

## Sustainability Report 2020

# Asahi Intecc Group Sustainability Report 2020

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## 1. Asahi Intecc's Sustainability

### 1. Asahi Intecc's Sustainability

#### ■ Asahi Intecc's *Raison d'Etre*

Asahi Intecc's and Asahi Intecc Group's mission is to supply the world with one-and-only technologies and number one products as an R&D company in the fields of medical devices and industrial components so that, based on safety and reliability, we realize dreams and contribute to society as a whole.

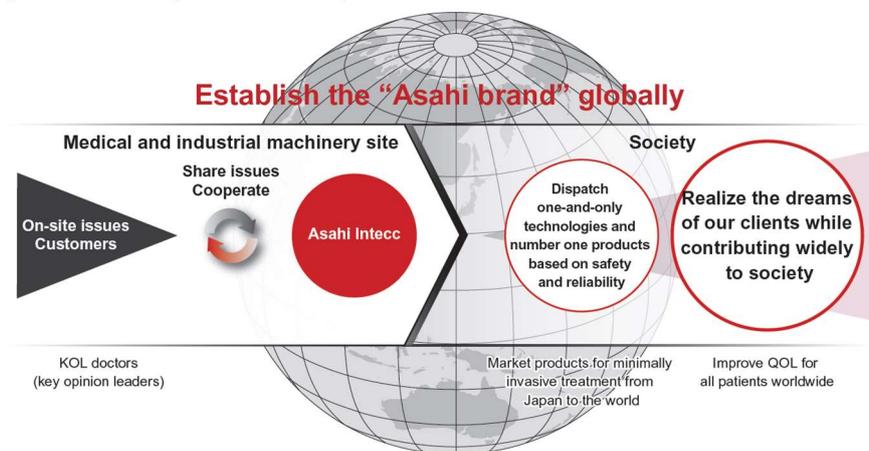
In the medical devices field, we develop, manufacture, and sell minimally invasive treatment products that reduce pain by minimizing the size of wounds, which improves the quality of life (QOL) of patients while keeping medical costs down by enabling them to leave the hospital earlier.

As an R&D company, Asahi Intecc always manufactures products at a high level, and this has been made possible because of the numerous unique technologies that we have developed in the process of responding to the advanced needs of our customers. These advanced and unique technologies are backed by the material processing expertise that we have developed over many years of manufacturing ultra-fine stainless-steel wire rope for the industrial components field and our on-site responsiveness which has been a part of our DNA since the founding of Asahi Intecc.

As an R&D company, we will continue to contribute to the world's medical and industrial fields by honing Asahi Intecc's unique technological expertise.

#### Mission

We will make efforts to help all of our clients achieve their "dreams" and thereby contribute widely to society by providing to the world the most unique technologies and products of the highest quality, bearing in mind safety and reliability in the fields of medical devices and industrial devices.



1. "Development of Technology" is vital for us and pushes us to challenge creation of new technologies and products
2. Under the motto "Customers First," we provide products and services of the highest quality
3. We diligently pursue "Good Results" alongside prosperity for the company and happiness for individuals

#### Vision

Aggressively market products for minimally invasive treatment from Japan to the world to improve quality of life (QOL) for all patients worldwide while establishing the **Asahi brand**

# 1. Asahi Intecc's Sustainability

## ■ Asahi Intecc's Stakeholders

We aim to grow our value over the long term by building relationships of trust with our various stakeholders and sharing the fruits of our activities.

### ● Stakeholders

- Employees
- Customers/doctors
- Partners/suppliers
- Local community
- Global community
- Shareholders/investors
- Natural environment

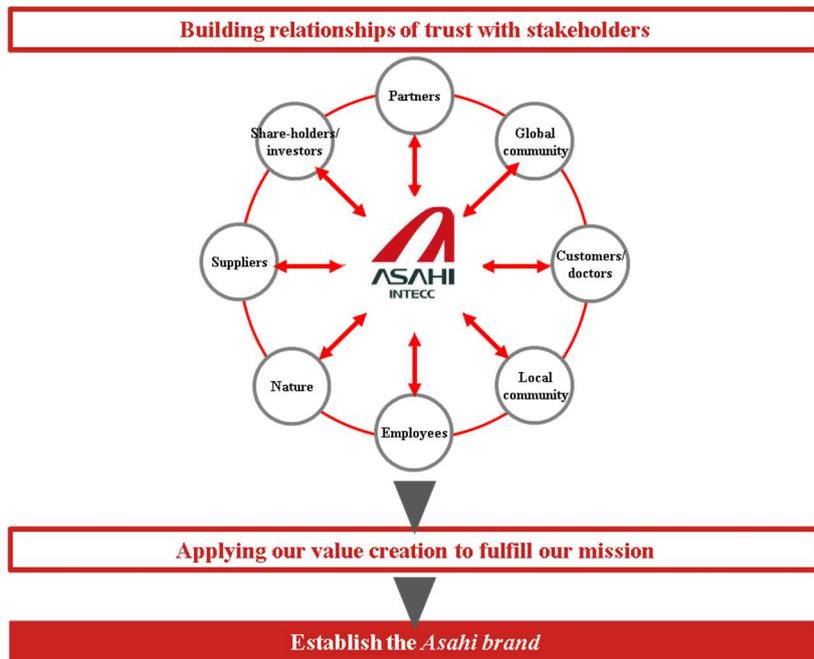
### ● Our Relationship/Responsibility

- Creating a cultivating and fulfilling workplace
- Sharing on-site issues and co-creating value
- Procuring sustainably
- Supporting local community development as a corporate citizen
- Solving social issues through business
- Holding constructive dialogue
- Reducing our environmental burden

## ■ Asahi Intecc's Sustainability

We believe that our sustainability involves 1) *building relationships of trust with stakeholders* and 2) *applying our value creation process (a virtuous cycle of promoting businesses and strengthening foundations) to fulfill our mission in order to 3) establish the Asahi brand.*

### Asahi Intecc's Sasitainability



# 1. Asahi Intecc's Sustainability

## ■ Asahi Intecc's Value Creation Process

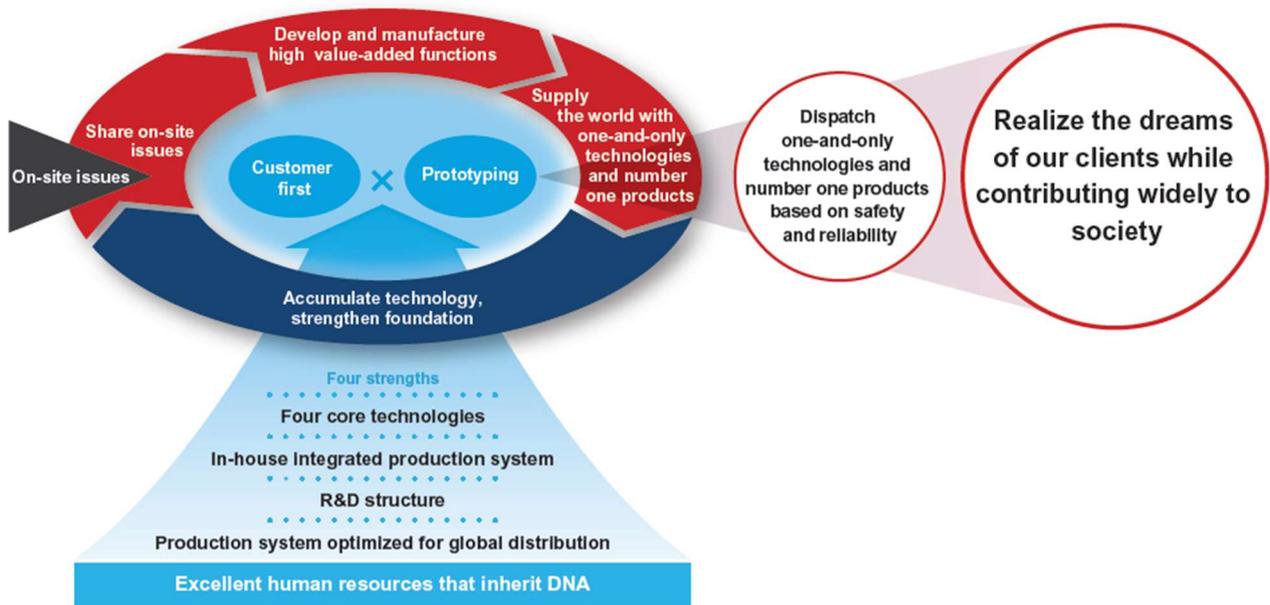
The main source of Asahi Intecc's competitiveness comes from our four strengths of (1) technological expertise based on our four core technologies, (2) integrated production system, (3) R&D Structure, and (4) production system optimized for global distribution, which are underpinned by *our excellent human resources that pass on the ASAHI DNA*

The starting point of our value creation is our hands-on approach and our prototype responsiveness. We will 1) share an understanding of the people on the ground by diligently listening to the doctors and clients, 2) develop and manufacture high value-added functions by repeating a trial-and-error process to the point where we even reevaluate the material being used, and 3) deliver number one products with one-and-only technologies to the world.

Thus, trying continuously to solve on-site issues creates high-added value and leads to realizing customers' dreams. Moreover, accumulating new technologies through efforts with on-site thinking and strengthening technology bases enable us to try to solve new issues.

This series of events is what makes up Asahi Intecc's unique value creation process.

One of the products that was developed through this series of processes is the PTCA guide wire used for CTO treatment. Chronic total occlusion, or CTO, is a lesion that has been completely obstructed for a long period of time. Treatments for these types of lesions have traditionally been considered to have a high level of difficulty, which makes minimally invasive PCI treatments (endovascular catheterization) difficult, so treatment most commonly lies in the domain of surgery (bypass surgery). However, we started a joint development with doctors in response to a request from a Japanese doctor who was the world's authority on the subject, and in 1995, we were able to develop the world's first high-performance PTCA guide wire used for CTO treatments that accurately reflected the advanced techniques and precise sensations of a doctor. Since then, PCI treatment for CTO lesions has become mainstream in Japan, and this trend is now spreading throughout the world.



# 1. Asahi Intecc's Sustainability

## ■ Key Sustainability Issues

The demand for minimally invasive treatments that are less burdensome, both physically and economically, is increasing on a global scale due to population aging around the world, especially in developed countries, and economic growth in emerging countries, and mainly in emerging economies the number of catheterization cases are increasing. Under these circumstances, Asahi Intecc aims to improve the quality of life (QOL) of patients all over the world through our business by solving issues on the ground while advancing our medical devices through our unique technologies

On the other hand, as the number of disasters and risk events rise, we will strengthen our risk management measures, starting with our business continuity plans (BCP)\*, and we will also take measures to comply with environmental and human rights, etc., regulations in countries around the world, upon taking a bird's-eye view of our entire supply chain.

In view of the impact that these changes may have on Asahi Intecc's business environment, we have examined key issues regarding sustainability. By addressing these key issues in terms of both growth strategy and the strengthening of the management base, we aim to realize sustainability of society and the Asahi Intecc Group.

Key Issue 1. On-Site Problem-Solving Through Innovation

Key Issue 2. Measures to Reduce Our Environmental Burden

Key Issue 3. Supply Chain Management

Key Issue 4. Supplying Safe and Secure Products

Key Issue 5. Strengthening Global Human Resources

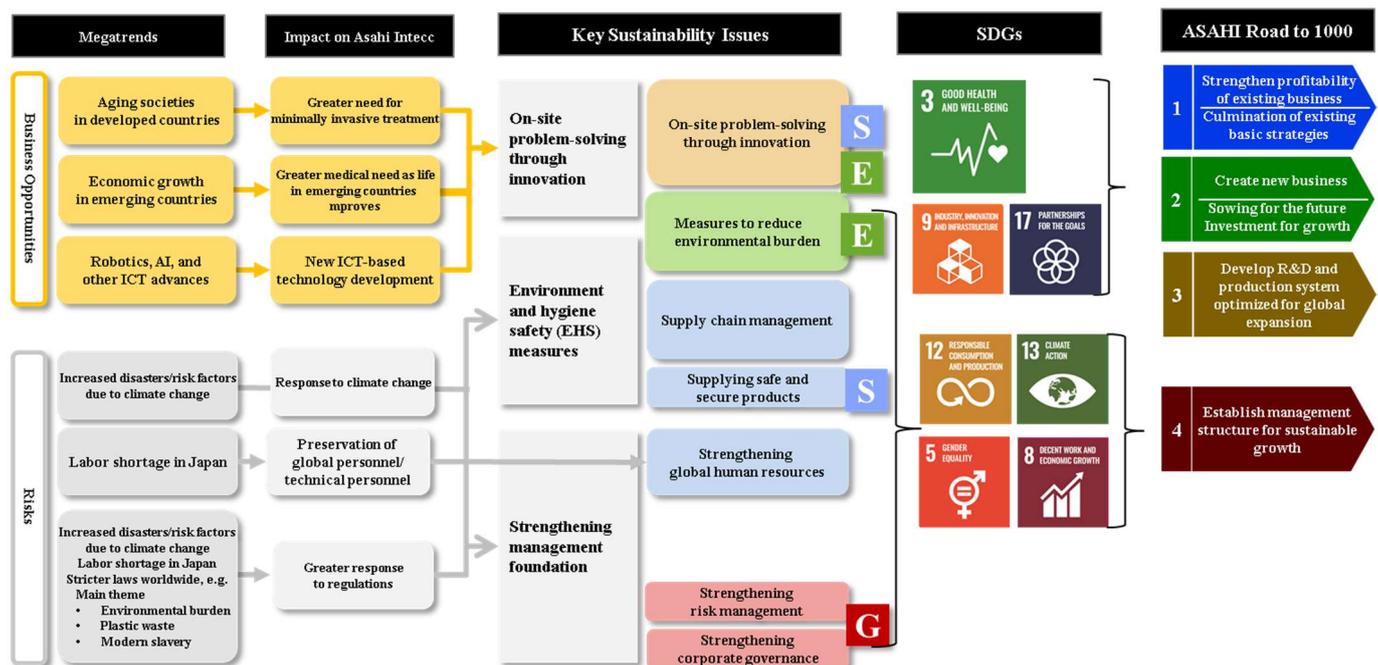
Key Issue 6. Strengthening Risk Management

Key Issue 7. Strengthening Corporate Governance

As the importance of sustainability increases worldwide, the megatrends that may affect our business are constantly changing, and we will review Kei Issues accordingly.

