

# TERUMO Corporate Governance Guideline

Last Revision Date: June 27, 2017

## 1. General Provisions

### (1) Basic stance on the Corporate Governance

- Terumo's corporate mission is "Contributing to Society through Healthcare". Guided by its mission, Terumo provides valuable products and services to achieve sustainable growth, maximize long-term corporate value and meet the expectations of its worldwide stakeholders, including its customers, shareholders, associates, business partners and communities.
- To embody its corporate mission, Terumo articulated Five Statements, i.e. open management, enhanced value, safety and reliability, respect for our associates, and corporate citizenship. These statements govern the actions and decisions made by all Terumo associates.
- Based on its corporate mission and the Five Statements, Terumo has established this Guideline for Corporate Governance. It is intended to promote timely decision-making while maintaining transparency and objectivity in management.
- Terumo continuously strives to earn the understanding and trust of its internal and external stakeholders by recognizing its accountability to its stakeholders and promoting dialog and other means of communication with its shareholders.
- Informed by Corporate Governance Code, Terumo has developed a global platform for its activities as a good corporate citizen.
- Terumo strives diligently to foster a corporate culture of "a highly motivating and challenging workplace with open and candid communication," because Terumo believes a culture of this nature is essential to effective corporate governance.

### (2) Establishment, revision and abolition of the Guideline

The Corporate Governance Committee shall be responsible for drafting and preparing the initial draft of this Guideline and for proposing subsequent major revisions or abolition of the Guideline. Adoption, major revision and abolition of the Guideline shall be decided by resolution of the Board of Directors.

## 2. Corporate Governance Structure

### (1) Organizational design

Terumo adopted the organizational design of a "Company with an Audit/Supervisory Committee" to achieve the following initiatives, further strengthen its corporate governance framework, and to enhance its mid- and long-term corporate value.

#### [1] Strengthen audit and supervisory functions

The members of the Audit/Supervisory Committee shall have voting rights in the meetings of the Board of Directors.

#### [2] Enhance transparency and objectivity in management

By increasing the proportion of independent directors on the Board, transparency and objectivity in decision-making will be enhanced at the Board level reflecting opinions of the independent directors which representing the perspective of shareholders and other stakeholders.

#### [3] Expedite decision-making process

By promoting the appropriate delegation of the Board's authority by way of the executive officer system, Terumo will further expedite its decision-making process and business development.

### (2) Board of Directors

#### [1] Roles

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

#### [2] Members

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

considering the actual situation of possible candidates based on the above standpoint and the Board of Directors shall appoint such candidate as the chair for the Board of Directors meeting.

(3) Audit/Supervisory Committee

[1] Roles

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

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

[2] Members

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

(4) Corporate Governance Committee

[1] Roles

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

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

The deliberations of the Committee shall be reported to the Board of Directors as appropriate. In this regard, however, those matters related to the Audit/Supervisory Committee in (c) and (d) above shall not violate the provisions of Articles 344-2 and 361 of the Companies Act. With regard to matters concerning successors to the President and Chairman, the Nomination Committee shall conduct deliberations.

[2] Members

- The Committee shall consist of a maximum of six (6) directors selected by the Board of Directors from among the directors.
- Terumo shall have independent directors account for at least half of the Members of the Committee.
- At least one of the Representative Directors shall be a member of the Committee.
- The member of the Corporate Governance Committee shall elect one of the independent directors serving on the Committee to serve as the chair of the Committee. However, if the chair is unable to act, one of other independent directors elected by a majority vote of the Committee members shall act in the chair's place.

(5) Nomination Committee

[1] Roles

The Nomination Committee shall deliberate on the matters concerning successors to the President and Chairman of Terumo Corporation. This is one of the most important corporate governance duties for the Board.

[2] Members

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

(6) Internal Control Committee

[1] Roles

The Internal Control Committee shall design and operate the Terumo Group's internal control systems in accordance with

the Company's "Internal Control System Design Basic Policy."

