

Sustainability

Approach to Sustainability

Under the Group mission of "Contributing to Society through Healthcare," and on the basis of the Core Values that Terumo associates throughout the world are expected to share, the Terumo Group strives to provide a stable supply of high-quality medical equipment and services to patients and medical settings all over the world.

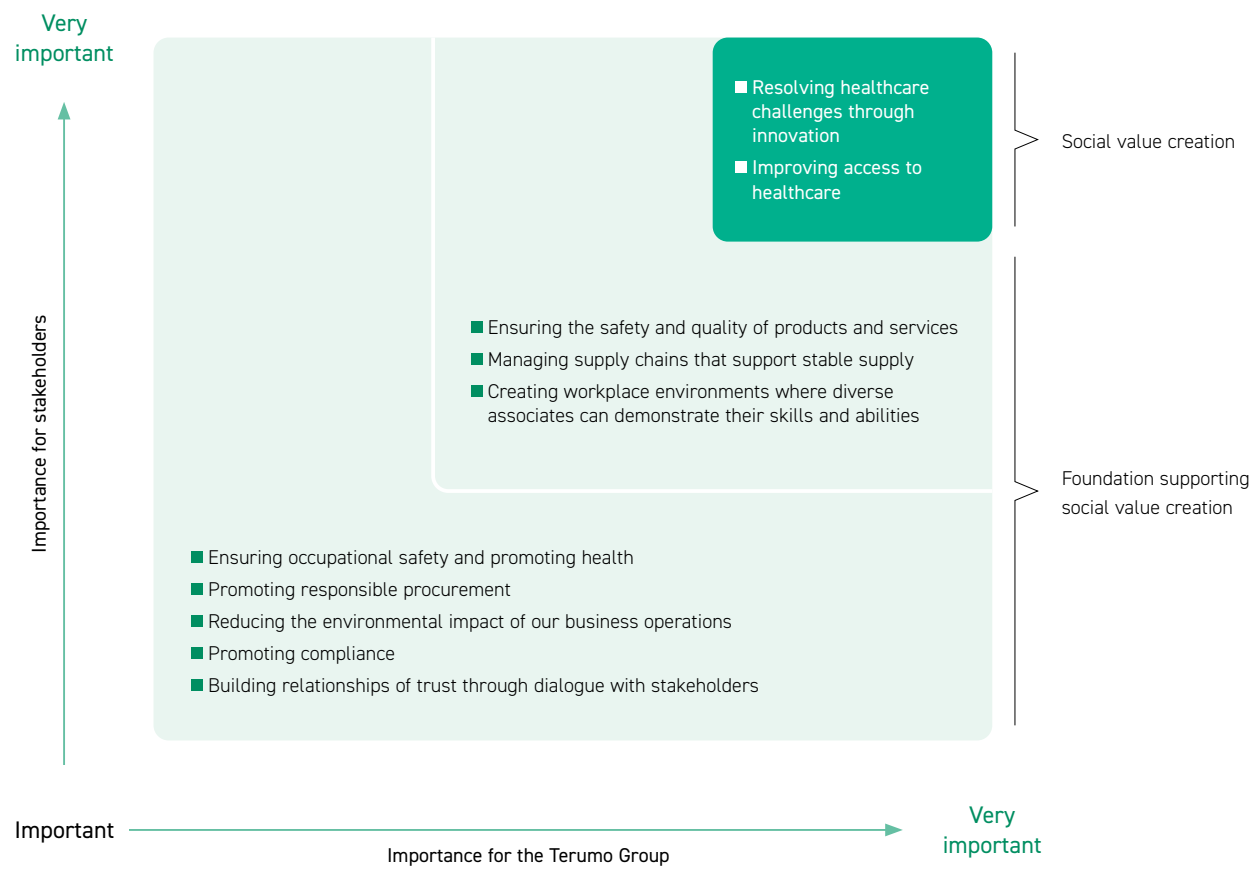
Turning to the environment surrounding companies, it is changing drastically, and issues related to healthcare, society, and the global environment are becoming more diverse and complex every day.

The Terumo Group determines sustainability priorities to resolve these issues, and works to realize a sustainable society and achieve the Group's own sustainable growth, while listening carefully to the voices of various stakeholders.

* Details of Terumo's Core Values can be found at the beginning of this report.

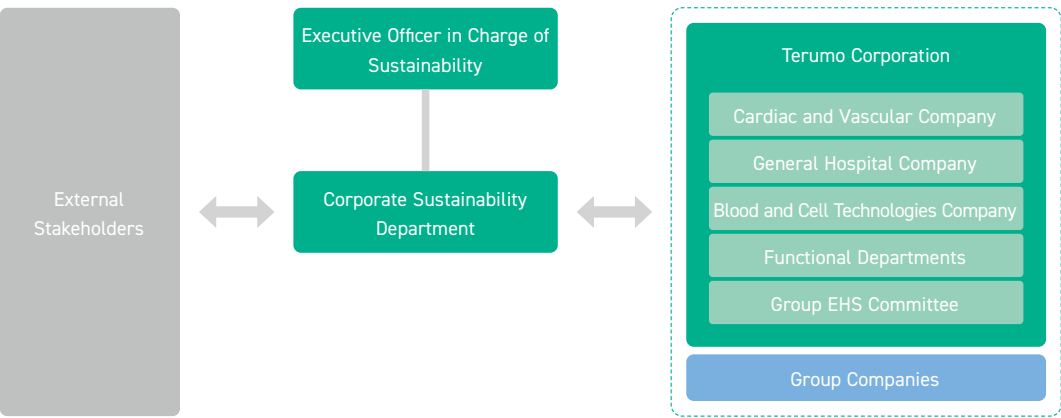
Sustainability Priorities

The Terumo Group is working to resolve social issues, including issues in healthcare, and balance the realization of a sustainable society with the sustainable growth of the Terumo Group.



Sustainability Management

The Corporate Sustainability Department coordinates and promotes initiatives related to corporate sustainability throughout the Group. Working together with related departments, committees, and Group companies, the Corporate Sustainability Department sets action policies and priorities related to sustainability, finds ways to disseminate them throughout the Group, and promotes specific initiatives. It also interacts with internal and external stakeholders, sharing information and engaging in discussions, in order to understand the expectations of society for the Terumo Group and reflect them in its initiatives.




Participation in the United Nations Global Compact

In 2012, Terumo became a signatory to 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. Under the Group mission of "Contributing to Society through Healthcare," the Terumo Group is striving to practice these principles throughout the course of its business operations.

Human Rights Initiatives

On Human Rights Day on December 10, 2019, we established the Terumo Group Human Rights Policy. This policy was designed as a clear declaration to society of the Terumo Group's position and responsibilities toward ensuring respect for human rights and as a guide for actions for living up to the expectations of society with this regard. The policy supports and respects the United Nations Guiding Principles on Business and Human Rights. As a company that provides products and services relating to the lives and health of people, the policy identifies the importance of human rights, prioritizing specific themes such as creating safe and worker-friendly environments, complying with fair labor practices, and ensuring the quality and safety of products and services. We also request that our business partners practice respect for human rights based on the Terumo Group Procurement Policy and the Supplier Guidelines. Through this dedication to human rights, the Terumo Group aims to earn widespread trust from society and contribute to the realization of a sustainable society.



For more information on Terumo's sustainability initiatives, please refer to the website below:

WEB <https://www.terumo.com/sustainability/reports/>

Human Resource Strategy

Basic Approach

The Terumo Group refers to all of its employees as “associates” to reflect the fact that they are viewed as valued colleagues. The growth of Terumo comes through the diverse associate around the globe who have joined Terumo to work, learn and grow vigorously in a way that suits each of them. Terumo is also contributing to its own growth. With the rapid pace of change in the environment in which we operate our business and in which our associates work, it is becoming ever more vitally important to synchronize our human resources strategies with our management strategies. By implementing our global human resources strategies and supporting our associates to perform at their best, we are driving the development of global management of the Company.

We will realize the enhancement of corporate value by strengthening associates' identification with our Group mission of “Contributing to Society through Healthcare,” and fostering a shared sense of Terumo’s purpose.

Human Resources Development

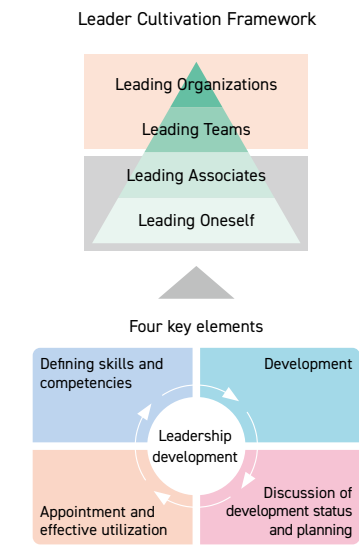
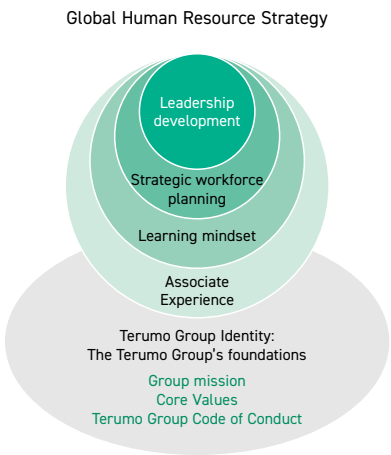
We recognize that the development of human resources is imperative to the implementation of Terumo Group growth strategies. With this in mind, we are implementing human resources strategies oriented toward supporting the Group's management and businesses. Specifically we are focusing on leveraging and developing diverse leaders who will support our global business and strategic workforce planning to build new capabilities for the organization as a whole with an eye on future management strategies, along with the activities and development of diverse leaders who will support our global business. In addition, we are building an environment in which associates are able to fully exercise their ability. To this end, we encourage each associate to adopt a “learning mindset” to continue to learn new things on an ongoing basis and we assist their continued growth. We are also focusing on promoting effective collaboration beyond the boundaries of specific businesses, functions, and regions to realize a better Associate Experience.

Global Leader Development

We have clearly presented a global common framework for sustainable pipeline of leadership development at each management level and designed initiatives based on four consistent elements. In fiscal 2019, we defined the leadership skills and competencies that will be required in order to meet the Terumo Group’s future business challenges, and we launched the Global Leadership Development Program for executives to develop global management talent that possesses these skills and competencies. In this 18-month program, associates selected globally who are potential candidates for managerial positions in the future take on the challenges to generate new value for Terumo through collaborations with one another.

In addition, starting from fiscal 2021, information about the Terumo Group's key talent is shared among senior management and presidents of Terumo entities for discussions on development, deployment of those talents across the Group to expand the pipeline of global leaders and strengthen the organization. In addition we are undertaking systematic continuous succession planning of potential successors of our business unit entities CEO positions incorporating external objective assessment based on a common global framework so that the CEOs are able to lead sustainable business growth. We implement objective assessment that incorporates external perspectives, and which is based on a common global framework.

Trainings are conducted twice a year for senior management and the CEOs of overseas business subsidiaries so that the executives gain knowledge required for good management decisions with the heightened sensitivity to risk management and internal control. Through this training, executives gain knowledge needed to make good management decisions and heighten their sensitivity to risk.