\*BCP (Business continuity planning) : A plan of a company to set out appropriate activities and methods and means for business continuity in emergency such as a natural disaster, a large fire or a terrorist

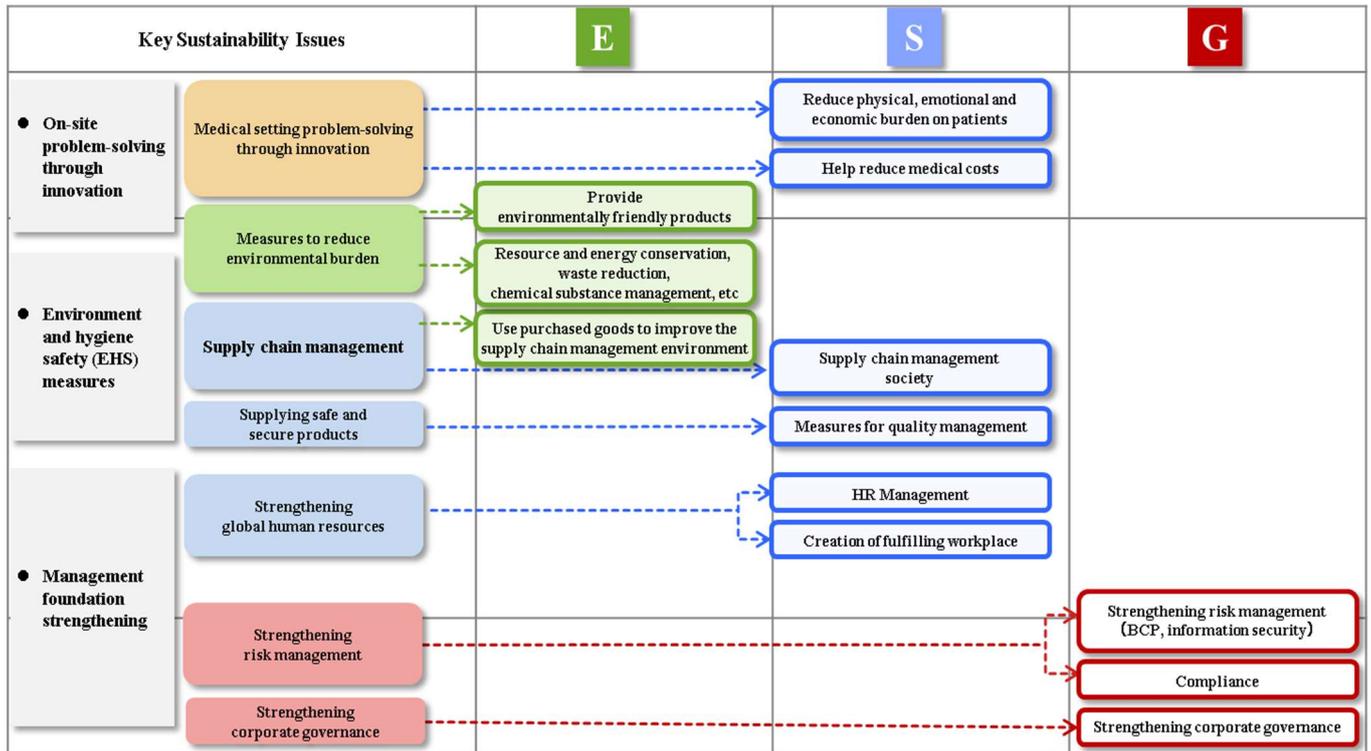
attack, to minimize the damage to business assets and enable the continuation or early restoration of the core business



## 2. Key Sustainability Issues and Specific Measures

### 2. Key Sustainability Issues and Specific Measures

In the following pages, we will introduce our thinking and measures related to sustainability centering on these seven issues.



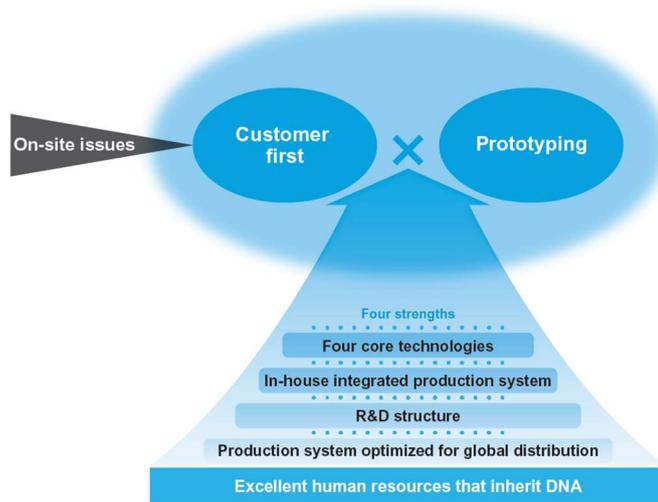
## 2. Key Sustainability Issues and Specific Measures

### Key Issue 1. On-Site Problem-Solving Through Innovation

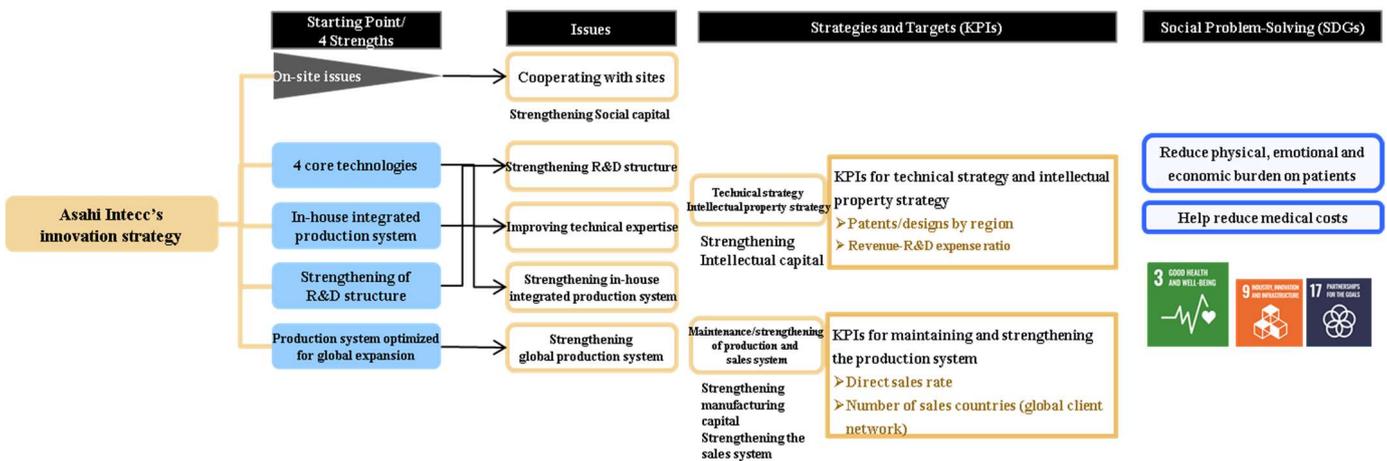
#### 1-1. Innovation Management

##### 1) Basic Thinking

Our Group's innovation comes from our four strengths: sophisticated, highly unique material processing technology based on four core technologies (wire drawing, wire forming, resin coating, and torque), integrated production system, R&D structure and production system optimized for global distribution.



Supporting these four strengths is our management foundation made up of non-financial capital including excellent human resources (human capital) that pass on the DNA of the company, as well as manufacturing capital, intellectual capital and social capital. By continuing to bolster this non-financial capital, our Group will work strategically to achieve even greater innovation.



## 2. Key Sustainability Issues and Specific Measures

### 2) Measures to Create Innovation

#### ① Strengthening Social Capital: On-Site Cooperation (with KOL Doctors, etc.)

##### ■ Building a System for On-Site Cooperation (Medical Business)

Over the past few years, we have developed products matching medical workplace needs by strengthening our system of joint R&D with highly experienced top doctors in each medical field. We sign contracts with top doctors and medical institutions in cardiology, peripheral blood vessels, cerebral blood vessels and digestive organs, and together develop products based on the needs we hear of in clinical settings. We also do this overseas, establishing a development division in the United States and building a system for reflecting local doctors' needs in prototypes, as well as incorporating the needs of doctors at home and abroad in product development. Furthermore, inside our global headquarters and R&D center completed in December 2018, we have developed a near-clinical environment with a simulation room that recreates an actual operating room. In the simulation room, we have top Japanese and foreign doctors try out our Group's technologies and products on proprietary human models so we can immediately apply their desires and feedback to our product development.

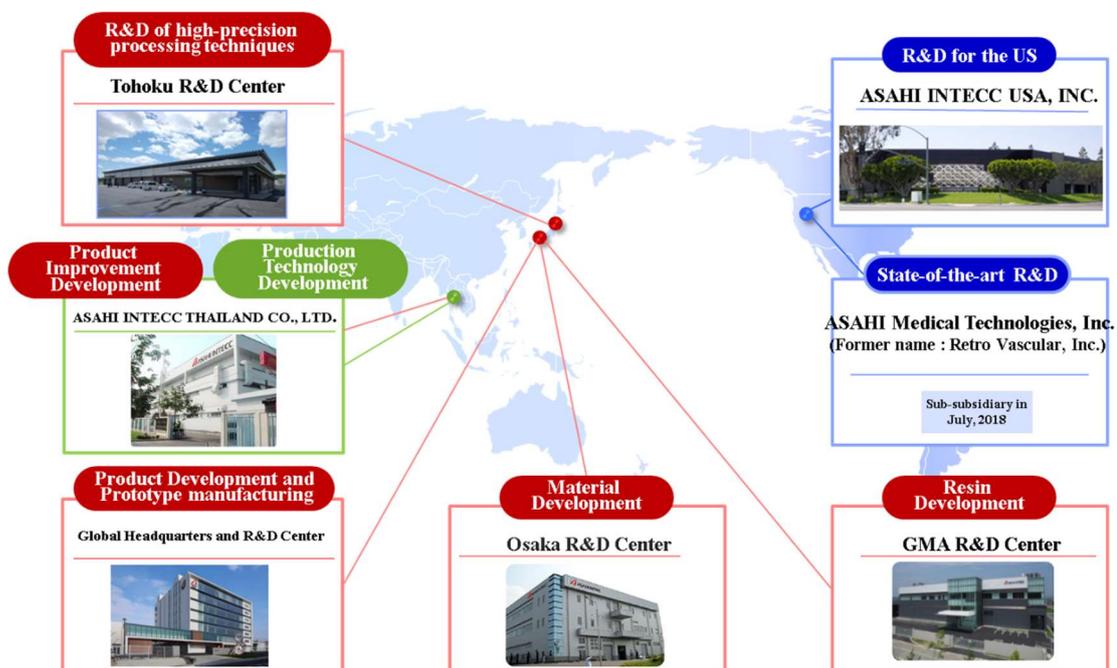
##### (Device Business)

Our Group's main business is manufacturing and processing ultra-fine stainless-steel wire rope, and the products of our device business are widely used in industrial components and medical devices. We meet our customers' diverse needs by developing components to their unique specifications.

#### ② Strengthening Intellectual Capital 1: Strengthening Our R&D Structure

##### ■ R&D Structure

At our global headquarters and R&D center, we integrate the material and processing technology research results from our Japanese R&D bases to enhance our product development.



## 2. Key Sustainability Issues and Specific Measures

### ■ Measures to Strengthen/Improve Our R&D Structure

At Asahi Intecc USA, Inc., our consolidated subsidiary for selling directly in the US, we have built an R&D structure that reflects the needs and feedback of doctors, our core customers, directly in our products, even at the prototype level. With Asahi Intecc Thailand Co., Ltd., another consolidated subsidiary, we have increased our number of R&D bases, enabling more proactive improvement of existing products, including considering product specifications.

In Japan, we have constructed a new building on the grounds of our Group's main R&D base, our Seto factory, and developed an R&D environment identical to a clinical setting. Furthermore, our Tohoku R&D Center has begun operating as our Group's main base for precision processing technology, and we will continue to enhance our domestic R&D structure.

### ■ Measures in Fiscal Year Ended June 2020

#### (Medical Business)

In addition to continuing to evolve our guide wire and catheter products and circulatory system products, we also enhanced and expanded our non-circulatory system offerings (for details, see 1-2. Social Issues to Be Solved and Measures: 2) Specific Measures).

Furthermore, by globalizing our R&D structure, we are building a structure that can respond to diverse local needs rapidly and accurately.

In order to understand the needs of US doctors and connect this to development of products for the US market efficiently and accurately, we are strengthening links between engineers in Asahi Intecc USA's development division and US doctors. Moreover, at Asahi Medical Technologies, Inc., we are developing plasma technology-based treatment devices in tandem with our global headquarters and R&D center and partnering with US doctors to further expand our business.

Meanwhile in Asahi Intecc Thailand's development division, which also has production capabilities, we are working on numerous improvements to existing products and additions to our lineup, responding speedily to medical workplace needs.

#### (Device Business)

As for our medical components, our proprietary high-spec hollow cable tube (Act One), our torque coils and drive cables that are thin yet strong with high-speed, highly transmissible rotation following, our high-tension wire rope, and the assembly technologies we use to manufacture these are highly acclaimed, and we also mass produce and deliver components and assembly products to major medical device manufacturers in Japan and overseas. Moreover, in the Fiscal Year Ended June 2020, we developed components such as the *Minamo* PTCA guide wire and the *Chikai* neuro guide wire for the medical business, applying our device business' technical development capacity to developing new products in our medical business, primarily for our own brand.

We are responding to an increasing number of new projects in industrial components, as we are manufacturing wire rope for a major overseas manufacturer's shoe lacing system (a mechanism that tightens and loosens shoestring) and a major Japanese manufacturer of fishing wire, as well as designing and prototyping new wire rope for both.

