

## Message from the Chairman of the Board



### Fostering an Open Corporate Culture toward Sounder Management

**Takayoshi Mimura**

Chairman of the Board

Consistent with our corporate mission of “Contributing to Society through Healthcare,” we strive to meet stakeholder expectations by maintaining growth and increasing our corporate value over the long term. To that end, we are strengthening our corporate governance toward sounder management. We are also working to create comfortable work environments and foster an open corporate culture where a diverse workforce can maximize its capabilities.

### Improving Effectiveness and Functionality of the Board of Directors

As an embodiment of its efforts in implementing its corporate mission, Terumo has established its Five Statements—on open management, enhanced value, safety and reliability, respect for our associates, and corporate citizenship—for associates to use as standards for their actions and decisions.

Our corporate mission and the Five Statements have served as touchstones in our ongoing efforts to enhance our corporate governance to achieve swift decision-making while maintaining transparency and objectivity in management. In June 2015, we adopted the organizational design of a Company with an Audit/Supervisory

Committee as defined by the Companies Act of Japan. We did this to strengthen the audit and supervisory functions, enhance management transparency and objectivity by increasing the proportion of independent directors on the Board of Directors, and expedite the decision-making process by promoting the delegation of the Board's authority. Furthermore, in October 2015, we formulated the Terumo Corporate Governance Guideline to effectively strengthen our corporate governance system and enhance the management soundness needed to increase corporate value over the long term.

Terumo thus began operating under a new management team in April 2017. Over the more than one year that has followed, I have focused on improving the effectiveness of the Board of Directors as its Chairman.

To objectively evaluate the Board of Directors and further improve its effectiveness and functionality, we have the members of the Board of Directors complete surveys on the Board's effectiveness.\* The results of the 2018 survey indicated that the Board of Directors is appropriately performing its monitoring and oversight functions and is effective in its operations. Moreover, based on the results of the 2017 survey, we improved the existing education program by systematically defining the items to be learned by directors and executive officers. After its implementation, the 2018 survey indicated that the program was incredibly meaningful, and we therefore recognize the need to continue with the program. In addition, the more open atmosphere cultivated under the

new management team was praised as contributing to the increased effectiveness and brisker discussions of the Board of Directors. However, the evaluation process also shared understanding of the need to further invigorate the Board of Directors, for example by increasing the diversity of its members, if it is to continue contributing to the sustainable growth of the Company going forward. In addition, we have designated, in the annual schedule, several issues to be discussed that were identified as being exceptionally important in the 2018 survey as themes for discussion by the Board of Directors. This was intended to ensure that the Board of Directors devote sufficient time to engaging in meaningful discussions on these items. Going forward, the Board will examine specific ways to address these and other issues and discuss and implement measures to improve the Board's effectiveness and functionality.

\* Aggregation and analysis of survey responses were performed by a third-party institution.

---

## Reinforcing Governance of Group Management

I have the important responsibility of helping to increase the effectiveness of the Board of Directors while also supporting President and CEO Shinjiro Sato in implementing our Mid- to Long-term Growth Strategy. We are implementing various initiatives to exercise the Group's comprehensive strengths in the execution of our growth strategies. However, the scale of the Group is also expanding. A particularly large factor behind this expansion in recent years has been the increase in the number of consolidated subsidiaries, which is due in part to overseas acquisitions. As a result, the Company had 96 consolidated subsidiaries on March 31, 2018. In light of this increase, we have been focusing attention on reinforcing the governance of Group management. While operational management occurs at the individual company level, functional management is led by the CXOs that oversee the implementation of global policies. By strengthening management of both the operational and functional aspects of our businesses in this manner, this management approach has been gaining traction within the organization. Going forward, we will hold our Global Leadership Meeting to share understanding of important management issues facing the Group among business, function, and regional leaders, and to step up coordination.

Meanwhile, we will cultivate an open corporate culture throughout the Group that is receptive and respectful to

the various differences of associates, including their race, nationality, gender, religion, and physical characteristics. Such culture will be crucial to improving the soundness of management as our business grows increasingly more global. The cultivation of such culture is another important duty of senior management, and I make a point of focusing on the fostering of such corporate culture in my daily activities.

