

The status of corporate governance at Terumo Corporation is as detailed below.

I. Basic Stance on Corporate Governance, Capital Structure, Company Profile, and Other Basic Information

1. Basic Stance

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.

A diagram of Terumo's corporate governance structure is shown as an attachment.

[Reasons why each general provision of the Corporate Governance Code is not implemented]

Terumo implements each of the basic principles set forth in the Corporate Governance Code.

[Disclosure under each general provision of the Corporate Governance Code] Update

Terumo has formulated the TERUMO Corporate Governance Guidelines to achieve sustainable growth and high corporate value over the long-term, based on its group missions and the Core Values. It is posted on the company website.

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

The following subset of items requiring disclosure under the Corporate Governance Code are disclosed in the TERUMO Corporate Governance Guidelines.

- Principle 1-4: Corporate Governance Guidelines "3. Securing Shareholders' Rights and Equality (4) Holding of Shares in Other Companies for Strategic Purposes"
- Principle 1-7: Corporate Governance Guidelines "3. Securing Shareholders' Rights and Equality (6) Related Party Transactions"
- Principle 2-6: Corporate Governance Guidelines "3. Securing Shareholders' Rights and Equality (5) Function as Asset Owner of Corporate Pension Fund"
- Principle 3-1(ii): Corporate Governance Guidelines "1. General Provisions" and Overall Policy
- Principle 3-1(iii): Corporate Governance Guidelines "2. Corporate Governance Structure (11) Determination policy on individual remuneration for Directors"
- Principle 3-1(iv): Corporate Governance Guidelines "2. Corporate Governance Structure (9) Selection/dismissal of Directors"
- Supplementary Principle 4-1-1: Corporate Governance Guidelines "2. Corporate Governance Structure (2) Board of Directors"
- Principle 4-9: Corporate Governance Guidelines "2. Corporate Governance Structure (9) Selection/dismissal of Directors" and Appendix 2
- Supplementary Principle 4-10-1: Corporate Governance Guidelines "2. Corporate Governance Structure (4) Nomination Committee (5) Remuneration Committee (6) Corporate Governance Committee"
- Supplementary Principle 4-11-1: Corporate Governance Guidelines "2. Corporate Governance Structure (2) Board of Directors" and "(9) Selection/dismissal of Directors"
- Supplementary Principle 4-11-2: Corporate Governance Guidelines "2. Corporate Governance Structure (9) Selection/Dismissal of Directors"
- Supplementary Principle 4-11-3: Corporate Governance Guidelines "2. Corporate Governance Structure (13) Board Evaluation"
- Supplementary Principle 4-14-2: Corporate Governance Guidelines "2. Corporate Governance Structure (12) Training Policy"
- Principle 5-1: Corporate Governance Guidelines "5. Appropriate Disclosure" and Appendix 3

■ Principle 1-4: Holding of Shares in Other Companies for Strategic Purposes

(1) Policy for 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.

(2) Verification for holding of shares in other companies for strategic purposes

The Board of Directors verifies the economic, strategic and other rationales for each such holding using a medium- to long-term perspective on an annual basis and then reduce its holding of such shares accordingly. Terumo discloses holding securities as specified equity securities in the Annual Securities Report unless selling them. Terumo has continued to reduce its holding of such shares and aggregate market value held at the end of March 2024 was 11,694 million yen. Terumo currently has collaborative relationships with the companies issuing shares that it holds for strategic purposes, and has judged the holding of these shares to be fully justified.

(3) Proxy voting principle for holding of shares in other companies for strategic purposes

Terumo exercises its voting rights taking into consideration the impact of its voting on the corporate value of each of Terumo and the company in which Terumo has invested.

■ Supplementary Principle 2-4-1: "Ensuring diversity in the promotion of core human resources"

<Concept of ensuring diversity>

In the Core Values, and under the "Diversity & Inclusion in the Workplace" stipulated in the Terumo Group Code of Conduct, "We are promoting diversity in areas such as gender and cultural background in our recruitment and development initiatives. Terumo has started its 5-Year Growth Strategy (GS26) since FY2022, and the strategy highlights the creation of an inclusive workplace where diverse talents can flourish to realize the company's global management. DE&I is the foundation of Terumo Group management.

(1) Promotion of female managers

In order to continue to grow in a diverse global society, the active participation and career advancement of women in the workplace is important for the company. We will disclose and monitor the ratio of female managers and above across the Terumo Group. Especially in Japan, we will set a target ratio of female manager and aim to foster an environment where female associates (employees) can maximize their abilities, raise their awareness & skills as managers and enable the organization to make decisions from various perspectives.

(2) Promotion of non-Japanese to managers

We will continue to work to diversify our leaders according to our business strategy. We will disclose and monitor the non-Japanese ratio in group managing executive officers and group executive officers and global key positions holders (Key positions for realizing the global management strategy).

(3) Promotion of mid-career hires to managers

Terumo deploys a wide range of human capital, both inside and outside the company, with the necessary expertise and capabilities. As a result, the number of mid-career hires who is appointed to managers and above positions in Japan is steadily increasing.

<Voluntary and measurable goals for ensuring diversity>

[Terumo Corporation Non-consolidated]

Act on Promotion of Women's Participation and Advancement in the Workplace, General Employers Action Plan: Set 13% female managers ratio as target to achieve by March 31, 2027

<Status of diversity>

(1) Promotion of female managers

[Terumo Group]

Ratio of female manager: 31.3% * As of March 31, 2024

[Terumo Corporation Non-consolidated]

Ratio of female manager: 10.4% * As of March 31, 2024

**The measurable goal of female manager ratio for Terumo Group is not set because the situation at each group company differs also depending on the situation of each region and country. We will continue to monitor the status.

(Terumo Corporation Non-consolidated, Status of main initiatives)

- Reporting and discussing DE&I initiatives and the progress including the promotion of women's participation and advancement in the workplace at the board of directors meeting every year
- To have diverse leaders at decision-making levels, building female talent pool through initiatives such as including female candidates into the succession plan of senior managerial positions mandatory
- Planning and executing development program for potential female leaders
- Ratio of female in the potential managers pool (chief class) increased to 18.9% from 18.4% in the previous year * As of March 31, 2024

*Among the initiatives above, major ones are described in Terumo Report posted on our website.

<https://www.terumo.com/investors/library/annual-reports>

(2) Promotion of non-Japanese managers

[Terumo Group]

Ratio of non-Japanese group managing executive officers and group executive officers at Terumo Group: 33.3% *As of April 1, 2024

Ratio of non-Japanese in global key position: 61.5% * As of April 1, 2024

**The measurable goal of ratio of non-Japanese manager for Terumo Group is not set because the ratio of manager differs by each group company also depending on the situation of each region and country.

(3) Promotion of mid-career hires managers

[Terumo Group]

Ratio of mid-career hires of group managing executive officers and group executive officers: 52.6% *As of March 31, 2024

[Terumo Corporation Non-consolidated]

Ratio of mid-career hires: 23.0% * As of March 31, 2024

**The measurable goal of ratio of mid-career hires manager for Terumo Group is not set because it is a common practice to have majority of workforce through mid-career hires outside of Japan.

<Policy of developing human resources and building internal environment to ensure diversity, status>

Global DE&I Council, which consists of diverse associates in terms of gender, nationalities (cultural background), job families, levels, etc., was established in July 2021 and formulated Diversity, Equity and Inclusion Philosophy, Guiding Principle, Guidelines which cover the guidelines of developing human resources and building internal environment to ensure diversity. Terumo is also promoting activities at group/region/country and each company level so that the philosophy, guiding principle and guidelines come live in the organization. Examples of initiatives, as such as leadership development program and global talent reviews at the group level, as well as leveraging those talents across the group based on succession planning and development plans. In 2023, we renewed our four focus areas to further drive DE&I and each group company is advancing their initiatives along the areas.

[The Four Focus Areas and its Major Initiatives]

● Goal setting/HR process

DE&I KPI setting and management by group managing executive officers and group executive officers

● Inclusive Leadership

Promotion of Inclusive Leadership Training Initiative

● Associate Diversity, Equity and Sense of Belonging

Enhancing collaboration by creating cross business function/region ARG (Associate Resource Group)

● Awareness and Communication

Strengthen both internal and external communication regarding DE&I. For example, hosting an annual "Terumo DE&I Week" across the Group

■ Principle 3-1: "Substantial Disclosure of Information"

(i) In addition to posting the company's goals (group mission), management strategy, and management plans in the Corporate Policy and Top Management Message on the company website, Terumo strives to share information widely with all of its shareholders and investors through disclosure in its Terumo Report, financial results presentations, and other investor relations activities.

