invited five young physicians from Mexico to Japan to undergo TRI training. This training was performed through cooperation with Dr. Shigeru Saito of Shonan Kamakura General Hospital, a leading authority on TRI in Japan who actively promotes the spread of TRI around the world. In addition, we participated in a public-private partnership project organized by JICA over a two-year period beginning with 2014 during which we provided TRI training for approximately 40 physicians from national hospitals in Mexico, Columbia, Brazil, and Argentina. In these training programs, physicians were invited to Japan to observe procedures at hospitals including Shonan Kamakura General Hospital and to take part in simulation training at the Terumo Medical Pranex comprehensive medical training facility. Follow-up training was also held in the respective countries of participants after their return to check their level of proficiency at performing TRI procedures. Post-program surveys indicated a large increase in the number of TRI procedures performed at the hospitals with which participants were affiliated along with a boost in the portion of PCI procedures represented by TRI. These results confirmed a steady rise in understanding and use of TRI. Terumo anticipates that the physicians who took part in this training program will help train other physicians in their countries as instructors.

Recognition for this program has led to its evolution into the Project for Promotion of Minimally Invasive Techniques Focused on TRI Method, a technical cooperation project

that was part of Japan's official development assistance and was promoted by JICA. Launched in 2015, this project is being advanced by the Japanese and Mexican governments. One facet of this project included the establishment of a TRI training center inside the National Institute of Cardiology of Mexico, which was completed in July 2016. Terumo is supporting this project through the provision of training apparatuses and technical instruction.

Further Promotion of the Spread of TRI through Collaboration with Various Countries' Governments and Other Organizations

Terumo plans to continue to collaborate with medical institutions, academic associations, and government bodies in various countries to promote the spread of TRI. Through the ongoing provision of the products and training support necessary based on the circumstances and issues faced in medical settings in each country, we hope to help disseminate high-quality healthcare.



Latin American physicians undergoing TRI training

*1 Source: *Global Health Estimates 2016: Estimated deaths by age, sex, and cause*, World Health Organization, 2016

*2 Source: Amin AP, House JA, Safley DM, et al. Costs of transradial percutaneous coronary intervention. *JACC Cardiovasc Interv*. 2013. (U.S. dollar amounts translated at the rate of ¥110 to U.S.\$1)

*3 Percentage of PCI procedures represented by TRI in each country or region estimated by Terumo Corporation

CASE 2 Quest to Provide Safe, High-Quality Healthcare to All

Pathogen reduction technology system for safer blood transfusions

Public-private partnership to advance measures for infection control of blood used for transfusions in Ghana

Reduction of Infection Risks Associated with Blood Transfusions in Africa

Various safety measures are taken for blood products to prevent infections caused by bacteria, viruses, and other pathogens as well as side effects transfused white blood cells. Currently, however, no method of testing or pathogen reduction can completely eliminate the risk of a transfusion-transmitted infection (TTI). In middle- and low-income countries, blood donors have more infections than in high-income countries.^{*1} In fact, sub-Saharan Africa has the highest rate of HIV and malaria infection in the world, so reducing the risk of infection from blood transfusion is an important medical issue. In a survey conducted in the Republic of Ghana, TTIs from malaria are estimated to occur in up to 28% of blood donation recipients.^{*2}

Public-Private Partnership Project to Advance Measures for Infection Control of Blood Transfusions in Ghana

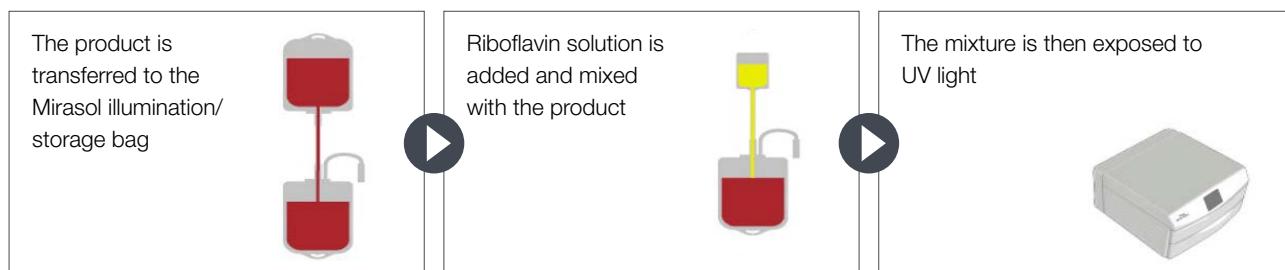
To improve this situation and others like it, the Terumo Group partnered with Japan International Cooperation Agency (JICA) and since 2017 has been conducting a program through public-private partnership for preventing disease transmission through blood transfusions in the Republic of Ghana.^{*3} Using the Mirasol Pathogen Reduction Technology (PRT) System developed by Terumo's Blood Management Company (Terumo BCT), Terumo is working with the Ministry of Health and the National Blood Service, Ghana, to promote the routine use of the Mirasol PRT system for whole

blood. A total of four Mirasol devices have been installed in the National Blood Service blood banks in both of Ghana's main cities, Accra and Kumasi. After the pathogen reduction process, transfusions are given to the most vulnerable patients, including postpartum hemorrhage patients as well as child and adult oncology patients. A haemovigilance system to monitor safety of blood transfusions is also being implemented to accumulate data acquired throughout the entire process, from blood donation through preparation to the post-transfusion condition of the patient.^{*4} This will enable the analyses and assessments needed to keep adverse events from occurring.

Mirasol PRT System Supporting Safe Transfusions

Mirasol uses UV light and riboflavin (vitamin B₂) to inactivate a broad range of pathogens, including bacteria, viruses such as HIV, parasites such as malaria, and white blood cells in blood products, reducing the risks of disease transmission and side effects from blood transfusions. It received the CE mark for platelets in 2007 and for plasma in 2008, and it is now sold in more than 20 countries, mainly in Europe, the Middle East, and Africa. Unlike in high-income nations, patients in middle- and low-income countries often receive transfusion of whole blood, rather than blood components. Therefore, Terumo sought the possibility of using Mirasol for whole blood. In 2014, the African Investigation of the Mirasol System (AIMS) clinical trial performed in Ghana was the first and only clinical trial to demonstrate that a pathogen reduction technology, specifically Mirasol, can

Pathogen Reduction Process for Whole Blood Using Mirasol® PRT System



Resolving Healthcare Challenges through Innovation and Improving Access to Healthcare

effectively reduce the incidence of transfusion-transmitted infection (TTI) of a bloodborne pathogen. The results of the AIMS trial were presented at the 2015 congress of the AABB (formally known as the American Association of Blood Banks) and were also featured in the medical journal *The Lancet*. That same year, Mirasol received the CE mark for whole blood treatment, marking the availability of the first and only PRT treatment for whole blood.

Training of Local Staff to Promote Smooth Introduction in Ghana

Training the local staff is essential for the smooth implementation of the PRT process and implementation of a haemovigilance program. In addition to the training performed in Ghana, Terumo also enlisted cooperation from the Japanese Red Cross Society to invite doctors and nurses from hospitals and the National Blood Service in Ghana to Japan. They were given training in haemovigilance as well as tours of blood collection and processing centers and hospitals. The visiting dignitaries were also given a tour of the Terumo

comprehensive medical training facility, Terumo Medical Pranex. During this visit, there were opportunities to share, discuss, and give opinions on how Terumo may be able to further contribute to societal and healthcare development in Africa. These efforts are supported by the global collective strengths of Terumo, with associates from the Head Office, Terumo BCT, Inc., and Terumo Europe NV going beyond the boundaries of organizations and regions to cooperate and coordinate the ongoing activities.

Continued Effort to Ensure Routine Use of Mirasol PRT System in Ghana

This public-private partnership project with JICA will conclude in December 2018, but the Terumo Group will continue working to ensure the routine use of Mirasol in Ghana. Beyond this, Terumo also plans to use the experience and expertise gained from this project to help develop the infrastructure for an adequate, safe, and sustainable blood supply in Africa.

*1 Source: *Global Status Report on Blood Safety and Availability*, World Health Organization, 2016

*2 Source: Freimanis G, et al., "Investigating the Prevalence of Transfusion Transmission of Plasmodium within a Hyperendemic Blood Donation System," *Transfusion* 2013; 53 (7): 1429–1441

*3 Terumo applied and was selected for "Collaboration Program with the Private Sector for Disseminating Japanese Technology for the Social and Economic Development of Developing Countries" by JICA and has been conducting this program on an outsourced basis from JICA.

*4 For haemovigilance, AABB Consulting Services, an affiliate of AABB (formerly the American Association of Blood Banks), is contracted to formulate and conduct facility assessment and implementation training programs as well as auditing and feedback.



The AIMS clinical trial performed in Ghana



Mirasol PRT system used in Ghana

Resolving Healthcare Challenges through Innovation and Improving Access to Healthcare

Comments from Members Involved in CASE 1, CASE 2 (Public-Private Partnership Projects)

CASE 1

Transradial intervention (TRI): percutaneous coronary intervention via the radial artery in the wrist
 Transradial intervention (TRI) training for physicians in Latin America conducted through public-private partnership to contribute to improved patient quality of life and reduced healthcare expenditures

Through a JICA public-private partnership project, we worked toward the lofty goal of resolving the medical issues faced in four Latin American countries by spreading use of TRI. To this end, we offered a training program that included hands-on training using models as well as opportunities to observe the masterful techniques of Japanese physicians and to speak with these individuals. I am confident that this experience deepened participant understanding of TRI and the techniques needed to perform it. Surveys conducted after the program showed a drive to use these techniques in clinical settings in all countries, something I would say represents a massive success. I hope to help contribute to the spread of TRI through public-private partnerships with medical institutions, academic associations, and government bodies going forward. It is our goal to tie such efforts to improved health for people, lower medical costs, and consequently business growth for Terumo.

CASE 2

Pathogen reduction technology system for safer blood transfusions
 Public-private partnership to advance measures for infection control of blood used for transfusions in Ghana

The Mirasol System would act as a major leap from our current status of blood safety with a high residual risk. It would afford a safer blood supply because it reduces bacteria, viruses, and parasites, and we do have quite a large number of these pathogens in our blood. Mirasol also inactivates white blood cells so it would afford the recipients less reactions in terms of transfusion adverse events.

CASE 1

JICA collaborates with private sector companies with the aim of transmitting the superior products, technologies, and expertise of Japanese companies to developing countries through public-private partnerships in order to contribute to their social and economic development. The project for promoting treatment of ischemic heart disease through TRI in four Latin American countries as well as the project for preventing infections during blood transfusions in Ghana in which we partnered with Terumo were both judged to be applicable under this program. These projects entailed using Terumo's products, technologies, and expertise in the coronary intervention and blood transfusion fields, respectively. Utilizing JICA's wealth of local information and interpersonal networks as well as the trust JICA projects enjoy in these countries, we were able to facilitate the smooth introduction of these products, technologies, and expertise into local medical settings. The results have already begun appearing.

JICA is also proactive in its efforts to support businesses that help resolve the issues faced by developing countries to contribute to the accomplishment of the United Nations Sustainable Development Goals. These efforts are advanced in the form of projects for supporting dissemination, verification, and commercialization efforts and feasibility studies. I hope Terumo will engage in public-private partnerships to continue contributing to the resolution of medical issues in developing countries by utilizing its products, technologies, and expertise in a wide range of medical fields to help spread TRI, prevent infections from blood transfusions, and address other medical issues.



Naofumi Okajima

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 Terumo Interventional Systems
 Division, Cardiac and Vascular
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Dr. Shirley Owusu-Ofori

Head of Transfusion Medicine
 Komfo Anokye Teaching Hospital
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CASE 2



Takashi Baba

Director, Private Sector Investment
 Finance Division,
 Private Sector Partnership and
 Finance Department, Japan
 International Cooperation Agency
 (Formerly Director, Private Sector
 Partnership Division)

CASE 3 Quest to Provide Safe, High-Quality Healthcare to All

Oxygenators supporting cardiovascular surgeries

Support for first open heart surgery in Zambia performed by Zambian surgeons

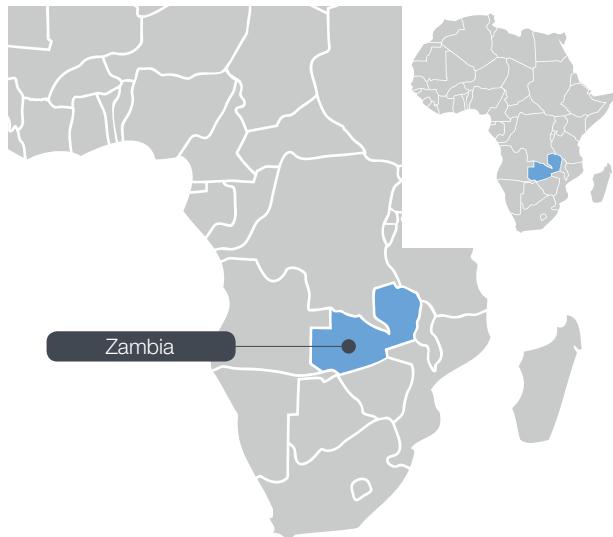
Children with Heart Diseases on Surgery Waiting Lists

Zambia, located inland on the southern portion of the African continent, suffers from lagging development of medical infrastructure coupled with a lack of medical professionals capable of providing advanced medical services. For this reason, patients requiring treatment are constantly unable to receive adequate medical services.

University Teaching Hospital (UTH), the national hospital that provides Zambia's most advanced and specialized medical services, is also faced with a severe lack of medical professionals. UTH is the only hospital in Zambia at which patients can undergo cardiovascular surgeries. In the past, these surgeries have been performed purely by teams of foreign surgeons or visiting surgical teams and only in small numbers, and the necessary surgical techniques were not transferred to Zambian surgeons. As a result, over 200 children with heart diseases are still on waiting lists for surgery.

First Open Heart Surgery Performed by Zambian Surgeons

Tokushima International Cooperation (TICO) is a nonprofit organization that has been providing medical support to Zambia for a number of years. Seeking to address this situation, TICO partnered with UTH in 2017 to commence a program for cultivating a cardiovascular surgery team comprising Zambian surgeons. As part of this program, TICO invited surgeons from Japan to provide intensive training for Zambian surgeons and nurses beginning in September 2017. The goal of this training was to endow these individuals and



other Zambian medical staff with the skills needed to perform open heart surgeries^{*1}. In February 2018, the first surgery for treating atrial septal defect^{*2} to be conducted by Zambian surgeons took place at UTH. Such surgeries have already been conducted on three female patients aged nine, 10, and 18. These three open heart surgeries were performed over a period of four days by a Zambian surgical team consisting of four surgeons, two nurses, and one clinical engineer. Support was provided by Japanese surgeons invited by TICO. The surgeries took longer than normal, but they were able to be completed safely through coordination among the Zambian team and the guidance of the Japanese surgeons.



Surgery in progress



Zambian medical staff, TICO surgeons, and Japanese medical staff invited by TICO that took part in the surgery

Resolving Healthcare Challenges through Innovation and Improving Access to Healthcare

Support for Open Heart Surgeries through Provision of Oxygenators

Terumo supported this project by supplying, free of charge, the oxygenators and cardiovascular circuits needed for training medical professionals as well as the syringe pumps that are used after surgeries. We also provided the oxygenators and cardiovascular circuits required for the actual surgeries. Oxygenators are used to temporarily provide the functions of the lungs in cardiovascular surgeries and other surgeries that entail stopping the heart. Today, hollow fiber oxygenators^{*3} are commonly used. These oxygenators were first developed by Terumo. Since the initial launch of hollow fiber oxygenators in 1982, we have proceeded to implement refinements and improvements to realize more stable gas exchange performance and more compact designs, innovations that have led to Terumo hollow fiber oxygenators being used in medical settings worldwide.

Ongoing Provision of Necessary Products to Support Medical Activities

TICO is continuing its efforts to cultivate Zambian surgeons to ensure that such surgeries can be performed in Zambia reliably and consistently in the future. Similarly, Terumo will keep supporting the activities of TICO through the supply of oxygenators and other initiatives with the aim of making cardiovascular surgeries more readily available in Zambia and other African countries.



Oxygenator with integrated arterial filter

*1 Open heart surgeries are surgeries for treating heart diseases that entail making incisions into the heart of the patient. Heart-lung machines are used during these surgeries to temporarily provide the function of the heart and lungs.

*2 Atrial septal defect is a type of congenital heart disease in which a hole is present in the muscle wall between the left and right atriums of the heart at birth. Congenital heart diseases are said to be occur in one in every 100 people and atrial septal defects are estimated to represent between 7%–10% of these diseases.

*3 Hollow fiber oxygenators are oxygenators that use hollow fiber membranes, which are membranes equipped with gas exchange functions primarily made of microporous polypropylene materials. Oxygen is supplied to the blood flow and carbon dioxide is removed through the numerous tiny holes, which only allow for passage of gas and not blood, in these materials to sustain the life functions of the patient during surgery. (Terumo's oxygenators currently employ a design in which oxygen gas flows through the inner channels of the hollow fiber membrane and blood flows through the outer channels.)

*4 Perfusionists are responsible for operating and managing the extracorporeal circulation equipment (heart-lung machine) that provides the function of the heart and lungs during cardiovascular surgeries. In Japan, these duties are included in the roles of clinical engineers.

Comment from Tokushima International Cooperation (TICO)

CASE 3

I would first like to thank Terumo for their ongoing support of our activities.

We are currently working to train cardiovascular surgery teams at University Teaching Hospital with the goal of saving as many people suffering from heart disease as possible. There are many tasks that need to be tended to if cardiovascular surgeries are to continue. These tasks include enhancing the overall capabilities of the hospital, training Zambian surgeons and perfusionists,^{*4} and ensuring smooth distribution of surgical equipment within Zambia. We will be steadfast in our efforts to address these tasks. I am exceptionally grateful for the various equipment Terumo has provided us, especially those that were donated to us. In January 2019, we plan to begin performing coronary angiography, and the support of Terumo will be all the more important as a result. I hope this good cooperative relationship will continue on into the future.



Dr. Osamu Yoshida

Director, Tokushima International Cooperation (TICO)
Director, Sakura Medical Corporation

CASE 4 Quest to Provide Safe, High-Quality Healthcare to All

Training for medical professionals underpinning safe, high-quality medical services

Planning and implementation of practical training programs based on the needs of Japan's medical settings

Non-Technical Skills Garnering Attention in Medical Settings

Medical progress is giving rise to more sophisticated and complex examination and therapeutic techniques, which in turn is requiring medical professionals to acquire a wider range of increasingly more specialized knowledge and skills. In conjunction with this change in the medical landscape, a trend toward the practice of team approach to healthcare is emerging in Japan's medical field. This practice entails various medical professionals, including physicians, surgeons, nurses, clinical engineers, pharmacists, and nutritionists, working together to support patients. The ability to provide safe, high-quality medical services as a team hinges on the specialized knowledge and skills of team members as well as on their so-called non-technical skills. Examples of non-technical skills include situational judgment capabilities, leadership, communication skills, and teamwork. These skills have been garnering a great deal of attention in medical settings as team approach to healthcare becomes more common. A recent survey reported that more than half of all medical accidents are the result of a lack of non-technical skills.*1

Support from Dedicated Team for Planning and Implementing Training Programs

As a medical device manufacturer, Terumo works to address such issues in medical settings by devoting efforts to planning and implementing medical training programs on the

proper use of medical devices, among other topics. At medical institutions, various training programs are conducted, even as medical professionals go about their busy clinical activities. These programs target specialized professionals, such as residents undergoing clinical training, nurses, and clinical engineers. Several hospitals have requested support in planning and implementing these training programs. Terumo rose to the call by providing support for these tasks and by jointly developing educational tools with hospitals. In 2004, we established a dedicated team for planning and implementing training programs for medical professionals. Since then, we have been carrying out proprietary Terumo training programs on matters such as intravenous injections and safe operation of infusion pumps and syringe pumps for nurses and residents undergoing clinical training.

Fostering of Propensity for Autonomous Thought and Action

Training programs planned by Terumo focus on teaching appropriate use of medical devices and fostering a propensity for autonomous thought and action in participants. Based on this policy, we seek to provide training programs that closely stimulate the conditions found in clinical settings. For this reason, we utilize Terumo Medical Pranex, a comprehensive training facility that recreates the functions of actual hospitals. Through practical training at this facility,



Intravenous injection training at Terumo Medical Pranex (both right and left pictures)



Resolving Healthcare Challenges through Innovation and Improving Access to Healthcare

we seek to help medical professionals gain specialized knowledge and skills while also nurturing their situational judgment capabilities, leadership, communication skills, and other non-technical skills. In recent years, we have also been focusing on the development of programs for cultivating trainers to allow for other medical professionals to continue to receiving training in their respective hospitals after they have completed our programs. Furthermore, 2017 saw the launch of a new training program based on the theme of preventing medical accidents. This program is aimed at hospital medical safety managers as well as the directors and vice directors of hospitals. In addition, medical representatives are dispatched to medical institutions to conduct training programs.

Ongoing Improvements and Revisions While Supporting Medical Professionals

Terumo has continued to conduct its training programs while implementing ongoing improvements and revisions. As a result, the aggregate number of medical professionals we have helped train over the past 10 years exceeds 30,000*² when including Terumo-assisted programs planned and implemented by hospitals. These professionals largely consist of nurses and residents undergoing clinical training. Going forward, Terumo will continue to provide practical training based on the needs of the medical settings to promote safe and appropriate use of medical devices and support the medical professionals responsible for providing safe, high-quality medical services.

*1 Information is based on reports (accident causes) from medical institutions registered with Japan Council for Quality Health Care over the period from January to December 2016 described in *Project to Collect Medical Near-Miss/Adverse Event Information 2016 Annual Report*.

*2 Figure represents the aggregate total of participants from fiscal 2008 to fiscal 2017.