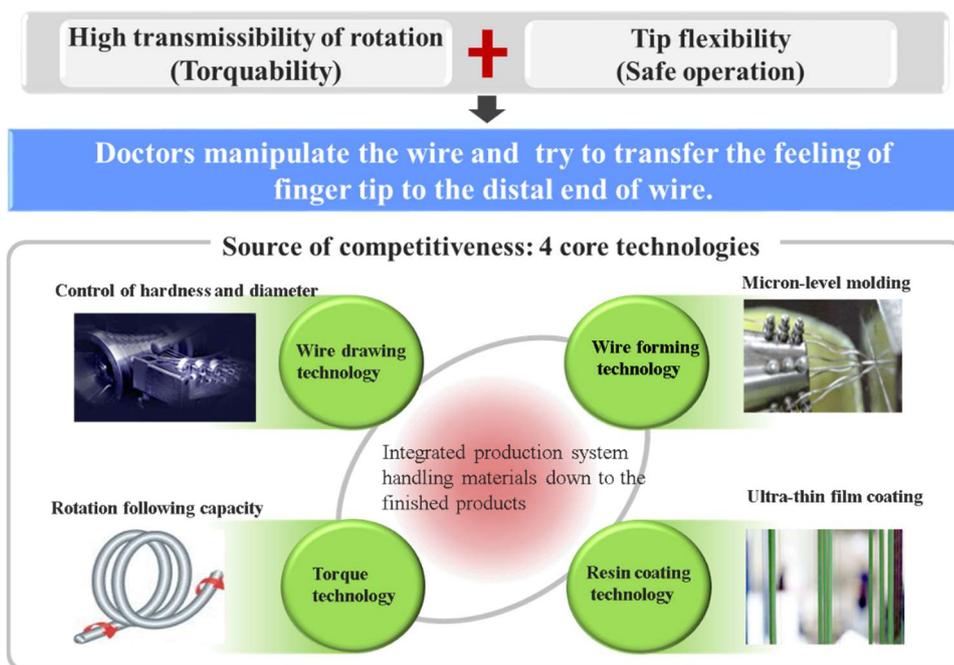
By engaging in new initiatives such as evolving our core technologies and continuing to pioneer laser processing technology development and precision cutting technology, this business will continue to develop high-spec, high added-value technologies and products for use in a variety of fields.

## 2. Key Sustainability Issues and Specific Measures

- ③ **Strengthening Intellectual Capital 2: Improving Technical Expertise (Technical Strategy/Intellectual Property Strategy)**  
 ■ **Asahi Intecc's Superior Technical Expertise**

### Four Core Technologies (Wire Drawing, Wire Forming, Resin Coating, Torque)

By integrating four core technologies, the delicate movements of the fingertips operated by the doctor are linked to achieve smooth and delicate operability



We are able to develop and manufacture products with unique materials and functions because of our sophisticated, highly unique material processing capabilities based on our four core technologies (wire drawing, wire forming, resin coating and torque) and because of our integrated production system from raw materials to product. This gives our group unique strengths not often seen in our competitors, such as technology-sharing between the medical device and industrial component fields, and between Japanese R&D bases and overseas production bases. In addition, by capitalizing on our unique abilities and, in recent years, bolstering a joint R&D structure with highly experienced top doctors in medical settings, we are developing precisely the products needed in such settings. This partnership sets us apart from our competitors in the medical device field and is a big reason we continue to supply superior products.

Our R&D activities will keep providing unique, sophisticated breakthroughs based on our Group's core technologies, through which we aim for one-and-only, number one products.

### ■ Measures to Strengthen/Improve Our Technical Expertise

In order to respond to rapidly changing market needs in a timely, precise fashion, we will continue to evolve our four core technologies, introduce new technologies and, through innovation based on synergy between core and new technologies, strengthen and improve our foundation of technical expertise.

## 2. Key Sustainability Issues and Specific Measures

With our four core technologies, we are constantly considering and working on how we can respond to new and sophisticated needs in the fields of medical devices and industrial components from new perspectives as well as how we can expand their applications to new materials or achieve new synergy between core technologies.

Furthermore, with technologies like laser processing and precision processing, we strive to cultivate new core technologies. We have recently been promoting research into new underlying technologies like sensors and plasma through external partnerships, proactively engaging in activities based on open innovation. We are also combining and supplementing technology to produce in-house synergy using these new technologies and four core technologies.

We protect new technological fruits, the foundation of our Group's activities, by applying for and obtaining patents. However, to avoid disclosing technical details in the patent application process, we have elected to keep our most important, most unique material processing technology inside the company and not apply for patents. In terms of strengthening and protecting our brand, we are proactive in registering the trademarks and designs of our products and technologies.

### ■ Measures in Fiscal Year Ended June 2020

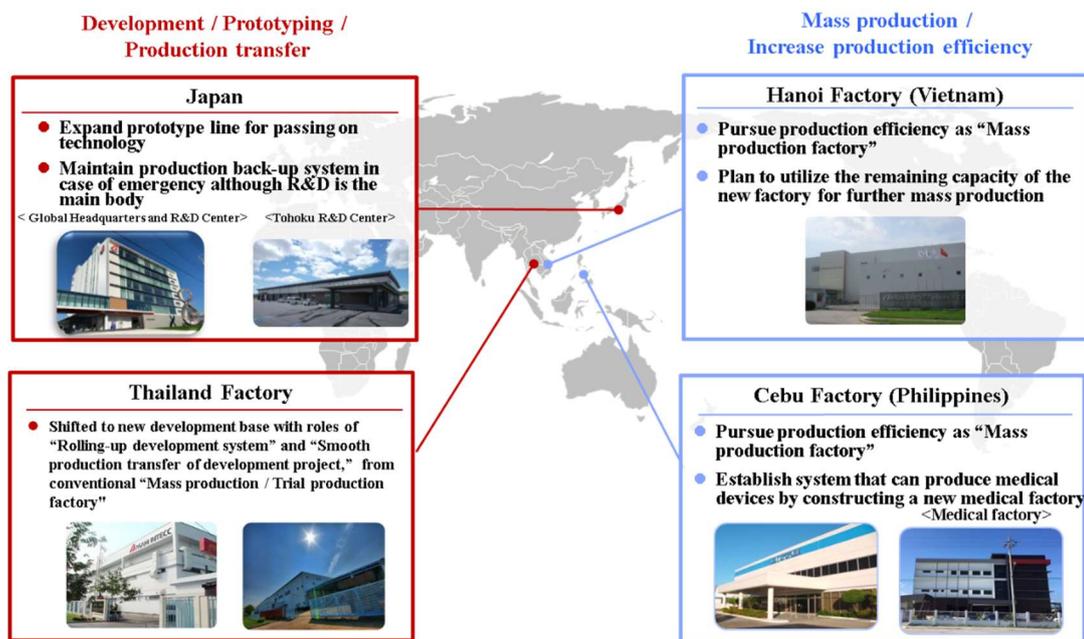
We did robust fundamental research when using a nickel titanium alloy instead of the conventional stainless steel in our new PTCA guide wire *Minamo*, aiming to expand our core technology application as well as establish a new technology. Understanding the issues in clinical settings, we evolved our core technologies in developing this new product so that we could maximize the features of the new material.

At the same time, we created new value by combining our core technologies with laser processing technology in response to the diversifying needs of the medical component market. These technologies are starting to be implemented in the processing of various components. We also undertook multiple innovation initiatives combining new outside technology with our core technologies, for example applying an overseas startup's sensors to our guide wires in a joint R&D project and partnering with a Japanese robotics startup.

## 2. Key Sustainability Issues and Specific Measures

### ④ Strengthening Manufacturing Capital: Measures to Strengthen Production System

#### ■ Production System



Our Group specializes in R&D and prototyping in Japan while mass production is generally transferred to consolidated subsidiaries overseas, a system that enables integrated production from materials to finished product in overseas factories (Asahi Intecc Thailand Co., Ltd. [Thailand factory], Asahi Intecc Hanoi Co., Ltd. [Hanoi factory], and Toyoflex Cebu Corporation [Cebu factory]). Within this, we are optimizing production bases across the entire Group for the sake of risk management and BCP by enabling all three factories to manufacture the same products so that in the event of one or more factories ceasing operation due to local factors or otherwise, another factory can cover the majority of that production. We will also furnish our Japanese production bases (Asahi Intecc Co., Ltd.), which currently do not have mass production capabilities, with the equipment to cover production.

#### ■ Measures to Strengthen/Improve Our Technical Expertise

We continue to promote mechanization, labor force reduction and automation in our mass production factories to further improve productivity and stabilize product quality. These activities are led by the engineers at each factory based on the expertise accumulated there. They include not only installing outside equipment but also prototyping, designing, manufacturing, and modifying core equipment and machinery at each base. The technical information gleaned from these activities is then shared among the bases (Thailand factory, Hanoi factory and Japan) to collaboratively strengthen and improve our technical expertise.

We also continue to consider technologies compatible with IoT and are progressively implementing them at our mass production sites.

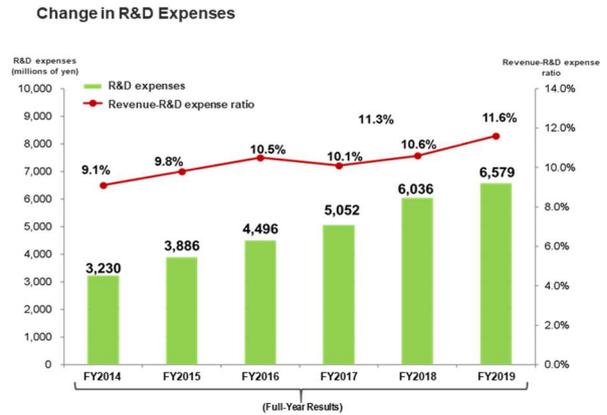
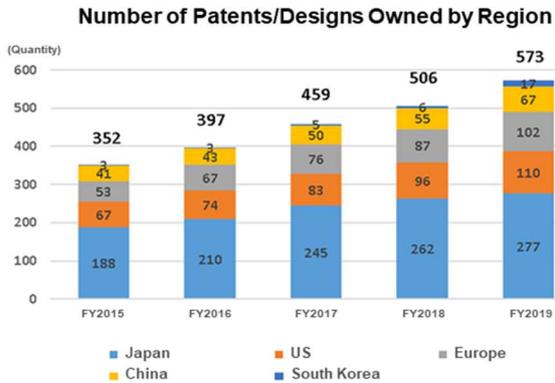
#### ■ Measures in Fiscal Year Ended June 2020

We have made numerous improvements to each overseas base (implementing equipment, machinery and jigs, streamlining tasks, etc.) to improve productivity. Through these activities, we have enhanced our production platform.

In addition, we enhanced the Cebu factory's mass production system to improve BCP. We transferred production of the Hanoi factory's products to Cebu, mainly increasing the number of guide wires, our main product, that we can manufacture. For the transfer, we installed in Cebu's manufacturing equipment machinery and jigs designed and built in the Thailand factory and Hanoi factory, establishing a stable production line.

## 2. Key Sustainability Issues and Specific Measures

### ★Key Issue 1 KPI -1: Productivity KPI



### ★Key Issue 1 KPI -2: Productivity KPI

#### ➤ Direct Sales Ratio

Direct sales rate (%)	FYE June 2018	FYE June 2019	FYE June 2020
Medical business (excluding OEM)	43.6	44.2	46.5

\*Direct sales areas: Japan, U.S., Europe

#### ➤ Number of Sales Countries (Global Client Network)

Global Client Network	FYE June 2018	FYE June 2019	FYE June 2020
Number of Sales Countries	108	108	110

## 2. Key Sustainability Issues and Specific Measures

### 1-2. Social Issues to Be Solved and Measures

#### 1) Social Issues Asahi Intecc Wants to Address

The starting point of our business activities is solving on-site issues. We aim to supply the world with one-and-only technologies and number one products in the fields of medical devices and industrial components so that, based on safety and reliability, we solve on-site issues, realize dreams, and contribute to society as a whole.

#### 2) Specific Measures

##### ■ Developing Products That Reduce the Physical, Emotional, and Economic Burden on Patients

In our mainstay guide wire products business, we have developed Minamo, a new PTCA guide wire combining nickel titanium and stainless steel. We also developed the Gladius MG/Mongo, which is slightly curved at the tip to pass through stenosed lesions, in response to the needs of US doctors.

In catheters, we have developed the Corsair Pro XS, which improves passage through sharp turns in narrow blood vessels, for retrograde catheterization of the circulatory system. We also developed Branchor, a balloon guide catheter for use in stroke treatment.

In OEM products, and digestive system products in particular, we utilized technology cultivated in cardiology to develop the Fielder 18, an unprecedented 0.018-inch (0.46-mm) guide wire for gallbladder and pancreas endoscopy.

By focusing on medical challenges and supplying products that meet doctors' needs, we are also reducing the physical, emotional, and economic burden on patients.

Social Problem-Solving  
(SDGs)

Reduce physical,  
emotional, and economic  
burden on patients

Help reduce medical costs



## 2. Key Sustainability Issues and Specific Measures

### Key Issue 2. Measures to Reduce Our Environmental Burden

#### 2-1. Basic Thinking

Our Group contributes to society by working proactively to conserve the environment, aiming to harmonize our activities, mainly in design, manufacturing, and sale of medical devices and industrial components, with the global environment.

#### 2-2. Promotional Structure

##### 1) Promoting Environmental Activities by All Employees

All of our Group's employees understand the importance of reducing our environmental burden and work proactively to conserve and improve the environment.

##### 2) Environment Management System

Our Group has established an environmental policy for each major base of the device business and has obtained the international environment management system standard ISO 14001.

#### Environmental Policy

Asahi Intecc Co., Ltd. has established the following policy with the aim of contributing to society by promoting environmentally conscious production and environmental conservation in our business, which is mainly the design and manufacturing of stainless steel mini-rope, catheters, and guide wire.

We will comply with relevant laws, regulations and other agreed-to requirements. Furthermore, we will accurately understand the impact of Asahi Intecc's activities on the environment, perpetually set appropriate environmental objectives and targets, continually improve our impact on the environment, and engage in the following key activities to prevent pollution.

- We will promote **resource saving and energy conservation**.
- We will **reduce, separate, and recycle waste**.
- We will **provide environmentally conscious products**.
- We will thoroughly **manage chemical substances**.
- We will **utilize purchased goods useful for environmental improvement**.

Through environmental education, we will raise the awareness of and support each employee in taking responsibility for environmental conservation activities.

We will inform everyone who works for Asahi Intecc of this environmental policy and share it publicly.

Device Business Headquarters  
Asahi Intecc Co., Ltd.

We have not obtained ISO 14001 in our medical business. Medical devices require strict conformity to requirements and safety in raw materials, packaging materials, secondary materials, and manufacturing processes according to the relevant regulations of each sales country. That said, we do consider limitations and prohibitions on use of environmentally harmful substances from our product design stage.

