

## Governance

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# Corporate Governance

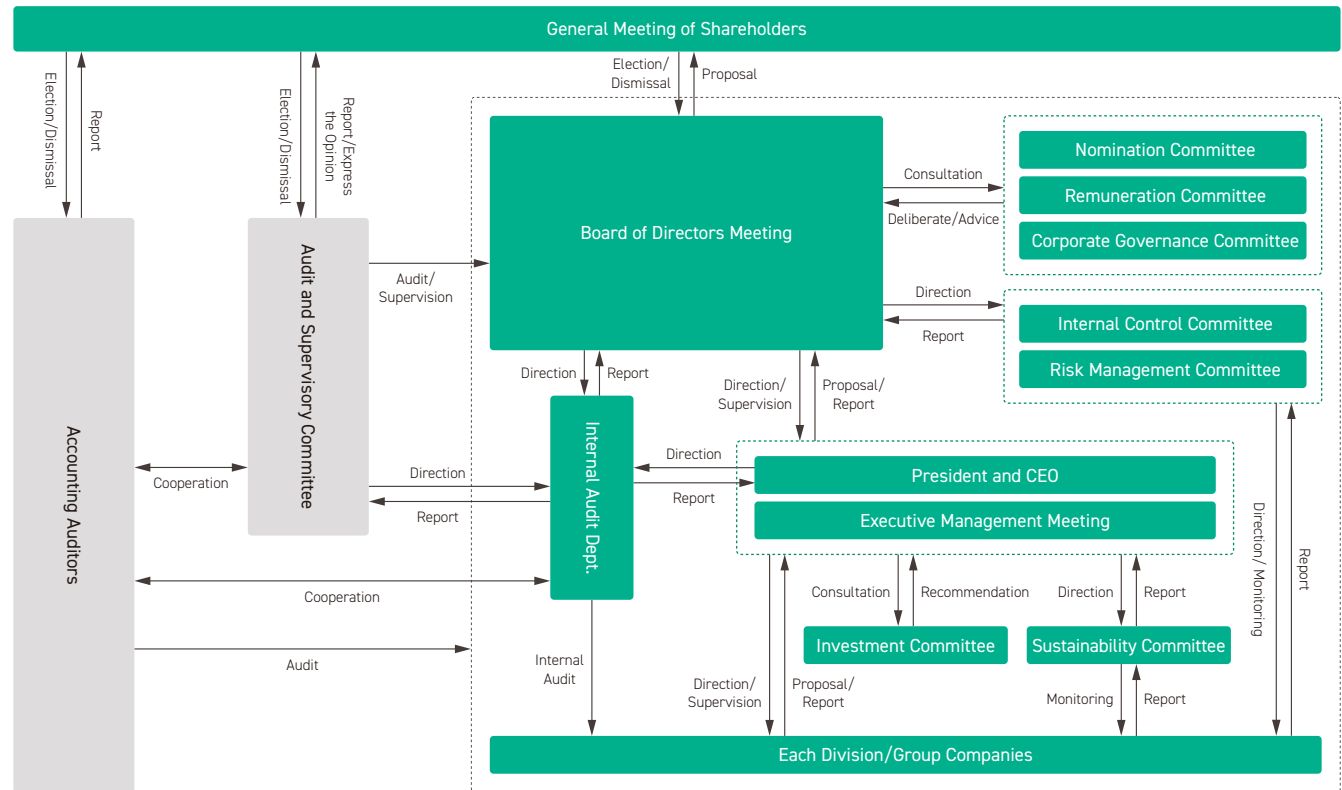
## Basic Stance on Corporate Governance

Terumo's Group mission is "Contributing to Society through Healthcare." Guided by its mission, Terumo provides valuable products and services to achieve sustainable growth, maximize long-term corporate value and meet the expectations of its worldwide stakeholders, including its customers, shareholders, associates, business partners, and communities. To guide it in the accomplishment of its Group mission, Terumo has articulated the Core Values, which represent the values and beliefs on which all Terumo associates worldwide should base their actions, as follows:

- Respect – Appreciative of others**
- Integrity – Guided by our mission**
- Care – Empathetic to patients**
- Quality – Committed to excellence**
- Creativity – Striving for innovation**

Based on its Group mission and the Core Values, Terumo has established these guidelines, which are intended to promote timely decision making while helping maintain transparency and objectivity in management. Terumo continuously strives to earn the understanding and trust of its internal and external stakeholders by exercising accountability toward its stakeholders and promoting dialog and other means of communication with its shareholders. Informed by Japan's Corporate Governance Code, Terumo has developed a global platform for its activities as a good corporate citizen. Terumo strives diligently to foster a corporate culture of "a highly motivating and challenging workplace with open and candid communication," because Terumo believes a culture of this nature is essential to effective corporate governance.

Corporate Governance Structure



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

As of October 31, 2023

### Corporate Governance Structure

#### Organizational Design

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

#### 1. Strengthen audit and supervisory functions

The members of the Audit and Supervisory Committee shall have voting rights in meetings of the Board of Directors.

#### 2. Enhance transparency and objectivity in management

By increasing the proportion of independent directors on the Board, transparency and objectivity in decision making will be enhanced at the Board level by reflecting opinions of the independent directors, which represent the perspective of shareholders and other stakeholders.

#### 3. Expedite decision-making process

By promoting the appropriate delegation of the Board's authority to directors, group executive officers and/or executive officers, Terumo will further expedite its decision-making process and business development through a shift toward a monitoring-based approach for the Board.

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

#### Board of Directors

##### Roles

- The Board shall strive for optimal decision-making regarding basic management policies with the goal of maximizing corporate value.
- To expedite decision making processes, the Board may delegate certain duties or responsibilities, which are executed based on

basic management policies decided by the Board to directors, group executive officers and/or executive officers. The Board shall monitor the execution of any such duties or responsibilities so delegated.

- The Board shall oversee the nomination process of the president's successor as one of its important obligations for maintaining and improving corporate governance and sound management.

##### Members

- The Board shall consist of no more than 15 persons, excluding the Audit and Supervisory Committee members.
- Terumo shall strive to have independent directors account for at least one-third of the Board membership.
- Considering that, from the standpoint of corporate governance, the execution of business operations, and supervisory oversight should be separated, the chairman shall serve as the chair, in principle; provided, however, that if no chairman has been appointed, the Nomination Committee shall propose a candidate for chair, considering the actual situation of possible candidates based on the above standpoint and the Board of Directors shall appoint such candidate as the chair for the Board of Directors meeting.

#### Audit and Supervisory Committee

##### Roles

- The Audit and Supervisory Committee shall audit and supervise the execution of duties by directors and executive officers to ensure the appropriate, reasonable, and efficient operation of the Terumo Group. To fulfill its audit and supervisory duties, the Audit and Supervisory Committee may provide direct instructions to internal control departments that play an important role in the 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

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

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

## Corporate Governance

### Committees

	Role/Structure	Chairperson
<b>Nomination Committee</b>	<ul style="list-style-type: none"> <li>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"> <li>Matters concerning successors to the positions of President and Chairman of Terumo Corporation, which is one of the most important corporate governance duties of the Board of Directors</li> <li>Matters concerning the appointment and dismissal of directors and group executive officers</li> </ul> </li> <li>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 President and CEO.</li> </ul>	Independent director
<b>Remuneration Committee</b>	<ul style="list-style-type: none"> <li>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"> <li>Matters concerning the remuneration for directors, group executive officers and executive officers (Policy for determining remuneration amount or calculation method thereof)</li> <li>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</li> </ul> </li> <li>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.</li> </ul>	Independent director
<b>Corporate Governance Committee</b>	<ul style="list-style-type: none"> <li>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"> <li>Basic matters concerning Corporate Governance</li> <li>Important matters concerning the establishment, design, and operation of the corporate governance system</li> <li>Other important matters which are highly relevant to corporate governance such as an improvement of corporate system in the fields of the environment and society and efforts to enhance sustainability</li> <li>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</li> </ul> </li> <li>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.</li> </ul>	Independent director
<b>Internal Control Committee</b>	<ul style="list-style-type: none"> <li>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."</li> <li>The Committee shall be comprised of directors who also serves as a group executive officer or executive officer, Chief Legal Officer, general manager of Internal Audit Department and Internal Control Department, and persons designated by Chairperson (general managers of Internal Control Departments and related departments, executive officers responsible for such departments, and expert/intellectual of outside company, etc.).</li> </ul>	President and CEO