Comment from Associate

CASE 4

In the medical field, hospitals must work to cultivate talented human resources in order to attract patients. Fostering the trainers that conduct training at hospitals is therefore a matter of utmost importance.

Terumo's team of associates that have clinical experience as nurses and are well versed in education provides trainer-development programs that were created together with medical professionals. Recently, it has become common for training programs to focus on improving the overall capabilities of participants, including the ability to make judgments based on their insight and techniques as well as their attitude. Terumo has therefore developed programs based on the theme of fostering a propensity for autonomous thought and action centered on simulation training. We continually revise and improve these programs to ensure that they always match the needs of the medical settings. These training programs have won praise from the managers of medical facilities that have undergone training, stating that our reliable programs offer instruction based on the fundamentals and that participants have been increasingly exercising flexible ingenuity in the guidance they provide at hospitals, as had been anticipated.

Moving forward, we will continue to provide training on the appropriate use of medical devices to cultivate medical professionals that can design training programs for preventing medical accidents and infections in hospitals.



Sanae Hoshino

General Manager, Clinical Support
Hospital Systems Division,
General Hospital Company,
Terumo Corporation

Ensuring the Safety and Quality of Products and Services

Basic Approach

At the Terumo Group, we strive to enhance product quality and achieve continuous improvement in quality systems and processes to promise safety and reliability to medical settings. High product quality is one of the hallmarks of the Terumo Group, and we work to improve quality in every process from product design to manufacturing. We do this by identifying and acting on even the smallest matters that could improve safety and reliability, by concentrating on improving the quality and speed of individual processes, and by pursuing the 3Gs principle that places great importance on *Gemba* (field/floor), *Genbutsu* (actual product), and

Genjitsu (reality). In addition, we seek to ensure that our products are used in a safe and appropriate manner by providing training opportunities for medical professionals, practicing proper information disclosure, and actively communicating with customers.

Contained in the Mid- to Long-term Growth Strategy, which covers the five-year period from fiscal 2017 to fiscal 2021, is the Mid- to Long-term Vision, which calls on us to earn the trust of medical settings globally as a top brand and to ensure world-class trust with Total Quality comprised of reliable products, supply, and services.

Quality Management Structure

The Terumo Group has developed a quality management structure headed by its Chief Quality Officer (CQO). As the head of Groupwide quality divisions, the CQO is responsible for overseeing efforts to promote stringent Group quality governance and improve the quality of products.

With this structure in place, the Terumo Group has established a quality assurance system, promotes compliance with domestic and overseas regulations, and provides product quality improvement guidance to production sites. Furthermore, global meetings are held regularly, and these meetings are attended by the CQO as well as by associates responsible for quality at individual production sites. These meetings provide an opportunity to share and disseminate

Group policies, build consensus with regard to issues, formulate improvement measures, and exchange information on trends in the regulations and standards of various countries. We also strive to prevent quality issues by implementing a PDCA (plan-do-check-act) cycle that entails gathering quality-related information from across the Group, analyzing quality risk, conducting assessments, pursuing improvements, and sharing quality information.

In 2018, the Terumo Group developed its Global Quality Policy, which details the practices we expect associates to adhere to across the Group. Guided by this policy, we are working to achieve higher levels of quality management on a Groupwide basis.

Quality Management System

Quality Management System Compliant with International Regulations and Standards

Since establishing 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 existing quality assurance system based on the pharmaceutical Good Manufacturing Practice (GMP) standard. Following the acquisition of manufacturing and sales approval for regenerative medicine products in Japan, we put in place the related quality assurance systems in fiscal 2016. Today, we continue efforts to ensure that our quality management system is compliant with global requirements. As part of these efforts, all medical device production sites have acquired certification under ISO 13485, the international quality standard for medical devices.

We also keep up to date with and respond swiftly to 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 U.S. Food and Drug

Administration (FDA) regulations, which have been strengthened in recent years; the Medical Device Single Audit Program,* which has been enacted in response to global harmonization trends; and emerging country regulations, which are rapidly being tightened. Furthermore, in response to the May 2017 launch of the European Medical Device Regulation (MDR), which is to be enacted in May 2020, we are advancing compliance preparations at relevant divisions and otherwise enhancing our quality management system.

For the purpose of pursuing ongoing improvements to our quality management system, we disseminate information on new standards and regulations among associates in divisions to which this system applies and also conduct education and training every year to elevate the quality awareness of such associates.

* The Medical Device Single Audit Program is a program through which audits are conducted at once (collectively) based on common standards pertaining to the relevant medical device regulations in each country. The participating countries are the United States, Canada, Brazil, Australia, and Japan.

Ensuring the Safety and Quality of Products and Services

Quality Policy

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 policies devised by top management are incorporated into objectives of individual divisions and associates.

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.

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

Internal and External Audits to Improve Quality Management System Effectiveness

Terumo conducts internal audits to objectively evaluate whether its quality management system is being appropriately implemented and followed. The audits are conducted by associates who have been trained and received internal certification authorizing them to perform internal audits.

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; U.S. regulations, and those of European and other countries; and the requirements of corporate customers.

We continuously improve our quality management system based on the results of these internal and external audits.

Collection and Disclosure of Safety and Quality Information

Terumo has established frameworks for collecting safety and quality information from customers and disclosing this information based on the laws and regulations of countries of operation. We also analyze information from customers and share the findings with relevant divisions for use in improving quality and in developing new products.

Medical representatives (MRs), who are responsible for providing information to medical institutions, encourage customers to properly use medical devices and pharmaceuticals. MRs also collect accurate information from medical institutions and swiftly provide information to institutions to ensure the effectiveness and safety of our products.

The Terumo Call Center in Japan receives about 210,000 telephone and email inquiries per year from general consumers, medical institutions, and distributors. We respond to emergency calls, such as those pertaining to peritoneal dialysis or diabetes-related products, 24 hours a day, 365 days a year. As Terumo handles a wide range of products—from those designed for medical institutions to those for home medical care—the call center staff includes experts in every required field to ensure that all inquiries are addressed promptly and appropriately. To improve the quality of service at our call center, the staff at the center regularly receive

training on product knowledge and communication skills and are tested twice a year to ensure that they are properly equipped to respond to inquiries and provide customers with satisfactory results.

The Post-Market Surveillance and Vigilance Department collects and evaluates information on safety, quality, and proper use of post-market products and issues reports on these matters to government authorities. The collected information is utilized in prompt and detailed communication by delivering this information in various ways, including incorporating important information in package inserts, transmitting information through our website or via industry organizations, and sending MRs to medical institutions to provide explanations face-to-face. Furthermore, we use the accumulated information to develop, refine, and improve products and support medical safety training at medical institutions (T-PAS*). Terumo is also moving forward with the development of safety information management systems and the reinforcement of monitoring of information collection activities overseas.

* For information on T-PAS, please refer to page 20.

Ensuring the Safety and Quality of Products and Services

Training Medical Professionals

Basic Approach

Terumo believes that medical devices can be effective only if they are used correctly. Accordingly, 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

how to apply treatment procedures. The information collected from the medical field through these activities is utilized in the development of new products and in the refinement and improvement of existing products.

Terumo Medical Pranex™ Comprehensive Medical Training Facility

Terumo Medical Pranex was established to develop and spread the use of medical technologies. Using spaces that realistically simulate hospital facilities and private homes, Terumo Medical Pranex provides practical training for medical professionals and serves as a venue for collaborative product development. Visitors to Terumo Medical Pranex include medical professionals from inside and outside Japan as well as foreign officials. Terumo Medical Pranex has hosted over 140,000 visitors since its opening in 2002. Terumo Medical Pranex is equipped with catheterization laboratories, where trainees can use blood vessel models that faithfully recreate the flow of blood through the brain and heart along with Terumo's original training tools to learn how to perform advanced interventional therapies. There are also operating rooms where medical professionals can receive training in cardiovascular surgery using an extracorporeal life support system as well as on how to operate heart-lung machines, which are critical to cardiac surgery, among various other types of training. With a simulated

hospital environment including operating rooms, an intensive care unit (ICU), medical ward, and staff station, Terumo Medical Pranex offers a realistic environment for conducting a broad array of trainings for physicians, nurses, pharmacists, clinical engineers, and others. It has also developed unique training programs on the basics of proper and safe use of medical devices and for expert trainers who can train new medical professionals.



Training being performed at Terumo Medical Pranex

Support for Training at Medical Institutions to Improve Medical Safety

To prevent accidents during the use of syringes, IV solution sets, and other medical devices, Terumo conducts training sessions known as T-PAS*¹ at medical institutions.*² T-PAS emphasizes critical points in the use of individual devices among those described in package inserts and enables medical professionals to learn through hands-on training scenarios. The value of this program is illustrated by the feedback of medical professionals that have participated, 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 at the Annual Congress of Japanese Society for Quality and Safety in Healthcare.



T-PAS training session

*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 2017, T-PAS training was conducted in approximately 1,500 venues, including regional training sessions, sales agent locations, and 1,250 medical institutions.

Managing Supply Chains That Support Stable Supply

Basic Approach

Based on the Code of Conduct for the Terumo Group (SAKURA Rules), Terumo promotes fair, impartial, and highly transparent procurement activities and compliance with the laws of all relevant countries. Moreover, we have established business continuity plans (BCPs) regarding material procurement to help us develop sustainable value chains to

ensure the stable supply of high-quality products for the medical settings. We also ask suppliers for their understanding and cooperation with regard to quality, compliance, and environmental, health, and safety (EHS) initiatives and coordinate with these partners in these areas.

Promotion System

The Procurement Department of Terumo Corporation plays a central role in establishing and implementing procurement rules, developing BCPs regarding procurement, and promoting thorough compliance with Japan's Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Act) and other purchasing-related laws. This department also coordinates with relevant divisions when selecting new raw materials and components to be procured and conducts inspections on these articles from the perspectives of supply reliability, safety, and environmental impact.

In actual purchasing activities, domestic and overseas factory purchasing teams manage suppliers based on the Group's Quality Management System. The Procurement Department coordinates with these teams to facilitate purchasing activities that are optimal from a Companywide perspective with consideration to quality, prices, and supply

reliability. In recent years, we have pushed forward with the globalization of our procurement functions in response to the global expansion of our sales and production activities accompanying overseas acquisitions. For example, the Procurement Department held the Global Procurement Management Meeting in fiscal 2017, which was attended by representatives from domestic and overseas factory purchasing teams. Future initiatives aimed at the global optimization of our procurement functions will include sharing information and examining the possibility of establishing Groupwide procurement policies.

Furthermore, the Environmental Management Department coordinates with the Procurement Department in EHS initiatives implemented across the supply chain, which are advanced while gaining the understanding and cooperation of suppliers.

Reinforcement of Quality Management

In order to further improve product quality, Terumo proactively seeks to strengthen quality management—not only of raw materials, but also of production equipment, mold design, and outsourced processes. In recent years, supplier control has become increasingly important due to tighter regulations pertaining to global quality management systems.

We therefore work to gain suppliers' understanding with regard to how the raw materials and services they provide affect the quality of finished products. Suppliers cooperate by continuously improving their quality and allowing us to perform regular audits of their quality management systems.

Procurement-Related BCPs

With quality and supply reliability as its top priority, Terumo strives to procure articles from the most ideal location. In accordance with the basic policy of BCPs—that healthcare must not be stopped—we have formulated a medical supply BCP that incorporates our experience with the Great East

Japan Earthquake, the Kumamoto Earthquake, and other disasters. Implemented with the understanding and cooperation of suppliers, this plan is part of our efforts to establish systems that ensure we are able to reliably procure the necessary raw materials.

Managing Supply Chains That Support Stable Supply

Briefings for Suppliers

Terumo holds briefings for major suppliers once a year. These briefings are used as opportunities to explain conditions pertaining to Terumo's management, production, and procurement as well as the Company's production and procurement policies. We also discuss the current state of

the healthcare industry and our outlook for the future and work to gain the understanding and cooperation of suppliers with regard to the actions necessary to realize the quality and supply reliability required for the medical settings.

EHS Initiatives Related to Procurement

Terumo's business activities hinge on the support of various suppliers. Accordingly, Terumo strives to ensure a stable supply of products by implementing EHS initiatives across the value chain and endeavoring to reduce EHS risks throughout the supply chain. Initiatives in fiscal 2017 included informing suppliers of the raw materials, components, and

other articles used in our products of the important matters pertaining to EHS and asking for their cooperation with regard to these items. We also administered surveys to better understand the status of EHS-related initiatives of suppliers.

Important Matters Pertaining to EHS Communicated to Suppliers

- Terumo Global EHS Policy
- Request for respect for EHS laws and regulations and social norms
- Request for management of and cooperation with surveys on information on the chemical substances contained in products
- Request for risk assessments and appropriate management of chemical substances
- Request for energy and resource conservation and other environmental preservation activities
- Request for initiatives to prevent occupational accidents

Compliance Education Regarding Purchasing

Terumo has introduced a purchasing system that features enhanced functions for conducting checks on compliance with the Subcontract Act. By conducting order placement and payment procedures through this system, we aim to

ensure compliance with the Subcontract Act. Moreover, an e-learning program on the Subcontract Act was instituted in fiscal 2017 targeting all associates at Terumo Corporation and at domestic Group companies.

Ensuring Occupational Safety and Promoting Health

Basic Approach

Ensuring the occupational safety and promoting the health of employees is an important social responsibility for companies and is crucial to sustainable growth. Acting in accordance with the Terumo Global Environment, Health and Safety (EHS) Policy, the Terumo Group advances

initiatives for ensuring occupational safety and promoting the health of its employees throughout all of its business activities and strives to develop safe and comfortable work environments.

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.

Ensuring Occupational Safety and Promoting Health

Management System

EHS Management System

Based on Terumo Global EHS Policy, we employ an EHS management system that is compliant with international environmental (ISO 14001:2015) and occupational health and safety (OHSAS 18001, ISO 45001) standards.

As a key part of Terumo's focus on sustainability in business, EHS Policies, goals, activity plans, and risks are discussed and related decisions are made by the Corporate EHS Committee and then reflected in EHS activities at

Terumo Group sites worldwide. EHS Expert Subcommittees, consisting of experts drawn from individual business sites, have been established under the Corporate EHS Committee. The Health and Safety SC, one of these subcommittees, is responsible for formulating targets and plans related to occupational health and safety.

Organization for Company-wide Promotion of the EHS Management System



● OHSAS 18001 (Occupational Health and Safety) and ISO 14001 (Environmental) 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 OHSAS 18001 and ISO 14001:2015 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

Ensuring Occupational Safety and Promoting Health

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 (sort, set in order, shine, standardize, sustain) programs are conducted. Results of improvement measures are shared with the Occupational Health and Safety Management Committee, which then discusses further actions to take.

EHS internal audits are performed regularly to identify any potential occupational health and safety risks. Should areas requiring improvement be discovered, corrective measures will be implemented. In addition, individual business sites have established procedures to prevent and lessen the severity of any EHS accidents should they occur. They also regularly conduct emergency response training and review results.

Preventing deaths and serious accidents and reducing the number of minor accidents are ongoing objectives at Terumo.

Industrial Accidents Resulting in Lost Working Days, Frequency Rate^{*1}, and Severity Rate^{*2}

	FY2013	FY2014	FY2015	FY2016	FY2017
Accidents resulting in lost working days	0	4	4	2	3
Frequency rate	0.00	0.45	0.44	0.23	0.34
Severity rate	0.00	0.02	0.00	0.02	0.85

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

*2 Severity rate: Lost working days per 1,000 working hours.

Promotion of Associate Health Improvement

Basic Approach

Terumo recognizes that healthy associates are crucial to sustainable growth. As a company tasked with contributing to the development of healthcare, we are committed to

ensuring that our associates can remain healthy and to providing them with an environment that allows them to feel energized in their work.

Kenko Keiei™ (Health and Productivity Management)

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

* "Kenko Keiei", the Japanese term for "Health and Productivity Management", is a registered trademark of the Workshop for the Management of Health on Company and Employee, a non-profit organization. Terumo, as a supporting member of this organization, endorses its principal aims.

Message from Top Management

(Excerpted from a message to all associates from Terumo's chairman of the board and president and CEO.)

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.

Ensuring Occupational Safety and Promoting Health

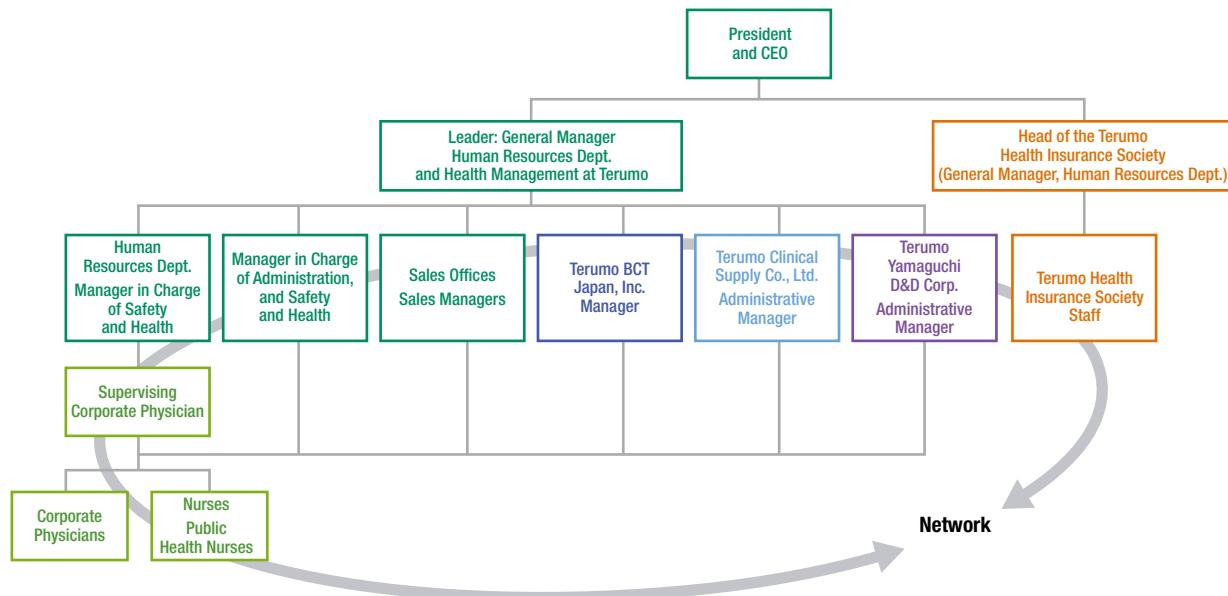
The Kenko Keiei System

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 Society 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 society.

Terumo “Kenko Keiei” Promotion Team



Basic Approaches and Major Initiatives

At Terumo, we will analyze past diagnostic results and medical expense data to set policies and formulate annual action plans to be implemented all Group companies in Japan. Initiatives based on policies and plans are advanced, and their results are quantitatively and qualitatively verified on an annual basis. In addition, internal Kenko Keiei surveys are conducted to incorporate associate input and needs into a Kenko Keiei PDCA (plan-do-check-act) cycle.

For example, the Company, its health insurance Society, 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.

Efforts on Prevention, Early Detection and Treatment Support

Prevention		Early Detection		Treatment Support	
Exercise					
Company-Sponsored Gym Memberships	Walking Campaign	Periodic Health Checkups	Lifestyle-related Disease Checkups (Cancer screening)	Medical Expense Support	
Financial Support for Vaccines		Women's Health Checkups	Dental Checkups	Oral Care	
Influenza	Cervical Cancer	Financial Support for Comprehensive Neurological Exams	Financial Support for Comprehensive Medical Exams	Health Consultations	
Vacation Time		Follow-On Exams	Financial Support for Breast Cancer MRIs	Metabolic Syndrome and Diabetes Prevention	
Lodging Subsidies for Travel	Pre-arranged Rest and Relaxation Facilities			Workplace Support for Associates Diagnosed with Cancer	
				Smoking Cessation	

Ensuring Occupational Safety and Promoting Health

Terumo's Kenko Keiei Policies and Initiatives in Japan

① Reduction of the Ratio of Smokers and the Ratio of Associates Diagnosed with Metabolic Syndrome

We are working to prevent the onset of lifestyle-related diseases. For that, we aim to reduce the ratio of smokers to less than 20% and the ratio of associates diagnosed with metabolic syndrome to less than 22%.

Reduction of Smokers

Major initiatives	Initiative results												
<ul style="list-style-type: none"> Prohibition of smoking at work Seminars on quitting smoking Distribution of tools to assist in quitting smoking Financial support for receiving outpatient smoking cessation assistance or purchasing aids for quitting smoking Prohibition of smoking on premises of the Company and the Group companies. 	<p>These initiatives have been steadily generating results, prompting us to set a new target of reducing the ratio of smokers to less than 20% in fiscal 2018.</p> <p>Ratio of Smokers (%)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio of Smokers (%)</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>33.5</td> </tr> <tr> <td>2014</td> <td>32.5</td> </tr> <tr> <td>2015</td> <td>31.2</td> </tr> <tr> <td>2016</td> <td>25.8</td> </tr> <tr> <td>2017* (FY)</td> <td>24.7</td> </tr> </tbody> </table> <p>* The ratio of smokers in fiscal 2017 was calculated using data collected in May 2018.</p>	Year	Ratio of Smokers (%)	2013	33.5	2014	32.5	2015	31.2	2016	25.8	2017* (FY)	24.7
Year	Ratio of Smokers (%)												
2013	33.5												
2014	32.5												
2015	31.2												
2016	25.8												
2017* (FY)	24.7												

Prevention of Metabolic Syndrome

Major initiatives	Initiative results												
<ul style="list-style-type: none"> Special health guidance Promotion of walking (campaign in which associates enter step counts into a web-based application and receive prizes for achieving goals, etc.) Diet programs based on recording data using HR Joint body composition monitors and physical activity monitors 	<p>Terumo has instituted a long-term walking promotion campaign with the aim of preventing metabolic syndrome. However, the campaign failed to achieve improvements in BMI and other indicators. We thus chose to implement diet programs based on recording data using HR Joint body composition monitors in fiscal 2017.</p> <p>Ratio of Associates Diagnosed with Metabolic Syndrome*¹ (%)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio of Associates Diagnosed with Metabolic Syndrome (%)</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>22.2</td> </tr> <tr> <td>2014</td> <td>22.2</td> </tr> <tr> <td>2015</td> <td>24.5</td> </tr> <tr> <td>2016</td> <td>23.8</td> </tr> <tr> <td>2017*² (FY)</td> <td>23.8</td> </tr> </tbody> </table> <p>*¹ The ratio of associates diagnosed with metabolic syndrome is calculated based on the number of associates whose body metrics have surpassed the threshold for being judged to have metabolic syndrome and those that are at risk of surpassing this threshold. *² The ratio of associates diagnosed with metabolic syndrome in fiscal 2017 was calculated using data collected in May 2018.</p>	Year	Ratio of Associates Diagnosed with Metabolic Syndrome (%)	2013	22.2	2014	22.2	2015	24.5	2016	23.8	2017*² (FY)	23.8
Year	Ratio of Associates Diagnosed with Metabolic Syndrome (%)												
2013	22.2												
2014	22.2												
2015	24.5												
2016	23.8												
2017*² (FY)	23.8												

TOPIC

Prohibition of Smoking on Premises of Factory in the Philippines

In July 2018, Terumo (Philippines) Corporation (TPC) became the first Terumo Group production base outside Japan to prohibit smoking anywhere on its premises.

