

SUSTAINABILITY BOOK



 TOHO HOLDINGS CO.,LTD.



<Contents>

Message from the Chairperson of the Sustainability Promotion Committee	3
Sustainability Management	4
Materiality	5
Environment	6
Social.....	9
Governance	15
Data	19

< Corporate Information >

- Company Name TOHO HOLDINGS CO.,LTD.
- Head Office Tokyo Midtown Yaesu, Yaesu Central Tower 9F
2-2-1, Yaesu, Chuo-ku, Tokyo 104-0028 Japan
- Establishment September 1948
- Capital 10,649 million yen
- Stock Listings Tokyo Stock Exchange, Prime Market
(Stock Code: 8129)
- Representative Hiromi Edahiro, Representative Director,
CEO and CFO
- Number of Employees 7,572(as of March 31,2024)

<About Sustainability Book>

TOHO HOLDINGS Group has compiled a Sustainability Book that summarizes its sustainability-related activities and achievements, with the aim of encouraging stakeholders to understand and support our group's sustainability initiatives.

■ Covered Organization

TOHO HOLDINGS CO.,LTD. and consolidated subsidiaries (including some non-consolidated subsidiaries).

■ Covered Period

April 1, 2023 - March 31, 2024.

*Some information after April 1, 2024 is included.

Official Website
<https://www.tohohd.co.jp/en>



Sustainability Website
<https://www.tohohd.co.jp/en/csr>



Message from the Chairperson of the Sustainability Promotion Committee



**Senior Executive Managing
Director, COO
Akira Umada**

With total commitment to good health, we are promoting sustainability management with the aim of becoming a company that is needed by society

Based on the Mission statement of “We shall live in harmony with society and our customers; together, we shall create new values through the provision of out of the box services; and we shall contribute to the medical care and well-being of people around the world.” as a company that supports medical infrastructure, our group promotes sustainability management with the aim of becoming a corporate group that is needed and continuously supported by all stakeholders, including people who wish good health, customers, business partners, local communities, shareholders, and employees.

Through our business activities, we aim to achieve a sustainable society and improve our corporate value by steadily working to solve social issues.

Sustainability Management

<Sustainability Policy>

Based on the Mission Statement of “We shall live in harmony with society and our customers; together, we shall create new values through the provision of out of the box services; and we shall contribute to the medical care and well-being of people around the world.,” we will work to solve social issues through our business and contribute to the realization of a sustainable society as a business group engaged in the fields of medical, health and nursing care.



Total commitment to good health



Sustainability Policy of TOHO HOLDINGS

Based on the Mission Statement of “We shall live in harmony with society and our customers; together, we shall create new values through the provision of original service; and we shall contribute to the medical care and well-being of people around the world.,” we will work to solve social issues through our business and contribute to the realization of a sustainable society as a business group engaged in the fields of medical, health and nursing care.

Our Mission

- Stably supply pharmaceuticals at any time.
- Provide high-quality medical services to local community residents.
- Contribute to people's healthy lives through the provision of high-quality products.

Business Activities

Achieving a Sustainable World

<Sustainability promotion system>

The Group recognizes sustainability action as one of our key managerial priorities and has established a Sustainability Promotion Committee. The Committee is comprised of members from the sales, logistics, pharmaceutical affairs and administration functions. It identifies materialities (important issues), including matters related to climate change, and deliberates on our sustainability strategy, which involves, among other things, our actions for the Environment (E), Social (S), Governance (G), and digital transformation (DX). The results are reported to the Board of Directors.

















○ Main discussions in FY 2023 at the Committee

Implementation Date	Details of discussions and consideration
June 2023	<ul style="list-style-type: none"> • Identified and organized issues in our sustainability disclosure • Discussed issues to be addressed in the future to address climate change • Decided to support TCFD recommendations
October 2023	<ul style="list-style-type: none"> • Set GHG emission reduction targets (Scope1, Scope2) • Formulated human rights policies • Deliberated initiatives to promote diversity

Materiality

In order to achieve sustainable growth and enhance corporate value over the medium to long term, we have grasped social issues and have identified the needs and expectations of stakeholders to resolve them. And then, we have made a list of issues that we need to address. We will continue to review our issues properly in accordance with the materiality identification process.