	Role/Structure	Chairperson
<b>Risk Management Committee</b>	<ul style="list-style-type: none"> <li>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.</li> <li>The Committee shall be comprised of directors who also serves as a group executive officer or executive officer, Chief Legal Officer, general manager of Internal Audit Department and Internal Control Department, and persons designated by Chairperson (general managers of Internal Control Departments and related departments, executive officers responsible for such departments, and expert/intellectual of outside company, etc.).</li> </ul>	President and CEO

### Membership of the Board of Directors, Audit and Supervisory Committee, and Other Committees, and Numbers of Meetings (As of July 1, 2023)

		Board of Directors	Audit and Supervisory Committee	Nomination Committee	Remuneration Committee	Corporate Governance Committee
<b>Board of Directors</b>	<b>Toshiaki Takagi</b>	◎		○	○	○
	<b>Shinjiro Sato</b>	○		○	○	○
	<b>Shoji Hatano</b>	○				
	<b>Kazunori Hirose</b>	○				
	<b>Norimasa Kunimoto</b>	○				
	<b>Yukiko Kuroda*</b>	○		○	◎	◎
	<b>Hidenori Nishi*</b>	○		◎	○	○
<b>Directors (Audit and Supervisory Committee)</b>	<b>Keiya Ozawa*</b>	○		○	○	○
	<b>Takanori Shibazaki</b>	○	◎			
	<b>Masaichi Nakamura*</b>	○	○	○	○	○
	<b>Soichiro Uno*</b>	○	○	○	○	○
<b>Numbers of meetings in fiscal 2022</b>		12	13	5	6	5

◎: Chairperson ○: Member \* Independent director

## Selection of Directors

### Policy

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

Candidates for internal directors shall be selected according to the internal regulations, which stipulate the eligibility criteria, including "a candidate shall have the management judgment capacities and management oversight capacities from stakeholders' standpoint."

Internal regulations for appointment of independent directors stipulate that independent directors shall be selected from persons with extensive experience in management, international business,

the practice of medicine, or other specific areas of expertise and that these individuals must be able to contribute to management and to improved corporate governance and be able to offer their frank opinions. The regulations also require the consideration of the diversity of independent directors, including, to the extent possible, their backgrounds, expertise, gender, and other characteristics as appropriate. With regard to independent directors who serve as Audit and Supervisory Committee members, the regulations stipulate that independent directors should ideally be selected from persons who play leading roles in the fields of law or accounting with at least one candidate coming from each such field.

### Procedure

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

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

Independent directors shall be subject to the requirements of the Director Independence Standards. The Nomination Committee shall discuss and propose the Director Independence Standards for review and approval by resolution of the Board of Directors.

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

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

### Board of Directors' Skill Matrix

		Internal Directors						Independent Directors					
		Takagi	Sato	Hatano	Hirose	Kunimoto	Shibazaki	Kuroda	Nishi	Ozawa	Nakamura	Uno	
Director experience value	Healthcare industry experience	●	●	●	●	●	●			●			
	Financial experience/knowledge		●	●				●				●	
	Sales marketing experience		●	●			●	●	●				
	Technology/development/regulatory affairs	●			●					●			
	Business responsibility experience	●	●	●		●	●	●	●				
	Experience as CEO of a listed company		●						●				
	Government/industry response	●		●			●		●	●			
	Risk Management	●	●		●	●	●		●	●	●	●	●
	New business development experience		●	●					●				
	Experience outside Japan*1		●	●	●	●	●	●	●	●	●		●
	Environment, Safety and Quality	●		●	●	●	●						
Director experience	Status of posts at other companies							●	●		●	●	
	Timing of appointment as director	06/2010	06/2014	06/2016	06/2022	06/2023	06/2021	06/2018	06/2020	06/2021	06/2019	06/2019	Average: 4.5 years*2
Diversity	Age*3	65	62	63	59	59	61	59	72	70	66	60	Average age: 63*4
	Sex	Male	Male	Male	Male	Male	Male	Female	Male	Male	Male	Male	

● Has experience \*1 Has experience working in a post outside Japan \*2 Number of years in position up to July 2023 \*3 Age as of July 1, 2023 \*4 Average age of 62 for internal directors/Average age of 65 for independent directors

Reasons for Appointing Independent Directors and Attendance at Meetings

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

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

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

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

**Evaluation of the Effectiveness of the Board of Directors**

The Board of Directors conducted a self-evaluation concerning its effectiveness during fiscal 2022, for the purpose of further improving

effectiveness and functionality of the Board. The Board evaluation process included anonymous questionnaires completed by each director and individual interviews with certain members of the Board of Directors and the secretariat of the Board. In order to draw out frank opinions and ensure objectivity, the process of collecting questionnaires, conducting individual interviews, and analyzing them were facilitated by outside consultants. Upon receiving the report from outside consultants, the performance of the Board was discussed and evaluated by the Corporate Governance Committee, of which the majority of the members are independent directors. Subsequently, all members of the Board discussed major findings from the survey and agreed on the actions to take, which will be reflected in the operations of the Board and each committee in fiscal 2023.

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



### Fiscal 2021 Evaluation Results and Fiscal 2022 Response Measures

The areas for improvement identified as requiring further attention by the fiscal 2021 evaluation of the effectiveness of the Board of Directors and the measures taken in fiscal 2022 are as follows:

Areas for improvement	Measures of Fiscal 2022
Monitoring of GS26, the medium- to long-term Growth Strategy, discussion of Beyond GS26, and ongoing discussions contributing to corporate value enhancement.	We have clarified the framework, methods, and operating structure for monitoring including KPIs, and started monitoring GS26 as One Terumo. In terms of ESG, we established a Sustainability Committee to strengthen our commitments and efforts to sustainability, and established a system to ensure that CSV and ESG are reflected in the performance evaluation and compensation of directors and officers.
Continued monitoring, and ongoing discussions on the further evolution of the global management structure.	Both domestically and internationally, we discussed and reported on potential risk events to the Board of Directors, in a timely manner, and promoted initiatives to further improve the governance level of our overseas subsidiaries. We also had ongoing discussions on the evolution of the global management structure.
Improve understanding of human capital on the business and the execution side, contact with employees at various levels, and site visits.	We promoted understanding of human capital and workplaces by setting up opportunities for explanations and discussions by leaders of major overseas subsidiaries at board meetings, and by conducting online site visits of overseas subsidiaries.
Ongoing review of short-, medium-, and long-term human capital requirements (skill matrix) for the entire board (internal and external).	Discussions have been held on an ongoing basis on the optimal board composition and succession from a short-, medium-, and long-term perspective.

### Summary of Fiscal 2022 Evaluation Results

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

- The change and transition of the chairperson of the board in fiscal 2022 went smoothly, and the board meetings have proceeded in an appropriate manner, encouraging active commentary from each director and positive discussions among the group.
- The nature and culture of the Board of Directors, where directors from diverse backgrounds candidly share their opinions, is a clear strength of the company, and directors respect each other without any boundaries between internal and external directors, creating solid relationships of trust.
- The understanding and consideration of long-term corporate value enhancement as One Terumo has increased, and strategic discussions on mid- to long-term management issues have been enhanced.

### Areas for Improvement

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

- Discussions contributing to long-term enhancement of corporate value: High quality and focused discussions on specific points related to ESG, DX, human capital management and others, shared recognition of expectations from investors and other stakeholders, continued monitoring of GS26, deepening of discussions on Beyond GS26, reaffirmation of direction especially regarding gender diversity in Japan.
- Risk management with a focus on overseas subsidiaries: Ongoing discussions on timely and accurate identification and response to company-wide risks and further evolution of global management structure.
- Understanding of the actual situation on the execution side and in the field: Creating opportunities to gain an understanding of the next generation of management executives through dialogue with human capital on the business and execution side, and fostering a global business perspective within the Board of Directors by interacting and engaging with employees at various levels of the organization.

- Board composition: Continue to examine board composition to realize global governance.

In fiscal 2023, the Board of Directors and committees will implement measures regarding areas of improvement, including those listed above, and will discuss and implement measures to further improve the effectiveness and functionality of the Board.

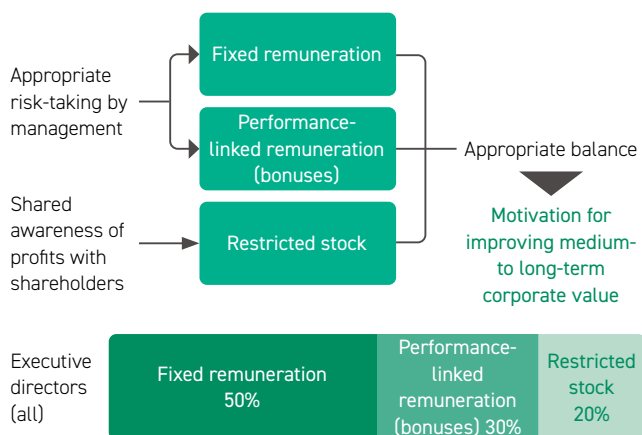
## Executive Compensation

### Policy and Framework

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

To achieve the objective described in (a) above, we 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-type stock options could be granted for overseas residents).

