

Social and Environmental Report 2012

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A Message from the President

Continuously “Contributing to Society through Healthcare”

Terumo was established in 1921 by a group of medical scientists led by Dr. Shibasaburo Kitasato, known in Japan as “the father of modern medicine.” Their aspiration was to create a superior clinical thermometer to protect peoples’ health, and we continue to respect and maintain this same spirit. In accordance with our corporate mission of “Contributing to Society through Healthcare,” we provide a stable supply of high-quality, superior products, and proactively address the host of social issues that surround healthcare.

Continued Pursuit of New Value

The environment surrounding the healthcare industry has been undergoing a dramatic transformation. In developed countries, reducing medical costs and improving the quality of life have become major issues, shaped by changes in the social landscape like aging populations and slowing economies. In developing countries, meanwhile, economic development is spurring growing needs with respect to healthcare.

Terumo draws on its unique technologies in the pursuit of new value to address such public needs. In addition to the effort to improve treatments more effective, we are working to lessen the physical strains on patients, as well as to enhance the economic efficiency of medicine through shorter hospital stays and other means. As medical devices are only effective when used properly, we also provide technical training and other types of support to medical professionals for the safe use of advanced technologies. Further, as a medical device manufacturer developed to cope with Japan’s graying society, we are working to proactively address the issues of aging populations around the world.

A Stronger Foundation for Sustainable and Profitable Growth

Terumo conducts global management with the goal of “sustainable and profitable growth” in order to continuously contribute to society through healthcare. We are expanding our overseas production base to meet the growth in global demand over the medium to long term, as well as to bolster our price competitiveness and resilience to the strong yen. We will establish a new factory in Vietnam, the second in the country, and expand the production scale of existing factories in Vietnam and the Philippines, as well as taking other measures to strengthen our global production competency. At the same time, in recent years the U.S. FDA and other countries’ government authorities have tightened regulations, requiring an even stricter system of quality control. We will remain steadfast in our infrastructure investments, establish an unshakable foundation for sustainable growth, and strive to ensure safety and reliability.

Corporate Governance Principle

Terumo has formulated a corporate governance principle aimed at ensuring it remains a trusted corporation. We have set internal rules requiring that at least 20% of directors be independent directors, and that more than half of corporate auditors be external corporate auditors, along with other steps to reinforce the board’s oversight function and improve the quality of decision-making. We have also established a Corporate Governance Committee with the aim of enhancing transparency and objectivity of management. The chairperson and more than half of the members of the committee are independent directors. The committee recommends candidates for directorships, evaluates director performance and deliberates on compensation proposals. We believe that along with better systems, a corporate culture to create “a highly motivating and challenging workplace with open and candid communication, with forward looking spirit,” is vital to effective governance, and are taking action to foster such values.

Shareholder Returns

Terumo will stably increase dividends with a target payout ratio of 30% over the medium to long term, linked to business performance and investment plans. I believe that my mission is to do my utmost in management to achieve sustainable growth, and contribute to healthcare around the world. Thank you for your unwavering support of Terumo.



YUTARO SHINTAKU

President & Representative Director



Corporate Policy

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 healthcare providers and the people they serve.

Corporate Vision

“Terumo’s unique technology makes medical treatment kinder and gentler”

5 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

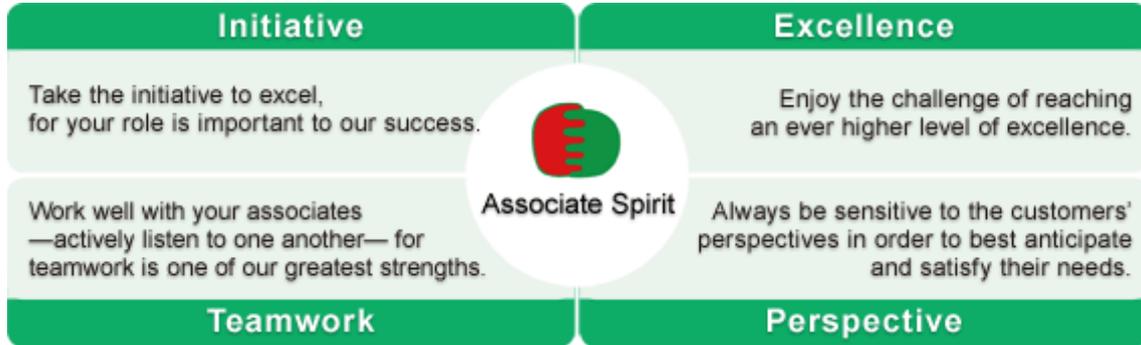
We emphasize respect for the individual, promote intercultural understanding, and encourage openness in the workplace in accordance with our concept of the “Associate Spirit” as we prepare to meet the challenges of the future.

■ 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.

Associate Spirit

At Terumo, we believe that our employees are our most valuable assets. For this reason, we call our employees “associates.” With the “Associate Spirit,” which contains four key concepts put forward by associates themselves in 1996, each of our associates pledges to independently tackle new challenges, leverage the power of the team through mutual respect, and offer customers higher levels of quality and service.



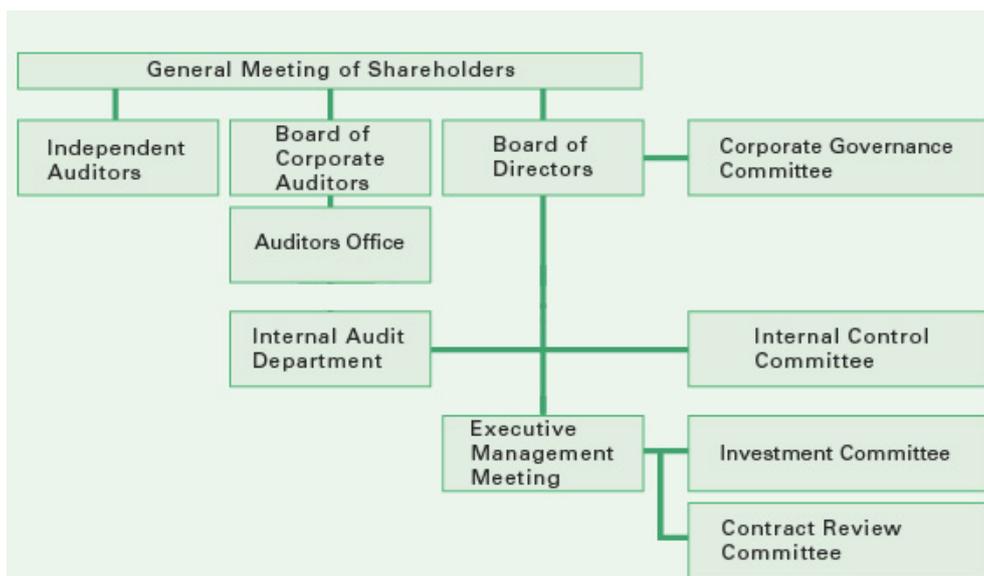
Corporate Governance Policy

1. Basic Stance

- The corporate mission of Terumo Corporation is “Contributing to Society through Healthcare.” Guided by this mission, the Company provides products and services of real value as it strives to meet the expectations of its many stakeholders worldwide, consisting of customers, shareholders, associates, business partners and communities at large. Achieving sustainable growth and maximizing corporate value over the long term are other key goals for Terumo.
- Terumo has established Five Statements for realizing its corporate mission: 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.
- Backed by its corporate mission and the Five Statements, Terumo promotes the creation of frameworks for honest and effective corporate governance. Together with a commitment to full accountability for explaining its actions, Terumo strives to continuously earn the understanding and trust of those within and outside of the Company.
- Terumo believes that a corporate culture to create “a highly motivating and challenging workplace with open and candid communication, with forward looking spirit,” is essential to effective corporate governance, and strives diligently to foster a culture of this kind.

2. Corporate Governance Structure

Governance at Terumo is based on a Company with a Board of Corporate Auditors System, in which business execution is supervised by the Board of Directors and the Board of Corporate Auditors is entrusted with the auditing functions. The Company has also established a Corporate Governance Committee and an Internal Control Committee as bodies that serve to enhance the transparency and objectivity of management.



(Directors and Board of Directors)

- (1) Role of the Board of Directors
 - Decides matters as authorized by relevant laws and regulations, the Articles of Incorporation and its own internal rules.
 - Monitors the performance of duties by the individual directors and executive officers.
 - Strives for optimal management decision-making with a view to maximizing corporate value.
 - Fulfills corporate governance functions.
- (2) Composition of the Board of Directors
 - Consist of up to 15 directors, 20 percent or more of whom may be independent directors.
 - Independent directors must satisfy the criteria to serve as independent directors/auditors as defined by the Tokyo Stock Exchange.
 - The Board of Directors is chaired by the Chairman and Representative Director of Terumo.
- (3) Term of Office for Directors
 - The term of office for directors is one year, with reappointment possible.

(Corporate Auditors and the Board of Corporate Auditors)

- (1) Role of the Corporate Auditors and Board of Corporate Auditors
 - Corporate auditors attend meetings of the Board of Directors and other important meetings, audit the execution of duties by the directors, and offer pointed input regarding management as required.
 - The Board of Corporate Auditors is responsible for the following:
 - Preparation of audit reports
 - Election and dismissal of senior corporate auditors
 - Determining audit policies, methods for assessing the status of the Company's operations and financial assets, and other matters pertaining to the duties performed by the corporate auditors
- (2) Composition
 - Consist of up to five corporate auditors, more than half of whom must be external corporate auditors from outside the Company.
 - External corporate auditors must meet the terms stipulated by Japan's Companies Act and satisfy the criteria to serve as independent directors/auditors as defined by the Tokyo Stock Exchange.
 - The chair of the Board of Corporate Auditors is elected by resolution from among the corporate auditors.
- (3) Term of office
 - The term of office for corporate auditors is four years, with reappointment possible.

In addition to the legally prescribed bodies detailed above, the Company has established the bodies described below with a view to further enhancing corporate governance.

(Corporate Governance Committee)

- (1) Role
 - Deliberates and advises on the following matters in order to heighten the fairness of the Board of Directors and management transparency.
 - Corporate governance structure enhancement
 - Selection of candidates for the positions of director, corporate auditor and executive officer
 - Establishment of remuneration systems for directors, corporate auditors and executive officers
- (2) Composition

Comprised of a maximum of six members drawn from independent directors, representative directors and other individuals named by the committee chair. More than half of the membership must be independent directors who satisfy the criteria for serving as an independent directors/auditors as defined by the Tokyo Stock Exchange.
- (3) Committee Chair

The chair of the Corporate Governance Committee is selected from among the independent directors by mutual vote of the committee members.

(Internal Control Committee)

- (1) Role

Promotes risk management and compliance with respect to management, and administers the legally mandated and timely disclosure of corporate information.
- (2) Composition

Comprised of directors appointed by the committee chair, general managers of relevant divisions, as well as the heads of specialized groups, the Internal Audit Department and the Internal Control Department.
- (3) Committee Chair

The Internal Control Committee is chaired by the President and Representative Director of the Company.

November 17, 2011

Compliance

Compliance



Compliance System

Terumo's corporate mission, "Contributing to Society through Healthcare," is the goal not only of the Company but of all associates who work for Terumo. We will continue to conduct honest and fair business practices based on strict legal compliance and corporate ethics and thereby maintain our position as an ethical healthcare company.

To promote these honest and fair business practices, Terumo's Board of Directors approved a "Basic Policy on Internal Control Systems." In accordance with this basic policy, we established the "Internal Control Committee" which deliberates and executes important group-wide issues from compliance perspectives. In addition, based on directions of the Internal Control Committee, each entity has appointed a "Compliance Officer" whose role is to facilitate compliance activities, and carry out such activities at each entity. Through these activities, the Internal Control Committee receives and discusses important information to enhance group-wide compliance activities.



Compliance with Code of Conduct of the Terumo Group

To go further toward meeting social expectations, in April 2008 we established the "Code of Conduct of the Terumo Group," to set the standard for the conduct of daily business activities for the Terumo Group, including overseas entities. In accordance with this code, we are striving throughout the Terumo Group to base our actions on social ethics, as well as in compliance with relevant laws and regulations.

The Code of Conduct of the Terumo Group, which is based on Terumo's corporate mission and "Heart of Terumo," states that "each associate must conduct business activities honestly, take responsible actions for environmental conservation and make consistent efforts to enable the company to become a role model reliable corporate citizen." We carry out training on the Code of Conduct that responds to each site and encourage associates to recognize the importance of corporate ethics. We also clearly state and thereby promote the need to respect human rights and eliminate discrimination in our Code of Conduct as a global company.



Corporate Ethics Hotline

We established a "Corporate Ethics Hotline" as an internal whistle-blowing system in 2003.

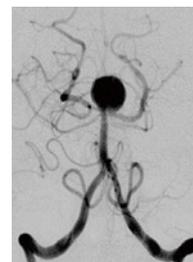
The Corporate Ethics Hotline enables all associates to report or consult on matters or situations deemed as inappropriate in light of the Code of Conduct of the Terumo Group. The system enables associates regardless of their employment status to contact this hotline by phone, e-mail or written letter on an anonymous basis. At the same time, we maintain an outside point of contact at the office of our corporate attorney. In these and other ways, whistle-blowers are assured their privacy and protection against retaliation as we promote the hotline's usage and address reported issues.

Feature Report: Contributing to Society through Healthcare



Neuroendovascular coil for the treatment of cerebral aneurysms

To prevent cerebral aneurysms from rupturing, a microcatheter is used to deploy embolic material (a very small platinum coil) inside the aneurysm to reduce blood flowing in.



Angiographic image of a cerebral aneurysm

Striving for Minimally Invasive Neuroendovascular Therapy

A cerebral aneurysm is a localized dilation or ballooning of the blood vessel in a cerebral artery. The rupturing of a cerebral aneurysm can lead to a life-threatening subarachnoid cerebral hemorrhage or intracerebral hemorrhage. One way to treat a cerebral aneurysm is to perform a craniotomy to clip the root of the aneurysm and block the blood flow. Another treatment is a neuroendovascular therapies in which a platinum coil is deployed inside the aneurysm via a catheter.

In Europe and North America, catheter-based neuroendovascular therapies are used in over 50% of all treatments of cerebral aneurysm. The percentage in Japan is about 30% at present but this neuroendovascular therapy is likely to increase in the future as it reduces the physical strain on patients and does not require a lengthy hospitalization.

INTERVIEW

Terumo's Innovative Technologies Are Helping Many Patients



H. Saruhan Çekirge, M.D.
Hacettepe University Hospitals
Ankara, Turkey

The treatment of cerebrovascular diseases with neurointerventional techniques has been developing and improving at an unbelievable pace, most notably in the last decade with the impact of endovascular technologies. These new techniques have allowed us to perform less invasive non-surgical procedures.

Terumo Group company, Microvention has been highly involved in the R&D of new devices that have had a great impact on these evolutionary endovascular tools, which ultimately help our patients. I strongly believe that Microvention will continue to play a major role in developing new technologies that will expand the field of stroke treatments.

Feature Report: Contributing to Society through Healthcare



Aiming for Cutting-edge Coronary Intervention Treatments

OFDI* employs light applied to the inside of blood vessels from the tip of a catheter, and constructs an intravascular cross-sectional image through a new technology that analyzes the reflection from the vessel walls.

OFDI achieves high resolution images, and is highly promising in its ability to display the condition of inner vessel wall and stent apposition, which have been difficult to detect in the past, further helping physicians to provide even safer and more effective coronary interventions.

*OFDI: Optical Frequency Domain Imaging



3D intravascular image

Physicians are able to confirm the condition of inner vessel wall and stent apposition.

INTERVIEW

Gaining Previously Unavailable Information on the Inside of Blood Vessels



Bernard Chevalier, M.D.
Clinique Jacques Cartier
France

I am impressed by Terumo's OFDI technology. The quality and resolution of images are really amazing and superior to the existing imaging technologies.

I have high expectations that OFDI will support physicians in providing even safer and more efficient interventional procedures.

Feature Report: Contributing to Society through Healthcare



Coronary Intervention via the Wrist to Get Patients Walking Immediately after the Procedure

Of the coronary intervention treatments available, inserting the interventional system at the artery of the wrist is gaining popularity around the world. This treatment allows the patient to be able to walk soon after the procedure, and puts less strain on the body. It also shortens the hospital stays, which is expected to help lower the economic burden associated with medical treatment.

At the same time, the blood vessels that link the wrist and heart are smaller and tortuous, requiring a catheter that is small, flexible and that will not damage the blood vessel. The procedure also requires advanced skills of physicians, so a proper training environment is important. Terumo provides support on both fronts, helping to spread this patient-friendly treatment.



Access for interventional system insertion made in the artery of the wrist

INTERVIEW

20 years since the First coronary intervention through the Wrist Terumo Has Been a Good Partner for Physicians



Ferdinand Kiemeneij, M.D., PhD.
Onze Lieve Vrouwe Gasthuis
Netherlands

It has been twenty years since I first started doing coronary interventions initiated at the wrist. Compared to the insertion of a catheter from the groin, the opening is small and there is less blood loss, reducing the physical strain on the patient. Terumo has been a good partner for physicians, helping to make this procedure more widespread by providing support in terms of both product development and training to enhance physicians' skills.

Feature Report: Contributing to Society through Healthcare



Contributing to Medical Safety and Skill Development of Healthcare Professionals —Terumo Medical Pranex

Terumo Medical Pranex is a “mock hospital,” a training center for medical professionals, fully equipped with various simulators and hospital facilities that reproduce actual clinical situations. The center is able to conduct various types of training to meet the needs of medical professionals, from instruction in basic skills such as drawing blood and giving injections, to guidance in advanced medical techniques for specialists, and enhance collaborative work among physicians and nurses, and others.

While providing support to enhance the quality of medical treatment, Terumo is deepening its partnership with customers.



Comprehensive training facility

Terumo Medical Pranex™
More than 10,000 medical professionals visit annually

INTERVIEW

The Ability to Learn Techniques in a Realistic Environment



Yaemi Nakano
Vice Director, Tokyo Medical University
Hospital, Director of Nursing

Through repeated practice performing treatments and procedures we acquire the feel and sense of a technique, giving us confidence when working for patients. Pranex provides the opportunity to learn techniques in a realistic environment, making it a valuable facility for everyone concerned with better medical safety. I have high expectations for Terumo in terms of product development and support to enhance safety in medical treatment.

Feature Report: Contributing to Society through Healthcare



Transfusion Medicine Supporting Cancer Patients

One of the side effects of chemotherapy using anti-cancer drugs or radiation therapy is a reduction in blood components such as red blood cells and platelets. Platelets play an especially vital role in hemostasis. Since a reduction in platelets increases the risk of hemorrhage and makes bleeding difficult to stop, platelets need to be supplemented through transfusion. Terumo offers its automated blood collection system for the efficient collection of platelets during blood donation, which helps blood centers better meet the needs of patients receiving transfusions.



