

# Social and Environmental Report 2013



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# A Message from the President

## Continuing to Contribute to Society through Healthcare

Terumo was established in 1921 by several scientists and doctors including 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 continue to supply medical technology in the form of products and services to numerous countries around the world, and proactively address the host of issues that surround healthcare.

### Continuing to Advance Healthcare, around the World

The global medtech market is now at a turning point. In advanced countries, markets are slowing down and the focus is on constraining rising healthcare costs. In emerging countries, medical demands are expanding, but there is also downward pressure on prices.

These changing environments are sometimes viewed as a headwind, but we believe the business segments in which Terumo operates will continue to offer opportunities for growth. For example, intravascular intervention is no longer limited to the arteries of the heart. Now this technique is also applied to those in the brain and the legs, as well as other parts of the body. Furthermore, in the Blood Management business, in addition to blood transfusion, demand for therapeutic apheresis is growing. And as efforts to help prevent medical errors and reduce the risk of infections increase in the General Hospital business, the need for safety-oriented devices will surely continue to grow.

Aiming to seize such opportunities and thus continue contributing to society through healthcare, Terumo’s new four-year mid-term management plan began in April 2013. This plan sets a policy of ensuring “Sustainable and Profitable Growth,” based on our long-term goal of establishing a greater global presence.

 mid-term plan



YUTARO SHINTAKU  
President and Representative Director

## Participation in United Nations Global Compact

In 2012, Terumo became a signatory member of the United Nations Global Compact. This action reflects Terumo’s agreement with the Ten Principles of the compact, which relate to human rights, labor practices, the environment and anti-corruption measures.

Terumo has given shape to the mission of “Contributing to Society through Healthcare” by setting out Five Statements (formulated in 1996). These principles guide the Group’s global business development to make a valuable contribution to healthcare worldwide. Going forward, Terumo will continue to fulfill its responsibilities as a global enterprise, while aiming to achieve sustainable growth.

The Ten Principles of the United Nations Global Compact			Relevant sections of the report
Human Rights	Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights; and	P8, 23–24
	Principle 2:	make sure that they are not complicit in human rights abuses.	
Labor	Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	P8, 22–24, 34
	Principle 4:	the elimination of all forms of forced and compulsory labor;	
	Principle 5:	the effective abolition of child labor; and	
Environment	Principle 6:	the elimination of discrimination in respect of employment and occupation.	P32–66
	Principle 7:	Businesses should support a precautionary approach to environmental challenges;	
	Principle 8:	undertake initiatives to promote greater environmental responsibility; and	
Anti-Corruption	Principle 9:	encourage the development and diffusion of environmentally friendly technologies.	P4–8
	Principle 10:	Businesses should work against corruption in all its forms, including extortion and bribery.	



 [United Nations Global Compact](#)

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## 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.

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## Corporate Vision

Terumo's unique technology makes medical treatment kinder and gentler

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## Five Statements

### Open Management

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

### Enhanced Value

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

### Safety and Reliability

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

### Respect for Our Associates

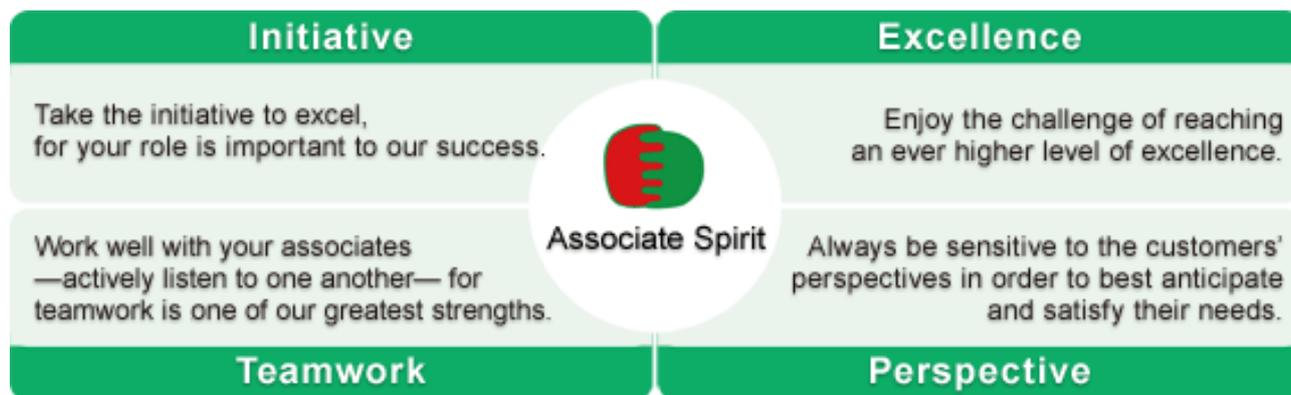
We emphasize respect for the individual, promote intercultural understanding, and encourage openness in the workplace in accordance with our slogan of the "Associate Spirit" as we prepare to meet the challenges of the future.

### 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.



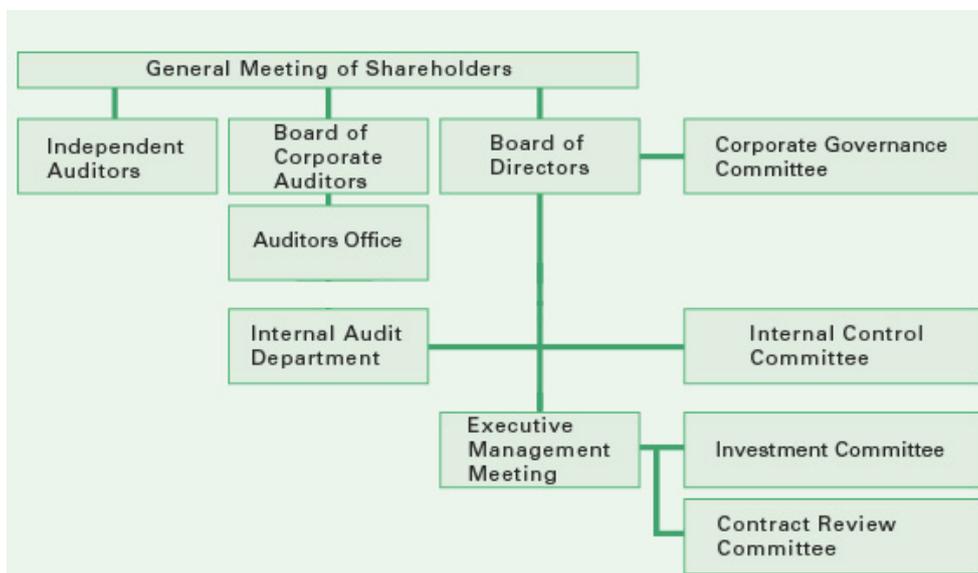
# Corporate Governance Policy

## 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 TokyoStock 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.

Based on internal guidelines relating to the election of independent directors, Terumo targets diversity in the composition of the Board of Directors in terms of career history, field of expertise and gender.

# 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.

### Appropriate Relationships with Public Officials

All Terumo associates observe the "Code of Conduct of the Terumo Group" and the "Terumo Group Global Anti-bribery Policy" (established in May 2013) in all deals with public institutions, related officials and the employees of public medical institutions. These codes aim to ensure that all

business is conducted in a fair, transparent, sound and honest manner. Full compliance is expected with Japan's Unfair Competition Prevention Act, the US Foreign Corrupt Practices Act, and other anti-bribery laws within the countries and regions in which Terumo Group operates.

### 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.

## Smaller incisions, less pain, quicker recovery

Coronary blood vessels are not the only ones that become narrowed or blocked. For example, buildups of plaque that adversely affect circulation can also happen in arteries in the legs. If not treated, gangrene may set in, and in the worst case, amputation may be required. In the past, peripheral arterial disease was treated with bypass surgery, which used other blood vessels to secure blood supply. Now, there is a new alternative. With the same procedures as those used in coronary arteries, balloon catheters and stents can widen affected arteries and improve circulation. Around the world, patients all hope the same thing: less pain, minimal invasive treatment, and swifter return to daily life.



### ▶ Endovascular treatment, which is easier on patients, now extends to the entire body

The aging of populations and the prevalence of lifestyle-related diseases have caused significant increases in neuroendovascular and peripheral arterial diseases as well as in coronary diseases. Endovascular treatment, which relies on therapeutic intervention catheters inserted through wrist or thigh vessels can be accomplished via minimal incisions, a process much easier on patients than open surgery. Patients are also pleased that the scars of intravascular treatment are virtually invisible. With our long history of products for coronary intervention treatment, Terumo is ready to support vascular treatment in the rest of the body as well, helping patients return to life as quickly as possible.

## ▶ Peripheral stent that conforms to the movement of legs

The peripheral stent produced by Terumo not only keeps the blood vessels open, bends and twists with the movement of the patient's legs as well.



Peripheral stent

## ▶ Neuroendovascular coil for the treatment of cerebral aneurysms

In neuroendovascular therapy, more and more aneurysms are being treated with endovascular coiling, which fills the aneurysm with platinum coils to prevent blood from entering it. Aneurysms located deep within the brain, which are difficult to treat surgically, can be treated with coiling. Hydrogel coils of MicroVention, Inc., a company of Terumo group, have gel in the spaces between the individual coils, which improves the impermeability of the packed coils within the aneurysm. Endovascular coiling now accounts for fully 50% of neuroendovascular aneurysm treatments in Western countries. Some 30% of cases in Japan are treated by coiling, a share that continues to increase.



Neuroendovascular coil



**Karl-Ludwig Schulte, M.D.**

Vascular Center Berlin  
Dept. Internal Medicine

### Interview

We had the opportunity in our Vascular Center Berlin to implant the first peripheral stent of Terumo a couple of years ago.

Afterwards we achieved more experience, especially comparing normal ballooning with bail-out stenting with primary stenting, using Terumo's peripheral stent in the superficial femoral and popliteal arteries.

Results using this flexible rapid-exchange stent with high radial force were excellent and it became our work horse for daily practice.

## Offering the hope of therapy to those with serious diseases

Autoimmune disorders, inflammatory diseases, certain viral diseases and other conditions that do not have known causes are among the many disorders for which effective therapy is either very difficult or nonexistent. These difficult disorders place tremendous physical and mental stress on patients and their families. To such patients, Terumo BCT, a subsidiary of Terumo, extends hope by offering another type of therapy.

With conditions such as myasthenia gravis, which can confine patients to wheelchairs, apheresis therapy now offers these patients the possibility of walking again.



### ▶ Terumo BCT supports development of apheresis therapy

In apheresis therapy, the patient's blood is separated into plasma, platelets and leukocytes by a centrifuge. Plasma that contains pathogenic factors is then extracted, and a substitute such as plasma—provided by a blood donation—and the remaining components are transfused to the patient.

Terumo BCT's therapeutic apheresis system extracts plasma with higher efficiency and lower cellular content\*1. This aims at reducing the burden on the patient during the process.

\*1 Compared to previous Terumo products



**Amber Sanchez, M.D.**  
Associate Medical Director  
University of California San Diego

#### Interview

I think that more physicians should consider plasmapheresis for certain diseases where it's indicated because plasmapheresis has the distinct advantage of not having the side effect profiles as many of the other drugs.

# 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.

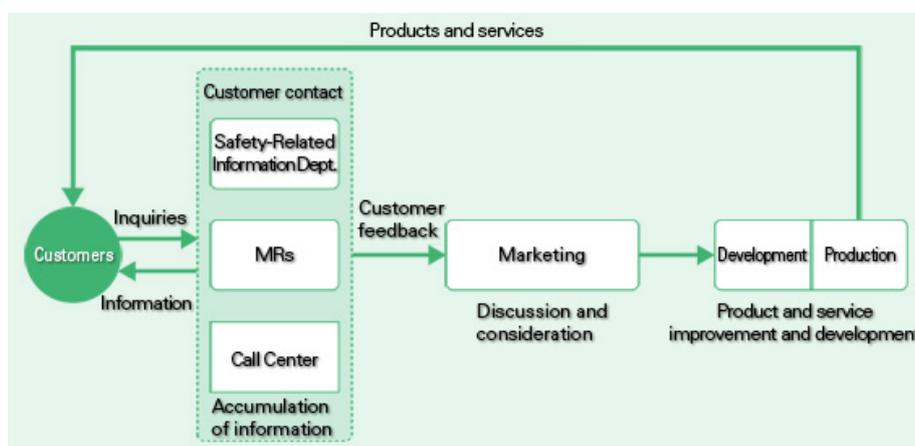
## We Value Communication with Customers

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.