• Group Mission and Core Values: <https://www.terumo.com/about/group-identity>

• Top Management Message: <https://www.terumo.com/investors/management/message/index.html>

(v) Explanation with respect to the individual appointment and nominations of directors.

Reasons for selection of individual directors are described in the Notice of Convocation of the 109th Annual General Meeting of Shareholders.

https://www.terumo.com/investors/stocks/shareholders_meeting/index.html

■ Supplementary Principle 3-1-3: “Disclosures related to sustainability, etc.”

<Disclosures related to sustainability>

Terumo defines the Group Mission of “Contributing to Society through Healthcare” as the goal of our sustainability initiatives. To achieve this goal, we developed the Terumo Group Sustainability Policy and revised the sustainability priorities in December 2021. Under “GS26,” the 5-year growth strategy starting in fiscal 2022, Terumo is actively promoting sustainability management and strengthening its initiatives related to ESG and Creating Social Value (CSV) as a means of increasing corporate value. Effective April 2023, Terumo has established the Sustainability Committee under the Executive Management Meeting, which is responsible for implementing management strategies for the Terumo Group. Chaired by the Chief Executive Officer, the Sustainability Committee is responsible for monitoring the status of CSV and ESG initiatives as well as reporting them regularly to the Executive Management Meeting and the Board of Directors. The Committee will also investigate external sustainability trends and reflect them in the Group’s policies and plans.

Terumo’s key sustainability initiatives are disclosed on the company’s website and in the Terumo Report.

Terumo undertakes an analysis of the risks and opportunities that climate change will have on our business. In fiscal 2020, we identified the risks and opportunities and the degree of impact on our business based on two climate scenarios by utilizing the Task Force on Climate-related Financial Disclosures (TCFD) framework. The results have been disclosed on the Terumo Report and the Sustainability Report* since fiscal 2021.

*The title of the Sustainability Report was changed to the Terumo Report ESG section since fiscal 2022. In fiscal 2023, Terumo Report and the Terumo Report ESG section were merged into a single integrated report.

<Disclosures related to investments in human capital and intellectual properties>

• Investments in human capital

Please refer to “■ Supplementary Principle 2-4-1: “Ensuring diversity in the promotion of core human resources” and Terumo report.

• Investments in intellectual properties

Looking to the future of healthcare, to create technologies, products, and services with even higher added value that contribute to resolving medical challenges with significant social impact, the Terumo Group is strengthening in-house development capabilities by evolving its core technologies and making optimal use of its technologies and infrastructure through in-house collaborations that transcend business boundaries. In conjunction with these efforts, by anticipating technological trends, we are promoting external collaboration to develop solutions of value. Further, we establish priorities for allocating resources based on R&D and business strategies to create intellectual property that will help strengthen the Terumo Group’s competitiveness.

We are committed to sharing details on our investments in technology and intellectual property broadly with our shareholders and investors, including on our website under the “Technology” section and in publications such as the Terumo Report.

Please refer to our website, Terumo report for more detailed discloses related to investments in human capital and intellectual properties.

• The Company’s sustainability website: <https://www.terumo.com/sustainability/> (Sustainability top page)

<https://www.terumo.com/sustainability/management/> (Sustainability policy and priorities)

• Terumo Report: <https://www.terumo.com/investors/library/annual-reports/>

• Technology: <https://www.terumo.com/technology/>

■ Principle 4-11: “Prerequisites for Ensuring Effectiveness of the Board of Directors”

[Board Effectiveness Evaluation and Process]

At Terumo, we conduct a self-evaluation of the effectiveness of the Board of Directors once a year to ensure further effectiveness and enhance the function of the Board. In the evaluation, we conducted an anonymous survey targeting all directors, in addition to interviews with some directors and the Board of Directors Secretariat. Furthermore, to ensure candid opinions from each director and to maintain objectivity, the aggregation of the survey results, the interviews with the directors and the Board of Directors Secretariat, and their analysis were entrusted to a third-party organization. The Corporate Governance Committee, of which a majority of members are independent directors, discussed and evaluated based on the findings and analysis. The Corporate Governance Committee then reported and proposed key issues and priorities, and future initiatives to the board, and these were reflected in the board operations, such as incorporating into the themes for the board and committees for the following fiscal year.

The summary of the results of the self-evaluation of the board for the fiscal 2023 is as follows.

[Fiscal 2022 Board evaluation results and actions]

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

Item 1: Focused and high-quality discussions on ESG, DX, human capital management, and other related topics, achieving a shared understanding of stakeholder expectations from investors and other stakeholders, continuing monitoring of GS26, deepening discussions on Beyond GS26, and reaffirming the direction regarding gender diversity specifically in Japan.

Action 1: The Board has continued monitoring the achievement of the set goals for ESG and DE&I, and GS26 within the defined framework, and advanced the discussions. Furthermore, the Board has proactively sought opportunities to gather input from investors to align with stakeholders’ expectations. Moreover, the Board has discussed the long-term research and development outlook beyond GS26, as well as Terumo’s strategic direction for digital transformation (DX) considering the ongoing digitalization of healthcare.

Item 2: Continuously discuss timely and accurate identification and response to company-wide risks, as well as the further evolution of the global management structure.

Action 2: The Board continuously monitored the board meetings of overseas subsidiaries and conducted timely reporting and discussions for improvement on projects where risks were anticipated. Additionally, the Board continued discussions to further streamline the three-axis management (business, function, region) and strengthen governance.

Issue 3: Identify next-generation executive leaders through dialogue with human capital on the business and execution side and create opportunities to foster a global business sense within the board of directors through interaction with employees at various levels.

Action 3 : Board members visited domestic and overseas factories, particularly the strategic manufacturing site in Costa Rica, and promoted understanding of business and operations through face-to-face interactions with human capital on site.

Issue 4: Ongoing review of the composition of the board of directors to achieve global governance.

Action 4: The Nomination Committee took the lead in selecting candidates for the positions of CEO as well as Chairman of the Board. Discussions were held at the board meetings regarding the selection of the new leadership team and the future composition of the board.

[Fiscal 2023 Board evaluation results (overview)]

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

- Progress has been made in discussions aimed at further streamlining the three-axis management (business, function, region) and strengthening governance.
- ESG and DE&I goals have been set, and progress has been made with the Board of Directors monitoring their achievement.

- Visits to domestic and overseas factories and sites have promoted understanding of on-site realities and each business, enhancing the quality of discussions.
- The Nomination Committee has taken the lead in the selection of CEO, and Chairman of the Board, progressing through appropriate processes.

[Evaluation results (Development opportunities)]

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

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

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

■ Supplementary Principle 4-11(1): “Stance on Diversity of Board of Directors”

Terumo considers the diversity of board of directors to have rich experiences and knowledge of directors to make discussions and decisions in the board, based on the management strategies and the external environment required.

(Corporate Governance Guidelines “2. Corporate Governance Structure (9) Selection/dismissal of Directors”)

In addition, the Corporate Governance Committee and other committees have continued to discuss the appropriate size of the Board of Directors, it has been judged that the size of the Board of Directors is appropriate with the current situation.

The knowledge, experience, and abilities that the Board of Directors (internal and independent directors) are supposed to have are confirmed by making a skill matrix in the process of evaluating the effectiveness of the Board of Directors conducted every year. The skill matrix has been published in Terumo Reports since 2021. In 2023, it is disclosed in the Terumo Report Governance page.

- Notice of Convocation of Annual General Meeting of Shareholders: https://www.terumo.com/investors/stocks/shareholders_meeting/index.html
- Terumo Report: <https://www.terumo.com/investors/library/annual-reports>

■ Principle 5-2: “Establishing and Disclosing Business Strategies and Business Plans

From the earliest days of the modernization of Japanese medicine right through to today, we have tackled social issues according to the demands of each era. Today, the environment surrounding healthcare is undergoing major changes, including policies placing increasing downward pressure of healthcare expenditure around the world and growing societal demands to improve patients' quality of life as our societies age. The COVID-19 pandemic has further accelerated such changes. In order for us to remain a company required by society, it is essential that we provide patient-centric solutions to the new healthcare challenges arising amidst the constant change of the 21st century, and that we further the evolution of healthcare.

In light of the above, discussion and review shall be based on the following perspectives, and will form the basic policy of the business portfolio review:

The group operates eight businesses across three companies, working to solve problems in medical settings by providing products and services to treat a wide range of diseases. Drawing on the stable business foundation created by our wide range of business areas and the diversity of our technologies, we will tirelessly pursue opportunities to create new businesses in order to achieve market-beating growth while maintaining and improving profitability.