Automated Blood Collection System
High concentrations of platelets can be collected in a short time

COMMENT FROM A MARKETING PERSONNEL

Contributing to the Transfusions Needed around the World



Terumo's automated blood collection system is a technologically advanced, efficient way of collecting platelets. It allows blood centers to collect the right blood products at the right time. This is especially important when a critically ill patient needs a specific blood component, as many cancer patients do when they suffer blood loss due to a surgery, complication or platelet loss due to chemotherapy.

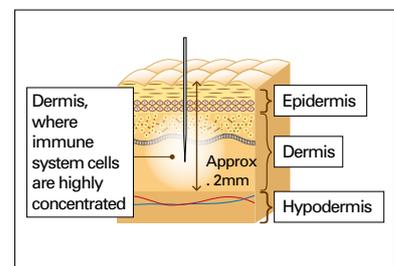
Feature Report: Contributing to Society through Healthcare



Greater Effectiveness of Vaccine Injections

The development of new vaccines to prevent infectious diseases and harness the immune system to fight cancer has been advanced. Reducing the amount of vaccine that is injected per person allows more people to be vaccinated.

Terumo has developed an injection device that makes vaccination more effective by allowing a small amount of vaccine to be injected intradermally (just beneath the skin), where immune system cells are highly concentrated. With pharmaceutical company, DAIICHI SANKYO COMPANY.LIMITED, we are co-developing a new vaccine utilizing Terumo's intradermal injection device. These efforts contribute to the development of vaccines with broad applications from prevention to treatment.



Cross-section of the skin

COMMENT FROM AN R&D ENGINEER

Contributing to Healthcare through the Development of Intradermal Injections



I began developing intradermal injection devices by focusing on the enhancement of vaccine effectiveness. One of my roles is to develop a device that provides reliable injections in the thin parts of the skin, and is people-friendly in that it doesn't hurt or evoke fear. Another role is to work through the entire development process together with pharmaceutical companies, including evaluation on the enhancement of vaccine effectiveness.

Feature Report: Contributing to Society through Healthcare



Helping the Elderly Walk without Fear of Falling

Muscle strength declines with age, making people more prone to stumble or fall, and this anxiety leads them to avoid going out.

A broken bone as a result of a fall is one of the reasons the elderly become bedridden. Socks that lift the toe make it less likely that a person will stumble.

Terumo is helping the elderly live vibrantly and healthily through the prevention of injury or illness.



Stumbling-preventive socks
Unique elastic fabric naturally lifts the toe

INTERVIEW

Lessening the Risk of Falls Also Helps to Avoid Broken Bones



Shigeaki Hinohara, M.D.
Chairman of the Board of Trustees,
St. Luke's International Hospital

As people age their toes naturally droop, increasing the risk of stumbling on even an only slightly uneven surface or falling. Walking is an extremely important exercise, as it helps prevent osteoporosis, which lessens the likelihood of broken bones. Lifting up the toe of the foot will allow people to walk without falling, and help them avoid broken bones. I previously felt that it was easy to walk as long as shoes fit properly, but socks are also an extremely important factor.

Feature Report: Contributing to Society through Healthcare



In-house power generation facility at the Ashitaka Factory

Never Allow a Disruption in Medical Care —the Great East Japan Earthquake

Terumo reaffirmed its mission as a company in the wake of the Great East Japan Earthquake.

Our mission is to “never allow a disruption in medical care” by maintaining a stable supply of products to healthcare providers around the world.

We have implemented various measures based on this resolve.

At our Japanese factories we installed gas engine-based in-house power generators to supplement the power supply and ensure that the production process continues to operate. To maintain our logistics network we dispersed our customer service centers, warehouses and data centers between the Kanto and Kansai regions. We also decentralized our production facilities domestically and overseas, and took other measures to ensure a stable supply structure.



In-house power generators for emergency use will allow production to continue following a disaster

COMMENT FROM PERSONNEL OF MAINTENANCE SECTION IN FACTORY

Maintaining a Stable Supply



The mission of the maintenance section to which we belong is to maintain a stable energy supply and work environment necessary for production. The interventional systems products and oxygenators made at our factory are used at medical facilities throughout the world, so production cannot be stopped. Last year’s disaster reaffirmed the importance of the role that we play.

We will keep a firm resolve to persevere should another catastrophe strike, and make a concerted effort as a team to continue our maintenance activities in order to “contribute to society through healthcare.”

Together with Stakeholders

Terumo's business activities are supported by a range of different people in different roles. We consider these and all other people who interact with or are affected by Terumo, including the people who use our products, to be our stakeholders. We will continue to maintain close communications with our stakeholders as we grow with them in the future.

Terumo's Stakeholders

• **Shareholders**

We are committed to continually improving our shareholder value, through open management and fair and honest business practices.

• **Business Partners**

Treating our business partners as strategic partners, we work together to ensure that we conduct our business fairly, openly and in compliance with all laws and regulations.



• **Customers**

We offer our customers, including healthcare professionals, patients and retail customers, safe and high-quality products and services by maintaining closer communications with them.

• **Associates**

We create work environments that enable each associate to take maximum advantage of his or her abilities, and train our associates with the skills that will enable them to be active participants on the global stage.

• **Communities**

We are committed to promoting the spread of better healthcare experience by giving due consideration to the lifestyles and environments of the communities we serve.

Together with Customers

We believe that Terumo's role and responsibility is to support healthcare by providing safe, high-quality products and services. Maintaining open and honest communication with our customers forms a part of that responsibility.

We Value Communication with Customers

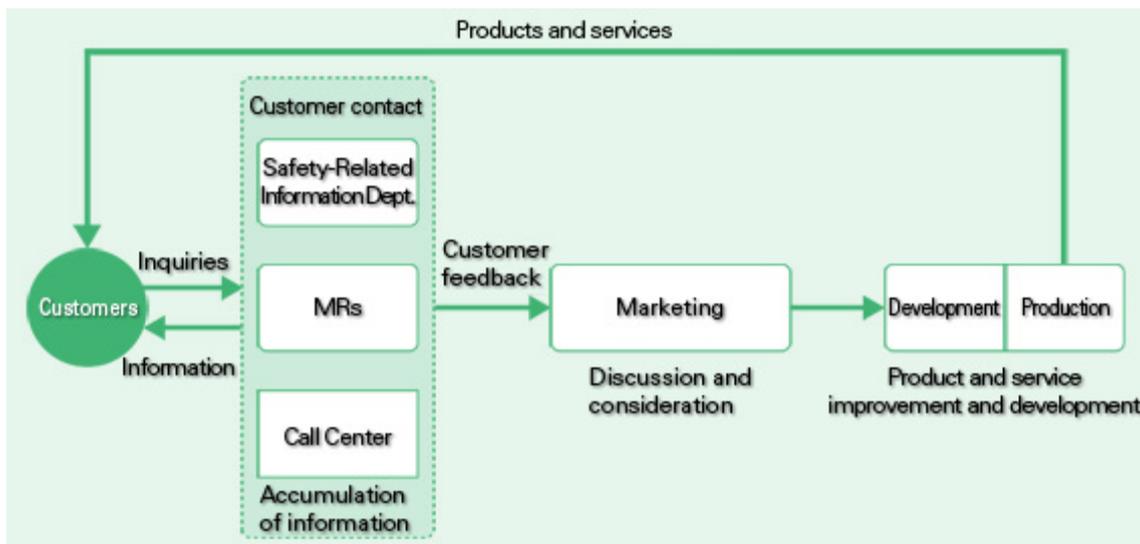
Terumo's customers include healthcare professionals, patients, and other general consumers who are concerned about their health.

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

ensure that our customers can use our products with peace of mind.

By direct and close communication with our customers, we carry out our business activities in a way that seeks to contribute to healthy living through product development and services.

Communication with Our Customers Chart



Providing Information to Ensure Appropriate Use

Ensuring appropriate use of medical devices and pharmaceutical products

Terumo MRs* gather and swiftly provide accurate information to medical institutions in a bid to ensure the appropriate, effective and safe use of medical devices and pharmaceutical products. At Terumo Medical Pranex, a comprehensive center for the technical training of medical professionals, Terumo offers a range of support training in areas such as interventional treatment, injections and the taking of blood samples.

* MR stands for Medical Representatives, Terumo associates who provide information to medical institutions



Supporting medical training at Terumo Medical Pranex™

Compliance with The Promotion Code

Terumo complies strictly to the promotion code of the Medical Devices Industry, a set of voluntary industry rules for ensuring that medical devices and pharmaceutical products are promoted in an appropriate manner. We have also formulated and strive for compliance with the "Terumo's own promotion code," designed to help us meet our social responsibilities and promote ethically driven business practices.

Transparency Guideline for the Relation between Corporate Activities and Medical Institutions

To gain wide understanding of Terumo's contribution to life science, and that its activities are conducted with high ethical standards, we formulated our own "Transparency Guideline for the Relation between Corporate Activities and Medical Institutions." Guided by this policy, Terumo in FY 2013 will disclose information on its record of providing funds to medical institutions and healthcare professionals during the course of its business activities.

Listening to Customers

Terumo Call Center

The Terumo Call Center in Japan receives about 300 thousand calls per year from general consumers, medical institutions and distributors. To ensure that inquiries related to respective classes of our products, ranging from those designed for medical institutions to those for home medical care, are addressed promptly and appropriately, they are responded to by call center staff with expertise in the particular field. Our call center staff are committed to maintaining and improving the level of satisfaction of all callers and to ensuring that urgent inquiries, such as those related to patients receiving healthcare at home, are responded to around-the-clock. Additionally, the center is enhancing its mechanism for internally reflecting customer feedback in the improvement of existing products and the development of new products.



Inquiries are addressed by staff with specialized knowledge

Reflecting Customer Feedback in Our Products

Medical safety information management in Japan

We accumulate information that we receive from our customers on the quality, safety and appropriate use of our products at our Safety-Related Information Dept. Using this information, we promptly develop and fine-tune our communications and deliver them via a number of methods, including attaching important information to products, disseminating information on our Web site or via industry organizations, and sending MRs to medical institutions to provide face-to-face explanations.

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

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

Supporting medical institutions' training programs

In order to prevent medical errors associated with medical devices like syringes and I.V. solution sets, Terumo conducts T-PAS training in which participants simulate the critical incidents warned and described on the attachment inserted in package. Conducted on-site at medical institutions, the training is designed to help participants better understand how such incidents occur. The feedback we have received from healthcare professionals who have completed the training includes: "Simulating the actions that lead to medical errors made me aware of how serious the risks are" and "I realized that I should not rely solely upon my own assumptions or the verbal directions given by my supervisors." At the Annual Congress of the Japanese Society for Quality and Safety in Healthcare, seven hospitals from across Japan reported on this training.



Providing support for training healthcare professionals on how to use medical devices accurately

Providing easy-to-use products and services

Terumo incorporates the science of ergonomics into many of its products to allow people to operate them safely and easily. For the MediSafe Fit blood glucose monitoring system, for example, we have analyzed the patient's movement and designed a curved device tip. These innovations make it easier for patients of advanced age or those with diabetes complications to draw blood samples by their limited eyesight or quivering fingers. The device display, meanwhile, employs a universal design font* for improved readability.

* Universal design font: A letter font meticulously designed specifically with ease of use and visibility in mind



The MediSafe Fit blood glucose monitoring system designed to be easy for patients to use

Quality initiatives for safe and reliable products

Maintaining quality is an important responsibility for companies involved in healthcare and is the foundation of Terumo's corporate value. At Terumo, all associates (employees) are committed to improving the quality of our products and services to enable our customers to use our products safely and with peace of mind.

Quality assurance system that meets international standards

Since 1995, when we established a quality management system in response to European medical device directives, we have blended the global-standard system with the advanced quality assurance system based on the existing pharmaceutical GMP (Good Manufacturing Practice)*¹ standard. We are now stepping up efforts to develop our quality management system to be robust enough to meet ever-stricter global requirements.

Terumo obtained certification for ISO 13485*², which is an international quality standard for medical devices and equipment, at its five domestic sites (Fujinomiya Factory, Ashitaka Factory, Kofu Factory, R&D Center, Terumo Clinical Supply Co., Ltd.) and 16 sites outside of Japan. We also keep up to date with developments regarding Japan's Pharmaceutical Affairs Act as well as regulatory trends and requirements for medical devices/equipment and pharmaceutical products outside of Japan, including the EU Medical Device Directives, US FDA regulations, which have been strengthened in recent years, and tightening regulations in emerging countries in response to accelerating global harmonization. In anticipation of new trends and requirements, we are striving to continually improve our quality management system.

*¹ Pharmaceutical GMP: Guidelines for the manufacture of pharmaceutical products issued by the regulatory authorities to ensure the safety and quality aspects of the products comply with the specifications throughout all phases, from the receipt of materials to manufacturing and shipment of products.

*² ISO 13485: An ISO standard to assure the quality of medical devices and equipment.



Strict quality control at a factory

Quality policy aimed at safety and security

Our top management sets up quality policies to develop and operate our quality management system and maintain its effectiveness. Each division also sets Quality targets based on these quality policies. In this way, policies devised by top management are incorporated into individual associates' targets. The customer's perspective, referred to first in our Quality Policy, is the basis of our quality assurance.

Quality Policy

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

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

Terumo Corporation



Auditing system to maintain high quality

To maintain and improve quality, we implement internal audits that objectively evaluate whether our quality management system is being appropriately complied with and operated. The audits are conducted by trained associates who have met predetermined standards. The results are reported to our top management, who direct improvements which are then incorporated, allowing us to continually upgrade our quality management system. In addition, we undergo several external audits each year to prove that we meet various regulations ranging from the Pharmaceutical Affairs Act to international regulations expanding from Europe to the entire world, as well as individual demands from our corporate customers.



Strict quality control at facilities outside of Japan

As the role played by our factories outside of Japan increases in importance, we provide associates outside of Japan with the know-how we have cultivated in Japan for improving quality, while we, in turn, learn much from them about system-related aspects, including systematic ways of thinking and standardization. As these exchanges increase, factories outside of Japan have also begun introducing Shoki Ryudo (initial quality assessment*), an evaluation method developed in Japan.

* Initial quality assessment is a system designed to reaffirm the quality and product specifications of new products, from the customer perspective, when shifting to mass production.



Technology exchange meeting with overseas associates

Together with Shareholders and Investors

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

Basic Policy Regarding Shareholder Returns

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

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

Basic Policy Regarding IR (Disclosure)

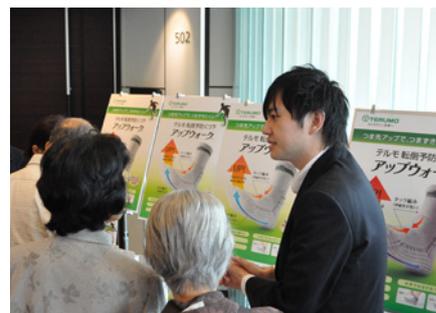
In its aim to be widely trusted by society, Terumo discloses information in accordance with the timely disclosure rules set forth by the Financial Instruments and Exchange Act and the Tokyo Stock Exchange, based on principles of transparency,

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

Communicating with Shareholders and Investors

General Meeting of Shareholders

At our Annual General Meeting of Shareholders, we not only present our financial results but also explain how our products and technologies are contributing to better healthcare. A video featuring commentary from customers and associates (employees) on Terumo efforts to realize its corporate mission is also shown prior to the meeting. At the meeting venue, we also create a display section for our products so that shareholders can view our medical devices and equipment up close. In these ways, we strive to impart a deeper understanding of Terumo.



Annual General Meeting of Shareholders

Results Briefings

Results briefings are held for securities analysts and institutional investors quarterly. The Company's representative directors and other key associates attend the briefings, and explain business results, factors behind any changes, and management strategy going forward. Materials provided at the briefings, along with individual presentations, are also posted on our website, and are available to all of our investors.



Results Briefings



Briefings and Events for Individual Investors

To provide an opportunity for direct dialogue with its individual investors, Terumo holds company briefings for them at locations throughout Japan. We are also active in exhibiting at IR events held by the Tokyo Stock Exchange and others targeting individual investors.



IR Festa



Terumo Letter (Shareholder newsletter)

Twice a year, shareholders are sent the Terumo Letter, a newsletter that provides information about business results, growth strategies, dividends, and so on. The Terumo Letter is also distributed at briefings and IR events for individual investors, as part of our efforts to help those investors gain a deeper understanding of the Company.



Published for shareholders
twice annually



IR Website

Through its investor relations (IR) website, Terumo delivers information needed by shareholders and investors, including background on the Company and various types of disclosure documents. To enable investors who may not be familiar with Terumo to deepen their understanding of the Company, we also offer a section of the website called "A Beginner's Guide to Terumo" (currently in Japanese only), which provides a straightforward introduction to the Company's strengths, philosophies, and growth strategy.

Together with Suppliers

Terumo procures raw materials based on our corporate philosophy of “Contributing to Society through Healthcare.” Our choice of raw materials reflects our commitment to enable patients and healthcare professionals to use our products safely and with peace of mind.

Raw material procurement policy

In October 2009, we developed our “Human x Eco Development Guidelines” in line with our commitment to being a people- and environment-friendly company. With these guidelines, we are making an effort to reach a new stage of people- and environment-friendly procurement, with particular consideration given to the following:

- Selecting materials that won't produce harmful impacts for the next generation (reducing environmental impact)
- Selecting materials that can be used effectively and produce no waste (saving resources)

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

Initiatives in raw material procurement

Terumo manufactures products in five factories within and 18 factories outside Japan, and distributes them in over 160 countries. With the rapid changes in the environment for raw material procurement, we place top priority on ensuring quality and stable supply and procure materials from the most appropriate sources to provide high-quality products to healthcare practice.

The Great East Japan Earthquake of 2011 brought disruptions to our supply chain. Nevertheless, driven by a commitment to

ensure continued delivery to our healthcare customers, Terumo succeeded in securing the raw materials needed, with the understanding of our partners that we should never allow a disruption in medical care. Guided by this experience, we are working in collaboration with our partners to ensure Terumo has an even more stable procurement framework in place.

Purchasing Compliance Education

As part of ensuring good mutual communications with our suppliers, Terumo briefs its employees on its basic rules for suppliers, including Supplier selection, ordering, and payment, and conducts training to ensure that all employees are familiar with and understand the Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (abbreviated in this document as the Subcontracting Law). In addition to building awareness of our internal controls, we also work to maintain and improve compliance with the Subcontracting Law.

In addition, Terumo promotes and encourages understanding of Japan's Subcontracting Law by actively participating in workshops held by the Fair Trade Commission and the Small and Medium Enterprise Agency, both government institutions. During the month the government promotes compliance with the Act, we run a series of checks and interviews to verify compliance status, and work to thoroughly instill and reaffirm an understanding of key points of compliance for Terumo as the parent company.



Internal Purchasing Compliance Training

Supplier Surveys

Each year Terumo conducts a survey of its suppliers to make further improvements and ensure we become a trusted company for our suppliers of raw materials.

