Basic Approach

Ensuring occupational safety, promoting the health of employees, and reducing the environmental impact of business activities are important social responsibilities for companies and are crucial to sustainable growth. Acting in accordance with the Terumo Group 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, strives to develop safe and comfortable work environments, and works to reduce the impact of its business activities on the environment.

Terumo Group EHS Policy (Please visit the Regulations and Standards section of Terumo's corporate website.)
https://www.terumo.com/about/regulation/

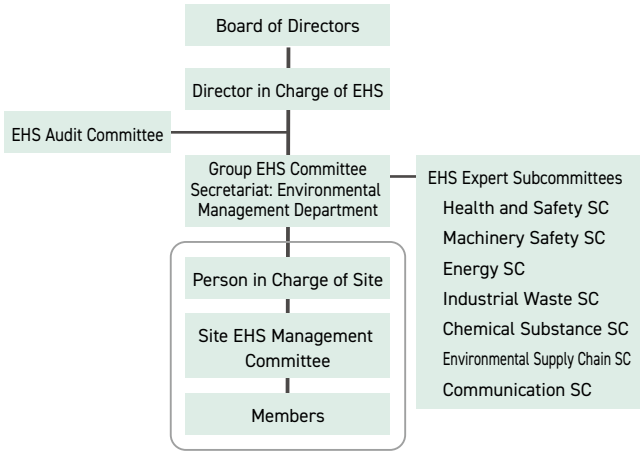
Management System

EHS Management System

Based on the Terumo Group EHS Policy, we employ an EHS management system that is compliant with international environmental (ISO 14001: 2015) and occupational health and safety (ISO 45001: 2018) standards.

As a key part of Terumo's focus on sustainability in business, EHS policies, risks, opportunities, goals, and activity plans are discussed and related decisions are made by the Group EHS Committee, which is chaired by the director in charge of EHS, 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 Group EHS Committee, and these subcommittees propose strategies, policies, targets, and activity plans pertaining to their respective areas of responsibility. In addition, the EHS Audit Committee conducts internal audits of business sites to confirm the implementation status and effectiveness of their systems and their compliance with relevant laws. Ongoing improvements are pursued based on the results of these audits.

Organization for Companywide Promotion of EHS Management System



ISO 14001 (Environment) and ISO 45001 (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 ISO 45001 international standards.

Facilities with Third-Party Certifications

Company name	Site	Environment	Occupational Health and Safety
		ISO14001: 2015	ISO45001: 2018
Terumo Corporation	Head office (Environmental Management Department)	○	○
	Fujinomiya Factory		
	Kofu Factory		
	Ashitaka Factory		
Terumo Europe NV	Haasrode Factory	○	○
	Genk Warehouse		
Terumo Vietnam Co., Ltd.	Terumo Vietnam Factory	○	○
Terumo BCT, Inc.	Terumo BCT Lakewood Factory	○	○
Terumo Penpol Pvt. Ltd.	Blood bag factory	○	○
Terumo BCT Vietnam Co., Ltd.	Terumo BCT Vietnam Factory	○	○
Terumo BCT, Ltd.	Terumo BCT Larne Factory	○	–
Vascutek Ltd.	Vascutek factory	○	–

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 check-ups; 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. (For more information about the number of work-related accidents resulting in lost work days, please refer to "Data Sheets" on p. 47.)

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 remain healthy and 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.

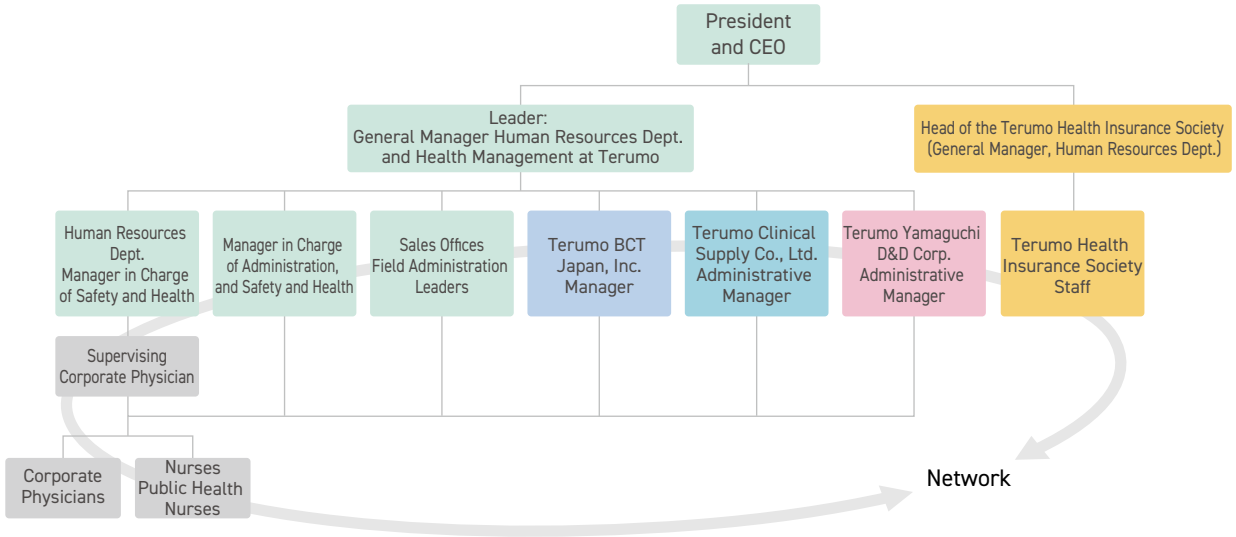
Message from Senior Management

Shinjiro Sato, President and CEO, Terumo Corporation

Recognizing that the contributions of each and every associate drive the ongoing growth of the Company, Terumo is promoting work-style innovation and "Kenko Keiei" to enable all associates to fully exercise their talents. In responding to the COVID-19 pandemic, we have made the health and safety of all associates a top priority, and we have continued to implement activities that make a positive contribution to medical settings.

