



## Terumo Corporate Governance Guidelines

Last Revision Date: April 1, 2022

### 1. General Provisions

#### (1) 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 worldwide 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.

#### (2) Establishment, Revision and Abolition of the Guidelines

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

### 2. Corporate Governance Structure

#### (1) Organizational Design

Terumo adopted the organizational design of a Company with 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 to directors, group executive officers and/or executive officers, 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.

(2) Board of Directors

[1] 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, group executive officers and/or executive officers. The Board shall monitor the execution of any such duties or responsibilities so delegated.
- The Board shall oversee the nomination process of the president's successor as one of its important obligations for maintaining and improving corporate governance and sound management.

[2] Members

- The Board shall consist of no more than 15 persons, excluding the Audit 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.

(3) Audit and Supervisory Committee

[1] 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. Such activities of the Committee shall include any of the following:

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

[2] Members

- The Audit 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.

(4) Nomination Committee

[1] Roles

The Nomination Committee shall, as an advisory body to the Board of Directors, deliberate on the matters concerning successors to the president and chairman of Terumo Corporation, which is one of the most important corporate governance duties of the Board, as well as the matters concerning the appointment and dismissal of directors and group executive officers. The deliberations of the Committee shall be reported to the Board of Directors as appropriate.

[2] Members

- The Committee shall be comprised of members of the Board selected by the Board.
- Independent directors shall account for the majority of Committee members.
- The chair shall be elected from among Committee members who are independent directors by mutual vote of Committee members. However, if the chair is unable to act, one of the other independent directors elected by a majority vote of the Committee members shall act in the chair's place.

(5) Remuneration Committee

[1] Roles

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. In this regard, however, matters related to the remuneration for Audit and Supervisory Board members shall not violate the provisions of Article 361 of the Companies Act.

- Matters concerning the remuneration for directors, group executive officers 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

[2] Members

- The Committee shall be comprised of members of the Board selected by the Board.
- Independent directors shall account for the majority of Committee members.
- At least one of the representative directors shall be a member of the Committee.
- The chair shall be elected from among Committee members who are independent directors by mutual vote of Committee members. However, if the chair is unable to act,

one of the other independent directors elected by a majority vote of the Committee members shall act in the chair's place.

(6) Corporate Governance Committee

[1] Roles

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

- Basic matters concerning Corporate Governance
- Important matters concerning the establishment, design, and operation of the corporate governance system
- Other important matters which are highly relevant to corporate governance such as an improvement of corporate system in the fields of the environment and society and efforts to enhance sustainability
- Other matters that the Board of Directors requests the Committee to consider, or matters the Committee deems necessary to carry out the purposes of the Committee

[2] Members

- The Committee shall be comprised of members of the Board selected by the Board.
- Independent directors shall account for the majority of Committee members.
- At least one of the representative directors shall be a member of the Committee.
- The chair shall be elected from among Committee members who are independent directors by mutual vote of Committee members. However, if the chair is unable to act, one of the other independent directors elected by a majority vote of the Committee members shall act in the chair's place.

(7) Internal Control Committee

[1] Roles

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."

[2] Members

- The Committee shall be comprised of directors who also serve as group executive officers or 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).
- Audit and Supervisory Committee members may attend and speak at the meetings of the Committee.
- The chair shall be the president and representative director.

(8) Risk Management Committee

[1] Roles

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.

[2] Members

- The Committee shall be comprised of directors who also serve as group executive officers or 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).
- Audit and Supervisory Committee members may attend and speak at the meetings of the Committee.
- The chair shall be the president and representative director.

(9) Selection/Dismissal of Directors

[1] Selection 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 directors shall be selected in accordance with internal regulations, which stipulate the eligibility criteria, including the following:

[Internal directors]

- To have management judgement capacities and management oversight capacities from stakeholders' standpoint
- To have excellent personality, great insight, and high ethical standards
- To have attained sufficient business results or achievements

[Independent directors]

- To be able to contribute to the improvement of corporate governance and management of the Company, and to be able to offer his/her opinions without reserve
- To have extensive experiences in management, international business, the practice of medicine or other specific areas of expertise
- To consider the diversity of independent directors and their backgrounds as far as possible, and their expertise, gender and other characteristics as appropriate

[Independent directors who serve as Audit and Supervisory Committee members]

- To have experience of playing leading roles in the fields of law or accounting with at least one candidate coming from each such field

[2] Selection/Dismissal Procedure

The Nomination Committee shall discuss and propose 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 any situation arises which causes a serious concern about the performance of a director's duties, the Committee may immediately propose to the Board of Directors that necessary steps should 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 present the Director Independence Standards for review and approval by resolution of the Board of Directors.

