

Governance

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Corporate governance

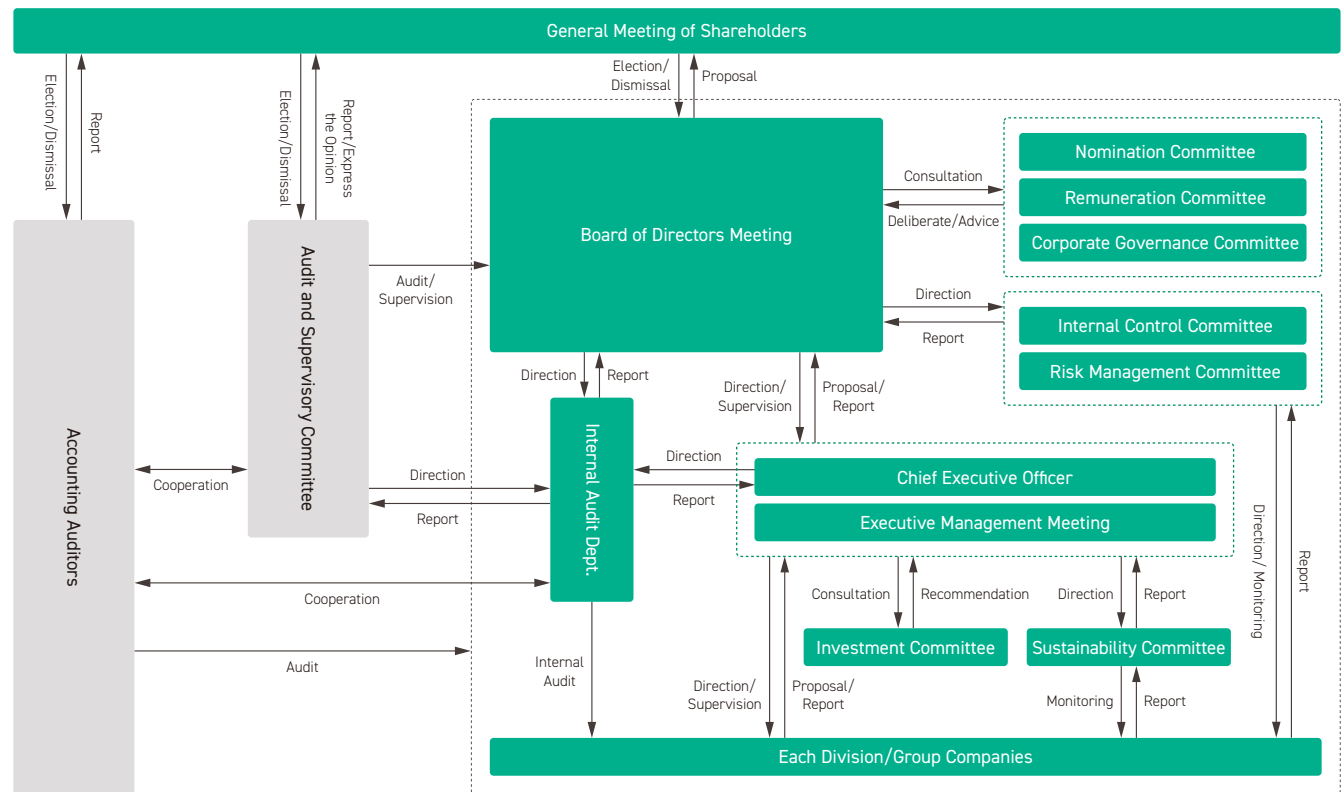
Basic stance on corporate governance

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 Core Values, Terumo has established the Terumo Corporate Governance 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 meetings of the Board of Directors.
- The majority of the Audit and Supervisory Committee is comprised of independent directors.
- The Audit and Supervisory Committee audits and supervises the directors and the Board of Directors.

As of November 1, 2024

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 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 the 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 Chief Executive Officer'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 internal control departments that play an important role in internal control activities.

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

Terumo 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 of the company necessary 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- to long-term management plans from the Chief Executive Officer 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.

Corporate governance

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 the Chief Executive Officer 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, and internal directors who serve as the Committee members shall be the Chairman of the Board and the Chief Executive Officer. 	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 internal directors who serve as the Committee members shall be a representative director. 	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 the 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 of the internal directors who serve as the Committee members shall be a representative director. 	Independent director

	Role/Structure	Chairperson
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 a Group Executive Officer or Executive Officer, the Chief Legal Officer, the general managers of the Internal Audit Department and the Internal Control Department, and persons designated by the Chairperson (general managers of the Internal Control Departments and related departments, executive officers responsible for such departments, and external experts/intellectuals, etc.). 	Chief Executive Officer
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 a Group Executive Officer or Executive Officer, the Chief Legal Officer, the general managers of the Internal Audit Department and the Internal Control Department, and persons designated by the Chairperson (general managers of the Internal Control Departments and related departments, executive officers responsible for such departments, and external experts/intellectuals, etc.). 	Chief Executive Officer

Membership of the Board of Directors, Audit and Supervisory Committee, and other Committees, and number of meetings (As of July 1, 2024)

	Board of Directors	Audit and Supervisory Committee	Nomination Committee	Remuneration Committee	Corporate Governance Committee
Board of Directors	Toshiaki Takagi	◎	○	○	○
	Hikaru Samejima	○	○	○	○
	Toshihiko Osada	○			
	Kazunori Hirose	○			
	Norimasa Kunimoto	○			
	Hidenori Nishi*	○	◎	○	○
	Keiya Ozawa*	○		◎	○
Directors (Audit and Supervisory Committee)	Mari Kogiso*	○	○	○	◎
	Takanori Shibazaki	○	○		
	Masaichi Nakamura*	○	◎	○	○
	Soichiro Uno*	○	○	○	○
Number of meetings held in FY2023	12	14	10	4	6

◎: Chairperson ○: Member * Independent director

Selection of directors

Policy

In selecting candidates for directors, with the aim of creating an ideal Board of Directors, Terumo considers the diversity of the composition of the Board in order to give the Board relative base strength with broad experience and skills (industry experience, management capability, etc.), which are necessary for the Board to engage in good discussions and decision making. Candidates for internal directors shall be selected according to the internal regulations, which stipulate the eligibility criteria, including "a candidate shall have the management judgment capacities and management oversight capacities from stakeholders' standpoint."

Internal regulations for the 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 improving Terumo's corporate governance and management and be able to offer their opinions without reserve. 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 field.

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 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 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 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	Samejima	Osada	Hirose	Kunimoto	Shibazaki	Nishi	Ozawa	Kogiso	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	06/2024	06/2024	06/2022	06/2023	06/2021	06/2020	06/2021	06/2024	06/2019	06/2019	Average: 3.4 years ^{*2}
Diversity	Age (at the time of the recent annual general meeting of shareholders)	66	60	57	60	60	62	73	71	57	67	61	Average: 63 years old ^{*3}
	Sex	Male	Male	Male	Male	Male	Male	Male	Male	Female	Male	Male	

● Has experience *1 Has experience working in a post outside Japan *2 Number of years in position up to July 2024 *3 Average age of 61 for internal directors/Average age of 66 for independent directors

Reasons for appointing independent directors and attendance at meetings

Name	Reasons for appointment	Attendance at FY2023 meetings	
Hidegori Nishi	Mr. Nishi has the extensive experience as a manager, and many years of experience in overseas and marketing business. He has been appointed as an independent director to utilize the insight he has cultivated from these experiences in the supervision of management at Terumo Corporation.	Board of Directors: 12/12 (100%) Remuneration Committee: 4/4 (100%)	Nomination Committee: 10/10 (100%) Corporate Governance Committee: 6/6 (100%)
Keiya Ozawa	Mr. Ozawa has expert knowledge which includes a track record of research in gene therapy, cell therapy and hematology, has served as Director of IMSUT (The Institute of Medical Science, The University of Tokyo) Hospital and Director of Center for Gene & 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 supervision of management at Terumo Corporation.	Board of Directors: 12/12 (100%) Remuneration Committee: 4/4 (100%)	Nomination Committee: 10/10 (100%) Corporate Governance Committee: 6/6 (100%)
Mari Kogiso	Ms. Kogiso has extensive experience as a manager, many years of global experience in financial business and has taken the lead of DE&I and ESG action. She has been appointed as an independent director to utilize this experience in the supervision of management at Terumo Corporation.	Appointed on June 26, 2024	
Masaichi Nakamura	Mr. Nakamura has extensive knowledge of finance and accounting as a Certified Public Accountant. He has been appointed as an Audit and Supervisory Committee member to audit and supervise the management of Terumo Corporation from the independent perspective.	Board of Directors: 12/12 (100%) Nomination Committee: 10/10 (100%) Corporate Governance Committee: 6/6 (100%)	Audit and Supervisory Committee: 14/14 (100%) Remuneration Committee: 4/4 (100%)
Soichiro Uno	Mr. Uno possesses specialized knowledge and extensive experience as an attorney in Japan and overseas. He has been appointed as an Audit and Supervisory Committee member to audit and supervise the management of Terumo Corporation from the independent perspective.	Board of Directors: 12/12 (100%) Nomination Committee: 10/10 (100%) Corporate Governance Committee: 6/6 (100%)	Audit and Supervisory Committee: 14/14 (100%) Remuneration Committee: 4/4 (100%)

Selection and cultivation of a successor to the Chief Executive Officer (succession plans)

