

Sustainability Report 2021

Asahi Intecc Group Sustainability Report 2021

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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.

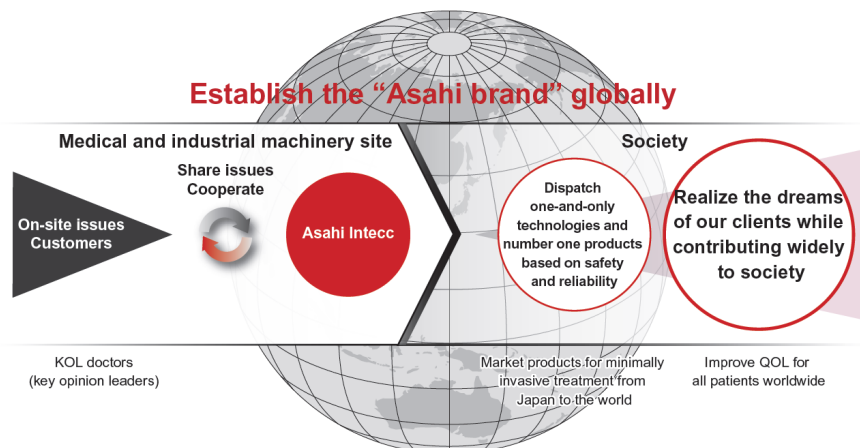
In the medical devices field, we develop, manufacture, and sell minimally invasive treatment products that reduce pain by minimizing the size of wounds, which improves the quality of life (QOL) of patients and enables them to leave the hospital earlier, to thereby contribute to solving social issues in relation to people's health and medical care.

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.

With recent progress of industrial and economic globalization, proactive engagement of companies to solve global social issues such as the SDGs (sustainable development goals) is required. As an R&D company, we and our group companies will continue to contribute to the world's medical and industrial fields by honing Asahi Intecc's unique technological expertise, and also strive to strengthen our management base from the perspective of ESG.

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

Providing worldwide solutions to worldwide problems through "Asahi Technology"-driven innovation:
Capturing next-generation market needs in the medical and industrial fields
by collaborating with professionals around the globe.

Aim to become a leading niche company with a strong global presence through unique technologies

■ 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

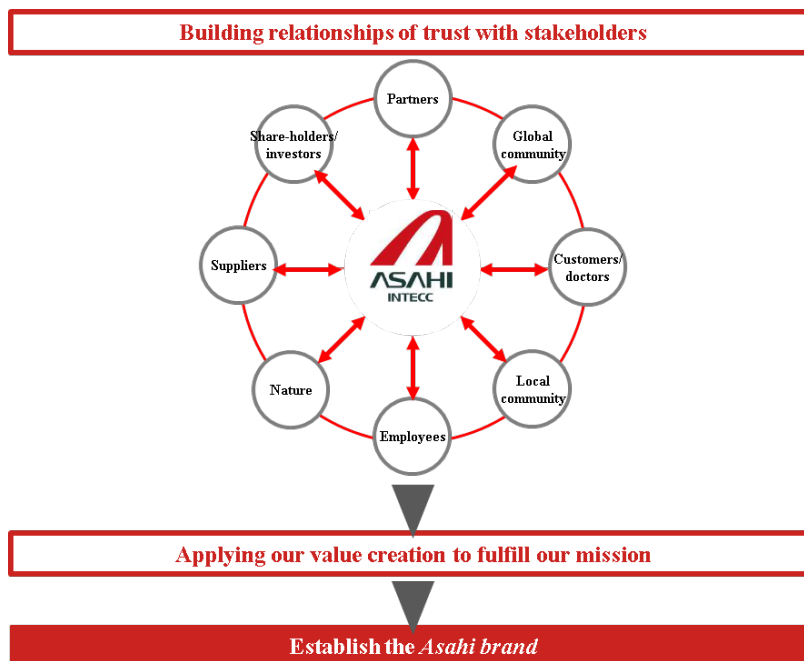
● Our Relationship/Responsibility

- 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 Sustainability



■ Asahi Intecc's Value Creation Process

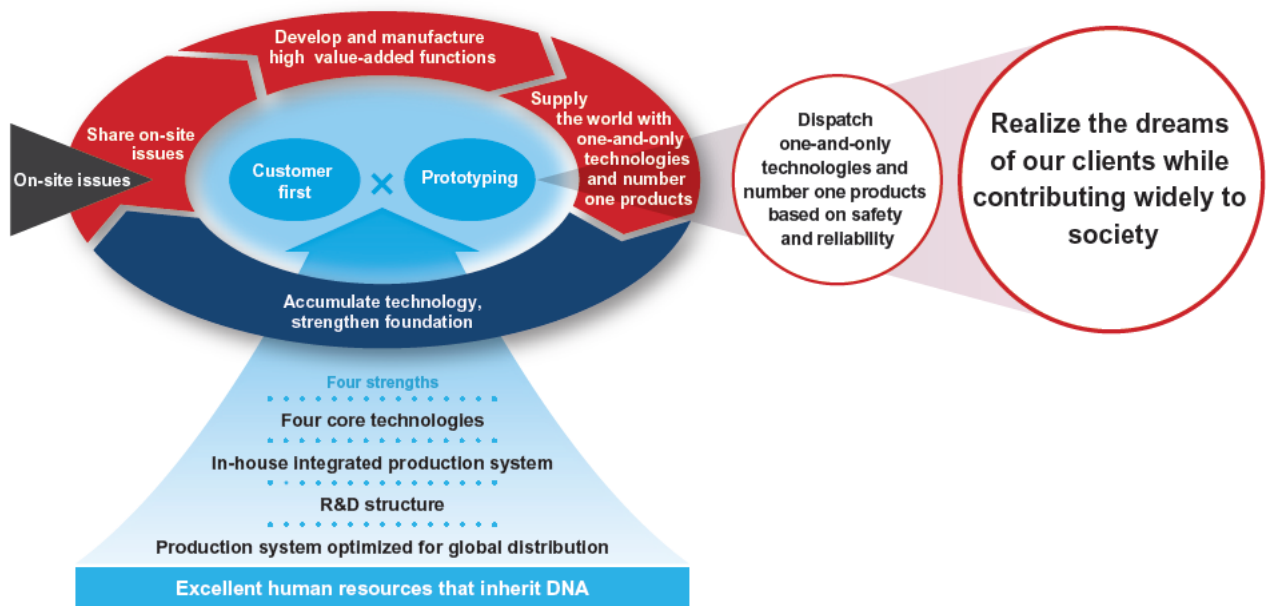
The main source of Asahi Intecc's competitiveness comes from our four strengths of (1) technological expertise based on our four core technologies, (2) integrated production system, (3) R&D Structure, and (4) production system optimized for global distribution, which are underpinned by *our excellent 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 (endovascular catheterization) for CTO lesions has become mainstream in Japan, and this trend is now spreading throughout the world.



■ 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, with a rise in the number of large-scale natural disasters and risk events such as pandemic, 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

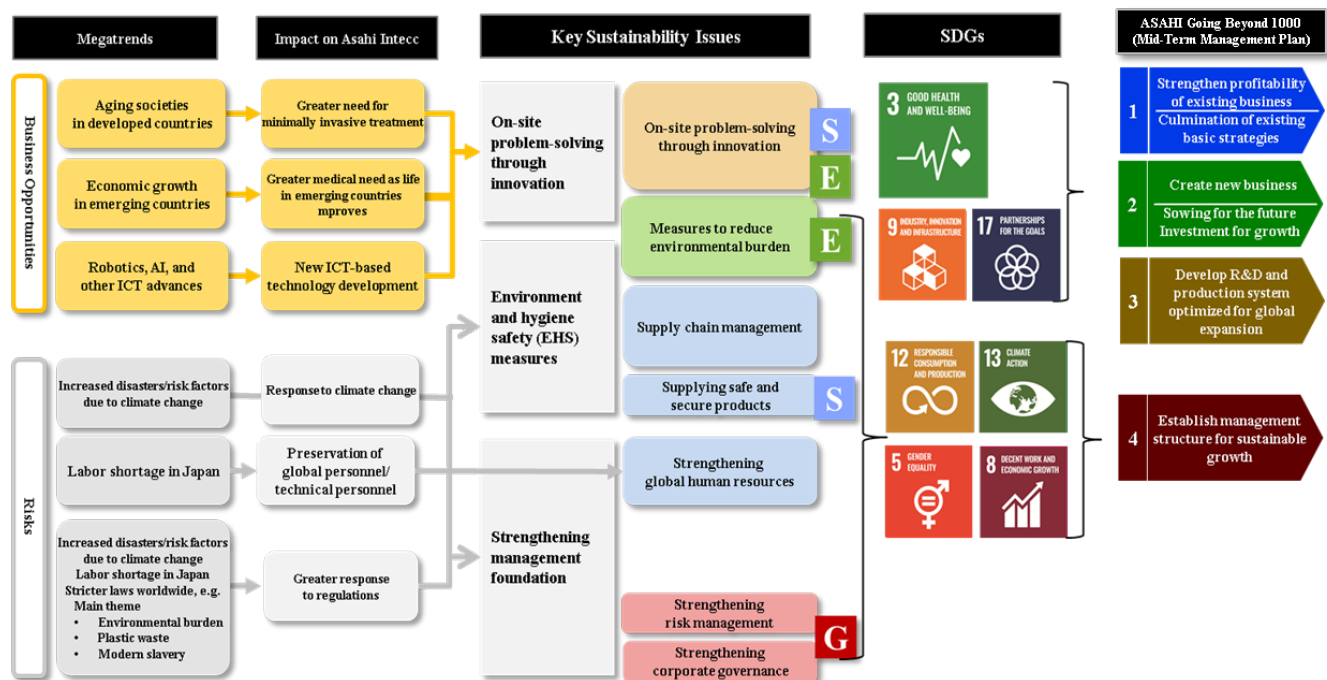
Key Issue 5. Strengthening Global Human Resources