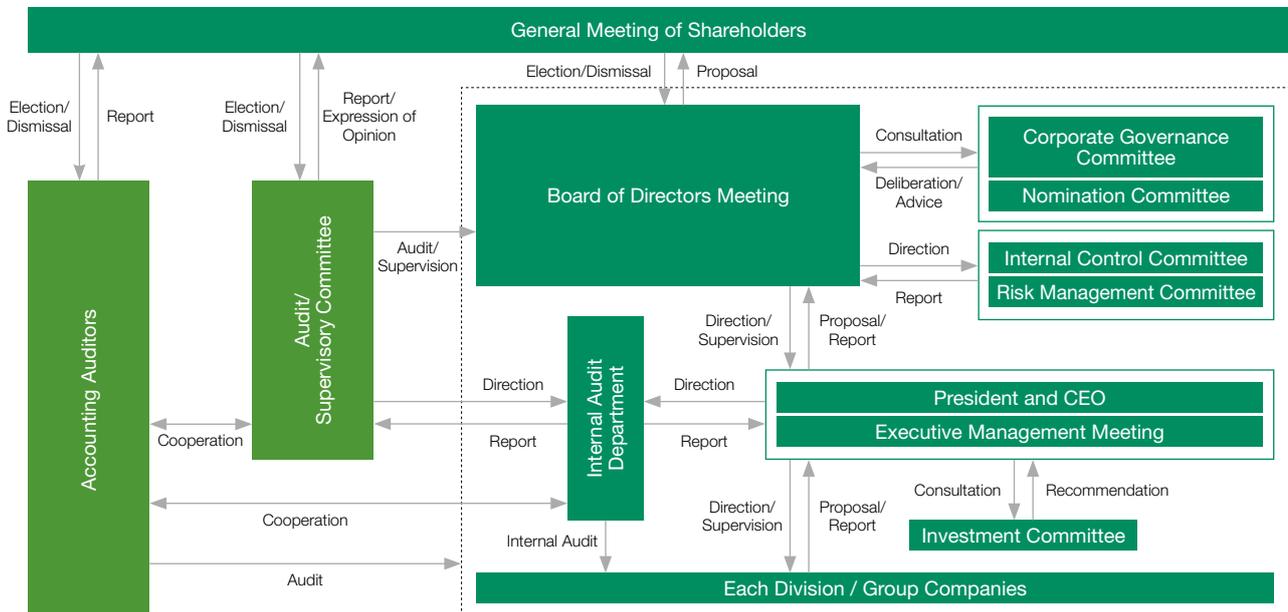
In 2021, Terumo will celebrate the 100th anniversary of its founding. As we approach this momentous occasion, I will strive to increase our corporate value in my capacity as the Chairman of the Board. I will achieve this by supporting the implementation of the Mid- to Long-term Growth Strategy and by promoting the strengthening of our corporate governance, the creation of a corporate culture and environment that enable our diverse workforce to achieve the best possible results, and other initiatives that bolster the foundation underpinning sustainable growth. As we press ahead, I look forward to the ongoing understanding and support of our stakeholders.

# Corporate Governance

## Basic Stance on Corporate Governance

- Terumo’s corporate 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 embody its corporate mission, Terumo articulated its Five Statements, i.e. open management, enhanced value, safety and reliability, respect for our associates, and corporate citizenship. These statements govern the actions and decisions made by all Terumo associates.
- Based on its corporate mission and the Five Statements, Terumo has established its Guideline for Corporate Governance. It is intended to promote timely decision-making while maintaining transparency and objectivity in management.
- Terumo continuously strives to earn the understanding and trust of its internal and external stakeholders by recognizing its accountability to its stakeholders and promoting dialog and other means of communication with its shareholders.
- Informed by 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/Supervisory Committee members are directors, and have voting rights in the Board of Directors meeting. The majority of the Audit/Supervisory Committee is constituted by independent directors. The Audit/Supervisory Committee serves for the function of auditing and supervising the directors and the Board of Directors.

---

## Corporate Governance Structure

### Organizational Design

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

#### (1) Strengthen audit and supervisory functions

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

#### (2) Enhance transparency and objectivity in management

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

#### (3) Expedite decision-making process

By promoting the appropriate delegation of the Board's authority by way of the executive officer system, Terumo will further expedite its decision-making process and business development.

### Board of Directors

#### Roles

- The Board shall strive for optimal decision-making of 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 at the Board, to directors 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/Supervisory Committee Members.
- Terumo shall strive to have independent directors account for approximately twenty percent (20%) or more 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 the 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/Supervisory Committee

#### Roles

The Audit/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/Supervisory Committee may provide direct instructions to the Internal Control, Internal Audit, and Legal and Compliance departments. Such activities of the Committee shall include any of the following:

- Attend, provide objective and fair opinions, and exercise voting rights at the Board of Directors meetings.
- Attend and provide objective and fair opinions at other important Terumo Group meetings.
- Prepare audit reports.
- Establish and revise audit policies, methods for investigating and reviewing the Company's operations and assets, and other matters related to exercising the authority of the Audit/Supervisory Committee.

