



**Terumo Report
2023**

Group Mission

Contributing to Society through Healthcare

We contribute to society by providing valued products and services in the healthcare market and by responding to the needs of patients and healthcare professionals.

Core Values

Respect – Appreciative of others

We show respect and appreciation toward associates, customers, and business partners.

We value individuality and diverse cultures, and listen widely and carefully to different opinions and the voice of society.

Integrity – Guided by our mission

As associates of Terumo Group, responsible for life and health, we always act with sincerity and a sense of mission.

Through our daily efforts, we build trust among all stakeholders.

Care – Empathetic to patients

We are mindful that everything we do ultimately connects us to patients.

We strive to understand healthcare providers deeply and work together with them to give patients a better future.

Quality – Committed to excellence

To ensure safety and reliability in healthcare, we view each issue from a "gemba" perspective in order to find the optimal solution.

As well as product quality, we pursue excellence in all we do, from product supply to customer care.

Creativity – Striving for innovation

We promote a mindset that embraces challenge for the future, and work with curiosity and passion.

We respond to the needs of "gemba" by delivering products and services that create meaningful value in a timely manner.

*Terumo uses the term "associates" to refer to our employees, emphasizing the idea of employees as partners with whom we work together.

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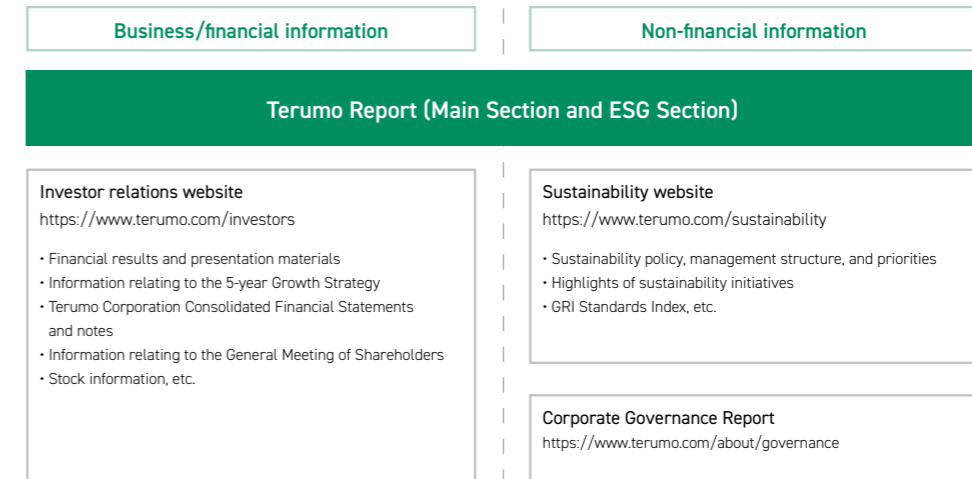
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Editorial Policy

At Terumo, we prepare the Terumo Report as the integrated report to provide stakeholders with an overview of our initiatives for creating medium- to long-term value and increasing corporate value. Terumo Report consists of the Main Section and the ESG Section. In the Main Section, we present the management policy for the Terumo Group, our medium- to long-term growth strategy, and initiatives to create social value (CSV) through solving healthcare challenges. In the ESG Section, we present, in a comprehensive manner, our approach to sustainability management and priority themes, organizational structure for promoting sustainability, and ESG initiatives, which serve as the foundation to support our creation of social value, together with related data.

Information Disclosure System



Coverage

Report coverage includes, in principle, those elements of the global Terumo Group falling within the scope of consolidated earnings statements. When the scope differs from that described above, notification will be provided.

Covered Period

The covered period is fiscal 2022 (April 1, 2022–March 31, 2023), but it includes some activities conducted before and after this period.

Adoption of International Financial Reporting Standards

Beginning with its financial results announcement for fiscal 2017, the Company has adopted International Financial Reporting Standards (IFRS) with the goal of making its financial information more easily comparable to that of companies around the world and to improve management accuracy and strengthen corporate governance through the global application of uniform rules.


Cautionary Statement Regarding Forward-looking Statements

Forward-looking statements in this report, including financial projections, are based upon assumptions using information available at the time and are not intended to be a guarantee of future events or performance. Accordingly, it should be noted that actual results may differ from forecasts and projections due to various factors. Factors affecting actual results include, but are not limited to, changes in the economic conditions surrounding Terumo, fluctuations in foreign exchange rates, and the state of competition. Information on market share in this report is partly derived from our own independent research. Information about products (including products currently in development) included in this report is not intended to constitute advertising or medical advice.

Referenced Guidelines (ESG Section)

- GRI Sustainability Reporting Standards
- SASB Standards
- Task Force on Climate-related Financial Disclosures (TCFD)
- Japanese Ministry of the Environment, Environmental Reporting Guidelines 2018

CEO Message



Shinjiro Sato
President and CEO

Face the needs of medical settings with a spirit of challenge and bring about a new healthcare

Looking back on the first year of the GS26 five-year growth strategy

In our fiscal 2022 results, strong global demand in the cardiac and vascular field, centered in the largest market of the United States, drove our highest-ever performance in both sales revenue and operating profit. The cost of goods increased due to inflation and other factors, causing an earnings headwind as we began the five-year plan; however, the demand fundamentals that support growth trended well.

Under the GS26 vision of From Devices to Solutions, we have shifted our focus from products to customers as we work to discover customer and patient needs and propose comprehensive solutions to those needs that merge diverse kinds of value. We are now seeing this challenge of building a new solutions-development business model become a reality in specific ways. Below we introduce some of the latest such cases.

The first is about leveraging digital technology in diagnosis and treatment. ePRISM, which Terumo is offering in the United States, is a software that supports clinical decision-making in cardiovascular treatment. In cardiac treatment, the solution quantifies each patient's personalized risk of complications, based not on generalized information, but rather the clinical data of that patient and factors including their other illnesses. In coronary artery interventional therapy, it provides information about the risk of bleeding complications to enable physicians to determine an appropriate treatment plan. Terumo already offers Terumo Business Edge as a consulting service for hospital management, and by adding digital solutions, it will promote personalized healthcare to give patients even better prognoses and contribute to reducing healthcare costs.

The next case is about building an ecosystem that leads to greater value in plasma collection. In 2022, Terumo began sales of the plasma collection system Rika in the United States. As the demand for treatments using plasma fractionation products increases worldwide, Terumo has partnered with CSL to develop a system for use in that company's plasma collection centers. Rika was developed to reduce the burdens of both the donors from whom plasma is collected, and the medical professionals who perform the collection. The system uses control functionality to constantly monitor the collection process, and is designed for safety, through ways including alert functions. We will continue to provide solutions that build an ecosystem that includes IT platforms, in order to comprehensively improve plasma collection operations.

The final case is about a new business that utilizes drug delivery technologies. Terumo is continually evolving its diverse technologies, including needles and syringes, as it aims to develop solutions that bring greater value to pharmaceuticals. In the pharmaceutical field, innovative new drugs are appearing one after another in fields that apply technologies like recombinant genetics and cell expansion. Because these biologics are mainly in injectable form, there are strong needs for delivery technologies that bring the drug to the intended location with certainty and efficiency. Amid these needs, the industry that provides solutions to pharmaceutical companies who consign a portion of their manufacturing and development is growing on a global scale. This business model is called "CDMO" (contract development and manufacturing organization). Terumo will leverage its unique technologies, high quality, and sterling customer service to accelerate growth in this new business field.

The starting point of Terumo's GS26 strategy is its awareness that a paradigm shift is happening in the healthcare world. In contrast to the 20th century, when information was unevenly distributed in medical settings, healthcare information is now more open. Now, we must not wait for specific requests from medical settings, but instead more actively and proactively take on healthcare needs as a medtech

company. Maintaining its priority on quality, Terumo will utilize diverse technologies to meet new healthcare needs for the benefit of patients and medical settings.

Promoting initiatives to raise corporate value, toward GS26 achievement

While healthcare demand is steadily expanding, uncertainty in the business environment is increasing around the world. To achieve GS26, Terumo will continue to promote new measures that increase corporate value, while flexibly adapting to changes in the business environment.

The first such measure is to be more proactive in the internal development that sustains growth. We will continue to explore M&A opportunities as well, but strengthening our internal development capability will be a top management priority. To successfully enhance the pipeline of new products scheduled for GS26, we will strengthen the development capability of each company and manage launch schedules, including regulatory matters. At the same time, to ensure long-term growth beyond 10 years into the future, we have realigned our corporate R&D organization, centered in the Shonan Center. In addition, we are moving forward initiatives including group-wide information sharing, talent coordination, and development process standardization. Fundamentally reviewing development themes, we will strengthen programs that align with the GS26 strategic vision by investing in themes focused on the three Ds of Delivery, Deviceuticals, and Digital.

The second measure is to accelerate earnings improvement throughout the Group. To achieve our GS26 goals amid difficult earnings conditions and ensure sustainable, profitable growth, Terumo launched the VC2 (Value Creation through Collaboration) Group-wide earnings improvement project at the commencement of GS26. The quantitative goal of the project is to improve operating profitability by two percentage points. We aim to leverage economies of scale and the benefits of an overall optimization of headquarters functions, production, and indirect costs.

The third measure is to strengthen our capital policy. Terumo seeks growth investment opportunities that exceed capital cost, and our basic policy commits to striving to raise corporate value. In keeping with this policy, we are making progress in raising capital efficiency and building the right capital structure, to then appropriately and proactively reinvest profit. Regarding the distribution of profits to shareholders, we have decided to aim for a total payout ratio of around 50% by utilizing the repurchase of our own shares, in addition to stably increasing dividends. We expect that this will spur capital efficiency improvement and also positively affect ROE during the GS26 period. In addition, we will increase financial leverage in growth acceleration investments.

The fourth measure is to promote sustainability management. In 2023, Terumo established the Sustainability Committee, directly under the highest decision-making body regarding the business of Terumo, the Executive Management Meeting. As President and CEO, I serve as the Sustainability Committee Chairman, and we fulfill the role of monitoring the status of CSV and ESG initiatives and reporting regularly to the Executive Management Meeting and Board of Directors. We have also revised the performance evaluation system for executives. As a new executive performance evaluation indicator, we will adopt Future Corporate Value Targets. For the CSV and ESG focus themes of the GS26, we have listed Future Corporate Value Targets, and executives commit to each of these. These measures have created a system in which the management can unite in their efforts to promote sustainability.



Cultivate a culture of proactive challenge, contribute to the new 21st-century healthcare

To bring about the vision of From Devices to Solutions and achieve our GS26 goals, we must have a strong will to transform our business model and an unflinching spirit of challenge. Along with promotion of GS26, Terumo has globally deployed an awareness transformation movement called Growth Mindset. In the end, it is talent that sustains continuous corporate growth. We can draw up a wonderful strategy, but it must be carried out by each associate. We are working to foster a culture of not setting limits for our capabilities, and of encouraging and praising those who take on the challenge of realizing new growth.

In addition to instilling the Growth Mindset, we seek to achieve high-productivity and flexible work styles that fit in the new normal of this era. In Japan, we introduced starting fiscal 2022 a job-based HR policy centered in management positions. We are currently studying how to expand this to all levels of the organization. By realizing more self-directed career planning and creation of workplace environments with higher productivity, we want to raise associates' motivation and grow Terumo itself into a more competitive global firm.

At this opportune time when the pandemic has largely subsided, we need to once again boost a growth mindset throughout the organization. We are fostering a culture of assertive challenge to realize the future of healthcare and accelerate our strategy outlined in GS26. We ask each valued stakeholder for your continued understanding and support.

Shinjiro Sato
President and CEO

Value Creation Process

We contribute to society by providing valued products and services in the healthcare market and by responding to the needs of patients and healthcare professionals.

Group Mission

Contributing to Society through Healthcare

Core Values/Terumo Group Code of Conduct

Healthcare paradigm shift that Terumo is focusing on

Changing disease patterns

- Learning to coexist with chronic diseases, the prevalence of which is increasingly rapidly due to rising global living standards and the emergence of a hyper-aging society in the developed nations
- Combating the decline in organ function and other bodily functions that accompany aging

Changing timescale

- Improving of long-term quality of life
- Increasing adoption of prevention and prognosis monitoring
- Personalized disease management (Patient Journey)

Changes in technology

- Increasing adoption of biopharmaceuticals, regenerative medicine, cell and gene therapies
- Wide adoption of personalized medicine through evolution of genomic medicine and AI

Terumo's Strengths

Corporate Activities

Social value creation

Cardiac and Vascular Company

- Contributing toward early discharge and reduced complications, in response to the growing need for healthcare to be more cost-effective
- Full-scale expansion of the therapeutic product pipeline in growth markets

Medical Care Solutions Company

- Providing patient-focused value that covers every aspect of care, not only in hospitals but also in the home
- Accelerating global expansion as the domestic market reaches maturity
- Providing solutions for pharmaceuticals manufacturers to maximize the value provided by their drugs
- Responding to market competition from low-priced products with proposals that provide value through new solutions

Blood and Cell Technologies Company

- Responding to changes in the market, such as the commercialization of cellular therapy products and an unstable blood supply, by building a presence in cell therapy processes and by providing innovative systems and services
- Responding to competitors' actions, such as the optimization of their portfolios, by promoting a shift away from selling products toward selling solutions, developing high-value-added services and diversifying our portfolio

R&D / M&A

- Accelerating innovation by strategically and consistently combining short-, medium-, and long-term internal R&D with M&A and startup investments

Digital transformation

- Providing comprehensive care and solutions to support the patient journey

Corporate

- Implementation of a company-wide revenue improvement project (aiming to increase profitability by at least 2 percentage points by FY2026)
 - Focusing on the four key areas of production, procurement, logistics and management, and working to optimize these across the board on a global scale
 - Optimizing global production

Foundation supporting social value creation

People strategy

- Realizing reforms and changes
 - Developing global leaders, enhancing organizational efficiency and effectiveness, and targeting critical skills development
 - Enhancing Associate Experience
 - Fostering Growth Mindset, cultivating a DE&I culture, nurturing associate well-being, and recognizing the contributions made by its associates

Total quality (ensuring quality, safety, and stable supply)

- Ensuring the quality, safety and stable supply of products and services
- Sustainable supply chain management
- Promoting safety measures for the working environment

Reducing the burden on the environment

- Initiatives to realize carbon neutrality
- Effective use of resources

Human Rights

- Promoting safety measures for the working environment
- Established Terumo Group Human Rights Policy
- Became a signatory to the United Nations Global Compact

Governance and Compliance

- Group mission and Core Values forming foundations of governance
- Enhancing global management system (implementation of a group executive officer system)
- Group-wide code of conduct and continuous compliance education

Capital Invested

Financial capital

- Stable financial situation
 - Credit rating **AA-** (Rated by Rating and Investment Information, Inc.)

Manufactured capital

- Global production network **34** production sites (8 production sites in Japan and 26 outside Japan)
- Overseas production ratio **60.6%**
- Capital expenditure **¥75.8 billion**
- Cross-company and cross-business production collaboration

Intellectual capital

- R&D expenses/Ratio to revenue **¥61.6 billion/7.5%**
- Global R&D network
- Provision of various types of training for health care professionals in each region, including at Terumo Medical Pranex in Japan
- Patents held **Approx. 8,600** (inc. Overseas subsidiaries)

Social and relationship capital

- Trust and a strong brand, built up over a period of a century in which Terumo has developed alongside Japan's healthcare providers
- Open innovation initiatives
- Communication with stakeholders

Human capital

- Associates (Terumo Group) **30,207**
- Ratio of non-Japanese in group executive officers **33.3%**
- Ratio of non-Japanese in global key positions **54.0%***
 - * As of April 1, 2023
- Ratio of female managers (Terumo Group) **30.8%**
- Ratio of female managers (Terumo Corporation) **9.6%**
- Ratio of male associates taking childcare leave **68.8%**
- Appointment of a CXO to strengthen global management infrastructure

* Unless noted otherwise, data is for FY2022 or as of the end of FY2022

Outputs

Targets of the Five-year Growth Strategy GS26

Realize revenue growth that is superior to the market average growth rate, while also enhancing profitability and aiming to shift to a new growth model to help bring about a paradigm shift in healthcare

Growth

- Revenue growth rate
 - Realize high **single-digit** growth (5-year CAGR)

Profitability

- Operating margin
 - Achieve a margin of **20% or higher** (in 5 years)

Capital efficiency

- ROIC
 - Achieve a ratio of **10% or higher** (in 5 years)
- ROE
 - Maintain **10% or higher**

Cash allocation

- Operating cash flow
 - FY2022-2026 **¥800-900 billion**

+
Financing
↓

- Capital investment **¥430-480 billion**

- Dividend **¥130-180 billion**

- Acquisitions, shareholder returns*, etc.

* Aiming for total payout ratio of 50% or higher

Sustainability management: CSV

- Further adoption of the radial procedures
 - Ratio of radial procedures (FY2026)
- Coronary artery **75% or higher**
- Peripheral artery **20% or higher**
- Interventional oncology **15% or higher**
- Neurovascular **15% or higher**

Sustainability management: ESG

- CO₂ emissions (Scope 1+2)
 - FY2030 **50.4% reduction** (vs. FY2018)
 - FY2040 **Carbon neutrality**
- No. of critical market shortages: **Zero**
- No. of critical findings from regulatory authorities: **Zero**

* For all themes related to CSV/ESG of the GS26, please refer to pp. 14-17.

Medium- to Long-term Vision

From Devices to Solutions

Focus in solutions: the 3Ds

Delivery

High value-added biological access and delivery for advanced medical care

- Aiming for a world with 100% adoption of minimally invasive treatments

Deviceuticals™

Maximize drug effectiveness through innovative devices

- Accelerating the evolution of combination products through delivery technology innovation, with the aim of raising the share of total sales held by combination products that integrate pharmaceuticals with devices to at least 50%

Digital

Disease-based approach focused on improving long-term patient quality of life (Patient journey)

- Aiming to raise the treatment completion rate for chronic diseases to 100% through the effective utilization of digital technology

Outcome

Solving problems of medical settings

- Optimization of intra-hospital infrastructures
- Building ecosystems for new therapies such as cell and gene therapies
- Evaluation systems that contribute to health economics

Developing healthcare Ecosystem

- Further improvement of less-invasive treatments
- Infection control
- Data utilization for diagnostics and therapy optimization
- Optimal delivery for new drugs

Improving patient quality of life

- Disease management:
 - Endovascular therapy for whole body
 - Diabetes, kidney diseases, cancer, etc.
 - Overcoming deterioration of body functions
- Personalized care that accompanies the patient journey

CAFO Message



Naoki Muto

Group Executive Officer
 Chief Accounting and Financial Officer (CAFO)
 Controller Dept., Treasury Dept., Tax Dept.,
 CAFO Office, J-SOX Office

Maximizing profits and optimizing cash allocation toward sustainably raising corporate value

Looking Back on Fiscal 2022

Fiscal 2022 marked the first year of our GS26 growth strategy, which we announced in fiscal 2021, the year of our 100th founding anniversary. That strategy set three financial goals as KPIs:

Growth	Revenue growth..... High-single-digits (5-year CAGR)	
Profitability	Operating margin (Before adjustment)..... 20% or higher (in 5 years)	
Capital efficiency	ROIC..... 10% or higher (in 5 years)	*ROE of 10% or higher

In the first year of fiscal 2022, sales revenue was 820.2 billion yen and operating profit was 117.3 billion yen; each was our highest-ever result, and we also secured an increase in profit for the year. Revenue was driven by strong global demand in the cardiovascular field, particularly in the largest market, the United States, resulting in 5% growth when excluding FX.

In profit, we achieved an increase, although multiple factors—the rising costs of purchased materials due to the supply chain disruption that began during COVID-19, increased electricity, gas, and other energy costs, and inflation such as labor cost in the United States, along with a temporary earnings downturn at the end of the fiscal year—combined to result in an operating margin decrease to 14.3%. The profit amount also unfortunately fell below our February 2023 guidance. The temporary earnings downturn was caused by an increase in fixed costs due to delays in standing up our new Plasma Innovation business, and increased costs of transferring production of the Blood and Cell Technologies and Cardiac and Vascular companies to Costa Rica.

The impact of these negative factors brought our ROIC to 6.8% and ROE to 8.4%. We will strengthen our management controls toward better guidance accuracy as we strive to restore the trust of the market.

Efforts Toward Maximizing Profitability

Promotion of profitability improvement measures

To achieve our GS26 goal of 20% or higher operating margin, we are working to improve profitability through the Group-wide VC2 (Value Creation through Collaboration) project. In previous acquisitions, our management mentality was to prioritize the development capability and speed of business expansion, and we refrained from absorbing the organizations and operations of the acquired companies. With VC2, we are partially revising that policy to optimize and raise efficiency across the Group through control of operations like production, procurement, and logistics under the guidance of corporate. One aspect of this is that we created the internal organization Global Business Services (GBS) in November 2022 and integrated the order and payment functions of Europe and the United States into the GBS. We will continue to expand the GBS functions and scope going forward, taking the lead in improving profitability by standardizing and raising the efficiency of shared Group operations. We also continue to implement SAP, to integrate the core Group functions that support operations standardization and efficiency, and centralize information management.

Capital efficiency (ROIC) improvement

Toward the GS26 goal of 10% or higher ROIC, we are working to improve both the numerator, which is profit expansion, and the denominator, which is efficiency of invested capital.

We will right-size invested capital through solid control of working capital. Specifically, we will normalize our inventory levels, which we had built up to avoid sales opportunity loss from COVID-19 and supply chain disruptions. Beyond inventory, we will also work to strengthen control of working capital in the form of accounts receivable and payable.

To raise our capability to create profit, we will not only make continual and timely investment in strengthening production capacity, but also consider M&A investments that promise greater future value and synergy with existing businesses. In judging investments, we will set a hurdle rate based on the weighted average cost of capital (WACC), with uncertainty risk added, confirming the business strategy and risk, to compare the hurdle rate with net present value (NPV) and internal rate of return (IRR), to strictly select and execute investments that have the highest probability of generating return.

To achieve GS26 financial goals, beginning with ROIC, we need to align the direction of the businesses and corporate, taking into account changes in business environments and performance status to carry out appropriate measures in a timely manner. Guiding the Group as a whole toward this is the role of the CAFO, and I consider this responsibility to be very large. To support this role, we established the Financial Planning & Analysis (FP&A) organization in 2022. It takes a high-level view of the entire Group's management status and closely monitors the progress of medium- to long-term profit improvement, along with the progress of short-term fiscal year planning, to speedily identify and analyze issues so that the CAFO and management team can make timely and accurate decisions.

Cash Flow

The source of investment capital for growth is ultimately cash flow from the businesses. In fiscal 2022, net cash provided by operating activities was 117.5 billion yen; net cash used in investment activities was 59.1 billion yen; and shareholder return was 78.0 billion yen.

In GS26, we aim by fiscal 2026 to create cumulative operating cash flow of 800 to 900 billion yen. We anticipate utilizing approximately half of that toward GS26 growth and infrastructure investments. In addition, when we need to procure capital from external sources, we will strive to balance capital efficiency and financial health to make the optimal and expeditious combination of borrowings from financial institutions and corporate bonds, etc., to ensure that we take advantage of growth opportunities.

Shareholder Return

In fiscal 2022, we enacted new measures toward raising corporate value going forward. One of these is to strengthen capital policy. In addition to improving capital efficiency and raising financial leverage, we announced that we will shift our shareholder return indicator from the previous dividend payout ratio to total payout ratio. Our target for dividend payout ratio has been 30%; going forward, we will utilize both stable increases in dividends as well as acquisition of our own shares as we aim for a 50% or higher level of total payout ratio. Regarding acquisition of our own shares, we executed a 50-billion-yen buyback and share retirement in fiscal 2022, and have earmarked 20 billion yen for acquisition in fiscal 2023. Through these measures, the fiscal 2022 total payout ratio was 90%, and we plan to achieve 52% in fiscal 2023.

Fiscal 2023 Plan

In fiscal 2023, we plan to grow the high-margin growth drivers of each company, while also strengthening and accelerating Group-wide measures to achieve solid profitability improvement. By company, we aim to return the Medical Care Solutions Company to double-digit profitability.

We anticipate that revenue will continue to grow globally, at the rate of 6%, to exceed the growth of the previous year when excluding FX. In operating profit, we look to improve both the profit amount and percentage by (1) expanding sales of high-margin products, (2) becoming more proactive regarding price policy, and (3) optimizing and raising efficiency in production globally. In price policy, to counteract regarding pharmaceutical products sold in Japan whose reimbursement price revisions have given them low margins, as well as inflation impacts that we could not absorb, we will gain the understanding of customers in passing these costs on to them, expanding both the number of businesses and regions where we do so. In optimizing and raising the efficiency of global production, we are reaping the benefits of the transfer to Costa Rica, while also promoting projects to bring yet another level of efficiency to Ashitaka Factory, which sustains the TIS business core.

In the first quarter, strong demand continued globally for the Cardiac and Vascular Company, resulting in the highest-ever quarter of revenue to start the year. Operating profit saw a slight decrease when excluding FX, but the good effects of the aforementioned Costa Rica production transfer are beginning to appear. Also, on a standalone quarterly basis, the positive profit improvement efforts outweighed negative inflation impacts for the first time; all this means that progress is as planned to achieve the annual guidance.

Fiscal 2023 Guidance (As of November 14, 2023)

Revenue.....	¥854.0 billion	+4.1% year-on-year
Operating Profit.....	¥132.5 billion	+12.9% year-on-year
Operating Margin..... (Before adjustment)	15.5%	+1.2% points year-on-year
Profit for the Year.....	¥101.0 billion	+13.1% year-on-year

In order to achieve our fiscal 2023 performance goals, we will strengthen our Group and make the investments necessary to steadily take advantage of growth opportunities. Through these efforts we will raise our sustained corporate value and contribute to our Terumo Purpose of advancing healthcare and enhancing patients' quality of life, fulfilling the expectations of shareholders and investors, and of course our customers and society at-large.

CSV and ESG Themes of the GS26

At Terumo, we position the creation of social value (CSV) through contributing to Advancing Healthcare and Enhancing Patients' Quality of Life, which is Terumo's purpose, as the most important theme of our sustainability management. Furthermore, we have set our sustainability priorities related to ESG as the foundation to support the promotion of CSV and are working towards achieving them while promoting CSV. (For more information on the sustainability priorities for the Terumo Group, please refer to p. 35.)

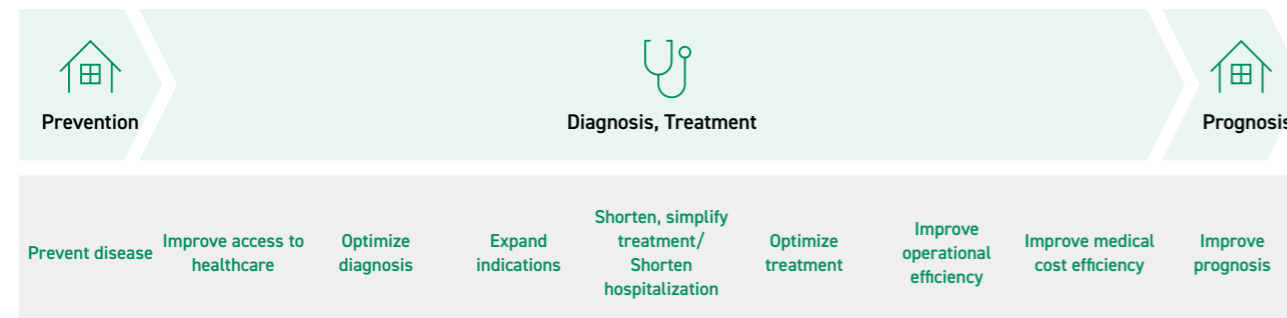
Under our five-year growth strategy GS26 starting from fiscal 2022, we have set specific initiatives to be monitored and key performance indicators (KPIs) for CSV and ESG based on the above-mentioned sustainability priorities. Regarding the CSV themes, we will provide valuable solutions to medical settings and patients by leveraging our broad range of products and technologies to create social and economic value in the patient journey, from prevention to diagnosis, treatment, and prognosis. As for the ESG themes, we are working on efforts that support CSV, such as ensuring the quality, safety, and stable supply of our products and services, creating an organization where diverse associates can make the most of their full potential, and promote social initiatives to meet societal demands, such as achieving carbon neutrality.

Progress on these initiatives and the KPIs will be monitored by the Sustainability Committee and reported regularly to the Executive Management Meeting and the Board of Directors. In addition, we have introduced Future Corporate Value Targets since fiscal 2023, based on the CSV and ESG themes of GS26, as performance evaluation indicators for executive directors, group executive officers, and executive officers. By appropriately reflecting their contribution to these initiatives in their performance evaluation and compensation, we will enhance our corporate value by practicing sustainability management.

CSV Themes of the GS26

At the Terumo Group, each of the three Companies has identified its own CSV themes and is working on them by leveraging its distinctive products and technologies, as well as the experience and knowledge gained from solving medical issues. By providing unique solutions that leverage each company's strengths in the patient journey from prevention to diagnosis, treatment, and prognosis, we will contribute to creating healthcare value in broad areas, such as reducing treatment and hospitalization time, improving operational efficiency in the medical settings, and improving medical cost efficiency.

Key Medical Value Offered by Terumo Group



Cardiac and Vascular Company

We are committed to promoting the broader adoption of radial access procedures (Transradial intervention: TRI), where a catheter is inserted through a blood vessel in the wrist (radial artery) for vascular interventional therapy. In comparison to the transfemoral intervention (TFI), in which a catheter is inserted through the femoral artery in the groin, the radial access procedures have the following advantages: shorter hemostasis time, lower risk of complications, and allowing patients to walk immediately following the procedures. These benefits contribute to improving patients' quality of life. In addition, the radial access procedures contribute to reducing healthcare costs* by enabling early recovery of patients and same-day discharge after the treatment. To leverage these benefits, we also strive to expand the use of radial access procedures from treating coronary artery disease to peripheral arterial disease, interventional oncology, and neurovascular disease. To this end, we are working to expand our product portfolio and offer medical training tailored to each treatment area.

We are also working to develop products and solutions to enable personalized therapies, which provide optimal medical care based on each patient's specific characteristics and risks.

* According to the results of the research below, the TRI is estimated to cost \$916 less per case than the TFI. Amit P Amin et al. JACC Cardiovascular Interventions, Amin AP, et al. J Am Coll Cardiol Intv. 2017 Feb, 10 (4)

CSV themes	<ol style="list-style-type: none"> 1. Further adoption of radial access procedures 2. Training 3. Promotion of personalized therapies
Monitoring items and KPIs	<ol style="list-style-type: none"> 1. Ratio of radial approach (FY2026) <ul style="list-style-type: none"> • Coronary artery: 75% or higher • Peripheral artery: 20% or higher • Interventional oncology: 15% or higher • Neurovascular: 15% or higher 2. Total number of medical professionals participated in training (TIS Division) 3. Drive personalized therapies by promoting stent grafts, radioactive microspheres, HeartSheet autologous skeletal myoblast sheets, and intrasaccular devices to be used for more treatments
Initiatives and results for FY2022	<ol style="list-style-type: none"> 1. Advanced initiatives to introduce devices for radial access procedures and promoted collaboration with the TIS division by the Neurovascular division (Ratio of radial access procedures in fiscal 2022: 73% for coronary, 6% for peripheral, 9% for interventional oncology, and 5% for neurovascular) 2. The proportion of face-to-face training, which had declined during the COVID-19 pandemic, increased to between 80% and 90% in each region. The number of training sessions also increased by more than 30% compared to the previous year. However, the number of participants decreased by just over 20% due to the increased proportion of face-to-face training. (The total number of participants in fiscal 2022 was about 62,000.) 3. Completed the case registration of HeartSheet required for the manufacture and sales approval application in Japan

Medical Care Solutions Company

We are committed to creating unique solutions that provide more quality time in every phase of healthcare, as our brand promise. By leveraging our experience and capabilities accumulated over many years of addressing issues in medical settings, we will offer solutions that enhance operational efficiency and safety in hospitals, reduce the length of hospital stays and visits for patients, and alleviate the burden and improve the safety of treatment at home. In doing so, we strive to ensure that the time spent on healthcare is as short and high-quality as possible.

CSV themes	<ol style="list-style-type: none"> 1. Perioperative solution 2. Outpatient chemotherapy solution 3. Renal care solution
Monitoring items and KPIs	<ol style="list-style-type: none"> 1. Deliver the solution to 1,000 medical institutions in Japan and overseas 2. Introduce the solution to 20% of the designated cancer hospitals in Japan 3. Introduce the solution to 20,000 patients in Japan and overseas
Initiatives and results for FY2022	<ol style="list-style-type: none"> 1. Completed the introduction of the smart pump system overseas (in Thailand, Italy, and Mexico) 2. Initiated full-scale promotion of the outpatient chemotherapy system throughout Japan 3. Made steady progress in the development of a new peritoneal dialysis monitoring system and the clinical trial for a new peritoneal dialysis solution

Blood and Cell Technologies Company

In blood transfusions and blood and cell therapies, we strive to expand therapeutic applications and geographical areas in which our products and solutions are used, thereby increasing the treatment options available and bringing needed therapies to previously unreachable patients. We are also focused on enabling more efficient healthcare delivery with our revolutionary system to automate the entire process of whole blood collection and component preparation.

CSV themes	<ol style="list-style-type: none"> 1. Expand the impact of innovation by increasing the number of patients treated 2. Bring lifesaving technology to previously unreachable patients 3. Enhance efficiencies in the infrastructure of healthcare delivery
Monitoring items and KPIs	<ol style="list-style-type: none"> 1. Status of reimbursement obtained and disposable unit sales of major product platforms*: Double-digit annual growth of disposable unit sales *Whole blood bags and disposable sets for Reveos, TACSI, Trima Accel, Spectra Optia, Finia, and Quantum 2. Sales amount in China and Africa: Increased sales amount 3. Total number of whole blood automation devices installed: Increased the total number of devices installed
Initiatives and results for FY2022	<ol style="list-style-type: none"> 1. Status of reimbursement obtained and disposable unit sales of major product platforms Achieved 16% sales growth for disposable unit sales, an indicator of patients treated using major product platforms Two reimbursement wins in South Korea and the UK for red blood cell exchange 2. Sales amount in China and Africa China: 7% sales growth despite extensive lockdowns due to COVID-19 Received Spectra Optia approval, which will enable more patients to receive increased therapeutic applications Africa: 18% sales growth Introduced whole blood automation in Zambia and apheresis collections in Tanzania 3. Whole blood automation 32% sales growth

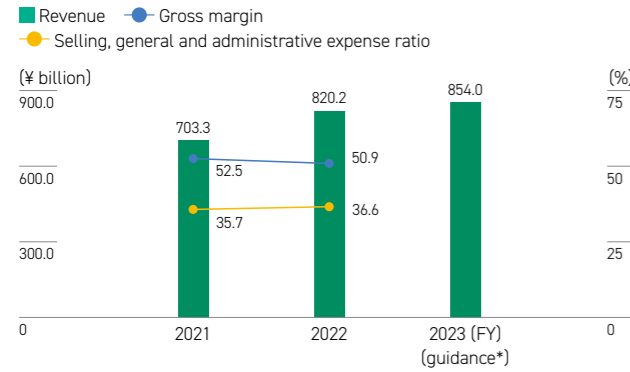
ESG Themes of the GS26

Theme	KPI	FY2022 results	
Achieve carbon neutrality	CO ₂ emissions (Scope 1 and 2, compared to FY2018)	Reduce by 50.4% (FY2030) Achieve carbon neutrality (FY2040)	Reduced by 21.7%
	Ratio of renewable energy use to total electricity use	50% (FY2030)	32.1%
Effective use of resources	Water use (Per unit of revenue, compared to FY2018)	Reduce by 20% (FY2030)	Reduced by 30.5%
	Recycling rate	90% (FY2030)	90.4%
Ensure the quality, safety, and stable supply of products and services	Number of critical findings from regulatory authorities	Zero	1* ²
Sustainable supply chain management	Critical market shortages	Zero	Zero
	Transactions with critical deviations from Terumo's Supplier Guidelines	Zero	Zero
Promote safety measures for the work environment	Number of fatal and serious work-related accidents	Zero	Fatalities: zero Serious accident: 2* ³
Improve the Associate Experience	Investment in training per associate* ⁴	—	¥71,933 (Scope: Terumo Corporation)
Cultivate an organization that leverages diverse human resources to create value	Ratio of non-Japanese in group executive officers (GEO) and global key positions (GKP)	—	GEO: 33.3% GKP: 54.0%
	Ratio of female managers (Scope: Terumo Corporation)	13% (FY2026)	9.6%
Effectiveness of the Board of Directors	Evaluation of the effectiveness of the Board of Directors	Conduct annually	Conducted* ⁵
Promote compliance	Violations of laws and regulations with significant impact on Terumo Group management	Zero	Zero

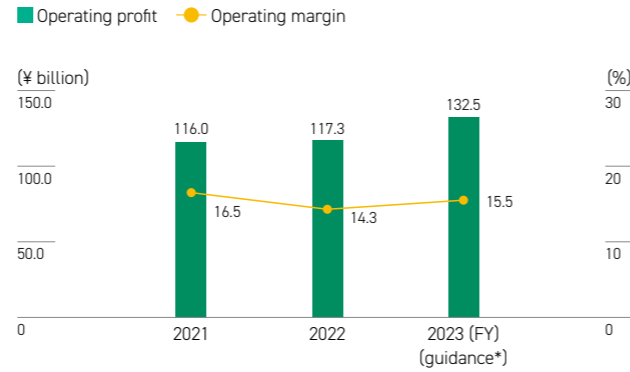
*1 Scope: Terumo Group (excluding items with notes)
 *2 The U.S. FDA issued a warning letter to MicroVenton's factory in Costa Rica on September 30, 2022.
 *3 Zero in Japan and two overseas
 *4 The KPI will be changed from the investment in training per employee to the results of the Associate Experience Survey. The survey results will be disclosed starting from FY2024.
 *5 For details on the evaluation of the board effectiveness, please refer to the "Evaluation of the Effectiveness of the Board of Directors" on pp. 82-83.

