

## Basic Approach

Based on our Group mission, "Contributing to Society through Healthcare," we conduct our corporate activities in accordance with the Terumo Group Code of Conduct with the goal of always being a company that is trusted in medical settings around the world. Terumo's basic approach, based on the Terumo Group Code of Conduct, is to strive to ensure quality and stable supply in the procurement of goods and services while also ensuring fair and ethical business activities. The Code of Conduct describes Terumo's ideal relationship with business partners, including suppliers, as well as its expectations for suppliers as part of efforts to promote responsible business activities. To realize these goals, Terumo has established the Terumo Group Procurement Policy, which delineates the basic approach of Terumo's procurement activities, and the Supplier Guidelines, which is a set of guidelines for suppliers. We conduct our procurement activities based on these documents.

The Terumo Group Procurement Policy comprises six items: Quality and Safety; Stable Procurement, Promotion of Compliance; Fair Procurement; Consideration for Human Rights and the Environment; and Mutual Prosperity based on Reliability with Suppliers. In line with this Policy, Terumo has drawn up the Supplier Guidelines, which specify Terumo's requirements for suppliers. All suppliers that do business with Terumo are required to comply with the Supplier Guidelines.



The Terumo Group Procurement Policy and the Supplier Guidelines  
<https://www.terumo.com/about/procurement/>

## Promotion System

The Procurement Department of Terumo Corporation plays a central role in establishing and implementing procurement-related rules and procedures, and in taking other steps to promote responsible procurement in line with society's demands and expectations. At Terumo, fulfilling social responsibilities across the supply chain through coordination with suppliers is viewed as an important part of procurement. When selecting new suppliers, we

present them with our Supplier Guidelines and ask for their commitment to socially responsible procurement activities and that they sign an acknowledgment. This is an important condition when selecting a new supplier. Domestic suppliers are asked to sign an acknowledgement of our Supplier Guidelines. As of March 31, 2021, a total of 545 direct material suppliers and 822 indirect material suppliers had signed such acknowledgments. Since fiscal 2021, Terumo's affiliates in Europe, the Americas, and Asia have also started asking suppliers in these regions to acknowledge the Supplier Guidelines. With regard to new suppliers and suppliers in regions with a high level of country risk, we have begun conducting supplier audits based on a self-assessment questionnaire (SAQ) the content of which covers human rights, and environment, occupational health and safety (EHS).

In the procurement of materials used in production, domestic and overseas procurement and purchasing departments manage suppliers based on the Quality Management System. The Procurement Department coordinates with each department to facilitate purchasing activities that are optimal from a Group-wide perspective, taking quality, prices, and supply reliability into account.

## Procurement Systems for Ensuring Supply Reliability

With quality and supply reliability as its top priority, Terumo strives to purchase goods and services from the most suitable locations. In accordance with the basic supply policy of maintaining a stable supply of products to continuously meet healthcare needs, we are developing systems for securing stable supplies together with suppliers. Based on our experience with the Great East Japan Earthquake, the 2016 Kumamoto earthquakes, and the global COVID-19 pandemic, we evaluate the supply risk according to the particular business or product in question, secure the understanding and cooperation of suppliers, and strive to ensure that alternative suppliers are available and that appropriate inventory levels are maintained.

## 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. In addition, Terumo is taking steps to reduce GHG emissions and other environmental impacts in procurement activities. For example, we employ a joint delivery scheme to reduce the number of trips required of trucks for transporting raw materials.

\* Environment, Health and Safety

## Measures for Addressing Conflict Minerals

One of the items contained in the Supplier Guidelines is "Consideration for Human Rights for Labor." To ensure that Terumo does not become complicit in human rights violations or environmental destruction, the guidelines stipulate that requests be made to suppliers not to procure or use raw materials, components, or products containing illegally mined tin, tantalum, tungsten, or gold. In addition, when selecting new raw materials, we ask that suppliers inform us of whether or not said materials contain any of the aforementioned conflict minerals.

## Procurement-related Compliance

When undertaking purchasing, it is vitally important to comply with relevant laws and regulations, and to undertake transparent transactions based on a fair, equitable relationship with suppliers. To ensure thorough implementation of purchasing-related compliance, Terumo has put in place purchasing processes based on clear purchasing rules, and undertakes fair transactions in accordance with these rules, with prohibitions on conflict of interest, insistence on compliance with relevant laws and regulations such as the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, and a formal system of rules for supplier qualification registration. Furthermore, in order to promote responsible procurement, when beginning to engage in transactions with a new supplier,

er, Terumo requires that supplier to sign an agreement regarding exclusion of anti-social forces (i.e., organized crime groups), and Terumo will not do business with suppliers that refuse to acknowledge the Supplier Guidelines, Terumo's code of conduct for suppliers.

### Supplier Diversity

The Terumo Group believes that the Group and the communities in which it operates benefit from procurement practices that capitalize on the unique skills, knowledge, creativity, and talent offered by a diverse supplier base. We also recognize that a diverse supplier base contributes to economic growth. The Terumo Group Procurement Policy states that all suppliers will be equally and fairly considered for future business opportunities, and that no suppliers will be favored or refused the right to transact business with the Group for illegitimate reasons. Ultimately, Terumo seeks the most capable suppliers in terms of quality, service, cost, value, and technology.

Terumo Americas Holding Inc. (TAH) is committed to developing valuable supplier relationships with businesses owned by minorities, women, LGBT individuals, veterans, service-disabled veterans, and people with disabilities as well as disadvantaged, HUBZone, and other small businesses. Moreover, TAH is a proud member of the National Minority Supplier Development Council and the Women's Business Enterprise National Council. This company's procurement teams are working with the regional partners of these councils to identify more local, small and medium-sized, and diverse-owned businesses. To help further its supplier diversification efforts, TAH is also planning to attend conferences sponsored by these councils.

The Terumo Group is dedicated to partnering with suppliers that enhance its organization's value by offering diverse solutions as it continues to uphold the principles of its Group mission—"Contributing to Society through Healthcare."