Key Issue 6. Strengthening Risk Management

Key Issue 7. Strengthening Corporate Governance

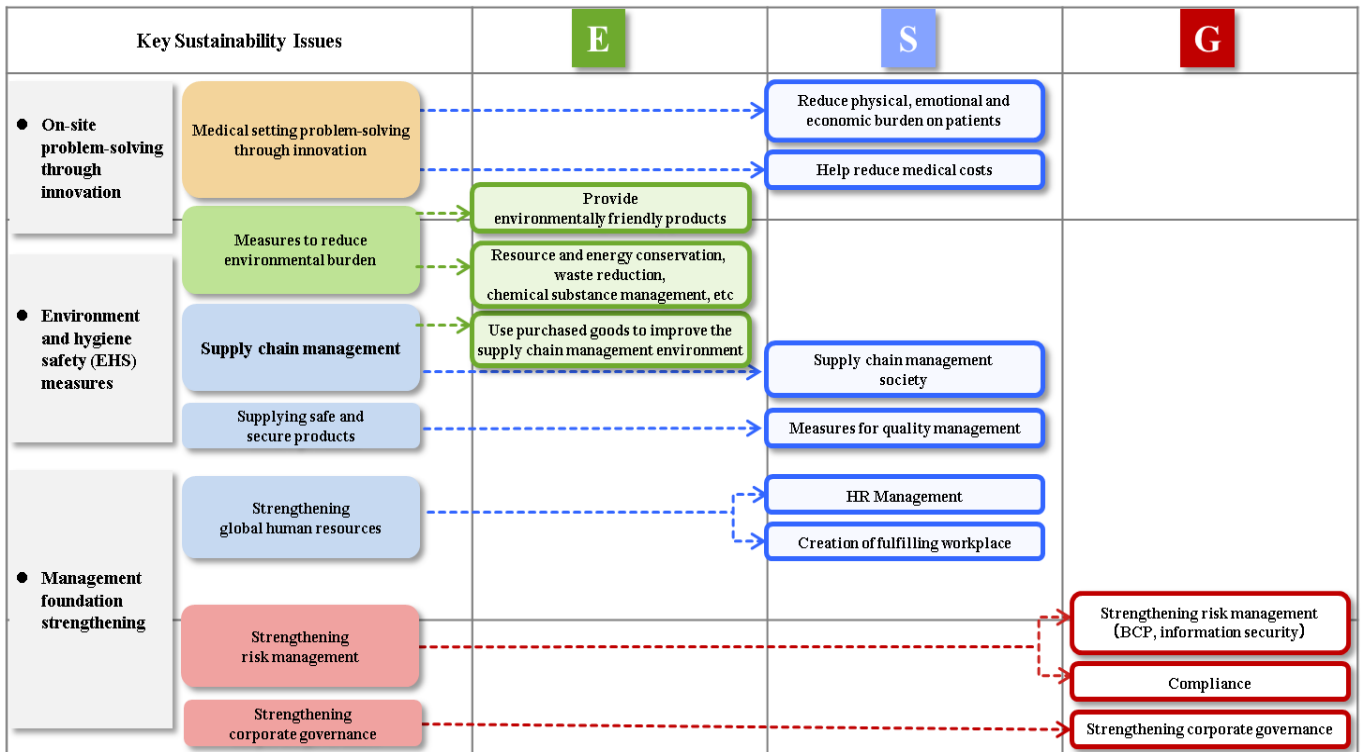
As the importance of sustainability increases worldwide, the megatrends that may affect our business are constantly changing, and we will review Kei Issues accordingly.

*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 in ESG

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

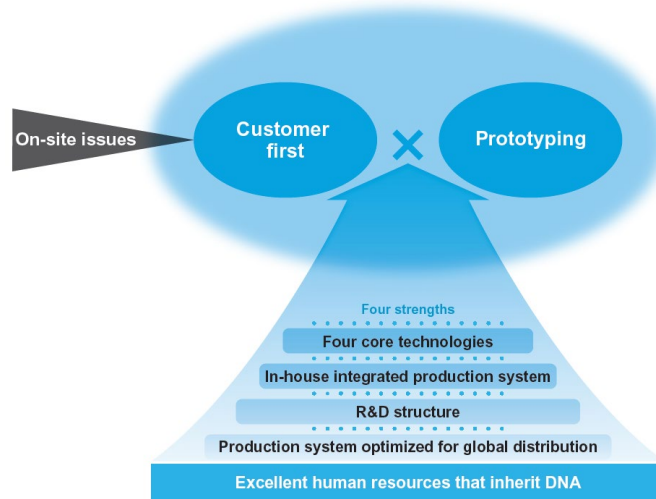


Key Issue 1. On-Site Problem-Solving Through Innovation

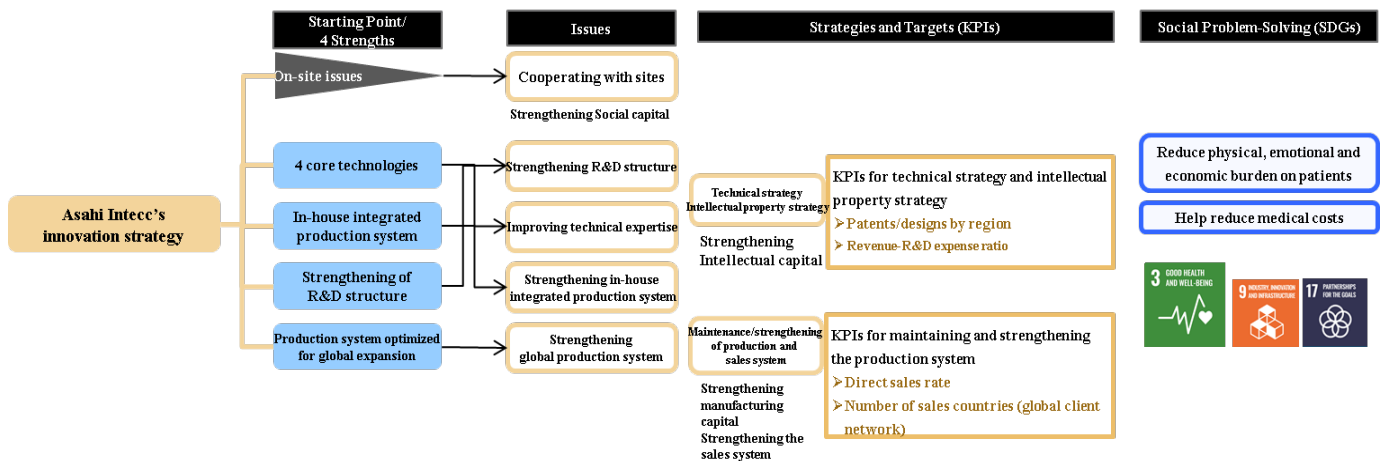
1-1. Innovation Management

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) 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.

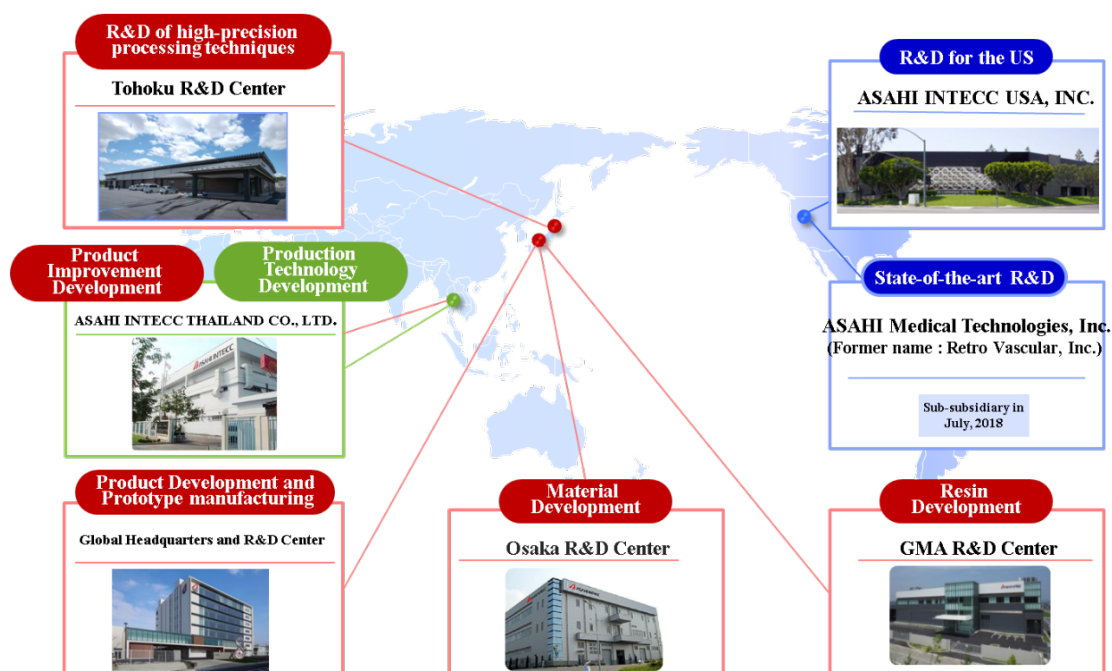
(Device Business)

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.



Sites	Address	Main Function
Global Headquarters and R&D Center	3-100 Akatsuki-cho, Seto-shi, Aichi 489-0071 Japan	Product Development and Prototype manufacturing
Osaka R&D Center	2-5-2 Ayumino Izumi-shi, Osaka 594-1157 Japan	Material Development
GMA R&D Center	2310-8 Yamashina, Fukuroi-shi, Shizuoka 437-0066 Japan	Resin Development
Tohoku R&D Center	1-35 2-chome North Interchange Industrial Park, Hachinohe-shi, Aomori 039-2245 Japan	R&D of high-precision processing techniques

2. Key Sustainability Issues and Specific Measures

Sites	Address	Main Function
ASAHI INTECC THAILAND CO., LTD	142/1 MOO5, BANGKADI INDUSTRIAL PARK, TIWANON ROAD, TAMBOL BANGKADI, AMPHUR MUANG PATHUMTHANI, PATHUMTHANI 12000, THAILAND	Product Improvement Development Production Technology Development
ASAHI INTECC USA, INC.	22 Executive Park. Suite 110 Irvine, CA 92614, U.S.A	R&D for the US
ASAHI Medical Technologies, Inc.	5994 W. Las Positas Blvd. Suite 209, Pleasanton, California 94588, U.S.A	State-of-the-art R&D

■ 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 in 2018 we developed an R&D environment identical to a clinical setting. And in the same year, our Tohoku R&D Center began operating as our Group's main base for precision processing technology.