The survey includes a wide range of questions involving their transactions with Terumo, including our business manners, transactional ethics, and how we select our materials. Beginning in 2011, to ensure stable procurement without interruption to healthcare, we added a survey regarding business continuity planning (BCP). Based on the responses and opinions from our

partners, the Company analyzes the issues facing its materials division and provides feedback to its factory materials divisions. The feedback not only aids in resolving those issues, but serves as a tool for verifying the direction of, and reflecting customer input in, our material procurement going forward.

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

Promoting Material Quality Improvements

To further improve product quality, Terumo is working to enhance quality control over purchased materials.

The Global Harmonization Task Force (GHTF), an international conference aimed at promoting greater uniformity between national device regulatory systems, has developed guidelines for enhancing supplier management. Terumo works with its partners

to ensure they understand the impact the quality of materials can have on the quality of the final product, and to gain their cooperation in perpetual quality improvement and with our system audits. Information on audits and on the quality of materials is shared between our factories, as we work to improve the quality of the materials we purchase from our partners.

Together with Our Associates

At the Terumo Group, we call our employees “associates,” and each one of them is expected to play a key role in the Group by thinking and acting independently and taking responsibility for their own professional development.

At the Terumo Group, we believe that our true corporate value lies in our employees; in short, in the sum value of our associates.

Since its founding, the Terumo Group has worked to fulfill its mission of “Contributing to Society through Healthcare.” Our associates are an important asset in achieving that mission, and our goal is to enable them to realize their maximum potential while providing an environment in which they can each grow to play a leading role.

Fostering a Motivating and Challenging Work Climate

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

fields of activity. Our goal, based on these various initiatives, is to have each of our associates contribute their individual strengths to the strength of the team, enhancing performance and creating a strong, vital workplace.

ACE In-House Recruiting System

In Japan, Terumo has operated an in-house recruiting system called “ACE” since 1997, which enables associates from a wide range of departments and job categories to pursue the jobs they want. Recruiting targets cover a broad span, from highly specialized product sales positions to marketing projects built primarily around female associates. To date, 24 candidates have passed screening for overseas assignments since global recruiting began in 2007, and over half of them have already been transferred to positions overseas.

In FY 2011, there were approximately 50 applications, with 10 individuals passing the screening process and winning a chance to perform in a new area of opportunity.



A successful ACE applicant working in India



Recruiting logo for the ACE in-house recruiting system



“Gemba-no hokori” Award

Terumo’s growth is not solely supported only by those associates with the most high-profile performance record. We also have many associates who work diligently behind the scenes every day. We reward and recognize such associates with the “Gemba-no hokori” Award (“Honor of the Frontline” Award) presented each year.

In FY 2011, the award was presented to six associates, including an associate in charge of factory facility maintenance and an associate in charge of supporting patients in the use of medical devices at home. The winners were selected from a field of about 90 peer-nominated candidates.



Winners of the “Gemba-no hokori” Award in FY 2011

Taking Advantage of Diversity

At the Terumo Group, we believe that regardless of gender, age, or nationality, the diversity of our associates is the engine that will drive our growth. Through acceptance of a wide range of values, and mutual recognition of our respective cultures, we are aiming to become a company in which differing ideas and knowledge can intermingle unfettered, creating new value.

Number of Employees by Region (Consolidated)

(Employees)

	FY2009	FY2010	FY2011
Japan	4,823	4,962	5,048
Europe	1,654	1,732	1,837
Americas	2,165	2,341	5,177
Asia, other	5,098	5,726	6,050
Total	13,740	14,761	18,112

Promoting Active Participation by Female Employees

In Japan, as part of our efforts to recognize diversity and tie it to corporate growth, Terumo's top management committed itself to promoting the activity of women in the workplace.

To put in place the environment, climate, and awareness that will best enable women to perform in the workplace, Terumo in FY 2011 held a series of women's forums nationwide, at which our female associates can discuss how to resolve existing issues and exchange ideas regarding careers for women. One measure Terumo has adopted to address some of the issues that have been raised is the creation of a women's mentoring system. Giving more of our female associates the opportunity to raise their own awareness and skills, and increasing the number of women expanding their roles into organizational leadership, will, we believe, contribute to the creation of new points of view and new values.



FY 2011 Women's Forum

Voice Feedback from Female Associates Active Overseas



Sales and Marketing Manager—
Terumo Australia Pty Limited.

I am responsible for the development and implementation of business plans that support the Terumo Mission of Contributing to Society Through Healthcare with a focus on achieving our sales, gross profit and growth targets in Australia and New Zealand, a market that serves 26 million people. I work with a talented group of Terumo Associates within this region and my primary motivation comes from being able to support and develop the organizational team and support individual associate learning and development. By continually enhancing the skills of all Terumo Australia associates we are able to develop an in-depth understanding of our customers and create plans that continue to support our customers in a changing environment by providing products and solutions that make medical treatment kinder and gentler.

Enhancing the Value of Each Individual

Terumo believes that its true corporate value lies in the collective worth of all associates who work for the Company.

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

Based on our belief that the most effective learning comes from having one's own interests and understanding the importance of learning, many of Terumo's training programs in Japan have developed spontaneously out of individual suggestions.

Global Human Resource Development

With the coming push toward greater globalization, developing highly motivated human resources with both the diverse communication skills needed to understand other cultures and leadership capabilities is an important policy for the Terumo Group.

LEO Seminar

In Japan, Terumo's LEO Seminar is designed to develop individuals with a global approach to management who are capable of leading change. Thirty associates in their 20s through 40s are selected from a pool of about 100 applicants, and through the four-month seminar, they cultivate an understanding of differing values, hold all-night group discussions on management issues, and present a business plan to our management team.



FY 2011 LEO Seminar

Global Challenge

In FY 2011, Terumo implemented Global Challenge in Japan. This program is an opportunity for participants to learn business skills applicable to the global arena, and is open to applications from associates demonstrating a strong desire and a plan to work overseas in the future.

After hearing lectures on global career options, participants presented their own vision of the value they hope to offer to the world. This was followed by a debate session that saw participants compete with one another on their reasoning skills and the persuasiveness of their arguments.



FY 2011 Global Challenge

[TOPICS]

Efforts to Utilize e-Learning

Even within the Terumo Group, human resource development context and conditions may vary from one region or company to another. At the same time, the Group as a whole must have a set of values and basic practices which we all observe in common.

Terumo BCT and Terumo Americas Holding, for example, utilize e-Learning to provide an efficient environment for training associates in the Code of Conduct of the Terumo Group (called "SAKURA"), and for management training.

Occupational Health and Safety Initiatives

At the Terumo Group, we believe that providing a safe workplace is the first step to ensuring that our associates, valued assets of the Company, can maximize their potential.

Terumo continues to offer a number of initiatives to ensure health and safety in the workplace, both to prevent workplace injuries and to minimize the effects of industrial accidents when they do occur.

Occupational Health and Safety Management Structure

To protect the safety of its associates in Japan, Terumo holds meetings of its occupational health and safety management committee at its factories, R&D headquarters, sales offices, and head office. With a goal of zero industrial accidents, efforts include a 5S program, review of danger zones, and efforts to prevent certain dangers. Information is shared through reports to the committee and others.

In FY 2011, there were 2 lost-workday industrial accidents, compared to 2 the year before. Going forward, we will continue to work toward a reduction in the number of industrial accidents, and our goal of zero serious accidents or deaths.

Employee Health Management

In Japan, to promote good health among its associates, Terumo not only provides regular health checkups, but also encourages employees to be screened for lifestyle-related diseases, and works with its health insurance union to provide individual health management guidance. To support better mental health as well as physical wellbeing, we also offer a variety of lectures, including on stress management for new hires and general employees, and on team member mental health care and management methods for leadership staff.

Social Contribution Activities

Providing information to manage health

Terumo Health and Weather Forecast™

Terumo Health and Weather Forecast™ The Terumo Health and Weather Forecast is a daily weather forecast that also provides information about how the day's weather may affect health. Our forecasts, based on unique calculation formulae and found on the Terumo website, cover joint pain, heat stress, asthma, blood pressure, migraines and other ailments. Forecasts feature information gathered from 48 locations across Japan, and are updated three times daily.

According to a survey conducted by Terumo to gauge awareness of the relationship between health and weather, 81% of respondents answered that they think there is a connection between weather and seasonal changes and their health status. Some 73% of respondents reported experiencing this phenomenon firsthand.

Firmly based in biometeorological science, the Terumo Health and Weather Forecast has gained a strong following in Japan as a source of useful information that may help prevent diseases from developing or worsening.



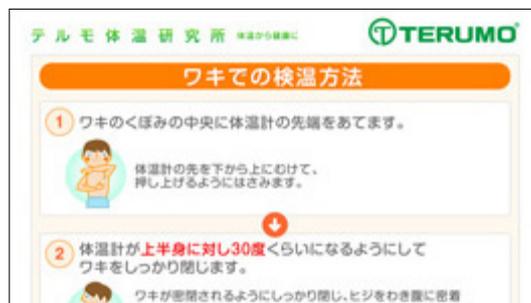
Terumo Health and Weather Forecast website (Japanese only)

Terumo Body Temperature Research Institute

The familiar field of body temperature was the starting point for Terumo as a company. To ensure the role of body temperature in daily health maintenance remains relevant, the Terumo Body Temperature Research Institute*, in cooperation with specialist doctors, conducts research on body temperature and related educational activities. In terms of research, the institute carries out surveys related to actual clinical thermometer use, along with investigations and academic presentations regarding body temperature measurement. On the education side, the institute's efforts include free classes and seminars on the relationship between body temperature and the rhythms of everyday life for elementary and junior high schools students, parents and guardians, and teachers. In FY 2011, the institute held classes and seminars at some 30 sites across Japan. The institute is also promoting lifestyle improvement by taking part in a project for children on the rhythms of everyday life initiated by the Japanese Ministry of Education, Culture, Sports, Science and Technology and the national council for the Early to Bed, Early to Rise, and Eat Your Breakfast campaign.

The institute's Japanese-language Web site provides extensive information on body temperature, including in relation to fever and heat stress as well the effects on different age groups, particularly the elderly and infants.

In 2010, Terumo started to provide information on body temperature in China by organizing lectures by Japanese doctors and launching a website on women's health.



Raising awareness of the correct way to check body temperature



Terumo Body Temperature Research Institute website

* The Terumo Body Temperature Research Institute is Terumo's research institute devoted to health studies from the perspective of body temperature. It provides information on body temperature and proposes lifestyle adjustments for improved health.

Seminars on leg varicose veins and lymphedema

Terumo holds public information seminars in regional areas of Japan aimed at raising awareness of both varicose veins in the legs and lymphedema and helping sufferers to alleviate symptoms and prevent their progression. We provide a variety of information about leg varicose veins, including causes and treatments, and explain how symptoms can be managed with compression stockings and the proper way to wear them. With regard to lymphedema, which is primarily an after-effect of cancer treatment, we inform people of its symptoms and causes and the importance of early treatment. Seminars were held in five locations nationwide in fiscal 2011.



Leg varicose vein seminar

New Health College

Since 2008, Terumo and St. Luke's College of Nursing have been jointly holding health support seminars in Japan for the general public called "New Health College." With the aim of achieving a society in which every person proactively takes care of his or her own health, we are organizing seminars on familiar health problems, including lifestyle disease prevention and influenza.

The seminars, which consist of easy-to-understand lectures delivered by prominent speakers, have been well received by participants. Past lecturers include Shigeaki Hinohara, M.D., Chairman of the Board of Trustees of St. Luke's College of Nursing.



New Health College

Helpful information for pet health

Since January 2011, Terumo has sponsored Dr. Hiroko's Animal Clinic, a long-running radio program that provides fun and helpful tips for pet owners and animal lovers. The program has been on the air for nine years, a testament to its popularity among pet owners

Dr. Hiroko's Animal Clinic radio program

Sundays from 2:40 to 2:50 pm on Nippon Cultural Broadcasting at 1134 kHz (in the Kanto area, Japan)



Providing caring advice from the veterinary viewpoint

Contribution to the development of healthcare

Terumo Life Science Foundation

The Terumo Life Science Foundation was established in 1987, and in April 2012 was reregistered as a public interest incorporated foundation. Focusing on subsidizing and promoting research, primarily related to life sciences, the foundation has thus far provided approximately ¥1.2 billion in subsidies to a total of 825 projects.

In FY 2011, the foundation provided subsidies for three projects under the special research subsidy category, including development of a system for transplanting complex MUSE cells with the goal of application in strokes; 22 projects under the general research subsidy; and 34 projects under the international exchange subsidy. In March 2012, recipients came together to attend a presentation ceremony.

In 2012, in commemoration of the 25th anniversary of the foundation's establishment, we created the Terumo Global Science Prize, a prize awarded to an outstanding researcher for contributions to the growth of research in regenerative medicine through biomaterials research. The winner of the 1st Terumo Global Science Prize is Dr. Robert Samuel Langer, professor at

the Massachusetts Institute of Technology (MIT). In July 2012, Dr. Langer will visit Japan for the award ceremony and to present a lecture, and the newly established prize (foundation prize) will be presented at that same ceremony.

As part of education and awareness activities, in 2009, we established the Life Science DOKIDOKI Laboratory, a life science website (Japanese only) aimed at junior and senior high school students, and the number of students accessing the website is growing every year. This year, we published a collection of interviews with young researchers under the title *Thinking About the Mysteries of Life*, which was distributed to those involved in the project and to high schools nationwide. Further, in August of 2012, we plan to invite high school students from Iwate, Miyagi, and Fukushima prefectures, the areas most affected by the Great East Japan Earthquake, and host a science café for them at the Tokyo Women's Medical University-Waseda University Joint Institution for Advanced Biomedical Sciences, where they will learn about the latest in regenerative medicine and robotic engineering.



FY 2011 ceremony to present research subsidies



Publication: *Thinking About the Mysteries of Life*

Improving the quality of healthcare in China with the Terumo Fund

In 2007, to commemorate the 10th year of operation of Terumo Medical Products (Hangzhou) Co., Ltd. in China's Zhejiang province, we established the Terumo Fund in conjunction with Zhejiang University, with the aim of bringing the benefits of healthcare to as many people as possible.

Terumo Fund grants are given to support research investigating Eastern and Western medical traditions with a view to creating new types of medicine by fusing the two. The fund also contributed to improving the quality of healthcare in China by providing scholarships to talented students. Following the completion of the first operation period (from 2007 to 2009), the second operation period started in 2010.



Exchange with graduate medical students from Zhejiang University

Outline of the Terumo Fund

Name of Fund:	Terumo Fund (second operation period)
Application:	Research grants and scholarships
Total Amount of Fund:	400,000 yuan per year x three years = 1.2 million yuan
Fund Operation Period:	2010 to 2012

Contributing to the Wider Community

Presenting an annual Christmas gift to a hospice

In Japan, each year around Christmas time, a team of Terumo volunteers decorates the outside walls of the Terumo Shonan Center building with Christmas lights. On Christmas Eve, it puts on a fireworks display for the community and the hospice, while the Terumo Male Choir sings Christmas carols to the hospice patients. This program was started in 1997 to bring Christmas

cheer to the hospice patients, their families and local residents and has been carried out every year since. While activities were cut to five days during the 2011 Christmas holiday season due to restrictions on electricity usage, those at the hospice were able to enjoy four different holiday illumination displays, including a Christmas tree.



The Terumo Male Choir in action



Illumination on the walls of the Terumo Shonan Center



Local activities

Terumo conducts many social contribution activities in local communities at our business sites in Japan. Some examples of Terumo associates' ongoing social contribution through local activities are listed below:

- Weekly cleanup of public roads and parks near the Head Office
- Cleaning up the Tamagawa river bank, Tokyo (every spring and fall)
- Cleaning up the surroundings of Shonan Center (a total of 51 people joined)
- Cleaning up the surroundings of Fujinomiya Factory (a total of 69 people joined)
- Cleaning up the surroundings of Ashitaka Factory and ME Center
- Cleaning up the surroundings of sales branches (a total of 273 people joined)

* Note: The participant numbers refer to activities held in FY 2011



Eco Cap collection initiative

Terumo in Japan is participating in the "Eco Cap" campaign organized by the NPO, Eco cap Movement, in which the caps of used drink bottles are collected and sold for recycling, with proceeds from the sales used to buy vaccinations for children in developing countries. In FY 2011, we collected enough caps to provide polio vaccines to 660 children.



Blood donation

Terumo carries out a blood drive at factories and branches every year in Japan. In FY 2011, a total of 773 associates at 29 locations across Japan donated blood. In addition to manufacturing blood bags, Terumo will continue to make blood supply-related social contributions by promoting further blood drives.



In-house Eco Cap initiative



In-house blood donation



Relief efforts in disaster-stricken areas

Terumo has donated funds, assistance and medical supplies worth a total of ¥240 million to areas devastated by the Great East Japan Earthquake.

Outline of relief efforts

Donated funds, assistance and medical supplies worth a total of ¥240 million in following the Great East Japan Earthquake

Medical supplies

- 30,000 clinical thermometers
- 4,000 blood pressure monitors
- 13,000 pairs of compression stockings
- 53,000 sets of nutritional rations
- Others (disinfectant, masks, etc.)

Donated to:

Local governments and nursing associations in Iwate, Miyagi, and Fukushima prefectures, the Japanese Red Cross Society, Japanese Nursing Association, Japan Association of Medical and Care Facilities, Japan Association of Geriatric Health Services Facilities, Japan Association of Chain Drug Stores, and others



Disaster relief

Terumo provides medical equipment, products, and other relief supplies to disaster-stricken areas facing serious shortages of such items. In FY 2011, we donated 18,080 bottles (1000ml each) of saline solution to Thailand, which was hard-hit by flooding.

Activities Overseas

Terumo Penpol Ltd. Community Support Efforts

Since 2005, Terumo Penpol Ltd. of India has continued to support local public elementary schools. Efforts include donations of books, bags, and stationery supplies, as well as support for new facilities such as libraries, classrooms, labs, and restrooms.

In 2009, we built a tennis court at an elementary school, where we hold mini tennis tournaments. Called "Quick Start Tennis," this program helps support local children through sports.

These activities aid in improving the educational environment for the region's children, while increasing their opportunities to participate in society.



Presentation at an elementary school

Activities Worldwide

Terumo companies overseas take part in social contribution activities in their respective regions.

Terumo Americas Holding, Inc./ Terumo Medical Corporation

Co-sponsor of the Juvenile Diabetes Research Foundation International (JDRF). Every year for 11 years, Team Terumo has participated in JDRF's annual walk for diabetic children.



Team Terumo walkers

Terumo Cardiovascular Systems Corporation

In addition to continued participation in the American Cancer Society's walkathon, Terumo Cardiovascular Systems provides donations of food and clothing to local communities.

MicroVention Inc.

In FY 2011, money raised through a bake sale was donated to support disaster recovery efforts in Japan. We also provide donations of food and clothing to the local homeless.



Bake sale to support disaster recovery in Japan.

Terumo Italia Srl

We participate in the Italia ProNepal project, creating calendars and using the proceeds to provide healthcare and basic supplies to children in Nepal.