Financial and Non-financial Highlights

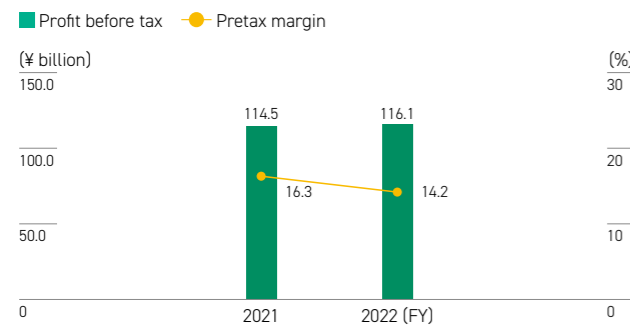
Revenue



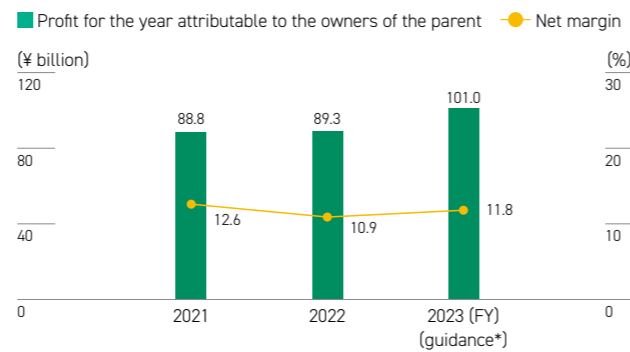
Operating Profit



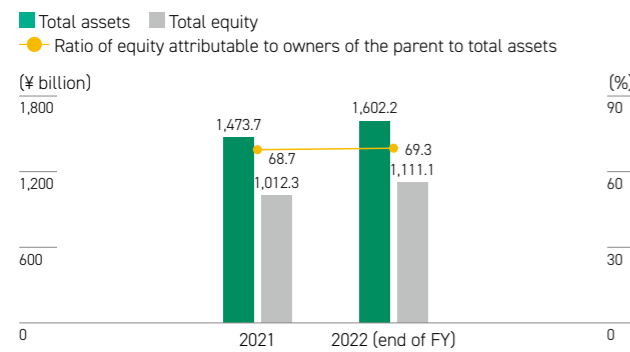
Profit before Tax



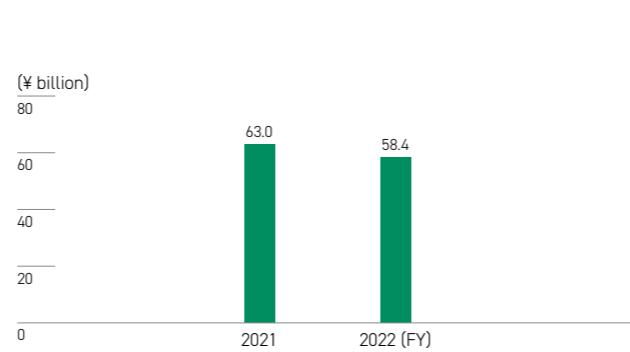
Profit for the Year Attributable to the Owners of the Parent



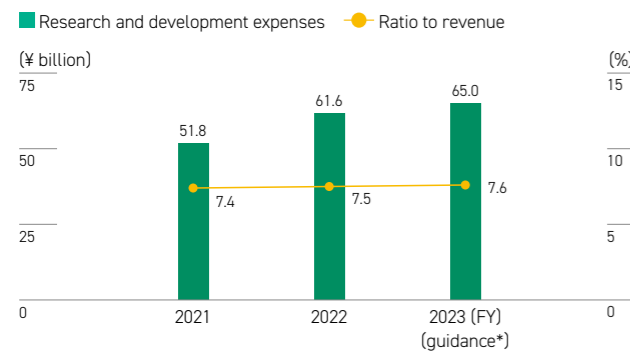
Total Assets and Total Equity



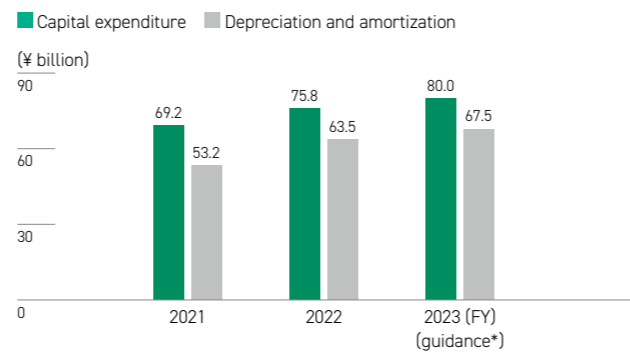
Free Cash Flow



Research and Development Expenses

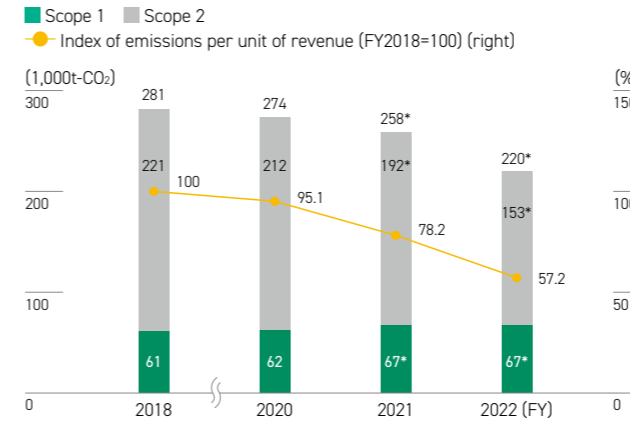


Capital Expenditure and Depreciation and Amortization



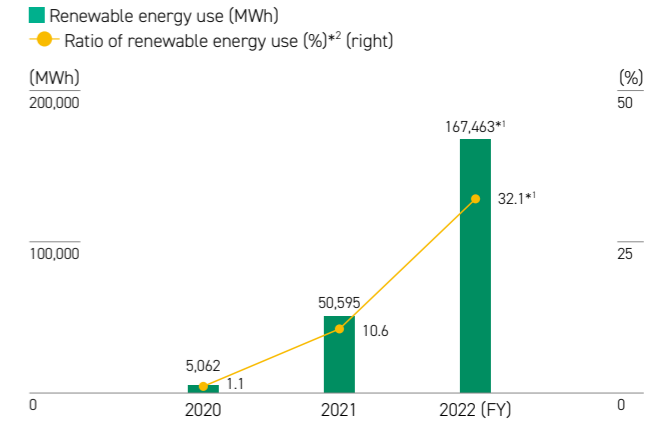
Depreciation and amortization does not include right-of-use asset amortization.

CO₂ Emissions (Scope 1 and 2)



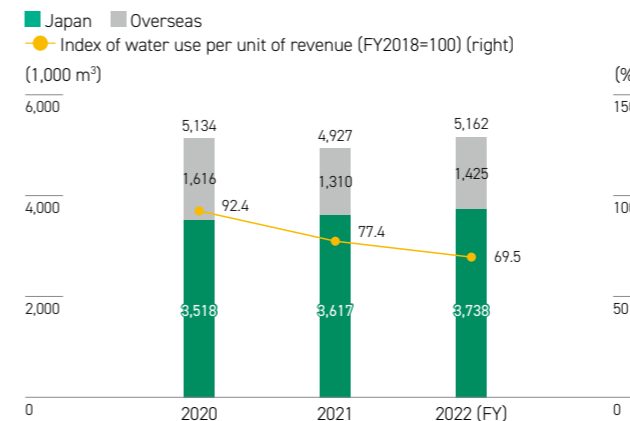
* Data assured by a third party
Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Renewable Energy Use



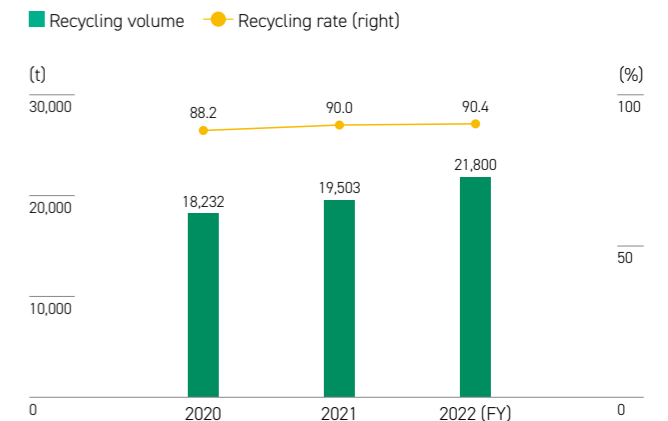
*1 Data assured by a third party
*2 The ratio of renewable energy use to total electricity use
Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Water Use (Water Withdrawal) Volume



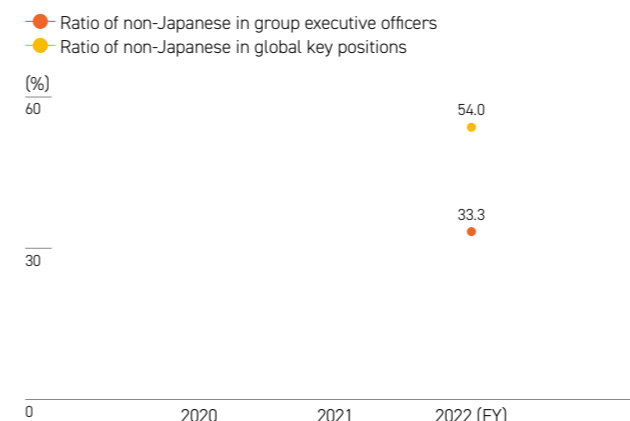
Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Recycling Volume and Rate



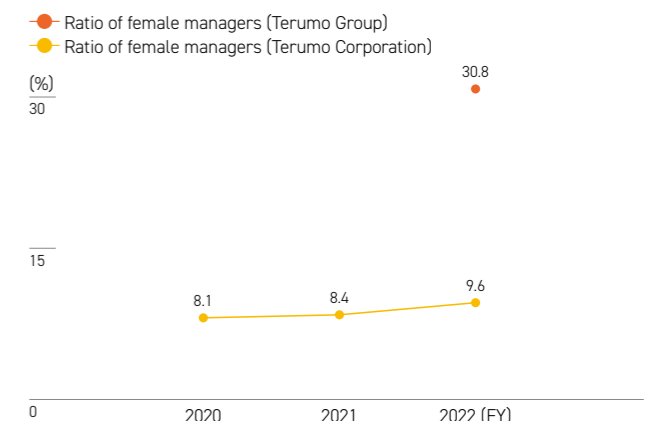
Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Ratio of Non-Japanese in Group Executive Officers and Global Key Positions



Scope: Terumo Group

Ratio of Female Managers

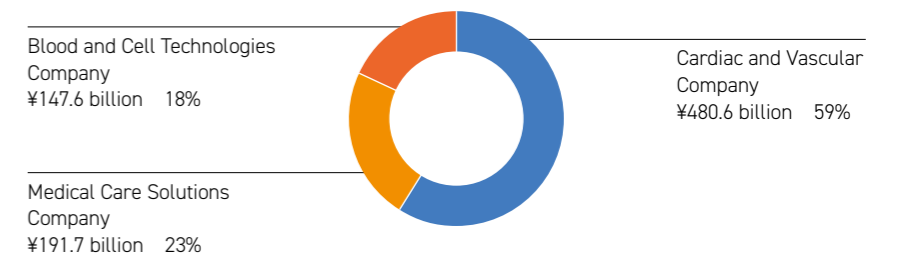


* Fiscal 2023 guidance is as of November 14, 2023.

Terumo delivers solutions offering real value to medical settings through three companies

In line with Terumo's Group mission of "Contributing to Society through Healthcare," we operate globally through three in-house companies and eight divisions. Besides working to enhance treatment outcomes and striving to reduce the mental and physical burden on patients, we also deliver products and solutions that help to solve a wide range of issues in medical settings.

Revenue by Company/Percentage of Revenue (Fiscal 2022)



Cardiac and Vascular Company



Main Products

TIS Division (Terumo Interventional Systems)

- Access: Angiographic guidewires, TR Band radial compression device
- Cardiology: Ultimaster sirolimus eluting coronary stent system
- Imaging: Intravascular ultrasound (IVUS) system
- Oncology: AZUR peripheral coil system
- Endovascular: Misago peripheral stent

Neurovascular Division (MicroVention)

- WEB intrasaccular device, FRED flow diverter, SOFIA intermediate catheter

Cardiovascular Division (Terumo Cardiovascular) / HeartSheet Division

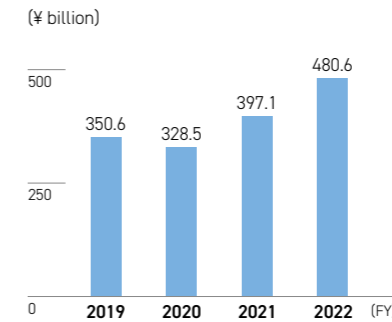
- Hollow fiber oxygenators, heart-lung machines / Regenerative medicine products

Vascular Graft Division (Terumo Aortic)

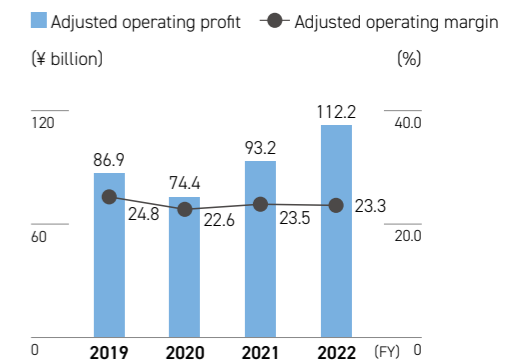
- Surgical grafts, RelayPro stent graft, Thoraflex Hybrid frozen elephant trunk

Outcome
Realizing minimally invasive treatments in vascular intervention and cardiac surgery

Revenue



Adjusted Operating Profit/ Adjusted Operating Margin



Medical Care Solutions Company



Main Products

Hospital Care Solutions Division

- Infusion pumps, syringe pumps, infusion sets, syringes, IV solutions, peritoneal dialysate, hand sanitizer, analgesics, sprayable adhesion barrier gel

Life Care Solutions Division

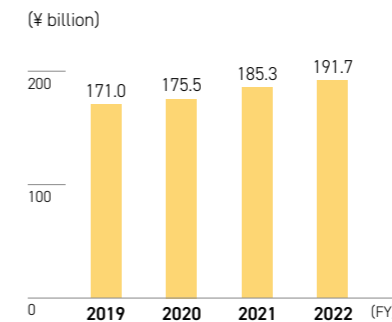
- Blood glucose monitoring systems, insulin patch pumps, electronic blood pressure monitors, electronic thermometers

Pharmaceutical Solutions Division

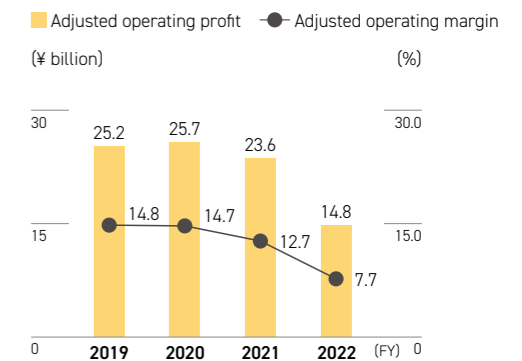
- Contract development and manufacturing services for prefilled syringes, products for pharmaceutical companies (prefillable syringes, needles for drug administration kits)

Outcome
Contributing to better patient care and transformation toward "yasashii*" medical care for everyone involved
* "Yasashii" is a Japanese term that suggests a combination of kind, caring, friendly, and thoughtful.

Revenue



Adjusted Operating Profit/ Adjusted Operating Margin



Blood and Cell Technologies Company

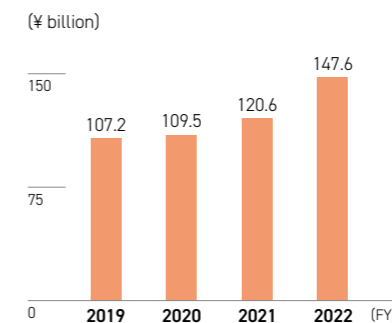


Main Products

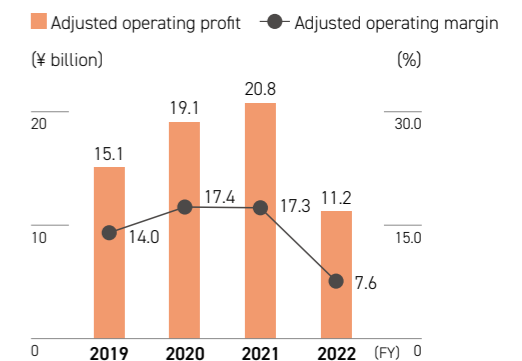
- Blood bags, Trima Accel Automated Blood Collection System, Reveos Automated Blood Processing System, Mirasol Pathogen Reduction Technology System, Spectra Optia Apheresis System, Quantum Flex Cell Expansion System, Rika Plasma Donation System

Outcome
Sustaining blood transfusions worldwide, contributing to the advancement of blood and cell treatments

Revenue



Adjusted Operating Profit/ Adjusted Operating Margin



Cardiac and Vascular Company

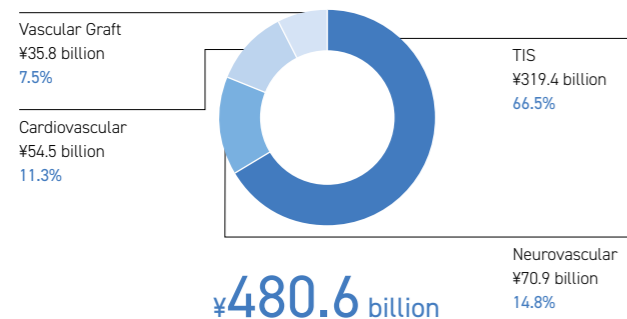


Toshihiko Osada

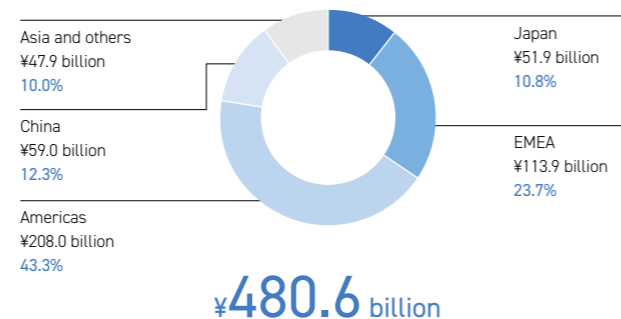
Group Senior Managing Executive Officer
President, Cardiac and Vascular Company
Division President, Interventional Systems Division,
Cardiac and Vascular Company

The Cardiac and Vascular Company has identified “expansion of therapeutic business,” “expansion of access business,” and “evolution of operational capabilities” as its three pillars of growth, and is working to achieve them in each of its businesses. In therapeutic fields, multiple new products were launched as planned in various markets. In the access field, we are expanding our solutions to promote the radial approach, not only in coronary, but also in peripheral, interventional oncology, and neurovascular intervention. We are working further to ensure a stable supply of products by leveraging digital transformation toward streamlining production processes and strengthening operations. Together with our customers, we strive to create the next standard of patient care and drive the evolution of medicine on the front lines.

Revenue by Business (Fiscal 2022)



Revenue by Region (Fiscal 2022)



Fiscal 2022 Performance



Environment		Strengths
Opportunities	Risks	<ul style="list-style-type: none"> Training for medical professionals to promote expansion of procedures using products and their appropriate uses Strong partnership with KOL^{*4} Fusion of our technologies with those acquired through M&As, and the ability to develop unique, high-quality products Global sales and marketing, and structure for clinical development and regulatory affairs Production structure for the stable supply of high-quality products globally
<p>Vascular intervention^{*1}</p> <ul style="list-style-type: none"> Stronger needs for same-day discharge and shorter hospital stays Growing trend toward minimally invasive treatments due to aging population Bullish market growth with the expansion of new vascular intervention markets Expand with vascular intervention as an option in the treatment guidelines for cerebrovascular diseases Improve device performance and clinical outcomes with stent graft implantation technology for aortic aneurysm <p>Surgical treatment^{*2}</p> <ul style="list-style-type: none"> Steady growth of the market for percutaneous cardiopulmonary support (PCPS/ECMO) Growing markets in emerging economies due to healthcare development and increase in lifestyle diseases resulting from more westernized lifestyles Spread and expand hybrid surgeries^{*3} 	<p>Vascular intervention^{*1}</p> <ul style="list-style-type: none"> Responding to more rigorous European Medical Device Regulations (MDR) Preferential treatment for domestic manufacturers and distribution network reforms in China Contraction of existing markets due to the development of new treatment methods Tougher competition due to treatment evidence established by rival firms <p>Surgical treatment^{*2}</p> <ul style="list-style-type: none"> Responding to more rigorous European Medical Device Regulations (MDR) Ongoing transition from surgical treatment to vascular intervention due to trend toward minimally invasive treatment (market contraction) 	<p>Vascular intervention^{*1}</p> <ul style="list-style-type: none"> High market share and competitiveness in vascular access products Brand strength as a company promoting minimally invasive treatments and TRI^{*5} Ability to make proposals to customers due to a wide range of product lineups used for vascular intervention <p>Surgical treatment^{*2}</p> <ul style="list-style-type: none"> High market share and competitiveness in oxygenator and surgical graft products Only company in the world to have developed our own fiber^{*6} for oxygenators, and development and production technology abilities applicable for mass production Ability to develop and deliver products essential to emergency treatments, including ECMO

^{*1} Vascular intervention: TIS Division, Neurovascular Division, and Vascular Graft Division (stent grafts)
^{*2} Surgical treatment: Cardiovascular Division, Vascular Graft Division (surgical grafts)
^{*3} Procedures that involve implanting a combined surgical and endovascular device.

^{*4} Key opinion leaders
^{*5} Solutions that take their approach from the radial artery
^{*6} One of the materials used in oxygenator

TIS Division

Terumo Interventional Systems (TIS) Division provides products that are used to treat diseases of the heart, lower limb blood vessels, or cancers in vascular intervention (blood vessel care using a catheter). While pursuing better treatment efficacy, device usability and quality for interventional physicians, TIS also contributes to minimally invasive care that reduces patients’ burdens.

Neurovascular Division

The Neurovascular Division handles products focused on vascular intervention devices to address cerebral aneurysms and strokes. We will utilize optimal materials and design techniques for each case and create innovative devices to expand the possibilities for cerebrovascular treatments that place less of a burden on the patient.

Cardiovascular Division

Terumo Cardiovascular Division develops and manufactures heart-lung machines that function outside the body in place of the heart and lungs during cardiac surgeries in which the heart is temporarily stopped, oxygenators which perform blood oxygen exchange in place of the lungs, and ECMO systems that support heart and lung function for patients in emergency care. Also, the HeartSheet—the world’s first regenerative medicine product developed in collaboration with this business—is expected to be a new treatment option for patients with severe heart failure.

Vascular Graft Division

The Vascular Graft Division (Terumo Aortic) provides products including surgical grafts and stent grafts that are used by clinicians to treat patients with aortic diseases, which include thoracic and abdominal aneurysms and dissection. The Division has a comprehensive product portfolio contributing to helping save the lives of many patients in over 100 countries.

Fiscal 2023 Priorities

TIS Division

Promote the radial approach, grow in therapeutic fields, and strengthen operations

- **Promote Radial-First:** Launched angiographic catheters for visceral intervention inserted from the radial artery in Europe and China, following Japan and the U.S. R2P NaviCross, a support catheter for lower extremity arteries, has received premarket approval from the FDA and is being prepared for launch.
- **Provide a wide range of treatment solutions:** Fully rollout Ultimaster Nagomi sirolimus eluting coronary stent system in Europe. In the peripheral intervention field, introduce the AZUR series of embolization coils in China
- **Operational transformation:** Improve profitability through production automation and inventory optimization at the Ashitaka Factory, where smart factory transformation is now being implemented. Accelerate initiatives to achieve carbon neutrality, including the expansion of photovoltaic expertise from the Vietnam factory to other manufacturing facilities



Ultimaster Nagomi sirolimus eluting coronary stent system

Neurovascular Division

Expand portfolio and share of products and optimize production operations

- **Expand product portfolio:** Add new products and varieties for cerebral infarction and cerebral aneurysm. Launch the ERIC retrieval device for treatment of cerebral infarction in the U.S. Work with the TIS division in efforts to expand the adoption of the radial approach
- **Expand product share:** Focus on mainstay products with strong competitive advantage and aim to increase global market share, including regional expansion
- **Stable supply, optimized production locations:** Continue to stabilize the supply system, including supplier management, and continue to optimize production in North America and Costa Rica



ERIC retrieval device

Cardiovascular Division

Transfer of production to Costa Rica to reduce costs and improve inventory operations

- **Cost reduction:** Steadily transfer production to Costa Rica to improve profitability
- **Streamline operations:** Improve planning for sales, inventory, and production, ensure stable supply
- **Product Development:** Strengthen oxygenator portfolio and work to introduce a new blood gas monitoring system in the U.S.

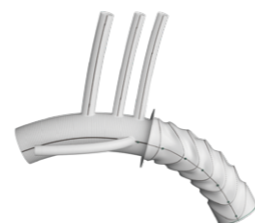


The Costa Rica factory that produces perfusion circuits

Vascular Graft Division

Expand sales in growth markets and build production systems to support this expansion

- **Sales and marketing:** With the expanded application of the RelayPro thoracic stent graft in the U.S., and the introduction of the Thoraflex Hybrid frozen elephant trunk for thoracic use in the Japanese market, expand sales in three markets: the U.S., Europe and Japan
- **Stabilize and streamline operations:** Optimize production in North America, Europe, and Asia while increasing production capacity to support sales growth
- **Expand product lineup and indications:** Continue to invest in new products and solutions



Thoraflex Hybrid thoracic frozen elephant trunk

TOPICS

Helping to Promote Uptake of Ever-evolving Radial Techniques

Terumo is working to promote transradial intervention (TRI, catheterization with access through the arteries of the wrist). Intervention has traditionally been performed through blood vessels at the base of the thigh, requiring patients to stay in the hospital for several days after the procedure. TRI has reduced the burden on patients and enabled outpatient diagnosis and treatment, leading to improved quality of life and better medical cost efficiency. Today, around 70% of coronary interventions performed globally are now performed from the wrist.

Terumo is working to expand the radial approach, which has expanded in application from the treatment of myocardial infarction and angina pectoris, to a wider range of treatments. Radial approach is already being used in the treatment of arteriosclerosis in the lower extremities as well as in the treatment of liver cancer. Use of the radial approach is also rapidly expanding in the diagnosis and treatment of cerebral aneurysm and cerebral infarction. Terumo will continue its efforts to bring transradial intervention, which imposes less burden on the body, to more patients.

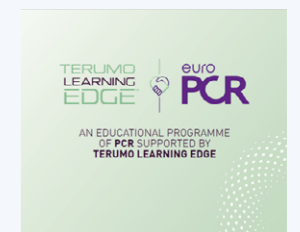
High Quality Training for Healthcare Professionals Worldwide

Terumo not only provides training on the proper use of medical devices, but also simulation training around the world that enables healthcare professionals to learn from mistakes by using training models in situations that resemble real-world clinical situations.

Established in 2002, Terumo Medical Pranex has since been visited by 190,000 people, and is used for training in intervention and cardiac surgery, as well as for exchange of ideas between engineers and medical professionals with new product developments in mind.

The quality of Terumo's training programs is recognized by academia overseas. Terumo conducted joint training programs with EuroPCR, the world's largest intervention conference held in Paris, France, each year since 2018. This year's event was again a success, with nine training courses held over three days, attended by more than 200 physicians.

In order to continuously provide high quality training to healthcare professionals, it is also essential to educate trainers within the company. Terumo provides a wealth of educational opportunities to update knowledge and practical skills, and has established a certification system for each product and area to ensure and improve the quality of trainer talent.



Terumo conducted joint training programs with EuroPCR.

Promoting Personalization of Treatment and Providing Optimal Medical Care for Each Individual Patient

The Cardiac and Vascular Company's concept for personalized medicine is to provide optimal medical care according to the unique characteristics and risks of each patient. For example, microspheres containing radioactive isotope provided by Quirem Medical, acquired by Terumo in 2020, can be delivered via a catheter into the hepatic artery to attack liver cancer cells with radiation. This product employs special microspheres, visible on MRI and other diagnostic imaging devices, allowing surgeons to check each individual's unique blood flow in advance of surgery and select the optimal treatment strategy. We also provide software that allows post-operative monitoring of the condition of the therapeutic microspheres.

Intravascular ultrasound imaging (IVUS) and intravascular optical frequency domain imaging (OFDI) systems are used to diagnose myocardial infarction and angina pectoris prior to treatment. Confirming factors such as the diameter of the vessel, the length and condition of the lesion, facilitates selection of optimal sized stents. Terumo's newest drug-eluting coronary stent, the Ultimaster Nagomi, is available in a wide variety of sizes to choose from according to the patient's lesion.

Medical Care Solutions Company

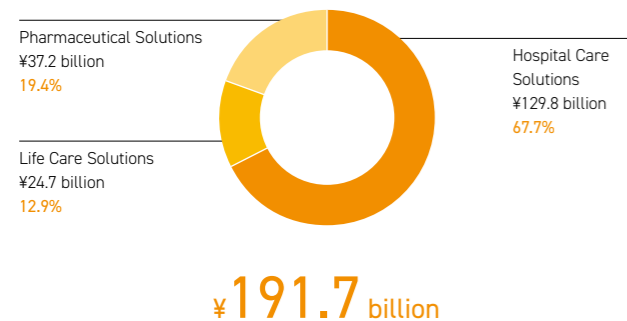


Hikaru Samejima
Group Senior Managing Executive Officer
President, Medical Care Solutions Company

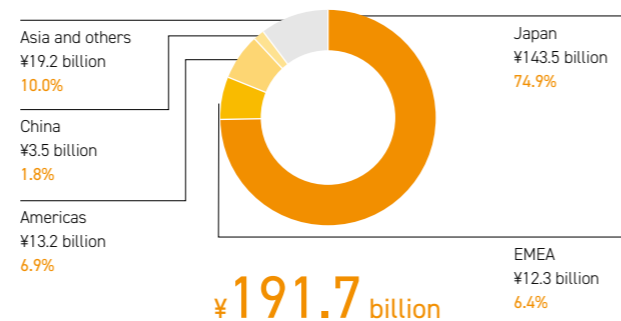
Healthcare today is taking place beyond hospitals, in homes and other settings. The COVID-19 pandemic led to a rise in awareness of healthcare safety and infection prevention, creating new growth markets including remote healthcare and individualized medicine enabled by transformative technology, and revealing a variety of needs. Last year, we established a solution-focused business brand called "Terumo Medical Care Solutions," with a brand promise of "Quality time for better care." We will create high-quality time for every person touched by healthcare by accompanying the patient journey and continually providing new solutions to the needs of medical settings.



Revenue by Business (Fiscal 2022)



Revenue by Region (Fiscal 2022)



Fiscal 2022 Performance



Hospital Care Solutions Division

Solving issues hospitals face by providing solutions to help improve the quality and safety of healthcare

The Hospital Care Solutions Division offers a variety of expertise to address the needs of medical settings, including medical safety, in-facility infection prevention, and cost control. The division develops products that reduce the burden on patients and medical professionals and offer greater usability, provide operational support for medical equipment, and present training programs for medical professionals. By offering solutions to issues that are tough to solve simply by a single product, we contribute to improved treatment safety, workflow efficiency, and better quality of life for patients.

Life Care Solutions Division

Standing together with patients to propose solutions to fit each patient's needs

The Life Care Solutions Division provides healthcare solutions optimized for patients living with diabetes, high blood pressure, and other chronic diseases. We contribute to improving patients' prognoses, preventing serious disease, and enhancing quality of life by creating new value for all patients.

Pharmaceutical Solutions Division

Utilizing unique technologies to add value to pharmaceuticals and contribute to better drug delivery

Using its unique prefilled drug product technology, the Pharmaceutical Solutions Division offers solutions to pharmaceutical companies by proposing new drug delivery devices. The division leverages its material technology optimized for the characteristics of each drug and utilizes advanced manufacturing technology to design and produce drug-device combination products. Through alliances with pharmaceutical companies, we provide a total solution from clinical trial drug manufacture to full commercialization, contributing to safer and more certain delivery of drugs.

Fiscal 2023 Priorities

Hospital Care Solutions Division

- **Perioperative solutions:** We will advance products and services, centered on syringe pumps and infusion pumps, that contribute to digital health and the prevention of medical accidents such as mistaken infusion connections, to help hospital management through raising work efficiency and safety.
- **Infection prevention solutions:** We will expand solutions for hand hygiene and improving healthcare environments to raise the safety of medical professionals, while also accelerating overseas expansion in places starting with Asia.
- **Women's Health solutions:** In addition to the spread of sprayable adhesion barrier gel AdSpray for minimally invasive surgeries, we will launch a fully disposable rigid hysteroscope OperaScope as we expand unique and supportive products and services.
- **Outpatient chemotherapy solutions:** We will deploy in earnest our outpatient chemotherapy system to raise treatment time efficiency for patients receiving outpatient hospital care, while also contributing to hospital management by raising the workflow efficiency and safety of medical professionals.
- **Renal care solutions:** While working toward greater adoption of products that reduce burdens and raise the ease of peritoneal dialysis, we will also launch new products that realize remote monitoring through IoT with the aim of preventing complications.



OperaScope Fully disposable rigid hysteroscope

Life Care Solutions Division

- **Diabetes care solutions:** We will advance product development leveraging digital technology, toward improving the treatment outcomes of people with diabetes both inside and outside Japan. Regarding the MEDISAFE WITH insulin pump, we will launch the product by redesigning the dedicated remote control to a smartphone-style device that allows patients to more freely live how they want.
- **Beside care solutions:** In addition to advancing the digitalization of vital sign records, we will also launch a blood pressure monitor for hospitals based on the new concept of reducing the time burden on medical professionals, allowing them to spend more time talking with patients.
- **Prevention, severe disease field solutions:** We will rebrand our thermometers and launch Terumo's fastest-ever thermometer in a full model change.



MEDISAFE WITH Smart detachable patch insulin pump with the dedicated remote control redesigned to a smartphone-style device

Pharmaceutical Solutions Division

In our contract development and manufacturing (CDMO) services for parenteral drugs that feature unique technologies and solutions, we launched the first-ever on-body injector. Our CDMO business was previously centered on Japanese pharmaceutical companies, but from this fiscal year, we have been promoting the business to drug firms outside Japan. Business opportunities are steadily increasing both inside and outside Japan, and we will continue to expand our CDMO production capacity.



G-LASTA Subcutaneous Injection 3.6mg BodyPod, a drug-device combination product of G-LASTA Subcutaneous Injection 3.6mg sold by Kyowa Kirin and a device (on-body injector) that automatically administers the drug to a patient

Overall Operations

Last fiscal year, we struggled in earnings due to inflation-induced rises in cost of goods and expenses, as well as FX fluctuation impacts. This fiscal year, we will execute earnings improvement plans with the perspective of not only this year, but the mid-term as well. Improvements in overall operations that we will make to realize growth opportunities include changing the production portfolio of the factories in Asia, realigning production in Japan, and utilizing new buildings.

New brand penetration

Since announcing our new brand last fiscal year, most of the communication regarding it has been centered internally. Starting this fiscal year, we will implement a communication strategy to elevate customer expectations and become the "brand of choice."

TOPICS

Pharmaceutical Solutions Division: The Challenge of Providing Contract Development and Manufacturing Services for Prefilled Syringes to the Pharmaceutical Industry

Last year, the General Hospital Company changed its name to the Medical Care Solutions Company and launched the new Terumo Medical Care Solutions brand. With this new brand, the Pharmaceutical Solutions Division has greatly evolved and begun to pursue new challenges. In 1999 Terumo first began to sell prefilled syringes, in which the syringe is filled with drug prior to use. This contributed greatly to the prevention of incidents in medical settings in which the wrong drug was used. In 2001, building on this technology and experience, we began the contract development and manufacturing services for prefilled syringes oriented toward pharmaceutical companies (now the CDMO business). In 2009, Kyowa Hakko Kirin Co., Ltd. (now Kyowa Kirin Co., Ltd.) launched the continuous erythropoiesis stimulating agent whose syringe design was jointly developed with us. Several alliances with drug companies followed as the business grew apace to become the Pharmaceutical Solutions Division of today.

The Terumo CDMO model has unique strengths compared to usual consignment manufacturing arrangements. Although a medical device company, we maximize our expertise in the handling of drugs as well, listen to pharmaceutical companies' needs, and respond to the problems of medical settings to develop devices that bring out the best in drug products. From syringe molding through to filling, assembly, and packaging, we perform the entire production process from start to finish. We also support pharmaceutical companies through regulatory application-related and other perspectives from development planning at the earliest drug development stage. These strengths allow us to provide the total solution that is our greatest feature.

Last year, we completed development and commenced actual production of the first on-body injector device, which automatically administers the drug while attached to the patient's body. By automatically administering injections that would normally be given to a patient the day after chemotherapy at a hospital, this device is expected to reduce the patient's burden of traveling to the hospital the day after treatment. It is an excellent example of offering solutions that accompany the patient journey.



Future challenges

The CDMO market is steadily growing as locations of drug administrations, and the diseases for which they are administered, grow more diverse. These diseases include Alzheimer's disease; for its treatment, we jointly developed a drug-device combination product (autoinjector drug) along with Eisai Co., Ltd. Also, starting in fiscal 2023, we have begun promotion of the CDMO business overseas, in contrast to its previous focus on Japanese pharmaceutical companies. This business proved to be a success within Japan, and we look to launch this business in a global environment. With an eye to this growth, we are expanding our production capacity and preparing to start operations in the new space in fiscal 2025.

The Pharmaceutical Solutions Division will continue to take on new challenges toward providing solutions that maximize the value of drugs. As a partner to pharmaceutical companies from around the world who choose us, we will create quality time for better care for all who are touched by healthcare.

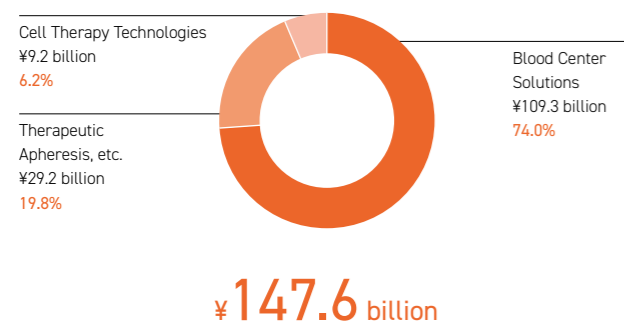
Blood and Cell Technologies Company



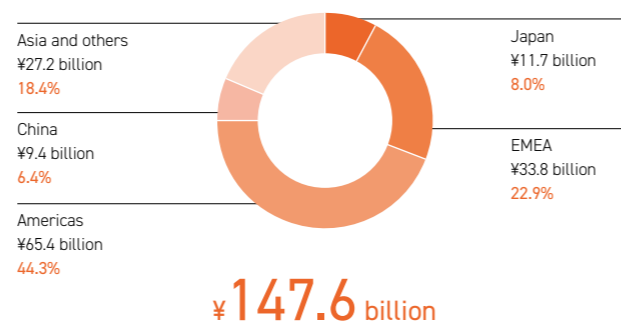
Antoinette Gawin
Group Managing Executive Officer
President, Blood and Cell Technologies Company
President and CEO, Terumo BCT Holding Corp.

Our pride and confidence in the products and solutions we deliver is constant, though access to safe blood and medical treatments differs widely around the world. When we say "Contributing to Society through Healthcare" is our mission, it speaks to our team's technical innovations as well as the work we do to influence standards of care and dismantle barriers that prevent access to it. We cannot take progress for granted, but must instead allow this broader purpose to guide our daily decision-making and long-term vision.