Furthermore, a new building of Osaka R&D Center was launched in the Fiscal Year Ended June 2021 for expansion of research for foundation of technical expertise. In addition, it has been determined that our Tokyo R&D Center will be launched, and a new building be built for our global headquarters and R&D Center and Tohoku R&D Center with the aim of strengthening R&D function.

■ Recent Measures in R&D

(Medical Business)

In addition to continuing to evolve our guide wire and catheter products and cardiovascular products, we also enhanced and expanded the field of endovascular treatments other than cardiology, as well as our non-cardiovascular products.

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.

Visits to hospital are restricted and academic conferences are canceled amidst the novel coronavirus epidemic, and unlike before, it has become difficult to survey medical workplace needs. To break this condition, we have actively promoted remote meetings with doctors in and outside Japan, along with remote product evaluation and discussion with reference to the evaluation model having been sent in advance, using WEB meeting environments. And doctors in Japan visited our Headquarters, and conducted product evaluation using the simulation room in the Headquarters building that recreates clinical settings.

Clinical needs determined in Japan and from overseas through these efforts have been reflected in product development.

(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, we have developed components for the medical business, applying our device business's 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.

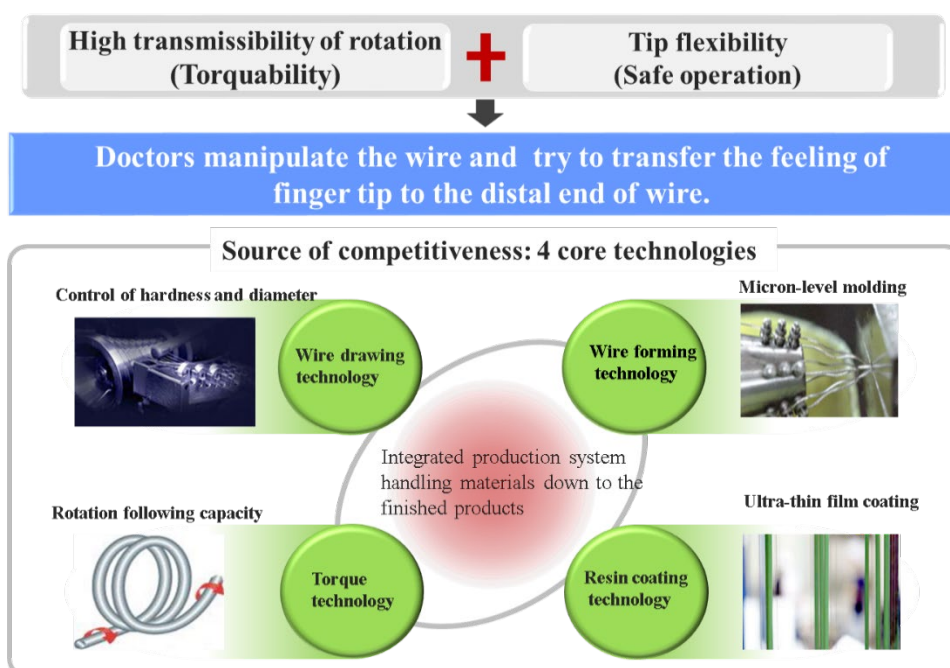
By engaging in new initiatives such as evolving our core technologies and continuing to pioneer laser processing technology development and precision cutting technology, this business will continue to develop high-spec, high added-value technologies and products for use in a variety of fields.

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.

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.

■ Intellectual Property Strategy

Asahi Intecc has set regulations about intellectual property to manage intellectual property.

We protect new technological fruits obtained by technical development as 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.

(Actions For Patent Infringement and Lawsuit)

Our Group has built a system to understand patent infringement as appropriate using a database dedicated for intellectual property that contains information on laws and regulations in countries around the world as the routine management system of intellectual property. Any infringement on intellectual property we own will be dealt by the Intellectual Property Committee, chaired by the CEO, according to the management regulations.

■ New Products and New Technologies

We have recently established and promoted the following new products and technologies described below through the above-mentioned activities.

The new guide wire for cerebral blood vessels *CHIKAI X 014 Soft* was developed by deploying and developing the guide wire technology cultivated in the field of endovascular catheterization; the achievements obtained by deepening the core technology have been applied to the development of the multi-strand rope coil suitable for endovascular treatments (*XTRAND coil*) in order to respond to needs in the cerebrovascular field.

Moreover, the balloon catheter for endovascular catheterization *KAMUI XS* is a thin balloon catheter with improved passage through severely stenosed lesions, for which core technology, molding technology, and resin technology are used to fulfill the requirements.

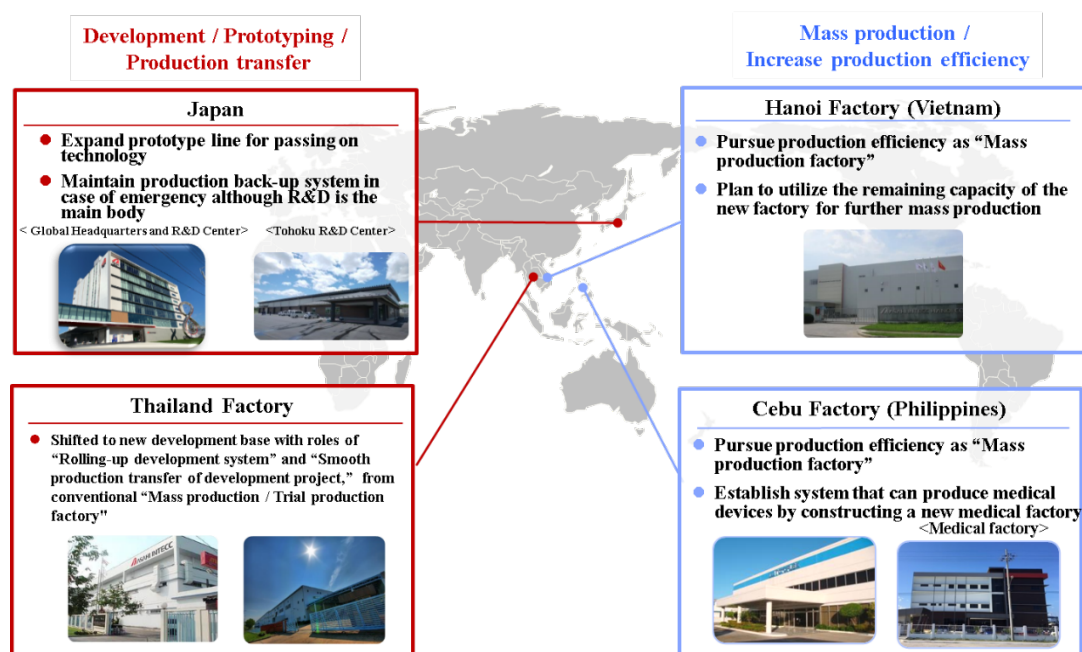
The average number of new medical brand items from FYE June 2016 to FYE June 2020 was 4.6, and in FYE June 2021, 6 items were created. We continue to create new medical brand items every term.

At the same time, we created new value by combining our core technologies with laser processing technology, precision processing technology, and molding 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, including applying an overseas startup's sensors to our guide wires in a joint R&D project and partnering with a Japanese robotics startup.

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 build a new building (to be commenced in January 2022 and completed in November 2023), and 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.

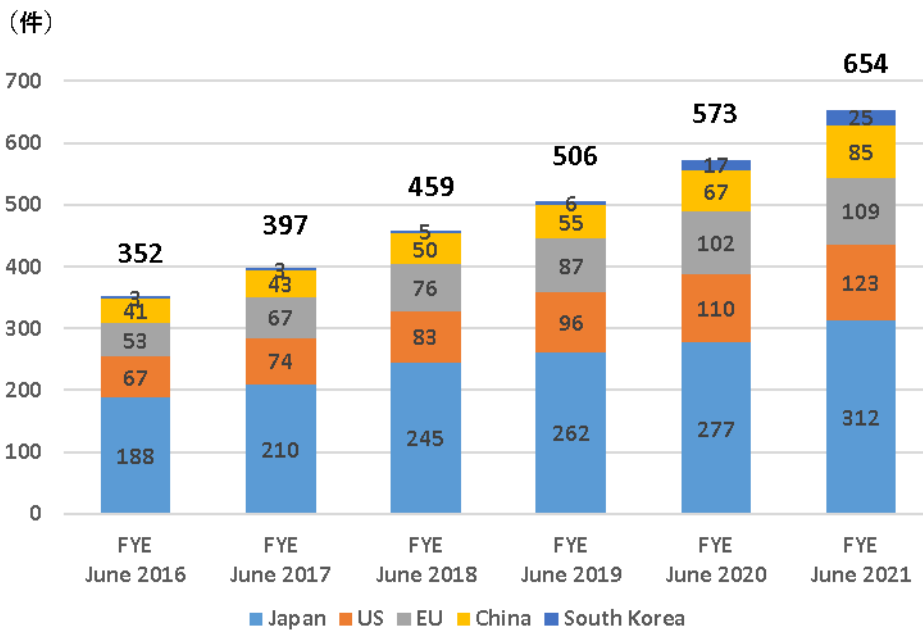
■ Measures to Enhance Production Platform

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.