To optimize the structure of our existing businesses, we will be examining the performance of each business unit over the past several years in terms of both growth and earnings, making necessary adjustments with consideration for mid- to long-term measures based on product life-cycle analysis, and taking into account the potential for company-wide synergies and brand creation arising from business diversity as well as social needs.

At the same time, with a view to the creation of new business considering possibilities involving both organic and inorganic growth, we will examine the potential for market expansion from a variety of angles, including disease, region, customer and technology, and assess their strategic suitability from the standpoint of our existing business capabilities and management resources; i.e., the pros and cons of their implementation will be determined on the basis of whether the company's strengths can be leveraged to do so.

Aiming to achieve sustainable and profitable growth, and while maintaining the autonomy of each company and business, in order to meet market expectations for the group as a whole, we will continue to optimize our business portfolio by increasing discipline and control from a corporate perspective.

<Response Towards Implementing Management Conscious of Capital Cost and Stock Prices>

We seek growth investment opportunities that exceed capital cost, and our basic policy commits to striving to raise corporate value. In our five-year growth strategy that began in fiscal 2022, we have set a capital efficiency goal of 10% or higher ROIC (ROE of 10% or higher). To achieve this goal, we are working to improve both the profit expansion and the efficiency of invested capital.

In order to enhance our profit generation capability, we will actively invest to strengthen production capacity and M&A, while steadily implementing sales growth strategies and improving product mix in each business. In addition, we are working to promote profitability/efficiency improvement measures through consolidation across the Group, in areas such as production, procurement, logistics, and support functions.

We will reduce invested capital through appropriate control of working capital, primarily its inventories. In making investment decisions, we set hurdle rates based on the weighted average cost of capital (WACC) with uncertainty risk added, thus ensuring positive net present value (NPV), and higher-than-hurdle-rate internal rate of return (IRR). This allows strict selection and execution of investments taking into account business strategies and risks, giving the highest probability of generating returns.

Regarding the distribution of profits to shareholders, we aim for a total payout ratio of approximately 50% by utilizing the repurchase of our own shares, in addition to stably increasing dividends. We will strive to balance capital efficiency and financial health, and to increase financial leverage by utilizing interest-bearing debt and improving ROE when procurement of capital from external sources is necessary.

2. Capital Structure

Percentage of shares held by foreign nationals	30% or more
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[Major Shareholders] [Update](#)

Name or Title	Number of Shares Held	Percentage of Total Shares Issued
The Master Trust Bank of Japan, Ltd. (Trust Account)	153,483,400	20.67
Custody Bank of Japan, Ltd. (Trust Account)	67,140,700	9.04
The Dai-ichi Life Insurance Company, Limited	30,163,900	4.06
Meiji Yasuda Life Insurance Company	24,422,400	3.29
TERUMO LIFE SCIENCE FOUNDATION	14,720,444	1.98
STATE STREET BANK WEST CLIENT - TREATY 505234	12,887,606	1.74
SSBTC CLIENT OMNIBUS ACCOUNT	12,176,892	1.64
STATE STREET BANK AND TRUST COMPANY 505223	12,024,612	1.62
Mizuho Bank, Ltd.	11,436,000	1.54
GOVERNMENT OF NORWAY	10,803,343	1.46

Controlling shareholders (excluding the parent company)	_____
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Parent company	None
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Supplementary Explanation [Update](#)

The above mentioned status of major shareholders states the situation as of March 31, 2024.
The percentage of Total Shares Issued is calculated by deducting 2,965,202 shares of treasury stock.

3. Company Profile

Stock exchange and market segment	Tokyo Stock Exchange, Prime Market
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Fiscal year-end	March
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Industry type	Precision instruments
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No. of employees as of the end of the previous fiscal year (consolidated basis)	1,000 employees or more
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Revenue in the previous fiscal year (consolidated basis)	¥100 billion to less than ¥1 trillion
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No. of consolidated companies in the previous fiscal year	50 to less than 100
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4. Guidelines on Measures to Protect Minority Shareholders When Engaging in Transactions, etc. with Controlling Shareholders

5. Other Special Circumstances that could have a Material Impact on Corporate Governance

II. Status of the Business Administration Organization and Corporate Governance Structure in Relation to Decision-Making, Execution, and Supervision

1. Matters Concerning Institutional Structure, Organizational Operation, etc.

Organizational Form	Company with Audit and Supervisory Committee
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[Directors]

Maximum number of directors in the Articles of Incorporation	20
Term of directors in the Articles of Incorporation	1 year
Chairman of the Board	Chairman of the Board
No. of directors	11
Appointment of outside directors	Appointed
No. of outside directors	5
No. of outside directors who are designated as independent directors	5

Relationship to Company (1) [Update](#)

Name	Attribute	Relationship to company*											
		a	b	c	d	e	f	g	h	i	j	k	
Hidenori Nishi	From another company												
Keiya Ozawa	Academic												
Mari Kogiso	From another company												
Masaichi Nakamura	CPA												
Soichiro Uno	Attorney												

* Options for relationship to company

* Enter a blank circle (○) for each of the options that currently and mostly recently apply to the individual, and enter a blank triangle (△) for each option that was applicable in the past.

* Enter a black circle (●) for each of the options that currently and mostly recently apply to a close relative, and enter a black triangle (▲) for each option that was applicable in the past.

- Executive of Terumo Corporation or its subsidiaries
- Executive of the parent company of Terumo Corporation or a non-executive director
- Executive of a fellow subsidiary company of Terumo Corporation
- A party whose major client or supplier is Terumo Corporation or an executive thereof
- Major client of Terumo Corporation or an executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other tangible goods from Terumo Corporation besides executive remuneration.
- Major shareholder of Terumo Corporation (or an executive of the major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of Terumo Corporation (which does not correspond to any of d, e, or f) (the director himself/herself only)
- Executive of a company which engages in mutual appointment of Outside Directors/Audit & Supervisory Board Members with Terumo Corporation (the director himself/herself only)
- Executive of a company or organization that receives a donation from Terumo Corporation (the director himself/herself only)
- Others.

Name	Audit and Supervisory Committee Member	Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Hidenori Nishi		○	Mr. Nishi serves concurrently as Outside Director of FUJI OIL HOLDINGS INC.	<p>< Reasons for Appointment > Mr. Nishi has the extensive experience as a manager, and many years of experience in overseas and marketing business. He has been appointed as an outside director to utilize the insight he has cultivated from these experiences in the supervision of management at Terumo Corporation.</p> <p>< Reasons for Designation as an Independent Director > Mr. Nishi meets all requirements for designation as an independent director under the rules of the Tokyo Stock Exchange. He has been judged to pose no risk of giving rise to a conflict of interest with general shareholders and has therefore been designated as an independent director.</p>
Keiya Ozawa		○	Mr. Ozawa serves as Professor Emeritus, Visiting Professor of Jichi Medical University and Senior Adviser, Center for Gene Therapy Research (CGTR), Jichi Medical University. He serves concurrently as Program Supervisor and Program Officer, Japan Agency for Medical Research and Development (AMED).	<p>< Reasons for Appointment > Mr. Ozawa has expert knowledge which includes a track record of research in gene therapy, cell therapy and hematology, has served as Director of IMSUT (The Institute of Medical Science, The University of Tokyo) Hospital and Director of Center for Gene & Cell Therapy (CGCT), and has cultivated extensive experience through the performance of his duties in these organizations. He has been appointed as an outside director to utilize this experience in the supervision of management at Terumo Corporation.</p> <p>< Reasons for Designation as an Independent Director > Mr. Ozawa meets all requirements for designation as an independent director under the rules of the Tokyo Stock Exchange. He has been judged to pose no risk of giving rise to a conflict of interest with general shareholders and has therefore been designated as an independent director.</p>
Mari Kogiso		○	Ms. Kogiso serves as Founder and CEO, SDG Impact Japan Inc. She serves concurrently as Independent Director of Mitsubishi Corporation.	<p>< Reasons for Appointment > Ms. Kogiso has extensive experience as a manager, many years of global experience in financial business and has taken the lead of DE&I and ESG action. She has been appointed as an outside director to utilize this experience in the supervision of management at Terumo Corporation.</p> <p>< Reasons for Designation as an Independent Director > Ms. Kogiso meets all requirements for designation as an independent director under the rules of the Tokyo Stock Exchange. She has been judged to pose no risk of giving rise to a conflict of interest with general shareholders and has therefore been designated as an independent director.</p>