#### Members

- The Audit/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/Supervisory Committee shall elect one of the Committee members to serve as the chair of the Committee.

## Corporate Governance Committee

### Roles

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

- (a) Basic matters concerning Corporate Governance.
- (b) Important matters concerning the establishment, design, and operation of the Corporate Governance system.
- (c) Matters concerning the compensation structure for directors and executive officers.
- (d) Other matters which the Board of Directors requests the Committee to consider, or matters the Committee deems necessary to carry out for the purposes of the Committee.

The deliberations of the Committee shall be reported to the Board of Directors as appropriate. In this regard, however, those matters related to the Audit/Supervisory Committee in (c) above shall not violate the provisions of Article 361 of the Companies Act.

### Members

- The Committee shall be comprised of members of the Board selected by the Board.
- Terumo shall have independent directors account for at least half of the members of the Committee.
- At least one of the Representative Directors shall be a member of the Committee.
- The members of the Corporate Governance Committee shall elect one of the independent directors serving on the Committee to serve as the chair of the Committee. However, if the chair is unable to act, one of the other independent directors elected by a majority vote of the Committee members shall act in the chair's place.

## Nomination Committee

### Roles

The Nomination Committee shall deliberate on the matters concerning successors to the President and Chairman of Terumo Corporation, which is one of the most important corporate governance duties for the Board, as well as the matters concerning the appointment and dismissal of directors and executive officers.

### Members

- The Committee shall be comprised of members of the Board selected by the Board.
- Independent directors (at least three (3) but not more than five (5)) shall account for a majority of the members of the Committee.
- The chair shall be elected from among the independent directors by a two-thirds majority vote of the Committee members.

## Internal Control Committee

### Roles

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."

### Members

- The Committee shall be comprised of Terumo Corporation's Representative Directors, Directors ranked Managing Executive Officer or above, Expert Panels chairpersons, Internal Control Department managers, and external legal counsels.
- Audit/Supervisory Committee members may attend and speak at the meetings of the Committee.
- The chair shall be the President and Representative Director.

## Risk Management Committee

### Roles

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.

### Members

- The Committee shall be comprised of executive officers ranked Managing Executive Officer or above, Internal Control Department managers, and designated person by the chair.
- Audit/Supervisory Committee members may attend and speak at the meetings of the Committee.
- The chair shall be the President and Representative Director.

## Selection of Directors

### Policy

Candidates for 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.”

One of these internal regulations stipulates 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.

The regulations also require the consideration of the diversity of independent directors, including, to the extent possible, their backgrounds, expertise, gender, and other factors as appropriate. With regard to independent directors who serve as Audit/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 and propose potential candidates for directors and propose appropriate candidates to the Board of Directors. This process is intended to eliminate arbitrariness and to ensure the sound selection of candidates.

In order to assist shareholders in the exercise of voting rights of shareholders by allowing them to better understand the candidates, each candidate shall be required to state their aspirations prior to the election at the General Meeting of Shareholders.

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.

### Reasons for Appointing Independent Directors and Attendance at Meetings (Fiscal 2017)

Name	Reason for appointment	Attendance at meetings of the Board of Directors and Audit/Supervisory Committee
Ikuo Mori	Mr. Mori has been appointed as an independent director to utilize the insight he has cultivated from his extensive experience as a manager and many years of experience in business overseas, in supervising the management of Terumo Corporation.	Board of Directors: 12/12 (100%)
Ryuzo Ueda	Mr. Ueda has expert knowledge that includes a track record of research in cancer therapy, has served as President of Nagoya City University Hospital and Director-General of Nagoya City Hospital Bureau, and has cultivated extensive experience through the performance of his duties in these organizations. He has been appointed as an independent director to utilize this experience in the supervision of management at Terumo Corporation.	Board of Directors: 12/12 (100%)
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 supervision of management at Terumo Corporation.	Appointed on June 22, 2018
Toshihiko Matsumiya	Mr. Matsumiya has extensive knowledge of finance and accounting as a Certified Public Accountant. He has heretofore provided auditing and supervision of the management of Terumo Corporation from an independent perspective.	Board of Directors: 12/12 (100%) Audit/Supervisory Committee: 12/12 (100%)
Masatake Yone	Mr. Yone possesses specialized knowledge and extensive experience as an attorney in Japan and overseas, and has heretofore overseen and supervised the management of Terumo Corporation from an independent perspective.	Board of Directors: 12/12 (100%) Audit/Supervisory Committee: 12/12 (100%)

## Evaluation of the Effectiveness of the Board of Directors

For the purpose of further improving effectiveness of the board, the Board of Directors shall conduct a self-evaluation of board effectiveness every year by surveys and

other means with the involvement of outside experts and disclose a summary of the results.

