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(Securities Code: 4543)
May 30, 2019

To Our Shareholders:

Shinjiro Sato
President and CEO
TERUMO CORPORATION
44-1, Hatagaya 2-chome, Shibuya-ku, Tokyo,
Japan

**NOTICE OF CONVOCAION OF
THE 104TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 104th Annual General Meeting of Shareholders of Terumo Corporation (the “Company”) to be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing (by mail) or electronically (via the Internet). Please review the attached Reference Documents for the Annual General Meeting of Shareholders and exercise your voting rights by 5:45 p.m. on Thursday, June 20, 2019.

Exercise of voting rights in writing (by mail)

Please indicate whether you are for or against each of the proposals on the enclosed Voting Rights Exercise Form and send the completed form to us.

Exercise of voting rights electronically (via the Internet)

Please access the website for exercising voting rights designated by the Company, and follow the on-screen guidance. Please vote for or against each of the proposals by the voting deadline indicated above.

Voting website: <https://evote.tr.mufg.jp/>

Disclosure on the Internet

The following are posted on the Company’s website in accordance with law and Article 15 of the Company’s Articles of Incorporation and thus are not included in the documents attached to this notice of convocation. The following are subject to audits by the Accounting Auditor or the Audit/Supervisory Committee.

- 1) Matters concerning Stock Acquisition Rights Issued by the Company
- 2) Basic Policies regarding the Company’s Control
- 3) Consolidated Statements of Changes in Equity
- 4) Notes to Consolidated Financial Statements
- 5) Non-consolidated Statements of Changes in Equity
- 6) Notes to Non-consolidated Financial Statements

The Company’s website: <https://www.terumo.co.jp/>

1. Date and Time: Friday, June 21, 2019, at 2:00 p.m. (The reception desk opens at 1:00 p.m.)

2. Place: Fuji Banquet Room, 2nd floor, Meiji Kinenkan
2-2-23 Moto-Akasaka, Minato-ku, Tokyo

3. Meeting Agenda:

- Matters to be reported:**
1. Business Report, Consolidated Financial Statements, and Audit Report concerning Consolidated Financial Statements by the Accounting Auditor and the Audit/Supervisory Committee for the 104th Term (from April 1, 2018, to March 31, 2019)
 2. Non-consolidated Financial Statements for the 104th Term (from April 1, 2018, to March 31, 2019)

Matters to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of 8 Directors (Excluding Directors Who Serve as Audit/Supervisory Committee Members)
- Proposal 3:** Election of 3 Directors Who Serve as Audit/Supervisory Committee Members
- Proposal 4:** Election of 1 Substitute Director Who Serves as an Audit/Supervisory Committee Member
- Proposal 5:** Setting of Restricted Stock Remuneration Limit for Directors (Excluding Outside Directors and Directors Who Serve as Audit/Supervisory Committee Members), Changes in the Previous Remuneration Limit and Determination of Remuneration

4. Exercise of voting rights: If you exercise your voting rights both in writing on the Voting Rights Exercise Form and via the Internet, only the exercise of voting rights via the Internet will be valid. In addition, if you exercise your voting rights multiple times via the Internet, only the last vote will be valid.

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Please note that no one other than the shareholders with voting rights, such as an agent or an accompanying person, is permitted to enter the venue even if such a person brings a Voting Rights Exercise Form with him/her.
- We would appreciate it if you could come ahead of time to avoid last-minute congestion.
- If any revisions are made to the Reference Documents for the Annual General Meeting of Shareholders, Business Report, Non-consolidated Financial Reports, or Consolidated Financial Reports, they will be posted on the Company's website in Japanese at <https://www.terumo.co.jp/>
- Please note that we will be in light clothing at the meeting.

Reference Documents for

the Annual General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

It is proposed that the surplus be appropriated as follows:

Matters concerning year-end dividends

The Company considers the distribution of an appropriate amount of profit to shareholders to be one of the principal responsibilities of management and pays dividends in accordance with a policy of stably and steadily increasing dividends with a target payout ratio of 30% over the medium- to long-term.

Accordingly, it is proposed that a year-end dividend of 27 yen per share be paid out as described below. As a result, the annual dividends for the year, including the interim dividend of 27 yen, will amount to 54 yen per share, an increase of 4 yen from the previous year.

Whereas the Company conducted a two-for-one stock split for its common stock effectively on April 1, 2019, the year-end dividend above will apply to the number of shares as of March 31, 2019.

- (1) Type of dividend property
Cash
- (2) Allocation of dividend property and total amount thereof
27 yen per share of common stock of the Company
Total amount of dividends: 10,029,186,666 yen
- (3) Effective date of dividends from surplus
Monday, June 24, 2019

Proposal 2: Election of 8 Directors (Excluding Directors Who Serve as Audit/Supervisory Committee Members)

The terms of office of all of the 8 directors (excluding directors who serve as Audit/Supervisory Committee Members) will expire at the conclusion of this Annual General Meeting of Shareholders. The election of 8 directors (excluding directors who serve as Audit/Supervisory Committee Members) is proposed.

The opinion of the Audit/Supervisory Committee on the selection of directors is outlined below.

Regarding selection of directors who are not Audit/Supervisory Committee Members, the Nomination Committee deliberated on whether each candidate is suitable for the position of director based on attributes, such as knowledge, experience, achievements, and capability, and two outside directors who serve as Audit/Supervisory Committee Members participated in the deliberation. Based on the results of deliberation by the Nomination Committee, the Audit/Supervisory Committee discussed and concluded that each of the candidates is suitable for the position of director.

The candidates for directors (excluding directors who serve as Audit/Supervisory Committee Members) are as indicated below.

No.	Name	Attribute	Current positions and responsibilities at the Company	Number of years in office	Ratio of attendance at the Board of Directors' meetings
1	Takayoshi Mimura	Reappointed	Chairman of the Board	16	13/13
2	Shinjiro Sato	Reappointed	President and CEO	5	13/13
3	Toshiaki Takagi	Reappointed	Director and Senior Managing Executive Officer/Chief Quality Officer (CQO)/Responsible for Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., Environmental Management Dept., Production Dept., Procurement Dept., Intellectual Property Dept. and Terumo Medical Pranex	9	13/13
4	Shoji Hatano	Reappointed	Director and Managing Executive Officer/President, General Hospital Company/Division President, Hospital Systems Division, General Hospital Company	3	13/13
5	Kyo Nishikawa	Newly appointed	Senior Executive Officer/Chief Human Resources Officer (CHRO)/ Responsible for Human Resources Dept. and Human Resources Development Dept.	—	—
6	Ikuo Mori	Reappointed Outside Independent	Outside Director	5	13/13
7	Ryuzo Ueda	Reappointed Outside Independent	Outside Director	4	13/13
8	Yukiko Kuroda	Reappointed Outside Independent	Outside Director	1	10/10

Notes:

- 1 The number of shares of the Company held by each candidate for director shown on the following pages includes shares held through the Terumo Director Shareholding Association. The number of shares of the Company held indicated is as of April 30, 2019.
- 2 The number of years in office denotes the number of years since each candidate assumed the office of Director of the Company until the conclusion of this Annual General Meeting of Shareholders.
- 3 The Company appointed Mr. Ikuo Mori, Dr. Ryuzo Ueda and Ms. Yukiko Kuroda as independent directors/auditors as defined by the Tokyo Stock Exchange and submitted notifications of their appointment to the Exchange. If their reelection is approved, the Company intends to continue their appointment as independent directors/auditors.
- 4 In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has entered into contracts with Mr. Ikuo Mori, Dr. Ryuzo Ueda and Ms. Yukiko Kuroda to apply the statutory limit with respect to liability under Article 423, Paragraph 1 of the aforementioned law. If their reelection is approved, the Company intends to renew the liability limitation contracts with them. The maximum amount of liability under the contracts shall be the amount prescribed in Article 425, Paragraph 1 of the Companies Act.
- 5 No material conflict of interest exists between the Company and any of the candidates for director.
6. “Ratio of attendance at the Board of Directors’ meetings” above for Ms. Yukiko Kuroda refers to the meetings she attended after she assumed office on June 22, 2018.

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
1	Takayoshi Mimura (June 18, 1953)	April 1977 Joined the Company June 2002 Executive Officer June 2003 Director and Executive Officer June 2004 Director and Senior Executive Officer June 2007 Director and Managing Executive Officer April 2008 Group President of General Hospital Business Group Responsible for Domestic Sales Dept. June 2009 Regional Representative, China and Asia April 2010 Regional Representative, China June 2010 Director and Senior Managing Executive Officer August 2011 President and CEO, Terumo (China) Holding Co., Ltd. April 2014 Responsible for Terumo Call Center April 2017 Chairman of the Board (present) ■ Reasons for selection of the candidate for director Mr. Takayoshi Mimura previously served in positions including Group President of General Hospital Business Group and Regional Representative, China. Since 2017 he has been serving as Chairman of the Board of the Company and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge, he is appropriately overseeing the Company's management by convening and conducting meetings of the Board of Directors as the chairperson thereof and is contributing to the enhancement of the Terumo brand through external activities. Through these roles, he is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposes his reelection for the position of director.	40,135
2	Shinjiro Sato (July 19, 1960)	April 1984 Joined Toa Nenryo Kogyo K.K. (currently JXTG Nippon Oil & Energy Corporation) February 1999 Joined Arthur Andersen Business Consulting (currently PwC Japan Group) June 2004 Joined the Company June 2010 Executive Officer, General Manager of Strategic Planning Dept. October 2011 Group President of Cardiac and Vascular Business Group (currently President, Cardiac and Vascular Company) 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) ■ Reasons for selection of the candidate for director Mr. Shinjiro Sato previously served in positions including General Manager of Strategic Planning Dept. and as President of Cardiac and Vascular Company. Since 2017 he has been serving as President and CEO of the Company and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge, he is promoting the Company's management and business operations and is leading improvement of the Terumo Group's performance worldwide. Through fair and precise management oversight as a director, he is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposes his reelection for the position of director.	23,682

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
3	Toshiaki Takagi (March 24, 1958)	April 1981 Joined the Company 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. (present) April 2015 Responsible for Terumo Call Center July 2015 Chief Quality Officer (CQO) (present) April 2016 Director and Managing Executive Officer April 2017 Responsible for Production Dept. and Procurement Dept. (present) April 2018 Director and Senior Managing Executive Officer Responsible for Intellectual Property Dept. and Terumo Medical Pranex (present) ■ Reasons for selection of the candidate for director Mr. Toshiaki Takagi previously served in positions including Factory Manager and General Manager of R&D Headquarters of the Company. Since 2018, he has been serving as Director and Senior Managing Executive Officer of the Company and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge and as Chief Quality Officer (CQO), in business operations he is contributing to enhancement of the global quality assurance system. Through fair and precise management oversight as a director, he is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposes his reelection for the position of director.	26,443
4	Shoji Hatano (July 27, 1959)	April 1983 Joined the Company 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 July 2015 Vice President, General Hospital Company (concurrent position) January 2016 Senior Vice President, General Hospital Company April 2016 President, General Hospital Company (present) June 2016 Director and Managing Executive Officer (present) January 2017 Division President, Hospital Systems Division, General Hospital Company (present) ■ Reasons for selection of the candidate for director Mr. Shoji Hatano previously served in positions including General Manager of Corporate Communication Dept. and Strategic Planning Dept. of the Company. Since 2016 he has been serving as Director and Managing Executive Officer of the Company and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge and as the President of General Hospital Company, in business operations he is further promoting the business-led global management structure. Through fair and precise management oversight as a director, he is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposes his reelection for the position of director.	11,928

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
5	Kyo Nishikawa (June 1, 1959) <Newly appointed>	April 1982 Joined The Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.) April 2002 Human Resource Division, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) April 2008 General Manager, Hong Kong Branch April 2010 Executive Officer June 2010 Executive Officer of the Company General Manager, International Business Division March 2012 Regional Representative, Eastern Europe, Russia, Middle East and Africa Managing Director and BOD Chairman, Terumo Europe N.V. April 2018 Senior Executive Officer (present) Chief Human Resources Officer (CHRO) Responsible for Human Resources Dept. and Human Resources Development Dept. (present) ■ Reasons for selection of the candidate for director Mr. Kyo Nishikawa previously served in positions including General Manager, International Business Division and Regional Representative, Eastern Europe, Russia, Middle East and Africa of the Company. Since 2018, he has been serving as Senior Executive Officer and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge and as the Chief Human Resources Officer (CHRO), in business operations he is further promoting the global human resources strategy. Through fair and precise management oversight as a director, he is expected to lead further development of the Terumo Group. Therefore, the Company proposes his election for the position of director.	8,549
6	Ikuo Mori (August 19, 1947) <Candidate for outside/independent director>	April 1970 Joined Fuji Heavy Industries Ltd. (currently SUBARU CORPORATION) June 2002 Corporate Vice President, Chief General Manager of Europe Region and Chief General Manager of Asia Pacific Region, Subaru Sales & Marketing Division, Fuji Heavy Industries Ltd. April 2005 Corporate Senior Vice President, Chief General Manager of Subaru Overseas Sales & Marketing Division June 2006 Corporate Executive Vice President, Chief General Manager of Subaru Overseas Sales & Marketing Division President and Chief Executive Officer, Representative Director of the Board June 2011 Chairman and Chief Executive Officer, Representative Director of the Board June 2012 Senior Corporate Advisor June 2014 Advisor, Fuji Heavy Industries Ltd. Outside Director of the Company (present) ■ Reasons for selection of the candidate for outside director Mr. Ikuo Mori has a wealth of experience as a corporate manager and insight cultivated through his overseas business experience over many years. The Company proposes his election for the position of outside director because the Company wishes him to utilize his experience and insight in the management of the Company. For these reasons, the Company deems that Mr. Mori will duly execute his duties as an outside director.	5,717