The Board of Directors has established the Nomination Committee as an organization overseeing the process of selecting and cultivating successors to the Chief Executive Officer in recognition of the fact that the selection of successors to the Chief Executive Officer 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 Chief Executive Officer is clearly stated in internal regulations. With regard to selecting a successor to the Chief Executive Officer, the Chief Executive Officer shall propose a "Succession Plan" listing more than one candidate and a plan for their cultivation within a specified period of time. The Nomination

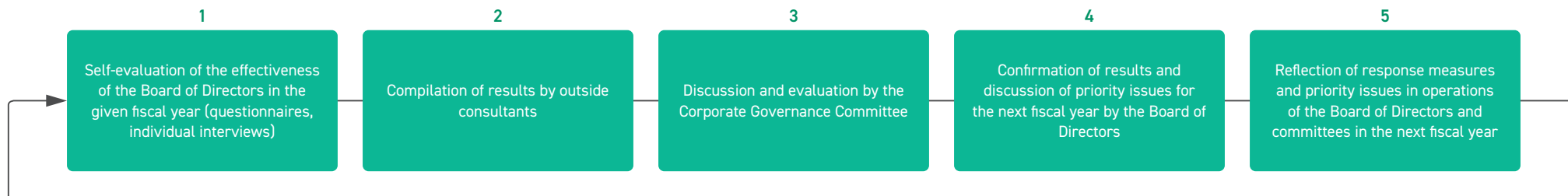
Committee shall consider the successor candidates in accordance with the procedures stipulated in the internal regulations. From the point of view of cultivating future successor candidates, the Chief Executive Officer shall also submit a "Next-Generation Executives' Development Plan" naming several 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 2023, for the purpose of further

improving the 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 2024.

Process for evaluation of the effectiveness of the Board of Directors



Corporate governance

FY2022 evaluation results and FY2023 actions

The main items identified as requiring further consideration in the fiscal 2022 evaluation of board effectiveness and the actions taken in fiscal 2023 for each item are as follows.

Items identified in FY2022	Actions taken in FY2023
<p>Focused and high-quality discussions on ESG, DX, human capital management, and other related topics, achieving a shared understanding of stakeholder expectations from investors and other stakeholders, continuing monitoring of GS26, deepening discussions on Beyond GS26, and reaffirming the direction regarding gender diversity specifically in Japan.</p>	<p>The Board has continued monitoring the achievement of the set goals for ESG and DE&I, and GS26 within the defined framework, and advanced the discussions. Furthermore, the Board has proactively sought opportunities to gather input from investors to align with stakeholders' expectations. Moreover, the Board has discussed the long-term research and development outlook beyond GS26, as well as Terumo's strategic direction for digital transformation (DX) considering the ongoing digitalization of healthcare.</p>
<p>Continuously discuss timely and accurate identification and response to company-wide risks, as well as the further evolution of the global management structure.</p>	<p>The Board continuously monitored the board meetings of overseas subsidiaries and conducted timely reporting and discussions for improvement on projects where risks were anticipated. Additionally, the Board continued discussions to further streamline the three-axis management (business, function, region) and strengthen governance.</p>
<p>Identify next-generation executive leaders through dialogue with human capital on the business and execution side and create opportunities to foster a global business sense within the Board of Directors through interaction with employees at various levels.</p>	<p>Board members visited domestic and overseas factories, particularly the strategic manufacturing site in Costa Rica, and promoted understanding of business and operations through face-to-face interactions with human capital on site.</p>
<p>Ongoing review of the composition of the Board of Directors to achieve global governance.</p>	<p>The Nomination Committee took the lead in selecting candidates for the positions of Chief Executive Officer as well as Chairman of the Board. Discussions were held at the Board meetings regarding the selection of the new leadership team and the future composition of the Board.</p>

FY2023 evaluation results (overview)

The evaluation results indicated the following main points, confirming the continuous and steady improvement in maintaining the high effectiveness of the Board of Directors and enhancing governance.

- Progress has been made in discussions aimed at further streamlining the three-axis management (business, function, region) and strengthening governance.
- ESG and DE&I goals have been set, and progress has been made with the Board of Directors monitoring their achievement.
- Visits to domestic and overseas factories and sites have promoted understanding of on-site realities and each business, enhancing the quality of discussions.
- The Nomination Committee has taken the lead in the selection of CEO, and Chairman of the Board, progressing through appropriate processes.

Evaluation results (development opportunities)

In addition to the evaluation results, the following issues were mainly identified as requiring further consideration.

- Discussions contributing to long-term corporate value enhancement: Expand discussions on the company-wide business portfolio, adjust GS26 based on changes in the business environment, and continue critical discussions on capital costs and consideration of human capital and developing core talent.
- Evolution of the global governance structure and understanding of the realities of the executive side and the field: Consider further streamlining the three-axis management (business, function, region), optimizing organizational structure, identifying compliance-related risks and thoroughly implementing countermeasures, globally recognizing risks, and considering measures to mitigate them, and aligning perspectives on risk-taking that leads to growth.
- Reorganizing the role of the Board of Directors under the new management structure: Reorganization of the supervisory function of the Board in line with the evolution of the executive structure and continued discussions on the composition of the Board of Directors.

We will take measures to address these, and other issues recognized as challenges in the activities of the Board of Directors and its committees in fiscal 2024 and will continue to consider and implement measures to further ensure the effectiveness and enhance the functionality of the Board of Directors.

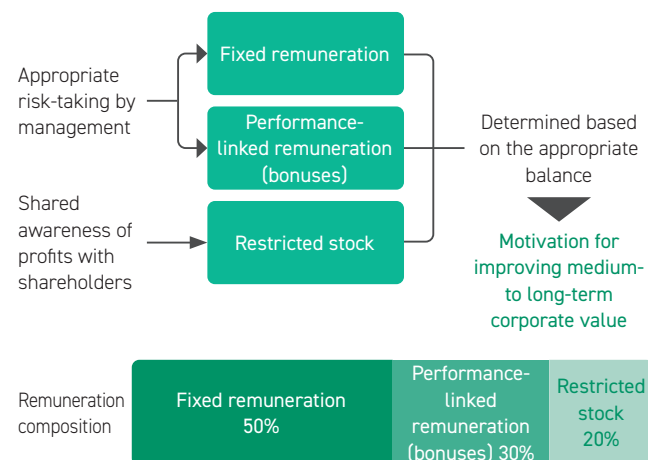
Executive compensation

Basic policy and composition

To provide appropriate motivation to enhance corporate value over the medium- to long-term, the remuneration for executives (executive directors, Group Executive Officers, and Executive Officers) 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 will 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 for executives 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 (Chief Executive Officer at the top), the ratios of bonuses and restricted stock to the total amount of remuneration are higher.

* Remuneration-type stock options could be granted to executives residing outside Japan.



For higher ranked directors (Chief Executive Officer at the top), the ratios of bonuses and restricted stock to the total amount of remuneration are higher.

Policies for targets and compensation types

1. Fixed remuneration

To motivate directors, Group Executive Officers, and Executive Officers 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 role and position of the directors and officers.

2. Performance-linked remuneration (bonuses)

(1) Purpose and summary of the calculation method

Annual bonuses are a form of remuneration aimed at motivating executives (executive directors, Group Executive Officers, and Executive Officers) to achieve sustainable growth and annual performance; therefore, purpose-aligned evaluation factors are adopted. Evaluation factors consist of company-wide performance factors, the performance factors for each executive's business operation targets set for each executive. The annual amounts of bonuses are calculated by multiplying the evaluation index determined based on the above evaluation factors by the standard bonus amount set for each position.

(2) Targets for each performance factor and fluctuation range

The company-wide performance factors consist of consolidated revenue and operating profit, return on invested capital (ROIC), and return on equity (ROE). The performance factors for each executive's business operations comprise their respective departments' revenue and adjusted operating profit. In addition, we have introduced "Future Corporate Value Targets" as a new performance evaluation factor for each executive, starting in fiscal 2023, in order to appropriately assess each executive's contribution to improving corporate value over the medium to long term in their evaluation and compensation.

		Policy	Fluctuation range
Company-wide performance factors	Consolidated revenue	Targets of company-wide factors should be planned targets at the beginning of each fiscal year. When the targets are achieved at 100%, the evaluation index should be 100%. For fiscal 2023, the evaluation index of revenue and operating profit are divided into the first and second half, considering factors of external environment such as geopolitical risks and inflation and so on, while ROIC and ROE are evaluated based on fiscal year-end targets.	To motivate executives for sound business performance improvement, evaluation index fluctuates between 0% to 150% according to their achievement rates.
	Consolidated operating profit		
	ROIC		
	ROE		
Performance factors for each executive's business operations	Revenue of overseen departments	Targets of revenue and adjusted operating profit of overseen departments should be planned targets at the beginning of each fiscal year. When the targets are achieved at 100%, evaluation index should be 100%. (Evaluation index are divided into the first and second half for fiscal 2023 due to the same reasons above.)	To motivate executives for sound business performance improvement, evaluation index fluctuates between 0% to 150% according to their achievement rates.
	Adjusted operating profit of overseen departments		
Individual performance factors	Individually set targets (Relevant factors related to key initiatives under the five-year growth strategy "GS26" and the increase in corporate value over the medium to long term (Future Corporate Value Targets))	The target plans are set at the beginning of the fiscal year.	The evaluation index fluctuates between 0% to 120% based on achievement status at the end of the fiscal year.