Feature: Initiatives for Biodiversity Conservation



In line with its commitment to biodiversity conservation, Terumo makes efforts for the development of a low-carbon, recycling-oriented society, in which humans coexist with nature.

Terumo Mt. Fuji Reforestation Project

Terumo has two factories in Fujinomiya City in Shizuoka, Japan. Both take water from springs at the foot of Mt. Fuji for use in production processes for medical devices and equipment, pharmaceuticals and other products. Since 2003, we have been undertaking the Terumo Mt. Fuji Reforestation Project to protect this area. As part of the project we conduct reforestation, with indigenous trees, of a part of the Mt. Fuji forest that sustained heavy typhoon damage, helping the forest to become better resistant to future natural disasters and ensuring it can continue to serve as an underground water source.

Signing of Shizuoka Mirai-no-Mori Supporter Pact

On September 13, 2011, Terumo entered into a three-way pact with Mr. Masaki Takekawa, a woodland owner, and Shizuoka Prefecture, to become a supporter of the Shizuoka Mirai-no-Mori (Forest of the Future).

Overview of the Agreement

- **Purpose**
To protect and nurture the woodlands, which serve as a valuable source of water, at the base of Mt. Fuji, while deepening relations with the local community.
- **Location of Activities**
1.65 ha (privately owned forest) in Fumoto, Fujinomiya City
- **Activities to Perform**
Woodland maintenance (mowing, pruning, thinning, and planting)
- **Duration of Agreement**
Annual (FY 2011–FY 2015)
- **Roles**
Terumo: Associates to assist with forest development activities
Mr. Takekawa (forest owner): Collaborate with Terumo on forest development activities
Shizuoka Prefecture: Disseminate information, provide advice and guidance, and issue certifications

After an in-house call for suggestions, the name “Megumi-no-Mori” was selected for the 1.65 ha privately-owned woodland in the Fumoto region of Fujinomiya City. Over five years beginning in FY 2011, Terumo will plant trees and implement other forest maintenance efforts.



The signing ceremony.



The sign marking the Megumi-no-Mori.

FY 2011 Initiatives

Approximately 180 volunteers participated in forest development activities in October 2011, including Terumo associates and their families, and junior high school students from the Fumoto region, where the woodland is located. While it was raining on the day of the tree planting, which unfortunately meant that not everyone could participate as planned, the group listened to a lecture by a professor from the Tokyo University of Agriculture, covering everything from a description of the natural environment and wildlife around Mt. Fuji, to its history and culture. Woodland

walks were also held, giving the participants the opportunity to deepen their appreciation of nature.

The tree planting was held at a later date, with project members and some of the volunteers helping to plant 200 sawtooth oak and quercus serrata and other broad-leaved trees.

Beginning in FY 2012, we plan to have associates volunteer for more tree planting and provide support for other woodland maintenance efforts.



A walk in the Forest



Tree planting



Voice

Now that we've signed the Shizuoka Mirai-no-Mori Supporter pact, I have started working with Terumo on developing the forest here. I've always maintained the woodlands on my own, but now Terumo's employees, their families, and the local junior high school students will all get involved, and I think we'll have fun creating a bountiful forest together.

Masaki Takekawa, Forest owner

Terumo's "ECO Challenge" Volunteer Campaign

Every summer in Japan, we implement a campaign called "ECO Challenge," in which volunteer Terumo associates and their family members hold a variety of environmental conservation activities at home and at work.

For the campaign, participants are given "Challenge Sheets" with specific eco activity categories to use for their own independent eco activities. As part of its desire to benefit society through the environment, Terumo scored the efforts of its associates and converted those scores into a monetary amount to be donated, depending on the degree of success, to programs by the Organization for Industrial, Spiritual, and Cultural Advancement-International (OISCA), a public-interest incorporated foundation.

In FY 2011, our keyword was "conserve electricity," and participation was up 50% from previous years, with 3,372 people involved in conservation activities in their everyday lives. More programs targeted for donations were also added. In addition to the Children's Forest Program, funds in FY 2011 went to OISCA's disaster recovery support projects, including "Mori no Tsumiki Hiroba" (environmental education through wooden blocks), designed to provide a place for children to play and free their minds, and a project to restore the coastal forests of the Tohoku region, which were hard-hit by the Great East Japan Earthquake.

Challenge Categories		July	August	September
■At the Office				
Lighting	Extinguish lighting in unused rooms during lunch break			
Air conditioners	Set thermostat to 28°C when using individual air-conditioning units			
Elevators	Use stairs whenever possible and minimize elevator use			
Standby power	Disconnect main power for PCs and other OA equipment during lunch, when returning home, etc.			
Energy conservation	Make copies and printouts only when necessary			
■At Home				
Lighting	Frequently extinguish all unnecessary lighting			
Standby power	Disconnect home electronics from main power when not in use			
Home electronics	Set home electronics to power-saving mode			
Air conditioners	Use sparingly, and set thermostat to 28°C when using			
Refrigerators	Do not open frequently or overstock			

"Challenge Sheet" (excerpt)

Children's Forest Program

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





Mori no Tsumiki Hiroba

This program provides a place for children to play with blocks made from wood thinned from local forests, and is designed to teach them creativity and cooperation, and foster an interest in our forests. The program provided these “Mori no Tsumiki Hiroba” (Mori no Tsumiki Plaza) sites in regions affected by the Great East Japan Earthquake, as a place for children to relieve the stress and uncertainty of living as evacuees due to the disaster. Surrounded by the smell of freshly cut wood, the children work together to build things with the blocks, and find a place to ease their stress as they play with friends and with adult participants.



Project to Restore Coastal Forests

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



Promoting Environment-Friendly Business Activities

Aiming to achieve harmony between “people-friendly healthcare” and “environment-friendly healthcare,” Terumo has played an active role in promoting the coexistence of human beings with the global environment by establishing our Basic Environmental Policy and Environmental Management System. Terumo continues to search for ways to strike an even balance between human safety and environmental preservation in the field of healthcare.



Sharing a Common Awareness of Environmental Preservation under the Basic Environmental Policy

According to our corporate mission of “Contributing to Society through Healthcare,” we developed our Basic Environmental Policy in 1999. Based on this policy, Terumo, a leading company in the healthcare industry, has since been engaging in a range of

activities aimed at protecting the global environment. Throughout the Terumo Group, we conduct business activities based on the assumption that the global environment must be protected.

Basic Environmental Policy

Guided by our corporate philosophy of “Contributing to Society through Healthcare,” and under a fundamental policy of providing safety and reassurance in medical care, the Terumo Group conducts itself as a leading company by implementing responsible environmental conservation activities and striving to be a trusted corporate citizen.

- Terumo sets voluntary targets and works to conserve the environment by:
 - Ascertaining the environmental impact of our activities
 - Developing environmentally friendly products
 - Preventing pollution
 - Making effective use of energy and resources
 - Reducing waste
- Terumo abides by the environmental laws, ordinances, agreements and other legal provisions of all countries.
- Terumo has established a system to facilitate environmental efforts and it promotes and audits those efforts.
- As a member of society and the community, Terumo supports and cooperates with environmental conservation activities.
- Terumo conducts in-house informational and educational activities in an effort to increase its employees’ environmental awareness.

Adopted in December 1999

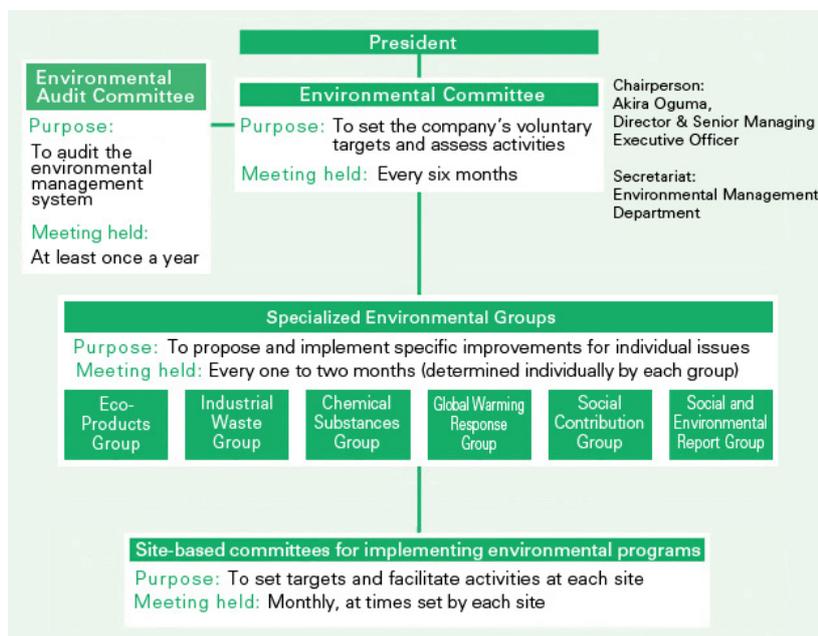
Introduction of the Environmental Management System

We are working to improve our environmental performance by developing an efficient and effective environmental management system that focuses on the PDCA cycle*. As the ultimate decision-making authority for environmental management, the Environment Committee sets company-wide policies and targets for environmental conservation and confirms the status of activities and the like every six months. There is also

an Environmental Audit Committee, which is responsible for conducting internal audits to ensure that each site is effectively operating its environmental management system. We describe and explain the contents of these activities in our social and environmental report to ensure we maintain high transparency in our management system.

* PDCA cycle: A management cycle designed to realize continuous improvement of business operations by repetition of the four processes of plan, do, check and act.

Company-Wide Organization for Environmental Management



TOPICS

Terumo Europe Gains ISO 14001/OHSAS 18001 Certification

In February 2012, Terumo Europe's Haasrode factory gained certification under both ISO 14001, an international standard for environmental management, and OHSAS18001, an international standard for occupational health and safety management systems. The factory produces interventional systems, guide-wires, and other medical devices, primarily for the European market. Terumo will continue promoting its environmental as well as health and safety initiatives, with a goal not only of regulatory compliance, but of operating production sites with a minimal environmental impact while providing a safe, secure workplace.



ISO 14001 Certificate



OHSAS18001 Certificate

Environmental Education for Associates

To ensure that our associates have a thorough understanding of our Basic Environmental Policy and their own obligations with regard to environmental activities, we provide general environmental training for new hires as well as task-specific environmental training at sales offices and factories in Japan. Additionally, in Japan to further raise environmental awareness and take related action, as a good corporate citizen Terumo provides environmental information via our intranet and carries out eco campaigns in which our associates and their families can participate.



Education for associates

Increasing Environmental Awareness with Environmental Bulletin Boards

In 2002, the Ashitaka factory installed an Environmental Bulletin Board, which is updated monthly.

The bulletin board provides at-a-glance graphs and illustrations outlining the factory's energy use, waste output, and other environmental impact information, along with graphics explaining how global warming works and things people can do to conserve energy at home. It also serves to foster a greater awareness of the environment.



Environmental Bulletin Board at the Ashitaka factory

In-House Environmental Awards

In FY 1999, Terumo established a system of awards to recognize initiatives and activities making significant contributions to environmental preservation. In FY 2003, this program was expanded beyond Japan to include all Terumo Group companies worldwide.

Award Year	Category	Project
FY 2011	Terumo (Philippines) Corporation, Engineering-Facilities Category	Energy Conservation and Cost-Cutting Efforts at Terumo (Philippines) Corporation

TOPICS

Welcoming Field Trips

As part of their classes on the environment, a group of junior high school students visited Terumo to learn about our environmental activities and how we work to make our products environmentally friendly, as well as what they can do in their everyday lives to protect the environment. The students later wrote to say that they learned a lot about Terumo's environmental initiatives, and about the importance of doing what they can to protect the environment.



Education for junior high school students

Developing Environmentally Friendly Products

Aiming to realize both “people-friendly healthcare” and “environment-friendly healthcare,” Terumo develops products that are friendly to healthcare professionals, patients and the global environment.

“Human x Eco®” Development Guidelines

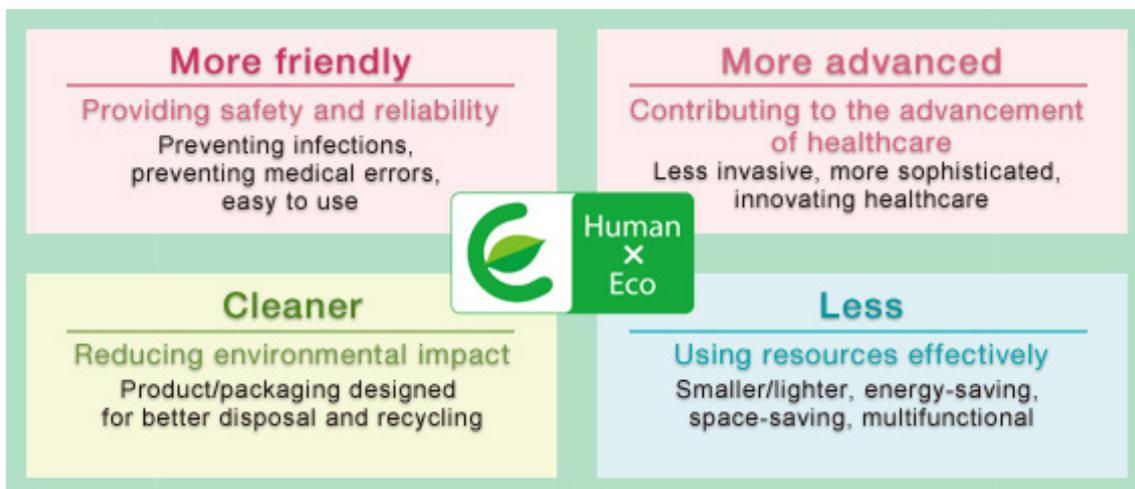
Terumo is committed to providing “people-friendly healthcare” as identified in our corporate vision. “People-friendly healthcare” means enhancing the safety and efficiency of healthcare through the provision of products that reduce strains on patients, prevent infections, and improve ease of use for healthcare professionals.

These efforts also lead to “environment-friendly healthcare” in the sense that once an infection or medical error occurs, it involves the otherwise unnecessary use of healthcare resources. For that reason, Terumo believes that the development of safer

and more efficient products contributes to the eco-friendliness of hospitals.

In line with this belief, Terumo has created a set of original standards called the “Human x Eco®” Development Guidelines, consisting of four principles and 24 categories, to govern the development of people- and environment-friendly products. We follow the guidelines in our product development and display our own “Human x Eco®” certification mark on outstanding products to make it easy for our customers to identify them.

“Human x Eco®” Development Guidelines [Four Principles]



Measures against Hazardous Substances

A pioneer in the removal of mercury from healthcare practice

In 1983, Terumo marketed the first Japan-made predictive digital thermometer. Driven by environmental concerns, we then took a quick action to terminate our production of mercury thermometers in the following year. We have been making efforts to replace medical-use products containing mercury with safer alternatives, including marketing a mercury-free blood pressure monitor.



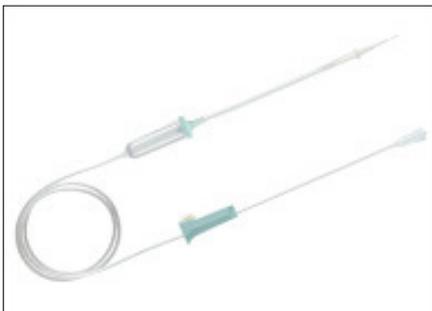
Digital thermometer



Digital blood pressure monitor

Promoting PVC-free, DEHP-free Products

Where available, we supply products that use alternatives to materials containing polyvinyl chloride (PVC), which may produce toxic gas when incinerated, or di (2-ethylhexyl) phthalate (DEHP), a plasticizer that have a concern for toxicity, as well as eliminating the use of such materials in packaging.



IV solution set



IV solution bag



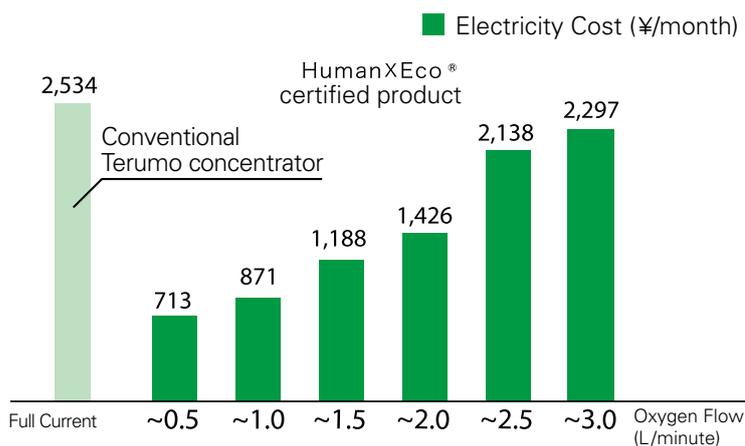
Cardiovascular circuit

Energy-saving

Smaller, Lighter, Energy-saving Oxygen Concentrator

Terumo launched the sale of compact, lightweight oxygen concentrators that consume less power by finely controlling compressor operation in line with flow rate. In addition, with a built-in battery, able to continue to operate in the event of a power outage or disaster, the product can also detect overheating at the oxygen outlet to prevent the spread of fire, if fire occurs.

Comparison of Monthly Electricity Costs to Operate



* 22/kWh (incl. tax); calculated based on "New Electricity Cost Estimations" from the Home Electric Appliances Fair Trade Conference



"HumanxEco®" certified product
Oxygen concentrator

Resource-saving and Waste Reduction Efforts

Flexible and portable blood bag now used in over 100 countries

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



Blood bag

PTCA Balloon Catheter* for Various Types of Therapies

We developed a PTCA balloon catheter that can be used with various types of therapies by using more advanced materials and improving the way the balloon is folded. This product has made it possible to reduce the number of catheters used to provide treatment to a patient, resulting in a saving in resources.

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



PTCA balloon catheter

Lighter, Smaller Products

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



Syringe



CAPD bag

Packaging and Waste Volume/Weight Reduction

Having developed a certified angiographic kit that eliminated excess packaging and procedures by providing products needed during surgery together in a single set, we further reduced the weight and volume of the waste generated by this product by improving the method and form of its packaging and redesigning the shape of the tray. This allowed a 53% reduction in materials, compared with Terumo's conventional solution pack.



"Human x Eco" certified angiographic kit

Integration—Thick Liquid Meal that Needs No Water Adjustment

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



"HumanxEco" certified thick liquid meal

Integration—Combining Several Drugs in One Bag

We have placed several IV solutions, which must be mixed prior to injection anyway, into a single bag, reducing the amount of waste, including vial containers and syringes used for packaging or injecting.



IV solution product in a bag

Integration—Prefilled Syringes

Prefilled syringes not only eliminate the need for suction and dissolution, but also replace ampoules and vials. Being made of plastic, prefilled syringes are less fragile and easier to dispose of in terms of waste separation and weight compared with glass syringes.