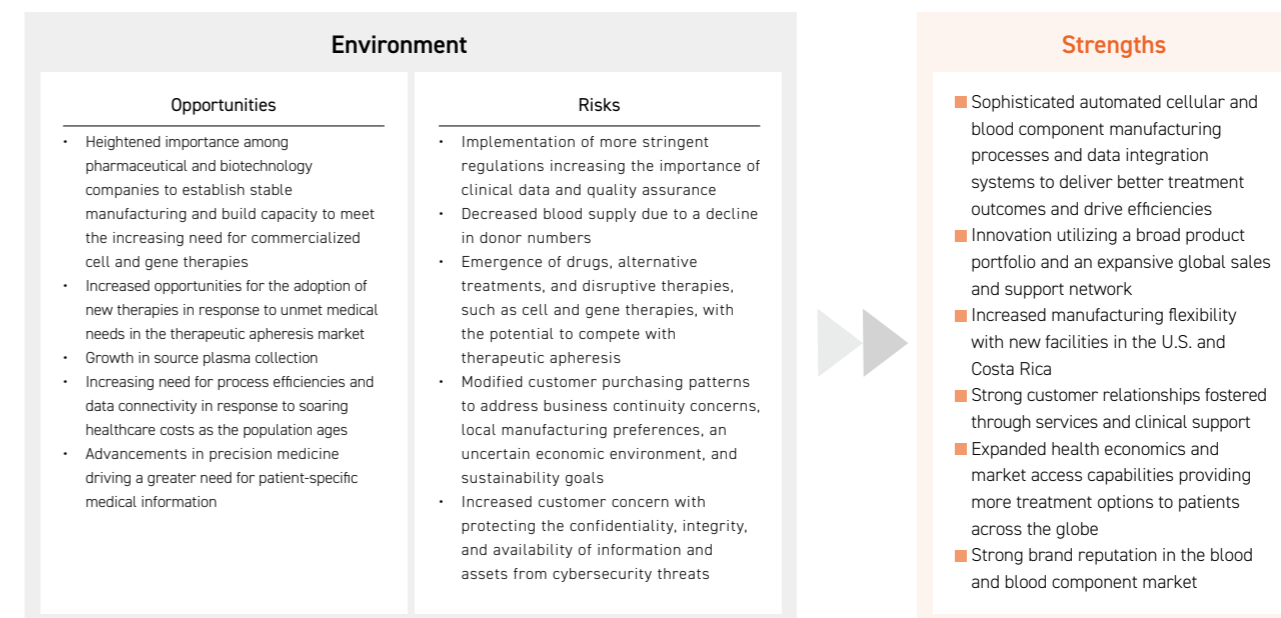
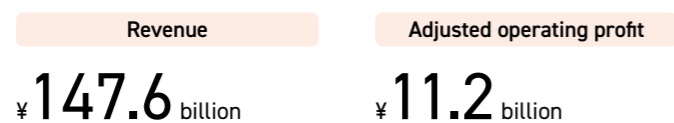
Revenue by Business (Fiscal 2022)



Revenue by Region (Fiscal 2022)



Fiscal 2022 Performance



Plasma Innovations

An ecosystem designed to advance plasma therapies through collection of source plasma, which can be fractionated and used to produce treatments for rare diseases. We are committed to innovative enhancements and process improvements to maintain donor safety and a sufficient plasma supply, as well as to improve efficiency and quality in the field of source plasma collection.

Global Blood Solutions

Our automated solutions bring higher quality and efficiency to blood collection and component preparation processes. Automation enables blood center professionals to select the best possible combination of blood components from each donor, yielding the right products to meet individual patient needs.

Therapeutic Solutions, Cell Collection

Unwanted components that cause illness are separated and removed from patient blood, and components needed for treatment are collected from donors. Utilizing Terumo centrifugation technology, we strive to provide treatment options to patients fighting a variety of illnesses.

Cell Therapy Technologies

Pharmaceutical and biotech companies depend on donor cells to enable their research and drug manufacturing in the rapidly evolving market of cell and gene therapies. We help transform traditionally small-scale, manual cell development into automated processes that meet the needs of commercial manufacturing to advance therapies to more patients.

Fiscal 2023 Priorities

Renew Commitment to Customers

Continuing our aspiration to unlock the power of blood and cells to improve patient outcomes and serve unmet medical needs, we are focused on delighting customers with stable supply, new product enhancements, and high quality of products and solutions.



Rika Plasma Donation System



Quantum Flex Cell Expansion System

Operations Transformation

Continuously improve global delivery systems and commercial capabilities to bring products closer to the customers and patients who need them.



The Costa Rica factory primarily serving customers in the Americas



The Littleton Factory in Colorado producing single-use separation sets used with the Rika system

Intentional Geographic Expansion

Advance our efforts to deploy our full portfolio in markets with high unmet needs.



Trima Accel Automated Blood Collection System



Reveos Automated Blood Processing System



Spectra Optia Apheresis System

TOPICS

Bring Lifesaving Technology to Previously Unreachable Patients

China

In China, we are deploying our industry-leading therapeutic apheresis, cell processing, and collection platform, the Spectra Optia Apheresis System, under a national program called Optia Rising. This program intends to bring the versatility of our system to an addressable market of over four million patients in need of plasma exchange or cell collections.

These patients are spread over multiple therapeutic areas, including but not limited to oncology, neurology, nephrology, and hepatology. As one example, we have invested in a program designed to demonstrate the benefits to efficacy and safety of using therapeutic apheresis to treat patients with acute liver failure.

We also work with payers at the provincial level to ensure sufficient funding for patients to have access to these lifesaving therapies.

Africa

In Africa, we are centered on ensuring there is a safe and adequate blood supply across the continent and focused on countries with the highest unmet clinical needs for sickle cell disease and maternal health issues. These efforts may impact more than half a million patients in the future.

The company's peer-reviewed study in Africa Sanguine¹ shows the expanding investment in a safe blood supply to prevent fatal postpartum hemorrhage (PPH) in Ghana, Kenya, and Ivory Coast is likely to provide social benefits and substantial economic savings in under two years. Since this study was launched, a series of pilot hospitals have reduced maternal deaths to a level on par with Western European standards.

Additionally, we have invested in the Coalition of Blood for Africa (CoBA),² a platform comprising stakeholders from the public and private sectors, research, academia, non-for-profits, civil society, and others committed to strengthening blood and blood supply systems in sub-Saharan Africa (SSA), demonstrating our commitment to patients and to a safe, accessible, and sustainable blood supply.

¹ [https://www.terumobct.com/Pages/News/Press Releases/](https://www.terumobct.com/Pages/News/Press_Releases/)

First-study-published-positive-health-economic-impact-blood-shortages-treat-maternal.aspx

² <https://www.cobafrica.org/workstreams/>



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Sustainability at the Terumo Group

Terumo Group Sustainability Policy

Based on the Group Mission of Contributing to Society through Healthcare, Terumo believes that its social mission (corporate purpose) is to lead the advancement of healthcare and the enhancement of patients' QOL. To achieve this, Terumo will strive for the utmost quality in all activities, create solutions of value by utilizing new technologies, and spread those solutions globally.

Amid drastic changes in social and global environments,

Terumo will also take leadership toward solving a variety of social issues, and to meet the expectations of its broad range of stakeholders.

Through these sustainability efforts, Terumo will contribute to the realization of a sustainable society, create new Terumo strengths and culture, and bring about sustainable corporate growth. With the Core Values and Group Code of Conduct as guides, we will meet the future challenges of healthcare and society together as Terumo Group associates.



TERUMO's Purpose
<https://www.terumo.com/about/purpose>

Sustainability Priorities

Sustainability Priorities

Based on the Terumo Group's Sustainability Policy, we have identified seven sustainability priorities we will focus on to realize our Group mission. These priorities are classified into the categories of "Social value creation" (CSV) and "Foundation supporting social value creation" (ESG). (Please refer to pp.14-17 for specific CSV/ESG themes and KPIs set out in our five-year growth strategy GS26 based on our sustainability priorities.)

Sustainability Priorities

■ ■ : Sustainability Priorities



	Core Values/Group Code of Conduct	
CSV	Social value creation	<ul style="list-style-type: none"> ■ Resolving healthcare challenges <ul style="list-style-type: none"> • Providing healthcare that is closely aligned with the life of each individual • Co-creating a sustainable healthcare system • Spreading medical technologies and services and improving access to healthcare
	ESG	<ul style="list-style-type: none"> ■ Pursuing Total Quality <ul style="list-style-type: none"> • Ensuring the quality, safety, and stable supply of products and services • Sustainable supply chain management
<ul style="list-style-type: none"> ■ Reducing the environmental impact <ul style="list-style-type: none"> • Initiatives to achieve carbon neutrality • Making effective use of resources • Reducing emissions of chemical substances in production processes • Developing environmentally friendly products (Human × Eco Development Guidelines) 		<ul style="list-style-type: none"> ■ Contributing to society and local communities <ul style="list-style-type: none"> • Offering support for social activities and research that contribute to the development of healthcare • Engaging in social contribution activities in local communities
<ul style="list-style-type: none"> ■ Lives and human rights of associates/business partners 		
<ul style="list-style-type: none"> ■ Promoting compliance 		
	Governance	Corporate governance / Risk management

Social value creation (CSV)

We have defined "Resolving healthcare challenges" as the most important sustainability priority for us and will focus on contributing to the advancement of healthcare and the enhancement of patients' quality of life. By doing so, we will create value for society and strive to realize a sustainable society as well as the Group's sustainable growth.

Foundation supporting social value creation (ESG)

As a foundation to support the creation of social value, we have set six sustainability priorities including "Pursuing total quality," "Promoting active participation of associates," "Reducing the environmental impact," and "Lives and human rights of associates and business partners." While responding to various social demands, we will build a solid business foundation through our unique activities.

The Process to Determine Sustainability Priorities

The Terumo Group determines priorities according to the following process.

STEP1 Identify potential issues

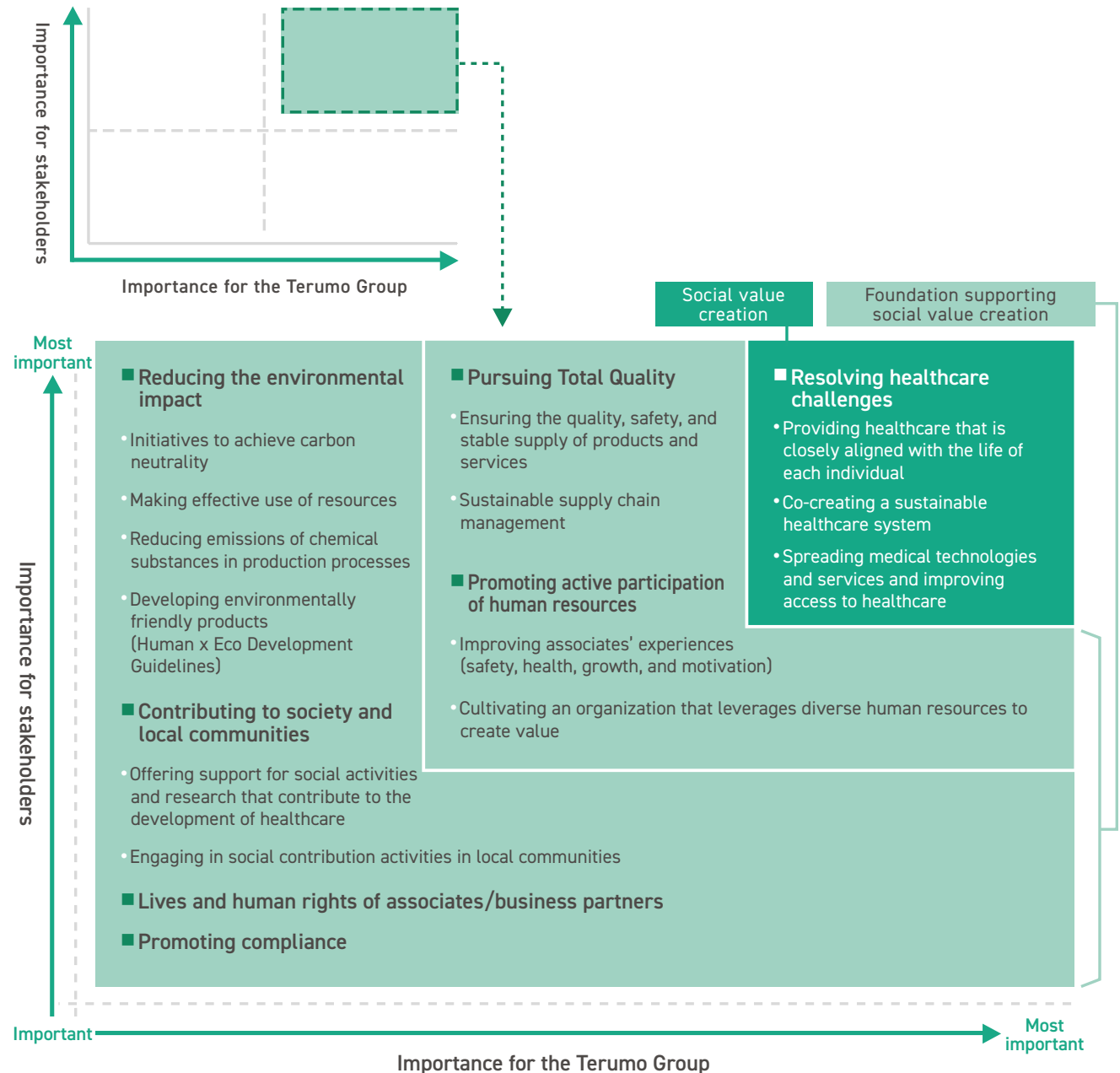
Referring to sustainability guidelines and standards such as those published by GRI and SASB, comprehensively identify which sustainability issues concern the Terumo Group.

STEP2 Prioritize

Evaluate how important these issues are for the Terumo Group, in terms of their importance to stakeholders and relevance to our Group mission and other related policies. Select those that are highly important to both parties.

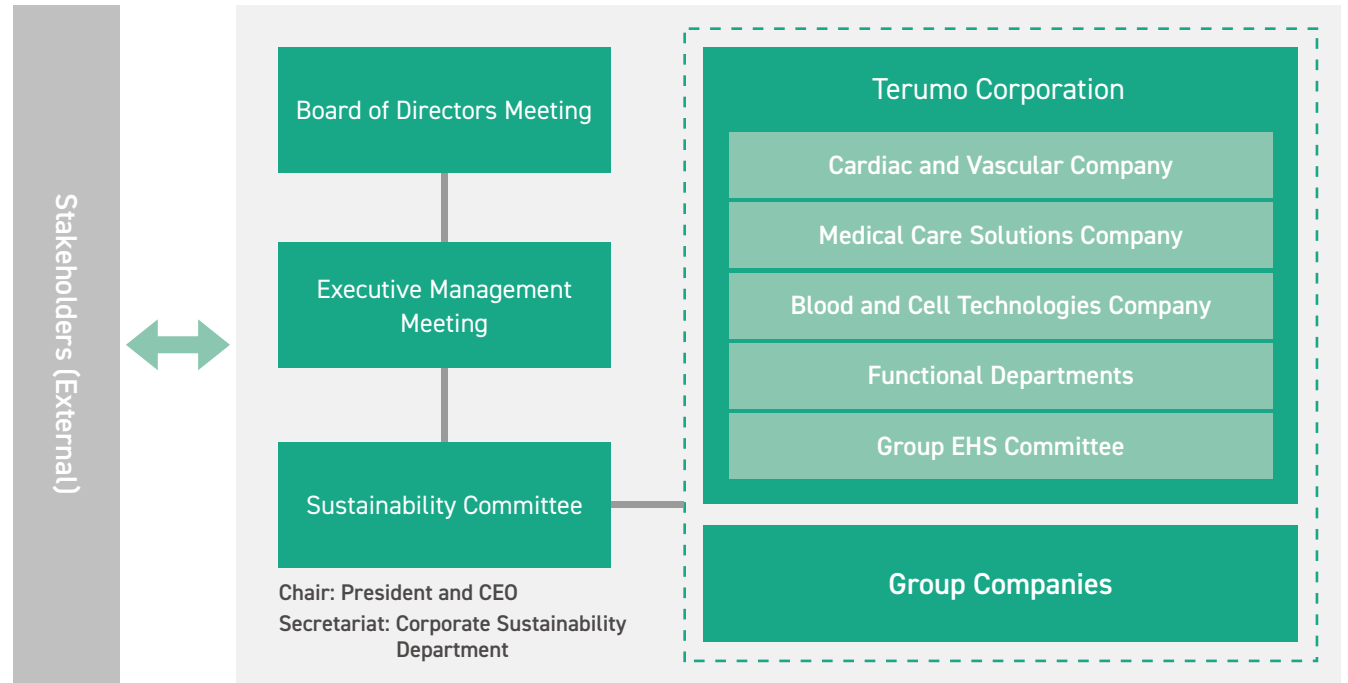
STEP3 Determine priorities

Taking into consideration the current status of initiatives within the Terumo Group, determine the sustainability priorities from among those that had been selected for their high level of importance. The executive management meeting and the board of directors meeting then deliberates over the priorities that were identified to confirm that they are appropriate.



Sustainability Management

Terumo established the Sustainability Committee in April 2023. The Sustainability Committee under the Executive Management Committee develops action policies and priorities related to sustainability, including CSV and ESG, finds ways to disseminate them throughout the Terumo Group, and promotes specific initiatives, by working together with relevant departments and the Group companies. The Sustainability Committee also monitors the progress of the initiatives and KPIs for CSV and ESG and reports them regularly to the Executive Management Meeting and the Board of Directors meeting. Matters raised at the Executive Management Meeting and the Board of Directors meetings are fed back to the relevant departments or Group companies to improve the initiatives. Terumo also interacts with internal and external stakeholders, sharing information and engaging in discussions to understand society's expectations to the Terumo Group, and reflects them in the initiatives.



As of October 31, 2023

Participation in Initiatives

United Nations Global Compact

In 2012, Terumo became a signatory to the United Nations Global Compact. This action reflects Terumo's agreement with the Ten Principles of the compact, which relate to human rights, labor practices, the environment, and anti-corruption measures. Under the Group mission of "Contributing to Society through Healthcare," the Terumo Group is striving to practice these principles throughout the course of its business operations.

WE SUPPORT



Science Based Targets Initiative (SBTi)

Terumo's greenhouse gas (GHG) emissions reduction targets have been approved by the Science Based Targets initiative (SBTi) as being aligned with the common goal to limit global temperature rise to 1.5°C above pre-industrial levels.



External Recognition

FTSE4Good Index Series/FTSE Blossom Japan Index/FTSE Blossom Japan Sector Relative Index

Terumo has been selected as a constituent stock of the FTSE4Good Index Series, the FTSE Blossom Japan Index, and the FTSE Blossom Japan Sector Relative Index created by FTSE Russell (as of June 2023).



FTSE4Good



FTSE Blossom Japan



FTSE Blossom Japan Sector Relative Index

ISS ESG Corporate Rating

Terumo has been rated "Prime" in "The ESG Corporate Rating" by ISS ESG, an ESG investment solution business unit of the world's leading proxy advisory firm, ISS, Institutional Shareholder Services Inc. of the U.S. (as of June 2023).

S&P/JPX Carbon Efficient Index

Terumo has been selected for inclusion in the S&P/JPX Carbon Efficient Index (as of March 2023).



SOMPO Sustainability Index

Terumo has been selected for inclusion in the SOMPO Sustainability Index (as of June 2023).



Sompo Sustainability Index

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EHS Management

Basic Approach

Ensuring occupational safety, promoting the health of employees, and reducing the environmental impact of business activities are important social responsibilities for companies and are crucial to sustainable growth. Acting in accordance with the Terumo Group Environment, Health and Safety (EHS) Policy, the Terumo Group advances initiatives for ensuring occupational safety and promoting the health of its employees throughout all of its business activities, strives to develop safe and comfortable work environments, and works to reduce the impact of its business activities on the environment. (For information on the initiatives to promote occupational safety and health, please refer to "Occupational Safety and Health" on p. 73)

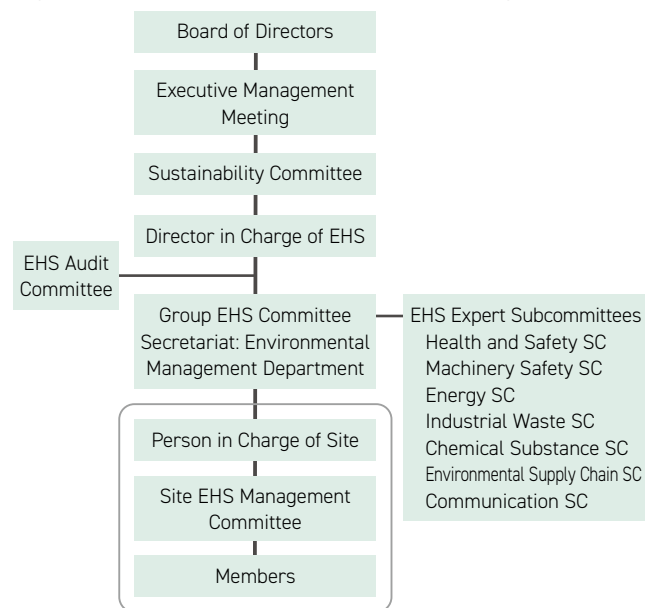


Terumo Group EHS Policy (Please visit the Regulations and Standards section of Terumo's corporate website.)
<https://www.terumo.com/about/regulation>

EHS Management

Based on the Terumo Group EHS Policy, we employ an EHS management system that is compliant with international environmental (ISO 14001: 2015) and occupational health and safety (ISO 45001: 2018) standards. As a key part of Terumo's focus on sustainability in business, EHS policies, risks, opportunities, goals, and activity plans are discussed and related decisions are made by the Group EHS Committee, which is chaired by the director in charge of EHS, and then reflected in EHS activities at Terumo Group sites worldwide. EHS Expert Subcommittees, consisting of experts drawn from individual business sites, have been established under the Group EHS Committee, and these subcommittees propose strategies, policies, targets, and activity plans pertaining to their respective areas of responsibility. In addition, the EHS Audit Committee conducts internal audits of business sites to confirm the implementation status and effectiveness of their systems and their compliance with relevant laws. Ongoing improvements are pursued based on the results of these audits.

Organization for Companywide Promotion of EHS Management System



ISO 14001 (Environment) Certification

Principal manufacturing sites in Japan, a certain number of manufacturing sites overseas, and the head office (Environmental Management Department) have obtained third-party certifications of their compliance with the ISO 14001 standards. The ratio of certifications obtained is 37% on a manufacturing site basis. (For information on ISO 45001 certification, please refer to p. 73)

Company name	Site
Terumo Corporation	Head office (Environmental Management Department)
	Fujinomiya Factory
	Kofu Factory
	Ashitaka Factory
Terumo Yamaguchi Corporation	-
Terumo Europe NV	Haasrode Factory
	Genk Warehouse
Terumo Vietnam Co., Ltd.	Terumo Vietnam Factory
Terumo BCT, Inc.	Terumo BCT Lakewood Factory
Terumo Penpol Pvt. Ltd.	Blood bag factory
Terumo BCT Vietnam Co., Ltd.	Terumo BCT Vietnam Factory
Terumo BCT, Ltd.	Terumo BCT Larne Factory
Vascutek Ltd.	Vascutek factory

EHS Risk Management

EHS Internal Audits

The Terumo Group EHS Audit Committee conducts EHS internal audits to confirm the status of initiatives for reducing environmental, health, and safety risks and to assess EHS performance (progress toward the achievement of EHS targets). When nonconformities have been identified, corrective actions are taken and their effectiveness is checked to prevent recurrences. In fiscal 2022, such audits were conducted at 11 business sites.

Audit Tasks

1. Check conformity with ISO 14001:2015 and ISO 45001:2018
2. Check compliance with EHS-related laws, regulations, agreements, etc.
3. Check compliance with the Terumo Group EHS Policy and with internal rules and standards
4. Check the operational status of EHS management systems and performance (effectiveness, key performance indicators)
5. Check the status of improvement regarding issues identified through audits, etc.

Audits of Waste-Treatment Contractors

To confirm the appropriate processing of industrial waste generated by Terumo, we perform systematic audits of waste collection and disposal contractors. In fiscal, 2022 we conducted audits at 45 contractors and determined that waste collection and disposal are being performed properly.

Training and Education

To ensure solid understanding of the Terumo Group EHS Policy and EHS activities, we conduct a basic EHS education program for all associates of Terumo once a year. We have also prepared education materials tailored to the needs of factories, R&D bases, and sales offices and use them in regularly conducted education and training programs. Apart from these systematic education initiatives, EHS information is distributed via the intranet and internal bulletin boards. Through these and other such initiatives, we are striving to increase EHS awareness among our associates.

Response Training for Environment-related Emergencies and Accidents

Individual business sites have established emergency response procedures to prevent accidents and disasters, and to lessen the severity of such incidents should they occur. They also conduct emergency response training and review the results on a regular basis. In fiscal 2022, there were no serious environment-related accidents or leaks.

Compliance with Environmental Laws and Regulations

In fiscal 2022, there were no major violations, fines, or penalties related to environmental laws or regulations, including air and water pollution. (For more information about major violations, fines, or penalties related to environmental laws or regulations, including air and water pollution, please refer to "Environmental Data" on P. 113.)

Award Program for Recognizing Outstanding EHS Activities

Every year, we present the Terumo Human × Eco Awards, to recognize activities that contribute to the environment, health, and safety throughout the entire Terumo Group. By evaluating and sharing information on examples of outstanding EHS activities within the Group, we aim to further promote such activities.

In fiscal 2022, the initiatives that were recognized as ecofriendly measures included activities aimed at realizing carbon neutrality of Scope 1 and 2 emissions, such as energy-saving measures and switching over to renewable energy, and activities relating to the effective utilization of resources, such as the reduction of water usage, reducing the amount of waste generated and increasing the recycling rate. In addition, the initiative to reduce Scope 3 emissions by reducing energy consumption through improved transportation efficiency was also recognized. A measure to achieve long-term occupational safety and health was also recognized as a human-friendly initiative.

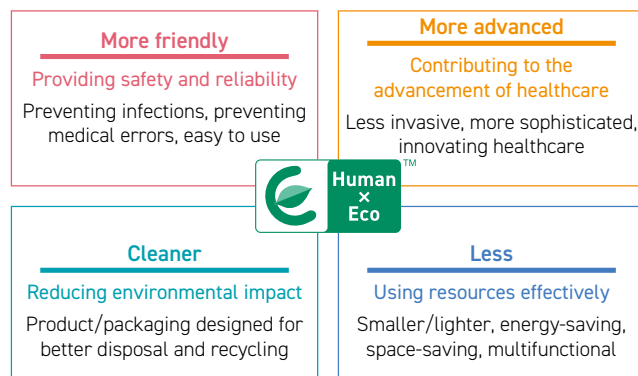
Development of Environmentally Friendly and Safe Products

Human × Eco Development Guidelines

Terumo has established and applied to product development its proprietary Human × Eco Development Guidelines, a set of guidelines for developing products that are friendly to both people and the environment.

These guidelines consist of four principles—more friendly (providing safety and reliability), more advanced (contributing to the advancement of healthcare), cleaner (reducing environmental impact), and less (using resources effectively)—and 24 directives based on these principles. Products that exhibit excellence with regard to these principles and directives display the “Human × Eco” logo, an internal certification mark, to make this excellence readily apparent to customers.

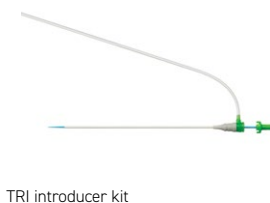
“Human × Eco” Development Guidelines



Examples of Human × Eco Certified Products

TRI Introducer Kit—Minimally Invasive, Medically Cost Efficient, and Resource Conserving

Percutaneous coronary intervention (PCI) can be performed by inserting a catheter at either the wrist or the groin. Inserting at the wrist, in a procedure called transradial intervention (TRI), entails fewer complications, such as post-procedure bleeding, and is less invasive. Terumo has developed an innovative introducer kit that features a sheath with a thinner, more finely formed wall for a smaller outside diameter. A narrower sheath makes more treatment options available for patients with small arteries while also reducing costs and resource usage associated with post-procedure complications.



TRI introducer kit

Guiding Catheter for TRI—Minimally Invasive, Medically Cost Efficient, and Resource Conserving

Used together with Terumo’s TRI introducer kit, this guiding catheter makes it possible to perform TRI for treating peripheral artery diseases. Compared with the transfemoral approach, TRI is less invasive, places less of a burden on medical professionals and patients, and is more medically cost efficient. In addition, the packaging type used for this guiding catheter has been changed to realize a 45% reduction in package weight and a 61% reduction in package size. This change is anticipated to contribute to the environment by helping to conserve resources and space and reduce the amount of energy required for transportation.



Guiding catheter for TRI

Drug-Eluting Stents—Minimally Invasive, Medically Cost Efficient, and Resource Conserving

Drug-eluting stents are medical devices that are embedded in patients’ bodies to treat conditions such as angina pectoris and myocardial infarction resulting from contraction or blockage of the coronary artery of the heart. Terumo has proceeded to refine the delivery systems of its drug-eluting stents to improve ease of use and passage in order to facilitate smooth treatment of even complicated lesions. These refinements are expected to reduce the burden placed on healthcare professionals and patients while offering higher economic benefits. In addition, the packaging type used for these drug-eluting stents has been changed to realize a 14% reduction in package size. This change is anticipated to provide environmental benefits by helping to conserve resources and space and improving transportation efficiency.



Drug-eluting stent

Intravascular Ultrasound Catheter—Shortened Examination Times and Improved Efficiency

Intravascular ultrasound catheters are used when performing intra-vascular ultra-sounds, an examination technique that utilizes ultrasonic waves to observe the inside of blood vessels. By improving the image resolution, image acquisition, and processing speeds, and ease of operation of our catheters, we have helped reduce the amount of time required for preparations, examinations, and image interpretation pertaining to intravascular ultrasounds. We anticipate that the shorter procedure times will reduce the burden on patients and medical professionals and thereby contribute to the realization of safer and more efficient treatments.



Intravascular ultrasound catheter

Development of Environmentally Friendly and Safe Products

Infusion Pump—Resource Conservation and Improved Usability

An infusion pump is a medical device that administers an intravenous solution (IV) etc. at a specified flow rate. By comparison with conventional devices, this product is around 40% lighter. This makes it easier to carry around, and it is also expected to make a positive contribution to environmental protection through resource conservation and enhanced delivery efficiency. Furthermore, the use of a color LCD display makes the display easier to read, and the provision of a wireless communication function that enables simple transfer of activity record data is expected to contribute toward enhancing the working efficiency of medical professionals.



Infusion pump

IV (Intravenous) Solution Bag—Conservation of Resources and Reduction of Waste

We have developed an IV solution bag designed to be environmentally friendly. It is manufactured with less plastic, in a production process that consumes less energy and emits less CO₂ than previous processes. In addition, because the new IV solution bags weigh 23% less than prior bags, we expect them to generate less waste and reduce overall impact on the environment.



IV solution bag

Vaccination Syringe—Conservation of Resources and Reduction of Waste, Timely Development to Meet Medical Demand During the COVID-19 Pandemic

In 2021, when vaccination against COVID-19 was underway in Japan, there was urgent demand for syringes that could be used for intramuscular injection. To prevent the wasting of precious doses of vaccine, Terumo utilized the technology of its low dead-volume syringes, which were being sold for use in subcutaneous injection, to develop a new syringe with a longer embedded needle (16mm compared to 13mm in existing models) for use in intramuscular injection. This new product obtained pharmaceutical approval as Japan's first syringe with an embedded needle for intramuscular injection for use with COVID-19 vaccine, and was on sale within three months of development beginning. Having the needle already embedded in the syringe allows more efficient use of the vaccine agent, while also reducing the amount of plastic needed in the manufacturing process.



Syringe for vaccine

Closed Infusion Systems—Contributions to Safer, More Efficient Infusion Line Management

Keeping infusion line mixers closed helps to prevent contamination by external airborne microbes. In addition, our infusion line connectors are designed to not retain any liquid and, therefore, can be used to deliver even very small amounts of drug solutions. Even the connection of syringes and infusion devices requires no special adapters, so drug solution delivery is simple, quick, and more secure from procedural errors. Easy inventory management contributes to greater safety and efficiency in managing infusion line stocks.



Closed infusion system

Products Free of Hazardous Substances

Leading the Industry toward Mercury-Free Products

The Minamata Convention on Mercury took effect in August 2017. Under the convention, it has been illegal to manufacture and engage in trade involving products containing mercury since 2021. Terumo ceased production of mercury thermometers in 1984. That was over 30 years ago and since then we have contributed significantly to the elimination of mercury from medical settings and homes by developing and introducing products such as mercury-free digital thermometers and digital blood pressure monitors, which are friendlier to the environment and safer to use.

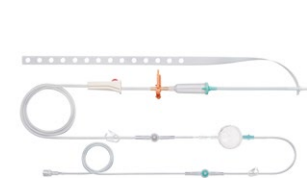


Digital thermometer

Digital blood pressure monitor

Promoting PVC-Free, DEHP-Free Products

Terumo helps reduce the release of toxic gas from the incineration of polyvinyl chloride (PVC) by promoting use of PVC-free packaging. We also use alternatives to Di (2-ethylhexyl) phthalate (DEHP) whenever possible due to concerns over its biological hazards.



Polybutadiene IV solution set



PVC-free IV solution bag



DEHP-free cardiovascular circuit

Initiatives to Address Climate Change

Various international frameworks have been established in regard to climate change, such as the Paris Agreement and the United Nations Sustainable Development Goals, which were both adopted in 2015. Against this backdrop, companies are expected to set and work toward accomplishing GHG emissions reduction targets based on scientific evidence.

Terumo recognizes that reducing the GHG emissions from its business activities, through means such as improving energy efficiency and implementing climate change countermeasures, is an important management task. Accordingly, we are addressing this task through a concerted Group effort. To further accelerate countermeasures against climate change, Terumo revised its reduction target for GHG emissions from its business activities (Scope 1 and 2) in fiscal 2021 and set a new target of achieving carbon neutrality* by fiscal 2040. Terumo's greenhouse gas (GHG) emissions reduction targets for fiscal 2030 have been approved by the Science Based Targets initiative (SBTi) as being aligned with the common goal to limit global temperature rise to 1.5°C above pre-industrial levels. In addition, Terumo have set a target for renewable energy use to achieve its GHG emission reduction targets. Terumo will further promote the use of renewable energy such as solar power in addition to conventional energy-saving activities. Terumo will also work to reduce GHG emissions throughout the value chain such as reducing waste, making effective use of natural resources, developing environmentally friendly products, and advancing joint delivery with other companies.

* Carbon neutrality means that the amount of carbon dioxide emitted and the amount of carbon dioxide absorbed are in balance.

Terumo Group's Greenhouse Gas (GHG) Emissions Reduction Targets

Scope 1 and 2*

- Reduce absolute GHG emissions by 50.4% by 2030 compared to 2018
- Increase the renewable electricity use ratio to 50% by 2030
- Achieve carbon neutrality by 2040

Scope 3

- Reduce GHG emissions 60% per unit of revenue by 2030 from a 2018 base year



* Scope: Reporting is based on the following GHG Protocol categories.

Scope 1: Direct GHG emissions by the company (e.g., fuel combustion)

Scope 2: Indirect GHG emissions from energy production such as purchased electricity (e.g., GHG emissions from electric companies)

Scope 3: Other indirect GHG emissions (Emissions from other companies in raw material production, transportation, disposal, and other activities related to the company's business operations)

Reduction of GHG Emissions

Scope 1 and 2

The Terumo Group is reducing GHG emissions by improving energy efficiency through the adoption of high-efficiency equipment and by using facilities more efficiently, as well as by utilizing renewable energy and switching over to energy that has low GHG emissions.

In fiscal 2022, we reduced GHG emissions by around 5,000 tons through the implementation of 164 energy efficiency improvement projects, including upgrading of utility facilities and production equipment, along with an improvement of operational methods. This figure is equivalent to a reduction of 1.8% in the GHG emissions of the Terumo Group as a whole in the previous fiscal year. In addition, we have switched over to electricity derived from renewable energy for 50% of the total electricity purchased by our factories and R&D center in Japan. Terumo Vietnam factory has completed the installation of mega solar panels with total generating capacity of 3.53MW within the factory complex, and has already begun generating electricity. Combining this with Tradable Green Certificate derived from renewable energy, the factory now has 100% of all electricity used in the factory derived from renewable energy. In Europe, where renewable energy power sources are already widely used, around 74% of all energy used by Terumo factories is derived from renewable energy. These measures have led to a reduction in GHG emissions of around 64,000 tons, and the share of total Terumo Group electricity usage deriving from renewable energy has increased substantially, to 32.1%. In the Americas, we have begun operation of a new Terumo Cardiovascular production facility in Costa Rica, where electric power derived from renewable energy accounts for a high share of total electricity usage; this is the Terumo Group's third factory in Costa Rica.

As a result of these measures, the Group's overall GHG emissions in fiscal 2022 decreased significantly by 21.7% compared to fiscal 2018.

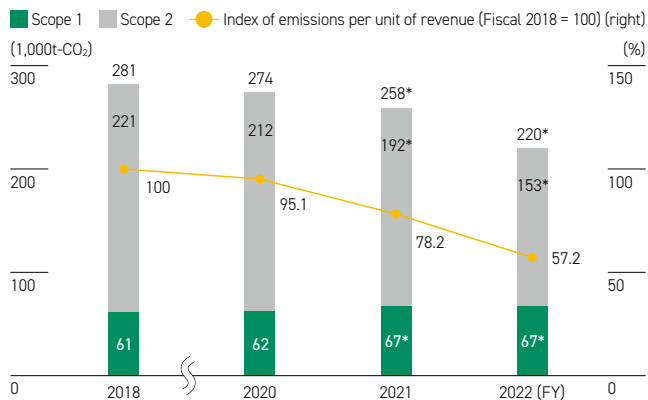
Initiatives to Address Climate Change

Scope 3

Terumo has established and applied its proprietary Human × Eco Development Guidelines, a set of guidelines for developing products that are friendly to both people and the environment, to product development. By adhering to these guidelines, we aim to reduce resource use and improve transportation efficiency by making products smaller and lighter and designing packaging with loading efficiency during product transportation in mind. In addition, we established the Supplier Guidelines in 2019, and we have been working on joint transportation of procured goods with our suppliers as well as a shift to more eco-friendly modes of transportation for shipped products (specifically, a shift from trucks to ships). In fiscal 2020, we also launched a new shared transportation initiative within Japan for shipped products, and worked on reducing CO₂ emissions associated with product delivery.

As a result of these measures, the Group's overall Scope 3 GHG emissions per unit of revenue in fiscal 2022 were down 15.8% compared to fiscal 2018.

CO₂ Emissions (Scope 1 and 2)



* Data assured by a third party

Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas
CO₂ emissions are calculated by using the CO₂ emission factors for electricity for each fiscal year provided by power companies.

For more information about CO₂ emissions, energy consumption, and renewable energy use, please refer to "Environmental Data" on pp. 111-112.

TOPICS

<Utilization of Renewable Energy>

Introduction of Solar Power Generation Equipment

Vietnam

In Vietnam, coal-fired power generation is the main source of electricity supply and with the recent increase in electricity usage, the impacts on the environment are starting to attract attention. Responding to this situation, the Terumo Vietnam factory, which produces products for the Cardiac and Vascular Company installed large-scale solar panels with a total output of approximately 3.53MW on the premises of the factory in fiscal 2022. Through this initiative, the factory will reduce CO₂ emissions by approximately 2,700 tons annually and the solar panels will also provide power to meet 14% of the total power consumption of the factory. The factory is also aiming to achieve stable factory operation through this in-house power generation.



Solar power panels installed in fiscal 2022

A list of sites where solar power generation facilities has been installed to date

To date, the Terumo Group business sites listed below have already installed solar power facilities. In fiscal 2023, we are also continuing to prepare for the introduction of solar power facilities at other business sites. Moving forward, we will strive to reduce our environmental impact through the use of renewable energy.

- Terumo Vietnam Co., Ltd. (Vinh Phuc, Vietnam)
- Terumo BCT, Inc. (Colorado, USA)
- Terumo Medical Products (Hangzhou) Co., Ltd. (Zhejiang, China)
- Fujinomiya Factory (Fujinomiya, Shizuoka)
- Terumo Europe NV (Leuven, Belgium)

<Measures to Reduce Scope 1 and 2 emissions>

Introduced Electric Vehicles at Shonan Center

In the summer of 2023, we introduced electric vehicles at our research and development base, the Shonan Center. The purpose of this introduction is not only to reduce environmental impact but also to utilize them as emergency power sources during disasters.