	Important Issues	Social Issues	Targets	SDGs	
Environment	Promotion of decarbonization	·Climate change	<ul style="list-style-type: none"> · FY2025 target (short-term): 40% reduction in greenhouse gas emissions compared to FY2019 · FY2030 target (medium-term): 60% reduction in greenhouse gas emissions compared to FY2019 · FY2050 target (long-term): Carbon negative *Scope 1 and 2 	 	
	Consideration of biodiversity	<ul style="list-style-type: none"> ·Water pollution ·Impact on the ecosystem 	·Corporate management emphasizing biodiversity conservation and raising employee awareness	 	
	Reduction of waste	·Increasing environmental impact	<ul style="list-style-type: none"> ·Appropriate disposal of industrial waste ·Promotion of paperless operations through DX 		
Social	Stable supply of pharmaceuticals and support for BCP	<ul style="list-style-type: none"> ·Discontinuation of logistics functions in times of disaster ·Insufficient supply of drugs, mainly generic drugs ·Outbreak of a pandemic ·Termination of pharmacy function due to disaster 	<ul style="list-style-type: none"> ·Contributing to the establishment of a system to provide safe and secure medical care to patients in need of treatment ·Stable supply of pharmaceuticals throughout the supply chain 	 	
	Improvement of quality, safety, and efficiency	<ul style="list-style-type: none"> ·Diversification of drug modalities and changes in categories ·Expansion of specialty products ·Medical safety and quality control in pharmacies 	<ul style="list-style-type: none"> ·Establish a specialty products, full-line services ·Supply of high-quality generic drugs 	 	
	Solve issues related to access to medical care	·Physician shortages and regional variations	<ul style="list-style-type: none"> ·Building community healthcare design ·Realization of universal medical access ·Promotion of medical DX through the use of customer support systems 		 
	Maximize the value of human capital	<ul style="list-style-type: none"> ·Shrinking workforce ·Diversity & Inclusion ·Work-style reforms 	<ul style="list-style-type: none"> ·Increase in the ratio of female managers (TOHO HOLDINGS's targets by early 2030:30%. TOHO PHARMACEUTICAL's targets by 2026:4%) ·Creating a pleasant working environment 	 	
	Human rights	·Human rights risks such as labor, gender, and privacy	·Respect for the fundamental human rights that all people are born with		
	Coexistence with society	·Establishment of community-based integrated care system	·Contributing to a society where everyone can live with peace of mind		
Governance	Strengthening risk management	·Occurrence of legal and compliance violations	·Thorough compliance		
	Establishment of a transparent governance system	·Weak governance structure	<ul style="list-style-type: none"> ·Building a stronger corporate governance system ·Further improving the effectiveness of the Board of Directors 		

ENVIRONMENT



Environment Initiatives

The Group conducts business activities while striving to preserve the environment.

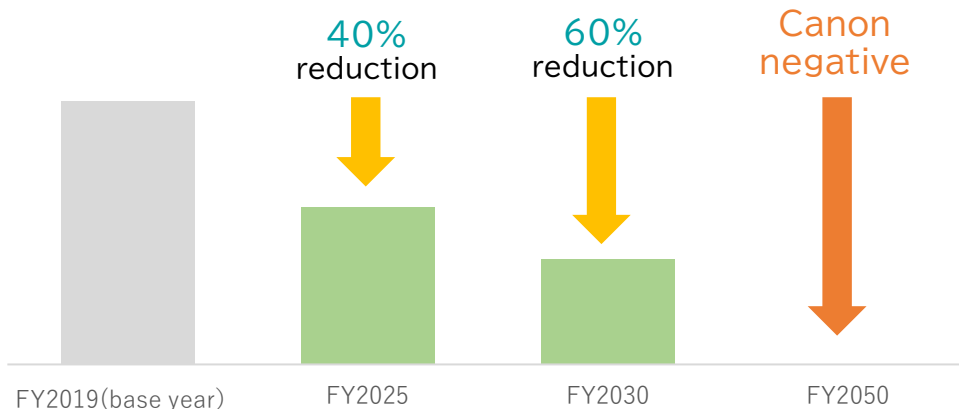
<Promotion of decarbonization>



The Group has positioned efforts to address climate change as one of our key issues, and the Sustainability Promotion Committee is playing a central role in identifying climate change-related risks and opportunities, assessing their impact on the Company, and considering specific measures to deal with them. We collect and analyze the necessary data and make disclosures in accordance with the disclosure framework proposed by the Task Force on Climate-related Financial Disclosures (TCFD).

◆Targets of reduction of GHG emissions (Scope1and 2)

- Short-term target: 40% reduction in GHG emissions compared to FY2019
- Medium-term target: 60% reduction in GHG emissions compared to FY2019
- Long-term target: Carbon negative



GHG emissions in FY2023 for Scope1 and 2 were reduced by 29.7% compared to FY2019



For more information on TCFD initiatives, please visit our website.

○ Switching the existing electricity plan to a renewable energy plan

Nearly half of our group’s electricity consumption comes from logistics centers. Since 2023, we have been working to reduce GHG emissions by gradually switching to renewable energy power for logistics centers.

Reduction results and projections(Scope2)

Reductions in FY2023: 1,183t-CO₂e(7.9% reduction compared to FY2022)

Projected reduction in FY2024: 5,321t-CO₂e(35.6% reduction compared to FY2022)

○ We are switching from gasoline-powered vehicles to EVs.

Vehicles are essential for the delivery of pharmaceuticals. The Group is switching from gasoline vehicles currently in use to electric vehicles (EVs) and other environmentally conscious vehicles.



○ Planed delivery

The Group has promoted planed deliveries by linking the logistics system with “Mizar“, the centralized administration system of pharmacy operations. Optimizing the number of deliveries leads to a reduction in exhaust emissions, including CO₂, emitted from vehicles.

○ Installation of own solar panels

The Group is also promoting energy creation initiatives and is gradually expanding the number of locations where solar panels are installed, such as installing solar panels at Yamanashi sales department in July 2024.