Injection solution prefilled syringes

Integration—Oxygenator with Integrated Arterial Filter

By integrating an oxygenator and an arterial filter into one device, we reduced the number of parts used in the blood circuit as well as the materials used.



Oxygenator

Preventing Global Warming

Terumo conducts its business activities based on the assumption that the global environment must be protected.

To promote further reduction of CO₂ emissions, we take part in the "Challenge 25" campaign in Japan and other eco programs with the full participation of our associates, in addition to energy-conservation activities conducted on-site.

With regard to electricity use, Terumo is making energy-saving efforts and visualizing its power consumption.

Target for Reduction of CO₂ Emissions

Terumo is addressing the issue of global warming by setting a target to reduce CO₂ emissions per unit of net sales by 50%* relative to the fiscal 1990 level by fiscal 2012.

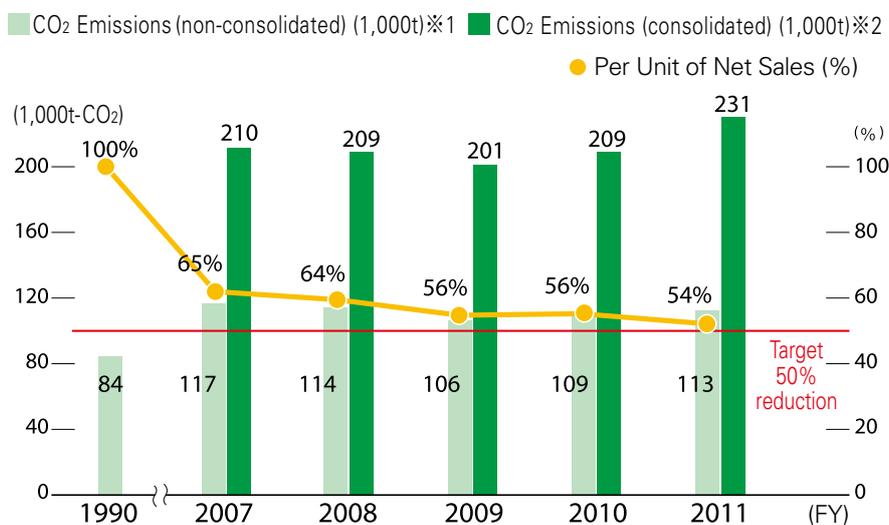
While CO₂ emission levels have risen with increases in production, emissions in fiscal 2011 were 54% per unit of sales, a

reduction of 46% relative to fiscal 1990.

One year remains to the final year of the target, but Terumo will continue its energy-saving measures with the goal of meeting that objective.

* Terumo business sites in Japan

Trends in CO₂ Emissions per Unit of Net Sales



*1 Business sites in Japan

*2 Business sites in Japan and production sites overseas

Effort to Reduce CO₂ Emissions

In fiscal 2011, faced with the issue of power shortages due to the impact of the Great East Japan Earthquake, Terumo instituted company-wide efforts to conserve and reduce energy use at its factories, head office, R&D center, and sales offices, in addition to implementing Business Continuity Planning (BCP).

Initiatives in Japan

Initiatives at Factories and R&D Center

Terumo factories and R&D center are all under the service area of Tokyo Electric Power Company, the utility most seriously affected by the nuclear accident triggered by the Great East Japan Earthquake. Under the strain of peak summer demand for power, Terumo established an intranet website to provide real-time access to information on power usage every 30 minutes at the Company's locations. Making this information available internally made it possible, with the cooperation of all employees at business sites, to promote efforts to cut peak usage and to increase awareness among the entire Terumo workforce of the need to conserve energy. In addition, factories and other sites worked together on other energy conservation efforts, including the introduction of compact through-flow boilers, turbo freezer units, LED fixtures and other energy-saving devices, and thorough implementation of routine inspections to check for steam leaks and other issues.



Through-flow boiler



Intranet website for checking power usage

Office-Based Initiatives

Terumo implemented a number of aggressive energy-saving efforts in its offices as well, encouraging the use of stairs as both healthy and environmentally friendly, ensuring compliance with air-conditioning temperature settings, turning off or reducing unnecessary lighting, and urging associates to work efficiently and go home earlier.

Overseas Initiatives

Terumo Medical Products (Hangzhou) Co., Ltd.

At Terumo Medical Products (Hangzhou) Co., Ltd., lighting fixtures in the production area and almost every other part of the factory have been replaced with LED fixtures, which use less energy. In hallways and offices in non-production areas where

illumination is not an issue, fixtures that normally use two fluorescent bulbs have been replaced with single LED fixtures. A solar-powered water heater was installed on the roof to generate hot water using solar energy, part of the factory's efforts to utilize renewable energy and prevent global warming.



LED fixtures



Solar-powered water heater

Efforts to Reduce the Environmental Impact of Distribution

The need to reduce the amount of energy used in the transportation of products has become a major theme in the fight to prevent global warming.

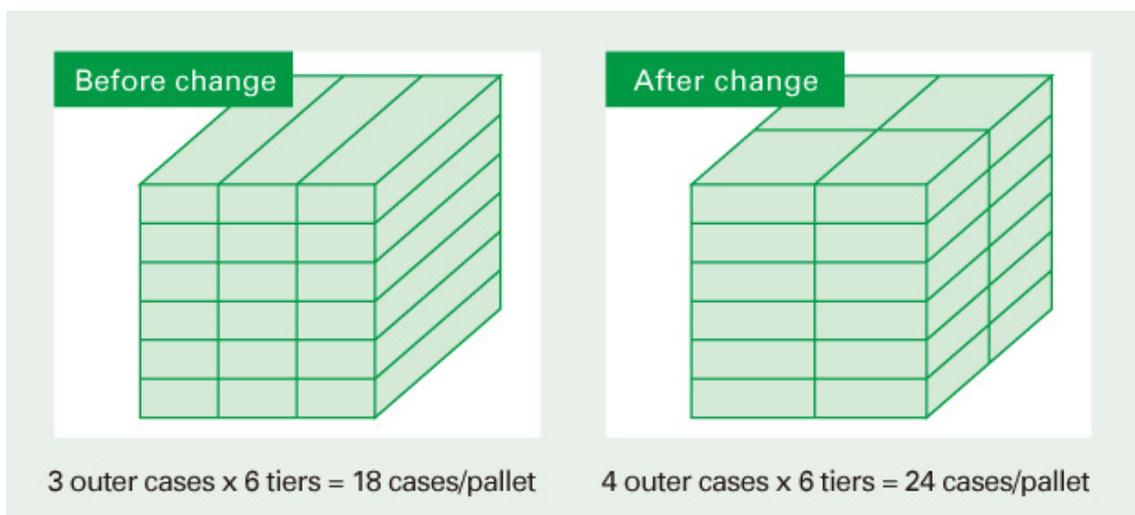
As a cargo owner, in Japan Terumo has been making efforts to improve distribution efficiency and construct an efficient distribution infrastructure by, among other things, reducing the amount of energy used to transport our products via a modal shift to

shipping contractors with high transportation efficiency, increasing sea shipping, and integrating and eliminating distribution centers. We have also been monitoring data on the environmental impact of distribution since fiscal 2006, switching from truck to marine transportation to reduce environmental impact, and improving the carry efficiency of our own distribution vehicles.

Streamlining Transport of Advanced Thermometers for Women

Individual thermometer packaging includes product manuals, inserts, and other documentation to ensure the products are used safely and correctly. By clarifying the role of each document and eliminating redundant content, we reduced the size of each package by 37%, based on volume. At the same time, the shape

of both interior and exterior packages were redesigned to enhance pallet-loading efficiency, resulting in a 33% improvement in volume transported per pallet, leading to a reduction in transport-related CO₂ emissions.



TOPICS

Participation in Challenge 25 Campaign

Terumo is participating in the Japanese government-led "Challenge 25 campaign" for the prevention of global warming. This campaign asks people to take on "six challenges"—specific, practicable actions to reduce CO₂ emissions at the workplace and in the home. In support of the campaign objective, Terumo promotes both office- and home-based activities designed to curb global warming.



Effective Use of Resources

Use of the Earth's limited resources is what makes Terumo's business activities possible.

For this reason, we strive to utilize the resources we require effectively and efficiently through activities that all associates can take part in, including waste reduction, effective resource utilization and improved recycling.

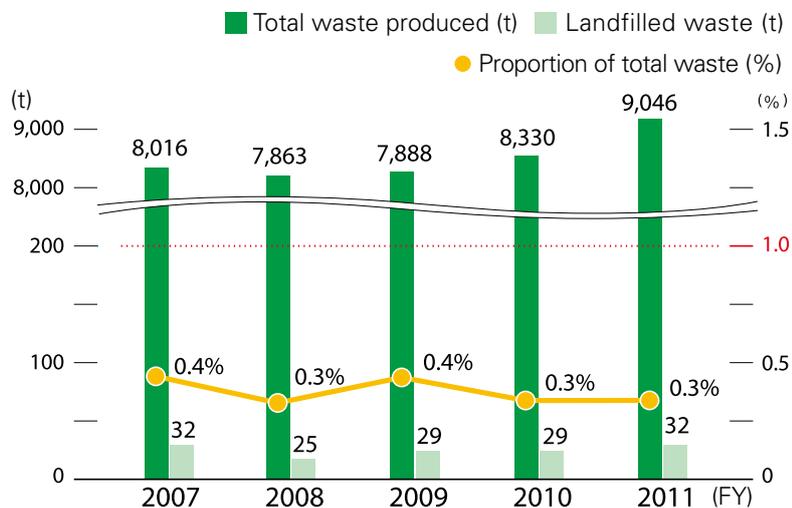
Making Efforts to Reduce the Amount of Landfilled Waste

Manufacturing processes and business activities at our factories, R&D Center and offices generate a variety of waste. We have therefore set a target of zero waste emissions—defined as “an amount of landfilled waste equal to less than 1% of the total amount of waste generated”—for all of our sites in Japan, excepting our sales offices. To ensure we achieve this reduction

target, we urge rigid adherence to the proper sorting of waste and continue to refine our waste treatment methods and rules. In FY 2011, only 0.3% of our total waste by volume was disposed as landfill, meaning that we achieved our zero emission target for the eighth consecutive year.

Target for the Reduction of Landfilled Waste

Reduce the amount of landfilled waste to less than 1% of the total amount of waste generated (sales offices excepted) (=Ongoing zero waste emissions)



Trends in the Amount of Landfilled Waste Generated

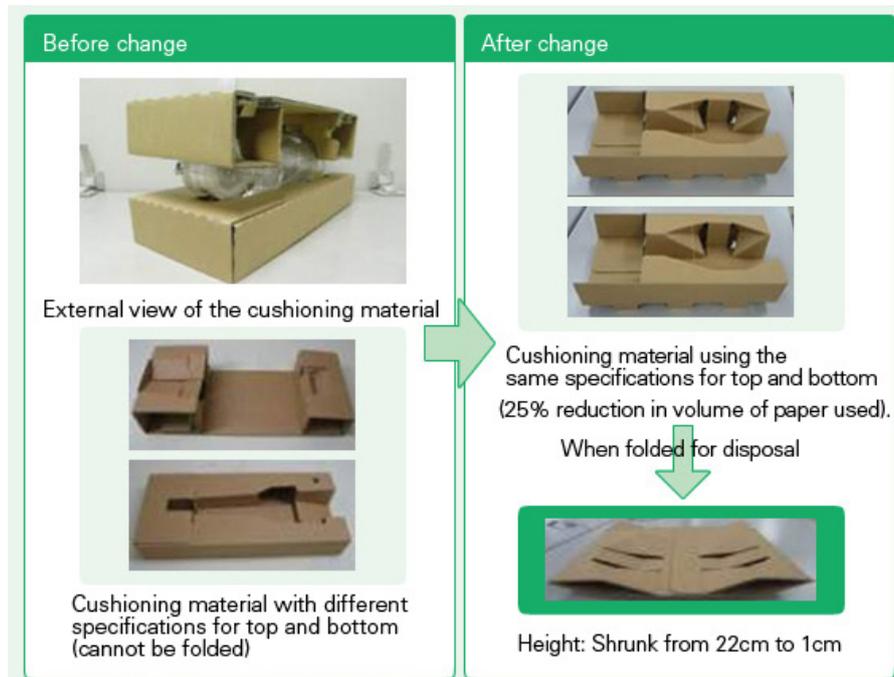
Reducing Packaging

For effective use of resources and improved usability, Terumo is making efforts to reduce packaging materials without impairing functionality, including by developing smaller, lighter and slimmer packages and reviewing package design.

Amount of Paper Used in Cushioning Reduced, Curbing Volume of Waste

To protect products during shipment, the strength of cushioning used in packaging oxygenators was maintained by using a different specification cushioning on the top and bottom. By redesigning the shape, Terumo succeeded in reducing the amount of paper used by 25% over the previous design, with no loss of

strength. Also, by giving the top and bottom of the cushioning material the same shape, we made it possible to fold the material for disposal, resulting in a reduction in bulk (shrinking from 22 cm high to 1 cm), enabling customers to reduce waste and improving disposability.

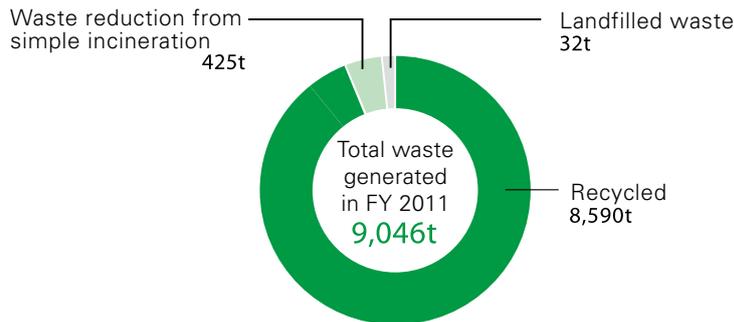


Promoting Recycling

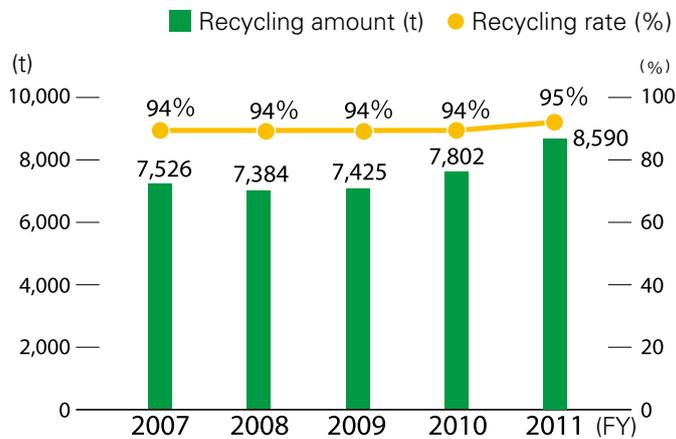
While our Industrial Waste Group (one of our specialized environmental groups) plays a big role in sharing important information among sites, all our associates make efforts to recycle. Due to their unique properties and product safety concerns, it is not usually possible to recycle our products for use in other medical

products. We do, however, recycle various types of waste generated in our production processes and office-based business activities for use in other plastic products, including floor tiles recycled plastic fuel (RPF), and organic fertilizer. Our recycling rate reached 95% in FY2011.

Breakdown of Total Waste Generated (FY2011)



Recycling Amount and Rate





Recycling Plastic Bags

Factories generate a considerable volume of plastic bag waste.

By promoting separate collection of waste to ensure plastic bags don't get mixed with paper, metal, or other plastics, and with the cooperation of outside recycling companies, Terumo has

secured a channel for recycling resources.

In FY2011, we provided the outside recycler with 24 tons of recyclable plastic bag waste per month, waste which they then turned into recycled plastic bag products.

Recycling Flow for Plastic Bags (for Delivery From the Factory to the Outside Recycler)



Plastic bags which have been collected separately at the factory are wrapped for transport, and provided to an outside recycler as a recyclable resource.



The outside recycler forms new plastic bags from the recyclable resource provided by Terumo.



After production and inspection, the bags become new recycled plastic bags.



The recycled plastic bags are sent to the user.

Initiatives to Recycle Small Rechargeable Batteries

We continue to recycle small rechargeable batteries in accordance with the Act on the Promotion of Effective Utilization of Resources. The Japan Portable Rechargeable Battery Recycling Center (JBRC), which promotes the recycling of small rechargeable batteries, collects and recycles used small rechargeable batteries from Terumo products. We have made several improvements to make the recycling separation processes for our products easier, including displaying a recycling logo. In addition, we collect and recycle spent small sealed lead-acid batteries when we replace them during maintenance. We will continue to collect and recycle small rechargeable batteries.



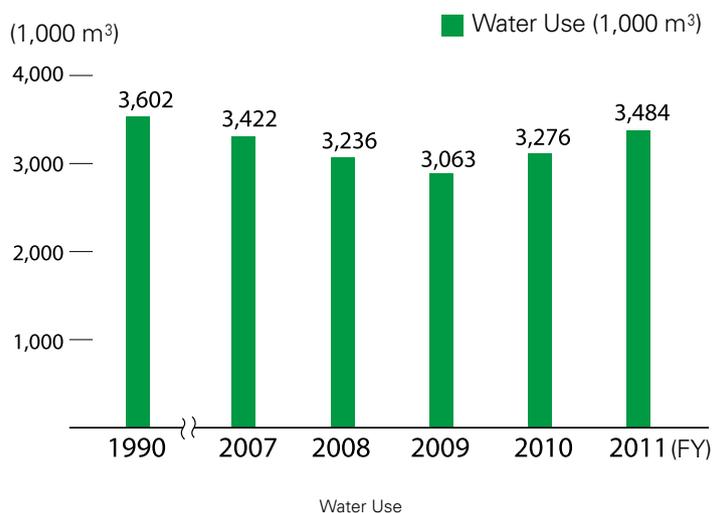
Collection and Recycling Performance in FY2011 (April 2011 to March 2012)

(Kilograms)

Nickel-cadmium	Nickel-hydride	Lithium-ion	Small sealed lead-acid batteries
4,541	406	24	1,313

Effective Utilization of Water Resources

At Terumo we are optimizing our use of water resources by circulating and reusing our cooling water. Although we expect production levels to continue to rise, we will make every effort to utilize water resources more effectively.