## 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, 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” and “Transparency Guideline for the Relation

between Corporate Activities and Patient Organizations.”

Guided by this policy, Terumo in FY2013 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 Patients’ Day

The “Terumo Patients’ Day” initiative began in 2013 as a way of reconnecting all Terumo Group employees with the firm’s philosophy of “Contributing to Society through Healthcare.” Various events were held across Terumo Group sites worldwide during April and May. In Japan, Terumo Patients’ Day took place on May 22 in central Tokyo.

It featured a panel discussion with patients who had been treated using Terumo’s medical devices and their physicians.

Participants heard about the firsthand experiences of patients receiving interventional therapy after a heart attack, of people being treated for diabetes, and leukemia patients who had received stem cell transplantation. This helped associates reaffirm Terumo’s mission as a firm involved in healthcare. A total of about 500 people from Terumo’s head office attended the event, which was also broadcast to Group sites across Japan.

Through its business activities, Terumo will continue to contribute to the lives of patients around the world.



Terumo Patients’ Day, which was held in Tokyo



Poster

## 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 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 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 has obtained certification for ISO 13485\*2, which is an international quality standard for medical devices and equipment, at all of its production sites in an 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. We strive continually to improve our quality management system in anticipation of new trends and requirements.



Strict quality control at a factory

- \*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.



### Terumo Quality Policy

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 received internal designation. The results are reported to our top management, who direct improvements, on the basis of which we 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.



Terumo also complies with increasingly strict external audits

## 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.

# 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%.

 [Details of Dividend Payments](#)

## 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

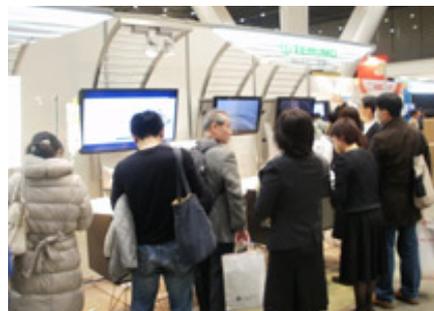
Results briefings are held for securities analysts and institutional investors quarterly. The Company's representative directors and other key associates attend the briefings, and explain business results, factors behind any changes, and management strategy going forward. Materials provided at the briefings, 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 Event

## Shareholder Newsletter

Twice a year, shareholders are sent the Shareholder newsletter, a newsletter that provides information about business results, growth strategies, dividends, and so on. The Shareholder newsletter 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 (Japanese only)

## 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 Partners

Terumo's corporate philosophy of "Contributing to Society through Healthcare" is reflected in our procurement activities. It is vital that patients and healthcare professionals be able to use our products safely and with peace of mind. We therefore select and survey our suppliers for our raw materials and services.

## 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:

1. Selecting materials that won't produce harmful impacts for the next generation (reducing environmental impact)
2. 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.

## Promoting Continuous Quality Improvement

To heighten the quality of Terumo products, we actively seek to upgrade quality controls not only for raw materials, but also for those services that affect our quality management systems (such as the design of production facilities and molds, and any production that is outsourced).

In particular, stricter FDA regulations for medical devices and other changes in recent years have made it more important to manage quality across global supply chains. We are fully aware that the quality of materials and services provided

by our suppliers has an impact on the quality of the final product that we supply.

We therefore work with our suppliers to make continuous improvements to quality, and conduct regular audits of their QA systems.

We also share supplier QA audit information and other quality information between Terumo Group production sites in an effort to improve the quality of our final products through better procurement activities.

## Initiatives for Stable Procurement

Terumo manufactures products in 5 factories within and 19 factories outside Japan, and distributes them in over 160 countries. With the rapid changes in the environment for 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.

In 2011, despite supply interruptions caused by the Great

East Japan Earthquake, we were able to keep medical supplies flowing to customers by working with suppliers based on the shared understanding supplies for medical care must come first, that medical care must not be stopped. Based on this experience, we have sought the cooperation of suppliers in making further improvements to enhance the safety and reliability of our supply chain.

## Supplier Surveys

Each year Terumo conducts a survey of its suppliers to make further improvements and ensure we become a trusted purchaser for our suppliers. 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 business partners,

we analyze the issues facing our materials division and provide feedback to our factory materials divisions. The feedback not only aids in resolving those issues, but serves as a tool for verifying the direction of, and reflecting customer input in, our procurement activities going forward.

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

## 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 the Subcontracting Law by actively participating in workshops held by the Fair Trade Commission and the Small and Medium Enterprise Agency. 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 main subcontracting entrepreneur.



Internal Purchasing Compliance Training

## 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 members of IT systems business process innovation teams. To date, 33 candidates have passed the screening for overseas assignments since global recruiting began in 2007, and over half of them have already been transferred to positions overseas. In FY2012, there were a total of 85 applications, with 21 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



## “Genba-no hokori” Award

Terumo’s growth is not 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 “Genba-no hokori” Award (“Honor of the Frontline” Award) presented each year.

In FY2012, the award was presented to five associates, including an associate in charge of factory electrical facility maintenance and a medical representative who has built long-standing relationships of trust in the blood transfusion business, which supports healthcare. The winners were selected from a field of about 100 peer-nominated candidates.



Winners of the “Genba-no hokori” Award in FY2012

## 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 diversity, we are aiming to become a company in which differing ideas and knowledge can intermingle unfettered, creating new value.

In February 2013, Terumo established a Diversity Promotion Department, which will work to raise awareness of diversity issues among our associates.

Looking ahead, we plan to promote diversity throughout the Company from a variety of different perspectives.

### ▶ Number of Employees by Region (Consolidated)

	(Employees)		
	FY2010	FY2011	FY2012
Japan	4,962	5,048	5,011
Europe	1,732	1,837	1,892
Americas	2,341	5,177	5,656
Asia, other	5,726	6,050	6,334
Total	14,761	18,112	18,893



## Promoting Active Participation by Female Employees

In Japan, as a first step in channeling mutual recognition of diversity into corporate growth, Terumo's top management has made a commitment to promoting active participation by female employees.

In FY2012, we forged ahead with various initiatives aimed at creating a suitable environment, climate and awareness to enable women to perform in the workplace. These included a mentoring system for women and inspirational profile intranet site.

Mentoring system:

This system pairs female associates working in different parts of the company or of different ages so that they can share experiences and thinking to broaden their perspectives and provide mutual support for career growth. Raising the awareness and skills of female associates and having more women assume leadership roles within Terumo will contribute to fresh perspectives and value creation.

Inspirational profile intranet site: A special section has been created on the company intranet for introducing female associates working in a range of roles and workplaces in Terumo. By talking positively about work and aspects of their private life, these introductions help to inspire others, both men and women.



FY2012 Group training under the Women's Mentoring System



### Opinion from a Female Associate Working Overseas

Since joining Terumo in 2006, I have had the opportunity to not only grow with the organization, but to advance my career into a position with responsibilities that impact associates around the world. I was hired as the Training and Education Manager supporting the TIS business and in the years that have followed; I have been promoted several times to my current position as Director of Professional and Clinical Education. In this role, I manage a team of 5 associates with my organization being responsible for training and education for all TIS associates. This training encompasses everything from clinical training (Vascular and Urology), to sales process training, to co-leading a global effort to build the training infrastructure for the IS company. My team also manages over 100 Physician training programs across the US and these programs have proved impactful on both the top and bottom lines. In addition, and more importantly, they have helped our physicians provide better care and this in turn has directly impacted patient outcomes. Terumo has given me the opportunity to grow as a professional woman in an atmosphere where a big picture vision, combined with hard work, tenacity, and a focus on doing the right things is greatly appreciated. I have also had numerous opportunities to interact cross functionally and I feel that I am a respected leader within the organization because of the value my team has created and the impact that we have helped Terumo create within the Endovascular Marketplace.



Director of Professional and  
Clinical Education –  
Terumo Medical Corporation

## 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.

#### ▶ Terumo Global Leadership Program (TGLP)

In Japan, the Terumo Global Leadership Program (TGLP) is intended to develop leaders with the practical capability to lead global business. There are 24 participants (aged between 20 and 40) in the program, selected from around 100 applicants. Through a series of seminars held over five months, participants learn to discern the true nature of management issues. Through group investigation and discussion, and through dialogue with associates from relevant departments, participants propose plans to management for practical implementation.



FY2012 TGLP

#### ▶ Training in International Business Skills

In Japan, Terumo offers Global Challenge and the International Corporate Program as ways for associates to gain international business skills and relevant work experience. These programs target young associates with the desire and plan to work abroad in the future.

In FY2012, Global Challenge provided associates with opportunities to apply their skills in hypothetical international business situations and to participate in debates about related management issues. Each session was conducted in English.

In the International Corporate Program, Terumo sends associates to emerging market countries to work with local organizations that are addressing social issues. This program provides opportunities for the associates to utilize their experience and skills to improving and to addressing related social issues. In FY2012, in cooperation with other associates back in Japan, program participants spent about two months in Indonesia working with an NGO that arranges medical clinics for people on low incomes.



FY2012 Global Challenge



Participants on the FY2012  
Overseas Work Experience Program

### 【Topics】 Developing Human Resources at Overseas Factories

7 years have passed since the commencement of operations. Terumo Vietnam has grown to be honored as the excellent companies have contributed to Vietnam from the Vietnam General Confederation of Labor and Hanoi City in 2012.

During this period, the most important challenge is not an exaggeration to say it was “human resource development” for Terumo Vietnam.

In order to enhance the basic capabilities of the production, such as quality assurance and safety work, from the initial stage we have learned from each plant, such as the UK and China, including Japan. Currently local executive candidate has led up to tackle the theme of “Management”.

1st quarter 2013, we held the leader training to create own commitment.

Firstly TVC managements explained the “transfer of production” or “Mid-long-term planning of Terumo Vietnam and Terumo Group”.

After that, through the discussed with Japanese managers about the division’s mission and the goal in 2013, each Vietnamese have made a presentation of their own section objectives and individual commitment.

It was a chance to recognize strongly that for further development in the future we each should play roles proactively. We believe that the growths of associates are linking tightly to the development of Terumo Vietnam’s future.



# Social Contribution Activities

## Providing Information to Manage Health

### 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 FY2012, the institute held classes and seminars at some 20 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.

Terumo has launched a website dedicated to women's health called "Find Out About Your Body through Basal Temperature" that offers information about how women can develop healthy bodies, including knowledge about basal temperature and female hormones.

\* 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.

web "Terumo Health and Weather Forecast website (Japanese only)" (PDF)



Terumo Body Temperature Research Institute website



Raising awareness of the correct way to check body temperature

### Seminars on Lower Limb Varicose Veins

Swelling in the lower extremities is not only a potential cause of fatigue, but can also be a major factor in the development of problems such as varicose veins. Terumo organizes regular seminars around Japan to provide medical information on this issue to people in a bid to promote earlier discovery of varicose veins, symptomatic improvement and help prevent progression. Physicians specializing in the field are invited to present at these seminars to discuss the causes and treatment of this condition in an easily understandable way. The seminars also cover the proper way to fit compression stockings as a treatment option, and address the issue of how to prevent any problems caused by their improper use.



Seminars on Lower Limb Varicose Veins

## Contribution to the Development of Healthcare

### Terumo Life Science Foundation

First established in 1987, the foundation was re-launched after its registration on April 1, 2012. There are three parts to its mission.

The first aim of the foundation is to support and promote research within the life sciences. In FY2012, subsidies were granted to three special research projects including the development of body-on-a-chip drug-discovery screening technology, 19 general research projects, and 26 international exchanges. A ceremony to award these subsidies to recipients was held in March 2013. To date the foundation has disbursed a total of around ¥1.3 billion in subsidies to 845 recipients.