At the Shonan Center, we have switched half of our purchased electricity to 100% renewable energy-derived power since fiscal 2022, so the introduction of electric vehicles contributes to the reduction of both Scope 1 and 2 emissions. In the event of a disaster, we can also expect to use the stored power in the drive batteries to charge smartphones, which are a lifeline, from the electric vehicles, among other uses for power supply.



Electric vehicle introduced

<Measures to reduce Scope 3 emissions>

Reduction of CO₂ emissions during transportation by switching over to multimodal transport

Terumo Europe has reduced its CO₂ emissions by 76% compared to previous levels by implementing multimodal transport. By switching part of our transportation route, which was consistently truck transport from the port to the warehouse, to inland waterway transport, we have reduced our truck transportation distance by 95%. This initiative contributes to environmentally friendly logistics while increasing our profits by reducing transportation costs.

Responding to the Risks and Opportunities Resulting from Climate Change (Information Disclosure Based on the TCFD Recommendations)

In March 2022, Terumo publicly declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB), and for its recommendations. Below, Terumo discloses the impacts of climate change on our business activities and our measures to address them under the TCFD framework.

Governance	<ul style="list-style-type: none"> The director in charge of EHS, who is a member of the Board of Directors of Terumo Corporation, has responsibility for oversight relating to environmental matters, including climate change. The Group EHS Committee, which is chaired by the director in charge of EHS, is the Company's highest decision-making body in regard to matters relating to climate change. The Committee identifies climate change related risks and opportunities, formulates and revises related policies, strategies, and targets, monitors the achievement status of targets, and reports to the Executive Management Meeting. The Group EHS Committee meets three times a year, and has established an Energy Subcommittee (Energy SC) under it as an EHS Expert Subcommittee. The Energy SC conducts progress management in regard to energy-related targets, and submits periodic reports to the Group EHS Committee. A project aimed at making the Company carbon-neutral has been launched under the director in charge of EHS. The project team collaborates cross-functionally with the Production Department as well as other functional departments at the head office, including the Treasury Department, to formulate and revise policies, strategies, and targets aimed at reducing GHG emissions, monitor the achievement status of targets, and report to the Board of Directors.
Strategy	<ul style="list-style-type: none"> Under the Group mission of "Contributing to Society through Healthcare," the Terumo Group recognizes that ensuring an uninterrupted supply of medical devices and pharmaceuticals to safeguard people's lives and health is its most important task. We also believe that, by providing new treatments, we can help to make healthcare provision more efficient and facilitate the reduction of GHG emissions deriving from medical settings. Regarding climate change scenarios, we are focusing on two scenarios: the scenario that assumes the highest level of physical risks, with average global temperatures rising by 4.0 degrees compared to the situation prior to the Industrial Revolution (RCP8.5), and the scenario that assumes the highest level of transitional risk, with the rise in average global temperature kept down to within 1.5 degrees (RCP1.9). For these two scenarios, we have collated the potential opportunities, and the potential risks that might affect our business, as shown in the table on the next page.
Risk Management	<ul style="list-style-type: none"> The Group EHS Committee identifies climate change related risks and opportunities, evaluates the potential impact on the Company's business operations, directs related departments to implement management in a way that will reduce risk and maximize opportunities, and manages progress status. The scope of the risks covered by the Terumo Group's risk management includes climate change-related risks noted by the Group EHS Committee. The climate-related risks are monitored based on the risk management plan under the risk management system established by the Risk Management Committee.
Indicators and Targets	<p>Terumo has set its GHG emissions reduction targets which are aligned with the common goal to limit global temperature rise to 1.5°C above pre-industrial levels. Terumo's targets have been approved as science-based by the Science Based Targets initiative (SBTi).</p> <p>Terumo Group's GHG Emissions Reduction Targets</p> <p>Scope 1 and 2</p> <ul style="list-style-type: none"> Reduce absolute GHG emissions by 50.4% by 2030 compared to 2018* Increase the renewable electricity use ratio to 50% by 2030* Achieve carbon neutrality by 2040 <p>Scope 3</p> <ul style="list-style-type: none"> Reduce GHG emissions 60% per unit of revenue by 2030 from a 2018 base year* <p>*Targets validated by SBTi</p>

Risks Affecting Our Business Activities

Risks	Risk Content
Physical risks	<ul style="list-style-type: none"> Damage to buildings, facilities, or inventory in the event of a natural disaster occurring, and lost opportunities resulting from the disruption of supply of products due to temporary cessation of operations Increased energy costs and reduced labor productivity due to steady temperature rise or water shortages, and lost opportunities due to temporary disruption of operations Sudden, rapid increase in demand for specific products due to the impact of natural disasters on the healthcare system (which constitutes important social infrastructure), and negative impact on revenue resulting from an extended deterioration or stagnation in the functioning of the healthcare system
Transition risks	<ul style="list-style-type: none"> Increased energy costs and raw material costs in the event of the introduction or raising of carbon tax Replacement of equipment and accompanying increase in capital expenditure costs, resulting from the tightening up of environmental regulations such as those governing GHG emissions Increased costs in the event of an increase in demand for GHG emissions reduction or demand for the supply of environmentally-friendly products from customers or business partners, and loss of opportunities in the event that it is difficult to respond effectively to such demands

Opportunities Relating to Our Business Activities

Opportunities	Opportunity Content
Physical opportunities	<ul style="list-style-type: none"> Provision of products in response to changes in long-term disease patterns as a result of climate change, and provision of products that contribute toward strengthening the resilience of the healthcare system
Transition opportunities	<ul style="list-style-type: none"> Reduced costs due to enhancement of energy efficiency in production and in the supply chain Provision of products that contribute toward enhanced efficiency in medical settings or toward reduction of GHG emissions

Initiatives to Address Climate Change

Based on analysis of the potential impact on Terumo's business of the aforementioned risks and opportunities in both the 4.0-degree scenario and the 1.5-degree scenario, it is anticipated that the following risks could have a comparatively high impact.

4.0-Degree Scenario

- Damage to buildings, facilities, or inventory in the event of a natural disaster occurring, and lost opportunities resulting from the disruption of supply of products due to temporary cessation of operations

1.5-Degree Scenario

- Damage to buildings, facilities, or inventory in the event of a natural disaster occurring, and lost opportunities resulting from the disruption of supply of products due to temporary cessation of operations
- Increased energy costs and raw material costs in the event of the introduction or raising of carbon tax

Regarding the response to risks relating to business continuity such as natural disasters, etc., the Group Business Continuity Management (BCM) Policy clearly stipulates the Terumo Group's shared basic approach to business continuity and the related systems and response measures. The risk management representatives at individual production sites, functional departments at the head office involved with raw materials procurement, distribution, etc., individual companies, and overseas subsidiaries liaise with one another and draw up business continuity plans (BCPs) to prevent our operations from being disrupted even under extreme circumstances, and to ensure that operations can be quickly restored and resumed should they be disrupted. If a serious risk emerges that could affect business continuity, the Countermeasures Headquarters, led by the President and CEO of Terumo Corporation, will be established to swiftly initiate response activities. If it becomes apparent that the Terumo Group's supply chain or operations will be temporarily interrupted, we will strive to restore normal supply chain and operational functions as quickly as possible.

With regard to a possible increase in energy costs or raw materials costs, we are continuing to implement measures to adopt

production equipment with high energy efficiency, and to develop products that can be manufactured with less raw materials and less energy.

Effective Utilization of Resources and Initiatives to Realize a Circular Economy

Waste Reduction and Recycling

As part of its efforts to use resources more efficiently, Terumo sets targets for recycling and for reducing final disposal waste. From a safety perspective, it is difficult to reuse waste (i.e., practice material recycling) internally. We do, however, strive to reduce the amount of plastic and metal waste generated in manufacturing processes and from business activities in offices. In addition, we segregate various types of waste from such processes and activities, and, with the cooperation of a recycling company, turn it into plastic products, refuse plastic fuel (RPF), and organic fertilizer.

In fiscal 2022, the recycling rate for Terumo Group business sites in Japan and manufacturing and R&D sites overseas was 90.4%. Final waste disposal accounted for 0.12% of total waste at Terumo Group business sites in Japan, accomplishing our target for the year.

Terumo will continue to pursue higher levels of resource efficiency going forward through means such as ongoing waste reduction efforts and extensive sorting of waste.

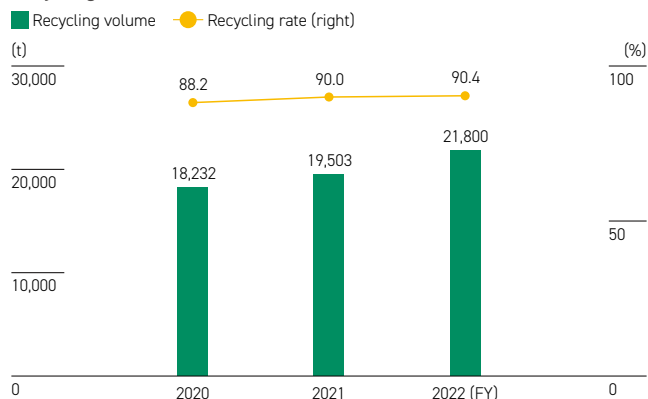
Medium-term Targets from Fiscal 2020 to Fiscal 2022

- Waste recycling rate for the Terumo Group (Terumo Group business sites in Japan and manufacturing and R&D sites overseas): 88% or higher
- Final waste disposal amount of all Terumo Group business sites in Japan: 0.3% or less of total waste generated

Mid- to Long-term Target (Fiscal 2030)

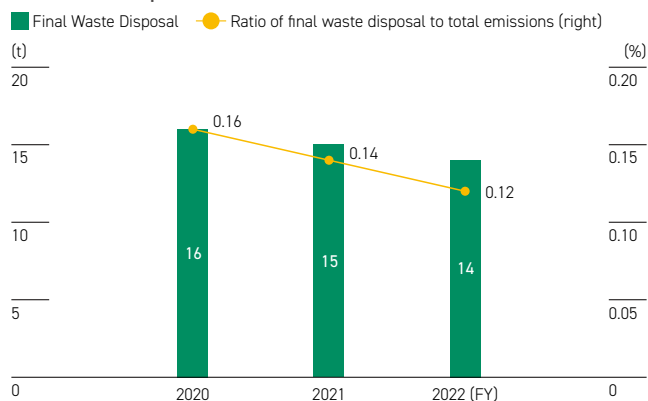
- Waste recycling rate for the Terumo Group (Terumo Group business sites in Japan and manufacturing and R&D sites overseas): 90% or higher

Recycling Volume and Rate



Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Final Waste Disposal



Scope: Terumo Group business sites in Japan

Initiatives to Realize the Circular Economy

Terumo is implementing initiatives to help realize the circular economy, in response to the issues of resource depletion and climate change. To drive the development of new products that are both user-friendly and environmentally-friendly, we have formulated our own unique set of standards—the Human × Eco Development Guidelines (see p. 42 for more details). Based on the guidelines, we are proceeding with efforts to control the amount of waste generated in production processes, choose materials and components that have a small environmental impact, and make both products and packaging smaller and more lightweight.

Ensuring that plastic and other by-products that are produced during the manufacturing process are properly sorted and transferred to recycling firms to create new resources, we are implementing material recycling that recycles waste into new plastic products such as stationery and pallets. In fiscal 2023, we began to sell our first products that are partly made from recycled plastic, in a first for the Terumo Group.



Pallet made from recycled plastic



Products partly made using recycled plastic

Effective Utilization of Resources and Initiatives to Realize a Circular Economy

Initiatives to Collect and Recycle Small Rechargeable Batteries

Terumo works through the Japan Portable Rechargeable Battery Recycling Center (JBRC) to collect and recycle used rechargeable batteries from Terumo products. This is in compliance with Japan's Act on the Promotion of Effective Utilization of Resources. To promote the proper recycling of small rechargeable batteries, we display a recycling logo on our products and inform customers through product instruction booklets that batteries should be recycled. In addition, for products covered by our maintenance services, we regularly inspect and replace small rechargeable batteries and recycle batteries that are no longer usable. (For more information about performance in relation to the collecting and recycling of small rechargeable batteries, please refer to "Environmental Data" on p. 113.)

Reduction of Containers and Packaging and Promotion of Recycling

To effectively use resources and improve ease of use for customers, Terumo is working to reduce its use of containers and packaging materials. These efforts include the development of smaller, lighter, and slimmer containers and packages and the adoption of new containers and package designs.

In Japan, recycling of containers and packaging waste is promoted through the Containers and Packaging Recycling Law, which requires product sellers to recycle containers and packaging discarded as household waste. Terumo fulfills its recycling obligation by engaging the Japan Containers and Packaging Recycling Association to recycle waste. In fiscal 2022, Terumo Group business sites in Japan sent a total of 22 tons of paper to contracted recycling firms, along with 281 tons of plastic packaging materials, for a combined total of 303 tons.

Effective Utilization of Water Resources

Reduction of Water Use

Terumo uses large quantities of water in its manufacturing processes and for producing infusion solution. Using the Aqueduct water risk assessment tool developed by the World Resources Institute (WRI), we monitor the risks and opportunities associated with our water usage on a periodic basis, examining the status of water resources, and the level of water stress, etc., in the countries and regions where each of Terumo's production sites are located. Survey results indicate that, as of the end of fiscal 2022, of Terumo's 34 production sites, there were sites in the Philippines, China, North America, and Europe that were located in regions with high levels of water stress. Water usage by these production sites accounts for around 15% of the Terumo Group's total water consumption.

Terumo has set water-related targets, and is promoting efforts to reduce water use (water withdrawal) and realize water recycling. As regards the specific measures being implemented, besides working to control water loss in production processes by installing flow meters to measure water usage for specific purposes and adopting systems that allow effective visualization of water use, we are also proceeding with the adoption of water-saving equipment and the recycling of cooling water, etc. Through these initiatives, in fiscal 2022 we succeeded in reducing water use per unit of revenue by 10.2% year-on-year, and by 30.5% compared to fiscal 2018. Going forward, the Terumo Group as a whole will be working to realize efficient use of water resources.

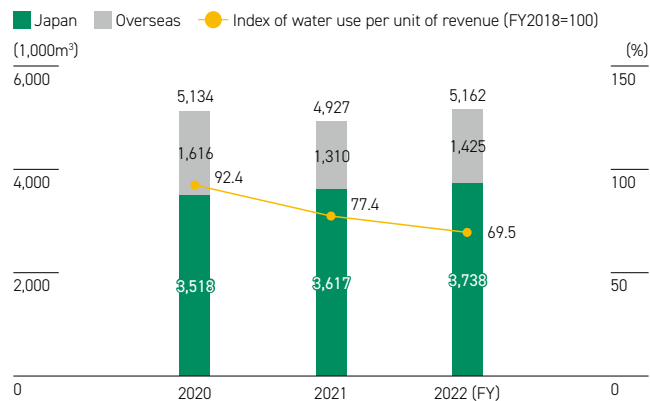
Medium-term Target (from Fiscal 2020 to Fiscal 2022)

- Overall water use (water withdrawal) per unit of revenue for the Terumo Group (Terumo Group business sites in Japan and manufacturing and R&D sites overseas): At least a 10% reduction compared to fiscal 2018

Mid- to Long-term Targets (Fiscal 2030)

- Overall water use (water withdrawal) per unit of revenue for the Terumo Group (Terumo Group business sites in Japan and manufacturing and R&D sites overseas): At least a 20% reduction compared to fiscal 2018

Water Use (Water Withdrawal) Volume



Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Proper Control of Chemical Substances

Terumo manages chemical substances and tracks their use, emissions, and disposal in accordance with the Terumo Group EHS Policy in order to mitigate health risks and reduce environmental impacts associated with these substances. Chemical substance risk assessments are carried out at worksites that use such substances and proper chemical substance control is practiced based on information on hazardous chemical substances derived from the Globally Harmonized System of Classification and Labelling of Chemicals. Voluntary goals have been established with regard to substances that pose a particular risk to people's health and precautions are taken to prevent emissions of these substances.

Voluntary Action to Reduce Chemical Substance Emissions

Reduction of Dichloromethane Emissions

Terumo is working to reduce its emissions of dichloromethane based on its own voluntary targets. At business sites that handle large amounts of dichloromethane, we have installed a recycling system to reduce emissions of this air pollutant as much as possible. As an added measure, we monitor dichloromethane concentrations at the exhaust ports and boundaries of sites.

Reduction of Ethylene Oxide Emissions

Ethylene oxide is widely used to sterilize medical devices. At Terumo, we are working to reduce ethylene oxide emissions to the outside environment. To this end, we have installed exhaust gas treatment systems to limit emissions and regularly check the concentration of emissions at outlets. In addition, we have voluntarily set a target for atmospheric concentrations at the boundaries of sites, and we perform periodic monitoring.

Tracking and Management of PRTR* Substances

At Terumo, we undertake tracking of usage and emissions volumes for PRTR substances, and we also work to reduce emissions of such substances.

For more information about emissions of HCFC-225, and about amount used, amount released, and amount transferred of PRTR substances, please refer to "Environmental Data" on p. 113.

* The Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof.

Proper Disposal of Polychlorinated Biphenyls

At Terumo's business sites in Japan, the disposal of all equipment (transformers, capacitors, etc.) containing high levels of polychlorinated biphenyls (PCBs) has been completed by the Japan Environmental Storage & Safety Corporation (JESCO). Equipment containing low concentrations of PCBs is also being systematically disposed of by private waste disposal management companies.

Compliance with Environmental Regulations for Products

The regulated substances and environmental pollutants contained in products are clearly identified at the product design and procurement stages. We use our Human × Eco Development Guidelines as a tool to raise designer awareness.

Terumo seeks to comply with the Restriction of Hazardous Substances Directive (RoHS*¹), the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH*²), and other environmental regulations pertaining to products. For this reason, the Company is stepping up management of these substances by monitoring the regulated substances contained in procured items.

*1 Directive of the European Union that restricts the use of certain hazardous substances included in electrical and electronic equipment

*2 Regulation of the European Union regarding the registration, evaluation, authorization, and restriction of chemicals

Initiatives for Biodiversity Conservation

Terumo understands that our lives and health and even the practice of medicine itself depend on the existence of diverse living organisms and ecosystems. As a company whose business draws benefits from nature, Terumo seeks to preserve biodiversity through environmental education and reforestation activities and works to support the development of a society in which humans coexist with nature.

Protecting Forests

Mt. Fuji Reforestation Project

Terumo has two factories in the city of Fujinomiya in Shizuoka, Japan. Both take in groundwater from springs at the foot of Mt. Fuji for use in the production of medical devices, pharmaceuticals, and other products. Recognizing that our business depends on the use of natural resources, we launched the Terumo Mt. Fuji Reforestation Project in fiscal 2003 with the aim of restoring the natural forests in this area. This project involves the reforestation of parts of Mt. Fuji's forests where many trees have been destroyed by typhoons. Repopulating these areas with native tree species will help them become more resistant to future natural disasters and ensure that they can continue to serve as a source of groundwater. In fiscal 2011, three parties—Shizuoka Prefecture, a local forest owner, and Terumo—entered into an agreement called the Shizuoka Miraino-Mori (Future Forest) Supporter Pact. Under this agreement, we plant trees and maintain forested areas to create the Terumo Megumi-no-Mori reserve within the Fumoto district of Fujinomiya. Moreover, we are engaged in year-round reforestation activities based on the concepts of resources, living organisms, interaction, and health through this agreement.

In fiscal 2020 and 2021, we conducted activities with a small number of participants in fiscal 2020 and 2021 due to the impact of COVID-19. However, in fiscal 2022, we conducted activities with 56 people, including associates and their families. We carried out forest maintenance necessary for



Tree planting activity

the growth of the planted seedlings, such as mowing undergrowth and reinforcing nets for deer damage prevention, and installed nest boxes aiming for a forest where various creatures gather.

Results of Activities under Shizuoka Mirai-no-Mori Supporter Pact (Fiscal 2011–2022)

- Total number of participants: 2,390
- Activity details:
 - Planting of 2,765 trees (sawtooth oak, konara oak, maple, cherry, etc.)
 - Production of benches and tables using thinning by-products, creation of walking paths, forest walking events, etc.

ECO Challenge

We hold the ECO Challenge in which volunteer Terumo associates in Japan conduct a variety of voluntary environmental preservation activities at home and at work. In fiscal 2022, about 2,900 people took part in the ECO Challenge, undertaking seven energy-saving and resource-conservation activities that will contribute toward reducing CO₂ emissions, as well as a carbon neutrality education program. Points were calculated based on the results of participating associates, and Terumo translated these points into a monetary value for donations to the Children's Forest Program (The Philippines) and the Coastal Forest Restoration Project in Tohoku Region arranged by the Organization for industrial, Spiritual and Cultural Advancement – International, Japan (OISCA Japan).

Receiving the Chairperson's Award of the Japan Greenery Research and Development Center in the Factory Greening Award Program

The Shonan Center, Terumo's main R&D facility, received the Chairperson's Award of the Japan Greenery Research and Development Center in the fiscal 2022 Factory Greening Award Program organized by the Ministry of Economy, Trade and Industry (METI). As a member of society and of the local community, the Shonan Center has been promoting the Shonan Forest Cultivation Program, an environmental conservation activity, and is continuing to implement measures that strive to safeguard biodiversity. The

factors behind the awarding of the Chairperson's Award to the Shonan Center included: "Retaining 61% of the total facility area as green space," "Having most of the green space located near the boundary of the site," "Creating an environment within the facility that is conducive to the growth of wild plant species that are endangered," and "Taking steps to enhance biodiversity within the local area."

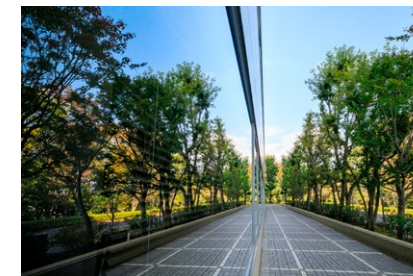


Photo contest entry: Natural scenery at the Shonan Center

Enabling visitors to the Terumo booth at the General Assembly of The Japan Medical Congress 2023 Tokyo Expo to participate in an initiative to reduce the impact on the environment

The General Assembly of The Japan Medical Congress, which is held once every four years by the Japanese Association of Medical Sciences, the Japan Medical Association, and the Japanese Medical Science Federation, is Japan's largest academic congress. Terumo's booth presented the environmental initiatives that Terumo has been implementing. In addition to this, Terumo made a donation to the Children's Forest Program (in the Philippines) organized by the OISCA Japan, with the size of the donation corresponding to the number of questionnaire survey forms completed by visitors to the Terumo booth.



Introducing Terumo's environmental initiatives at the Terumo booth

Initiatives for Biodiversity Conservation

Initiatives at overseas business sites

Besides Terumo's initiatives in Japan, the Terumo Group's overseas business sites have also been holding special events to strengthen awareness of the importance of recycling, and implementing initiatives to safeguard biodiversity through tree-planting. In fiscal 2022, efforts to reduce the impact on the environment through forest conservation and environmental education included a tree-planting activity conducted by Terumo (Philippines) Corporation in the Caliraya-Lumot Watershed forest conservation area in the Province of Laguna, and a Family Day activity organized by Terumo Vietnam Co., Ltd. , in which over 1,000 people from more than 300 families took part, with participants making toys from recycled materials.

Endorsement of Declaration of Biodiversity by Keidanren and Action Policy (Revised Edition)

In February 2020, Terumo declared its support of the Declaration of Biodiversity by Keidanren (Japan Business Federation) and Action Policy (Revised Edition) released by Keidanren and the Keidanren Committee on Nature Conservation. This declaration and policy will guide our activities going forward.

Society

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Quality and Safety of Products and Services

Basic Approach

At the Terumo Group, we strive to enhance product quality and achieve continuous improvement in quality systems and processes to promise safety and reliability to medical settings. High product quality is one of the hallmarks of the Terumo Group, and we work to improve quality in every process from product design to manufacturing, distribution, storage, and post-marketing, as well as in the product life cycle from the initiation to the cessation of a product's sale. We do this by identifying and acting on even the smallest matters that could improve safety and reliability, by concentrating on improving the quality and speed of individual processes, and by pursuing the 3Gs principle that places great importance on *Gemba* (field/floor), *Genbutsu* (actual product), and *Genjitsu* (reality). In addition, we seek to ensure that our products are used in a safe and appropriate manner by providing training opportunities for medical professionals, practicing proper information disclosure, and actively communicating with customers.

Quality Management

Quality Management Governance Structure

At the Terumo Group, we have developed a quality management governance structure headed by the Chief Quality Officer (CQO). As the head of Groupwide quality divisions, the CQO is responsible for overseeing efforts to strengthen governance of Group quality and improve the quality of products. With the CQO exercising oversight, we have established a system of quality assurance, promotes compliance with Japanese and worldwide regulations, and provide product quality improvement guidance to production sites. Furthermore, global meetings are convened regularly by the CQO, and these meetings are attended by associates responsible for quality at individual production sites. These meetings provide opportunities to share and disseminate Group quality vision, policy, and objectives build consensus with regard to quality issues, formulate improvement measures, and exchange information on recent trends in the regulations and standards of various countries. We also strive to prevent quality issues by implementing a plan-do-check-act (PDCA) cycle that entails gathering quality-related information from across the Group, analyzing quality risk, conducting assessments, pursuing improvements, and sharing

quality information.

We developed a Global Quality Policy and are promoting the Policy to continuously manufacture high-quality, safe, and reliable products at all production sites of the Terumo Group. The Policy details the seven practices (procedures and items) pertaining to the quality management system that every associate across the Group should adhere to. Furthermore, we are working on the sharing of QMS improvement tools created based on quality data and information analysis of external and internal quality trends, as well as the development of preventive activities tailored to the specific characteristics of each production site, to prevent the recurrence of similar quality problems and achieve a high level of manufacturing and quality management. We also define "Kin-Shitsu" (homogeneous) as the product quality the Terumo Group should aim for, and have established KPIs for quality at each of our production sites to realize "Kin-Shitsu" products. In our mid- to long-term growth strategy, the Terumo Group aim to gain patient trust and customer satisfaction by continuously supplying "Kin-Shitsu" products to the global market.

To supply products to the global market, it is essential for us to continuously maintain a quality system that adapts and conforms to the requirements of each country's regulations and standards. With this in mind, we are building a system that enables efficient and effective Companywide cooperation and swift response to comply with regulations in Japan and overseas by systematizing the roles of quality departments and of each production site of the Terumo Group. By doing so, we aim to comply with Japanese domestic laws and regulations when we sell products manufactured at each production site to the Japanese market and comply with new regulations outside of Japan as soon as they come into effect to sell products to the global market.

Meanwhile, global regulatory requirements are becoming more stringent in the pharmaceutical industry with regard to data integrity (DI) in relation to evidence of the quality, safety, and efficacy of pharmaceuticals. The Terumo Group has therefore been implementing measures to ensure data integrity in the manufacturing of pharmaceuticals. We are also working to implement and build data integrity into the process for the production of medical devices similar to that required for pharmaceuticals.

At Terumo, we have initiated a company-wide project to implement a "quality assurance system to maintain product homogeneity" to counter threats such as cyberattacks. We have established a Product Security Incident Response Team (PSIRT) system for this project. Under the PSIRT system, we are working to incorporate measures into product design and realize commercialization, respond to incidents as they occur, and collect relevant information on vulnerabilities to assess their impact and develop appropriate countermeasures.

Quality Management System Compliant with International Regulations and Standards

Since establishing a quality management system in response to European Medical Device Directives in 1995, we have been striving to blend our quality management system that conforms to international standards into an existing quality assurance system based on the pharmaceutical Good Manufacturing Practice (GMP) standard. Following the acquisition of manufacturing and sales approval for regenerative medicine products in Japan, we put in place the related quality assurance systems in fiscal 2016. Today, we continue efforts to ensure that our quality management system is compliant with global requirements. As part of these efforts, all medical device production sites have acquired certification under ISO 13485, the international quality assurance standard for medical devices.

We also keep up to date and ensure conformity with developments regarding Japan's PMD Act (the Act on Securing Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics) and regulatory trends and requirements for medical devices and pharmaceutical products outside of Japan, including U.S. Food and Drug Administration (FDA) regulations, which have been strengthened in recent years; the Medical Device Single Audit Program,* which has been enacted in response to global harmonization trends; and emerging country regulations, which are rapidly being tightened.

In Europe, on May 25, 2017, the institution of the Medical Device Regulation (MDR) made regulatory requirements in this region much stricter. In response to this change, a Companywide project team was formed to coordinate efforts to achieve compliance in

Quality and Safety of Products and Services

relevant divisions. Terumo was thereby able to receive third-party certification indicating its conformity with the MDR in May 2020. We are currently switching to products that conform to the MDR as needed. In addition, as with medical devices, we worked to make our products conform to the In Vitro Diagnostic Regulations (IVDR), a statutory requirement. Through these efforts, Terumo obtained external certification for IVDR in June 2022.

In the United Kingdom, conformity with the UK Medical Device Regulations (UK MDR) 2002 was required following the country's withdrawal from the European Union. Accordingly, Terumo obtained external certification indicating its conformity with the United Kingdom Conformity Assessed (UKCA) in April 2023.

In Japan, the Terumo Group has achieved compliance with the revised version of Japan's PMD Act, which came into effect on August 1, 2021, and with the Japanese Guideline for Good Distribution Practice (GDP) for Medicinal Products, which was issued on December 28, 2018.

Furthermore, continuous training on our quality management system has been instituted at all relevant divisions to share information on the regulations and standards of countries where Terumo operates and to improve quality awareness.

* The Medical Device Single Audit Program is a program through which audits are conducted all at once (collectively) based on common standards pertaining to the relevant medical device regulations in each country. Participating countries include the United States, Canada, Brazil, Australia, and Japan.

Quality Policy

The Terumo Group company executives have established the Quality Policy in accordance with their individual levels of responsibility. This policy guides efforts to develop, operate, and maintain the effectiveness of quality management systems. Each division also sets quality objectives based on the Quality Policy. The policies devised by senior management are incorporated into the objectives of individual divisions and associates. The customer perspective, which appears at the top of Terumo's Quality Policy, forms the basis of the Group's quality assurance.

Quality Policy

In order to deliver safety and reliability to healthcare fields, we will

- pursue products valuable for our customers;
- understand our own roles in the quality system and practice them;
- and always review and improve our ways of doing business.

Improving Effectiveness of Quality Management System through Internal and External Audits

Terumo conducts internal audits to objectively evaluate whether its quality management system is being appropriately implemented and followed. The audits are conducted by associates who have been trained and have received internal certification authorizing them to perform internal audits. In addition, we undergo several external audits conducted by government authorities, notified bodies, and other organizations each year to verify our compliance with Japan's PMD Act, regulations of countries where we sell our products, and the requirements of corporate customers. We continuously improve our quality management system based on the results of these internal and external audits.

Appropriate Collection and Disclosure of Information on Safety, Quality and Efficacy

Terumo has established frameworks for collecting information on safety, quality, and efficacy from customers and reporting this information to the relevant government authorities based on the laws and regulations of each country where we operate. We also analyze information from customers and share the findings with relevant divisions for use in improving quality and in developing new products.

Medical Representatives (MRs)

- Medical representatives (MRs), who are responsible for providing information to medical institutions, encourage customers to properly use medical devices and pharmaceuticals. MRs also collect accurate information from medical institutions and swiftly

provide information to institutions to ensure the safety, quality and efficacy of our products.

Terumo Call Center

- As Terumo handles a wide range of products—from those designed for medical institutions to those for home medical care—the Terumo Call Center consists of experts in every required field to ensure that all inquiries are addressed promptly and appropriately. The Terumo Call Center in Japan receives around 160,000 telephone and email inquiries per year from ordinary consumers, medical institutions, and distributors. We respond to emergency calls, such as those pertaining to peritoneal dialysis or diabetes-related products, 24 hours a day, 365 days a year.
- To improve the quality of service at our call center, its staff are trained regularly on product knowledge and communication skills and are tested twice a year to ensure that they are properly equipped to respond to inquiries and provide satisfaction to customers. We also renewed call response systems and introduced artificial intelligence-powered voice recognition and document summarization systems. With the renewed system, we are working to improve the quality of responses and reduce the time required for responses and record keeping.

Post-Market Surveillance and Vigilance Department

- The Post-Market Surveillance and Vigilance Department collects and evaluates information on the safety, quality, efficacy, and proper use of post-market products, and issues reports on these matters to government authorities in accordance with relevant laws and regulations.
- We are committed to prompt and detailed communication to ensure the proper use of our products, including the provision of necessary information through Information on Precautions, etc., our corporate website, and participation in industry organizations. Also, MRs visit medical institutions to provide information. Furthermore, we use the accumulated information to develop, refine, and improve products and support medical safety training at medical institutions (T-PAS*).
- We conduct vigilance training via e-learning for all associates in Japan to give them a more in-depth understanding of Good Vigilance Practice (GVP).

Quality and Safety of Products and Services

■ Terumo is also moving forward with the development of safety management systems and the reinforcement of monitoring of information collection activities overseas.

* For information on T-PAS, please refer to p. 57.

Training of Medical Professionals

Terumo believes that medical devices can be effective only if they are used correctly. Accordingly, we have long endeavored to enhance the quality and safety of medical care by actively creating training opportunities for medical professionals to learn how to use medical devices properly and how to apply treatment procedures. The information collected from the medical field through these activities is utilized in the development of new products and in the refinement and improvement of existing products.

Terumo Medical Pranex

Terumo Medical Pranex was established in Shonan Center, Terumo's R&D base in Kanagawa Prefecture, as a facility dedicated to developing and disseminating healthcare technologies.

It is a vast facility with a total area of 14,000m², consisting of Pranex West, which opened in 2002, and Pranex East, which was added in 2007. Terumo Medical Pranex faithfully reproduces a hospital environment such as medical wards, operating rooms, and catheterization laboratories, and also has an exhibition room that introduces the history and technology of Terumo. In this way, this facility allows visitors to better understand the Company from various points of view.

Initially launched as a training center to help healthcare professionals learn how to use Terumo products properly, Terumo Medical Pranex has continuously expanded its facilities and equipment to make it more beneficial to everyone involved in healthcare. We offer a wide variety of programs, from training in treatment techniques for physicians to multidisciplinary simulation trainings. We also focus on the development of original simulation models and programs for training leaders in the medical field, and we provide them to overseas associations. Sincerely addressing the needs of the medical field, Terumo Medical Pranex has hosted over 190,000 visitors since its opening in 2002.

We aim to have visitors gain an in-depth understanding of

Terumo through their experience at Terumo Medical Pranex. In addition, we strive to offer visitors a space where they can experience the contribution that we make to society through healthcare by providing medical training for medical professionals in Japan and overseas based on our experience and knowledge in relation to medical training accumulated over many years.



Training being performed at Terumo Medical Pranex



Education and Training

<https://www.terumo.com/about/education-and-training>

Support for Training at Medical Institutions to Improve Medical Safety

To prevent accidents during the use of syringes, IV solution sets, and other medical devices, Terumo conducts safety training based on requests by medical institutions. These training sessions, known as T-PAS,* emphasize critical points in the use of individual devices among those described in Information on Precautions, etc., and enable medical professionals to learn through hands-on training scenarios. The value of this program is illustrated by the feedback of medical professionals that have participated, which indicates that T-PAS training provides a tangible sense of the situations that can lead to accidents and demonstrates why the understanding of device use must be based on more than just assumptions or casual advice from others. In addition, Terumo has designed and offers a practical training program boasting high levels of learning retention in order to promote proper product use. This program includes


DVDs documenting medical accidents as well as hands-on activities recreating device failures.

* T-PAS stands for Terumo Proactive Action for Safety and is based on Terumo's own assessments of accident prevention needs.

Procurement

Basic Approach

Terumo has established the Terumo Group Procurement Policy in fiscal 2019, which outlines the basic approach of Terumo's procurement activities based on the Terumo Group Code of Conduct. The Terumo Group Procurement Policy comprises six items: Quality and Safety; Stable Procurement, Promotion of Compliance; Fair Procurement; Consideration for Human Rights and the Environment; and Mutual Prosperity based on Reliability with Suppliers. Terumo asks all suppliers who do business with Terumo to conduct their business activities following the "Supplier Guidelines" established in line with the Terumo Group Procurement Policy.



The Terumo Group Procurement Policy and the Supplier Guidelines
<https://www.terumo.com/about/procurement>

Supply Chain Management

Promotion System

At Terumo, we recognize that collaborating with our suppliers worldwide and fulfilling our social responsibility through our supply chain is an important part of procurement. The Supplier Guidelines, consisting of seven chapters, form the basis for coordination with suppliers. Based on the Guidelines, Terumo Corporation and the Group companies in Japan, the U.S., Europe, and Asia are promoting business with the suppliers. Specifically, we are working to include the first two chapters, "1. Quality, Safety" and "2. Stable Supply," in our contracts with suppliers. We also ask suppliers to familiarize themselves with the other five chapters, "3. Promotion of Compliance," "4. Fair Dealings," "5. Consideration for Human Rights for Labor," "6. Consideration for the Environment," and "7. Management Systems," and we request that direct material suppliers in particular sign an acknowledgment in relation to these chapters. As of the end of fiscal 2022, we received signed acknowledgments from 1,514 out of approximately 2,000 direct material suppliers worldwide. In fiscal 2023, we are aiming to complete the process of obtaining signed acknowledgments from key direct material suppliers throughout the world (i.e., suppliers accounting for 80% of each production site's procurement amount

of direct materials). We also require new suppliers to sign an acknowledgment as a condition of doing business with us, and we are working to obtain it sequentially.

Besides getting suppliers to sign an acknowledgment in relation to the Supplier Guidelines, we are also implementing, in stages, a Self-Assessment Questionnaire (SAQ) aimed at clarifying the current state of suppliers' ethical business practices, human rights, environmental initiatives, and management systems. Of Terumo Group's global total of approximately 2,000 direct material suppliers, a survey has been conducted targeting 165 suppliers with manufacturing sites located in countries that are deemed to have high potential risk of human rights, corruption, or environmental issues based on external assessment indicators.* As of the end of fiscal 2022, completed questionnaires were returned by 121 companies. Based on the results obtained to date, we have not identified any critical deviations from the requirements specified in the Supplier Guidelines, or any concerns regarding the potential for such deviations. For those suppliers whose management systems in regard to human rights, labor and environmental legislation were deemed not to be fully adequate, although there are no apparent concerns regarding critical deviations, we requested them to make improvements based on the relevant international standards, local laws and Terumo's Supplier Guidelines. We also provided feedback on items where it was recommended that the suppliers in question implement self-directed improvements where necessary. In the future, we will continue to sequentially implement this initiative, expanding the scope of the survey to include new suppliers.

In the procurement of materials, we manage suppliers at our production sites based on the Quality Management System. We also conduct regular audits of suppliers that could directly affect the quality of our products in line with the risks associated with those suppliers. Through these efforts, we strive to ensure the quality and safety of our products.