TPC has been proactive in its initiatives to encourage associates to stop smoking through seminars and other means. The company has also taken other steps to improve associate health, including holding Zumba dance exercise classes and sports events and providing health meals in associate cafeterias.

As seen at TPC, the Terumo Group's efforts to practice Kenko Keiei with an emphasis on associate health are spreading outside of Japan.



Prohibition of smoking on premises of factory

Ensuring Occupational Safety and Promoting Health

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 continue to work while they are being treated.

Cancer Screenings

Major initiatives	Initiative results																
<ul style="list-style-type: none"> Full compensation of fees for checkups for lifestyle-related diseases (cancer screening) by Terumo health insurance society, ability to undergo such checkups together with regular checkups required by law and during work hours to improve convenience and thereby raise checkup rates Encouragement of secondary examinations when initial examinations warrant more detailed examinations System to help associates continue to work while undergoing cancer treatment 	<p>In fiscal 2017, all associates underwent regular checkups required by law and more than 80% received secondary examinations when warranted.</p> <p>Ratio of associates undergoing cancer screening in fiscal 2017*</p> <table border="1"> <thead> <tr> <th>Organ</th> <th>Ratio (%)</th> </tr> </thead> <tbody> <tr> <td>Stomach</td> <td>92</td> </tr> <tr> <td>Colon</td> <td>86</td> </tr> <tr> <td>Upper abdomen</td> <td>93</td> </tr> <tr> <td>Lung (sputum)</td> <td>28</td> </tr> <tr> <td>PSA</td> <td>81</td> </tr> <tr> <td>Breast</td> <td>70</td> </tr> <tr> <td>Cervix</td> <td>61</td> </tr> </tbody> </table> <p>* Figures are based on data collected in May 2018.</p>	Organ	Ratio (%)	Stomach	92	Colon	86	Upper abdomen	93	Lung (sputum)	28	PSA	81	Breast	70	Cervix	61
Organ	Ratio (%)																
Stomach	92																
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Lung (sputum)	28																
PSA	81																
Breast	70																
Cervix	61																

③ Women's Health

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

Major initiatives	Initiative results																		
<ul style="list-style-type: none"> Seminars on importance of receiving breast and cervical cancer screening Financial support for receiving cervical cancer vaccines Financial support for undergoing MRI breast cancer examinations* <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>	<p>Breast cancer and cervical cancer screening rates are on the rise.</p> <p>Breast cancer and cervical cancer screening rate</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Breast cancer screening rate (%)</th> <th>Cervical cancer screening rate (%)</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>60.6</td> <td>55.9</td> </tr> <tr> <td>2014</td> <td>60.6</td> <td>54.8</td> </tr> <tr> <td>2015</td> <td>68.9</td> <td>60.9</td> </tr> <tr> <td>2016</td> <td>71.5</td> <td>62.4</td> </tr> <tr> <td>2017* (FY)</td> <td>69.9</td> <td>61.0</td> </tr> </tbody> </table> <p>* The breast cancer and cervical cancer screening rate in fiscal 2017 was calculated using data collected in May 2018.</p>	Year	Breast cancer screening rate (%)	Cervical cancer screening rate (%)	2013	60.6	55.9	2014	60.6	54.8	2015	68.9	60.9	2016	71.5	62.4	2017* (FY)	69.9	61.0
Year	Breast cancer screening rate (%)	Cervical cancer screening rate (%)																	
2013	60.6	55.9																	
2014	60.6	54.8																	
2015	68.9	60.9																	
2016	71.5	62.4																	
2017* (FY)	69.9	61.0																	

④ Encouragement of Self-Help

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

Major initiatives
<ul style="list-style-type: none"> Dedicated Kenko Keiei intranet site offering information on Terumo's Kenko Keiei, messages from top management, health improvement support, initiatives as business sites, and healthcare practices of associates Financial support for dental examinations and oral care to help raise awareness of dental diseases, which can contribute to lifestyle-related diseases

Ensuring Occupational Safety and Promoting Health

● 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.

* Source: Cancer Registry and Statistics, Cancer Information Service, National Cancer Center, Japan. According to this data (2014), 62% of men and 47% of women will be diagnosed with cancer during their lifetimes.

Types of Support

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

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

● Membership in KENKO Kigyo Kai

Terumo is a member of the KENKO Kigyo Kai, an organization of companies committed to the idea that employee health should be a top management priority. 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.



External Recognition

In recognition of the effectiveness of its Kenko Keiei initiatives, Terumo has been selected by Japan's Ministry of Economy, Trade and Industry for inclusion in the Health & Productivity Stock Selection* for four consecutive years beginning with fiscal 2014.

Terumo has also been included in the Excellent Enterprise of Health and Productivity Management—White 500 selection for two consecutive years beginning with fiscal 2016. Furthermore, Terumo received awards in fiscal 2017 from

the Tokyo Metropolitan Government and through the Ministry of Health, Labour and Welfare's Action Plan for Companies Promoting Cancer Prevention in recognition of its efforts to support employees that work while fighting cancer.

* 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.

Major Kenko Keiei Selections, Certifications, and Awards

- Health & Productivity Stock Selection (fiscal 2014, fiscal 2015, fiscal 2016, and fiscal 2017)
- Excellent Enterprise of Health and Productivity Management—White 500 (fiscal 2016 and fiscal 2017)
- Tokyo Sports Promotion Company (fiscal 2015, fiscal 2016, and fiscal 2017)
- Sports Yell Company (fiscal 2017)
- Cancer Prevention Partner Award (Encouragement of Cancer Treatment While Working Category), Action Plan for Companies Promoting Cancer Prevention, Ministry of Health, Labour and Welfare (fiscal 2017)
- Award of Excellence, Awards for Companies Supporting Cancer Patients in Receiving Cancer Treatment While Working, Tokyo Metropolitan Government (fiscal 2017)



Creating Workplace Environments Where Diverse Associates Can Demonstrate Their Skills and Abilities

Basic Approach

The Terumo Group refers to all of its employees as “associates” to reflect the fact that they are viewed as valued colleagues. We recognize our associates as important assets in order for the Terumo Group and its associates to grow together and contribute to society through healthcare. Based on this recognition, we cultivate workplaces that are

conducive to contributions by diverse individuals and place emphasis on fostering associates and increasing their value to the Group. At the same time, we expect associates to seek improvements in their own value and make proactive contributions to the development of the Terumo Group.

Fostering of a Motivating and Challenging Work Environment

At Terumo, we respect the individuality of our associates while working to foster a workplace environment 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

At the root of what motivates our associates is the strong belief that our work is meaningful. This is captured in our corporate mission, “Contributing to Society through Healthcare.”

Since 2013, we have been conducting an in-house event around the world called “Terumo Patient’s Day” to provide 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. At Terumo Patient’s Day, associates listen to moving accounts of what patients have experienced in their struggle to overcome illness. This enables associates

to directly reflect on the connection between their everyday work and frontline patient healthcare.



Terumo Patient's Day event

Internal Award Programs

Terumo has developed various internal award programs with the aim of heightening the motivation of its associates.

The Terumo Global Awards is an annual award program open to all Terumo Group companies. This program is designed to recognize associates that have made large contributions to either the Group or society through business success or excellence in community outreach. In fiscal 2017, awards through this program were presented in recognition of accomplishments such as business success, global projects, new product developments and launches, and efforts toward swift recovery from the impacts of natural disasters.

In addition, Terumo recognizes associates that work diligently in lesser acknowledged endeavors through the “Gemba-no Hokori” Awards (literally, the “Honor the Frontline” Awards), 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 2017, “Gemba-no Hokori” awards were presented to five associates from among the roughly 60 associates nominated by frontline operating sites. Among the recipients was an associate that contributed to maintaining the quality of imported goods as a manager at a warehouse product processing center as well as an associate that supported the medical field for more than three decades as a blood collection tube sales specialist.

Various other unique award programs can be found at Terumo Group companies around the world.



Terumo Global Award ceremony

Creating Workplace Environments Where Diverse Associates Can Demonstrate Their Skills and Abilities

Appointment of Engineers as “Terumo Fellows”

For Terumo to increase the value of its presence on a global scale and achieve sustainable 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.

In 2016, Terumo 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. An additional associate was appointed in 2018, bringing the total number of Terumo Fellows to five.

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 it to grow and develop together with its associates. In Japan, all non-managerial associates are members of the workers’ union (Terumo utilizes a union shop system). 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, we arrange forums for discussions with senior management as well as regular management–worker conferences, held once a month in principle. By facilitating reciprocal communication through such forums, the relationship

between management and the workers’ union has been developed into one in which both sides work as partners to bring about mutual growth and development.

In addition, we hold timely discussions regarding work style reforms, Kenko Keiei (Health and Productivity Management), and other Companywide measures to support the endeavors of associates through a united management–worker effort.

Outside of the management–worker dialogue, views are freely exchanged throughout the Company through surveys and feedback via the workers’ union.

Improvement of Our Organizations through Employee Engagement Surveys

In conjunction with the globalization of the operating environment, Terumo’s organizations are becoming increasingly diverse and complicated as the Company continues to grow. Recognizing this situation, Terumo administers employee engagement surveys aimed at developing an objective understanding of the circumstances facing each organization to enable divisions to autonomously pursue improvements based on the characteristics of their business and organization.

Employee engagement surveys are administered to associates at all business sites in Japan once a year. These surveys contain 64 questions through which associates rate their levels of anticipation and satisfaction with regard to the Company, workplace, and supervisors. In fiscal 2017, 86%

of associates responded to the surveys. The findings of these surveys indicate that the social contributions made through Terumo’s business and the great potential seen in this business are powerful sources of motivation for our associates and that this motivation is a strength of Terumo.

Feedback trainings are held at all divisions to relay the findings of these surveys to associates. In addition, the strengths and weaknesses of each organization are objectively identified and analyzed to formulate and implement action plans for improving these organizations.

Terumo is committed to fostering a corporate culture that contributes to the motivation of associates. Employee engagement surveys will be utilized as a tool for energizing our associates and organizations in order to accomplish this goal.

Human Resource Development

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 OJT.

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.

Creating Workplace Environments Where Diverse Associates Can Demonstrate Their Skills and Abilities

Terumo Training Scheme in Japan (Terumo Corporation)



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.

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 870 associates have responded to job postings on the ACE system so far, and over 180 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.



ACE In-house Job Posting System logo urging associates to "Take Charge of Your Career!"

Level- and Role-Based Support for Growth

Terumo supports the ongoing growth of its associates through training designed to help them acquire the skills necessary at various levels and in various roles. In fiscal 2018, we launched a new career design training program

targeting associates turning 50. This program is meant to provide veteran associates with an opportunity to reevaluate the contributions they can make through the skills they have cultivated thus far.

Programs Supporting Associates That are Passionate for Growth

At Terumo, a diverse range of opportunities are provided for all associates that have a passion for growth, whether they are new to the organization or veterans. The available programs cover a wide range of subjects, including strategic accounting

and finance, marketing, leadership, and English, to ensure that associates can find a program that suits their needs.

The basic requirement for these programs is that employees express their desire to participate on their own will.

Creating Workplace Environments Where Diverse Associates Can Demonstrate Their Skills and Abilities

Cultivation of Future Leaders

Terumo plans and implements selective leader training programs with the aim of cultivating the leaders that will take charge of management in the future. Several programs have been developed to cover a wide range of associates, spanning from new associates to executive officers, to ensure that we can identify future management candidates from

among all levels. These programs cover such topics as management perspectives, management capability assessments, management literacy, and liberal arts. The rigorous curriculums of these programs are designed to support the growth of associates aspiring to take part in management in the future.

Support for Obtaining MBAs and Other Qualifications

In Japan, Terumo has created a system that aims to develop the global human resources needed to execute its 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 leave that had 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.

Cultivation of Associates through Research and Development Targeting Innovation

Terumo conducts research and development on an ongoing basis with the aim of contributing to the advancement of healthcare through innovation created by merging the knowledge and technologies in specialized fields that associates have learned at educational institutions. Moreover, associates are given access to the Advanced Terumo Medical Academy (ATOM) program after joining the Company so that they can quickly acquire the medical insight required of Terumo engineers. In this program, associates study medical textbooks via e-learning, receive lectures from doctors, nurses, pharmacists, and other medical professionals active in clinical settings, and take part in a training curriculum.

In addition, we promote networking among engineers, utilize internal social media services to facilitate in-house development, and perform medical device surveys through means that go beyond the standard connections between business sites. Terumo also actively provides opportunities

for associates to learn about new development approaches. For example, we are incorporating training on the Biodesign Program, a medical device development approach originating from the United States.

Terumo is well aware of the importance of flexible thinking, broad insight, and interpersonal networks. For this reason, we actively support those associates that seek to undergo external training through short-term or medium-term programs of their own accord. External training provides opportunities to acquire insight and technologies not available within the Company through instruction from external instructors and also helps associates form interpersonal networks. The types of external training available to associates include the Management of Technology program, biomedical engineering curriculum, and other curricula as well as inter-industry personal exchanges.

Transmission of Skills and Experience through Development of Monozukuri Associates

At its production sites, Terumo promotes the transfer of skills, experience, and “monozukuri” (product creation) spirit from veteran associates to their younger colleagues. To this end, we are developing systematic curricula for various levels as well as training environments and instructors. In addition, Terumo continues to hold its annual “Ikuseijuku” training to teach new associates assigned to engineering or development positions about the principles of *Gemba* (field/floor), *Genbutsu* (actual product), and *Genjitsu* (reality).

As another step in this effort, we established the Production Human Resources Development Center in 2014 in Japan.

Here, Terumo Expert System (TES) associates—veteran associates 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.

Creating Workplace Environments Where Diverse Associates Can Demonstrate Their Skills and Abilitieses

Promotion of Diversity

At the Terumo Group, we promote acceptance toward diverse associates, of all ethnicities, nationalities, genders, religions, and physical characteristics, and respect for individuals with the aim of creating working environments that enable associates to grow together with the organization. By accepting 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.

At Terumo, we established the Diversity Promotion Department in 2013 to promote diversity on a Company-wide basis from a variety of perspectives.

Promotion of Active Participation by Female Associates

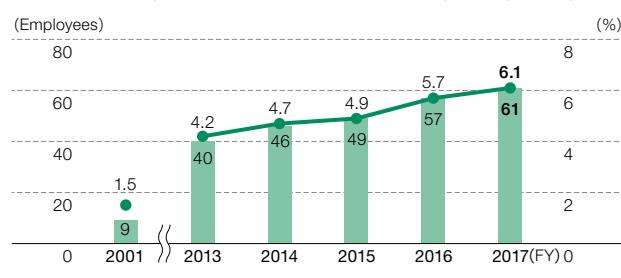
As a first step in channeling mutual recognition of diversity toward corporate growth, Terumo's top management has committed itself to promoting active participation by female employees in Japan. To create the environment, culture, and awareness that enable greater participation by women, we provide 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.

As of March 31, 2018, 14.7%* of Terumo's associates and 6.1%* of its managers were women.

In one such effort, we created a logo for use in purposes such as internal education activities. Based on the theme of "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.



**Number and Percentages of Female Managers
(Domestic Terumo Corporation associates and Japanese associates dispatched or seconded to Group companies)**



■ Number of female managers in Japan ● Percentage (right)

* Domestic Terumo Corporation associates and Japanese associates dispatched or seconded to Group companies

● Development of Female Leaders through the Mentoring System

Terumo has developed the mentoring system, which pairs female associates in leadership positions with female managers 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. The manager acting as the mentor functions as a role model to the female leader aspiring to reach management positions, helping raise their awareness and skills to increase the number of female associates involved in leading the organization.



Fiscal 2017 training under the Mentoring System

Creating Workplace Environments Where Diverse Associates Can Demonstrate Their Skills and Abilities

● Support for Helping Associates Return to Work after Childbirth and Childcare Leave

In fiscal 2013, we began holding an annual career-resumption seminar for female associates currently on childbirth or childcare leave and their supervisors. This seminar was attended by 18 individuals in fiscal 2017.

At Terumo, we are seeing an increase in the number of associates, both male and female, that seek to continue their careers while caring for children or providing nursing care. Especially noteworthy is the recent rise in female medical representatives (MRs) who aim to balance their work with raising children. At the fiscal 2017 seminar, we invited female MRs and other female associates that had returned to work after taking childcare leave to talk about their experiences and discuss the attitudes and support systems needed to balance work and childrearing while achieving personal growth.

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 for aiding associates in adopting diverse work styles to fully exercise their skills and thereby supporting their career development over the long term.



Fiscal 2017 career-resumption seminar

● Lectures on Women's Health

By helping to better understand the various physical and mental changes that women undergo during their various life stages, Terumo assists its female associates in learning about how to approach their work in light of these changes and how to self-manage their condition. We thereby aim to support female associates in feeling empowered in their career development efforts.

In April and May 2018, we held lectures on changes in the social environment pertaining to women and life-long healthcare for women. These lectures were meant to provide an opportunity for female associates to think about how to maintain their health over the long term while developing a fulfilling career.

- For information on other initiatives, please refer to the "Promotion of Work Style Revolutions" section of this report (pages 37–39).

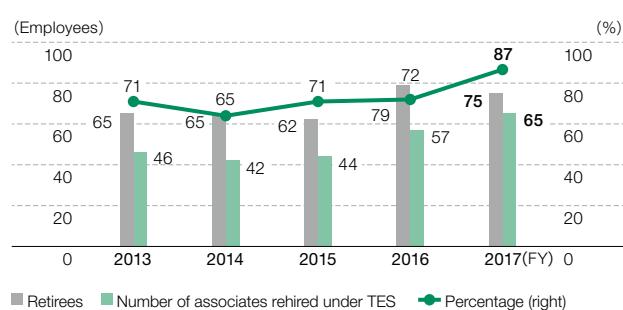


Lecture on women's health

Rehiring of Associates after Mandatory Retirement

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 areas 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 (Terumo Corporation)



Creating Workplace Environments Where Diverse Associates Can Demonstrate Their Skills and Abilities

Employment of Individuals with Disabilities

By providing job opportunities that match the capabilities and aptitudes of various individuals, Terumo promotes the employment of individuals with disabilities to allow them to pursue rewarding lives as independent members of society.

As of March 31, 2018, individuals with disabilities made up 2.16% of our workforce in Japan, more than the legally

mandated ratio of 2.0%. Anticipating an increase in the legally mandated ratio in the future, we will continue our efforts to expand employment of individuals with disabilities by undertaking initiatives for enabling them to fully exercise their capabilities.

Development of Workplace Environments That Respect the Individuality and Diverse Values of Associates

Terumo seeks to ensure that associates from various backgrounds are able to fully exercise their talents while remaining respectful of others. To this end, we provide opportunities

● Seminars on the Meaning of Working Together

In fiscal 2017, seminars were held with the aim of serving as a preliminary step for learning about other viewpoints by making associates aware of and helping them experience communication issues and the underlying thinking that leads to those issues. The themes of these seminars included the perspectives of individuals with disabilities; the concept of balancing work, life, and social engagements; the viewpoint of the LGBT community; and how Japan is viewed by non-Japanese associates.

to encourage associates to think about what it means to work together with colleagues brimming with individuality and diverse values.



Fiscal 2017 seminar on the meaning of working together

● Diversity Management Training

Every year since fiscal 2013, we have conducted group training programs for female leaders and other members of management. A diversity management training session was held in fiscal 2017, which was attended by approximately 40 associates from across Japan.

The topic of this training was unconscious bias. We thereby sought to help associates become aware of their own unconscious biases and to teach them the importance of judging others based on their own talents and achievements, rather than on their age, gender, or other such characteristics.

Leaders gather from various business sites across Japan

for these group training sessions, making them an excellent opportunity to find new role models and networks.



Fiscal 2017 diversity management training session

● Training on Healthy Lives and Careers

In fiscal 2017, training sessions on healthy lives and careers were held for associates of various age groups at business sites in Japan.

Through these trainings, we sought to share recognition of the career and health issues faced by associates of different ages and genders along with our commitment to developing workplace environments that are comfortable to all.



Fiscal 2017 training session on healthy lives and careers

Creating Workplace Environments Where Diverse Associates Can Demonstrate Their Skills and Abilities

Promotion of Work Style Revolutions

Terumo has continuously endeavored to develop a comfortable workplace environment for associates. Efforts on this front include promoting proper working hour management and introducing childcare, nursing care, and other support systems.