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



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

### Policies for Targets and Compensation Types

#### 1. Fixed remuneration

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

#### 2. Performance-Linked Remuneration (Bonuses)

##### (1) Summary of Purpose and Calculation Method

Performance-linked remuneration (bonuses) is issued for the purpose of motivating executive directors to achieve sustainable growth and improve annual performance and therefore has been adopted as a performance factor. Evaluation factors consist of Companywide factors, the performance factors for each executive director's business operations and individual evaluation factors for each executive director. The amounts of bonuses are calculated by multiplying the evaluation index determined based on above evaluation factors by the standard bonus amount set for each position.

##### (2) Targets for each performance factor and fluctuation range

At present, revenue, operating profit, ROIC and ROE are adopted as Company-wide factors. Revenue and adjusted operating profit of the departments they oversee are adopted as performance factors for each executive director's business operation. With regard to the individual performance factors for each director, the existing content was revised and "Future Corporate Value Targets" have been newly introduced starting from fiscal 2023. The objective of the revision is to clarify the roles and responsibilities of each individual executive directors and officers in fulfilling the company's commitment to sustainability management, while fairly evaluating their contribution to ESG and CSV. Future Corporate Value Targets will be set for each executive directors in line with the GS26 priority themes, including ESG and CSV. The weight of Future Corporate Value Targets in the performance-linked remuneration (bonuses) is set at 20% for all executive directors. The achievement level of the targets will be evaluated by each owner of the GS26 priority themes, then authorized by the KPI Committee, composed of the group managing executive officers in Japan.

		Policy	Fluctuation range
Companywide performance factors	Revenue	The targets are figures planned at the beginning of the fiscal year. The evaluation index is set at 100% when the targets are achieved. (For fiscal 2022, evaluation index of revenue and operating profit is divided into the first half and the second half considering factors of geopolitical risks and inflation and so on, while ROIC and ROE are evaluated based on year-end target.)	To motivate directors for sound business performance improvement, evaluation index fluctuates between 0% to 150% according to their achievement rates.
	Operating profit		
	ROIC		
	ROE		
Performance factors for each director's business operations	Revenue of overseen department(s)	The targets are figures planned at the beginning of the fiscal year. The evaluation index is set at 100% when the targets are achieved. (For fiscal 2022, evaluation index of revenue and adjusted operating profit is divided into the first half and the second half considering factors of geopolitical risks and inflation and so on.)	To motivate directors for sound business performance improvement, evaluation index fluctuates between 0% to 150% according to their achievement rates.
	Adjusted operating profit of overseen department(s)		
Individual performance factors	Individually set targets	The targets are set with regard to important measures at the beginning of the fiscal year. (Starting from fiscal 2023, new evaluation factors that contribute to improving medium- to long-term corporate value (Future Corporate Value Targets) have been implemented.)	The evaluation index fluctuates between 0% to 100% based on achievement status at the end of the year. (Concerning Future Corporate Value Targets, the evaluation index fluctuates from 0% to 120% depending on the achievement status at the end of the year.)



(3) Evaluation Results of Factors (Fiscal 2022)

The evaluation index pertaining to Companywide performance factors in fiscal 2022 were 106% for revenue, 89% for operating profit, 85% for ROIC, and 87% for ROE, which resulted in an average of 92% for these four indices. However, when calculating the performance factors for bonuses, we use the internal business plan set at the beginning of the fiscal year and the results based on the planned exchange rates. This approach is 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. (First-half and second-half results on a planned exchange rate basis were ¥368.4 billion and ¥376.9 billion in revenue, with operating profits of ¥55.4 billion and ¥52.7 billion, respectively. The ROIC and ROE were 6.5% and 8.2%, respectively. As a result, the total achievement rate was 91%.)

	Forecast at the beginning of FY2022	Results	Achievement rates
Revenue	¥775.0 billion	¥820.2 billion	106%
Operating profit	¥132.0 billion	¥117.3 billion	89%
ROIC	8.0%	6.8%	85%
ROE	9.7%	8.4%	87%
Achievement rate for the Companywide performance factors for FY 2022	-	-	92%

(4) Policy and Evaluation Factors for each Position (Fiscal 2023)

The table below shows the weight of the companywide performance targets, the performance targets for the departments they oversee, and the individual performance targets, for the executive directors, the group executive officers, and the executive officers.

	Companywide performance	Performance of overseen departments	Individual performance (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

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

Determining Procedure

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

Committee members and the chair shall be elected from among the Committee members who are independent directors. As approved at the 104th Annual General Meeting of Shareholders held on June 21, 2019, a total annual limit of ¥700 million was set for 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 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 "Policy and Framework" and "Policies for Targets and Compensation Types" described above. 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 "Policy and Framework" and "Policies for Targets and Compensation Types" described above, after taking business results, the business environment, and other factors for each year into consideration.

Remuneration to Directors

Position	Total value of remuneration (¥ million)	Total compensation by type (¥ million)			Number of directors
		Fixed remuneration	Bonuses	Restricted stock	
Directors (excluding Audit and Supervisory Committee members and independent directors)	509	245	140	124	6
Directors (Audit and Supervisory Committee members, excluding independent directors)	42	42	-	-	1
Independent directors	78	78	-	-	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 14, 2022	Remuneration Committee	Discussion on policies for performance evaluations and remuneration for fiscal 2022
May 12, 2022	Remuneration Committee	Discussion on the introduction of Future Corporate Value Targets in the performance evaluation system
June 22, 2022	Board of Directors	Resolution on the remuneration for directors within the limit approved by the annual general meeting of shareholders
September 8, 2022	Remuneration Committee	Discussion on the introduction of Future Corporate Value Targets in the performance evaluation system
December 15, 2022	Remuneration Committee	Discussion on the direction of the remuneration system and the stock-based remuneration system
January 19, 2023	Remuneration Committee	Discussion on the introduction of Future Corporate Value Targets in the performance evaluation system
February 9, 2023	Board of Directors	Discussion on the remuneration system for fiscal 2023
April 12, 2023	Remuneration Committee	Discussion on policies for the performance evaluations for fiscal 2023
May 15, 2023	Remuneration Committee	Discussion on the performance evaluations for fiscal 2023 and Future Corporate Value Targets
June 27, 2023	Board of Directors	Resolution on the remuneration for directors within the limit approved by the annual general meeting of shareholders

Holding of Shares in Other Companies for Strategic Purposes

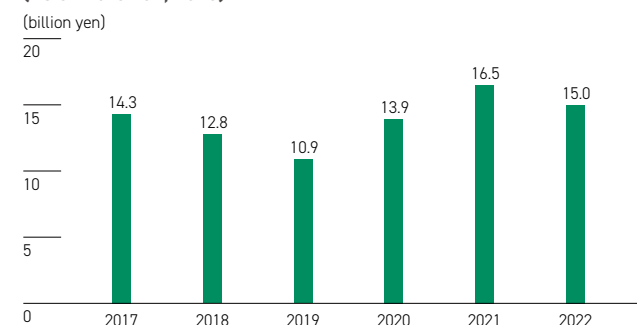
Regarding the holding of shares in other companies for strategic purposes, Terumo adopts the following approach in its Terumo Corporate Governance Guidelines.

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 March 31, 2023)



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>

# People Strategy and Sustainability Management at the Terumo Group



**Yukiko Kuroda**  
Independent Director

Ms. Yukiko Kuroda joined Sony Corporation in 1986. She established People Focus Consulting Co., Ltd. in 1991, assuming the position of President at the time before becoming Founder and Director in 2012 (Founder and Advisor since January 2024). In the years that followed, Ms. Kuroda held positions as an outside corporate auditor and outside director at various other companies, eventually taking up the role of Independent Director of the Company in June 2018.

**Norimasa Kunimoto**  
Director and Group Managing Executive Officer  
Corporate Value Promotion Division, Human Resources Division, Japan Sales Dept.

Norimasa Kunimoto joined the Company in 1987. He worked in Terumo Europe NV and the headquarters of Terumo Interventional Systems before becoming the General Manager of the Secretarial Office in 2011. He served as Executive Officer, Regional Representative, Eastern Europe, Russia, Middle East and Africa and Group Executive Officer, Regional Representative, Europe, Middle East and Africa before taking on his current role as Director and Group Managing Executive Officer in June 2023.