As part of the second aspect of its mission, awards and related operations, the foundation initiated the Terumo Global Science Prize in July 2012 to commemorate the 25th anniversary of its founding. This prize is awarded to outstanding researchers making a unique contribution to regenerative medicine through biomaterials research. The inaugural prize was awarded to Dr. Robert Samuel Langer, Professor at Massachusetts Institute of Technology. Dr. Langer gave a presentation at a special ceremony held to present him with the prize.

The third aspect of the foundation's mission is to promote education. In 2009, a Japanese website called "Life Sciences DOKIDOKI Research Class" was created to provide life sciences-related information to junior and senior high school students. Site traffic has continued to build every year. In August 2012, the foundation invited 30 high school students from the prefectures of Iwate, Miyagi and Fukushima, which were affected by the Great East Japan Earthquake, to attend an event at the Joint Institution for Advanced Biomedical Sciences operated by Tokyo Women's Medical University and Waseda University. The participants at this "science café" were able to experience the latest technology in regenerative medicine, including simulators, which greatly impressed them. In March 2013, at the request of the Cabinet Office, the foundation exhibited at a science and technology fair held in Kyoto for junior high school students to promote current developments in the field of regenerative medicine. As part of this, the foundation sponsored a panel discussion involving students and teachers. Similar activities are planned for FY2013.



International award ceremony



Practical lesson in generating a cellular sheet at "Science café"

 [Terumo Life Science Foundation](#)

## 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, the team put on a fireworks display for the community and the hospice, while the Terumo Male Choir sang 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. In the 2012 Christmas holiday season, those at the hospice were again able to enjoy a variety of 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
- Clean up activity in Chuo Ward, Tokyo (Held each May)
- Cleaning up the Tamagawa river bank, Tokyo (every spring and fall)
- Cleaning up the surroundings of Shonan Center
- Cleaning up the surroundings of Fujinomiya Factory
- Cleaning up the surroundings of Ashitaka Factory and ME Center
- Cleaning up the surroundings of sales branches

\* Note: Activities held in FY2012

### 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 FY2012, we collected enough caps to provide polio vaccines to 590 children.



In-house Eco Cap initiative

## Blood Donation

Terumo carries out a blood drive at factories and branches every year in Japan. In FY2012, a total of 1,173 associates at 23 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 blood donation

## 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.

### **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.



## Formulation of the Terumo Global EHS Policy

In October 2012, we revised our Basic Environmental Policy and instituted the Terumo Global EHS (Environmental Health and Safety) Policy. This describes our stance on reducing the impact of business activities on the environment, conserving

biodiversity, and on the health and safety of our associates while at work. These policies apply to the entire Terumo Group and form the basis for all corporate activities.

### Terumo Global EHS Policy

The Terumo Group aims to be a good corporate citizen, striving to reduce environmental impact associated with business activities and to ensure the safety and health of employees based on its corporate mission, "Contributing to Society through Healthcare."

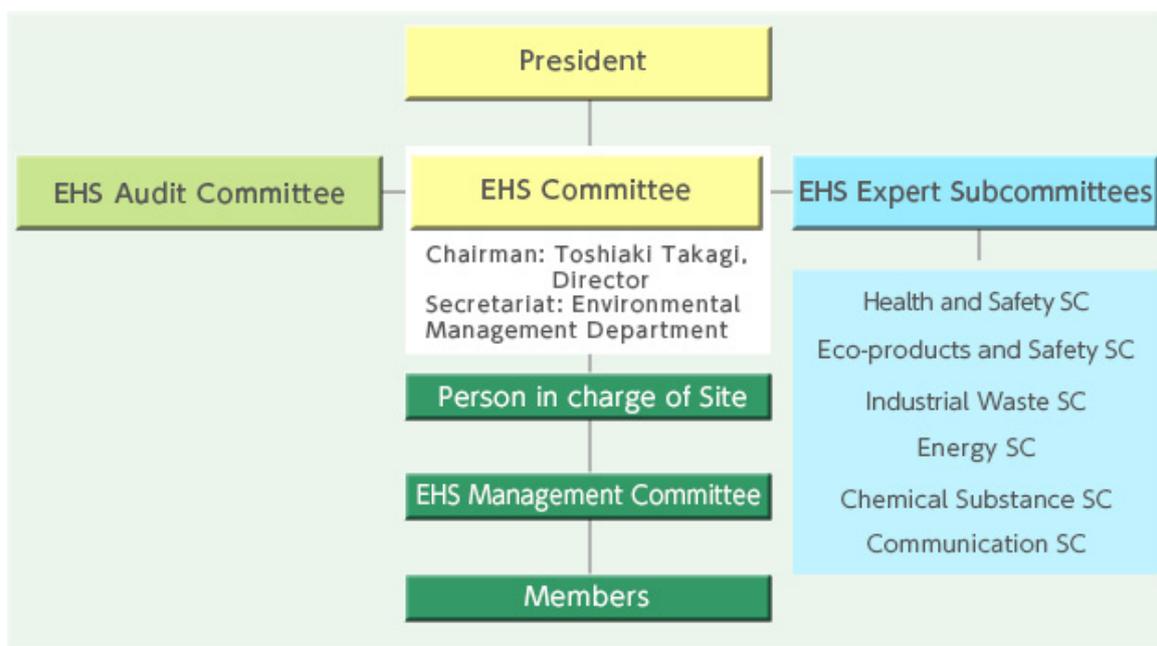
1. We take action based on an environmental health and safety (EHS) management system, establish the following voluntary goals, and strive for continual improvement:
  - Reduce the environmental impact and safety and health risk of our business activities;
  - Develop environmentally friendly and safe products; and
  - Effectively use and appropriately manage energy and resources.
2. We comply with the laws, ordinances, agreements, and other rules relating to the environment, safety, and health in each country.
3. We carry out environmental conservation activities and strive to conserve biodiversity as a member of society and the community.
4. We work to ensure the safety and health of employees in all business activities and strive to create safe and comfortable work environments.
5. We strive to prevent environmental pollution, occupational accidents and other accidents and, in emergencies, strive to prevent damage from spreading by responding swiftly and appropriately.
6. We systematically and continuously provide education and training and strive to increase awareness of the environment, safety, and health.
7. We actively disclose information pertaining to environmental, safety, and health activities, and strive to communicate with society and the community.

Established October 2012

## EHS Management System Established

In line with the institution of the Terumo Global EHS (environmental health and safety) Policy ("EHS Policy"), we are developing an EHS management system to integrate our approach to these issues. The EHS Policy and related targets and plans will be deliberated and decided by the EHS Committee as a key part of Terumo's focus on sustainability in business, before being reflected in EHS activities at Terumo Group sites worldwide. EHS Expert Subcommittees composed of experts are formed for each key area to provide advice to the EHS Committee. In addition, the EHS Audit Committee oversees the conducting of EHS-related internal

audits at all sites to confirm the effectiveness and operational status of systems, as well as compliance with relevant laws and regulations. Going forward, besides focusing on continuous system improvements, we plan to continue gaining certifications at Terumo Group production sites such as the ISO 14001 certification for environmental management systems, and the OHSAS 18001 standard for occupational health and safety management systems. Terumo Europe and others have gained certification under both of these standards already.



Company-wide Organization for Promoting the EHS Management System

### **【Topics】** Certification under ISO 14001 / OHSAS 18001 at Terumo Penpol Ltd. (Kerala, India)

As a way of upgrading and improving its quality management systems, Terumo Penpol Ltd. (based in the state of Kerala in India) has developed an IMS (Integrated Management System) that incorporates an environmental management system (EMS) and occupational health and safety management system (OSHMS). The firm gained ISO14001 (EMS) and OHSAS 18001 (OHSMS) certification for these systems in May 2013. Work on the development of the management system began in September 2011. Core teams composed of associates from every department were created to organize the related education and training along with an internal audit.



Quality Systems Department Management Representative  
—Terumo Penpol Ltd.

## 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.

Going forward, we will continue to work toward reducing the number of industrial accidents, aiming to achieve 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 well-being, we also offer a variety of lectures, including on stress management training for new hires and general employees, and on team member mental health care and management methods for leadership staff.

## Environmental Safety Training for Associates

We have incorporated training on the EHS Policy into the training provided to graduate recruits and other associates so that every person working at Terumo understands the purpose of the EHS activities that they need to perform. This training also covers how EHS activities affect particular aspects of work in functions such as sales and production. To raise awareness of the environment and health and safety, we are using the Terumo intranet to disseminate EHS information. A special eco-campaign has been developed as well to encourage greater participation in activities by associates and their families.



Training for Associates

## Environmental Safety Award System – Terumo Human×Eco® Award

We created the Terumo Human×Eco® Award system in FY2012 to help recognize efforts by organizations within the Terumo Group worldwide in environmental safety activities. The awards are also a way of helping to support a dynamic approach to these issues and to share related information based on inspiring examples. The divisions that won awards in FY2012 are listed below. Their examples were shared throughout the Terumo Group.



The Terumo Human Eco® Award

Project	Award recipient
Energy saving by reducing use of nitrogen and compressed air in infusion lines (reduced CO <sub>2</sub> emissions)	Fujinomiya Factory
Measures to improve working environment in NN assembly process	Kofu-East Factory
Reduction in CO <sub>2</sub> emission and expenses through saving electricity	IKIKEN K.K.

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.

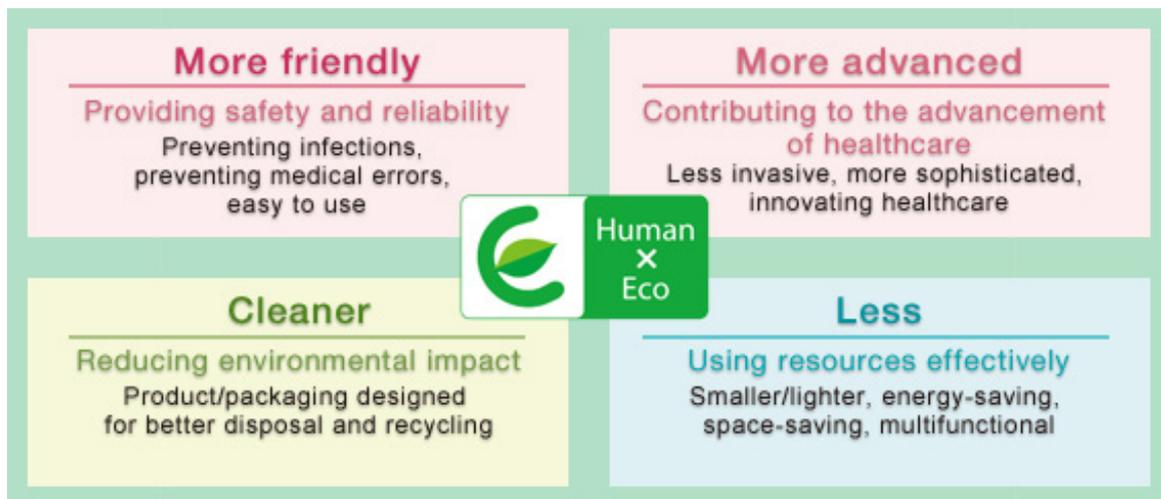
These efforts also lead to “environment-friendly healthcare” in the sense that once an infection or medical error occurs, it involves the otherwise unnecessary use of healthcare resources.

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

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

Terumo is helping to reduce the release of toxic gas from incineration of polyvinyl chloride (PVC) by promoting use of PVC-free packaging. We also use alternatives to di-2 ethylhexyl phthalate (DEHP) whenever possible since there are concerns that it may have harmful effects on organisms.



IV solution set



IV solution bag



Cardiovascular circuit

## 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

This product puts all of the infusion liquids required into a single bag. This simplifies the mixing process and helps to prevent any microbial or other external contamination, while also eliminating the potential for accidents involving needles. The product also helps to save resources and reduce medical waste by eliminating the need for vials or syringes used when preparing infusion bags. In FY2012, we introduced a version of this product that has a mechanism to prevent administration if the liquids in separate compartments of the bag have not been mixed safely for infusion.