From the point of view of safeguarding associates' health, the rapid changes in the working environment during the COVID-19 pandemic have created a situation where communication tends to be reduced, and so it is very important to create an environment where our associates can work with peace of mind, with less of a psychological burden in terms of worry and stress. Based on our awareness of this need, we have been driving both Companywide initiatives and initiatives at the level of the individual workplace. Going forward, we will be working to build an environment in which every associate is able to work enthusiastically with good physical and mental health.

Terumo "Kenko Keiei" Promotion Team



The "Kenko Keiei" System

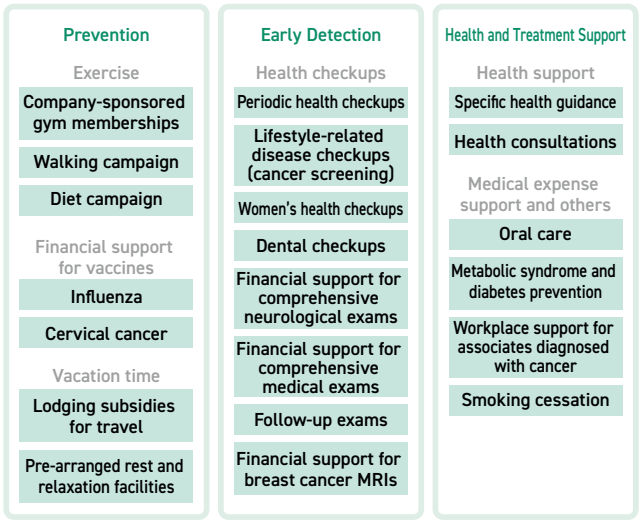
To promote "Kenko Keiei," we have formed a team, with members drawn from across Terumo Group companies in Japan, to work with the Terumo Health Insurance Society to undertake "collaboration of health"* initiatives. In addition, led by a supervising corporate physician, corporate physicians, nurses, public 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 in order to facilitate the standardization of initiative levels.

* Initiatives undertaken through collaboration between company management and the Terumo Health Insurance Society

Basic Approach 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 at 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" plan-do-check-act (PDCA) 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



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

We are working to prevent the onset of lifestyle-related diseases. To that end, 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%.

【Major Initiatives】

- Discouraging smoking: Prohibition on smoking at work, holding of 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, and prohibition on smoking on the premises of the Company and Group companies
- Prevention of Metabolic Syndrome: Special health guidance, and holding of special walking and dieting events

【Initiative Results】

- Discouraging smoking: These initiatives have been steadily generating results, and by fiscal 2020 the ratio of smokers had been reduced to 20.2%. We will continue to implement activities in this area with the aim of reducing the ratio of smokers to less than 20%.
- Prevention of Metabolic Syndrome: By implementing measures that enable associates to improve their lifestyle habits while having fun, for example by providing diet programs based on the recording of data that make use of Terumo products, and through the holding of periodic events, we are able to strengthen the motivation of associates while enabling them to receive more effective advice from public health nurses.

2. Early Diagnosis and Treatment of Cancer to Enable Associates to Return 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.

【Major Initiatives】

- Full compensation of fees by the Terumo Health Insurance Society for checkups for lifestyle-related diseases (cancer screening), making it easier to receive such checkups by enabling associates to have them during working hours together with regular checkups required by law, encouraging associates to have secondary examinations when the initial examinations indicate that more detailed examination is needed, and a system to help associates to continue to work while undergoing cancer treatment

【Initiative Results】

- In fiscal 2020, all associates underwent regular checkups required by law and more than 90% received secondary examinations when warranted.

3. Women's Health

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

【Major Initiatives】

- Seminars on the importance of receiving breast cancer and cervical cancer screening, financial support for receiving cervical cancer vaccines, and financial support for undergoing MRI breast cancer examinations*

* 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.

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】

- Dedicated "Kenko Keiei" intranet site offering information on Terumo's "Kenko Keiei," messages from senior management, health improvement support, initiatives at 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
- Stretching workshops for improving sleep quality and preventing lower-back pain and other training opportunities for addressing presenteeism issues

For more information about these initiatives, please refer to "Data Sheets" on p. 47.

Workplace Support for Associates Diagnosed with Cancer

With data indicating that one out of two Japanese people will be diagnosed with cancer during their lifetime,* the number of people who have been diagnosed with cancer is on the rise. 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 (from 2017), 65.5% of men and 50.2% of women will be diagnosed with cancer during their lifetime.

Types of Support

Use of expired paid leave	Expired paid leave may be used a day at a time.
Unpaid leave	Associates may take as many days as needed, but no 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.