We expanded upon these efforts in fiscal 2017 by unveiling “T-Style” (Terumo Style), the new work style we advocate for Terumo associates going forward. Based on the T-Style concept, we are promoting work style revolutions aimed at heightening associates’ ability to succeed and thereby contribute to competitiveness and corporate value. These work style revolutions go beyond reducing work hours and redesigning human resources systems to include measures for

improving operational efficiency and productivity. In these regards, we are formulating and implementing initiatives together with associates through internal recruiting systems and other means.

Going forward, we will continue to advance various initiatives for creating workplace environments and work styles that enable associates to be even more successful.



Proper Working Hour Management

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.

Ratio of Paid Vacation Days Taken (Terumo Corporation)

	FY2015	FY2016	FY2017
Ratio of days taken (%)	64.5	65.4	68.0

Support for Achieving Better Work-Life Balance

Terumo aims to create working environments that allow associates to work enthusiastically and exercise their full potential. We respect that associates require flexibility in work styles, and we are therefore fostering comfortable workplace environments with the aim of helping associates

achieve a better work-life balance. To facilitate such balance, we offer work systems that allow for flexible work styles along with systems for accommodating childcare, nursing care, and other life events. These systems will continue to be enhanced as necessary.

Childcare and Nursing Care Support Systems

The following table lists the primary systems in place at Terumo as of March 31, 2018, for helping associates in Japan meet childcare or nursing care responsibilities as well as workplace responsibilities.

System		Description*
Childcare	Long-term childcare 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**	Special leave	Leave can be taken for a cumulative total of up to three years for each family member requiring nursing care.
	Shortened working hours	Up to 30 days of unused paid holiday time can be taken at the beginning of leave.
	Adjusted working hours	Working hours can be shortened by up to two hours per day for a cumulative total of up to three years.
Other	Hour-based paid leave	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 excerpts of full descriptions.

*2 For nursing care leave, the “special leave,” “shortened working hours,” and “adjusted working hours” can be used for a cumulative total of up to three years.

Creating Workplace Environments Where Diverse Associates Can Demonstrate Their Skills and Abilities

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.

In addition to nursing care seminars and Kaigo Café events led by dedicated instructors, we institute a nursing care awareness period every year in conjunction with summer and New Year's, the time of year when people often gather with their families. These efforts are designed to provide information with the aim of encouraging associates to talk about the often-avoided topic of nursing care with their families.

- For information on other initiatives, please refer to the "Promotion of Diversity" section of this report (pages 34–36).

Encouraging of Male Associates to Take Childcare Leave

At Terumo, we encourage our male associates in Japan to take childcare 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 childrearing. As a result, Terumo has seen a gradual rise in male associates opting to take childcare leave. In fiscal 2017, 72 male associates, or 48.6% of all applicable associates, took childcare leave.

It is expected that male associates who have taken childcare 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.

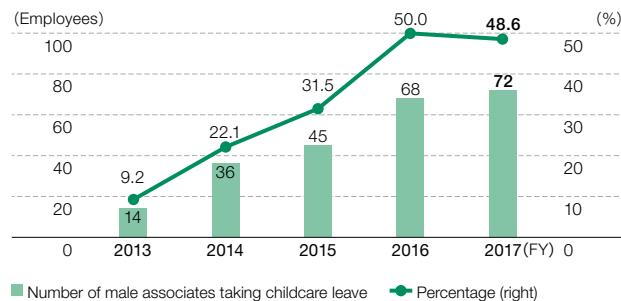
Support for Greater Flexibility in Working Styles with a Work-at-home System

In Japan, Terumo has adopted a Work-at-home System to give associates the choice of working at home on days when childcare, 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



Fiscal 2017 nursing care seminar

Number and Ratio of Male Associates Taking Childcare Leave (Terumo Corporation)



Rehiring of Former Associates through the Career-return System

Terumo has opened a pathway to rehire associates who have left because of marriage, childcare 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.

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.

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.

Creating Workplace Environments Where Diverse Associates Can Demonstrate Their Skills and Abilities

Acquisition of Kurumin Certification under Japan's Act on Advancement of Measures to Support Raising Next-generation Children

Terumo has maintained Kurumin certification* since 2014, signifying it as a company that actively works 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.



Participation in “IkuBoss Alliance”

Terumo has joined the “IkuBoss* Alliance,” a business network operated by non-profit organization Fathering Japan in June 2018.

Through our participation in the IkuBoss Alliance, we aim to increase the number of “IkuBoss” supervisors in the Company who specialize in creating workplace environments that are empowering and comfortable for all and in helping their teams fully exercise their skills.

* One who supports the work-life balance, careers, and lives of their subordinates and staff and seeks to create results for the organization while achieving a good work-life balance themselves



“Ikuboss Alliance” signing ceremony

Promoting Compliance

Basic Approach

Terumo's corporate mission, "Contributing to Society through Healthcare," is the goal not only of the Company but of all associates of Terumo. Fulfilling this mission requires that we continue to conduct honest and fair business practices based on strict legal compliance and corporate ethics while adhering to the high ethical standards expected of a healthcare company.

To accomplish these objectives, we have established the

Code of Conduct for the Terumo Group (SAKURA Rules), a set of standards for the conduct of daily business activities for all directors, officers, and associates of the entire Terumo Group, including overseas entities. In accordance with this Code, we are striving throughout the Group to base our actions on social ethics as well as on compliance with relevant laws and regulations.

WEB 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>

Compliance System

At Terumo, the Internal Control Committee, which is responsible for enacting the Internal Control System of 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.

Under the leadership of the Chief Legal Officer (CLO) and centered on the Legal and Compliance Department, we will create compliance-related rules, perform training and

education, and conduct monitoring to quickly discover and ascertain compliance issues by coordinating with the compliance officers who are in charge of promoting compliance-related activities at each Group company.

In the event that any significant compliance violations occur, a response team shall be immediately organized under the direction of the Chairman 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.

Compliance Education

Terumo conducts compliance education with the aim of improving compliance awareness among all associates and ensuring understanding of and compliance with relevant laws and regulations.

Major Compliance Training Programs (Terumo Corporation)

Name	Scope of participation	Format	Subjects/frequency
Code of Conduct for the Terumo Group (SAKURA Rules) seminars	All directors, officers, and associates	Group training	Annual seminar on general compliance topics that all directors, officers, and associates are required to attend
Training on fair competition and bribery prevention	All directors, officers, and associates (excluding certain production divisions)	E-learning program	Fair transactions and prevention of corruption in business activities
Healthcare professional relations training	Sales branch and company associates	E-learning program	Maintenance of appropriate relations with healthcare professionals
Level-based training	Associates at specific levels	Group training	Compliance education as part of training for early-career associates and associates being promoted to mid-level and management positions

Promoting Compliance

Compliance Initiatives

Whistle-Blowing System

When we encounter any compliance issues, it is important to promptly take appropriate measures, such as investigation, preventive action, disciplinary action, and/or recurrence prevention. For this reason, we have established the Terumo Global Compliance Violations Reporting and Anti-Retaliation Policy, which urges associates to promptly report any compliance-related issues internally while ensuring that they will not suffer any retaliation as a result.

Based on this policy, Terumo has established and operates a whistle-blowing system through which associates

can make reports or receive consultation with regard to compliance violations. Through this system, associates can contact internal venues, legal advisors, or external reporting venues operated by independent third-party organizations via email, mail, telephone, or other means. In addition, a whistle-blowing system relating to the Board of Directors was established in July 2017, enabling associates to contact the Audit/Supervisory Committee.

Prevention of Harassment

Terumo's work regulations in Japan explicitly forbid abuses of power and sexual harassment, regardless of gender orientation or gender identification (members of the LGBT community), as well as activities intended to put individual associates at a disadvantage due to reasons such as pregnancy, or roles as a parent or caregiver. In addition, with the aim of raising awareness of harassment prevention, we have established a harassment intranet page where associates in Japan will find our Harassment Prevention Guidelines along with harassment training materials and information on consultation venues.

From fiscal 2017, December–January was designated as a period for promoting harassment prevention awareness in Japan. Initiatives during this period include the transmission of messages, administration of surveys, and conducting of e-learning programs for all associates.

Furthermore, the Code of Conduct for the Terumo Group (SAKURA Rules) seminar, which associates attend once a year, covers topics on harassment prevention to further entrench awareness. Managers, meanwhile, periodically attend trainings that provide examples of harassment relevant to daily business activities. Such trainings were conducted a total of 16 times in fiscal 2017 in Japan.

Harassment Prevention Guidelines

- Sexual harassment, abuses of power, and other forms of harassment are human rights issues that violate the dignity of associates and create a toxic workplace.
- Terumo continuously conducts compliance training and asks associates for written pledges declaring their understanding of the negative impacts of harassment and the disciplinary measures that may be taken against them for engaging in harassment.
- Terumo does not tolerate any form of harassment.
- Terumo strives to increase each associate's understanding of harassment as well as their ability to address harassment issues as part of its efforts in creating a healthy organization that is not complicit in or tolerant of harassment and where all employees are respectful of one another.
- Terumo urges associates who have encountered any form of harassment to consult with their supervisor or with a human resources or general affairs representative at their workplace or to use internal consultation venues in cases where it is difficult to consult with someone in the regular line of reporting. Reporters of harassment issues will not suffer any retaliation and their privacy will be respected.

Promoting Compliance

Opposition to 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 do not engage in any transactions with companies, other

organizations, or individuals with ties to anti-social forces. Furthermore, we work with law enforcement authorities and other institutions to combat anti-social forces.

Anti-Corruption

The Terumo Group expects full compliance with Japan's Unfair Competition Prevention Act, the U.S. Foreign Corrupt Practices Act, and other anti-corruption laws in the countries and regions in which the Group operates in order to ensure honest and fair business practices.

All Terumo associates observe the Code of Conduct for the Terumo Group (SAKURA Rules) and the Terumo Global

Anti-Corruption and Anti-Bribery Policy, which clearly stipulate our commitment to preventing corruption and engaging in fair business practices. In addition, we have established the Terumo Global Third Party Anti-Corruption and Anti-Bribery Policy, based on which we request our business partners to comply with anti-corruption laws.

Prohibition of Collusion and Cartels

To prevent associates from becoming involved in collusion and cartels during the course of business activities, the Terumo Group has established the Terumo Group Global

Antitrust Policy and is engaged in a Groupwide effort to maintain fair and free competition.

Appropriate Relationships with Healthcare Professionals

Terumo abides by the Fair Competition Code of the Japan Fair Trade Council of the Medical Devices Industry, the Code of Practice of the Japan Pharmaceutical Manufacturers Association, the Promotion Code of the Japan Federation of Medical Devices Associations, and other industry regulations to ensure that it follows appropriate practices in promoting medical devices and pharmaceuticals to healthcare professionals. We have also established the Terumo Code of

Practice as an internal guideline for this purpose.

Furthermore, the Terumo Global Ethical Interactions with Healthcare Professionals Policy was established based on the principles of the codes of ethics of reputable industry associations in the regions in which the Group operates, to guide us in maintaining appropriate relationships with healthcare professionals.

Advertisements and Sales Promotions

The Terumo Group Global Rules for Dealing with Off Label Use has been created to ensure 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) as well as relevant laws and regulations in other countries. Based on these rules, we prohibit advertising or sales promotions of unapproved or off-label-use of pharmaceuticals and medical devices and preserve the appropriateness of our promotional activities.

In Japan, sales promotion materials are confirmed by the Legal and Compliance Department, Regulatory Affairs, and other relevant divisions before they are put into use in order to verify the accuracy of the information they provide and guarantee legal compliance. In regions outside of Japan, appropriate and legally compliant promotional activities are being advanced centered on major Group companies.

Promoting Compliance

Transparent Relationships between Corporate Activities and Medical Institutions

The supply of advanced medical devices and pharmaceuticals that meet sophisticated needs requires not only the efforts of individual companies but also cooperation with universities and other research and medical institutions at all stages of the process, ranging from research and development to production and sales. Sometimes this cooperation entails the payment of monetary compensation. Terumo seeks to ensure transparency in such activities through adherence to high ethical standards.

In Japan, based on voluntary industry rules, 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. We follow the provisions of these guidelines in disclosing payments of funds to medical institutions, medical professionals, and patient organizations.

Stance on Tax

Guided by its corporate mission of “Contributing to Society through Healthcare,” the Terumo Group conducts business based on strict legal compliance and corporate ethics and aims to achieve sustainable growth and maximize long-term

corporate value and meet the expectations of its worldwide stakeholders. In accordance with its corporate mission, the Terumo Group takes the following actions in conducting tax management.

1. Terumo Group complies with international taxation rules and the laws of all countries in which it conducts business activities and maintains tax compliance.
2. Terumo Group constructs and maintains appropriate relationships with the tax authorities where Terumo Group conducts business activities and does not attempt to obtain unfair benefits from the tax authorities through providing unethical gifts to these authorities.
3. Terumo Group considers the balance of each stakeholder's interest and ensures that an appropriate tax burden is borne while maximizing its corporate value.

R&D Ethics

The development of medical devices and pharmaceuticals requires us to conduct animal experiments as well as clinical research on human beings in order to evaluate the safety and efficacy of these products. In its research activities, Terumo always acts in an appropriate manner based on both an ethical and a scientific perspective. We therefore observe the principles of the Declaration of Helsinki* and comply with Good Clinical Practices (GCP) as well as the pharmaceutical laws of countries in which we operate and

other relevant regulations and standards. In addition, we have established the internal Research Ethics Review Committee and Institutional Animal Care and Use Committee in order to guarantee the utmost levels of ethics and respect for animal life in our R&D activities.

* Declaration of Helsinki—Ethical Principles for Medical Research Involving Human Subjects, a set of ethical guidelines for clinical research

Promoting Compliance

Ethics in Clinical Research and Clinical Trials

Based on the Ethical Guidelines for Medical and Health Research Involving Human Subjects, Terumo has established the Terumo Ethical Review Regulations, a set of basic policies for respecting human rights and dignity in human clinical research (clinical trials). The Terumo Research Ethics Review Committee, which includes members from outside of the Group, has been formed in accordance with these regulations to discuss the social significance and scientific validity of all clinical research projects prior to commencement. The status of activities of this committee is registered and disclosed through the Ethical Review Committee Reporting System of the Japan Agency for Medical Research and Development.

Ethics in Animal Experiments

In its animal experiments, Terumo seeks to ensure both high ethical standards and scientific validity by implementing internal regulations based on relevant laws and guidelines such as the Act on Welfare and Management of Animals and the Standards relating to the Care and Keeping and Reducing Pain of Laboratory Animals.

The Company's Institutional Animal Care and Use Committee was established to conduct proper animal experiments. The committee examines protocols, confirms the conclusion of experiments, performs animal husbandry management while taking animal welfare into consideration, and conducts periodic self-inspections to ensure that we adhere to the three Rs tenets stipulated by relevant laws—Replacement (to replace animals studies with other methods), Reduction (to use fewer animals), and Refinement (to

Clinical trials aimed at the acquisition of manufacturing and sales approval are conducted in accordance with the principles of the Declaration of Helsinki and in compliance with GCP put forth in the relevant countries. GCP define all of the items for which compliance is required by the medical institutions conducting clinical trials, healthcare professionals, such as research investigators, and other staff, and the sponsors of the study. The Terumo Group formulates and adheres to procedures based on GCP to ensure the quality of clinical trials and to acquire highly reliable data. Moreover, clinical trials are monitored to confirm adherence to the defined procedures and, most importantly, to ensure that the human rights and safety of trial participants are being prioritized.

alleviate pain and distress)—as well as to the fourth R, Responsibility (to be responsible for experiments). Furthermore, education on ethics in animal experiments, scientific validity, recent legal trends, and occupational health and safety is provided on a regular basis to researchers engaged in animal experiments in order to maintain their ability to conduct appropriate tests.

In February 2017, Terumo's R&D base, Shonan Center was fully accredited by the Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC), a third-party international certification body for animal experiment facilities. This accreditation verifies that the animal experiments conducted by the Company are in compliance with international standards.

Reducing the Environmental Impact of Our Business Operations

Basic Approach

Reducing the environmental impact of business activities is a social responsibility for companies that must be fulfilled in order to realize a sustainable society as well as an important measure for achieving sustainable growth. Accordingly, we

have established the Terumo Global EHS Policy to guide Groupwide initiatives for reducing the environmental impact of our business activities.

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.

Reducing the Environmental Impact of Our Business Operations

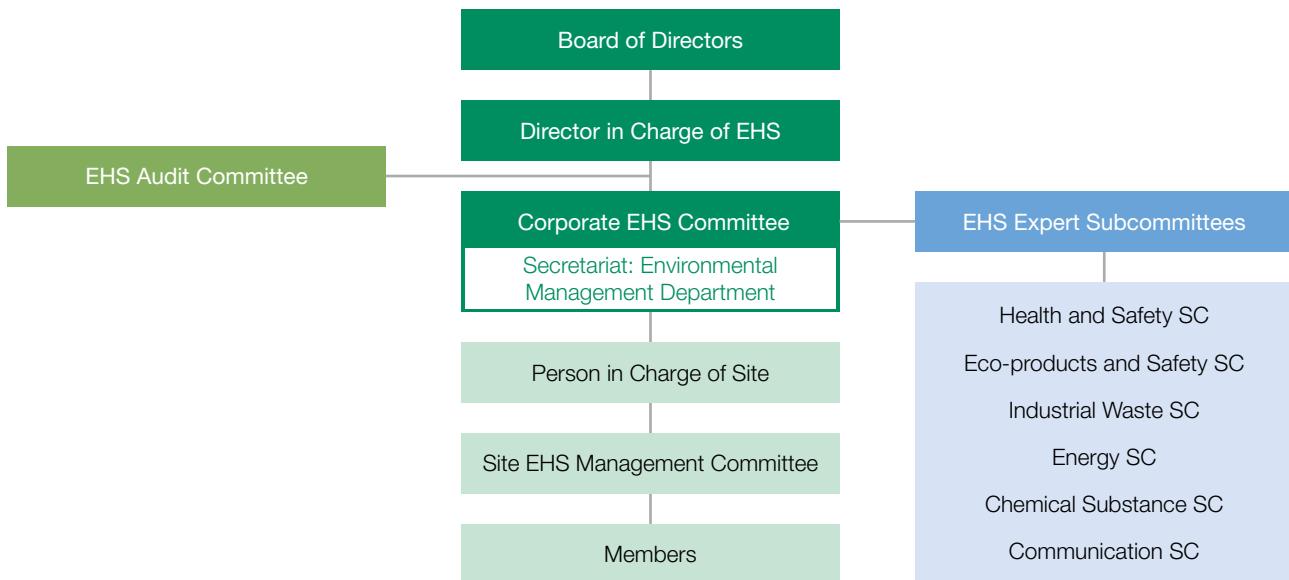
EHS Management System

Based on the Terumo Global EHS Policy, we employ an environment, health, and safety (EHS) management system that is compliant with international environmental standards (ISO 14001:2015) and occupational health and safety standards (OHSAS 18001, ISO 45001).

As a key part of Terumo's focus on sustainability in business, EHS policies, goals, activity plans, risks, and opportunities are discussed and related decisions are made by the Corporate EHS Committee and then reflected in activities at

Terumo Group sites worldwide. EHS Expert Subcommittees, consisting of experts drawn from individual business sites and functioning as subsidiary bodies to the Corporate EHS Committee, formulate strategies, policies, and action plans in their respective areas. To confirm the operational status and effectiveness of systems and ensure compliance with relevant laws and regulations, the EHS Audit Committee conducts EHS internal audits at all sites. Ongoing improvements are implemented based on the results of these audits.

Organization for Company-wide Promotion of the EHS Management System



● ISO 14001 (Environmental) and OHSAS 18001 (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 ISO 14001 and

OHSAS 18001 international standards.

All sites have achieved compliance with the 2015 version of ISO 14001.

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

Reducing the Environmental Impact of Our Business Operations

EHS Risk Management

EHS Internal Audits

The Terumo Corporate EHS Audit Committee conducts EHS internal audits to reduce environmental, health, and safety risks. Examples of these risks include legal violations, industrial accidents, and environmental 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. For situations that could result in nonconformities if not addressed, we monitor the situation, identify issues, and draft improvement plans. These situations are assessed again in the following fiscal year's audit to confirm the status of improvement with regard to these issues.

■ Audit Tasks

1. Check compliance with EHS-related laws and conventions, and EHS policies, rules, and standards
2. Check the operational status of EHS management systems and performance (effectiveness, key performance indicators)
3. Check the status of improvement regarding issues identified through audits, etc.

■ Fiscal 2017 EHS Internal Audit Results

EHS audits were performed at 11 locations in Japan and two locations overseas. These audits did not uncover any serious nonconformities, but did find a total of six minor nonconformities, all of which have been remedied. Remediation of nonconformities found in the previous fiscal year was also determined to have been completed.

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 2017, we conducted audits at 34 contractors and determined that waste collection and disposal is being properly performed.

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 of Terumo once a year.

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.



Education and training program

Reducing the Environmental Impact of Our Business Operations

Emergency and Accident Response Training

Individual business sites have established procedures to prevent EHS accidents and lessen the severity of any should

such occur. They also conduct emergency response training and review results on a regular basis.

Compliance with Environmental Laws and Regulations

In fiscal 2017, there were no major legal or regulatory violations or citations requiring fines or punishments.

Award Program for Recognizing Outstanding EHS Activities

We present Terumo HumanxEco Awards to recognize activities that contribute to the environment, health, and safety from throughout the entire Terumo Group. By evaluating and sharing information on examples of outstanding EHS activities within the Group, we aim to further promote such activities. Four fiscal 2017 initiatives were selected for recognition in fiscal 2018.