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. Besides boosting productivity, this can also help prevent microbial contamination, problems due to syringe misidentification, and accidents involving needles. 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

## Easier to Use and Safer

### Improving Usability for Patients—Blood Glucose Monitor with Voice Guidance

This device has a large and easily readable LCD screen and an voice guidance feature to enable users to hear the readings or error messages. The raised buttons are separated and easy to distinguish by touch to ensure that any diabetic patients with an impaired sense of vision or touch can use the device easily. The product gained a Good Design Award for FY2012.



Blood Glucose Monitor

## Closed Infusion System for Chemotherapy Drugs Reduces Exposure Risk

While chemotherapy drugs help to control cancer, many have been reported to pose a potential risk to the health of those handling them due to carcinogenicity. The Terumo Chemosafe® system for infusion of chemotherapy drugs eliminates such risks by employing a closed system to ensure there is no exposure to the drug during the process of its administration and disposal. Moreover, since there is no need to use needles to prepare the infusion, the system further enhances safety for medical personnel by preventing the risk of needle accidents.



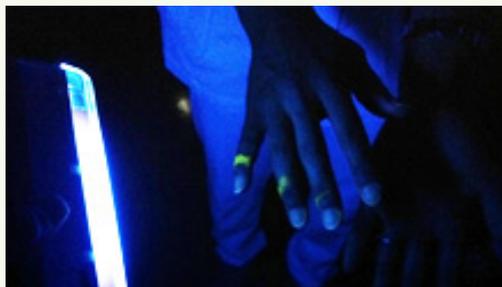
Closed Infusion System

### **[Topics]** Visualizing Risks and Recognizing the Need for Safety Measures at the Chemosafe Hands-on Seminar

Anticancer drugs work by suppressing and killing tumor cells, but they can also cause a rash or even cancer if they come into direct contact with the skin. The preparation and administration of such drugs can lead to inadvertent workplace contamination since many are clear liquids. The seminar demonstrates the actual risks associated with traditional methods of chemotherapy drug administration using needles or syringes by using a fluorescent light to show how the drugs have dispersed after a typical round of infusion operations. The seminar discusses safety tips and equipment disposal methods for traditional procedures and introduces the use of new technology such as the Chemosafe® closed system to mitigate exposure risks. Through these seminars, we aim to help customers create a safer environment for the administration of anticancer drugs.



Safety seminar on chemotherapy infusion procedures



A demonstration trial using fluorescent liquid

# Preventing Global Warming

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

To promote further reduction of CO<sub>2</sub> 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 CO<sub>2</sub> Emissions

In FY2008, Terumo set a medium-term target of reducing CO<sub>2</sub> emissions per unit of net sales relative to FY1990 levels by 50%\* by FY2012, as part of an effort to prevent global warming. Measures were initiated across all Terumo operating sites to reduce energy consumption and improve the emissions per unit. Although falling short of our target, we managed to achieve a reduction of 46% from 1990 levels by FY2012.

One major reason for not meeting the target was reductions in peak time consumption following the Great East

Japan Earthquake. Responding to social demand, we cut our consumption from the grid during peak time, but continued to use our own on-site power generation facilities to help ensure supply continuity.

We have set a new medium-term emissions-reduction target for the Terumo Group for the period from FY2013 as we continue to focus on measures to prevent global warming.

\* Terumo Corporation business sites in Japan

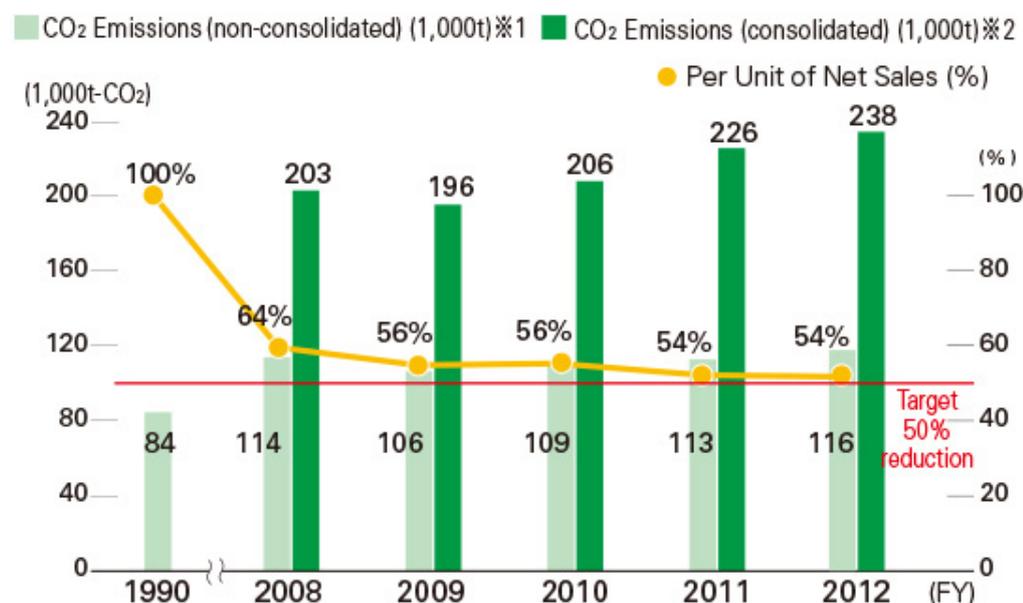
### New Target for FY2013

Reduce CO<sub>2</sub> emissions per unit of consolidated net sales for business sites in Japan and overseas production sites by 50% relative to FY2005 levels by FY2025.

### Target for FY2012

Reduce CO<sub>2</sub> emissions per unit of sales by 50% relative to FY1990 level by FY2012.

### Trends in CO<sub>2</sub> Emissions per Unit of Net Sales



\*1 Business sites in Japan

\*2 Business sites in Japan and production sites overseas

\*3 Coefficients for calculating overseas electricity-related CO<sub>2</sub> emissions were taken from 2005 coefficients for each region in IEA CO<sub>2</sub> Emission From Fuel Combustion 2012.

## Effort to Reduce CO<sub>2</sub> Emissions

The energy-saving activities in FY2012 by Terumo Group sites worldwide included factories, headquarters, the R&D Center and sales offices. All business sites worked in concert to save energy. At factories and the R&D Center, we installed small-scale through-flow boilers, turbo-freezer units, LED lighting and other energy-efficient equipment. We also tried to boost efficient energy usage and made daily site checks for steam leaks. An intranet site was created to provide real-time data on the consumption of energy at each business site updated every 30 minutes as a way of raising awareness among associates of the need to save energy.

Across Terumo Group office sites, we actively introduced measures to cut power consumption. These included asking people to use the stairs for both environmental and health reasons, setting the thermostats on air-conditioners appropriately, turning off lights when not in use, and encouraging associates to work more efficiently and leave the office earlier.

### 【Topics】 Initiatives at Terumo BCT

In the United States, Terumo BCT, Inc. has helped to reduce CO<sub>2</sub> emissions by installing eco-friendly renewable energy equipment at its plant in Lakewood, Colorado to help lower CO<sub>2</sub> emissions. In 2010, the company installed 780 solar panels with annual power output of 183.3kWh each. The 692MWh of power generated by these panels by March 2013 represented a reduction in CO<sub>2</sub> emissions of approximately 500 tons, and would have been sufficient to provide power to about 39 average US households for one year. Terumo BCT remains committed to taking proactive action to combat global warming.



Terumo BCT, Inc.



Sustainability & Environmental Health Safety Manager  
Terumo BCT, Inc.

### 【Topics】 R&D Center Awarded for Excellence in Rationalizing Electricity Use

Since air conditioning uses a significant proportion of total energy, Terumo's R&D Center has focused on raising efficiency by changing how its highly efficient electric refrigeration units and cold-water pumps are used.

The center has also LED lights, and has an Environmental Promotion Committee that has promoted energy-saving activities by everyone at the site. As a result, the site achieved a year-on-year reduction in overall energy consumption of 12% in FY2011.

These achievements in rationalizing energy usage were recognized in FY2012 with an award for excellence from the Japan Electric Association.



Facility team members

## 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.

## Improved Transportation Efficiency for Infusion Products

We have improved the stacking efficiency for our infusion products to reduce CO<sub>2</sub> emissions at the transport stage. A reduction in the size of the individual packaging allowed for shipping in smaller shipping boxes, resulting in a gain of 50% in the stacking capacity per pallet. We will continue to look for further ways to reduce the environmental impact of our logistics operations.



### 【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 CO<sub>2</sub> 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.



[web](#) “Challenge 25 Campaign”

# 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

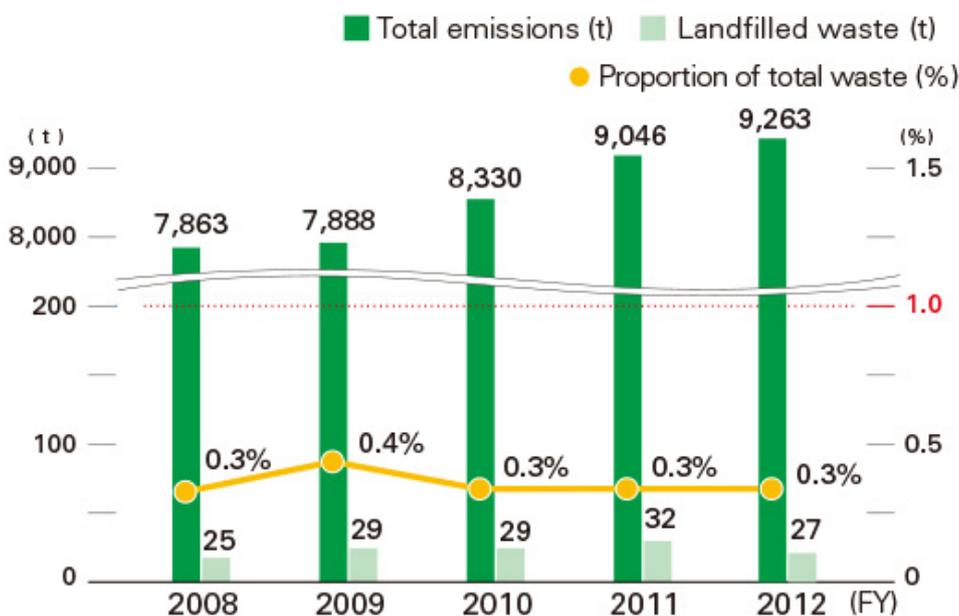
Manufacturing processes and business activities at our factories, R&D Center and offices generate a variety of waste. We have therefore set a target of zero waste emissions—defined as “an amount of landfilled waste equal to less than 1% of the total amount of waste generated”—for all of our sites in 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 FY2012, only 0.3% of our total waste by volume was disposed as landfill, meaning that we achieved our zero emission target for the ninth 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 in Japan



## Initiatives to Use Resources Efficiently in Production Processes and Reduce Environmental Impact

We continue to develop ways of making our production processes more efficient by using less raw material, energy and water when manufacturing Terumo products, and also by reducing the amount of waste generated in our manufacturing operations.



### Revision of Manufacturing Method for WBC Removal Filter for Use in Platelet Production

As part of efforts to reduce environmental impact and save resources in production, we have revised the method for making filters used to remove white blood cells during the production of platelets. The new approach uses 17% less raw material and halves the amount of waste filter materials generated during manufacture.

Reductions in the amounts of water and energy used in manufacturing these filters, and the amount of waste liquids produced have also helped to reduce the environmental impact of the process.