Note: 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 senior management, members of this organization embark on an ongoing process of taking steps to promote the health of their employees, reviewing measures and their results, sharing this information, and making improvements. Terumo embraces this approach to business management and contributes to efforts to promote its wider adoption.

Promoting Global Wellness Programs

The Terumo Group aims to empower all associates in their work and have them share the same values through working at the Group. We are advancing global wellness programs with this goal. By learning from initiatives implemented worldwide and making progress together, we are fostering a sense of solidarity among Group associates. In 2020, we prepared a shared global common tagline, "Your Health, Your Happiness, Our Priority," and logo for internal use, and designated five shared themes which we recognize as being particularly important. This tagline encapsulates the shared desire of associates and the entire Terumo Group to protect the health of all associates.

Shared Themes	Concrete Initiatives
Exercise	Financial support for exercise; in-office gyms; walking, running, and other sports events; etc.
Healthy diet	Provision of healthy meals and fruit, nutrition seminars, etc.
Mental health	External consultation venues, stress relief and mindfulness programs, sleep workshops, support for addressing financial concerns, etc.
Prevent & care illness	Health examinations, vaccinations, treatment support, leave for treatment purposes, etc.
Family care	Wellness support for associates' families

External Recognition

In recognition of the effectiveness of its "Kenko Keiei" initiatives, Terumo has been selected for inclusion in the Health & Productivity Stock Selection for seven consecutive years since fiscal 2014. Terumo has also been included in the Excellent Enterprise of Health and Productivity Management—White 500 selection for five consecutive years since fiscal 2016. Furthermore, Terumo received the Cancer Prevention Partner Award (Cancer Screening Category) in fiscal 2019 through the Ministry of Health, Labour and Welfare's Action Plan for Companies Promoting Cancer Prevention in recognition of its efforts to promote cancer screenings.

Major "Kenko Keiei" Selections, Certifications, and Awards

- Health & Productivity Stock Selection (Seven consecutive years since fiscal 2014 to fiscal 2020)
- Excellent Enterprise of Health and Productivity Management (Five consecutive years since fiscal 2016 to fiscal 2020)
- Tokyo Sports Promotion Company (Six consecutive years since fiscal 2015 to fiscal 2020)
- Sports Yell Company (Four consecutive years since fiscal 2017 to fiscal 2020)
- Cancer Prevention Partner Award (Encouragement of Cancer Treatment While Working Category) (fiscal 2017) and Cancer Prevention Partner Award (Cancer Screening Category) (fiscal 2019), Action Plan for Companies Promoting Cancer Prevention, Ministry of Health, Labour and Welfare
- Award of Excellence, Awards for Companies Supporting Cancer Patients in Receiving Cancer Treatment While Working, Tokyo Metropolitan Government (fiscal 2017)
- Yamaguchi Prefecture Governor's Award for Excellent Enterprises in Health and Productivity Management, Terumo Yamaguchi Corp. (fiscal 2017)
- Sukoyaka Yamanashi 21 health Promotion Award, Terumo Corporation's Kofu Factory (fiscal 2018)

EHS Risk Management

EHS Internal Audits

The Terumo Group EHS Audit Committee conducts EHS internal audits to confirm the status of initiatives for reducing environmental, health, and safety risks and 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.

In fiscal 2020, such audits were conducted at 11 business sites.

Audit Tasks

1. Check conformity with ISO 14001:2015 and ISO 45001:2018
2. Check compliance with EHS-related laws, regulations, agreements, etc.
3. Check compliance with the Terumo Group EHS Policy and with internal rules and standards
4. Check the operational status of EHS management systems and performance (effectiveness, key performance indicators)
5. Check the status of improvement regarding issues identified through audits, etc.

Audits of Waste-Treatment Contractors

To confirm the appropriate processing of industrial waste generated by Terumo, we perform systematic audits of waste collection and disposal contractors. In fiscal 2020, we conducted audits at 39 contractors and determined that waste collection and disposal are being performed properly.

Training and Education

To ensure solid understanding of the Terumo Group 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.

Response Training for Environment-related Emergencies and Accidents

Individual business sites have established emergency response procedures to prevent accidents and disasters, and to lessen the severity of such incidents should they occur. They also conduct emergency response training and review the results on a regular basis. In fiscal 2020, there were no serious environment-related accidents or leaks.

Compliance with Environmental Laws and Regulations

In fiscal 2020, there were no major legal or regulatory violations or citations related to the environment requiring fines or punishments.

Award Program for Recognizing Outstanding EHS Activities

Every year, we present the Terumo Human × Eco Awards, to recognize activities that contribute to the environment, health, and safety 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.

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

TRI Introducer Kit—Minimally Invasive, Medically Cost Efficient, and Resource Conserving

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.


TRI introducer kit

Guiding Catheter for TRI—Minimally Invasive, Medically Cost Efficient, and Resource Conserving

Used together with Terumo's TRI introducer kit, this guiding catheter makes it possible to perform TRI for treating peripheral artery diseases. Compared with the transfemoral approach, TRI is less invasive, places less of a burden on medical professionals and patients, and is more medically cost efficient. In addition, the packaging type used for this guiding catheter has been changed to realize a 45% reduction in package weight and a 61% reduction in package size. This change is anticipated to contribute to the environment by helping to conserve resources and space and reduce the amount of energy required for transportation.