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

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

(10) Selection and Cultivation of Successors to the President

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.

(11) Determination policy on individual remuneration for Directors

[1] Basic policy and composition

To provide appropriate motivation to enhance corporate value over the medium- to long -term, the remuneration for executive directors shall be determined focusing on (a) appropriate risk-taking by the management and (b) the same profit awareness as shareholders.

To achieve the objective described in (a) above, we set an appropriate balance between fixed remuneration and performance-linked remuneration (bonuses).

To achieve the objective described in (b) above, restricted stocks have been adopted.

Remuneration of other non-executive directors shall be composed only of fixed remuneration.

[2] Remuneration Structure and Components

1) Target Proportions

Remuneration for executive directors shall consist of fixed remuneration, bonuses (standard amount), and restricted stock, the target percentages of which shall be 50%, 30%, and 20% of total combined remuneration, respectively. For higher ranked directors (CEO is the top), the ratios of bonuses and restricted stock to the total amount of remuneration are higher.

2) Remuneration Categories

- Fixed remuneration

To motivate directors to steadily perform their professional duties according to their responsibilities, monthly fixed remuneration is paid. The amount of fixed remuneration is determined according to each director's role and position.

- Performance-linked remuneration (bonuses)

Annual bonuses are a form of remuneration aimed at motivating directors to achieve sustainable growth and annual performance; therefore, purpose-aligned evaluation factors are adopted. Evaluation factors consist of Companywide factors and the performance factors for each director's business operations. Annual bonuses are paid to executive directors on certain date and the amounts of bonuses are calculated by multiplying (a) the evaluation index determined based on above evaluation factors by (b) the standard bonus amount set for each position.

- Restricted stock

For executive directors to share benefits and risks of stock price movements with shareholders and further enhance their desire to contribute to rises in stock prices and the improvement of corporate value, restricted stock is adopted. Restricted stock is allotted to executive directors annually on certain date. 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 30 years (or until their retirement from the 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 consideration.

### [3] 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 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.

- Fixed remuneration: Within the remuneration limit approved at the General Meeting of Shareholders, remuneration for directors, excluding members of the Audit and Supervisory Committee, shall be decided by resolution of the Board of Directors, and remuneration for Audit and Supervisory Committee members shall be decided through discussions among the Audit and Supervisory Committee members.
- Bonuses, restricted stock: Amounts of bonuses and restricted stock are decided 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.

### (12) Training Policy

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

- Internal directors

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

- Independent directors

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

### (13) Board Evaluation

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

### **3. Securing Shareholders' Rights and Equality**

#### **(1) Securing Shareholders' Rights**

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

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

#### **(2) General Meeting of Shareholders**

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

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



addition, Terumo shall provide an English-language translation of the notice of the meeting to ensure equality of access to information about the meeting among Japanese shareholders and international shareholders alike.

(3) Basic Strategy for Capital Policy

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

Terumo seeks to improve its asset efficiency through the enhancement of business operations and optimize its capital structure taking financial soundness into consideration, and in addition to revenue growth and profit margin improvement, we aim to improve its return on invested capital (ROIC) and return on shareholders' equity (ROE).

Terumo strives for the stable and sustainable improvement of returns for its shareholders.

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

- Terumo may hold shares of other companies with a view to creating business opportunities and/or enhancing corporate value.
- The Board of Directors shall verify the economic, strategic, and other rationale for each such holding using a medium- to long-term perspective 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.

(5) Function as Asset Owner of Corporate Pension Fund

Fund management of Terumo's corporate pension is carried out by Terumo Corporation Pension Fund, a separate corporation.

Terumo consistently assigns personnel from accounting, finance, and human resources departments with specialized expertise in asset management to Terumo Corporation Pension Fund to increase its asset management capabilities and ensure it can deliver its expected function as an asset manager. Moreover, the formulation of investment policies and operational results are monitored through discussion by the Asset Management Committee to enhance asset management activities and guarantee the soundness of these activities.

