

Governance

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Corporate Governance

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

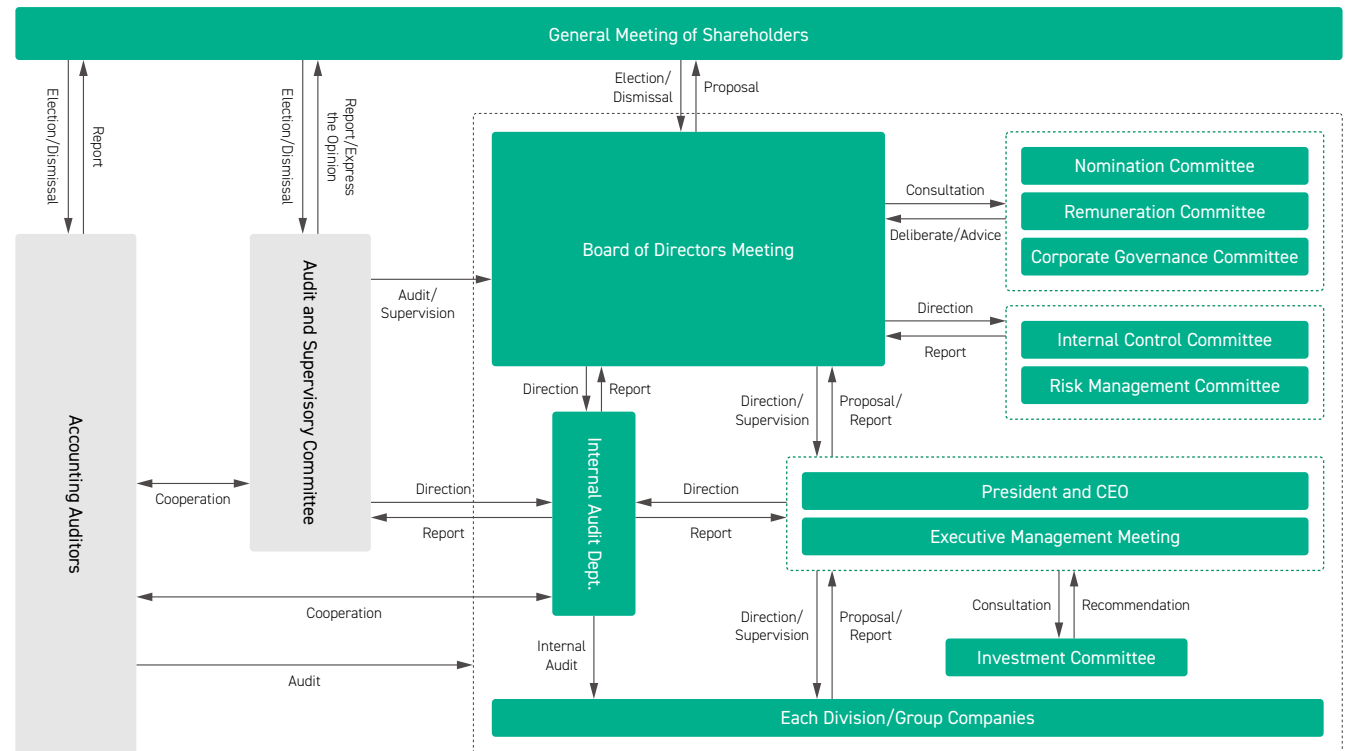
Care – Empathetic to patients

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.

Corporate Governance Structure



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

As of October 31, 2022

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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 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.

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, 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.

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.

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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 corporate governance duties of the Board of Directors - Matters concerning the appointment and dismissal of directors and group executive officers The Committee shall be comprised of members of the Board selected by the Board. 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, 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 The Committee shall be comprised of members of the Board selected by the Board. Independent directors shall account for the majority of Committee members, and at least one of the representative directors 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 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 The Committee shall be comprised of members of the Board 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 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). 	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 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). 	President and CEO

Membership of the Board of Directors, Audit and Supervisory Committee, and Other Committees, and Numbers of Meetings (As of July 1, 2022)

	Board of Directors	Audit and Supervisory Committee	Nomination Committee	Remuneration Committee	Corporate Governance Committee
Board of Directors	Toshiaki Takagi	◎	○	○	○
	Shinjiro Sato	○	○	○	○
	Shoji Hatano	○			
	Kyo Nishikawa	○			
	Kazunori Hirose	○			
	Yukiko Kuroda*	○		○	◎
	Hidenori Nishi*	○		◎	○
Directors (Audit and Supervisory Committee)	Keiyo Ozawa*	○	○	○	○
	Takanori Shibazaki	○	◎		
	Masaichi Nakamura*	○	○	○	○
Soichiro Uno*	○	○	○	○	○
Numbers of meetings in fiscal 2021	12	13	5	4	9

◎: Chairperson ○: Member * Independent director

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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					
		Takagi	Sato	Hatano	Nishikawa	Hirose	Shibazaki	Kuroda	Nishi	Ozawa	Nakamura	Uno	
Director experience value	Healthcare industry experience	●	●	●	●	●	●			●			
	Financial experience/knowledge		●	●	●			●				●	
	Sales marketing experience		●	●	●			●	●				
	Technology/development/regulatory affairs	●				●				●			
	Business responsibility experience	●	●	●	●		●	●	●				
	Experience as CEO of a listed company		●						●				
	Government/industry response	●		●					●	●			
	Risk Management	●	●			●	●		●	●	●	●	●
	New business development experience		●	●					●				
	Experience outside Japan*1		●	●	●	●	●	●	●	●	●		●
	Environment, Safety and Quality	●		●		●							
Director experience	Status of posts at other companies							●	●		●	●	
	Timing of appointment as director	06/2010	06/2014	06/2016	06/2019	06/2022	06/2021	06/2018	06/2020	06/2021	06/2019	06/2019	Average: 3.9 years*2
Diversity	Age*3	64	61	62	63	58	60	58	71	69	65	59	Average age: 62*4
	Sex	Male	Male	Male	Male	Male	Male	Female	Male	Male	Male	Male	