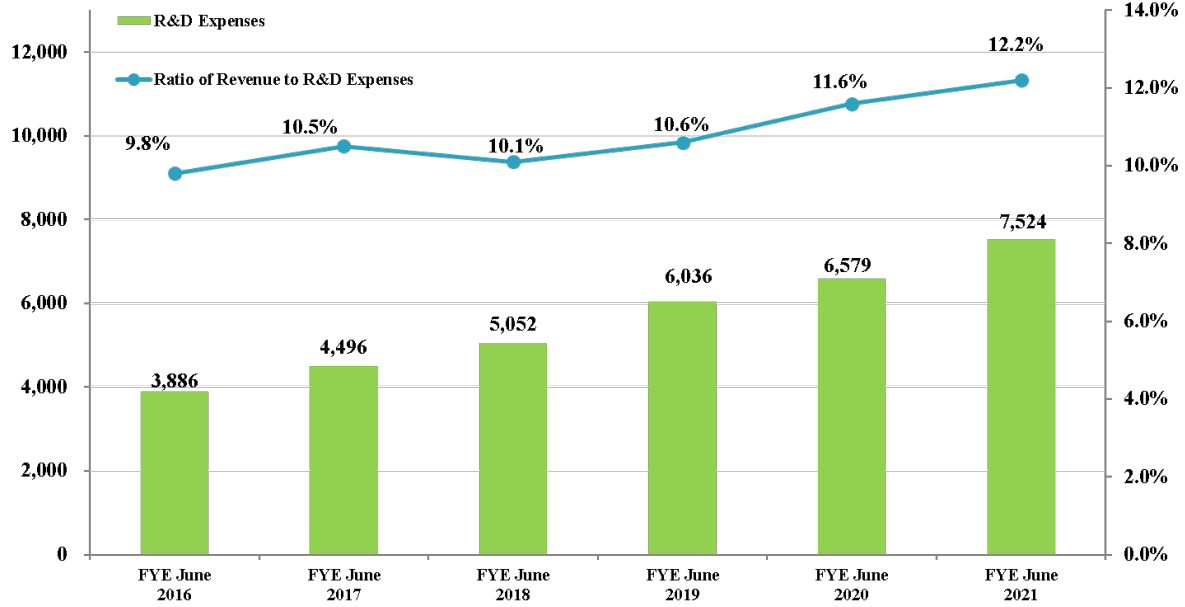
In addition, we enhanced the Cebu factory’s mass production system to improve BCP. We transferred production of the Hanoi factory’s products to Cebu, mainly increasing the number of guide wires, our main product, that we can manufacture. For the transfer, we installed in Cebu’s manufacturing equipment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

★Key Issue 1 KPI -1: Productivity KPI

Number of patents/Designs Owned by Region



(Mil. Yen)



★Key Issue 1 KPI -2: Productivity KPI

➤ **Direct Sales Ratio**

Direct sales rate (%)	FYE June 2019	FYE June 2020	FYE June 2021
Medical business (excluding OEM)	44.2	46.5	50.4

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

Global Client Network	FYE June 2019	FYE June 2020	FYE June 2021
Number of Sales Countries	108	110	110

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, we developed *CHIKAI X 014 Soft* as a guide wire for cerebral blood vessels, targeting the overseas markets based on the needs of US doctors.

In catheters, we developed a thin balloon catheter with improved passage through severely stenosed lesions, *KAMUI XS*, for the circulatory system. In addition, we developed a microcatheter for the lower extremities, *CROSSWALK*, based on the needs of US doctors in the R&D bases in the US, and also developed *CORSAIR ARMET 18* added to our lineup of catheters to pass through the lower extremities in the R&D bases in Thailand.

By focusing on medical challenges and supplying products that meet doctors' needs, we are also reducing the physical, emotional, and economic burden on patients by contribution to improvements in treatment success rate and to reduction in treatment duration by increasing choices at medical facilities.

Social Problem-Solving (SDGs)

Reduce physical, emotional, and economic burden on patients

Help reduce medical costs



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.

■ Status of ISO 14001 Certification



Asahi Intecc Co., Ltd.
Osaka R&D Center
July 18, 2008



**ASAHI INTECC
THAILAND CO., LTD.**
July 22, 2009



**TOYOFLEX CEBU
CORPORATION**
April 9, 2003



**TOYOFLEX
CORPORATION**
October 25, 2002

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 CO₂ emissions and promotes these measures across the entire Group.

- Replacing conventional lights with LEDs at factories and offices 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 FYE June 2021, new factories were enhanced/launched in overseas production factories to construct a production system that can respond to future increase in sales. Energy consumption and CO₂ emissions increased because of these operations, but remained stable from the previous period per unit of revenue.

We will continue to work to reduce these per-unit figures through proactive activities for energy conservation and CO₂ reduction.

■Energy Consumption (GJ)

Energy	FYE June 2019	FYE June 2020	FYE June 2021
Gasoline	5,711	5,638	5,453
Diesel	2,109	2,931	3,005
LPG	16,417	20,520	22,109
Electricity	598,053	659,987	724,121
Total	622,290	689,076	754,688
GJ per revenue (mil JPY)	10.88	12.19	12.27

Scope: Our Group's domestic and foreign entities, fiscal years ended June 2019 to June 2021

■CO₂ Emissions

	FYE June 2019	FYE June 2020	FYE June 2021
Emissions (t-CO₂)	34,800	38,545	42,203
t-CO₂ per revenue (mil JPY)	0.61	0.68	0.69

Scope: Our Group's domestic and foreign entities, fiscal years ended June 2019 to June 2021

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.

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**



- **Using recycled pallets**



- **Promoting returnable bobbin and its reuse**



- **Installing energy-saving boilers**

- **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.

■ Tap water consumption

	FYE June 2019	FYE June 2020	FYE June 2021
Tap water consumption (1000 m ³)	274	306	319

*Excluding sales sites, because the usage of such sites is extremely limited and cannot be individually identified

Key Issue 3. Supply Chain Management

3-1. Basic Policy

Our Group aims to strengthen supply chain management (SCM) looking ahead to business continuity and sustainable value creation in the global market. We determined “Asahi Intecc Group’s Procurement Policy” and have been strengthening compliance with laws and social norms. We will value the partnerships we have built with our business partners, and aim to strengthen our relationships further based on fair, impartial, and transparent transactions.

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. Measures for Sustainable Procurement

Our Group takes a part of social responsibility of stable provision of high-quality medical care by continuing to supply the world with one-and-only technologies and number one products. To fulfill this role, we are engaged in measures for sustainable procurement in cooperation with business partners all over the world according to the “Rules of Purchase Policy of Asahi Intecc.”

1) Policy-Sharing/Explanation for Suppliers

We ask our business partners for compliance with laws and social norms, and fair and impartial transactions, as well as quality control. The status of these matters constitutes a part of the selection criteria of new 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 for them to construct a secure delivery system.

<Major requests>

- Compliance with laws and social norms (e.g., respect for human rights such as prevention of forced labor and child labor, corruption prevention)
- Sound management system and impartial corporate activities
- Securing quality and safety, and a stable delivery system
- Adherence to delivery schedule and reasonable price, etc.

2) Questionnaire and Audit for Suppliers

We conduct “Questionnaire for Forecast (Stable Delivery)” for major partners to realize the quality and stable delivery required by medical facilities. We survey the production plan and the status of quality control for components delivered to us, and ask them for cooperation for audit if a risk, etc. occurs. And we make efforts so that our partners understand and cooperate for our production, policy about procurement, and situations through communication with them.

We also conduct on-site audit regularly and systematically for our partners that manufacture quality-relevant components according to the rules of purchase control. On-site audit specifically checks the details of regulations and standards, quality control systems, and quality assurance process, frequency of and responses to defects, and preventive measures from two aspects, quality control system and product quality.

3) BCP of Procurement

Asahi Intecc, procuring many valuable metals and reagents, puts efforts into BCP of procurement for stable delivery of our products to our customers even amid large-scale disasters and pandemic. We constantly strengthen and improve the supply chain, optimize our inventory, etc. for stable procurement activities in any case by purchase from multiple sources of procurement for each product item, and insourcing for materials that are difficult to purchase from multiple sources, or components that are at high risk.

We started a new measure in the FYE June 2021, a questionnaire for our major partners “Requests for Cooperation for Survey of Business Continuity System.” We will use it to construct a BCP system for the entire supply chain.

4) 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.

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

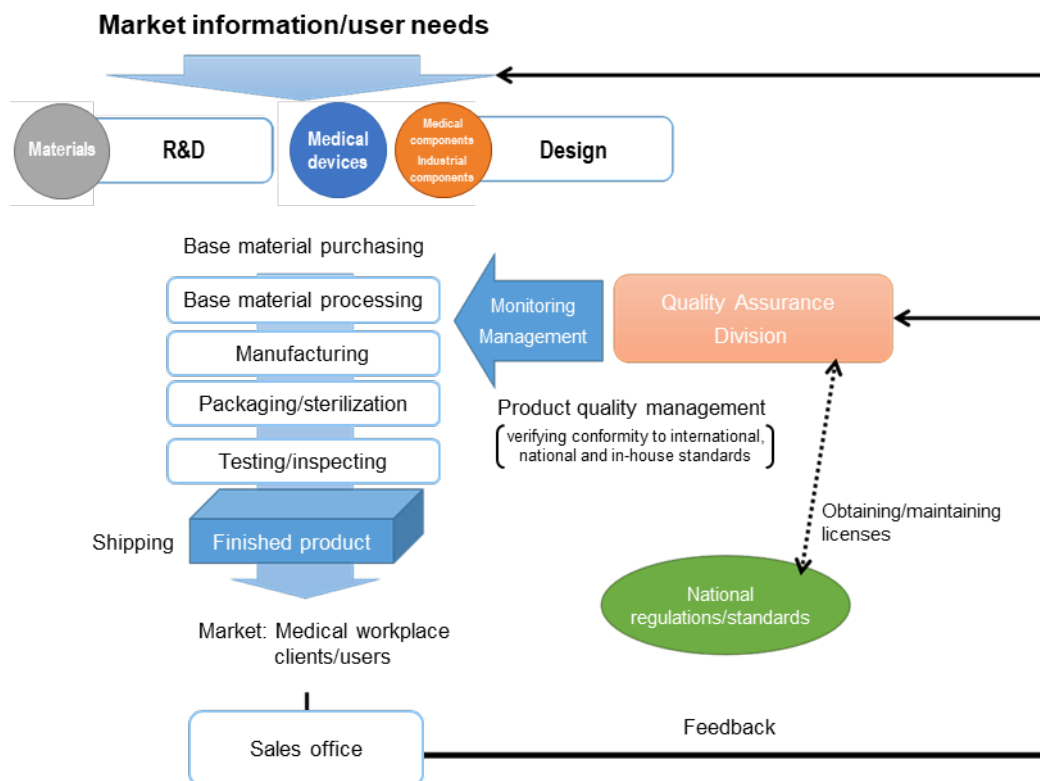
Our Group has established a quality management system that applies the international standards framework of ISO 9001 and ISO 13485 in order to reliably provide our customers with high-quality products and medical devices, and developed a structure to assure uniform quality across research, design and 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) 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.