Diversity and Inclusion

As a global company, it is essential to build a corporate culture that respects and is inclusive of diverse backgrounds and values of associates including those such as race, nationality, gender, religion and disability as a foundation of Terumo Group's human resources strategy. To achieve this, senior executives send messages to associates highlighting the importance and significance of diversity management.

One area where we have put diversity management into practice is reinforcing our activities to promote the advancement of women associates. In support of International Women's Day globally, we hold company events, such as lectures and talks by women leaders at Terumo sites around the world, and continue to promote diversity and inclusion aligned with local circumstances.

Working together to create an environment where diverse associates worldwide are able to contribute to Terumo by demonstrating their full potential is the key to our future competitiveness and sustainable growth.

Global Survey for Associate Experience

In order for associates to be able to fully exercise their capabilities, it is important that their experience of working at Terumo is enriched as much as possible, and for them to be able to feel a sense of purpose, and engaged. Terumo calls this the “Associate Experience.”

In fiscal 2020, Terumo implemented its first Group-wide global survey of the Associate Experience. The survey results showed that, positive answers to the question on whether the work is meaningful accounted for the largest share, responses varied by entities or department on other question categories which highlighted opportunities for improvement at each organization. On the basis of these results, going forward we will identify key areas to focus on going forward by each organization which will enable us to take meaningful actions. We are working to promote generating synergies on these efforts by coordinating the various initiatives being implemented, so as to enhance Associate Experience throughout the Terumo Group as a whole.

Question Categories

- Significance of work
- Supportive management
- Comfortable work environment
- Growth opportunities
- Trust in management



Kyo Nishikawa
Director and Managing Executive Officer
Chief Human Resources Officer (CHRO)
[Supervising Executive Officer for] Human Resources Dept., IT Planning Dept., India and Asia Pacific Region
[Executive Officer in charge of] Global Human Resources Dept., Human Resources Development Dept., Diversity Promotion Dept.

Message from the CHRO

The COVID-19 pandemic has been a challenge for us, but at the same time, it has made us realize the value of health, our responsibility to maintain the supply of products, and the importance of measures to prevent infection. The pandemic has brought about major changes in the way we work, but it has also provided an opportunity to reaffirm our reason for existing as a company that continues to make contributions in medical field. It has also confirmed for me that the direction we have been taking since before COVID-19 to achieve this, namely the globalization of our organization and associates as well as enhancing our ability to flexibly cope with change and developing each associates expertise, has been the right one.

During the pandemic, associates around the world have embodied a learning mindset as they explored ways to work with greater flexibility, including working remotely. With a learning mindset, instead of giving up and becoming discouraged when faced with a difficult situation, you can continue to think of ways to overcome the difficulty and see challenges as opportunities for growth.

In the era of VUCA, changes in the healthcare environment and market are growing and accelerating, and the recent pandemic has increased this velocity even more. As we look ahead to our next 100 years, both our associates and our Group will be able to achieve growth as each associate keeps enhance their expertise and human resources with advanced specializations and work together across countries and regions to respond flexibly to change. By continuing to deploy our unique organizational and human resource strategy, and through the abilities of our associates, we will realize sustainable growth.

Environment

Basic Approach

Ensuring occupational safety, promoting the health of employees, and reducing the environmental impact of business activities are important social responsibilities for companies and are crucial to sustainable growth.

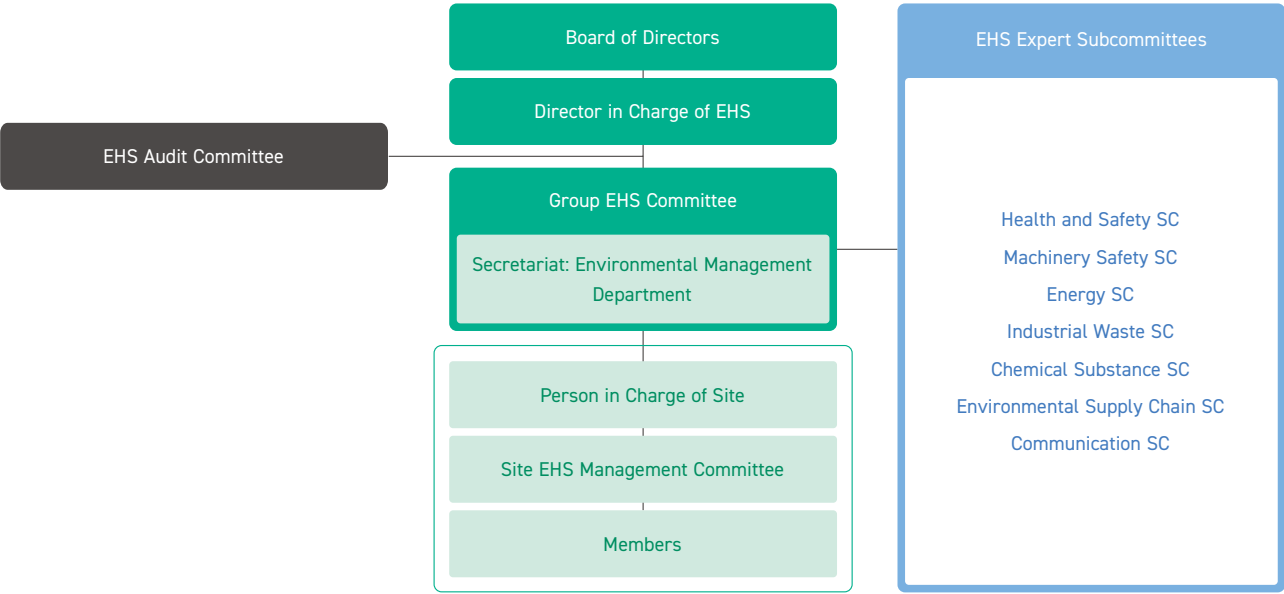
Acting in accordance with the Terumo Group Environment, Health and Safety (EHS) Policy, the Terumo Group advances initiatives for ensuring occupational safety and promoting the health of its employees throughout all of its business activities, strives to develop safe and comfortable work environments, and works to reduce the impact of its business activities on the environment.

Management System

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

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

Organization for Companywide Promotion of EHS Management System



Initiatives to Address Climate Change

Various international frameworks have been established in regard to climate change, such as the Paris Agreement and the United Nations Sustainable Development Goals, which were both adopted in 2015. Against this backdrop, companies are expected to set and work toward accomplishing greenhouse gas (GHG) emissions reduction targets based on scientific evidence. Terumo recognizes that reducing the GHG emissions from its business activities, through means such as improving energy efficiency and implementing climate change countermeasures, is an important management task. Accordingly, we are addressing this task through a concerted Group effort. In 2020, Terumo set new medium- to long-term GHG emissions reduction targets for fiscal 2030 and fiscal 2050. These targets comply with the levels requested by the Paris Agreement. In addition, the target for fiscal 2030 was approved and is considered science-based by the international organization known as Science Based Targets initiative (SBTi).

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

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

Scope 1 and Scope 2:

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

Scope 3:

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

SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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

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

** Scope: Reporting is based on the following GHG Protocol categories.

Scope 1: Direct GHG emissions by the company (e.g., fuel combustion)

Scope 2: Electricity indirect GHG emissions (e.g., GHG emissions from electric companies)

Scope 3: Other indirect GHG emissions (e.g., production of purchased materials, transportation, and waste disposal)

Environment

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

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

Governance	<ul style="list-style-type: none">• The director in charge of EHS, who is a member of the Board of Directors of Terumo Corporation, has responsibility for oversight relating to environmental matters, including climate change.• The Group EHS Committee, which is chaired by the director in charge of EHS, is the Company's highest decision-making body in regard to matters relating to climate change. The Committee identifies climate change-related risks and opportunities, formulates and revises related policies, strategies, and targets, monitors the achievement status of targets, and reports to the Executive Management Meeting. The Group EHS Committee meets three times a year, and has established an Energy Subcommittee (Energy SC) under it as an EHS Expert Subcommittee. The Energy SC conducts progress management in regard to energy-related targets, and submits periodic reports to the Group EHS Committee.• A project aimed at making the Company carbon-neutral has been launched under the director in charge of EHS. The project team collaborates cross-functionally with the Production Department as well as other functional departments at the head office, including the Treasury Department, to formulate and revise policies, strategies, and targets aimed at reducing GHG emissions, monitor the achievement status of targets, and report to the Board of Directors.
Strategy	<ul style="list-style-type: none">• Under the Group mission of "Contributing to Society through Healthcare," the Terumo Group recognizes that ensuring an uninterrupted supply of medical devices and pharmaceuticals to safeguard people's lives and health is its most important task. We also believe that, by providing new treatments, we can help to make healthcare provision more efficient and facilitate the reduction of GHG emissions deriving from medical settings.• Regarding climate change scenarios, we are focusing on two scenarios: the scenario that assumes the highest level of material risk, with average global temperatures rising by 4.0 degrees compared to the situation prior to the Industrial Revolution (RCP8.5), and the scenario that assumes the highest level of transitional risk, with the rise in average global temperature kept down to within 1.5 degrees (RCP1.9). For these two scenarios, we have collated the potential opportunities, and the potential risks that might affect our business, as shown in the table below.
Risk Management	<ul style="list-style-type: none">• The Group EHS Committee identifies climate change-related risks and opportunities, evaluates the potential impact on the Company's business operations, directs related departments to implement management in a way that will reduce risk and maximize opportunities, and manages progress status.• The process used to identify serious risks as part of the Terumo Group's risk management incorporates climate change-related risks noted by the Group EHS Committee. The climate-related risks are evaluated by the Risk Management Committee and monitored based on the risk management plan.
Indicators and Targets	<ul style="list-style-type: none">• Terumo has set GHG emissions reduction targets that conform to the levels required by the Paris Agreement on climate change. We are aiming to reduce Scope 1 and 2 GHG emissions by 30% by fiscal 2030 (compared to fiscal 2018), and reduce Scope 3 GHG emissions per unit of revenue by 60% by fiscal 2030 (compared to fiscal 2018). These targets have been certified as being science-based by the international Science Based Targets initiative.• In addition, with the aim of realizing our goal of making the Company carbon neutral, we are considering re-setting our GHG emissions reduction targets.