Terumo also has a system that enables senior managers of majority labor unions to participate in decision-making processes regarding investment policies, etc., from the viewpoint of protecting beneficiaries. We eliminate arbitrariness and manage conflicts of interest between the beneficiaries of the corporate pension and the Company by delegating the selection of individual investees and exercise of our voting rights to individual investment agencies.

(6) Related Party Transactions

To not damage the interests of Terumo and its common shareholders, nor to raise such concern regarding transactions between Terumo and its directors or the third parties they represent, Terumo shall establish a framework as follows.

- Transactions with a risk of conflict of interest  
Any transaction between Terumo and one or more of its directors that may involve an actual or potential conflict of interest shall be reviewed and approved by the Board of Directors in accordance with the Companies Act. This procedure is detailed in the Board regulation. In addition, Terumo reviews on an annual basis if there exists any transaction between Terumo and

one or more of its director or a party related to one or more directors (including an affiliate company of the director or the director's related party).

- Transactions with third parties

The Board of Directors established the Terumo Group Code of Conduct, which all Terumo Group associates are required to follow. The Code demands fairness and transparency in all transactions between Terumo and third parties, including customers, suppliers and shareholders. Violations of these principles should be addressed by Company management through the relevant lines of reporting. Terumo's whistleblower system shall be available to report violations that cannot be addressed through the relevant lines of reporting.

#### **4. Collaboration with Stakeholders Other than Shareholders**

##### **(1) Code of Conduct**

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

The Legal and Compliance Department shall perform systematic follow-up to embed the Code of Conduct within the Terumo Group and help all associates throughout the world comply with the Code. The Board of Directors shall require that the Code of Conduct be reviewed and revised as necessary to ensure that it remains up to date and applicable to the current environment. Any revisions shall be reviewed and approved by resolution of the Board of Directors.

##### **(2) Sustainability**

The Terumo Group aims to achieve both a sustainable society and the Group's sustainable growth. Considering the importance of sustainability, Terumo has established and implemented the "Terumo Group Sustainability Policy" by resolution of the Board of Directors.

##### **(3) Entrenchment of Diversity as a Part of the Corporate Culture**

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

##### **(4) Whistle-Blowing System (Compliance Hotline)**

Terumo has established a program designed to encourage its associates to raise issues and report concerns about potential violations of laws, regulations and the Terumo Group Code of Conduct. The program features a compliance hotline and other methods of communication and dialogue designed for the early detection and appropriate resolution of the issues raised. Terumo Group associates and external legal professionals with appropriate expertise shall be appointed to monitor and coordinate activities intended to address any items disclosed by a whistle-blower. Terumo shall take appropriate

measures to ensure the anonymity of whistle-blowers and shall follow a no-retaliation policy with respect to whistle-blowers. Reports of whistle-blowing activities shall be submitted to the Internal Control Committee, the Board of Directors, and the Audit/Supervisory Committee on a regular basis or as needed. Issues raised through whistle-blowers that could have broad applicability within the Terumo Group shall be shared with other relevant locations, departments, and/or business units, as the case may be. Terumo will strive to implement appropriate measures to prevent the recurrence of the violations and to enhance the awareness of compliance matters within the Terumo Group. Terumo endeavors to expand the whistle-blowing system and its operation because it considers such a system to be an important tool for reducing violations of law and policy, thereby contributing to Terumo's sustainable growth.

## **5. Appropriate Disclosure**

### **(1) Disclosure Policy**

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

### **(2) Dialogue Policy**

Terumo will strive to engage in constructive dialogue with its shareholders and other investors. Terumo will further enhance its transparency and work to develop and maintain the trust of its stakeholders through information disclosure and dialogue.