### The meaning and appeal of working at Terumo

**Kunimoto** Terumo has conducted surveys of all Group associates. The surveys have enabled us to not only ascertain engagement with and the degree to which the Group mission, Purpose, and Core Values have been absorbed, but also to begin improving associate engagement with Growth Mindset cultivation and employer branding. How do you view these efforts?

**Kuroda** I have been very interested in the survey scores. Employee engagement is defined as when an employee "feels strongly that they want to contribute to their company and takes the initiative

to act"; I therefore think that engagement scores and corporate performance have a self-evident correlation, and are an important management indicator. Also, I believe that the key to raising engagement is the penetration of the Purpose and Core Values. When it is clearly defined "why we work, and what we value," the number of associates with whom those things resonate will be the source of competitiveness. In the case of Terumo, perhaps because of the industry the company is in, the results of how associates feel about "the meaning of the work" are high. On the other hand, it appears that "growth" has room for improvement, which is why various initiatives have been carried out to foster a Growth Mindset

for the past year. In the talent industry, this concept is highly thought-of, but few Japanese companies have implemented it yet; however, outside of Japan, many well-known global firms have. I hope that by adopting a Growth Mindset, the Japanese associates will overcome the many changes of this era with positive feelings, and achieve personal growth.

To appeal to job-seeking individuals is something that I have said is important, and during the past year measures have been taken to that end, resulting in our rising drastically in the popularity rankings of one job-hunting site in Japan. Terumo is a well-known brand among medical professionals, but is not widely known



among the general public and students as a company that develops and manufactures advanced medical devices, contributing to the lives and health of people in many countries of the world. As the competition to win talent grows harsher with a declining young population, I think we need to further raise our name recognition in society.

**Kunimoto** The Group mission, Purpose, and Core Values are what we constantly return to as we work to fulfill the expectations and trust of patients and medical professionals, toward contributing to society through healthcare. Having so many associates with whom the Terumo Group mission and Values resonate, and who feel meaning in their work, is one of our greatest strengths. Further, I think that associates' desire to grow rises when we mutually recognize good work and communicate praise to one another. I think it is the role of the management to create an environment and culture of growth opportunities and fulfillment, where associates say "I'm glad I work at Terumo" and "I want to work at Terumo." We want to instill a culture in this company, even stronger than before, in which associates and organizations that have a Growth Mindset

and work to achieve results are recognized and rewarded.

### **Strengthening the talent pipeline through hiring and development that are aligned with management strategy**

**Kunimoto** We have made progress at Terumo in creating and carrying out a Group people strategy that is aligned with management strategy. Toward achieving the vision of our five-year growth strategy, "GS26" that was begun in fiscal 2022—From Devices to Solutions—we are expanding our development and pipeline of the leadership talent to take on the role of global management. How do you evaluate the efforts that have been made to this point?

**Kuroda** The hiring, development, and promotion of global leadership talent is an important management need at Terumo. Over 70% of Terumo's sales come from overseas, so future growth is centered in the global market. A few years ago, there was discussion in the Board of Directors about developing global leaders as one of the management issues, but now there are talent reviews at the global level. With the talent pool visualized, there has been movement toward placing talent strategically in global key positions. In GS26, there is a clear goal to "increase by 10 times the number of global leaders," and I positively evaluate that the training system has been enhanced to do so. We were given the opportunity last year to have online dialogue with the recipients of the training, and talking with them, it was clear that they had an outstanding desire to contribute to Terumo's growth.

For Terumo to evolve, from a multinational company that does business in many countries, into a global firm, I believe that it must continually enhance its pipeline of global leadership candidates. Terumo has a notably low rate of personnel turnover, including among non-Japanese associates; however, I hope that it will continue to proactively bring in people with different thoughts and perspectives from outside the company.

**Kunimoto** Regarding the development of global leaders, we have taken steps to build the pipeline of leaders who will connect the Group as a whole, such as expanding it to include young associates and candidates for management positions in Group companies. Visualizing the leadership pipeline for the entire Group, and

becoming able to strategically develop and promote this talent at a global level with an eye to the future, have been big steps forward.

Mid-career hiring is the norm outside of Japan, but Terumo has also hired half of its executives mid-career, and over 20% of management positions in Japan are now occupied by mid-career-hired associates. As we continue to expand our businesses globally, we will proactively hire, develop, and promote capable persons regardless of whether they are new graduates or mid-career hires, to raise the competitiveness of our talent and our organizations.

### **DE&I promotion—maximize the capability of diverse talent to become a company where all can grow and excel**

**Kunimoto** In GS26, we are working to promote DE&I toward bringing about global management. What kinds of efforts do you think are needed to increase the number of non-Japanese associates and women who participate in decision-making?

**Kuroda** I evaluate positively the fact that one-third of the group executive officers of Terumo are non-Japanese, and that the group management is performed by a diversity of talent. On the other hand, I think the situation should be improved in which corporate headquarters functions are nearly all carried out by Japanese people, and all of the corporate directors are Japanese. The core point of DE&I is that a diversity of talent is involved in decision-making, so that innovation and risk management become more effective. Because Terumo has expanded its businesses outside Japan, there is a high percentage of non-Japanese associates; however, there remains a kind of separation in which they generally work outside of Japan and Japanese associates work inside Japan. Surely there is continuing room for improvement toward realizing true inclusion.

Regarding the percentage of management positions held by women, the Group as a whole is at around 31%, which is a comparable level to other global corporations. I think Terumo could appeal a bit more proactively outside the company regarding this point. I also highly appraise the fact that Terumo closely monitors the percentage of women in management positions at all its sites globally. At the same time, although it is progress that the company revised to 13% its initial goal of reaching 10% of management

## Dialogue with Independent Director

positions of Terumo Corporation in Japan held by women by fiscal 2026, even 13% is by no means a high standard, and I think we should aim higher. The most important thing is that the management and heads of divisions have a strong will to achieve inclusion of diversity; in other words, that we exercise inclusive leadership. It's important to feel it is unnatural when only the same kind of people are in a place of decision-making, and that rather than blame the social environment or women's awareness, people take it upon themselves to change circumstances. Organizations where more leaders have that determination will see an increase in the number of women who seek to become leaders.

**Kunimoto** Just as you say, I think it is important that the management is committed to DE&I and really works to make it happen. Terumo includes DE&I indicators in its evaluation criteria for executive promotion. Further, we have made progress in ways such as incorporating inclusive leadership into our global leader development program, announcing and implementing DE&I efforts by group executive officers, and revising human resources policies and methods.

We have been increasing the number of non-Japanese associates working in Japan and conducting a program to help them excel since two years ago. Through transfers from overseas group companies or hirings through internships, etc., there are now about 40 non-Japanese associates working in Japan.

Regarding the percentage of management positions held by women at Terumo Corporation in Japan, the level is still low, but has risen steadily from previous levels. At the end of fiscal 2018, it was at 6.9%; at the end of fiscal 2022 it had risen to 9.6%—nearly 10%. Also, at the end of fiscal 2018, the percentage of supervisors, who are the next managerial candidates, was 12.2% women; at the end of fiscal 2022 it had grown to 18.4% to become much more robust. We will keep working to further build an environment and systems in which women associates can maximally exercise their capability.

### Terumo's sustainability management

**Kunimoto** Since establishing the Sustainability Policy and revising its priority themes in fiscal 2021, Terumo has furthered its sustainability management promotion regime by making its

GS26 sustainability commitment, setting KPIs for CSV and ESG, establishing the Sustainability Committee, and adopting a system in which CSV and ESG contributions are reflected in evaluations and compensation of executive officers. Could you tell us how you view the progress so far, and what your expectations are going forward?

**Kuroda** The sustainability progress made in the last three years has been amazing. When I became a director five years ago, I got the impression that the company was not so passionate about CSV and ESG, perhaps because of the feeling that being in the healthcare business was the main contribution to society. However, Terumo moved rapidly forward to become the front runner among Japanese medical companies in sustainability. Although there are ESG-related KPIs that can improve, such as the percentage of Japan management positions held by women, I feel that things have reached the stage where the PDCA cycle is underway and moving forward. In CSV, because Terumo is a healthcare company, one might think that everything the company does is CSV; however, the true meaning of CSV is to achieve a balance of economic value and social value, and so we need to verify that we are indeed creating both. The transradial intervention procedures that Terumo has worked long years to promote is an excellent example of CSV. It brings great profit (economic value), and it was confirmed for me recently that when its positive impact on medical cost efficiency, in ways including shorter hospital stays, is calculated, it also creates great social value. Recently, there have been criticisms of "greenwashing" CSV and ESG activities, so I think showing the quantifiable impact will become more of a requirement. I hope to see more CSV themes clearly shown, in addition to TRI, that achieve both economic and social value. One ongoing need is to identify what businesses have yet to sufficiently create both economic and social value, and feed that into realignment of their portfolios. I believe that this is absolutely necessary to make Terumo itself a sustainable corporation.