Risks Affecting Our Business Activities

Risks	Risk Content
Physical risks	Damage to buildings, facilities, or inventory in the event of a natural disaster occurring, and lost opportunities resulting from the disruption of supply of products due to temporary cessation of operations
	Increased energy costs and reduced labor productivity due to steady temperature rise or water shortages, and lost opportunities due to temporary disruption of operations
	Sudden, rapid increase in demand for specific products due to the impact of natural disasters on the healthcare system (which constitutes important social infrastructure), and negative impact on revenue resulting from an extended deterioration or stagnation in the functioning of the healthcare system
Transition risks	Increased energy costs and raw material costs in the event of the introduction or raising of carbon tax
	Replacement of equipment and accompanying increase in capital expenditure costs, resulting from the tightening up of environmental regulations such as those governing CO ₂ emissions
	Increased costs in the event of an increase in demand for GHG emissions reduction or demand for the supply of environmentally friendly products from customers or business partners, and loss of opportunities in the event that it is difficult to respond effectively to such demands

Opportunities Relating to Our Business Activities

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

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

4.0-Degree Scenario

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

1.5-Degree Scenario

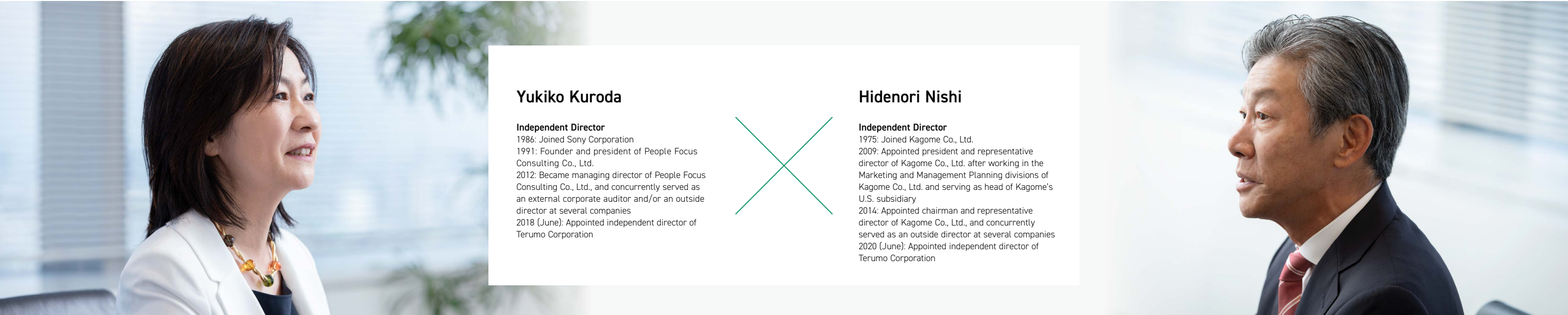
- Damage to buildings, facilities, or inventory in the event of a natural disaster occurring, and lost opportunities resulting from the disruption of supply of products due to temporary cessation of operations
- Increased energy costs and raw material costs in the event of the introduction or raising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

Regarding the response to risks relating to business continuity such as natural disasters, etc., the Group Business Continuity Management (BCM) Policy clearly stipulates the Terumo Group's shared basic approach to business continuity and the related systems and response measures. (Please see the Risk Management page for more information.)

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

Corporate Governance

Dialogue between Independent Directors



Yukiko Kuroda

Independent Director

1986: Joined Sony Corporation
1991: Founder and president of People Focus Consulting Co., Ltd.
2012: Became managing director of People Focus Consulting Co., Ltd., and concurrently served as an external corporate auditor and/or an outside director at several companies
2018 (June): Appointed independent director of Terumo Corporation

Hidenori Nishi

Independent Director

1975: Joined Kagome Co., Ltd.
2009: Appointed president and representative director of Kagome Co., Ltd. after working in the Marketing and Management Planning divisions of Kagome Co., Ltd. and serving as head of Kagome's U.S. subsidiary
2014: Appointed chairman and representative director of Kagome Co., Ltd., and concurrently served as an outside director at several companies
2020 (June): Appointed independent director of Terumo Corporation

Q

In fiscal 2020, Terumo was selected as a Winner Company in the Corporate Governance of the Year 2020 awards organized by the Japan Association of Corporate Directors. You also serve as an independent director at other companies, so how do you view Terumo's corporate governance?

Kuroda: Terumo Board of Directors meetings have an open atmosphere conducive to lively discussion. For example, the Board takes into account the views of the independent directors when deciding which issues are of strategic importance. The Remuneration Committee, the Nomination Committee and the Corporate Governance Committee that Mr. Nishi and I are members of discuss matters like corporate officer remuneration planning, succession planning, and ways of enhancing the Board's effectiveness, and in this respect I feel that the effectiveness of Terumo's governance is above average.

Nishi: While many Japanese companies simply focus on complying with external standards like Japan's Corporate Governance Code, Terumo is using corporate governance reform to enhance its overall capabilities and continuing self-directed efforts to innovate and make changes. The Board arranges for associates from departments relevant to the issues being examined to give presentations, so that is a chance for us to discuss the issues after having heard first-hand from the associates since independent directors normally have few opportunities to interact with associates other than directors. Another thing Terumo does very well is carefully allocating time for discussion, decision-making, and reporting, which ensures that adequate time is available for discussion.

Kuroda: At the same time, Terumo should adopt a more global perspective. Although the Board has plenty of members with a wealth of global experience, the fact that discussions tend to take place only inside the boardroom is a limitation and a risk. Some foreign companies hold one board meeting a year outside the home country, and some rotate between regions every time, organizing meetings either in Asia, Europe, or the Americas. Those board meetings are accompanied by special events, at which board members can talk with local employees, or visit factories or other facilities. While the COVID-19 pandemic

makes it difficult to organize this kind of event right now, once the pandemic is over, holding Board meetings overseas once a year or so, together with visits to overseas business sites, might be an effective way of cultivating a global outlook among Board members.

I myself had the opportunity to visit a Terumo business site in Europe on one occasion prior to the pandemic, where I saw and heard a great deal that I would not have been able to learn in Japan. I found the experience very educational. I believe that having more opportunities of this kind would be beneficial for both external and internal directors.

Nishi: In terms of developing a global perspective, Terumo has announced the mid- to long-term vision of becoming a global corporation with unique excellence. Going forward, the company should adopt a clear system and framework and rework its approach to human resources and take steady steps to achieve these goals. Put simply, if Terumo is simply trying to transition to being an American-style company, all that's necessary is to model itself on American businesses. In terms of the necessary framework, that's not so difficult to do. Instead, backed by a century-old history of providing a wide range of health care technologies and services in Japan, Terumo aims to make a name for itself as a global corporation while retaining the best features of Japanese enterprises. That's a meaningful objective but one that will be challenging to achieve.

With regard to human resources, while Terumo does need to cultivate and recruit people who can contribute toward its sales performance rather than focusing heavily on recruiting highly business-oriented, sales-focused resources as many foreign companies do, it's vital to ensure that Terumo associates around the world understand the positive aspects of Japan and the company's corporate culture, values, and ethical standards, and make this part of the company's organizational framework. I sincerely hope that Terumo will be successful in this challenging enterprise-building process.

Corporate Governance

Q

Terumo celebrated its 100th anniversary in September this year. Looking ahead to the next 100 years, what type of human resources will Terumo need in order to achieve continued growth in the future?

Kuroda: My impression is that Terumo already has diverse human resources, with many mid-career hires and foreign associates. In the future, the key issue will be developing a business model that goes beyond industry or business sector boundaries, so the company needs to attract even more diverse human resources. Ideally, Terumo should move beyond manufacturing, redefine its market to offer solutions more widely and recruit personnel who can offer truly innovative ideas. I hope that the Terumo Group will have abundant human resources capable of operating effectively in any country, to focus on the many people around the world currently unable to access healthcare services.

Today, Terumo is making a real effort to develop its global human resources strategy. The strategy's overall direction and the measures being implemented are appropriate for encouraging diversity, building global competitiveness, and strengthening innovation. Terumo will need to further accelerate these initiatives in the future, but it is certainly ahead of most Japanese companies in this respect. Terumo is an industry leader, though, so I hope it will build a new human resources system that puts it ahead of other companies and not merely seek to keep up with other firms.

Nishi: I agree. When it comes to cultivating global leaders, Chief Human Resources Officer Kyo Nishikawa and the Human Resources Department have been implementing some outstanding initiatives under the guidance of President and CEO Shinjiro Sato. Going forward, I hope that Terumo will create a system for more accelerated exchanges of global talent, sending people in a wide range of positions on short-term overseas assignments, so as to cultivate human resources with a strong ownership mindset grounded in Terumo's values.

Q

How do you rate Terumo's diversity efforts? Also, what do you see as issues that will need to be addressed in the future?

Nishi: Given that Terumo already has several overseas associates among its executive officers, diversity seems to be proceeding quite well. But the current composition of the Board very much reflects so-called Japanese-style diversity. If it hopes to develop a more global mindset, Terumo needs to do more to build an organizational framework appropriate for being a global corporation with unique excellence.

Kuroda: I agree that Terumo already has a diverse range of human resources, but there is still plenty of room for improvement. For example, there is no reason why the company shouldn't have more female managers and female officers. It would also be beneficial to have foreign executives working in head office administrative departments. Since over two-thirds of the company's sales derive from overseas markets, as Mr. Nishi mentioned, it would be a good thing for the Board to include foreign directors. There needs to be a conscious effort to speed up diversity and adopt numerical targets within the Terumo Group.



Q

How do you view your role within Terumo?

Kuroda: Besides being the only woman on Terumo's Board, I feel I can bring diversity to the Board in terms of my background and experience, since I never worked in a traditional Japanese company with lifetime employment. Based on my experience as a consultant for foreign-capital firms, I realize the need to apply a global perspective to human resources and organizational development, which are my areas of specialization. Also, businesses now face high expectations in terms of sustainability, ESG-driven management, and other aspects of corporate social responsibility. I have been doing research in this area, so I hope I can provide support for Terumo here as well, including in discussions of the company's next Mid- to Long-term Strategy currently being formulated.

Nishi: Based on my experience running global business operations and other management experience, I see it as my role to provide insights from a different perspective than Terumo's business fields. By putting forward views based on a different outlook, I'd like to provide support for widening the scope of Terumo's policies and strategies and for verifying and enhancing the precision of its strategies.



Q

In closing, what do you hope to see from Terumo in the future?

Kuroda: I hope that as a global corporation with unique excellence, Terumo can contribute to enhancing the health and well-being of people throughout the world, be an organization where associates from different countries work together enthusiastically and be an innovative enterprise providing solutions that go beyond manufacturing.

Nishi: I hope that Terumo will aspire to be a company that doesn't confine itself to healthcare and one that society trusts and appreciates. By aiming for this, Terumo can also enhance the associate experience, giving associates more satisfaction, a stronger sense of achievement from their work and a feeling of pride from working at Terumo.

Corporate Governance


Directors, Audit and Supervisory Committee Members, and Executive Officers

Directors



Takayoshi Mimura
Chairman of the Board

Apr. 1977 Joined Terumo Corporation
Jun. 2003 Director and Executive Officer
Jun. 2004 Director and Senior Executive Officer
Jun. 2007 Director and Managing Executive Officer
Apr. 2008 Group President of General Hospital Business Group, responsible for Domestic Sales Dept.
Jun. 2009 Regional Representative, China and Asia
Jun. 2010 Director and Senior Managing Executive Officer
Aug. 2011 President and CEO, Terumo (China) Holding Co., Ltd.
Apr. 2017 Chairman of the Board (present)



Shinjiro Sato
President and CEO

Apr. 1984 Joined Toa Nenryo Kogyo K.K. (currently ENEOS Corporation)
Feb. 1999 Joined Arthur Andersen Business Consulting (currently PwC Japan Group)
Jun. 2004 Joined Terumo Corporation
Jun. 2010 Executive Officer, General Manager of Strategic Planning Dept.
Oct. 2011 Group President of Cardiac and Vascular Business Group (currently President, Cardiac and Vascular Company)
Jun. 2012 Senior Executive Officer
Jun. 2014 Director and Senior Executive Officer
Apr. 2015 Director and Managing Executive Officer
Apr. 2017 President and CEO (present)



Toshiaki Takagi
Director and Senior Managing Executive Officer
[Supervising Executive Officer for] Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., Regulatory Affairs, Promotional Activities Control Dept., Clinical Development Dept., Production Dept., Supply Chain Management Dept., Terumo Medical Pranex
[Executive Officer in charge of] Intellectual Property Dept., R&D Promotion Dept.