Terumo HumanxEco Award ceremony

Award Project & Recipient

Project	Award Recipient
Reduction of factory water use through concerted water conservation activities - 4% reduction in water use and 11% reduction in water use per unit of product sales from fiscal 2016	Environment Committee, General Affairs Section, and Maintenance Section of Ashitaka Factory
Contribution to the medical settings and the environment with condensed liquid nutrients for oral intake - Reduction of burden on patients and medical professionals and lower raw material use	Product Development Section 1, Kofu Factory Pharmaceutical Group, Hospital Systems Division, General Hospital Company
Initiatives for natural resource protection and OHS risk mitigation - Effective use of water and energy resources - Reduction of occupational accidents	Blood Bag Factory, Terumo Penpol Private Ltd.
Optimization of waste management and driving of change - Increase in the rate of recycling	Terumo Aortic, Vascutek Ltd.

Reducing the Environmental Impact of Our Business Operations

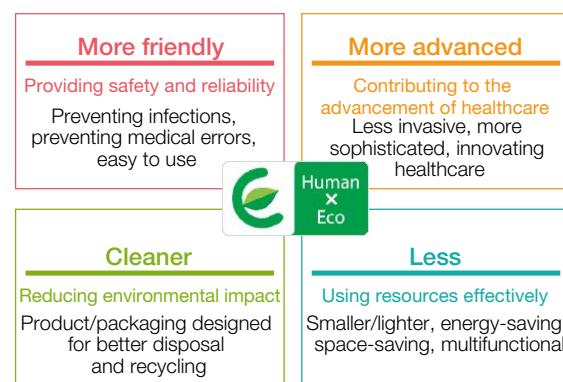
Development of Environmentally Friendly and Safe Products

Human×Eco Development Guidelines

Terumo has established and applied to product development its proprietary Human×Eco Development Guidelines, a set of guidelines for developing products that are friendly to both people and the environment.

These guidelines consist of four principles—more friendly (providing safety and reliability), more advanced (contributing to the advancement of healthcare), cleaner (reducing environmental impact), and less (using resources effectively)—and 24 directives based on these principles. Products that exhibit excellence with regard to these principles and directives display the “Human×Eco” logo, an internal certification mark, to make this excellence readily apparent to customers.

“Human×Eco” Development Guidelines



Examples of Human×Eco Certified Products

● Condensed Liquid Nutrients Conservation of Resources and Improvement of Quality of Life

Terumo has developed condensed liquid nutrients that enable people to receive greater amounts of calories and nutrition while consuming smaller amounts of nutrients. These nutrients enable people that cannot ingest large meals to obtain the calories and nutrition they need at their own pace. In addition, these highly condensed liquid contents allow for less packaging, which helps reduce the waste produced.



Condensed liquid nutrients

● Intravascular Ultrasound Catheter Shortened Examination Times and Improved Efficiency

Intravascular ultrasound catheters are used when performing intravascular ultrasounds, an examination technique that utilizes ultrasonic waves to observe the inside of blood vessels. By improving the image resolution, image acquisition and processing speeds, and ease of operation of our catheters, we have helped reduce the amount of time required for preparations, examinations, and image interpretation pertaining to intravascular ultrasounds. We anticipate that the shorter procedure times will reduce the burden on patients and medical professionals and thereby contribute to the realization of safer and more efficient treatments.



Intravascular ultrasound catheter

Reducing the Environmental Impact of Our Business Operations

● TERUPACK™ Eco Environmentally Friendly IV Solution Bag

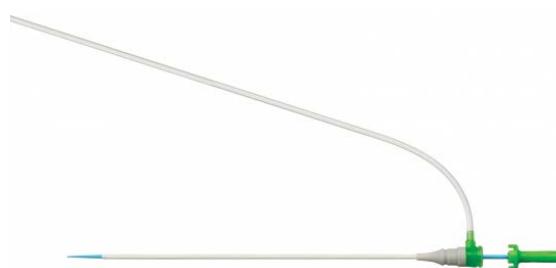
TERUPACK Eco is an IV solution bag designed to be environmentally friendly. It is manufactured with less plastic, in a production process that consumes less energy and emits less CO₂ than previous processes. In addition, because TERUPACK Eco bags weigh 23% less than prior bags, we expect them to generate less waste and reduce overall impact on the environment.



TERUPACK™ Eco

● TRI Introducer Kit Minimally Invasive and Medically Cost Efficient

Percutaneous coronary intervention (PCI) can be performed by inserting a catheter at either the wrist or the groin. Inserting at the wrist, in a procedure called transradial intervention (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.



Introducer sheath for TRI procedures

● Closed Infusion Systems Contributions 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 not retain any liquid and, therefore, can be used to deliver even very small amounts of drug solutions. Even the connection of 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.



Closed infusion system

● Concentrated Liquid Nutrients (Semi-Solid Type) Conservation of Resources and Improvement of Quality of Life

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 nutrients reduces the burden on caregivers.



Concentrated liquid nutrients (semi-solid type)

Reducing the Environmental Impact of Our Business Operations

● Solution Pack™ Greater Efficiency and 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 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.



Angiographic kit

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 due to concerns over its biological hazards.



Polybutadiene IV solution set



PVC-free IV solution bag



DEHP-free cardiovascular circuit

Reducing the Environmental Impact of Our Business Operations

Initiatives to Address Climate Change

Based on international frameworks, such as the United Nations Sustainable Development Goals and the Paris Agreement, Terumo recognizes that reducing CO₂ emissions from its business activities, through means such as

Target for Reduction of CO₂ Emissions

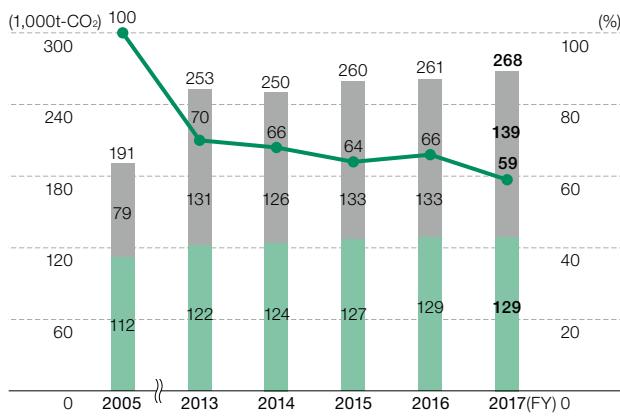
- Reduce CO₂ emissions per revenue unit for the entire Group to 50% of the fiscal 2005 level by fiscal 2025

Reduction of CO₂ Emissions (Scope 1, 2, 3*)

The entire Terumo Group is working to reduce CO₂ emissions. In fiscal 2017, such efforts included improving the operating methods of energy supply facilities by limiting the number of compressors in use, optimizing air-conditioning operation, and other means. In addition, we introduced once-through boilers, LED lighting, and other high-efficiency equipment and took steps to prevent air and steam leaks and other problems through regular inspections. In office environments, we conducted activities including promotion of energy-saving by setting thermostats appropriately and

improving energy efficiency and combating climate change, is an important responsibility and are advancing Groupwide activities to this end.

CO₂ Emissions in Total and Index per unit of consolidated net sales / revenue



■ CO₂ Emissions (Japan) ■ CO₂ Emissions (Overseas)

◆ Index per unit of consolidated net sales/revenue (FY2005=100) (right)

* Scope: Terumo Group business sites in Japan and overseas manufacturing sites

* Figures for fiscal 2005 and fiscal 2014–2015 have been restated to rectify past errors in the collection of overseas data.

turning off unneeded lighting in order to involve the entire Terumo Group in energy-saving activities.

As a result of these activities, per revenue CO₂ emissions in fiscal 2017 were 41% lower than in fiscal 2005 and 10% lower than in fiscal 2016.

* Scope: Reporting is based on the following GHG Protocol categories.

Scope 1: Emissions of greenhouse gases from direct fossil fuel combustion.

Scope 2: Greenhouse gas emissions from secondary uses such as purchased or acquired electricity.

Scope 3: Greenhouse gas emissions from business activities that are not applicable under Scope 1 or Scope 2

Energy Consumption

	FY2015	FY2016	FY2017
Electricity	1,506,279	1,525,594	1,552,236
City gas	1,055,107	1,016,203	1,006,781
LPG	27,868	26,037	27,837
Heavy oil	20,119	20,060	19,941
Diesel oil	22,595	13,397	4,401
Steam	124,645	130,164	132,356
Gasoline	615	598	363
Total	2,749,115	2,720,407	2,893,202
Units per unit of product net sales (GJ/¥100 million)	524	529	492

* Scope: Terumo Group business sites in Japan and overseas manufacturing sites

* From fiscal 2017, the method for calculating energy consumption from electricity use was changed to employ secondary energy conversion coefficients instead of primary energy conversion coefficients. Figures for fiscal 2015 and fiscal 2016 have been restated to reflect this change.

Reducing the Environmental Impact of Our Business Operations

CO₂ Emissions in Fiscal 2017 (Scope 1 and Scope 2)

	Scope1	Scope2	Total	(t-CO ₂)
Japan	40,102	88,877	128,979	
Overseas	17,851	120,781	138,632	
Total	57,953	209,658	267,611	

* Scope: Terumo Group business sites in Japan and overseas manufacturing sites

Renewable Energy Usage in Fiscal 2017

	(kWh)
Photovoltaic power	303,143

* Scope: Terumo Group

CO₂ Emissions in Fiscal 2017 (Scope 3)

	Category	Emissions volume	Method of calculation	(t-CO ₂)
Category 1	Purchased goods and services	2,121,971	Calculated by aggregating emissions per unit of revenue and emissions intensities by division using relevant industry charts	
Category 2	Capital goods	130,536	Calculated by aggregating emissions intensities per unit of capital goods price for annual capital expenditure amounts	
Category 3	Fuel- and energy- related activities (not included in scope 1 or scope 2)	17,013	Calculated by aggregating emissions intensities of electricity and steam consumption amounts	
Category 4	Upstream transportation and distribution	684,585	Calculated by aggregating emissions per unit of revenue and emissions intensities by division using relevant industry charts	
Category 5	Waste generated in operations	9,122	Calculated by aggregating emissions intensities of waste amounts	
Category 6	Business travel	3,031	Calculated by aggregating emissions intensities based on employee numbers	
Category 7	Employee commuting	4,780	Calculated by aggregating emissions intensities based on employee numbers	
Category 8	Upstream leased assets	1,297	Calculated by aggregating emissions from vehicles leased in Japan	
Category 9	Downstream transportation and distribution	435,881	Calculated by aggregating emissions per unit of revenue and emissions intensities by division using relevant industry charts	
Category 10	Processing of sold products	—	Not applicable as emissions from processing within the Group are included under Scope 1 and Scope 2	
Category 11	Use of sold products	4,571	Calculated based on life span and electricity consumption of principal medical electronics (pumps)	
Category 12	End-of-life treatment of sold products	987	Calculated by aggregating emissions per unit of revenue and emissions intensities by division using relevant industry charts	
Category 13	Downstream leased assets	—	Not applicable as emissions associated with lease assets are accounted for under use of sold products	
Category 14	Franchises	—	Not applicable as no facilities considered franchises exist	
Category 15	Investment	—	Not applicable as no emissions were generated through investment	
Total		3,413,773		

* Emissions intensities used in calculations are based on the database of emissions intensities for calculating organization greenhouse gases across the supply chain provided by the Ministry of the Environment (Ver. 2.5).

* Scope: Terumo Group

TOPIC

Reduction of CO₂ Emissions and Establishment of Targets for Fiscal 2030

Companies are now expected to set science-based CO₂ reduction targets and to work toward the achievement of these targets in order to contribute to accomplishing the Paris Agreement's goal of maintaining the increase in average global temperature to less than 2°C above pre-industrial levels.

In fiscal 2018, Terumo plans to establish a new target for the Group based on the methodology for setting CO₂ emissions reduction

targets endorsed by the international initiative known as Science Based Targets.

Moreover, we are committed to reducing CO₂ emissions through a concerted Groupwide effort to help mitigate climate change risks and accomplish the goal of the Paris Agreement.

Reducing the Environmental Impact of Our Business Operations

Waste Reduction and Recycling

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, refuse plastic fuel (RPF), and organic fertilizer. For fiscal 2017, we achieved a Groupwide recycling rate of 85%, with final disposal waste accounting for 0.2% of total waste at domestic Terumo Group business sites, accomplishing our targets for the year.

Recycling Target

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

Waste-Reduction Target

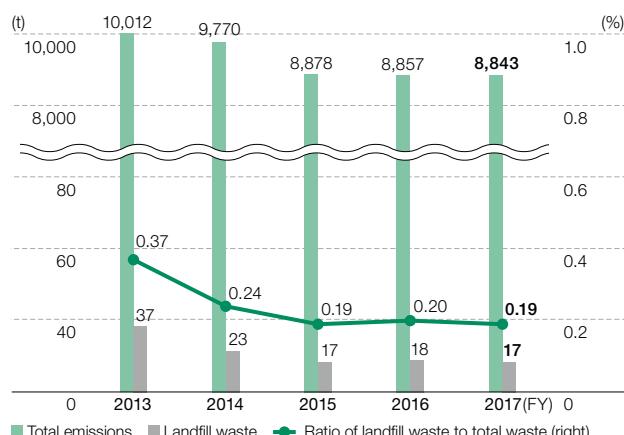
Reduce final disposal waste to 0.5% or less of total waste at Terumo Group business sites in Japan

Recycling Amounts and Rates



* Scope: Terumo Group business sites in Japan and overseas manufacturing sites
 * Figures for fiscal 2013–2016 have been restated to rectify past errors in the collection of overseas data.

Landfill Waste



* Scope: Terumo Group business sites in Japan
 * Figures for fiscal 2013 have been restated to rectify past errors in the scope of disclosure.

Initiatives to Collect and Recycle Small Rechargeable Batteries

Terumo works through the Japan Portable Rechargeable Battery Recycling Center (JBRC) to collect and recycle 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 FY2017

Nickel-cadmium batteries	Nickelhydride batteries	Lithium-ion batteries	Sealed lead-acid batteries
3,149	2,480	550	912

* Scope: Terumo Corporation business sites in Japan

Reducing the Environmental Impact of Our Business Operations

Reduction of Packaging and Promotion of 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 the adoption of new package designs.

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 2017, we sent a total of roughly 238 tons of paper and plastic packaging materials to this organization for recycling.

Effective Utilization of Water Resources

In every country and region where Terumo's manufacturing sites are based, we examine the state of water resources and ascertain risks and opportunities in water use. The Terumo Group also strives to use water resources effectively and to reduce water consumption by, for example, circulating water and using rainwater. As a result, in fiscal 2017 we achieved a nearly 10% reduction in our water usage per unit of revenue compared with fiscal 2016.

We will continue Groupwide efforts to promote the effective use of water resources going forward.

Medium-Term Target

Reduce Groupwide water use per unit of revenue by at least 3% compared with the fiscal 2016 level by the end of fiscal 2019

Water Use Volumes



■ Water use volumes (Japan) ■ Water use volumes (overseas)

● Per unit of consolidated net sales / revenue (right)

* Scope: Terumo Group business sites in Japan and overseas manufacturing sites

* Figures for fiscal 2016 have been restated to rectify past errors in the collection of overseas data.

Reducing the Environmental Impact of Our Business Operations

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.

Management Systems and Procedures

At Terumo, the Chemical Substance Subcommittee (one of the EHS Expert Subcommittees) leads efforts at Terumo Group business sites in Japan 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

● Reduction of Dichloromethane Emissions

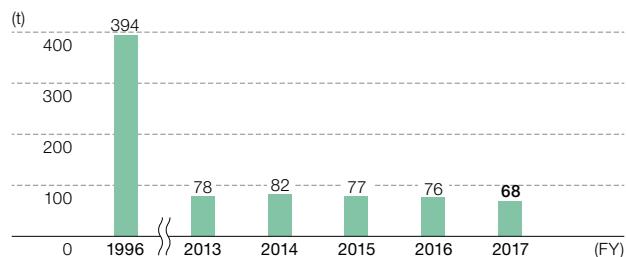
Terumo is working to reduce its emissions of dichloromethane* based on its own voluntary targets. At our Kofu Factory, which handles large amounts of dichloromethane, we have installed a recycling system to reduce emissions of this air pollutant as much as possible. As an added measure, we monitor dichloromethane 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 Act, which has set an upper limit of 150 µg/m³ 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 Terumo Group business sites in Japan

Dichloromethane Emissions

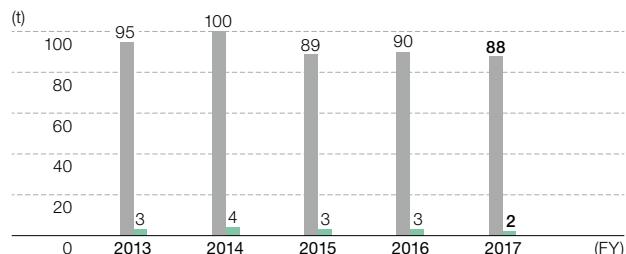


* Scope: Terumo Group business sites in Japan

● Reduction of 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 µg/m³ on atmospheric concentrations at the boundaries of these sites and monitor the atmosphere to ensure we adhere to this standard.

Ethylene Oxide Emissions



■ Amount used ■ Emissions

* Scope: Terumo Corporation business sites in Japan

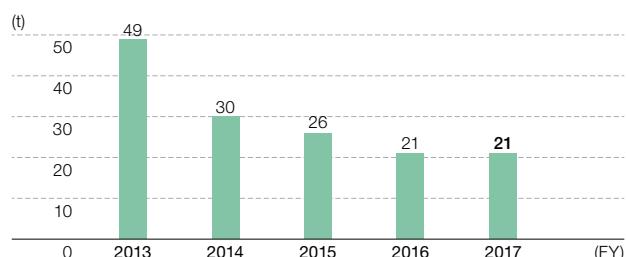
Reducing the Environmental Impact of Our Business Operations

● Substitution of 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. Accordingly, Terumo is moving ahead with its transition to HCFC-225 substitutes. As part of this undertaking, 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 processes at the Ashitaka Factory was completed. Seizing on

the momentum of this achievement, we aim to continue our transition to substitute solvents.

HCFC-225 Emissions



Scope: Terumo Corporation business sites in Japan

● Tracking and Management of PRTR Substances

At Terumo, monthly tracking of usage and emissions volumes for pollutant release and transfer registers (PRTRs*) and other chemical substances, and the reduction of emissions at their source, is a top priority.

* The Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof.

Amounts of PRTR Substances Used, Emited, and Transferred in Fiscal 2017

Substance	Fujinomiya Factory	Ashitaka Factory	Kofu Factory	R&D Center (Shonan Center)	Total
Ethylene oxide gas	Amount used	8.1	63.3	16.1	0.0
	Emissions	0.1	0.9	0.8	0.0
	Amount transferred	0.0	0.0	0.0	0.0
1, 2-dichloroethane	Amount used	0.0	2.2	0.0	0.0
	Emissions	0.0	1.6	0.0	0.0
	Amount transferred	0.0	0.0	0.0	0.0
HCFC-141b	Amount used	2.5	0.0	0.0	0.0
	Emissions	1.7	0.0	0.0	0.0
	Amount transferred	0.0	0.0	0.0	0.0
HCFC-225	Amount used	11.9	16.3	5.0	0.0
	Emissions	5.7	11.8	3.0	0.0
	Amount transferred	0.2	0.0	0.0	0.0
Dichloromethane	Amount used	0.1	6.5	147.0	0.1
	Emissions	0.1	3.8	64.2	0.0
	Amount transferred	0.0	0.0	0.0	0.1
Toluene	Amount used	0.8	0.0	5.4	0.5
	Emissions	0.3	0.0	0.6	0.0
	Amount transferred	0.5	0.0	4.8	0.5
Di (2-ethylhexyl) phthalate	Amount used	353.5	1.9	106.2	0.0
	Emissions	0.0	0.0	0.0	0.0
	Amount transferred	0.0	0.0	3.2	0.0
Hydrogen fluoride	Amount used	0.0	19.5	0.1	0.0
	Emissions	0.0	1.4	0.0	0.0
	Amount transferred	0.0	0.0	0.0	0.0
n-hexane	Amount used	0.0	6.0	0.0	0.0
	Emissions	0.0	3.0	0.0	0.0
	Amount transferred	0.0	3.0	0.0	0.0
N, N-dimethylformamide	Amount used	0.0	6.4	0.0	0.0
	Emissions	0.0	4.2	0.0	0.0
	Amount transferred	0.0	0.0	0.0	0.0

* Scope: Terumo Corporation business sites in Japan

Reducing the Environmental Impact of Our Business Operations

Proper Disposal of Polychlorinated Biphenyls

In Japan, Terumo has ceased the use of all products (transformers, capacitors, etc.) containing high concentrations of polychlorinated biphenyls (PCBs) and has formally requested that the Japan Environmental Storage & Safety Corporation* dispose of them. Regarding products containing 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 sites. 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 Substance Regulations

● Construction of 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 regularly receives information from local subsidiaries in Europe, which has the most advanced chemical regulations in the world. It then shares this information throughout the Group 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×Eco Development Guidelines as a tool to raise designer awareness.

[Monitoring of Chemical Substance Content of Procured Items]

Terumo seeks to comply with the Restriction of Hazardous Substances Directive (RoHS^{*1}), the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH^{*2}), and

other regulations pertaining to chemical substances. For this reason, the Company is stepping up management of these substances by collaborating with related departments to monitor the regulated substances contained in procured items.

In addition, we request that suppliers provide information on their use of conflict minerals through the conflict mineral reporting templates developed by the Responsible Business Alliance (formerly the Electronic Industry Citizenship Coalition) and the Global e-Sustainability Initiative.