[2] Members

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

(7) Risk Management Committee

[1] Roles

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

[2] Members

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

(8) Selection of Directors

[1] Policy

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

One of such internal regulations stipulate that independent directors shall be selected from persons with extensive experiences in management, international business, the practice of medicine or other specific areas of expertise. The regulations also require the consideration of the diversity of independent directors, including, to the extent possible, their backgrounds, expertise, gender and others as appropriate. With regard to independent directors who serve as Audit/Supervisory Committee members, the regulations stipulate that independent directors should ideally be selected from persons who play leading roles in the fields of law or accounting with at least one candidate coming from each such field.

[2] Procedure

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

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

Independent directors shall be subject to the requirements of the Director Independence Standards. The Corporate Governance Committee shall discuss and propose the Director Independence Standards for review and approval by resolution of the Board of Directors.

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

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

(9) Executive Compensation

[1] Policy and framework

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

To achieve the objective described in paragraph (a) above, an appropriate balance between fixed compensation and performance-linked compensation (bonus) shall be set.

In order to achieve the objective described in paragraph (b) above, the compensation-type stock options have been established.

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

[2] Target proportions

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

The Corporate Governance Committee shall review the standard amount of compensation and related target percentages of each compensation component in light of relevant information obtained from outside research organizations that review data from comparable companies. This process is intended to secure transparency and objectivity in the establishment of compensation for executive directors.

[3] Decision procedure

- Fixed compensation: Within the compensation limit approved at the General Meeting of Shareholders, compensation for directors, excluding the Audit/Supervisory Committee members, shall be decided by resolution of the Board of Directors, and compensation for Audit/Supervisory Committee members shall be decided by deliberation among Audit/Supervisory Committee members.
- Bonuses: Within the aforementioned compensation limit, bonuses shall be determined by resolution of the Board of Directors in light of relevant factors, including company-wide performance as indicated by sales, operating profit and operating margin, and an evaluation of the performance of each director's business operation.
- Stock options: Within the aforementioned compensation limit, the compensation-type stock options shall be awarded by resolution of the Board of Directors.

(10) Training Policy

Terumo Corporation shall provide each director with opportunities to obtain relevant training such that each may fully assume their duties and acquire the knowledge required for fulfilling their roles, legal obligations and duties as a director.

• Internal directors

At the time of election, briefings by the head of the legal division shall be arranged to provide each director with the requisite knowledge of his or her obligations as a director. Opportunities for external training may also be recommended and provided if appropriate to assist the director with acquiring the requisite knowledge. After the election, relevant books and opportunities for participation in external training sessions shall be arranged as necessary to afford each director the opportunity to update his or her knowledge necessary for his or her service as a director.

• Independent directors

Briefings shall be arranged to afford each independent director the opportunity to obtain the information about Terumo's business, organization and operations necessary to fulfill his or her duties as a director. External training sessions and other information shall be made available if additional knowledge is required or updating is necessary.

(11) Board Evaluation

For the purpose of further improving effectiveness of the board, the Board of Directors shall conduct the self-evaluation of board effectiveness every year by survey sheets and other means with the involvement of outside experts and disclose a summary of the results.

### 3. Securing Shareholders' Rights and Equality

(1) Securing Shareholders' Rights

In the light of the importance of the shareholders' rights, Terumo shall not take any action intended to jeopardize the exercise of shareholders' rights.