**Kunimoto** The quantification of economic and social value is something we have been working on internally, through trial and error. As the vice chair of the Sustainability Committee, I will assist the chair, President and CEO, in raising the level of efforts while also communicating to our valued stakeholders about the economic and social value that Terumo creates, in a way that is easy to understand. Also, as a member of the Board of Directors, I will

listen to the opinions of our independent directors as we strive to raise the level of sustainability governance. I hope we will continue to have active discussions in the Board of Directors, toward making Terumo an even better company into the future.



# Directors, Audit and Supervisory Committee Members, and Executive Officers

(As of January 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 Chairman of the Board (present)



**Shinjiro Sato**  
President and CEO

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



**Shoji Hatano**  
Director and Group Senior Managing Executive Officer  
Corporate Affairs Dept., Legal and Compliance Division, IT Planning Dept., Intellectual Property Dept., Terumo Medical Pranex, Terumo Call Center

April 1983 Joined Terumo Corporation  
 June 2009 Executive Officer, General Manager of Secretarial Office, General Manager of Corporate Communication Dept.  
 October 2011 General Manager of Strategic Planning Dept.  
 June 2012 Senior Executive Officer, General Manager of Strategic Planning Dept., responsible for Corporate Communication Dept. and Design Planning Dept.  
 April 2015 Managing Executive Officer  
 April 2016 President, General Hospital Company (currently Medical Care Solutions Company)  
 June 2016 Director and Managing Executive Officer  
 April 2020 Responsible for Corporate Affairs Dept. (present), Legal and Compliance Department, Japanese Sales Management Dept. (currently, Japan Sales Dept.), Terumo Call Center (present), Procurement Dept., Corporate Communication Dept., Investor Relations Dept., Strategic Branding Dept., Corporate Sustainability Dept., Design Planning Dept., and Environmental Management Dept.  
 April 2022 Director and Group Senior Managing Executive Officer (present), Corporate Value Promotion Division, and Japan Sales Dept.  
 April 2023 Legal and Compliance Division, IT Planning Dept., Intellectual Property Dept., and Terumo Medical Pranex (present)



**Kazunori Hirose**  
Director and Group Managing Executive Officer  
Chief Manufacturing Officer (CMO)  
Quality, Post-Market Surveillance and Vigilance Division, Regulatory Affairs and Clinical Development Division, Operations Division

April 1986 Joined Terumo Corporation  
 January 2013 Factory Manager of Kofu Higashi Factory  
 April 2014 Vice President, Operations Division, General Hospital Products Business, General Hospital Company  
 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) (present), 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 (present), and Intellectual Property Dept.  
 June 2022 Director and Group Managing Executive Officer (present)



**Norimasa Kunimoto**  
Director and Group Managing Executive Officer  
Corporate Value Promotion Division, Human Resources Division, Japan Sales Dept.

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. (present)  
 June 2023 Director and Group Managing Executive Officer (present)

## Directors, Audit and Supervisory Committee Members, and Executive Officers



**Yukiko Kuroda**

**Independent Director**

Adviser and Founder, People Focus Consulting Co., Ltd.

April 1986 Joined Sony Corporation (currently Sony Group Corporation)  
 January 1991 President, People Focus Consulting  
 June 2010 Outside Audit & Supervisory Board Member, Astellas Pharma Inc.  
 March 2011 Outside Director, CAC Co., Ltd. (currently CAC Holdings Corporation)  
 April 2012 Founder and Adviser, People Focus Consulting (present)  
 June 2013 External Director, Marubeni Corporation  
 June 2015 Outside Director, Mitsui Chemicals, Inc.  
 June 2018 Outside Director, Terumo Corporation (present)  
 Outside Director, Seven Bank, Ltd. (present)  
 June 2022 Outside Director, Obayashi Corporation (present)  
 August 2022 Outside Director, Oracle Corporation Japan (present)



**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 Outside Director, Terumo Corporation (present)



**Keiichi 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, 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 Outside Director, Terumo Corporation (present)  
 April 2023 Division of Gene & Cell Therapy for Intractable Diseases, Jichi Medical University (present)

## Directors (Audit and Supervisory Committee Members)



**Takanori Shibazaki**

**Director (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 (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 Outside 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. (present)  
 June 2019 Outside Director (Audit and Supervisory Committee Member), Terumo Corporation (present)

## Directors, Audit and Supervisory Committee Members, and Executive Officers

### Group Managing Executive Officers (GMEO)

**Toshiaki Takagi**  
Chairman of the Board

**Shinjiro Sato**  
President and CEO

**Shoji Hatano**  
Group Senior Managing Executive Officer  
Corporate Affairs Dept., Legal and Compliance Division, IT Planning Dept., Intellectual Property Dept., Terumo Medical Pranex, Terumo Call Center

**Hikaru Samejima**  
Group Senior Managing Executive Officer  
President, Medical Care Solutions Company

**Toshihiko Osada**  
Group Senior Managing Executive Officer  
President, Cardiac and Vascular Company  
Division President, Interventional Systems Division, Cardiac and Vascular Company

**Kazunori Hirose**  
Group Managing Executive Officer  
Chief Manufacturing Officer (CMO)  
Quality, Post-Market Surveillance and Vigilance Division, Regulatory Affairs and Clinical Development Division, Operations Division

**Fumihisa Hirose**  
Group Managing Executive Officer  
General Manager, Strategic Planning Dept.  
Chief Technology Officer (CTO)  
R&D Division

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

**Norimasa Kunimoto**  
Group Managing Executive Officer  
Corporate Value Promotion Division, Human Resources Division, Japan Sales Dept.

### Group Executive Officers (GEO)

**James Rushworth**  
Group Executive Officer  
Chief Commercial Officer (CCO), Interventional Systems Division, Cardiac and Vascular Company  
President and CEO, Terumo Medical Corp.

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

**Probir Das**  
Group Executive Officer  
Regional Representative, Asia Pacific and India  
Chairman and Managing Director, Terumo Asia Holdings Pte., Ltd.

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

**Naoki Muto**  
Group Executive Officer  
Chief Accounting and Financial Officer (CAFO)  
[in charge of] Controller Dept., Treasury Dept., Tax Dept., CAFO Office, J-SOX Office

**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

**Masayuki Maruta**  
Group Executive Officer  
Regional Representative, China  
President and CEO, Terumo (China) Holdings Co., Ltd.

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

**Tomoko Adachi**  
Group Executive Officer  
Chief Human Resources Officer (CHRO)  
General Manager, Global Human Resources Dept.  
[in charge of] DE&I Promotion Dept., Human Resources Dept., Human Resources Development Dept.

### Executive Officers

**Itaru Sakaguchi**  
Senior Executive Officer  
Chief Operations Officer (COO), Interventional Systems Division, Cardiac and Vascular Company  
President, Terumo Yamaguchi Corp.

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

**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.

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

**Kazuhisa Senshu, Ph.D.**  
Senior Executive Officer  
Chief Clinical and Regulatory Affairs Officer (CRAO)  
General Manager, Clinical Development Dept.  
Regulatory Affairs

**Toshio Nakashima**  
Executive Officer  
Chief Quality Officer (CQO)  
General Manager, Quality Assurance Dept.  
Post-Market Surveillance and Vigilance Dept.

**Hiroshi Yagi**  
Executive Officer  
General Manager, Ashitaka Factory, Interventional Systems Division, Cardiac and Vascular Company

**Hitoshi Hasegawa**  
Executive Officer  
Designated projects

**Toshiyuki Akaike**  
Executive Officer  
Division President, Hospital Care Solutions Division, Medical Care Solutions 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](https://www.terumo.com/investors/management/ir_policy)

## Initiatives

The activities implemented in fiscal 2022 are outlined below.

Target	Activities implemented in fiscal 2022 Items in bold-faced type are activities in which the President or Managing Executive Officers took part
Shareholders	<ul style="list-style-type: none"> <li>• <b>General Meeting of Shareholders</b></li> <li>• <b>Corporate presentations for shareholders (in Osaka and Nagoya)</b></li> <li>• Terumo Medical Pranex tours</li> </ul>
Securities analysts and/or institutional investors	<ul style="list-style-type: none"> <li>• <b>Quarterly earnings briefings</b></li> <li>• <b>Medical device seminars</b></li> <li>• <b>One-to-one interviews (online or face-to-face)</b></li> <li>• <b>Participation in conferences organized by securities firms</b></li> <li>• <b>Participation in small-scale meetings organized by securities firms</b></li> <li>• <b>Online overseas IR activities</b></li> </ul>

# Risk Management

## Basic Approach

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

The Group has established the Group Risk Management Policy and has been working on appropriate risk management based on identification and analysis of risks for the Group as a whole. Our objective in managing risks is to provide the proper environment for supporting bold yet appropriate risk-taking—for all types of risks—by management and ultimately to win stakeholder trust and enhance our corporate value. Messages are communicated to all associates from Terumo's President and CEO stressing the importance of risk management as part of corporate activities. These messages are underscored by a target of realizing an organizational culture in which each individual associate is conscious of risk as they perform their job responsibilities.