Guiding catheter for TRI

Drug-Eluting Stents—Minimally Invasive, Medically Cost Efficient, and Resource Conserving

Drug-eluting stents are medical devices that are embedded in patients' bodies to treat conditions such as angina pectoris and myocardial infarction resulting from contraction or blockage of the coronary artery of the heart. Terumo has proceeded to refine the delivery systems of its drug-eluting stents to improve


Drug-eluting stent

ease of use and passage in order to facilitate smooth treatment of even complicated lesions. These refinements are expected to reduce the burden placed on healthcare professionals and patients while offering higher economic benefits. In addition, the packaging type used for these drug-eluting stents has been changed to realize a 14% reduction in package size. This change is anticipated to provide environmental benefits by helping to conserve resources and space and improving transportation efficiency.

Intravascular Ultrasound Catheter—Shortened Examination Times and Improved Efficiency

Intravascular ultrasound catheters are used when performing intravascular ultra-sounds, 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

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

Condensed liquid nutrients make it possible for people to receive greater amounts of calories and nutrition while eating and drinking less. 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 offer smaller volume, allowing for less packaging, which helps reduce the waste produced.

Condensed liquid nutrients

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)

IV (Intravenous) Solution Bag—Conservation of Resources and Reduction of Waste

We have developed an IV solution bag designed to be environmentally friendly. It is manufactured with less plastic, in a production process that consumes less energy and emits less CO_2 than previous processes. In addition, because the new IV solution bags weigh 23% less than prior bags, we expect them to generate less waste and reduce overall impact on the environment.

IV solution bag

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

Angiographic Kit—Greater Efficiency and Less Waste

We offer an angiographic kit which consists of products needed to perform angiography for interventional therapies in a single set. Combining all necessary products in a single kit contributes to reducing the packaging materials, as well as the time and effort needed to manage the products. In addition, we developed a better method and form of product packaging and redesigned the shape of the tray, thereby reducing the weight and volume of waste. This allowed for a 53% reduction in the amount of waste, compared with Terumo's conventional products.

Angiographic kit

Products Free of Hazardous Substances

Leading the Industry toward Mercury-Free Products

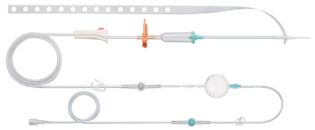
The Minamata Convention on Mercury took effect in August 2017. Under the convention, it has become illegal to manufacture and engage in trade involving products containing mercury beginning in 2021. Terumo ceased production of mercury thermometers in 1984. That was over 30 years ago and since then we 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 the 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

Initiatives to Address Climate Change

Various international frameworks have been established in regard to climate change, such as the Paris Agreement and the United Nations Sustainable Development Goals, which were both adopted in 2015. Against this backdrop, companies are expected to set and work toward accomplishing GHG emissions reduction targets based on scientific evidence.

Terumo recognizes that reducing the GHG emissions from its business activities, through means such as improving energy efficiency and implementing climate change counter measures, is an important management task. Accordingly, we are addressing this task through a concerted Group effort. In 2020, Terumo set new medium- to long-term GHG emissions reduction targets for fiscal 2030 and fiscal 2050. These targets comply with the levels requested by the Paris Agreement. In addition, the target for fiscal 2030 was approved, is considered science-based by the international organization known as Science Based Targets initiative (SBTi).

A new project has been launched starting in fiscal 2021 with the aim of realizing the goal of becoming carbon neutral.* Under the project, we are considering re-setting the GHG emissions reduction targets and also promoting measures to reduce GHG emissions through collaboration between related departments. Going forward, guided by these targets, we will be engaged in a concerted Group effort to reduce climate change risk, which is an issue of global concern.

* Being carbon neutral means having net zero emissions after deducting carbon dioxide absorbed by forests, etc. or sequestered underground from the organization's GHG emissions.

The Terumo Group's Medium- to Long-term Greenhouse Gas (GHG) Emissions Reduction Targets and Initiatives from Fiscal 2020

Scope 1* and Scope 2*:

- Reduce absolute Scope 1 and 2 GHG emissions 80% by 2050 from a 2018 base year
- Reduce absolute Scope 1 and 2 GHG emissions 30% by 2030 from a 2018 base year

Scope 3*:

- Reduce Scope 3 GHG emissions 60% per unit of revenue by 2030 from a 2018 base year

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The GHG emissions targets for fiscal 2030 have been certified by the Science Based Targets initiative as being based on scientific evidence.

* Scope: Reporting is based on the following GHG Protocol categories.
Scope 1: Direct GHG emissions by the company (e.g., fuel combustion)
Scope 2: Electricity indirect GHG emissions (e.g., GHG emissions from electric companies)
Scope 3: Other indirect GHG emissions (Emissions from other companies in raw material production, transportation, disposal, and other activities related to the company's business operations)

Reduction of GHG Emissions

Scope 1 and Scope 2

The Terumo Group is reducing GHG by improving energy efficiency through the adoption of high-efficiency equipment and by using facilities more efficiently, as well as by switching over to clean energy that has low GHG emissions.

In fiscal 2020, although there was an increase in energy use due to the operation of new buildings at our factories in Japan and in the Asia region, we reduced the Group's overall energy use by 2.4% compared to the previous fiscal year by implementing 97 energy efficiency improvement projects, including upgrading of utilities facilities and production equipment, along with an improvement of operational methods. In addition, the Haasrode Factory of Terumo Europe NV (located in Belgium) switched over to using 100% renewable energy starting from 2021, thereby realizing a reduction in GHG emissions of around 900 tons (estimated annual reduction: around four thousand tons). As a result of these measures, the Group's overall GHG emissions in fiscal 2020 were down 2.8% year on year, and down 2.6% compared to fiscal 2018.