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
7	Ryuzo Ueda (September 20, 1944) <Candidate for outside/independent director>	April 1969 Clinical Fellow, Nagoya University School of Medicine September 1976 Visiting Research Fellow, Memorial Sloan Kettering Cancer Center, New York September 1980 Senior Research Staff, Laboratory of Chemotherapy, Aichi Cancer Center Research Institute April 1988 Chief, Laboratory of Chemotherapy, Aichi Cancer Center Research Institute September 1995 Professor, Second Department of Internal Medicine, Nagoya City University Medical School April 2003 President, Nagoya City University Hospital April 2008 Director-General, Nagoya City Hospital Bureau April 2010 Professor Emeritus, Nagoya City University (present) Senior Advisor to the Board, Nagoya City University Adjunct Professor, Nagoya City University Graduate School of Medical Sciences May 2011 Director, Health and Medical Care Promotion (present) July 2011 Director, Foundation for Promotion of Cancer Research (present) April 2012 Professor, Dept. of Tumor Immunology, Aichi Medical University School of Medicine (present) January 2013 Councilor, Aichi Medical University June 2015 Outside Director of the Company (present) November 2015 External Director, Japanese Foundation for Cancer Research (present) May 2016 Visiting Professor, Nagoya City University (present) June 2018 Board Chairman, Research Foundation for Oriental Medicine (present) November 2018 Designated Professor, Nagoya University Graduate School of Medicine (present) ■ Reasons for selection of the candidate for outside director Dr. Ryuzo Ueda has expert knowledge, as attested by his research achievements in the field of cancer treatment, and a wealth of experience gained through the execution of his duties in positions including the President of the Nagoya City University Hospital and the Director-General of the Nagoya City Hospital Bureau. The Company proposes his election for the position of outside director because the Company wishes him to utilize his knowledge and experience in the management of the Company. For these reasons, the Company deems that Dr. Ueda will duly execute his duties as an outside director.	2,982

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions		Number of shares of the Company held
8	Yukiko Kuroda (September 24, 1963) <Candidate for outside/independent director>	April 1986 Joined Sony 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) (present) April 2012 Founder and Director, People Focus Consulting (present) June 2013 External Director, Marubeni Corporation June 2015 Outside Director, Mitsui Chemicals, Inc. (present) June 2018 Outside Director of the Company (present) Outside Director, Seven Bank, Ltd. (present)		139
		■ Reasons for selection of the candidate for outside director Ms. Yukiko Kuroda has a wealth of experience as a corporate manager and insight cultivated through long years of consulting experience for human resources and organizations on a global basis. The Company proposes her election for the position of outside director because the Company wishes her to utilize her experience and insight in the management of the Company. For these reasons, the Company deems that Ms. Kuroda will duly execute her duties as an outside director.		

Proposal 3: Election of 3 Directors Who Serve as Audit/Supervisory Committee Members

The terms of office of all of the 3 directors who serve as Audit/Supervisory Committee Members will expire at the conclusion of this Annual General Meeting of Shareholders. The election of 3 directors who serve as Audit/Supervisory Committee Members is proposed.

The Audit/Supervisory Committee has already given consent to the submission of this proposal.

The candidates for directors who serve as Audit/Supervisory Committee Members are as indicated below.

No.	Name	Attribute	Current positions and responsibilities at the Company	Number of years in office	Ratio of attendance at the Board of Directors' meetings	Ratio of attendance at the Audit/Supervisory Committee's meetings
1	Yoshihiro Kimura	Reappointed	Director (full-time Audit/Supervisory Committee Member)	2	13/13	11/11
2	Masaichi Nakamura	Newly appointed Outside Independent		—	—	—
3	Soichiro Uno	Newly appointed Outside		—	—	—

Notes:

- 1 The number of shares of the Company held by each candidate for director shown on the following pages includes shares held through the Terumo Director Shareholding Association. The number of shares of the Company held indicated is as of April 30, 2019.
- 2 The number of years in office denotes the number of years since each candidate assumed the office of Director of the Company until the conclusion of this Annual General Meeting of Shareholders.
- 3 If the election of Mr. Masaichi Nakamura is approved, the Company intends to appoint him as an independent director/auditor as defined by the Tokyo Stock Exchange and submit notification of his appointment to the Exchange.
- 4 Mr. Soichiro Uno satisfies the criteria for serving as an independent director/auditor as defined by the Tokyo Stock Exchange. However, he will not be appointed as such due to an internal rule of the firm where he serves.
- 5 In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has entered into a contract with Mr. Yoshihiro Kimura to apply the statutory limit with respect to liability under Article 423, Paragraph 1 of the aforementioned law. If his reelection is approved, the Company intends to renew the liability limitation contract with him. The maximum amount of liability under the contract shall be the amount prescribed in Article 425, Paragraph 1 of the Companies Act.
- 6 If the election of Mr. Masaichi Nakamura and Mr. Soichiro Uno is approved, the Company intends to enter into contracts with them to apply the statutory limit with respect to liability under Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the aforementioned act. The maximum amount of liability under the contracts shall be the amount prescribed in Article 425, Paragraph 1 of the Companies Act.
- 7 Mr. Masaichi Nakamura serves as External Corporate Auditor of Sumitomo Heavy Industries, Ltd. ("SHI"). In September 2018, misconduct in quality control was discovered at SHI and its group companies. Mr. Nakamura had regularly made efforts to develop the internal control system and reinforce compliance of SHI as an External Corporate Auditor. After the discovery, he reviewed the cause of the incident and its possible effects at meetings of the Board of Directors, held hearings on the appropriateness of improvement measures, and has appropriately pursued his duties to thoroughly prevent recurrence.
- 8 No material conflict of interest exists between the Company and any of the candidates for director.

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
1	Yoshihiro Kimura (June 29, 1955)	April 1978 Joined the Company July 1998 General Manager of Operations Dept. April 2004 Managing Director, Terumo Europe N.V. July 2006 General Manager of Controller Dept. July 2008 General Manager of Logistics Dept. March 2011 Chairman, Terumo Penpol Pvt Limited. April 2014 Executive Officer and General Manager of Internal Audit Dept. April 2016 Advisor April 2017 Audit/Supervisory Committee Office June 2017 Director (full-time Audit/Supervisory Committee Member) (present) ■ Reasons for selection of the candidate for director who serves as an Audit/Supervisory Committee Member Mr. Yoshihiro Kimura previously served in positions including General Manager of Controller Dept. of the Company, the representative of subsidiaries in Europe and India, and General Manager of Internal Audit Dept. Since 2017, he is a Director who serves as an Audit/Supervisory Committee Member, contributing to enhancement of corporate value. Based on his wealth of business experience and knowledge, through fair and precise oversight of global Group management as a director who serves as an Audit/Supervisory Committee member, he is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposed his election for the position of director who serves as an Audit/Supervisory Committee Member.	15,800
2	Masaichi Nakamura (January 9, 1957) <Newly appointed> <Candidate for outside/independent director>	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 (present) ■ Reasons for selection of the candidate for outside director who serves as an Audit/Supervisory Committee Member Mr. Masaichi Nakamura has expertise and a wealth of experience as a certified public accountant. The Company proposes his election for the position of outside director because the Company wishes him to utilize his experience and insight in the management of the Company. For these reasons, the Company deems that Mr. Nakamura will duly execute his duties as an outside director who serves as an Audit/Supervisory Committee Member.	-

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
3	Soichiro Uno (January 14, 1963) <Newly appointed> <Candidate for outside director>	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 2000 Partner, Nagashima Ohno & Tsunematsu (present) June 2004 Audit & Supervisory Board Member, Softbank Corp. (currently Softbank Group Corp.) (present) June 2018 Director (Audit & Supervisory Committee Member), Dream Incubator Inc. (present) ■ Reasons for selection of the candidate for outside director who serves as an Audit/Supervisory Committee Member Mr. Soichiro Uno has expertise and a wealth of experience as a lawyer in Japan and overseas. The Company proposes his election for the position of outside director because the Company wishes him to utilize his experience and insight in the management of the Company. For these reasons, the Company deems that Mr. Uno will duly execute his duties as an outside director who serves as an Audit/Supervisory Committee Member.	-

Proposal 4: Election of 1 Substitute Director Who Serves as an Audit/Supervisory Committee Member

In order to ensure that the number of incumbent directors who serve as Audit/Supervisory Committee Member does not fall short of that required by laws and regulations, the Company requests the approval of shareholders for the election of 1 substitute director who serves as an Audit/Supervisory Committee Member.

The Audit/Supervisory Committee has already given consent to the submission of this proposal.

The candidate for substitute director who serves as an Audit/Supervisory Committee Member is as indicated below.

Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
Koichi Sakaguchi (September 10, 1950) <Candidate for substitute outside director who serves as an Audit/Supervisory Committee Member>	April 1979 Admitted to the bar in Japan September 2000 Judge, Tokyo District Court April 2006 Judge (Department Manager), Mito District Court August 2012 Judge (General Manager), Kawagoe Branch, Saitama District/Family Court (Chief Judge) September 2013 Director, Akita District/Family Court November 2015 Registered as attorney-at-law Joined KATO Sogo Law Office (currently Ginga Law Office) (present) June 2016 Substitute Outside Director (Audit/Supervisory Committee Member) of the Company (present) External Corporate Auditor, Morinaga & Co., Ltd. (present) ■ Reasons for selection of the candidate for substitute outside director who serves as an Audit/Supervisory Committee Member The Company proposes election of Mr. Koichi Sakaguchi for the position of substitute outside director who serves as an Audit/Supervisory Committee Member as the Company wishes him to utilize the legal knowledge he has gained, in the course of his lengthy career as a lawyer and a judge, in improving the audit system of the Company. For these reasons, the Company deems that Mr. Sakaguchi will duly execute his duties as an outside director who serves as an Audit/Supervisory Committee Member.	-

Notes:

1. If Mr. Sakaguchi assumes the office of an outside director who serves as an Audit/Supervisory Committee Member, the Company intends to appoint him as an independent director/auditor as defined by the Tokyo Stock Exchange and submit notification of his appointment to the Exchange.
2. If Mr. Sakaguchi assumes the office of an outside director who serves as an Audit/Supervisory Committee Member, the Company intends to conclude a contract with him to apply the statutory limit with respect to liability under Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of said Act. The maximum amount of liability under the contracts shall be the amount prescribed in Article 425, Paragraph 1 of the Companies Act.
3. No material conflict of interest exists between the Company and Mr. Koichi Sakaguchi.

Proposal 5: Setting of Restricted Stock Remuneration Limit for Directors (Excluding Outside Directors and Directors Who Serve as Audit/Supervisory Committee Members), Changes in the Previous Remuneration Limit and Determination of Remuneration

It was approved at the Company's 100th Annual General Meeting of Shareholders held on June 24, 2015 that the amount of remuneration for the Company's Directors (excluding Directors who serve as Audit/Supervisory Committee Members) be within 700 million yen per year. Since then, the Company has provided fixed remuneration, performance-based bonuses, and stock options as stock-based remuneration within the upper limit.

So that the Company's Directors who reside in Japan (excluding Outside Directors and Directors who serve as Audit/Supervisory Committee Members; hereinafter "Eligible Directors") will share benefits and risks of stock price movement with shareholders and further enhance their desire to contribute to rises in stock prices and improvement of corporate value, the Company hereby proposes to allot, instead of the stock options as stock-based remuneration mentioned above, the Company's common stock subject to a certain share transfer restriction period and conditions for the acquisition of such stock by the Company without consideration (hereinafter "**Restricted Stock**") to Eligible Directors, as described below. If this proposal is approved, the Company will no longer allot to Eligible Directors who reside in Japan, the stock options as stock-based remuneration mentioned above.

The Company hereby requests your approval of the following matters: that the type of remuneration to be delivered to Eligible Directors for the purpose of granting them Restricted Stock based on this proposal be monetary remuneration claims and that, in addition to the current upper limit of remuneration, the maximum total amount of the monetary remuneration claims be set at 200 million yen per year, which the Company believes is reasonable in light of the purposes described above. The Company decided on this maximum amount based on the amount of stock options that the Company has provided [to Directors who reside outside of Japan] in the past as stock-based remuneration.