- Terumo will strive to ensure that shareholders are allowed to exercise their minority rights under the Companies Act in an efficient manner. This shall include their: (a) rights to review the shareholder register and the minutes of the Board of Directors meetings; (b) rights to propose at the General Meeting of Shareholders; and (c) rights to demand an injunction or file a derivative action against directors' illegal conduct. Terumo shall include the procedures for exercising such rights in its Stock Holding Rules.
- The Board of Directors shall review the agenda of the General Meeting of Shareholders after the conclusion of such meeting. When a considerable number of votes were cast against an agenda item, even if it was finally approved, the Board of Directors shall analyze the reasons for the opposition and why so many opposing votes were cast. The Board shall discuss how to react, including how Terumo may engage in a dialogue with the shareholders. If a dialogue with shareholders occurs, the details of the dialogue shall be reported to the Board of Directors.
- The Board of Directors may make a decision about a capital policy, which may cause a change of control or significant dilution of the value of shares owned by the current shareholders, only after careful analysis of its necessity and rationale. The Board's analysis shall be based on the understanding that such policy could harm to the interests of the current shareholders. The Board shall promptly disclose any such decision it makes and explain clearly to the shareholders and investors. The disclosure shall include an appropriate explanation of the action and the reasons for it. The Board shall consider the matter from the viewpoint of the Company's stakeholders and, to the extent possible, place the highest weight on the opinions and views of the independent directors.

(2) General Meeting of Shareholders

Terumo recognizes that the General Meeting of Shareholders is the Company's highest decision-making forum and affords an opportunity to have a constructive dialogue with its shareholders. Accordingly, Terumo shall provide its shareholders with an adequate environment, from the viewpoint of the shareholders, to facilitate the exercise of their rights at the General Meeting of Shareholders.

- The date of the General Meeting of Shareholders should be established on a day that is not a peak day and morning hours should be avoided so that as many shareholders as possible may attend the meeting.
- A notice of meeting shall be disseminated approximately three (3) weeks prior to the date of a General Meeting of Shareholders. Contents of a notice of meeting shall be published on the TD net and the Company's website after the Board of Directors has established the date of the Meeting and before the notice of meeting is disseminated. Any other information which may be reasonably necessary to assist the shareholders in the exercise of their voting and other rights at the Meeting shall be properly provided.
- Terumo shall strive to provide an environment that facilitates the exercise of voting rights, which environment shall include an electronic voting platform for the electronic exercise of the voting rights. In addition, Terumo shall provide an English language translation of the notice of meeting to ensure equality of access to information about the meeting among Japanese shareholders and international shareholders alike.

(3) Basic Strategy for Capital Policy

Terumo strives to enhance corporate value by pursuing investment opportunities aimed at delivering return in excess of capital cost.

Terumo seeks to raise its ROE and increase its EPS by improving its asset efficiency through the enhancement of business operations and by optimizing its capital structure, while paying due attention to financial soundness of Terumo's balance sheet. Terumo strives for stable and sustainable improvement of returns for its shareholders.

(4) Holding of Shares in Other Companies for Strategic Purposes

- Terumo may hold shares of other companies with a view to creating business opportunities and/or enhancing corporate value.
- The Board of Directors shall verify the economic, strategic and other rationale for each such holding using a medium- to long-term perspective. The Board of Directors shall review the status of each material holding on an annual basis.
- Terumo shall exercise its voting rights taking into consideration the impact of its voting on the corporate value of each of Terumo and the company in which Terumo has invested.

(5) Related Party Transactions

In order not to damage the interests of Terumo and its common shareholders, nor to raise such concern in the transaction between Terumo and its directors or their third parties, Terumo shall establish a framework as follows.

- Transactions with a risk of conflict of interest  
Any transaction between Terumo and one or more of its directors that may involve an actual or potential conflict of interest shall be reviewed and approved by the Board of Directors in accordance with the Companies Act, the Board shall adopt such a Board regulation. In addition, Terumo reviews on an annual basis if there exist any transaction between Terumo and one or more of its director or a party related to one or more directors (including an affiliate company of the director or the director's related party).
- Transactions with third parties  
The Board of Directors established the "Code of Conduct for the Terumo Group", which all Terumo Group associates are required to follow, The Code demands fairness and transparency in all transactions between Terumo and third parties, including customers, suppliers and shareholders. Violations of these principles should be addressed by company management through the relevant lines of reporting. Terumo's whistleblower system shall be available for violations that cannot be addressed through the relevant lines of reporting.