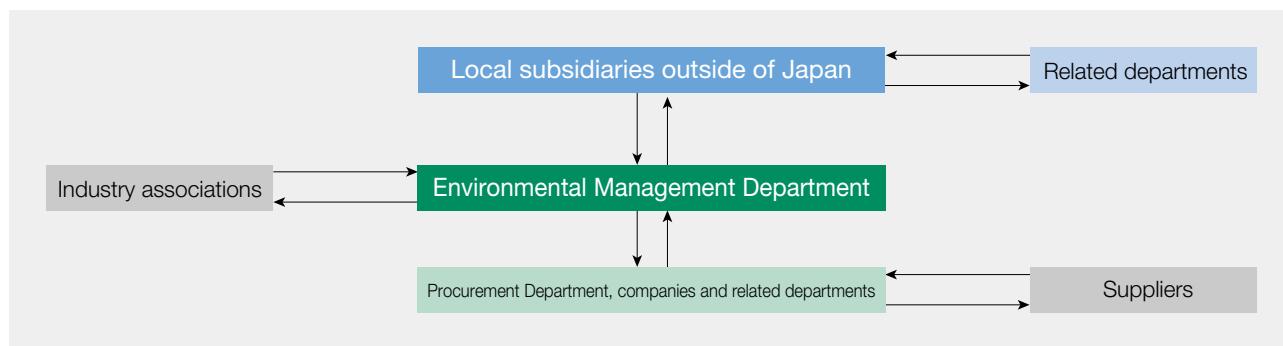
^{*1} Directive of the European Union that restricts the use of certain hazardous substances included in electrical and electronic equipment.

^{*2} Regulation of the European Union regarding the registration, evaluation, authorization, and restriction of chemicals.

[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



● Response 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. Proper handling of

chemical substances in accordance with this information helps protect the environment and the health of associates.

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

Reducing the Environmental Impact of Our Business Operations

Initiatives for Biodiversity Conservation

Terumo understands that our lives and health and even the practice of medicine itself depend on the existence of diverse living organisms and ecosystems. As a company whose business draws benefits from nature, Terumo seeks

to preserve biodiversity through environmental education and reforestation activities and works to support the development of a society in which humans coexist with nature.

Protecting Forests

● Mt. Fuji Reforestation Project

Terumo has two factories in the city of Fujinomiya in Shizuoka, Japan. Both take in groundwater 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 with the aim of restoring the natural forests in this area. This project involves the reforestation of parts of Mt. Fuji's forests where many trees have been destroyed by typhoons. Repopulating these areas with native tree species will help them 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—Shizuoka Prefecture, a local forest owner, and Terumo—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. Moreover, we are engaged in year-round reforestation activities based on the concepts of the environment, living organisms, interaction, and health through this agreement.

A special commemorative cherry tree was planted in fiscal 2017 to celebrate the 15th anniversary of the Terumo Mt. Fuji Reforestation Project.

In the spring, volunteers cut back high branches to allow more sunlight to reach seedlings, reinstalled barriers to protect seedlings from hungry deer (those damaged by wind and deer), and painted Megumi-no-Mori signs. In the fall, volunteers planted trees, made benches and tables out of wood collected during thinning activities, and created walking paths paved with wood chips. The volunteers, approximately 330 in total, included associates, their families, and local junior high school students.



Volunteers creating walking paths paved with wood chips

Reducing the Environmental Impact of Our Business Operations

● Donations Based on Volunteer Activities of Associates

Each year, we hold the ECO Challenge in which volunteer Terumo associates in Japan and their families conduct a variety of voluntary environmental preservation and health improvement activities at home and work. At the beginning of the ECO Challenge, a “Challenge Sheet” describing specific activities is distributed to participants, who then perform them. Points are calculated based on the activities of

participating associates, and Terumo translates these points into a monetary value for donations to the following two programs arranged by the Organization for Industrial, Spiritual, and Cultural Advancement—International (OISCA).

In fiscal 2017, a total of 4,516 associates participated in the ECO Challenge.

[The Children’s Forest Program]

OISCA conducts the Children’s Forest Program in which children take part in forestry activities based around their schools. The goal of this program is to help members of local communities learn about the importance of forests and the environment and encourage them to engage in forest preservation through environmental education and tree planting by community members. 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

[The Coastal Forests Restoration Project in Tohoku Region]

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 Coastal Forests Restoration Project 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

Amount of Funds Dedicated to Biodiversity

Preservation Projects

FY2016	¥3.5 million
FY2017	¥3.7 million

Reducing the Environmental Impact of Our Business Operations

EHS Goals and Achievements

Initiatives	Fiscal 2017 Targets	Fiscal 2017 Assessment	Medium-Term Targets (Fiscal 2017–2019)	Fiscal 2018 Targets	Related United Nations SDGs
Establishment and Operation of the Group EHS Management System	Establish Corporate EHS Management System (EHMS) Manual (global version) that complies with ISO revisions (ISO/DIS 45001:2016, ISO 14001:2015)	△*1	Expand application of the Corporate EHMS Manual to production sites outside Japan and operate globally	Establish corporate EHS management regulations and corporate EHMS manual (global version) that comply with international standards (ISO 14001:2015, ISO 45001:2018) * Establish environmental and occupational health and safety management systems that comply with international standards (ISO 14001:2015, ISO 45001:2018) at all sites	 
	Address ISO 14001 revisions (2015 version) and acquire third-party certification (major manufacturing sites in Japan)	○	Address ISO revisions (ISO 45001:2018, ISO 14001:2015) and acquire third-party certification (including production bases outside Japan that have already acquired certification)	Acquire ISO 45001:2018 certification (major production sites in Japan) * Transition from OHSAS 18001 to ISO 45001:2018	
	Implement basic EHS education and provide related educational tools (Terumo Group business sites in Japan)	○	Foster an EHS culture in the Group overall - Implement basic EHS education at major production bases outside Japan	Implement annual EHS and sustainability training at all sites Develop EHS training tools and share throughout the Group (Terumo Group business sites in Japan)	
Reduction of Accident Risk, Health Enhancement	Reduce number of fatal and major occupational injuries to zero Reduce number of occupational accidents (including lost work time but not including commuting accidents) to nine or less (Terumo business sites in Japan: employees, dispatch employees, and contract workers) Achieve 100% consultation rate for regular health exams and consultation rate of 80% or more for follow-on exams (associates at Terumo business sites in Japan)	×*2	Reduce number of fatal and major occupational injuries to zero Reduce number of occupational accidents (including lost work time but not including commuting accidents) to seven or less by fiscal 2019 (Terumo business sites 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 Achieve 100% consultation rate for regular health exams and consultation rate of 80% or more for secondary exams (associates at Terumo business sites in Japan)	Reduce number of fatal and major occupational injuries to zero Reduce number of occupational accidents (including lost work time but not including commuting accidents) to nine or less (Terumo business sites in Japan: employees, dispatch employees, and contract workers) Achieve 100% consultation rate for regular health exams and consultation rate of 80% or more for secondary exams (associates at Terumo business sites in Japan)	 
	Reduce number of major environmental accidents to zero Establish procedure for response to emergency situations and carry out training	○	Reduce number of major environmental accidents to zero	Reduce number of major environmental accidents to zero Establish procedure for response to emergency situations and carry out training (ongoing management)	
Development of Environmentally Friendly and Safe Products and Production Processes	Provide details on development of at least one Human×Eco product/production process at each development site	○	Launch three Human×Eco products	Provide details on development of at least one Human×Eco product/production process at each development site (Terumo business sites in Japan)	 
	Develop prospects for technology as alternative for chlorofluorocarbons in each product line (countries in which regulations apply)	○	Establish a production process that does not use regulated chlorofluorocarbons (such as HCFC-225)	Select alternatives for chlorofluorocarbon solvents for all products and establish substitution plans (countries applicable to regulation)	
Effective Use of Energy and Resources	Reduce the Group's overall CO ₂ emissions by 1% or more per unit of consolidated net sales/revenue compared with previous year	○	Cut the Group's overall CO ₂ emissions by 38% or more per unit of consolidated net sales/revenue compared with fiscal 2005 * Long-term target: 50% reduction in fiscal 2025	Reduce the Group's overall CO ₂ emissions by 1% or more per unit of consolidated revenue compared with previous year	   
	Reduce the Group's overall water usage by 1% or more per unit of consolidated net sales/revenue compared with previous year	○	Reduce the Group's overall water usage by 3% or more per unit of consolidated net sales/revenue compared with fiscal 2016	Reduce the Group's overall water usage by 1% or more per unit of consolidated revenue compared with previous year	
	Raise the Group's overall recycling rate to 85% or higher Achieve recycling rate of 97% or more, reduce volume of waste for final disposal to 0.5% or less of total emissions (Terumo Group business sites in Japan)	○	Raise the Group's overall recycling rate to 87% or higher Achieve recycling rate of 98% or more, reduce volume of waste for final disposal to 0.3% or less of total emissions (Terumo Group business sites in Japan)	Raise the Group's overall recycling rate to 86% or higher Achieve year-on-year improvements in the recycling rates of all sites Achieve recycling rate of 97% or more, reduce volume of waste for final disposal to 0.3% or less of total emissions (Terumo Group business sites in Japan)	
Proper Control of Chemical Substances and Reduction of Emissions	Compile lists of laws and regulations governing chemical substances and assess compliance Improve high-risk environment (over intermediate 3) in chemical substance risk assessments and establish management system, continue education on chemical substance management (Terumo Group business sites in Japan)	○	Continue to observe laws and regulations governing chemical substances (zero violations)	Identify laws and regulations governing chemical substances and assess compliance (ongoing management) Maintain and manage safe working environments - e.g. Ethylene oxide concentration in working environments: 1 ppm or less Dichloromethane concentration in working environments: 50 ppm or less Improve high-risk environment (over intermediate 3) in chemical substance risk assessments and establish management system, continue education on chemical substance management (Terumo Group business sites in Japan)	 
	Achieve EO environmental concentration on outskirts of facilities adjacent to residential areas of less than 4.3µg/m ³ Implement EO concentration measurements at air pollution outlets Reduce dichloromethane emissions to less than 100 t/year (Terumo Group business sites in Japan) Continue to not have class 3 working areas in which organic solvents are handled (Terumo Group business sites in Japan)	○	Monitor emissions of hazardous chemical substances and appropriately manage them	Identify environmental laws and regulations and assess compliance (on going management) Maintain voluntary management in the following areas (Terumo Group business sites in Japan) - EO environmental concentration on outskirts of facilities adjacent to residential areas: less than 4.3µg/m ³ - Monitoring of EO concentration at air pollution outlets - No class 3 working areas in which organic solvents are handled - Dichloromethane emissions: less than 100 t/year	
Preservation of Biodiversity	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) (Terumo Group business sites in Japan)	○	Globally cooperate and promote biodiversity protection activities (SDGs 15 and 17)	Promote biodiversity preservation activities and share activities throughout the Group e.g. greening activities, forest preservation, education, etc. Expand Mt. Fuji Reforestation Project and Eco Challenge campaign (Terumo Group business sites in Japan) - Promote health improvement through Mt. Fuji Reforestation Project - Raise awareness of biodiversity preservation through Eco Challenge campaign	 
Advancement of EHS Communication	Raise quality of information disclosed in sustainability report - Conform core items of GRI 4.0, include comparison table	△*3	Raise quality of disclosure of information in sustainability reports - Refer to GRI Standards	Determine sustainability priorities and improve information disclosure based on priorities - Refer to GRI Standards	 

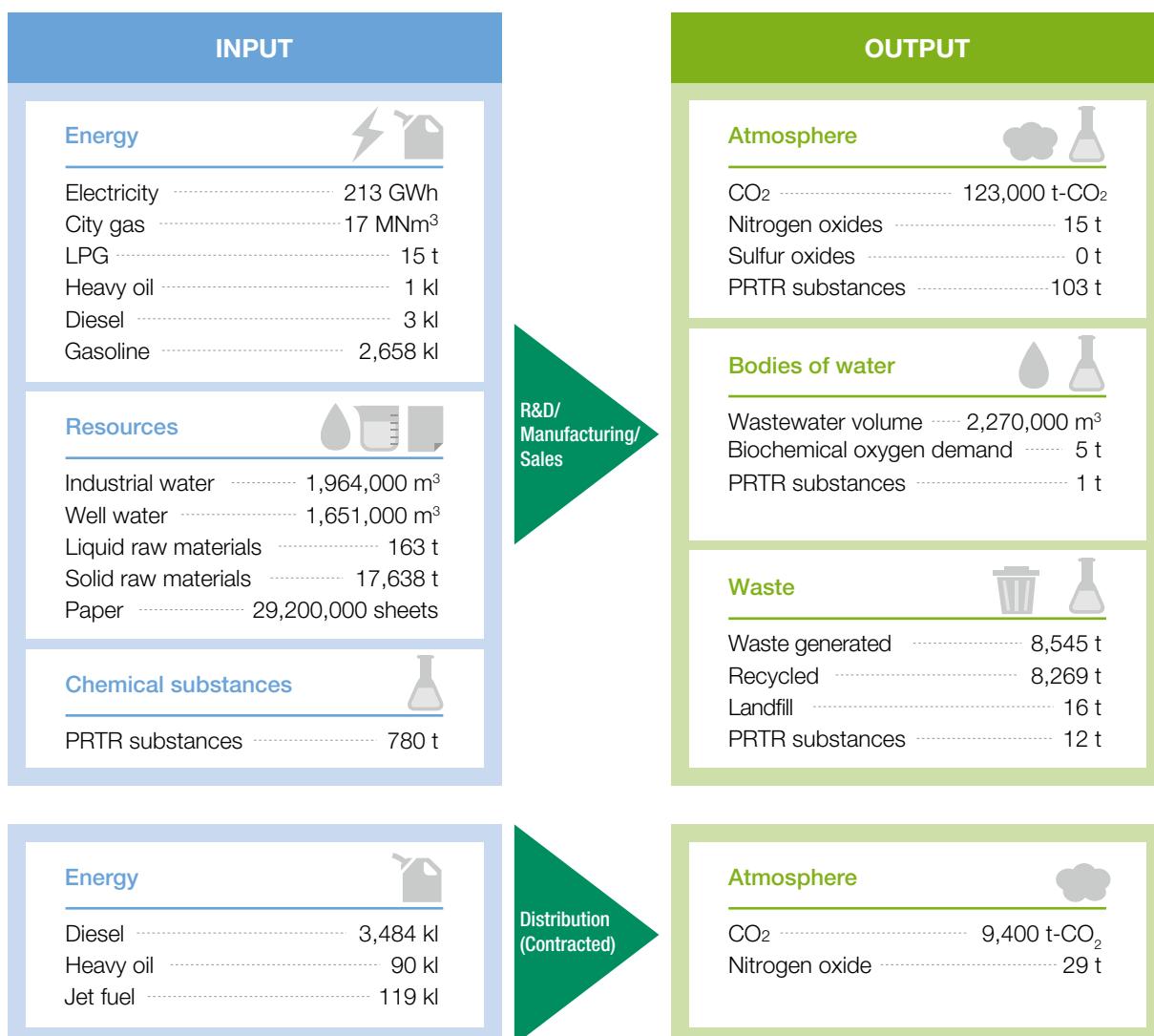
*1 The accomplishment schedule was pushed back until fiscal 2018 due to the delayed release of ISO 45001 (March 2018).

*2 One major occupational accident occurred, corrective measures have already been implemented.

*3 Comparison tables were compiled by referencing core items of GRI 4.0.

Reducing the Environmental Impact of Our Business Operations

Material Flow



* Scope: Terumo Corporation business sites in Japan

* The CO₂ emissions coefficients for electricity are the fiscal 2005 coefficients provided by the electric power providers.

Corporate Citizenship

Promoting Responsible Procurement

Information on our initiatives for promoting responsible procurement can be found in the “Managing Supply Chains That Support Stable Supply” section of this report (pages 21 and 22).

Building Relationships of Trust through Dialogue 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.

Stakeholder Engagement

The table below provides information on issues and major communication methods 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.

	Issues for Terumo	Main Communication Channel
Patients	<ul style="list-style-type: none"> • Provision of safe, high-quality products • Achieving better medical outcomes and contributing to greater QOL • Provision of environmentally conscious products • Provision of information on health and disease 	<ul style="list-style-type: none"> • Call Center (responding to patients' questions) → P19 • Online inquiry submission form • Postcard survey of purchasers (for certain products) • Instruction tools for patients (for certain products) • Health information website
Medical settings	<ul style="list-style-type: none"> • Provision of products and services that respond to market needs • Stable provision of safe, high-quality products and services • Contributions to improvement of efficiency of treatments and care efficiency • Provision of environmentally conscious products • Collection and dissemination of information on appropriate product use and safety 	<ul style="list-style-type: none"> • Activities of medical representatives (MRs) • Fee-based medical training for medical professionals → P20 • Academic conference exhibits, seminars, etc. • Call Center (responding to inquiries from medical professionals) → P19 • Product information website • Online inquiry submission form
Shareholders and other investors	<ul style="list-style-type: none"> • Enhancement of corporate value • Stable shareholder returns • Timely, appropriate information disclosure, and open management 	<ul style="list-style-type: none"> • General meeting of shareholders, financial results briefings, shareholder briefings • IR conferences, IR meetings • Annual reports, shareholders news (in Japan) • The Investor Relations portion of Terumo's website • IR inquiry contact (Corporate Communication Department) • Share inquiry contact (General Affairs Department)
Suppliers	<ul style="list-style-type: none"> • Maintenance and continuation of equal, fair relationships • Raw material procurement in compliance with the laws and regulations in relevant countries • Construction of supply chains supporting stable supply • Promotion of CSR procurement 	<ul style="list-style-type: none"> • Briefings for suppliers → P21 • Surveys → P22 • Quality assurance system audits → P21 • Procurement business continuity plans → P21
Associates	<ul style="list-style-type: none"> • Rewarding work environments and provision of opportunities • Promotion of associate health • Occupational health and safety measures • Promotion of diversity • Development and application of human resources • Enhancement of work-life balance 	<ul style="list-style-type: none"> • Venues for dialogue with top management → P31 • Employee engagement surveys → P31 • Terumo Patient's Day internal event → P30 • Training and education systems → P31-33 • Occupational Health and Safety Management Committee → P25 • Health management support: support for prevention, early detection, and treatment → P25-29 • Promotion of diversity → P34-36 • Support for improving work-life balance → P37-39 • Internal whistle-blowing system → P41 • Dialogue between management and the workers' union → P31 • Company newsletter, intranet
Local communities	<ul style="list-style-type: none"> • Social contribution activities that leverage Terumo's business activities • Support for research that contributes to the development of healthcare • Collaboration with local communities • Reduction of environmental impacts on local communities 	<ul style="list-style-type: none"> • Social contribution activities → P64-68 • Environmental impact reduction activities → P45-62

Social Contribution Activities

Basic Approach

While contributing to patients and medical professionals through its core business, the Terumo Group also engages in social contribution activities as a good corporate citizen based on its corporate mission of "Contributing to Society through Healthcare." We aim to help achieve a sustainable

society by gaining a deeper understanding of the society, culture, and environment of each country and region and by pursuing activities that meet the expectations and demands of communities, mainly in our work to support the spread and development of healthcare.

Supporting the Spread and Development of Healthcare

Blood Donation Activities in Countries throughout the World

The blood management business of the Terumo Group develops and produces blood bags for blood collection and blood collection equipment and provides these items to blood centers in countries around the world. Terumo also has its associates in countries throughout the world continuously facilitate blood donations and engage in activities to promote blood donations while aiming to contribute to blood transfusion treatments.

In the United States, the Blood Management Business head office Terumo BCT, Inc., partners with Bonfils Blood Center to conduct blood drives every other month at the site of the Lakewood, Colorado factory. In fiscal 2017, a total of 259 units of blood were collected, an increase of 13% over fiscal 2016. Since 2014, Terumo BCT has provided financial support to the National Cesar E. Chavez Blood Drive Challenge in the United States, which provides US\$1,000 scholarships to student organizers of local blood drives with the goal of increasing the blood donation rate among the Hispanic/Latino population. Terumo BCT also provides financial

and in-kind product support to not-for-profit organizations providing access to healthcare in the developing world. This support includes a US\$25,000 grant to the Global Blood Fund; financial, in-kind, and leadership support to Project C.U.R.E.; and donations of blood bags to Mercy Ships and the Mexican Red Cross.

In India, Terumo BCT subsidiary Terumo Penpol Private Ltd. is working to promote participation in blood donation activities by holding events and other such activities. In fiscal 2017, it organized 179 blood donation camps and developed a smartphone application to promote blood donations. Such efforts over the years have also garnered recognition, as the company was awarded a prize by the All Kerala Blood Donors Association.

In Japan, Terumo conducts blood drives at all business locations. In fiscal 2017, such blood drives were conducted a total of 15 times, in which 857 associates participated, 12 more than in fiscal 2016. Regular blood donations have become normal Company events at each location.



Blood drive in Japan



Associate donating blood

Supporting early diagnosis of children with congenital heart disease in India

Congenital heart disease (CHD) is a neonatal birth defect resulting from the abnormal development of the heart that can affect involve the interior walls of the heart, the valves inside the heart, or the arteries and veins that carry blood to the heart or the body. It is said that nine out of 1,000 newborns in India have CHD, and it is one of the leading causes of infant mortality in this country. However, roughly 90% of these infants can be treated if their CHD is detected through early examinations. Terumo Group subsidiary Terumo India Private Ltd., which sells oxygenators and other devices used in cardiac surgeries, partners with Bangalore-based NGO Aishwarya Trust to conduct prescreening camps in order to identify children suffering from CHD and support those diagnosed with the disease in undergoing surgical correction. In fiscal 2017, a total of 11 associates participated as volunteers at seven camps, handling reception and

data entry, distributing CHD awareness pamphlets and flyers, and performing other related tasks. Thirteen children were diagnosed with CHD through these camps, and they were able to receive treatment.



