



PHC Group Human Rights Due Diligence Report 2025

Published: April 2026

Published by: PHC Holdings Corporation

Reporting period: April 2025 – March 2026 (FY2025)

Top Message

PHC Group is a global collection of healthcare companies with a mission of contributing to the health of society through our diligent efforts to create healthcare solutions that have a positive impact and improve the lives of people. For over 50 years, PHC Group companies have been providing innovative precision technology and digital health solutions that advance the research, diagnosis, treatment, and prevention of disease. As a company engaged in, the business of health, we believe that respecting the human rights of all those involved in our business activities lies at the very core of our responsibility.

In fiscal year 2025, PHC Group formally launched our Human Rights Due Diligence (HRDD) project. During this initial year, we revised our Human Rights Policy, conducted a preliminary risk assessment across our entire value chain, and developed a roadmap for future action. These steps represent the beginning of a long-term commitment to accountability and transparency.

This report is intended to share the progress of our first year. While we are still in the early stages of this journey, we are committed to addressing the issues we have identified and to expanding our response as needed over time. We welcome continued feedback from our stakeholders and look forward to advancing this work together.

20 April 2026

Kyoko Deguchi

President, Representative Director and CEO

PHC Holdings Corporation

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Disclaimer

This report has been prepared to provide stakeholders with an overview of human rights due diligence activities conducted by PHC Group. The information contained herein is based on data available as of FY2025 (April 2025 – March 2026) and does not constitute a guarantee of future actions or outcomes. Forward-looking statements and plans described in this report are subject to uncertainty.

1. About This Report

This report presents the progress of the human rights due diligence (HRDD) initiative started by PHC Group in FY2025. Globally, expectations for companies to understand and improve their impact on human rights are growing globally. Recognizing the importance of strengthening our approach in light of our business characteristics and the realities of our value chain, PHC Group established a dedicated HRDD project in FY2025. This report describes the activities undertaken during the first year (April 2025-March 2026), the human rights risks identified through preliminary assessments, and our plans for further action.

1.1 International Frameworks Referenced

PHC Group's human rights efforts are aligned with the following international standards:

- United Nations Guiding Principles on Business and Human Rights (UNGPs)
- International Bill of Human Rights (Universal Declaration of Human Rights; International Covenants on Human Rights)
- ILO Declaration on Fundamental Principles and Rights at Work
- OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct

1.2 Reporting Scope

This report covers the business activities of PHC Holdings Corporation and its subsidiaries and affiliates, as well as PHC Group's value chain.

Note: For this initial assessment, the focus was placed on major business entities and high-risk areas identified through a desktop-based preliminary review.

2. Purpose and Background / Why Human Rights Matter to PHC Group

PHC Group provides products and services globally across the areas of diabetes management, healthcare solutions, and diagnostics & life sciences—supporting patients, healthcare professionals, and researchers. Our business is directly connected to people's health and daily lives, and our relationship with human rights is both multifaceted and significant.

The quality and safety of medical devices and diagnostic equipment directly affect the lives and health of the patients and healthcare professionals who use them. Ensuring that essential products are delivered reliably to where they are needed is critical to supporting access to healthcare. Providing accurate product information and practicing responsible marketing form the basis for informed decision-making by users.

PHC Group operates a global value chain spanning multiple business domains—from the procurement of raw materials through manufacturing, logistics, sales, and after-sales service. Consequently, human rights impacts may arise not only through our own operations but also through our value chain, including business relationships with suppliers, logistics partners, and other third parties.

While our business is primarily B2B, the patients who ultimately use our products and individuals who participate in clinical trials are stakeholders requiring particular consideration. For example, the safety of patients who use blood glucose monitoring (BGM) systems on a daily basis, and the protection of informed consent and privacy in biobanking and clinical testing, are important issues not merely from a regulatory compliance perspective but also from a human

rights standpoint.

These considerations form the foundation of PHC Group's approach to human rights due diligence.

3. Human Rights Policy

PHC Group has established a Human Rights Policy that articulates our commitment to respecting human rights across our business activities and throughout our value chain. The policy affirms our respect for internationally recognized human rights standards—including the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work—and sets out our commitment to supporting human rights due diligence in recognition of the United Nations Guiding Principles on Business and Human Rights (UNGPs).