Proper Control of Chemical Substances

Guided by our Basic Environmental Policy, Terumo monitors and controls the use, emission, and disposal of chemical substances according to its own voluntary targets. We work to monitor and reduce the volume of chemical substances used and emitted, primarily through our Chemical

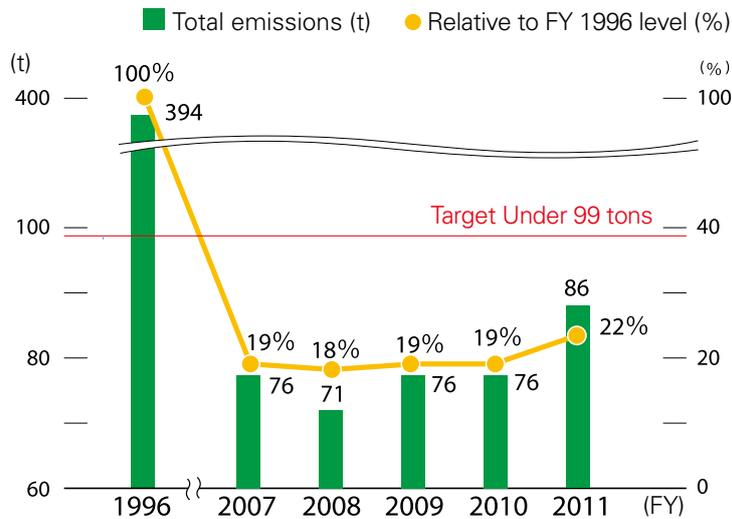
Substances Group, consisting of representatives from all Terumo factories and R&D facilities. Our first priority is to monitor monthly levels of substances subject to the PRTR*¹ and reduce the level of emissions at the source.

Target for Reduction of Chemical Emissions

To reduce dichloromethane emissions, Terumo has installed recovery equipment at its Kofu Factory, as we work to bring emissions below our voluntary target of less than 99 tons per year.

Target

Dichloromethane emissions Under 99 tons



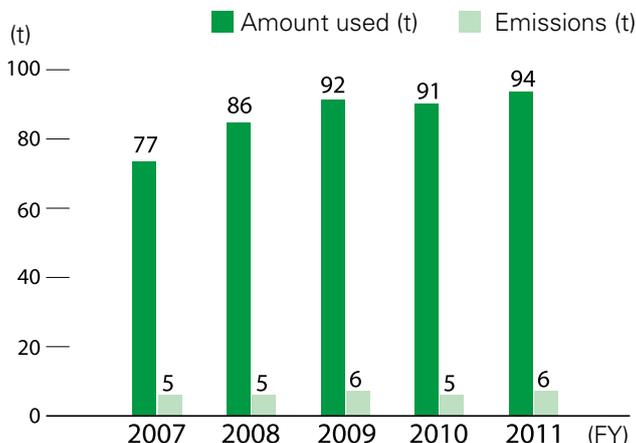


Initiatives to Reduce Ethylene Oxide Emissions

Ethylene oxide is widely used to sterilize medical devices. At Terumo, we are working to reduce ethylene oxide emissions in the outside environment, and have installed catalytic oxidation emissions treatment systems at our Ashitaka and Fujinomiya factories and our Shonan Center, along with combustion treatment equipment at the Kofu Factory. We are also working on

alternatives to ethylene oxide sterilization.

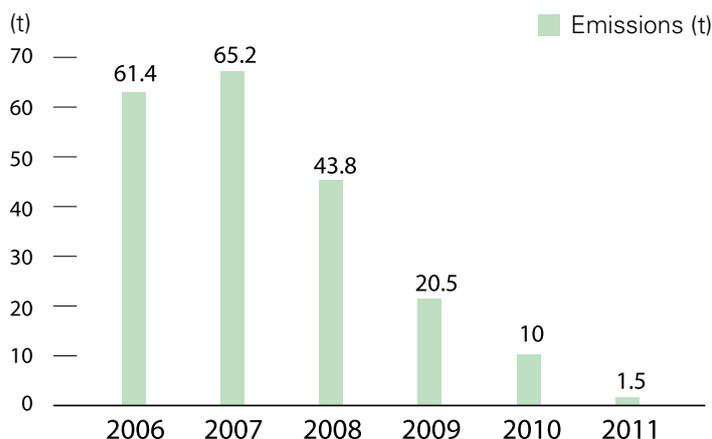
In FY2011, we made improvements to the work environment in which the sterilization process is performed at the Ashitaka Factory. We will continue to monitor the effects of these improvements, in an ongoing effort to reduce concentrations of ethylene oxide in the work environment.



Alternatives to HCFC-141b

In response to the Montreal Protocol, Japan prohibited domestic manufacture of HCFC-141b in 2010. At Terumo, we established the HCFC Network under the Chemical Substances Group in 2005. In the years following, the network, comprised of representatives from all of our factories, worked on alternatives to HCFC-141b, which involved listing processes that use the substance, sharing information on alternatives, and sharing the

results of studies undertaken at the various sites. By the end of 2009, we had completed the change of our factory settings to accommodate alternatives and are now using up 141b-containing materials that we have already purchased. Although we continue to consume the in-stock materials for some purposes needing a small amount of the substance, our 141b emissions will gradually decrease and finally become zero.



Aiming at Appropriate PCB Management

In accordance with the Law concerning Special Measures for Promotion of Proper Treatment of PCB* Wastes and the Waste Management and Public Cleansing Law, we have removed all transformers, fluorescent light ballasts and other equipment containing PCBs. To ensure the prompt and appropriate disposal of these materials, we completed early registration with the Toyota office of the Japan Environmental Safety Corporation

(JESCO). Additionally, we submitted a notification regarding heavy electrical machinery (high-pressure transformers) containing trace amounts of PCBs identified when we demolished the Head Office building, and are keeping the transformers in compliance with applicable laws until they can be treated.

* PCB: polychlorinated biphenyl

Substances Subject to the PRTR* and Substances under Voluntary Management

(Tons)

Substance	Volume	Fujinomiya Factory	Ashitaka Factory	Kofu Factory	R&D	Total
Ethylene oxide gas (EOG)	Amount used	12.5	58.2	22.9	0.1	93.7
	Emissions	0.6	2.9	2.1	0.0	5.6
	Amount transferred	0.0	0.0	0.0	0.0	0.0
1,2-dichloroethane	Amount used	0.0	2.7	0.0	0.0	2.7
	Emissions	0.0	2.1	0.0	0.0	2.1
	Amount transferred	0.0	0.6	0.0	0.0	0.6
HCFC-141b	Amount used	2.1	0.0	0.0	0.0	2.1
	Emissions	1.5	0.0	0.0	0.0	1.5
	Amount transferred	0.0	0.0	0.0	0.0	0.0
HCFC-225	Amount used	9.8	27.1	20.2	0.0	57.1
	Emissions	8.5	19.3	18.8	0.0	46.6
	Amount transferred	0.9	0.8	0.0	0.0	1.7
Dichloromethane	Amount used	0.2	9.1	168.3	0.0	177.6
	Emissions	0.2	4.3	81.1	0.0	85.6
	Amount transferred	0.0	0.8	0.0	0.0	0.8
Toluene	Amount used	0.8	0.0	11.4	5.1	17.3
	Emissions	0.5	0.0	9.6	0.0	10.1
	Amount transferred	0.3	0.0	1.8	2.7	4.8
Di (2-ethylhexyl) phthalate (DEHP)	Amount used	718.0	6.4	148.6	0.0	873.0
	Emissions	0.0	0.0	0.0	0.0	0.0
	Amount transferred	0.0	0.0	2.0	0.0	2.0
Hydrogen fluoride	Amount used	0.0	12.9	0.1	0.0	13.0
	Emissions	0.0	0.9	0.0	0.0	0.9
	Amount transferred	0.0	0.0	0.0	0.0	0.0
1-bromopropane	Amount used	0.0	0.0	1.5	0.0	1.5
	Emissions	0.0	0.0	1.0	0.0	1.0
	Amount transferred	0.0	0.0	0.5	0.0	0.5
Morpholine	Amount used	0.0	0.0	1.2	0.0	1.2
	Emissions	0.0	0.0	1.2	0.0	1.2
	Amount transferred	0.0	0.0	0.0	0.0	0.0
Dimethylacetamide	Amount used	2.0	0.0	0.0	1.7	3.7
	Emissions	0.2	0.0	0.0	0.0	0.2
	Amount transferred	1.6	0.0	0.0	0.3	1.9
n-hexane	Amount used	0.0	5.5	0.0	0.0	5.5
	Emissions	0.0	0.5	0.0	0.0	0.5
	Amount transferred	0.0	4.9	0.0	0.0	4.9
Tetrahydrofuran THF	Amount used	7.7	32.0	3.1	0.0	42.8
	Emissions	6.4	30.5	3.1	0.0	40.0
	Amount transferred	1.3	0.0	0.0	0.0	1.3

*1 PRTR: Pollutant Release and Transfer Register

Promotion of Green Procurement and Purchasing

For green procurement, which covers the purchase of environmentally friendly raw materials, relevant departments at Terumo are working to create a regulatory compliance system. We have also instituted green purchasing, a set of established guidelines for buying office supplies for factories and offices, as well as other goods.

Green Procurement

Terumo must respond to a wide variety of demands from customers and government authorities, not only regarding the substance control regulations of various countries, but because of the nature of medical devices, concerns about allergies and

endocrine disruptors. Through cooperation among the relevant departments, Terumo is working to respond to these requests by building a forward-looking system for monitoring and controlling hazardous substances.

Compliance with Chemical Regulations Worldwide (REACH, etc.)

In response to increasingly strict chemical regulations worldwide, Terumo is developing a regulatory compliance system to cope with future changes through cooperation among relevant departments.



1. Collection of Regulatory Information

Information on environmental regulations obtained from government bulletins and through our activities in the industry is aggregated by our Environmental Management Department. In Europe, which has the most advanced chemical regulations, and

other countries, our local subsidiaries also provide regular reports. By centralizing management of this information, Terumo works to ensure that surveys of targeted substances and other regulatory responses do not fall through the cracks.

2. Checks in the Design Phase/Supplier Survey

At the stage of product design, designers are informed of regulated substances so that they can refrain from using environmental pollutants wherever possible. We use our “Human x Eco® Development Guidelines” as a tool to raise the awareness of our designers. Meanwhile, the Quality Assurance Department and sections in charge of material procurement cooperate to investigate the amount of regulated substances contained in materials

procured. This material investigation is conducted in the form of a comprehensive survey that serves a wide variety of purposes and covers items that are necessary in assuring product quality. As survey results become available, the Quality Assurance Department enters them into a database so that we can use the data immediately when needed.

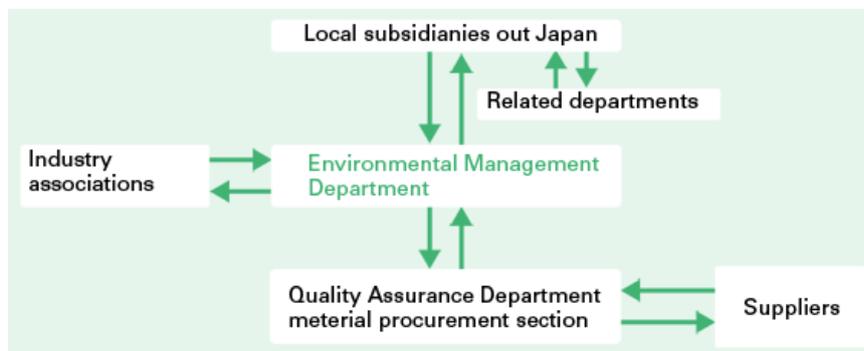
Human x Eco® Development Guidelines

Eco Axis

Principles		Human x Eco® Development Guidelines
Cleaner Reducing environmental impact	A1	Comply with environmental laws, rules, regulations and agreements.
	A2	Avoid toxic substances which cause environmental pollution.
	A3	Use materials that have a lower impact on the environment.
	A4	Design parts, product, and packaging for better disposal and recycling.
	A5	Reduce the discharge of hazardous materials in the production process.
	A6	Extend expiration dates or product life (durable product).
Less Using resources effectively	B1	Reduce the amount of resources used in product and/or packaging materials by size/weight reduction, etc.
	B2	Reduce the number of parts/products by standardization, simplification or adding multi-functionality.
	B3	Reduce the energy and raw materials used in production process.
	B4	Improve yield and quality in production process to reduce waste.
	B5	Promote efficiency and space-saving in production, storage and distribution.
	B6	Reduce energy consumption when the product is being used.

3. Feedback to Local Sites

To ensure that our local sites comply with the regulations, the Environmental Management Department provides feedback to local subsidiaries and related departments.



Carrying Out Green Purchasing in Japan

We promote green purchasing through our established guidelines for selecting office and stationery supplies and other equipment used in factories and offices. In Japan, this is an ongoing activity that complements our other approaches to environmental conservation.

Results of Green Purchasing in Japan for FY2011

(in thousands; in thousands of yen)

		Overall	Total of green purchase	
Head Office/Sales Offices	Items	21	12	57%
	Value	33,768	19,273	57%
Factories	Items	34	22	65%
	Value	16,698	12,174	73%

Environmental Auditing

As clearly declared in our Basic Environmental Policy, Terumo conducts regular internal environmental audits to prevent illegal acts and environmental problems.

Status of Internal Environmental Audits for Fiscal 2011

To prevent illegal acts and environmental problems and reduce present and future environmental risks, we conduct internal environmental audits of our factories, R&D Center, Head Office, and sales offices in Japan, as well as of Terumo Group companies, including overseas sites.

Audit Tasks

To ensure that our local sites comply with the regulations, the Environmental Management Department provides feedback to local subsidiaries and related departments.

1. Check compliance with environmental laws and ordinances
2. Check the status of management of environmental risk items and their performance:
 - Status of operation of our environmental management organization
 - Status of waste management and related risk management
 - Progress and results of energy management and energy conservation projects
 - Status of chemicals management and related risk management
3. Occupational health and safety-related items
 - Status of work environment management
 - Status of health and safety-related education and training programs

Results of Internal Audits

Internal environmental audit

- Major noncompliance was not detected with regard to environmental laws and ordinances.
- Regarding the status of environmental risk management at business sites, efficient management systems are in place tailored to actual site conditions, and clear steps were taken to meet voluntarily set targets.
- While one item was being addressed with respect to occupational health and safety, there was no major noncompliance in this area.





Results of External Environmental Audits in Fiscal 2011

Auditing waste-treatment contractors

To confirm that the sludge and waste plastics generated by Terumo are appropriately processed throughout all stages of treatment, we have prepared a checklist that we use in our regular audits of our waste collection and disposal contractors. In fiscal 2011, we audited 37 contractors.



Audit of waste-treatment contractor



Results of External On-Site Inspection in Fiscal 2011

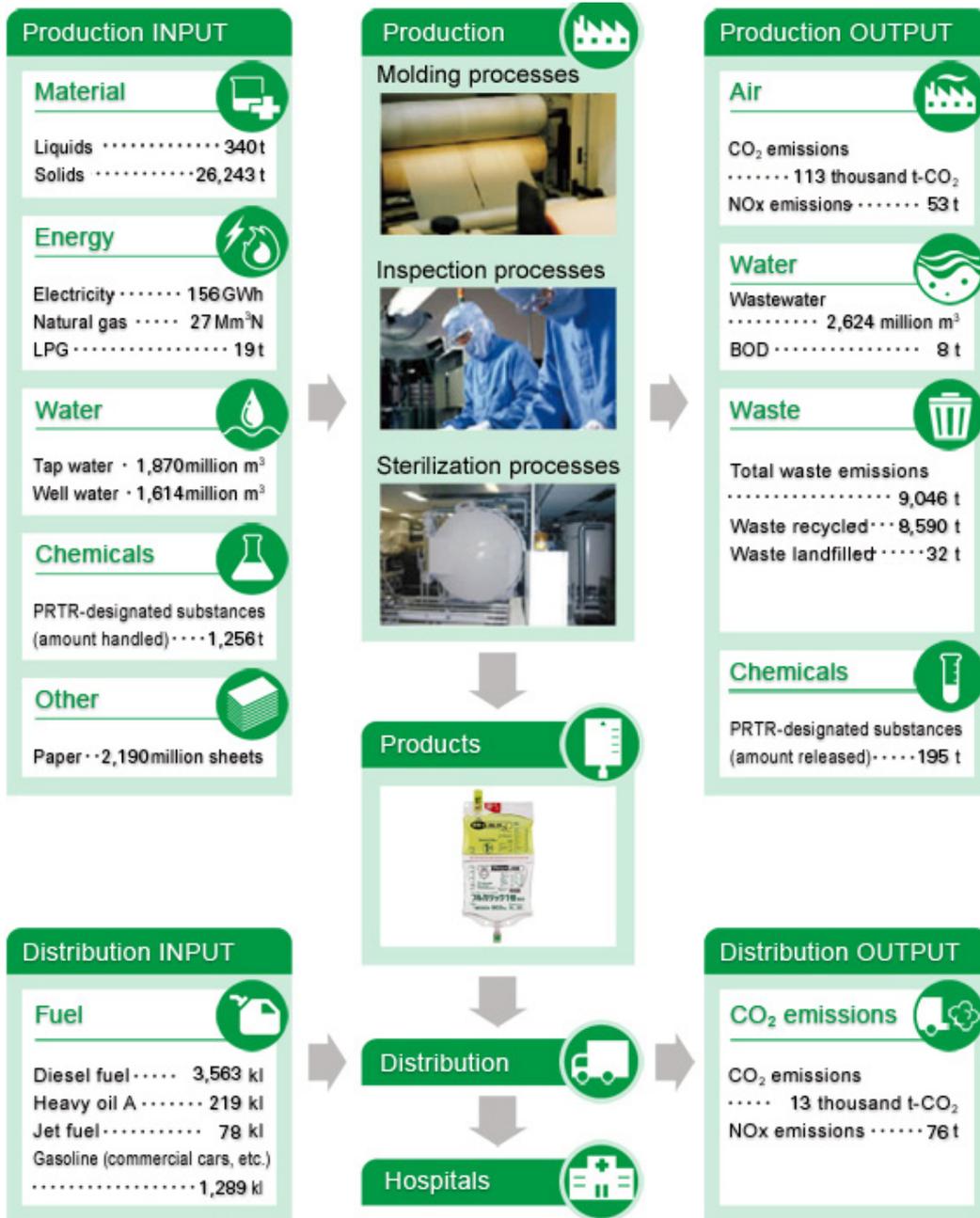
In fiscal 2011, regulatory authorities conducted four external environmental on-site inspections: an inspection by the Ministry of Economy, Trade and Industry (METI) under the Act on the Rational Use of Energy; an inspection of sanitation management at specified buildings; an inspection under the Water Pollution Control Act and the Air Pollution Control Act; and a sampling of factory wastewater. No remedial instructions were forthcoming from the authorities following the inspections.



METI on-site inspection

Business Activities and Material Flows

Terumo determines the environmental impact associated with production processes that use inputs of energy and raw materials and create outputs like carbon dioxide, wastewater and waste, and uses these values as indicators. We are striving to reduce our environmental impact in this manner.