#### 4. Collaboration with Stakeholders other than Shareholders

(1) Code of Conduct

Terumo has established and implemented the "Code of Conduct for the Terumo Group" by resolution of its Board of Directors. The Code of Conduct includes fundamental principles that articulate Terumo's corporate values, including appropriate collaboration with stakeholders, respect for their values and sound business ethics.

The Code of Conduct is strictly followed by Terumo associates. In order to embed the Code of Conduct within the Terumo Group, digital signboards shall be installed within the office premises with information about the Code. Additionally, the Legal and Compliance Department shall follow up at least once per year to make sure that all associates within the Terumo Group throughout the world read the Code and promise to respect it.

The Board of Directors shall require that the Code of Conduct be reviewed and revised as necessary to ensure that it remains up

to date and applicable to the then current environment. Any revisions shall be reviewed and approved by resolution of the Board of Directors.

(2) Sustainability

Terumo strives to develop and deliver high-quality, market leading products and services using cutting edge development plans that are informed by the corporate vision: "Innovating at the Speed of Life". Terumo believes that delivery of high quality medical devices and services that satisfy this concept will lead to the advancement of healthcare and the enhancement of patients' quality of life. In these ways, Terumo will be able to contribute to the sustainability of society. Terumo also believes that delivery of such products and services will make Terumo more competitive and allow it to expand its revenue and profit, thereby contributing to Terumo's sustainable growth.

To contribute to building a sustainable society, a society on which Terumo's continuous growth relies, Terumo will actively address challenges such as the protection of human rights, the protection of human safety and welfare, the reduction of environmental impacts, the conservation of biodiversities and the eradication of corruption. In doing so Terumo will act as a good corporate citizen and follow the appropriate international framework, including the United Nations Global Compact, ISO14001 and ISO45001 so that Terumo may live up to the trust and the expectations of regional societies and other stakeholders, and continue its business operations.

Compliance is essential to the sustainability of Terumo's business. The Legal and Compliance Department shall manage the Terumo Group's compliance system as a part of Terumo's overall internal control system. The Risk Management Committee shall direct Terumo's efforts to evaluate the potential risks regarding the sustainability of the Company's business and the Board of Directors shall develop and operate a risk management system to address such risks.

(3) Securing Diversity as a Part of the Corporate Culture

At the Terumo Group, we strive to promote respect for each individual and each different culture. Associates are not allowed to discriminate on the basis of race, nationality, gender, religion, or disability, and violations of human rights of any kind are not permitted. Terumo believes that the diversity of its associates is a powerful engine that will drive its current and future growth. By striving to accept a wide range of differing values and promoting mutual recognition of diversity, Terumo aims to be a place where differing ideas and knowledge can intermingle and thereby generate new value. Having established its Diversity Promotion Department, Terumo works to develop its corporate environment, corporate culture and awareness where diverse associates are able to demonstrate their full potential. Under the leadership of top management, Terumo actively promotes the appointment of female and international associates, including at the management level.

(4) Whistle-blowing System (Compliance Hotline)

Terumo established a program designed to encourage its associates to raise issues and report concerns about potential violations of laws, regulations and the "Code of Conduct for the Terumo Group". The program features a compliance hotline and other methods of communication and dialogue designed for the early detection and appropriate resolution of the issues raised. Terumo Group associates and external legal professionals with appropriate expertise shall be appointed to monitor and coordinate activities intended to address any items disclosed by a whistle-blower. Terumo shall take appropriate measures to ensure the anonymity of whistle-blowers and shall follow a no-retaliation policy with respect to whistle-blowers. Reports of whistle-blowing activities shall be reported to the Internal Control Committee, the Board of Directors and the Audit/Supervisory Committee on a regular basis or as needed. Issues raised through whistle-blowers that could have broad applicability within the Terumo Group shall be shared with other relevant locations, departments and/or business units, as the case may be. Terumo will strive to implement appropriate measures to prevent the recurrence of the violations and to enhance the awareness of compliance matters within the Terumo Group. Terumo endeavors to expand the whistle-blowing system and its operation because it considers such system to be an important tool for reducing violations of law and policy, thereby contributing to Terumo's sustainable growth.