○ Dry ice-free

In partnership with Sysmex, we have established a system for the supply of quality control reagents for clinical chemistry tests requiring a high level of refrigerated transportation. The system reduces transportation frequency, allows the reuse of transportation materials, and makes the overall transportation process dry ice-free, from the viewpoint of sustainability and environmental consideration. We have operated this system since September 2022 and have reduced CO₂ emissions by 4.66t-CO₂ so far.

< Biodiversity and Reduction of Waste >

Pharmaceutical wholesaling, the Group's core business, mainly distributes and sells pharmaceuticals. It has no direct impact on the natural environment through the collection and production of raw materials, and the risk of using chemical substances that adversely affect biodiversity and the discharge of waste is considered relatively low. However, our pharmaceutical wholesaling business includes activities that indirectly affect biodiversity, such as fuel and energy used to transport pharmaceuticals. We recognize that it is important to accurately understand how our business depends on and affects the natural environment. In addition, sustainable resource procurement is needed throughout the supply chain, including production and logistics processes, and collaboration with suppliers and environmentally conscious decision-making must be strengthened.

Against this background, the Group has positioned the conservation and restoration of biodiversity and the reduction of waste as a priority issue and is promoting initiatives to address it.

○ Reduction of waste in the pharmaceutical manufacturing and sales business

If a problem arises with the quality, efficacy, or safety of pharmaceuticals, its manufacturer and distributor must collect and surely dispose of products on the market in order to prevent the occurrence or spread of health hazards. To avoid this situation as far as possible, KYOSOMIRAI PHARMA CO., LTD., which manufactures and sells pharmaceuticals, makes compliance with Good Manufacturing Practice (GMP) a top priority. We are also working to minimize waste products by accurately predicting market demand and preventing overproduction through cooperation with the Group's wholesaling and Dispensing Pharmacy businesses. In addition, in order to prevent environmental pollution caused by leakages of chemical substances during the manufacturing process, we regularly conduct training to respond to leakages.

○ Promotion of paperless by DX

With the introduction of a hot-desking system at the head office, we are promoting paperless system throughout the Company by converting various materials into electronic data and stopping the distribution of documents at internal meetings. In addition, by promoting DX, we have reduced paper usage at the head office by about 30% from the previous year.

○ Acquisition of ISO 14001:2015 certification, the international standard for environmental management systems

Plant at KYOSOMIRAI PHARMA has acquired ISO 14001:2015 certification, an international standard for environmental management systems, in order to continuously improve activities of energy conservation and waste reduction.



○ Devise packaging

At KYOSOMIRAI PHARMA, the packaging boxes are designed to be easy to dispose of (easily crushed by hand when disposed of), thereby reducing the bulk of the packaging boxes when disposed of.



○ Participation in medical device recycling projects

We are contributing to the reduction of plastic waste by participating in "ReMed™. New Life for Used Medical Device.", a recycling project for used pre-filled injection pens, which Novo Nordisk Pharma started operation for the first time in Japan.

SOCIAL



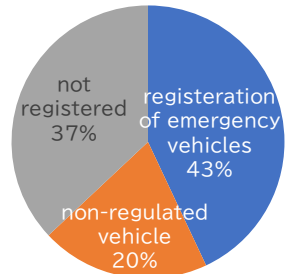
- 3** GOOD HEALTH AND WELL-BEING 
- 5** GENDER EQUALITY 
- 8** DECENT WORK AND ECONOMIC GROWTH 
- 9** INDUSTRY, INNOVATION AND INFRASTRUCTURE 
- 10** REDUCED INEQUALITIES 
- 11** SUSTAINABLE CITIES AND COMMUNITIES 
- 12** RESPONSIBLE CONSUMPTION AND PRODUCTION 
- 16** PEACE, JUSTICE AND STRONG INSTITUTIONS 
- 17** PARTNERSHIPS FOR THE GOALS 

Social Initiatives

< Stable supply of pharmaceuticals and BCP >

○ Full duplex computer system backup

To prepare for unforeseen circumstances, we have established a system in which host computers at two locations, one in Tokyo and the other in Osaka, are constantly synchronized to provide backup even if one is damaged by a disaster. In addition, we have been steadily advancing our BCP by enabling remote computer support at our sales offices and logistics centers. Furthermore, we have a system in place to ensure a stable supply of pharmaceuticals even in the event of a disaster through redundant warehouse management systems, coordination between call centers, installation of uninterruptible power supply equipment, periodic disaster drills, etc.



Registration of emergency vehicles: 2,517units (as of August, 2024)



Heliport installation



Motorcycles for disaster

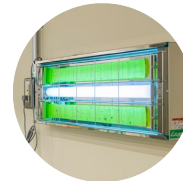
○ Disaster response in the Tokyo metropolitan area

TBC DynaBASE located inside the Loop Road No. 7 and near “Ariake-no-Oka,” the main wide-area disaster management base facility, the center is capable of providing pharmaceuticals promptly and smoothly in the event of a disaster such as the Tokyo Inland Earthquake. A seismic isolation structure is used not only for the buildings but also for the adjacent rampway (slope passage). In addition, equipped with a large private power generator (5,000 kVA), it can run at full capacity for 72 hours during emergencies. A uninterruptible power source equipment is installed in the distribution server, facility controller, communication facilities in the center to cope with instantaneous blackouts when switching to the private power generator.