* The following indicators are used as reference when assessing risk by country.
 Human rights risks: Global Rights Index of the International Trade Union Confederations (ITUC)
 Corruption risks: Corruption Perceptions Index of Transparency International
 Environmental and governance risks: Equator Principles

Evaluation items and main contents of the self-assessment questionnaire

Evaluation items	Main contents	Number of questions
Ethics	Anti-corruption measures	2
Respect for human rights	Prohibition of child labor, forced labor, discrimination, and harassment, labor management	12
Environmental protection	Greenhouse gas reduction, effective use of resources, waste management, hazardous substance management	8
Health and safety	Activities to prevent work-related accidents, workplace health management, evacuation drills	11
Management system	Compliance with laws and regulations, BCP, document management	5
Conflict minerals*	Status of avoiding conflict minerals*	2*
Total		40

* Scope: tin, tantalum, tungsten, gold, and cobalt
 (For the content of the questions, please refer to "Measures for Addressing Conflict Minerals" on P. 59.)

Procurement Systems for Ensuring Stable Supply of Products

Terumo has formulated a Business Continuity Management (BCM) policy for procurement, and is proceeding with steps to secure a stable supply of products. Under the basic philosophy of maintaining a stable supply of our products to meet healthcare needs continuously, we are building a supply chain that will ensure the reliable delivery of our products to medical institutions and patients by promoting stockpiling of parts and materials and purchasing from multiple suppliers. By doing so, we will respond to global issues that may disrupt the supply chain, such as natural disasters, pandemics, and geopolitical risks.

EHS* Initiatives Related to Procurement

Terumo strives to mitigate EHS-related risks in the supply chain by requesting the suppliers to sign acknowledgments of Supplier Guidelines and complete questionnaires. With regard to raw materials transportation, we are making efforts to cut procurement-related CO₂ emissions and reduce the burden on the environment through measures such as consolidation of truck deliveries (by means of joint delivery) and reducing the number of journeys made.

* Environment, Health and Safety

Procurement

Measures for Addressing Conflict Minerals

One of the items contained in the Supplier Guidelines is "Consideration for Human Rights for Labor." To ensure that Terumo does not become complicit in human rights violations or environmental destruction, the guidelines stipulate that requests be made to suppliers not to procure or use raw materials, components, or products containing illegally mined tin, tantalum, tungsten, or gold. In addition, as needed, we ask that suppliers inform us of whether or not said materials contain any of the aforementioned conflict minerals.

Procurement-related Compliance

When dealing with suppliers, it is vitally important to comply with relevant laws and regulations, and to undertake transparent transactions based on a fair, equitable relationship with suppliers. To ensure thorough implementation of purchasing-related compliance, Terumo Corporation in Japan has established its procurement policy and the related bylaws to ensure compliance in procurement. In addition, we undertake fair dealings with suppliers by signing agreements regarding exclusion of antisocial forces (i.e. organized crime groups), and obtaining suppliers' signatures in acknowledgment of Terumo's Supplier Guidelines before selecting suppliers, establishing rules for third-party checks on subcontracting transactions. We also work together with our Group companies to ensure that appropriate regulations and processes are in place for the Terumo Group as a whole.

Supplier Diversity

The Terumo Group believes that the Group and the communities in which it operates benefit from procurement practices that capitalize on the unique skills, knowledge, creativity, and talent offered by a diverse supplier base. The Terumo Group Procurement Policy states that all suppliers will be equally and fairly considered for future business opportunities, and that no suppliers will be favored or refused the right to transact business with the Group for illegitimate reasons. Ultimately, Terumo seeks the most capable suppliers in terms of quality, service, cost, value, and technology.

Terumo Americas Holding Inc. (TAH) is working to create opportunities for diverse suppliers by making efforts to identify businesses owned by minorities, women, LGBT individuals, veterans, service-disabled veterans, and people with disabilities, as well as business located in historically disadvantaged areas or HUBZones, and other small businesses.

The Terumo Group is dedicated to partnering with suppliers that enhance its organization's value by offering diverse solutions as it continues to uphold the principles of its Group mission—"Contributing to Society through Healthcare."

Human Resources

Basic Approach

The Terumo Group refers to all of its employees as “associates” to reflect the fact that they are viewed as valued colleagues. The growth of Terumo comes through the diverse associates around the globe who have joined Terumo to work, learn and grow vigorously in a way that suits each of them. Terumo is also contributing to its own growth. With the rapid pace of change in the environment in which we operate our business and in which our associates work, it is becoming ever more vitally important to synchronize our people strategy with our management strategies. By implementing our global people strategy and supporting our associates to perform at their best, we are driving the development of global management for the Company. We will realize the enhancement of corporate value by strengthening associates’ identification with our Group mission of “Contributing to Society through Healthcare,” and fostering a shared sense of Terumo’s purpose.

People Strategy

Basic Approach

As healthcare and society as a whole is changing rapidly, we recognize that the development of our talents is imperative to the implementation of Terumo Group growth strategies. To that end, we are implementing the people strategy to enable our associates to continue growing with the company. Specifically, we are focusing on leveraging and developing diverse leaders who will support our global business and strategic workforce planning to build new capabilities for the organization as a whole with an eye on future management strategies. In addition, we are building an environment in which associates are able to fully exercise their ability through encouraging each associate to adopt a “Growth Mindset” to continue to take on new challenges and learn, also working to ingrain a culture of diversity, equity, and inclusion in the organization. Furthermore, we define the attraction and value of working at the Terumo Group as “Advancing healthcare with heart” and have begun to share this concept internally and externally.

We are also focusing on promoting effective collaboration beyond the boundaries of specific businesses, functions, and regions to realize a better Associate Experience.

To support the Groupwide implementation of these strategies,

we collaborate with HR leaders and members of Group companies in Japan and overseas to share the issues and practices at each company under the Chief Human Resources Officer (CHRO). In addition, we have HR teams comprising expert members of each area from various regions and organizations to design and implement common HR programs.

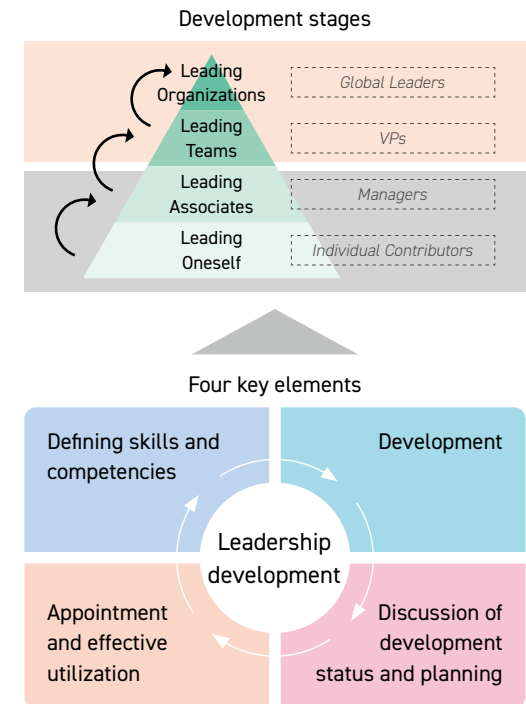


Development of Global Leaders

Basic Approach

With operations in more than 160 countries and regions worldwide, the Terumo Group is promoting the development of talents capable of excelling on the global stage. As a common global development framework, we have designed measures with four consistent elements to create a continuous pipeline connecting each stage of leadership development.

Development stages and four key elements



Global Leadership Program

At the Terumo Group, we offer global leadership programs tailored to each stage of development. In fiscal 2019, we launched a global leadership development program for executive talents with the aim of cultivating the essential skills and competencies we identified that are required to tackle future business challenges faced by the Terumo Group. In this one-year program, associates selected globally who are potential candidates for executive positions at the Terumo Group in the future take on the challenge to generate new value for Terumo through collaboration with one another. In addition, we have expanded this group-wide leadership development program framework to with a new program for high-potential associates with two to seven years of working experience from fiscal 2021 and another program for managers from fiscal 2023.

Succession Planning

Information about the Terumo Group's key talent is shared among senior management for discussions on development, deployment, and effective utilization of those talents across the Group to expand the pipeline of global leaders and strengthen the organization. We are also undertaking systematic continuous succession planning of business leaders such as potential successors of CEO positions at the subsidiary entities that can lead sustainable business growth incorporating external objective assessment based on a common global framework.

Talent Marketplace

Assignments from Japan to overseas Group companies or between overseas Group companies across countries and organizations also play an important role in creating opportunities for cultivating associates. In fiscal 2024, we plan to launch a global platform that leverages artificial intelligence (AI) to connect associates with suitable career opportunities based on their skills and experience. Through the platform, we will further expand opportunities to apply for internal global job postings and participate in global projects to support the success of diverse talent, regardless of their nationality, race or ethnicity.

Talent Development (Terumo Corporation)

Talent Development/Training Program

At Terumo, we believe the growth of our business is the sum total of the growth of individual associates, and we manage our human resources policies with the fundamental intent of supporting the ongoing growth of diverse talents. Talent development starts with practical skills acquired through on-the-job training (OJT) and a variety of training programs designed to supplement OJT. We believe that the most effective learning comes from individual motivation and feeling of the necessity to learn; associates with this motivation can nominate themselves to participate in various voluntary and selective training programs.

Main Content of the Talent Development/ Training Program (Terumo Corporation)

Level-Based Training	Training for personnel appointed to new positions (including officers, general managers, managers, and mid-level associates), second-year training, training for new associates, career design training, and communication training
Self-Development	Business dojo, management school support, online business training, internal English conversation school, internal recruitment of project members, and lectures for Associates (WAIGAYA TALK)
Development of Management Leaders	Individual training for officer candidates, management dojo, development training for new generation leaders, program for supporting associates to study for MBAs (for associates who have completed at least one year with the Company and are no older than 39), acquisition support for MBAs (for associates who have completed at least two years with the Company), fast-track development program for next generation associates, and global talent development (including overseas training)
Development of R&D Talent	<ul style="list-style-type: none"> •Advanced Terumo Medical Academy (ATOM) •Management of Technology (MOT) and Biomedical, and R&D-related cross-industry exchange and training, etc.
Development of Monozukuri Associates	<i>Ikuseijuku</i> training to help associates learn the principles of <i>Gemba</i> (field/floor), <i>Genbutsu</i> (actual product), and <i>Genjitsu</i> (reality)

Level-Based Training

Terumo supports the ongoing growth of its associates through training designed to help them acquire the skills necessary at various levels—including new associates, associates who have been at the Company for two years, mid-level associates, and managers—and in various roles. To accompany the adoption of a new human resources policy in 2022, we are implementing a timely overhaul of training for managers, for example by introducing training programs that reflect the new program. We are also conducting career design seminars for associates from diverse backgrounds on an ongoing basis to encourage them to better drive their own career development.

Self Development

At Terumo, a diverse range of learning opportunities are provided for all associates that have a passion for growth, whether they are new to the organization or veterans. The available programs cover a wide range of subjects, including basic business skills and English, to ensure that associates can find a program that suits their needs. The basic requirement for these programs is the desire of associates to participate on their own will.

Development of Management Leaders

Terumo formulates and reviews succession plans on an annual basis, with the aim of realizing the systematic development of candidates for both senior management and individual departmental leader positions. While on-the-job training through work plays a fundamental role, in order to speed up the personal growth process, we implement trainings for selected associates, including associates during their first five years with the Company, in mid-level positions, in early-stage management positions, and in general manager positions. Participants in these trainings include not only associates who have been instructed to participate, but also associates who have proactively volunteered to participate. The training thus helps to identify new candidates for leadership positions. These programs cover such topics as management perspectives, management capability assessments, management literacy, and liberal arts. The rigorous curricula of these programs are designed to support the growth of associates aspiring to take part in management in the future.

In Japan, Terumo has created a program that aims to develop the global talents needed to execute its future global strategies. We do this by supporting people with strong desires to develop themselves by choosing to earn an MBA or similar qualification in Japan and overseas. The program allows associates to take leave for as long as is needed to complete their studies and allows them to take unused paid leave, including leave that had expired prior to the start of the period of leave, for their studies. In addition, the Company may approve interest-free loans for tuition and living expenses, and under certain conditions, make a partial contribution toward entrance fees and tuition. Behind this support is an appreciation not only for the knowledge and skills that can be gained but also for the invaluable experience of interacting with people from other countries and facing difficult challenges in a different cultural context.

Development of R&D Talent

Terumo conducts research and development on an ongoing basis with the aim of contributing to the advancement of healthcare through innovation created by merging the knowledge and technologies in specialized fields that associates have acquired at educational institutions. Moreover, associates are given access to the Advanced Terumo Medical Academy (ATOM) program after joining the Company so that they can quickly acquire the medical insight required of Terumo engineers. In this program, associates study basic knowledge of medicine via Terumo's original e-learning program; receive lectures from doctors, nurses, pharmacists, and other medical professionals active in clinical settings; and take part in a training curriculum. In addition, we utilize online communication tools to promote networking among engineers and facilitate in-house development, and perform medical device surveys through means that go beyond the standard connections between business sites. We have also been implementing a wide range of related initiatives for many years now, including incorporating training on the Biodesign Program, a medical device development approach originating from the United States, providing education on new development approaches, and arranging observation tours of medical settings. All training programs are carefully planned based on the concept of instructional design to set the necessary goals for associates engaged in research and development and to

ensure that the learning content necessary to achieve the goals is acquired effectively and efficiently while stimulating trainees' interest. Terumo is well aware of the importance of flexible thinking, broad insight, and interpersonal networks. For this reason, we actively support those associates seeking to undergo external training through short- or medium-term programs of their own accord. External training provides opportunities to acquire insight and technologies not available within the Company through instruction from external instructors and also helps associates form interpersonal networks. The types of external training available to associates include the Management of Technology program, biomedical engineering curriculum, and other curricula as well as inter-industry personnel exchanges.

Development of *Monozukuri* Associates

At Terumo, we are working to improve the development environment and train the trainers to enhance the manufacturing capabilities at its production sites. As one of our efforts, we provide intensive training for new associates assigned to production, engineering, or product development positions every year to pass on to next generation associates the skills and experience of long-cultivated veterans and the spirit of *monozukuri* (product creation) and the skills required for modern production. Associates who work at production sites create training curricula in line with *Gemba* (field/floor), *Genbutsu* (actual product), and *Genjitsu* (reality) to continuously enhance the training content to make it valuable as opportunities to learn the common skills to be deployed at factories, the *Gemba* (field/floor) for *monozukuri*. Based on the curricula, associates, including Terumo Expert System (TES) associates — veteran associates rehired after retirement age—call upon their years of *Gemba* experience to act as trainers to train specific content and support next generation associates in acquiring skills.

Human Resources (HR) Policy

In April 2022, Terumo began implementing a comprehensive overhaul of its HR policy, with the aim of further enhancing the Company's "human capital strength."

In order for Terumo to become a company that is able to realize solutions to new health-related problems on a global scale, it is vital for us to put in place an environment in which the talents who

will lead and support the implementation of our strategies are able to fully develop their diverse capabilities, and it is also important for every associate to pursue their growth.

With this in mind, the new HR policy embodies three concepts: self-owned career development, fitting the right talent in the right position, and providing support for growth. Rather than led by the Company, we aim to ensure that associates can design their own career development path, and that, through friendly rivalry with one another, they can take on the challenge of developing new opportunities to fulfil their potential guided by their own aspiration. Each position within the Company designed based on the Company's business strategy, is filled by the most suitable talent, regardless of age/tenure. In this way, we will provide further support for associates' growth in a strategic manner.

As a first step in implementing the new HR policy, we adopted a new grading policy for managerial positions in April 2022. Going forward, through the three concepts outlined above, we aim to realize growth of individual associates and the Company.

Performance Feedback and Career-Planning Meetings

At Terumo, supervisors hold meetings with associates twice a year at which they provide the associates with feedback on how they have been performed. During these meetings, besides informing the associates of their evaluation results, the supervisors also talk with the associates to share areas for improvement and actions that need to be taken, so that the associates can obtain insights and be able to achieve growth.

Terumo also holds annual career-planning meetings that encourage associates to think carefully about their careers and discuss their thoughts with their supervisor. These meetings involve the development of career plans and specific performance targets. Data from the meetings is managed and used as the basis for determining assignments and providing other forms of individualized career support.

One-on-one Meeting

Besides performance feedback and career planning meetings, Terumo also implemented one-on-one meeting from fiscal 2022. The aim is for supervisors and subordinates to meet together for around 30 minutes to one hour once a month to communicate with

one another. The objective of the one-on-one meetings is to support the growth of the subordinates by providing regular, frequent opportunities for subordinates to share the experience that they have acquired through their work, for them to receive support on the issues and concerns that they currently have in regard to career development, and to reach consensus and clarify issues in relation to work goals and the role that the subordinate is expected to fulfill.

“Career Challenge” In-House Job Posting Program

In Japan, Terumo operates an in-house job posting program. Set up in 1997, this program enables associates from a range of departments and job families to enhance their careers by taking on new challenges and opportunities. For those with a strong desire to move their career to the next level, the program, which is open to associates regardless of age (level) or gender, presents opportunities to gain experience and develop as business professionals.

In fiscal 2022, the program was renamed as the “Career Challenge” job posting. The content of the program has been radically overhauled, with the introduction of job postings for managerial positions, and the abolition of the requirement to have a set number of years’ experience in one’s present position to be eligible to apply, etc. We are promoting this program to provide more opportunities for the realization of “self-directed career development,” whereby each associate thinks about their career from their own perspective and is able to take new opportunities to develop their career by their own ideas and capabilities.

Target Critical Skills Development

Basic Approach

The Terumo Group conducts strategic workforce planning to identify the capabilities (roles, skills, and competencies) needed to achieve our mid- and long-term goals and to create and implement recruitment and development plans that align with these goals. Since fiscal 2021, we review and update our strategic workforce plans annually to identify common key capabilities/skills for the Group as a whole and for each business, function, and region.

Definition of Digital Talent

We are working on development and acquisition of digital talent as a capability that needs to be strengthened across the Group. Since fiscal 2022, we have been defining the roles of digital talent across the Group, to identify and monitor the number and location of these talents. Based on the data collected through this process, we are sharing digital talent issues with global business leaders and working to strengthen the formation of digital talent communities, provide knowledge and skills training, and improve our recruitment processes.

Development of Digital Talent (Terumo Corporation)

Since 2020, we have launched the “Terumo DX College” to support the improvement of digital literacy of all associates (from 2020) and the acquisition of knowledge by associates who are willing to acquire digital skills (from 2022). From 2023, we begin offering training in specialized and practical courses to encourage the skill development of professionals who seek to solve business and practical issues with digital skills, depending on the needs of the entire company or each business. In addition to creating new value, we will continue to develop Terumo’s existing strengths further and create an environment where digital technology can be linked to new strengths in all aspects of our business.

Growth Mindset

Basic Approach

At Terumo, we value the growth and development of every associate. In the rapidly changing world of healthcare, our associates play a crucial role in enabling us to tackle new medical challenges and provide innovative solutions. We are committed to fostering a “Growth Mindset” culture throughout the Group that encourages our associates to continually take on new challenges, learn, and grow. By fostering the Growth Mindset, we aim to evolve the company by creating a shift in the attitude and behavior of every associate. To promote the Growth Mindset, our top management and business leaders regularly communicate with our associates about the importance of the Growth Mindset and share their own experiences. We also conduct workshops for our global leaders and equip them with the necessary tools to implement the Growth Mindset. In addition, each of our Group companies implements measures to promote the Growth Mindset according to their own circumstances.

Measures to Implement Growth Mindset

All associates take an e-learning course to learn about the Growth Mindset itself, and in the workshop format, new hires, mid-level associates, and other level-specific training share their experiences of opportunities to put the Growth Mindset into practice. In addition to leadership messages, we are developing activities to promote putting Growth Mindset in daily life through a relay interview of associates called “My Growth Mindset Story” and programs that the Growth Mindset promotion partners promote at each business location. We will continue activities to promote the Growth Mindset to ensure that individual growth leads to organizational development.

Diversity, Equity and Inclusion (DE&I)

Basic Approach

Terumo provides medical products and solutions in more than 160 countries and regions. Currently, about 75%* of the Company's revenue is generated outside of its corporate headquarters in Japan and out of the 30,000 Terumo Group associates spread across the world, nearly 80%* work outside of Japan. Terumo believes it is most important for associates to respect and value differences as well as to empower everyone to bring their authentic self to work, in order to bring about innovation which will lead to the Company's continued growth.

In March 2022, Terumo established a global "DE&I Philosophy" to further cultivate the culture of Diversity, Equity, and Inclusion (DE&I) in Terumo Group. Additionally, a "DE&I Guiding Principle" has been defined to ingrain DE&I norms of behavior in policies, processes, and day-to-day work practices. The DE&I Philosophy and the DE&I Guiding Principle are aligned with Terumo's Core Values and the Terumo Group Code of Conduct and clearly state the commitment to cultivate a globally diverse, equitable, and inclusive culture. In the 5-Year Growth Strategy (GS26) starting from April 2022, Terumo also aims to be an organization in which diverse talents can flourish with their full potential toward the realization of global management. With the DE&I Philosophy in place, Terumo will further strive to fulfill the Company's purpose to advance healthcare and enhance patients' quality of life.

* Calculated based on revenue for the fiscal year ended March 31, 2023, and the number of Terumo Group associates as of March 31, 2023.



DE&I Philosophy and Guiding Principle

<https://www.terumo.com/about/regulation/diversity-equity-inclusion>



The concept of the expression
The letters of DE&I, which overlap and are in various shades, represent the associates. The logo expresses that by respecting individual differences and providing appropriate resources for each associate's situation, the associates maximize their abilities, support "Terumo", and achieve further growth. (The logo is internal use only)

Promotion Measures

In 2021, we launched a Global DE&I Council, the membership of which comprises associates who embody diversity in terms of gender, nationality, job family and levels, etc. Through active discussions at the DE&I Council, we established DE&I Philosophy and Guiding Principles for the entire Terumo Group, which is mentioned earlier. In addition, we identified four focus areas to accelerate DE&I promotion in March 2023. Currently, initiatives related to these areas are being advanced based on specific needs of each region. Plans and initiatives to promote DE&I, including those related to gender diversity, are regularly reported and discussed at the Board of Directors meetings. Various suggestions based on diverse perspectives are received from independent directors.

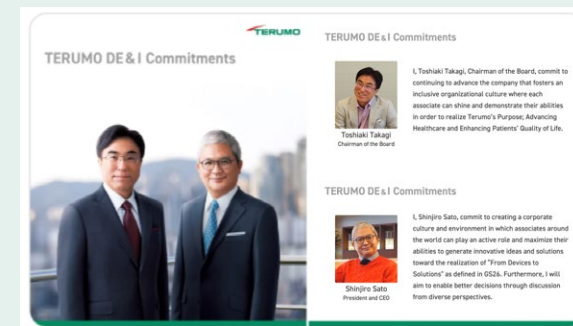
The Four Focus Areas and its Major Initiatives

1. Associate diversity, equity and belonging: Stimulate the creation of an Associate Resource Group (ARG) at each Group company.
2. Inclusive Leadership: Set specific DE&I related goals for each Group Executive Officer and ensure the execution.
3. Policies and practices: Review HR policies and practices at each Group company from DE&I perspectives.
4. Awareness and communication: Strengthen both internal and external communication regarding DE&I.

TOPICS

Initiatives to promote "Inclusive Leadership" Declaration of DE&I Initiative and Goals by All Group Executive Officers

At the Terumo Group, all 19 Group Executive Officers including the Chairman of the Board and the President and CEO have each declared their goals for DE&I initiatives. These are announced on the company intranet and on Terumo's social networking services.



Declaration by Global Executive Officers posted on social networking site

Initiatives to Promote Communication "Terumo DE&I Week"

At the Terumo Group, we hold "Terumo DE&I Week" every March to promote a better understanding of DE&I, foster mutual respect among associates, and create an inclusive work environment where associates are empowered to bring their authentic selves to work. Various events and activities such as messages from management, panel discussions were held at sites around the world.



Internal event held during the "Terumo DE&I Week" (Vietnam)

Human Resources

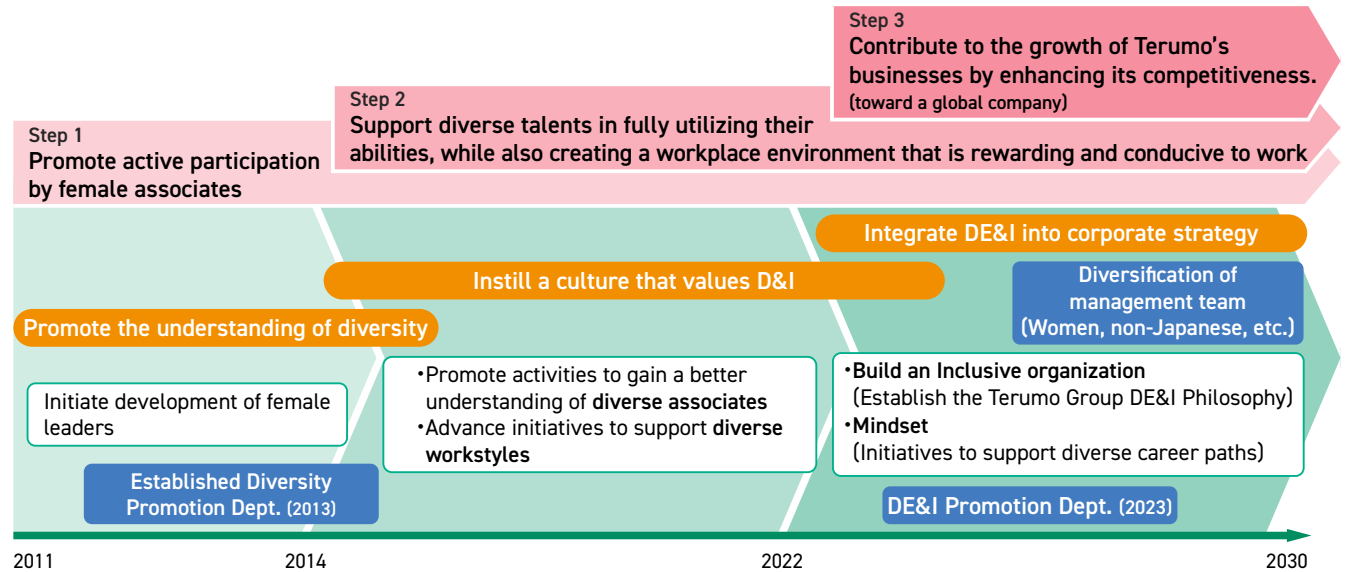
DE&I Promotion (Terumo Corporation)

Terumo is implementing initiatives to foster an inclusive corporate culture by promoting understanding and disseminating DE&I.

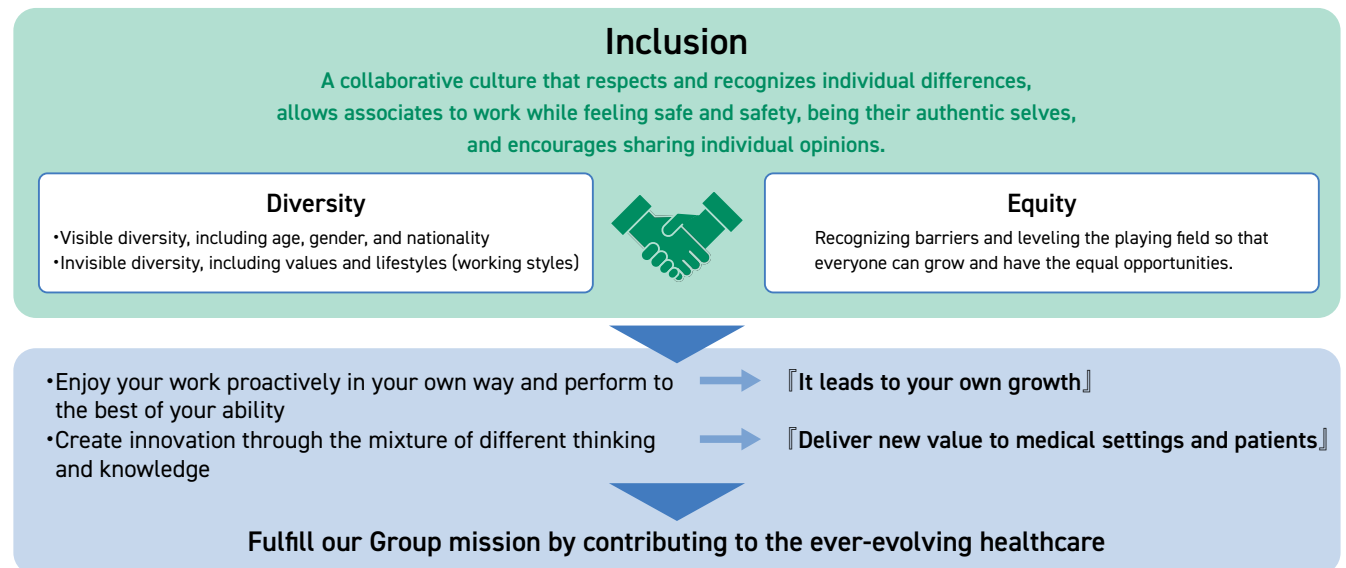
Major Initiatives Implemented So Far

- Posting of the targets and plans for DE&I initiatives on the Company's intranet
- Female independent director and external lecturers give lectures and workshops for senior managers, individual departments and factories, and sales managers
- Managers announce what initiatives they will be implementing in their own department to promote diversity, and post this information on the Company intranet
- Holding of diversity management training session for managers (with content including: management approaches that can effectively draw out the skills of diverse associates, including women and non-Japanese individuals, and how to interact with subordinates from diverse backgrounds)
- Conduct of level-based trainings on the skills needed to be able to effectively manage diverse talents and work-styles, and on unconscious bias
- Implementation of e-learning for all Terumo associates, including seconded personnel (e-learning topics include: basic knowledge about DE&I, unconscious bias, psychological safety, etc.)
- Disseminating information about DE&I through Terumo's social media accounts

Initiatives to Promote DE&I at Terumo



Terumo's Vision for DE&I



Promotion of Active Participation by Female Associates

In order that our Company can continue to grow in today's diverse global community, Terumo's senior management has committed to the "Promotion of Active Participation by Female Associates" as part of our efforts to realize DE&I-aware management.

The ratio of female managers in the Terumo Group, globally, is approximately 30%, compared with 9.6% in Japan (as of March 31, 2023). To ensure continued value creation in the future, it is critical to have a diverse pool of decision makers, including women in management positions. To achieve this goal, we have set a target of 13% women in managerial positions in Japan by the end of fiscal 2026. We are working toward this goal by creating an environment led by top management that enables women to maximize their potential. We are also making it mandatory to include female candidates in succession plans for key management positions and systematically dispatch them to women's leadership programs at external training institutions to develop female leaders and candidates. In mid-career hiring, we are promoting recruitment of female talent as candidates for future management positions, as well as for specialist positions such as lawyers, and for managers and manager candidates. In addition to these efforts, we are actively supporting the creation of a network where associates can share issues and information about career and life events with other associates.

Number and Percentage of Female Managers (Terumo Corporation)

	FY2020	FY2021	FY2022
No. (employees)	69	73	90
Percentage (%)	8.1	8.4	9.6

Major Initiatives Implemented So Far

- Introduce DE&I-related criteria as one of the individual's qualities to be evaluated for executive appointments.
- Require to include female candidates in succession plans for key executive positions.
- Require to include development plans for subordinates in their own objectives.
- Engaged in initiatives for improving diversity management skills in managers that have responsibility for developing female leaders
- Systematically send female associates to women's leadership programs offered by external training institutions to develop female leaders and candidates for management positions.
- Build networks for exchanging ideas in relation to career and life event related issues and information
- Take appropriate measures during the promotion and appointment to ensure that life events, such as parental leave, do not affect career advancement, considering each associate's situation.
- Implement a system to provide subsidies for babysitting fees

Promotion of Active Participation by International Associates

At Terumo, we are engaged in recruiting overseas talents regardless of nationality and promoting the recruitment of global talents by accepting overseas university students and international students in Japan as interns.

As our business is becoming more globalized, we are also working to create an environment where every associate—regardless of nationality or language—can work more comfortably. As part of this effort, we use the term International Associates ("IA") to refer to associates who are not native to Japanese culture or language, and we are conducting cross-cultural communication training for supervisors who have IAs under their supervision. In addition, we have also established an Associate Resource Group (ARG) of IAs to strengthen their network and make it easier for them to consult with each other and work in Japan.

In addition to these efforts, we have also established internal infrastructure, such as providing internal announcements via e-mail and office bulletin boards in English.

Support for Contributions by Senior Associates

In Japan, Terumo introduced TES, or the Terumo Expert System, in fiscal 1998 as a way to rehire retirees with outstanding skills and expertise. Many associates have been brought back through TES and continue to make the most of the expertise they developed over many years. These Terumo Experts work not only in highly specialized areas but also in a wide variety of other areas where they contribute to the Company by drawing on their wealth of experience to provide guidance and advice to younger associates.

In April 2023, we made changes to the TES to introduce a compensation structure that is based on roles and performance. The main objective of this change is to encourage senior associates to fully utilize their skills and actively participate in the organization. We also introduced flexible work arrangements that allow diverse work styles such as side jobs and 3-4 day work weeks.

Furthermore, we have introduced a career advisor program to offer additional support for the contributions of senior associates. Through this program, advisors with management experience at the Group meet with all rehired associates on an individual basis to quickly identify any issues they might face and offer advice.

Employment of Individuals with Disabilities

By providing job opportunities that match the capabilities and aptitudes of various individuals, Terumo promotes the employment of individuals with disabilities to allow them to pursue rewarding lives as independent members of society. In fiscal 2018, we accelerated our efforts to support the development of workplace environments in which associates with disabilities are able to feel more comfortable working and better exercise their talents. Specifically, we introduced a new program in which associates with certifiable disabilities can receive 12 days of special paid leave a year in order to provide them with peace of mind when taking days off for hospital visits, hospitalization, or simply resting when in poor health. We will continue to promote initiatives that enable each associate with disabilities to maximize their abilities and make efforts to expand employment.

Inclusion of Sexual and Gender Minorities

In order to create a workplace environment wherein associates with different backgrounds respect each other and can work to the fullest of their ability, Terumo is engaged in various initiatives from the perspective of sexual and gender minorities, such as members of the LGBT community.

In January 2017, a clear stipulation prohibiting harassment on the basis of sexual orientation or gender identity was included in Terumo's work regulations. In addition, the revised Terumo Group Code of Conduct, which was announced in April 2019, included a commitment to maintaining a workplace environment in which people would not be unfairly favored or disadvantaged on the basis of sexual orientation or gender identity.

Topics pertaining to the prevention of harassment based on sexual orientation and gender identity were incorporated into the harassment training provided to all associates. We are also striving to enhance associates' understanding of LGBT issues through measures such as the installation of unisex restrooms, and the holding of LGBT sensitivity training sessions by external lecturers.

Well-being

Basic Approach

For our associates to fully utilize their abilities and thrive in the workplace, it is essential that they maintain both physical and mental health. Additionally, their experience at Terumo should be enriching, and they should feel a sense of purpose and job satisfaction. At the Terumo Group, we refer to this state of being as "well-being." To enhance well-being, we are implementing various initiatives across the entire Group, in every region, country, and company.

Promotion of Associate Health Improvement

Terumo recognizes that healthy associates are crucial to sustainable growth. As a company tasked with contributing to the development of healthcare, we are committed to ensuring that our associates remain healthy and providing them with an environment that allows them to feel energized in their work.




Message from Senior Management

Shinjiro Sato,
President and CEO, Terumo Corporation

Recognizing that the contributions of each and every associate drive the ongoing growth of the Company, Terumo is promoting work-style innovation and "Kenko Keiei" to enable all associates to fully exercise their talents. In responding to the COVID-19 pandemic, we have made the health and safety of all associates a top priority, and we have continued to implement activities that make a positive contribution to medical settings. From the point of view of safeguarding associates' health, the rapid changes in the working environment during the COVID-19 pandemic have created a situation where communication tends to be reduced, and so it is very important to create an environment where our associates can work with peace of mind, with less of a psychological burden in terms of worry and stress. Based on our awareness of this need, we have been driving both companywide initiatives and initiatives at the level of the individual workplace. Going forward, we will be working to build an environment in which every associate is able to work enthusiastically with good physical and mental health.

Promotion of Global Wellness Program

The Terumo Group aims to empower all associates in their work and have them share the same values through working at the Group. We are advancing global wellness programs with this goal. By learning from initiatives implemented worldwide and making progress together, we are fostering a sense of solidarity among Group associates. In 2020, we prepared a shared global common tagline, "Your Health, Your Happiness, Our Priority," and logo for internal use, and designated five shared themes which we recognize as being particularly important. This tagline encapsulates the shared desire of associates and the entire Terumo Group to protect the health of all associates.

Shared Themes	Concrete Initiatives
 Exercise	Financial support for exercise; in-office gyms; walking, running, and other sports events; etc.
 Healthy diet	Provision of healthy meals and fruit, nutrition seminars, etc.
 Mental health	External consultation venues, stress relief and mindfulness programs, sleep workshops, support for addressing financial concerns, etc.
 Prevention & care illness	Health examinations, vaccinations, treatment support, leave for treatment purposes, etc.
 Family care	Wellness support for associates' families

Terumo Patient's Day

At the root of what motivates our associates is the strong belief that our work is meaningful. This is captured in our Group mission, "Contributing to Society through Healthcare." Since 2013, we have been conducting an in-house event around the world called "Terumo Patient's Day" to provide opportunities for associates to reconnect with our mission and consider anew what it means to personally contribute to the advancement of healthcare, and to reflect on the value we provide to society. At Terumo Patient's Day, associates listen to moving accounts of what patients have experienced in their struggle to overcome illness. This enables associates to reflect directly on the connection between their everyday work and healthcare.

Associate Experience Survey

In fiscal 2020, Terumo implemented its Groupwide global survey of the Associate Experience, along with the Core Values survey. The survey results showed that, positive answers to the question on whether the work is meaningful accounted for the largest share, responses varied by entities or department on other question categories which highlighted opportunities for improvement at each organization. On the basis of these results, we will identify focus areas for improvement and link them to meaningful actions, taking into account the characteristics of each organization and changes in survey results over time. We are working to promote generating synergies on these efforts by coordinating the various initiatives being implemented, so as to enhance Associate Experience throughout the Terumo Group as a whole.

Initiatives to Enhance Well-being (Terumo Corporation)

Associate Engagement Survey

At Terumo, we implement the associate engagement surveys. Associate engagement surveys were administered to associates at all business sites in Japan once a year. Starting fiscal 2022, we have increased the frequency of survey. These surveys contain questions on indicators consisting of associate engagement and items to understand the current conditions and details of associate engagement. In fiscal 2022, 92% of associates responded to the surveys. The results of these surveys are also shared with the associates' respective organizations, as well as the Associate Experience Survey, to enable these organizations to analyze their current organizational status objectively and formulate and implement action plans to realize improvements. Other initiatives for utilizing survey findings to drive positive change include cross-divisional workshops and communication training sessions.

Work-Style Innovation

Recognizing that the contributions of each and every associate drive the ongoing growth of the Company, Terumo is promoting workstyle innovations to enable all associates to fully exercise their talents. Through these work-style innovations, we seek to reduce overtime work and redesign human resources policies while also enabling associates to adopt flexible work styles that match their work or lifestyle in order to realize greater productivity.