## 2. Key Sustainability Issues and Specific Measures

### ■Status of ISO 14001 Certification



Asahi Intecc Co., Ltd.  
Osaka R&D Center



ASAHI INTECC  
THAILAND CO., LTD.



TOYOFLEX CEBU  
CORPORATION

### 2-3. Measures to Climate Change

#### 1) Measures to Reduce Greenhouse Gas emissions

Although our Group's business structure does not require the use of large amounts of greenhouse gases or energy, all of our business sites view the reduction of greenhouse gas emissions and energy consumption associated with their business activities as a challenge, and are working to reduce greenhouse gas and energy consumption with the aim of contributing to solving climate change issues.

### 2-4. Key Activity Measures

#### 1) Promoting Energy Conservation

Our Group recognizes the importance of energy optimization and climate change measures such as reducing our energy consumption and CO<sub>2</sub> emissions and promotes these measures across the entire Group.

- Replacing office lights with LEDs and being sure to turn them off
- Reducing lit time with human sensors and timers
- Encouraging cooler clothing in the summer and monitoring HVAC temperatures (winter: 20°C, summer: 26°C)
- Using low fuel consumption vehicles like hybrids for company cars
- Sending products from overseas manufacturing bases directly to clients and agents, reducing logistics fuel consumed by domestic relays

In the fiscal year ended June 2020, we were not able to reduce our energy consumption and CO<sub>2</sub> emissions per unit sold because we increased the sterilization equipment of Asahi Intecc Thailand Co., Ltd. (our Thai subsidiary), expanded (by about 30%) the facilities of Asahi Intecc Hanoi Co., Ltd. (our Vietnamese subsidiary) to increase production and lost medical device sales volume, our main business, due to COVID-19 (energy consumption and CO<sub>2</sub> emissions increased 26% year on year).

We will continue to work to reduce these per-unit figures through proactive activities for energy conservation and CO<sub>2</sub> reduction.

## 2. Key Sustainability Issues and Specific Measures

### ■Energy Consumption (GJ)

Energy	FYE June 2018	FYE June 2019	FYE June 2020
Gasoline	5,553	5,711	5,638
Diesel	1,703	2,109	2,931
LPG	11,720	16,417	20,520
Electricity	541,673	598,053	659,987
<b>Total</b>	<b>560,649</b>	<b>622,290</b>	<b>689,076</b>
<b>GJ per 1,000 units sold</b>	<b>46.93</b>	<b>45.22</b>	<b>56.99</b>

Scope: Our Group's domestic and foreign entities, fiscal years ended June 2018 to June 2020

### ■CO<sub>2</sub> Emissions

	FYE June 2018	FYE June 2019	FYE June 2020
<b>Emissions (t-CO<sub>2</sub>)</b>	<b>31,343</b>	<b>34,800</b>	<b>38,545</b>
<b>t-CO<sub>2</sub> per 1,000 units sold</b>	<b>2.62</b>	<b>2.53</b>	<b>3.19</b>

Scope: Our Group's domestic and foreign entities, fiscal years ended June 2018 to June 2020

## 2) Reducing, Separating, and Recycling Waste

Our Group works to reuse resources and reduce waste by:

- Thoroughly separating garbage
- Limiting printed distribution of meeting materials, etc.
- Promoting digitalization of internal documents using IT systems
- Recycling manufacturing materials (metals)

Because the majority of the medical devices our Group handles come into direct contact with patients' blood and other bodily fluids, they are all legally required to be disposed of as medical waste after use to prevent infection, making resource recycling and reuse difficult.

## 2. Key Sustainability Issues and Specific Measures

### 3) Providing Environmentally Conscious Products

We make our products as environment-, people- and safety-conscious as possible by:

- Assessing risk during product design
- Monitoring information on substances subject to environmental regulations (RoHS Directive, REACH, Chemical Substances Control Law, etc.)
- Limiting use of restricted substances in raw materials, secondary materials, and product manufacturing processes

#### ■Examples of Environmentally Conscious Products

Our Group's guide wires use a proprietary construction based on our core technologies to improve durability during treatment (resistance to deformation that hinders maneuverability). This reduces the number of guide wires used in a single operation; in other words, the amount of medical waste produced. In addition, our Group's penetration catheters use a proprietary metal structure, Act One (multi-wire coil), to achieve a higher metal volume ratio than competitor catheters, reducing the amount of resin – and therefore microplastics – used.

### 4) Managing Chemical Substances

#### ■Management Structure/Process

Based on relevant regulations (the Fire Service Act, Industrial Safety and Health Act, Poisonous and Deleterious Substances Control Act, etc.), our Group carefully manages its use and storage of chemical substances that impact people and the environment by:

- Monitoring storage amounts and facilities
- Putting people in charge of management
- Assessing risks related to use of chemical substances and formulating management procedures
- Regularly measuring working environments

### 5) Utilizing Purchased Goods Useful for Environmental Improvement

Our Group proactively installs energy-saving equipment and uses recycled equipment and office supplies by:

- Installing solar panels
- Installing cafeteria equipment like water-saving dishwashers
- Installing energy-saving boilers
- Using recycled pallets
- Using green procurement office supplies

#### 2-5. Measures for Water Resources

In the production process of our Group, there are no processes that use large amounts of water, and water is used for limited purposes such as parts cleaning and cooling water. In addition to proactively reducing water consumption and discharge at sites that use a large amount of water, we are thoroughly managing the quality of wastewater at our sites in accordance with local laws and regulations. Each manufacturing site is located in an area with low risk of drought, etc., and we use tap water, industrial water, and groundwater as appropriate depending on the situation in each region.

## 2. Key Sustainability Issues and Specific Measures

### Key Issue 3. Supply Chain Management

#### 3-1. Basic Policy

##### Asahi Intecc Group's Procurement Policy

Asahi Intecc fulfills its corporate social responsibility by valuing its business partners and continuing to supply the global market with excellent products. As part of measures to fulfill that social responsibility, we are faithful to the following procurement policy.

- We promote procurement activities that aim to grow the value of both Asahi Intecc and its business partners.
- At home and abroad, we conduct transactions in accordance with local laws and social norms.
- We offer all companies, Japanese and non-Japanese, a fair opportunity, purchasing based on impartial evaluation and not demanding or receiving unfair gain (whether in money, materials, hospitality, convenience or otherwise).
- We seek the best quality and cost required of the procured component(s).

#### 3-2. Promotional Structure and Status of Measures

##### 1) Employee Education

The purchasing department attends classes by the Japan Fair Trade Commission (JFTC) and the Small and Medium Enterprise Agency to deepen their knowledge and understanding of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors as well as to comply with laws and regulations.

In-house education also covers this Act and the JFTC's 11 prohibitions for all related departments, including purchasing, delivery, payment, orders, and quality assurance.

##### 2) Policy-Sharing/Explanation for Suppliers

We strive for stability in our product delivery by sharing short-term procurement information with major partners on a monthly basis and medium- to long-term procurement information with partners as needed.

To provide the quality and supply stability required by medical settings, we survey our partners once a year and work to earn their understanding of and cooperation with our production and procurement policies and status.

### Key Issue 4. Supplying Safe and Secure Products

#### 4-1. Basic Policy

In order to supply our customers with safe and secure products in a consistent manner, we have established a quality policy that is shared across all of our bases. By striving to improve quality every single day, we aim for ever better global quality.

#### Quality Policy (Shared Policy)

We will leap toward becoming an international company by continually developing and steadily supplying products that exceed market expectations and needs, ensuring the highest level of reliability and safety and contributing to medicine around the world. The following are our promises based on this policy.

- ① We conform to relevant laws and regulatory requirements in order to maintain the effectiveness of our quality management system, and strive for continuous improvement by meeting client requirements and increasing client satisfaction.
- ② We set quality targets based on our quality policy and regularly review our progress toward achieving them.
- ③ We make product safety our top priority and thoroughly manage risk.
- ④ We ensure all employees understand this policy and invite them to participate in continuous improvement.
- ⑤ We review this quality policy as clients' needs become more advanced.

#### 4-2. Promotional Structure

##### 1) Structure to Supply Safe and Secure Products

Our Group has established a quality management system that applies the international standards framework of ISO 9001 and ISO 13485 in order to reliably provide our customers with high-quality products and medical devices, and developed a structure to assure uniform quality across research, design and development, production and sales based on the Quality Policy set out by top management. In addition, we regularly undergo rigorous screenings by third-party certification bodies to obtain and maintain certifications such as ISO 9001 and ISO 13485. Furthermore, by complying with the stringent regulations in the more-than 100 countries and regions to which our Group provides products, we have built a structure that ensures the quality products our customers require.

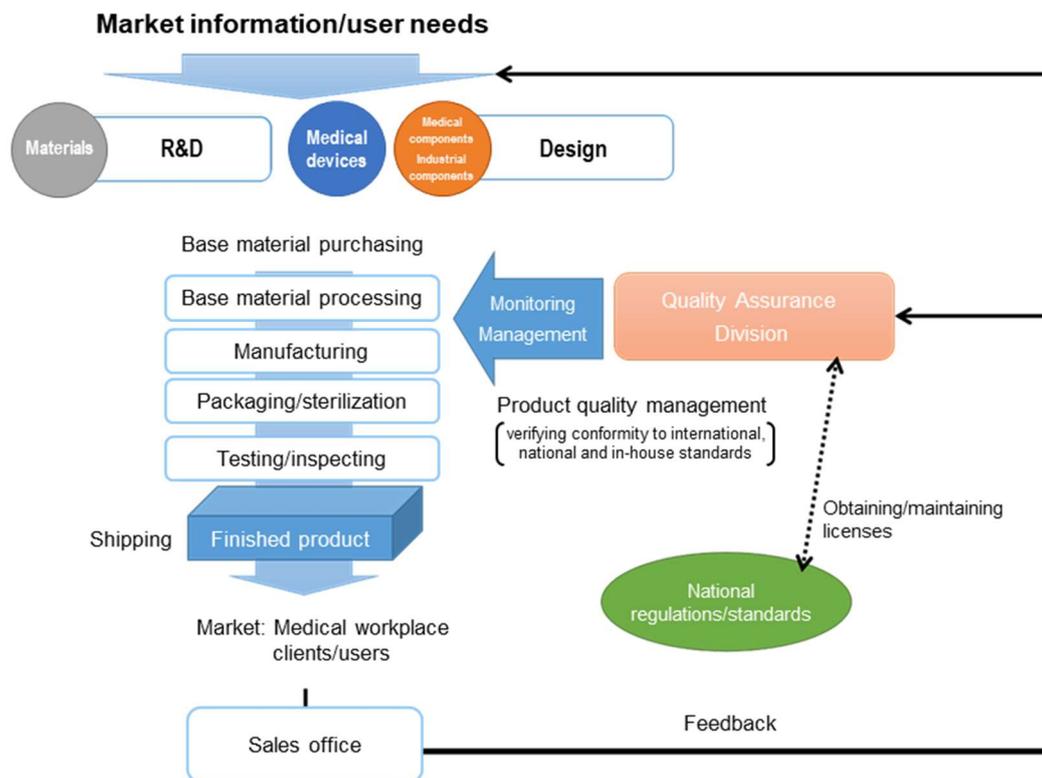
## 2. Key Sustainability Issues and Specific Measures

### 2) Quality Assurance Structure

#### Thinking on Quality Management

Based on our core technologies, our Group has developed an integrated production system from raw materials to finished product. Medical devices in particular require precise specifications and quality in their materials, and the number of raw material manufacturers capable of steadily supplying materials that meet these standards is limited even on a global scale. Therefore, our Group purchases base materials as far upstream as possible and manufactures them in-house into near-ideal materials, components and, ultimately, the finished products.

Moreover, in order to manage and ensure product quality, our Group has a quality assurance division separate from the research, design, and development departments, production bases, and sales offices. This division inspects and tests our manufactured products to confirm that they conform to the required international, national, and in-house standards, and only the high-quality products that pass these inspections are shipped to market. In addition, an internal quality auditor certified by our rigorous internal certification system does internal and intra-Group quality audits to regularly monitor the appropriateness of this manufacturing management and quality assurance structure, striving for continuous improvement.



## 2. Key Sustainability Issues and Specific Measures

### 3) Base Certification

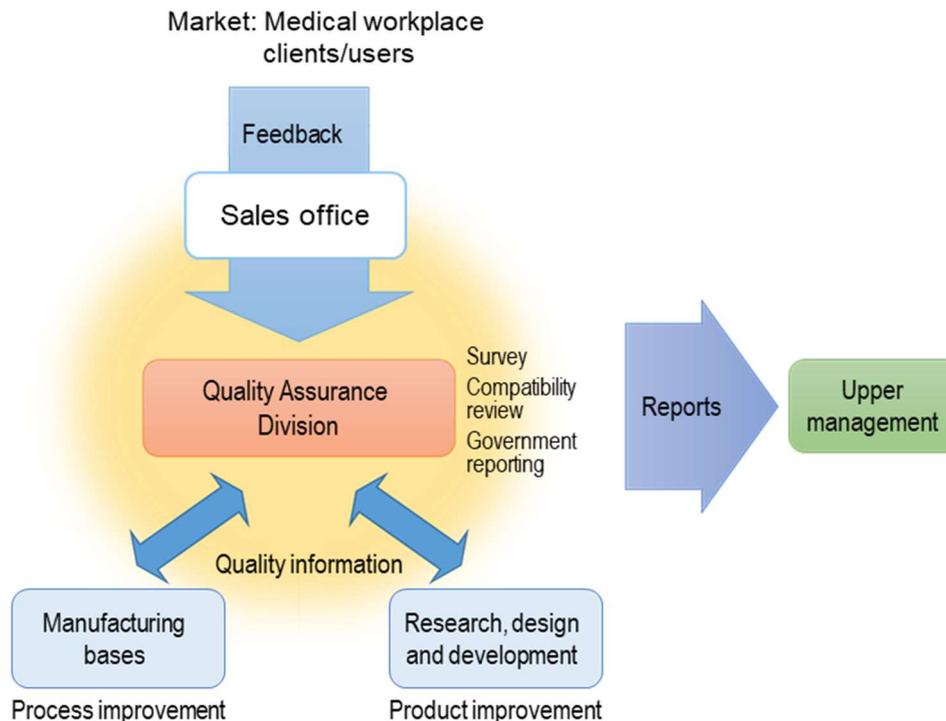
Our Group has obtained the following quality management system certifications by third-party certification bodies.(As of August 2020. For details, see “ABOUT US” on our website)

Base	Quality management system certification
ASAHI INTECC CO., LTD.	Medical Division • ISO 13485/ EN ISO 13485 • MDSAP Device Division • EN ISO 13485 / ISO 13485 • ISO 9001
ASAHI INTECC (THAILAND) CO., LTD.	• ISO 13485/ EN ISO 13485 • ISO9001 • MDSAP
ASAHI INTECC HANOI CO., LTD.	• ISO 13485/ EN ISO 13485

### 4-3. Measures to Supply Safe and Secure Products

#### 1) Quality Reporting Structure

Our Group appropriately monitors product quality by tracking all information on quality in the manufacturing process, from raw material manufacturing to final product shipping, in a timely fashion. The quality assurance division also collects all customer feedback on quality for survey and analysis. By conveying this information to upper management as well as the manufacturing and research, design, and development bases in a timely manner for use in process and product improvement, we have established a structure for supplying safe and secure products.