<Improvement of quality, safety and efficiency>

○ Quality control

The Logistics Division of TOHO PHARMACEUTICAL has acquired ISO 9001:2015 certification (an international standard for quality management systems for products and services) and conducts quality control (certification scope: TBC DynaBASE, TBC Hiroshima, TBC Saitama, TBC Hanshin and TBC Kyushu). We are also working to establish a logistics system that complies with the Good Distribution Practices (GDP) guidelines at all logistics centers and business sites.



Insect trap



Thorough measures against birds



Temperature monitoring



Dock shelter

○ Temperature control

We have established optimal distribution temperature control systems according to the temperature zones of pharmaceuticals. With regard to specialty pharmaceuticals that require strict temperature control, use of the constant-temperature transportation device SALM allows specialty pharmaceuticals to be stored in hospitals and clinics after delivery from logistics centers with no need for repackaging.



SALM

○ Medical safety and quality control at pharmacies

We have established an audit structure using machines, including the introduction of an audit system. In addition, in order to promote drug therapy appropriately and safely, and to bring human errors as close as possible to zero, we report and share our experiences of near misses that very nearly caused an accident. By analyzing these cases and implementing solutions, we are trying to reduce the causes of accidents themselves and improve medical safety.

<Solve issues related to access to medical care>

○ Realization of universal medical access

We have established a joint research laboratory with the National Institute of Advanced Industrial Science and Technology (AIST) and have begun joint research toward the realization of universal medical access,* where all patients can receive high-quality medical care regardless of the skill level of medical and nursing personnel or where patients live.

*Universal medical access:

A system that allows everyone to provide high quality medical and nursing care without anxiety, regardless of the skill level of the medical or nursing personnel. It also refers to the highest level of medical accessibility, which allows people to access necessary and sufficient medical and nursing care regardless of where they live, even in the event of a disaster or emergency.

○ Promoting DX through the use of customer support systems

For more than 30 years, our company has been developing its own customer support systems that help solve issues faced by patients and medical institutions and improve profitability. The company makes various proposals tailored to the changing environment. We support patients at every stage, from searching for hospitals and pharmacies to receiving medications and following up with them. We also contribute to patients' access to medical care, as our web-portal site for finding hospitals "Byouin-Navi" and our online medical examination/ dosing guidance system "KAITOS" can be used anywhere.

<p>Web-portal site for finding hospitals</p> 	<p>Online appointment service for first patients /Automated medical care appointment system</p> 	<p>Online medical examination/ dosing guidance system</p> 
--	---	--

<Maximize the value of human capital>

Based on the belief that employees are the Company's assets, or "human capital," the Group is committed to maximizing the value of its human capital by developing the human resources needed by the Group, improving its personnel system, and promoting work style reforms, while carefully passing on its history of growth through human capital and its corporate culture that respects the out-of-the-box idea of employees.

○ Human resources development policy

With the corporate slogan "Total Commitment to Good Health" as a compass, the Group will develop the human resources necessary for the Group by (1) human resources/training, (2) development of the personnel system, and (3) work-style reforms.

- A person who has a high sense of ethics and always takes basic actions
- A person who thinks and learns by himself/herself and is not afraid of failure but is willing to take on challenges through free-thinking
- A person who can make high-quality proposals and communicate well with others
- A person who can collaborate with business partners (customers, municipalities, etc.) and other departments in the company
- A person who can work globally

○ In-house environment improvement policy

Human resources development/ Training	<ul style="list-style-type: none"> ·Enhanced training by rank and job classification ·Providing opportunities to take on challenges such as participating in projects or being seconded outside the Company ·Reskilling and assistance in obtaining personal qualifications ·Development of professionals
Development of the human resource system	<ul style="list-style-type: none"> ·Diversity & Inclusion ·Utilization of seniors, mid-career recruitment of excellent human resources ·Strengthen career development ·Staffing with the right people in the right places
Work-style reforms	<ul style="list-style-type: none"> ·Going paperless through DX promotion ·Outsourcing of routine work ·Enhancement of work styles and systems to accommodate employees' life events ·Improvement of the workplace environment

<Diversity & Inclusion>

○Utilization a wide variety of human resources regardless of people's gender, nationality, etc.

The Group is committed to utilizing a wide range of human resources regardless of gender, nationality, age, etc. We also foster a free and active corporate culture by respecting the human rights and personality of each employee as well as teamwork. In addition, the Group has placed no restrictions on the promotion of women, foreign nationals, and mid-career hires to management positions and has been striving to ensure diversity.