Scope 3

Terumo has established and applied its proprietary Human×Eco Development Guidelines, a set of guidelines for developing products that are friendly to both people and the environment, to product development. By adhering to these guidelines, we aim to reduce resource use and improve transportation efficiency by making products smaller and lighter and designing packaging with loading efficiency during product transportation in mind. In addition, we established the Supplier Guidelines in 2019, and we have been requesting that suppliers perform joint deliveries of products and shift to more eco-friendly modes of transportation for delivering products (shift from trucks to ships). In fiscal 2020, we launched a new shared transportation initiative within Japan for product delivery. Starting from fiscal 2021, we are further expanding the scope of this project, with a plan to reduce CO_2 emissions associated with product delivery.

CO_2 Emissions (Scope 1 and 2)

	FY2018	FY2019	FY2020
Japan (t-CO_2)	152,287	156,814	154,277
Overseas (t-CO_2)	129,091	125,225	119,839
Total (t-CO_2)	281,378	282,038	274,116

Scope: Terumo Group business sites in Japan and manufacturing sites overseas
Note: Starting from fiscal 2020, CO_2 emissions are calculated by using the CO_2 emission coefficients for electricity for each fiscal year provided by power companies. Accordingly, CO_2 emissions for the past fiscal years are also calculated by the same method.

CO_2 Emissions in Fiscal 2020 (Scope 1 and Scope 2)

	Scope 1	Scope 2	Total
Japan (t-CO_2)	44,043	110,234	154,277
Overseas (t-CO_2)	18,042	101,796	119,839
Total (t-CO_2)	62,085	212,031	274,116

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

For more information about CO_2 emissions (Scope 3), energy consumption, and renewable energy use, please refer to "Data Sheets" on p. 48.

Responding to the Risks and Opportunities Resulting from Climate Change
(Information Disclosure Based on the TCFD Recommendations)

Terumo undertakes analysis of risks and opportunities in order to identify the impacts that climate change will have on our business activities. In fiscal 2020, we utilized the Task Force on Climate-related Financial Disclosures (TCFD) framework proposed by the Financial Stability Board (FSB) to collate the following items.

Based on analysis of the potential impact on Terumo's business of the above-mentioned risks and opportunities in both the 4.0-degree scenario and the1.5-degree scenario, it is anticipated that the following risks could have a comparatively high impact.

4.0-Degree Scenario

- Damage to buildings, facilities, or inventory in the event of a natural disaster occurring, and lost opportunities resulting from the disruption of supply of products due to temporary cessation of operations

1.5-Degree Scenario

- Damage to buildings, facilities, or inventory in the event of a natural disaster occurring, and lost opportunities resulting from the disruption of supply of products due to temporary cessation of operations
- Increased energy costs and raw material costs in the event of the introduction or raising of carbon tax

Governance	・The director in charge of EHS, who is a member of the Board of Directors of Terumo Corporation, has responsibility for oversight relating to environmental matters, including climate change. ・The Group EHS Committee, which is chaired by the director in charge of EHS, is the Company's highest decision-making body in regard to matters relating to climate change. The Committee identifies climate change related risks and opportunities, formulates and revises related policies, strategies, and targets, monitors the achievement status of targets, and reports to the Executive Management Meeting. The Group EHS Committee meets three times a year, and has established an Energy Subcommittee (Energy SC) under it as an EHS Expert Subcommittee. The Energy SC conducts progress management in regard to energy-related targets, and submits periodic reports to the Group EHS Committee. ・A project aimed at making the Company carbon-neutral has been launched under the director in charge of EHS. The project team collaborates cross-functionally with the Production Department as well as other functional departments at the head office, including the Treasury Department, to formulate and revise policies, strategies, and targets aimed at reducing GHG emissions, monitor the achievement status of targets, and report to the Board of Directors.
Strategy	・Under the Group mission of "Contributing to Society through Healthcare," the Terumo Group recognizes that ensuring an uninterrupted supply of medical devices and pharmaceuticals to safeguard people's lives and health is its most important task. We also believe that, by providing new treatments, we can help to make healthcare provision more efficient and facilitate the reduction of GHG emissions deriving from medical settings. ・Regarding climate change scenarios, we are focusing on two scenarios: the scenario that assumes the highest level of physical risks, with average global temperatures rising by 4.0 degrees compared to the situation prior to the Industrial Revolution (RCP8.5), and the scenario that assumes the highest level of transitional risk, with the rise in average global temperature kept down to within1.5 degrees (RCP1.9). For these two scenarios, we have collated the potential opportunities, and the potential risks that might affect our business, as shown in the table below.
Risk Management	・The Group EHS Committee identifies climate change related risks and opportunities, evaluates the potential impact on the Company's business operations, directs related departments to implement management in a way that will reduce risk and maximize opportunities, and manages progress status. ・The process used to identify serious risks as part of the Terumo Group's risk management incorporates climate change related risks noted by the Group EHS Committee. The climate related risks are evaluated by the Risk Management Committee and monitored based on the risk management plan.
Indicators and Targets	・Terumo has set GHG emissions reduction targets that conform to the levels required by the Paris Agreement on climate change. We are aiming to reduce Scope 1 and 2 GHG emissions by 30% by fiscal 2030 (compared to fiscal 2018), and reduce Scope 3 GHG emissions per unit of revenue by 60% by fiscal 2030 (compared to fiscal 2018). These targets have been certified as being science-based by the international Science Based Targets initiative. ・In addition, with the aim of realizing our goal of making the Company carbon neutral, we are considering re-setting our GHG emissions reduction targets.