Masaichi Nakamura	○	○	Mr. Nakamura serves as the Representative of Masaichi Nakamura Certified Public Accountant Office. He serves concurrently as External Corporate Auditor of Sumitomo Heavy Industries, Ltd..	<p>< Reasons for Appointment > Mr. Nakamura has extensive knowledge of finance and accounting as a Certified Public Accountant. He has been appointed as an Audit and Supervisory Committee member to audit and supervise the management of Terumo Corporation from the independent perspective.</p> <p>< Reasons for Designation as an Independent Director > Mr. Nakamura meets all requirements for designation as an independent director under the rules of the Tokyo Stock Exchange. He has been judged to pose no risk of giving rise to a conflict of interest with general shareholders and has therefore been designated as an independent director.</p>
Soichiro Uno	○	○	Mr. Uno serves as Partner in the Nagashima Ohno & Tsunematsu Law Firm. He serves concurrently as Audit & Supervisory Board Member of SoftBank Group Corporation, and Director (Audit & Supervisory Committee Member) of Dream Incubator Inc.	<p>< Reasons for Appointment > Mr. Uno possesses specialized knowledge and extensive experience as an attorney in Japan and overseas. He has been appointed as an Audit and Supervisory Committee member to audit and supervise the management of Terumo Corporation from the independent perspective.</p> <p><Reasons for Designation as an Independent Director> Mr. Uno meets all requirements for designation as an independent director under the rules of the Tokyo Stock Exchange. He has been judged to pose no risk of giving rise to a conflict of interest with general shareholders and has therefore been designated as an independent director.</p>

[Audit and Supervisory Committee]

Committee Member Composition and Committee Chair Profile [Update](#)

	Total Committee Members (No.)	Full-time Members (No.)	Internal Directors (No.)	Outside Directors (No.)	Committee Chair (Chairman)
Audit and Supervisory Committee	3	1	1	2	Outside director
Employees who assist with the duties of the Audit and Supervisory Committee	Appointed				

Matters Concerning Independence of such Employees from Executive Directors

In the Internal Control System Design Basic Policy approved by the Board of Directors (please see “IV. Matters Concerning the System of Internal Controls, 1. Basic Stance on Internal Control Systems and Status of Establishment”), The Audit and Supervisory Committee Office, consisting of dedicated employees (hereafter “dedicated employees”) shall be established as an organization to assist the Audit and Supervisory Committee. Matters related to independence of dedicated employees from directors who are not Audit and Supervisory Committee members are set forth in the Internal Control System Design Basic Policy as follows.

- Selection, performance evaluation, salary, placement, and discipline of dedicated employees shall require the prior approval of the Audit and Supervisory Committee. In the selection of dedicated employees, candidates’ experience, knowledge, and behavior, etc. shall be carefully considered in light of the important role they will play as participants in audit and supervisory functions.

Cooperation Among the Audit and Supervisory Committee, Accounting Auditors, and the Internal Audit Department [Update](#)

<Cooperation between the Audit and Supervisory Committee and Accounting Auditors>

The Audit and Supervisory Committee:

- Receives briefings in regards to an annual audit plan including audit procedures and audit team structure from the accounting auditors, and check the validity of the audit plan
- Receives auditing reports and results of internal control audits from the accounting auditors through quarterly update
- Discusses the candidates of the Key Audit Matters, and other subjects on an as-needed basis with the accounting auditors
- Decides reappointment of the accounting auditors based on comprehensive evaluation of their eligibility, independence, audit quality control status, job performance, and audit fee every fiscal year

<Cooperation between the Audit and Supervisory Committee and the Internal Audit Department>

The Audit and Supervisory Committee:

- Has periodic meetings with the Internal Audit Department

- Check the validity of the annual audit plan, and receive results of internal audits and internal control system evaluation from the Internal Audit Department
- Exchange information and opinions, and gives instructions to the Internal Audit Department on an as-needed basis

[Discretionary Committees]

Discretionary committees corresponding to a nominating committee and a remuneration committee

Established

Status of Establishment of Discretionary Committees, Committee Member Composition, and Committee Chair (Chairman) Profile

	Committee Name	Total Committee Members (No.)	Full-time Committee Members (No.)	Internal Directors (No.)	Outside Directors (No.)	External Experts (No.)	Others (No.)	Committee Chair (Chairman)
Discretionary committee corresponding to a nominating committee	Nomination Committee	7	0	2	5	0	0	Outside director
Discretionary committee corresponding to a remuneration committee	Remuneration Committee	7	0	2	5	0	0	Outside director

Supplementary Explanation

[Update](#)

[Nomination Committee]

(1) Roles

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

(2) Members

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

(3) Activities in fiscal 2023

The committee held 10 meetings in fiscal 2023. Each committee member attended the committee as follows:

Title	Name	Attendance Rate	Description
Independent Director	Hidenori Nishi	100%	Chairperson
Independent Director	Yukiko Kuroda	100%	
Independent Director	Keiya Ozawa	100%	
Independent Director who serves as an Audit and Supervisory Committee member	Masaichi Nakamura	100%	
Independent Director who serves as an Audit and Supervisory Committee member	Soichiro Uno	100%	
Chairman of the Board	Toshiaki Takagi	100%	
Chief Executive Officer	Shinjiro Sato	100%	

The Secretarial Office serves as the secretariat of the Committee.

[Remuneration Committee]

(1) Roles

The Remuneration Committee shall, as an advisory body to the Board of Directors, deliberate on the matters listed below and provide advice to the Board with the goals of maintaining and improving the Terumo Group's business integrity and corporate governance practices. The deliberations of the Committee shall be reported to the Board of Directors as appropriate. In this regard, however, matters related to the remuneration for Audit and Supervisory Board members shall not violate the provisions of Article 361 of the Companies Act.

- Matters concerning the remuneration for directors, group executive officers and executive officers (Policy for determining remuneration amount or calculation method thereof)
- Other matters which the Board of Directors requests the Committee to consider, or matters the Committee deems necessary to carry out the purposes of the Committee

(2) Members

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

(3) Activities in fiscal 2023

The committee held 4 meetings in fiscal 2023. Each committee member attended the committee as follows:

Title	Name	Attendance Rate	Description
Independent Director	Yukiko Kuroda	100%	Chairperson
Independent Director	Hidenori Nishi	100%	
Independent Director	Keiya Ozawa	100%	
Independent Director who serves as an Audit and Supervisory Committee member	Masaichi Nakamura	100%	
Independent Director who serves as an Audit and Supervisory Committee member	Soichiro Uno	100%	
Chairman of the Board	Toshiaki Takagi	100%	
Chief Executive Officer	Shinjiro Sato	100%	

The Secretarial Office serves as the secretariat of the Committee.

[Corporate Governance Committee]

(1) Roles

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

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

(2) Members

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

(3) Activities in fiscal 2023

The committee held 6 meetings in fiscal 2023. Each committee member attended the committee as follows:

Title	Name	Attendance Rate	Description
Independent Director	Yukiko Kuroda	100%	Chairperson
Independent Director	Hidenori Nishi	100%	
Independent Director	Keiya Ozawa	100%	
Independent Director who serves as an Audit and Supervisory Committee member	Masaichi Nakamura	100%	
Independent Director who serves as an Audit and Supervisory Committee member	Soichiro Uno	100%	
Chairman of the Board	Toshiaki Takagi	100%	
Chief Executive Officer	Shinjiro Sato	100%	

The Secretarial Office serves as the secretariat of the Committee.

[Independent Directors]

Number of Independent Directors

5

Other Matters Concerning Independent Directors

[Update](#)

Based on the Corporate Governance Guideline established by the Board of Directors, the board may have up to 15 directors, excluding members of the Audit and Supervisory Committee. The Audit and Supervisory Committee members may number up to five, over half of whom must be independent directors, and at least one-third of the Board of Directors should be independent directors. Independent directors must meet the requirement in the Director Independence Standards established by Terumo. "A Notification of Independent Director Appointment" has been submitted to the Tokyo Stock Exchange for all outside directors.

Attendance of independent directors at Board of Directors meetings in the previous fiscal year was as follows:

Name	Attendance Rate
Yukiko Kuroda	100% (12/12)
Hidenori Nishi	100% (12/12)
Keiya Ozawa	100% (12/12)

Attendance of independent directors who serve as Audit and Supervisory Committee Members at Board of Directors meetings and Audit and Supervisory Committee meetings in the previous fiscal year was as follows:

Name	Attendance rate Board of Directors meeting	Attendance rate Audit and Supervisory Committee meeting
Masaichi Nakamura	100% (12/12)	100% (14/14)
Soichiro Uno	100% (12/12)	100% (14/14)

[Incentives]

Status of incentives provided to directors

Performance-linked system of remuneration introduced; stock option system introduced and others

Supplementary Explanation

[Update](#)

[Basic policy and composition]

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

To achieve the objective described in (a) above, we 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).