Apr. 1981 Joined Terumo Corporation
Jun. 2008 Executive Officer
Jun. 2009 General Manager of R&D Headquarters
Jun. 2010 Director and Senior Executive Officer
Jun. 2013 Responsible for Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept. (present), and Environmental Management Dept.
Jul. 2015 Chief Quality Officer (CQO)
Apr. 2016 Director and Managing Executive Officer
Apr. 2017 Responsible for Production Dept. (present) and Procurement Dept.
Apr. 2018 Director and Senior Managing Executive Officer, responsible for Intellectual Property Dept. and Terumo Medical Pranex (present)
Apr. 2020 [Supervising Executive Officer for] Regulatory Affairs, Promotional Activities Control Dept., Clinical Development Dept., Supply Chain Management Dept. (present), CIO Office, IT Planning Dept.
Apr. 2021 [Executive Officer in charge of] R&D Promotion Dept. (present)



Shoji Hatano
Director and Managing Executive Officer
[Supervising Executive Officer for] Corporate Affairs Dept., Legal and Compliance Dept., Japan Sales Dept., Terumo Call Center, Procurement Dept.
[Executive Officer in charge of] Corporate Communication Dept., Investor Relations Dept., Strategic Branding Dept., Corporate Sustainability Dept., Design Planning Dept., Environmental Management Dept.

Apr. 1983 Joined Terumo Corporation
Oct. 2011 General Manager of Strategic Planning Dept.
Jun. 2012 Senior Executive Officer, General Manager of Strategic Planning Dept., responsible for Corporate Communication Dept. and Design Planning Dept.
Apr. 2015 Managing Executive Officer
Apr. 2016 President, General Hospital Company
Jun. 2016 Director and Managing Executive Officer (present)
Jan. 2017 Division President, Hospital Systems Division, General Hospital Company
Apr. 2020 [Supervising Executive Officer for] Corporate Affairs Dept., Legal and Compliance Dept., Japanese Sales Management Dept. (currently Japan Sales Dept.), Terumo Call Center, Procurement Dept. (present)
[Executive Officer in charge of] Corporate Communication Dept., Investor Relations Dept., Strategic Branding Dept., Corporate Sustainability Dept., Design Planning Dept., Environmental Management Dept. (present)




Kyo Nishikawa
Director and Managing Executive Officer
Chief Human Resources Officer (CHRO)
[Supervising Executive Officer for] Human Resources Dept., IT Planning Dept., India and Asia Pacific Region
[Executive Officer in charge of] Global Human Resources Dept., Human Resources Development Dept., Diversity Promotion Dept.

Apr. 1982 Joined the Fujii Bank, Ltd. (currently Mizuho Bank, Ltd.)
Apr. 2002 Human Resource Division, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
Apr. 2008 General Manager, Hong Kong Branch, Mizuho Corporate Bank, Ltd.
Apr. 2010 Executive Officer, Mizuho Corporate Bank, Ltd.
Jun. 2010 Executive Officer, Terumo Corporation
Mar. 2012 General Manager, International Business Division
Regional Representative, Eastern Europe, Russia, Middle East and Africa
Managing Director and BOD Chairman, Terumo Europe N.V.
Apr. 2018 Senior Executive Officer, Chief Human Resources Officer (CHRO), Human Resources Dept., Human Resources Development Dept. (present)
Jun. 2019 Director and Senior Executive Officer
Apr. 2020 [Supervising Executive Officer for] India and Asia Pacific Region (present)
[Executive Officer in charge of] Global Human Resources Dept., Diversity Promotion Dept. (present)
Apr. 2021 Director and Managing Executive Officer (present), [Supervising Executive Officer for] IT Planning Dept. (present)



Yukiko Kuroda
Independent Director
Managing Director and Founder, People Focus Consulting Co., Ltd.

Apr. 1986 Joined Sony Corporation (currently Sony Group Corporation)
Jan. 1991 President, People Focus Consulting Co., Ltd.
Jun. 2010 Outside Audit & Supervisory Board Member, Astellas Pharma Inc.
Mar. 2011 Outside Director, CAC Co., Ltd. (currently CAC Holdings Corporation)
Apr. 2012 Founder and Director, People Focus Consulting Co., Ltd. (present)
Jun. 2013 External Director, Marubeni Corporation
Jun. 2015 Outside Director, Mitsui Chemicals, Inc.
Jun. 2018 Outside Director, Seven Bank, Ltd. (present)
Independent Director, Terumo Corporation (present)



Hidenori Nishi
Independent Director

Apr. 1975 Joined Kagome Co., Ltd.
Jun. 2000 Director, Kagome Co., Ltd.
Jun. 2005 Director and Managing Executive Officer, Kagome Co., Ltd.
Jun. 2008 Director and Senior Managing Executive Officer, Kagome Co., Ltd.
Apr. 2009 Representative Director and President, Kagome Co., Ltd.
Jan. 2014 Representative Director and Chairman, Kagome Co., Ltd.
Jun. 2014 Independent Director, NAGASE & CO., LTD.
Mar. 2016 Chairman of the Board, Kagome Co., Ltd.
Jun. 2019 Independent Director, FUJII OIL HOLDINGS INC. (present)
Jun. 2020 Independent Director, Terumo Corporation (present)



Keiya Ozawa
Independent Director
Professor Emeritus, Visiting Professor of Jichi Medical University

Mar. 1977 Graduated from the Faculty of Medicine, The University of Tokyo
Mar. 1985 National Institutes of Health, U.S.A. (Fogarty Fellow -1987)
Sep. 1990 Associate Professor, The Institute of Medical Science, The University of Tokyo
Nov. 1994 Professor, Institute of Hematology, Jichi Medical University
Feb. 1998 Professor and Chairman, Division of Hematology, Jichi Medical University
Apr. 1998 Professor, Division of Genetic Therapeutics, Center for Molecular Medicine, Jichi Medical University
Dec. 2012 Chairperson, Hematopoietic Stem Cell Transplantation Subcommittee, Specific Diseases Control Committee, Ministry of Health, Labour and Welfare (present)
Apr. 2014 Director, IMSUT (The Institute of Medical Science, The University of Tokyo) Hospital; Director, Center for Gene & Cell Therapy (CGCT); Professor, Division of Genetic Therapeutics, The Advanced Clinical Research Center, IMSUT
Visiting Professor, Division of Immuno- Gene & Cell Therapy, Jichi Medical University (present)
Apr. 2018 Professor Emeritus and Visiting Professor, Jichi Medical University (present), Senior Adviser, Center for Gene Therapy Research (CGTR), Jichi Medical University (present)
Program Supervisor, Japan Agency for Medical Research and Development (AMED) (present)
Jun. 2018 Program Officer, AMED (present)
Jun. 2021 Independent Director, Terumo Corporation (present)

Directors (Audit and Supervisory Committee Members)



Takanori Shibazaki
Director
Audit and Supervisory Committee Member

Apr. 1986 Joined Terumo Corporation
Jun. 2005 Factory Manager of Terumo Medical Products (Hangzhou) Co., Ltd. 1st Factory
Sep. 2007 Deputy General Manager of Strategic Planning Dept.
Oct. 2008 President and CEO, Terumo Medical Products (Hangzhou) Co., Ltd.
Apr. 2014 Executive Officer
Jul. 2014 General Manager, Supply Chain Management Dept.
Apr. 2016 President and CEO, Terumo (China) Holding Co., Ltd.
Apr. 2017 Senior Executive Officer, Regional Representative, China
Jun. 2021 Audit and Supervisory Committee Office, Director (Audit and Supervisory Committee Member) (present)



Masaichi Nakamura
Independent Director
Audit and Supervisory Committee Member
Certified Public Accountant

Oct. 1983 Joined Tetsuzo Ota & Co.
May 1999 Partner of Showa Ota & Co.
Aug. 2008 Executive Director of Ernst & Young ShinNihon LLC
Jul. 2014 Representative Partner and Vice President of Ernst & Young ShinNihon LLC
Sep. 2016 Representative of Masaichi Nakamura CPA Office (present)
Jun. 2017 External Corporate Auditor, Sumitomo Heavy Industries, Ltd. (present)
Outside Director (Audit and Supervisory Committee Member), SCSK Corporation (present)
Jun. 2019 Independent Director (Audit and Supervisory Committee Member), Terumo Corporation (present)



Soichiro Uno
Independent Director
Audit and Supervisory Committee Member
Lawyer

Apr. 1988 Joined Nagashima & Ohno (currently Nagashima, Ohno & Tsunematsu), admitted to the bar in Japan
Nov. 1993 Passed the bar exam in the State of New York, USA
Jan. 2000 Partner, Nagashima Ohno & Tsunematsu (present)
Jun. 2004 Audit & Supervisory Board Member, SoftBank Corp. (currently SoftBank Group Corp.) (present)
Jun. 2018 Director (Audit & Supervisory Committee Member), Dream Incubator Inc. (present)
Jun. 2019 Independent Director (Audit and Supervisory Committee Member), Terumo Corporation (present)

Corporate Governance

Executive Officers

Hikaru Samejima Managing Executive Officer President, General Hospital Company Division President, Hospital Systems Division, General Hospital Company	Toshihiko Osada Managing Executive Officer President, Cardiac and Vascular Company Division President, Interventional Systems Division, Cardiac and Vascular Company	Tsuyoshi Tomita Senior Executive Officer Group Manager, General Hospital Products Group, Hospital Systems Division, General Hospital Company	Tetsuya Kumei Senior Executive Officer Division President, Alliance Division, General Hospital Company General Manager, Business Planning, General Hospital Company
Kazunori Hirose Senior Executive Officer Chief Manufacturing Officer (CMO) General Manager, Production Dept. Procurement Dept. Supply Chain Management Dept.	Itaru Sakaguchi Senior Executive Officer Chief Operations Officer (COO), Interventional Systems Division, Cardiac and Vascular Company	Fumihisa Hirose Senior Executive Officer General Manager, Strategic Planning Dept. Chief Technology Officer (CTO)	Masanori Hoshino Executive Officer President, Terumo Yamaguchi Corp.
Hiroshi Nagumo Executive Officer President and CEO, Terumo Americas Holding, Inc. Regional Representative, Latin America	James Rushworth Executive Officer Chief Commercial Officer (CCO), Interventional Systems Division, Cardiac and Vascular Company President and CEO, Terumo Medical Corp.	Katsuya Takeuchi Executive Officer Chief Information Officer (CIO) IT Planning Dept.	Miho Mizuguchi Executive Officer Chief Legal Officer (CLO) General Manager, Legal and Compliance Dept.
Kazuhisa Senshu Executive Officer Chief Clinical and Regulatory Affairs Officer (CRAO) General Manager, Clinical Development Dept. Regulatory Affairs Promotional Activities Control Dept.	Paul Holbrook Executive Officer Division President, Vascular Graft Division, Cardiac and Vascular Company President and CEO, Vascutek Ltd.	Probir Das Executive Officer Regional Representative, India and Asia Pacific Chairman and Managing Director, Terumo Asia Holdings Pte., Ltd.	Tomoko Manabe Executive Officer General Manager, Terumo Medical Pranex
Norimasa Kunimoto Executive Officer Regional Representative, Eastern Europe, Russia, Middle East and Africa Managing Director and BOD Chairman, Terumo Europe N.V.	Antoinette Gawin Executive Officer President, Blood and Cell Technologies Company President and CEO, Terumo BCT Holding Corp.	Keiji Takeda Executive Officer General Manager, Human Resources Dept. Health Management	Naoki Muto Executive Officer Chief Accounting and Financial Officer (CAFO) Controller Dept. Treasury Dept. Tax Dept.
Kenichi Ikeda Executive Officer General Manager, Japan Sales Dept. Terumo Call Center	Kazunobu Handa Executive Officer General Manager, Corporate Affairs Dept.	Toshio Nakashima Executive Officer Chief Quality Officer (CQO) General Manager, Quality Assurance Dept. Post-Market Surveillance and Vigilance Dept.	Takeshi Kuroo Executive Officer Senior Vice President, Surgical Business, Cardiac and Vascular Company General Manager, HeartSheet Business Dept., Cardiac and Vascular Company
Robert DeRyke Executive Officer Division President, Cardiovascular Division, Cardiac and Vascular Company President and CEO, Terumo Cardiovascular Systems Corp.	Masayuki Maruta Executive Officer Regional Representative, China President and CEO, Terumo (China) Holding Co., Ltd.	Hiroshi Yagi Executive Officer Factory Manager, Ashitaka Factory, Interventional Systems Division, Cardiac and Vascular Company	Jin Nishizaki Executive Officer Branch Manager, Tokyo Branch, General Hospital Company Deputy General Manager, Japan Sales Dept.

