

Declaration of Partnership Building

We hereby declare that we will focus on the following matters in order to build new partnerships by promoting cooperation, coexistence, and co-prosperity with our suppliers in the supply chain and businesses seeking to create value.

1. Coexistence and co-prosperity of the entire supply chain, and new cooperation that transcends company size, business affiliation, etc.

We will strive to increase added value throughout the supply chain by reaching out, through our direct suppliers, to their suppliers (from Tier N to Tier N + 1), and aim to coexist and co-prosper with our suppliers through cooperation that transcends existing business relationships, company sizes, etc. In this connection, we will provide our suppliers with advice on introducing teleworking and formulating their business continuity plans (BCPs) and other related support from the perspective of business continuity in the event of a disaster or other emergency and the perspective of work-style reform.

(Specific matters)

(a) Initiatives between companies

- As a company serving as social infrastructure for the lives and health of the people of our nation, we will promote the cooperation in planned delivery and joint delivery with other companies, and the efficiency of the entire supply chain's delivery process with the aim of establishing a sustainable distribution network for pharmaceutical products and achieving a stable supply thereof.
- We are 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 a business continuity plan (BCP) for the entire supply chain through cooperation with pharmaceutical manufacturers, administrative organs, local governments and medical institutions.

(d) Go green activities

We will promote the efficiency of the entire supply chain's delivery process by facilitating planned delivery and joint delivery, and thereby will contribute to the reduction of greenhouse gas emissions.

(e) Efforts aimed at health-focused management

As a company recognized as a Certified Health and Productivity Management Outstanding Organization, we will take the initiative on work-style reform such as resolution of the issue of long working hours, will exchange and share the accumulated know-how with our suppliers and customers, and will facilitate the resolution of the issue of long working hours in the entire supply chain and other related efforts.

2. Compliance with the "Promotion Standards"

We will comply with desirable trade practices between procuring enterprises and subcontractors ("Promotion Standards" under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises) and will actively correct trade practices and business practices that hinder the establishment of partnerships with our suppliers.

(1) Pricing method

We will not unreasonably demand price reductions. In order to decide on transaction prices, we will hold discussions with our subcontractors at least once a year. We will decide on transaction prices after due discussion with subcontractors so that they can earn a reasonable profit and improve working conditions. In doing so, we will make a decision after appropriately taking actions described in the “Guidelines Concerning Price Negotiation for Appropriate Shifting of Labor Costs”. In addition, when costs of raw materials or energy rise steeply, we will make efforts to ensure that the increased costs are appropriately and reasonably passed on. When entering into a contract, including that containing agreed-upon transaction prices, we will deliver to the relevant subcontractor a document or other materials in which contract terms are specified.

(2) Burdens of costs such as those for mold management

We will conduct mold transactions in line with the “Basic Concept and Principles for Mold Transactions” and the “Memorandum on the Handling of Molds” contained in the Report of the Council for the Promotion of Appropriate Mold Transactions. We will promote the disposal of unnecessary molds and will not request our subcontractors to store molds without charge.

(3) Payment terms and conditions such as payment by notes, etc.

We will pay the subcontract proceeds in cash as far as practically possible. If we issue a promissory note or a draft for the subcontract proceeds, we will never have our subcontractors pay a discount or other related fees. We will also endeavor to ensure that the payment term will not exceed 60 days.

(4) Intellectual property and know-how

We will conduct transactions in line with the “Basic Concept” and the “Contract Template” contained in the “Guidelines on Intellectual Property Transactions” and will not urge our subcontractors to enter into any unilateral confidential agreement or take advantage of our trading position to demand that they disclose their know-how or transfer their intellectual property rights without compensation.

(5) Negative impact on suppliers resulting from work-style reform or other related events

In order to enable our suppliers to address work-style reform, we will not submit orders to our subcontractors with short delivery times or change specifications on short notice without appropriately bearing costs. In the event of a disaster or other emergency, we will strive not to unilaterally impose transactional burdens on our subcontractors. When business is resumed, we will strive to continue existing business relationships as far as practically possible.

3. Other matters (optional)

- We will, in conformity with the “TOHO HOLDINGS Group’s Procurement Policy”, always endeavor to communicate with our suppliers on an equal footing and in good faith so that we can develop together with, coexist and co-prosper with, our suppliers as good partners on the basis of a strong relationship of trust between us and our suppliers in the course of our procurement activities.
- We will work on strengthening our relationship with our 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.

June 7, 2024

Renewal due to change of representative

June 27, 2024

TOHO HOLDINGS CO., LTD.

Representative Director, Hiromi Edahiro

Name of Company

Title and Name (of a person who has the right to represent the company)

(Remarks)

- This Declaration will be published on the portal site operated by a public interest incorporated foundation named the National Association of Small and Medium Enterprise Promotion Organizations.
- In cases where this Declaration is considered to have not been fulfilled, such as cases where a competent minister has provided guidance or advice pursuant to the “Promotion Standards”, this Declaration may be deleted from the portal site.