3) Base Certification

Our Group has obtained the following quality management system certifications by third-party certification bodies. (As of June 2021. 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
TOYOFLEX CORPORATION	• ISO 9001
TOYOFLEX CEBU CORPORATION	• EN ISO 13485 / ISO 13485 • ISO 9001

4-3. Measures to Supply Safe and Secure Products

1) Quality Regulations

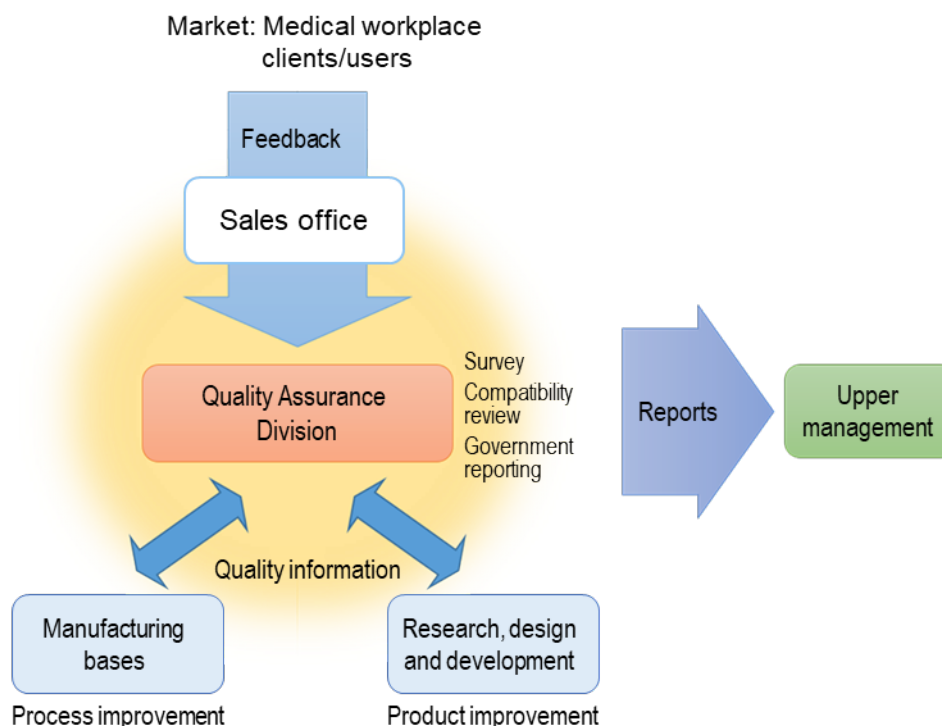
Our Group has set documented quality regulations of the quality management system according to the quality policy (shared policy) of Asahi Intecc Group. Operations based on these quality regulations aim to promote high-level quality assurance, and to deliver products beyond the needs and expectation of customers in order to make contributions to society.

2) Control of Quality Targets

We conduct activities to achieve the quality targets for each fiscal year according to the quality policy. Opportunities of periodic review involving upper management are made for the set targets to achieve improvements.

3) 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.



4) 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.

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 the FYE June 2021, there were 137 themed groups. Our Group is proactive about including the on-site employee perspective in its quality improvement measures.

5) Reception and Conduct of Quality Audit

Production business sites handling medical devices and the Quality Assurance Division in our Group undergo regular audits by ISO and administrative authority, and our customers. In addition, internal auditors conduct periodic and irregular audits; in the FYE June 2021 we underwent 28 external audits and conducted 6 internal audits.

6) Cleanliness Level of Medical Business

For the medical devices of our medical business, the finished products are manufactured in controlled areas in accordance with Class 7/8 of ISO 14644 series as international standards, etc. (Cleanrooms and associated controlled environments).

7) 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.

The number of in-house certified auditors who are allowed to conduct internal audits and supplier audits in our company is 127 as of the end of June 2021.

8) 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.

9) 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.

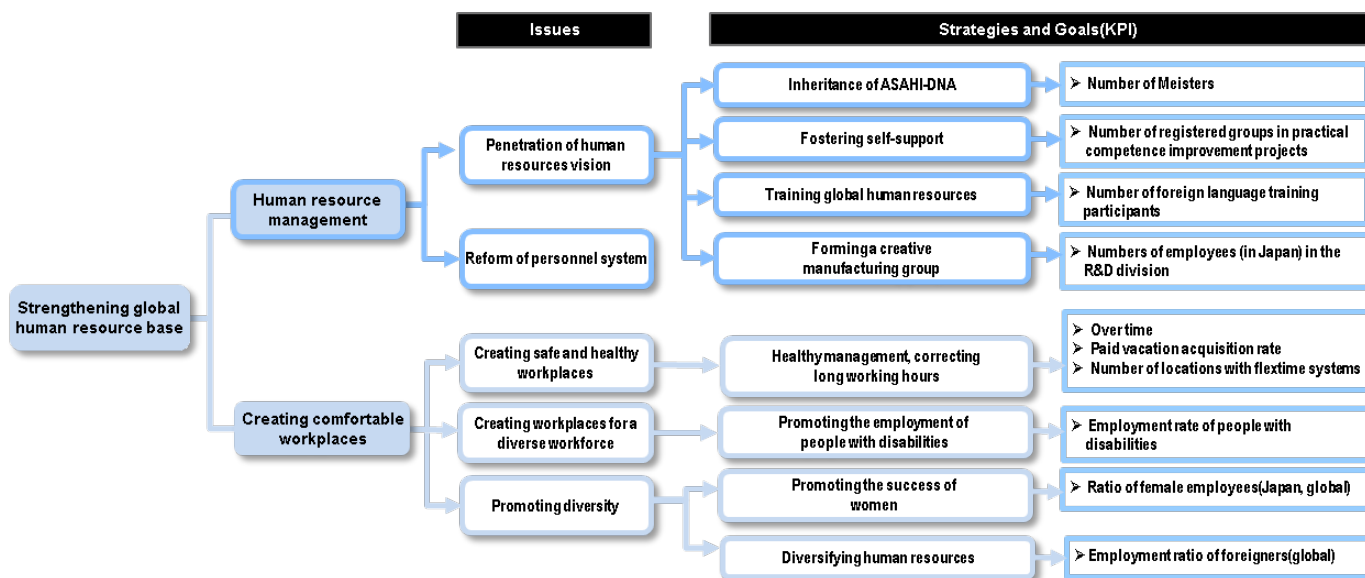
As a result of these measures throughout the entire value chain, our Group has been recognized for high-spec products and a large global market share based on unique technology. In 2020, we were chosen as one of the Ministry of Economy, Trade and Industry's top 100 "Global Niche Top Companies" for our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

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.

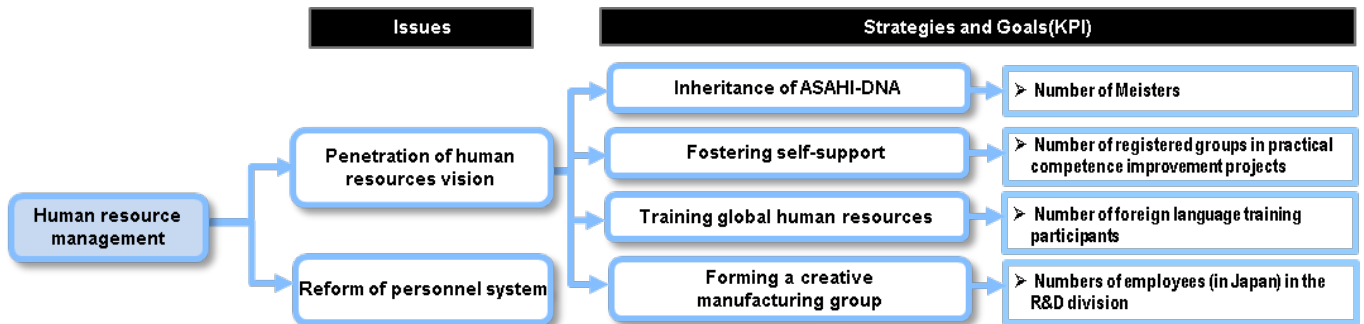
In recent years, Asahi Intecc Group’s market has been expanding and developing on a global scale, and as international operations continue to develop, one pressing issue is “strengthening global human resources” based on the AI (Asahi Intecc) Human Resources Vision. To address this issue, we have established 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.