The remuneration for non-executive directors, outside directors and directors who serve as Audit and Supervisory Committee Members shall consist of only basic remuneration.

[Performance-linked remuneration (bonuses)]

(1) Purpose, summary of calculation method

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

(2) Company-wide factors and fluctuation range

At present, revenue, operating profit, ROIC and ROE are adopted as Company-wide factors. Target of Company-wide factors should be a planned target at the beginning of each annual year. When the target is achieved at 100%. For fiscal 2023, evaluation index of revenue and operating profit is divided into the first half and the second half considering factors of external environment such as 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.

(3) Performance factor for each director's business operation and fluctuation range

At present, revenue and adjusted operating profit of the department(s) they oversee, and other targets set for each director are adopted as Performance factor for each director's business operation. Sales revenue and adjusted operating profit of department in charge should be a planned target at the beginning of each annual year. When the target is achieved at 100%, evaluation index should be 100% (evaluation index are divided into the first half and the second half for fiscal 2023 due to the same reasons above). To motivate directors for sound business performance improvement, evaluation index fluctuates between 0% to 150% according to their achievement rates. Also, in order to appropriately reflect the degree of contribution to medium- to long-term corporate value improvement in evaluation and remuneration of each executive, we have newly implemented "Future corporate value targets" as performance evaluation indicators set by each executive, starting from fiscal 2023. Target plan is set at the beginning of each annual year and evaluation index fluctuates between 0% to 120% based on achievement status at the end of the year.

(4) Policy and ratio for setting evaluation factors for each director's position

With regard to evaluation factors, ratio of company-wide factor and performance factor for each director's business operation is as below.

	Company wide factor	Performance factor; Future corporate value targets
Chairman of the Board, CEO and Directors who are responsible for functional departments, Group Senior Management Executive Officer/ Group Management Executive Officer	80%	20%

[Restricted Stock]

In order for executive directors to share benefits and risks of stock price movement with shareholders and further enhance their desire to contribute to rises in stock prices and improvement of corporate value, restricted stock has been adopted since FY 2019. Under the concept "sharing awareness on profits with shareholders for a 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 consideration.

Persons granted stock options

Internal directors, others

Supplementary Explanation

In order to provide more explicit motivation to increase corporate value over the long-term and give officers a shared awareness of benefits from the same perspective as shareholders, stock options were introduced. Stock options have been granted to executive directors, group executive officers and executive officers who resides outside of Japan.

To executive directors and executive officers who resides in Japan, restricted stock has been adopted since FY 2019 as mentioned above.

[Director Remuneration]

Disclosure of remuneration of individual directors

Individual remuneration is not disclosed.

Supplementary Explanation

[Update](#)

Disclosure of remuneration of directors is provided for public viewing through annual securities report and business reports posted on the corporate website, and other means. The details of remuneration are as follows (The number of people is the total number).

(Unit Million JPY)

Title	Number of director	Total Remuneration	Detail		
			Base remuneration	Bonuses	Restricted Stock
Directors (excluding directors who serve as Audit and Supervisory Committee Members and outside directors)	6	532	243	163	124
Director who serves as Audit and Supervisory Committee Member (excluding outside director)	1	42	42	-	-
Outside Directors	5	82	82	-	-

The total consolidated remuneration of Director Toshiaki Takagi and Shinjiro Sato is disclosed in the official annual securities report.

(Unit Million JPY)

Title	Name	Total Remuneration	Detail		
			Base remuneration	Bonuses	Restricted Stock
Chairman of the Board	Toshiaki Takagi	138	60	39	38
Chief Executive Officer	Shinjiro Sato	179	73	59	46

Policy on determining the amount of remuneration and the method of calculation

A policy has been established.

Disclosed Details of the Policy on Determining the Amount of Remuneration and the Method of Calculation

[Update](#)

[Target Proportions]

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

[Determining Procedure]

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

As approved by the 104th Annual General Meeting of Shareholders on June 21, 2019, a total annual limit of ¥700 million was set for remuneration of directors other than Audit and Supervisory Committee members (fixed remuneration, bonus and stock options) and a total annual limit of ¥200 million was set for restricted stocks remuneration. A maximum annual limit of ¥100 million was also approved for remuneration of directors who serve as Audit and Supervisory Committee members at the 100th Annual General Meeting of Shareholders on June 24, 2015. Thereunder, the procedure for determining remuneration is as follows.

Fixed remuneration	Within the remuneration limit approved at the General Meeting of Shareholders mentioned above, remuneration for directors, excluding the Audit and Supervisory Committee members, shall be decided by resolution of the Board of Directors, and remuneration for Audit and Supervisory Committee members shall be decided through deliberations among the Audit and Supervisory Committee members.
Bonuses, Restricted stock	Amounts of bonuses and restricted stock (stock options) are decided by resolution of the Board of Directors, within the remuneration limit mentioned above, taking business results, business environment and other factors for each year into consideration.

[Support System for Outside Directors]

While outside directors are not allocated dedicated staff, the Secretarial Office staff support external directors other than Audit and Supervisory Committee members, and Audit and Supervisory Committee Office staff support outside directors who serves as Audit and Supervisory Committee members.

[Status of Persons who have retired from Representative Director and President, etc.]

Name, etc., of Consultants, Advisors, etc. who have formerly served as Representative Director and President, etc.

[Update](#)

Name	Title/ Position	Description of Tasks	Form and Conditions of Services (Full-time/ Part-time, Remuneration, etc.)	Date of Retirement as President, etc.	Term
Shinjiro Sato	Corporate Advisor	Provide advices upon request of management team.	Part-time With remuneration	June 26, 2024	1 year

Total number of Consultants, Advisors, etc. who have formerly served as Representative Director and President, etc.

1 person

[Update](#)

Others

2. Matters Concerning Decisions on Execution of Duties, Audits and Supervision, Nominations, Remuneration, and Other Functions (Overview of the Current Corporate Governance Structure) Update

<<Nature of Corporate Organization >>

Terumo adopted the organizational design of a “company with Audit and Supervisory Committee” in order to enhance the functions of audit and supervision over the Board of Directors and Directors, further strengthen its corporate governance framework, and to enhance its mid- and long-term corporate value.

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.

1. Board of Directors

[1] Roles

- The Board shall strive for optimal decision-making regarding basic management policies with the goal of maximizing corporate value.
- To expedite decision making processes, the Board may delegate certain duties or responsibilities, which are executed based on basic management policies decided by the Board to directors, group executive officers and/or executive officers. The Board shall monitor the execution of any such duties or responsibilities so delegated.
- The Board shall oversee the nomination process of the Chief Executive Officer's successor as one of its important obligations for maintaining and improving corporate governance and sound management.

[2] Members

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

[3] Activities

- The Board of Directors held 12 meetings in fiscal 2023. Each Director attended the meetings as follows:

Title	Name	Attendance Rate	Description
Chairman of the Board	Toshiaki Takagi	100%	
Chief Executive Officer	Shinjiro Sato	100%	
Director and Group Senior Managing Executive Officer	Shoji Hatano	100%	
Director and Group Managing Executive Officer	Kazunori Hirose	100%	
Director and Group Managing Executive Officer	Norimasa Kunimoto	100%	Status of attendance at the 9 meetings of the Board of Directors held since his appointment on June 27, 2023.
Director and Corporate Advisor	Kyo Nishikawa	100%	Status of attendance at the 3 meetings of the Board of Directors held before his resignation on June 27, 2023.
Independent Director	Yukiko Kuroda	100%	
Independent Director	Hidenori Nishi	100%	
Independent Director	Keiya Ozawa	100%	
Director (Full-time Audit and Supervisory Committee Member)	Takanori Shibazaki	100%	
Independent Director (Audit and Supervisory Committee Member)	Masaichi Nakamura	100%	
Independent Director (Audit and Supervisory Committee Member)	Soichiro Uno	100%	

- With regard to issues identified as highly important by the evaluation of board effectiveness in the last fiscal year, the Board of Directors sets such issues as themes to be discussed at the board. Main initiatives in FY2023 are described in Principle 4-11: “Prerequisites for Ensuring Effectiveness of the Board of Directors”.

2. Advisory Committees to the Board (Nomination Committee, Remuneration Committee, Corporate Governance Committee)

Please refer to II. 1 [Discretionary Committees]

3. Internal Control Committee

[1] Roles

Positioned under the Board of Directors, the Internal Control Committee shall design and operate the Terumo Group's internal control systems in accordance with the Company's “Internal Control System Design Basic Policy.”