Prescreening Camp

TOPIC

Terumo Foundation for Life Sciences and Arts: Spreading Activities to Promote the Appeal of Life Science Research to the Younger Generation

The Terumo Foundation for Life Sciences and Arts was founded in 1987 by contributions from Terumo with the aim of contributing to health and medical treatments for humankind by promoting technology in the field of life sciences. (The foundation was converted into a public interest incorporated foundation on April 1, 2012.) It engages in three types of activities mainly related to science and technology in life science-related fields: provision of financial aid for research and improvements to treatment and health within Japan and throughout the world, recognition of achievements, and educational activities. The foundation celebrated its 30th anniversary in 2017, and it has provided a total of 1,310 research subsidies totaling ¥1,950 million since it was established.

The foundation devotes its energy into educational activities to communicate the appeal of life science research to the younger generation. Starting in 2012, the foundation has cooperated with Tokyo Women's Medical University – Waseda University Joint Institution for Advanced Biomedical Sciences (TWIns) to hold annual Science Cafés for high school students. These events provide students with exposure to the front lines of research in regenerative medicine and artificial organs through life science-related lectures and practical learning at state-of-the-art medical engineering

facilities. They also provide the opportunity to communicate with researchers with the aim of helping students decide their future path. In 2017, there were 27 participants from 13 prefectures across Japan. Over the course of two days, participants received lectures from leading Japanese researchers in life science-related fields and had discussions with young researchers while also engaging in practical exercises in creating simplified artificial human hearts and cell sheets. In comments from questionnaires after the events, participants expressed that they would like to learn more about medical treatments, that they were intrigued by the work of researchers, and that the event was a good opportunity to think about their future path. The foundation will continue striving to support the development of individuals that can support the future of life science research through such activities.



Science Café event

WEB

Terumo Foundation for Life Sciences and Arts
<https://www.terumozaidan.or.jp/english/>

Support for Disaster-Stricken Areas

Participation in Disaster Prevention and Preparedness Project Organized by the Japanese Red Cross Society

Terumo participates in the future-oriented disaster prevention and preparedness project “Forever Remembered”* hosted by the Japanese Red Cross Society, and the Company has been engaging in activities to spread awareness both internally and externally since 2018. Roughly 850 medical representatives (MRs) throughout Japan played a central role in the Company’s external efforts by carrying out sales activities and wearing badges during the campaign period. Internal efforts included intranet postings about initiatives in which Terumo regularly engages to help ensure that healthcare is always available and a new explanation of the support efforts

in which Terumo has engaged to assist disaster-stricken areas within and outside of Japan since the Great East Japan Earthquake. These internal efforts are designed to give associates a chance to think about what they can do to help ensure that healthcare is always available.

* This project organized by the Japanese Red Cross Society began in 2015, five years after the Great East Japan Earthquake. The aim of the project is to communicate people's thoughts and provide support to those who were affected by the disaster and still struggle to this day. The project also seeks to raise awareness for disasters that could occur in the future by reminding everyone to not forget the lessons learned from past tragedies and about what they gained from their experiences of mutual support.

Support Provided to Disaster-Stricken Areas

Disaster	Financial assistance	Relief items
Great East Japan Earthquake (March 2011)	¥66,100,000 (of which ¥35,100,000 was donated by associates)	20,000 thermometers 4,000 blood pressure monitors 12,000 pairs of compression stockings 50,000 servings of nutrients Disinfectant, hygiene-use masks, etc.
Typhoon 30 damages in the Philippines (November 2013)	¥3,000,000 (along with an additional ¥4,760,000 donated by associates)	100,000 syringes 2,000 blood administration sets 2,000 digital thermometers Medical tape, wound dressing film, etc.
Earthquake in Nepal (April 2015)	¥2,000,000	2,160 blood bags 2,500 blood administration sets 50 digital blood pressure monitors
Kumamoto earthquakes (April 2016)	¥3,000,000 (along with an additional ¥6,470,000 donated by associates)	2,400 bottles of hand sanitizer 2,000 emergency bandages 4,800 closed infusion sets (IV tubes) 1,000 digital thermometers 300 digital blood pressure monitors 100 digital blood glucose measurement kits 16,000 condensed liquid nutrients, low-protein meals, and other food items 2,000 pairs of compression stockings 3,000 pairs of fall-prevention socks 3,000 oral care products, etc.
Heavy rains in Northern Kyushu (July 2017)	¥1,000,000	
Damages from Hurricane Maria in Puerto Rico (September 2017)	US\$56,000 (through the American Red Cross)	1,800,000 syringes and needle sets Financial assistance of ¥2,896,000 donated by Terumo associates to support associates of Terumo Puerto Rico LLC impacted by the disaster

Support for Local Communities

Efforts in Europe, the Middle East, and Africa

Subsidiary Terumo Europe NV has set up and implemented an EMEA-wide corporate citizenship (CC) program. Part of the program focuses on promoting and overseeing social contribution activities in each of the company's subsidiaries and offices in the countries and regions where it operates. Associates that volunteer to become local CC Ambassadors as well as offices set their own topics for activities that include contributing to society (local communities) and healthcare and reducing environmental footprints. In addition to support provided through charitable donations to NPOs and NGOs, systems are also put in place to support social volunteer activities by teams of associates, and Terumo Europe NV supports organizations where associates already volunteer on their own initiative.

WEB Learn more about Terumo Europe's social impact:
<https://www.terumo-europe.com/en-emea/About-Terumo/Corporate-Responsibility>

Efforts in Singapore

Three Terumo Group subsidiaries based in Singapore (Terumo Asia Holdings Pte. Ltd., Terumo Singapore Pte. Ltd., and Terumo BCT Asia Pte. Ltd.) jointly took part in The Giving Family Festival organized by Singapore NPO TOUCH Community Services (TOUCH).

This event is organized with the goal of supporting senior citizens requiring special assistance as well as disadvantaged young people and families. Companies and organizations from the area each set up their own booths and provide various services for participants. In 2017, the festival was held for two days, on November 4 and 5, and, in its capacity as a sponsor, Terumo cooperated with community home care nurses from TOUCH to set up a booth to measure the blood glucose and blood pressure of participants. Action against diabetes has garnered attention as an important measure for Singapore to pursue as a country, and there



Internal newsletter communicating volunteer activities

was strong interest from participants. Over the two days of the event, there were a total of 544 visitors to the booth. In addition to the activities at the booth, 39 associates also volunteered to take part in the charity run.



Terumo booth at The Giving Family Festival

Support for Arts and Culture

Many traditional Japanese crafts are so globally scarce that they are registered as world heritage. However, more than a few of these crafts are teetering on the verge of extinction due to a decreasing number of applications and a shortage of successors to carry them on. While there has been rising interest domestically and internationally for traditional Japanese culture, the areas producing such crafts are facing harsh times. These cultural aspects need to find a way to

exist within society in new and different ways. Since fiscal 2015, Terumo has been engaging in activities to support arts and culture. In spring 2017, Terumo accepted applications for financial support, and we provided a total of ¥8 million of support to eight applicants working in the field of traditional Japanese crafts. We will continue striving to support the future of traditional Japanese crafts through the provision of financial support to such producers.

Support for International Exchange

Terumo extends its assistance to the “Get to Know Japan and Japanese Companies” Project designed to attract Chinese university students to Japan, organized by The Japanese Chamber of Commerce and Industry in China and the Japan-China Economic Association.

This project has been conducted in the spring and fall of each year since 2007. Roughly 30 students are selected from around six universities in the Beijing area to be invited to Japan. While in Japan, students get the chance to visit companies affiliated with The Japanese Chamber of Commerce and Industry in China and observe several other aspects of Japan, such as culture and social and industrial circumstances. They are also given opportunities for interaction and

exchange with Japanese university students and homestays with Japanese families.

Starting in 2013, students from this program have been accepted for two-day, one-night stays with families of Terumo associates. University students that will support China's future are thereby given the chance to directly experience Japanese life and culture during their first visit to Japan, allowing them to feel the warmth and welcoming nature of their hosts.

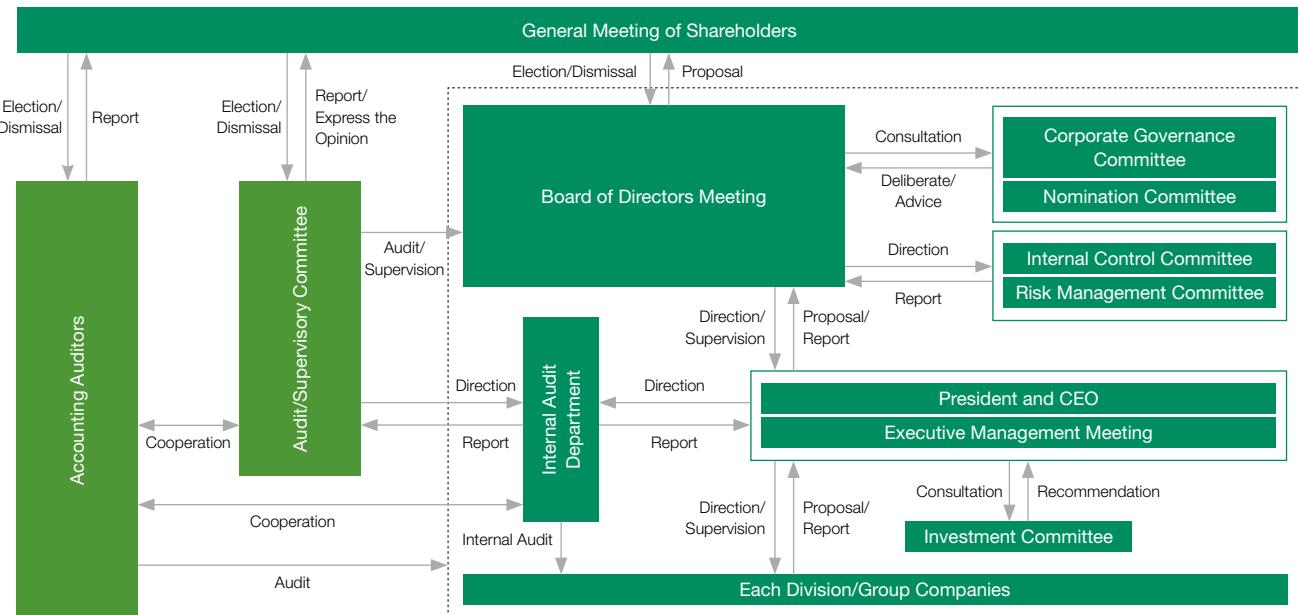
We believe that such activities will foster deeper understanding between Japan and China and help to build stable, friendly relationships that last into the future.

Corporate Governance

Basic Stance on Corporate Governance

- 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 its 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 its 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.

Corporate Governance Structure



* Audit/Supervisory Committee members are directors, and have voting rights in the Board of Directors Meeting. The majority of the Audit/Supervisory Committee is constituted by independent directors.

The Audit/Supervisory Committee serves for the function of auditing and supervising the directors and the Board of Directors.

Corporate Governance Structure

Organizational Design

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- to 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 represent the perspectives 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.

Board of Directors

Roles

- The Board shall strive for optimal decision-making of basic management policies with the goal of maximizing corporate value.
- To expedite decision-making processes, the Board may delegate certain duties or responsibilities, which are executed based on basic management policies decided at the Board, to directors and/or executive officers. The Board shall monitor the execution of any such duties or responsibilities so delegated.
- The Board shall oversee the nomination process of the President's successor as one of its important obligations for maintaining and improving corporate governance and sound management.

Members

- The Board shall consist of no more than 15 persons, excluding the Audit/Supervisory Committee Members.
- Terumo shall strive to have independent directors account for approximately twenty percent (20%) or more of the Board membership.
- Considering that, from the standpoint of corporate governance, the execution of business operations and supervisory oversight should be separated, the Chairman shall serve as the chair, in principle; provided, however, that if no Chairman has been appointed, the Nomination Committee shall propose a candidate for the chair, considering the actual situation of possible candidates based on the above standpoint, and the Board of Directors shall appoint such candidate as the chair for the Board of Directors meeting.

Audit/Supervisory Committee

Roles

The Audit/Supervisory Committee shall audit and supervise the execution of duties by Directors and executive officers to ensure the appropriate, reasonable, and efficient operation of the Terumo Group. To fulfill its audit and supervisory duties, the Audit/Supervisory Committee may provide direct instructions to the Internal Control, Internal Audit, and Legal and Compliance Departments. Such activities of the Committee shall include any of the following:

- Attend, provide objective and fair opinions, and exercise voting rights at the Board of Directors meetings.
- Attend and provide objective and fair opinions at other important Terumo Group meetings.
- Prepare audit reports.
- Establish and revise audit policies, methods for investigating and reviewing the Company's operations and assets, and other matters related to exercising the authority of the Audit/Supervisory Committee.

Members

- The Audit/Supervisory Committee shall consist of no more than five (5) directors.
- Terumo shall have independent directors represent a majority of Committee membership.
- The members of the Audit/Supervisory Committee shall elect one of the Committee members to serve as the chair of the Committee.

Corporate Governance

Corporate Governance Committee

Roles

The Corporate Governance Committee shall, as an advisory body to the Board of Directors, discuss the matters listed below and provide advice to the Board with the goals of maintaining and improving the Terumo Group's business integrity and corporate governance practices.

- (a) Basic matters concerning Corporate Governance.
- (b) Important matters concerning the establishment, design and operation of the Corporate Governance system.
- (c) Matters concerning the compensation structure for directors and executive officers.
- (d) Other matters which the Board of Directors requests the Committee to consider, or matters the Committee deems necessary to carry out the purposes of the Committee.

The deliberations of the Committee shall be reported to the Board of Directors as appropriate. In this regard, however, those matters related to the Audit/Supervisory Committee in (c) above shall not violate the provisions of Article 361 of the Companies Act.

Members

- The Committee shall be comprised of members of the Board selected by the Board.
- Terumo shall have independent directors account for at least half of the members of the Committee.
- At least one of the Representative Directors shall be a member of the Committee.
- The members of the Corporate Governance Committee shall elect one of the independent directors serving on the Committee to serve as the chair of the Committee. However, if the chair is unable to act, one of the other independent directors elected by a majority vote of the Committee members shall act in the chair's place.

Nomination Committee

Roles

The Nomination Committee shall deliberate on the matters concerning successors to the President and Chairman of Terumo Corporation, which is one of the most important corporate governance duties for the Board, as well as the matters concerning the appointment and dismissal of directors and executive officers.

Members

- The Committee shall be comprised of members of the Board selected by the Board.
- Independent directors (at least three (3) but not more than five (5)) shall account for a majority of the members of the Committee.
- The chair shall be elected from among the independent directors by a two-thirds majority vote of the Committee members.

Internal Control Committee

Roles

The Internal Control Committee shall design and operate the Terumo Group's internal control systems in accordance with the Company's "Internal Control System Design Basic Policy."

Members

- The Committee shall be comprised of Terumo Corporation's Representative Directors, Directors ranked Managing Executive Officer or above, Expert Panels Chairpersons, Internal Control Department Managers, and external legal counsels.
- Audit/Supervisory Committee members may attend and speak at the meetings of the Committee.
- The chair shall be the President and Representative Director.

Risk Management Committee

Roles

The Risk Management Committee shall design and operate the Terumo Group's risk management system based on risk identification, assessment, analysis, and prioritization across the entire organization.

Members

- The Committee shall be comprised of executive officers ranked Managing Executive Officer or above, Internal Control Department managers, and designated person by the chair.
- Audit/Supervisory Committee members may attend and speak at the meetings of the Committee.
- The chair shall be the President and Representative Director.

Selection of Directors

Policy

Candidates for directors shall be selected according to the internal regulations, which stipulate the eligibility criteria, including “a candidate shall have the management judgment capacities and management oversight capacities from stakeholders’ standpoint.”

One of these internal regulations stipulate that independent directors shall be selected from persons with extensive experiences in management, international business, the practice of medicine or other specific areas of expertise. The

regulations also require the consideration of the diversity of independent directors, including, to the extent possible, their backgrounds, expertise, gender, and other factors as appropriate. With regard to independent directors who serve as Audit/Supervisory Committee members, the regulations stipulate that independent directors should ideally be selected from persons who play leading roles in the fields of law or accounting with at least one candidate coming from each such field.

Procedure

The Nomination Committee shall discuss and propose potential candidates for directors and propose appropriate candidates to the Board of Directors. This process is intended to eliminate arbitrariness and to ensure the sound selection of candidates.

In order to assist shareholders in the exercise of voting rights of shareholders by allowing them to better understand the candidates, each candidate shall be required to state their aspirations prior to the election at the General Meeting of Shareholders.

Independent directors shall be subject to the requirements of the Director Independence Standards. The Nomination

Committee shall discuss and propose the Director Independence Standards for review and approval by resolution of the Board of Directors.

Each director shall concurrently hold officer positions (director, auditor, etc.) with no more than three other listed companies as a condition to serving as a director of Terumo Corporation.

The reasons for selection and positions concurrently held by each candidate for director shall be disclosed in the Corporate Governance Report, Reference Materials for the General Meeting of Shareholders or other documents as appropriate.

Reasons for Appointing Independent Directors and Attendance at Meetings (Fiscal 2017)

Name	Reason for appointment	Attendance at meetings of the Board of Directors and Audit/Supervisory Committee
Ikuo Mori	Mr. Mori has been appointed as an independent director to utilize the insight he has cultivated from his extensive experience as a manager and many years of experience in business overseas, in supervising the management of Terumo Corporation.	Board of Directors: 12/12 (100%)
Ryuzo Ueda	Mr. Ueda has expert knowledge which includes a track record of research in cancer therapy, has served as President of Nagoya City University Hospital and Director-General of Nagoya City Hospital Bureau, and has cultivated extensive experience through the performance of his duties in these organizations. He has been appointed as an independent director to utilize this experience in the supervision of management at Terumo Corporation.	Board of Directors: 12/12 (100%)
Yukiko Kuroda	Ms. Kuroda has extensive experience as a manager, and many years of global experience in organizational and leadership development consulting. She has been appointed as an independent director to utilize the insight she has cultivated from these experiences in the supervision of management at Terumo Corporation.	Appointed on June 22, 2018
Toshihiko Matsumiya	Mr. Matsumiya has extensive knowledge of finance and accounting as a Certified Public Accountant. He has heretofore provided auditing and supervision of the management of Terumo Corporation from an independent perspective.	Board of Directors: 12/12 (100%) Audit/Supervisory Committee: 12/12 (100%)
Masatake Yone	Mr. Yone possesses specialized knowledge and extensive experience as an attorney in Japan and overseas, and has heretofore overseen and supervised the management of Terumo Corporation from an independent perspective.	Board of Directors: 12/12 (100%) Audit/Supervisory Committee: 12/12 (100%)

Evaluation of the Effectiveness of the Board of Directors

For the purpose of further improving effectiveness of the board, the Board of Directors shall conduct a self-evaluation of board effectiveness every year by survey sheets and other

means with the involvement of outside experts and disclose a summary of the results.

WEB For more information on the Corporate Governance of the Terumo Group, please refer to the Company website.
Corporate Governance
<http://www.terumo.com/about/governance.html>

Executive Compensation

Policy and Framework

To provide appropriate motivation to enhance mid- to long-term corporate value, the compensation for executive directors and executive officers shall be determined focusing on “(a) appropriate risk-taking by the management” and “(b) sharing awareness on profits with shareholders.”

To achieve objective (a), an appropriate balance between

fixed compensation and performance-linked compensation (bonus) shall be set. In order to achieve objective (b), the compensation-type stock options have been established.

Compensation of other non-executive directors shall be composed only of fixed compensation.

Target Proportions

Compensation for executive directors shall consist of fixed compensation, bonuses, and stock options, the target percentages of which shall be 50%, 30%, and 20% of the total combined compensation, respectively.

The Corporate Governance Committee shall review the standard amount of compensation and the related target

percentage of each compensation component in light of relevant information obtained from outside research organizations that review data from comparable companies. This process is intended to secure transparency and objectivity in the establishment of compensation for executive directors.

Decision Procedure

• Fixed compensation

Within the compensation limit approved at the General Meeting of Shareholders, compensation for directors, excluding the Audit/Supervisory Committee members, shall be decided by resolution of the Board of Directors, and compensation for Audit/Supervisory Committee members shall be decided by deliberation among Audit/Supervisory Committee members.

• Bonuses

Within the aforementioned compensation limit, bonuses shall be determined by resolution of the Board of Directors in light of relevant factors, including Companywide performance as indicated by sales, operating profit, and operating margin, and an evaluation of the performance of each director's business operation.

• Stock options

Within the aforementioned compensation limit, compensation-type stock options shall be awarded by resolution of the Board of Directors.

Remuneration to Directors

Position	Total value of remuneration (¥ million)	Total compensation by type (¥ million)			Number of directors
		Base	Stock options	Bonuses	
Directors (excluding Audit/Supervisory Committee members and independent directors)	438	211	88	138	9
Audit/Supervisory Committee members (excluding independent directors)	32	32	—	—	2
Independent directors	58	58	—	—	5

Training Policy

Terumo Corporation shall provide each director with opportunities to obtain relevant training such that each may fully

assume their duties and acquire the knowledge required for fulfilling their roles, legal obligations and duties as a director.

Internal Directors

At the time of election, briefings by the head of the legal division shall be arranged to provide each director with the requisite knowledge of his or her obligations as a director. Opportunities for external training may also be recommended and provided if appropriate to assist the director

with acquiring the requisite knowledge. After the election, relevant books and opportunities for participation in external training sessions shall be arranged as necessary to afford each director the opportunity to update his or her knowledge necessary for his or her service as a director.

Independent Directors

Briefings shall be arranged to afford each independent director the opportunity to obtain the information about Terumo's business, organization, and operations necessary to fulfill his

or her duties as a director. External training sessions and other information shall be made available if additional knowledge is required or updating is necessary.