## 5. Appropriate Disclosure

(1) Disclosure Policy

Terumo is committed to disclosing information to its stockholders, investors, customers and others in accordance with the requirements set out in the Financial Instruments and Exchange Law and the Timely Disclosure Rules of the Tokyo Stock Exchange based on the principles of transparency, fairness and consistency. Terumo also endeavors to disclose, in a timely and proactively manner, any appropriate information that may help foster a better understanding of the Company.

(2) Dialogue Policy

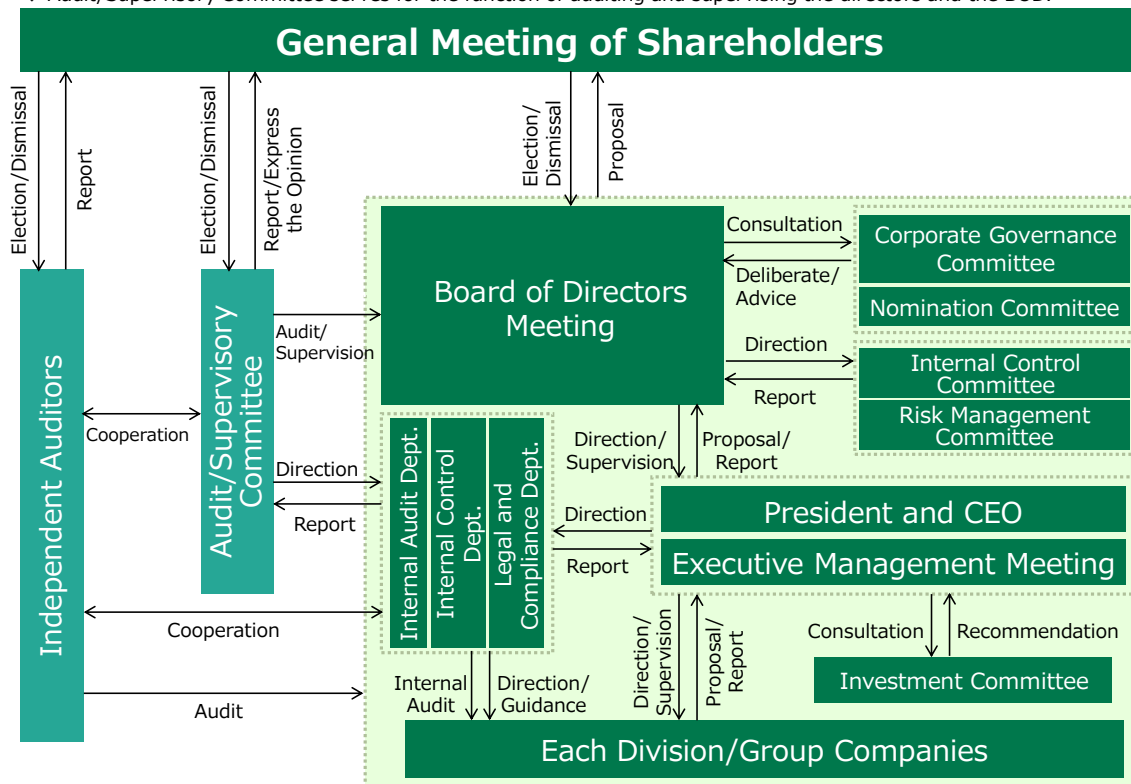
Terumo will strive to engage in constructive dialogue with its shareholders and investors. Terumo will further enhance its transparency and work to develop and maintain the trust of its stakeholders through information disclosure and dialogue. Terumo's policy on disclosure and dialogue with shareholders and investors is included in the "IR Policy" found on the Company's website.

End

[Appendix 1]

<Corporate Governance Structure>

- ◆ Audit/Supervisory Committee members are directors, and have voting rights in the BOD meeting. The majority of Audit/Supervisory Committee is constituted by independent directors.
- ◆ Audit/Supervisory Committee serves for the function of auditing and supervising the directors and the BOD.