The amount of remuneration to be delivered to each Eligible Director for the purpose of allotting Restricted Stock will be based on standards that are established by comprehensively taking into account their degree of contribution to the Company and other factors. The Company believes that those standards are reasonable.

The Company would like to keep the current upper limit of remuneration of 700 million yen per year, which was approved in the past, unchanged, and provide fixed remuneration, performance-based bonuses, and stock options as stock-based remuneration within that limit for reasons including the following: the Company may continue to provide Directors who reside outside of Japan with stock options as stock-based remuneration, and it is necessary to prepare for an increase in the number of Directors associated with changes in the business environment. The Company would like to exclude employee salaries paid to Directors who concurrently serve as employees from Directors' remuneration, same as before.

The current number of Directors (excluding Directors who serve as Audit/Supervisory Committee Members) of the Company is 8 (including 3 Outside Directors). If approval is obtained for Proposal 2, the number of Directors will remain the same.

Details

Specific features of Restricted Stock to be granted to Eligible Directors and the upper limit thereof

1. Allotment of and payment for Restricted Stock

The Company will deliver monetary remuneration claims within the above annual limit as remuneration related to Restricted Stock to Eligible Directors based on a resolution of the Company's Board of Directors. Each Eligible Director will receive Restricted Stock by making an in-kind contribution of all the monetary remuneration claims.

The payment amount for Restricted Stock will be determined by the Company's Board of Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the day when the Company's Board of Directors makes a resolution related to the issuance or disposal of Restricted Stock (in case no trade is concluded on that day, the closing price on the most recent trading day before that), within a range such that the amount is not particularly advantageous to Eligible Directors who receive Restricted Stock.

The above monetary remuneration claims will be delivered to Eligible Directors on the condition that they agree to the above in-kind contribution and that they have concluded with the Company an agreement on allotting Restricted Stock containing the terms stipulated in 3. below.

2. Total number of Restricted Stock

The maximum number of Restricted Stock to be allotted to Eligible Directors will be 100,000 shares per fiscal year.

However, if a stock split of the Company's common stock (including gratis allotment of the Company's common stock), a reverse stock split of the Company's common stock, or any other event occurs that requires an adjustment of the total number of Restricted Stock to be allotted to Eligible Directors after the day of the resolution of this proposal, the Company may reasonably adjust the total number of Restricted Stock.

3. Details of the agreement on allotting Restricted Stock

The agreement on allotting Restricted Stock to be concluded between the Company and Eligible Directors who receive an allotment of Restricted Stock based on a resolution of the Company's Board of Directors will contain the following terms.

(1) Details of the restriction on the transfer of shares

Eligible Directors to whom Restricted Stock is allotted may not transfer to a third-party, create a pledge or mortgage by transfer on, make an advancement, make a bequest, or otherwise dispose of Restricted Stock allotted to them (hereinafter "**Allotted Stock**") for 30 years (hereinafter the "**Transfer Restriction Period**").

(2) Acquisition of Restricted Stock without consideration

If an Eligible Director who receives an allotment of Restricted Stock retires from the position of Director of the Company [and any other positions designated in (3) below] before the day of the first annual general meeting of shareholders of the Company after the start of the Transfer Restriction Period, all of his or her Allotted Stock will automatically be acquired by the Company without consideration except in the case there are reasons for the retirement deemed valid by the Company's Board of Directors.

The Company will automatically acquire all Allotted Stock without consideration if the transfer restriction on the Allotted Stock has not been lifted at the expiration of the Transfer Restriction Period in (1) above based on the terms provided in (3) "Lifting of transfer restriction" below.

(3) Lifting of transfer restriction

On the condition that an Eligible Director to whom the Restricted Stocks were allotted has continuously held the position of Director of the Company [(if the Eligible Director takes up another position (the term of office must be within one year) designated by the Company at the same time as resigning from the position of Director, on the condition that the Eligible Director has continuously held the position of Director or the other positions designated by the Company)] for the period commencing from the first date of the Transfer Restriction Period and ending on the date of the annual general meeting of shareholders to be held immediately following such first date, the transfer restriction on all of his or her Allotted Stock will be lifted by the Company when the Transfer Restriction Period expires.

However, if the Eligible Director retires from both the positions of Director of the Company and the above positions before the expiration of the Transfer Restriction Period for reasons deemed valid by the Company's Board of Directors, the number of Allotted Stock for which the transfer restriction will be lifted and the timing of the lifting of the transfer restriction will be reasonably adjusted as necessary.

(4) Treatment in the event of reorganization

If, during the Transfer Restriction Period, proposals relating to a merger agreement in which the Company is the dissolving company, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or other reorganization are approved at the Company's general meeting of shareholders (or if the approval at the Company's general meeting of shareholders is not required for the reorganization in question, at a meeting of the Company's Board of Directors), based on a resolution of the Company's Board of Directors, the Company will lift the transfer restriction on the number of Allotted Stock that is reasonably calculated considering the period from the beginning of the Transfer Restriction Period to the date of approval of the reorganization prior to the date on which the reorganization becomes effective.

In this case, the Company will automatically acquire without consideration Allotted Stock on which the transfer restriction is not lifted, as of the time immediately after the transfer restriction is lifted under the above provision.

(Reference)

<Directors' Remuneration System after Approval for Proposal 5>

(Current)	
Fixed remuneration	Within 700 million yen per year
Performance-based bonuses	
Stock options as stock-based remuneration*	

* Those who are eligible to receive stock options as stock-based remuneration are all Directors excluding Outside Directors and Directors who serve as Audit/Supervisory Committee Members.

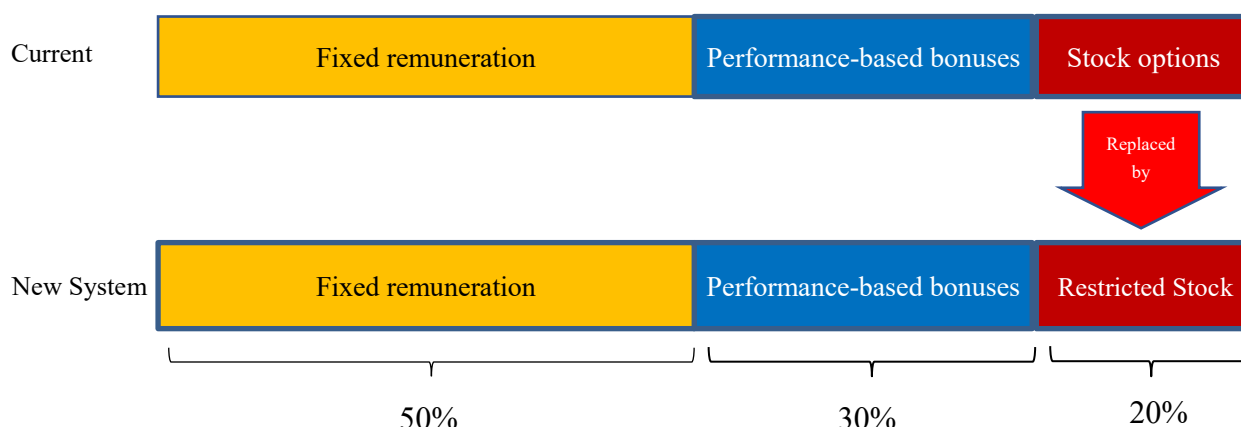


(New System)	
Fixed remuneration	Within 700 million yen per year
Performance-based bonuses	
Stock options as stock-based remuneration*	
Restricted Stock	Within 200 million yen per year

* Those who are eligible to receive stock options as stock-based remuneration are only Directors who reside outside of Japan.

<Percentage>

The target percentages of fixed remuneration, performance-based bonuses, and stock-based remuneration are 50%, 30%, and 20%, respectively (these figures are for the total number of Executive Directors).



* The Company intends to allot restricted stock with the same features as the abovementioned Restricted Stock to the Company's executive officers and Fellows who reside in Japan, after the conclusion of this general meeting of shareholders.

* Fellows at the Company are employees recognized for their excellent expertise and business experience in the fields of technology, R&D and clinical development with prominent achievements in global medical settings.

Business Report

(From April 1, 2018, to March 31, 2019)

1. Overview of the Group

(1) Business Progress and Results

Terumo Group is striving to achieve sustainable growth based on its Mid- to Long-term Growth Strategy that was announced in December 2016 and covers the following five years. In fiscal 2018, Terumo focused on the four key themes, “Strengthen Global Operations,” “Change Healthcare through Innovation,” “Energize Personnel and Organizations” and “Further Evolution of Regional Strategy.”

As for efforts to “Strengthen Global Operations,” Terumo advanced the optimization of global production. Domestically, the Company decided to invest about 7.0 billion yen to construct an additional production facility for pre-filled syringes at the headquarters plant at Terumo Yamaguchi D&D Corp. to expand its alliance business with pharmaceutical companies. Overseas, to address demand in the rapidly expanding intervention market in Asia and other areas, Terumo decided to invest around 15.0 billion yen over the coming five years to newly construct the third building at Vietnam factory and to enhance production facilities at the existing first and second buildings. In addition, in neurovascular business, Terumo is expanding the production capacity of Costa Rica factory.

To “Change Healthcare through Innovation,” in May 2018, Terumo concluded the agreement with U.S.-based DexCom, Inc. to distribute its globally-used Continuous Glucose Monitoring (CGM) devices exclusively in Japan as a part of hospital systems business. In February 2019, Terumo commenced sales of DexCom’s CGM device, Dexcom G4™ PLATINUM. Preparation with DexCom to launch next-generation CGM devices is also underway. In neurovascular business, Terumo developed WEB, an intrasaccular aneurysm treatment device as a new treatment option for cerebral bifurcation aneurysms, and obtained Food and Drug Administration (FDA) Premarket Approval (PMA) in December 2018 in the U.S.

To “Energize Personnel and Organizations,” Terumo established the Chief Human Resources Officer (CHRO) position in April 2018 and the Chief Manufacturing Officer (CMO) position in April 2019 to further strengthen global head office functions and promote human resources and production strategies. To energize organizations, Terumo decided to name the business brand of Vascutek Ltd. (U.K.) and Bolton Medical, Inc. (U.S.) as “Terumo Aortic” to reinforce the branding of vascular graft business.

To “Further Evolution of Regional Strategy,” to tackle China, one of the major markets, Terumo has been promoting local strategies tailored to regional characteristics, adapting unique strategies according to marketability and the Company’s presence. In hospital systems business, Wego Terumo received the approval to manufacture and sell peritoneal dialysis fluid in China in July 2018. In TIS (Terumo Interventional Systems) business, Terumo acquired Essen Technology (Beijing) Co., Ltd., an enterprise specialized in drug-eluting stents (DES), and started selling DES in China.

Revenue for the year under review was 599.5 billion yen, increase of 2.0% year on year, reflecting favorable performance of neurovascular and alliance businesses, although the Cardiac and Vascular Company was affected by Japanese government’s revision of NHI reimbursement prices and shipping delays at Ashitaka factory. The shipping delays were fully normalized in the second half. Operating profit decreased by 1.8% year on year to 106.6 billion yen due to increase in selling, general and administrative expenses, especially in research and development expenses. Profit for the year attributable to owners of the parent declined by 13.0% year on year to 79.5 billion yen because the previous year’s profit reflected one-time decrease in corporate income tax on revaluation of deferred tax assets and liabilities according to the tax reform in the U.S.

Assets and Income

(Millions of yen, unless otherwise stated)

	Japanese Generally Accepted Accounting Principles (JGAAP)		International Financial Reporting Standards (IFRS)		
	101st term Fiscal 2015 From April 1, 2015 to March 31, 2016	102nd term Fiscal 2016 From April 1, 2016 to March 31, 2017	103rd term Fiscal 2017 From April 1, 2017 to March 31, 2018	104th term Fiscal 2018 From April 1, 2018 to March 31, 2019	
Net sales/Revenue	525,026	514,164	514,164	587,775	599,481
Operating income/Operating profit	81,703	76,578	87,777	108,552	106,637
Ordinary income	73,090	68,552	-	-	-
Income before income taxes/Profit before tax	76,920	74,981	74,881	106,630	102,709
Net income/Profit for the year	50,630	54,114	54,891	91,201	79,287
Profit for the year attributable to owners of the parent	50,676	54,225	55,003	91,295	79,470
Net income per share/Basic earnings per share (yen)	67.57	75.08	76.15	129.56	108.70
Total net assets/Total equity	511,544	489,554	491,522	550,435	698,113
Total assets	901,685	1,020,879	1,022,262	1,081,045	1,120,790
ROE (Return on equity/Return on equity attributable to owners of the parent) (%)	9.3	10.8	11.1	17.5	12.7
ROA (Return on assets) (%)	5.4	5.6	5.8	8.7	7.2

(Reference) Adjusted operating profit 103rd term 124,929 million yen 104th term 122,128 million yen

Notes:

- The Company has adopted IFRS from the 103rd term (previous term). For the 102nd term, converted figures based on IFRS are also shown for reference purposes.
- Where classifications show the “/” symbol in “Item”, it refers to “JGAAP/IFRS”.
- Net income per share and basic earnings per share are calculated based on the average number of shares outstanding during the period less treasury stock.
- The Company conducted a two-for-one stock split for its common stock effectively on April 1, 2019. “Net income per share/Basic earnings per share” was calculated on the assumption that the stock split had been carried out at the beginning of the 101st term.
- ROE is calculated as follows.
JGAAP: Profit for the year attributable to owners of the parent ÷ shareholders’ equity (term average) x 100
IFRS: Profit for the year attributable to owners of the parent ÷ equity attributable to owners of the parent (term average) x 100
- ROA is calculated as follows.
JGAAP: Profit for the year attributable to owners of the parent ÷ total assets (term average)
IFRS: Profit for the year attributable to owners of the parent ÷ total assets (term average)
- Provisional accounting treatment concerning business combination was finalized during the 104th term, and the finalized treatment was reflected in relevant figures of the 103rd term based on IFRS.