White blood cell removal filter  
for platelet production

## 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.

### Reducing the Paper Used for Semisolid Nutritional Liquid Meals

By adopting a less compressible, octagonal packing container, we have been able to use thinner cardboard and eliminate partitions. These changes have cut the amount of paper used in the packaging by about 53%. The removal of partitions also makes the cardboard easier to fold, saving

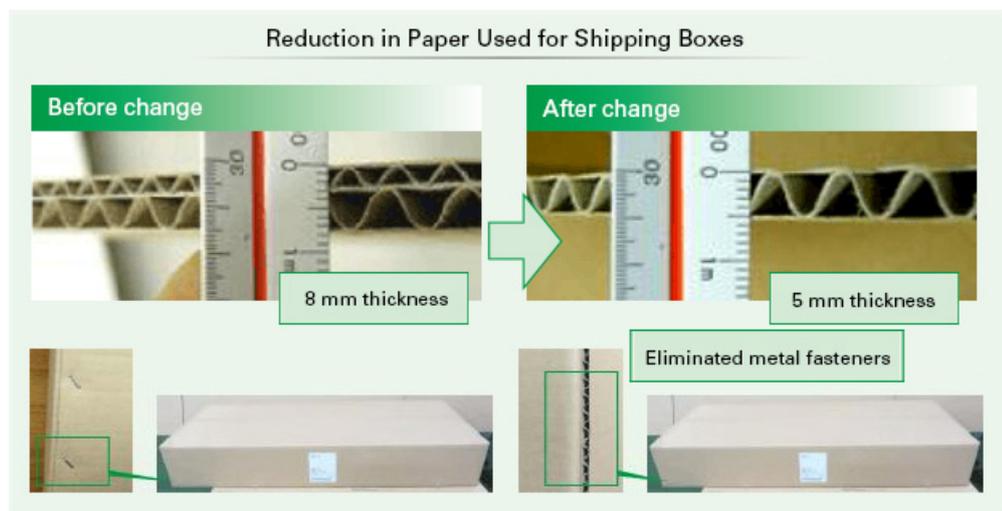
disposal space for customers (the reduction in cardboard volume is 57%). In addition, the improved container design eliminates the need to use packing tape, reducing weight and waste further.



### Reduction in Paper Used for Shipping Boxes

We have reduced the amount of paper used in shipping boxes for overseas product shipments, based on rigorous repeated testing of the strength required for these packing materials. Reducing the thickness of cardboard from 8mm to

5mm reduced the amount of material used by about 17% per box, resulting in an annual saving of about 20 tons of cardboard. We also removed the metal fastenings to make the boxes easier to recycle.

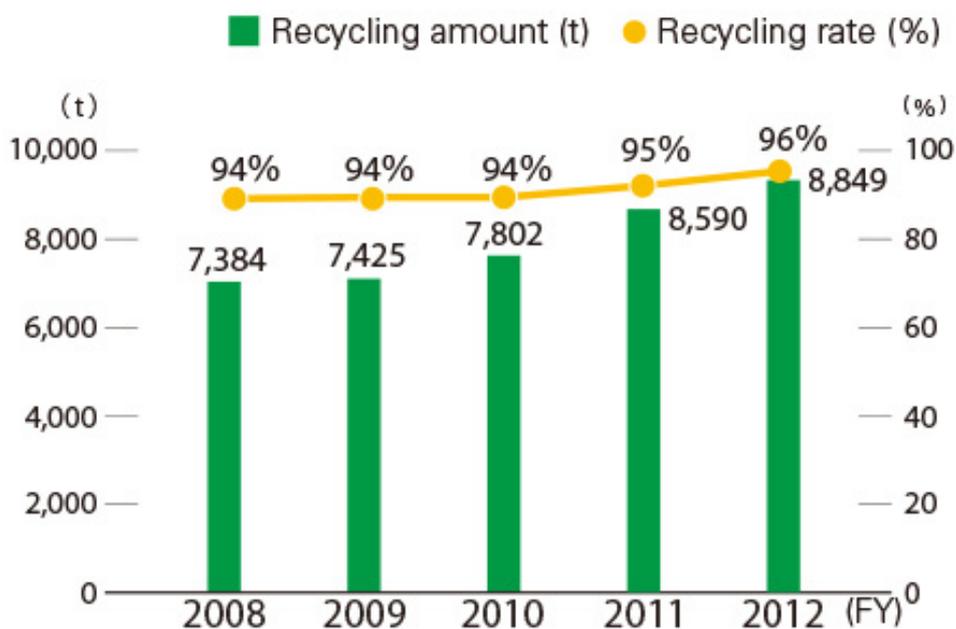


## Promoting Recycling

While our Industrial Waste SC (one of our EHS Expert Subcommittees) 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 96% in FY2012 in Japan.

### ▶ Recycling Amount and Rate



### ▶ Breakdown of Total Waste Generated (FY2012)



## 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.



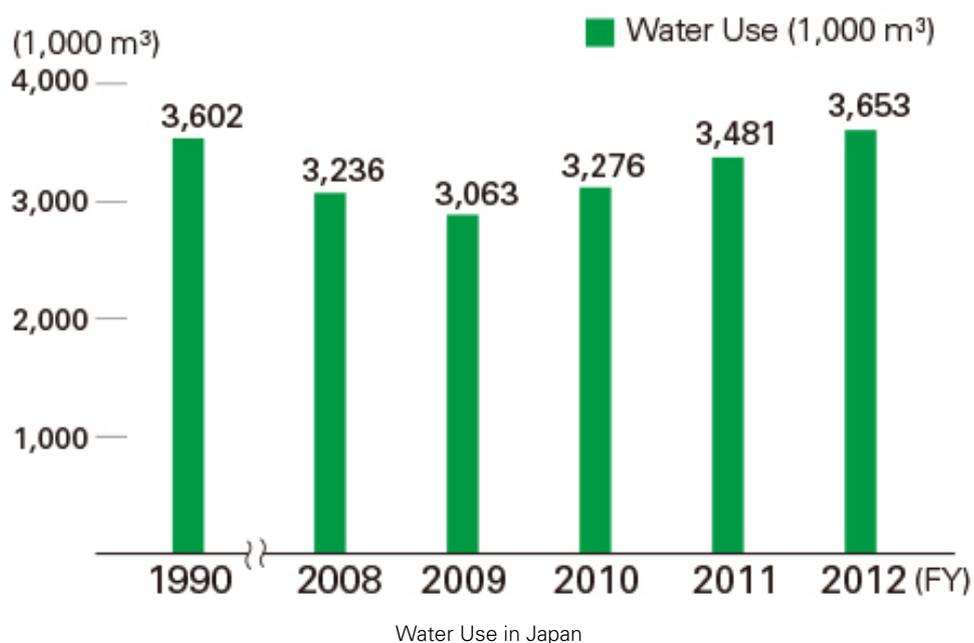
 [Japan Portable Rechargeable Battery Recycling Center](#)

### Collection and Recycling Performance in FY2012 (April 2012 to March 2013)

				(Kg)
Nickel-cadmium	Nickel-hydride	Lithium-ion	Small sealed lead-acid batteries	
4,613	1,155	117	1,011	

## 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 Substance

Guided by the Terumo Global EHS 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\* and reduce the level of emissions at the source.

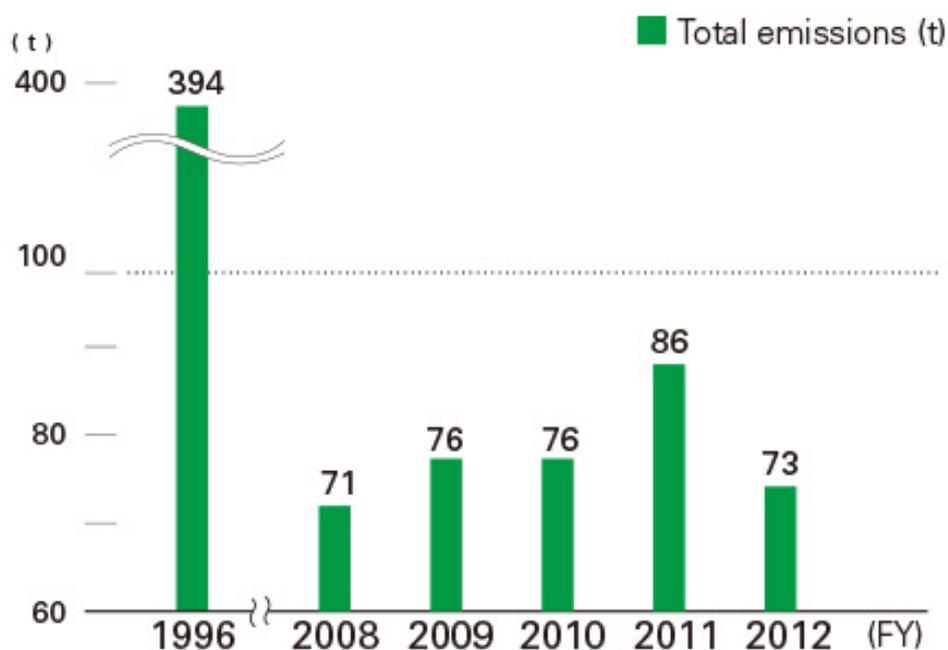
\* PRTR: Pollutant Release and Transfer Register

## 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 in Japan

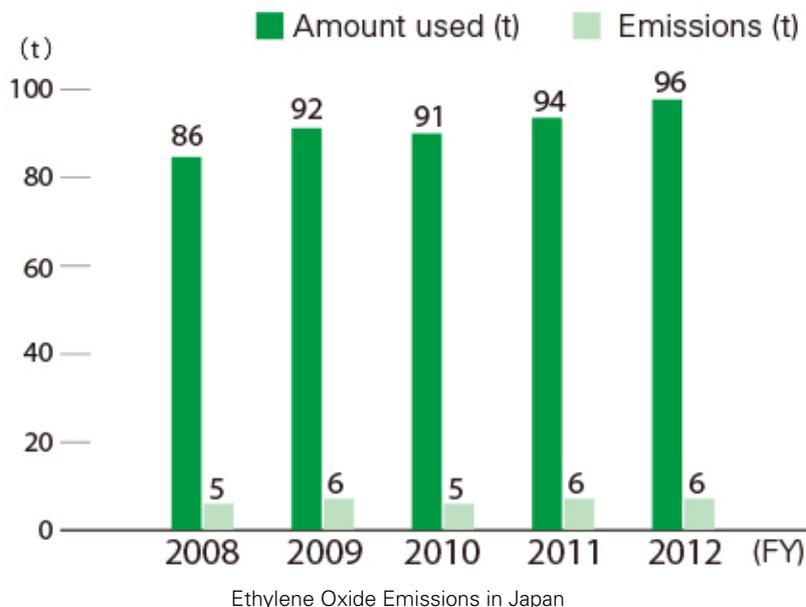
Dichloromethane emissions Under 99 tons



## 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

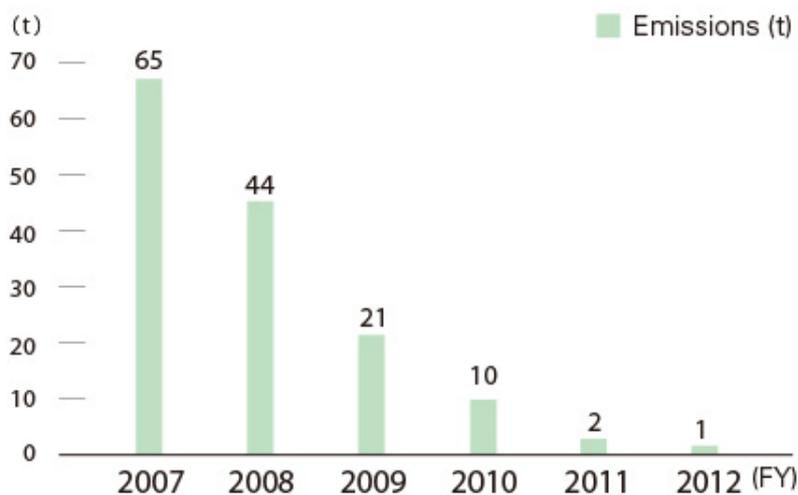
Fujinomiya factories and our Shonan Center, along with combustion treatment equipment at the Kofu Factory. We are also working on alternatives to ethylene oxide sterilization.