#### 2) Measures to Improve Quality

In our Group, the quality assurance division and each manufacturing base screen the material and product R&D and design processes from the very first stage, taking a third-party perspective. Doing R&D and design with a perpetual awareness of the manufacturing process and use as a marketed finished product helps solve problems with existing products, resulting in development and manufacturing of higher-quality materials and products.

## 2. Key Sustainability Issues and Specific Measures

Furthermore, our Group conducts an “on-site improvement” project every year as part of Group-wide efforts to improve quality. This project sets up small groups of on-site employees and facilitates employee-led improvement activities to solve issues and improve or reform operations from an on-site perspective. In past years, themes have included employee workflow streamlining, accumulation and sharing of knowledge and technology, enhancing specialized education, manufacturing process improvement, and inventory management optimization, and in 2019, there were 138 themed groups. Our Group is proactive about including the on-site employee perspective in its quality improvement measures.

### 3) Education/Training of Employees and Suppliers

Our Group is building a proprietary system to manage employee skills and qualifications based on applicable regulations, standards, and in-house standards. We thoroughly ensure that only trained employees whose skills and qualifications have been confirmed are involved in developing, manufacturing, inspecting, and all other work on products for customers.

We recommend that our base material providers also use such a skill/qualification management system, and regularly review and verify them.

### 4) Instruction on Product Usage

In interventional radiology (IVR) such as percutaneous coronary intervention (PCI), sophisticated technology to maneuver guide wires, catheters, and other equipment is needed to reduce the burden on both patient and medical worker while maintaining the treatment’s efficacy. Choosing the right guide wire and catheter from among many options for the patient and body part to be treated is also important.

Our Group provides detailed explanations on product usage, selection, and care to distribution agents and medical workers in each country to help them use the products safely and effectively. Every day, we educate on IVR and use of our products through case studies and demonstrations by key opinion leader (KOL) doctors at academic conferences and seminars around the world.

At our global headquarters and R&D center, completed in December 2018, we provide medical workers with training in an environment almost identical to a clinical setting using our simulation system and human models recreating an actual operating room.

### 5) Quality Assurance Through the Value Chain (Measures During Development, Design [Testing], Sale, Usage, and Manufacture)

From material R&D to finished product, our Group’s focus is being relevant and realistic about the setting, product, and situation. Furthermore, having developed an optimal sales structure to over 100 countries and regions, we can rapidly collect feedback from the market and apply it to improving our processes and products, which enables us to surpass market needs with our product development and reliable supply throughout the entire value chain.

As a result of these measures throughout the entire value chain, our Group has been recognized for high-spec products and a large global market share based on unique technology. In 2020, we were chosen as one of the Ministry of Economy, Trade and Industry’s top 100 “Global Niche Top Companies” for our indispensable role in the global supply chain.

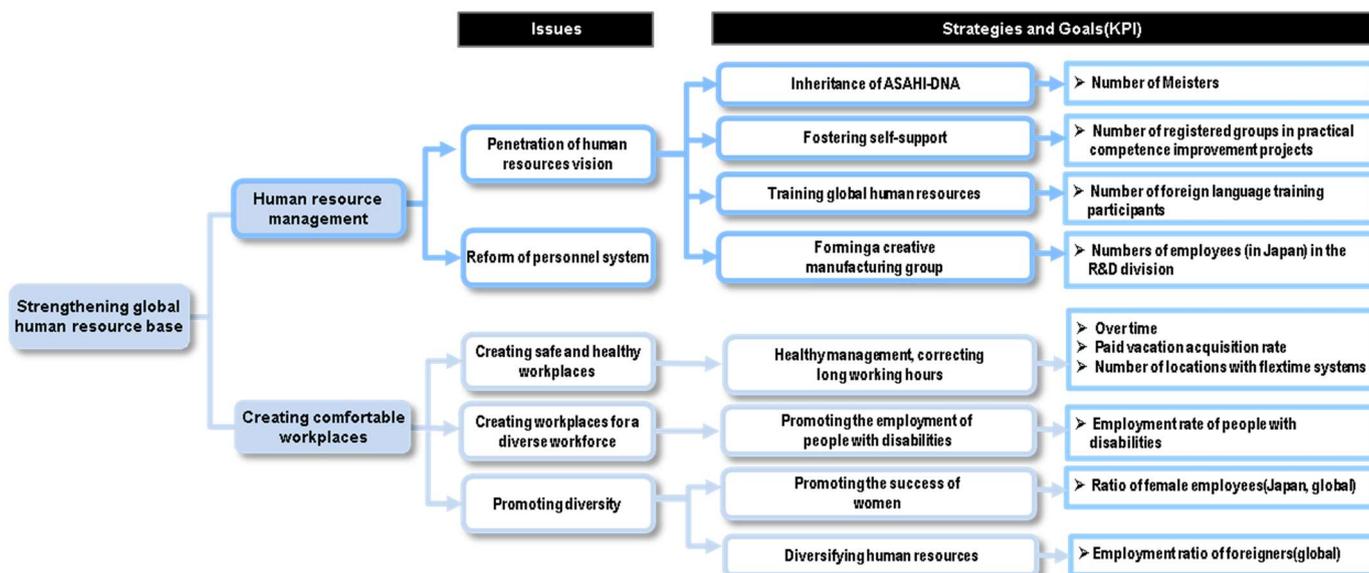
## 2. Key Sustainability Issues and Specific Measures

### Key Issue 5. Strengthening Global Human Resource Base

#### 5-1 Basic Thinking

In 2013, Asahi Intecc formulated the AI (Asahi Intecc) Human Resources Vision, and we have been promoting value penetration and human resource development through the basic principles of “Challenge,” “Practical Competence,” “Self-Support,” “Global Best,” and “Creative Manufacturing Group” which is our DNA.

In recent years, Asahi Intecc Group’s market has been expanding and developing on a global scale, and as international operations continue to develop, one pressing issue is “strengthening global human resources” based on the AI (Asahi Intecc) Human Resources Vision. To address this issue, we have established the issues and KPIs (strategies and indicators) as seen below from the perspectives of “human resource management” and “cultivating a fulfilling workplace,” with the aim to build a system that is suitable for a global company. In order to pursue further growth in the future, we will develop human resources that understand diversity and that are capable of viewing things from a wide range of perspectives, thereby enhancing an organizational capacity that is suitable for a global company.

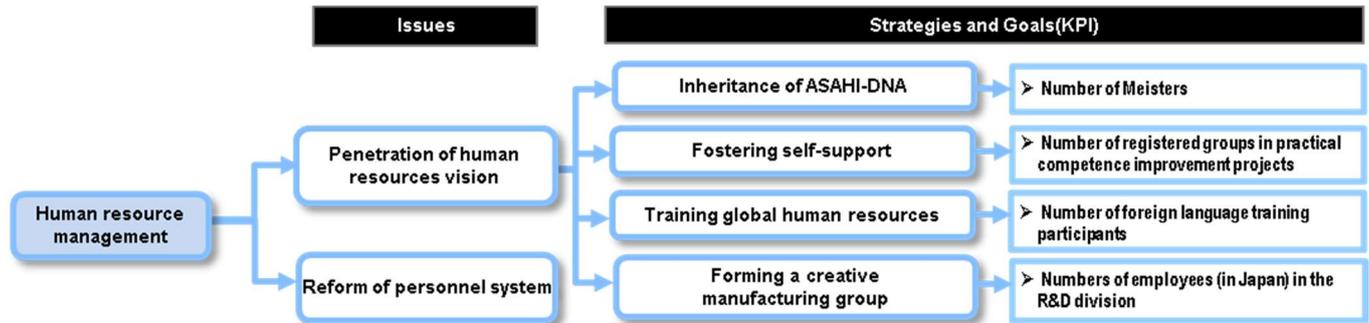


#### 5-2 Promotional Structure

To reinforce the initiative to strengthen our global human resources, we have placed global human resource functions in the Administrative Division which strengthens the support and cooperation of organizational development and human resources strategies (such as the establishment of various policies, recruitment, and human resource development), based on the penetration of Asahi Intecc’s DNA to Asahi Intecc Group’s companies and bases in Japan and abroad.

## 2. Key Sustainability Issues and Specific Measures

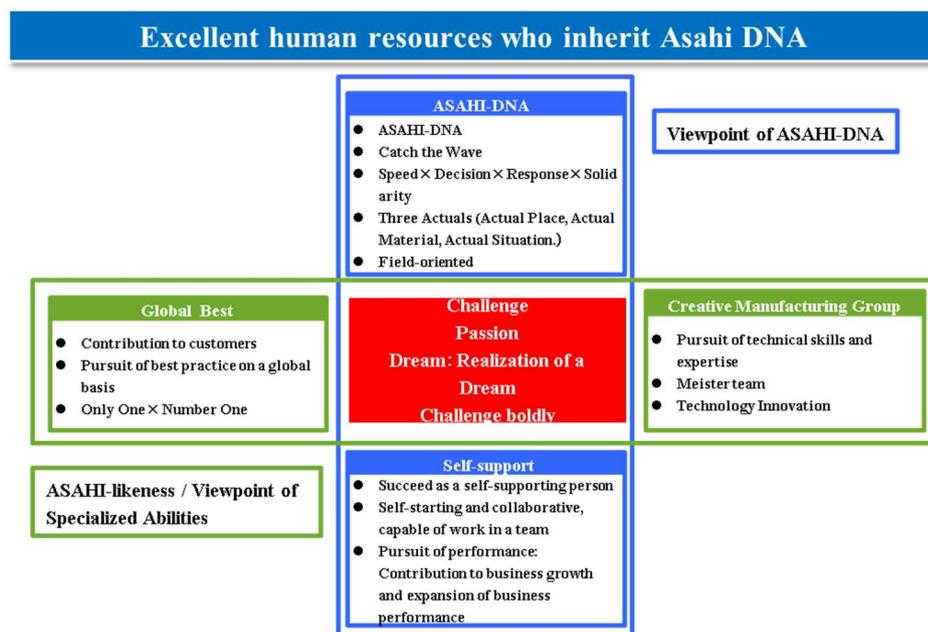
### 5-3 HR Management (Issues, Targets, Measures)



#### 1) Measures for HR Vision Penetration

##### ① Inheritance of ASAHI-DNA

Employees who have advanced core skills in manufacturing and production are designated as “Meisters,” and are responsible for improving skills and human resource development at each site. Meisters then train “apprentices” who eventually become Meisters themselves, ensuring the succession of skills. \*6 certified Meisters (as of the end of June 2020)



##### ② Fostering self-support

With the purpose of encouraging improvement and reform based on employees’ own initiatives, various sites around the world have organized their own “Practical Competence Improvement Projects,” and these small groups independently establish their own activities and work to meet these targets. In addition, we support these activities by annually awarding teams that achieve outstanding results.

When this project was launched in the Fiscal Year ended June 2011, there were 56 registered groups, but the project has gained steam since as shown by the fact that the number of registered groups has increased to 138 groups as of the Fiscal Year ended June 2019. In addition to result-oriented projects, such as newly implementing various methods and know-how in the development process or optimizing and improving the efficiency of inventory management through process improvements in overseas manufacturing departments, projects that are deemed to have a high potential to impact the future have also received many awards, and in recent years, there has been an increase in activities that apply technology to the vast amounts of data and documents found in the value chain process (product development, manufacturing, logistics, and management)

## 2. Key Sustainability Issues and Specific Measures

in order to automate aggregation and analysis, optimize work efficiency, and save time. Furthermore, one group at an overseas factory aimed to reduce the amount of food waste (leftovers) at its company cafeteria, showing that the range of topics covered in the Practical Competence Improvement Projects have expanded beyond improving operational efficiency and product quality to include new perspectives that consider environmental aspects.

### ③ Training global human resources

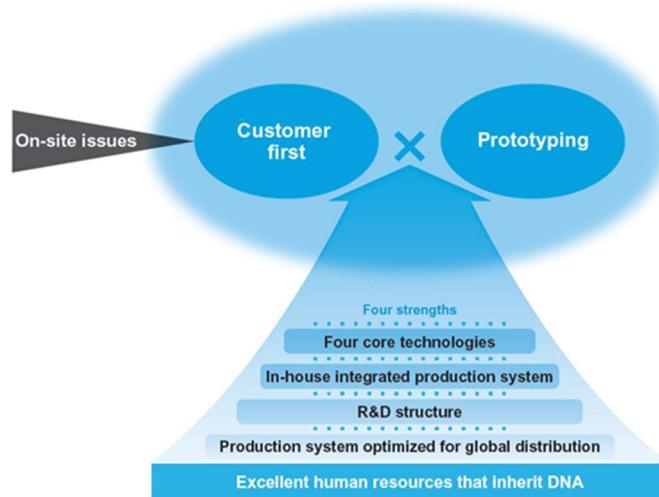
We aim to strengthen the global communication skills of those who wish to, or those who are scheduled to, be transferred overseas by providing language training. Moreover, we support smooth transitions by providing opportunities to attend on-site training in places such as Cebu, Philippines, for those scheduled to be transferred overseas about one month prior to their assignment. (10 participants in Fiscal Year ended June 2020)

### ④ Forming a creative manufacturing group

By promoting product development and manufacturing meetings with participation from all of management and the R&D division where employees can partake in free and easy discussions, we maximize the creativity and ideas of our employees and strengthen the human resources of the R&D division.