(3) Evaluation results of company-wide performance factors (FY2023)

In fiscal 2023, the evaluation indices for the company-wide performance factors were 108% for revenue, 106% for operating profit, 102% for ROIC, and 103% for ROE. Considering the weights of these four indices, the overall evaluation index of the company-wide factors was 105%. However, when calculating the evaluation indices for bonuses, we used the internal business plan set at the beginning of the fiscal year and the results based on the planned exchange rates. This approach was adopted as an alternative to using the figures shown in the table below, which consist of the forecast announced at the beginning of the fiscal year and the results based on the actual exchange rates. According to this calculation method, the overall evaluation index for the company-wide performance factors was 106%.

	Forecast at the beginning of FY2023	Results	Evaluation index (Achievement rate)
Consolidated revenue	¥854.0 billion	¥921.9 billion	108%
Consolidated operating profit	¥132.5 billion	¥140.1 billion	106%
ROIC	7.0%	7.1%	102%
ROE	8.5%	8.7%	103%
Overall evaluation index for company-wide performance factors (Achievement rate)			105%

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(4) Policy and performance factors for each position (FY2023)

The table below shows the weights of the company-wide performance factors, along with those for each executive's business operations and the individual performance factors for each executive. For individual performance evaluation, factors related to key initiatives under the five-year growth strategy GS26 and those contributing to enhancing corporate value over the medium to long term (Future Corporate Value Targets) have been introduced starting from fiscal 2023. The achievement rates of these factors are taken into account in the calculation of the bonus amounts for each executive, including the Chairman and the Chief Executive Officer.

	Company-wide performance factors	Performance factors of each executive's business operation	Individual performance factors (Future Corporate Value Targets)
Chairman/CEO	80%	-	20%
Persons in charge of business	30-50%	50-30%	20%
Persons in charge of function	80%	-	20%
Persons in charge of region	50%	30%	20%

3. Restricted stock

For executive directors, Group Executive Officers, and Executive Officers to share the benefits and risks of stock price movements with shareholders and further enhance their motivation to contribute to stock price appreciation and corporate value improvement, Terumo has introduced a restricted stock remuneration system since fiscal 2019. Under the concept of "sharing awareness of profits with shareholders over the long term," directors and officers may not transfer to third parties or otherwise dispose of restricted stock allotted to them for thirty years (or until they retire from their positions as directors and officers, if earlier). Furthermore, if directors or officers commit fraud or violate laws during their term, all or part of their allotted stock will be acquired by the company without consideration under the clawback provision.

Determining procedure

The standard amounts and design of the fixed remuneration, bonuses, and restricted stock (stock options) for each position of directors, Group Executive Officers, and Executive Officers (excluding Audit and Supervisory Committee members) are deliberated by the highly independent Remuneration Committee, considering the compensation levels of competitors based on surveys conducted by external professional organizations. This committee, which serves as an advisory body to the Board of Directors, is composed of a majority of independent directors and is chaired by an independent director. 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 the remuneration of directors other than Audit and Supervisory Committee members, which consists of fixed remuneration, bonuses, and stock options as stock-based remuneration (applicable to eight directors, three of whom were independent directors, at the time of approval), and a total annual limit of ¥200 million was set for restricted stock remuneration (applicable to five directors at the time of approval). A maximum annual limit of ¥100 million was also approved for the remuneration of directors who serve as Audit and Supervisory Committee members at the 100th Annual General Meeting of Shareholders held on June 24, 2015 (applicable to three directors, two of whom were independent directors, at the time of approval). Thereunder,

the procedure for determining remuneration is as follows:

- Fixed remuneration

The amount of fixed remuneration for directors is determined within the limit approved at the aforementioned annual general meeting of shareholders, based on the previously described "Basic policy and composition" and "Policies for targets and compensation types." For directors who are not Audit and Supervisory Committee members, the amount is determined by a resolution of the Board of Directors. For directors who serve as Audit and Supervisory Committee members, the amount is determined through deliberation by the Audit and Supervisory Committee.
- Bonuses, restricted stock (stock options as stock-based remuneration)

The amount of bonuses and the number of restricted stocks (stock options as stock-based remuneration) for directors are determined within the limit approved at the aforementioned annual general meeting of shareholders, based on the previously described "Basic policy and composition" and "Policies for targets and compensation types," after taking business results, the business environment, and other factors for each year into consideration.

Corporate governance

Remuneration to directors

	Total value of remuneration (¥ million)	Total compensation by type (¥ million)			Number of directors
		Fixed remuneration	Performance-linked remuneration (Bonuses)	Restricted stock	
Directors (excluding Audit and Supervisory Committee members and independent directors)	532	243	163	124	6
Audit and Supervisory Committee members (excluding independent directors)	42	42	-	-	1
Independent directors	82	82	-	-	5

(Reference) Activities by the Board of Directors and Committees in recent fiscal years as part of the process for deciding remuneration of directors, Group Executive Officers, and Executive Officers

Data	Board of Directors/Committee	Activity
April 12, 2023	Remuneration Committee	Discussion on policies for performance evaluations for fiscal 2023
May 15, 2023	Remuneration Committee	Discussion on the Future Corporate Value Targets in performance evaluations for fiscal 2023
June 15, 2023	Remuneration Committee	Discussion on the remuneration levels of non-Japanese executives for fiscal 2023
June 27, 2023	Board of Directors	Resolution on the remuneration for directors within the limit approved by the annual general meeting of shareholders
December 14, 2023	Remuneration Committee	Discussion on the direction of the remuneration system and the stock-based remuneration system
February 7, 2024	Board of Directors	Resolution on the remuneration system for fiscal 2024
April 11, 2024	Remuneration Committee	Discussion on policies for the performance evaluations for fiscal 2024
May 14, 2024	Remuneration Committee	Discussion on the operation of the Future Corporate Value Targets for fiscal 2024
June 14, 2024	Remuneration Committee	Discussion on the remuneration levels of non-Japanese executives for fiscal 2024
June 26, 2024	Board of Directors	Resolution on the bonuses for directors within the limit approved by the annual general meeting of shareholders

Holding of shares in other companies for strategic purposes

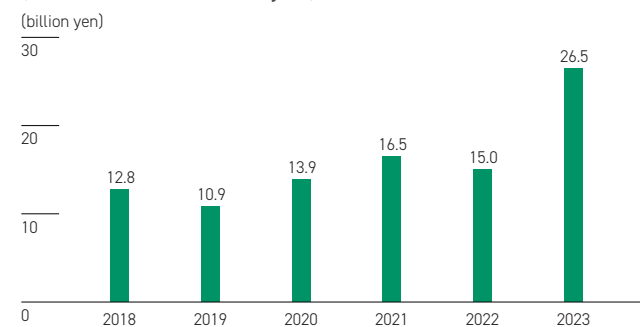
Regarding the holding of shares in other companies for strategic purposes, Terumo adopts the following approach in its Terumo Corporate Governance Guidelines.

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 the end of each fiscal year)