● Has experience *1 Has experience working in a post outside Japan *2 Number of years in position up to July 2022 *3 Age as of July 1, 2022 *4 Average age of 61 for internal directors/Average age of 64 for external directors

Corporate Governance

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: 12/12 (100%)
Hidegori 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: 12/12 (100%)
Keiya Ozawa	Mr. Ozawa has expert knowledge of gene therapy, cell therapy and hematology through his extensive experience of research in these areas. He had served as director of IMSUT Hospital (The Institute of Medical Science, The University of Tokyo) and 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.	Board of Directors: 9/9 (100%)*
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: 12/12 (100%) Audit and Supervisory Committee: 13/13 (100%)
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: 12/12 (100%) Audit and Supervisory Committee: 13/13 (100%)

* This refers to the meetings he attended after he assumed office on June 22, 2021.

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 2021, 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 2022.

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



Corporate Governance

Fiscal 2020 Evaluation Results and Fiscal 2021 Response Measures

The areas for improvement identified as requiring further attention by the fiscal 2020 evaluation of the effectiveness of the Board of Directors and the measures taken are as follows:

Areas for improvement	Measures of Fiscal 2021
Further deepen discussions that contribute to enhancing corporate value, including from the perspective of new management issues (e.g., ESG and DX).	With regard to ESG, we held discussions around the 5-Year Growth Strategy (GS26) and formulated the Terumo Group Sustainability Policy. We have also established guidelines for ESG and carbon neutrality. As regards digital, we have established a new DX Promotion Department and have been developing a new structure and promoting new studies and considerations.
Regarding risk management with a focus on overseas subsidiaries, establish a system for continuous evaluation, and further ensure that the vision is shared between the headquarters and overseas subsidiaries.	In addition to establishing a basic policy on M&A, we have put in place a governance structure that includes monitoring through subsidiary boards of directors, financial management, and internal control and compliance. In addition, we developed a global management structure through the establishment of a new Group Executive Officer to optimize the execution of operations. Also, through the 100th anniversary commemorative events, we further promoted thorough sharing of our philosophy between the head office and subsidiaries.
Regarding interactions with executive members, improve the understanding of internal human capital on the business side and execution side, especially on a global basis.	The Board of Directors held forums for dialogue with the new CEOs of major overseas subsidiaries. Furthermore, the Board of Directors identified and monitored key human capital through sessions with the CEOs of major overseas subsidiaries and Global Talent Discussion. In addition to the Board of Directors meetings, opportunities for dialogue between independent directors and key internal human capital have been established on an ongoing basis.
Regarding the board composition, continue ongoing discussions on further diversity and human capital development.	The composition of the Board of Directors is being discussed on an ongoing basis. In preparation for further diversification in the future, we are revising our HR Policy and executive officer programs, identifying global human capital and capability in stages, and working on global DE&I.

Summary of Fiscal 2021 Evaluation Results

The main results of the evaluation showed the following items, confirming the maintenance of the high effectiveness of the Board of Directors and continuous and steady improvements in governance.

- The Board of Directors has been promoting the delegation of authority for business execution and clarifying the division of responsibilities, and has been exercising a check-and-balance function as a Board of Directors. The internal directors consist of corporate executives, and as Terumo is oriented toward a supervisory type board of directors, it has successfully strengthened the monitoring of execution.
- In addition to having a well-balanced composition of directors, the Company has fostered a culture in which directors with diverse backgrounds candidly share their opinions, enabling effective discussions as a Board of Directors.
- The composition of the Board of Directors was discussed on an ongoing basis, and Regulatory Affairs, Environment, Safety, and Quality were added to the Skill Matrix's Director experience, followed by the selection of people based on this.

Areas for Improvement

While the results of the above evaluation were positive, the following areas were identified as the main areas requiring further consideration.

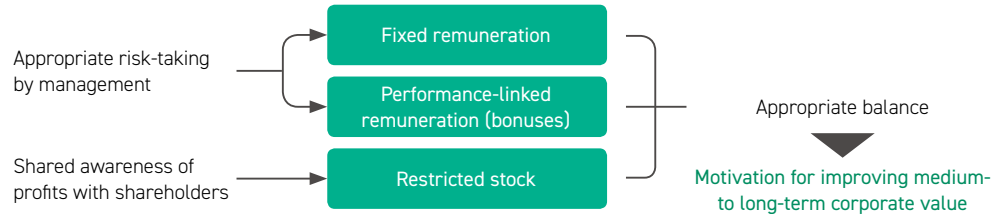
- Discussions contributing to long-term corporate value enhancement: Monitoring of GS26, discussion of Beyond GS26, and ongoing discussions contributing to corporate value enhancement.
- Risk management with a focus on overseas subsidiaries: Continued monitoring, and ongoing discussions on the further evolution of the global management structure.
- Understanding of the actual situation on the execution side and in the field: Improve understanding of human capital on the business and the execution side, contact with employees at various levels, and perform site visits.
- Board composition: Ongoing review of short-, medium-, and long-term human capital requirements (skills matrix) for the entire board (internal and external).

In fiscal 2022, 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.

Corporate Governance

Executive Compensation

Policy and Framework



Policies for Targets and Compensation Types

1. Overall Distribution

Executive directors (all)	Fixed remuneration 50%	Performance-linked remuneration (bonuses) 30%	Restricted stock 20%
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* 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.

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.