Sales by Geographic Segment

(Millions of yen)

Item	103rd term Fiscal 2017 From April 1, 2017 to March 31, 2018		104th term Fiscal 2018 From April 1, 2018 to March 31, 2019		Change
	Amount	Ratio (%)	Amount	Ratio (%)	
Japan	188,856	32.1	188,468	31.4	(0.2)
Europe	118,216	20.1	120,368	20.1	1.8
Americas	171,636	29.2	175,646	29.3	2.3
Asia & Others	109,065	18.6	114,998	19.2	5.4
Total	587,775	100.0	599,481	100.0	2.0

Cardiac and Vascular Company

TIS business achieved positive revenue growth despite the negative effects of Japanese government's revision of NHI reimbursement prices and the shipping delays of some products at Ashitaka factory. Neurovascular business enjoyed double-digit growth in revenue, reflecting the favorable overseas performance of SOFIA Plus, an aspiration catheter for ischemic stroke.

As the result, revenue in the Cardiac and Vascular Company totaled 328.5 billion yen, 1.4% increase year on year

Main products

Sub-segments	Main products
Interventional Systems (TIS)	Angiographic guidewires, Angiographic catheters, Introducer sheaths, Vascular closure devices, PTCA balloon catheters, Coronary stents, Self-expanding peripheral stents, IVUS, Imaging catheters, etc.
Neurovascular	Coils and stents for treating cerebral aneurysm, Aspiration catheters and clot retrievers for treating ischemic stroke, etc.
CV Systems	Oxygenators, Cardio-pulmonary bypass system, etc.
Vascular Graft	Artificial vascular grafts, Stent grafts

General Hospital Company

Hospital systems business enjoyed favorable results for AdSpray, sprayable adhesion barrier and infusion lines, including closed infusion systems, as well as Acelio, an antipyretic analgesic. In addition, alliance business with pharmaceutical manufacturers expanded in and outside Japan.

As the result, revenue in General Hospital Company was 165.8 billion yen, 4.4% increase year on year.

Main products

Sub-segments	Main products
Hospital Systems	Infusion pumps, Syringe pumps, Solution sets, Syringes, I.V. solutions, Pain management products, Nutritious food, Adhesion barriers, Blood glucose monitoring systems, Digital thermometers, Blood pressure monitors, etc.
Alliance	Contract manufacturing of prefilled syringes, Devices to pharmaceutical companies for use in drug kits (Needles for pharmaceutical packaging business, etc.)

Blood Management Company

Global sales of products for blood centers were steady, mainly reflecting the introduction of automated blood component processing system in Japan, the bid won in Europe and conversion to next-generation automated blood component collection system in the U. S.

As the result, revenue in Blood Management Company was 105.0 billion yen, 0.3% increase year on year.

Main products

Sub-segments	Main products
Blood Management	Blood bags, Automated blood component collection system, Automated blood component processing system, Pathogen reduction technology, Centrifugal apheresis system, Cell expansion system, etc.

Research and Development

Cardiac and Vascular Company

To address more complicated treatments for angina pectoris and myocardial infarction, Terumo launched Ultimaster Tansei, the updated version of existing Ultimaster drug-eluting stent, in Europe in May and in Japan in September 2018. In December 2018, Terumo launched the percutaneous transluminal coronary angioplasty (PTCA) balloon catheter Ryurei, which can treat complex lesions, in Japan. In the field of oxygenators where it holds the world's top-level share, Terumo launched the CAPIOX[®] NX19 oxygenator with the world's smallest¹ priming volume in the U. S. and Europe in January 2019. Going forward, sales of this oxygenator are also planned in Asian markets, including Japan. In addition, Terumo launched the RelayPro thoracic stent graft in April 2018 in Europe, which was developed to achieve high conformability and precise placement. In the fiscal year ending March 31, 2020, Terumo plans to launch the aspiration catheter SOFIAFLOW Plus for ischemic stroke in Japan.

General Hospital Company

In Japan, Terumo enriched its lineup of infusion pumps and syringes used at ICUs and hospital wards that can be linked to hospital IT systems, while promoting projects in collaboration with medical institutions and IT-related companies to enhance safety and security at medical sites and raise the efficiency of healthcare through digitalization. The Hulio² subcutaneous injection, a biosimilar Terumo manufactures on contract, was launched in Europe. This marked the first overseas commercial launch of pharmaceuticals filled in PLAJEX, a plastic pre-fillable syringe developed by Terumo for use with biopharmaceuticals. Seizing this opportunity, Terumo will expand alliance business with pharmaceutical manufacturers by capitalizing on its material and aseptic filling technologies for pre-fillable syringes.

Blood Management Company

In October 2018, the Quantum[®] cell expansion system was introduced to automate the cell manufacturing (cultivating) process for chimeric antigen receptor T (CAR-T) cells by China-based UniCAR-Therapy Bio-Medicine Technology Co. In June 2018, the U.S. FDA approved the sodium citrate 4% w/v anticoagulant³ produced by the U.K. factory. On an official FDA shortage list in recent years, this approval is expected to help alleviate the U.S. shortage.

Other

The Corporate R&D Center has been promoting across-the-board collaboration beyond the borders of companies and businesses from mid- to long-term perspective to create innovation toward the solution of healthcare challenges with a significant social impact. As an opportunity to stimulate horizontal collaboration within the Terumo Group, the Manufacturing Innovation Exhibition was held this fiscal year with a record number of attendees to gather R&D associates around the world to share their R&D outcomes and technologies. Through collaboration with the Group's overseas R&D and production sites, Terumo will strengthen development capabilities and establish new pillars for growth. Terumo will also seek new technologies and ideas through open innovation initiatives.

Notes:

1 Survey by Terumo

2 A biosimilar to AbbVie's Humira[®]

3 Generally, sodium citrate 4% w/v anticoagulants are used to prevent blood coagulation when collecting plasma using apheresis treatment through blood component collection.

(2) Issues to be Addressed

The medical device market is expected to expand going forward mainly due to a rise in chronic illnesses in tandem with an increase in the number of seniors. Meanwhile, as a rise in medical spending squeezes government coffers, there will be growing shift to healthcare that emphasizes value and efficiency. In addition, the industry overseas will continue to undergo reorganization, owing mainly to acquisitions, resulting in companies of enormous scale, more concentration, and a growing oligopoly. Amid this business environment, Terumo has been implementing its 5-year Mid- to Long-term Growth Strategy announced in December 2016. The Mid- to Long-term Vision is to become a “Global Corporation with Unique Excellence.” The Company aims to become recognized by medical professionals worldwide as a top brand and a trusted manufacturer. To this end, the Company’s management is focused on earning a high level of trust globally for our total quality (which includes the quality of products, supply, and services).

We have set three basic strategies, i.e. “Win in selected strategic markets,” “Offer comprehensive value in Japan,” and “Accelerate innovation.” In the global market, Terumo will focus on growing segments and segments where Terumo has competitive advantage, such as intervention, neurovascular, alliance, and therapeutic apheresis, and in Japan, the Company will focus on providing products and services as a leading medical device manufacturer that contributes to the enhancement of patients’ quality of life and improve efficiency of healthcare. Terumo will reinforce internal development capabilities to support future growth while promoting collaboration with external parties, and in doing so it will strive to create innovation with value and contribute to solving healthcare challenges with significant social impact.

The Cardiac and Vascular Company aims to be recognized globally as a top brand in its business area. To accomplish this, Terumo aims to reinforce operations by increasing, sophisticating and optimizing its production capacity. In addition, Terumo will seek growth opportunities by introducing big-ticket products in giant markets such as North America and China, while increasing its comprehensive strength by collaboration among the four businesses.

Under the vision of “contributing to improving hospital care quality and efficiency and drug delivery innovation through our unique technologies and services,” General Hospital Company aims to shift gears to enhance sales and achieve sustainable growth. In hospital systems business, Terumo will expand its hospital business by capitalizing on its comprehensive strength in Japan. Overseas, Terumo will aggressively develop businesses centering on the fields of its advantages. In alliance business, Terumo will provide new value to expand its alliances with pharmaceutical companies in and outside Japan.

Blood Management Company aims to achieve sustainable growth by expanding its business in new therapeutic areas, creating innovation, promoting diversification, and also developing infrastructure in emerging countries and pursuing improvements in global operations. As one of those efforts, Terumo will provide its cell processing technologies to business partners engaging in “cell therapy” for the treatment of rare diseases, and accelerate entry into new fields.

The three companies will conduct activities toward each vision based on the corporate-wide growth strategy. Through these initiatives, Terumo will strive to achieve the financial targets for fiscal 2019, sustainable and profitable growth far into the future.

Forecast of Consolidated Results

(Millions of yen)

	Fiscal year ended March 31, 2019 Results	Fiscal year ending March 31, 2020 Forecast	Change	Change (%)
Revenue	599,481	635,000	35,518	5.9%
Adjusted operating profit	122,128	124,000	1,871	1.5%
Adjusted operating profit ratio	20.4%	19.5%	-	-
Operating profit	106,637	109,000	2,362	2.2%
Operating profit ratio	17.8%	17.2%	-	-
Profit for the year attributable to owners of the parent	79,470	81,000	1,529	1.9%

Actual rate for fiscal year ended March 31, 2019: USD 1 = JPY 111, EUR 1 = JPY 128

Assumed rate for fiscal year ending March 31, 2020: USD 1 = JPY 108, EUR 1 = JPY 123

Note: The information disclosed by the Company contains forecasts of financial performance and other forward-looking statements. Such statements are based on information currently available to the Company and certain assumptions deemed reasonable and do not represent the Company's assurance as to their realization. It should be noted that actual results may differ from these forecasts due to various factors, which include, but are not limited to, changes in economic conditions surrounding the Company's business fields, foreign currency exchange rate fluctuations, and the state of competition.

(3) Principal Business

The Group manufactures and sells medical products and equipment, including pharmaceuticals, regenerative medicine, various disposable medical devices, and medical systems. Principal products are listed on Pages 21–23.

(4) Capital Investment

Capital investment in the fiscal year ended March 31, 2019, amounted to 60.8 billion yen on a construction basis. Principal items are as follows:

- 1) Main facilities construction completed
Ashitaka Factory: Laboratory building and production facilities for medical devices
- 2) Main facilities under construction
Terumo Yamaguchi Corporation: a new building (Building No. 3)

(5) Financing

Not applicable.

(6) Principal Lenders (as of March 31, 2019)

Lender	Outstanding borrowings (Billions of yen)
Mizuho Bank, Ltd.	53.0
MUFG Bank, Ltd.	37.4
Syndicated loan*	59.9

*The syndicated loan is managed by Mizuho Bank, Ltd., and MUFG Bank, Ltd.

(7) Employees (as of March 31, 2019)

1) The Group

Number of employees*	Increase from the previous fiscal year-end
25,378	2,059

*The above number of employees represents the number of full-time employees and does not include the number of persons on loan from the Group to outside the Group, dispatched workers, etc.

2) The Company

Number of employees ¹	Increase from the previous fiscal year-end	Average age ²	Average service years ²
4,908	127	41.5	18.1

Notes:

- 1 The above number of employees represents the number of full-time employees and does not include the number of persons on loan from the Company to outside the Company, dispatched workers, etc.
- 2 In calculating the average age and the average service years, only the permanent employees of the Company were taken into account.