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>

Advancing corporate governance to enhance medium- to long-term corporate value

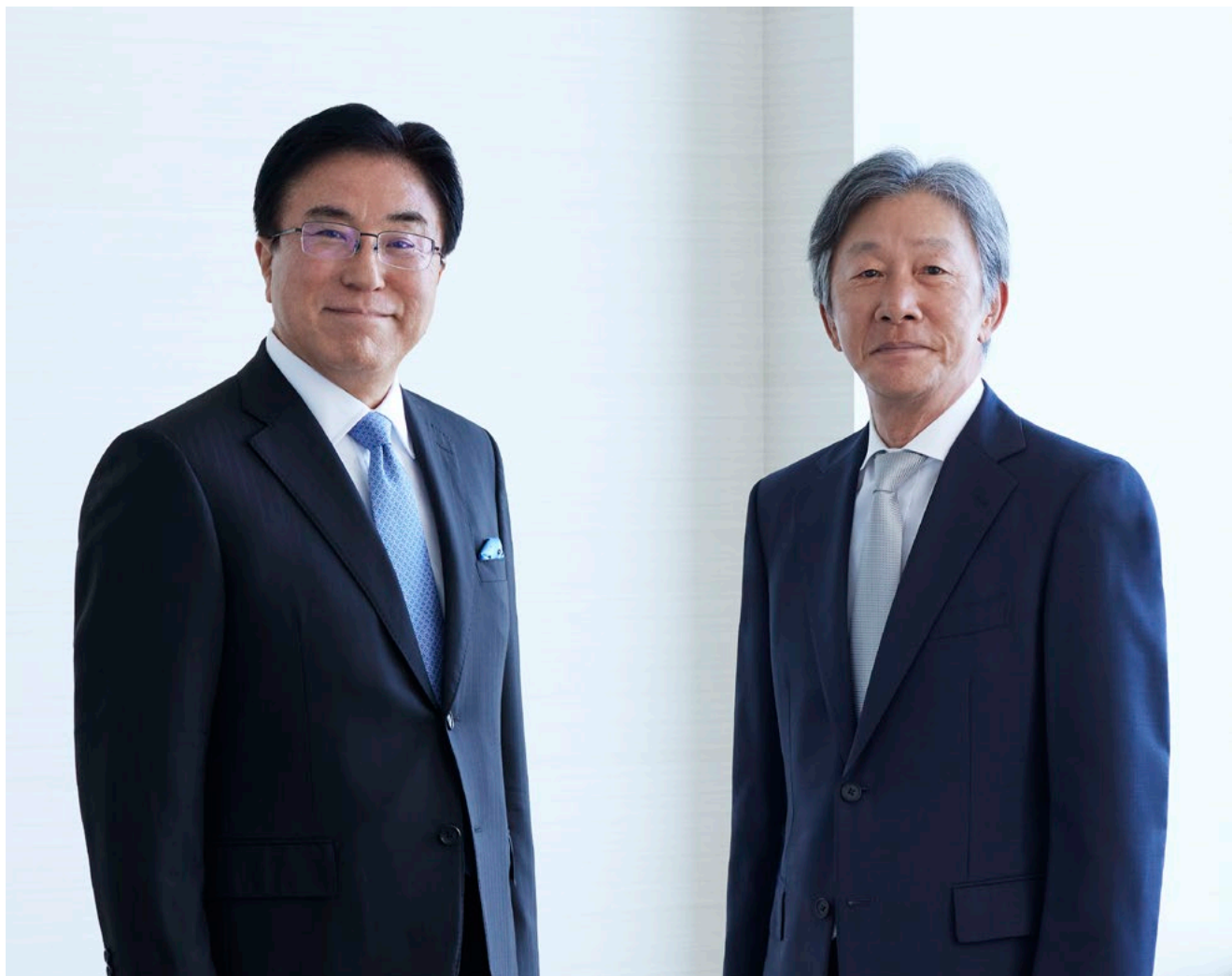
Effectiveness of corporate governance

Takagi Terumo has gradually shifted the roles of the Board of Directors to a monitoring-type board, aiming to clearly define the division of roles and responsibilities between oversight and execution. In this context, over the past few years, we have been enhancing our discussions on the topics contributing to improving corporate value over the medium to long term, including the global people strategy, the evolution of global management systems, and the formulation and monitoring of our five-year growth strategy "GS26." What is your view of the roles of Terumo's Board of Directors and its effectiveness?

Nishi I believe there are three excellent aspects of Terumo's corporate governance. First, there is an effective PDCA cycle at work within the Board of Directors' operations. In order to continue to hold meaningful, substantive discussions, we must continue the cycle of theme selection, appropriate management and review, evaluation of their effectiveness, and selection of themes for the next and subsequent years based on the results of that evaluation. It is not easy to keep this going.

Second, there is strong collaboration between supervision and execution of business operations, or the members of the Board of Directors and executives. When we talk about the effectiveness of corporate governance, we tend to focus only on supervision, but in reality, governance can only function effectively when both supervision and execution of business operations work in tandem. There are of course times when the two sides have differing opinions, but I feel that both the supervisory and executive sides discuss from a broad, fundamental perspective how management ought to be in future in order to continue to increase Terumo's corporate value, and the results are firmly reflected in our management policy, strategies, and measures.

Third, there are ample opportunities for independent directors to gain a deeper understanding of Terumo's business and internal culture. Explanations about medical devices, interaction with associates working at the business frontlines, and 1-on-1s with



Toshiaki Takagi
Chairman of the Board

Hidenori Nishi
Independent Director (Chair of the Nomination Committee)

Dialogue between the Chairman of the Board and an Independent Director

Group Executive Officers have provided valuable opportunities to gain a better understanding of the company's businesses, its products, and the situation on the ground. I hope that you will continue and expand this program going forward.

Takagi The evaluation of the effectiveness of the Board of Directors conducted in fiscal 2023 showed that the Board maintains a high level of effectiveness and has made steady and continuous improvements toward better governance. As chairman, I will continue to make every effort to choose appropriate themes and to manage agendas in a fair and transparent manner so that we can have substantive discussions based on our business environment, external evaluations, and internal conditions. We will also continue to provide detailed explanations to independent directors ahead of time so that they can deepen their understanding of our business and business execution cycle, as well as expand opportunities for training and site visits.

On the other hand, future issues for consideration raised in the effectiveness evaluation include reorganization of the Board of Directors' supervisory function in line with the evolution of the executive structure, and ongoing discussions regarding the composition of the Board of Directors. Stakeholders such as institutional investors are calling for an increase in the ratio of women, non-Japanese, and independent directors. What are your thoughts on this matter?

Nishi At Terumo, the members of the Group Executive Officers responsible for the execution of business operations are diversified in terms of gender and nationality, and many Japanese members possess extensive global experience. The composition of the Board of Directors may be less diverse in terms of gender and nationality than that of the Group Executive Officers. However, our directors have in-depth knowledge and extensive experience in various fields, enabling them to make appropriate decisions in overseeing the management of the Terumo Group.

At the same time, there is a need to update the composition of the Board of Directors in order to continue to improve the effectiveness of governance in response to societal trends and demands from stakeholders. I believe that the future composition of the Board of Directors should be determined through substantive discussions on its ideal structure, including the necessary skills, gender and nationality balance, and the mix of internal and

independent directors, in alignment with the direction outlined in Beyond GS26, the successor to our GS26 growth strategy.

Takagi In order to further improve the quality of governance going forward, it is essential to update the roles and composition of the Board of Directors based on a timely understanding of changes in the business environment surrounding Terumo, as well as trends among government administrations and competitors in other countries. I would like to discuss what form the Board of Directors will take in future while taking into account the management direction set out in Beyond GS26 and the demands of our stakeholders.

Discussions aimed at enhancing corporate value over the medium to long term

Takagi The Board of Directors has been expanding discussions that contribute to enhancing corporate value from a medium- to long-term perspective, such as monitoring the progress of GS26 and discussing Beyond GS26. How do you view the progress to date and the future direction?

Nishi In GS26, Terumo sets out its vision of "From Devices to Solutions." I believe that solutions mean thinking about "what and whose needs are to be met." My impression is that Terumo is now at the stage of providing "devices with solutions." Even solutions using the same devices may have different combinations of goals and needs than those previously considered when viewed from a different perspective. When considering Beyond GS26, I think it will be necessary to identify these variations, review their respective business models, profitability, and management resources required, and then consider how to choose between and focus on them. Investment in talent is also essential to achieving growth. From my perspective, the globalization of Terumo's management talent has been steadily progressing. Going forward, to further enhance the talent and organizational capabilities of the Terumo Group as a whole, I would like to see efforts to foster a sense of unity throughout the group, as well as the development of middle-level talent and those who work on the frontline of business.

Takagi GS26 is now in its third year. We are observing steady progress in developing new solutions across each company, promoting innovation through partnerships, and creating a new



corporate venture capital division. In the future, I would like to monitor how these measures contribute to the improvement of corporate value. I would also like to discuss the optimization of our business portfolio, taking into consideration the synergy effects for the Terumo Group as a whole, growth potential, and profitability. With regard to our people strategy, we will monitor the overall organizational and talent status across the Terumo Group by evaluating the promotion and penetration of the Growth Mindset and DE&I. We will also analyze the results of the associate engagement surveys. Through these measures, we will identify the issues that require monitoring.

Succession plan for Chief Executive Officer

Takagi In April 2024, Chief Executive Officer Samejima took office, and the new management structure was initiated. Terumo has the Nomination Committee to serve as an advisory body to the Board of Directors, which you chair, but how do you see the process of selecting and training the successor to the Chief Executive Officer of Terumo?

Nishi When I became an independent director in June 2020, Terumo had already started evaluating candidates for the next generation of management executives. After approximately two

Dialogue between the Chairman of the Board and an Independent Director

years of assessment, the Nomination Committee began to consider specific candidates for successions, taking enough time to review the candidates carefully. The majority of the Nomination Committee is made up of independent directors, including myself as its chair. What impressed me about the nomination process was that all members, including those from within the company, openly shared their views on the qualities that the successor who will ultimately be responsible for Terumo's future should possess and engaged in sincere and fair discussions. This kind of discussion is possible because of the open corporate culture and climate that has taken root in the company. I hope that we will continue to maintain an atmosphere that allows this kind of essential discussion in the open.

Takagi In selecting candidates for Terumo's future CEO, we must take the time to carefully evaluate them from multiple perspectives while maintaining objectivity and fairness. The majority of our Nomination Committee, including the chairperson, consists of independent directors. I believe this fosters an open atmosphere where both external and internal committee members can candidly share their opinions and engage in meaningful discussions. As a committee member, I will continue to strive to uphold this open environment.

What qualities and experience do you think will be required of



Terumo's CEO in the future?

Nishi I believe that a successor to Terumo's CEO should possess a keen sense and ability to anticipate future trends, along with extensive knowledge of and deep insight into the healthcare industry. In addition, as our business focus shifts from devices to solutions, it is essential for the successor to have experience in effectively communicating and building trust with people from diverse cultures and backgrounds. A mindset geared towards multi-stakeholder management is also crucial. In the medical device industry, in particular, quality and safety concerns can pose significant risks to patient lives. Therefore, it is vital to assess whether the CEO is genuinely committed to these values. In my opinion, both Mr. Sato, the former CEO, and Mr. Samejima, his successor, exemplify these qualities and have the extensive experience I mentioned.

Takagi In the rapidly changing world of healthcare, I believe that the ability to create a vision for the future and lead change in collaboration with internal and external stakeholders is an essential quality for the top management of the Terumo Group. On the other hand, our commitment to quality and safety, which has earned us the trust of healthcare professionals and patients, is an element that must not change. I would like for us to take a close look at these points when selecting and training the next generation of management executives.

Roles of independent directors and the Chairman of the Board and future expectations from Terumo

Nishi I believe that the roles expected of independent directors are to evaluate strategies and measures proposed and advanced by the executive side from an objective perspective that differs from that of internal directors. Based on this evaluation, independent directors should recommend whether they are the best solution for the entire Terumo Group and whether they will contribute to increased corporate value, ultimately leading to higher-quality management decisions.