Bonuses calculated by multiplying evaluation coefficients determined based on above evaluation indicators by standard bonus amount set for each position

(2) Indicator Targets and Scale of Fluctuation

		Policy	Scale of fluctuation
Companywide performance indicators	Revenue	The targets are figures planned at the beginning of the fiscal year. The evaluation coefficient is set at 100% when the targets are achieved. However, in fiscal 2021, because of the impact of the COVID-19 pandemic, the planned figures were set separately for the first and second half.	The evaluation coefficient fluctuates in the range of 0% to 150% depending on the degree of achievement of targets to provide healthy motivation for improving performance. However, for the fiscal 2021 evaluation, the range was set at 0% to 120% for the first half and 0% to 150% for the second half.
	Operating profit		
	EPS	The year-on-year rate of increase in the three-year moving average of EPS is set as the evaluation index for the purposes of further emphasizing shareholders' perspective and encouraging pursuit of sustainable profit growth.	The evaluation coefficient is set as 100% when the year-on-year growth rate of the three-year moving average of EPS is the same as the average of the year-on-year growth rate of the three-year moving average of EPS for the past ten years. The evaluation coefficient fluctuates in the range of 0% to 150% depending on the degree of achievement of targets.
Overseen department(s)/ individual performance indicators	Revenue of overseen department(s)	The targets are figures planned at the beginning of the fiscal year. The evaluation coefficient is set at 100% when the targets are achieved. However, in fiscal 2021, the planned figures were set separately for the first and second half.	The evaluation coefficient fluctuates in the range of 0% to 150% depending on the degree of achievement of targets to provide healthy motivation for improving performance. However, for the fiscal 2021 evaluation, the range was set at 0% to 120% for the first half and 0% to 150% for the second half.
	Adjusted operating profit		
	Individually set targets	Targets are set with regard to important measures at the beginning of the fiscal year.	The evaluation coefficient fluctuates in the range of 0% to 100% depending on the degree of achievement of targets as of fiscal year-end.

(3) Evaluation Results of Indicators (Fiscal 2021)

The evaluation coefficients pertaining to Companywide performance indicators in fiscal 2021 were 102% for revenue, 104% for operating profit, and 32% for EPS, which resulted in an average of 79% for these three coefficients. For calculating the evaluation coefficients, revenue and operating profit results calculated by using planned exchange rates are used instead of using the revenue and operating profit results calculated by using actual exchange rates on the next page. (First and second-half results on a planned exchange rate basis were 338.9 billion and ¥345.9 billion in revenue, ¥64.5 billion and 51.1 billion yen in operating profit, respectively.)

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	Forecast at the beginning of FY2021	Results	Evaluation coefficients
Revenue	670.0 – 680.0 billion yen	703.3 billion yen	102%
Operating profit	107.0 – 113.0 billion yen	116.0 billion yen	104%
EPS	The average year-on-year growth rate of a three-year moving average of EPS for the past 10 years: 8.5%	The year-on-year growth rate of a three-year moving average of EPS: 2.7%	32%
Average for evaluation coefficients pertaining to Companywide performance indicators in fiscal 2021			79%

(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 under the clawback provision.

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

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)	481	232	116	132	5
Directors (Audit and Supervisory Committee members, excluding independent directors)	42	42	-	-	2
Independent directors	78	78	-	-	6

directors.

As approved at the 104th Annual General Meeting of Shareholders held on June 21, 2019, 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) and 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.

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

Data	Board of Directors/ Committee	Activity
April 14, 2021	Remuneration Committee	Discussion on policies for performance evaluations and director remuneration for fiscal 2021
June 22, 2021	Board of Directors	Resolution on remuneration within the limit approved by the annual general meeting of shareholders
December 15, 2021	Remuneration Committee	Discussion on the direction of the stock compensation system
January 21, 2022	Remuneration Committee	Discussion on new remuneration system for directors
February 9, 2022	Board of Directors	Resolution on director remuneration system for fiscal 2022
February 9, 2022	Remuneration Committee	Discussion on remuneration system for non-executive internal directors
March 24, 2022	Board of Directors	Resolution on remuneration system for non-executive internal directors
April 14, 2022	Remuneration Committee	Discussion on policies for performance evaluations for fiscal 2022
May 12, 2022	Remuneration Committee	Discussion on improvement in non-financial indicators for director performance evaluations
June 22, 2022	Board of Directors	Resolution on remuneration within the limit approved by the annual general meeting of shareholders

New Executive Officers' Management System

Terumo implemented the Executive Officers' Management System in 2002, with its structure built mainly around the headquarters in Japan. However, with the rapid expansion of the business globally, the Executive Officers' Management System needed improvement to cope with the challenges arising from the Company's globalized business. Considering these challenges, the Company has implemented a new Executive Officers' Management System since April 1, 2022 in conjunction with the new 5-Year Growth Strategy with a 10-Year Vision (GS26). The new Executive Officers' Management System will play a part in enhancing Terumo Group's competitiveness on a global level and achieving our vision as defined in GS26. The changes implemented in the new Executive Officers' Management System are as follows.

1. Establishment of the Group Executive Officer (GEO) system
Group Executive Officers will be responsible for setting management directions and discussing Terumo Group management strategies across business divisions and regions.

The GEO system will be structured around Directors and Executive Officers such as the Chairman of the Board, the President and CEO, Company Presidents, Corporate Function Executives, CEOs of Major Business Subsidiaries, and Regional Representatives.

Furthermore, within the GEO structure, the Group Managing Executive Officer (GMEO) will take part in the Executive Management Meeting (EMM) as a core member to execute management strategies for the Terumo Group. By definition, the GMEOs must be a Managing Executive Officer/Senior Managing Executive Officer or higher.