(8) Principal Offices, Factories and Significant Subsidiaries (as of March 31, 2019)**1) Terumo Corporation**

Head Office	44-1, 2-chome, Hatagaya, Shibuya-ku, Tokyo
Tokyo Office	Shinjuku-ku, Tokyo
R&D Center	Nakai-machi, Ashigarakami-gun, Kanagawa Prefecture
Factories	Fujinomiya Factory (Fujinomiya-shi, Shizuoka Prefecture) Ashitaka Factory (Fujinomiya-shi, Shizuoka Prefecture) Kofu Factory (Showa-cho, Nakakoma-gun, Yamanashi Prefecture) ME Center (Nagaizumi-cho, Suntou-gun, Shizuoka Prefecture)
Sales Offices in Japan	Branch Offices Sapporo, Tohoku, Niigata, Utsunomiya, Matsumoto, Saitama, Higashi-Kanto, Tokyo, Tama, Yokohama, Shizuoka, Nagoya, Kanazawa, Kyoto, Osaka, Kobe, Okayama, Hiroshima, Shikoku, Fukuoka, Kagoshima, Okinawa

2) Significant Subsidiaries

Company name	Location	Capital	The Company's percentage of equity participation (%)	Principal business
Terumo Europe N.V.	Belgium	EUR 288,664 thousand	100	Manufacturing and sales of products for Cardiac and Vascular Company and General Hospital Company
Terumo Americas Holding, Inc.	United States	USD 3,855,592 thousand	100	Supervision of subsidiaries in the Americas
Terumo Medical Corporation	United States	USD 272,016 thousand	100	Manufacturing and sales of products for Cardiac and Vascular Company and General Hospital Company
MicroVention, Inc.	United States	USD 589,598 thousand	100	Manufacturing and sales of products for Cardiac and Vascular Company
Terumo BCT Holding Corporation	United States	USD 1,352,360 thousand	100	Supervision of subsidiaries under Terumo BCT Group
Terumo BCT, Inc.	United States	USD 951,863 thousand	100	Manufacturing and sales of products for Blood Management Company
Terumo (China) Holding Co., Ltd.	China	CNY 1,820,493 thousand	100	Supervision of subsidiaries in China
Terumo Asia Holdings Pte. Ltd.	Singapore	SGD 30,127 thousand	100	Supervision of sales subsidiaries in Asia (other than China)

Note: The Company's percentage of equity participation includes indirect ownership by subsidiaries.

(9) Other Significant Matters concerning the Group's Current Situation

Not applicable.

2. Overview of the Company

(1) Status of Shares (as of March 31, 2019)

1) Number of Shares Authorized	1,519,000,000 shares
2) Number of Shares Issued	379,760,520 shares
3) Number of Shareholders	26,088
4) Major Shareholders (10 largest shareholders)	

Shareholder name	Number of shares held	Percentage of shares held
	thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	57,364	15.4
Japan Trustee Services Bank, Ltd. (Trust Account)	30,326	8.2
The Dai-ichi Life Insurance Company, Limited	20,259	5.5
Meiji Yasuda Life Insurance Company	13,568	3.7
STATE STREET BANK AND TRUST COMPANY 505223	10,035	2.7
Mizuho Bank, Ltd.	9,215	2.5
Terumo Foundation for Life Sciences and Arts	7,360	2.0
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	7,089	1.9
JP MORGAN CHASE BANK 385632	5,833	1.6
Tokio Marine & Nichido Fire Insurance Co., Ltd.	5,789	1.6

Notes:

- Although the Company holds 8,309 thousand shares of treasury stock, the Company is not included in the major shareholders. Treasury stock is excluded from the calculation of the percentage of shares held.
- Of the number of shares held by The Dai-ichi Life Insurance Company, Limited, 3,000 thousand shares are shares concerning retirement benefit trust contributed by The Dai-ichi Life Insurance Company. (The shareholder of record is "Trust & Custody Services Bank, Ltd. as trustee for The Dai-ichi Life Insurance Company Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd." The Dai-ichi Life Insurance Company, Limited is authorized to give directions concerning exercise of the voting rights for these shares.)
- Of the number of shares held by Mizuho Bank, Ltd., 6,518 thousand shares are shares concerning retirement benefit trust contributed by Mizuho Bank. (The shareholder of record is "Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd." Mizuho Bank, Ltd. is authorized to give directions concerning exercise of the voting rights for these shares.)
- The Company conducted a two-for-one stock split of its common stock effectively on April 1, 2019. Accordingly, the number of shares authorized and the number of shares issued have been changed to:

Number of Shares Authorized:	3,038,000,000 shares
Number of Shares Issued:	759,521,040 shares

(2) Matters concerning Stock Acquisition Rights Issued by the Company

*As mentioned on Page 1 on the Convocation Notice, the full text of this item is posted on the Company's website.

(3) Company Directors

1) Directors (as of March 31, 2019)

Position at the Company	Name	Responsibilities and significant concurrent positions
Chairman of the Board	Takayoshi Mimura	
President and CEO	Shinjiro Sato	
Director and Senior Managing Executive Officer	Toshiaki Takagi	Chief Quality Officer (CQO) Responsible for Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., Environmental Management Dept., Production Dept., Procurement Dept., Intellectual Property Dept. and Terumo Medical Pranex
Director and Managing Executive Officer	Shoji Hatano	President, General Hospital Company Division President, Hospital Systems Division, General Hospital Company
Director and Senior Executive Officer	David Perez	President, Blood Management Company President and CEO, Terumo BCT Holding Corporation
Outside Director	Ikuo Mori	
Outside Director	Ryuzo Ueda	Visiting Professor, Professor Emeritus, Nagoya City University Professor, Dept. of Tumor Immunology, Aichi Medical University School of Medicine Director, Health and Medical Care Promotion Director, Foundation for Promotion of Cancer Research External Director, Japanese Foundation for Cancer Research Board Chairman, Research Foundation for Oriental Medicine Designated Professor, Nagoya University Graduate School of Medicine
Outside Director	Yukiko Kuroda	Founder and Director, People Focus Consulting Outside Director, CAC Holdings Corporation Outside Director, Mitsui Chemicals, Inc. Outside Director, Seven Bank, Ltd.
Director (Full-time Audit/Supervisory Committee Member)	Yoshihiro Kimura	
Outside Director (Audit/Supervisory Committee Member)	Toshihiko Matsumiya	Representative, Toshihiko Matsumiya Certified Public Accountant Office External Corporate Auditor, Mitsubishi Research Institute, Inc. External Corporate Auditor, Daiichi Jitsugyo Co., Ltd.
Outside Director (Audit/Supervisory Committee Member)	Masatake Yone	Lawyer (partner in Mori Hamada & Matsumoto Law Firm) Independent Director (Audit/Supervisory Committee Member), GCA Corporation External Corporate Auditor, BANDAI NAMCO Entertainment Inc. Outside Audit & Supervisory Board Member, Yamaha Motor Co., Ltd.

Notes:

- 1 No material conflict of interest exists between the Company and the aforementioned corporations where Outside Directors Dr. Ryuzo Ueda, Ms. Yukiko Kuroda, Mr. Toshihiko Matsumiya, and Mr. Masatake Yone concurrently hold positions.

- 2 The Company has submitted notifications to the Tokyo Stock Exchange of the appointment of Outside Directors Mr. Ikuo Mori, Dr. Ryuzo Ueda, Ms. Yukiko Kuroda and Mr. Toshihiko Matsumiya as independent directors/auditors as defined by the Tokyo Stock Exchange.
- 3 Outside Director Mr. Masatake Yone satisfies the criteria for serving as an independent director/auditor as defined by the Tokyo Stock Exchange. However, in accordance with the rule of the firm that he serves, the Company has not submitted notification of the appointment of him as an independent director/auditor.
- 4 Director Mr. Yoshihiro Kimura has experienced accounting operations in the accounting-related divisions of the Company and has considerable financial and accounting knowledge.
- 5 Outside Director Mr. Toshihiko Matsumiya is a certified public accountant and has considerable financial and accounting knowledge.
- 6 After the end of the fiscal year ended March 31, 2019, there was the following change in directors.
 - Mr. David Perez resigned from the post of Senior Executive Officer as of March 31, 2019, and continued his office as Director on April 1, 2019.

2) Outline of the liability limitation contracts

The Company has concluded a liability limitation contract with each of its non-executive directors and outside directors with regard to his/her liability under Article 423, Paragraph 1 of the Companies Act, in accordance with the provision of Article 427, Paragraph 1 of the aforementioned law. The maximum amount of liability under the contract shall be the amount prescribed in Article 425, Paragraph 1 of the Companies Act for either a non-executive director or an outside director.

3) Remuneration to Directors

Category	Number of persons	Amount paid (Millions of yen)
Directors (excluding Audit/Supervisory Committee Members)	9	422
Directors (Audit/Supervisory Committee Members)	3	64
Total (of which outside officers)	12 (5)	487 (67)

Notes:

- 1 The above includes directors who left their posts during the fiscal year ended March 31, 2019.
- 2 The amount of remuneration includes stock-based compensation stock options in the form of stock acquisition rights allotted to directors (excluding outside directors, Audit/Supervisory Committee Members, and non-executive directors) amounting to 95 million yen.

4) Whether full-time Audit/Supervisory Committee Members are appointed or not and reasons therefor

The Company has appointed Mr. Yoshihiro Kimura as a full-time Audit/Supervisory Committee Member in order to strengthen audit and supervisory functions of the Audit/Supervisory Committee and to enable information gathering from directors (excluding Audit/Supervisory Committee Members), sharing of information at important internal meetings, and sufficient collaboration between the Audit/Supervisory Committee and the Internal Audit Department, the Legal and Compliance Department, and the Internal Control Department.

5) Outside Directors

Principal activities in the fiscal year ended March 31, 2019

Name	Position	Main activities
Ikuo Mori	Outside Director	Attended 13 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2019; provided opinions, as necessary, based mainly on his wealth of experience in management.

Name	Position	Main activities
Ryuzo Ueda	Outside Director	Attended 13 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2019; provided opinions, as necessary, based mainly on his expert medical knowledge and experience in hospital management.
Yukiko Kuroda	Outside Director	Attended 10 out of 10 meetings of the Board of Directors held since taking office in June 22, 2018, in the fiscal year ended March 31, 2019; provided opinions, as necessary, based mainly on her wealth of experience in management and consulting on human resources and organizations.
Toshihiko Matsumiya	Outside Director (Audit/Supervisory Committee Member)	Attended 13 out of 13 meetings of the Board of Directors and 11 out of 11 meetings of the Audit/Supervisory Committee held in the fiscal year ended March 31, 2019; provided opinions, as necessary, based mainly on his expert knowledge and deep insight as a certified public accountant.
Masatake Yone	Outside Director (Audit/Supervisory Committee Member)	Attended 12 out of 13 meetings of the Board of Directors and 11 out of 11 meetings of the Audit/Supervisory Committee held in the fiscal year ended March 31, 2019; provided opinions, as necessary, based mainly on his expert knowledge and deep insight as a lawyer.

(4) Accounting Auditor

1) Accounting Auditor's Name

KPMG AZSA LLC

2) Remuneration etc.

The Company and its subsidiaries paid the remuneration etc. indicated below to the Accounting Auditor. Regarding the amount of remuneration etc. in i) in the following table, the Audit/Supervisory Committee conducted necessary review of the Accounting Auditor's audit plan, evaluation and analysis of audit results for the fiscal year ended March 31, 2019, the status of performance of duties of accounting audit, and appropriateness of the basis of calculation of the estimated amount of remuneration, judged them appropriate and thus gave consent pursuant to Article 399, Paragraphs 1 and 3 of the Companies Act.

	Amount paid (millions of yen)
i) Remuneration etc. for the Accounting Auditor for the fiscal year ended March 31, 2019	126
ii) Monetary or property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	129

Notes:

- Under the audit agreement between the Company and its Accounting Auditor, remuneration for audits based on the Companies Act and that for audits based on the Financial Instruments and Exchange Law are not strictly distinguished and they cannot be substantially distinguished. Consequently, the sum of the amounts of these remunerations is stated as the amount of remuneration etc. for the Accounting Auditor for the fiscal year ended March 31, 2019.
- KPMG AZSA LLC is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International") and all the Company's significant subsidiaries are audited by other member firms affiliated with KPMG International.

3) Non-audit Services

Not applicable.

4) Policy regarding Determination of Dismissal or Non-reappointment of the Accounting Auditor

In the event that any of the items of Article 340, Paragraph 1, of the Companies Act is deemed to fit the Accounting Auditor, the Audit/Supervisory Committee may dismiss the Accounting Auditor, provided all the Audit/Supervisory Committee Members consent to such dismissal.

Regarding reappointment of the Accounting Auditor, the Audit/Supervisory Committee performs comprehensive evaluation of the Accounting Auditor's eligibility, independence, the status of audit quality control, the status of performance of duties, etc. every year. If the Audit/Supervisory Committee judges that the Accounting Auditor should not be reappointed, the committee determines the content of a proposal concerning non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

(5) Corporate Governance

Aspiring to continue to be an enterprise earning the trust of society, the Company has established the “TERUMO Corporate Governance Guidelines” stated below by the resolution of the Board of Directors.

TERUMO Corporate Governance Guidelines

1. General Provisions

(1) Basic stance on the 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 achieve its group mission, Terumo articulated the Core Values which are the values and beliefs that all Terumo associates globally have to own for their action, 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 this Guidelines 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.

(2) Establishment, revision and abolition of the Guidelines

The Corporate Governance Committee shall be responsible for drafting and preparing the initial draft of this Guidelines and for proposing subsequent major revisions or abolition of the Guidelines. Adoption, major revision and abolition of the Guidelines shall be decided by resolution of the Board of Directors.

