

# Dialogue between the Chairman of the Board and an Independent Director

## Impression of the Board of Directors

**Takagi** A full year has passed since you became an independent director at Terumo. What are your thoughts on our Board of Directors?

**Ozawa** When I was appointed, the previous chairman, Mr. Mimura, said that he wanted me to speak my mind openly, and that he would welcome critical feedback about Terumo. And the Board does have an atmosphere conducive to open discussion. This has allowed even a person less versed in business like myself to ask basic questions without worrying. I believe our discussions are very dynamic, and we make effective use of the limited time we have. I had imagined that Board meetings would focus solely on management, but discussions actually occur across a broad spectrum concerning the company's impact on a societal level, including

sustainability and ESG. This has been extremely educational and informative for me about current societal trends. It was initially difficult to keep up with members' presentations and discussions, as they used a number of abbreviations that I was not familiar with, but the regular pre-meeting briefings for independent directors have helped me understand much better.

When I was offered a position as an independent director, a key point of interest for me was that one of Terumo's founders was Shibasaburo Kitasato. I worked at the Institute of Medical Science at the University of Tokyo for seven years after my fellowship at the NIH in the United States, and again for the last four years in my active career. Its predecessor was the Institute for Infectious Disease, affiliated with the Great Japan Private Health Association, which was also founded by Shibasaburo Kitasato. He is a favorite figure of mine. I am also fond of Terumo's corporate mission: Contributing to Society through Healthcare.

**Takagi** I believe Board meetings are valuable opportunities to bring together different types of knowledge, experience, and expertise from inside and outside the company. To that end, eliciting and discussing diverse opinions is essential. And for that, it is important to create an environment that promotes free and open discussion. Mr. Mimura was particularly cognizant of that. I would like to continue to prioritize that as chairman while also improving the way the Board operates and striking a balance with time management.

Additionally, it is extremely important for sustainable future growth as a medical device manufacturer that Terumo establish a broad approach to governance on a global scale in the domains of manufacturing, quality, and regulatory affairs. I can easily notice many issues in these fields due to my position as an internal Board member. I would like to continue to make the Board more effective to ensure important issues

and other points are not overlooked by utilizing my own strengths, namely my knowledge, experience, and expertise.

On a different note, Terumo implemented a new executive officer system in April 2022. What do you think of this new system?

## The New Executive Officer System and Human Resource Development

**Ozawa** The new system clarified things like criteria for appointments and conditions, and made it easier to understand the positions and responsibilities of executive officers. I think the new system is also appropriate for the smooth implementation of the five-year growth strategy (GS26) that began in fiscal 2022. Terumo operates in over 160 countries



**Toshiaki Takagi**  
Chairman of the Board

Toshiaki Takagi joined Terumo in 1981. After working primarily in production technology, product development, and quality assurance at the Ashitaka Factory, he went on to become factory manager at the Ashitaka and Suruga sites. Then, as an executive officer, he was the general manager of R&D Headquarters and served as Chief Quality Officer. He assumed his current position in April 2022.



**Keiya Ozawa**  
Independent Director

Keiya Ozawa graduated from the Faculty of Medicine of the University of Tokyo. He then held a fellowship at the National Institutes of Health (NIH) in the United States. Next, he was an associate professor at the Institute of Medical Science at the University of Tokyo and later, a professor at Jichi Medical University. He taught in several departments before becoming the director of the Institute of Medical Science Hospital as well as the director of the Center for Gene & Cell Therapy, both affiliated with the University of Tokyo. Since 2018, he has been a professor emeritus and visiting professor at Jichi Medical University. He also holds posts concerning regenerative medicine as a program supervisor and program officer at the Japan Agency for Medical Research and Development (AMED). Ozawa specializes in hematology, gene therapy, and cell therapy. He was appointed an independent director of Terumo Corporation in June 2021.





and regions globally and over 80% of its more than 28,000 associates are working overseas. For a global corporation, this system is essential for continued future development.

**Takagi** I agree. Terumo adopted this system because, as a global corporation, it needed a new executive officer system to accommodate the rapid expansion of its global business, including M&As.

Now, for the next topic, what about our associates? If you were to define the global talent Terumo needs, what kinds of abilities, skills, and mindsets would you want them to have?

**Ozawa** Just like in academia, one person alone can only do so much in the business world. As the term "interprofessional collaboration" suggests, it is possible to achieve more than first imagined when you have the opportunity to engage with many people and collaborate together. Skills for communicating with many different types of people are desirable, including English competency, to collaborate and interact with people and associates around the world. It is also increasingly important to have personnel who understand and are competent in digital technology. We are entering an age when digital transformation is increasingly prioritized. People less versed in technology need to be flexible thinkers with an abundance of curiosity who actively adopt or learn new technologies.