2. Redefinition of Executive Officer (EO)
Executive Officers are those executives who are not part of the GEO structure but are responsible for making decisions for their Company or Function. In addition, the new Executive Officers' Management System clarifies each member's job description based on their position and responsibility. Appointment of each Executive Officer will be based on these clarified criteria and processes. For Terumo Corporation in Japan, the same methodology and approach will also be implemented for all positions above manager. With the new Executive Office Management System in place, Terumo will strive towards realizing GS26 and further drive global growth.

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.

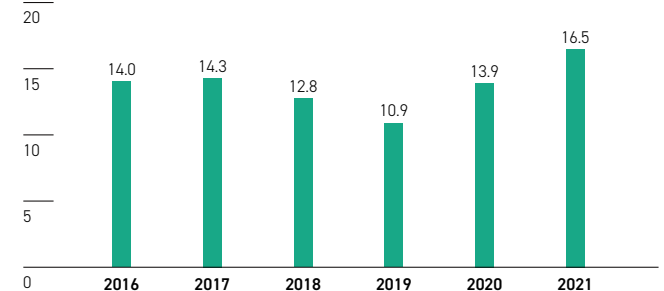
3. Securing Shareholders' Rights and Equality

(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 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.

Holding of Shares in Other Companies for Strategic Purposes (As of March 31, 2022)

(billion yen)



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.



Terumo Corporate Governance Guidelines

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

Compliance

Promoting Compliance

Basic Approach

Earning the trust of society is critical for Terumo to continue to fulfill its Group mission of “Contributing to Society through Health-care.”

Terumo, together with all of its associates, strives to protect its reputation, which is an invaluable asset, and to further build trust with society. To achieve this, every Terumo associate must make the right decisions and do the right things. The Terumo Group Code of Conduct is a guide to help Terumo associates make the right decisions in their everyday actions.

Terumo makes every effort to ensure that all associates around the world not only directors and officers, engage in fair business practices, abide by laws and regulations, and follow the highest ethical standards when serving all stakeholders, including the patients and healthcare professionals that use our products, and when practicing social responsibility, always keeping this Code of Conduct in mind. For this purpose, Terumo has established an environment that enables associates to better understand the importance of the Code of Conduct through means such as constantly providing training tailored to each workplace.



Terumo Group Code of Conduct

<https://www.terumo.com/about/code-of-conduct>

Compliance System

At Terumo, the Internal Control Committee, which is responsible for enacting the Internal Control System of the Terumo Group in accordance with the Internal Control System Design Basic Policy approved by the Board of Directors, shall deliberate and make decisions regarding important policies related to compliance, and regularly report the status of these activities to the Board of Directors and Audit and Supervisory Committee.

Under the leadership of the Chief Legal Officer (CLO) and centered on the Legal and Compliance Department, we create compliance-related rules, perform training and education, and conduct monitoring to quickly discover and ascertain compliance issues through coordination with the compliance officers who are

in charge of promoting compliance-related activities at each Group company.

In the event that a significant compliance violation occurs, a response team shall be immediately organized under the direction of the Chairman of the Internal Control Committee, and that team shall, in addition to handling and resolving the matter, report and make proposals to the Internal Control Committee regarding the cause and recurrence prevention measures.

Compliance Education

Terumo conducts compliance education with the aim of improving compliance awareness among all associates and ensuring understanding of and compliance with relevant laws and regulations.

Major Compliance Training Programs (Terumo Corporation)

Name	Scope of Participation	Format	Subjects	Frequency
Terumo Group Code of Conduct training	All directors, officers, and associates	E-learning program	Training on the Terumo Group Code of Conduct	Once a year
Anti-bribery training	Directors, officers, and some associates	E-learning program	Anti-corruption in business activities	Once a year
Training in competition law	Directors, officers, and some associates	E-learning program	Secure fair transactions in business activities	Every two years
Training in Interactions with healthcare professionals	Associates in sales branches and Companies	Branch training, e-learning program	Maintenance of appropriate relations with healthcare professionals	At least once a month
Level-based training	Associates at specific levels	Group training	Compliance education as part of training for early-career associates and for associates being promoted to mid-level and management positions	At the time of promotion or onboarding
Officer training	Officers	Group training	Important compliance topics	Once every two-three months
Education relating to the restriction on advertising specified by Japan's PMD Act	All associates	E-learning program	Compliance with the restriction on advertising specified by Japan's PMD Act	Once a year
Education relating to the Terumo Group rules for dealing with off-label use	All associates	E-learning program	Compliance with the Terumo Group rules for dealing with off-label use	Once a year
Harassment prevention training	All associates	E-learning program	Harassment awareness and prevention	Once a year

Compliance

Compliance Initiatives

Whistle-Blowing System

When we encounter any compliance issues, it is important to promptly take the appropriate measures, such as investigation, preventive action, disciplinary action, and/or recurrence prevention. With this in mind, the Terumo Group has established the Group Compliance Violations Reporting and Anti-Retaliation Policy, which encourages associates to promptly report any compliance concerns internally, while clearly stipulating that any retaliation against associates who have submitted such reports in good faith is strictly prohibited, so that associates will feel able to submit reports with peace of mind. The Policy also clearly stipulates those reports may be submitted anonymously, in countries where this is permitted by law.

Based on this policy, the Terumo Group has established and operates the Terumo Integrity Helpline, a Groupwide whistle-blowing system through which associates at all business locations can make reports or receive consultation with regard to compliance violations. Reporting via the Helpline can be conducted anonymously. Reports can be submitted through the Helpline not only by Terumo Group associates, but also by the directors, officers, and employees of business partners that do business with any Terumo Group company. A link to the Helpline has been posted on the Terumo website.

In Japan, besides the Terumo Integrity Helpline referred to above, Terumo has also established internal contact points, a legal advisor, and external whistle-blowing contact points operated by independent third parties, which accept reports and consultations via e-mail, mail, or telephone. In addition, a whistle-blowing system relating to the Board of Directors was established in July 2017, enabling associates to contact the Audit and Supervisory Committee.