Site Data

Site	Location	CO ₂ emissions (thousands of t)	Water usage (thousands of m ³)	Total waste (t)	Hazardous waste (t)	Recycled amounts (t)
Fujinomiya Factory	Fujinomiya, Shizuoka	40	1,744	3,329	10	3,305
Ashitaka Factory	Fujinomiya, Shizuoka	17	528	1,414	188	1,248
Kofu Factory	Nakakoma, Yamanashi	49	1,097	3,999	30	3,801
R&D Center	Ashigarakami, Kanagawa	6	94	205	53	165
Hatagaya Head Office	Shibuya, Tokyo	0.1	2	29	1	28
Ikiken Co., Ltd.	Sayama, Saitama	0.1	1	11	0	5
Terumo Clinical Supply Co., Ltd.	Kakamigahara, Gifu	1	6	36	1	25
Terumo Medical Corporation, TCVS	Maryland, USA	18	54	491	97	124
TCVS	Michigan, USA	2	16	735	15	349
TCVS	Massachusetts, USA	1	2	165	0	102
MicroVention, Inc.	California, USA	1	–	22	–	–
Terumo BCT, Inc.	USA Colorado	17	60	1,558	11	1,274
Terumo Europe N.V.	Leuven, Belgium	16	56	1,040	181	462
Europe N.V.'s UK factory	Liverpool, UK	0.03	0.5	61	0	17
Vascutek Ltd.	Glasgow, UK	2	15	126	0	30
Terumo BCT, Inc.	UK Larne	5	64	146	1	107
Terumo Medical Products (Hangzhou) Co., Ltd.	Zhejiang, China	27	475	320	17	284
Changchun Terumo Medical Products Co., Ltd.	Jilin, China	4	43	256	0	238
Terumo (Philippines) Corporation	Manila, the Philippines	19	133	805	14	784
Terumo Penpol Ltd.	Kerala, India	5	28	637	0	628
Terumo Vietnam Co., Ltd.	Vinh Phuc, Vietnam	3	88	98	30	67

History of Our Environmental Activities

History of our environmental activities

1971	We establish the Environmental Control Department at Ashitaka Factory.
1972	We change from a sedimentation system to a chelating adsorption system to treat water effluent containing mercury.
1975	We install general water effluent treatment facilities at Fujinomiya Factory.
1976	We discontinue acid surface treatment of needle hubs (at the base of the needle) and shift to a plasma treatment system, which does not generate acid wastewater. Fujinomiya and Ashitaka Factories sign a pollution control agreement with Fujinomiya city.
1979	We switch boiler fuel at Fujinomiya Factory from heavy oil to LPG, which contains less sulfur.
1980	We change the material for syringe gaskets from rubber to thermoplastic elastomer to prevent generation of sulfur oxides during incineration. We install general water effluent treatment facilities at Ashitaka Factory.
1981	We adopt non-PVC (polyvinyl chloride) containers for IV solutions (TERUPACK), switching to ethylene vinyl acetate (EVA), which does not generate toxic gases when incinerated.
1982	We completely stop the use of trichloroethylene, ahead of regulations.
1983	We adopt gamma ray sterilization, which does not emit gases, for the sterilization system at Kofu Factory. We start sale of our non-mercury digital thermometer.
1984	We bring an end to 70 years of production of mercury thermometers, as part of our effort to replace medical-use products containing mercury with safer alternatives.
1989	We switch from glass vacuum blood collection tubes to plastic vacuum blood collection tubes made of polyester, which can be disposed by incineration.
1991	We start sales of non-PVC hypodermic administration sets using polybutadiene, which does not generate hazardous gases when incinerated.
1992	We start sales of a digital blood pressure monitor for hospital use as part of our effort to replace medical-use products containing mercury with safer alternatives, in consideration of the workplace environment of healthcare practice.
1994	We start sales of a balloon catheter made of thermoplastic elastomer, which does not generate sulfur oxides when incinerated.
1996	We completely abolish the use of ozone-depleting specified chlorofluorocarbon (CFC) chemicals in the production process at Kofu Factory (followed by other factories). We start production of a hypodermic administration set with a new-type plastic needle: the non-metal needle makes post-disposal separation at hospitals as well as incineration easier.
1997	We establish the Environmental Management Department at Head Office. We start operating cogeneration (combined heat and power, or CHP) at Kofu Factory, supplying 60% of the power used at the factory. We convert the energy source from LPG to city gas, which emits less CO ₂ , at Fujinomiya and Ashitaka Factories. We completely stop the use of heavy oil at all production sites.
1998	We reduce the size and weight of syringes, which enables a 25% reduction of waste in terms of weight. We start the shift to recycled copier paper at our offices. We introduce a catalytic oxidation treatment system for EOG emissions treatment at Fujinomiya Factory.
1999	We establish Terumo's Basic Environmental Policy. We start operating cogeneration at Fujinomiya Factory. We start the shift to recycled paper for catalogues and specification change notifications. We start to use non-PVC solution containers for continuous ambulatory peritoneal dialysis therapy for home use. The use of polypropylene containers, which do not generate hazardous gases when incinerated, enables a 40% reduction of waste in terms of weight.

2000	<p>We establish the Environment Committee.</p> <p>We start operating cogeneration at Ashitaka Factory.</p> <p>We start indicating packaging and container identification marks and materials for recycling.</p> <p>We start internal environmental audits.</p> <p>We abolish the use of diesel-powered work vehicles.</p> <p>We first publish our Environmental Report (which has since been published annually).</p>
2001	<p>We stop the operation of incinerators at Kofu and Ashitaka Factories.</p> <p>We stop the use of devices and equipment containing PCBs and put them into storage.</p> <p>We start sales of non-PVC hypodermic administration sets for use on children.</p> <p>About 80 associates and their family members participate in a Mt. Fuji cleanup activity.</p>
2002	<p>We completely abolish the use of benzene and chloroform at Kofu Factory.</p> <p>We stop the use of incinerators at Kofu and Ashitaka Factories and remove them.</p> <p>We conduct a cleanup of Mt. Fuji as a joint activity for the Kofu and Fujinomiya areas (with about 130 participants).</p> <p>We install an observation well at Kofu Factory to monitor the quality of underground water.</p> <p>We start sales of hypodermic administration sets using TOTM, an alternative to the DEHP plasticizer.</p>
2003	<p>We achieve zero waste emissions at Ashitaka Factory and Head Office.</p> <p>We convert from LPG to city gas at Kofu Factory, completing the fuel conversion at all major domestic sites.</p> <p>We conduct on-site inspections at overseas sites.</p> <p>We launch the Terumo Mt. Fuji Reforestation Project.</p>
2004	<p>Our high-calorie electrolyte fluid for IV solution containing a multivitamin, glucose and amino acids receives the President's Prize awarded by the Eco Products Promotion Council at the First Eco-Products Awards in 2004.</p> <p>We achieve zero waste emissions at Kofu and Fujinomiya Factories.</p>
2006	<p>We achieve zero waste emissions at Shonan Center.</p> <p>We start sales of digital blood pressure monitors compliant with the RoHS Directive.</p> <p>We introduce turbo refrigeration units at Kofu Factory.</p> <p>We introduce a catalytic oxidation treatment system for EOG emissions treatment at Ashitaka Factory.</p> <p>We join Team Minus 6%.</p>
2008	<p>Our Fujinomiya Factory is awarded with the Director General's Prize in the Kanto Bureau of Economy, Trade and Industry's Awards for Outstanding Energy Conservation by a Factory.</p> <p>We install an additional catalytic oxidation treatment system for EOG emissions treatment at Ashitaka Factory.</p> <p>We establish a test plant for liquefaction of waste plastic.</p>
2009	<p>We introduce "Human x Eco Development Guidelines."</p> <p>We start environmental auditing at our overseas production sites.</p> <p>Our Fujinomiya Factory is accredited for excellence as a supporter of the 2009 Eco-Ship Modal Shift project.</p> <p>We introduce an additional catalytic oxidation treatment system for EOG emissions treatment at Fujinomiya Factory.</p>
2010	<p>We introduce a solar power generation system at Fujinomiya Factory.</p> <p>Our Kofu Factory is awarded the highest prize in the Kanto Electricity Efficiency Committee Chair Award.</p> <p>We introduce an additional catalytic oxidation treatment system for EOG emissions treatment at Ashitaka Factory.</p>
2011	<p>Adopted a management system at business sites with high power consumption in Japan that visualizes demand for electric power</p> <p>Agreement signed between Terumo, Shizuoka Prefecture (Japan) and forest owners to become "Shizuoka Future Forest Supporters"</p> <p>ISO 14001/OHSAS 18001 certification obtained by Terumo Europe's Haasrode Plant</p>

Targets and Achievements of Social and Environmental Activities

We have expanded the content of our management, social and environmental performance initiatives and publish the details, achievements and our own evaluations of them in this section. Looking to the future, we will continue to push forward with social contribution and environmental protection activities and to disclose related information in the interests of transparency and fulfilling our responsibilities as a good corporate citizen.

Legend: ○: Target accomplished, △: Part of the target not yet accomplished, ×: Target not yet accomplished

Management Performance

Initiative	Voluntary Targets (Medium-Term Targets)	Results for FY2011	Evaluation for FY2011	Initiatives for FY 2012
Internal control initiatives	<ul style="list-style-type: none"> Continually review and operate internal control system 	<ul style="list-style-type: none"> Developed and operated internal control system 	○	<ul style="list-style-type: none"> Develop and operate internal control system
Promoting compliance	<ul style="list-style-type: none"> Continue compliance training 	<ul style="list-style-type: none"> Continued compliance training 	○	<ul style="list-style-type: none"> Continued compliance training

Social Performance (Japan)

Initiative	Voluntary Targets (Medium-Term Targets)	Results for FY2011	Evaluation for FY2011	Initiatives for FY2012
A highly accessible call center	<ul style="list-style-type: none"> Maintain rate of over 95% of incoming calls answered within 2.5 seconds 	<ul style="list-style-type: none"> 95.6% of incoming calls answered within 2.2 seconds 	○: 96.2% of incoming calls answered within 2.2 seconds	<ul style="list-style-type: none"> Maintain rate of over 95% of incoming calls answered within 2.5 seconds
Promoting employment of disabled workers	<ul style="list-style-type: none"> Maintain a disabled worker employment ratio of 1.8% 	<ul style="list-style-type: none"> 1.86% disabled-worker employment ratio as of the end of March 2012 	○	<ul style="list-style-type: none"> Raise the disabled-worker employment ratio year on year
Promoting occupational safety	<ul style="list-style-type: none"> No work-related deaths or serious injuries, and fewer work-related accidents requiring time off than the previous fiscal year 	<ul style="list-style-type: none"> Zero work-related deaths or serious injuries in FY 2011 (zero in previous year); 2 other work-related accidents requiring time off (2 in previous year) Frequency rate*1: 0.97317 Severity rate*2: 0.00238 	△	<ul style="list-style-type: none"> Maintain the status of no work-related deaths or serious injuries, and fewer work-related accidents requiring time off than the previous fiscal year level
Career advancement of female associates	<ul style="list-style-type: none"> Train and promote associates based on skills and performance, without gender bias 	<ul style="list-style-type: none"> Women accounted for 3.4% of management positions (as of the end of March 2012) 	○	<ul style="list-style-type: none"> Train and promote associates based on skills and performance, without gender bias
Promoting fair hiring	<ul style="list-style-type: none"> Conduct hiring based on skills, regardless of race, nationality, gender, religion, physical disability or other factors 	<ul style="list-style-type: none"> Educated hiring managers and created manuals 	○	<ul style="list-style-type: none"> Continue to practice fair hiring and educate hiring managers

*1 Frequency rate: The number of casualties due to industrial accidents divided by hours worked and multiplied by 1,000,000

*2 Severity rate: The days lost due to industrial accidents divided by hours worked and multiplied by 1,000

Environmental Performance

Initiative	Voluntary Targets (Medium-Term Targets)	Results for FY2011	Evaluation for FY2011	Initiatives for FY2012
Determining the environmental impact of our business activities	<ul style="list-style-type: none"> Quantitatively determine the environmental impacts of development, production and sales activities 	<ul style="list-style-type: none"> Continued to conduct environmental impact assessments Started odor measurement along the boundaries of our production sites 	○	<ul style="list-style-type: none"> Continue to conduct environmental impact assessments
Environmentally friendly products	<ul style="list-style-type: none"> Remove mercury from healthcare practice Respond to regulations of different countries 	<ul style="list-style-type: none"> Promoted sales of digital blood pressure monitors for hospital use Introduced "Human x Eco Development Guidelines®" Worked on reducing packaging materials Recovered and recycled used small rechargeable batteries 	○	<ul style="list-style-type: none"> Continue to develop products compliant with RoHS Directive and to build an assurance system Promote the operation of "Human x Eco Development Guidelines®" Promote development of environment-friendly products
Preventing environmental pollution	<ul style="list-style-type: none"> Maintain dichloromethane emissions of no more than 99 tons 	<ul style="list-style-type: none"> Dichloromethane emissions were 86 tons Carried out voluntary measurement of ethylene oxide concentrations along the boundaries of our facilities 	○	<ul style="list-style-type: none"> Maintain dichloromethane emissions of no more than 99 tons Continue voluntary measurement of ethylene oxide concentrations along the boundaries of our facilities
Using resources and energy effectively	<ul style="list-style-type: none"> Reduce CO₂ emissions per unit of sales by 50% relative to FY 1990 level by FY 2012 	<ul style="list-style-type: none"> Promote energy-saving efforts Took actions to visualize electricity consumption Reduced CO₂ emissions per unit of sales by 46% relative to FY 1990 level Participated in Challenge 25 campaign and carried out in-house eco campaign Promoted eco-driving Promoted energy-saving activities in offices Continued experimental liquefaction of waste plastic 	○	<ul style="list-style-type: none"> Promote energy-saving efforts Take actions to visualize electricity consumption Participate in Challenge 25 campaign and carry out in-house eco campaign Promote eco-driving Continue to promote energy-saving activities in offices Draft global warming targets for FY 2013 and beyond
Reducing waste	<ul style="list-style-type: none"> Reduce the amount of landfilled waste to less than 1% of the total amount of waste at all sites in Japan, excepting sales offices 	<ul style="list-style-type: none"> Continued to reduce the amount of landfilled waste to less than 1% of the total amount of waste at all sites in Japan, excepting sales offices Promoted the use of electronic manifests across the group 	○	<ul style="list-style-type: none"> Continue to reduce the amount of landfilled waste to less than 1% of the total amount of waste at all sites in Japan, excepting sales offices Promote the use of electronic manifests across the group

<p>Establishing environmental management systems</p>	<ul style="list-style-type: none"> • Maintain compliance with the Terumo Environmental Management System across the Terumo Group 	<ul style="list-style-type: none"> • Continued to maintain the Terumo Environmental Management System at all sites and Group companies in Japan • Conducted environmental audits at all sites and Group companies in Japan • Conducted environmental audits of Terumo Medical Corporation and TCVS • Obtained ISO 14001/OHSAS18001 certification for Terumo Europe's Haasrode Plant 	<p>○</p>	<ul style="list-style-type: none"> • Continue to maintain the Terumo Environmental Management System at all sites and Group companies in Japan • Continue to conduct environmental audits at all sites and Group companies in Japan • Conduct environmental audits at factories outside Japan
<p>Encouraging volunteer activities</p>	<ul style="list-style-type: none"> • Encourage volunteer activities 	<ul style="list-style-type: none"> • Implemented the Terumo Mt. Fuji Reforestation Project (reforestation using native tree varieties) • Shizuoka Mirai-no-Mori (Future Forest) Supporter pact signed between Shizuoka Prefecture, woodlands owner and Terumo • Supported volunteer activities, including participation in the Tamagawa River Cleanup Campaign (Tokyo) • Participated in the "Eco Cap Movement" • Cleaned the surroundings of Terumo's premises 	<p>○</p>	<ul style="list-style-type: none"> • Continue to support volunteer activities, including the Terumo Mt. Fuji Reforestation Project
<p>Facilitating environmental communication</p>	<ul style="list-style-type: none"> • Publish social and environmental reports • Conduct initiatives for Environment Month 	<ul style="list-style-type: none"> • Published Social and Environmental Report 2011 • Conducted Environment Month initiatives • Posted special features on Environment Month on corporate intranet • 3,372 associates voluntarily participated in eco programs 1 Provided environmental education to associates 	<p>○</p>	<ul style="list-style-type: none"> • Publish Social and Environmental Report 2012 • Conduct initiatives for Environment Month • Continue eco programs with associate participation • Continue to provide environmental education to associates
<p>Compliance with environmental laws and ordinances</p>	<ul style="list-style-type: none"> • Confirm compliance with laws, ordinances and agreements relating to environmental protection, as well as legal compliance overseas 	<ul style="list-style-type: none"> • Continued to comply with REACH and other chemical regulations outside Japan 	<p>○</p>	<ul style="list-style-type: none"> • Continue to comply with REACH and other chemical regulations outside Japan • Comply with revisions to the Water Pollution Control Act

5-year Financial Summary (Consolidated)

Terumo Corporation and subsidiaries
Years ended March 31

FOR THE PERIOD:	Millions of yen				
	2008 FY '07	2009 FY '08	2010 FY '09	2011 FY '10	2012 FY '11
Net sales	¥ 306,382	¥ 302,747	¥ 316,009	¥ 328,214	¥ 386,686
Operating income	66,942	54,040	63,282	62,607	63,049
Income before income taxes	65,346	52,353	63,406	51,560	49,650
Net income	43,382	36,878	40,722	32,339	24,167
Net cash flow from operating activities	69,683	31,616	67,352	46,829	56,200
Net cash flow from investing activities	(28,070)	(23,988)	(25,273)	(18,989)	(247,182)
Free cash flow	41,613	7,628	42,079	27,840	(190,982)
Net cash flow from financing activities	3,082	(34,821)	(11,488)	(26,417)	182,982
R&D expenses	15,754	17,158	17,528	20,356	24,322
Capital expenditure	15,954	17,837	18,440	21,562	21,132
Depreciation and amortization ^(Note 1)	17,812	20,382	19,909	20,392	28,835
Yen					
PER COMMON STOCK ^(Note 2) :					
Net income—basic	¥ 220.30	¥ 191.86	¥ 214.44	¥ 170.30	¥ 127.28
Cash dividends	32.00	32.00	32.00	34.00	39.00
Net assets	1,489.10	1,464.27	1,668.93	1,765.32	1,855.25
Millions of yen					
AT YEAR-END:					
Current assets	¥ 218,072	¥ 193,659	¥ 230,432	¥ 236,511	¥ 256,868
Current liabilities ^(Note 3)	114,457	93,701	99,732	78,846	157,998
Working capital	103,615	99,958	130,700	157,665	98,870
Total assets ^(Note 3)	410,919	379,065	425,508	420,038	692,520
Total net assets	288,868	278,167	317,140	335,457	352,537
Capital stock	38,716	38,716	38,716	38,716	38,716
OTHER STATISTICS:					
ROE	15.0%	13.0%	13.7%	9.9%	7.0%
ROA	11.2%	9.3%	10.1%	7.6%	4.3%
Shareholders' equity ratio	70.3%	73.4%	74.5%	79.8%	50.9%
Number of shares of capital stock at year-end (in thousand shares)	193,929	189,898	189,895	189,881	189,879
Number of associates (in persons)	12,322	13,439	13,740	14,761	18,112

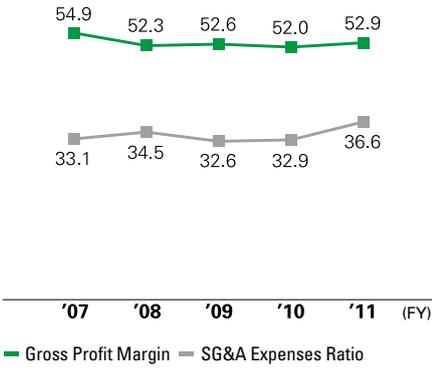
(Notes) 1. The amortization of goodwill is included in depreciation and amortization.