The ratio of employees in Asahi Intecc's development division has expanded to 47.3% (as of the Fiscal Year ended June 2020) globally, and we will further enhance our development capacity in order to realize the Mid-Term Management Plan "Asahi Road to 1000."

### Excellent Human Resources That Inherit DNA Create Innovations

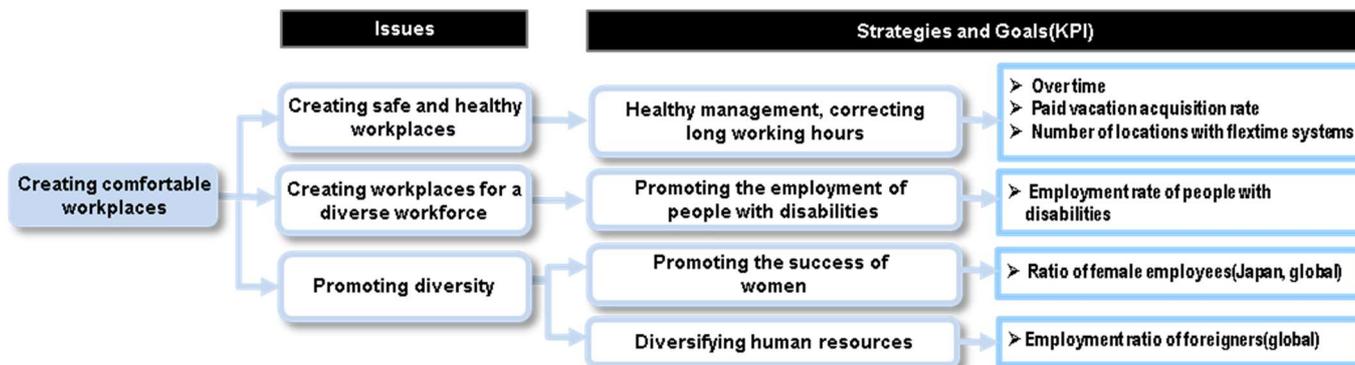


## 2) Personnel System Reform

We are planning to newly implement a global personnel evaluation system in order to promote the values of the AI (Asahi Intecc) Human Resources Vision regardless of nationality, location, or type of job, and our policy is to further promote "self-supporting human resources development" that aims to realize the "promotion of globalization," "development of technology innovation," and "improvement of practical competence."

## 2. Key Sustainability Issues and Specific Measures

### 5-4 Creating a Fulfilling Workplace



#### 1) Creating Safe and Healthy Workplaces (Health Management)

##### <Measures to Work-Life Balance>

As part of our efforts to achieve a better work-life balance, we are working to reduce overtime hours, increase the paid time off utilization rate, and create an environment that allows for flexible work styles.

- ① Overtime hours increased in FY 2018 as we had to respond to a sudden increase in demand. However, by promoting productivity improvement and operational efficiency, overtime hours since fiscal 2018 have turned to a decline and we will further strengthen these efforts.
- ② At the beginning of each fiscal year, each of our workplaces establishes an annual paid leave plan and we proactively support these plans to ensure that paid leave is taken.
- ③ Following implementation within Japan, we have expanded the flextime system to overseas locations such as the U.S. subsidiary (ASAHI INTECC USA, INC), the EU subsidiary (ASAHI INTECC EUROPE B.V.), and the Middle East branch. By continuing to create an environment that enables flexible work globally, Asahi Intecc will aim to improve its employees' work-life balance and motivation.

#### ■ Indicators and measures to reduce actual working hours

① Average monthly overtime (hours)		
FY 2017	FY 2018	FY 2019
22.0	28.0	23.5

Scope: Full-time employee in Japan  
(Asahi Intecc only)

② FY 2019 Rate of taking Paid Leave
66%

\* April 2019 - March 2020

Scope: Full-time employee in Japan  
(Asahi Intecc only)

③ Number of sites with flexible working hours
4

## 2. Key Sustainability Issues and Specific Measures

~ Other measures ~

To support employees that need cancer treatment, special work programs have been introduced.

System	Overview
Special paid leave for cancer	Specially granted paid leave for up to 60 days when long-term treatment is necessary
Work schedule for rehabilitation period	Allows people to work on an hourly basis for up to one month after treatment and before returning to work
Shorter hours for continued cancer treatment	Allows people to work on an hourly basis because of continued treatment

### 2) Creating Workplaces for a Diverse Workforce

#### ~ Promoting the Employment of People with Disabilities ~

From the perspective of disability welfare, we aim to fulfill our corporate social responsibility and expand our contribution to society. In the Fiscal Year ended June 2019, we made Ficus Co., Ltd., which is certified as a “Continuous Employment Assistance Type A\*\*” company, a wholly owned subsidiary, and by outsourcing a portion of Asahi Intecc Group’s operations we have worked to expand employment of people with disabilities, and the employment rate of people with disabilities stands at 2.27% (Fiscal Year ended June 2020), maintaining the legally mandated rate of 2.2%.

\*Continuous Employment Assistance Type A

Support services that conclude employment contracts, etc., to provide opportunities for employment and productive activities, as well as other training necessary for the improvement of knowledge and skills needed for employment to persons who are unable to be employed at ordinary businesses, but are capable of working under employment contracts.

### 3) Promoting Diversity

With the aim of increasing corporate value through the diversification of human resources, we are striving to create an environment in which capable human resources can fully realize their potential regardless of nationality, race, gender, age, or disability, and we proactively recruit female employees and promote their success. Moreover, with development on a global scale, we will proactively employ foreign nationals globally, which will lead to increased corporate value through the diversification of human resources.

Global	FYE June 2018	FYE June 2019	FYE June 2020
Ratio of female employees (%)	74.7	75.1	76.5
Ratio of foreign employees (%)	87.5	87.7	88.1

Scope: Asahi Intecc Group’s Japanese and overseas companies between Fiscal Year ended June 2018 and Fiscal Year ended June 2020

Asahi Intecc only	FYE June 2018	FYE June 2019	FYE June 2020
Ratio of female employees (%)	25.7	26.6	27.5

Between Fiscal Year ended June 2018 and Fiscal Year ended June 2020

## 2. Key Sustainability Issues and Specific Measures

### Key Issue 6. Strengthening Risk Management

#### 6-1 Strengthening Risk Management

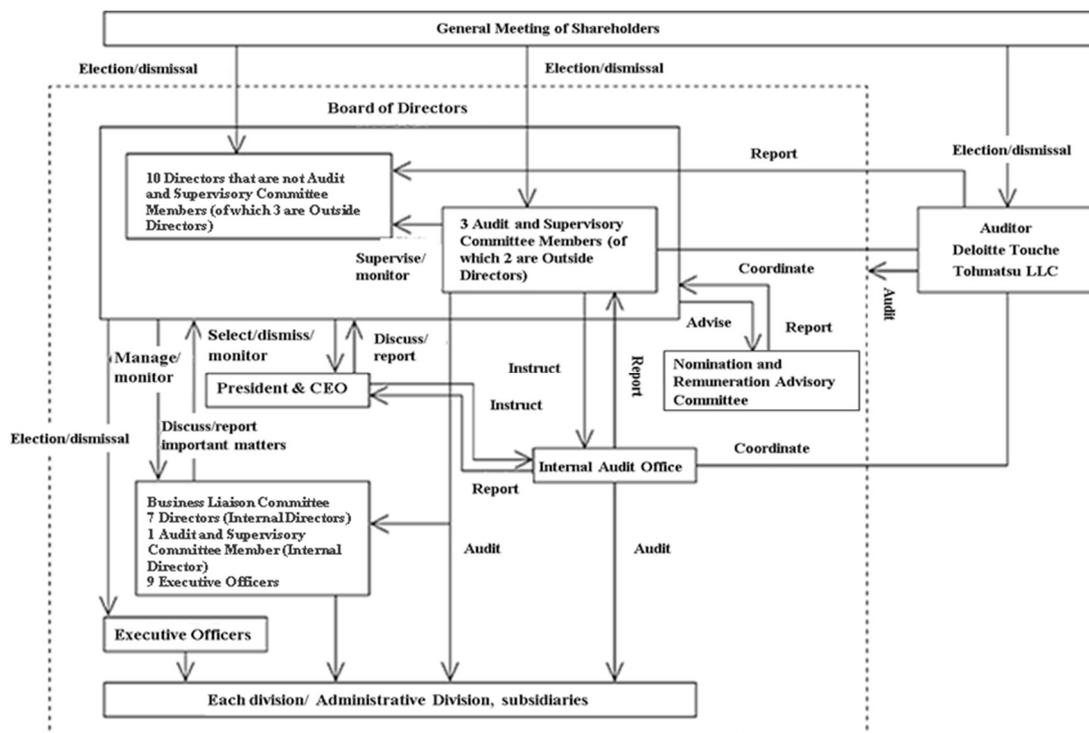
##### 1) Basic Policy

Asahi Intecc Group aims to supply the world with one-and-only technologies and number one products in the fields of medical devices and industrial components so that, based on safety and reliability, we meet every single one of our customers' needs and contribute to society as a whole. In order to ensure the continuation of operations based on safety and reliability, we have put global risk management policies and structures in place.

##### 2) Promotional Structure

Asahi Intecc's Board of Directors has established various rules and regulation such as crisis management rules and rules for managing related parties, etc., in order to prevent risks that could significantly impact our Group's operations and to manage losses that have occurred, and it has also established a risk management system that spans across the entire Group.

Regular risk management concerning Asahi Intecc Group's day-to-day operations are carried out appropriately within the scope granted to each department in accordance with the regulations on administrative authority. In addition, each department in the Administration Division verifies and confirms the risk management status of each division of our Group based on their expertise and knowledge of each business process. Each department is supposed to report any problems to the Board of Directors. Furthermore, in the event that Asahi Intecc Group is impacted by an unforeseen serious event such as a natural disaster, a disaster response headquarters headed by Asahi Intecc's CEO will be established in accordance with the crisis management rules, and the disaster response headquarters will oversee the crisis response and will prevent damage and its spread.



### 3) Risks Management Measures (FYE June 2020)

#### ① Countermeasures to Large-Scale Disasters

##### ■ Basic Thinking

Asahi Intecc aims to rapidly become an international company by developing and stably supplying products that consistently exceed the expectations and the needs of the market by establishing the highest levels of reliability and safety and by contributing to medical care around the world. For this reason, we believe that it is essential to establish a BCP so that in the event of a major disaster, we could provide on-site relief and support, while maintaining stable supply.

As such, from the perspectives of risk management and BCP, the entire Group aims to optimize production bases and is working to build a system enabling three different factories to manufacture the same products so that in the event of one or more factories ceasing operation due to local factors or otherwise, another factory can cover the majority of that production. We will also furnish our Japanese production bases (Asahi Intecc Co., Ltd.), which currently do not have mass production capabilities, with the equipment to cover production.

##### ■ Emergency Response Headquarters

In the event of a disaster, etc., the emergency response headquarters headed by the CEO shall be responsible for crisis management to ensure quick and appropriate responses. By establishing a centralized information communication system, etc., we will protect the safety of the employees and the local community while endeavoring to stably supply products.

##### ■ Expansion of Production Bases

As part of our BCP measures, production diversification is underway at the Thailand Factory, the Hanoi Factory, and the Cebu Factory.

In addition to moving forward with the production transfer from the Thailand Factory to the Hanoi Factory, production transfer is also underway from the Hanoi Factory to the Cebu Factory. Concerning the transfer, manufacturing facilities, equipment, and jigs designed and manufactured at the Thailand Factory and the Hanoi Factory will be introduced to the Cebu Factory, establishing a stable production line.

#### ② Information Security

##### ■ Basic Policy

In order to deal with the information security risks that are becoming increasingly serious day by day, in addition to complying with laws and regulations, guidelines, and other societal norms concerning information security, we have implemented information security measures necessary to protect Asahi Intecc's clients and business operation based on the perspectives outlined below.

##### ■ Information Security Risk Management System

Asahi Intecc has appointed a Chief Security Officer to promote an information security system, manage risks concerning information security, and ensure the organization-wide implementation of various measures and the entire company works towards information security.

##### ■ Initiatives to Strengthen Information Security

###### • Information security training

As part of information security training, Asahi Intecc provides group training when employees join the company and individual information security training opportunities to each department, with the purpose of fostering a sense of ethics and security awareness. Furthermore, Asahi Intecc aims to maintain and improve security awareness by regularly disseminating information about incidents that have occurred either inside and outside Asahi Intecc that could serve as lessons, as well as the latest trends in suspicious emails and viruses that are mainstream in the public domain. Going forward, in addition to enhancing the content of the information security training that Asahi Intecc has provided to date, we will also strengthen our ability to respond to incidents by conducting training that simulates incidents.

###### • Incident response

We are working on a series of measures that would be necessary for responding to incidents, such as how to receive information about an incident, provide support, and consider measures to prevent reoccurrence, in the face of incidents such as the leakage or loss of information. In order to minimize the spread of damage and secondary damage, Asahi Intecc continuously improves its incidence response capabilities by constantly reviewing the systems and procedures needed to enable quick and effective responses to incidences.

## 2. Key Sustainability Issues and Specific Measures

- **Confirmation of operational status**

**Internal audits are conducted regularly to ensure information security. We specifically emphasize audit results concerning the handling of personal and confidential information, and we have a system in place to follow up on the completion of improvement measures when improvement is deemed necessary. Moreover, Asahi Intecc is also trying a new approach to assessing its information security risks by requesting a third party to conduct a risk assessment on our information security operations so that we can gain an understanding of our company's information security risks from an objective perspective, enabling us to take measures that are more closely aligned with reality.**

## 2. Key Sustainability Issues and Specific Measures

### 6-2 Promoting Compliance

#### 1) Basic Thinking/Policy (Action Guidelines)

In order to realize sustainable contributions to society over the long run through the delivery of our one-and-only technologies and number one products, which are found in Asahi Intecc's mission, Asahi Intecc believes that it is essential to have the trust of society and all stakeholders including clients, business partners, development partners, employees, and shareholders, regarding compliance with laws and other rules. This is indicated in the Charter of Corporate Behavior: "Asahi Intecc shall comply with all laws and regulations, international rules, and the spirit of these rules, regardless of their origin, whether domestic or international, and shall act in a socially sensible manner."