## Risk Management System

### Establishment of the Risk Management System

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

Key risks are designated by assessing risks identified throughout the Group based on predefined criteria. Assessment criteria focus on two key points: 1) whether the risk will significantly impact patients and Terumo customers, and 2) whether the risk will cause serious damage to the Terumo Group's management. Risk information is gathered from throughout the Group, organized in a database, and shared with department heads and risk managers

at subsidiaries. In addition, a system has been established for information to be communicated to management organizations promptly through functional departments and the relevant departments of subsidiaries when a significant issue arises.

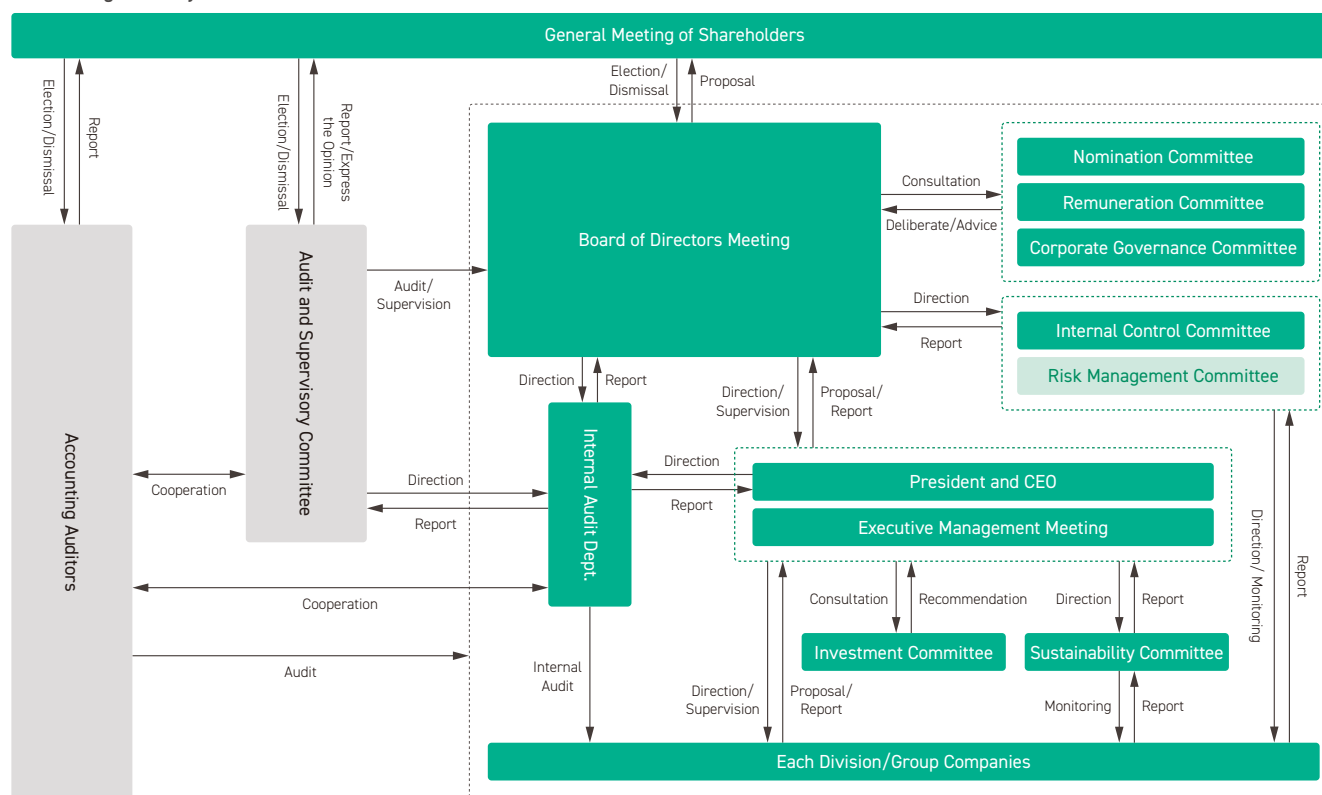
### Risk Management Education

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

## Crisis Response

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

Risk Management System



As of October 31, 2023

### Major Risks and Opportunities

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

Main Risk Factors	Risks and Opportunities Content	Response
Changes in Government Healthcare Policies	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ The impact of large-scale amendment in government healthcare policies exceeding expectations</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>■ Shortened development and approval process cycle for innovative medical device development</li> <li>■ Expanded revenue opportunities associated with increased demand for products and services with high medical cost efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
Stable Supply-Related Risks	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ Impact from overwhelmed sustainable value chains and the non-functional systems to stably supply high-quality products to medical settings due to material procurement, quality controls, compliance, and Environmental, Health and Safety Management System</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>■ A competitive edge maintained through the continuous stable supply of products</li> </ul>	<ul style="list-style-type: none"> <li>• 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)</li> <li>• Development of business continuity plans (BCPs)</li> <li>• Credit management of business partners</li> </ul>
Quality-Related Risks	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ Impact of delayed compliance with more rigorous legal or regulatory standards which could be newly implemented in the countries</li> <li>■ Impacts of lost social trust and business interruptions due to quality-related issues disrupting the supply of products to medical settings</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>■ Ability to sell to an increased number of countries by adapting to legal and regulatory standards</li> <li>■ A competitive edge on the market maintained with high product quality</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with legal and regulatory standards and specifications pertaining to pharmaceuticals and medical devices in the countries in which products are manufactured or sold</li> <li>• Reinforce quality governance systems globally and develop and constantly improve quality control systems</li> <li>• Regularly verify through internal audits the compliance status with relevant laws and regulations at each production site within the Group and the status of quality control</li> <li>• Ensure quality, efficacy, and safety of products under rigorous quality and production control provisions</li> </ul>
Discovery of New Medical Evidence	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ Loss of competitiveness in the event a product is found to not demonstrate efficacy during research and development, or new issues or adverse drug reactions are discovered with regard to the treatment previously thought to be effective</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
Market Price Fluctuations	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ Market price fluctuations pertaining to revised national healthcare systems</li> <li>■ Price fluctuations mainly in overseas markets due to large-scale bidding and other causes</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>■ Development and provision of products with higher added value</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous cost reduction</li> </ul>

## Risk Management

Main Risk Factors	Risks and Opportunities Content	Response
Exchange Rate Fluctuations	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ Impact of exchange rate fluctuations</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce the impact of exchange rate fluctuations by transferring production to overseas factories</li> <li>• Structural methods such as importing raw materials</li> <li>• Minimize impact through flexible utilization of contracts to hedge against exchange rate volatility for trade receivables</li> </ul>
Changes in Accounting Policies and Taxation Systems	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ Affected operating results and financial position when new accounting standards or taxation systems are implemented or altered</li> <li>■ Impact of additional tax burdens incurred due to difference in interpretation between tax authorities and the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Consider measures based on the timely information obtained and advice from experts</li> <li>• Increase opportunities to have dialogue with tax authorities</li> </ul>
Capital and Business Alliances, Corporate Acquisitions	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ 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</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>■ Developed base for growth and strengthened business fundamentals by acquiring new management resources via capital and business alliances and corporate acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>• Analyze and evaluate business potentials, mitigate projected risks, and ensure swift and efficient post-merger integration</li> </ul>
Risks Pertaining to Impairment Losses, Valuation Losses, and Business Reorganizations	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ 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</li> </ul>	<ul style="list-style-type: none"> <li>• Efficient utilization of management resources in each business and maximize return on investments</li> </ul>
Information Security and IT System Management-Related Risks	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ Loss of social trust and business interruptions due to system outages if information is leaked or tampered with through a cyberattack or internal fraud</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthened information security measures and enhanced responsiveness when incidents occur</li> <li>• Establishment of the global information security standards and rules</li> <li>• Continuous training for associates</li> </ul>
Legal Proceedings	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ Impact from any major legal action by a third party such as a lawsuit for damages or an injunction against sales</li> </ul>	<ul style="list-style-type: none"> <li>• Research by Legal, Intellectual Property, and other managing divisions as well as establishment of an internal control system</li> <li>• Develop a management structure to ensure that the Board of Directors and the Audit and Supervisory Committee review situations as needed</li> </ul>
Pandemics, Epidemics, and Large-Scale Natural Disasters	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ Impacts on business activities that are more severe than expected in the event of global pandemics and epidemics, earthquakes, hurricanes, and other natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>• Establish the Group BCM Policy and implement various drills on a regular basis</li> </ul>
Risks Related to the Environmental, Health and Safety Management and Compliance	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ 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</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of management systems that conform to international standards</li> <li>• Continuous improvement activities and expansion of systems</li> <li>• Education for associates</li> </ul>
Economic and Geopolitical Risks	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ 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</li> </ul>	<ul style="list-style-type: none"> <li>• Constant monitoring of the political and economic situations of each country</li> </ul>

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

### Basic Approach

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

To fulfill this responsibility, the BCM Policy clearly stipulates the Terumo Group’s basic approach to business continuity and the related systems and response measures. Based on the following three basic policies: 1) protect our associates and their families worldwide, 2) fulfill our social responsibility. That impacts to the healthcare system should be minimized whenever possible, and 3) protect our assets, we will prepare for emergencies during normal times, and strive to ensure that we can maintain or restore our business operations in the event of an incident.