2. Corporate Governance Structure

(1) 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- and 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 representing the perspective 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.

(2) Board of Directors

[1] Roles

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

[2] 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 at least one-third of the Board membership.
- Considering that, from the standpoint of corporate governance, the execution of business operations and supervisory oversight should be separated, the Chairman shall serve as the chair, in principle; provided, however, that if no Chairman has been appointed, the Nomination Committee shall propose a candidate for chair, considering the actual situation of possible candidates based on the above standpoint and the Board of Directors shall appoint such candidate as the chair for the Board of Directors meeting.

(3) Audit/Supervisory Committee

[1] 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 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.

[2] 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 member of the Audit/Supervisory Committee shall elect one of the Committee members to serve as the chair of the Committee.

(4) Nomination Committee

[1] Roles

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

[2] Members

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

(5) Remuneration Committee

[1] Roles

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

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

[2] Members

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

(6) Corporate Governance Committee

[1] Roles

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

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

[2] Members

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

(7) Internal Control Committee

[1] 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."

[2] 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.

(8) Risk Management Committee

[1] 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.

[2] Members

- The Committee shall be comprised of executive officers ranked Managing Executive Officer or above, Internal Control Department Managers, and designated person from 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.

(9) Selection/dismissal of Directors

[1] Selection 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 achieve good discussions and decision-making.

Candidates for directors shall be selected in accordance with internal regulations, which stipulate the eligibility criteria, including the following:

[Internal directors]

- To have the management judgement capacities and management oversight capacities from stakeholders' standpoint.
- To have excellent personality, great insight, and high ethical standards.
- To have attained sufficient business results or achievement.

[Independent directors]

- To be able to contribute to the improvement of corporate governance and management of the company, and be able to offer his/her opinions without reserve.
- To have extensive experiences in management, international business, the practice of medicine or other specific

areas of expertise.

- To consider the diversity of independent directors and their backgrounds as far as possible, and their expertise, gender and other characteristics as appropriate.

[Independent directors who serve as Audit/Supervisory Committee Members]

- To have experience of playing leading roles in the fields of law or accounting with at least one candidate coming from each such field.

[2] Selection/dismissal Procedure

The Nomination Committee shall discuss and propose potential candidates for directors and the appropriateness of each director's reappointment, and present the results of these discussion to the Board of Directors. This process is intended to eliminate arbitrariness and to ensure the sound selection of candidates. If any situation arises which causes a serious concern about the performance of a director's duties, the Committee may immediately propose to the Board of Directors that necessary steps should be taken even during one's term of office.

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

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

The reasons for selection and 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.

(10) Selection and Cultivation of Successors to the President

The Board of Directors 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 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 report a "Next Generation Executives' Development Plan" targeting several persons with the potential to become next generation 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.

(11) Executive Remuneration

[1] Policy and framework

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

To achieve the objective described in paragraph (a) above, an appropriate balance between fixed remuneration and performance-linked remuneration (bonus) shall be set.

In order to achieve the objective described in paragraph (b) above, the remuneration-type stock options have been established.

Remuneration of other non-executive directors shall be composed only of fixed remuneration.

[2] Target proportions

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

The Remuneration Committee shall review the standard amount of remuneration and related target percentages of each remuneration 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 remuneration for executive directors.

[3] Decision procedure

- Fixed remuneration: Within the remuneration limit approved at the General Meeting of Shareholders, remuneration for directors, excluding the Audit/Supervisory Committee members, shall be decided by resolution of the Board of Directors, and remuneration for Audit/Supervisory Committee members shall be decided by deliberation among Audit/Supervisory Committee members.
- Bonuses: Within the aforementioned remuneration limit, bonuses shall be determined by resolution of the Board of Directors in light of relevant factors, including company-wide performance as indicated by sales, operating profit and EPS (earnings per share), and an evaluation of the performance of each director's business operation.

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

(12) 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.

(13) Board Evaluation

For the purpose of further improving effectiveness of the board, the Board of Directors shall conduct the self-evaluation of board effectiveness every year by survey sheets and other means with the involvement of outside experts and disclose a summary of the results.

3. Securing Shareholders' Rights and Equality

(1) Securing Shareholders' Rights

In the light of the importance of the shareholders' rights, Terumo shall not take any action intended to jeopardize the exercise of shareholders' rights.

- Terumo will strive to ensure that shareholders are allowed to exercise their minority rights under the Companies Act in an efficient manner. This shall include their: (a) rights to review the shareholder register and the minutes of the Board of Directors meetings; (b) rights to propose at the General Meeting of Shareholders; and (c) rights to demand an injunction or file a derivative action against directors' illegal conduct. Terumo shall include the procedures for exercising such rights in its Stock Holding Rules.
- The Board of Directors shall review the agenda of the General Meeting of Shareholders after the conclusion of such meeting. When a considerable number of votes were cast against an agenda item, even if it was finally approved, the Board of Directors shall analyze the reasons for the opposition and why so many opposing votes were cast. The Board shall discuss how to react, including how Terumo may engage in a dialogue with the shareholders. If a dialogue with shareholders occurs, the details of the dialogue shall be reported to the Board of Directors.
- The Board of Directors may make a decision about a capital policy, which may cause a change of control or significant dilution of the value of shares owned by the current shareholders, only after careful analysis of its necessity and rationale. The Board's analysis shall be based on the understanding that such policy could harm to the interests of the current shareholders. The Board shall promptly disclose any such decision it makes and explain clearly to the shareholders and investors. The disclosure shall include an appropriate explanation of the action and the reasons for it. The Board shall consider the matter from the viewpoint of the Company's stakeholders and, to the extent possible, place the highest weight on the opinions and views of the independent directors.

(2) General Meeting of Shareholders

Terumo recognizes that the General Meeting of Shareholders is the Company's highest decision-making forum and affords an opportunity to have a constructive dialogue with its shareholders. Accordingly, Terumo shall provide its shareholders with an adequate environment, from the viewpoint of the shareholders, to facilitate the exercise of their rights at the General Meeting of Shareholders.

- The date of the General Meeting of Shareholders should be established on a day that is not a peak day and morning hours should be avoided so that as many shareholders as possible may attend the meeting.
- A notice of meeting shall be disseminated approximately three (3) weeks prior to the date of a General Meeting of Shareholders. Contents of a notice of meeting shall be published on the TD net and the Company's website after the Board of Directors has established the date of the Meeting and before the notice of meeting is disseminated. Any other information which may be reasonably necessary to assist the shareholders in the exercise of their voting and other rights at the Meeting shall be properly provided.
- Terumo shall strive to provide an environment that facilitates the exercise of voting rights, which environment shall include an electronic voting platform for the electronic exercise of the voting rights. In addition, Terumo shall provide an English

language translation of the notice of meeting to ensure equality of access to information about the meeting among Japanese shareholders and international shareholders alike.

(3) Basic Strategy for Capital Policy

Terumo strives to enhance corporate value by pursuing investment opportunities aimed at delivering return in excess of capital cost.

Terumo seeks to raise its ROE and increase its EPS by improving its asset efficiency through the enhancement of business operations and by optimizing its capital structure, while paying due attention to financial soundness of Terumo's balance sheet. Terumo strives for stable and sustainable improvement of returns for its shareholders.

(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 each of Terumo and the company in which Terumo has invested.

(5) Function as Asset Owner of Corporate Pension Fund

Fund management of Terumo's corporate pension is carried out by the Terumo Corporation Pension Fund, a separate corporation.

Terumo assigns appropriate staff with expertise in asset management from the Accounting, Finance and Human Resources Departments to the Terumo Corporation Pension Fund in order to ensure the soundness of asset management through formulation of investment policies and monitoring of operational results. These actions are reported and discussed at the Asset Management Committee.

Terumo also has a system that enables senior managers of majority labor unions to participate in decision-making processes regarding investment policies, etc., from the viewpoint of protecting beneficiaries. We eliminate arbitrariness and manage conflict of interest between the beneficiaries of the corporate pension and the company by delegating the selection of individual investees and exercise of our voting rights to individual investment agencies.

(6) Related Party Transactions

In order not to damage the interests of Terumo and its common shareholders, nor to raise such concern in the transaction between Terumo and its directors or their third parties, Terumo shall establish a framework as follows.

- Transactions with a risk of conflict of interest
Any transaction between Terumo and one or more of its directors that may involve an actual or potential conflict of interest shall be reviewed and approved by the Board of Directors in accordance with the Companies Act, the Board shall adopt such a Board regulation. In addition, Terumo reviews on an annual basis if there exist any transaction between Terumo and one or more of its director or a party related to one or more directors (including an affiliate company of the director or the director's related party).
- Transactions with third parties
The Board of Directors established the "Terumo Group Code of Conduct", which all Terumo Group associates are required to follow. The Code demands fairness and transparency in all transactions between Terumo and third parties, including customers, suppliers and shareholders. Violations of these principles should be addressed by company management through the relevant lines of reporting. Terumo's whistleblower system shall be available for violations that cannot be addressed through the relevant lines of reporting.

4. Collaboration with Stakeholders other than Shareholders

(1) Code of Conduct

Terumo has established and implemented the "Terumo Group Code of Conduct" by resolution of its Board of Directors. The Code of Conduct includes fundamental principles that articulate Terumo's corporate values, including appropriate collaboration with stakeholders, respect for their values and sound business ethics.

The Code of Conduct is strictly followed by Terumo associates. In order to embed the Code of Conduct within the Terumo Group, digital signboards shall be installed within the office premises with information about the Code. Additionally, the Legal and Compliance Department shall follow up from time to time as planned to make sure that all associates within the Terumo Group throughout the world comply with the Code.

The Board of Directors shall require that the Code of Conduct be reviewed and revised as necessary to ensure that it remains up to date and applicable to the then current environment. Any revisions shall be reviewed and approved by resolution of the Board of Directors.

(2) Sustainability

Terumo strives to develop and deliver high-quality, market leading products and services using cutting edge development plans that are based on its group mission. Terumo believes that delivery of high quality medical devices and services that satisfy this concept will lead to the advancement of healthcare and the enhancement of patients' quality of life. In these ways, Terumo will be able to contribute to the sustainability of society. Terumo also believes that delivery of such products and services will make Terumo more competitive and allow it to expand its revenue and profit, thereby contributing to Terumo's sustainable growth. To contribute to building a sustainable society, a society on which Terumo's continuous growth relies, Terumo will actively address challenges such as the protection of human rights, the protection of human safety and welfare, the eradication of corruption, the reduction of environmental impacts and the conservation of biodiversities. In doing so Terumo will act as a good corporate citizen and follow the appropriate international framework, including the United Nations Global Compact, ISO14001 and ISO45001 so that Terumo may live up to the trust and the expectations of regional societies and other stakeholders, and continue its business operations.

Compliance is essential to the sustainability of Terumo's business. The Legal and Compliance Department shall manage the Terumo Group's compliance system as a part of Terumo's overall internal control system. The Risk Management Committee shall direct Terumo's efforts to evaluate the potential risks regarding the sustainability of the Company's business and the Board of Directors shall develop and operate a risk management system to address such risks.

(3) Securing Diversity as a Part of the Corporate Culture

At the Terumo Group, we strive to promote respect for each individual and each different culture. Associates are not allowed to discriminate on the basis of race, nationality, gender, religion, or disability, and violations of human rights of any kind are not permitted. Terumo believes that the diversity of its associates is a powerful engine that will drive its current and future growth. By striving to accept a wide range of differing values and promoting mutual recognition of diversity, Terumo aims to be a place where differing ideas and knowledge can intermingle and thereby generate new value. Having established its Diversity Promotion Department, Terumo works to develop its corporate environment, corporate culture and awareness where diverse associates are able to demonstrate their full potential. Under the leadership of top management, Terumo actively promotes the appointment of female and international associates, including at the management level.

(4) Whistle-blowing System (Compliance Hotline)

Terumo established a program designed to encourage its associates to raise issues and report concerns about potential violations of laws, regulations and the "Terumo Group Code of Conduct". The program features a compliance hotline and other methods of communication and dialogue designed for the early detection and appropriate resolution of the issues raised. Terumo Group associates and external legal professionals with appropriate expertise shall be appointed to monitor and coordinate activities intended to address any items disclosed by a whistle-blower. Terumo shall take appropriate measures to ensure the anonymity of whistle-blowers and shall follow a no-retaliation policy with respect to whistle-blowers. Reports of whistle-blowing activities shall be reported to the Internal Control Committee, the Board of Directors and the Audit/Supervisory Committee on a regular basis or as needed. Issues raised through whistle-blowers that could have broad applicability within the Terumo Group shall be shared with other relevant locations, departments and/or business units, as the case may be. Terumo will strive to implement appropriate measures to prevent the recurrence of the violations and to enhance the awareness of compliance matters within the Terumo Group. Terumo endeavors to expand the whistle-blowing system and its operation because it considers such system to be an important tool for reducing violations of law and policy, thereby contributing to Terumo's sustainable growth.