<Results at TOHO HOLDINGS>

Rate of female employees	47.6%	※ non-consolidated
Rate of female managers	20.9%	
Ratio of female directors※	25.0%	
Ratio of female corporate officers※	18.2%	
Ratio of new hires who are female	53.2%	

○In-house environment improvement policy to ensure diversity

- Development of working environment where employees are able to work in good mental and physical health with a sense of fulfillment
- Development of a woman-friendly working environment, post-retirement reemployment, promotion of the employment of persons with disabilities, and improvement of training systems
- Implementation of awareness-raising and information provision through various training, in-house newsletters, posters, etc. to ensure that every employee has accurate knowledge of, deepens understanding of diversity and is able to make appropriate responses according to the circumstances



in-house Childcare Facility
"Mirai Nursery"

○Promotion the employment of persons with disabilities

Statutory employment rate of persons with disabilities has been raised to 2.5% from April 2023. At TOHO HOLDINGS, the rate was 3.16% in the FY2023.

<Health and productivity management>

As a corporate group active in medical, nursing and healthcare fields, we are committed to creating an environment in which each and every employee can face his or her own health.

<Health and Productivity Management Declaration>

We set "Total commitment to good health" as our group's corporate slogan. Protecting employees' health is our top priority, as they are the ones who create customer value to raise patient's satisfaction and contribute to promoting people's health and well-being. Employees' health is not only the cornerstone of their own and their families' happiness, but also the base for the Company's sound growth. Hand in hand with employees, we pursue Health and Productivity Management for health maintenance and promotion and build a work environment that protects their physical and mental health and keeps their morale in work high.

○ Recognized under the 2024 Certified Health and Productivity Management Outstanding Organizations Recognition Program

TOHO HOLDINGS was recognized under the 2024 Certified Health and Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category), jointly hosted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi (Japan Health Council).

Large Enterprise Category:

TOHO HOLDINGS CO., LTD./ TOHO PHARMACEUTICAL CO., LTD./
Kyushu Toho Co., Ltd./ J.MIRAIMEDICAL

Small and Medium-Sized Enterprise Category:

SAYWELL inc./ Nextit Research Institute, Inc.



2024
健康経営優良法人
Health and productivity

<Human Rights>

Under the corporate slogan “Total commitment to good health,” TOHO HOLDINGS CO., LTD. aims to achieve sustainable growth and increase corporate value by fulfilling its social mission of providing a stable supply of pharmaceuticals. Recognizing that respect for human rights, which are the fundamental rights that all people are born with, is an important social responsibility that we must fulfill as a company, we have formulated the Group’s Human Rights Policy (hereinafter, this “Policy”).

1. Scope of application

This Policy applies to all employees and officers of the Group. We also expect our business partners and other stakeholders to understand and support this Policy and will encourage them to respect it.

2. Compliance with international norms

The Group supports and respects the International Bill of Human Rights, including the Universal Declaration of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work, which set forth the principles of international respect for fundamental human rights. In addition, this Policy is formulated in accordance with the United Nations Guiding Principles on Business and Human Rights.

Where there is a conflict between internationally recognized human rights and the laws and regulations of the countries and regions in which we operate, we will seek ways to respect international human rights principles.

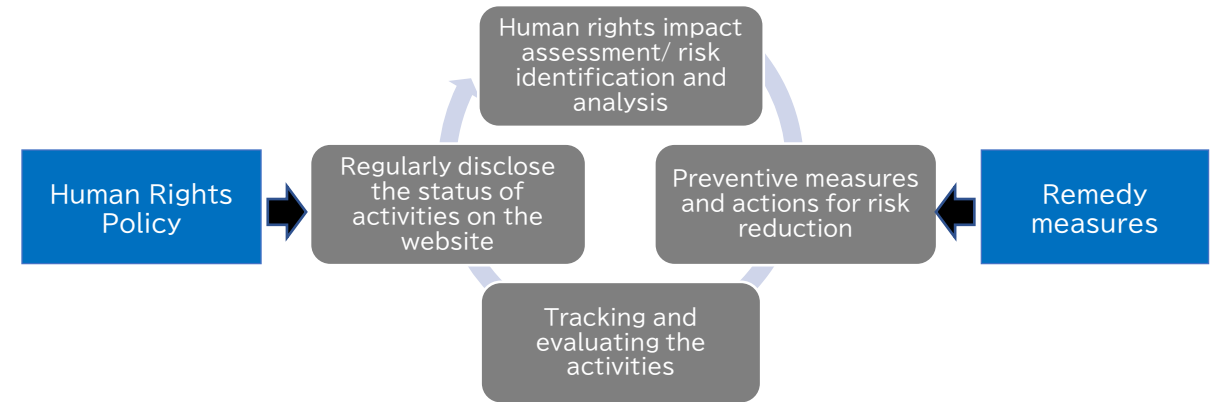
3. Human rights issues of particular importance to us

The Group has identified the following human rights issues that it should focus on in its business activities and will address them through appropriate procedures.

- **Diversity & Inclusion:** Prohibition of discrimination, prevention of harassment, freedom of expression, gender equality, etc.
- **Labor:** Fair wages and working hours, prohibition of forced and child labor, ensuring occupational health and safety, and respect for freedom of association and the right to collective bargaining
- **Privacy and Intellectual Property:** Respecting privacy, protecting personal information, protecting intellectual property rights, and ensuring security
- **Relationship with the Business:** Preventing bribery and corruption, ensuring access to health care, and protecting human rights in the supply chain

4. Implementation of human rights due diligence

In accordance with the United Nations Guiding Principles on Business and Human Rights, the Group will conduct human rights due diligence to prevent, mitigate, and address negative human rights impacts.