## 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 Japan, 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 in Japan. 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

Substance	Volume	(Tons)				
		Fujinomiya Factory	Ashitaka Factory	Kofu Factory	R&D	Total
Ethylene oxide gas (EOG)	Amount used	12.8	63.7	18.9	0.2	95.6
	Emissions	1.2	3.2	1.7	0.0	6.1
	Amount transferred	0.0	0.0	0.0	0.0	0.0
1,2-dichloroethane	Amount used	0.0	2.8	0.0	0.0	2.8
	Emissions	0.0	2.1	0.0	0.0	2.1
	Amount transferred	0.0	0.7	0.0	0.0	0.7
HCFC-141b	Amount used	1.8	0.0	0.0	0.0	1.8
	Emissions	1.4	0.0	0.0	0.0	1.4
	Amount transferred	0.2	0.0	0.0	0.0	0.2
HCFC-225	Amount used	11.3	28.7	10.7	0.0	50.7
	Emissions	10.2	22.5	10.1	0.0	42.8
	Amount transferred	0.5	6.2	0.0	0.0	6.7
Dichloromethane	Amount used	0.2	11.6	165.1	0.2	177.1
	Emissions	0.2	5.1	67.3	0.0	72.6
	Amount transferred	0.0	6.4	0.0	0.2	6.6
Toluene	Amount used	0.8	0.0	12.3	6.0	19.1
	Emissions	0.5	0.0	10.1	0.1	10.7
	Amount transferred	0.2	0.0	2.2	3.3	5.7
Di (2-ethylhexyl) phthalate (DEHP)	Amount used	698.8	4.7	134.5	0.0	838.0
	Emissions	0.0	0.0	0.0	0.0	0.0
	Amount transferred	0.0	0.0	2.8	0.0	2.8
Hydrogen fluoride	Amount used	0.0	16.7	0.2	0.0	16.9
	Emissions	0.0	1.0	0.0	0.0	1.0
	Amount transferred	0.0	0.0	0.0	0.0	15.7
1-bromopropane	Amount used	0.0	0.0	1.3	0.0	1.3
	Emissions	0.0	0.0	1.0	0.0	1.0
	Amount transferred	0.0	0.0	0.3	0.0	0.3
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	1.5	0.0	0.0	0.8	2.3
	Emissions	0.2	0.0	0.0	0.0	0.2
	Amount transferred	1.1	0.0	0.0	0.2	1.3
n-hexane	Amount used	0.0	6.7	0.0	0.0	6.7
	Emissions	0.0	0.7	0.0	0.0	0.7
	Amount transferred	0.0	6.1	0.0	0.0	6.1
Tetrahydrofuran THF	Amount used	7.4	37.0	2.3	0.0	46.7
	Emissions	6.0	34.4	2.3	0.0	42.7
	Amount transferred	1.4	2.6	0.0	0.0	4.0

\* 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<sup>®</sup> 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.

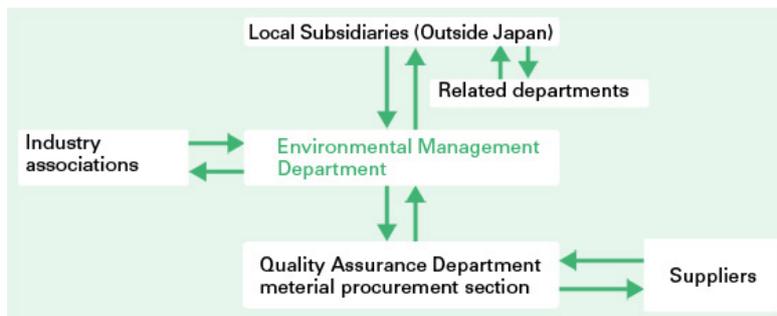
As survey results become available, the Quality Assurance Department enters them into a database so that we can use the data immediately when needed.

### ▶ Human x Eco<sup>®</sup> Development Guidelines

Principles	Human x Eco <sup>®</sup> 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.

### 3. Feedback to Local Sites

To ensure that our local sites comply with the regulations, the Environmental Management Department provides information 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 FY2012

(in thousands; in thousands of yen)

		Overall purchasing		Green purchasing	
		Items	Value	Items	Value
Head Office/Sales Offices	Items	34	33,257	18	53%
	Value			17,809	54%
Factories	Items	37	15,142	25	67%
	Value			10,951	72%

# 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.

## Mt. Fuji Reforestation Project—Terumo Megumi-no-Mori

Terumo has two factories in Fujinomiya City in Shizuoka, Japan. Both take water from springs at the foot of Mt. Fuji for use in production processes for medical devices and equipment, pharmaceuticals and other products. Recognizing that we use the bounty of nature to conduct our business, we have been undertaking the Terumo Mt. Fuji Reforestation Project to protect this area. As part of the project we conduct reforestation, using indigenous trees, of a part of the Mt. Fuji forest that sustained heavy typhoon damage including fallen

trees, helping the forest to become more resistant to future natural disasters and ensuring it can continue to serve as an underground water source.

Since FY2011, Terumo has also created an agreement with the prefecture of Shizuoka and local forest owners called the “Shizuoka Mirai-no-Mori (Future Forest) Supporter Pact.”

Under this agreement, we are planting trees and maintaining forested areas to create the “Terumo Megumi-no-Mori” reserve within the Fumoto district of Fujinomiya.

### Initiatives in FY2012

In October 2012, Terumo associates and family members joined with middle high school students from the local area to form a 180-strong group of volunteers to tend the local forest. Around 200 trees were planted, including several varieties of sawtooth oak, quercus serrate, and maple trees. The group also installed protective shelters around the saplings to stop grazing by deer.



The name ‘Megumi-no-Mori’ (“Forest of Blessings”) was chosen through an internal competition at Terumo. It signifies the blessings that the forest will bring to future generations.



## 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 FY2012, the challenge focused especially on energy-saving activities. A total of 3,254 people took part in the challenge.

This year, we also distributed sunflower and basil seeds to participants with the activity sheets for people to plant at home for a "Look-How-You've-Grown Program". Photos of the growing plants were shared via the company intranet to help raise ecological awareness within the Terumo family.



Sunflower and basil

### Challenge Sheet

Challenge Categories	
■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)

## Programs Receiving Donations

### 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.



### 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 tsunamis. With the loss of coastal forests due to the tsunami generated by the Great East Japan Earthquake, salt damage along the coast of the Tohoku region is growing worse 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.



 **OISCA** The Organization for Industrial, Spiritual and Cultural Advancement-International

 OISCA International

# Environment, Health and Safety Audit

As clearly declared in the Terumo Global EHS Policy, Terumo conducts internal environmental and safety audits to prevent illegal acts and environmental and safety problems.

## Status of Internal Environmental and Safety Audits for Fiscal 2012

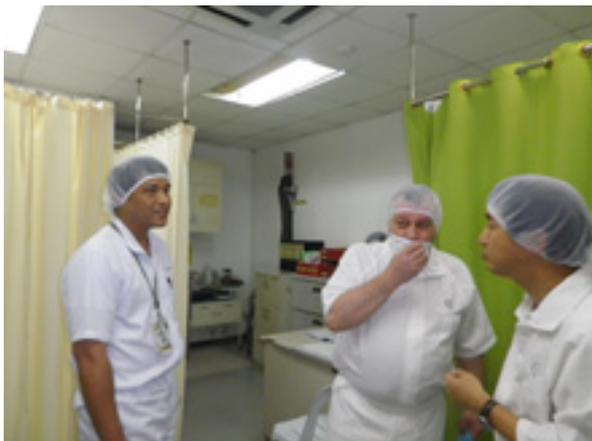
To prevent illegal acts, environmental problems, and industrial accidents, and to reduce present and future environmental and safety risks, we conduct internal environmental and safety audits of our factories, R&D Center, Head Office, and sales offices in Japan, as well as of Terumo Group companies,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

### Audit Tasks

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

- 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 2012

### 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.



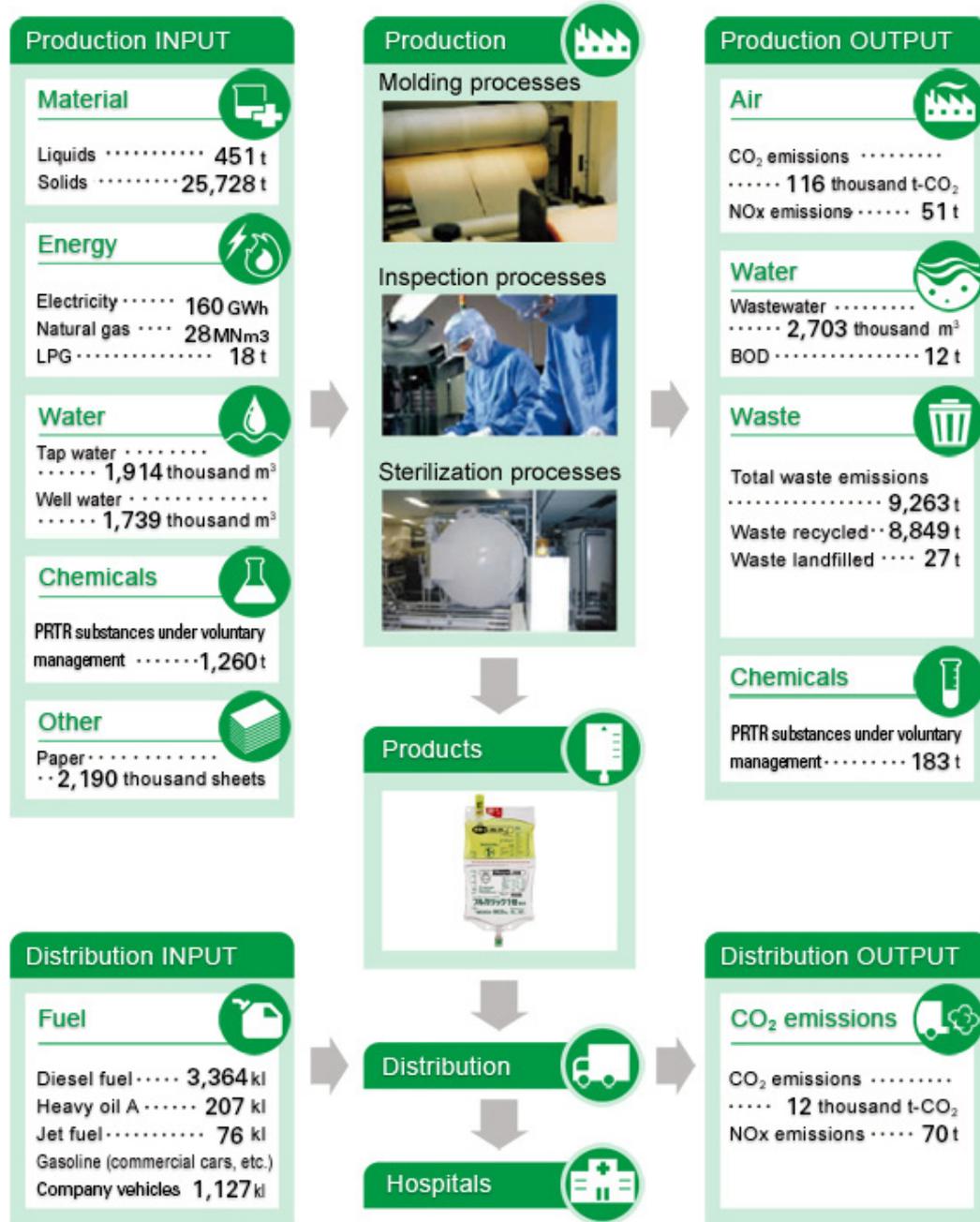
### Results of External On-Site Inspection in Fiscal 2012

In fiscal 2012, regulatory authorities conducted the following external environmental on-site inspections: an inspection by supervising prefectural and municipal governments of factories and the R&D Center based on the Water Pollution Control Act, the Air Pollution Control Act; and the Sewerage Act (R&D Center only), and a sampling of factory wastewater. No remedial instructions were issued by the authorities following the inspections.



# 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.



\* The business activity and material flow totals are based on TERUMO CORPORATION's domestic operating sites.  
 \* NOx emitted in distribution were calculated using the coefficients in the "Environmental Activities Evaluation Program (April 2002)" developed by the Ministry of the Environment

## Site Data

At Terumo, we work hard every day to effectively utilize resources and reduce emissions of substances that impact the environment. This section provides details of environmental impacts at our production sites in Japan and overseas during fiscal 2012.