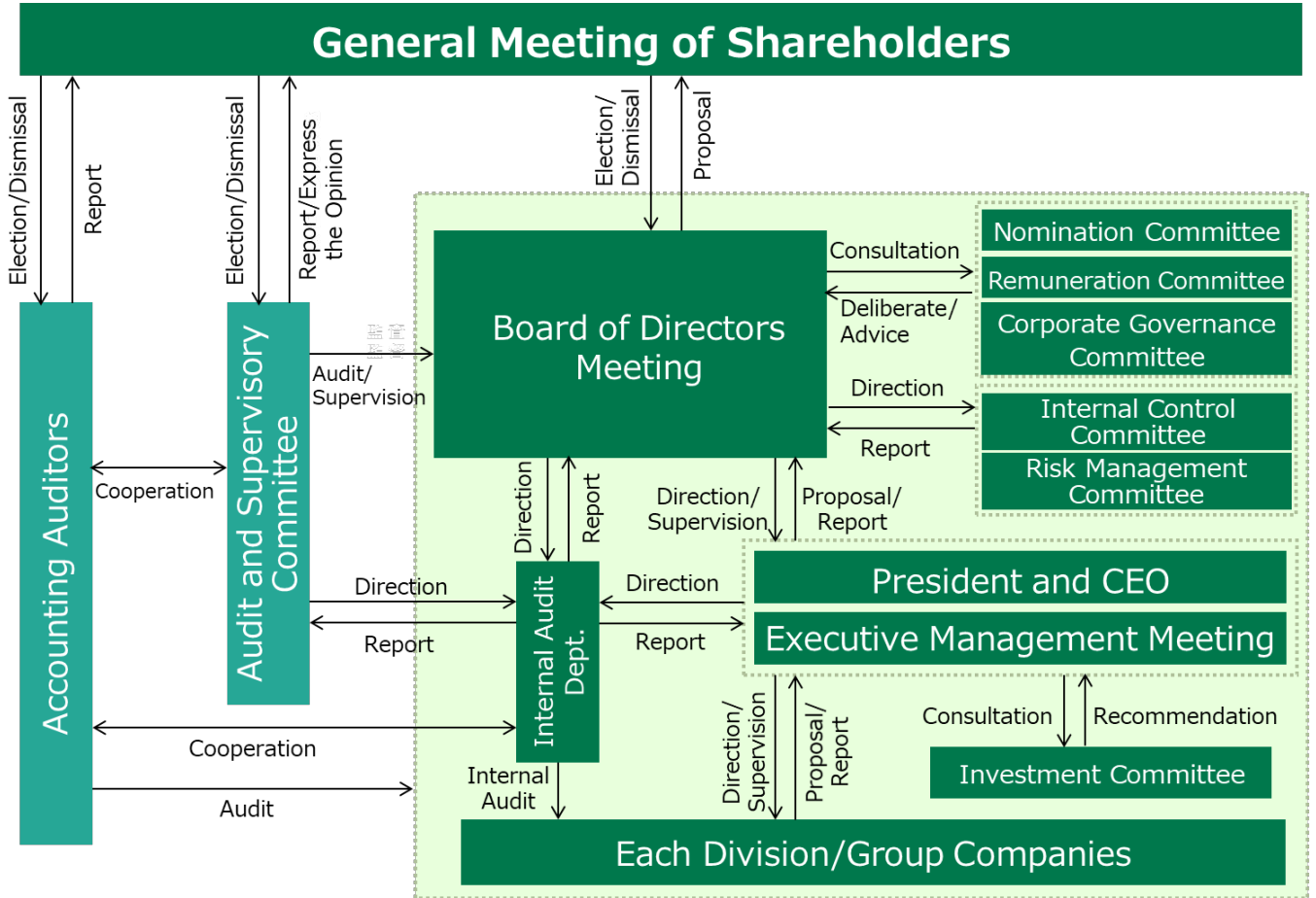
Terumo's policy on disclosure and dialogue with shareholders and other investors is included in the IR Policy found on the Company's website.

End

<Corporate Governance Structure>

- ◆ Audit and Supervisory Committee members are directors and have voting rights in meetings of the Board of Directors.  
The majority of Audit and Supervisory Committee is comprised of independent directors.

- ◆ The Audit and Supervisory Committee audits and supervises the directors and the Board of Directors.



## Director Independence Standards

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

(1) Terumo Group officials

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

(2) Shareholders

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

(3) Business partners

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

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

(4) Parties related to personnel exchange

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

[Appendix 2]

(5) Major lenders

Executive directors, etc. of the companies, etc. that are financial institutions and lenders to the Terumo Group to which the balance of debts exceeds two percent (2%) of the Terumo Group's consolidated total assets.

(6) Outside experts, etc.

A person to whom any of the following apply:

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

(7) Relatives

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

(8) Past implications

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

(9) Others

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

## Terumo IR Policy

### 1. Basic Policy

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

### 2. Information Disclosure Method

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

### 3. Forward-Looking Statements

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

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

#### [1] Appointment of a member of management or a director to be responsible for supervising the overall dialogue with shareholders

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

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

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

[Appendix 3]

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

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

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

[4] Measures for appropriate and effective feedback

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

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

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

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