Risks Affecting Our Business Activities

Risks	Risk Content
Physical risks	・Damage to buildings, facilities, or inventory in the event of a natural disaster occurring, and lost opportunities resulting from the disruption of supply of products due to temporary cessation of operations
	・Increased energy costs and reduced labor productivity due to steady temperature rise or water shortages, and lost opportunities due to temporary disruption of operations
	・Sudden, rapid increase in demand for specific products due to the impact of natural disasters on the healthcare system (which constitutes important social infrastructure), and negative impact on revenue resulting from an extended deterioration or stagnation in the functioning of the healthcare system
Transition risks	・Increased energy costs and raw material costs in the event of the introduction or raising of carbon tax
	・Replacement of equipment and accompanying increase in capital expenditure costs, resulting from the tightening up of environmental regulations such as those governing CO_2 emissions
	・Increased costs in the event of an increase in demand for GHG emissions reduction or demand for the supply of environmentally-friendly products from customers or business partners, and loss of opportunities in the event that it is difficult to respond effectively to such demands

Opportunities Relating to Our Business Activities

Opportunities	Opportunity Content
Physical opportunities	・Provision of products in response to changes in long-term disease patterns as a result of climate change, and provision of products that contribute toward strengthening the resilience of the healthcare system
Transition opportunities	・Reduced costs due to enhancement of energy efficiency in production and in the supply chain
	・Provision of products that contribute toward enhanced efficiency in medical settings or toward reduction of GHG emissions

Regarding the response to risks relating to business continuity such as natural disasters, etc., the Group Business Continuity Management (BCM) Policy clearly stipulates the Terumo Group's shared basic approach to business continuity and the related systems and response measures. The risk management representatives at individual production sites, functional departments at the head office involved with raw materials procurement, distribution, etc., individual companies, and overseas subsidiaries liaise with one another and draw up business continuity plans (BCPs) to prevent our operations from being disrupted even under extreme circumstances, and to ensure that operations can be quickly restored and resumed should they be disrupted. If a serious risk emerges that could affect business continuity, the Countermeasures Headquarters, led by the President and CEO of Terumo Corporation, will be established to swiftly initiate response activities. If it becomes apparent that the Terumo Group's supply chain or operations will be temporarily interrupted, we will strive to restore normal supply chain and operational functions as quickly as possible.

With regard to a possible increase in energy costs or raw materials costs, we are continuing to implement measures to adopt production equipment with high energy efficiency, and to develop products that can be manufactured with less raw materials and less energy.

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 (i.e., practice material recycling) internally. We do, however, strive to reduce the amount of waste generated in manufacturing processes and from business activities in offices. In addition, we segregate various types of waste from such processes and activities, and, with the cooperation of a recycling company, turn it into plastic products, refuse plastic fuel (RPF), and organic fertilizer.

In fiscal 2020, the recycling rate (for Terumo Group business sites in Japan and manufacturing sites overseas) was 88.2%. Final waste disposal accounted for 0.16% of total waste at domestic Terumo Group business sites, accomplishing our target for the year.

Terumo will continue to pursue higher levels of resource efficiency going forward through means such as ongoing waste reduction efforts and extensive sorting of waste.

Medium-term Targets from Fiscal 2020 to Fiscal 2022

- Waste recycling rate for the Terumo Group (Terumo Group business sites in Japan and manufacturing sites overseas): 88% or higher
- Final waste disposal amount of all Terumo Group business sites in Japan: 0.3% or less of total waste generated

Mid- to Long-term Target (Fiscal 2030)

- Waste recycling rate for the Terumo Group (Terumo Group business sites in Japan and manufacturing sites overseas): 90% or higher

Recycling Volume and Rate

	FY2018	FY2019	FY2020
Recycling volume(t)	17,710	17,872	18,232
Recycling rate(%)	86.3	83.8	88.2

Scope: Terumo Group business sites in Japan and manufacturing sites overseas
Note: Figures for fiscal 2018 and fiscal 2019 have been restated to rectify past errors in the collection of data.

Final Waste Disposal

	FY2018	FY2019	FY2020
Total emissions (t)	10,309	10,304	10,427
Final waste disposal(t)	16	16	16
Ratio of final waste disposal to total emissions (%)	0.16	0.15	0.16

Scope: Terumo Group business sites in Japan
Note: Figures for fiscal 2018 and fiscal 2019 have been restated to rectify past errors in the collection of data.

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. (For more information about performance in relation to the collecting and recycling of small rechargeable batteries, please refer to "Data Sheets" on p. 49.)

Reduction of Containers and Packaging and Promotion of Recycling

To effectively use resources and improve ease of use for customers, Terumo is working to reduce its use of containers and packaging materials. These efforts include the development of smaller, lighter, and slimmer containers and packages and the adoption of new containers and 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 2020, Terumo Group business sites in Japan sent a total of 28 tons of paper to contracted recycling firms, along with 208 tons of plastic packaging materials, for a combined total of 236 tons.