5. Appropriate Disclosure

(1) Disclosure Policy

Terumo is committed to disclosing information to its stockholders, investors, customers and others in accordance with the requirements set out in the Financial Instruments and Exchange Law and the Timely Disclosure Rules of the Tokyo Stock Exchange based on the principles of transparency, fairness and consistency. Terumo also endeavors to disclose, in a timely and proactively manner, any appropriate information that may help foster a better understanding of the Company.

(2) Dialogue Policy

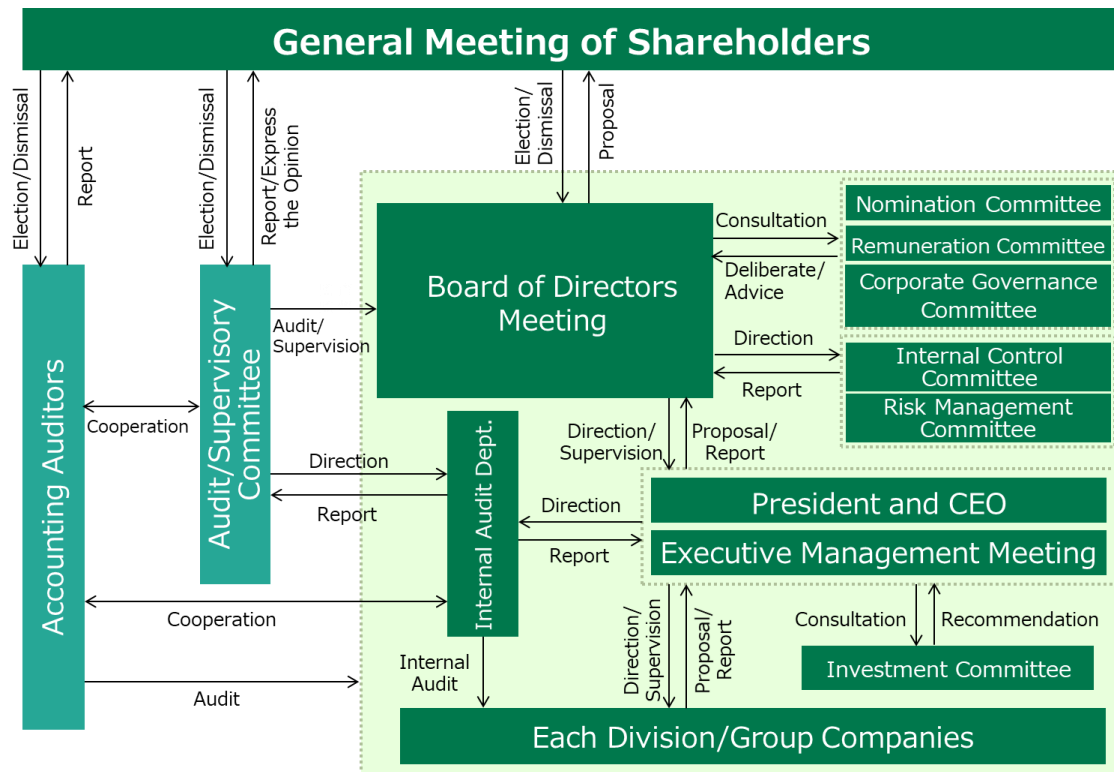
Terumo will strive to engage in constructive dialogue with its shareholders and investors. Terumo will further enhance its transparency and work to develop and maintain the trust of its stakeholders through information disclosure and dialogue. Terumo's policy on disclosure and dialogue with shareholders and investors is included in the "IR Policy" found on the Company's website.

End

[Appendix 1]

<Corporate Governance Structure>

- ◆ Audit/Supervisory Committee members are directors, and have voting rights in the BOD meeting.
The majority of Audit/Supervisory Committee is constituted by independent directors.
- ◆ Audit/Supervisory Committee serves for the function of auditing and supervising the directors and the BOD.



[Appendix 2]

Director Independence Standards

If any of the following criteria apply, a person shall not qualify as an “independent director” (referred to as an external director with no risk of conflicting interests with general shareholders) of Terumo Corporation and shall be excluded from the candidates for election as such.

(1) Terumo Group officials

[1] Executive directors, executive officers, Audit/Supervisory Committee members, and other employees (collectively referred to as the "executive directors, etc." hereinafter) of the Company or any of its direct or indirect subsidiaries (collectively referred to as the "Group" hereinafter).

[2] Persons who were executive directors, etc. in the Terumo Group at any point in the past ten (10) years.

(2) Shareholders

[1] Holders of large numbers of shares of Terumo stock (owning ten percent (10%) or more of voting rights; the same shall apply hereinafter.)

[2] When the shareholder referenced in [1] above is a corporate or institutional shareholder, the executive directors, etc. of said company, its parent company and key subsidiaries (collectively referred to as the "company, etc." hereinafter.)

[3] Executive directors, etc. of the companies or other legal entities in which Terumo Corporation or one of its subsidiaries is currently a major shareholder.

(3) Business partners

Executive directors, etc. of the companies, etc. to which any of the following criteria apply:

[1] A major client of the Terumo Group (where two percent (2%) or more of annual consolidated revenue of the Terumo Group are attributable to the client).

[2] The Terumo Group is the major client (where the Terumo Group paid two percent (2%) or more of the annual consolidate sales).

[3] Organizations (for example, foundations, public interest associations, non-profit corporations, etc.) that received donations or subsidies from the Terumo Group exceed a certain amount (average of JPY 10M per year in the past three (3) business years or thirty percent (30%) of total annual expenses of said organization, whichever is larger in amount).

(4) Parties related to personnel exchange

Executive directors, etc. of the companies, etc. which have accepted directors (regardless of full-time or part-time) from the Terumo Group.

[Appendix 2]

(5) Major lenders

Executive directors, etc. of the companies, etc. that are financial institutions that are lenders to the Terumo Group if the balance of debts exceeds five percent (5%) of the Terumo Group's consolidated total assets.

(6) Outside experts, etc.

A person to whom any of the following apply:

- [1] Presently the accounting auditor, certified public accountant who is an accounting advisor, or partners or employees of the auditing firms for the Terumo Group
- [2] The Terumo Group's accounting auditor, certified public accountant who was an accounting advisor, or partners or employees of the auditing firms and were engaged in auditing the Terumo Group on site
- [3] Lawyers, certified public accountants, tax accountants or other consultants that are not otherwise covered under either [1] or [2] above and have received from the Terumo Group on average of JPY 10 million or more in cash or other property benefits per year over the past three (3) years in addition to the executive remuneration
- [4] Law firms, audit firms, tax accountant corporations, consulting firms or other professional advisory firms that are not otherwise covered under either [1] or [2] above, and partners, associates or employees of the firms for which the Terumo Group is their major client (i.e., where the average of two percent (2%) or more of the consolidated total sales in the past three (3) years are attributable to the Terumo Group)

(7) Relatives

Relatives (referred to as a spouse, relatives within second degree or relatives living together) who apply to one of the criteria set forth in [1] - [6] above.

(8) Past implications

A person covered under [2] above at any time during the past five (5) years or covered under any of [3] - [6] above in the past three (3) years.

(9) Others

Any other person not otherwise covered under any of [1] - [8] above, who due to other circumstances, may have an actual conflict of interest.

TERUMO IR Policy

1. Basic Policy

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

2. Information Disclosure Method

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

3. Forward-Looking Statements

Among the information that Terumo discloses, forecasts of financial performance and future projections contain potential risks and uncertainty because they are forecasts based on projections made by Terumo using the limited information available at the time of disclosure. Accordingly, it should be noted that actual results may differ from such forecasts and projections due to a variety of factors. Factors affecting actual results may include, but are not limited to, changes in economic conditions surrounding Terumo, fluctuations of foreign exchange rates, and the state of competition.

4. Policy for Dialogue with Shareholders and Investors

- [1] Appointing a member of management or a director who is responsible for supervising the 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 the overall dialogue with the 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 the dialogue

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

[Appendix 3]

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

In order to deepen the 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 in order to provide such information in a timely and appropriate manner to as many shareholders and investors as possible.

[4] Measures for appropriate and effective feedback

Evaluation and opinions acquired through meetings with shareholders, investors and analysts are compiled periodically and shared with the management team. In addition, the President or officer supervising the dialogue with the shareholders shall report to the Board of Directors on their visits to overseas institutional investors to ensure that they have 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, officer supervising the dialogue, the department head and staff of the disclosing division will conduct Terumo's dialogues with its investors. In case of a dialogue led by officers other than those listed in the preceding sentence, either the officer supervising the dialogue, the department head or staff of the disclosing division will attend such meeting. By securing multiple participants in the dialogue, the Company will work to prevent unauthorized or inappropriate disclosure of its information.

Terumo establishes a silent period to prevent the leakage of any material information about the Company's actual 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 actual financial performance and conclude on the date when both the final announcement of financial statements of a fiscal year and the quarterly announcements take place. During this period, Terumo refrains from commenting on its financial performance or answering questions in relation to such performance.

(6) Systems to Ensure the Appropriateness of Operations

The Company has established the “Internal Control System Design Basic Policy” stated below by the resolution of the Board of Directors.

Internal Control System Design Basic Policy

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

- 1) Carry out continuous training and education of directors, executive officers, employees, and all other equivalent personnel in the Group (hereafter “Group employees”) regarding the “Code of Conduct for the Terumo Group” in order to ensure penetration and thorough understanding that compliance to laws and ordinances and practice of corporate ethics (hereafter “compliance”) is the foundation of the corporation's existence and business activities.
- 2) The Internal Control Committee, which is responsible for enacting the Internal control system within the Group in accordance with 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 or Audit/Supervisory Committee members selected by the Audit/Supervisory Committee (hereafter “Selected Audit/Supervisory Committee members”).
- 3) The Chief Legal Officer (hereafter “CLO”) shall be the primary entity implementing the compliance system across the Group, and under the leadership of the CLO, promote a variety of measures by creating related rules, performing training and education, collecting employee oaths, and coordinating with compliance officers to quickly discover and ascertain problems.
- 4) In accordance with the provisions of the Financial Instruments and Exchange Act, in order to ensure the reliability of financial reporting, make efforts to establish a system to ensure the effectiveness of internal control of the Group, and regularly assess its effectiveness.
- 5) Build and operate a whistle-blowing system in which Group employees can, upon discovering compliance violations, etc., report problems out of their usual line of authority.
As a point of contact for whistle-blowing, provide the internal window and the outside window (corporate lawyer and outside receptionist). an Audit/Supervisory Committee Member has been designated as a point of contact for whistle-blowing in the event that any compliance violations, etc., by the Company’s directors are found. And have the assurance that employees making reports will not be treated disadvantageously. Further, the division operating the whistle-blowing system shall report on its status to the Audit/Supervisory Committee or Selected Audit/Supervisory Committee members (hereafter “Audit/Supervisory Committee and so on”) as necessary.
- 6) In the event that significant compliance violations, etc. occur, a handling team shall be immediately created under the direction of the Chairman of Internal Control Committee, and that team shall, in addition to handling and resolving the occurrence, report or make proposals to the Internal Control Committee regarding the cause and recurrence prevention measures. In the event that in handling it is recognized that there has been a violation of “Employment Rules” by a Group Employee, discipline shall be strictly rendered in accordance with related disciplinary procedures.

- 7) The Internal Audit Department shall audit to confirm the operation and effectiveness of the above activities, and shall report and make proposals to the Internal Control Committee regarding audit results while also confirming that measures to improve relevant areas are completed.

2. System for managing information (preservation, reading, security, disclosure, and etc.) related to director performance of duties.

- 1) In accordance with the “Terumo Group Document Management Standard”, information related to director performance of duties shall be recorded and saved in documents or electronic media (hereafter “Documentation”).
- 2) The period that records must be kept shall be the period established by the Document Management Standard, according to Documentation type and importance.
- 3) Board of Directors, and the Audit/Supervisory Committee and so on shall be able to view the Documentation at all times.
- 4) For information security and protection of personal information, confidential work information and personal information shall be appropriately and safely stored and managed under the direction of the Chief Information Officer (hereafter “CIO”) and in accordance with the “Terumo Group Global Security Policy”, “Personal Information Protection Standard,” and other related regulations.
- 5) The Disclosure panel of the Internal Control Committee, which is responsible for the Group's legal and timely information disclosure procedures, shall promote timely and appropriate information disclosure. And provide appropriate information management in accordance with the “Terumo Group Social Media Policy”.
- 6) The Internal Audit Department shall audit to confirm the operation and effectiveness of the activities established by the above clauses, and shall report or make proposals to the Internal Control Committee regarding audit results while also confirming that measures to improve relevant areas are completed.