Prevention of Harassment

Terumo's work regulations in Japan explicitly forbid abuses of power and sexual harassment, regardless of gender orientation or gender identification (members of the LGBT community), as well as activities intended to put individual associates at a disadvantage due to reasons such as pregnancy or roles as a parent or caregiver. In addition, we have established a harassment intranet page where associates in Japan will find our Harassment Prevention Guidelines. These measures are indicative of our stance toward harassment. Associates can seek consultations regarding harassment not only from their supervisors and the Human Resources Department, but also from the Company's internal hotline and the external hotline, where consultations can be kept completely anonymous. Whichever channel an associate decides to use, consultations are conducted in an appropriate manner so that the associate's privacy is well protected, that confidentiality is enforced, and any retaliation against the associate seeking consultation is prohibited.

In addition, as an educational activity to prevent harassment, we conduct harassment prevention training in employees' level-based education including training for new employees and new managers. December and January have been designated as harassment prevention reinforcement months since FY2017 in Japan. During these periods, all associates receive email messages, complete surveys, and take part in e-learning programs. (In fiscal 2021, compliance training was conducted on a different topic.) Managers, meanwhile, periodically attend training sessions that provide examples of harassment relevant to daily business activities. Through these initiatives, we are constantly working to raise awareness of harassment prevention.

Furthermore, a new intranet page detailing our efforts to ensure rigorous compliance was established in April 2020. On this page, associates will find information on our stance toward earnestly embracing compliance and concrete examples of compliance violations and countermeasures. This information is designed to facilitate increased understanding and risk sensitivity among associates. (For more information about the progress of harassment-related education, please refer to ["Compliance Education" on p. 51.](#))

Harassment Prevention Guidelines

- Sexual harassment, abuses of power, and other forms of harassment are human rights issues that violate the dignity of associates and create a toxic workplace.
- Terumo continuously conducts compliance training and asks associates for written pledges declaring their understanding of the negative impacts of harassment and the disciplinary measures that may be taken against them for engaging in harassment.
- Terumo does not tolerate any form of harassment.
- Terumo strives to increase each associate's understanding of harassment as well as their ability to address harassment issues as part of its efforts in creating a healthy organization that is not complicit in or tolerant of harassment and where all employees are respectful of one another.
- Terumo urges associates who have encountered any form of harassment to consult with their supervisor or with a human resources or general affairs representative at their workplace or to use internal hotline in cases where it is difficult to consult with someone in the regular line of reporting. Reporters of harassment issues will not suffer any retaliation and their privacy will be respected.

Opposition to Antisocial Forces

Avoiding relationships with antisocial forces is one of Terumo's corporate responsibilities. We therefore strictly refuse to become involved in any relationship with antisocial forces and do not engage in any transactions with companies, other organizations, or individuals with ties to antisocial forces. Furthermore, we work with law enforcement authorities and other agencies to combat antisocial forces.

Compliance

Anti-Corruption

The Terumo Group expects full compliance with Japan's Unfair Competition Prevention Act, the U.S. Foreign Corrupt Practices Act, and other anti-corruption laws in the countries and regions in which the Group operates in order to ensure honest and fair business practices.

All Terumo associates observe the Terumo Group Code of Conduct and the Group Anti-Corruption and Anti-Bribery Policy, which make clear our commitment to preventing corruption and engaging in fair business practices. All Terumo Group associates receive annual training on the Terumo Group Code of Conduct. In addition, we have established the Group Policy for Third Party Anti-Corruption and Anti-Bribery, and we require our business partners to comply with anti-corruption laws.

If any associate has concerns about possible corruption, including the giving or receiving of bribes, they can report these concerns using Terumo's internal whistle-blowing system. (For more information about the internal whistle-blowing system, please refer to "[Whistle-Blowing System](#)" on p. 52.)

Prohibition of Collusion and Cartels

To prevent associates from becoming involved in collusion and cartels during the course of business activities, the Terumo Group has established the Group Antitrust Policy and is engaged in a Groupwide effort to maintain fair and free competition.

Appropriate Relationships with Healthcare Professionals

Terumo abides by the Fair Competition Code of the Japan Fair Trade Council of the Medical Devices Industry, the Promotion Code of the Japan Federation of Medical Devices Associations, and other industry regulations to ensure that it follows appropriate practices in promoting medical devices and pharmaceuticals to healthcare professionals. We have also established internal rules for this purpose.

Furthermore, the Group Ethical Interactions with Healthcare Professionals Policy was established based on the principles of the codes of ethics of reputable industry associations in the regions in which the Group operates, to guide us in maintaining appropriate relationships with healthcare professionals. (For more information

about the implementation status of education on ethical interactions with healthcare professionals, please refer to "[Compliance Education](#)" on p. 51.)

Advertisements and Other Activities for Providing Product Information and Sales Promotions

Terumo strives to conduct appropriate promotional activities. To facilitate these efforts, Terumo ensures compliance with Japan's PMD Act (the Act on Securing Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics) as well as other relevant laws and regulations. We also abide by various industry codes, such as those established by the Japan Federation of Medical Devices Associations (JFMDA). The relevant divisions review promotional materials prior to use to confirm their legality and the accuracy of the information they contain. In addition, in order to promote compliance with the Guidelines for Prescription Drug Marketing Information Provision released by the Ministry of Health, Labour and Welfare on September 25, 2018, the Promotional Activities Control Department was established in the Head Office in July 2019. The department roles are to monitor the appropriateness of materials used in prescription drug marketing information provision activities and the activities themselves. We also work to ensure the appropriateness of promotional activities overseas with major Group companies playing a central role in advancing these activities in compliance with the applicable laws.