Site	Location	CO <sub>2</sub> emissions (thousands of t)	Water usage (thousands of m <sup>3</sup> )	Total waste (t)	Hazardous waste (t)	Recycled amounts (t)
Fujinomiya Factory	Fujinomiya, Shizuoka, Japan	50	1,796	3,448	16	3,423
Ashitaka Factory	Fujinomiya, Shizuoka, Japan	23	548	1,536	149	1,418
Kofu Factory	Nakakoma, Yamanashi, Japan	53	1,207	3,980	37	3,779
R&D Center	Ashigarakami, Kanagawa, Japan	8	100	242	63	181
Hatagaya Head Office	Shibuya, Tokyo, Japan	0.2	2	23	0	23
Terumo Clinical Supply Co., Ltd.	Kakamigahara, Gifu	0.8	6	33	1	26
Terumo Medical Corporation, TCVS	Maryland, USA	19	67	491	115	227
TCVS	Michigan, USA	2	16	792	14	408
TCVS	Massachusetts, USA	1* <sup>1</sup>	2	189	0	116
Harvest Technologies Corporation	Massachusetts, USA	0.3* <sup>1</sup>	—	249	2	24
MicroVention, Inc.	California, USA	1	—	181	23	34
Onset Medical Corporation	California, USA	0.1* <sup>1</sup>	—	0.2	—	—
Terumo BCT, Inc.	Colorado, USA	16	67	1,497	9	1,176
Terumo Europe N.V.	Leuven, Belgium	15	54	974	137	453
Terumo Europe N.V.	Liverpool, UK	0.05* <sup>1</sup>	0.5	176	0	125
Vascutek Ltd.	Glasgow, UK	2	14	130	1	49
Vascutek Ltd.	Leeds, UK	0.2	1	146	5	71
Terumo BCT, Inc.	Larne, UK	5	119	149	0	145
Terumo Medical Products (Hangzhou) Co., Ltd.	Zhejiang, China	30	464	711	81	590
Changchun Terumo Medical Products Co., Ltd.	Jilin, China	5* <sup>1</sup>	38	251	0	234
Terumo (Philippines) Corporation	Laguna, the Philippines	21* <sup>1</sup>	135	783	16	760
Terumo Penpol Ltd.	Kerala, India	5* <sup>1</sup>	26	685	1	670
Terumo Vietnam Co., Ltd.	Vinh Phuc, Vietnam	3* <sup>1</sup>	102	100	33	67

\* TCVS: Terumo Cardiovascular Systems Corporation

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

\* Coefficients used for calculating CO<sub>2</sub> emissions related to electricity use are as provided by the electric power providers. However, emissions for business sites marked \*1 are calculated based on 0.55 (t-CO<sub>2</sub>/MWh).

# 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 <sub>2</sub> , 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	We establish the Environment Committee. We start operating cogeneration at Ashitaka Factory. We start indicating packaging and container identification marks and materials for recycling. We start internal environmental audits. We abolish the use of diesel-powered work vehicles. We first publish our Environmental Report (which has since been published annually).

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>We adopt a management system at business sites with high power consumption in Japan that visualizes demand for electric power</p> <p>We sign an agreement between Terumo, Shizuoka Prefecture (Japan) and forest owners to become "Shizuoka Future Forest Supporters"</p> <p>Terumo Europe's Haasrode Plant obtains ISO 14001/OHSAS 18001 certification</p>
2012	<p>We sign the United Nations Global Compact</p> <p>We formulate the Terumo Global EHS Policy</p> <p>R&amp;D Center in Japan is awarded the highest prize in the Kanto Electricity Efficiency Committee Chair Award</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, X: Target not yet accomplished

## Management Performance

Initiative	Voluntary Targets (Medium-Term Targets)	Results for FY2012	Evaluation for FY2012	Initiatives for FY2013
Internal control initiatives	<ul style="list-style-type: none"> <li>Continually review and operate internal control system</li> </ul>	<ul style="list-style-type: none"> <li>Developed and operated internal control system</li> </ul>	○	<ul style="list-style-type: none"> <li>Develop and operate internal control system</li> </ul>
Promoting compliance	<ul style="list-style-type: none"> <li>Continue compliance training</li> </ul>	<ul style="list-style-type: none"> <li>Continued compliance training</li> </ul>	○	<ul style="list-style-type: none"> <li>Continued compliance training</li> </ul>

## Social Performance (Japan)

Initiative	Voluntary Targets (Medium-Term Targets)	Results for FY2012	Evaluation for FY2012	Initiatives for FY2013
A highly accessible call center	<ul style="list-style-type: none"> <li>Maintain rate of over 95% of incoming calls answered within 2.5 seconds</li> </ul>	<ul style="list-style-type: none"> <li>96% of incoming calls answered within 2.3 seconds</li> </ul>	○	<ul style="list-style-type: none"> <li>Maintain rate of over 95% of incoming calls answered within 2.5 seconds</li> </ul>
Promoting employment of disabled workers	<ul style="list-style-type: none"> <li>Maintain a disabled worker employment ratio of 1.8%</li> </ul>	<ul style="list-style-type: none"> <li>2.06% disabled-worker employment ratio as of the end of March 2013</li> </ul>	○	<ul style="list-style-type: none"> <li>Maintain a disabled worker employment ratio of at least 2.0%</li> </ul>
Career advancement of female associates	<ul style="list-style-type: none"> <li>Train and promote associates based on skills and performance, without gender bias</li> </ul>	<ul style="list-style-type: none"> <li>Women accounted for 4.1% of management positions (as of the end of March 2013)</li> </ul>	○	<ul style="list-style-type: none"> <li>Train and promote associates based on skills and performance, without gender bias</li> </ul>
Promoting fair hiring	<ul style="list-style-type: none"> <li>Conduct hiring based on skills, regardless of race, nationality, gender, religion, physical disability or other factors</li> </ul>	<ul style="list-style-type: none"> <li>Educated hiring managers and created manuals</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to practice fair hiring and educate hiring managers</li> </ul>
Encouraging volunteer activities	<ul style="list-style-type: none"> <li>Encourage volunteer activities</li> </ul>	<ul style="list-style-type: none"> <li>Supported volunteer activities, including participation in the Tamagawa River Cleanup Campaign (Tokyo)</li> <li>Participated in the "Eco Cap Movement"</li> <li>Cleaned the surroundings of Terumo's premises</li> </ul>	△	<ul style="list-style-type: none"> <li>Continue to support volunteer activities</li> </ul>

## Environmental and Safety Performance

Initiative	Voluntary Targets (Medium-Term Targets)	Results for FY2012	Evaluation for FY2012	Initiatives for FY2013
Reduce the environmental impact and safety and health risk of our business activities	<ul style="list-style-type: none"> <li>Ascertain environmental, health and safety risks at business sites and establish structures for managing them</li> </ul>	<ul style="list-style-type: none"> <li>Continued to conduct environmental impact assessments</li> <li>Continued to conduct risk assessments</li> </ul>	△	<ul style="list-style-type: none"> <li>Continued to conduct environmental impact assessments</li> <li>Continued to conduct risk assessments</li> </ul>
Developing environmentally friendly and safe products	<ul style="list-style-type: none"> <li>Increase environmentally friendly products and production processes that prevent infection and accidents, are easy to use, small, lightweight and energy efficient.</li> </ul>	<ul style="list-style-type: none"> <li>Continued to develop products compliant with RoHS Directive and to build an assurance system</li> <li>Promoted the operation of "Human x Eco Development Guidelines®"</li> <li>Promoted development of environmentally friendly and safe products</li> </ul>	○	<ul style="list-style-type: none"> <li>Continued to develop products compliant with RoHS Directive and to build an assurance system</li> <li>Promoted the operation of "Human x Eco Development Guidelines®"</li> <li>Promoted development of environmentally friendly and safe products</li> </ul>
Preventing environmental pollution	<ul style="list-style-type: none"> <li>Maintain dichloromethane emissions of no more than 99 tons</li> <li>Carry out voluntary measurement of ethylene oxide concentrations along the boundaries of our facilities</li> </ul>	<ul style="list-style-type: none"> <li>Dichloromethane emissions were 73 tons</li> <li>Carried out voluntary measurement of ethylene oxide concentrations along the boundaries of our facilities</li> </ul>	○	<ul style="list-style-type: none"> <li>Maintain dichloromethane emissions of no more than 99 tons</li> <li>Continue voluntary measurement of ethylene oxide concentrations along the boundaries of our facilities</li> </ul>
Promoting occupational safety (Japan)	<ul style="list-style-type: none"> <li>No work-related deaths or serious injuries, and fewer work-related accidents requiring time off than the previous fiscal year</li> </ul>	<ul style="list-style-type: none"> <li>Zero work-related deaths or serious injuries in FY2012 (zero in previous year); 3 other work-related accidents (2 in previous year)</li> <li>Frequency rate*1: 1.68084</li> <li>Severity rate*2: 0.00616</li> </ul>	△	<ul style="list-style-type: none"> <li>Maintain zero work-related deaths or serious injuries, and fewer work-related accidents requiring time off than the previous fiscal year</li> </ul>
Using resources and energy effectively and managing them appropriately	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions per unit of sales by 50% relative to FY1990 level by FY2012</li> </ul>	<ul style="list-style-type: none"> <li>Reduced CO<sub>2</sub> emissions per unit of sales by 46% relative to FY1990 level</li> <li>Promoted energy-saving efforts</li> <li>Took actions to visualize electricity consumption</li> <li>Participated in Challenge 25 campaign and carried out in-house eco campaign</li> <li>Promoted eco-driving</li> <li>Set targets for reduction of CO<sub>2</sub> emissions for FY2013 onwards</li> </ul>	△	<ul style="list-style-type: none"> <li>Promote energy-saving efforts</li> <li>Participate in challenge 25 campaign and carry out in-house eco campaign</li> <li>Promote eco-driving</li> </ul>

Initiative	Voluntary Targets (Medium-Term Targets)	Results for FY2012	Evaluation for FY2012	Initiatives for FY2013
Reducing waste	<ul style="list-style-type: none"> <li>Reduce the amount of landfilled waste to less than 1% of the total amount of waste at all sites in Japan, excepting sales offices</li> </ul>	<ul style="list-style-type: none"> <li>Reduced the amount of landfilled waste to 0.3% of the total amount of waste at all sites in Japan, excepting sales offices</li> <li>Promoted the use of electronic manifests across the group</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to reduce the amount of landfilled waste to less than 0.5% of the total amount of waste at all sites in Japan, excepting sales offices</li> <li>Promote the use of electronic manifests across the group</li> </ul>
Establishing environmental health and safety management system	<ul style="list-style-type: none"> <li>Establish the Terumo Group environmental health and safety management system</li> </ul>	<ul style="list-style-type: none"> <li>Established an integrated environmental health and safety management system and started introducing it at Terumo Group production sites</li> <li>Conducted environmental and safety audits at all sites and Group companies in Japan</li> <li>Conducted environmental and safety audit at Terumo (Philippines) Corporation.</li> <li>Acquired ISO 14001/OHSAS 18001 certification for Terumo Penpol Ltd. blood bag factory</li> </ul>	○	<ul style="list-style-type: none"> <li>Begin operating the integrated environmental, health and safety management system at the Fujinomiya Factory with the goal of acquiring third-party certification</li> <li>Continue to conduct environmental and safety audits at all Terumo Group companies</li> </ul>
Conserving biodiversity	<ul style="list-style-type: none"> <li>Carry out environmental conservation activities and strive to conserve biodiversity as a member of society and the community</li> </ul>	<ul style="list-style-type: none"> <li>180 people participated in the Terumo Mt. Fuji Reforestation Project</li> <li>3,254 associates voluntarily participated in eco programs</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue the Terumo Mt. Fuji Reforestation Project.</li> <li>Continue eco programs with associates' participation</li> </ul>
Facilitating environmental, health and safety communication	<ul style="list-style-type: none"> <li>Publish social and environmental reports</li> <li>Conduct initiatives for Environmental Month</li> </ul>	<ul style="list-style-type: none"> <li>Published Social and Environmental Report 2012</li> <li>Conducted initiatives for Environmental Month</li> <li>Provided environmental and safety education to associates</li> </ul>	○	<ul style="list-style-type: none"> <li>Publish Social and Environmental Report 2013</li> <li>Conduct initiatives for Environmental Month</li> <li>Continue to provide environmental education to associates</li> </ul>
Compliance with environmental, health and safety laws and ordinances	<ul style="list-style-type: none"> <li>Confirm compliance with laws, ordinances and agreements relating to environmental protection, and health and safety as well as legal compliance overseas</li> </ul>	<ul style="list-style-type: none"> <li>Complied with REACH and other chemical regulations outside Japan</li> <li>Complied with the revised Water Pollution Control Act</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to comply with REACH and other chemical regulations outside Japan</li> <li>Continue compliance training on environmental protection and health and safety</li> <li>Collect information on revisions to laws</li> </ul>