## Director Independence Standards

If any of the following criteria apply, a person shall not qualify as an “independent director” (referred to as an external director with no risk of conflicting interests with general shareholders) of Terumo Corporation and shall be excluded from the candidates for election as such.

(1) Terumo Group officials

- [1] Executive directors, executive officers, Audit/Supervisory Committee members, and other employees (collectively referred to as the "executive directors, etc." hereinafter) of the Company or any of its direct or indirect subsidiaries (collectively referred to as the "Group" hereinafter).
- [2] Persons who were executive directors, etc. in the Terumo Group at any point in the past ten (10) years.

(2) Shareholders

- [1] Holders of large numbers of shares of Terumo stock (owning ten percent (10%) or more of voting rights; the same shall apply hereinafter.)
- [2] When the shareholder referenced in [1] above is a corporate or institutional shareholder, the executive directors, etc. of said company, its parent company and key subsidiaries (collectively referred to as the "company, etc." hereinafter)
- [3] Executive directors, etc. of the companies or other legal entities in which Terumo Corporation or one of its subsidiaries is currently a major shareholder.

(3) Business partners

Executive directors, etc. of the companies, etc. to which any of the following criteria apply:

- [1] A major client of the Terumo Group (where two percent (2%) or more of annual consolidated sales of the Terumo Group are attributable to the client).
- [2] The Terumo Group is the major client (where the Terumo Group paid two percent (2%) or more of the annual consolidated sales).
- [3] Organizations (for example, foundations, public interest associations, non-profit corporations, etc.) that received donations or subsidies from the Terumo Group exceed a certain amount (average of JPY 10M per year in the past three (3) business years or thirty percent (30%) of total annual expenses of said organization, whichever is larger in amount).

(4) Parties related to personnel exchange

Executive directors, etc. of the companies, etc. which have accepted directors (regardless of full-time or part-time) from the Terumo Group.



## [Appendix 2]

### (5) Major lenders

Executive directors, etc. of the companies, etc. that are financial institutions that are lenders to the Terumo Group if the balance of debts exceeds five percent (5%) of the Terumo Group's consolidated total assets

### (6) Outside experts, etc.

A person to whom any of the following apply:

- [1] Presently the accounting auditor, certified public accountant who is an accounting advisor, or partners or employees of the auditing firms for the Terumo Group
- [2] The Terumo Group's accounting auditor, certified public accountant who was an accounting advisor, or partners or employees of the auditing firms and were engaged in auditing the Terumo Group on site
- [3] Lawyers, certified public accountants, tax accountants or other consultants that are not otherwise covered under either [1] or [2] above and have received from the Terumo Group on average of JPY 10 million or more in cash or other property benefits per year over the past three (3) years in addition to the executive compensation
- [4] Law firms, audit firms, tax accountant corporations, consulting firms or other professional advisory firms that are not otherwise covered under either [1] or [2] above, and partners, associates or employees of the firms for which the Terumo Group is their major client (i.e., where the average of two percent (2%) or more of the consolidated total sales in the past three (3) years are attributable to the Terumo Group)

### (7) Relatives

Relatives (referred to as a spouse, relatives within second degree or relatives living together) who apply to one of the criteria set forth in [1] - [6] above.

### (8) Past implications

A person covered under [2] above at any time during the past five (5) years or covered under any of [3] - [6] above in the past three (3) years

### (9) Others

Any other person not otherwise covered under any of [1] - [8] above, who due to other circumstances, may have an actual conflict of interest.