Policies to Facilitate Flexible Workstyles (Terumo Corporation)

Policy	Description
Staggered working hours policy	Adjustment of start and end of work day by up to two hours available according to daily work and schedule
Flexible working hours policy	Flexibility for each associate to set their own start and end times and working hours within the total number of hours set for each month
Work-interval policy	Policy to ensure that a total of at least eight hours transpire between the end of working hours for one day and the beginning of working hours for the next day to prevent overwork
Work-at-home policy	Available to all associates with unlimited number of uses
Satellite offices	Satellite offices established, mainly in the Tokyo metropolitan area, to support location-free work styles
Paid half-day leave	Paid leave for taking a half day off in the morning or afternoon available
Hourly paid leave	Paid leave available in hourly units
Refreshment leave	Five days of refreshment leave (special paid leave) for associates who have been working for 10 or 20 years or who have retired and transitioned to the Terumo Expert System

Proper Working Hour Management

To promote the enhancement of working efficiency, besides implementing rigorous management of daily working hours, Terumo is also promoting the building of a workplace environment in which "work time is for work and off-time is for rest."

Major Initiatives Implemented to Enhance Working Efficiency and Ensure Appropriate Working Hours

- Using new technology to reduce production process manpower requirements
- Saving labor through the adoption of automation technologies such as robotic process automation (RPA)
- Adjusting operations and making them more efficient
- Establishing a minimum of one "no overtime" day per week
- Sending alerts when hours worked outside normal working hours reach a specified level
- Providing managers with periodic notifications and training
- Establishing Company holidays
- Promoting the taking of paid vacation days

Ratio of Paid Vacation Days Taken (Terumo Corporation)

	FY2020	FY2021	FY2022
Ratio of days taken	59.9%	67.1%	71.1%

Childcare and Nursing Care Support Policy

Terumo is fostering a workplace environment that enables associates to realize their maximum potential by supporting flexible work styles that accommodate childbirth, child-rearing, nursing care, and other life events.

Childcare and Nursing Care Support Policies (Terumo Corporation)

	Policy	Description
Childbirth	Maternity leave	• Up to six weeks' leave can be taken before childbirth, and up to eight weeks' leave after childbirth.
	Parental leave for spouses	• Two days' leave can be taken within one month of the spouse giving birth.
Childcare	Long-term childcare leave	• Leave available to be taken until the child reaches the age of 14 months (until the child reaches the age of three if there are special circumstances such as being unable to enter a nursery school). • Up to 30 days of expired paid leave can be used at the beginning of leave. • Postnatal paternity leave available to male associates within eight weeks of spouse giving birth, which allows them to work while on childcare leave.
	Shortened working hours	• Working hours can be shortened by up to two hours per day until the child finishes elementary school (approximately age 12).
	Adjusted working hours	• The start and end time of regular working days can be moved forward or backward by up to two hours until the child finishes elementary school (approximately age 12).
	Exemption from working outside normal working hours	• Until the child reaches the age of three: The associate concerned can submit an application to the Company to be exempted from working outside normal working hours, and to be exempted from late-night working. • Between the child's third birthday and starting elementary school (approximately age seven): The associate concerned can be exempted from working more than 24 hours a month or 150 hours a year outside normal working hours, and to be exempted from late-night working.
	Work-at-home policy	• Available with unlimited number of uses.
	Authorization to use company vehicles to drop off or pick up children at childcare facilities	• Associates can use company vehicles to drop off or pick up children at childcare facilities when on their way to perform business activities or when on the way home.

Nursing care	Long-term nursing care leave	• Leave can be taken up to three times for a cumulative total of up to three years for each family member requiring nursing care. • Up to 30 days of expired paid leave can be used at the beginning of leave.
	Shortened working hours	• Working hours can be shortened by up to two hours per day for a cumulative total of up to three years.
	Adjusted working hours	• The start and end time of daily working hours can be moved forward or backward by up to two hours for a cumulative total of up to three years.
	Work-at-home policy	• Available with unlimited number of uses.
	Authorization to use company vehicles to drop off or pick up relatives at care facilities	• Associates can use company vehicles to drop off or pick up relatives at care facilities when on their way to perform business activities or when on the way home.

Support for Helping Associates Return to Work after Childbirth and Childcare Leave

In fiscal 2013, we began holding career-resumption seminars for female associates currently on childbirth or childcare leave, and for their supervisors. At these seminars, we invite female associates that have experience with adjusting to changes in the balance between work and child-rearing to offer their insights regarding this adjustment. These associates also outline key developments at the Company that have taken place while the returning associates have been on leave and the preparations and attitude needed for a smooth return to work.

In addition, supervisors were briefed on various policies that help associates balance work and family responsibilities as well as the importance of individual meetings with associates returning from childcare leave. Supervisors were also given guidance on the evaluation scheme and assignment of associates. The aim of this was to provide supervisors with management tools for aiding associates in adopting diverse work styles to fully exercise their skills and thereby support their career development from a long-term perspective. Since fiscal 2020, this has been implemented not only in our head office, our sales offices, and our Shonan Center, but also at individual factories.

Encouraging of Male Associates to Take Childcare Leave

At Terumo, we encourage our male associates in Japan to take childcare leave. The number of male associates taking childcare leave at Terumo is increasing. In fiscal 2022, 104 male associates took childcare leave, or 68.8% of all applicable associates. Male associates who have taken childcare leave have reported that it has enabled them to provide physical and emotional support to their spouses and has strengthened family ties. To encourage the use of paternity leave, we think it is essential to establish a work environment that accommodates associates taking leave for the necessary duration and to foster understanding among managers and colleagues. It is expected that male associates who have taken childcare leave will have developed a strong understanding of the benefits of workstyle diversity and will be effective contributors to the creation of a work environment where everyone can fully exercise their skills.

Number and Percentage of Male Associates Taking Childcare Leave (Terumo Corporation)

	FY2020	FY2021	FY2022
Associates taking childcare leave (employees)	89	84	104
Percentage of applicable associates taking leave (%)	63.1	54.9	68.8

Acquisition of Kurumin Certification under Japan's Act on Advancement of Measures to Support Raising Next-Generation Children

Terumo has maintained the Kurumin certification* since 2014, signifying it as a company that actively works to support the raising of children.

* Established under the Act on Advancement of Measures to Support Raising Next-Generation Children, Kurumin certification program enables companies that have established a General Employers Action Plan and have met certain standards to apply to the Ministry of Health, Labour and Welfare for certification as a company that supports the raising of children.



Human Resources

Participation in "IkuBoss* Alliance"

In June 2018, Terumo joined the "IkuBoss Alliance," a business network operated by the nonprofit organization Fathering Japan. Through our participation in the IkuBoss Alliance, we aim to increase the number of "IkuBoss" supervisors in the Company who specialize in creating workplace environments that are empowering and comfortable for all and in helping their teams fully exercise their skills.

* One who supports the work-life balance, careers, and lives of their subordinates and staff and seeks to create results for the organization while achieving a good work-life balance themselves.

Support for Balancing Work with Nursing Care

In preparation for the challenges of nursing care, which every associate may eventually face, Terumo has instituted a policy to support associates balancing work and nursing care responsibilities. We also provide information and consultation venues to assist associates in achieving such balance and have taken steps to promote their awareness of these support options.

Item	Details
Nursing care columns	Introduction and explanation of wide-ranging information in support of nursing care by a specialized lecturer through the intranet
Nursing care seminars	Nursing care seminars by specialized lecturers held for associates nationwide
Individual nursing care consultation events	Regular individual consultation events held by a specialized lecturer (family members may attend)
Nursing care handbooks	Preparation and distribution of handbooks under the guidance of a specialized lecturer to encourage associates to discuss nursing care with family members while they are still healthy

Rehiring of Former Associates through the Career-Return Policy

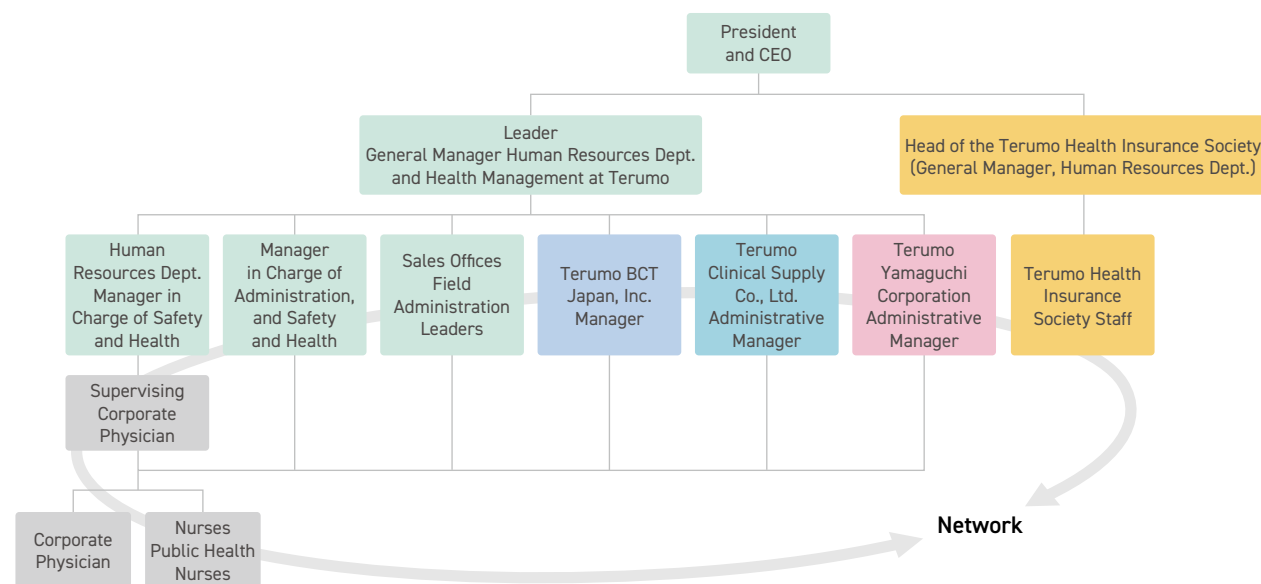
Terumo has opened a pathway to rehire associates who have left because of marriage, childcare or nursing care responsibilities, or the relocation of their spouse. The Career-Return Policy expands the range of employment choices for associates who wish to resume their careers at Terumo in Japan. By helping associates resume their careers, we are making it possible for them to put their broad experience and skills to use and contribute to Terumo's growth.

The "Kenko Keiei" System

To promote "Kenko Keiei," we have formed a team, with members drawn from across Terumo Group companies in Japan, to work with the Terumo Health Insurance Society to undertake "collaboration of health"* initiatives. In addition, led by a supervising corporate physician, corporate physicians, nurses, public health nurses, and other corporate health staff deployed to individual business locations share information on "Kenko Keiei" directions for Group companies in Japan and on common initiatives and best practices in order to facilitate the standardization of initiative levels.

* Initiatives undertaken through collaboration between company management and the Terumo Health Insurance Society

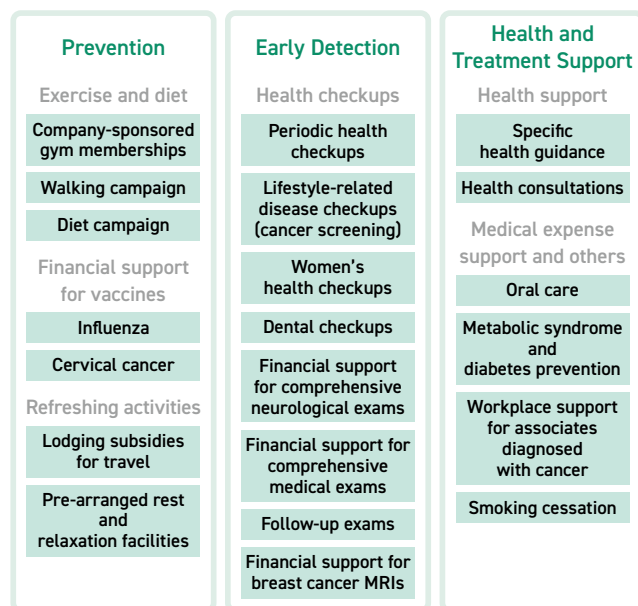
Terumo "Kenko Keiei" Promotion Team



Basic Approach and Major Initiatives

At Terumo, we will analyze past diagnostic results and medical expense data to set policies and formulate annual action plans to be implemented at all Group companies in Japan. Initiatives based on policies and plans are advanced, and their results are quantitatively and qualitatively verified on an annual basis. In addition, internal “Kenko Keiei” surveys are conducted to incorporate associate input and needs into a “Kenko Keiei” plan-do-check-act (PDCA) cycle. For example, the Company, its health insurance society, and industrial health staff collaborate to provide associates with health checkup opportunities, hold seminars and health-oriented events, and offer financial assistance to promote prevention, early detection, and early treatment. In addition, health guidance is provided to individual associates and their families.

Efforts on Prevention, Early Detection, and Treatment Support



1. Reduction of Ratio of Smokers and Ratio of Associates Diagnosed with Metabolic Syndrome

We are working to prevent the onset of lifestyle-related diseases. To that end, we aim to reduce the ratio of smokers to less than 20%

and the ratio of associates diagnosed with metabolic syndrome to less than 22%.

[Major Initiatives]

- Discouraging smoking: Prohibition on smoking at work, holding of seminars on quitting smoking, distribution of tools to assist in quitting smoking, financial support for receiving outpatient smoking cessation assistance or purchasing aids for quitting smoking, and prohibition on smoking on the premises of the Company and Group companies
- Prevention of Metabolic Syndrome: Special health guidance, and holding of special walking and dieting events

[Initiative Results]

- Discouraging smoking: The ratio of smokers was 23.3% in fiscal 2022. We will continue to implement activities in this area with the aim of reducing the ratio of smokers to less than 20%.
- Prevention of Metabolic Syndrome: By implementing measures that enable associates to improve their lifestyle habits while having fun, for example by providing diet programs based on the recording of data that make use of Terumo products, and through the holding of periodic events, we are able to strengthen the motivation of associates while enabling them to receive more effective advice from public health nurses.

2. Early Diagnosis and Treatment of Cancer to Enable Associates to Return to the Workplace

We are focusing on examinations to diagnose and treat cancer early and on creating workplaces that enable associates who have been treated for cancer to return to work when they are ready and continue to work while they are being treated.

[Major Initiatives]

- Full compensation of fees by the Terumo Health Insurance Society for checkups for lifestyle-related diseases (cancer screening), making it easier to receive such checkups by enabling associates to have them during working hours together with regular checkups required by law, encouraging associates to have secondary examinations when the initial examinations indicate that more detailed examination is needed, and a policy to help associates to continue to work while undergoing cancer treatment

[Initiative Results]

- In fiscal 2022, all associates underwent regular checkups required

by law and more than 90% received secondary examinations when warranted.

3. Women's Health

In response to the increase in female associates, we implement “Kenko Keiei” practices that meet needs specific to women.

[Major Initiatives]

- Seminars on the importance of receiving breast cancer and cervical cancer screening, financial support for receiving cervical cancer vaccines, and financial support for undergoing MRI breast cancer examinations*

* Having a high rate of lesion detection, MRI examinations are said to be effective for early detection of breast cancer in women with unusually dense breast tissue and in women considered at high risk for breast cancer due to family history or other factors.

4. Encouragement of Self-Help

Based on the belief that self-help initiatives are the most important element of managing associate health, we are disseminating information to encourage self-help efforts.

[Major Initiatives]

- Dedicated “Kenko Keiei” intranet site offering information on Terumo’s “Kenko Keiei,” messages from senior management, health improvement support, initiatives at business sites, and healthcare practices of associates
- Financial support for dental examinations and oral care to help raise awareness of dental diseases, which can contribute to lifestyle-related diseases
- Stretching workshops for improving sleep quality and preventing lower-back pain and other training opportunities for addressing presenteeism issues

Major Initiatives and Achievements in Fiscal 2022

Prevention	<ul style="list-style-type: none"> • Walking campaign participants: 2,417 (held in the spring of 2022) / 2,307 (held in the autumn of 2022) • Stress check take-up rate: 86% (identified as high stress: 12%)
Early detection	<ul style="list-style-type: none"> • Periodic health checkup rate: 100% • Secondary examination rate: 92%
Health and treatment support	Specific health guidance rate: 54.2%

Human Resources

For more information about these initiatives, please refer to "Human Resources and Labor Data" on p.110.

Workplace Support for Associates Diagnosed with Cancer

In recent years, with the advances and improvements in diagnostic techniques and treatment methods, there has been an increase in the number of cases where associates are able to continue working while undergoing treatment for cancer, instead of needing to take a long period off work. In January 2017, we established a new workplace support policy for associates who have been diagnosed with cancer, to provide flexible support so that they can balance treatment and work responsibilities, and enable them to take advantage of opportunities for treatment with peace of mind.

Types of Support

Use of expired paid leave	Expired paid leave may be used a day at a time.
Unpaid leave	Associates may take as many days as needed, but no more than 30 consecutive days.
Unpaid working hour reductions	Working hours may be reduced by up to 2 hours per day.
Staggered working hours	Adjustment of daily starting and finishing times by up to 2 hours.

Membership in KENKO Kigyo Kai

Terumo is a member of the KENKO Kigyo Kai, an organization of companies committed to the idea that employee health should be a top management priority. Under the leadership of their senior management, members of this organization embark on an ongoing process of taking steps to promote the health of their employees, reviewing measures and their results, sharing this information, and making improvements. Terumo embraces this approach to business management and contributes to efforts to promote its wider adoption.

External Recognition

In recognition of the effectiveness of its "Kenko Keiei" initiatives, Terumo was selected for inclusion in the Health & Productivity Stock Selection for seven consecutive years, between fiscal 2014 and fiscal 2020. Terumo has also been included in the Excellent Enterprise of Health and Productivity Management—White 500 selection for five consecutive years since fiscal 2016. Furthermore, Terumo

received the Cancer Prevention Partner Award (Cancer Screening Category) in fiscal 2019 through the Ministry of Health, Labour and Welfare's Action Plan for Companies Promoting Cancer Prevention in recognition of its efforts to promote cancer screenings.

Major "Kenko Keiei" Selections, Certifications, and Awards

- Health & Productivity Stock Selection (Seven consecutive years since fiscal 2014 to fiscal 2020)
- Excellent Enterprise of Health and Productivity Management (Five consecutive years since fiscal 2016 to fiscal 2020)
- Tokyo Sports Promotion Company (Eight consecutive years since fiscal 2015 to fiscal 2022)
- Sports Yell Company (Six consecutive years since fiscal 2017 to fiscal 2022)
- Cancer Prevention Partner Award (Encouragement of Cancer Treatment While Working Category) (fiscal 2017) and Cancer Prevention Partner Award (Cancer Screening Category) (fiscal 2019), Action Plan for Companies Promoting Cancer Prevention, Ministry of Health, Labour and Welfare
- Award of Excellence, Awards for Companies Supporting Cancer Patients in Receiving Cancer Treatment While Working, Tokyo Metropolitan Government (fiscal 2017)
- Yamaguchi Prefecture Governor's Award for Excellent Enterprises in Health and Productivity Management, Terumo Yamaguchi Corp. (fiscal 2017)
- Sukoyaka Yamanashi 21 health Promotion Award, Terumo Corporation's Kofu Factory (fiscal 2018)

Management-Worker Dialogue

Terumo recognizes that a healthy management-worker relationship based on trust and mutual understanding is extremely important for it to grow and develop together with its associates. In Japan, all non-managerial associates are members of the workers' union (Terumo utilizes a union shop system). Input from the workers' union is treated as valuable feedback, and we resolve issues by taking actions that are acceptable to both management and associates. In Japan, we arrange forums for discussion with senior management as well as regular management-worker conferences,

held once a month in principle. By facilitating reciprocal communication through such forums, the relationship between management and the workers' union has been developed into one in which both sides work as partners to bring about mutual growth and development.

In addition, we hold timely discussions regarding work-style reforms, "Kenko Keiei" (health and productivity management), and other Companywide measures to support the endeavors of associates through a united management-worker effort. We also work to enable a free and vigorous exchange of views throughout the Company through surveys and feedback via the workers' union.

Employee Shareholding Association

An employee shareholding association policy has been adopted for associates at Terumo Corporation and at its domestic subsidiaries. In encouraging associates to hold shares in the Company, we are aiming to cultivate a stronger sense of associate participation in management. At the same time, the Company provides associates with additional bonus payments based on how much they have invested in company stock, which helps associates to build up their financial assets.

Recognition (Praise and Approval)

Basic Approach

The Terumo Group places great importance on recognizing the contributions made by its associates as part of promoting its well-being initiatives. To this end, the company is working to improve its external recognition and evaluation further. In addition, the Group has introduced company-wide awards for its associates. Each business and function is also enhancing its own awards and recognition programs and encouraging team members to appreciate each other's contributions.

Terumo Global Awards

The Terumo Global Awards is an annual award program open to all Terumo Group companies. This program is designed to recognize associates that have made large contributions to either the Group or society through business success or excellence in community outreach.

Human Resources

Terumo Fellows

Associates named as Terumo Fellows possess superior expertise and practical experience in the fields of technology, research, clinical development, and regulatory affairs and have made conspicuous contributions to medical settings throughout the World. Since establishing the Terumo Fellows program in 2016, we have inducted nine associates as Terumo Fellows, including three associates newly appointed in 2022.

Initiatives to Promote Recognition (Terumo Corporation) Internal Awards Programs

Terumo has developed various internal award programs with the aim of heightening the motivation of its associates.

Honor the Front Line

Terumo recognizes associates that work diligently in lesser acknowledged endeavors through the “*Gemba-no Hokori*” awards (literally, the “Honor the Front Line” awards), which are presented each year. Various other unique award programs can be found at Terumo Group companies around the world.

Occupational Safety and Health

Basic Approach

Ensuring occupational safety, promoting the health of employees, and reducing the environmental impact of business activities are important social responsibilities for companies and are crucial to sustainable growth. Acting in accordance with the Terumo Group Environment, Health and Safety (EHS) Policy, the Terumo Group advances initiatives for ensuring occupational safety and promoting the health of its employees throughout all of its business activities, strives to develop safe and comfortable work environments, and works to reduce the impact of its business activities on the environment.



Terumo Group EHS Policy (Please visit the Regulations and Standards section of Terumo’s corporate website.)
<https://www.terumo.com/about/regulation>

EHS Management System

Based on the Terumo Group EHS Policy, we employ an EHS management system that is compliant with international environmental (ISO 14001: 2015) and occupational health and safety (ISO 45001: 2018) standards. (For more information about the EHS management system, please refer to “EHS Management” on p. 40.)

ISO 45001 (Occupational Health and Safety) Certifications

Principal manufacturing sites in Japan, a certain number of manufacturing sites overseas, and the head office (Environmental Management Department) have obtained third-party certifications of their compliance with the ISO 45001 international standards. The ratio of certifications obtained is 30% on a manufacturing site basis.

Company name	Site
Terumo Corporation	Head office (Environmental Management Department)
	Fujinomiya Factory
	Kofu Factory
	Ashitaka Factory
Terumo Yamaguchi Corporation	-
Terumo Europe NV	Haasrode Factory
	Genk Warehouse
Terumo Vietnam Co., Ltd.	Terumo Vietnam Factory
Terumo BCT, Inc.	Terumo BCT Lakewood Factory
Terumo Penpol Pvt. Ltd.	Blood bag factory
Terumo BCT Vietnam Co., Ltd.	Terumo BCT Vietnam Factory

Initiatives to Prevent Work-Related Accidents

In Japan, we have clarified the roles and responsibilities to promote occupational health and safety at the company. Our Occupational Health and Safety Management Committee plays a central role in promoting the company’s occupational health and safety. At our factories, in particular, subcommittees are established to address topics such as work safety, disaster response, occupational health, and traffic safety; facilities are inspected and problems remedied to prevent occupational accidents; and 5S (sort, set in order, shine, standardize, sustain) programs are conducted. Results of improvement measures are shared with the official meetings,

which then discusses further actions to take. EHS internal audits performed regularly also identify any potential occupational health and safety risks. Should areas requiring improvement be discovered, corrective measures will be implemented. In addition, individual business sites have established procedures to prevent and lessen the severity of any EHS accidents should they occur. They also regularly conduct emergency response training and review results, and are working to cultivate human talent with specialist expertise and skills in the area of labor safety. In fiscal 2022, 6,490 associates received basic EHS training (e-learning), including occupational health and safety content.

In addition to these measures, we have designated one day each year as safety pledge day (Safety Day) for all associates, including managers. On Safety Day, safety measures are implemented in an intensive manner at each workplace, with managers meeting together to discuss how to build a corporate culture that has safety as its foundation, and with the implementation of equipment inspections and traffic safety drills at each site. We also present awards for good examples of safety-related initiatives to foster a culture of safety at each business site.

We will continue to make efforts to achieve “zero work-related accident.” (For more information about the number of work-related accidents resulting in lost work days, please refer to “Human Resources and Labor Data” on p.110.)



Workshop for senior management on Safety Day.

Human Rights

Human Rights Initiatives

Basic Approach

Since its founding in 1921, Terumo has carried out its corporate activities while respecting the human rights of patients, healthcare professionals, associates and other stakeholders, in line with the Group mission of “Contributing to Society through Healthcare.” In 2012, Terumo became a signatory to the United Nations Global Compact, reflecting Terumo’s agreement with the principles of the Compact, which seeks to encourage business enterprises to undertake initiatives that embody respect for human rights.

Our Core Values, constitute shared values linking Terumo associates throughout the world, include respect for others, acting with integrity, and empathy for patients. Awareness of the importance of respect for human rights is a common value for all associates. The Terumo Group Code of Conduct, our code of conduct for associates also states the importance of respect for human rights as every associate’s guide to day-to-day business activities. The Terumo Group Human Rights Policy was formulated to clarify the Terumo Group’s position on and responsibility toward human rights, and to express the Group’s commitment to living up to the expectations of society with regard to human rights.

Terumo Group Human Rights Policy

The Terumo Group Human Rights Policy expresses Terumo’s support and respect for international human rights codes such as the International Bill of Human Rights and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, as well as for the Ten Principles of the UN Global Compact. As a company that provides products and services that are closely related to people’s lives and health, the Terumo Group Human Rights Policy defines priority themes related to human rights such as creating safe and worker-friendly environments, complying with fair labor practices, ensuring the quality and safety of products and services, and complying with ethical standards in research and development, in line with the UN Guiding Principles on Business and Human Rights (UNGPs).

When purchasing materials and services from outside sources, besides respecting human rights in accordance with the Terumo Group Procurement Policy and Supplier Guidelines, we also ask our suppliers to respect human rights.



Terumo Group Human Rights Policy
(Please visit the “Regulations and Standards” section of Terumo’s corporate website.)
<https://www.terumo.com/about/regulation>



The Terumo Group Procurement Policy and the Supplier Guidelines
<https://www.terumo.com/about/procurement>

Promotion System and Major Initiatives

To support the implementation of human rights due diligence (i.e., assessing, preventing, and reducing the adverse impacts on human rights that our business activities may have in society) in line with the Terumo Group Human Rights Policy, a working group was established comprising members from the corporate sustainability, human resources, legal and compliance, and procurement departments. This working group mainly undertakes the following initiatives and reports the progress on these initiatives to the executive officer in charge of sustainability.

Major Initiatives

Category	Subjects
Compliance with Labor-related Laws, and Prevention of Harassment¹	• Conducting surveys administered to Terumo Group business sites in Japan and manufacturing sites overseas to verify the state of compliance and of measures implemented
Ensuring the quality and safety of products and services²	• Verifying compliance and the response to laws and regulations
Initiatives targeting suppliers³	• Asking suppliers to sign an acknowledgment of the items stipulated in the Supplier Guidelines, including “Consideration of Human Rights for Labor” • Conducting the self-assessment questionnaire (SAQ), including questions about the implementation of measures relating to human rights and labor concerning the manufacturing facilities of raw materials suppliers located in regions with high country risk

Category	Subjects
Complying with ethical standards in research and development⁴	• Verifying the status of reviews conducted by the Terumo Research Ethical Committee • Verifying compliance and the response to laws and regulations relating to clinical trials
Bribery prevention and anti-corruption⁵	• Building compliance activity plans, including bribery prevention and anti-corruption, dealing with healthcare professionals in an ethical manner, and verifying the state of progress in plan implementation of each region and business

*1 For more information about harassment prevention initiatives, please refer to “Prevention of Harassment” on p. 100.

*2 For more information about initiatives relating to ensuring the quality and safety of products and services, please refer to “Quality and Safety of Products and Services” on pp. 55–57.

*3 For more information about initiatives targeting suppliers, please refer to “Procurement” on pp. 58–59.

*4 For more information about the main initiatives relating to compliance with ethical standards in research and development, please refer to “R&D Ethics” on p. 102.

*5 For more information about the main initiatives relating to bribery prevention and anticorruption, please refer to “Anti-Corruption” on p. 101.

Whistle-Blowing System

Based on the Group Compliance Violations Reporting and Anti-Retaliation Policy, the Terumo Group has established and operates the Terumo Integrity Helpline, a Groupwide whistleblowing system. Associates at all Terumo Group business sites can make reports or receive a consultation concerning violations of laws and regulations, the Company’s internal policies and regulations, the Terumo Group Code of Conduct, and other serious misconduct. Reporting via the Helpline can be conducted anonymously. Reports can be submitted through the Helpline not only by Terumo Group associates, but also by the directors, officers, and employees of business partners that do business with any Terumo Group company. A link to the Helpline has been posted on the Terumo website.

(For more information about the whistle-blowing system, please refer to “Whistle-Blowing System,” on p. 100.)

Contribution to Society and Local Communities

Basic Approach

While contributing to patients and healthcare professionals through its core business, the Terumo Group also engages in social contribution activities as a good corporate citizen based on its Group mission of "Contributing to Society through Healthcare." We aim to help achieve a sustainable society by gaining a deeper understanding of the society, culture, and environment of each country and region and by pursuing activities that meet the expectations and demands of communities, mainly in our work to support the spread and development of healthcare.

Supporting the Spread and Development of Healthcare

Investing in the Communities Where Our Associates Live and Work Addressing Blood Donation Shortages

Contributing to our mission extends into the communities where our associates live and work. A safe, accessible and sustainable blood supply is everyone's responsibility. Our Blood Donation Awareness Program, "From the Heart," hosts blood drives around the world to combat blood shortages and raise awareness of the important need for blood donors to keep inventory at a safe level.



Terumo Blood and Cell Technologies associates around the world actively participating in blood donation drives

Partnering With Mission-Driven Non-Profit Organizations

We're a corporate donor for the Leukemia & Lymphoma Society, the largest nonprofit organization dedicated to creating a world without blood cancers. Since 2007, we have raised more than USD\$1.9 million in support of LLS, and each year those donations represent 20% of the LLS Rocky Mountain Chapter's revenue. We also donate time, resources, and funds to The Action Center of Jefferson County, a non-profit providing "immediate and compassionate response to those in our community experiencing hardship." Each year, our teams in Lakewood, Colorado, donate supplies for meal kits to be delivered during the Thanksgiving holiday season, and we offer our facility's parking areas to be used to organize a drive-through delivery of those meal kits. In 2022, we also supported many other activities at The Action Center throughout the year, such as buying essential items to fill 100 backpacks for community members in need.



Associates who participated in the Light the Night hosted by the LLS



Drive-through delivery of meal kits conducted during the Thanksgiving holiday season



Backpack program for people in need in the community

Supporting Early Diagnosis of Children With Congenital Heart Disease in India

Congenital heart defects (CHDs) are conditions that are present at birth and can affect the structure of a baby's heart and the way it works. It is a neonatal birth defect due to abnormal development of the heart that could involve the interior walls, the valves inside the heart, or the arteries and veins that carry blood to the heart or the

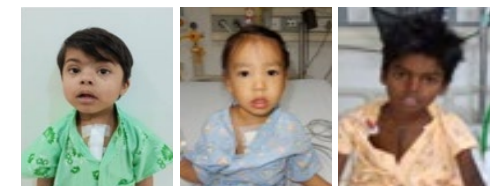
body. CHD affects approximately nine out of 1,000 newborn children and is one of the leading causes of infant mortality. Around 90% of CHD-affected children can be treated if diagnosed early, even more if the disorder is detected before birth.

Terumo India has partnered with two non-profit organizations, namely Aishwarya Trust and Artemis Health Sciences Foundation ("Implementing Agencies"), to implement and support the CHD Programme. Under the CHD programme, Terumo India collaborates with the Implementing Agencies to raise awareness about CHD and to support CHD treatment for underprivileged children.

Aishwarya Trust and Artemis Health Sciences Foundation organize various camps in the remote areas of Southern and Northern region of India to detect the children who are suffering from CHD. Terumo India, also, takes part in these screening camps organized by these Implementing Agencies to identify the children at an early stage to contribute to lessen their pain.



Screening camps for CHD in children



A few beneficiaries of CHD treatment

Contribution to Society and Local Communities

Sponsorship for Nursing Day and Nursing Week Activities

Terumo provided sponsorship for Nursing Day and Nursing Week activities implemented throughout Japan by the Japanese Nursing Association (JNA) and the Ministry of Health, Labour and Welfare (MHLW) from May 7 until May 13, 2023.

Currently, Nursing Day and Nursing Week is being held to promote nursing as an attractive career to the younger generation, as well as their parents and teachers, with the aim of securing the nursing workforce in an aging society with a declining birth rate. Terumo has continued to provide sponsorship to this initiative since its inception and this year marks 33 consecutive years of support.

Nursing Day and Nursing week were instituted in 1990 by what was then the Ministry of Health and Welfare. Nursing Day is celebrated every year on May 12, which was the birthday of Florence Nightingale, the founder of modern nursing. The period of one week from Sunday to Saturday that includes May 12 is designated as Nursing Week.

Terumo agrees with the purpose of the Nursing Day and Nursing Week activities, and by supporting these activities, we are able to make a contribution to society through healthcare.



JNA “Nursing Day” official website (Japanese only)
<https://www.nurse.or.jp/aim/simin/>



TERUMO LIFE SCIENCE FOUNDATION—Contributing to Improvements in Medicine and in the Health of All People through the Advancement of Life Science Technologies

The TERUMO LIFE SCIENCE FOUNDATION was established through contributions by Terumo Corporation in 1987 with the aim of contributing to improvements in medicine and in the health of all people through the advancement of life science technologies. The foundation focuses its activities on three areas: subsidies for domestic and overseas research and development programs for creating technologies in the field of life science, awards for promising researchers that have made outstanding achievements in the field of medical-engineering collaboration and integration, and educational activities to share the appeal of life science with younger generations.

Targets of subsidies include research and development projects for creating new value in medical settings in Japan and for improving healthcare and public hygiene in developing countries. In addition, subsidies are provided to fund social contribution activities and workshops for enhancing medicine and healthcare levels. In fiscal 2022, subsidies totaling ¥360 million were provided to 181 projects.

Awards for researchers include the Tai Morishita Memorial Award in the hope that it will provide an opportunity for more talented people to enter the field of medical-engineering collaboration and integration.

Educational activities include the operation of the Life Sciences DOKIDOKI Laboratory website, which is mainly intended for junior high and high school students. The site provides young users—leaders of the future—with the basic knowledge required to understand life sciences as well as information from the front lines of life science fields presented in an easy-to-understand format. In March 2023, a book of cartoon content was published, which we started as a series of comic strips to promote interest in the life sciences among a broader range of age groups.

The TERUMO LIFE SCIENCE FOUNDATION will continue such initiatives going forward with the aim of contributing to the improvement of medicine and healthcare.

Governance

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Corporate Governance

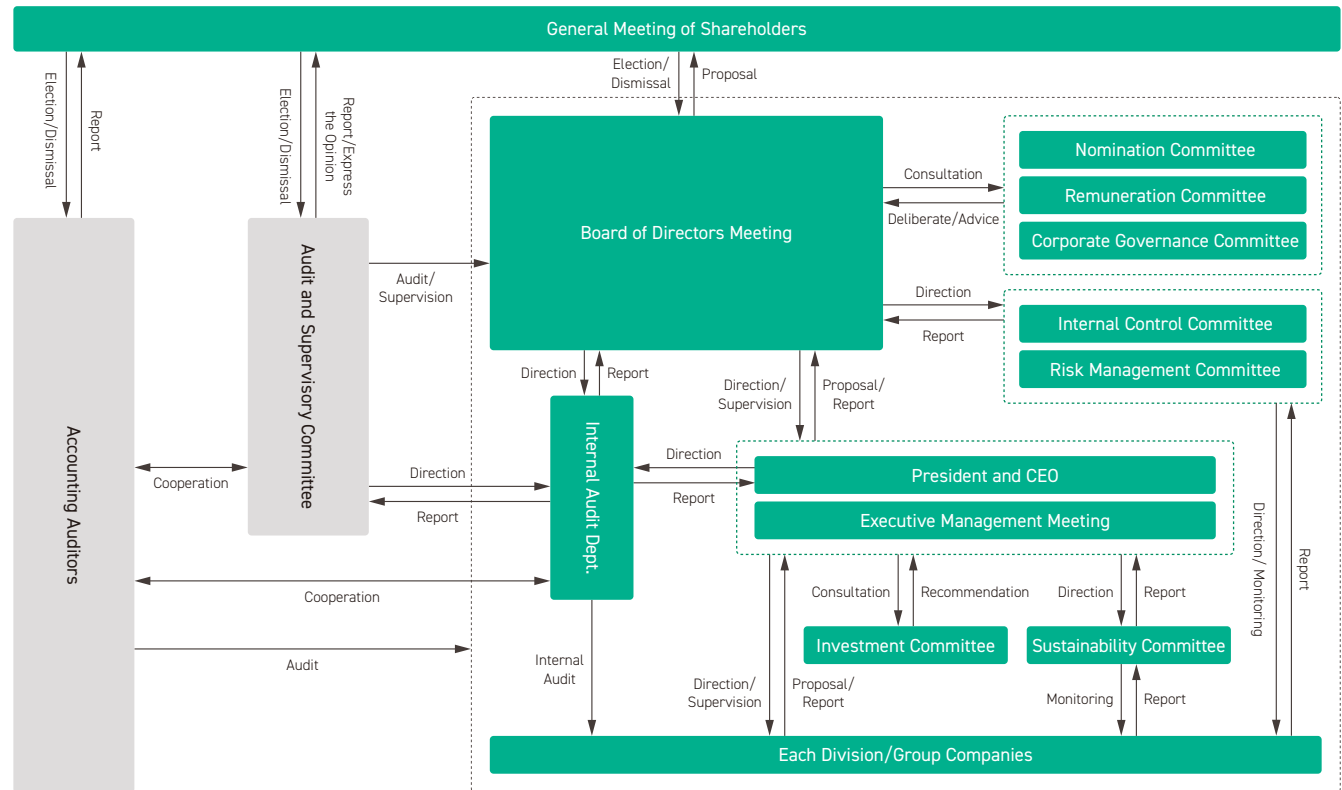
Basic Stance on Corporate Governance

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

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

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

Corporate Governance Structure



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

As of October 31, 2023

Corporate Governance Structure

Organizational Design

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

1. Strengthen audit and supervisory functions

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

2. Enhance transparency and objectivity in management

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

3. Expedite decision-making process

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

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

Board of Directors

Roles

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

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

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

Members

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

Audit and Supervisory Committee

Roles

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

Members

- The Audit and Supervisory Committee shall consist of no more than five (5) directors. Terumo shall have independent directors represent a majority of Committee membership.
- The members of the Audit and Supervisory Committee shall elect one of the Committee members to serve as the chair of the Committee.