#### 2) Promotional Structure

Under the supervision of the Director and General Manager of the Administrative Division, the Legal, General Affairs, and Human Resource Divisions are responsible for understanding the information contained in laws and regulations, considering the impact that these could have on business operations, reflecting this upon internal regulations, disclosure items, and operational procedures, and implementing company-wide awareness and education..

#### 3) Status of Systems/Frameworks (Fiscal Year Ended June 2020)

##### ① Compliance training

We provide training to new graduates and mid-career hires that are joining the company to ensure compliance with regulations on personal information, corporate secrets, and insider trading. We also provide training to business personnel on specific topics such as the basics of contracts, subcontracting laws, laws and regulations concerning sales, debt collection, and confidentiality agreements, etc. In addition, we provide group training to those involved in operations regarding specific topics that require special attention, such as EU competition laws and compensation rules for health care professionals.

##### ② Internal reporting system

The ASAHI Intecc Group Compliance Hotline has been established as a reporting mechanism to report violations of laws and regulations, the Articles of Incorporation, the Charter of Corporate Behavior, and other internal rules. In addition to the internal contact points for reporting and consultation, we have established an external contact point stationed by an attorney, and the name of the whistleblower shall not be disclosed to parties related to the company without the consent of the whistleblower. Based on the internal reporting regulations, the Compliance Committee, headed Director and General Manager of the Administrative Division, shall fairly investigate the contents of the reports without prejudice against the whistleblower, and if it is clear that an infraction has taken place, it will promptly implement corrective measures.

##### ③ Respect for human rights (1) Harassment /discrimination prevention

As harassment and discrimination are socially impermissible act of unjustly harming an individual's dignity, we are working to prevent them. Regarding harassment, our Directors and managers have received harassment training from external experts, all participants have submitted written pledges, and when discovered, it will be dealt with in accordance with the rules for disciplinary action. Furthermore, we have established a contact point in the Human Resources Division for all forms of harassment.

##### ④ Respect for human rights (2) Prevention of forced labor and child labor

"Asahi Intec Charter of Corporate Behavior" states that "In our international business activities, we shall comply with international rules, local laws and their spirit, respect the culture and customs of the country, and contribute to the development of the local community" and we are committed to business activities that take human rights into consideration, including the prevention of forced labor and child labor.

##### ⑤ Dealing with antisocial forces

Asahi Intecc's Charter of Corporate Behavior clearly states that compliance with laws and regulations are fundamental to our activities. In accordance with this Charter, Asahi Intecc's basic policy is not to have any relationship with antisocial forces that pose a threat to social order and safety, and all Directors and employees are informed of this through public awareness. As part of this policy, as a basic rule, all contracts with new business partners in Japan include an article regarding the elimination of antisocial forces, and memorandums of understanding on the elimination of antisocial forces are concluded with long-standing business partners. In addition, the general affairs group oversees the collection of information concerning measures against antisocial forces, and takes appropriate measures in a resolute manner by consulting with experts such as attorneys and police as needed.

## 2. Key Sustainability Issues and Specific Measures

### ⑥ Corruption prevention

While bribery is obviously prohibited, we also examine and confirm that this is the case to ensure that inappropriate payments are not made, such as payments to public or quasi-public servants based upon requests or contracts to obtain permission. In addition, Asahi Intecc has also obtained anti-bribery pledges from its overseas distributors.

### ⑦ Appropriate relations with healthcare professionals

We have established internal rules on payments to medical institutions, etc., that clarify standards in accordance with relevant laws and regulations, such as The Fair Competition Code Concerning Restriction on Premium Offers in the Medical Devices Industry and the National Public Service Ethics Code, and the Legal Division ensures compliance with these internal rules prior to all payments to healthcare professionals, etc. In addition, in accordance with Japan Federation of Medical Devices Associations' Transparency Guidelines for the Medical Device Industry and its Relationships with Medical Institutions and Other Organizations, we publicly disclose payments to healthcare professionals. In regards to overseas payments to medical professionals, etc., we follow industry rules such as MedTech Europe Code of Ethical Business Practice, Mecomed Code of Ethical Business Practice, ApacMed Code of Ethical Conduct for Interactions with Health Care Professionals, and AdvaMed Code of Ethics on Interactions with Health Care Professionals, and disclose payments in accordance with the United States' Physician Payments Sunshine Act and France's Bertrand Law.

### ⑧ Monitoring of domestic and overseas related companies

Asahi Intecc's Directors or employees are dispatched to subsidiaries as Directors to ensure compliance with laws, regulations, and other rules, and each subsidiary's Director reports monthly to Asahi Intecc's Director and General Manager of the Administrative Division concerning the existence and details of any violations of laws, regulations, or the Articles of Incorporation, or any other important matters concerning compliance. In addition, committees and the Internal Audit Office systematically conduct audits of subsidiaries.

### ⑨ Freedom of organization and association

We respect the rights of our employees, and have established "Employee Work Regulations" based on the Labor Standards Law and the Industrial Safety and Health Law to create a comfortable workplace and promote a work-life balance.

## 2. Key Sustainability Issues and Specific Measures

### Reference: Major Risks

The following is a wide range of risks, including risks that could impact investor decisions. Forward-looking statements in the text are based on the judgements made by Asahi Intecc Group as of this Fiscal Year (ended June 2020).

- |   |  |
|---|--|
| <p>① <b>Medical Field</b><br/>(Legal regulations)<br/>(Health care reforms)<br/>(Quality control system)<br/>(Dependence on specific products)<br/>(Response to technological innovation)</p>   | <p>→Key Issue 4. Supplying Safe and Secure Products<br/>→Key Issue 4. Supplying Safe and Secure Products<br/>→Key Issue 4. Supplying Safe and Secure Products<br/>→Key Issue 1. On-Site Problem-Solving Through Innovation<br/>→Key Issue 1. On-Site Problem-Solving Through Innovation</p>  |
| <p>② <b>Industrial Field</b><br/>(Customer specification)<br/>(Competitive landscape)</p>   | <p>→Key Issue 1. On-Site Problem-Solving Through Innovation</p>  |
| <p>③ <b>Common Issues in Each Field</b><br/>(Overseas business development)<br/>(Dependence on overseas production)<br/>(Price increase in raw materials)<br/>(Intellectual property rights)<br/>(Natural disasters and large-scale disasters)</p>  | <p>→Key Issue 6. Strengthening Risk Management<br/>→Key Issue 3. Supply Chain Management<br/>→Key Issue 3. Supply Chain Management<br/>→Key Issue 1. On-Site Problem-Solving Through Innovation<br/>→Key Issue 6. Strengthening Risk Management</p>  |
| <p>④ <b>Company-wide matters</b><br/>(Foreign exchange risks)<br/>(Equity risks)<br/>(Acquisition risks)</p> <p>(Information security)</p> <p>(Industrial safety and product safety risks)<br/>(Securing global human resources)<br/>(Human rights risks)<br/>(Corruption prevention)</p> | <p>→Key Issue 7. Strengthening Corporate Governance<br/>→Key Issue 7. Strengthening Corporate Governance</p> <p>→Key Issue 6. Strengthening Risk Management</p> <p>→Key Issue 4. Supplying Safe and Secure Products<br/>→Key Issue 5. Strengthening Global Human Resources<br/>→Key Issue 3. Supply Chain Management<br/>→Key Issue 3. Supply Chain Management</p> |

## 2. Key Sustainability Issues and Specific Measures

### Key Issue 7. Strengthening Corporate Governance

#### 7-1 Basic Policy

In order to achieve continuous stable growth and increase corporate value, Asahi Intecc believes that it is necessary to speed up decision-making and increase the transparency of its management. In this regard, management has placed the enhancement of corporate governance as a priority issue, and is working to improve corporate governance by focusing on the development of internal control systems, complying with laws, regulations, and the Articles of Incorporation, strengthening risk management, ensuring the timely and fair disclosure of information, and enhancing the executive officer system.

#### 7-2 Promotional Structure

Asahi Intecc has adopted a system of company with an audit and supervisory committee, and in addition to further strengthening its corporate governance starting with the enhancement of the supervisory and monitoring functions of the Board of Directors and Members of the Board, it also aims to increase corporate value over the medium to long term through these efforts. By appointing a number of Outside Directors to the Board of Directors and granting voting rights at the Board of Directors' meetings to Directors that are Audit and Supervisory Committee Members including multiple Outside Directors, we have determined that supervisory and monitoring functions have been strengthened, that this will further enhance and strengthen the corporate governance structure, and that it will contribute to the improvement of Asahi Intecc's corporate value.

Asahi Intecc's Board of Directors consists of 10 Directors (excluding Directors who are Audit and Supervisory Committee Members) and 3 Directors who are Audit and Supervisory Committee Members, and of the 13 Directors, 5 Directors (38.5% of the total Directors) are Outside Directors who are considered Independent Directors that have no conflict of interests with general shareholders as required by the Tokyo Stock Exchange.

#### Board of Directors

Asahi Intecc's Board of Directors consists of total of 13 Members, including 10 Directors excluding Director who is an Audit and Supervisory Committee Member (3 of whom are Outside Directors and 1 is a female Director) and 3 Directors who are Audit and Supervisory Committee Members (2 of whom are Outside Directors).

The Board of Directors has the function of deliberating and deciding on important matters such as management policies and supervising the execution of operations, with emphasis on speediness, efficiency and transparency in management. The Board of Directors meetings are held once a month as a regular meeting and extraordinary meetings are held flexibly as necessary.

#### Audit and Supervisory Committee

Our company has an Audit and Supervisory Committee as it is a company with an Audit and Supervisory Committee.

The Audit and Supervisory Committee consists of three Audit and Supervisory Committee Members, including two outside directors, which audits the legality and appropriateness of decision-making by directors regarding the execution of their duties, the establishment and operation of internal control systems, and the methods and results of audits by accounting auditors, and evaluates and decides whether or not to appoint or dismiss accounting auditors. In preparation for the case that the legally required number of Audit and Supervisory Committee Members becomes vacant, a substitute Audit and Supervisory Committee Member has been appointed in advance at the 44th Annual General Meeting of Shareholders held on September 29, 2020.

#### Nomination and Remuneration Advisory Committee

Our company has a Nomination and Remuneration Advisory Committee.

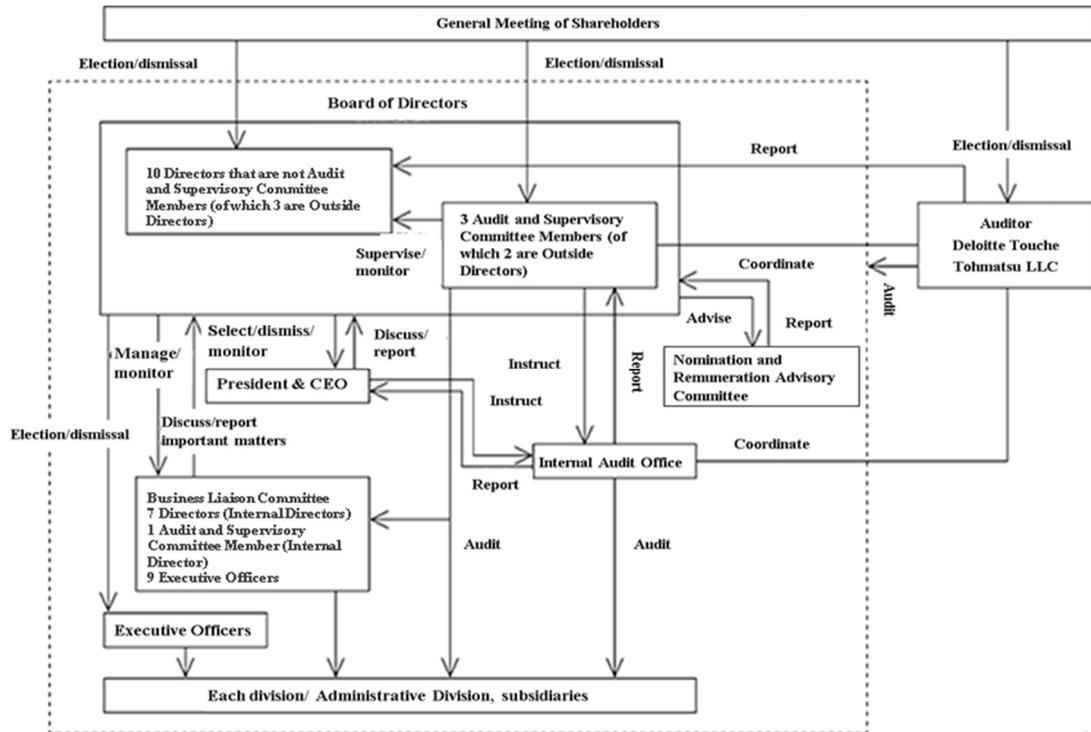
The structure of the Nomination and Remuneration Advisory Committee shall be composed of three or more Members who are Directors selected through resolution by the Board of Directors and the majority of the Members shall be selected from among independent Outside Directors, and such independent Outside Directors shall include at least one Director or more who is an Audit and Supervisory Committee Member. The Nomination and Remuneration Advisory Committee deliberates on the composition of the Board of Directors, policies and standards for the selection and dismissal of directors, and basic policies and compensation amounts for directors (excluding directors who are Audit and Supervisory Committee Members) in response to the Board of Directors' consultation, and reports the results of its deliberations to the Board of Directors.

#### Business Liaison Committee

Our company has introduced an executive officer system to clarify responsibilities for business execution and speed up the decision-making process.

The Business Liaison Committee, which consists of Managing Directors, Director who is an Audit and Supervisory Committee Member, and executive officers, holds monthly meeting in order to deliberate on important matters related to business operations, report on execution results, and share information across the company.