I personally believe that Terumo should promote its brand more actively. Although Terumo has made significant contributions to society through healthcare, these contributions need to be more effectively communicated, which I find unfortunate. I hope

Terumo will enhance the communication of its purpose, not only to healthcare professionals but also to other stakeholders, by finding ways to convey its message more effectively and broadly to society.

Takagi In order for Terumo to continue contributing to society through healthcare, we need to identify signs of change taking place in medical settings and deliver valuable solutions that meet the real needs of medical settings in a timely manner. As you mentioned, it is also very important for us to communicate Terumo's initiatives to healthcare professionals, patients, and other stakeholders to ensure their recognition and understanding. I believe this will enhance Terumo's presence in society, which in turn will lead to increased corporate value. As chairman, I have many opportunities to visit sites both inside and outside the company, and I would like to actively communicate the excellent efforts being made on the business frontlines.

As Chair of the Board of Directors, I will continue to make every effort to ensure that the Board of Directors continues to hold high-quality discussions while receiving input from independent directors in order to enhance the effectiveness of governance in light of current trends and stakeholders' demands and expectations. Furthermore, I would like to continue to improve my sensitivity to signs of change in medical settings by actively visiting the business frontlines, including our business sites and customers, so that I can conduct monitoring that leads to balanced management decisions based on the actual status of the business frontlines.

Leadership team

(As of November 1, 2024)

Directors



Toshiaki Takagi
Chairman of the Board

April 1981 Joined Terumo Corporation
 April 2004 Factory Manager of Ashitaka Factory
 April 2008 Factory Manager of Ashitaka Factory and Suruga Factory
 June 2008 Executive Officer
 June 2009 General Manager of R&D Headquarters
 June 2010 Director and Senior Executive Officer
 June 2013 Responsible for Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., and Environmental Management Dept.
 April 2015 Responsible for Terumo Call Center
 July 2015 Chief Quality Officer (CQO)
 April 2016 Director and Managing Executive Officer
 April 2017 Responsible for Production Dept. and Procurement Dept.
 April 2018 Director and Senior Managing Executive Officer Responsible for Intellectual Property Dept. and Terumo Medical Pranex
 April 2020 Responsible for Regulatory Affairs, Promotional Activities Control Dept., Clinical Development Dept., Supply Chain Management Dept., CIO Office, and IT Planning Dept.
 April 2021 Responsible for R&D Promotion Dept.
 April 2022 Representative Director and Chairman of the Board (present)



Hikaru Samejima
Chief Executive Officer

April 1988 Joined Toa Nenryo Kogyo K.K. (currently ENEOS Corporation)
 February 2001 Joined Citibank, N.A.
 January 2002 Joined Terumo Corporation
 June 2007 President, Terumo Interventional Systems (Global), Cardiac and Vascular Group
 April 2014 Executive Officer, Division President, Interventional Systems Division, Cardiac and Vascular Company
 April 2016 Senior Executive Officer
 April 2017 President, Cardiac and Vascular Company
 April 2018 Managing Executive Officer
 April 2020 President, General Hospital Company (currently Medical Care Solutions Company)
 April 2022 Group Senior Managing Executive Officer
 April 2024 Chief Executive Officer
 June 2024 Representative Director and Chief Executive Officer (present)



Toshihiko Osada
Director and Group Senior Managing Executive Officer

In charge of Innovation; R&D Division, DX Promotion Dept., Intellectual Property Dept., Clinical Development Dept., Terumo Medical Pranex

April 1989 Joined Terumo Corporation
 January 2016 General Manager of Strategic Planning Dept.
 April 2016 Executive Officer
 April 2018 Senior Executive Officer
 April 2020 Managing Executive Officer, President of Cardiac and Vascular Company, and Division President of Interventional Systems Division
 April 2022 Group Senior Managing Executive Officer
 April 2024 In charge of Innovation; R&D Division, DX Promotion Dept., Intellectual Property Dept., Clinical Development Dept., and Terumo Medical Pranex (present)
 June 2024 Director and Group Senior Managing Executive Officer (present)



Kazunori Hirose
Director and Group Managing Executive Officer

In charge of Global Supply Chain, Quality and EHS; Quality, Post-Market Surveillance and Vigilance Division, Operations Division, EHS Office, Regulatory Affairs Dept.

April 1986 Joined Terumo Corporation
 January 2013 Factory Manager of Kofu Higashi Factory
 April 2016 Executive Officer
 April 2017 General Manager of Operations Division, General Hospital Company
 April 2018 General Manager of S&OP Promotion Dept., General Hospital Company
 January 2019 General Manager of Production Dept.
 April 2019 Senior Executive Officer, Chief Manufacturing Officer (CMO), and Responsible for Supply Chain Management Dept.
 April 2020 Responsible for Procurement Dept.
 April 2022 Group Managing Executive Officer, Quality, Post-Market Surveillance and Vigilance Division, Regulatory Affairs and Clinical Development Division, Operations Division, and Intellectual Property Dept.
 June 2022 Director and Group Managing Executive Officer (present)
 April 2024 In charge of Global Supply Chain, Quality and EHS; Quality, Post-Market Surveillance and Vigilance Division, Operations Division, EHS Office, and Regulatory Affairs Dept. (present)



Norimasa Kunimoto
Director and Group Managing Executive Officer

In charge of Corporate Value Promotion; Corporate Affairs Dept., Legal and Compliance Division, Corporate Communication Division, Japan Sales Dept., Terumo Call Center

April 1987 Joined the Company
 October 2011 General Manager of Secretarial Office
 April 2018 Executive Officer, General Manager of Secretarial Office
 July 2018 Executive Officer, Regional Representative, Eastern Europe, Russia, Middle East and Africa
 April 2022 Group Executive Officer, Regional Representative, Europe, Middle East and Africa
 April 2023 Group Managing Executive Officer, Corporate Value Promotion Division, Human Resources Division, and Japan Sales Dept.
 June 2023 Director and Group Managing Executive Officer (present)
 April 2024 In charge of Corporate Value Promotion; Corporate Affairs Dept., Legal and Compliance Division, Corporate Communication Division, Japan Sales Dept., and Terumo Call Center (present)

Leadership team



Hidenori Nishi

Independent Director

April 1975 Joined Kagome Co., Ltd.
 June 2000 Director, Kagome Co., Ltd.
 June 2005 Director & Managing Executive Officer, Kagome Co., Ltd.
 June 2008 Director & Senior Managing Executive Officer, Kagome Co., Ltd.
 April 2009 President & Representative Director, Kagome Co., Ltd.
 January 2014 Chairman of the Board of Directors & Representative Director, Kagome Co., Ltd.
 June 2014 Outside Director, NAGASE & CO., LTD.
 March 2016 Chairman of the Board of Directors, Kagome Co., Ltd.
 June 2019 Outside Director, FUJI OIL HOLDINGS INC. (present)
 June 2020 Independent Director, Terumo Corporation (present)



**Keiya Ozawa,
M.D., Ph.D.**

Independent Director

Professor Emeritus, Visiting
 Professor of Jichi Medical
 University

March 1977 Graduated from School of Medicine, Faculty of Medicine, The University of Tokyo
 March 1985 Studied at the National Institutes of Health (NIH), the United States (Fogarty Fellow: until 1987)
 September 1990 Associate Professor, The Institute of Medical Science, The University of Tokyo
 November 1994 Professor, Blood Medical Research Division, Jichi Medical University
 February 1998 Senior Professor, Division of Hematology, Jichi Medical University
 April 1998 Professor, Division of Genetic Therapeutics, Center for Molecular Medicine, Jichi Medical University
 April 2014 Hospital Director, IMSUT Hospital, Director, Center for Gene and Cell Therapy, and Professor, Division of Gene Therapy Development, Advanced Clinical Research Center, The Institute of Medical Science, The University of Tokyo
 Visiting Professor, Division of Immuno-Gene & Cell Therapy (Takara Bio), Jichi Medical University
 April 2018 Professor Emeritus and Visiting Professor, Jichi Medical University (present)
 Program Supervisor, Japan Agency for Medical Research and Development (present)
 June 2018 Program Officer, Japan Agency for Medical Research and Development (present)
 October 2018 Senior Advisor, Genetic Therapeutics Center, Jichi Medical University (present)
 June 2021 Independent Director, Terumo Corporation (present)
 April 2023 Visiting Professor, Division of Gene & Cell Therapy for Intractable Diseases, Jichi Medical University (present)



Mari Kogiso

Independent Director

Founder and CEO, SDG Impact
 Japan Inc.