Basic Stance on Corporate Governance

Terumo’s Group 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 world-wide stakeholders, including its customers, shareholders, associates, business partners, and communities.

To guide it in the accomplishment of its Group mission, Terumo has articulated the Core Values, which represent the values and beliefs on which all Terumo associates worldwide should base their actions, as follows:

- Respect – Appreciative of others**

Integrity – Guided by our mission

Care – Empathetic to patients
- Quality – Committed to excellence**

Creativity – Striving for innovation

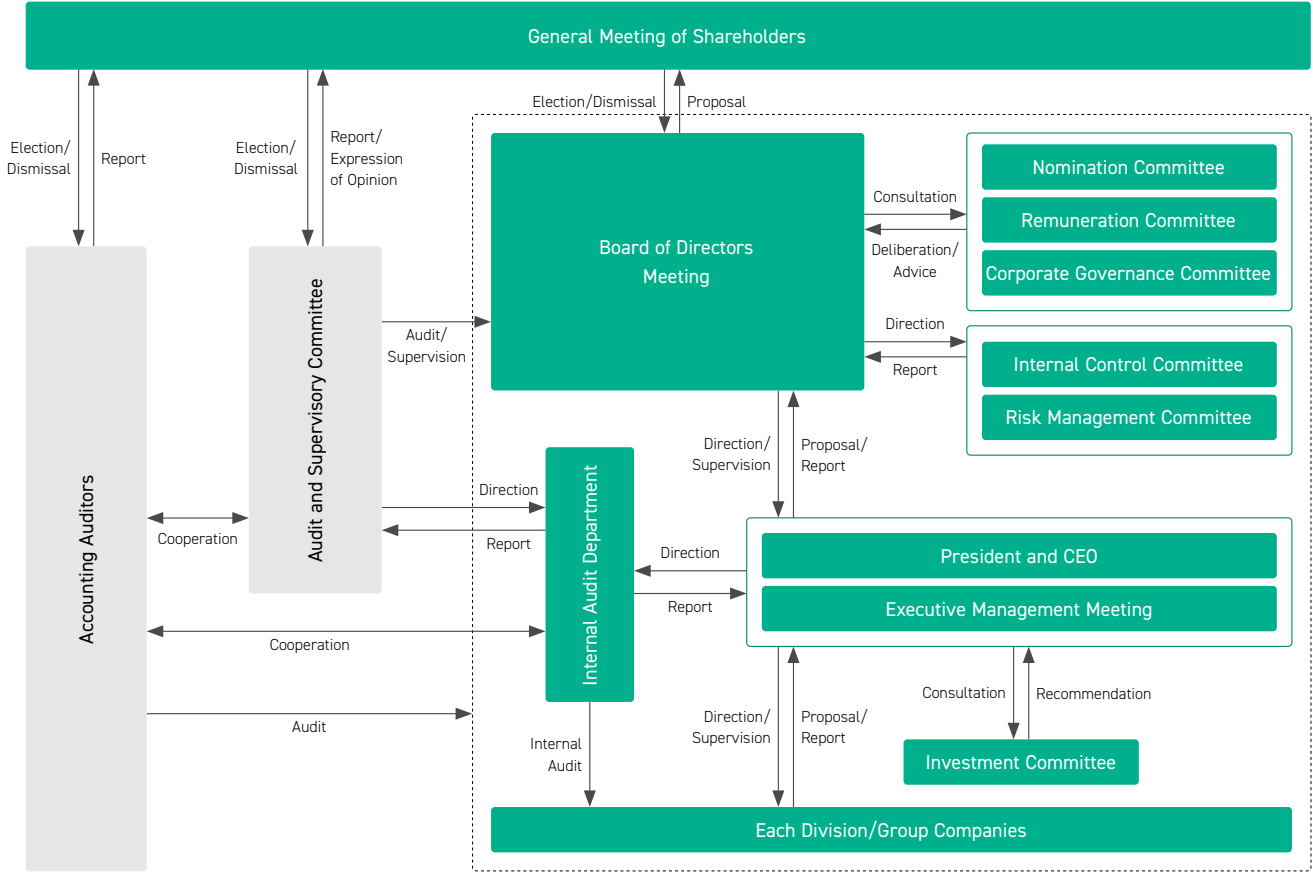
Based on its Group mission and the Core Values, Terumo has established these guidelines, which are intended to promote timely decision making while helping maintain transparency and objectivity in management.

Terumo continuously strives to earn the understanding and trust of its internal and external stakeholders by exercising accountability toward its stakeholders and promoting dialog and other means of communication with its shareholders.

Informed by Japan's 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.

Corporate Governance Structure



* Audit and Supervisory Committee members are directors, and have voting rights in the Board of Directors meetings. The majority of the Audit and Supervisory Committee is constituted by independent directors. The Audit and Supervisory Committee serves the function of auditing and supervising the directors and the Board of Directors.

Corporate Governance Structure

Organizational Design

Terumo adopted the organizational design of a Company with Audit and Supervisory Committee, as described in the Companies Act of Japan, to achieve the following goals, further strengthen its corporate governance framework, and to enhance its medium- to long-term corporate value.

1. Strengthen audit and supervisory functions

The members of the Audit and Supervisory Committee shall have voting rights in 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 by reflecting opinions of the independent directors, which represent 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 through a shift toward a monitoring-based approach for the Board.

In addition, the Company has established the Nomination Committee, Remuneration Committee, Corporate Governance Committee, Internal Control Committee, and Risk Management Committee as discretionary bodies that serve to enhance the transparency and objectivity of management.

Board of Directors

Roles

- The Board shall strive for optimal decision-making regarding 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 by 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.

Members

- The Board shall consist of no more than 15 persons, excluding the Audit and Supervisory Committee members.
- Terumo shall strive to have independent directors account for at least one-third 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.

Audit and Supervisory Committee

Roles

- The Audit and 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 and Supervisory Committee may provide direct instructions to the Internal Control, Internal Audit, and Legal and Compliance departments.

Members

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

Support Systems for Independent Directors

The Company actively appoints independent directors to improve the diversity of the Board of Directors and to ensure highly effective discussions. Support systems are being enhanced to enable independent directors to better incorporate their talents and experience into the oversight of management.

- To assist the independent directors in quickly gaining the understanding necessary of the Company to fulfill their duties as directors, at the time of their appointment we provide opportunities to receive explanations on the Company, its businesses, and its medium-term management plans from the President and business representatives.
- Once appointed, independent directors may take part in an annual training program designed to enable them to continue acquiring the legal and industry knowledge required of directors. In addition, independent directors are given the opportunity to visit and observe workplaces and factories in Japan and overseas in order to develop a better understanding of the Company and its business.
- Explanations of the items on the agenda for discussion at meetings of the Board of Directors are provided to independent directors prior to the meetings to enable them to gain a better understanding of these items and to facilitate more substantial discussions at Board meetings (in principle, explanations will be provided by a representative from a division proposing each item two days prior to the Board meeting).
- All independent directors are provided with tablets to enable the safe and timely sharing of materials pertaining to the Board of Directors meetings as well as other internal information.

Committees

Role/Structure		Chairperson
Nomination Committee	<ul style="list-style-type: none">• The Nomination Committee shall, as an advisory body to the Board of Directors, deliberate on the following matters. The deliberations of the Committee shall be reported to the Board of Directors as appropriate.<ul style="list-style-type: none">– Matters concerning successors to the positions of President and Chairman of Terumo Corporation, which is one of the most important duties of the Board of Directors– Matters concerning the appointment and dismissal of directors and executive officers• The Committee shall be comprised of directors selected by the Board of Directors. Independent directors shall account for a majority of Committee members.	Independent director
Remuneration Committee	<ul style="list-style-type: none">• The Remuneration Committee shall, as an advisory body to the Board of Directors, deliberate on 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. The deliberations of the Committee shall be reported to the Board of Directors as appropriate.<ul style="list-style-type: none">– Matters concerning the remuneration for directors and executive officers (Policy for determining remuneration amount or calculation method thereof)– 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 Committee shall be comprised of directors selected by the Board, independent directors shall account for the majority of Committee members, and at least one Representative Director shall be a member of the Committee.	Independent director
Corporate Governance Committee	<ul style="list-style-type: none">• 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. The deliberations of the Committee shall be reported to the Board of Directors as appropriate.<ul style="list-style-type: none">– Basic matters concerning corporate governance– Important matters concerning the establishment, design, and operation of the corporate governance system– Other important matters that are highly relevant to corporate governance such as improvement of the system in the field of environment and society and efforts to enhance sustainability– 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 Committee shall be comprised of directors selected by the Board, independent directors shall account for the majority of Committee members, and at least one Representative Director shall be a member of the Committee.	Independent director
Internal Control Committee	<ul style="list-style-type: none">• Positioned under the Board of Directors, 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.”• The Committee shall be comprised of directors who also serve as executive officers, Internal Control Department managers, and other persons appointed by the Committee chair (including managers of relevant Terumo departments, and external specialists and experts).	President and CEO
Risk Management Committee	<ul style="list-style-type: none">• Positioned under the Board of Directors, 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.• The Committee shall be comprised of directors who also serve as executive officers, Internal Control Department managers and other persons appointed by the Committee chair (including managers of relevant Terumo departments, and external specialists and experts).	President and CEO

Corporate Governance

Membership of the Board of Directors, Audit and Supervisory Committee, and Other Committees, and Numbers of Meetings (As of July 1, 2021)

	Name	Board of Directors	Audit and Supervisory Committee	Nomination Committee	Remuneration Committee	Corporate Governance Committee
Board of Directors	Takayoshi Mimura	◎		○	○	○
	Shinjiro Sato	○		○	○	○
	Toshiaki Takagi	○				
	Shoji Hatano	○				
	Kyo Nishikawa	○				
	Yukiko Kuroda*	○		○	◎	◎
	Hidenori Nishi*	○		◎	○	○
	Keiya Ozawa*	○		○	○	○
	Takanori Shibazaki	○	◎			
	Masaichi Nakamura*	○	○	○	○	○
Directors (Audit and Supervisory Committee Members)	Soichiro Uno*	○	○	○	○	○
Numbers of meetings in fiscal 2020		13	12	8	5	7

◎: Chairperson ○: Member * Independent director

Selection of Directors

Policy

In selecting candidates for directors, with the aim of creating an ideal Board of Directors, Terumo considers the diversity of the composition of the Board in order to give the Board relative base strength with broad experience and skills (industry experience, management capability, etc.), which are necessary for the Board to engage in good discussions and decision making.