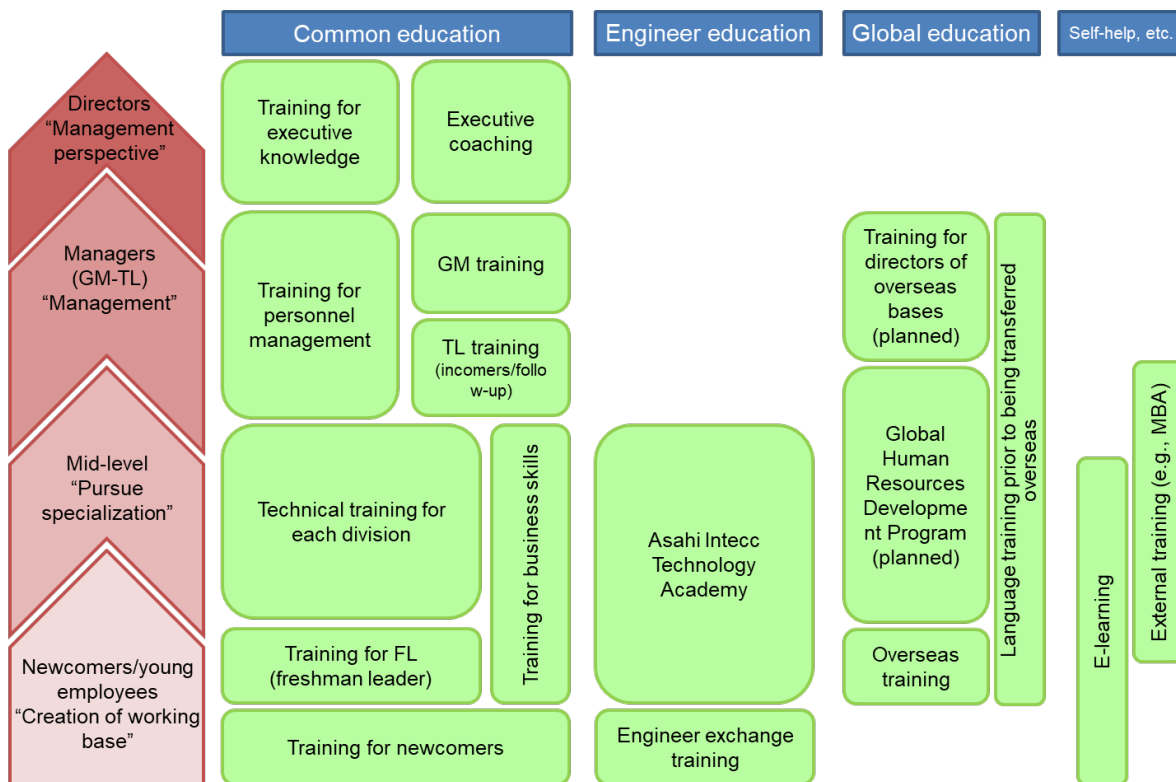
5-3 HR Management (Issues, Targets, Measures)



1) Measures for HR Vision Penetration

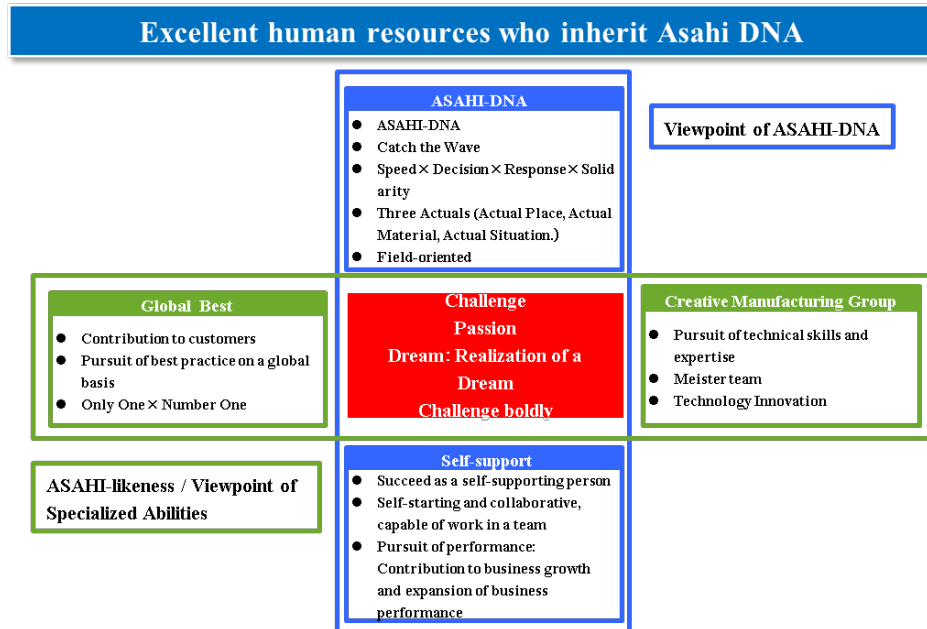
We are constructing an education and training system to promote value penetration and human resource development through the basic principles of “Challenge,” “Practical Competence,” “Self-Support,” “Global Best,” and “Creative Manufacturing Group,” which is our DNA.

Position-based training provides staff members with training appropriate for individual strata and required roles, and support continuous growth of staff members. Particularly as an R&D company, Asahi Intecc, striving for “globalization” in each field of sales, production, and development, will focus more on engineer education and global education.



The total annual hours of training offered to staff members is 9,694 hours, and the cumulative annual number of staff members receiving training is 677 in the FYE June 2021.

① Inheritance of ASAHI-DNA



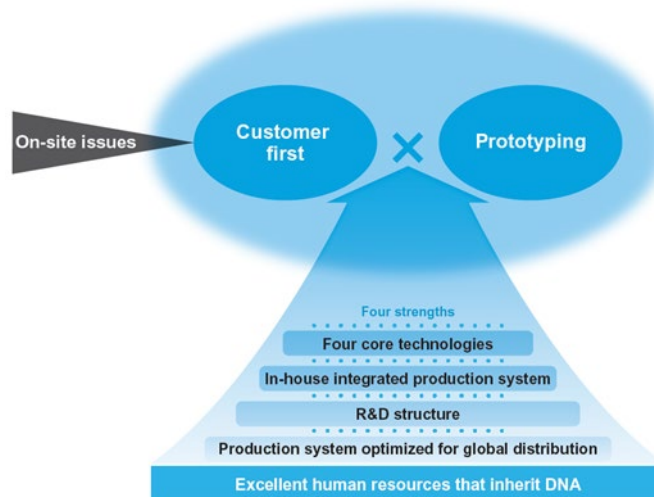
To constantly manufacture products at a high level as an R&D company, Asahi Intecc considers the technologies and skills (know-how) that skilled technicians have cultivated as our assets, transmits them beyond the borders of generations and regions, and has established “AI Manufacturing Academy” for fostering human resources and business continuity and helping improvement in added value.

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

[Results]

- 28 graduates from Academy (as of the end of June 2021)
- 5 employees became certified Meisters (as of the end of June 2021)

Excellent Human Resources That Inherit DNA Create Innovations



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 FYE June 2021. 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) 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.

And as part of our efforts to reinforce development of global human resources, we plan to expand the "Global Human Resources Development Program" including management for the directors of overseas bases from July 2021. We will offer training about the importance of diversity and how to get along with people from different cultures so that each employee engaged in overseas business and each employee of our Group who plays an active role at an overseas base can vigorously do his/her works with members with diversified backgrounds in our company.

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 48.4% (as of the FYE June 2021) globally, and we will further enhance our development capacity in order to realize the Mid-Term Management Plan "Asahi Going Beyond 1000."

2) Personnel System Reform

Asahi Intecc puts emphasis on the following three points about human resources strategies toward strategic exploitation in the global market, establishment of our global R&D production development system, creation of new businesses, and establishment of our management base for continuous growth.

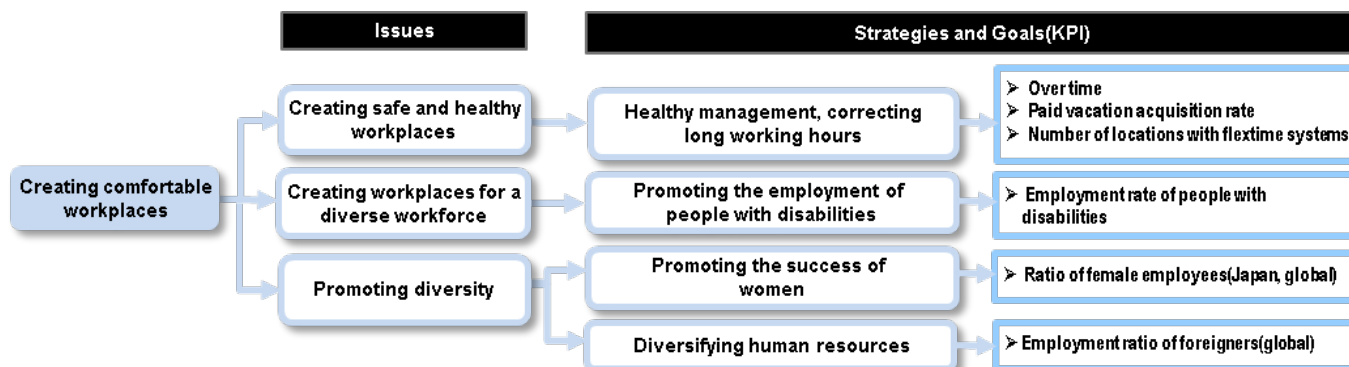
1. Securing the human resources of management leaders to establish a strong management base
2. Securing innovators to create new businesses and human resources with advanced technology and expertise
3. Securing global human resources who can lead diverse human resources

To realize the above policy, a new personnel evaluation system was introduced in June 2020 as a framework to pass on ASAHI-DNA and support growth.

The new personnel evaluation system consists of two evaluation classifications: One is "competency (behavioral characteristics) evaluation" defined in line with the AI human resources vision; employees evaluate their roles as to how they change their behaviors in line with the AI human resources vision. The other is "performance evaluation"; from the perspective of Good Results, evaluation will be based on target settings according to the "role criteria" for each class to improve engagement of employees.

5-4 Creating a Fulfilling Workplace

Asahi Intecc works towards creating comfortable workplaces so that each employee uses his/her maximum capabilities.



1) Creating Safe and Healthy Workplaces (Health Management)

Securing the safety and health of working people is a social responsibility of company, and an important issue to support continuous growth. Measures led by the government advocating “work style reform” have been deployed in Japan. Asahi Intecc strives to secure the safety and health of working people in all business activities to promote comfortable working environments.

<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 Work-at-home system (teleworking)

The novel coronavirus epidemic triggered a work-at-home system; the rules of attendance/absence of employees and personnel treatments were clearly determined and officially systematized to start operation. Non-territorial offices will be promoted in the FYE June 2022.

② Flextime system

The flextime system was introduced in July 2019 to improve the operational efficiency of employees and for work-life balance, except for some bases and departments. We will promote the flextime system so that employees can do their jobs comfortably.

■ Indicators and measures to reduce actual working hours

1. Average monthly overtime (hours)			2. Rate of taking Paid Leave (FYE June 2021)	3. Number of sites with flexible working hours
FYE June 2019	FYE June 2020	FYE June 2021		
28.0	23.5	23.5	65.3%	4

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

■ Voluntary full-time employee turnover rate

3.0% (FYE June 2021)

<Support for balancing medical treatments and jobs>

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

9 employees have used the system to continue working, as of the end of June 2021.