Further, for associates to maximize their potential, Terumo should cultivate an internal environment that allows them to work with other associates and actively try out different types

of ideas, rather than simply toiling away at their current posts. There are actually some excellent corporate initiatives right now, like one cultivating global mindsets for all associates as well as Terumo Diversity, Equity, and Inclusion (DE&I) Week, which occurred in March and aimed to increase the impact of DE&I initiatives. I also find it commendable that Terumo is actively engaged in several types of programs to cultivate global leadership.

**Takagi** Terumo's associates are highly focused on providing medical settings with safety and reassurance. Associates relate to the corporate mission and can express it in their own words, have a strong sense of ethics, and are committed to sustaining healthcare. Going forward, people with the kinds of mindsets you mentioned will be even more essential. While maintaining our existing strengths, I hope we can aim even higher and be an organization that continues to take on new challenges. I would like Terumo to become a corporation where an inclusive company culture is a given and hardworking people can realize their full potential, regardless of factors like age, gender, or nationality.

Let's turn to the topic of diversity. In March 2022, Terumo implemented a DE&I Philosophy and DE&I Guiding Principle on a global level. What are your thoughts on diversity issues at Terumo?

Promoting Diversity

**Ozawa** While it is still important for Japanese associates to experience working overseas, web conferencing has become more prevalent over the past few years in Japan and abroad, and hurdles to global associate interaction are disappearing. I believe Terumo should seize this chance to devise more opportunities for communication between its sites.

Also, the ratio of women in the company overall and women in management is frequently discussed at Japanese corporations. Although Terumo is increasing these ratios, they continue to fall short. The Board discusses this issue often. I understand that it is difficult to increase the number of women in management rapidly since replacement managers have to have experience and proven track records to avoid problems, but I think the issue needs to be reviewed systematically. Similarly, we hope more women will become executive officers.

**Takagi** I also think that having more diverse personnel will lead to mutual inspiration for our associates and result in sharing different ideas and wisdom, which will in turn spark more innovation and ultimately bring new forms of value to medical sites and patients. As you say, to achieve that, initiatives promoting employee interactions across regions, sites, companies, and businesses will be critical.

The ratio of women in management positions at Terumo Group is around 20% and varies among locations globally, which is an issue. Particularly in Japan, I would like to focus on setting a concrete numerical target as part of realizing DE&I management policies and create a work environment where women can reach their maximum potential and play active roles. Our ultimate goal is to bring more diversity to our decision-making structure and increase representation from different genders, nationalities, and ethnicities.

I have heard your views across several perspectives. Next I would like to hear your thoughts on your own role on Terumo's Board of Directors.

Role on the Board of Directors and Expectations for Terumo

**Ozawa** I believe my expected role is to express my opinion on Terumo's activities as a healthcare professional and medical expert. I understand that cell therapy is a new direction that Terumo is heading in. Although it does not yet make up a large percentage of Terumo's sales, cell therapy is expected to make great strides in the future globally, and I think it is a field Terumo should pursue aggressively. This is my own area of expertise, and I hope to offer useful advice to Terumo.

**Takagi** The diverse experiences and expert opinions of our independent directors are invaluable. As chairman of the Board, I try to encourage independent directors to proactively speak up in Board meetings and state questions and opinions in their specific fields of expertise. I look forward to continuing to receive your views based on your medical expertise.

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

**Ozawa** From the perspective of my own fields of expertise, I would like Terumo to have a substantial presence in the fields of cell therapy and gene therapy. This year, I had the opportunity to hear about products concerning therapeutic apheresis and cell collection, and cell processing from Antoinette Gawin, the president of the Blood and Cell Technologies Company, and division heads from the same company. Their description of the cell expansion system Quantum was very impressive. The system expands and cultivates T cells with extremely high efficiency and is a promising device. A cancer treatment called CAR-T cell therapy is rapidly developing around the world. If the Quantum system can be used to greatly increase the expansion and cultivation of CAR-T cells, it could significantly contribute to the widespread adoption of new therapies. Genetically modified cell therapies, including CAR-T cell therapy, are rapidly developing globally, and I believe there is still plenty of potential for Terumo to contribute.

**Takagi** Terumo's strength is that it uses its passion for helping medical sites evolve as its driving force, challenging itself to solve problems and thereby contribute to society. We will continue to contribute to society by working to achieve our goals as we focus on GS26 and beyond while benefitting from the opinions of our independent directors based on their extensive experiences.

Dr. Ozawa, thank you very much for your valuable comments today.