Moreover, the Group Rules for Dealing with Off-Label Use were established for global application in January 2016. These rules prohibit all advertisements and promotions soliciting off-label use of Terumo products. In addition, the Terumo (Japan) Rules for Dealing with Off-Label Use were implemented for Japan and other regional rules have been enacted to ensure compliance with the laws of the countries in which we sell our products and to guarantee appropriate promotions. (For more information about the implementation status of education relating to advertisements and other activities for providing product information and sales promotions, please refer to "[Compliance Education](#)" on p. 51.)

Transparent Relationships between Corporate Activities and Medical Institutions

The supply of advanced medical devices and pharmaceuticals that meet sophisticated needs requires not only the efforts of individual companies but also cooperation with universities and other research and medical institutions at all stages of the process, ranging from research and development to production and sales. Sometimes this cooperation entails monetary compensation. Terumo seeks to ensure transparency in such activities through adherence to high ethical standards.

In Japan, Terumo has formulated its Transparency Guidelines for the Relationships between Corporate Activities and Medical Institutions in compliance with the Clinical Trials Act and voluntary industry rules. Based on these guidelines, we disclose the status of funding to medical institutions and medical professionals.

Compliance

Basic Policy on Tax

Terumo Group's corporate mission is "Contributing to Society through Healthcare." Guided by this mission, Terumo Group conducts business based on strict legal compliance and corporate ethics, and aims to achieve sustainable growth, maximize long-term corporate value, and meet the expectations of its worldwide stakeholders. In conformity with its corporate mission, Terumo Group takes the following actions in conducting tax management.

- **Compliance with Laws and Regulations**
Terumo Group complies with international taxation rules, such as the OECD Transfer Pricing Guidelines, and the laws of all countries in which it conducts business activities, to maintain tax compliance.
- **Proper Tax Payment**
Terumo Group, as a responsible corporate citizen, aims to contribute to society by properly paying taxes in the countries where Terumo Group conducts business activities.
- **Transparency**
Terumo Group discloses tax-related information appropriately to relevant parties, such as the tax authorities in each country, shareholders, and society as a whole, to ensure transparency in taxation practices as a highly socially responsible corporation.
- **Relationship with the Tax Authorities**
Terumo Group builds and maintains appropriate relationships with the tax authorities in each country where Terumo Group conducts business activities, and does not attempt to obtain unfair benefits from the tax authorities.
- **Tax Planning**
Terumo Group does not implement tax planning that is not in line with its business substance and/or is intended to avoid taxes.
- **Corporate Value**
Through the tax management outlined above, Terumo Group ensures that an appropriate tax burden is borne while maximizing its corporate value.

R&D Ethics

Basic Approach

The development of medical devices and pharmaceuticals requires us to conduct animal experiments as well as clinical research on human beings in order to evaluate the safety and efficacy of these products. In its research activities, Terumo always acts in an appropriate manner based on both an ethical and a scientific perspective. We therefore observe the principles of the Declaration of Helsinki* and comply with Good Clinical Practices (GCP) as well as the pharmaceutical laws of countries in which we operate and other relevant regulations and standards. In addition, we have established the internal Research Ethics Committee and Institutional Animal Care and Use Committee in order to guarantee the utmost levels of ethics and respect for animal life in our R&D activities.

* Declaration of Helsinki—Ethical Principles for Medical Research Involving Human Subjects, a set of ethical guidelines for clinical research

Ethics in Clinical Research and Clinical Trials

Based on Japan's Ethical Guidelines for Medical and Biological Research Involving Human Subjects in Japan, Terumo has prescribed the rules related to the organization of the Ethical Review Committee, a set of basic policies regarding respect for human rights and dignity in clinical research. The Terumo Research Ethics Committee, which includes members from outside of the Group, has been formed in accordance with these regulations to evaluate the social value and scientific validity of all clinical research projects prior to commencement. The status of this committee's activities is registered and disclosed through the Ethical Review Committee Reporting System of the Ministry of Health, Labour and Welfare.

Clinical trials aimed at the acquisition of manufacturing and sales approval are conducted in accordance with the principles of the Declaration of Helsinki and in compliance with GCP put forth in the relevant countries. GCP defines all of the items for which compliance is required by the medical institutions conducting clinical trials; an investigator and staffs responsible for the clinical trials, and the sponsors of the study. The Terumo Group formulates and adheres to procedures based on GCP to ensure the quality of clinical trials and to acquire highly reliable data. Moreover, clinical trials are monitored to confirm adherence to the defined procedures

and, most importantly, to ensure that the human rights and safety of trial participants are being prioritized.



Ethical Review Committee Reporting System (Japanese only)
<https://rinri.niph.go.jp/toppage.aspx>

Ethics in Animal Experiments

In its quest to fulfill the Group mission of "Contributing to Society through Healthcare," Terumo performs research and development on medical devices, pharmaceuticals, regenerative medicine, and other products and provides training to healthcare professionals on the safe use of its products in medical settings. For these reasons, certain animal experiments are unavoidable. Those animal experiments that cannot be avoided are performed appropriately with due consideration to animal welfare.

Terumo has established internal regulations on animal experiments based on relevant laws and guidelines such as the Act on Welfare and Management of Animals and the Standards relating to the Care and Keeping and Reducing Pain of Laboratory Animals. We have also formed the Animal Care and Use Committee. The committee examines protocols, confirms the conclusion of experiments, performs animal husbandry management while taking animal welfare into consideration, and provides training for staff engaged in animal experiments to ensure that we adhere to the "Three Rs" stipulated by relevant laws—Replacement (to replace animal studies with other methods), Reduction (to use fewer animals), and Refinement (to alleviate pain and distress)—as well as to Terumo's unique fourth R, Responsibility (to be responsible for experiments). Moreover, the Animal Care and Use Committee carries out self-inspections to assess compliance with the relevant laws, and third-party verification and certification is received from the Association for Assessment and Accreditation of Laboratory Animal Care International or the Japan Health Sciences Foundation, which are international third-party organizations that accredit and assess animal care and use programs. When contracting animal experiments to third-parties, Terumo verifies that subcontractors are practicing proper compliance.