[2] Members

- The Committee shall be comprised of directors who also serve as group executive 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.).
- Audit and Supervisory Committee members may attend and speak at the meetings of the Committee.
- The chair shall be the Chief Executive Officer.

4. Risk Management Committee

[1] Roles

Positioned under the Board of Directors, the Risk Management Committee shall design and operate the Terumo Group's risk management system based on risk identification, assessment, analysis and prioritization across the entire organization.

[2] Members

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

- The chair shall be the Chief Executive Officer.

<<Audits and Supervision by the Audit and Supervisory Committee >>

The Audit and Supervisory Committee shall audit and supervise the execution of duties of directors and executive officers to ensure legal, appropriate, and efficient business operation in the Terumo Group companies. The auditing and supervising include any of the following:

- To monitor decision-making processes, risk management system and internal control system by attending Board of Director meeting, Executive Management Meeting and other principal meetings and inspecting major decision records, important documents with supporting execution of operation, conference minutes etc.
- To monitor execution of management, risk assessment and action, and internal control system in group subsidiaries and major entities by interview with the executives and managers and visit the site through audit visits and WEB meetings.
- To have periodic discussions with Chairman, CEO, Directors, CFO, Company Presidents and General Managers of corporate functions for monitoring business and operation, risk assessment and action, and internal control system.
- To have periodic discussions with the Internal Audit Department in order to receive briefings concerning internal control evaluation of both internal audit results and financial reports and give instructions on an as-needed basis; And with other departments related to Internal Control in order to receive briefing concerning internal control system and compliance and give instructions on an as-needed basis.
- To have periodic discussions with Representative Directors in order for sharing management issues, concerns and requests known through audit activities.
- To do self-evaluation through with questionnaire for efficiency of audit and supervisory committee and bring results to annual audit plan for next fiscal year.
- To have nine meetings with the accounting auditor in order to hear audit results, exchange opinions, discuss the Key Audit Matter or other subjects. At the same time Audit and Supervisory Committee evaluate the accounting auditor's independence, audit appropriateness, and audit quality.

<< Audits by the Internal Audit Department >>

The Internal Audit Department reports directly to the Chief Executive Officer, and builds a global internal auditing system and is promoting strengthening of this system. The Department regularly conducts audits of the entire Group, including subsidiaries, from the perspective of operational effectiveness and efficiency, compliance, and security of the assets, and prepares reports on the analysis of findings and recommendations for improvement, which are reported to the head of the audited division, the Chief Executive Officer and the Audit and Supervisory Committee. In addition, the Internal Audit Department submits audit plans and summary reports to the Internal Control Committee and the Board of Directors. The Department also assesses the design and operational effectiveness of the internal controls to ensure the reliability of financial reporting based on the Financial Instruments and Exchange Act.

<<Accounting Audits >>

Name of the audit firm:

KPMG AZSA LLC

Number of years as continuing audit firm:

21 years

Names of CPAs who performed audit duties and the number of years as continuing auditor:

Hideaki Koyama, Designated Limited Liability Partner and Managing Partner, five years

Yuichi Watanabe, Designated Limited Liability Partner and Managing Partner, four years

Hiroataka Matsuo, Designated Limited Liability Partner and Managing Partner, two years

Composition of personnel assisting with audit duties:

CPAs: 8

Others: 35

3. Reasons for Choosing the Current Corporate Governance Structure

Terumo adopted the organizational design of a "Company with an Audit and Supervisory Committee" to achieve the following initiatives, further strengthen its corporate governance framework, and to enhance its mid- and long-term corporate value.

- [1] Strengthen audit and supervisory functions
The members of the Audit and Supervisory Committee shall have voting rights in the 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 reflecting opinions of the independent directors which representing 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.

III. Status of Implementation of Measures Concerning Shareholders and Other Interested Parties

1. Status of Initiatives to Make Shareholders Meetings More Stimulating and Ensure Smooth Exercise of Voting Rights Update

	Supplementary Explanation
Issuance of early notification of convocation of General Shareholders Meeting	Terumo sends the convocation notice for the Shareholders Meeting out approximately three weeks in advance. Terumo also takes steps to ensure the smooth exercise of voting rights in order to disclose information rapidly, such as disclosing the convocation notice on the website, after a resolution for convocation has been passed by the Board of Directors and other legal procedures have been completed, before sending the notice out.
Scheduling General Shareholders Meeting to avoid peak days	Peak days for shareholder meetings are avoided and meetings are held in the afternoon, rather than in the morning as many are, in order to enable participation by a greater number of shareholders.
Allowing electronic exercise of voting rights	Terumo has computerized the exercise of voting rights in order to make it more convenient for individual and institutional investors.
Participating in an electronic voting platform and taking other steps to improve the environment for exercise of voting rights by institutional investors	Terumo uses the electronic platform for exercising voting rights operated by Investor Communications Japan (ICJ, Inc.), in which the Tokyo Stock Exchange maintains an investment interest, as the method for exercising voting rights.
Provision of convocation notices in English	An English version of the convocation notice is posted on Terumo's website.
Other	We provide business reports and live distribution using video and narration.

2. Status of Investor Relations Activities

	Supplementary Explanation	Personal Explanation by the Representative
Formulation and disclosure of a policy on disclosure	Terumo has formulated an IR Policy and has posted this on the website.	
Holding of regular briefings for individual investors	Briefings to individual shareholders at which the Chief Executive Officer is present are held at each Osaka and Nagoya once a year.	Yes
Holding regular briefings for analysts and institutional investors	Call for financial results at which the Chief Executive Officer is present are held biannually. Chief Financial Officer (CFO) is also present quarterly. The calls are held in person or by remote participation via telephone/webcast. Their presentation materials, videos, and Q&A sessions are disclosed on the corporate website.	Yes
Posting of IR materials on the corporate website	The company's IR Library page contains financial results accouchement materials, financial statements, timely disclosure information, medium to long-term strategies, consolidated financial statements, Terumo Report, and information related to corporate governance.	
Establishment of a department (contact) to handle IR	The company's investor relations operations are handled by its IR department. Persons in charge of communications with the Tokyo Stock Exchange belong to this department. The executive officer who has IR in charge serves as "Responsible Person for Disclosure".	
Others	Business related presentations are held as necessary.	

3. Status of Efforts to Ensure Respect for Stakeholder Perspectives Update

	Supplementary Explanation
Rules on respecting stakeholder perspectives established through internal rules, etc.	Terumo has established the "Core Values" and the "Terumo Group Code of Conduct". The Core Values are the common values shared by every associate around the world as a foundation for behavior in performing activities to achieve our Group Mission of "Contributing to Society through Healthcare." And the Code of Conduct shows the standards of conduct which all associates should comply, and it guides all associates to doing the right things with holding themselves to the highest ethical standards.
Implementation of environmental conservation, CSR, and other activities	Terumo has established the EHS Office, and the Office is continually working to reduce the environmental burden associated with the business activities. Furthermore, the Corporate Sustainability Department promotes overall efforts to contribute to the sustainable development of both the environment, society, and the Terumo Group, including resolving healthcare challenges based on the Group mission. Among these efforts, the main activities are described in the Terumo Report. For details, please refer to the Terumo Report. Terumo Report: https://www.terumo.com/investors/library/annual-reports
Formulation of a policy on the provision of information to stakeholders	Terumo has formulated an IR Policy stating its position on timely disclosure of information. This is posted on the corporate website.

IV. Matters Concerning the System of Internal Controls

1. Basic Stance on Internal Control Systems and Status of Establishment Update

The Board of Directors has passed a resolution of revision on the following "Internal Control System Design Basic Policy" based on the Companies Act, and is working to establish a system of internal controls for the Terumo Group.

1. System to ensure that the duties of Directors and Employees are performed in compliance with laws and ordinances and the Articles of Incorporation

- 1) Set forth in the "Terumo Group Code of Conduct" that correct behavior, requiring compliance to laws and ordinances, industry codes, internal rules, and acting according to a high sense of ethics, is indispensable for the practice of the Group Mission; and build a system to perform continuous training and education of Directors, Group Executive Officers, Executive Officers and Employees of Terumo Corporation (hereafter "the Company"), and all other equivalent personnel in the group (hereafter "Group Employees") regarding this Code of Conduct.
- 2) Establish the "Group Internal Control System Policy", and as the entity responsible for enacting the group Internal Control System, establish the Internal Control Committee, which is chaired by the Chief Executive Officer. That committee shall build a system to 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 or Audit and Supervisory Committee members selected by the Audit and Supervisory Committee (hereafter "Selected Audit and Supervisory Committee members").
- 3) In accordance with the provisions of the Financial Instruments and Exchange Act, build a system to ensure the reliability of financial reporting.
- 4) Based on the "Group Internal Control System Policy" and build a system to, in the event that significant compliance violations, etc. occur, create a response team under the direction of the Internal Control Committee Chair, which, in addition to responding and resolving the occurrence, shall report or make proposals to the Internal Control Committee regarding the cause and recurrence prevention measures.