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

# 5-year Financial Summary (Consolidated)

Terumo Corporation and subsidiaries  
Years ended March 31

FOR THE PERIOD:	Millions of yen				
	2009 FY '08	2010 FY '09	2011 FY '10	2012 FY '11	2013 FY '12
Net sales . . . . .	¥ 302,747	¥ 316,009	¥ 328,214	¥ 386,686	<b>¥ 402,294</b>
Operating income . . . . .	54,040	63,282	62,607	63,049	<b>53,216</b>
Income before income taxes . . . . .	52,353	63,406	51,560	49,650	<b>52,285</b>
Net income . . . . .	36,878	40,722	32,339	24,167	<b>47,014</b>
Net cash flow from operating activities . . . . .	31,616	67,352	46,829	56,200	<b>50,270</b>
Net cash flow from investing activities . . . . .	(23,988)	(25,273)	(18,989)	(247,182)	<b>(31,294)</b>
Free cash flow . . . . .	7,628	42,079	27,840	(190,982)	<b>18,976</b>
Net cash flow from financing activities . . . . .	(34,821)	(11,488)	(26,417)	182,982	<b>(22,340)</b>
R&D expenses . . . . .	17,158	17,528	20,356	24,322	<b>27,129</b>
Capital expenditure . . . . .	17,837	18,440	21,562	21,132	<b>25,715</b>
Depreciation and amortization (Note 1) . . . . .	20,382	19,909	20,392	28,835	<b>32,554</b>
	Yen				
<b>PER COMMON STOCK</b> (Note 2):					
Net income—basic . . . . .	¥ 191.86	¥ 214.44	¥ 170.30	¥ 127.28	<b>¥ 247.60</b>
Cash dividends . . . . .	32.00	32.00	34.00	39.00	<b>44.00</b>
Net assets . . . . .	1,464.27	1,668.93	1,765.32	1,855.25	<b>2,304.42</b>
	Millions of yen				
<b>AT YEAR-END:</b>					
Current assets . . . . .	¥ 193,659	¥ 230,432	¥ 236,511	¥ 256,868	<b>¥ 286,955</b>
Current liabilities (Note 3) . . . . .	93,701	99,732	78,846	157,998	<b>115,844</b>
Working capital . . . . .	99,958	130,700	157,665	98,870	<b>171,111</b>
Total assets (Note 3) . . . . .	379,065	425,508	420,038	692,520	<b>771,032</b>
Total net assets . . . . .	278,167	317,140	335,457	352,537	<b>437,909</b>
Capital stock . . . . .	38,716	38,716	38,716	38,716	<b>38,716</b>
<b>OTHER STATISTICS:</b>					
ROE . . . . .	13.0%	13.7%	9.9%	7.0%	<b>11.9%</b>
ROA . . . . .	9.3%	10.1%	7.6%	4.3%	<b>6.4%</b>
Shareholders' equity ratio . . . . .	73.4%	74.5%	79.8%	50.9%	<b>56.7%</b>
Number of shares of capital stock at year-end (in thousand shares) . . . . .	189,898	189,895	189,881	189,879	<b>189,878</b>
Number of associates (in persons) . . . . .	13,439	13,740	14,761	18,112	<b>18,893</b>

(Notes)

- The amortization of goodwill is included in depreciation and amortization.
- 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.
- 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.
- 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.

# Overview by Business Segment

## Cardiac & Vascular Business

- Net sales increased by 5.7% year-on-year to 169.7 billion yen.
- In Japan, the Interventional Systems business decreased sharply year-on-year due to:
  - Falling prices in products in the Interventional Systems lineup due to revised drug price standard; and
  - A drop in market share due to declining sales of “Nobori” drug-eluting stents because of new product launches by competitors.
- Outside Japan, the Interventional Systems business showed strong sales in all markets thanks to:
  - Double-digit growth as a result of leveraging penetration of TRI (transradial coronary intervention treatment for approaching the coronary artery from the blood vessels in the wrist) in North America; and
  - About 30% growth from the previous fiscal year on a local currency basis as the result of a continual rise in use of interventional procedures in China.

## Blood Management Business

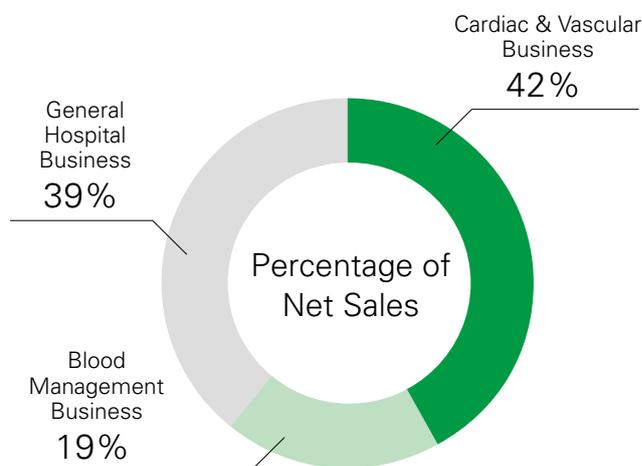
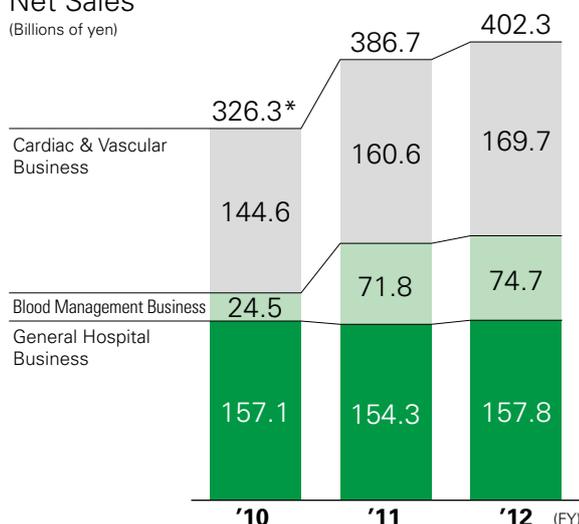
- Net sales increased by 4.1% year-on-year to 74.7 billion yen.
- In Japan, net sales decreased year-on-year due to:
  - A significant increase in its market share for the automated blood component collection system; but,
  - A reaction to increased demand for whole blood collection related products during the previous fiscal year had a negative impact on overall net sales.
- Outside Japan, net sales showed steady growth due to:
  - Sales of therapeutic apheresis systems showed strong growth; but,
  - Sales of whole blood collection related products decreased as a result of a decline in demand for blood transfusions in North America.

## General Hospital Business

- Net sales increased by 2.3% year-on-year to 157.8 billion yen.
- In Japan, net sales increased year-on-year backed by:
  - Continued steady sales of electrolyte infusion solutions, which have increased in price, and semi-solid nutritious foods for the chronic care market, as well as contrast media and commissioned business services in the Drug and Device (D&D) business.
- Outside Japan, net sales increased year-on-year:
  - Net sales in China and other Asian countries increased despite the decrease in the Americas and Europe on a local currency basis.

### Net Sales

(Billions of yen)



\* Excluding ¥1,923 million effect from reconciliation of accounting periods of companies whose financial periods ended in December.

# Overview by Geographic Segment

## Japan

- Net sales decreased by 2.4% year-on-year to 185.9 billion yen.
- A drop in prices resulting from a revised drug price standard had a negative impact on sales in the Interventional Systems business.
- Difficult to recover from reduced market share caused by declining sales of “Nobori” drug-eluting stents because of new product launches by competitors.

## Europe

- Net sales increased by 5.1%, (6.5% on a local currency basis) year-on-year to 75.4 billion yen.
- Prices continue to trend downward due to the impact of the financial crisis.
- Interventional Systems products, both for diagnosis and for treatment, showed strong sales.
- Net sales in the Blood Management business decreased sharply for the first half of the fiscal year due to an adverse reaction caused by greatly increased demand during last fiscal year. However, sales showed signs of recovery later.

## Americas

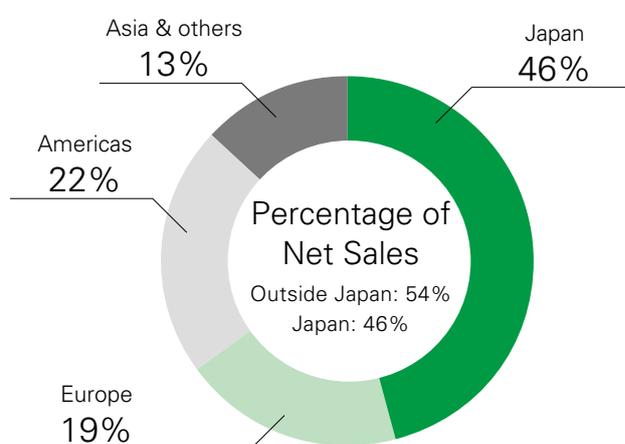
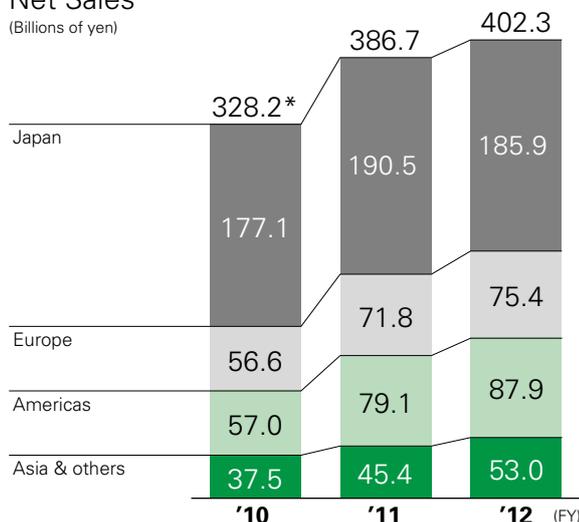
- Net sales increased by 11.2%, (6.3% on a local currency basis) year-on-year to 87.9 billion yen.
- Sales of Interventional Systems products for diagnosis were strong, thanks to leveraging penetration of TRI.
- Sales of therapeutic apheresis system products in the Blood Management business segment showed strong growth.

## Asia and others

- Net sales increased by 16.9%, (12.5% on a local currency basis) year-on-year to 53.0 billion yen.
- Overall sales of Interventional Systems business were strong, particularly in China, where efforts to enhance the sales structure and distribution network helped maintain double-digit growth.
- Sales in the General Hospital business grew satisfactorily.
- Sales of whole blood collection related products, automated blood component collection systems, and therapeutic apheresis systems in the Blood Management business segment showed strong growth.

### Net Sales

(Billions of yen)



\* Including ¥1,923 million effect in Asia & others from reconciliation of accounting periods of companies whose financial periods ended in December.

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.

The feature introduces initiatives for developing endovascular treatments and apheresis therapy to illustrate TERUMO's stance in realizing this corporate philosophy. Moreover, starting from this fiscal year, a new section on environmental health and safety (EHS) was added to the report content.

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## 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.

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## Report period

Fiscal 2012 (April 1, 2012 through March 31, 2013)  
Activities reported include some recent activities.

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## Publication schedule

This report: August 2013  
Previous report: August 2012  
Next report: August 2014 (tentative)

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## Referenced guidelines

GRI, Sustainability Reporting Guidelines 2011  
Japanese Ministry of the Environment, Environmental Reporting Guidelines (2012 version)

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## Report archives

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