### Promotion System and Major Initiatives

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 emerges that could affect business continuity, the Countermeasures Headquarters, led by the President and CEO of Terumo Corporation, will be established to swiftly initiate response activities. The Countermeasures Headquarters will determine and implement necessary measures by gathering information, including information regarding the safety of associates and their family members, damage to suppliers, and the situation in the affected areas. At the same time, the Countermeasures Headquarters will embark on efforts to provide the necessary support to disaster-hit areas in a timely manner. If it becomes apparent that the Terumo Group’s supply chain or operations will be temporarily interrupted, we will strive to restore normal supply chain and operational functions as quickly as possible.

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

Japan. The BCPs aim to prevent operations from being disrupted even in emergency situations, and to ensure that operations can be quickly restored and resumed should they be disrupted. In addition, each Terumo Group business site conducts drills, such as those noted below.

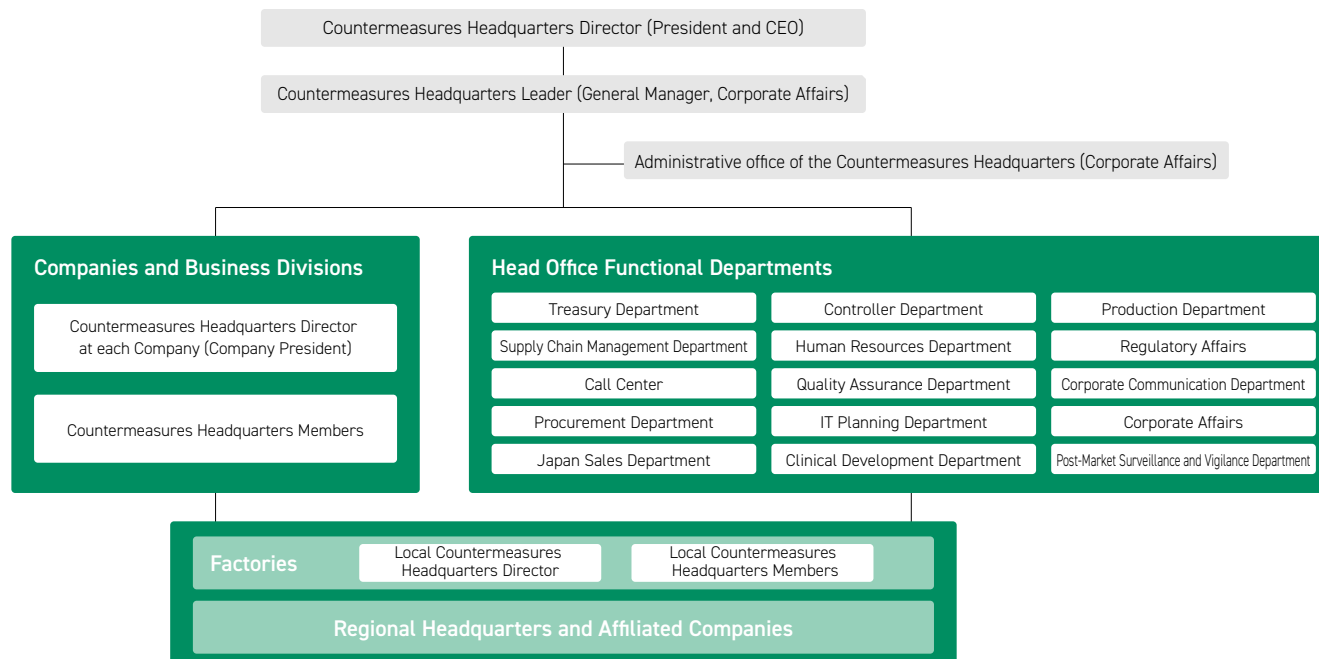
- Establishment of a disaster response headquarters following a major earthquake, confirmation of the roles of individual staff, and other BCP-related drills
- Implementation of systems for rapidly ascertaining the condition of associates and their families and training on their use
- Comprehensive disaster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

### Infectious Disease Countermeasures

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

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

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



## Information Security

### Basic Approach

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

share information on cyber risks and other matters and to examine possible measures for strengthening information security.

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

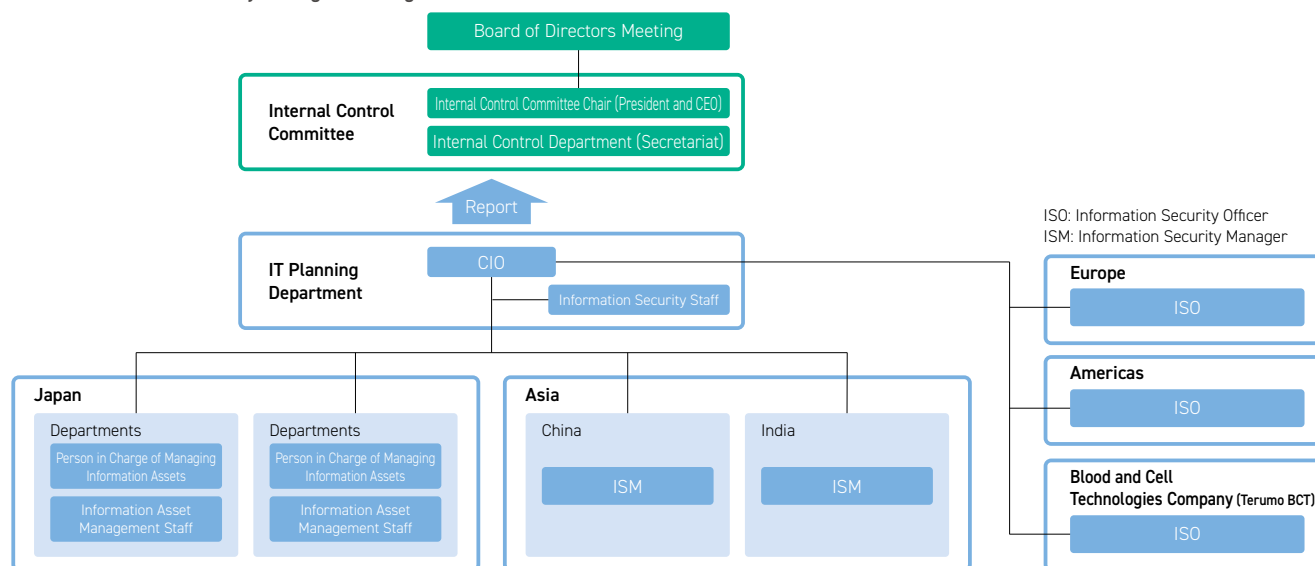
### Measures for Strengthening Information Security

Terumo business locations throughout the world perform self-

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

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

### Global Information Security Management Organization



# 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 Healthcare.”

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 direction of the Chairman of the Internal Control Committee, and that team shall, in addition to handling and resolving the matter, report and make proposals to the Internal Control Committee regarding the cause and recurrence prevention measures.