5. Remedy

If the Group is found to have caused or have been directly or indirectly involved in negative human rights consequences, it will work to remedy them through appropriate procedures.

6. Education and training

The Group will provide appropriate education and training to all employees and officers so that they can deepen their understanding of human rights and respond to various challenges.

7. Dialog

The Group will engage in dialog with its stakeholders to build relationships of trust so that it can understand and respond appropriately to the human rights implications of its business activities.

8. Disclosure of information

The Group will disclose its human rights activities on its website and in various reports.

<Coexistence with Society>

○ Observation agreements with local governments, Dementia supporter

We have signed community monitoring agreements with 150 local governments. In addition, 344 municipalities have introduced the "Dokoshiru Dengonban." We have developed this custody information-sharing service to allow senior citizens with dementia and persons with disabilities, as well as their families, to live with peace of mind in the community. To use this service, one needs to register and attach a dedicated QR code to his or her clothes or belongings. If the registered user gets lost and has the code read with a smartphone or some other device, the system will automatically send an email notifying the user's family, the municipality the user lives in, and other persons concerned of the user's whereabouts.

※As of November, 2024



○ Yubi (finger) Donation

Since 1996, the Company has introduced a donation-type beverage vending machine operated by "Japan Kindness," a certified NPO. When you buy a beverage from a donation-type vending machine, a total of two yen, one yen from the purchase price and one yen from the beverage manufacturer, is donated to social welfare organizations, etc. In May 1996, the first machine for a pharmaceutical wholesaler was installed within the Company. Since then, the machines have been steadily introduced. The system is called Yubi (finger) Donation because people push the purchase button on the vending machine with their finger. The Company continues to provide relief to the victims of the Great East Japan Earthquake, which occurred on March 11, 2011, through the Yubi Donation system.

○ Health fair

As a community health support pharmacy, we are working to create a pharmacy where people can visit easily without a prescription. In order to support local people's self-medication, dispensing pharmacies in our company are focusing on selling OTC drugs, health foods, and nursing care products. In addition, they are conducting various activities such as consultations and study groups on medicine, nutrition, and health, and dementia cafes.



Dementia café (Kyoso Mirai-Koga minami Pharmacy)



Aroma oil workshop (Kurumi Pharmacy)



KIRARA MIRAI Hoshinoko café

○ Supporting the program for promoting performing arts

The Company supports the program for promoting performing arts planned by the SETAGAYA PUBLIC THEATER. The SETAGAYA PUBLIC THEATER develops various projects with the aim of familiarizing many people with performing arts. In the program Creating Future Performers for supporting young people who will lead the next generation, junior high and senior high school drama club members interested in performing are invited to see performances sponsored by the SETAGAYA PUBLIC THEATER for a special fee of 1,000 yen. Our support for the local community also includes assisting the Setagaya Art Town festival, which is held in October every year, and sponsoring Setagaya Shimibun (local newspaper).

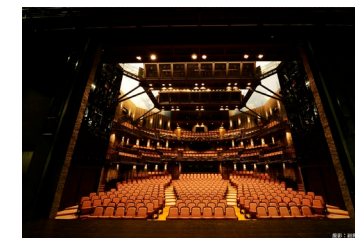


Photo: Shinji Hosono

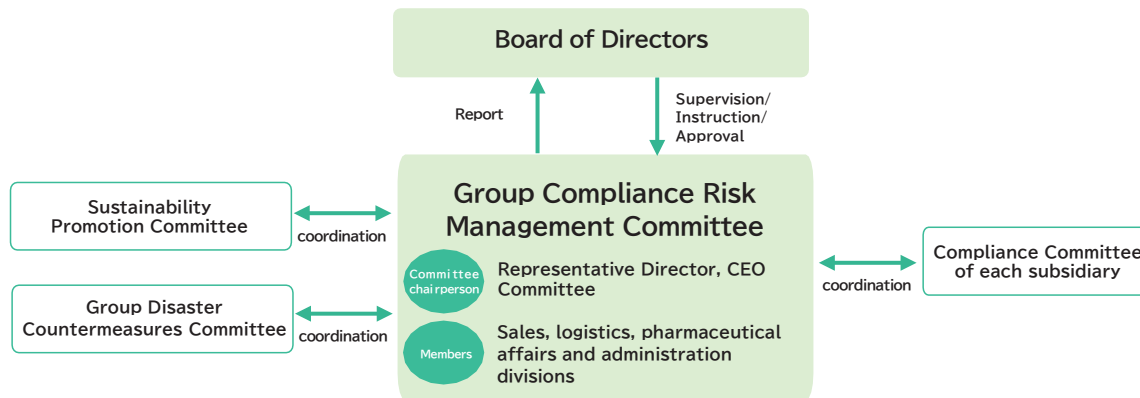
GOVERNANCE



Governance

<Strengthening risk management>

Structure of Group Compliance Risk Management Committee



○ Establishment of an internal reporting system

We have established a consultation desk regarding activities such as legal violations for our employees (full-time employees, career staff, contract employees, part-time workers, temporary workers, and retired employees) and employees of our business partners, and have established an appropriate and effective system for whistleblowing. In the operation of these systems, treating reporters disadvantageously because of their reports is prohibited.