3. Terumo Risk Management Regulations and system

- 1) Established by decision of the Board of Directors, the Risk Management Committee is chaired by the President and Representative Director, and promotes the establishment of a risk management system throughout the Group based on the “Risk Management Regulations” set forth by the Board of Directors.
- 2) In addition to the previous item 1), the expert department dealing with separate risks categories including business, quality, product safety, disasters, and environment etc., shall perform enlightenment training and education in accordance with their respective regulations and manuals, etc.
- 3) The Risk Management Committee shall, taking into account the priority of risks which have serious effect on Group management, deliberate and determine a Risk management policy consisting of such items as preventive measures, continuous enlightenment training and education, and emergency handling of occurrences.
- 4) The Internal Control Department shall regularly or appropriately ascertain and identify risks related to the Group, analyze and evaluate those risks for their likelihood of occurrence and level impact, and then report and make proposals to the Risk Management Committee.

- 5) The Internal Audit Department shall audit to confirm the operation and effectiveness of the activities established by the above clauses, and shall report and make proposals to the Risk Management Committee regarding audit results while also confirming that measures to improve relevant areas are completed.

4. System for ensuring efficient Terumo director performance of duties

- 1) In order to increase the Group's corporate value and benefit to shareholders, the Executive Management Meeting, Market Product Strategy Meeting, and other deliberated or specialized bodies composed of the directors and executive officers shall offer support, leadership, and oversight to business departments for efficient and rapid performance of duties toward achievement of the Mid- to Long-term Growth Strategy and annual plans approved by the Board of Directors.
- 2) Make decisions rapidly and efficiently based on the "Regulations on Proposals to Official Meeting Bodies and on Corporate Authorization System," which clarify company decision-making.
- 3) Based on the "Department Job Description Regulations". and other several regulations, execution for the duties systematically and effectively.
- 4) The Internal Audit Department shall audit to confirm the operation and effectiveness of the activities established by the above clauses, and shall report and make proposals to the Internal Control Committee regarding audit results while also confirming that measures to improve relevant areas are completed.

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

- 1) Group companies shall report execution of duties in accordance with "Terumo Group Company Management Regulations" and other several regulations, in a timely and appropriate manner.
- 2) The Internal Control Department shall provide leadership and support to Group companies in building risk management systems, in accordance with the Risk management policy established by the Risk Management Committee.
- 3) Group companies shall perform decision-making according to importance as prescribed by the "Regulations on Proposals to Official Meeting Bodies and on Corporate Authorization System".
- 4) The CLO shall, in accordance with the "Code of Conduct for the Terumo Group" and related regulations, closely coordinate with the compliance officers of Group companies to promote compliance enlightenment training and education
- 5) The Internal Audit Department shall audit to confirm the operation and effectiveness of the activities established by the above clauses, and shall report and make proposals to the Internal Control Committee regarding audit results while also confirming that measures to improve relevant areas are completed.

6. Items relating to directors and employees who assist with the duties of the Terumo Audit/Supervisory Committee

- 1) The Audit/Supervisory Committee Office, consisting of two or more dedicated employees (hereafter "dedicated employees") shall be established as an organization to assist the Audit/Supervisory Committee.

- 2) The Board of Directors may assign Director with Special Assignment (Audit/Supervision) from among directors who are not Audit/Supervisory Committee members, who will have the duty to assist the Audit/Supervisory Committee in audits and supervision.

7. Items related to independence of a Director with Special Assignment (Audit/Supervision) and dedicated employees from directors who are not Audit/Supervisory Committee members

- 1) Submitting a proposal for election of a Director with Special Assignment (Audit/Supervision) to Shareholders meeting, shall require the prior approval of the Audit/Supervisory Committee. In the election of a Director with Special Assignment (Audit/Supervision), candidates' experience, knowledge, and behavior, etc. shall be carefully considered in light of the important role they will play as participants in audit/supervisory functions.
- 2) Selection, performance evaluation, salary, placement, and discipline of dedicated employees shall require the prior approval of the Audit/Supervisory Committee. In the selection of dedicated employees, candidates' experience, knowledge, and behavior, etc. shall be carefully considered in light of the important role they will play as participants in audit/supervisory functions.

8. Items for ensuring the effectiveness of direction given from the Audit/Supervisory Committee to a Director with Special Assignment (Audit/Supervision) and Dedicated employees

Director with Special Assignment (Audit/Supervision) and dedicated employees shall perform their duties according to the direction and mandates of the Audit/Supervisory Committee and so on, and shall not receive direction or mandates from directors who are not Audit/Supervisory Committee members, or any other Group employees.

9. System for Group employees (hereafter "reporting personnel," and this includes those receiving reports as well) to report to the Audit/Supervisory Committee

- 1) In addition to legal items, directors or employees shall make timely and appropriate reports to the Audit/Supervisory Committee and so on according to the "Regulations on Reports by Directors and Employees to Audit/Supervisory Committee".
- 2) The Audit/Supervisory Committee and so on shall regularly receive reports on the operation status of, and content of incidents reported under, the internal reporting system established at the Group companies, and shall give direction and advice as appropriate.

10. System for ensuring that reporting personnel do not receive disadvantageous treatment by reason of making reports

- 1) Group directors and employees, in the event that a report has been made to the Audit/Supervisory Committee and so on, shall prohibit any human resources-related or other type of detrimental treatment of the reporting person by reason of the person having made a report, and directors and employees shall thoroughly communicate this prohibition to all Group employees.

- 2) The Audit/Supervisory Committee and so on may require from directors disclosure and explanation of the reasons regarding the placement, performance evaluation, or discipline, etc. of a reporting person.

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

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

12. System for ensuring that other audits of the Audit/Supervisory Committee are performed effectively

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

End

(7) Status of Operation of Systems to Ensure the Appropriateness of Operations

The overview of the status of operation of systems to ensure the appropriateness of operations during fiscal 2018 is stated below.

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

The Company carried out training and education of Group Employees regarding the “Code of Conduct for the Terumo Group”. At quarterly meetings of the Internal Control Committee, important policies related to compliance were deliberated. The Chief Legal Officer (CLO) is working to improve compliance systems through coordination with Compliance Officers of Group companies and reports the status of responses to serious issues to the Internal Control Committee. The whistle-blowing system was established as an inside window and an outside window consisting a legal adviser and an outside receptionist, and receive reports widely. Audit/Supervisory Committee member was also as a window for the director’s compliance matters.

2. System for managing information (preservation, reading, security, disclosure, etc.) related to Terumo director performance of duties.

Based on "Terumo Group Document Management Policy," the Company is striving to communicate the rules for document storage throughout the Group. The Company is implementing appropriate management of confidential work information and personal information in accordance with the "Terumo Group Global Security Policy" and the "Personal Information Protection Standard." The Disclosure panel of the Internal Control Committee reviews information subject to legal and timely information disclosure. Based on “Terumo Group Social Media Policy” and “Terumo Group guidelines on the Use of Social Media”, the company manage the outside sending information appropriately.

3. Terumo Risk Management Regulations and system

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

4. System for ensuring efficient Terumo director performance of duties

The Company ensures efficient performance of duties by directors through meetings of the Board of Directors (13 times), the Executive Management Meeting (17 times), and the Market Product Strategy Meeting (6 times). The Company makes decisions rapidly based on the “Regulations on Proposals to Official Meeting Bodies and on Corporate Authorization System”.

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

The reporting system has been established in accordance with the “Terumo Group Company Management Regulations” and “Department Job Description Regulations”. The status of operation is monitored. The Company has established the “Policy of Group Management policy” and maintains observance matters applying to the group.

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

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

(8) Basic Policies regarding the Company’s Control

* As stated on Page 1 of this notice of convocation, the Company’s Basic Policies regarding the Company’s Control are posted on the Company’s website.

Remarks

Amounts and numbers of shares stated in this business report are rounded down to the nearest unit, while net income per share/basic earnings per share, amounts indicated in billions of yen, and percentage figures are rounded to the nearest unit.

Consolidated Financial Statements

Consolidated Statements of Financial Position

Fiscal Year 2018 (As of March 31, 2019)

(Millions of yen)

Account item	Amount	Account item	Amount
ASSETS		LIABILITIES	
Current assets		Current liabilities	
Cash and cash equivalents	122,982	Trade and other payables	81,476
Trade and other receivables	128,462	Other current financial liabilities	741
Other current financial assets	1,744	Current tax liabilities	10,199
Inventories	134,106	Provisions	236
Other current assets	11,426	Other current liabilities	50,258
Total current assets	398,722	Total current liabilities	142,912
Non-current assets		Non-current liabilities	
Property, plant and equipment	201,986	Bonds and borrowings	225,135
Goodwill and intangible assets	468,885	Other non-current financial liabilities	6,607
Investments accounted for using the equity method	5,571	Deferred tax liabilities	24,302
Other non-current financial assets	17,131	Retirement benefit liabilities	12,823
Deferred tax assets	24,624	Provisions	88
Other non-current assets	3,868	Other non-current liabilities	10,807
Total non-current assets	722,068	Total non-current liabilities	279,764
		Total liabilities	422,677
		EQUITY	
		Share capital	38,716
		Capital surplus	52,029
		Treasury stock	(32,381)
		Retained earnings	646,223
		Other components of equity	(6,553)
		Total equity attributable to the owners of the parent	698,034
		Non-controlling interests	78
		Total equity	698,113
Total assets	1,120,790	Total liabilities and equity	1,120,790

Consolidated Statements of Profit or Loss

Fiscal Year 2018 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

Account item	Amount
Revenue	599,481
Cost of sales	272,984
Gross profit	326,497
Selling, general and administrative expense	226,334
Other income	9,801
Other expenses	3,327
Operating profit	106,637
Finance income	2,111
Finance costs	5,876
Share of the profit (loss) of investments accounted for using the equity method	(162)
Profit before tax	102,709
Income tax expenses	23,422
Profit for the year	79,287
Attributable to:	
Owners of the parent	79,470
Non-controlling interests	(183)
Total profit for the year	79,287

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

Fiscal Year 2018 (As of March 31, 2019)

(Millions of yen)

Account item	Amount	Account item	Amount
(Assets)		(Liabilities)	
Current assets	243,574	Current liabilities	191,487
Cash and deposits	44,944	Notes payable-trade	886
Notes receivable-trade	477	Accounts payable-trade	36,074
Accounts receivable-trade	93,241	Electronically recorded obligations-operating	10,952
Merchandise and finished goods	37,306	Short-term loans payable	103,990
Work in process	5,419	Lease obligations	118
Raw materials and supplies	12,106	Accounts payable-other	15,541
Prepaid expenses	1,184	Accrued expenses	3,747
Short-term loans receivable	36,559	Income taxes payable	6,539
Other	12,824	Deposits received	431
Allowance for doubtful accounts	(490)	Provision for bonuses	5,963
		Provision for directors' bonuses	108
		Notes and accounts payable-facilities	7,131
Noncurrent assets	798,655	Noncurrent liabilities	225,815
Property, plant and equipment	94,185	Bonds payable	50,000
Buildings	36,296	Convertible bond-type bonds with subscription rights to shares	25,200
Structures	1,383	Long-term loans payable	149,498
Machinery and equipment	20,129	Lease obligations	332
Vehicles	58	Long-term guarantee deposited	377
Tools, furniture and fixtures	8,532	Provision for directors' retirement benefits	3
Land	18,107	Other	403
Lease assets	450	Total liabilities	417,302
Construction in progress	9,227		
Intangible assets	18,612	(Net assets)	
Leasehold right	874	Shareholders' equity	621,102
Software	17,617	Capital stock	38,716
Goodwill	26	Capital surplus	52,103
Customer relationships	71	Legal capital surplus	52,103
Other	23	Retained earnings	562,664
Investments and other assets	685,856	Legal retained earnings	3,297
Investment securities	8,816	Other retained earnings	559,366
Stocks of subsidiaries and affiliates	592,266		
Investments in capital of subsidiaries and affiliates	21,675	Reserve for reduction entry	559
Long-term loans receivable from subsidiaries and affiliates	41,673	General reserve	82,900
Long-term prepaid expenses	3,321	Retained earnings brought forward	475,907
Deferred tax assets	11,873	Treasury stock	(32,381)
Other	6,229	Valuation and translation adjustments	3,052
		Valuation difference on available-for-sale securities	3,052
		Subscription rights to shares	772
Total assets	1,042,229	Total net assets	624,927
		Total liabilities and net assets	1,042,229

Non-consolidated Statements of Income

Fiscal Year 2018 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

Account item	Amount	
Net sales		306,987
Cost of sales		166,726
Gross profit		140,261
Selling, general and administrative expenses		78,922
Operating income		61,338
Non-operating income		16,013
Interest income	1,865	
Dividends income	10,876	
Royalty income	2,825	
Other	445	
Non-operating expenses		4,475
Interest expenses	2,770	
Sales discounts	442	
Foreign exchange losses	1,052	
Other	210	
Ordinary income		72,876
Extraordinary income		2,805
Gain on sales of noncurrent assets	14	
Gain on sales of investment securities	1	
Settlement received	2,250	
Gain on donation of noncurrent assets	539	
Extraordinary loss		1,301
Loss on disposal of noncurrent assets	483	
Loss on valuation of investment securities	268	
Loss on valuation of other investments	549	
Income before income taxes		74,380
Income taxes		16,281
Income taxes-current	16,172	
Income taxes-deferred	108	
Profit		58,099