Effective Utilization of Water Resources

Terumo uses large quantities of water in its manufacturing processes and for producing infusion solution. 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 (water withdrawal). The Terumo Group also sets targets related to water use and strives to reuse water and reduce its overall use.

In fiscal 2020, overall water use per unit of revenue for the Terumo Group (Terumo Group business sites in Japan and manufacturing sites overseas) was reduced by 7.3% year on year. We will continue Groupwide efforts to promote the effective use of water resources going forward.

Medium-term Target (from Fiscal 2020 to Fiscal 2022)

- Overall water use (water withdrawal) per unit of revenue for the Terumo Group (Terumo Group business sites in Japan and manufacturing sites overseas): At least a 10% reduction compared to fiscal 2018

Mid- to Long-term Targets (Fiscal 2030)

- Overall water use (water withdrawal) per unit of revenue for the Terumo Group (Terumo Group business sites in Japan and manufacturing sites overseas): At least a 20% reduction compared to fiscal 2018

Water Use (Water Withdrawal) Volume

	FY2018	FY2019	FY2020
Japan (1,000 m³)	3,712	3,867	3,512
Oversea (1,000 m³)	1,715	1,801	1,616
Total (1,000 m³)	5,427	5,668	5,128
Index of water use per unit of revenue (FY2018=100)	100	99.6	92.3

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

Proper Control of Chemical Substances

Terumo manages chemical substances and tracks their use, emissions, and disposal in accordance with the Terumo Group EHS Policy in order to mitigate health risks and reduce environmental impacts associated with these substances. Chemical substance risk assessments are carried out at worksites that use such substances and proper chemical substance control is practiced based on information on hazardous chemical substances derived from the Globally Harmonized System of Classification and Labelling of Chemicals. Voluntary goals have been established with regard to substances that pose a particular risk to people's health and precautions are taken to prevent emissions of these substances.

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 business sites that handle 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 exhaust ports and boundaries of sites.

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. To this end, we have installed exhaust gas treatment systems to limit emissions and regularly check the concentration of emissions at outlets. In addition, we have voluntarily set a target for atmospheric concentrations at the boundaries of sites, and we perform periodic monitoring.

Substitutes for HCFC-225

In light of the Montreal Protocol, an international agreement regulating the use of substances that deplete the ozone layer, it has been decided that the production and importation of HCFC-225 will be prohibited in developed countries beginning in 2020. Terumo has already completed its transition to HCFC-225 substitutes.

Tracking and Management of PRTR* Substances

At Terumo, we undertake monthly tracking of usage and emissions volumes for PRTR substances, and we also work to reduce emissions of such substances.

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

For more information about emissions of dichloromethane, ethylene oxide, and HCFC-225, and about amount used, amount released, and amount transferred of PRTR substances, please refer to "Data Sheets" on p. 50.

Proper Disposal of Polychlorinated Biphenyls

Terumo's business sites in Japan have ceased the use of all equipment (transformers, capacitors, etc.) containing polychlorinated biphenyls (PCBs), and have completed the process of disposing of such equipment.

Compliance with Environmental Regulations for Products

The regulated substances and environmental pollutants contained in products are clearly identified at the product design and procurement stages. We use our Human×Eco Development Guidelines as a tool to raise designer awareness.

Terumo seeks to comply with the Restriction of Hazardous Substances Directive (RoHS*1), the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH*2), and other environmental regulations pertaining to products. For this reason, the Company is stepping up management of these substances by monitoring the regulated substances contained in procured items.

*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

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 resources, living organisms, interaction, and health through this agreement.

In fiscal 2020, it was not possible to implement any large-scale activities due to the impact of the COVID-19 pandemic. However, we did undertake forest improvement work necessary for the cultivation of the tree seedlings that had been grown, including cutting back the undergrowth and reinforcing the netting used for protection against damage by deer.

Results of Activities under Shizuoka Mirai-no-Mori Supporter Pact (Fiscal 2011–2020)

- Total number of participants: 2,315
- Activity details:
  - –Planting of 2,765 trees (sawtooth oak, konara oak, maple, cherry, etc.)
  - –Production of benches and tables using thinning by-products, creation of walking paths, forest walking events, etc.

Tree planting activity

ECO Challenge

Each year, we hold the ECO Challenge in which volunteer Terumo associates in Japan and their families conduct a variety of voluntary environmental preservation activities at home and at work. In fiscal 2020, a total of 6,163 people took part in the ECO Challenge, undertaking seven energy-saving and resource conservation activities that will contribute toward reducing CO_2 emissions. Points were calculated based on the results of participating associates, and Terumo translated these points into a monetary value for donations to the following two programs (described below) arranged by the Organization for Industrial, Spiritual, and Cultural Advancement—International (OISCA).

The Children's Forest Program (The Philippines)

- The Children's Forest Program encourages children to get involved in greening activities to cultivate a love of nature and learn the importance of forests by nurturing seedlings on their school grounds and in their communities.
- Since the launch of this program in 1991, children from approximately 1,141 schools in the Philippines have participated, and have planted around 2.95 million trees to date.*

* Based on information available on OISCA's website (as of March 31, 2021)

Children observing nature

The Coastal Forest Restoration Project in Tohoku Region

- The Coastal Forest Restoration Project aims to restore coastal forests damaged as a result of the Great East Japan Earthquake by planting black pine (Pinus thunbergii) trees.
- Coastal forests help safeguard against winds, sand-storms, and high tides, playing an important role in protecting the lifestyles of farmers and other community members as well as the environment in coastal regions.
- Since 2011, the project has received a total of ¥850 million in donations, and more than 370 thousand trees have been planted.