April 1990 Joined Long-term Credit Bank of Japan
 June 1998 Joined World Bank
 June 2003 Representative, Asia, Multilateral Investment Guarantee Agency, World Bank Group
 October 2012 Founder and CEO, i-Incubate Corporation
 October 2014 Representative, Dalberg Japan
 January 2016 Head of International Business Planning, Sasakawa Peace Foundation
 July 2017 General Manager, Gender Investment and Innovation Division, Sasakawa Peace Foundation
 June 2019 General Manager, CEO Office, FAST RETAILING CO., LTD.
 January 2021 CEO, SDG Impact Japan Inc. (present)
 June 2022 Independent Audit & Supervisory Board Member, Mitsubishi Corporation
 June 2024 Independent Director, Mitsubishi Corporation (present)
 Independent Director, Terumo Corporation (present)

Directors (Audit and Supervisory Committee Members)



Takanori Shibazaki

Director (Full-time Audit and
 Supervisory Committee Member)

April 1986 Joined Terumo Corporation
 July 2005 Factory Manager of Terumo Medical Products (Hangzhou) Co., Ltd. 1st Factory
 September 2007 Deputy General Manager of Strategic Planning Dept.
 October 2008 President and CEO, Terumo Medical Products (Hangzhou) Co., Ltd.
 April 2014 Executive Officer
 July 2014 General Manager of Supply Chain Management Dept.
 April 2016 President and CEO, Terumo (China) Holding Co., Ltd.
 April 2017 Senior Executive Officer, Regional Representative, China
 June 2021 Director (Full-time Audit and Supervisory Committee Member) (present)



Masaichi Nakamura

Independent Director (Audit and
 Supervisory Committee Member)

Certified Public Accountant

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



Soichiro Uno

Independent Director (Audit and
 Supervisory Committee Member)

Lawyer

April 1988 Joined Nagashima & Ohno (currently Nagashima, Ohno & Tsunematsu) admitted to the bar in Japan
 November 1993 Passed the bar exam in the State of New York, USA
 January 1997 Partner, Nagashima & Ohno (currently Nagashima, Ohno & Tsunematsu) (present)
 June 2004 Audit External & Supervisory Board Member, SoftBank Corp. (currently SoftBank Group Corp.) (present)
 June 2018 Outside Director (Audit & Supervisory Committee Member), Dream Incubator Inc.
 June 2019 Independent Director (Audit and Supervisory Committee Member), Terumo Corporation (present)

Leadership team

Group Managing Executive Officers (GMEO)

Toshiaki Takagi
Chairman of the Board

Hikaru Samejima
Chief Executive Officer

Toshihiko Osada
Group Senior Managing Executive Officer
In charge of Innovation; R&D Division, DX Promotion Dept., Intellectual Property Dept., Clinical Development Dept., Terumo Medical Pranex

Antoinette Gawin
Group Senior Managing Executive Officer
President, Blood and Cell Technologies Company
President and CEO, Terumo BCT Holding Corp.

Kazunori Hirose
Group Managing Executive Officer
In charge of Global Supply Chain, Quality and EHS; Quality, Post-Market Surveillance and Vigilance Division, Operations Division, EHS Office, Regulatory Affairs Dept.

Fumihisa Hirose
Group Managing Executive Officer
President, Cardiac and Vascular Company

Norimasa Kunimoto
Group Managing Executive Officer
In charge of Corporate Value Promotion; Corporate Affairs Dept., Legal and Compliance Division, Corporate Communication Division, Japan Sales Dept., Terumo Call Center

Itaru Sakaguchi
Group Managing Executive Officer
President, Medical Care Solutions Company
Division President, Hospital Care Solutions Division, Medical Care Solutions Company

Group Executive Officers (GEO)

Ghada Farah
Group Executive Officer
Division President, Interventional Systems Division, Cardiac and Vascular Company

Carsten Schroeder
Group Executive Officer
Division President, Neurovascular Division, Cardiac and Vascular Company
President and CEO, MicroVention, Inc.

Hiroshi Yagi
Group Executive Officer
Chief Operations Officer (COO), Interventional Systems Division, Cardiac and Vascular Company
President, Terumo Yamaguchi Corp.

Chris Williams
Group Executive Officer
Senior Vice President, Global Manufacturing, Terumo Blood and Cell Technologies Inc.

James Rushworth
Group Executive Officer
President and Chief Operating Officer (COO), Terumo Medical Corp.

Takuya Hosogai
Group Executive Officer
Regional Representative, Europe, Middle East and Africa
President and CEO, Terumo Europe N.V.

Masanobu Yano
Group Executive Officer
Regional Representative, China
President and CEO, Terumo (China) Holdings Co., Ltd.

Kenichi Hata
Group Executive Officer
General Manager, Strategic Planning Dept.

Robert DeRyke
Group Executive Officer
Division President, Cardiovascular Division, Cardiac and Vascular Company
President and CEO, Terumo Cardiovascular Systems Corp.

Erik Pomp
Group Executive Officer
Division President, Vascular Graft Division, Cardiac and Vascular Company
President and CEO, Terumo Aortic

Noritsugu Fujita
Group Executive Officer
Division President, Pharmaceutical Solutions Division, Medical Care Solutions Company

Cindy Ng
Group Executive Officer
Senior Vice President, Global Commercial, Terumo Blood and Cell Technologies Inc.

Toshiyuki Akaike
Group Executive Officer
Regional Representative, Asia Pacific and India
Chairman and Managing Director, Terumo Asia Holdings Pte., Ltd.

Katsuyuki Honda
Group Executive Officer
Regional Representative, Americas
President and CEO, Terumo Americas Holding, Inc.
Chairman and CEO, Terumo Medical Corp.

Tomoko Adachi
Group Executive Officer
Chief Human Resources Officer (CHRO)
DE&J Promotion Dept., Human Resources Dept., CHRO Office, Human Resources Development Dept.

Jin Hagimoto
Group Executive Officer
Chief Financial Officer (CFO)
Acting Chief Information Officer (CIO)
General Manager, CFO Office
Controller Dept., Treasury Dept., Tax Dept., J-SOX Office, IT Planning Dept., Global Business Services (GBS)

Executive Officers (EO)

Miho Mizuguchi
Executive Officer
Chief Legal Officer (CLO)
General Manager, CLO Office
Legal Dept., Compliance Dept.

Toshio Nakashima
Executive Officer
General Manager, Ashitaka Factory, Cardiac and Vascular Company
Deputy Chief Operations Officer (COO), Interventional Systems Division, Cardiac and Vascular Company

Takeshi Kuroo
Executive Officer
Senior Vice President, Surgical Business, Cardiac and Vascular Company
General Manager, HeartSheet Business Dept., Cardiac and Vascular Company

Jin Nishizaki
Executive Officer
General Manager, Japan Sales Dept.
Terumo Call Center

Shinji Omori, Ph.D.
Executive Officer
Chief Technology Officer (CTO)
General Manager, DX Promotion Dept.
R&D Division

Jun Yamashita
Executive Officer
Chief Quality Officer (CQO)
Quality Assurance Dept.
Post-Market Surveillance and Vigilance Dept.

Takumi Uchida
Executive Officer
Chief Operations Officer (COO), Medical Care Solutions Company

Yasuhiro Ikoma
Executive Officer
Chief Commercial Officer (CCO), Interventional Systems Division, Cardiac and Vascular Company

Dialogue with shareholders and investors

Policy for Dialogue with Shareholders and Other Investors

1. Appointment of a member of management or a director to be responsible for supervising 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 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 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 department heads of the Investor Relations Department, the Corporate Communication Department, the Strategic Planning Department, the Secretarial Office, the Internal Control Department, and the Legal 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.



The Policy for Dialogue with Shareholders and Other Investors has been formulated as part of Terumo's IR Policy. For the full text of the IR Policy, please visit: https://www.terumo.com/investors/management/ir_policy

Initiatives

The activities implemented in fiscal 2023 are outlined below.

Target	Activities implemented in fiscal 2023 Items in bold-faced type are activities in which the President or Group Executive Officers took part
Shareholders	<ul style="list-style-type: none"> • General meeting of shareholders • Corporate presentations for shareholders (in Osaka and Nagoya) • Terumo Medical Pranex tours
Securities analysts and/or institutional investors	<ul style="list-style-type: none"> • Quarterly earnings briefings • Medical device seminars • One-to-one interviews (online or face-to-face) • Participation in conferences organized by securities firms • Participation in small-scale meetings organized by securities firms • Overseas IR activities (online or face-to-face)

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 advancing the construction of a group-wide risk management system, an effort that began in fiscal 2015.

Under this risk management system, we have established the Group Risk Management Policy and have been working on appropriate risk management based on identification and analysis of risks for the Terumo 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. In addition, we aim to foster an organizational culture where every associate recognizes the importance of risk awareness and performs their job responsibilities accordingly. To achieve this goal, we are actively working to raise awareness and promote the importance of risk management as a corporate activity by sending messages from the CEO to all Terumo Group associates and other efforts.

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 overseeing risk management across the Terumo Group. Chaired by the Chief Executive Officer, 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 Terumo 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 throughout the Terumo

Group, organized in a database, and shared with department heads and risk managers at subsidiaries. In addition, we have established a system to ensure that information is promptly communicated to management organizations through functional departments and the relevant departments of subsidiaries when a significant issue arises.