## Executive Compensation

### Policy and Framework

To provide appropriate motivation to enhance mid- to long-term corporate value, the compensation for executive directors and executive officers shall be determined focusing on “(a) appropriate risk-taking by the management” and “(b) sharing awareness of profits with shareholders.”

To achieve objective (a), an appropriate balance

between fixed compensation and performance-linked compensation (bonus) shall be set. In order to achieve objective (b), compensation-type stock options have been established.

Compensation of other non-executive directors shall be composed only of fixed compensation.

### Target Proportions

Compensation for executive directors shall consist of fixed compensation, bonuses, and stock options, the target percentages of which shall be 50%, 30%, and 20% of the total combined compensation, respectively.

The Corporate Governance Committee shall review the standard amount of compensation and the related target

percentage of each compensation component in light of relevant information obtained from outside research organizations that review data from comparable companies. This process is intended to secure transparency and objectivity in the establishment of compensation for executive directors.

### Decision Procedure

- **Fixed compensation**

Within the compensation limit approved at the General Meeting of Shareholders, compensation for directors, excluding Audit/Supervisory Committee members, shall be decided by resolution of the Board of Directors, and compensation for Audit/Supervisory Committee members shall be decided by deliberation among Audit/Supervisory Committee members.

- **Bonuses**

Within the aforementioned compensation limit, bonuses shall be determined by resolution of the Board of Directors in light of relevant factors, including Companywide performance as indicated by sales, operating profit, and operating margin, and an evaluation of the performance of each director’s business operation.

- **Stock options**

Within the aforementioned compensation limit, compensation-type stock options shall be awarded by resolution of the Board of Directors.

### Remuneration to Directors

Position	Total value of remuneration (¥ million)	Total compensation by type (¥ million)			Number of directors
		Base	Stock options	Bonuses	
Directors (excluding Audit/Supervisory Committee members and independent directors)	438	211	88	138	9
Audit/Supervisory Committee members (excluding independent directors)	32	32	—	—	2
Independent directors	58	58	—	—	5

## Training Policy

Terumo Corporation shall provide each director with opportunities to obtain relevant training such that each may fully

assume their duties and acquire the knowledge required for fulfilling their roles, legal obligations, and duties as a director.

### Internal Directors

At the time of election, briefings by the head of the legal division shall be arranged to provide each director with the requisite knowledge of his or her obligations as a director. Opportunities for external training may also be recommended and provided if appropriate to assist the director

with acquiring the requisite knowledge. After the election, relevant books and opportunities for participation in external training sessions shall be arranged as necessary to afford each director the opportunity to update his or her knowledge necessary for his or her service as a director.

### Independent Directors

Briefings shall be arranged to afford each independent director the opportunity to obtain the information about Terumo’s business, organization, and operations necessary

to fulfill his or her duties as a director. External training sessions and other information shall be made available if additional knowledge is required or updating is necessary.

# Compliance

With the goal of realizing its corporate mission of “Contributing to Society through Healthcare,” the Terumo Group conducts honest and fair business practices and fosters the high ethical standards expected of a healthcare company.

## Basic Approach

Terumo’s corporate mission, “Contributing to Society through Healthcare,” is the goal not only of the Company but of all associates of Terumo. Fulfilling this mission requires that we continue to conduct honest and fair business practices based on strict legal compliance and corporate ethics while adhering to the high ethical standards expected of a healthcare company.

To accomplish these objectives, we have established the Code of Conduct for the Terumo Group (SAKURA

Rules), a set of standards for the conduct of daily business activities for all directors, officers, and associates of the entire Terumo Group, including overseas entities. In accordance with this Code, we are striving throughout the Group to base our actions on social ethics as well as on compliance with relevant laws and regulations.

## 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/Supervisory Committee.

Under the leadership of the Chief Legal Officer (CLO) and centered on the Legal and Compliance Department, we will create compliance-related rules, perform training

and education, and conduct monitoring to quickly discover and ascertain compliance issues by coordinating with the compliance officers who are in charge of promoting compliance-related activities at each Group company.