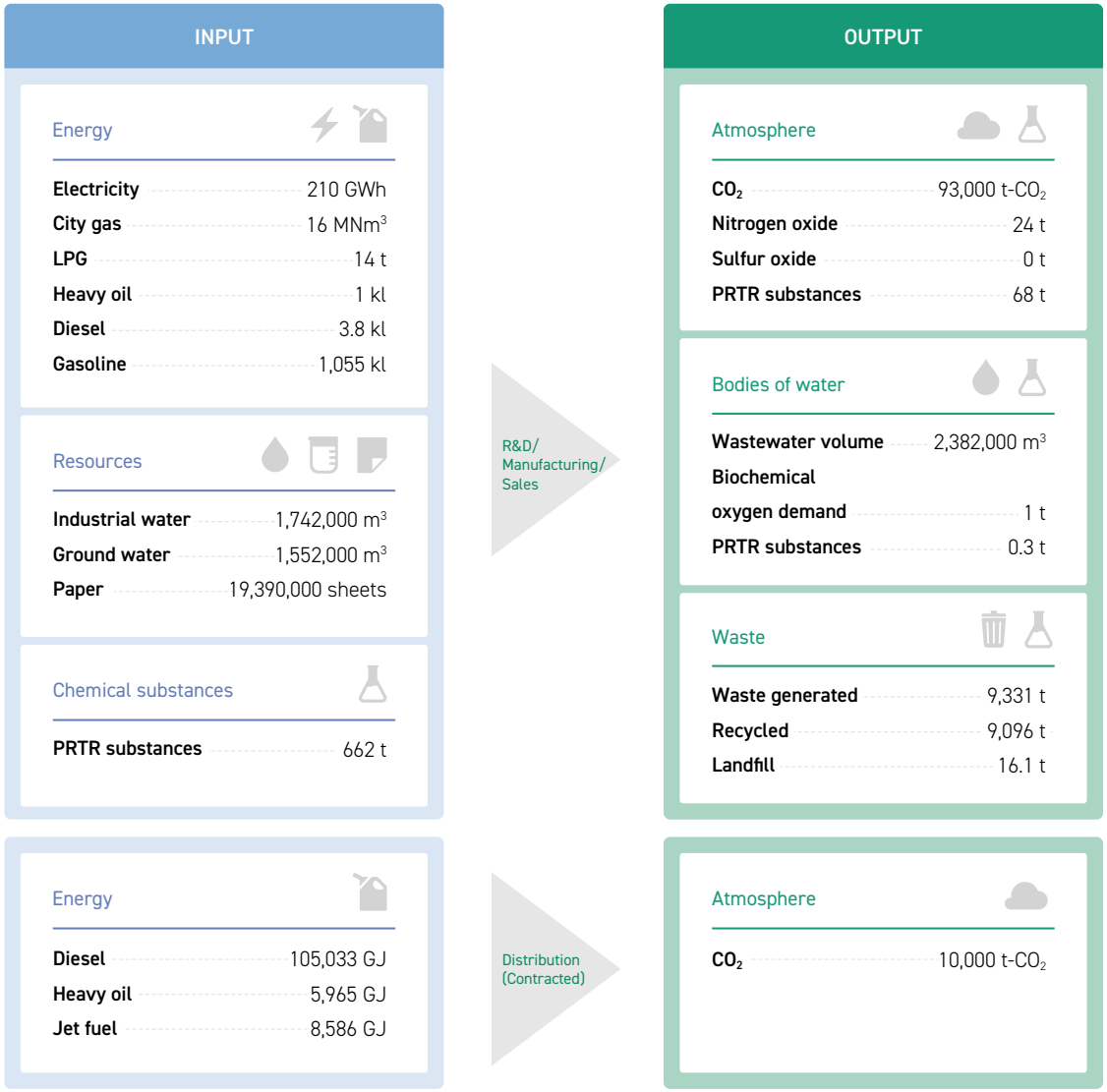
Tree planting activities

The total amount of funds dedicated to biodiversity preservation projects in Japan in fiscal 2020, including donations to the Mt. Fuji Reforestation Project and other biodiversity preservation projects, was approximately ¥1.4 million.

Endorsement of Declaration of Biodiversity by Keidanren and Action Policy (Revised Edition)

In February 2020, Terumo declared its support of the Declaration of Biodiversity by Keidanren (Japan Business Federation) and Action Policy (Revised Edition) released by Keidanren and the Keidanren Committee on Nature Conservation. This declaration and policy will guide our activities going forward.

Material Flow



Scope: Terumo Corporation business sites in Japan

Note1: The volume of energy use and CO_2 emissions to atmosphere associated with distribution indicate the volume resulting from distribution in Japan.

2: The volume of energy use associated with distribution is the converted value calculated using the ton-kilometer method defined by the Act on Rationalizing Energy Use.

3: The CO_2 emissions coefficients for electricity are the fiscal 2020 coefficients provided by power companies.