Support Systems for Independent Directors

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

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

Corporate Governance

Committees

	Role/Structure	Chairperson
Nomination Committee	<ul style="list-style-type: none"> The Nomination Committee shall, as an advisory body to the Board of Directors, deliberate on the following matters. The deliberations of the Committee shall be reported to the Board of Directors as appropriate. <ul style="list-style-type: none"> Matters concerning successors to the positions of President and Chairman of Terumo Corporation, which is one of the most important corporate governance duties of the Board of Directors Matters concerning the appointment and dismissal of directors and group executive officers The Committee shall be comprised of members of the Board selected by the Board. Independent directors shall account for a majority of Committee members, and internal directors who serve as the committee members shall be the Chairman of the Board and the President and CEO. 	Independent director
Remuneration Committee	<ul style="list-style-type: none"> The Remuneration Committee shall, as an advisory body to the Board of Directors, deliberate on the matters listed below and provide advice to the Board with the goals of maintaining and improving the Terumo Group's business integrity and corporate governance practices. The deliberations of the Committee shall be reported to the Board of Directors as appropriate. <ul style="list-style-type: none"> Matters concerning the remuneration for directors, group executive officers and executive officers (Policy for determining remuneration amount or calculation method thereof) Other matters which the Board of Directors requests the Committee to consider, or matters the Committee deems necessary to carry out the purposes of the Committee The Committee shall be comprised of members of the Board selected by the Board. Independent directors shall account for the majority of Committee members, and at least one of the internal directors who serve as the Committee members shall be a representative director. 	Independent director
Corporate Governance Committee	<ul style="list-style-type: none"> The Corporate Governance Committee shall, as an advisory body to the Board of Directors, discuss the matters listed below and provide advice to the Board with the goals of maintaining and improving the Terumo Group's business integrity and corporate governance practices. The deliberations of the Committee shall be reported to the Board of Directors as appropriate. <ul style="list-style-type: none"> Basic matters concerning Corporate Governance Important matters concerning the establishment, design, and operation of the corporate governance system Other important matters which are highly relevant to corporate governance such as an improvement of corporate system in the fields of the environment and society and efforts to enhance sustainability Other matters that the Board of Directors requests the Committee to consider, or matters the Committee deems necessary to carry out the purposes of the Committee The Committee shall be comprised of members of the Board selected by the Board. Independent directors shall account for the majority of Committee members, and at least one of the internal directors who serve as the Committee members shall be a representative director. 	Independent director
Internal Control Committee	<ul style="list-style-type: none"> Positioned under the Board of Directors, the Internal Control Committee shall design and operate the Terumo Group's internal control systems in accordance with the Company's "Internal Control System Design Basic Policy." The Committee shall be comprised of directors who also serves as a group executive officer or executive officer, Chief Legal Officer, general manager of Internal Audit Department and Internal Control Department, and persons designated by Chairperson (general managers of Internal Control Departments and related departments, executive officers responsible for such departments, and expert/intellectual of outside company, etc.). 	President and CEO

	Role/Structure	Chairperson
Risk Management Committee	<ul style="list-style-type: none"> Positioned under the Board of Directors, the Risk Management Committee shall design and operate the Terumo Group's risk management system based on risk identification, assessment, analysis, and prioritization across the entire organization. The Committee shall be comprised of directors who also serves as a group executive officer or executive officer, Chief Legal Officer, general manager of Internal Audit Department and Internal Control Department, and persons designated by Chairperson (general managers of Internal Control Departments and related departments, executive officers responsible for such departments, and expert/intellectual of outside company, etc.). 	President and CEO

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

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

◎: Chairperson ○: Member * Independent director

Selection of Directors

Policy

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

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

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

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

Procedure

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

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

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

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

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

Board of Directors' Skill Matrix

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

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

Reasons for Appointing Independent Directors and Attendance at Meetings

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

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

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

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

Evaluation of the Effectiveness of the Board of Directors

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

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

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



Fiscal 2021 Evaluation Results and Fiscal 2022 Response Measures

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

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

Summary of Fiscal 2022 Evaluation Results

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

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

Areas for Improvement

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

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

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

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

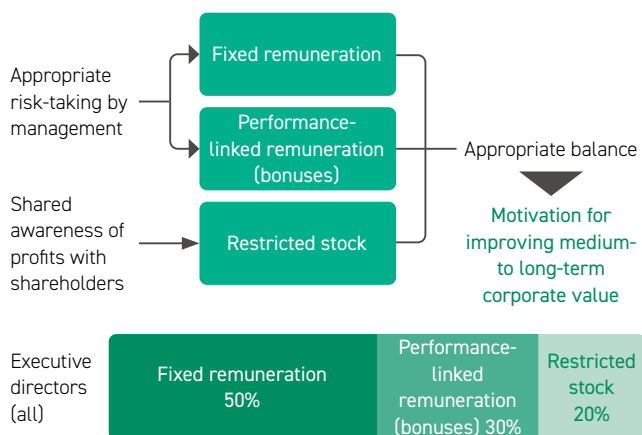
Executive Compensation

Policy and Framework

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

To achieve the objective described in (a) above, we will set an appropriate balance between fixed remuneration and performance-linked remuneration (bonuses). To achieve the objective described in (b) above, restricted stocks have been adopted (Remuneration-type stock options could be granted for overseas residents).

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



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

Policies for Targets and Compensation Types

1. Fixed remuneration

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

2. Performance-Linked Remuneration (Bonuses)

(1) Summary of Purpose and Calculation Method

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

(2) Targets for each performance factor and fluctuation range

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

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

(3) Evaluation Results of Factors (Fiscal 2022)

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

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

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

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

	Companywide performance	Performance of overseen departments	Individual performance (Future Corporate Value Targets)
Chairman/CEO	80%	-	20%
Persons in charge of business	30-50%	50-30%	20%
Persons in charge of function	80%	-	20%
Persons in charge of region	50%	30%	20%

3. Restricted Stock

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

Determining Procedure

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

Committee members and the chair shall be elected from among the Committee members who are independent directors. As approved at the 104th Annual General Meeting of Shareholders held on June 21, 2019, a total annual limit of ¥700 million was set for the remuneration of directors other than Audit and Supervisory Committee members, which consists of fixed remuneration, bonuses, and stock options as stock-based remuneration (applicable to eight directors, three of whom were independent directors, at the time of approval), and a total annual limit of ¥200 million was set for restricted stock remuneration (applicable to five directors at the time of approval). A maximum annual limit of ¥100 million was also approved for remuneration of directors who serve as Audit and Supervisory Committee members at the 100th Annual General Meeting of Shareholders held on June 24, 2015 (applicable to three directors, two of whom were independent directors, at the time of approval). Thereunder, the procedure for determining remuneration is as follows:

■ Fixed remuneration

The amount of fixed remuneration for directors is determined within the limit approved at the aforementioned Annual General Meeting of Shareholders, based on the "Policy and Framework" and "Policies for Targets and Compensation Types" described above. For directors who are not Audit and Supervisory Committee members, the amount is determined by a resolution of the Board of Directors. For directors who serve as Audit and Supervisory Committee members, the amount is determined through deliberation by the Audit and Supervisory Committee.

■ Bonuses, restricted stock (stock options as stock-based remuneration)

The amount of bonuses and the number of restricted stocks (stock options as stock-based remuneration) for directors are determined within the limit approved at the aforementioned annual general meeting of shareholders, based on the "Policy and Framework" and "Policies for Targets and Compensation Types" described above, after taking business results, the business environment, and other factors for each year into consideration.

Remuneration to Directors

Position	Total value of remuneration (¥ million)	Total compensation by type (¥ million)			Number of directors
		Fixed remuneration	Bonuses	Restricted stock	
Directors (excluding Audit and Supervisory Committee members and independent directors)	509	245	140	124	6
Directors (Audit and Supervisory Committee members, excluding independent directors)	42	42	-	-	1
Independent directors	78	78	-	-	5

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

Data	Board of Directors/Committee	Activity
April 14, 2022	Remuneration Committee	Discussion on policies for performance evaluations and remuneration for fiscal 2022
May 12, 2022	Remuneration Committee	Discussion on the introduction of Future Corporate Value Targets in the performance evaluation system
June 22, 2022	Board of Directors	Resolution on the remuneration for directors within the limit approved by the annual general meeting of shareholders
September 8, 2022	Remuneration Committee	Discussion on the introduction of Future Corporate Value Targets in the performance evaluation system
December 15, 2022	Remuneration Committee	Discussion on the direction of the remuneration system and the stock-based remuneration system
January 19, 2023	Remuneration Committee	Discussion on the introduction of Future Corporate Value Targets in the performance evaluation system
February 9, 2023	Board of Directors	Discussion on the remuneration system for fiscal 2023
April 12, 2023	Remuneration Committee	Discussion on policies for the performance evaluations for fiscal 2023
May 15, 2023	Remuneration Committee	Discussion on the performance evaluations for fiscal 2023 and Future Corporate Value Targets
June 27, 2023	Board of Directors	Resolution on the remuneration for directors within the limit approved by the annual general meeting of shareholders

Holding of Shares in Other Companies for Strategic Purposes

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

3. Securing Shareholders' Rights and Equality

(4) Holding of Shares in Other Companies for Strategic Purposes

- Terumo may hold shares of other companies with a view to creating business opportunities and/or enhancing corporate value.
- The Board of Directors shall verify the economic, strategic, and other rationale for each such holding using a medium- to long-term perspective on an annual basis. Terumo shall disclose holding securities as specified equity securities in the Annual Securities Report unless selling them.
- Terumo shall exercise its voting rights taking into consideration the impact of its voting on the corporate value of Terumo and the company in which Terumo has invested.

Holding of Shares in Other Companies for Strategic Purposes (As of March 31, 2023)



Notes: 1. Figures represent total of investments in stocks for special purposes and balance of deemed securities holdings (market value).
2. Figures exclude early stage investment in venture companies.



Terumo Corporate Governance Guidelines
<https://www.terumo.com/about/governance>

People Strategy and Sustainability Management at the Terumo Group



Yukiko Kuroda
Independent Director

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

Norimasa Kunimoto

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

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

The meaning and appeal of working at Terumo

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

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

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

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

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



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

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

and work to achieve results are recognized and rewarded.

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

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

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

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

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

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

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

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

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

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

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

Dialogue with Independent Director

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

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

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

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

Terumo's sustainability management

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

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

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

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

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



Directors, Audit and Supervisory Committee Members, and Executive Officers

(As of January 1, 2024)

Directors



Toshiaki Takagi
Chairman of the Board

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



Shinjiro Sato
President and CEO

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



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

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



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

April 1986 Joined Terumo Corporation
 January 2013 Factory Manager of Kofu Higashi Factory
 April 2014 Vice President, Operations Division, General Hospital Products Business, General Hospital Company
 April 2016 Executive Officer
 April 2017 General Manager of Operations Division, General Hospital Company
 April 2018 General Manager of S&OP Promotion Dept., General Hospital Company
 January 2019 General Manager of Production Dept.
 April 2019 Senior Executive Officer, Chief Manufacturing Officer (CMO) (present), and Responsible for Supply Chain Management Dept.
 April 2020 Responsible for Procurement Dept.
 April 2022 Group Managing Executive Officer, Quality, Post-Market Surveillance and Vigilance Division, Regulatory Affairs and Clinical Development Division, Operations Division (present), and Intellectual Property Dept.
 June 2022 Director and Group Managing Executive Officer (present)



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

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

Directors, Audit and Supervisory Committee Members, and Executive Officers



Yukiko Kuroda

Independent Director

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

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



Hidenori Nishi

Independent Director

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



**Keiichi Ozawa,
M.D., Ph.D.**

Independent Director

Professor Emeritus, Visiting Professor of Jichi Medical University

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

Directors (Audit and Supervisory Committee Members)



Takanori Shibazaki

Director (Audit and Supervisory Committee Member)

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



Masaichi Nakamura

Independent Director (Audit and Supervisory Committee Member)

Certified Public Accountant

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



Soichiro Uno

Independent Director (Audit and Supervisory Committee Member)
 Lawyer

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

Directors, Audit and Supervisory Committee Members, and Executive Officers

Group Managing Executive Officers (GMEO)

Toshiaki Takagi
Chairman of the Board

Shinjiro Sato
President and CEO

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

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

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

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

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

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

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

Group Executive Officers (GEO)

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

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

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

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

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

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

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

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

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

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

Executive Officers

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

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

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

Jin Nishizaki
Executive Officer
General Manager, Japan Sales Dept.

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

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

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

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

Hitoshi Hasegawa
Executive Officer
Designated projects

Toshiyuki Akaike
Executive Officer
Division President, Hospital Care Solutions Division, Medical Care Solutions Company

Dialogue with Shareholders and Investors

Policy for Dialogue with Shareholders and Other Investors

1. Appointment of a member of management or a director to be responsible for supervising overall dialogue with shareholders

By way of a resolution of the Board of Directors, Terumo shall appoint an officer who will be responsible for supervising and facilitating overall dialogue with shareholders in order to maintain the consistency and uniformity of the information disclosed.

2. Measures to ensure positive cooperation between internal departments with the aim of supporting dialogue

Terumo shall strive to develop and enhance its in-house systems for the prompt, accurate, and fair disclosure of information. In particular, the Disclosure Subcommittee, acting under the supervision of the Internal Control Committee, will endeavor to provide consistent and uniform disclosure of any corporate information with a potentially significant impact on management. Such disclosure shall be made in strict compliance with all relevant laws and regulations. The Disclosure Subcommittee shall evaluate and examine matters of disclosure. The Disclosure Subcommittee shall be comprised of the department heads of the Investor Relations Department, the Corporate Communication Department, the Strategic Planning Department, the Secretarial Office, the Internal Control Department, and the Legal Department. In addition, regular meetings will be held with business and disclosing divisions to enhance the contents and improve the accuracy of information disclosed.

3. Enhancement of measures to promote opportunities for dialogue aside from individual meetings

To deepen understanding of Terumo, business strategy briefings and plant tours may be organized for institutional investors, and facility tours are organized for shareholders. Terumo will also participate in conferences for institutional investors held in Japan and other parts of the world, as well as briefings for individual investors organized by securities companies, to enhance dialogue. In addition, Terumo will make other materials, including its financial results briefings, available on its website to provide such information in a timely and appropriate manner to as many shareholders and other investors

as possible.

4. Measures for appropriate and effective feedback

Evaluations and opinions acquired through meetings with shareholders, other investors, and analysts are compiled periodically and shared with the management team. In addition, the president or officer supervising dialogue with the shareholders shall report to the Board of Directors on their visits to overseas institutional investors to ensure that the management team has the opportunity to gain an understanding of how the Company is evaluated in the capital markets.

5. Measures to control insider information when engaging in dialogue

As a general rule, the president, the officer supervising dialogue, and the department head and staff of the disclosing division will conduct dialogue with investors. In case of a dialogue led by officers other than those listed in the preceding sentence, either the officer supervising dialogue or the department head or staff of the disclosing division will attend such meeting. By having multiple participants engage in the dialogue, the Company will work to prevent unauthorized or inappropriate disclosure of information.

Terumo observes a silent period to prevent the leakage of any material information about the Company's financial performance and to ensure fairness. In principle, the silent period shall begin four (4) weeks prior to the date of the expected announcement of the Company's financial performance and conclude on the date when both the final announcement of financial statements of a fiscal year or the quarterly announcements take place. During this period, Terumo refrains from commenting on its financial performance or answering questions in relation to such performance.



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

Initiatives

The activities implemented in fiscal 2022 are outlined below.

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

Risk Management

Basic Approach

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

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

Risk Management System

Establishment of the Risk Management System

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

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

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

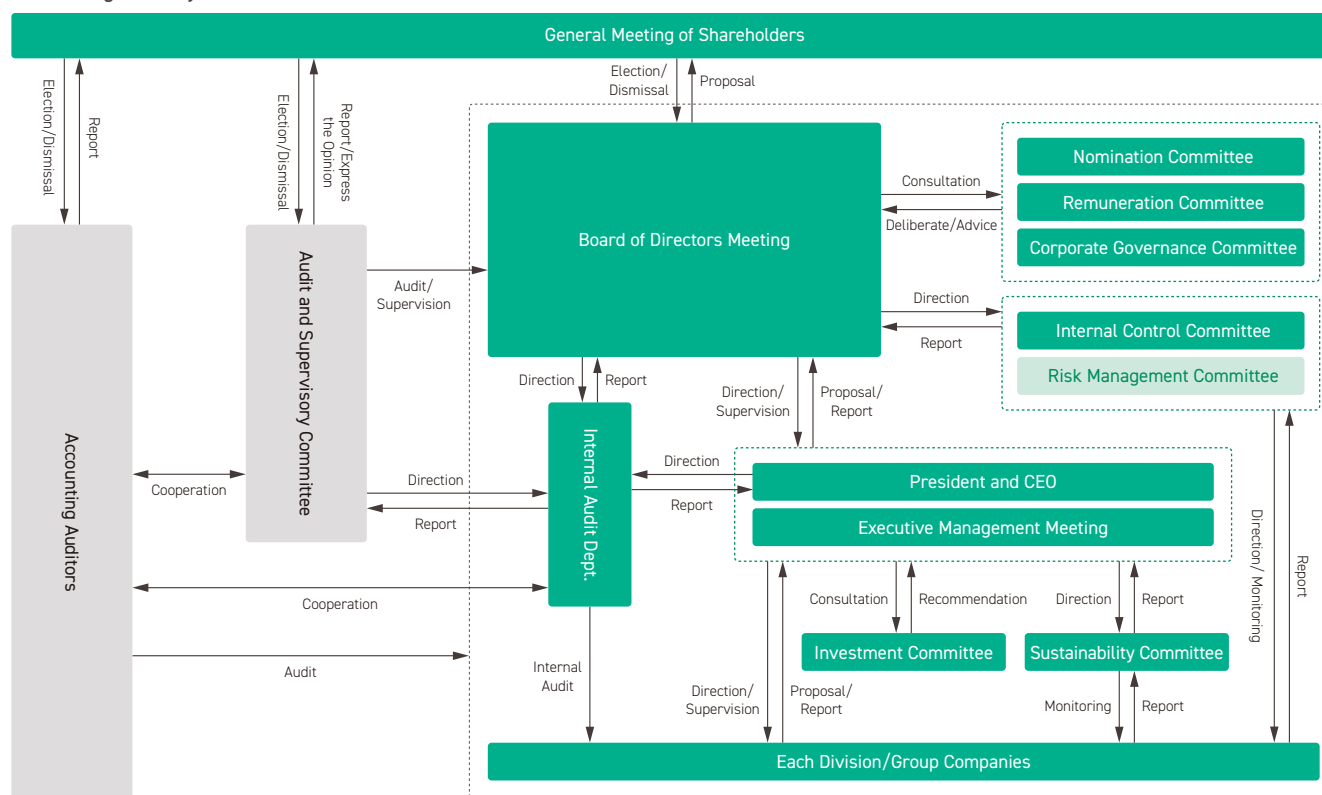
Risk Management Education

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

Crisis Response

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

Risk Management System



As of October 31, 2023

Major Risks and Opportunities

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

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

Risk Management

Main Risk Factors	Risks and Opportunities Content	Response
Exchange Rate Fluctuations	<p>Risks</p> <ul style="list-style-type: none"> ■ Impact of exchange rate fluctuations 	<ul style="list-style-type: none"> • Reduce the impact of exchange rate fluctuations by transferring production to overseas factories • Structural methods such as importing raw materials • Minimize impact through flexible utilization of contracts to hedge against exchange rate volatility for trade receivables
Changes in Accounting Policies and Taxation Systems	<p>Risks</p> <ul style="list-style-type: none"> ■ Affected operating results and financial position when new accounting standards or taxation systems are implemented or altered ■ Impact of additional tax burdens incurred due to difference in interpretation between tax authorities and the Company 	<ul style="list-style-type: none"> • Consider measures based on the timely information obtained and advice from experts • Increase opportunities to have dialogue with tax authorities
Capital and Business Alliances, Corporate Acquisitions	<p>Risks</p> <ul style="list-style-type: none"> ■ Impact of the situation where a major strategy for the Company, a capital or business alliance, or a corporate acquisition fails to produce the expected benefits <p>Opportunities</p> <ul style="list-style-type: none"> ■ Developed base for growth and strengthened business fundamentals by acquiring new management resources via capital and business alliances and corporate acquisitions 	<ul style="list-style-type: none"> • Analyze and evaluate business potentials, mitigate projected risks, and ensure swift and efficient post-merger integration
Risks Pertaining to Impairment Losses, Valuation Losses, and Business Reorganizations	<p>Risks</p> <ul style="list-style-type: none"> ■ Impairment losses recorded on goodwill and tangible or intangible assets, and accrued losses incurred due to sale or liquidation of businesses in the event that the anticipated growth isn't achieved as a result of the utilization of management resources or being unable to recover assets 	<ul style="list-style-type: none"> • Efficient utilization of management resources in each business and maximize return on investments
Information Security and IT System Management-Related Risks	<p>Risks</p> <ul style="list-style-type: none"> ■ Loss of social trust and business interruptions due to system outages if information is leaked or tampered with through a cyberattack or internal fraud 	<ul style="list-style-type: none"> • Strengthened information security measures and enhanced responsiveness when incidents occur • Establishment of the global information security standards and rules • Continuous training for associates
Legal Proceedings	<p>Risks</p> <ul style="list-style-type: none"> ■ Impact from any major legal action by a third party such as a lawsuit for damages or an injunction against sales 	<ul style="list-style-type: none"> • Research by Legal, Intellectual Property, and other managing divisions as well as establishment of an internal control system • Develop a management structure to ensure that the Board of Directors and the Audit and Supervisory Committee review situations as needed
Pandemics, Epidemics, and Large-Scale Natural Disasters	<p>Risks</p> <ul style="list-style-type: none"> ■ Impacts on business activities that are more severe than expected in the event of global pandemics and epidemics, earthquakes, hurricanes, and other natural disasters 	<ul style="list-style-type: none"> • Establish the Group BCM Policy and implement various drills on a regular basis
Risks Related to the Environmental, Health and Safety Management and Compliance	<p>Risks</p> <ul style="list-style-type: none"> ■ Impact of damaged social trust if the Company's measures are not sufficiently functional due to sudden changes in laws of relevant countries, in regard to compliance with laws pertaining to occupational health and safety, anti-corruption, antitrust, and appropriate promotions targeting healthcare professionals as well as measures for addressing climate change and other environmental issues 	<ul style="list-style-type: none"> • Implementation of management systems that conform to international standards • Continuous improvement activities and expansion of systems • Education for associates
Economic and Geopolitical Risks	<p>Risks</p> <ul style="list-style-type: none"> ■ Impact of situations where the disruption to business activities caused by an economic downturn in countries to which the Company supplies products and the resulting fall in demand, or by an unexpected change in the political situation due to terrorism, war, etc., is greater than expected 	<ul style="list-style-type: none"> • Constant monitoring of the political and economic situations of each country

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

Basic Approach

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

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

Promotion System and Major Initiatives

In the event of a major natural disaster or some other unforeseen situation, the Corporate Affairs Department at the head office plays a key role in promoting relevant activities throughout the Terumo Group. If a serious risk emerges that could affect business continuity, the Countermeasures Headquarters, led by the President and CEO of Terumo Corporation, will be established to swiftly initiate response activities. The Countermeasures Headquarters will determine and implement necessary measures by gathering information, including information regarding the safety of associates and their family members, damage to suppliers, and the situation in the affected areas. At the same time, the Countermeasures Headquarters will embark on efforts to provide the necessary support to disaster-hit areas in a timely manner. If it becomes apparent that the Terumo Group’s supply chain or operations will be temporarily interrupted, we will strive to restore normal supply chain and operational functions as quickly as possible.

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

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

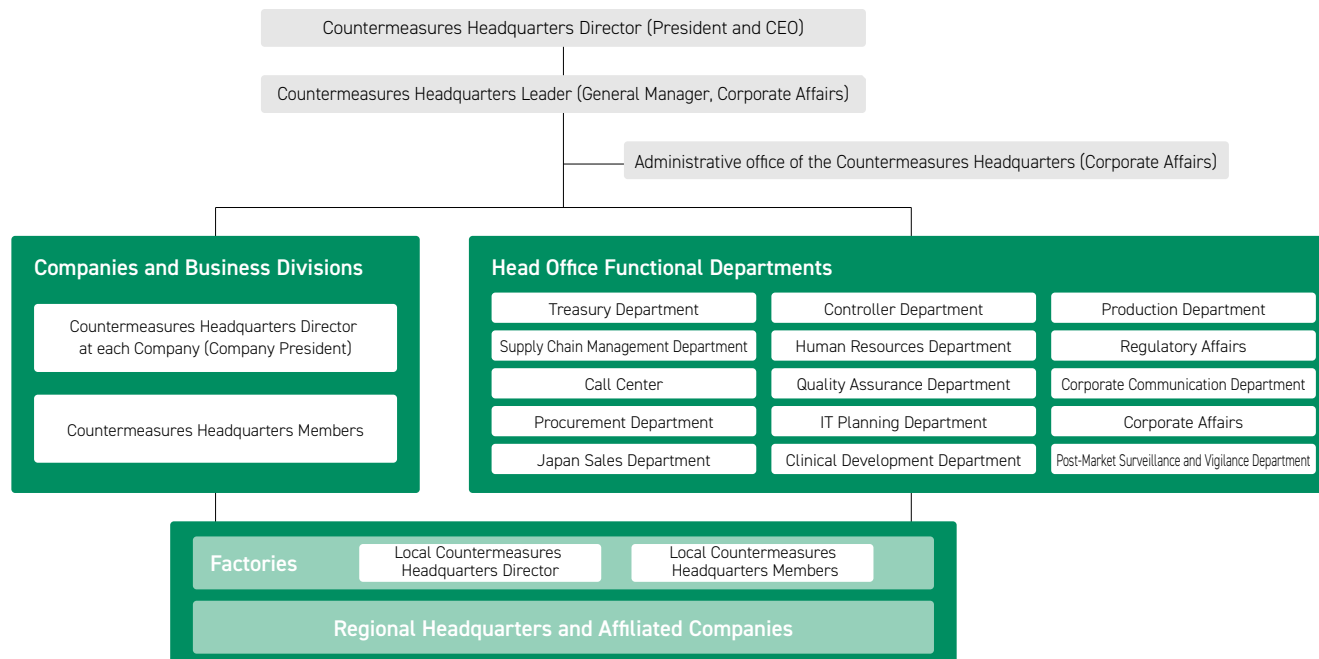
- Establishment of a disaster response headquarters following a major earthquake, confirmation of the roles of individual staff, and other BCP-related drills
- Implementation of systems for rapidly ascertaining the condition of associates and their families and training on their use
- Comprehensive disaster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

Infectious Disease Countermeasures

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

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

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



Information Security

Basic Approach

In pursuing business operations, we, at the Terumo Group, take measures to properly protect and ensure information safety with regard to confidential information of the Group as well as information entrusted to the Group by customers and business partners from all manner of threats, including unauthorized access by outside parties; information leaks due to negligence; information manipulation, destruction, and theft; information system malfunctions; and natural disasters. The Group Information Security Policy has been established as a shared global policy for information security, and region-specific information security rules have been formulated based on this policy. Regarding personal information, we have developed the Personal Information Protection Standard based on Japanese laws and regulations, including the Act on the Protection of Personal Information and Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures. We properly protect and manage all forms of personal information, including Individual Number (used for Japan's Social Security and Tax Number System), in accordance with these standards. In addition, we established the Group Privacy and Personal Information Protection Policy in April 2022 to ensure the proper handling of personal information at a certain level within the Terumo Group.

Information Security System

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

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

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

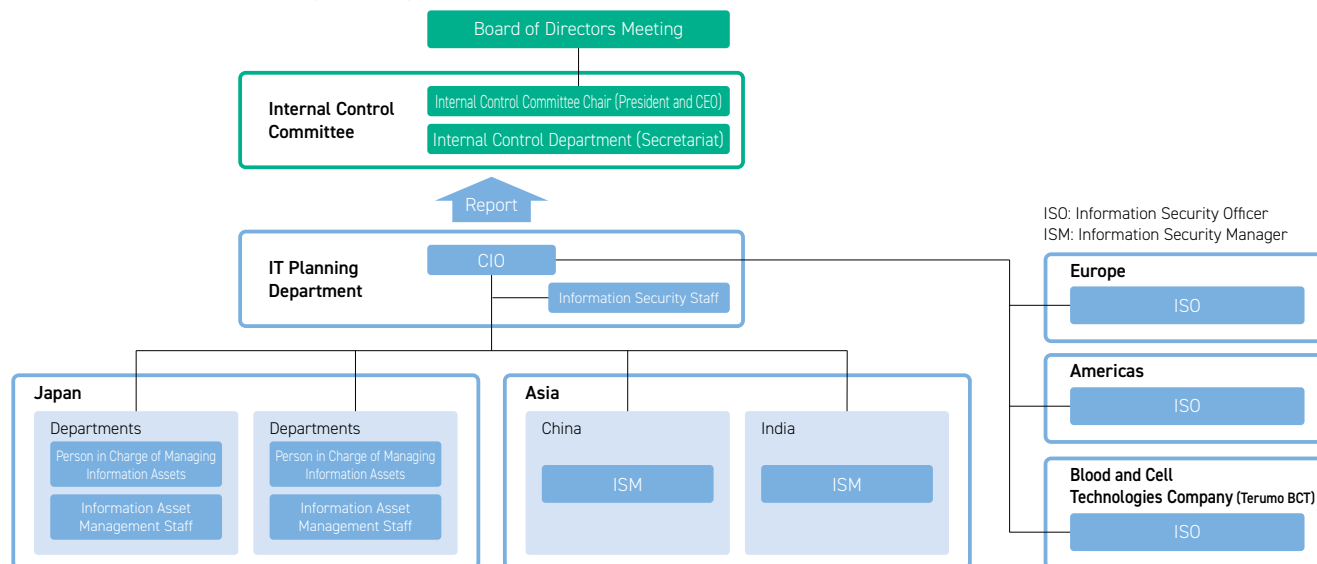
Measures for Strengthening Information Security

Terumo business locations throughout the world perform self-

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

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

Global Information Security Management Organization



Compliance

Promoting Compliance

Basic Approach

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

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

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



Terumo Group Code of Conduct

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

Compliance System

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

Under the leadership of the Chief Legal Officer (CLO), we create compliance-related rules, perform training and education, and conduct monitoring to quickly discover and ascertain compliance issues through coordination with the compliance officers who are in charge of promoting compliance-related activities at each Group

company.

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

Compliance Education

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

Major Compliance Training Programs (Terumo Corporation)

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

Compliance Initiatives

Whistle-Blowing System

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

Based on this policy, the Terumo Group has established and operates the Terumo Integrity Helpline, a Groupwide whistleblowing system. Associates at all Terumo Group business sites can make reports or receive a consultation concerning violations of laws and regulations, the Company's internal policies and regulations, the Terumo Group Code of Conduct, and other serious misconduct. Reporting via the Helpline can be conducted anonymously. Reports can be submitted through the Helpline not only by Terumo Group associates, but also by the directors, officers, and employees of business partners that do business with any Terumo Group company. A link to the Helpline has been posted on the Terumo website.

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

Prevention of Harassment

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

In addition, as an educational activity to prevent harassment, we conduct harassment prevention training in employees' level-based education including training for new employees and new managers. December and January have been designated as harassment prevention reinforcement months since fiscal 2017 in Japan. During these periods, all associates receive email messages, complete surveys, and take part in e-learning programs. Managers, meanwhile, periodically attend training sessions that provide examples of harassment relevant to daily business activities. Through these initiatives, we are constantly working to raise awareness of harassment prevention.

Furthermore, a new intranet page detailing our efforts to ensure rigorous compliance was established in April 2020. On this page, associates will find information on our stance toward earnestly embracing compliance and concrete examples of compliance violations and countermeasures. This information is designed to facilitate increased understanding and risk sensitivity among associates. (For more information about the progress of harassment-related education, please refer to "Compliance Education" on p. 99.)

Harassment Prevention Guidelines

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

Opposition to Antisocial Forces

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

Anti-Corruption

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

All Terumo associates observe the Terumo Group Code of Conduct and the Group Anti-Corruption and Anti-Bribery Policy, which make clear our commitment to preventing corruption and engaging in fair business practices. All Terumo Group associates receive annual training on the Terumo Group Code of Conduct. In addition, we have established the Group Policy for Third Party Anti-Corruption and Anti-Bribery, and we require our business partners to comply with anti-corruption laws. If any associate has concerns about possible corruption, including the giving or receiving of bribes, they can report these concerns using Terumo's internal whistle-blowing system. (For more information about the internal whistle-blowing system, please refer to "Whistle-Blowing System" on p. 100.)

Prohibition of Collusion and Cartels

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

Appropriate Relationships with Healthcare Professionals

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

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

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

Advertisements and Other Activities for Providing Product

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

Moreover, the Group Rules for Dealing with Off-Label Use were established for global application in January 2016. These rules prohibit all advertisements and promotions soliciting off-label use of Terumo products. In addition, the Terumo (Japan) Rules for Dealing with Off-Label Use were implemented for Japan and other regional rules have been enacted to ensure compliance with the laws of the countries in which we sell our products and to guarantee appropriate promotions. (For more information about the implementation status of education relating to advertisements and other activities for providing product information and sales promotions, please refer to "Compliance Education" on p. 99.)

Transparent Relationships between Corporate Activities and Medical Institutions

The supply of advanced medical devices and pharmaceuticals that meet sophisticated needs requires not only the efforts of individual companies but also cooperation with universities and other re-

search and medical institutions at all stages of the process, ranging from research and development to production and sales. Sometimes this cooperation entails monetary compensation. Terumo seeks to ensure transparency in such activities through adherence to high ethical standards.

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

Basic Policy on Tax

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

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

R&D Ethics

Basic Approach

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

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

Ethics in Clinical Research and Clinical Trials

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

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

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



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

Ethics in Animal Experiments

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

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

Intellectual Property

Basic Approach

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

Encouraging Innovation

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

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

National Commendation for Invention Award History (Major Awards)

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

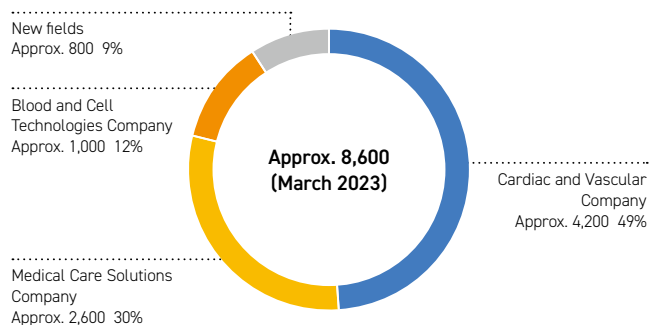
In addition to the above, we also focus on cultivating a culture of invention, and have created an intellectual property training course for associates in their first to third years at Terumo. The course involves e-learning coursework in legal systems related to intellectual property as well as different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

Contributing to Advances in Healthcare

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

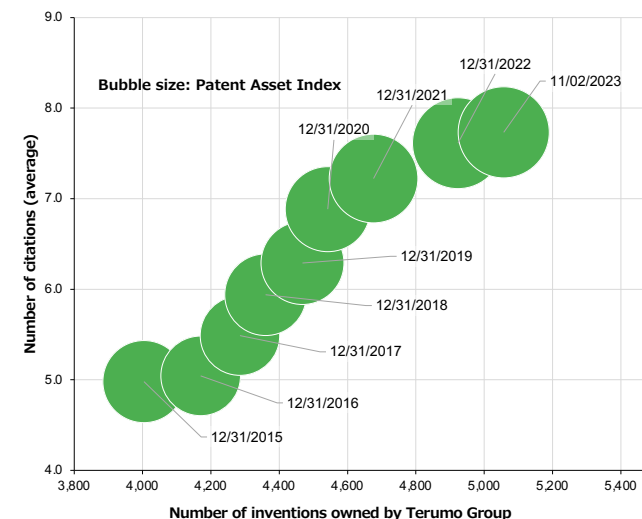
Through internal development, external partnerships, and M&A, we are increasing the value of our intellectual property assets in terms of both quantity and quality. As of March 31, 2023, the Terumo Group owns the rights to approximately 8,600 patents. Of these, the rights to approximately 2,200 patents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

Terumo Group's Registered Patents Number of Owned Rights



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

Results of PatentSight® Analysis of Number of Inventions and Citations



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

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



Trademark with the company name (Terumo Group Logo)

Intellectual Property Initiatives

Meeting the Expectations of Healthcare Settings and Society

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

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

Data Sheets

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Ten-Year Financial Summary

Terumo Corporation and consolidated subsidiaries
Years ended March 31

(Millions of yen)

	FY2013 (Ended March 2014)	FY2014 (Ended March 2015)	FY2015 (Ended March 2016)	FY2016 (Ended March 2017)	FY2017*2 (Ended March 2018)	FY2018*2 (Ended March 2019)	FY2019 (Ended March 2020)	FY2020 (Ended March 2021)	FY2021 (Ended March 2022)	FY2022 (Ended March 2023)
	JGAAP				IFRS					
Results of Operations and Cash Flow*1										
Net sales/Revenue	467,359	489,506	525,026	514,164	587,775	599,481	628,897	613,842	703,303	820,209
Adjusted operating profit*3	-	-	-	-	124,929	122,128	124,998	115,927	134,441	138,025
Operating profit	65,288	67,456	81,703	76,578	108,552	106,637	110,611	98,386	115,960	117,332
Income before income taxes/Profit before tax	52,907	64,046	76,920	74,981	106,630	102,709	106,466	97,060	114,501	116,137
Profit attributable to owners of parent/Profit for the year attributable to owners of the parent	34,096	38,470	50,676	54,225	91,295	79,470	85,211	77,268	88,813	89,325
Net cash provided by (used in) operating activities	96,259	73,110	80,303	80,862	114,562	93,571	117,479	121,485	141,467	117,536
Net cash provided by (used in) investing activities	(52,744)	(40,421)	(23,495)	(181,433)	(44,105)	(74,792)	(84,714)	(85,317)	(78,454)	(59,121)
Free cash flow	43,515	32,689	56,808	(100,571)	70,457	18,778	32,764	36,168	63,013	58,414
Net cash provided by (used in) financing activities	(31,785)	44,121	(79,936)	60,937	(4,132)	(67,540)	14,010	(7,436)	(70,879)	(86,559)
Research and development expenses	30,130	29,360	33,147	33,747	41,342	47,681	50,618	49,096	51,837	61,583
Capital expenditure	39,933	37,342	31,454	39,091	45,685	60,845	89,510	77,208	69,230	75,774
Depreciation and amortization*4	39,881	40,692	44,674	45,400	42,035	44,035	52,358*6	53,932*6	58,882	70,238
Per Share Indicators*1										
EPS (Yen)*5	44.89	50.66	67.57	75.08	129.56	108.70	113.96	102.33	117.45	119.00
Dividends per share (Yen)	58.00	30.50	39.00	42.00	50.00	54.00	28.00	29.00	34.00	40.00
BPS (Yen)*5	653.36	756.87	704.27	694.85	777.94	939.60	1,003.36	1,133.13	1,338.46	1,492.15
Financial Position (at year-end)*1										
Current assets	310,985	412,458	374,746	349,183	411,042	398,722	460,607	523,966	558,713	611,396
Current liabilities	160,936	129,947	168,835	248,389	179,013	142,912	211,845	211,366	177,721	218,001
Total assets	832,814	992,073	901,685	1,021,405	1,081,045	1,120,790	1,241,355	1,351,192	1,473,693	1,602,225
Net assets/Total equity	496,245	573,523	511,544	489,554	550,435	698,113	754,883	856,662	1,012,313	1,111,063
Capital stock/Share capital	38,716	38,716	38,716	38,716	38,716	38,716	38,716	38,716	38,716	38,716
Management Indicators*1										
ROE	7.3%	7.2%	9.3%	10.8%	17.5%	12.7%	11.7%	9.6%	9.5%	8.4%
ROA	4.3%	4.2%	5.4%	5.6%	8.7%	7.2%	7.2%	6.0%	6.3%	5.8%
Shareholders' equity ratio/Ratio of equity attributable to owners of the parent to total assets	59.6%	57.8%	56.7%	47.9%	50.9%	62.3%	60.8%	63.4%	68.7%	69.3%
Shares issued and outstanding at year-end (thousands)*5	759,498	757,658	725,939	703,958	707,388	742,902	752,284	756,012	756,326	744,607
Employees at year-end	19,263	19,934	20,697	22,441	23,319	25,378	26,438	26,482	28,294	30,207

*1 Items separated by a "/" refer to items under "JGAAP/IFRS."