Risk Management

Basic Approach

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 to these risks, 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 Regulation provide the guidelines for appropriate risk management based on identification and analysis of risks for the Group as a whole. Our objective in managing risks is to provide the proper environment for supporting bold, yet appropriate risk-taking—for all

types of risks—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 Groupwide perspective—followed by development and implementation of appropriate responses

Risk Management System

Establishment of Risk Management System

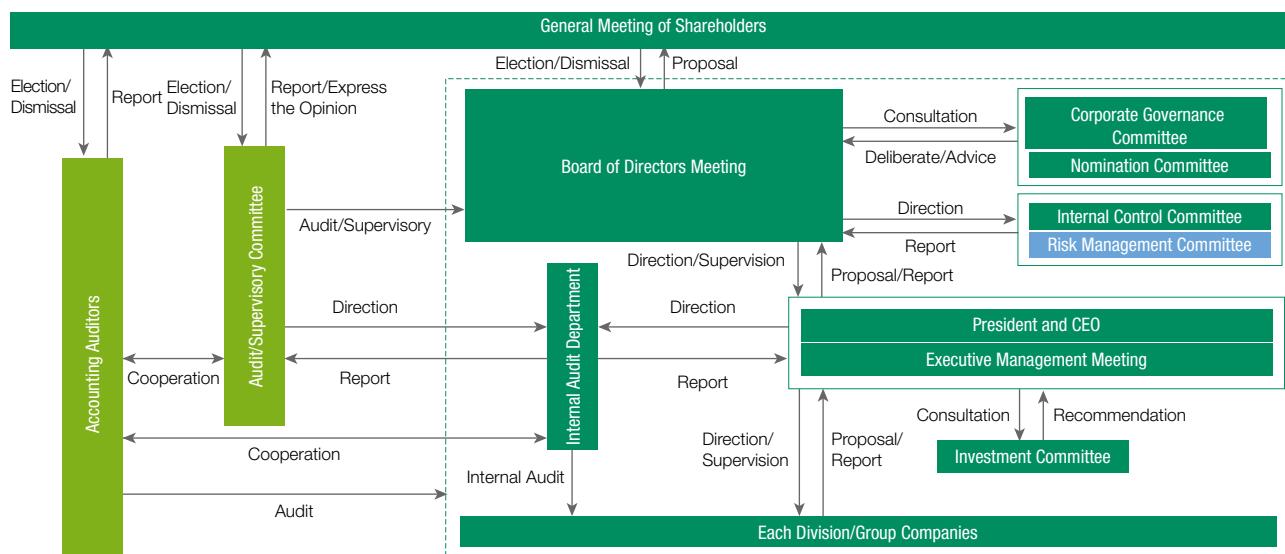
The Risk Management Committee has been established directly under the Board of Directors as an organization charged with overseeing risk management across the entire Group. Chaired by the President and CEO, the committee's membership includes officers at the level of Managing Executive Officer and higher,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

Key risks are designated by assessing risks identified throughout the Group based on predefined criteria. Assessment

criteria focus on two key points: 1) Whether the risk will cause significantly impacts to Terumo customers, and 2) Whether the risk will cause serious damage to the Terumo Group's management.

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 management organizations promptly through functional departments and the relevant departments of subsidiaries when a significant issue arises.

Risk Management System



Risk Management Education

Since fiscal 2016, we have been including content emphasizing the importance of risk management in briefings for department heads and conducting participatory workshops.

training for associates. Through initiatives such as these, we are working to enhance the level of risk sensitivity among individual managers and associates.

Crisis Response

When a crisis emerges (an identified risk occurs), the Risk Management Regulations stipulate that an internal response is to be 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.

Responses to Major Disasters and Other Emergencies

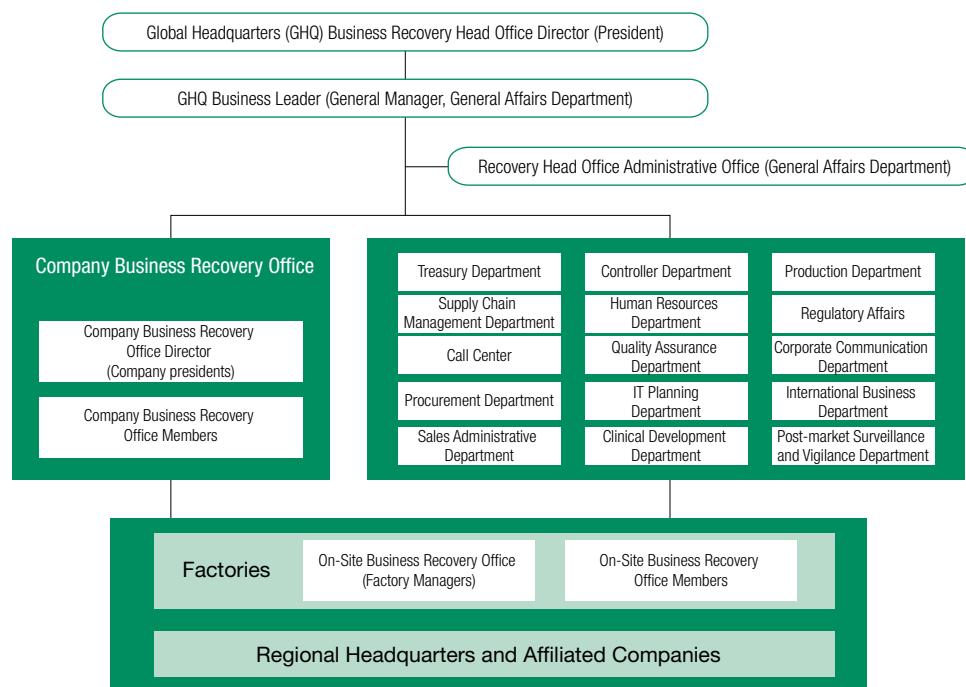
The Terumo Group provides medical devices, pharmaceuticals, and services that are directly linked to people's lives. Accordingly, we believe that ensuring business continuity in the event of a major natural disaster or some other unforeseen situation is an important social obligation of the Group. We have therefore prepared business continuity plans (BCPs) to prevent our operations from being disrupted even under extreme circumstances and to guarantee that operations can be quickly restored and resumed should they be disrupted. We conduct various drills on a regular basis and implement other countermeasures.

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.

Business Recovery Organization



Business Continuity Plans

Based on the Terumo Group BCP Standard, the Terumo Group has developed BCPs for its operations around the world based on three policies: 1) Fulfill our social responsibility to ensure that impacts on medical institutions are minimized whenever possible, 2) Protect our associates and their families worldwide, and 3) Protect our assets.

BCPs have been prepared for factories, functional departments engaged in tasks such as raw material procurement and distribution, and companies. By promoting disaster preparedness in all divisions, we aim to guarantee swift and accurate responses in cases of emergencies.

Preparedness Drills

Each of the Terumo Group's locations conducts drills, such as the following, on how to respond to large-scale natural disasters. Communication drills are also conducted jointly with Terumo's logistics partners.

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

Infectious Disease Countermeasures

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. Accordingly, we have developed an operation plan as required and have formulated a BCP that will enable us to continue operating even in the event of an outbreak of a new strain of influenza or other infectious disease.

In addition, Terumo, has prepared its infectious disease response manual to guide efforts to combat the various

infectious diseases that are currently spreading around the world and to help halt the spread of such diseases. 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 its associates, as conditions warrant.

Information Security

Basic Approach

In pursuing business operations, we, at the Terumo Group, take measures to properly protect and ensure information safety with regard to confidential information of the Group as well as information entrusted to the 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. The Terumo Group Global Security Policy has been established as a shared global policy for information security and region-specific information security rules have been formulated based on this policy.

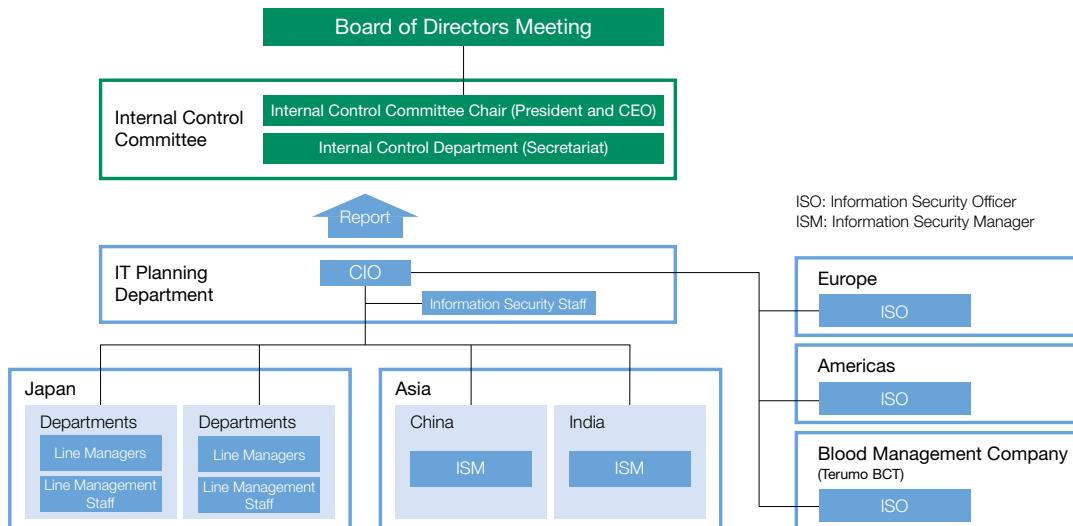
Regarding personal information, we have developed the Personal Information Protection Standard based on Japanese laws and regulations, including the Act on the Protection of Personal Information and Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures. We properly protect and manage all forms of personal information, including national identification numbers, in accordance with these standards. Furthermore, we are promoting global compliance with the General Data Protection Regulation, a new personal information protection regulation implemented by the European Union in May 2018.

Information Security System

Under the direction of the Chief Information Officer (CIO), the Terumo Group develops global information security systems headed by the IT Planning Department. The formulation and enactment of standards and guidelines based on the laws and regulations of countries of operation and the education and training of associates are promoted on a global basis through these systems. In addition, global meetings are held regularly between representatives from Terumo's IT Planning Department and information security divisions of Group companies. These meetings serve as opportunities to share information on cyber risks and other matters and to examine possible measures for strengthening information security.

In Japan, information security managers and management staff are appointed in each department of Terumo and in each Group company, as stipulated by the Terumo Group Global Security Policy and the information security rules. These individuals perform management and provide guidance to ensure that information in their departments is properly managed and protected. Outside of Japan, information security officers are selected for each region and information security managers are put in place at all affiliates to promote appropriate information protection and management throughout the Group.

Global Information Security Management Organization



Measures for Strengthening Information Security

Terumo business locations throughout the world perform self-evaluations of their security status annually, and information security training for associates is conducted on a regional basis once a year. In addition, both internal and external audits are performed to confirm the status of compliance with the internal rules and regulations of the Company.

We have recently seen a rise in the various information security threats needing to be addressed, with such threats including targeted attacks, unauthorized access, and leaks

of personal information. To combat such threats, we are implementing measures for strengthening information security to provide for multilayered protection that includes countermeasures for scam emails, monitoring for unauthorized transmissions, and other provisions. Furthermore, we conduct drills using target emails for our associates around the world to raise their awareness of information security.

Data Sheets

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Human Resources and Labor Data

Associate Data

		FY2015	FY2016	FY2017
Number of associates by geographic area (consolidated)* ¹	Japan	5,310	5,297	5,417
	Europe	1,856	2,198	2,510
	Americas	6,995	8,299	9,582
	Asia and others	6,536	6,647	5,810
	Total	20,697	22,441	23,319
Number of associates (non-Consolidated)* ²	Male	4,151	4,057	4,079
	Female	695	672	702
	Overseas associates	55	4	–
	Total	4,901	4,733	4,781
	Ratio of female associates (%)	–	–	14.7
Average age* ²	Male	41.86	42.28	42.50
	Female	36.16	36.75	36.97
	Total	41.06	41.51	41.70
Average years of service* ²	Male	18.9	19.3	19.3
	Female	12.2	12.7	12.7
	Total	18.0	18.4	18.4
Average salary (yen)* ²	Male	–	–	–
	Female	–	–	–
	Total	7,270,416	7,409,163	7,433,730
New hires* ²	Male	166	94	136
	Female	57	29	57
	Total	223	123	193
Voluntary turnover (resigning due to personal reasons) (employees)* ²	Male	67	65	57
	Female	27	35	29
	Total	94	100	86
Employee turnover rate (%)* ²	Male	1.6	1.6	1.4
	Female	3.9	5.0	4.1
	Total	1.9	2.1	1.8

*1 Scope: Terumo Group

*2 Scope: Terumo Corporation

Promotion of Diversity

		FY2015	FY2016	FY2017
Number and ratio of female managers* ¹	Number of female managers	49	57	61
	Ratio of female managers (%)	4.9	5.7	6.1
Number and ratio of retirees rehired under TES* ²	Retirees	62	79	75
	Number of retirees rehired under TES	44	57	65
	Ratio of retirees rehired under TES	71	72	87
Ratio of employees with disabilities (%)* ²		2.13	2.10	2.16

*1 Scope: Domestic Terumo Corporation associates and Japanese associates dispatched or seconded to Group companies

*2 Scope: Terumo Corporation

Data Sheets

Promotion of Work Style Revolutions

		FY2015	FY2016	FY2017
Number of associates taking maternity and childcare leave	Associates taking maternity leave	25	36	47
	Associates taking childcare leave	Female	53	55
		Male	45	68
	Ratio of associates returning to work after maternity leave (%)		100	100
Number of associates taking nursing care leave*	Ratio applicable male associates taking childcare leave (%)	Male	31.5	50.0
	Associates taking special nursing care leave		1	0
Number of associates taking long-term nursing care leave	Associates taking long-term nursing care leave		0	4
	Associates taking leave for family illness		10	15
				20
Associates using the work-at-home system	Registered associates	Male	3	4
		Female	31	35
Number of former associates rehired	Associates using system	Male	2	2
		Female	25	27
Ratio of paid vacation days taken (%)	Registered former associates		8	6
	Rehired associates		1	1
			64.5	65.4
				68.0

Scope: Terumo Corporation

* Excludes half-day leave (nursing care/family illness)

Nursing care and family illness displayed as a combined total from fiscal 2017

Initiatives to Prevent Work-Related Accidents

	FY2015	FY2016	FY2017
Accidents resulting in lost work days	4	2	3
Frequency rate	0.44	0.23	0.34
Severity rate	0.00	0.02	0.85

Scope: Terumo Corporation

Data Sheets

Environmental Data

CO₂ emissions

	FY2005	FY2013	FY2014	FY2015	FY2016	FY2017
Japan (t-CO ₂)	111,690	121,915	124,291	126,904	128,591	128,979
Overseas (t-CO ₂)	78,860	131,454	126,176	132,800	132,728	138,632
Total (t-CO ₂)	190,550	253,369	250,467	259,704	261,319	267,611
Index per unit of consolidated net sales/revenue (FY2005=100)	100	70	66	64	66	59

Scope: Terumo Group business sites in Japan and overseas manufacturing sites

CO₂ Emissions in Fiscal 2017 (Scope 1 and Scope 2)

	Scope 1	Scope 2	Total
Japan (t-CO ₂)	40,102	88,877	128,979
Overseas (t-CO ₂)	17,851	120,781	138,632
Total (t-CO ₂)	57,953	209,658	267,611

Scope: Terumo Group business sites in Japan and overseas manufacturing sites

CO₂ Emissions in Fiscal 2017 (Scope 3)

Total (t-CO ₂)	3,413,773
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Scope: Terumo Group

Energy Consumption

Fuel Type	FY2015	FY2016	FY2017
Electricity (GJ)	1,506,279	1,525,594	1,552,236
City gas (GJ)	1,055,107	1,016,203	1,006,781
LPG (GJ)	27,868	26,037	27,837
Heavy oil (GJ)	20,119	20,060	19,941
Diesel (GJ)	22,595	13,397	4,401
Steam (GJ)	124,645	130,164	132,356
Gasoline (GJ)	615	598	363
Total (GJ)	2,749,115	2,720,407	2,893,202
Consumption per unit of product net sales/revenue (GJ/¥100 million)	524	529	492

Scope: Terumo Group business sites in Japan and overseas manufacturing sites

Renewable Energy Usage in Fiscal 2017

Photovoltaic power (kWh)	303,143
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Scope: Terumo Group

Data Sheets

Recycling Amounts and Rates

		FY2013	FY2014	FY2015	FY2016	FY2017
Japan	Total waste (t)	10,012	9,770	8,878	8,857	8,843
	Volume recycled (t)	9,507	9,466	8,647	8,545	8,560
	Recycling rate (%)	95.0	96.9	97.4	96.5	96.8
Overseas	Total waste (t)	7,367	7,579	7,255	7,755	9,044
	Volume recycled (t)	5,104	5,237	5,052	5,411	6,655
	Recycling rate (%)	69.3	69.1	69.6	69.8	73.6
Total	Total waste (t)	17,379	17,349	16,133	16,612	17,888
	Volume recycled (t)	14,611	14,703	13,699	13,956	15,214
	Recycling rate (%)	84.1	84.7	84.9	84.0	85.1

Scope: Terumo Group business sites in Japan and overseas manufacturing sites

Landfill Waste

	FY2013	FY2014	FY2015	FY2016	FY2017
Total waste (t)	10,012	9,770	8,878	8,857	8,843
Landfill waste (t)	37	23	17	18	17
Ratio of landfill waste to total emissions (%)	0.37	0.24	0.19	0.20	0.19

Scope: Terumo Group business sites in Japan

Collection and Recycling of Small Rechargeable Batteries in Fiscal 2017

Nickel-cadmium batteries (kg)	3,149
Nickel-metal hydride batteries (kg)	2,480
Lithium-ion batteries (kg)	550
Sealed lead-acid batteries (kg)	912

Scope: Terumo Corporation business sites in Japan

Water Use Volumes

	FY2013	FY2014	FY2015	FY2016	FY2017
Japan (1,000 m³)	3,736	3,658	3,710	3,734	3,741
Overseas (1,000 m³)	1,247	1,299	1,402	1,421	1,542
Total (1,000 m³)	4,983	4,957	5,112	5,155	5,283
Per unit of consolidated net sales/revenue (1,000 m³/100 millions of yen)	1.066	1.013	0.974	1.003	0.899

Scope: Terumo Group business sites in Japan and overseas manufacturing sites

Amount of PRTR Substances Used, Emitted, and Transferred in Fiscal 2017

Used (t)	779.5
Emitted (t)	103.2
Transferred (t)	12.2

Scope: Terumo Corporation business sites in Japan

Data Sheets

Green Purchasing in Fiscal 2017

	Overall purchases	Green purchases	
Units	117,947	53,956	46%
Cost (thousands of yen)	107,014	39,546	37%

Scope: Terumo Corporation business sites in Japan

Site Data (Manufacturing and R&D Sites) for Fiscal 2017

Region	Site	Location	CO ₂ Emissions (t)	Water Usage (1,000 m ³)	Total Waste (t)	Hazardous Waste (t)	Recycled Amounts (t)
Japan	Fujinomiya Factory	Fujinomiya, Shizuoka	43,964	1,829	2,553	12	2,533
	Ashitaka Factory	Fujinomiya, Shizuoka	20,997	535	1,838	63	1,794
	Kofu Factory	Nakakoma, Yamanashi	43,087	1,166	3,865	3	3,671
	ME Center	Suntou, Shizuoka	355	6	83	0.4	83
	R&D Center (Shonan Center)	Ashigarakami, Kanagawa	5,944	73	201	41	182
	Terumo Clinical Supply Co., Ltd.	Kakamigahara, Gifu	770	6	31	1	31
	Terumo Yamaguchi Corp.						
	Terumo Yamaguchi D&D Corporation	Yamaguchi, Yamaguchi	12,273	120	242	170	235
Americas	Terumo Medical Corp. and Terumo Cardiovascular Systems Corp.	Maryland, USA	17,436	41	602	77	216
	Terumo Cardiovascular Systems Corp. and Terumo Heart, Inc.	Michigan, USA	3,922	8	89	11	48
	Terumo Cardiovascular Systems Corp.	Massachusetts, USA	527	2	173	0	173
	Microvention, Inc.	California, USA	4,261	10	372	109	40
	Terumo BCT, Inc.	Colorado, USA	15,285	87	1,860	10	1,505
	Bolton Medical, Inc.	Florida, USA	1,004	2	360	8	264
	Terumo Puerto Rico LCC	Commonwealth of Puerto Rico	1,141	2	86	2	40
	Microvention Costa Rica, S.R.L.	San Jose, Costa Rica	303	14	185	7	179
Europe	Terumo Europe NV	Leuven, Belgium	8,169	38	474	63	341
	Terumo UK, Ltd.	Liverpool, UK	183	1	90	0	90
	Vascutek Ltd.	Glasgow, UK	2,495	9	232	51	181
	Terumo BCT, Ltd.	Larne, UK	4,546	37	226	2	181
Asia	Terumo Medical Products (Hangzhou) Co., Ltd.	Zhejiang, China	32,498	611	1,103	103	922
	Terumo (Philippines) Corp.	Laguna, the Philippines	22,291	278	1,275	102	1,215
	Terumo Penpol Private, Ltd.	Kerala, India	9,156	30	581	1	563
	Terumo Vietnam Co., Ltd.	Vinh Phuc, Vietnam	7,745	155	682	47	240
	Terumo BCT Vietnam Co., Ltd.	Dong Nai, Vietnam	7,672	217	655	16	456

Corporate Information

Company Name

Terumo Corporation

Founded

September 17, 1921

Tokyo Office

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

Head Office

2-44-1 Hatagaya, Shibuya-ku, Tokyo 151-0072, Japan

Business

Manufacturing and sale of medical devices and pharmaceuticals

Share Capital

¥38.7 billion

Revenue (Consolidated)

¥587.8 billion (For fiscal year ended March 31, 2018)

Employees (As of March 31, 2018)

Consolidated: 23,319

Non-consolidated: 4,781

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TERUMO CORPORATION

Tokyo Office
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