Candidates for internal 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.”

Internal regulations for appointment of independent directors stipulate that independent directors shall be selected from persons with extensive experience in management, international business, the practice of medicine, or other specific areas of expertise and that these individuals must be able to contribute to management and to improved corporate governance and be able to offer their frank opinions. The regulations also require the consideration of the diversity of independent directors, including, to the extent possible, their backgrounds, expertise, gender, and other characteristics as appropriate.

With regard to independent directors who serve as Audit and 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.

Procedure

The Nomination Committee shall discuss potential candidates for directors and the appropriateness of each director's reappointment, and present the results of these discussions to the Board of Directors. This process is intended to eliminate arbitrariness and to ensure the sound selection of candidates.

If a situation arises that leads to serious concerns over the performance of a director's duties, the Nomination Committee may immediately propose to the Board of Directors that necessary measures be taken even during one's term of office.

Independent directors shall be subject to the requirements of the Director Independence Standards. The Nomination 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 the 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.

Board of Directors' Skill Matrix

		Internal Directors						Independent Directors				
		Mimura	Sato	Takagi	Hatano	Nishikawa	Shibazaki	Kuroda	Nishi	Ozawa	Nakamura	Uno
Director experience value	Background											
	Healthcare industry experience	●	●	●	●	●	●			●		
	Financial experience/knowledge		●		●	●		●			●	
	Sales marketing experience	●	●		●	●		●	●			
	Technology/development			●						●		
	Business responsibility experience	●	●	●	●	●	●	●	●			
	Experience as CEO of a listed company		●						●			
	Government/industry response	●		●	●		●		●	●		
	Risk management		●	●			●		●	●	●	●
	New business development experience	●	●		●				●			
	Experience outside Japan*	●	●		●	●	●	●	●	●		●
Director experience	Status of posts at other companies							●	●		●	●
	Timing of appointment as director	06/2003	06/2014	06/2010	06/2016	06/2019	06/2021	06/2018	06/2020	06/2021	06/2019	06/2019
Diversity	Age***	68	60	63	61	62	59	57	70	68	64	58
	Sex	Male	Male	Male	Male	Male	Male	Female	Male	Male	Male	Male

● Has experience

* Has experience working in a post outside Japan

** Number of years in position up to July 2021

*** Age as of July 1, 2021

**** Average age of 62 for internal directors/Average age of 63 for external directors

Average: 4.8 years**

Average age: 63****

Reasons for Appointing Independent Directors and Attendance at Meetings

Name	Reasons for appointment	Attendance at meetings of the Board of Directors and Audit and Supervisory Committee
Yukiko Kuroda	Ms. Kuroda has extensive experience as a manager and many years of global experience in organizational and leadership development consulting. She has been appointed as an independent director to utilize the insight she has cultivated from these experiences in the management of Terumo Corporation and the supervision thereof.	Board of Directors: 13/13 (100%)
Hidenori Nishi	Mr. Nishi has extensive experience as a manager and many years of experience in overseas businesses and marketing. He has been appointed as an independent director to utilize this experience in the management of Terumo Corporation and the supervision thereof.	Board of Directors: 9/9 (100%)
Keiya Ozawa	Mr. Ozawa has expert knowledge which includes that gained through his track record of research in gene therapy, cell therapy and hematology, has served as director of IMSUT Hospital (The Institute of Medical Science, The University of Tokyo), and of IMSUT Hospital's Center for Gene and Cell Therapy (CGCT), and has cultivated extensive experience through the performance of his duties in these organizations. He has been appointed as an independent director to utilize this experience in the management of Terumo Corporation and the supervision thereof.	Appointed on June 22, 2021
Masaichi Nakamura	Mr. Nakamura has extensive knowledge of finance and accounting as a Certified Public Accountant. He is expected to utilize this knowledge to audit and supervise the management of Terumo Corporation from an independent perspective.	Board of Directors: 13/13 (100%) Board of Directors: 11/12 (92%)
Soichiro Uno	Mr. Uno has specialized knowledge and extensive experience as an attorney in Japan and overseas. He is expected to utilize this knowledge and experience to audit and supervise the management of Terumo Corporation from an independent perspective.	Board of Directors: 13/13 (100%) Board of Directors: 12/12 (100%)

Corporate Governance

Selection and Cultivation of Successor to the President (Succession Plans)

The Board of Directors has established the Nomination Committee as an organization overseeing the process of selecting and cultivating successors to the president in recognition of the fact that the selection of successors to the president is one of the most important duties for the Board of Directors, and the Committee's activities are monitored by the Board of Directors. The process of selection and cultivation of successors to the president is clearly stated in internal regulations. With regard to selecting a successor to the president, the president shall propose a "Succession Plan" listing more than one candidate and a plan for their cultivation within a specified period of time. The Nomination Committee shall consider the successor candidates in accordance with the procedures stipulated in the internal regulations.

From the point of view of cultivating future successor candidates, the president shall also submit a "Next-Generation Executives' Development Plan" naming several persons with the potential to become future executives to the Nomination Committee within a specified period of time, and shall thereafter continue to report on the status of these candidates' cultivation to the Committee as appropriate.

Evaluation of the Effectiveness of the Board of Directors

The Board of Directors conducted a self-evaluation concerning its effectiveness during fiscal 2020, for the purpose of further improving effectiveness and functionality of the Board.

The Board evaluation process included anonymous questionnaires completed by each director and individual interviews with certain members of the Board of Directors and the secretariat of the Board. In order to draw out frank opinions and ensure objectivity, the process of collecting questionnaires, conducting individual interviews, and analyzing them were facilitated by outside consultants.

Upon receiving the report from outside consultants, the performance of the Board was discussed and evaluated by the Corporate Governance Committee, of which the majority of the members are independent directors. Subsequently, all members of the Board discussed major findings from the survey and agreed on the actions to take, which will be reflected in the operations of the Board and each committee in fiscal 2021.

Process for Evaluation of the Effectiveness of the Board of Directors at Meetings



Fiscal 2019 Evaluation Results and Fiscal 2020 Response Measures

The areas for improvement identified as requiring further attention by the fiscal 2019 evaluation of the effectiveness of the Board of Directors and the measures taken are as follows:

Areas for improvement	Measures of Fiscal 2020
Improvements need to be realized in the proceedings of Board of Directors meetings to secure sufficient time for discussion, as changes in the healthcare industry and progress in digital technologies warrant additional opportunities for discussing the medium- to long-term corporate strategies and directives.	Board meetings have been structured in two parts to realize a clear distinction between oversight of execution and discussion of medium- to long-term issues. In this way, improvement has been achieved in terms of securing more time for the discussion of important matters relating to medium- to long-term business strategy.
Ongoing improvements are needed in the monitoring functions of the Board of Directors in relation to overseas risk management (production, quality, compliance, etc.).	Various important issues relating to overseas risk management were raised and discussed by the Board of Directors, including the strengthening of risk management and internal controls at overseas subsidiaries, monitoring of large-scale overseas production projects, global compliance, and global quality management.

Areas for improvement	Measures of Fiscal 2020
Continuous discussion is necessary regarding the ideal composition of the Board of Directors going forward.	Recognizing the importance of taking serious steps to make the Board of Directors what it should be, there was ongoing discussion in the Corporate Governance Committee regarding matters such as the approach to organizational design.
There is a need to clarify the roles of advisory committees and adjust their composition.	There was ongoing discussion regarding the importance of adjusting and revising the roles played by advisory committees, and committee composition. It was determined that, currently, these committee are operating with clear roles and high efficacy, and that they would therefore not be adjusted or revised.

Summary of Results of Fiscal 2020 Evaluation

Based on the following major findings from the evaluation, it was concluded that the Board of Directors had maintained high effectiveness, and that there has been steady, continued improvement in terms of enhancing governance.

- The Board has implemented delegation of authority with respect to operational execution, and has realized a clear division of responsibility. As such, the Board is fulfilling its role in terms of maintaining checks and balances. Internal director positions are filled by corporate executive officers, and as a company that aims to have an oversight-oriented Board of Directors, Terumo has sought to realize effective strengthening of the monitoring of operational execution.
- Besides having a well-balanced Board composition, Terumo has also cultivated a Board culture in which directors with diverse backgrounds can speak their mind frankly, which in turn facilitates effective Board discussion.
- Although the Board is chaired by an internal director, the Board of Directors as a whole find that choice reasonable due to such advantages as the early identification of issues that independent directors are not aware of, fair and transparent proceedings, and an attitude that encourages the active expression of opinions and vigorous discussion.

Areas for Improvement

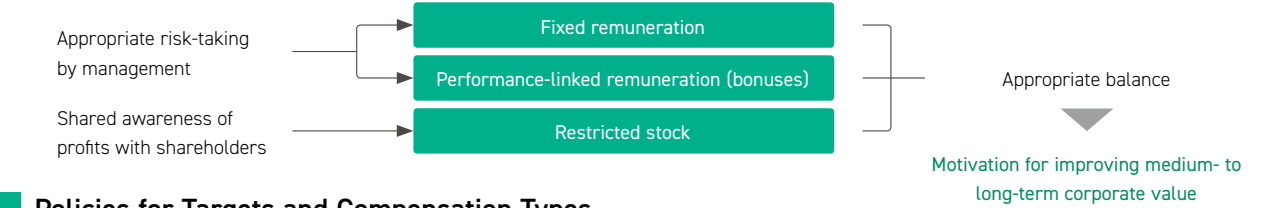
In addition to the aforementioned results, the Board of Directors identified the following areas to be improved.

- Involvement in long-term management direction: There is a need to further deepen discussions that contribute to enhancing corporate value, including from the perspective of new management issues (e.g., ESG and digital transformation [DX]).
- Risk management with a focus on overseas subsidiaries: There is a need to establish a system for continuous evaluation, and to further ensure that the Company's vision is shared between the head office and the overseas subsidiaries.
- Interaction with executive members: There is a need to enhance the understanding of human capital on the business side and execution side. There is a particularly strong need for more in-depth awareness of internal human capital on a global basis.
- Board composition: There is a need for ongoing discussions on further enhancement of diversity and on human capital development

In fiscal 2021, the Board of Directors and committees will implement measures regarding areas of improvement, including those listed above, and will discuss and implement measures to further improve the effectiveness and functionality of the Board.