Internal contact The Group has been set up to allow employees to report directly via the internal intranet, thereby enhancing the confidentiality of whistleblowers and the ease with which they can inform.

External contact A lawyer's office has been established as a contact point to ensure fairness and anonymity for whistleblowers.

○ Anti-corruption initiatives

The company has established the Anti-Bribery and Corrupt Practices Regulations that apply to its officers and employees (employees, career staff, temporary employees, special temporary employees, loaned employees, contract employees, part-time employees).

In accordance with laws and regulations related to the prevention of bribery and corruption that apply to officers and employees, public officials, and medical personnel, as well as industry codes such as the Fair Competition Code for Prescription Pharmaceutical Wholesaling, we are working to prevent bribery and corruption by prohibiting the provision of grants, donations, political donations, and other funds, and by establishing regulations on the provision of benefits such as money, gifts, services, entertainment, and food and drink.

○ Conducting compliance training

The Group conducts Group Compliance Training for employees (Regular employees, career staff, temporary workers, special temporary workers, seconded employees, contract employees, part-timers, part-time workers) to raise the awareness of compliance among all Group employees. In addition to revising the training system from time to time, the Company issues the "Compla Kwaraban" twice a month to further promote understanding of knowledge and develop empathy.

○ Compliance with an important related law

Compliance with laws and regulations forms the basis of our business activities. Kyoso Mirai Group complies not only with important laws and regulations such as the Pharmaceutical and Medical Devices Act, the Pharmacists Act, the Antimonopoly Act, and the Act on Unjustifiable Premiums and Misleading Representations, but also with all laws and regulations related to its business activities. The Group also not only engages in activities based on laws and ethics but also always reviews its behaviors modestly to conduct business activities by giving openness, impartiality and the trust of society first priority.

○ Procurement policy

1. Positioning

Based on the Mission Statement to the effect that “We shall live in harmony with society and our customers; together, we shall create new values through the provision of original service; and we shall contribute to the medical care and well-being of people around the world,” TOHO HOLDINGS Group (hereinafter referred to as the “Group”) is addressing the resolution of social issues through its business as a corporate group engaging in business activities in the fields of medical care, well-being and nursing care, and is promoting sustainability management with the aim of becoming a corporate group that is needed and continuously supported by all of its stakeholders, including people who wish for good health, its customers, its suppliers, local communities, its shareholders and its employees.

In order to achieve the above, it is essential that the entire supply chain, which forms the foundation of business continuity, makes efforts towards this mission. This Policy constitutes the foundation based on which the Group achieves responsible procurement activities and contributes to the realization of a sustainable society on the basis of a strong relationship of trust between the Group and its suppliers that are involved in the supply chain for the business.

2. Application

This Policy applies to all procurement activities of the Group.

3. For coexistence and co-prosperity

The Group will always endeavor to communicate with its suppliers on an equal footing and in good faith so that the Group can develop together with, and coexist and co-prosper with, its suppliers as good partners on the basis of a strong relationship of trust between the Group and its suppliers in the course of its procurement activities.

The Group will work on strengthening its relationship with its suppliers continuously so that the entire supply chain can remain resilient and wholesome. The Group is on a social mission to continue supplying pharmaceutical products and other related products stably even in emergency circumstances such as disasters and pandemics and will establish and implement a Business Continuity Plan (BCP) for the entire supply chain.

4. Compliance with laws and regulations, and fair transaction

The Group will comply with laws and regulations relevant to procurement activities (such as the Antimonopoly Act, the Subcontract Act, etc.) that are applicable in the regions or countries concerned, and social norms in the course of any and all procurement activities. In addition, the Group will countenance and respect the International Bill of Human Rights, including the “Universal Declaration of Human Rights”, which sets out the international principle of respect for the fundamental human rights, the “ILO Declaration on Fundamental Principles and Rights at Work”, the Ten Principles of the United Nations Global Compact on “human rights, labour, environment and anti-corruption,” and other international norms demanded by society.

The Group will conduct its procurement activities through fair and transparent procedures and will not conduct any unfair or unjust transaction that may create benefit for a particular individual or organization.

The Group will always take care to ensure objectivity and transparency in the course of its procurement activities and will not demand that any advantage (money, goods, business entertainment, benefits, etc.) be provided for it by making use of its position of superiority or authority.

5. Selection of suppliers

The Group will ensure that persons or entities that have the potential to be its suppliers will be provided with fair and broad opportunities that may lead to the initiation of transactions.

The Group will select its suppliers through a fair process in consideration of the following factors:

(1) Comprehensive consideration of various elements such as quality, delivery time, price, management stability, past achievements, management of and response to various risks, etc.;

(2) Whether the person or entity countenances the Group’s Procurement Policy and complies with it together with the Group as a partner involved in the supply chain; and

(3) Whether the person’s or entity’s upstream suppliers ensure the same level of compliance as described in the preceding item.