2. System for retention and management of information related to Director performance of duties

- 1) Establish the "Group Document Management Policy" and build a system to record and retain, as documents or electronic media, information related to Director performance of duties, according to document type and importance.
- 2) Establish the "Document Management Standard Manual: Handling Manual for minutes of important meetings," and build a system to retain the minutes of important official meeting bodies of the Company.
- 3) The Directors and Audit and Supervisory Committee or Selected Audit and Supervisory Committee members (hereafter "Audit and Supervisory Committee etc."), shall build a system in which this documentation can be viewed at any time.

3. Risk management regulations and other systems

- 1) Establish the "Group Risk Management Policy," and, as the entity responsible for enacting the Group-wide risk management system, establish a Risk Management Committee, chaired by the Chief Executive Officer to build a system to report regularly regarding the status of these activities to the Board of Directors and Selected Audit and Supervisory Committee members.
- 2) Build a system for the departments from which business, quality, product safety, disasters, and environment etc.-related risk originate to perform proactive management; and for departments with expertise regarding those risk categories to support and control these risk management activities, taking into account the prioritization of risks which have critical impact on corporate management.

4. System for ensuring efficient Director performance of duties

- 1) Toward achievement of the Mid- to Long-term Growth Strategy and annual plans approved by the Board of Directors, the Executive Management Meeting composed of the Directors and Group Executive Officers, the Sustainability Committee to monitor the progress of initiatives on important sustainability action themes, the Solution Review Meeting to improve the quality of strategies on important themes, etc., shall be enacted to build a system in which support, leadership, and oversight is provided to business departments for prompt, appropriate, and efficient performance of duties.
- 2) Establish the "Group Policy on Corporate Authorization System" to build a system to promptly and efficiently perform corporate decision-making.
- 3) Establish the "Group Department Job Description Policy" and other several regulations to provide for the policies of organizational operations and roles of departments performing duties.

5. System for ensuring appropriate work within a group composed of the Company and its subsidiaries

- 1) Establish the "Group Companies Management Policy" and other several regulations, to build a system that brings about consistency in the entire group regarding business strategy, allocation of resources, coordination of business fields, risk management, and compliance, while providing support for each group company to voluntarily promote healthy management as a member of the Terumo Group.
- 2) Build a system for risk management at each group company, based on the "Group Risk Management Policy".
- 3) Based on the "Group Policy on Corporate Authorization System," build a system in which decision-making is performed at each group company by the approving entity appropriate to the importance of the matter, and which requires that matters of particular importance are approved by the Company or discussed in the Executive Management Meeting or Board of Directors meeting of the Company.
- 4) Establish the "Terumo Group Code of Conduct" as the common group code of conduct, and build a system to disseminate and perform continuous training regarding it to each group company.
- 5) Establish the "Group Policy of Group Policy Management" to build a system for each relevant department to institute group policy regarding important group-wide themes, and disseminate them to each group company.
- 6) Support, promote, and monitor the status of enactment of compliance systems throughout the entire group.
- 7) Build an internal reporting system for when Group Employees become aware of compliance violations etc., in which Employees can make reports outside their usual line of authority and are assured that they will not be treated disadvantageously.

6. Internal audit system

- 1) The Internal Audit Department shall conduct audits under the direction of the Chief Executive Officer, the Board of Directors, and the Audit and Supervisory Committee, and report to each of them.
- 2) Build a group internal audit system in which the internal audit departments of each region and important subsidiary, and the Internal Audit Department of the headquarters, coordinate.
- 3) Build a system to audit the operational status and effectiveness of the provisions of preceding items 1 through 5, report and make suggestions regarding the results thereof and issues for improvement to the Internal Control Committee, and also confirm the completion of improvements regarding these issues.

7. Items regarding Employees who assist the duties of the Audit and Supervisory Committee

The Audit and Supervisory Committee Office, consisting of dedicated Employees (hereafter "Dedicated Employees") shall be established as an organization to assist the Audit and Supervisory Committee.

8. Items related to independence of Dedicated Employees belonging to the Audit and Supervisory Committee Office from Directors who are not Audit and Supervisory Committee members

Selection, performance evaluation, salary, placement, and discipline of Dedicated Employees shall require the prior consent of the Audit and Supervisory Committee. In the selection of Dedicated Employees, candidates' experience, knowledge, behavior, etc. shall be carefully considered in light of the important role they will play as participants in audit and supervisory functions.

9. Items for ensuring the effectiveness of direction given from the Audit and Supervisory Committee to Dedicated Employees

Dedicated Employees shall perform their duties according to the direction and mandates of the Audit and Supervisory Committee etc. and shall not receive direction or mandates from Directors who are not Audit and Supervisory Committee members, or any other Group Employees.

10. System for Group Employees and those receiving reports from such Employees (hereafter jointly referred to as "Reporting Personnel," to report to the Audit and Supervisory Committee

- 1) In addition to legal items, Reporting Personnel shall make timely and appropriate reports to the Audit and Supervisory Committee, etc. according to the "Group Policy on Reports by Directors, Group Executive Officers, Executive Officers and Employees to Audit and Supervisory Committee".
- 2) The Audit and Supervisory Committee etc. shall regularly receive reports on the operation status of, and content of incidents reported under, the internal reporting system established at each group company, and shall give direction and advice as appropriate.

11. System for ensuring that Reporting Personnel are not treated disadvantageously by reason of making reports

- 1) In the event that a report has been made by a Group Employee, whether directly or indirectly, to the Audit and Supervisory Committee etc., any human resources-related or other type of disadvantageous treatment by reason of the person having made a report shall be prohibited, and this prohibition shall be thoroughly disseminated to all Group Employees.
- 2) The Audit and Supervisory Committee or its members may require from Directors disclosure and explanation of the reasons regarding the placement, performance evaluation, or discipline, etc. of a reporting person.

12. Items regarding policy for prepayment or reimbursement procedures for expenses related to performing Audit and Supervisory Committee duties, and processing of expenses or liabilities relating to performance of other duties

- 1) The Audit and Supervisory Committee etc. may invoice the Company for expenses related to performance of their duties, as established by laws and ordinances.
- 2) The Audit and Supervisory Committee etc. may obtain the services of external experts when such are deemed necessary to the performance of their duties. Further, the expenses associated with obtaining these services shall be applicable under 1) above.

13. System for ensuring that other audits of the Audit and Supervisory Committee are performed effectively

- 1) The Representative Director shall regularly hold meetings to exchange opinions with Audit and Supervisory Committee.
- 2) Selected Audit and Supervisory Committee members may attend important meetings such as Executive Management Meeting.
- 3) In addition to regular reporting meetings with internal audit departments and with external auditors, the Audit and Supervisory Committee etc. shall hold meetings as necessary with these departments or bodies.

Status of Operation of Systems to Ensure the Appropriateness of Operations

The overview of the status of operation of systems to ensure the appropriateness of operations during fiscal 2023 is stated below.

1. System to ensure that the duties by Directors and Employees are performed in compliance with laws and ordinances and the Articles of Incorporation

The Company carried out training and education of Group Employees regarding the "Terumo Group Code of Conduct". At quarterly meetings of the Internal Control Committee (4 times), important policies related to compliance were deliberated. The Company also carried out training and education of Group Employees to achieve thorough understanding regarding the important regulation and standard such as "Group Anti-Corruption and Anti-Bribery Policy". In addition, the Company used e-learning to thoroughly disseminate the established and revised regulations. In order to enhance a system to ensure the reliability of financial reporting, self-assessment is conducted by the relevant departments. The whistle-blowing system was established as an inside window and an outside window comprising a legal adviser and an outside receptionist, and receive reports widely. Audit and Supervisory Committee members also serve as the contact for the Director's compliance matters.

2. System for retention and management of information related to Director performance of duties

Based on "Group Document Management Policy," the Company is striving to communicate the rules for document storage throughout the Group. Based on "Document Management Standard Manual: Handling Manual for minutes of important meetings", the Company is retaining and managing minutes of important meetings appropriately.

3. Risk Management Regulations and system

Based on the "Group Risk Management Regulation" and "Group Risk Management Guideline", the company plans for efficiency and standardization of risk evaluation and correspondence. The Risk Management Committee (2 times) discussed risk mitigation and reduction. Risk management training of the workshop form which had improvement of the risk sensitivity of the associate for its object is being performed, both in-person and online.