## 2. Key Sustainability Issues and Specific Measures



## 2. Key Sustainability Issues and Specific Measures

Chart Composition and Attendance Rate of Board of Directors Meetings and Each Committee

Position	Name	Attendance rate of Board of Directors meeting	Audit and Supervisory Committee	Attendance rate of Audit and Supervisory Committee meeting	Nomination and Remuneration Advisory Committee	Attendance rate of Nomination and Remuneration Advisory Committee meeting (2019-2020)
President & CEO	Masahiko Miyata	13/13			○	3/3
Executive Vice President and COO	Kenji Miyata	13/13			○	3/3
Executive Director	Tadakazu Kato	13/13				
Director	Yoshinori Terai	13/13				
Director	Munehika Matsumoto	13/13				
Director	Mizuho Ito	13/13				
Director	Makoto Nishiuchi	13/13				
Outside Director ★	Kiyomichi Ito	12/13				
Outside Director ★	Akinori Shibasaki	12/13			○	3/3
Outside Director ★	Masami Sato	13/13				
Director (Audit and Supervisory Committee Member)	Hiroshi Ota	13/13	○	15/15		
Outside Director ★ (Audit and Supervisory Committee Member)	Ryuji Tomida	13/13	○	15/15	○	3/3
Outside Director ★ (Audit and Supervisory Committee Member)	Yasunari Hanano	13/13	○	15/15	○	3/3

★Outside Director

### 7-3 Measures to Strengthen Corporate Governance

#### 1) Election of Directors

In accordance with Asahi Intecc's rules and regulations, the election of Directors shall be determined at the General Meeting of Shareholders upon the nomination of candidates by the Board of Directors. The nomination of Directors shall be based on their performance in their respective areas of responsibility, their expertise and insight into corporate management, and their specializations. In accordance with Asahi Intecc's rules and regulations, the election or dismissal of Executive Directors and Directors shall be decided at Board of Directors' meetings.

Furthermore, in the unlikely event that the dismissal of a Director is objectively deemed appropriate, such as due to the violation of laws, regulations, and the Articles of Incorporation, etc., or due to the significant damaging of the Asahi Intecc's corporate value, the matter shall be sufficiently deliberated at a Board of Director's meeting with Independent Outside Directors in attendance, and will then be proposed to the General Meeting of Shareholders, where the matter shall be settled.

For each Director's candidacy, career summary, and reasons for nomination, please see the Notice of Convocation of the 43rd Annual General Meeting of Shareholders.

[Notice of Convocation of the 43rd Annual General Meeting of Shareholders] <http://asahi.irbridge.com/ja/stock/meeting.html>

## 2. Key Sustainability Issues and Specific Measures

<http://asahi.irbridge.com/en/stock/meeting.html>

### 2) Evaluating the Effectiveness of the Board of Directors

Asahi Intecc believes that the Board of Directors as a whole has been effective because its Directors, who have diverse experience and knowledge, examine each proposal from a variety of perspectives, and because the structure ensures that matters pointed out by Outside Directors, which includes Audit and Supervisory Committee Members, are reflected upon resolution. In terms of analyzing and evaluating the effectiveness of Board of Directors' meetings, from the perspective of improving the functions of Board of Directors, the operations and proceedings of the Board of Directors are discussed when necessary at Board of Directors' meetings and between Directors, and improvements are made to the operations, etc., of the Board of Directors and other matters as appropriate. As a result, Asahi Intecc has confirmed that the Board of Directors is effective in its current form and operations.

### 3) Director Remuneration

The Remuneration Advisory Committee was established as a voluntary advisory body of the Board of Directors, as resolved at the Board of Directors' meeting held on September 27, 2019. Furthermore, at the Board of Directors' meeting held on June 11, 2020, this Committee's functions were expanded as the Nomination and Remuneration Advisory Committee to include the deliberation on the nomination of Directors. As for the basic policies and amount of remuneration concerning the remuneration etc., of Directors (excluding Directors who are Audit and Supervisory Committee Members), after October 2019, the Remuneration Advisory Committee (the Nomination and Remuneration Advisory Committee from June 11, 2020, and thereafter) will conduct deliberation in response to requests from the Board of Directors, and will report the results of the decision to the Board of Directors. The structure of the Nomination and Remuneration Advisory Committee shall be composed of three or more members who are Directors selected through resolution by the Board of Directors and the majority of the members shall be selected from among independent Outside Directors, and such independent Outside Directors shall include at least one Director or more who is an Audit and Supervisory Committee Member.

The remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be determined by the Board of Directors so that the total amounts of fixed remuneration, long-term performance-linked remuneration, and short-term performance-linked remuneration portions fall within the total amount of remuneration determined by a General Meeting of Shareholders resolution.

The performance-linked remuneration portion consists of a long-term performance-linked portion (purchase of Asahi Intecc's shares), with the purpose of purchasing Asahi Intecc's shares through a shareholders' committee comprised of Directors, and a short-term performance-linked portion (Director bonuses).

As for the fixed remuneration and the long-term performance-linked remuneration (purchase of Asahi Intecc's shares) portions, the total amount is determined by resolutions by the Board of Directors upon considering factors such as position, job description, period of service, and the status of Asahi Group, etc., while individual remuneration is entrusted to the President & CEO by the Board of Directors. The short-term performance-linked (Director bonuses) portion is a bonus paid to all employees and Directors (excluding Directors who are Audit and Supervisory Committee Members) of Asahi Intecc Group, provided that the consolidated performance of Asahi Intecc is expected to significantly exceed the sales and profit plans disclosed to the public, and the total amount is determined by resolution of the Board of Directors upon considering factors such as position, job description, period of service, etc., in view of the comprehensive situation of Asahi Intecc's status, including dividend policies towards shareholders and the internal retention of earnings for future use, etc., while individual remuneration is entrusted to the President & CEO by the Board of Directors.

Decisions on the remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) above, are determined in accordance with the basic policy reported by the Remuneration Advisory Committee (the Nomination and Remuneration Advisory Committee from June 11, 2020, and thereafter) in response to a request from the Board of Directors

Remuneration for Directors who are Audit and Supervisory Committee Members shall be decided through negotiations by Directors who are Audit and Supervisory Committee Members, and it shall fall within the total amount of remuneration determined by a General Meeting of Shareholders resolution.

At the 40th Annual General Meeting of Shareholders held on September 28, 2016, the total annual amount of Director remuneration was determined to be a maximum of ¥1,000 million (including not more than ¥100 million for Outside Directors) for Directors (excluding Directors who are Audit and Supervisory Committee Members), and a maximum of ¥40 million for Directors who are Audit and Supervisory Committee Members, and each Director's remuneration shall fall within these limits.

## 2. Key Sustainability Issues and Specific Measures

### ■ Director remuneration

① Total amount of remuneration, etc., by type of Director, total amount of remuneration, etc., by type of remuneration, and number of eligible Directors

Type of Director	Total amount of remuneration, etc. (thousand yen)	Total amount of remuneration, etc., by type of remuneration (thousand yen)			Number of eligible Directors (people)
		Fixed remuneration	Performance-linked remuneration	Stock options	
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	422,130	385,161	36,969	-	8
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	15,249	13,902	1,347	-	1
Outside Directors	39,540	36,051	3,489	-	5
<b>Total</b>	<b>476,919</b>	<b>435,114</b>	<b>41,805</b>	<b>-</b>	<b>14</b>

② Total amount, etc., of consolidated remuneration, etc., for each Director

Name	Total amount of consolidated remuneration, etc. (thousand yen)	Type of Director	Type of company	Amount of consolidated remuneration, etc., by type (thousand yen)		
				Fixed remuneration	Performance-linked remuneration	Stock options
Masahiko Miyata	104,610	President & CEO	Submitting company	95,520	9,090	-

(Note) The information is limited to those with a total amount of consolidated remuneration of 100 million yen or more.

③ There are no significant items in the employee salaries for Directors who serve concurrently as employees.

## 2. Key Sustainability Issues and Specific Measures

### 4) Director Training (Inside and Outside Directors)

At Asahi Intecc, if there are important legal amendments or systemic changes, etc., necessary for Directors (excluding Directors who are Audit and Supervisory Committee Members) to execute their duties, the relevant departments will provide them with appropriate information while opportunities to attend external seminars will also be provided at the expense of Asahi Intecc. Directors who are Audit and Supervisory Committee Members endeavor to acquire knowledge continuously by becoming members of the Japan Audit & Supervisory Board Members Association, etc.

In addition, at meetings, etc., where all Directors are present, training and discussions take place on Asahi Intecc's management, human resource system, compliance, ESG, and insider training policies, etc.

### 5) Successor Training (Succession Plan)

Concerning matters related to the succession plan, the Nomination and Remuneration Advisory Committee deliberates on the appropriateness of the plan and periodically reviews candidates, etc., and reports the deliberation results to the Board of Directors and submits opinions when necessary.

### 6) Governance of Asahi Intecc Group

Asahi Intecc Group is composed of Asahi Intecc, five domestic subsidiaries (three consolidated subsidiaries and two non-consolidated subsidiaries), and ten overseas subsidiaries (all consolidated subsidiaries).

In accordance with Asahi Intecc's and its subsidiaries' regulations on administrative authority and rules for managing related parties, each subsidiary is required to, depending on the content, receive Asahi Intecc's approval or report on matters including matters related to management policies and management strategies, budgets, business performance, important decisions, litigations, and other necessary matters, etc. In addition, Asahi Intecc promotes an integrated approach to risk management and compliance management by dispatching Asahi Intecc's Directors or employees to subsidiaries as Directors, to ensure compliance with laws, regulations, and other rules, and each subsidiary's Director reports monthly to Asahi Intecc's Director and General Manager of the Administrative Division concerning the existence and details of any violations of laws, regulations, or the Articles of Incorporation, or any other important matters concerning compliance, and further, important matters discussed at the subsidiaries' board of directors' meetings are reported monthly to Asahi Intecc's Board of Directors.

### 8. Asahi Intecc's Social Contribution to Improve the Quality of Life of People Around the World

#### 8-1 Thinking on Social Contribution

Asahi Intecc believes that sustainability involves building relationships of trust with our stakeholders, applying our value creation process (a virtuous cycle of promoting businesses and strengthening foundations) to fulfill our mission, in order to establish the *Asahi Brand*.

Asahi Intecc believes that both local and global communities are valuable stakeholders. As a member of society, we will build relationships of trust with our stakeholders by supporting the development of local communities and society at all times.

#### 8-2 Contributing to Society Through Sports

Asahi Intecc leverages the strength of its technologies to promote initiatives that contribute to society at large, such as with sports to improve the quality of life of people and revitalize communities. Furthermore, by supporting athletes that perform on the world stage, we also invigorate our organizational climate.

#### ■ Concluded Affiliation Agreement and Sponsorship Agreement with Professional Golfers

As part of our CSR activities, we engage in sponsorships to support athletes.

In March 2017, we concluded a sponsorship agreement with Mayu Hattori from Nagoya and in March 2018, concluded an agreement as an athlete affiliated with Asahi Intecc. In April 2017, we concluded a sponsorship agreement with Hiromu Ono, a promising local professional, who became a professional with a second-place finish in 2016. In addition, in March 2020, we concluded an agreement with Kazuya Osawa as an athlete affiliated with Asahi Intecc.

Asahi Intecc's wire is used in the shoes worn by these athletes. Asahi Intecc leverages its strengths, and this is one aspect of our CSR activities which aim to revitalize the community by supporting local athletes from Nagoya. We hope to contribute to the community by supporting these athletes.



Mayu Hattori



Hiromu Ono



Kazuya Osawa

## 2. Key Sustainability Issues and Specific Measures

### ■ Partnership Agreement with NGU Loveledge Nagoya / Japan Women’s Football League

In March 2020, we concluded a partnership agreement with the women’s soccer team in Nagoya City “NGU Loveledge Nagoya”, which belongs to the Japan Women’s Football League (Nadeshiko League) to support their activities. We also hire two team members as our employees to support their activities as a player.

The team of NGU Loveledge Nagoya was established as Nagoya Grampus Junior Ladies in 1995, the name was changed to Nagoya FC Ladies in 1998, and then promoted from the Aichi Prefecture League to the Tokai League in 2004. In 2012, the name was changed to the current NGU Love ledge Nagoya, in 2014, it was promoted to the Japan Women’s Soccer League (Nadeshiko League) Third Challenge League and is aiming for further higher ranks.



Team emblem



Minami Oi



Momo Miura

### ■ Sponsorship Agreement with Japanese National Team DF Maya Yoshida

On June 1, 2018, we signed an agreement with professional soccer player Maya Yoshida of Southampton FC of the Premier League\* to utilize him as a character for advertisements.

By featuring this world-renowned player who also plays on the Japanese national team as a defender in our advertisements, Asahi Intecc hopes to spread its philosophy of minimally invasive treatments from Japan to the world, increasing the number of people who have the opportunity to understand this philosophy.

We also believe that Mr. Yoshida, as a player that has thrived in the world, not only gets people excited, but also serves to encourages others. Mr. Yoshida spent his junior high and high school years in and around Toyota City, Aichi Prefecture, and after a time in the Nagoya Grampus Junior Youth team, joined the Nagoya Grampus until 2009, so he has a deep connection with Aichi Prefecture where Asahi Intecc is located. Please stay tuned as we will be communicating our philosophy and corporate information through Mr. Yoshida in the future.



Maya Yoshida

Contract summary: Maya Yoshida’s appearance in Asahi Intecc’s corporate and product advertisements

Contact period: June 1, 2018 to June 30, 2022 (4 years)

Contracted to: Universal Music Artists LLC

\* At the time of signing the contract, Mr. Yoshida belonged to Southampton FC, but in January 2020 he transferred to Italy Serie A/UC Sampdoria.

## 2. Key Sustainability Issues and Specific Measures

### 8-3 Contributing to Local Communities

- **Donation of masks and gowns to the Japanese Association of Cardiovascular Intervention and Therapeutics**  
In June 2020, Asahi Intecc responded to mask shortages and other items at medical facilities caused by the spread of the novel coronavirus disease (COVID-19) by donating 3,000 KN95 masks and 5,500 gowns to the Japanese Association of Cardiovascular Intervention and Therapeutics, in an effort to provide as much support as possible.

The Japanese Association of Cardiovascular Intervention and Therapeutics plans to distribute the masks and gowns to various medical institutions.



- **Donation of emergency vehicles to the Japanese Red Cross Society Blood Center**  
Asahi Intecc has donated one emergency vehicle to the Japanese Red Cross Tokai-Hokuriku Block Blood Center for transporting blood for transfusion. The vehicle will be used to transport blood for transfusion to medical institutions throughout Aichi Prefecture.

At the presentation ceremony held at Asahi Intecc's Global Headquarters on July 14, 2020, we received a letter of appreciation from Mr. Kinoshita, Director of the Japanese Red Cross Blood Center in Aichi Prefecture.

We will continue to make contributions to the local community and medical professions to the best of our ability.