### Compliance Education

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

### Major Compliance Training Programs (Terumo Corporation)

Name	Scope of Participation	Format	Subjects	Frequency
<b>Terumo Group Code of Conduct training</b>	All directors, group executive officers, executive officers, and associates	E-learning program	Training on the Terumo Group Code of Conduct	Once a year
<b>Anti-bribery training</b>	Directors, group executive officers, executive officers, and some associates	E-learning program	Anti-corruption in business activities	Once a year
<b>Training in competition law</b>	Directors, group executive officers, executive officers, and some associates	E-learning program	Secure fair transactions in business activities	Every two years
<b>Training in Interactions with healthcare professionals</b>	Associates in sales branches and Companies	Branch training, e-learning program	Maintenance of appropriate relations with healthcare professionals	At least once a month
<b>Training on Whistle-Blowing System</b>	All directors, group executive officers, executive officers, and associates	E-learning program	Training on Whistle-Blowing System	Once a year
<b>Level-based training</b>	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
<b>Executive Officer training</b>	Executive Officers	Group training	Important compliance topics	Once every two–three months
<b>Education relating to the restriction on advertising specified by Japan’s PMD Act</b>	All associates	E-learning program	Compliance with the restriction on advertising specified by Japan’s PMD Act	Once a year
<b>Education relating to the Terumo Group rules for dealing with off-label use</b>	All associates	E-learning program	Compliance with the Terumo Group rules for dealing with off-label use	Once a year
<b>Harassment prevention training</b>	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 Groupwide 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, that confidentiality is enforced, and any retaliation against the associate seeking consultation is prohibited.

In addition, as an educational activity to prevent harassment, we conduct harassment prevention training in employees' level-based education including training for new employees and new managers. December and January have been designated as harassment prevention reinforcement months since 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. 99.)

#### 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. 100.)

### Prohibition of Collusion and Cartels

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

### Appropriate Relationships with Healthcare Professionals

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

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

with healthcare professionals, please refer to "Compliance Education" on p. 99.)

### 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. 99.)

### 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 re-

search 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 the tax authorities in each country, shareholders, and society as a whole, to ensure transparency in taxation practices as a highly socially responsible corporation.
- Relationship with the Tax Authorities  
Terumo Group builds and maintains appropriate relationships with the tax authorities in each country where Terumo Group conducts business activities, and does not attempt to obtain unfair benefits from the tax authorities.
- Tax Planning  
Terumo Group does not implement tax planning that is not in line with its business substance and/or is intended to avoid taxes.
- Corporate Value  
Through the tax management outlined above, Terumo Group ensures that an appropriate tax burden is borne while maximizing its corporate value.

## R&D Ethics

### Basic Approach

The development of medical devices, 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) 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 Institutional Animal Care and Use Committee in order to guarantee the utmost levels of ethics and respect for animal life in our R&D activities.

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

### Ethics in Clinical Research and Clinical Trials

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

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

clinical trials and to acquire highly reliable data. Moreover, clinical trials are monitored to confirm adherence to the defined procedures and, most importantly, to ensure that the human rights, protection of personal data, and safety of trial participants are being prioritized.



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

### Ethics in Animal Experiments

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

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

# Intellectual Property

## Basic Approach

At Terumo, we view intellectual property as a source of our business competitiveness. We proactively create, protect, and utilize intellectual property that supports healthcare advances to contribute to increasing our corporate value and sustained growth. Furthermore, to continue delivering products and services to patients and healthcare settings around the world, we respect other parties' intellectual property, conduct thorough preliminary research, and put appropriate measures in place.

## Encouraging Innovation

We have developed various systems designed to deliver products and solutions of value, including incentives for filing patent and design patent applications, incentives for trade secret inventions such as manufacturing know-how, and performance-based incentives for patents that have been deployed in products. To support and champion associates that continue to pursue technology advancements, we recognize associates that continue to generate inventions and contribute to product development over many years as Terumo Excellent Inventors.

In recent years, we have entered inventions in the National Commendation for Invention contest, sponsored by the Japan Institute of Invention and Innovation, for the purpose of commending the achievements of our associates in product development, and have received major awards for three years in a row. All of these inventions were born from the pursuit of interventions that are gentle on patients, and they symbolize our commitment to minimally invasive treatments and medical safety.

### National Commendation for Invention Award History (Major Awards)

FY	National Commendation for Invention	Invention
FY2021	<ul style="list-style-type: none"> <li>The Prize of the Minister of Education, Culture, Sports, Science and Technology</li> <li>Invention Practice Service Prize</li> </ul>	Injection needle used for insulin
FY2022	<ul style="list-style-type: none"> <li>The Prize of the Chairman of HATSUMEI KYOKAI (JIII)</li> <li>Invention Practice Service Prize</li> </ul>	Invention of closed-type infusion connector for medical use
FY2023	<ul style="list-style-type: none"> <li>The Prize of the Minister of Education, Culture, Sports, Science and Technology</li> <li>Invention Practice Service Prize</li> </ul>	Invention of a drug-eluting stent for coronary arteries that prevents coat layer detachment

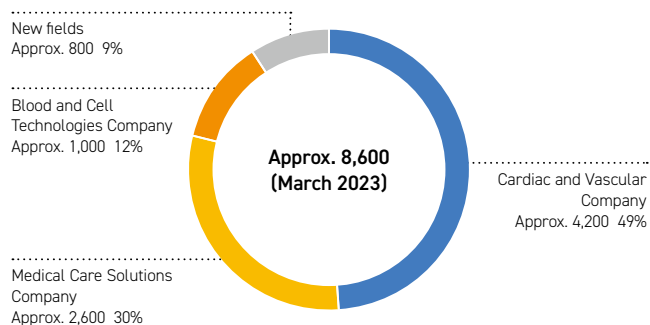
In addition to the above, we also focus on cultivating a culture of invention, and have created an intellectual property training course for associates in their first to third years at Terumo. The course involves e-learning coursework in legal systems related to intellectual property as well as different types of group work to develop participants' creativity and powers of invention as well as enhance their communication skills. We have created a new training program for AI, IoT, and generative AI that is offered to associates in development and business roles in the pursuit of obtaining advanced medical patents aligned with our five-year growth strategy.

## Contributing to Advances in Healthcare

We identify development trends in society through patent analysis, and use this to inform decisions on our internal development policy and invention generation policy. Using patent analysis as a tool, we are mapping our Group's technical strengths and sharing this with our Group R&D divisions to encourage discussions on next-generation development, with the goals of building collaboration transcending regions, businesses, and organizations and generating synergies.

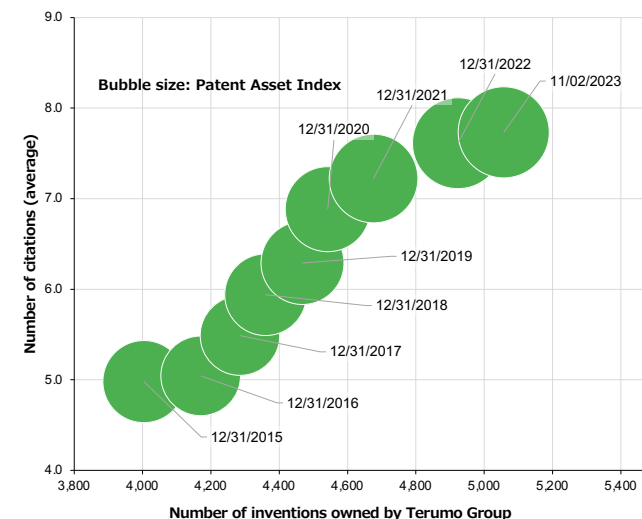
Through internal development, external partnerships, and M&A, we are increasing the value of our intellectual property assets in terms of both quantity and quality. As of March 31, 2023, the Terumo Group owns the rights to approximately 8,600 patents. Of these, the rights to approximately 2,200 patents are owned by overseas subsidiaries.

### Terumo Group's Registered Patents Number of Owned Rights



In terms of quality, we are conducting activities that bring together our development divisions to quickly generate inventions that contribute to healthcare advances, using the rate of patent deployment in products and the number of patent citations (graph below) as reference tools.

### Results of PatentSight® Analysis of Number of Inventions and Citations



"The publication of patents with a large number of citations in papers indicates that the patent is important and having an impact on a large number of subsequent applications." (From p. 2 of a document (in Japanese) on how citations are used in patents, published by the Information Technology and Patent Information Management Office, Japan Patent Office, April 2017)

From the viewpoint of brand protection, we need to support shifting from devices to solutions, which is part of our innovation strategy in our five-year growth strategy. We are taking steps to strengthen brand protection of our company name in the services and the solutions field by registering trademarks for services in addition to products in the main countries in which we do business.



Trademark with the company name (Terumo Group Logo)

## Intellectual Property Initiatives

### Meeting the Expectations of Healthcare Settings and Society

To continue delivering products and services to healthcare settings, we conduct thorough preliminary research of intellectual property owned by other parties and put appropriate measures in place.

Now that digital tools are ubiquitous in modern society, it has become very easy to duplicate and distribute other parties' copyrighted works. Therefore, we hold training sessions for administrative staff involved in creating catalogs and other types of promotional materials to educate them on the importance of respecting other parties' copyrighted works.

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