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.

Risk Management System

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 group executive officers or 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.

Risk Management Education

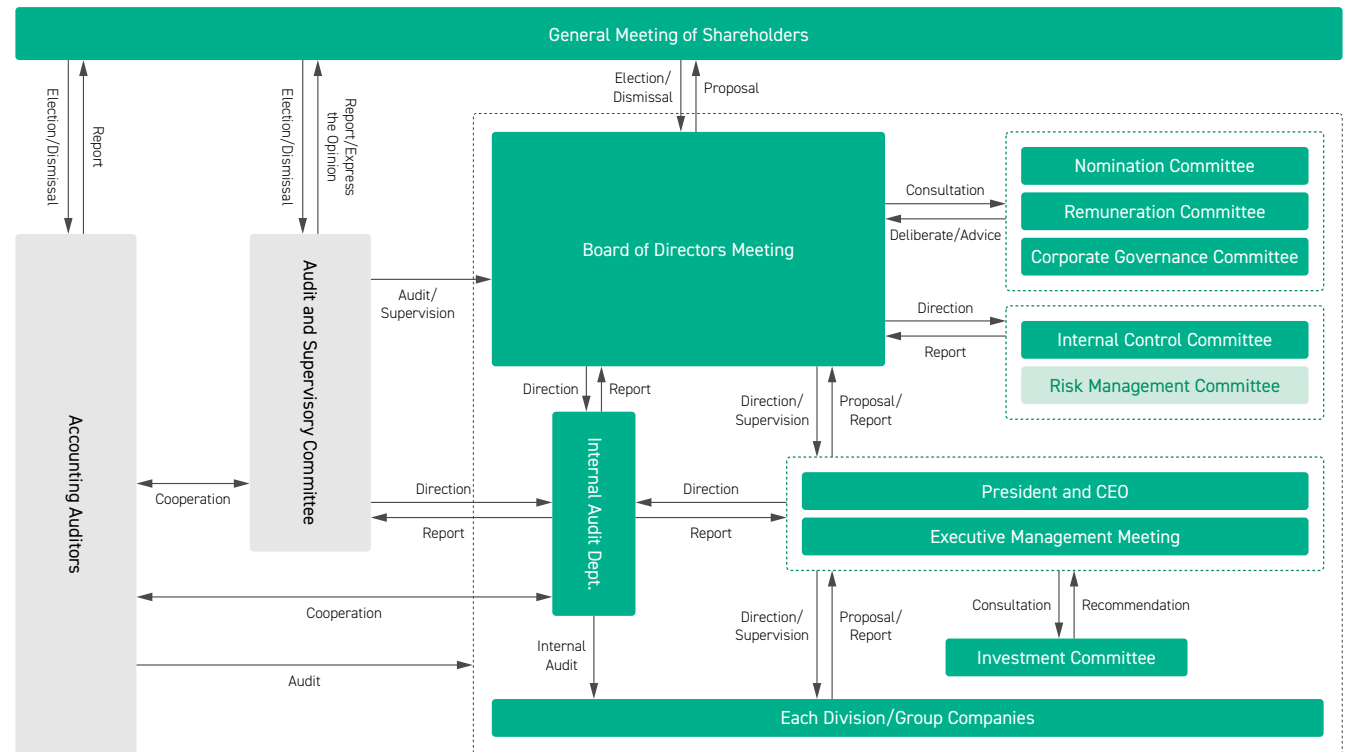
Since fiscal 2016, Terumo has been including content emphasizing the importance of risk management in briefings for department heads and conducting participatory workshop training for associates. Through such initiatives, Terumo is working to enhance the level of risk sensitivity among individual managers and

associates.

Crisis Response

When a crisis emerges (an identified risk occurs), the Group Risk Management Policy stipulates that an internal response be organized in accordance with the crisis level. Crisis responses aim to accomplish three things: 1) protect human lives, 2) minimize damage and losses, and 3) maintain the trust of society. Should a crisis of the highest level occur, we will establish a crisis response headquarters, led by the Risk Management Committee Chair, with the relevant department heads as the second tier of leadership.

Risk Management System



As of October 31, 2022

Risk Management

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 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.

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.

In normal time, Business Continuity Plans (BCPs) are prepared by the collaboration of personnel responsible for risk management at each factory, functional department involved with raw material procurement or distribution, 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.