## TERUMO IR Policy

### 1. Basic Policy

To earn trust widely, Terumo is committed to disclosing information to shareholders, investors and other stakeholders on the basis of transparency, fairness and continuity. Terumo will strive to disclose information in compliance with the Financial Instruments and Exchange Act and the Timely Disclosure Rules adopted by the Tokyo Stock Exchange, and to make timely and proactive efforts to disclose such information as Terumo considers useful for understanding the Company. Terumo will strive to engage in constructive dialogue with shareholders and investors. Through information disclosure and dialogues with its shareholders and investors, Terumo will further enhance its transparency as a company and strive to maintain the trust of its stakeholders.

### 2. Information Disclosure Method

Terumo will use the Timely Disclosure Network System (TD net) of the Tokyo Stock Exchange, press releases, and postings on its Company's website to disclose information in a manner designed to reach a wide range of stakeholders in a timely and appropriate manner.

### 3. Forward-Looking Statements

Among the information that Terumo discloses, forecasts of financial performance and future projections contain potential risks and uncertainty because they are forecasts based on projections made by Terumo using the limited information available at the time of disclosure. Accordingly, it should be noted that actual results may differ from such forecasts and projections due to a variety of factors. Factors affecting actual results may include, but are not limited to, changes in economic conditions surrounding Terumo, fluctuations of foreign exchange rates, and the state of competition.

### 4. Policy for Dialogue with Shareholders and Investors

- [1] Appointing a member of management or a director who is responsible for supervising the overall dialogue with shareholders

By way of a resolution of the Board of Directors, Terumo shall appoint an officer who will be responsible for supervising and facilitating the overall dialogue with the shareholders in order to maintain the consistency and uniformity of the information disclosed.

- [2] Measures to ensure positive cooperation between internal departments with the aim of supporting the dialogue

Terumo shall strive to develop and enhance its in-house systems for providing prompt, accurate and fair disclosure of information. In particular, the Disclosure Subcommittee, acting under the supervision of the Internal Control Committee, will endeavor to provide consistent and uniform disclosure of any corporate information with potentially significant impact on management. Such disclosure shall be made in strict compliance with all relevant laws and regulations. The Disclosure Subcommittee shall evaluate and consider matters of disclosure. The Disclosure Subcommittee shall be comprised of the department heads of the Corporate Communication

## [Appendix 3]

Department, the Strategic Planning Department, the Secretarial Office, Internal Control Department and the Legal and Compliance Department. In addition, regular meetings will be held with business and disclosing divisions to enhance the contents and improve the accuracy of information disclosed.

### [3] Enhancement of measures to promote opportunities for dialogue aside from individual meetings

In order to deepen the understanding of Terumo, business strategy briefings and plant tours may be organized for institutional investors and facility tours are organized for shareholders. Terumo will also participate in conferences for institutional investors held in Japan and other parts of the world as well as briefings for individual investors organized by securities companies to enhance dialogue. In addition, Terumo will make other materials, including its financial results briefings, available on its website in order to provide such information in a timely and appropriate manner to as many shareholders and investors as possible.

### [4] Measures for appropriate and effective feedback

Evaluation and opinions acquired through meetings with shareholders, investors and analysts are compiled periodically and shared with the management team. In addition, the President or officer supervising the dialogue with the shareholders shall report to the Board of Directors on their visits to overseas institutional investors to ensure that they have the opportunity to gain an understanding of how the Company is evaluated in the capital markets.

### [5] Measures to control insider information when engaging in dialogue

As a general rule, the President, officer supervising the dialogue, the department head and staff of the disclosing division will conduct Terumo's dialogues with its investors. In case of a dialogue led by officers other than those listed in the preceding sentence, either the officer supervising the dialogue, the department head or staff of the disclosing division will attend such meeting. By securing multiple participants in the dialogue, the Company will work to prevent unauthorized or inappropriate disclosure of its information.

Terumo establishes a silent period to prevent the leakage of any material information about the Company's actual financial performance and to ensure fairness. In principle, the silent period shall begin four (4) weeks prior to the date of the expected announcement of the Company's actual financial performance and conclude on the date when both the final announcement of financial statements of a fiscal year and the quarterly announcements take place. During this period, Terumo refrains from commenting on its financial performance or answering questions in relation to such performance.