*2 A provisional accounting treatment, for the integration of businesses acquired in fiscal 2017 was finalized in fiscal 2018, and which is reflected on certain figures for fiscal 2017 under IFRS.

*3 Adjusted operating profit is operating profit excluding amortization of acquired intangible assets and other non-recurring profit or loss. The Terumo Group uses adjusted operating profit as a performance indicator.

*4 Depreciation and amortization under JGAAP up to fiscal 2016 includes amortization of goodwill.

*5 A 2-for-1 stock split was carried out for Terumo common shares, effective April 1, 2014 and April 1, 2019. The figures for EPS, BPS, and shares issued and outstanding at year-end are reflected as if the aforementioned stock split had been carried out at the beginning of fiscal 2013. Shares issued and outstanding at year-end do not include treasury shares.

*6 Figures for fiscal 2019 and beyond include depreciation amounts associated with the application of IFRS 16 Leases.

Consolidated Financial Statements

Terumo Corporation and consolidated subsidiaries
FY2021 and FY2022

Consolidated Statement of Financial Position

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Assets		
Current assets		
Cash and cash equivalents	205,251	187,322
Trade and other receivables	135,998	150,635
Other current financial assets	63	106
Inventories	198,536	249,618
Current tax assets	778	2,920
Other current assets	18,086	20,793
Total current assets	558,713	611,396
Non-current assets		
Property, plant and equipment	333,864	370,869
Goodwill and intangible assets	514,801	538,210
Investments accounted for using the equity method	4,133	3,680
Other non-current financial assets	25,937	34,421
Deferred tax assets	20,198	20,458
Other non-current assets	16,043	23,187
Total non-current assets	914,979	990,829
Total Assets	1,473,693	1,602,225

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	81,545	97,736
Bonds and borrowings	1,121	11,223
Other current financial liabilities	7,228	7,597
Current tax liabilities	14,104	23,563
Provisions	499	329
Other current liabilities	73,222	77,551
Total current liabilities	177,721	218,001
Non-current liabilities		
Bonds and borrowings	224,875	220,714
Other non-current financial liabilities	30,297	29,639
Deferred tax liabilities	12,746	8,870
Retirement benefit liabilities	5,811	4,703
Provisions	113	127
Other non-current liabilities	9,813	9,106
Total non-current liabilities	283,658	273,161
Total liabilities	461,379	491,162
Equity		
Share capital	38,716	38,716
Capital surplus	51,921	51,759
Treasury shares	(6,229)	(11,539)
Retained earnings	846,978	874,272
Other components of equity	80,926	157,855
Total equity attributable to owners of the parent	1,012,313	1,111,063
Total Equity	1,012,313	1,111,063
Total liabilities and equity	1,473,693	1,602,225

Consolidated Statement of Profit or Loss

(Millions of yen)

	FY2021 (For the year ended March 31, 2022)	FY2022 (For the year ended March 31, 2023)
Revenue	703,303	820,209
Cost of sales	333,962	402,839
Gross profit	369,341	417,369
Selling, general and administrative expenses	250,891	299,861
Other income	2,500	9,959
Other expenses	4,990	10,134
Operating profit	115,960	117,332
Finance income	1,062	2,649
Finance costs	2,961	4,016
Share of profit (loss) of investments accounted for using the equity method	440	171
Profit before tax	114,501	116,137
Income tax expenses	25,687	26,811
Profit for the year	88,813	89,325
Attributable to:		
Owners of the parent	88,813	89,325
Total profit for the year	88,813	89,325
Earnings per share		
Basic earnings per share (yen)	117.45	119.00
Diluted earnings per share (yen)	117.38	118.95

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2021 (For the year ended March 31, 2022)	FY2022 (For the year ended March 31, 2023)
Profit for the year	88,813	89,325
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in financial assets measured at fair value through other comprehensive income	(29)	2,519
Remeasurements of defined benefit plans	6,699	6,970
Total items that will not be reclassified to profit or loss	6,670	9,489
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	83,029	77,535
Cash flow hedges	(458)	489
Cost of hedging	340	(425)
Total items that are or may be reclassified subsequently to profit or loss	82,910	77,599
Total other comprehensive income (loss) for the year	89,581	87,089
Total comprehensive income for the year	178,394	176,415
Attributable to:		
Owners of the parent	178,394	176,415
Total comprehensive income for the year	178,394	176,415

Note: Items in the above statement are net of tax.

Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent						Total	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity			
Balance as of April 1, 2021	38,716	51,829	(6,838)	775,078	(2,123)	856,662	856,662	
Profit for the year	-	-	-	88,813	-	88,813	88,813	
Other comprehensive income	-	-	-	-	89,581	89,581	89,581	
Total comprehensive income	-	-	-	88,813	89,581	178,394	178,394	
Acquisition of treasury shares	-	-	(3)	-	-	(3)	(3)	
Disposal of treasury shares	-	(10)	49	-	(38)	0	0	
Dividends	-	-	-	(23,440)	-	(23,440)	(23,440)	
Transfer from other components of equity to retained earnings	-	-	-	6,527	(6,527)	-	-	
Share-based payments	-	114	91	-	35	241	241	
Conversion of convertible bonds	-	(11)	470	-	-	459	459	
Total transactions with owners of the parent	-	92	608	(16,913)	(6,531)	(22,742)	(22,742)	
Balance as of March 31, 2022	38,716	51,921	(6,229)	846,978	80,926	1,012,313	1,012,313	
Profit for the year	-	-	-	89,325	-	89,325	89,325	
Other comprehensive income	-	-	-	-	87,089	87,089	87,089	
Total comprehensive income	-	-	-	89,325	87,089	176,415	176,415	
Acquisition of treasury shares	-	(56)	(50,003)	-	-	(50,059)	(50,059)	
Disposal of treasury shares	-	(17)	138	-	(121)	0	0	
Cancellation of treasury shares	-	(44,430)	44,430	-	-	-	-	
Dividends	-	-	-	(27,924)	-	(27,924)	(27,924)	
Transfer from retained earnings to capital surplus	-	44,224	-	(44,224)	-	-	-	
Transfer from other components of equity to retained earnings	-	-	-	10,116	(10,116)	-	-	
Share-based payments	-	117	123	-	76	318	318	
Total transactions with owners of the parent	-	(162)	(5,310)	(62,031)	(10,161)	(77,665)	(77,665)	
Balance as of March 31, 2023	38,716	51,759	(11,539)	874,272	157,855	1,111,063	1,111,063	

Consolidated Statement of Cash Flows

(Millions of yen)

	FY2021 (For the year ended March 31, 2022)	FY2022 (For the year ended March 31, 2023)
Cash flows from operating activities		
Profit before tax	114,501	116,137
Depreciation and amortization	58,882	70,238
Impairment losses	-	5,338
Share of loss (profit) of investments accounted for using the equity method	(440)	(171)
Increase (decrease) in retirement benefit assets or liabilities	646	1,427
Interest and dividend income	(640)	(1,620)
Interest expenses	1,833	2,230
Foreign exchange loss (gain)	2,187	1,675
Loss (gain) on disposal of property, plant and equipment	472	(5)
Gain on business transfer and other	-	(3,855)
(Increase) decrease in trade and other receivables	(895)	(8,480)
(Increase) decrease in inventories	(8,166)	(39,256)
Increase (decrease) in trade and other payables	55	10,474
Others	3,799	(9,845)
Sub-total	172,236	144,287
Interest and dividend income received	1,033	2,276
Interest expenses paid	(1,312)	(1,372)
Income taxes paid	(30,489)	(27,655)
Net cash provided by (used in) operating activities	141,467	117,536
Cash flows from investing activities		
Payments for purchase of time deposits	(3)	(242)
Proceeds from withdrawal of time deposits	7	1
Payments for purchase of property, plant and equipment	(53,515)	(52,697)
Proceeds from sale of property, plant and equipment	26	510
Payments for purchase of intangible assets	(20,590)	(19,476)
Payments for purchase of financial instruments	(1,705)	(1,361)
Proceeds from sale of financial instruments	180	5,988
Payments for acquisition of shares of subsidiaries and other businesses	(2,853)	(142)
Proceeds from business transfer and other	-	8,298
Net cash provided by (used in) investing activities	(78,454)	(59,121)
Cash flows from financing activities		
Proceeds from short-term borrowings	-	677
Repayments of short-term borrowings	-	(677)
Repayments of long-term borrowings	(30,670)	(1,242)
Payments for redemption of corporate bonds	(10,000)	-
Repayments of lease liabilities	(6,750)	(7,331)
Payments for purchase of treasury shares	(3)	(50,085)
Payments for dividends	(23,455)	(27,900)
Net cash provided by (used in) financing activities	(70,879)	(86,559)
Effect of exchange rate changes on cash and cash equivalents	12,347	10,215
Net increase (decrease) in cash and cash equivalents	4,481	(17,929)
Cash and cash equivalents at the beginning of the year	200,770	205,251
Cash and cash equivalents at the end of the year	205,251	187,322

Human Resources and Labor Data

Associate Data

		Scope	FY2020	FY2021	FY2022
Number of associates by geographic area	Japan	Terumo Group	6,201	7,050	7,328
	Europe		2,311	2,345	2,408
	Americas		11,337	12,228	13,495
	Asia and others		6,633	6,671	6,976
	Total		26,482	28,294	30,207
Number of associates	Male	Terumo Corporation	4,332	4,403	4,426
	Female		915	974	1,031
	Total		5,247	5,377	5,457
Average age	Male	Terumo Corporation	41.35	41.64	43.30
	Female		36.56	37.12	37.00
	Total		40.54	40.85	40.50
Average years of service	Male	Terumo Corporation	18.3	18.0	17.7
	Female		12.1	12.1	11.4
	Total		17.2	16.9	16.3
Average salary (yen)		Terumo Corporation	7,441,630	7,365,222	7,650,863
Gender pay gap*	All associates (%)	Terumo Corporation	-	-	81.9
	Fulltime associates (%)		-	-	82.5
	Part-time and fixed-term associates (%)		-	-	86.0
Number of new graduate hires	Male	Terumo Corporation	167	134	143
	Female		62	45	60
	Total		229	179	203
Number of mid-career hires	Male	Terumo Corporation	56	63	95
	Female		23	25	43
	Total		79	88	138
	Mid-career hires as ratio of all regular, fulltime associates hired in that year (%)		26	33	40
Number of voluntary turnover (resigning due to personal reasons)	Male	Terumo Corporation	64	84	71
	Female		19	27	27
	Total		83	111	98
Turnover rate (%)	Male	Terumo Corporation	1.6	2.0	2.0
	Female		2.3	3.0	2.6
	Total		1.7	2.1	1.8

* The gender pay gap is calculated by counting associates who are seconded to other companies as associates of their original company (excluding associates seconded to overseas group companies).

DE&I

		Scope	FY2020	FY2021	FY2022
Number and ratio of female group executive officers	Total number of group executive officers	Terumo Group	-	-	19*1
	Number of female group executive officers		-	-	2*1
	Ratio of female group executive officers (%)		-	-	10.5*1
Ratio of female associates in global key positions (%)		Terumo Group	-	-	16.1*1
Ratio of female associates in managerial positions (%)		Terumo Group	-	-	30.8
Ratio of female associates (%)		Terumo Group	-	-	46.8
Number and ratio of female associates in managerial positions	Total number of associates in managerial positions	Terumo Corporation	852	865	942
	Number of female managers		69	73	90
	Ratio of female managers in managerial positions		8.1	8.4	9.6
Number and ratio of female general managers (or equivalent)	Total number of general managers (or equivalent)	Terumo Corporation	170	161	219
	Number of female general managers (or equivalent)		12	11	16
	Ratio of female general managers (or equivalent)		7.1	6.8	7.3
Number and ratio of female managers (or equivalent)	Total number of managers (or equivalent)	Terumo Corporation	682	704	723
	Number of female managers (or equivalent)		57	62	74
	Ratio of female managers (or equivalent)		8.4	8.8	10.2
Number and ratio of newly-appointed female associates in managerial position	Total number of associates newly-appointed to managerial positions	Terumo Corporation	54	68	163
	Number of female associates newly-appointed to managerial positions		4	8	26
	Ratio of female associates newly-appointed to managerial positions (%)		7.4	11.8	16.0
Number and ratio of female chiefs	Total number of chiefs	Terumo Corporation	1,206	1,224	1,178
	Number of female chiefs		184	201	217
	Ratio of female chiefs (%)		15.3	16.4	18.4
Ratio of female associates (%)		Terumo Corporation	17.4	18.1	18.9
Ratio of non-Japanese in group executive officers (%)		Terumo Group	-	-	33.3
Ratio of non-Japanese in global key positions (%)		Terumo Group	-	-	54.0*1
Ratio of mid-career hires in group executive officer (%)		Terumo Group	-	-	50.0
Ratio of mid-career hires in managerial positions (%)		Terumo Corporation	-	-	21.5
Number and ratio of retirees rehired under TES*2	Number of retirees	Terumo Corporation	130	128	175
	Number of retirees rehired under TES		110	103	136
	Ratio of retirees rehired under TES (%)		84.6	80.5	77.7
Ratio of associates with disabilities (%)		Terumo Corporation	2.27	2.30	2.26

*1 As of April 1, 2023

*2 TES: Terumo Expert Systeme (Reemployment system for retirees)

Work-Life Balance

		Scope	FY2020	FY2021	FY2022
Number of associates taking maternity and childcare leave	Associates taking maternity leave	Terumo Corporation	58	44	56
	Associates taking spousal childbirth leave		2	2	0
	Associates taking childcare leave (female)		92	102	95
	Associates taking childcare leave (male)		89	84	104
	Ratio of female associates returning to work after childcare leave (%)		100	100	100
	Ratio of male associates returning to work after childcare leave (%)		100	100	100
	Ratio of applicable male associates taking childcare leave (%)		63.1	54.9	68.8
	Average number of childcare leave days taken by applicable male associates		13.6	24.9	27.0
Number of associates taking nursing care leave	Associates taking long-term nursing care leave	Terumo Corporation	0	3	4
	Associates taking leave (nursing care/family illness)		15	14	20
Number of former associates rehired	Registered former associates	Terumo Corporation	6	3	9
	Rehired associates		1	0	3
Ratio of paid vacation days taken (%)	Terumo Corporation	59.9	67.1	71.1	
Average number of paid vacation days taken	Terumo Corporation	11.4	13.0	13.9	
Average hours of overtime worked per month	Terumo Corporation	16.1	18.7	18.8	

Occupational Safety and Health

		Scope	FY2020	FY2021	FY2022
Fatal and serious work-related accidents	Fatalities	Terumo Group	-	-	0
	Serious work-related accidents		-	-	2
Accidents resulting in lost work days		Terumo Corporation	2	0	2
Frequency rate		Terumo Corporation	0.19	0.00	0.19
Severity rate		Terumo Corporation	0.73	0.00	0.001

Promotion of "Kenko Keiei"

1. Reduction of Ratio of Smokers and Ratio of Associates Diagnosed with Metabolic Syndrome*

		Scope	FY2020	FY2021	FY2022
Ratio of smokers (%)	Terumo Corporation		20.2	22.6	23.3
Ratio of associates diagnosed with metabolic syndrome (%)			24.7	29.4	32.4

* The ratio of associates diagnosed with metabolic syndrome is calculated based on the number of associates whose body metrics have surpassed the threshold for being judged to have metabolic syndrome and those that are at risk of surpassing this threshold.

 2. Early Diagnosis and Treatment of Cancer to Enable Associates to Return to the Workplace
Cancer Screening Rates

		Scope	FY2020	FY2021	FY2022
Stomach (%)	Terumo Corporation		98.0	97.0	95.0
Colon (%)			91.7	92.6	90.0
Upper abdomen			84.0	96.8	93.6
Lung (sputum) (%)			40.7	43.1	40.7
PSA (%)			97.7	96.9	93.6
Breast (%)			64.7	67.0	63.3
Cervix (%)			65.8	64.6	62.9

3. Women's Health

Breast Cancer and Cervical Cancer Screening Rates

		Scope	FY2020	FY2021	FY2022
Breast (%)	Terumo Corporation		64.7	67.0	63.3
Cervix (%)			65.8	64.6	62.9

Environmental Data

CO₂ Emissions (Scope 1+2)

		FY2018	FY2020	FY2021	FY2022
Japan (t-CO ₂)	Scope 1	42,084	44,043	44,680	43,080
	Scope 2	110,203	110,234	94,224	46,910
	Total	152,287	154,277	138,904	89,990
Overseas (t-CO ₂)	Scope 1	18,614	18,042	21,987	24,069
	Scope 2	110,477	101,796	97,413	106,277
	Total	129,091	119,839	119,400	130,346
Total (t-CO ₂)	Scope 1	60,698	62,085	66,667*	67,148*
	Scope 2	220,680	212,031	191,637*	153,187*
	Total	281,378	274,116	258,304*	220,335*
Increase/decrease compared to FY2018 (%)		-	-2.6	-8.2	-21.7
Index of emissions per unit of revenue (FY2018=100)		100	95.1	78.2	57.2

* Data assured by a third party

Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Note: CO₂ emissions are calculated by using the CO₂ emission factors for electricity for each fiscal year provided by power companies.

CO₂ Emissions in Fiscal 2022 (Scope 3)

(t-CO₂)

		Emissions volume	Method of Calculation
Category 1	Purchased goods and services	857,044	For the Terumo Group in Japan, the volume of emissions is calculated by multiplying the amounts of purchased components and materials by their respective emission intensities. For the Terumo Group overseas, the volume of emissions is calculated based on the amount of revenue.
Category 2	Capital goods	224,377	Multiplying emission intensities per capital goods price by annual capital expenditure amounts
Category 3	Fuel- and energy- related activities (not included in Scope 1 or 2)	53,659	Multiplying amounts of purchased fuel, electricity, and heat by their respective emission intensities
Category 4	Upstream transportation and distribution	53,162	For the Terumo Group in Japan, the volume of emissions is calculated by multiplying the transportation of the products in ton-kilometers by the emission intensity for each type of transportation. For the Terumo Group overseas, the volume of emissions is calculated based on the amount of revenue.
Category 5	Waste generated in operations	2,245	Multiplying amounts of waste generated by the emission intensity for each category of waste
Category 6	Business travel	3,938	Multiplying the number of employees by emission intensity per employee
Category 7	Employee commuting	9,216	Multiplying the number of employees by emission intensity per category of work or area classification
Category 8	Upstream leased assets	0	Emissions associated with leased company vehicles and leased office buildings are included under Scope 1 and 2
Category 9	Downstream transportation and distribution	4,208	Multiplying product weight by emission intensities using a standard transportation and distance model
Category 10	Processing of sold products	0	Intra-group processing is included under Scope 1 and 2
Category 11	Use of sold products	6,932	Calculated based on lifespan and electricity consumption of principal medical engineering products (pumps)
Category 12	End-of-life treatment of sold products	171,949	For the Terumo Group in Japan, the volume of emissions is calculated by multiplying weight of shipped products by emission intensity for waste processing. For the Terumo Group overseas, the volume of emissions is calculated based on the amount of revenue.
Category 13	Downstream leased assets	0	Emissions associated with products leased to customers are included under "Use of sold products"
Category 14	Franchise	-	Not applicable as facilities classed as franchise operations are not owned
Category 15	Investments	-	Not applicable as no emissions were generated through investments
Total		1,386,729	

Scope: Terumo Group

Note: The figures above are calculated based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver. 2.4) compiled by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

Environmental Data

CO₂ Emissions (Scope 3)

	FY2020	FY2021	FY2022
Index of emissions per unit of revenue (Fiscal 2018 = 100)	112.9	83.5	84.2

Scope: Terumo Group

Note: The figures above are calculated based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver. 2.4) compiled by the Ministry of the Environment and the Ministry of Economy, Trade and Industry. The calculation method for some data has been revised to improve the accuracy of the emissions calculations. Accordingly, past data has also been changed to figures based on the same calculation method.

Energy Consumption

Fuel type	FY2020	FY2021	FY2022
Electricity (MWh)	453,461	479,161	520,938*
Gas (MWh)	306,428	316,449	318,358*
LPG (MWh)	12,577	19,204	19,044*
Heavy oil (MWh)	4,214	6,182	9,017*
Diesel oil (MWh)	590	963	1,619*
Steam (MWh)	36,037	31,925	32,448*
Steam [excluding steam for industrial use], hot water, and cold water (MWh)	0	0	1,509*
Gasoline (MWh)	11,561	14,442	12,157*
Heating oil (MWh)	0	287	1*
Cold water (MWh)	0	0	171*
Total (MWh)	824,868	868,612	915,262*
Index of consumption per unit of revenue	98.9	90.9	82.0

* Data assured by a third party

Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Renewable Energy Use

	FY2020	FY2021	FY2022
Renewable energy use (MWh)	5,062	50,595	167,463* ¹
Ratio of renewable energy use (%)²	1.1	10.6	32.1* ¹

*¹ Data assured by a third party

*² The ratio of renewable energy use to total electricity use

Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Total Waste Volume and Recycling Rate

	FY2020	FY2021	FY2022	
Japan	Total waste (t)	10,427	11,408	11,759
	Hazardous waste (t)*	883	968	1,433
	Volume recycled (t)	10,186	11,223	11,569
	Recycling rate (%)	97.7	98.4	98.4
Overseas	Total waste (t)	10,242	10,264	12,365
	Hazardous waste (t)	1,027	1,061	1,387
	Volume recycled (t)	8,046	8,280	10,231
	Recycling rate (%)	78.6	80.7	82.7
Total	Total waste (t)	20,669	21,672	24,124
	Hazardous waste (t)	1,910	2,029	2,819
	Volume recycled (t)	18,232	19,503	21,800
	Recycling rate (%)	88.2	90.0	90.4

*The volume of specially controlled industrial waste as prescribed by Japan's Waste Management and Public Cleansing Act.

Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Environmental Data

Final Waste Disposal

	FY2020	FY2021	FY2022
Total waste (t)	10,427	11,408	11,759
Final waste disposal (t)	16	15	14
Ratio of final waste disposal to total waste (%)	0.16	0.14	0.12

Scope: Terumo Group business sites in Japan

Collection and Recycling of Small Rechargeable Batteries

	FY2020	FY2021	FY2022
Nickel-cadmium batteries (kg)	1,454	1,598	1,327
Nickel-metal hydride batteries (kg)	3,126	2,869	2,494
Lithium-ion batteries (kg)	1,165	1,424	1,716
Sealed lead-acid batteries (kg)	179	112	228

Scope: Terumo Group business sites in Japan

Note: The figures above have been revised to include those recycled via organizations other than general incorporated association Japan Portable Rechargeable Battery Recycling Center (JBRC).

Water Use (Water Withdrawal) Volume

	FY2020	FY2021	FY2022
Japan (1000m ³)	3,518	3,617	3,738
Overseas (1000m ³)	1,616	1,310	1,425
Total (1000m ³)	5,134	4,927	5,162
Index of water use per unit of revenue (Fiscal 2018 = 100)	92.4	77.4	69.5

Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Water Discharge Volume

	FY2020	FY2021	FY2022
Japan (1000m ³)	2,567	2,620	2,836
Overseas (1000m ³)	1,215	1,115	1,195
Total (1000m ³)	3,782	3,736	4,031

Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

HCFC-225 Emissions

	FY2020	FY2021	FY2022
Emissions (t)	0.6	0.0	0.0

Scope: Terumo Group business sites in Japan

Amount of PRTR Substances Used, Released, and Transferred in Fiscal 2022

	FY2020	FY2021	FY2022
Amount used (t)	676.7	648.8	668.1
Amount released (t)	63.4	59.5	62.5
Amount transferred (t)	24.0	26.9	26.5

Scope: Terumo Group business sites in Japan

Major Violations of Environmental Laws and Regulations (Air and Water Pollution, etc.)

	FY2020	FY2021	FY2022
Total amount of fines (100 million yen)	0	0	0
Total number of penalties other than fines	0	0	0

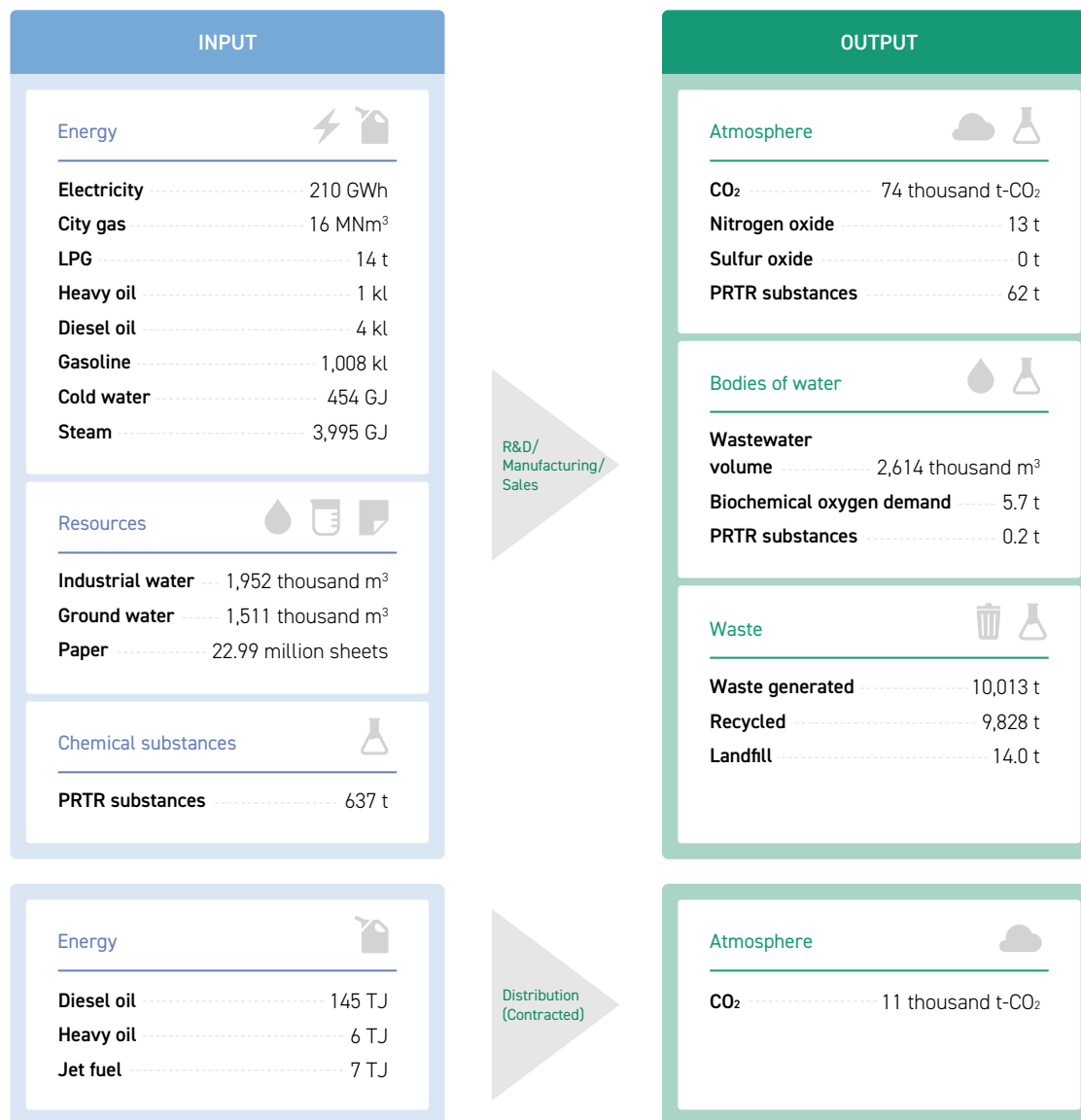
Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Site Data (Manufacturing and R&D Sites) for Fiscal 2022

Region	Site	Location	CO ₂ Emissions [Scope 1+2] (t-CO ₂)	Water Use (1,000m ²)	Total Waste Emissions (t)	Recycled Amount (t)
Japan	Fujinomiya Factory	Fujinomiya, Shizuoka	27,021	1,800	2,853	2,847
	Ashitaka Factory	Fujinomiya, Shizuoka	13,801	483	2,512	2,504
	Kofu Factory	Nakakoma, Yamanashi	25,554	1,107	4,271	4,126
	ME Center	Suntou, Shizuoka	334	2	83	83
	R&D Center (Shonan Center)	Ashigarakami, Kanagawa	3,769	65	230	205
	Terumo Clinical Supply Co., Ltd.	Kakamigahara, Gifu	315	4	35	35
	Terumo Yamaguchi Corporation*	Yamaguchi, Yamaguchi	15,272	270	1,666	1,659
Americas	Terumo Medical Corp. (Elkton Factory)	Maryland, USA	8,475	45	307	253
	Terumo Cardiovascular Systems Corp. (Elkton Factory)	Maryland, USA	5,084	26	380	212
	Terumo Cardiovascular Systems Corp. (Ann Arbor Factory) and Terumo Heart, Inc.	Michigan, USA	2,793	0.3	17	15
	Terumo Cardiovascular Systems Corp. (Ashland Factory)	Massachusetts, USA	324	2	181	181
	MicroVention, Inc.	California, USA	1,815	15	441	261
	Terumo BCT, Inc. (Lakewood Factory)	Colorado, USA	10,027	78	876	534
	Terumo BCT, Inc. (Littleton Factory)	Colorado, USA	4,583	10	434	205
	Bolton Medical, Inc.	Florida, USA	523	4	477	294
	Terumo Puerto Rico LLC	Commonwealth of Puerto Rico	967	2	74	36
	MicroVention Costa Rica, S.r.l.	San Jose, Costa Rica	173	31	747	734
	TFB Manufacturing S.r.l. (Terumo BCT Costa Rica Factory)	Cartago, Costa Rica	48	19	709	709
	Terumo Cardiovascular Costa Rica LLC, S.r.l.	Cartago, Costa Rica	8	5	145	129
	Kalita Medical, Inc.	California, USA	94	1	44	22
	Europe	Terumo Europe NV	Leuven, Belgium	3,357	34	580
Terumo UK, Ltd.		Liverpool, UK	119	1	76	76
Vascutek Ltd.		Glasgow, UK	1,841	29	196	196
Terumo BCT, Ltd.		Larne, UK	2,634	76	441	441
Asia	Terumo Medical Products (Hangzhou) Co., Ltd.	Zhejiang, China	23,128	363	1,169	1,131
	Terumo (Philippines) Corp.	Laguna, Philippines	30,371	267	1,903	1,737
	Terumo Penpol Pvt. Ltd.	Kerala, India	10,902	44	866	701
	Terumo Vietnam Co., Ltd.	Vinh Phuc, Vietnam	3,752	225	672	532
	Terumo BCT Vietnam Co., Ltd.	Dong Nai, Vietnam	17,231	136	1,620	1,245
	Essen Technology (Beijing) Co., Ltd.	Beijing, China	2,098	10	10	10

* Terumo Yamaguchi D&D Corporation was merged into Terumo Yamaguchi Corporation on October 1, 2022.

Material Flow



Scope: Terumo Corporation business sites in Japan

Note 1: The volume of energy use and CO₂ emissions to atmosphere associated with distribution indicate the volume resulting from distribution in Japan.

2: The volume of energy use associated with distribution is the converted value calculated using the ton-kilometer method.

3: The CO₂ emissions factors for electricity are the fiscal 2022 factors provided by power companies.

INDEPENDENT ASSURANCE STATEMENT

To: Terumo Corporation



Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Terumo Corporation (Terumo) to provide limited assurance over sustainability information selected by Terumo. This Assurance Statement applies to the related information included within the scope of work described below.

Selected information

The scope of our work was limited to assurance over the following information included within Terumo Report 2023 for the period of April 1, 2022 through March 31, 2023 (the 'Selected Information'):

- 1) The following environmental data through business operations of Terumo Group's 50 sites within Japan (six factories, two R&D bases, two headquarters offices, 36 sales offices, one facility for simulated medical experience and three subsidiary offices) and 23 sites outside Japan (22 factories and one R&D base)
 - Scope 1 emissions (CO₂ from energy use)
 - Scope 2 emissions (market-based)
 - Total of Scope 1 emissions (CO₂ from energy use) and Scope 2 emissions (market-based)
 - Energy consumption
 - Renewable energy use
 - Ratio of renewable energy use to total electricity use

Reporting criteria

The Selected Information needs to be read and understood together with the internal reporting criteria defined by Terumo.

Limitations and Exclusions

Excluded from the scope of our work is any verification of information relating to:

- Activities outside the defined verification period;
- Any other information which is not listed as the 'Selected Information'.

This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Responsibilities

This preparation and presentation of the Selected Information are the sole responsibility of the management of Terumo.

Bureau Veritas was not involved in the drafting of the Selected Information or of the Reporting Criteria. Our responsibilities were to:

- obtain limited assurance about whether the Selected Information has been prepared in



- accordance with the Reporting Criteria;
- form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- report our conclusions to the Directors of Terumo.

Assessment Standard

We performed our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Effective for assurance reports dated on or after December 15, 2015) issued by the International Auditing and Assurance Standards Board.

For the greenhouse gas emissions data, we undertook verification in accordance with the requirements of ISO14064-3 (2019): Greenhouse gases - Part 3: Specification with guidance for the verification and validation of greenhouse gas statements.

Summary of work performed

As part of our independent verification, our work included:

1. Conducting interviews with relevant personnel of Terumo;
2. Reviewing the data collection and consolidation processes used to compile Selected Information, including assessing assumptions made, and the data scope and reporting boundaries;
3. Reviewing documentary evidence provided by Terumo;
4. Reviewing Terumo systems for quantitative data aggregation and analysis;
5. Verification of sample of data back to source by carrying out three physical site visits and reviewing one site remotely, selected on a risk based bases at the following locations:
 - [Physical site visit]
 - Terumo Corporation Head Office
 - Terumo Corporation Fujinomiya Factory
 - Terumo Yamaguchi Corporation
 - [Remote review]
 - Terumo Medical Products (Hangzhou) Co., Ltd.
6. Reperforming a selection of aggregation calculations of the Selected Information;
7. Comparing the Selected Information to the prior year amounts taking into consideration changes in business activities, acquisitions and disposals.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Verified greenhouse gas emissions

We performed our verification work on greenhouse gas emissions data in accordance with the requirements of ISO14064-3(2019).

Verified data in greenhouse gas assertion made by Terumo are as follows.



	Greenhouse gas emissions [t-CO ₂ e]	Boundary
Scope 1 (CO ₂ from energy use)	67,148	Greenhouse gas emissions from business operations of Terumo Group's 50 sites within Japan (six factories, two R&D bases, two headquarters offices, 36 sales offices, one facility for simulated medical experience and three subsidiary offices) and 23 sites outside Japan (22 factories and one R&D base) for the period of April 1, 2022 through March 31, 2023
Scope 2 (market-based)	153,187	

Conclusion

On the basis of our methodology and the activities described above:

- Nothing has come to our attention to indicate that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria;
- It is our opinion that Terumo has established appropriate systems for the collection, aggregation and analysis of quantitative data within the scope of our work.

Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates Quality Management System which complies with the requirements of globally recognized quality management standard, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA), across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behavior and high ethical standards in their day-to-day business activities.

Bureau Veritas Japan Co., Ltd.
 Yokohama, Japan
 September 22, 2023



Corporate Information

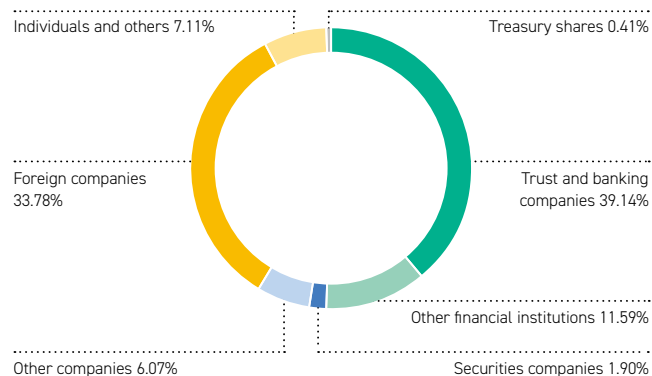
Corporate Information (As of March 31, 2023)

Company Name	Terumo Corporation
Founded	September 17, 1921
Tokyo Office	Tokyo Opera City Tower, 3-20-2 Nishi Shinjuku, Shinjuku-ku, Tokyo 163-1450, Japan
Head Office	2-44-1 Hatagaya, Shibuya-ku, Tokyo 151-0072, Japan
Share capital	¥38.7 billion
Employees	Consolidated: 30,207 Non-Consolidated: 5,457
Fiscal Year	From April 1 to March 31

Stock information (As of March 31, 2023)

Security Code	4543
Stock Exchange Listing	Prime Section of the Tokyo Stock Exchange
Number of Shares Authorized	3,038,000,000
Number of Shares Issued	747,682,540
Number of Shareholders	59,004
Trading Unit	100

Composition of Issued Shares by Type of Shareholder



Major Shareholders (Top 10 Shareholders)*1

Shareholders	Number of Shares Held (Thousands)	Percentage of Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	167,396	22.48
Custody Bank of Japan, Ltd. (Trust Account)	77,634	10.43
The Dai-ichi Life Insurance Company, Limited*2	31,889	4.28
Meiji Yasuda Life Insurance Company	24,422	3.28
TERUMO LIFE SCIENCE FOUNDATION	14,720	1.98
Mizuho Bank, Ltd.*3	12,859	1.73
STATE STREET BANK WEST CLIENT - TREATY 505234	11,477	1.54
STATE STREET BANK AND TRUST COMPANY 505223	10,721	1.44
National Mutual Insurance Federation of Agricultural Cooperatives	10,653	1.43
STATE STREET BANK AND TRUST COMPANY 505001	10,477	1.41

*1 Terumo owns 3,074,907 treasury shares at the end of March 2023. The percentage is calculated by deducting the treasury stocks.

*2 Shares held by The Dai-ichi Life Insurance Company, Limited include 6,000 thousand shares contributed by that company to a retirement benefit trust.

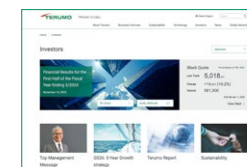
*3 Shares held by Mizuho Bank, Ltd. include 10,159 thousand shares contributed by that company to a retirement benefit trust.

Terumo's Corporate Website

Terumo's corporate website provides information on the Company and its businesses, the latest financial information, news releases, and other information.



Terumo Global Website
<https://www.terumo.com/>



Investor relations website
<https://www.terumo.com/investors>



Sustainability website
<https://www.terumo.com/sustainability>



Terumo Group Official LinkedIn
<https://www.linkedin.com/company/terumo-global/>

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TERUMO CORPORATION

Tokyo Office

Tokyo Opera City Tower, 3-20-2 Nishi Shinjuku, Shinjuku-ku, Tokyo 163-1450, Japan