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

<Respect for Human Rights>

Asahi Intecc advocates in “Asahi Intecc Charter of Corporate Behavior (hereinafter “Chapter of Corporate Behavior”)” that “the company achieves the feeling of free of pressure and affluence in employees and secures safe and comfortable environments for them, and respects the diversity, personalities, and individual characters of employees,” and we respect the human rights of each employee and prevent discrimination and harassment.

<Prevention of harassment>

Asahi Intecc has set “Asahi Intecc Harassment Prevention Policy” for all employees and workers who work for our company including full-time employees, part-time employees, and temporary workers, and deploys education and measures for harassment prevention.

<Engagement with employees>

Asahi Intecc values opportunities of dialogue between management and employees so that our employees listen to the voices of management and voluntarily take actions to solve management issues. Company-wide meetings are held to convey the details of voting in regular management meetings directly to our employees. And the in-house SNS “Asahigram” and in-house publication “AINET” provide information to be shared between employees and management.

<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 2.78% (Fiscal Year ended June 2021), maintaining the legally mandated rate of 2.3%.

*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. 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.

In addition, we are working to increase the ratio of foreign nationals, mid-career hires, and women in managerial positions in order to ensure diversity in the recruitment of core human resources. As the ratio of foreign nationals and mid-career hires in managerial positions is currently high at over 50% each, we have not set any targets as we have already secured sufficient diversity.

Ratio of foreign employees and foreign managers (%)

	FYE June 2019	FYE June 2020	FYE June 2021
Ratio of foreign employees	87.7	88.1	87.7
Ratio of foreign managers	63.8	59.3	64.3

Scope: Asahi Intecc Group

Ratio of mid-career hires in managerial positions (%)

	FYE June 2019	FYE June 2020	FYE June 2021
Ratio of mid-career hires in managerial positions	59.3	58.9	59.9

Scope: Asahi Intecc Group

<Promotion of success in female employees>

Asahi Intecc proactively recruits female employees and promotes their success. We recruit mainly technical positions and only a few female students make an entry, and we have faced a challenge of low ratio of female employees, for Asahi Intecc only. We believe that stable recruitment of female persons will build a basis for successes of female employees, such as their future appointment as managers.

And we arrange a system design where work and childbearing can be easily balanced by introducing a short-time work system, a flextime system, and a work-at-home system to promote a comfortable workplace for female employees.

For further promotion of success in female employees, a survey of consciousness for female employees was conducted in the FYE June 2021. The survey showed that the female employees feel that their workplaces are comfortable. We will deploy various activities to pursue more comfortable workplaces for them.

In addition, we aim to maintain the ratio of female managers at 30% or more for the entire Group.

Ratio of female employees (%)

	FYE June 2019	FYE June 2020	FYE June 2021
Global	75.1	76.5	77.1
Asahi Intecc Only	26.6	27.5	27.3

Scope: Asahi Intecc Group

Ratio of female managers (%)

	FYE June 2019	FYE June 2020	FYE June 2021
Ratio of female managers	30.3	32.2	32.5

Scope: Asahi Intecc Group

Key Issue 6. Strengthening Risk Management

6-1 Strengthening Risk Management

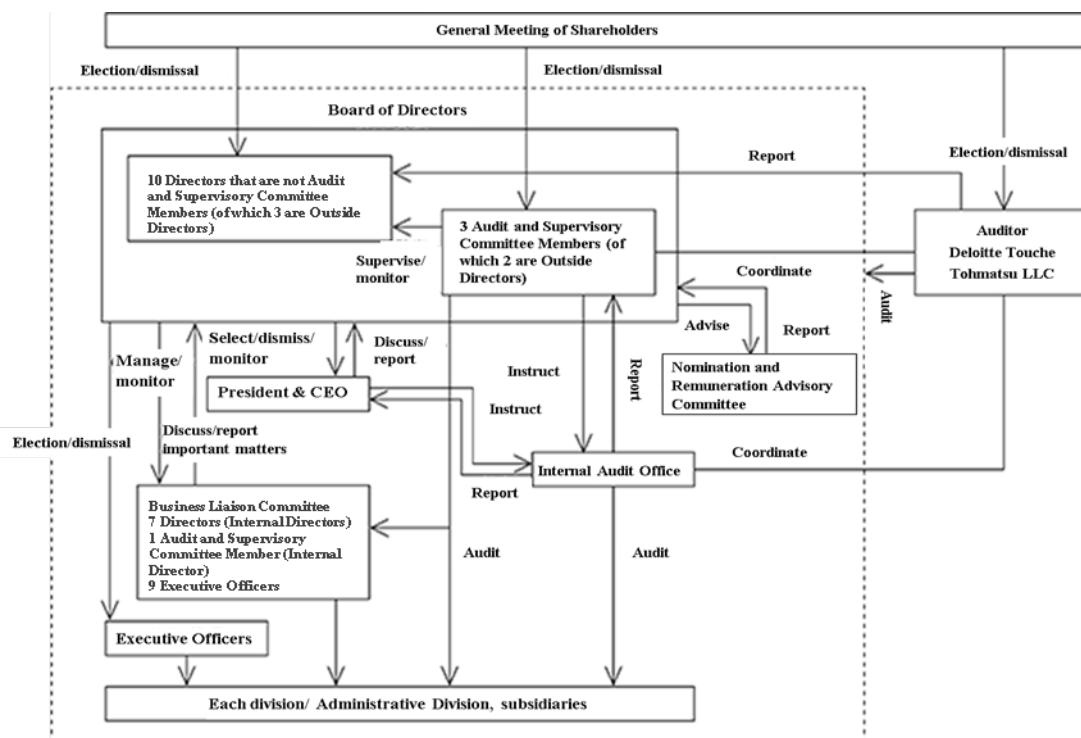
1) Basic Policy

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) Countermeasures to Large-Scale Disasters

① Basic Thinking

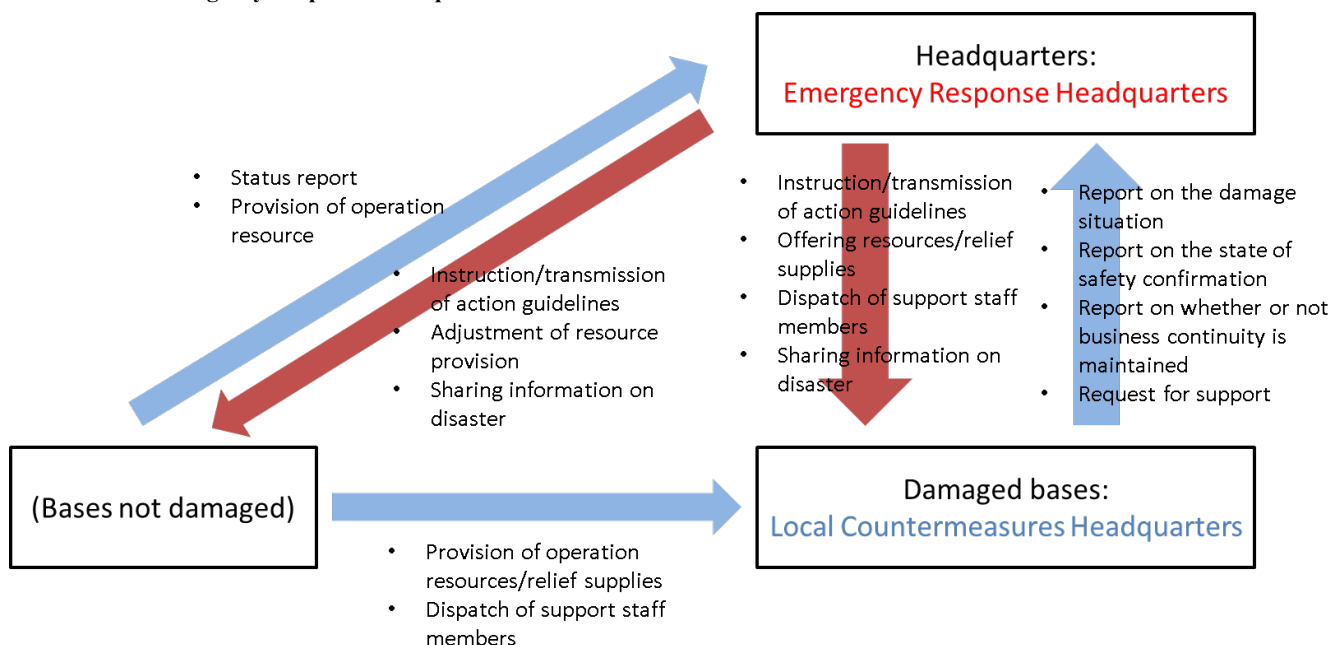
Asahi Intecc aims to rapidly become an international company by developing and stably supplying products that consistently exceed the expectations and the needs of the market by establishing the highest levels of reliability and safety and by contributing to medical care around the world. For this reason, we believe that it is essential to establish a BCP so that in the event of a major disaster or pandemic, 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 build a new building (to be commenced in January 2022 and completed in November 2023), and furnish our company, which currently does not have mass production capabilities, with the equipment to cover production.

② Emergency Response Headquarters

In the event of emergency such as 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.