2. Effective April 1, 2002, a new accounting standard for earnings per share was adopted. The amounts per share of common stock shown in the consolidated financial summary for prior years have not been restated.

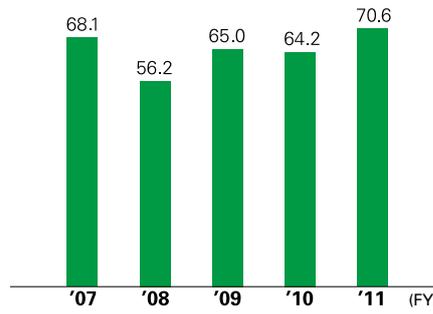
3. The Company has applied the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008) from fiscal year 2010.

4. Adjustments were made to the accounting periods of five consolidated subsidiaries in Asia with fiscal years ending in December to make them consistent with that of the Company. The outcome of these adjustments was a 15-month accounting period from January 1, 2010 to March 31, 2011, which increased net sales, operating income, and net income by ¥1,923 million, ¥970 million and ¥685 million, respectively.

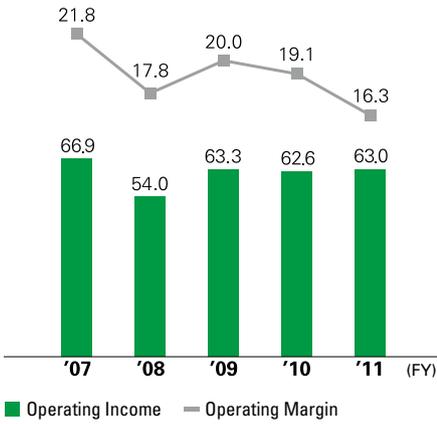
Gross Profit Margin
SG&A Expenses Ratio (%)



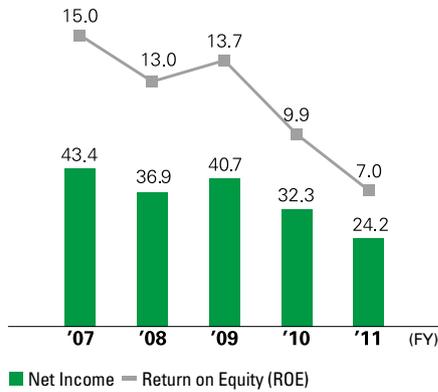
Operating Income Excluding
Amortization of Goodwill (Billions of yen)



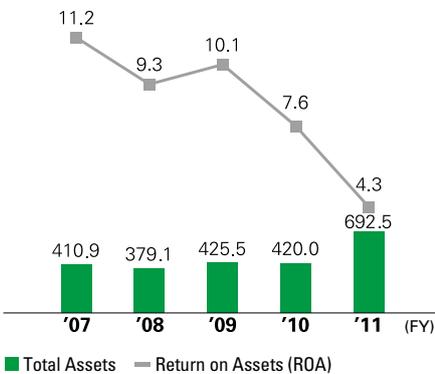
Operating Income (Billions of yen)
Operating Margin (%)



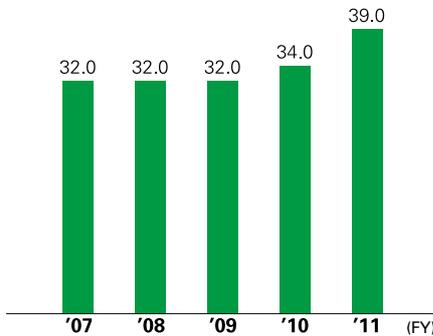
Net Income (Billions of yen)
Return on Equity (ROE) (%)



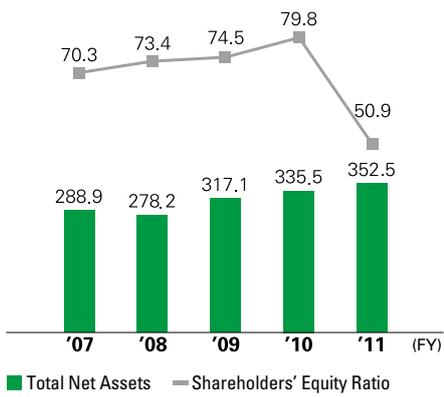
Total Assets (Billions of yen)
Return on Assets (ROA) (%)



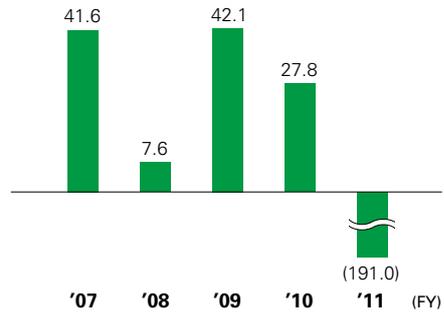
Cash Dividends Per Share (Yen)



Total Net Assets (Billions of yen)
Shareholders' Equity Ratio (%)

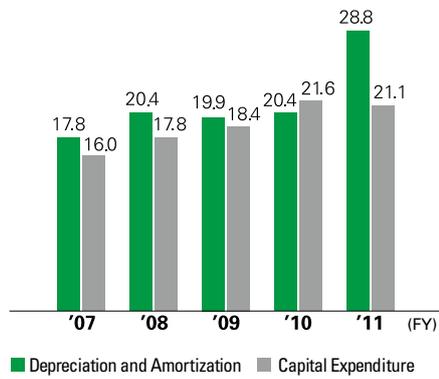


Free Cash Flow (Billions of yen)



Depreciation and Amortization

Capital Expenditure
(Billions of yen)



Overview by Business Segment

FY2011 (Year ended March 31, 2012)

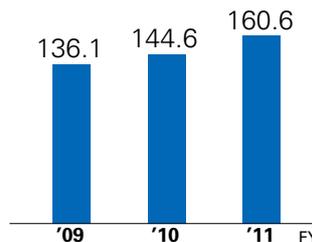
Cardiac & Vascular Business

In Japan, sales of "Nobori," our drug-eluting coronary stent, enjoyed favorable sales, while our intravascular ultrasound imaging catheter, "ViewIT," achieved a large increase in sales.

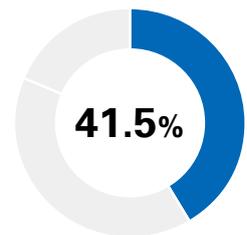
Outside of Japan, sales of "Nobori" increased in Europe, Asia, and Latin America, while interventional systems products showed favorable growth in sales, driven by the increasing popularity of TRI (interventional treatment of approaching the coronary artery from the blood vessels of the wrist) in North & Latin America.

Consequently, net sales of the Cardiac & Vascular Business increased by 11.1% compared with the previous fiscal year to 160.6 billion yen.

Net Sales (Billion of yen)



Percent of Sales



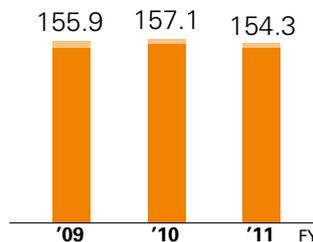
General Hospital Business

In Japan, I.V. solutions and some other products whose sales had temporarily dropped, affected by the earthquake, showed signs of steady recovery, while semi-solid nutritious foods for the chronic care market and commissioned business of Drug & Device (D&D) has seen steady growth. However, compared with the previous fiscal year, domestic sales decreased.

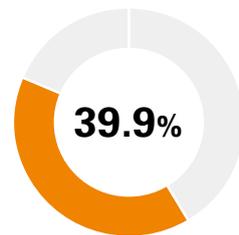
Outside of Japan, sales were steady in Asia and Latin America, increasing on a constant currency basis, but were badly affected by the appreciation of the yen. Consequently, net sales of the General Hospital Business dropped by 1.9% compared with the previous fiscal year to 154.3 billion yen.

Note: The Consumer Healthcare Business was merged with the General Hospital Business in April 2012. For reference, previous year figures include results from the Consumer Healthcare Business.

Net Sales (Billion of yen)



Percent of Sales



■ General Hospital Business
 ■ Former Consumer Healthcare Business

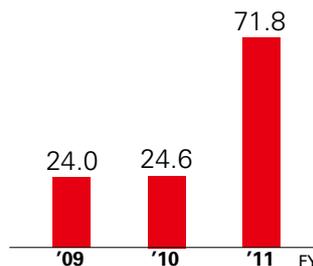
Blood Transfusion Business

In Japan, sales of blood bags affected by the earthquake in the first half recovered, and total sales increased compared with the previous fiscal year.

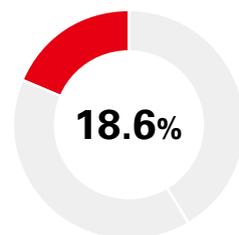
Outside of Japan, "TACSI," our automated blood component processing device, enjoyed favorable sales in Europe, pushing up total sales for the business. CaridianBCT (now Terumo BCT), which was acquired in April 2011, grew, driven by good sales of therapeutic apheresis products. As a result, net sales in the Blood Management Business increased by 192.5% compared with the previous fiscal year to 71.8 billion yen.

Note: Fiscal 2010 figures for each business segment exclude elimination or effects from accounting period reconciliation.

Net Sales (Billion of yen)



Percent of Sales

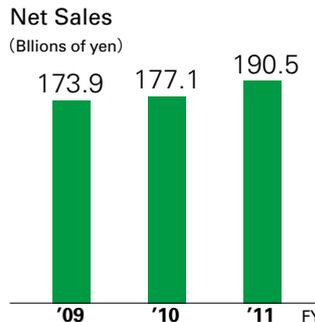


Overview by Geographic Segment

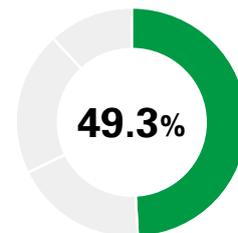
FY2011 (Year ended March 31, 2012)

Japan

Sales in Japan were driven by significant contributions from such products as drug-eluting stents, prefilled syringes, and blood bags. As a result, net sales increased by 7.5% year on year to 190.5 billion yen.



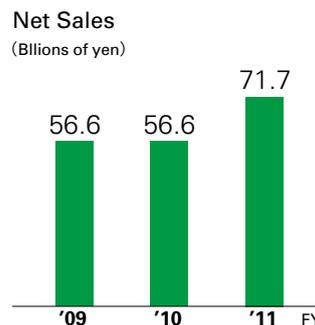
Percent of Net Sales



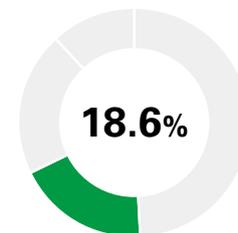
Europe

Sales increased for interventional systems products such as drug-eluting stents. In the Blood Management Business, sales were boosted by revenue from recently acquired CaridianBCT, along with an increase in sales of automated blood component processing devices. Net sales increased by 33.0% on a constant currency basis.

Despite the impact of exchange rates, net sales increased by 26.7% to 71.7 billion yen.

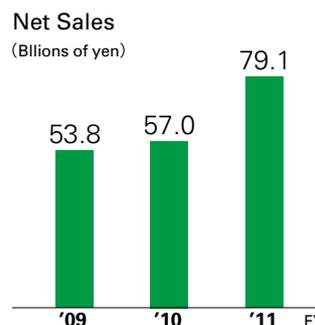


Percent of Net Sales

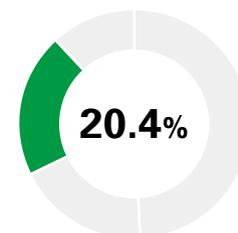


Americas

Interventional systems products showed favorable growth in sales, driven by the increasing popularity of TRI. Performance was also lifted by sales from CaridianBCT in the Blood Management Business. Sales Increased by 50.5% on a constant currency basis. The significant impact of exchange rates, however, resulted in net sales of 79.1 billion yen, up 38.8% from the previous fiscal year.



Percent of Net Sales

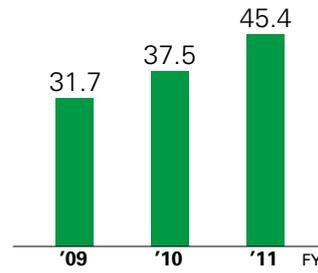


Asia and Others

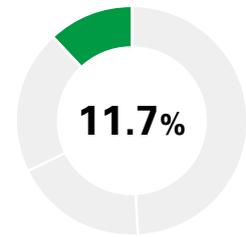
Sales of interventional systems products continued to grow steadily in China and other countries. In the Blood Management Business, sales were boosted by revenue from CaridianBCT, along with favorable sales of blood bags. Sales Increased by 28.2% on a constant currency basis, but results were negatively affected by exchange rates. As a result, net sales Increased by 21.1% year on year to 45.4 billion yen.

Note: Figures by geographic segment exclude intersegment transactions or the effects of adjustments.

Net Sales
(Billions of yen)



Percent of Net Sales



Consolidated Balance Sheet

Terumo Corporation and subsidiaries
 March 31, 2012 and 2011

	Millions of yen	
	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash and deposits	¥ 78,767	¥ 83,794
Notes and accounts receivable—trade		
Notes	1,089	943
Accounts	90,711	75,538
	91,800	76,481
Less: allowance for doubtful accounts	(1,240)	(726)
Notes and accounts receivable—trade, net	90,560	75,755
Inventories	69,281	57,674
Deferred tax assets	9,708	7,798
Derivative assets	9	6,084
Other current assets	8,543	5,406
Total current assets	256,868	236,511
PROPERTY, PLANT AND EQUIPMENT:		
Land	21,298	20,227
Buildings and structures	129,841	120,127
Machinery, equipment and vehicles	215,720	189,203
Lease assets	2,490	1,644
Construction in progress	15,244	10,443
	384,593	341,644
Less: accumulated depreciation	(252,838)	(228,585)
Net property, plant and equipment	131,755	113,059
INVESTMENTS AND OTHER ASSETS:		
Investment securities, including investment securities of unconsolidated subsidiaries and affiliates	20,387	28,895
Goodwill	138,809	20,191
Customer relationships	83,759	–
Deferred tax assets	6,997	8,137
Other assets	53,945	13,245
Total investments and other assets	303,897	70,468
TOTAL ASSETS	¥ 692,520	¥ 420,038

LIABILITIES AND NET ASSETS	Millions of yen	
	2012	2011
CURRENT LIABILITIES:		
Short-term debt	¥ 60,000	¥ -
Notes and accounts payable—trade		
Notes	1,700	1,757
Accounts	32,221	28,955
Total notes and accounts payable—trade	33,921	30,712
Lease obligations	423	295
Income taxes payable	11,840	6,298
Accrued expenses	20,665	17,590
Asset retirement obligations	840	560
Other current liabilities	30,309	23,391
Total current liabilities	157,998	78,846
NONCURRENT LIABILITIES:		
Bonds payable	80,000	-
Long-term debt	50,000	-
Lease obligations	1,000	636
Provision for retirement benefits	1,538	1,083
Provision for directors' retirement benefits	202	586
Asset retirement obligations	154	992
Deferred tax liabilities	44,737	378
Other noncurrent liabilities	4,354	2,060
Total noncurrent liabilities	181,985	5,735
Total liabilities	339,983	84,581
CONTINGENCIES		
NET ASSETS:		
Capital stock		
Authorized 840,000,000 shares in 2012 and 2011: issued 189,880,260 and 210,876,260 shares in 2012 and 2011, respectively	38,716	38,716
Capital surplus	52,104	59,031
Retained earnings	290,529	342,966
Less: treasury stock, at cost	(4)	(76,880)
Total shareholders' equity	381,345	363,833
Valuation difference on available-for-sale securities	(52)	(1,920)
Deferred gains or losses on hedges	2	3,612
Foreign currency translation adjustments	(29,023)	(30,322)
Total accumulated other comprehensive income	(29,073)	(28,630)
Minority interests	265	254
Total net assets	352,537	335,457
TOTAL LIABILITIES AND NET ASSETS	¥692,520	¥420,038

Consolidated Income Statement

Terumo Corporation and subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen	
	2012	2011
NET SALES	¥386,686	¥328,214
COST OF SALES	182,047	157,416
Gross profit	204,639	170,798
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	141,590	108,191
Operating income	63,049	62,607
OTHER INCOME (EXPENSES):		
Interest and dividends income	684	728
Royalty income	149	142
Equity in earnings of affiliates	57	81
Gain on sales of property, plant and equipment	224	10
Reversal of allowance for doubtful accounts	-	1
Reversal of loss on natural disaster	156	-
Gain on contribution of securities to retirement benefit trust	-	494
Subsidy income	295	-
Interest expense	(738)	(54)
Foreign exchange gains (losses)	(990)	(4,428)
Loss on disposal of inventories	(1,729)	(654)
Impairment loss	(221)	-
Loss on disposal of property, plant and equipment	(240)	(2,257)
Loss on sales of investment securities	(1,562)	-
Loss on valuation of investment securities	(7,754)	(20)
Loss on sales of golf club memberships	(5)	-
Loss on natural disaster	-	(555)
Directors' retirement benefits	-	(16)
Settlement package	-	(3,001)
Environmental expenses	(407)	-
Other, net	(1,318)	(1,518)
	(13,399)	(11,047)
Income before income taxes and minority interests	49,650	51,560
INCOME TAXES:		
Current	24,929	18,992
Deferred	496	165
	25,425	19,157
Income before minority interests	24,225	32,403
MINORITY INTERESTS IN INCOME	58	64
Net income	¥ 24,167	¥ 32,339

	Yen	
NET INCOME PER COMMON STOCK:		
Basic	¥ 127.28	¥ 170.30
CASH DIVIDENDS PER COMMON STOCK	39.00	34.00

Reporting Policy

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

To introduce Terumo's activities that express our corporate mission, feature reports focus on areas such as initiatives around minimally invasive interventional treatment for cerebral aneurysms; activities related to blood transfusions, which support the treatment of cancer patients; and the development of injection systems that make valuable vaccines even more effective. Effective this fiscal year with the inclusion of financial data, the Social and Environmental Report and the Annual Report have been fully integrated.

Scope of this report

This report carries data for Terumo Group companies both in Japan and overseas, presented on a consolidated basis wherever possible, albeit with some exceptions depending on the data item.

Report period

Fiscal 2011 (April 1, 2011 through March 31, 2012)

Activities reported include some recent activities.

Publication schedule

This report: August 2012

Previous report: October 2011

Next report: August 2013 (tentative)

Referenced guidelines

GRI, Sustainability Reporting Guidelines 2006

Japanese Ministry of the Environment, Environmental Reporting Guidelines (2007 version)

Report archives

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