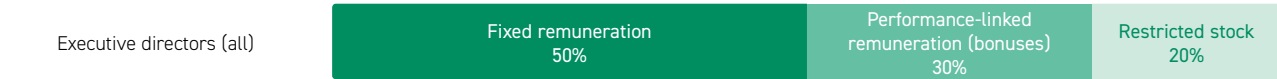
Executive Compensation

Policy and Framework



Policies for Targets and Compensation Types

1. Overall Distribution



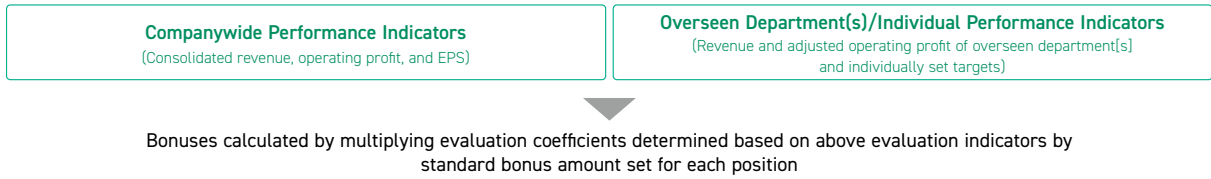
* The higher the rank of the director (with the President ranked highest), the higher the ratios of performance-linked remuneration (bonuses) and restricted stock to the total amount of remuneration.

Corporate Governance

2. Performance-Linked Remuneration (Bonuses)

(1) Summary of Purpose and Calculation Method

Performance-linked remuneration (bonuses) is issued for the purpose of motivating directors to achieve sustainable growth and improve annual performance and therefore has been adopted as a performance indicator.



(2) Indicator Targets and Scale of Fluctuation

		Policy/Target	Scale of fluctuation
Companywide performance indicators	Revenue	In past years, the target has been the initially set planned figure, and the evaluation coefficient has been set at 100% for achievement of the target.	The evaluation coefficient has normally been adjusted within the range of 0% to 150% based on degree of accomplishment of targets in order to provide healthy motivation for improving performance.
	Operating profit	However, in fiscal 2020, because the impact of the COVID-19 pandemic led to the Company's sales forecasts being revised downwards, the evaluation coefficient has been set at 80% for achievement of the revised target.	
	EPS	Year-on-year increase in three-year moving EPS average growth rate (profit increase rate per share) set as evaluation index for EPS for the purposes of further emphasizing shareholders' perspective and encouraging pursuit of sustainable profit growth	However, for the fiscal 2020 evaluation, the range was set at 0% to 120%, to take account of the impact of the COVID-19 pandemic.
Overseen department(s)/individual performance indicators	Revenue of overseen department(s)	Accomplishment of initially set target defined as 100% for evaluation coefficient	Evaluation coefficient to be adjusted within range of 0% to 150% with a three-year moving EPS average growth rate that is the same as the average for the three-year moving EPS average growth rate over the past 10 years set as 100%
	Adjusted operating profit		
	Individually set targets	Targets initially set with regard to important measures	Evaluation coefficient to be adjusted within range of 0% to 100% based on degree of accomplishment of targets as of fiscal year-end

(3) Evaluation Index Results (Fiscal 2020)

The evaluation coefficients pertaining to Companywide performance indicators in fiscal 2020 were 81% for revenue, 85% for operating profit, and 0% for EPS, which resulted in an average of 56% for these three coefficients.

	Provisionally scheduled to be announced on November 5, 2020.	Performance (planned rate)	Evaluation coefficient
Revenue	¥600.0 billion	¥607.8 billion*	81%
Operating profit	¥90.0 billion	¥96.2 billion*	85%
EPS	8.5% three-year moving EPS average growth rate (10-year average)	-7.8% three-year moving EPS average growth rate	0%
Average for evaluation coefficients pertaining to Companywide performance indicators in fiscal 2020			56%

* Figures are calculated using foreign exchange rates employed when formulating initial targets.

(4) Policy and Ratios for Evaluation Indicators for Each Director Position (Executive Directors)

- Chairman/CEO: Evaluation based only on Companywide performance indicators
- Directors with business responsibilities: High weight assigned to overseen department(s) / individual performance indicators
- Directors with functions / regional responsibilities: High weight assigned to Companywide performance indicators

Director position	Companywide performance indicator weight	Overseen department(s) / individual performance indicator weight
Chairman/CEO	100%	0%
Directors with business responsibilities	70%	30%
Directors with functions / regional representative	71–80%	29–20%

3. Restricted Stock

In order for executive directors to share the benefits and risks of stock price movements with shareholders and further enhance their desire to contribute to rises in stock prices and to the improvement of corporate value, a restricted stock system was adopted in fiscal 2019. Under the concept "sharing awareness of profits with shareholders over the long term," directors may not transfer to a third-party or otherwise dispose of restricted stock allotted to them for thirty years (or until their retirement from position of director, if earlier). Furthermore, if directors commit fraud or violate laws during their term as director, all or part of their allotted stock will be acquired by the Company without compensation.

Determining Procedure

The Remuneration Committee, as an advisory body to the Board of Directors, deliberates on the standard amount of fixed remuneration, bonuses and restricted stocks (stock options) for directors (excluding Audit and Supervisory Committee members) by position and the basic design of the remuneration system in light of information that includes information on comparable standards used at other companies provided by an outside research organization.

Independent directors shall account for the majority of Remuneration Committee members and the chair shall be elected from among the Committee members who are independent directors.

As approved at the 100th Annual General Meeting of Shareholders held on June 24, 2015, a total annual limit of ¥700 million was set for remuneration of directors other than Audit and Supervisory Committee members (fixed remuneration, bonuses, and stock options). Thereafter, at the 104th Annual General Meeting of Shareholders held on June 21, 2019, a total annual limit of ¥200 million was set for restricted stock remuneration. A maximum annual limit of ¥100 million was also approved for remuneration of directors who serve as Audit and Supervisory Committee members at the 100th Annual General Meeting of Shareholders held on June 24, 2015. Thereunder, the procedure for determining remuneration is as follows:

- Fixed remuneration
Within the approved remuneration limit, remuneration for directors, excluding members of the Audit and Supervisory Committee, is decided by resolution of the Board of Directors, and remuneration for Audit and Supervisory Committee members is decided through discussions among the Audit and Supervisory Committee members.
- Bonuses, restricted stock (stock options)
Bonuses and restricted stock (stock options) are approved by resolution of the Board of Directors, within the director remuneration limit mentioned above, after taking business results, the business environment, and other factors for each year into consideration.

Remuneration to Directors

Position	Total value of remuneration (¥ million)	Total compensation by type (¥ million)			Number of directors
		Fixed remuneration	Restricted stock	Bonuses	
Directors (excluding Audit and Supervisory Committee members and independent directors)	430	226	112	91	5
Director Audit and Supervisory Committee members (excluding independent directors)	42	42	—	—	1
Independent directors	78	78	—	—	6

(Reference) Activities by the Board of Directors and Committees in Recent Fiscal Years as Part of the Process for Deciding Remuneration of Directors

Date	Organization	Activity
May 14, 2020	Remuneration Committee	Discussion on policies for performance evaluations and director remuneration for fiscal 2020
June 18, 2020	Remuneration Committee	Discussion on policies for performance evaluations and director remuneration for fiscal 2020
August 6, 2020	Remuneration Committee	Discussion on policies for performance evaluations and director remuneration for fiscal 2020
November 5, 2020	Remuneration Committee	Discussion on stock options for directors and executive officers living overseas Discussion on evaluation criteria for directors' bonuses
January 21, 2021	Remuneration Committee	Discussion on director remuneration composition for fiscal 2021
February 4, 2021	Board of Directors	Resolution on director remuneration composition for fiscal 2021
April 14, 2021	Remuneration Committee	Discussion on policies for performance evaluations and director remuneration for fiscal 2021

Holding of Shares in Other Companies for Strategic Purposes

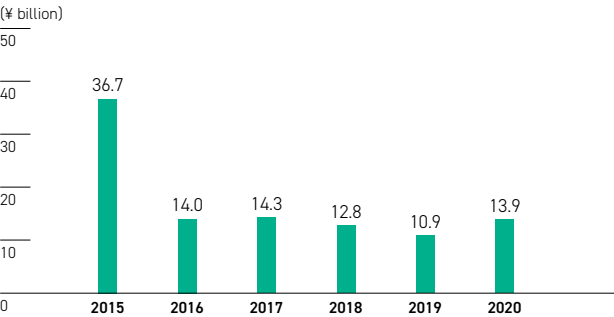
Regarding the holding of shares in other companies for strategic purposes, Terumo adopts the following approach in its Terumo Corporate Governance Guidelines.

3. Securing Shareholders' Rights and Equality

(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 rationales for each such holding using a medium- to long-term perspective on an annual basis. Terumo shall disclose holding securities as specified equity securities in the Annual Securities Report unless selling them.
- Terumo shall exercise its voting rights taking into consideration the impact of its voting on the corporate value of Terumo and the company in which Terumo has invested.

Holding of Shares in Other Companies for Strategic Purposes
(As of March 31, 2021)



Notes: 1. Figures represent total of investments in stocks for special purposes and balance of deemed securities holdings (market value).
2. Figures exclude early stage investment in venture companies.



For more information on the Terumo Corporate Governance Guidelines, please refer to the website below:

WEB <https://www.terumo.com/about/governance/>

Risk Management

Basic Approach

Changes in global circumstances, the globalization of business, and other factors are causing rapid changes in the Terumo Group's business environment. At the same time, risks affecting our business activities are diversifying and growing in complexity. In response to these risks, the Terumo Group is moving forward with the construction of a Groupwide risk management system, an effort that began in fiscal 2015.

The Group has established the Group Risk Management Policy and has been working on appropriate risk management based on identification and analysis of risks for the Group as a whole. Our objective in managing risks is to provide the proper environment for supporting bold yet appropriate risk-taking—for all types of risks—by management and ultimately to win stakeholder trust and enhance our corporate value.

Messages are communicated to all associates from Terumo's President and CEO stressing the importance of risk management as part of corporate activities. These messages are underscored by a target of realizing an organizational culture in which each individual associate is conscious of risk as they perform their job responsibilities.

Establishment of the Risk Management System

The Risk Management Committee has been established directly under the Board of Directors as an organization charged with overseeing risk management across the entire Group. Chaired by the President and CEO, the Risk Management Committee consists of directors who also serve as Executive Officers, representatives of relevant departments selected by the committee chair, and the Company's legal counsel. The committee meets twice a year to discuss key risks and draw up, implement, and monitor risk response measures.

Key risks are designated by assessing risks identified throughout the Group based on predefined criteria. Assessment criteria focus on two key points: 1) whether the risk will significantly impact patients and Terumo customers, and 2) whether the risk will cause serious damage to the Terumo Group's management. Risk information is gathered from throughout the Group, organized in a database, and shared with department heads and risk managers at subsidiaries. In addition, a system has been established for information to be communicated to management organizations promptly through functional departments and the relevant departments of subsidiaries when a significant issue arises.

Business Continuity Management (BCM) and Business Continuity Plans (BCP)

Basic Approach

The Terumo Group provides medical devices, pharmaceuticals, and services that are directly linked to people's lives. Accordingly, we believe that ensuring business continuity in the event of a major natural disaster or some other unforeseen situation is an important social obligation of the Group.

To fulfill this responsibility, the Group BCM Policy clearly stipulates the Terumo Group's basic approach to business continuity and the related systems and response measures. The scope of application of this Policy includes not only natural disasters but also a wide range of other risks that could affect business continuity. Based on the following three basic policies: 1) Protect our associates and their families worldwide, 2) Fulfill our social responsibility. That impacts to the healthcare system should be minimized whenever possible, and 3) Protect our assets, we will prepare for emergencies during normal times, and strive to ensure that we can maintain or restore our business operations in the event of an incident.