■ Roles of Emergency Response Headquarters



■ Asahi Intecc Group Disaster Prevention Handbook (Excerpt)



The excerpt from the handbook is divided into several sections:

- 防災ハンドブック 第1版** (Disaster Prevention Handbook, 1st Edition)
- 朝日インテック株式会社** (Asahi Intecc Co., Ltd.)
- 災害対応の流れ** (Disaster Response Flow):
 - 災害発生 (Disaster Occurs): 大地震などが発生したら、落ち着いて行動します。(When a major earthquake occurs, take cover and act.)
 - 安全確保 (Safety Assurance):
 - ① 揺れが収まるまで、身の安全を確保します。(Ensure safety until shaking stops.)
 - ② 安否状況や出動可否などを会社に報告します。(Report status and availability to the company.)
 - ③ 建物に留まることが危険な場合は、避難します。(If staying in the building is dangerous, evacuate.)
 - ④ 指示があるまで、職場や自宅で待機します。(Wait at work or home until instructed.)
 - BCP 発動! (BCP Activation!)
- 【基本原則】** (Basic Principles):
 - ✓ 自身や周囲の安全第一 (Safety of self and others first)
 - ✓ 行動中は「ヘルメット」着用 (Wear helmet during action)
 - ✓ 全従業員で協力行動 (Cooperative action by all employees)
- ① 安全確保** (Safety Assurance):
 - 1** 机・テーブルの下に潜り込むなど、まず、身の安全を図ります。(Crawl under desks/tables, etc., to ensure safety first.)
 - 2** けが人がいたら、安全な場所で保護し、重傷者は近隣の病院へ搬送します。(Protect injured people in safe areas; transport severe injuries to nearby hospitals.)
 - 3** 火災を見つけたら、複数人で消火に努め、手におえない場合は、消防署へ連絡します。(If fire is found, try to extinguish with multiple people; call fire department if unmanageable.)
 - 4** 所属長へ安否を報告します。(詳細は②安否確認を参照)。(Report safety to supervisor. (Details refer to ② safety confirmation))
 - 5** 所属長等の指示に従いながら、被害状況をチェックします。(Follow instructions from supervisor while checking damage status.)

③ BCP Measures for 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.

And construction of a new building is planned in our global headquarters and R&D center (to be commenced in January 2022 and completed in November 2023). Our Group is required to build a system for stable delivery of our products under any circumstances as a duty of a medical device manufacturer, which brings products involved in the lives of patients to society. The mass production capabilities of our Group belong to our overseas factories. We utilize lessons learned from the past events including production stop and difficulty in transportation during disasters such as the flood in Thailand, and emergencies such as the spread of the novel coronavirus infection; we will organize functions available in taking part in some parts of production during emergency, such as clean rooms in the new building.

④ Business continuity planning

Our Group is proceeding with formulating “Asahi Intecc Group BCP (Business Continuity Planning)” with the aim of continuity/early restoration of our business activities and the system of delivery of our products to our customers in case of emergency. We define tasks to realize continuity and early restoration of priority operations and indispensable tasks for corporate operations for each group, and take measures in the case of emergency based on this planning.

■ BCP basic policy

1. Give a top priority to securing the safety in the life and body of each person.
2. Assess the damage situation, and strive for early restoration to the normal operation activities of corporation to minimize the effects on our customers.
3. Make contributions to the damaged region/society through cooperation in activities for regional alliances in the region.

4) Information Security

① 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.

② 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.

③ Initiatives to Strengthen Information Security

<Incident response>

In response to the incident of unauthorized access by a third party in November 2020, our Group has strengthened information security and is taking measures to prevent recurrence across the company.

Report on incident of unauthorized access by third party

We received an unauthorized access from a third party, and as a result, faults occurred in the mail system, file server, and enterprise system, etc. of our Group on November 10, 2020.

We asked multiple external specialized agencies for investigation of this case. There is no trace of leakage of personal information or important information on our business partners.

Cyber attacks are significant threats to companies. They have been more cunning and diversified year by year, and it is not easy to prevent such attacks completely. Our Group is performing triage (prioritization) for the responses to incidents with external security experts to prevent recurrence, and is continuously taking measures against them.

<Change in enterprise system>

Our Group will change our enterprise system to SAP in July 2021. This change has no influence on risks to information system security.

<Internal audit>

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.

<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 or 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.

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 2021)

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

Asahi Intecc advocates in "Chapter of Corporate Behavior" that "the company achieves the feeling of free of pressure and affluence in employees and secures safe and comfortable environments for them, and respects the diversity, personalities, individual characters of employees," and we respect the human rights of each employee and prevent discrimination and harassment.

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

Our 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.

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.

Reference: Risk Model (Examples of Possible 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 judgments made by Asahi Intecc Group as of this Fiscal Year (ended June 30, 2021), and can be associated with the seven key issues of sustainability.

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

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

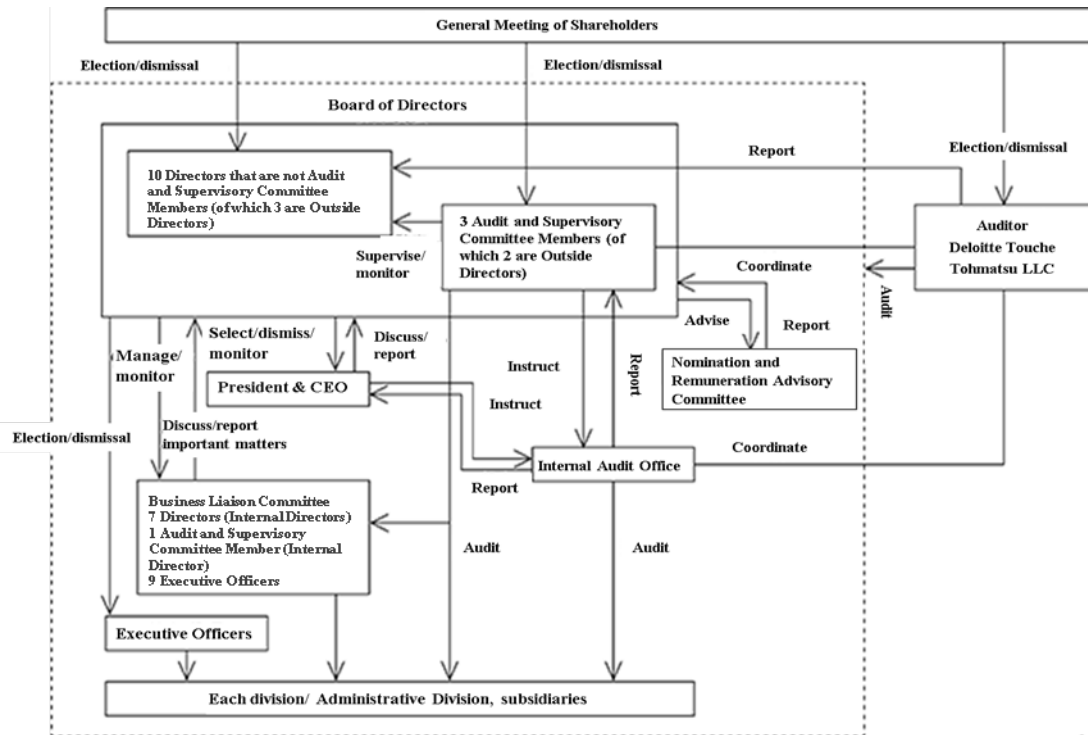


Chart Composition and Attendance Rate of Board of Directors Meetings and Each Committee

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
President & CEO	Masahiko Miyata	14/14			○	2/2
Executive Vice President and COO	Kenji Miyata	14/14			○	2/2
Executive Director	Tadakazu Kato	14/14				
Director	Yoshinori Terai	14/14				
Director	Munehika Matsumoto	14/14				
Director	Mizuho Ito	14/14				
Director	Makoto Nishiuchi	14/14				
Outside Director ★	Kiyomichi Ito	14/14				
Outside Director ★	Akinori Shibasaki	14/14			○	2/2
Outside Director ★	Masami Sato	14/14				
Director (Audit and Supervisory Committee Member)	Hiroshi Ota	14/14	○	16/16		
Outside Director ★ (Audit and Supervisory Committee Member)	Ryuji Tomida	14/14	○	16/16	○	2/2
Outside Director ★ (Audit and Supervisory Committee Member)	Yasunari Hanano	14/14	○	16/16	○	2/2

★Outside Director

7-3 Measures to Strengthen Corporate Governance

1) Election of Directors

In accordance with Asahi Intecc's rules and regulations, the Nomination and Remuneration Advisory Committee shall deliberate the matters requested by the Board of Directors and have a discussion based on the report to the Board of Directors, and then 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. Of these, the election or dismissal of Executive Directors shall be examined and decided based on the report of the Nomination and Remuneration Advisory Committee.

Furthermore, in the unlikely event that the dismissal of a Director is objectively deemed appropriate, such as due to violation of laws, regulations, and the Articles of Incorporation, etc., or due to significant damaging of the Asahi Intecc's corporate value, the Nomination and Remuneration Advisory Committee shall deliberate the matters requested by the Board of Directors and make a proposal based on the report to the Board of Directors. Thereafter, 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 44th Annual General Meeting of Shareholders.

[Notice of Convocation of the 44th Annual General Meeting of Shareholders]

http://asahi.irbridge.com/ja/irlibrary/report/main/0/teaserItems1/03/linkList/00/link/202006_4Q.pdf

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 Nomination and Remuneration Advisory Committee 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.

■ 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. (million yen)	Total amount of remuneration, etc., by type of remuneration (million yen)			Number of eligible Directors (people)
		Portion of base remuneration	Portion of remuneration for share purchase	Portion of performance-linked remuneration	
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	399	364	34	-	8
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	15	14	1	-	1
Outside Directors	40	37	3	-	5
Total	455	415	39	-	14

(Note 1) The above descriptions include the remuneration during service for one Director who retired at the 44th Annual General Meeting of Shareholders held on September 29, 2020.

(Note 2) Portion of remuneration for share purchase is remuneration which is linked to improvement in long-term performance.

(Note 3) Portion of performance-linked remuneration is Director bonuses determined by performance for short period.

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

Name	Total amount of consolidated remuneration, etc. (million yen)	Type of Director	Type of company	Amount of consolidated remuneration, etc., by type (million yen)		
				Portion of base remuneration	Portion of remuneration for share purchase	Portion of performance-linked remuneration
Masahiko Miyata	106	President & CEO	Submitting company	97	9	-

(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.

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

■ 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 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 then to the first division of the Japan Women's Football League (Nadeshiko League) in 2021. The team is aiming for further higher ranks.



Team emblem



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 encourage 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.

8-3 Contributing to Local Communities

■ **Donation of masks and gowns to the Japanese Association of Cardiovascular Intervention and Therapeutics**
In June 2020 and April 2021 during prolonged spread of the novel coronavirus disease (COVID-19), Asahi Intecc donated a total of 6,500 KN95 masks and 9,300 gowns to the Japanese Association of Cardiovascular Intervention and Therapeutics, in an effort to provide as much support as possible to medical facilities. The Japanese Association of Cardiovascular Intervention and Therapeutics has distributed 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.