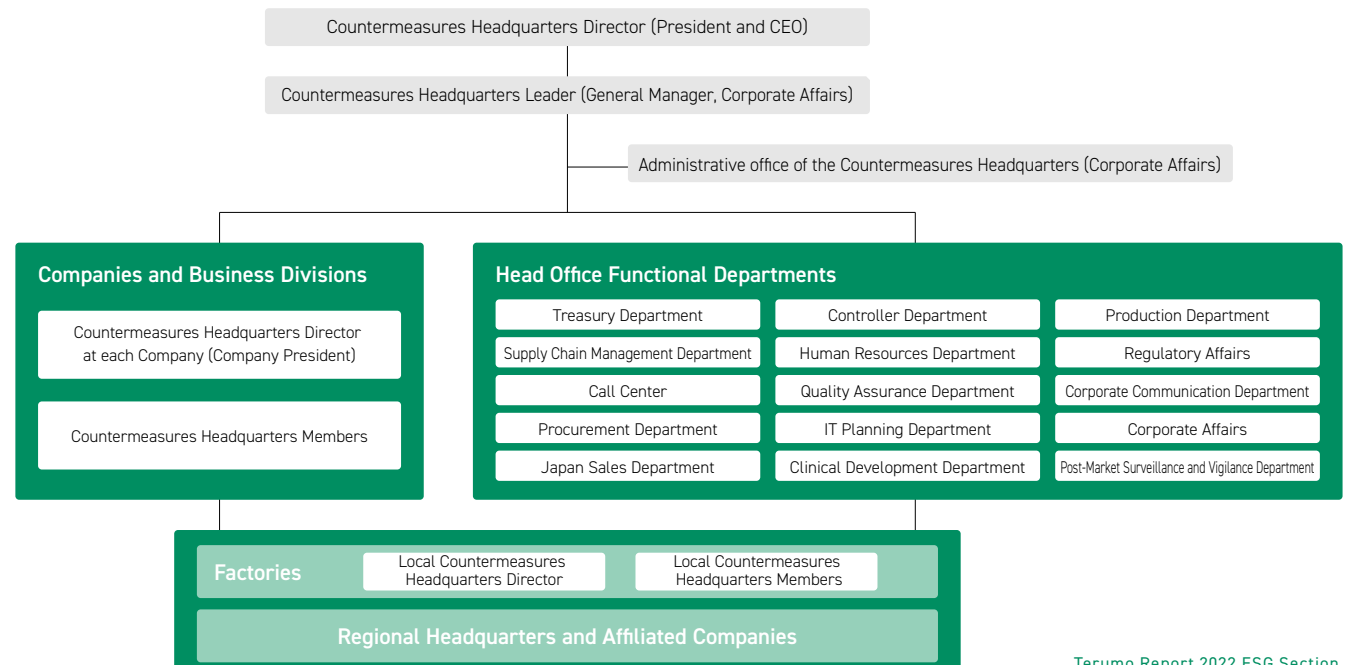
- Establishment of a disaster response headquarters following a major earthquake, confirmation of the roles of individual staff, and other BCP-related drills
- Implementation of systems for rapidly ascertaining the condition of associates and their families and training on their use
- Comprehensive disaster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

Infectious Disease Countermeasures

Terumo has been designated as a specified public institution under Japan's Act on Special Measures for Pandemic Influenza and New Infectious Disease Preparedness and Response. Accordingly, we have developed an operation plan as required and have formulated a BCP that will enable us to continue operating even in the event of an outbreak of a new strain of influenza or other infectious diseases.

In addition, Terumo has prepared its infectious disease response manual to guide efforts to combat the various infectious diseases that are currently spreading around the world and to help halt the spread of such diseases. This manual lays out rules covering everything from infection prevention to the return to work of associates who have been infected in an effort to protect business operations from the impacts of infectious diseases. Terumo also monitors the status of infectious diseases around the world and issues travel precautions or restricts business travel for its associates, as conditions warrant.

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



Risk Management

To support medical settings and professionals fighting COVID-19, and enable as many patients as possible to receive needed healthcare, Terumo, based on its Group mission of "Contributing to Society through Healthcare," Core Values, and BCP Policy, has established the following three key policies regarding COVID-19 as it conducts business activities.

- 1.To protect the health and safety of all Terumo associates with utmost priority
- 2.To maintain a stable supply of products to continuously meet global healthcare needs
- 3.To actively engage in and contribute to the prevention and treatment of the disease, by maximizing the Terumo Group's expertise and technologies

Information Security

Basic Approach

In pursuing business operations, we, at the Terumo Group, take measures to properly protect and ensure information safety with regard to confidential information of the Group as well as information entrusted to the Group by customers and business partners from all manner of threats, including unauthorized access by outside parties; information leaks due to negligence; information manipulation, destruction, and theft; information system malfunctions; and natural disasters. The Group Information Security Policy has been established as a shared global policy for information security, and region-specific information security rules have been formulated based on this policy. Regarding personal information, we have developed the Personal Information Protection Standard based on Japanese laws and regulations, including the Act on the Protection of Personal Information and Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures. We properly protect and manage all forms of personal information, including Individual Number (used for Japan's Social Security and Tax Number System), in accordance with these standards. Furthermore, we have established procedures to be globally compliant with the General Data Protection Regulation, a new personal information protection regulation implemented by the European Union in May 2018.

Information Security System

Under the direction of the Chief Information Officer (CIO), the Terumo Group develops global information security systems headed by the IT Planning Department. The formulation and enactment of standards and guidelines based on the laws and regulations of countries of operation and the education and training of associates are promoted on a global basis through these systems. In addition, global meetings are held regularly between representatives from Terumo's IT Planning Department and information security divisions of Group companies. These meetings serve as opportunities to share information on cyber risks and other matters and to examine possible measures for strengthening information security.

In Japan, information security managers and management staff are appointed in each department of Terumo and in each Group company, as stipulated by the Group Information Security Policy and the information security rules. These individuals perform management and provide guidance to ensure that information in their departments is properly managed and protected. Outside of Japan, information security officers are selected for each region and information security managers are put in place at all affiliates

to promote appropriate information protection and management throughout the Group.

Measures for Strengthening Information Security

Terumo business locations throughout the world perform self-evaluations of their security status annually, and information security training for associates is conducted on a regional basis once a year. In addition, both internal and external audits are performed to confirm the status of compliance with the internal rules and regulations of the Company.

In response to the rise in the various information security threats that need to be addressed, including targeted attacks, unauthorized access, and leaks of personal information, as well as changes in workstyles such as the growth of remote working, we are implementing measures for strengthening information security to provide multi-layered protection that includes countermeasures for scam emails, monitoring of unauthorized transmissions, and other provisions. Furthermore, we conduct drills on targeted email attacks for our associates around the world to raise their awareness of information security.

Global Information Security Management Organization