Risk Management

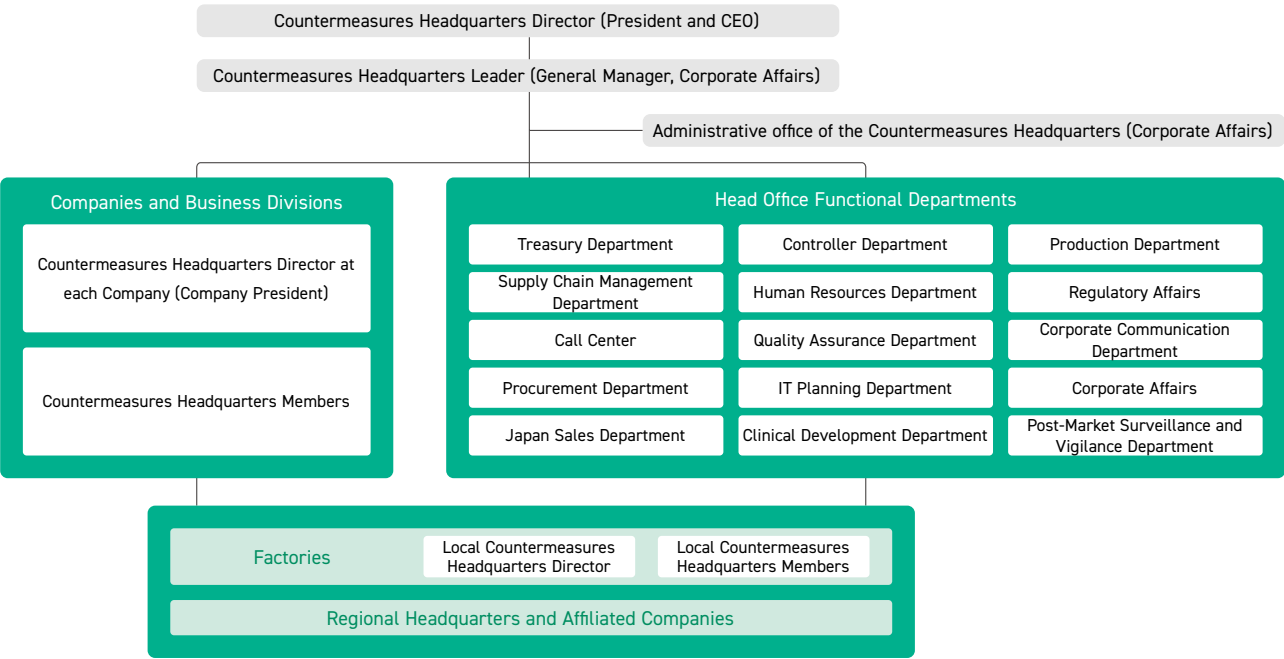
Promotion System and Major Initiatives

Corporate Affairs Department at the head office plays a key role in promoting relevant activities throughout the Terumo Group.

If a serious risk emerges that could affect business continuity, the Countermeasures Headquarters, led by the President and CEO of Terumo Corporation, will be established to swiftly initiate response activities.

In the event of a large-scale disaster, the Countermeasures Headquarters will determine and implement necessary measures by gathering information, including information regarding the safety of associates and their family members, damage to suppliers, and the situation in the affected areas. At the same time, the Countermeasures Headquarters will embark on efforts to provide the necessary support to disaster-hit areas in a timely manner. If it becomes apparent that the Terumo Group's supply chain or operations will be temporarily interrupted, we will strive to restore normal supply chain and operational functions as quickly as possible.

Example of a Countermeasures Headquarters Structure That Could Be Used in the Event of a Large-scale Disaster



In normal times Business Continuity Plans (BCPs) are prepared through the collaboration by the personnel responsible for risk management at each factory, functional department involved in raw materials procurement and distribution, each company, and subsidiary outside Japan. The BCPs aim to prevent operations from being disrupted even in emergency situations, and to ensure that operations can be quickly restored and resumed should they be disrupted. In addition, each Terumo Group business site conducts drills, such as those noted below.

- Establishment of a disaster response headquarters following major natural disasters, confirmation of the roles of individual staff, and other BCP-related drills
- Implementation of systems for rapidly ascertaining the condition of associates and their families and training on their use
- Comprehensive disaster response drills including firefighting, CPR, and rapid evacuation
- BCM and BCP education and training for all associates in Japan

Major Risks and Opportunities

Main Risk Factors	Risks and Opportunities Content	Response
Changes in Government Healthcare Policies	<div>Risks</div> <div><div></div> The impact of large-scale amendment in government healthcare policies exceeding expectations</div> <div>Opportunities</div> <div><div></div> Shortened development and approval process cycle for innovative medical device development</div> <div><div></div> Expanded revenue opportunities associated with increased demand for products and services with high medical cost efficiency</div>	<div><div></div> Constantly analyze the government healthcare policies of the countries in which we operate in order to furnish the necessary responses through coordination between relevant internal divisions and stakeholders</div>
Stable Supply-Related Risks	<div>Risks</div> <div><div></div> Impact from overwhelmed sustainable value chains and the non-functional systems to stably supply high-quality products to medical settings due to material procurement, quality controls, compliance, and Environmental, Health and Safety Management System</div> <div>Opportunities</div> <div><div></div> A competitive edge maintained through the continuous stable supply of products</div>	<div><div></div> Enhance quality control, compliance, environmental, and health and safety initiatives through various actions including the development of systems for collaboration with business partners (procurement policy/supplier guidelines)</div> <div><div></div> Development of business continuity plans (BCPs)</div> <div><div></div> Credit management of business partners</div>
Quality-Related Risks	<div>Risks</div> <div><div></div> Impact of delayed compliance with more rigorous legal or regulatory standards which could be newly implemented in the countries</div> <div><div></div> Impacts of lost social trust and business interruptions due to quality-related issues disrupting the supply of products to medical settings</div> <div>Opportunities</div> <div><div></div> Ability to sell to an increased number of countries by adapting to legal and regulatory standards</div> <div><div></div> A competitive edge on the market maintained with high product quality</div>	<div><div></div> Compliance with legal and regulatory standards and specifications pertaining to pharmaceuticals and medical devices in the countries in which products are manufactured or sold</div> <div><div></div> Reinforce quality governance systems globally and develop and constantly improve quality control systems</div> <div><div></div> Regularly verify through internal audits the compliance status with relevant laws and regulations at each production site within the Group and the status of quality control</div> <div><div></div> Ensure quality, efficacy, and safety of products under rigorous quality and production control provisions</div>
Discovery of New Medical Evidence	<div>Risks</div> <div><div></div> Loss of competitiveness in the event a product is found to not demonstrate efficacy during research and development, or new issues or adverse drug reactions are discovered with regard to the treatment previously thought to be effective</div>	<div><div></div> Analyze new research reports or clinical data after an initiative for product development, business alliances, or acquisitions is started, and decide whether to continue or discontinue the initiative</div>
Market Price Fluctuations	<div>Risks</div> <div><div></div> Market price fluctuations pertaining to revised national healthcare systems in the countries</div> <div><div></div> Price fluctuations mainly on overseas markets due to large-scale bidding and other causes</div> <div>Opportunities</div> <div><div></div> Development and provision of products with higher added value</div>	<div><div></div> Continuous cost reduction</div>

Risk Management

Main Risk Factors	Risks and Opportunities Content	Response
Exchange Rate Fluctuations	<div>Risks</div> <ul style="list-style-type: none">■ Impact of exchange rate fluctuations	<ul style="list-style-type: none">• Reduce the impact of exchange rate fluctuations by transferring production to overseas factories• Structural methods such as importing raw materials• Minimize impact through flexible utilization of contracts to hedge against exchange rate volatility for trade receivables
Changes in Accounting Policies and Taxation Systems	<div>Risks</div> <ul style="list-style-type: none">■ Affected operating results and financial position when new accounting standards or taxation systems are implemented or altered■ Impact of additional tax burdens incurred due to difference in interpretation between tax authorities and the Company	<ul style="list-style-type: none">• Consider measures based on the timely information obtained and advice from experts• Increase opportunities to have dialogue with tax authorities
Capital and Business Alliances, Corporate Acquisitions	<div>Risks</div> <ul style="list-style-type: none">■ Impact of which a major strategy for the Company, a capital or business alliance, or a corporate acquisition fails to produce the expected benefits <div>Opportunities</div> <ul style="list-style-type: none">■ Developed base for growth and strengthened business fundamentals by acquiring new management resources via capital and business alliances and corporate acquisitions	<ul style="list-style-type: none">• Analyze and evaluate business potentials, mitigate projected risks, and ensure swift and efficient post-merger integration
Risks Pertaining to Impairment Losses, Valuation Losses, and Business Reorganizations	<div>Risks</div> <ul style="list-style-type: none">■ Impairment losses recorded on goodwill and tangible or intangible assets, and accrued losses incurred due to sale or liquidation of businesses in the event that the anticipated growth isn't achieved as a result of the utilization of management resources or the recovery of assets being unable to do so	<ul style="list-style-type: none">• Efficient utilization of management resources in its businesses and maximize return on investments
Information Security- and IT System Management-Related Risks	<div>Risks</div> <ul style="list-style-type: none">■ Loss of social trust and business interruptions due to system outages if information is leaked or tampered with through a cyberattack or internal fraud	<ul style="list-style-type: none">• Strengthened information security measures and enhanced responsiveness when incidents occur• Establishment of the global information security standards and rules• Continuous training for associates

Main Risk Factors	Risks and Opportunities Content	Response
Legal Proceedings	<div>Risks</div> <ul style="list-style-type: none">■ Impact from any major legal action by a third party such as a lawsuit for damages or an injunction against sales	<ul style="list-style-type: none">• Research by Legal and Compliance, Intellectual Property, and other managing divisions as well as establishment of an internal control system• Develop a management structure to ensure that the Board of Directors and the Audit and Supervisory Committee review situations as needed
Pandemics, Epidemics, and Large-Scale Natural Disasters	<div>Risks</div> <ul style="list-style-type: none">■ Impacts on business activities that are more severe than expected in the event of global pandemics and epidemics, earthquakes, hurricanes, and other natural disasters	<ul style="list-style-type: none">• Establish the Group BCM Policy and implement various drills on a regular basis
Risks Related to the Environmental, Health and Safety Management and Compliance	<div>Risks</div> <ul style="list-style-type: none">■ Impact of damaged social trust if the Company's measures are not sufficiently functional due to sudden changes in laws of relevant countries, in regard to compliance with laws pertaining to occupational health and safety, anti-corruption, antitrust, and appropriate promotions targeting healthcare professionals as well as measures for addressing climate change and other environmental issues	<ul style="list-style-type: none">• Implementation of management systems that conform to international standards• Continuous improvement activities and expansion of systems• Education for associates
Economic and Geopolitical Risks	<div>Risks</div> <ul style="list-style-type: none">■ Impact of impediments to business activities that are more significant than expected due to economic recessions, subsequent contractions in demand, acts of terrorism, wars, or other unpredictable political changes in the various countries the Company supplies products to	<ul style="list-style-type: none">• Constant monitoring of the political and economic situations of each country