○ Procurement policy

6. Consideration for human rights and work environment

The Group will respect human rights also in the course of its procurement activities in conformity with the “TOHO HOLDINGS Group’s Human Rights Policy” established by the Group.

The Group will endeavor to ensure fair wages, appropriate working hours, the prohibition of forced labor and child labor, and occupational safety and health. In addition, the entire supply chain will address the protection of human rights.

7. Consideration for the environment

The Group, together with its suppliers, will facilitate the entire supply chain’s activities aimed at reducing pressure on the environment.

Specifically, the Group will advance its efforts to reduce greenhouse gas emissions by facilitating planned delivery and joint delivery or otherwise, and will facilitate procurement activities based on consideration for climate change, circular economy and ecosystems.

8. Information management

The Group will responsibly manage information that comes to its knowledge in the course of its procurement activities, will maintain the confidentiality of such information, will not use such information for any purpose other than the purpose agreed upon by the Group and the relevant suppliers in relation to its procurement activities, and will not divulge or disclose such information to any third party without the consent of the relevant suppliers.

9. Management system

The Group has established a system to manage purchasing activities of the entire Group by establishing the “Purchasing Management Department”, which manages purchasing activities that are a part of the Group’s procurement activities.

10. Education and training, and improvement activities

The Group will provide necessary education and training so that not only the personnel in charge of its procurement activities but also officers and employees working for the Group can understand and become aware of this Policy, relevant laws and regulations, and various applicable rules.

The Group will periodically evaluate its procurement activities with the aim of promoting responsible procurement activities and will continuously improve its procurement activities through constant cooperation with its suppliers.

11. Disclosure of information

The Group will disclose information on its procurement activities on its website and in various reports as necessary.



○ Partnership building

We will, in conformity with the TOHO HOLDINGS Group’s Procurement Policy, deepen its cooperation with its suppliers and build a new partnership of the entire supply chain based on a relationship of coexistence and co-prosperity.

For more information on the Partnership Building Declaration, please visit our website.



Data

	2022/3	2023/3	2024/3	Target organization
HR-related data				
Number of Employees (Securities Report)*1	7,785	7,699	7,572	Consolidated
Number of all employees	10,227	10,036	10,039	
male	5,536	5,361	5,263	
female	4,691	4,675	4,776	
Ratio of female employees (%)	45.9	46.6	47.6	
Ratio of female managers (%)	20.3	21.5	20.9	
Number of new employees	73	80	77	
male	29	33	36	
female	44	47	41	
Ratio of new hires who are females (%)	60.3	58.8	53.2	
Number of mid-career hires *2	—	—	395	
male	—	—	98	
female	—	—	297	
Average length of service (year)	18.9	19.4	19.5	
male	21.7	22.3	22.6	
female	12.3	12.8	12.9	
Average annual salary (yen)	6,049,697	6,010,459	6,143,484	TOHO HOLDINGS
Average overtime hours per month (hours)	12:38	11:50	11:04	TOHO HOLDINGS/ TOHO PHARMACEUTICAL
Number of paid vacation days (days)	10.7	11.9	10.7	
Ratio of paid vacation days(%)	45.2	50.2	45.4	
Number of users of the short-time attendance system for childcare	163	166	179	Consolidated
male	2	1	1	
female	161	165	178	
Number of users of nursing care leave system	12	12	12	
Ratio of persons with disabilities (%)	2.77	3.63	3.16	TOHO HOLDINGS

	2022/3	2023/3	2024/3	Target organization
Data related to the environment				
Greenhouse Gas Emissions (t-CO2e)				
Scope1	15,887	15,105	13,915	TOHO HOLDINGS/ TOHO PHARMACEUTICAL/ SAYWELL/ KOYO/ Kyushu Toho/ TOHO SYSTEMS SERVICE
Scope2 Market-based	16,885	14,943	14,825	
Scope2 Location-based	15,791	15,947	16,001	
Scope3	2,195,033	2,360,680	2,105,528	
category1 (Purchased goods and services)	2,174,178	2,344,474	2,086,402	
category2 (Capital goods)	12,355	7,494	10,803	
category3 (Fuel and energy related activities not included in Scope 1 and 2)	4,812	4,716	4,538	
category4 (Upstream transportation and distribution)	534	640	354	
category5 (Waste generated in operations)	32	20	18	
category6 (Business travel)	197	316	495	
category7 (Employee commuting)	2,862	2,912	2,771	
category13 (Downstream leased assets)	62	109	146	
Greenhouse gas emission reduction rate in Scope1and 2 (Compared to FY 2019) (%)	19.8	26.5	29.7	

	2022/7	2023/7	2024/11	Target organization
Governance data				
Ratio of outside directors (%)	33.3	33.3	37.5	TOHO HOLDINGS
Ratio of female directors (%)	11.1	11.1	25.0	

*1 The number of employees stated in the Annual Securities Report is the number of full-time employees including contract employees (including career staff) and excluding temporary employees.
*2 Data have been collected since FY2023.