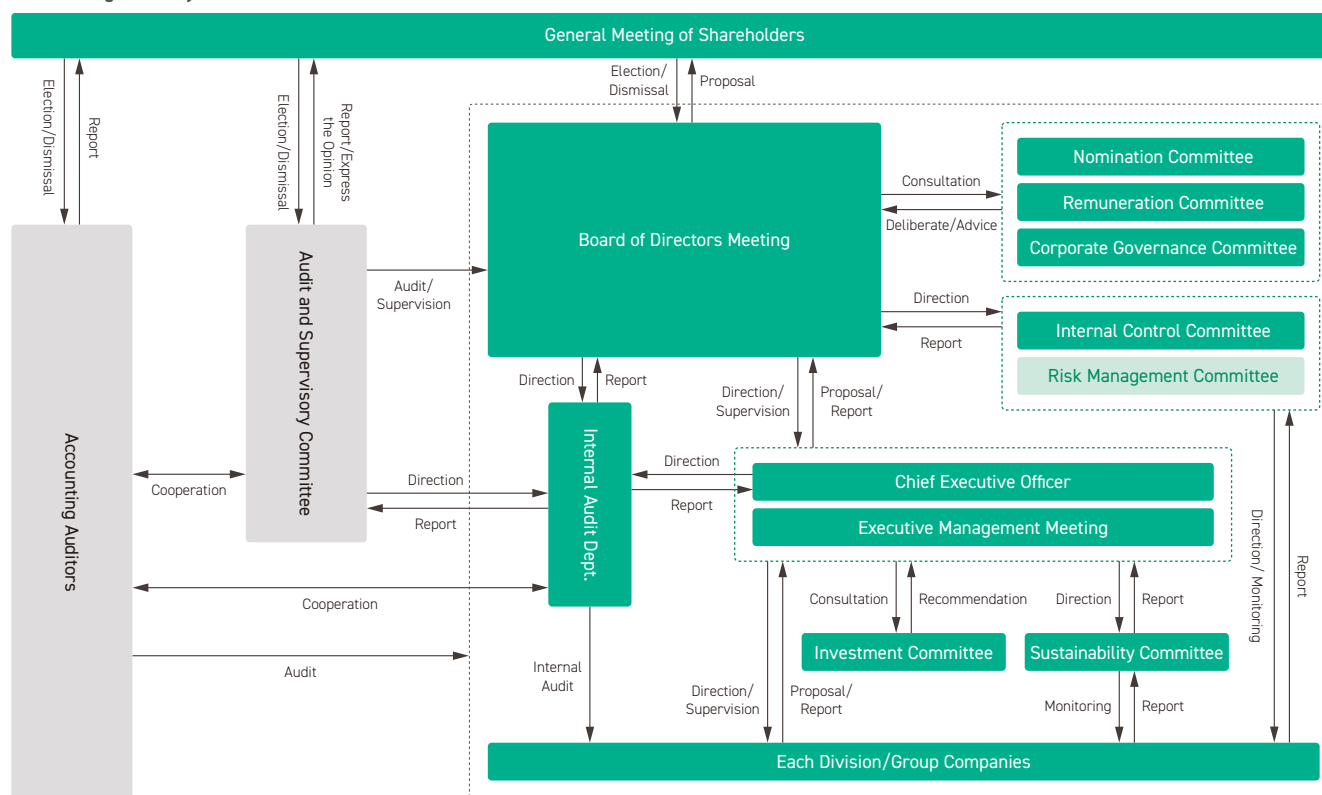
Risk management education

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 November 1, 2024

Major risks and opportunities

The major risk factors that could impact the Terumo Group's operating results and financial position are as follows.

Major risk factors	Risk and opportunity content	Response
Changes in government healthcare policies	<p>Risk</p> <ul style="list-style-type: none"> ■ Impact of large-scale amendment in government healthcare policies exceeding expectations <p>Opportunity</p> <ul style="list-style-type: none"> ■ Shortened development and approval process cycle for innovative medical device development ■ Expanded revenue opportunities associated with increased demand for products and services with high medical cost efficiency 	<ul style="list-style-type: none"> • Constantly analyze the government healthcare policies of the countries in which we operate in order to furnish the necessary responses through coordination between relevant internal divisions and stakeholders
Stable supply-related risks	<p>Risk</p> <ul style="list-style-type: none"> ■ Impact of a dysfunctional sustainable value chain caused by issues in material procurement, quality control, compliance, and EHS (environment, health, and safety), resulting in an inability to provide a stable supply of high-quality products to medical settings <p>Opportunity</p> <ul style="list-style-type: none"> ■ Competitive edge maintained through the continuous stable supply of products 	<ul style="list-style-type: none"> • Enhance quality control, compliance, environmental, and health and safety initiatives through various actions including the development of systems for collaboration with business partners (procurement policy/supplier guidelines) • Develop business continuity plans (BCPs) • Manage the credit of business partners
Quality-related risks	<p>Risk</p> <ul style="list-style-type: none"> ■ Impact of delayed compliance with more rigorous legal or regulatory standards which could be newly implemented in the countries ■ Impacts of lost social trust and business interruptions due to quality-related issues disrupting the supply of products to medical settings <p>Opportunity</p> <ul style="list-style-type: none"> ■ Expansion of the number of countries where the Terumo Group can sell its products and services by complying with laws and regulations ■ Competitive edge on the market maintained with high product quality 	<ul style="list-style-type: none"> • Comply with legal and regulatory standards and specifications pertaining to pharmaceuticals and medical devices in the countries in which products are manufactured or sold • Reinforce quality governance systems globally and develop and constantly improve quality control systems • Regularly verify compliance with relevant regulations and the status of quality control at each production site within the Terumo Group through audits conducted by the headquarters quality department • Ensure quality, efficacy, and safety of products under rigorous quality and production control provisions
Discovery of new medical evidence	<p>Risk</p> <ul style="list-style-type: none"> ■ Decline in competitiveness in cases where the efficacy of products under development cannot be proven or when new defects or side effects are discovered in treatments previously considered efficacious <p>Opportunity</p> <ul style="list-style-type: none"> ■ Differentiation achieved by showcasing superiority over competitors' products and procedures through clinical research and other studies 	<ul style="list-style-type: none"> • Analyze new research reports or clinical data after an initiative for product development, business alliances, or acquisitions is started, and decide whether to continue or discontinue the initiative
Market price fluctuations	<p>Risk</p> <ul style="list-style-type: none"> ■ Market price fluctuations pertaining to revised national healthcare systems ■ Price fluctuations mainly in overseas markets due to large-scale bidding and other causes <p>Opportunity</p> <ul style="list-style-type: none"> ■ Development and provision of products with higher added value 	<ul style="list-style-type: none"> • Implement continuous cost-reduction measures

Risk management

Major risk factors	Risk and opportunity content	Response
Exchange rate fluctuations	<p>Risk</p> <ul style="list-style-type: none"> ■ Impact of exchange rate fluctuations 	<ul style="list-style-type: none"> • Implement structural changes such as relocating production to factories outside Japan and sourcing raw materials from overseas • Minimize impact through flexible utilization of contracts to hedge against exchange rate volatility for trade receivables
Changes in accounting policies and taxation systems	<p>Risk</p> <ul style="list-style-type: none"> ■ Affected operating results and financial position when new accounting standards or taxation systems are implemented or altered ■ Impact of additional tax burdens incurred due to difference in interpretation between tax authorities and the company 	<ul style="list-style-type: none"> • Consider measures based on the timely information obtained and advice from experts • Increase opportunities to have dialogue with tax authorities
Capital and business alliances, corporate acquisitions	<p>Risk</p> <ul style="list-style-type: none"> ■ Impact of the situation where a major strategy for the company, a capital or business alliance, or a corporate acquisition fails to produce the expected benefits <p>Opportunity</p> <ul style="list-style-type: none"> ■ Developed base for growth and strengthened business fundamentals by acquiring new management resources via capital and business alliances and corporate acquisitions 	<ul style="list-style-type: none"> • Analyze and evaluate business potentials, mitigate projected risks, and ensure swift and efficient post-merger integration
Risks pertaining to impairment losses, valuation losses, and business reorganizations	<p>Risk</p> <ul style="list-style-type: none"> ■ Impairment losses recorded on goodwill and tangible or intangible assets, and accrued losses incurred due to sale or liquidation of businesses in the event that the anticipated growth isn't achieved as a result of the utilization of management resources or being unable to recover assets 	<ul style="list-style-type: none"> • Efficiently utilize management resources in each business and maximize return on investments
Information security and IT system management-related risks	<p>Risk</p> <ul style="list-style-type: none"> ■ Loss of social trust and business interruptions due to system outages if information is leaked or tampered with through a cyberattack or internal fraud 	<ul style="list-style-type: none"> • Strengthen information security measures and enhance responsiveness when incidents occur • Establish the global information security standards and rules • Provide continuous training for associates
Legal proceedings	<p>Risk</p> <ul style="list-style-type: none"> ■ Impact from any major legal action by a third party such as a lawsuit for damages or an injunction against sales 	<ul style="list-style-type: none"> • Research by Legal, Intellectual Property, and other managing divisions as well as establishment of an internal control system • Develop a management structure to ensure that the Board of Directors and the Audit and Supervisory Committee review situations as needed
Pandemics, epidemics, and large-scale natural disasters	<p>Risk</p> <ul style="list-style-type: none"> ■ Impacts on business activities that are more severe than expected in the event of global pandemics and epidemics, earthquakes, hurricanes, and other natural disasters 	<ul style="list-style-type: none"> • Establish the Group BCM Policy and implement various drills on a regular basis
Risks related to the environmental, health and safety management and compliance	<p>Risk</p> <ul style="list-style-type: none"> ■ Impact of damaged social trust if the company's measures are not sufficiently functional due to sudden changes in laws of relevant countries, in regard to compliance with laws pertaining to occupational health and safety, anti-corruption, antitrust, and appropriate promotions targeting healthcare professionals as well as measures for addressing climate change and other environmental issues 	<ul style="list-style-type: none"> • Implement management systems that conform to international standards • Implement continuous improvement activities and expand systems • Provide education for associates
Economic and geopolitical risks	<p>Risk</p> <ul style="list-style-type: none"> ■ Impact of situations where the disruption to business activities caused by an economic downturn in countries to which the company supplies products and the resulting fall in demand, or by an unexpected change in the political situation due to terrorism, war, etc., is greater than expected 	<ul style="list-style-type: none"> • Constantly monitor the political and economic situations of each country

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 Terumo 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. Based on the following three basic policies: 1) protect our associates and their families worldwide, 2) fulfill our social responsibility. The impact on 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

In the event of a major natural disaster or some other unforeseen situation, the Corporate Affairs Department at the head office plays a key role in promoting relevant activities throughout the Terumo Group. If a serious risk that could affect business continuity emerges, the Countermeasures Headquarters, led by the Chief Executive Officer of Terumo Corporation, will be established to swiftly initiate response activities. 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 material and human 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 times, 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.