4. System for ensuring efficient Director performance of duties

The Company ensures efficient performance of duties by Directors through meetings of the Board of Directors (12 times), the Executive Management Meeting (18 times), the Sustainability Committee (2 times), and the Solution Review Meeting (8 times). The Company makes decisions rapidly based on the "Group Policy on Corporate Authorization System".

5. System for ensuring appropriate work within a group composed of the Company and its subsidiaries

The reporting system has been established in accordance with the "Group Company Management Policy" and "Group Department Job Description Policy". The status of operation is monitored. Based on "Group Policy of Group Policy Management", the Company reviews and maintains observance matters applying to the group.

6. System to assist the Company's Audit and Supervisory Committee with its duties and matters concerning reporting

The Company has put in place a system to assist the Audit and Supervisory Committee with its duties, including the establishment of the Audit and Supervisory Committee Office, which is independent of Directors. Audit and Supervisory Committee Members share the reports made pursuant to the "Group Policy on Reports by Directors, Group Executive Officers, Executive Officers and Employees to Audit and Supervisory Committee," the "Audit and Supervisory Committee Regulations," and the whistle-blowing system. The Company has thoroughly communicated to all Group Employees that any person who makes internal reports shall not receive any detrimental treatment through the training and education on the "Terumo Group Code of Conduct".

2. Basic Stance on Combating Anti-Social Forces and Status of Establishing a System for That

1) Basic Stance on Combating Anti-Social Forces

Avoiding relationships with anti-social forces is one of Terumo's corporate responsibilities. We, therefore, vehemently refuse to become involved in any relationship with anti-social forces and engage in no transactions with companies, other organizations, or individuals with ties to anti-social forces.

Furthermore, we work with law enforcement authorities and other agencies to combat anti-social forces.

2) Status of Efforts to Combat Anti-Social Forces

- The Corporate Affairs Department coordinates responses to inappropriate demands by anti-social forces, and the prevention of such inappropriate demands has been made the specific responsibility of a designated associate within the Corporate Affairs Department.
- We have established a system for cooperating with law enforcement authorities, Tokubouren (NPO assisting companies in combating corporate blackmailers), legal advisers, and others, and acting on their advice and guidance.
- We have established a system for properly sharing information on anti-social forces with the groups mentioned above, and centrally managing it in the Corporate Affairs Department.
- We have prepared the Manual for Combating Anti-Social Forces and are promoting thorough understanding of its contents among everyone working at Terumo.
- We provide executives and associates with relevant information in a timely manner, conduct training, and take the steps, as well, to promote awareness of the importance of combating anti-social forces.

V. Other

1. Adoption of Takeover Defense Measures

Adoption of takeover defense measures

Not Adopted

Supplementary Explanation

1. Basic policy regarding persons who control decisions on the Company's financial and business policies

The Company does not reject the notion that the transfer of managerial control may vitalize business and the economy. However, in the event of any attempt to make a large-scale purchase of shares, in principle it should be left to the judgment of the Company's shareholders whether such a purchase is to be accepted. At the same time, the Company acknowledges that the prudent judgment of shareholders is essential for determining the impact of such large-scale purchase of shares and related proposals that have a bearing on corporate value and shareholders' common interests, considering the business, business plans, past investment behavior, and other information concerning the purchaser. Accordingly, the Company considers that necessary and sufficient information, opinions, proposals, etc. should be provided to the Company's shareholders by both the large-scale purchaser and the Company's Board of Directors, as well as necessary and sufficient time to review such information.

In accordance with this basic policy, the Board of Directors of the Company intends to implement allowable measures under the Financial Instruments and Exchange Law, the Japanese Companies Act, other regulations, and the articles of incorporation, such as requesting to provide necessary and sufficient information, timely disclosure, and others, in order to secure the Company's corporate value and shareholders' common interests.

2. Other Matters Concerning the Corporate Governance Structure

Outline of the system for timely disclosure:

The internal system for ensuring timely disclosure of corporate information about Terumo is as follows:

1. Basic Policy

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

2. System for Timely Disclosure

Terumo shall strive to develop and enhance its in-house systems for providing 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 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 consider matters of disclosure. The Disclosure Subcommittee shall be comprised of the department heads of the IR, the Corporate Communication, the Strategic Planning, the Secretarial Office, the Internal Control, and the Legal. The IR department serves as secretariat of the Disclosure Subcommittee and gives training for the associates in the departments related to disclosure.

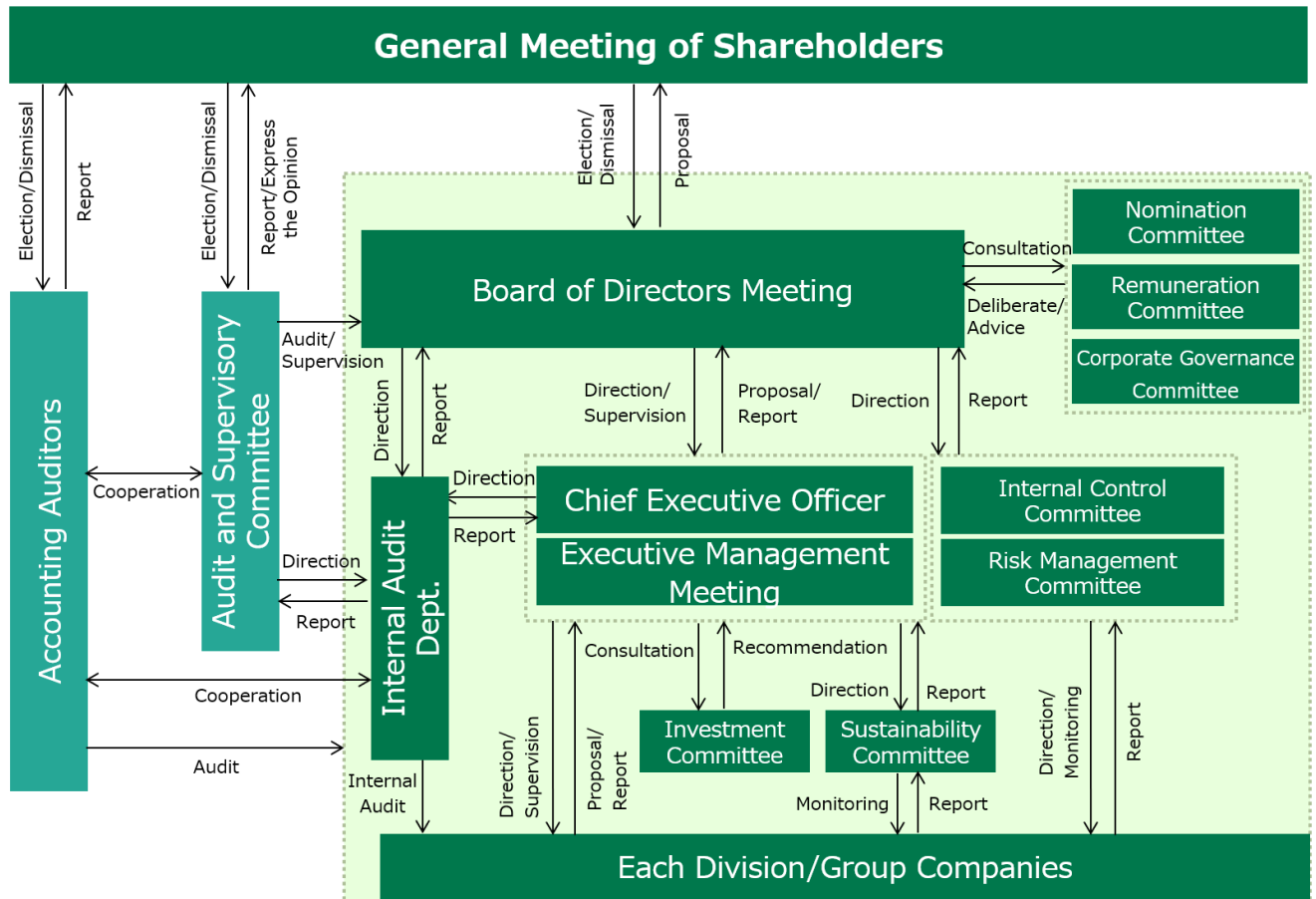
A diagram of Terumo's structure for timely disclosure is shown as an attachment.

3. Information Disclosure Method

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

■ A diagram of Terumo's corporate governance structure is shown below.

- ◆ 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.



■ A diagram of Terumo's structure for timely disclosure is shown below.

<Diagram of Terumo's structure for timely disclosure>