In the event that any significant compliance violations occur, 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
Code of Conduct for the Terumo Group (SAKURA Rules) seminars	All directors, officers, and associates	Group training	Annual seminar on general compliance topics that all directors, officers, and associates are required to attend
Training on fair competition and bribery prevention	All directors, officers, and associates (excluding certain production divisions)	E-learning program	Fair transactions and prevention of corruption in business activities
Healthcare professional relations training	Sales branch and company associates	E-learning program	Maintenance of appropriate relations with healthcare professionals
Level-based training	Associates at specific levels	Group training	Compliance education as part of training for early-career associates and associates being promoted to mid-level and management positions

## Compliance Initiatives

### Whistle-Blowing System

When we encounter any compliance issues, it is important to promptly take appropriate measures, such as investigation, preventive action, disciplinary action, and/or recurrence prevention. For this reason, we have established the Terumo Global Compliance Violations Reporting and Anti-Retaliation Policy, which urges associates to promptly report any compliance-related issues internally while ensuring that they will not suffer any retaliation as a result.

Based on this policy, Terumo has established and operates a whistle-blowing system through which

associates can make reports or receive consultation with regard to compliance violations. Through this system, associates can contact internal venues, legal advisors, or external reporting venues operated by independent third-party organizations via email, mail, telephone, or other means. In addition, a whistle-blowing system relating to the Board of Directors was established in July 2017, enabling associates to contact the Audit/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, with the aim of raising awareness of harassment prevention, we have established a harassment intranet page where associates in Japan will find our Harassment Prevention Guidelines along with harassment training materials and information on consultation venues.

From fiscal 2017, December–January was designated as a period for promoting harassment prevention

awareness in Japan. Initiatives during this period include the transmission of messages, administration of surveys, and conducting of e-learning programs for all associates.

Furthermore, the Code of Conduct for the Terumo Group (SAKURA Rules) seminar, which associates attend once a year, covers topics on harassment prevention to further entrench awareness. Managers, meanwhile, periodically attend trainings that provide examples of harassment relevant to daily business activities. Such trainings were conducted a total of 16 times in fiscal 2017 in Japan.

### Opposition to Anti-Social Forces

Avoiding relationships with anti-social forces is one of Terumo's corporate responsibilities. We therefore strictly refuse to become involved in any relationship with anti-social forces and do not engage in any transactions with

companies, other organizations, or individuals with ties to anti-social forces. Furthermore, we work with law enforcement authorities and other institutions to combat anti-social 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 Code of Conduct for the Terumo Group (SAKURA Rules) and the Terumo

Global Anti-Corruption and Anti-Bribery Policy, which clearly stipulate our commitment to preventing corruption and engaging in fair business practices. In addition, we have established the Terumo Global Third Party Anti-Corruption and Anti-Bribery Policy, based on which we request our business partners to comply with anti-corruption laws.

### 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 Terumo Group Global

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 Code of Practice of the Japan Pharmaceutical Manufacturers Association, 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 the Terumo Code of Practice as an internal guideline for this purpose.

Furthermore, the Terumo Global 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.

## Advertisements and Sales Promotions

The Terumo Group Global Rules for Dealing with Off Label Use has been created to ensure compliance with Japan's PMD Act (the Act on Securing Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics) as well as relevant laws and regulations in other countries. Based on these rules, we prohibit advertising or sales promotions of unapproved or off-label-use of pharmaceuticals and medical devices and preserve the

appropriateness of our promotional activities.

In Japan, sales promotion materials are confirmed by the Legal and Compliance Department, Regulatory Affairs, and other relevant divisions before they are put into use in order to verify the accuracy of the information they provide and guarantee legal compliance. In regions outside of Japan, appropriate and legally compliant promotional activities are being advanced centered on major Group companies.

## Transparent Relationships between Corporate Activities and Medical Institutions

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

In Japan, based on voluntary industry rules, Terumo has formulated its Transparency Guideline for the Relationships between Corporate Activities and Medical Institutions and its Transparency Guideline for the Relationships between Corporate Activities and Patient Organizations. We follow the provisions of these guidelines in disclosing payments of funds to medical institutions, medical professionals, and patient organizations.

## Stance on Tax

Guided by its corporate mission of "Contributing to Society through Healthcare," the Terumo Group conducts business based on strict legal compliance and corporate ethics and aims to achieve sustainable growth and

maximize long-term corporate value and meet the expectations of its worldwide stakeholders. In accordance with its corporate mission, the Terumo Group takes the following actions in conducting tax management.

1. The Terumo Group complies with international taxation rules and the laws of all countries in which it conducts business activities and maintains tax compliance.
2. The Terumo Group constructs and maintains appropriate relationships with the tax authorities where the Terumo Group conducts business activities and does not attempt to obtain unfair benefits from the tax authorities by providing unethical gifts to these authorities.
3. The Terumo Group considers the balance of each stakeholder's interest and ensures that an appropriate tax burden is borne while maximizing its corporate value.