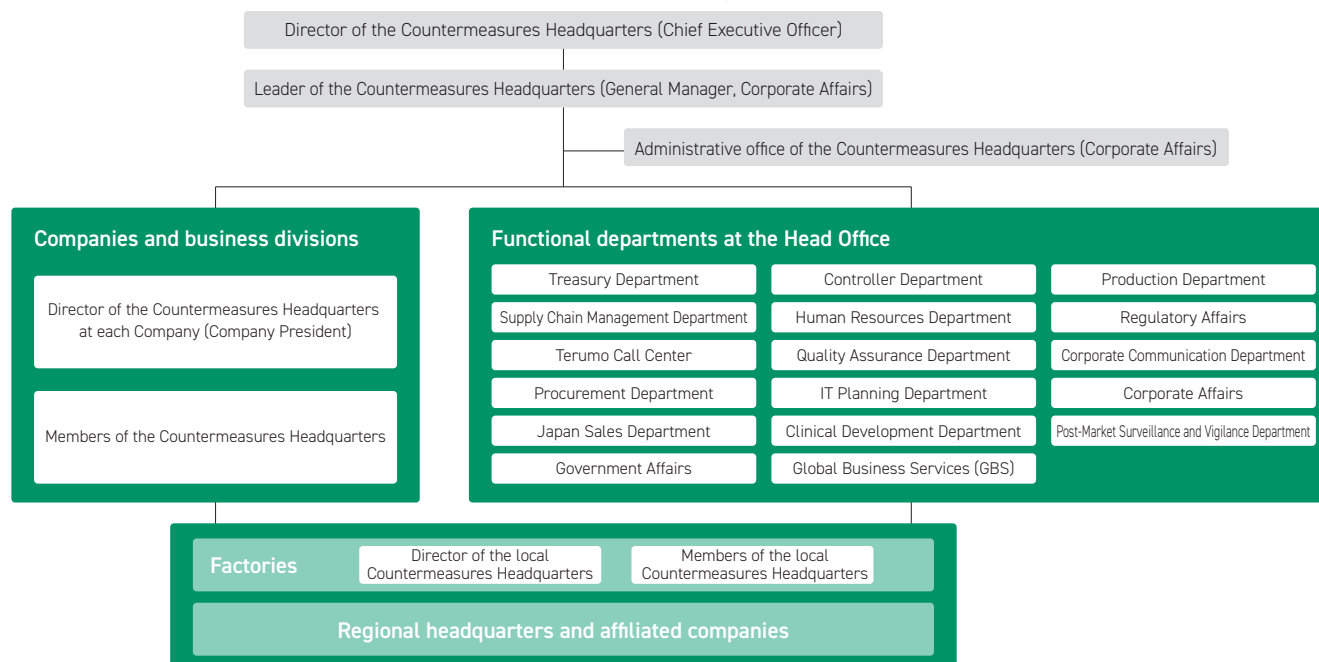
- Establishment of a disaster response headquarters following a major earthquake, confirmation of the roles of individual staff, and other BCP-related drills
- Implementation of systems for rapidly ascertaining the condition of associates and training on their use
- Comprehensive disaster response drills 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.

An example of the structure of the Countermeasures Headquarters used in a large-scale disaster



Information security

Basic approach

At the Terumo Group, we have established the Group Information Security Policy as a common global standard for the Terumo Group to appropriately protect and ensure the security of our confidential information and the information entrusted to us by our customers and business partners from all information-related threats in our business activities. These threats include unauthorized access by outside parties, information leakage due to negligence, tampering, destruction, theft, information system failures, and natural disasters. Based on this group policy, we have also established information security rules in each region. Regarding personal information, we have developed the Personal Information Protection Standards based on Japanese laws and regulations, including the Act on the Protection of Personal Information and the 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. In addition, we established the Group Privacy and Personal Information Protection Policy in April 2022 to ensure the proper handling of personal information at a certain level within the Terumo Group.

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 the Terumo 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 Terumo Group.

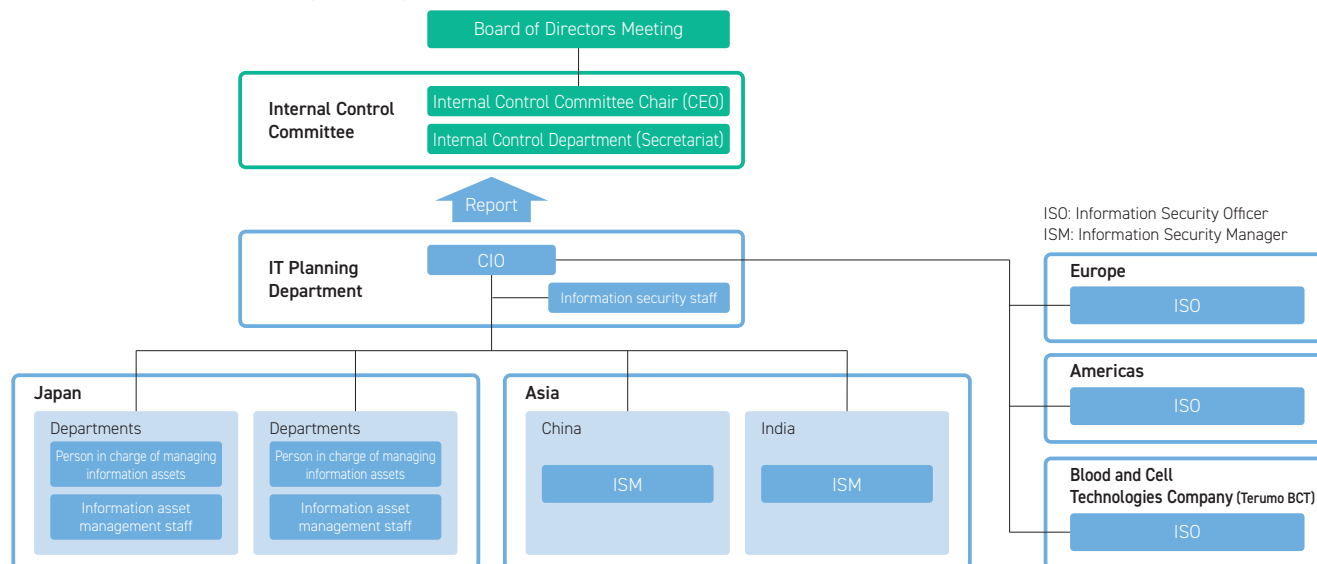
Measures for strengthening information security

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



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), 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 supervision 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, Group Executive Officers, Executive Officers, and associates	E-learning program	Training on the Terumo Group Code of Conduct	Once a year
Anti-bribery training	Directors, Group Executive Officers, Executive Officers, and some associates	E-learning program	Anti-corruption in business activities	Once a year
Training in competition law	Directors, Group Executive Officers, Executive Officers, and some associates	E-learning program	Secure fair transactions in business activities	Every two years
Training in interactions with healthcare professionals	Associates working in sales branches and in three Companies within Terumo	Branch training, e-learning program	Maintenance of appropriate relations with healthcare professionals	At least once a month
Training on whistle-blowing system	All directors, Group Executive Officers, Executive Officers, and associates	E-learning program	Training on whistle-blowing system	Once a year
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
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 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 group-wide whistleblowing system. Associates at all Terumo Group business sites can make reports or receive a consultation concerning violations of laws and regulations, the company's internal policies and regulations, the Terumo Group Code of Conduct, and other serious misconduct. 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 has been established, 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, 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 associates' level-based education, including training for new associates and new managers. December and January have been designated as harassment prevention reinforcement months since fiscal 2017 in Japan. During these periods, all associates receive email messages, complete surveys, and take part in e-learning programs. 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. 96.)

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.

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. 97.)

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 Terumo 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. 96.)

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, we 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. 96.)

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.

Basic Policy on Tax

Terumo Group's 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 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 tax authorities, shareholders, and the communities of each country to ensure transparency in taxation practices in aiming to be a highly socially responsible corporation.
- **Relationship with the Tax Authorities**
Terumo Group constructs and maintains appropriate relationships with the tax authorities 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 business substance and/or is intended to avoid taxes.
- **Corporate Value**
Through above tax management, 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, pharmaceuticals, and other products requires us to conduct animal experiments and clinical research on human beings 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), the standards for conducting clinical trials of medical devices, pharmaceuticals, and other medical products such as regenerative medicine products 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 Review Committee and the Institutional Animal Care and Use Committee to ensure high ethical standards and respect for animal welfare 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

In accordance with Japan's Ethical Guidelines for Medical and Biological Research Involving Human Subjects, Terumo has established the Terumo Research Ethics Policy, which outlines fundamental principles respecting human rights and dignity in clinical research. The Terumo Research Ethics Review Committee, which includes members from outside the Terumo Group, has been formed following this policy 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 Japan's 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 staff 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, protection of personal data, and safety of trial participants are being prioritized.

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, 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 Institutional 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). Moreover, the Institutional 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 Pharmaceutical Information Center, which are international third-party organizations that accredit and assess animal care and use programs. When contracting animal experiments to third parties, Terumo also verifies that subcontractors are practicing proper compliance.