In FY2025, in conjunction with the launch of our HRDD project, we reviewed and revised the policy with input from external experts. The revised policy was approved by the Board of Directors. Key revisions include:

- Clearer references to international standards
- Addition of provisions on the implementation of human rights due diligence
- Explicit statement of expectations for business partners across the value chain to respect human rights

The policy applies to PHC Holdings Corporation and all group companies. We also expect our business partners, including suppliers, to act in alignment with the principles set forth in this policy. The full text of our Human Rights Policy

is available on our website:

<https://www.phchd.com/en/phchd/sustainability/social/humanrights>

4. Governance

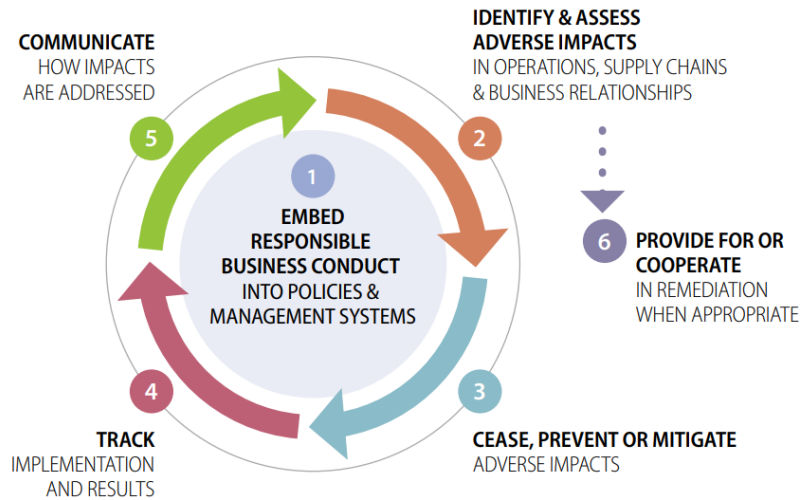
PHC Group is developing the organizational structures needed to drive human rights due diligence systematically. Policies and key decisions related to human rights are subject to Board of Directors approval. In FY2025, the Board participated in a dedicated study session led by external experts to deepen its understanding of international trends and human rights issues relevant to PHC Group's businesses.

The FY2025 HRDD initiative was led by a global, cross-functional project team comprising members from the Legal, ESG, Procurement, Human Resources, and Risk Management functions across Europe, the United States, and Japan. With support from external advisors, the team conducted a risk assessment and developed a roadmap spanning the short term (one year), medium term (two to three years), and long term (four to five years), and defined specific action plans for FY2026.

Looking ahead to the operational phase beginning in FY2026, we plan to further strengthen our HRDD governance structure. This includes clarifying accountabilities within individual group companies and building a framework for ongoing monitoring.

5. Our Approach to Human Rights Due Diligence

PHC Group is implementing human rights due diligence based on the following process, which



emulates the UNGPs and the OECD Due Diligence Guidance for Responsible Business Conduct. The process consists of six key steps:

- ① Establish and communicate a human rights policy
- ② Identify and assess adverse human rights impacts
- ③ Prevent and mitigate adverse impacts
- ④ Track and monitor performance
- ⑤ Communicate and disclose
- ⑥ Provide for or cooperate in remediation

In FY2025, our activities constituted Phase 1—laying the groundwork for this process—with a primary focus on Step 1 (policy revision) and Step 2 (risk identification and preliminary assessment). From FY2026 onward, we will progressively strengthen our efforts in Steps 3 through 6.

6. Key Activities in FY2025

As Phase 1 of our HRDD initiative—focused on building the foundational framework—the following activities were carried out in stages during FY2025.

6.1 Revision of the Human Rights Policy

We reviewed and revised our existing Human Rights Policy to strengthen its alignment with international standards. The revised policy was approved by the Board of Directors. (See Section 3 for details.)

6.2 Identification and Relevance Assessment of Human Rights Risks

To identify human rights risks relevant to PHC Group's business activities, we conducted desktop research utilizing external databases and reports from international organizations. We also carried out interviews and questionnaire surveys with relevant internal functions—including Legal, Procurement, Human Resources, business divisions, and Corporate Strategy—to gather internal insights on the structure of our value chain and the nature and location of potential human rights risks.

6.3 Value Chain Risk Assessment and Mapping

Based on the findings from the above research, we developed a human rights risk map covering our value chain. We used external data sources,

including the European Bank for Reconstruction and Development (EBRD) environmental and social risk categorization list and reports from NGOs and government bodies, to assess risk levels for each type of business activity. (See Section 7 for details.)

6.4 Training for Board of Directors

To enhance internal understanding of human rights due diligence, we held a study session for Board members led by external experts. The session covered international trends in business and human rights and human rights issues relevant to PHC Group's operations.

6.5 Development of a Roadmap

Based on the findings from the preliminary assessment, we developed an HRDD roadmap spanning the short term (one year), medium term (two to three years), and long term (four to five years). Specific action plans for FY2026 were defined, establishing a clear direction for phased enhancement.

6.6 Development of a Third-Party Code of Conduct

To strengthen human rights practices across our value chain, we reviewed the scope and content of the existing "PHC Group CSR Procurement Guidelines" and decided to revise them as a "Third-Party Code of Conduct." This code is intended to articulate PHC Group's expectations of its business partners, including suppliers. Publication of the code is planned for the first quarter of FY2026.

7. Salient Human Rights Themes and Preliminary Assessment Findings

7.1 Assessment Approach

PHC Group conducted a preliminary assessment of human rights risks across our value chain. The assessment combined the following methods:

- ① Internal interviews and questionnaires: Conducted with functions including Legal, Global Procurement, Human Resources,

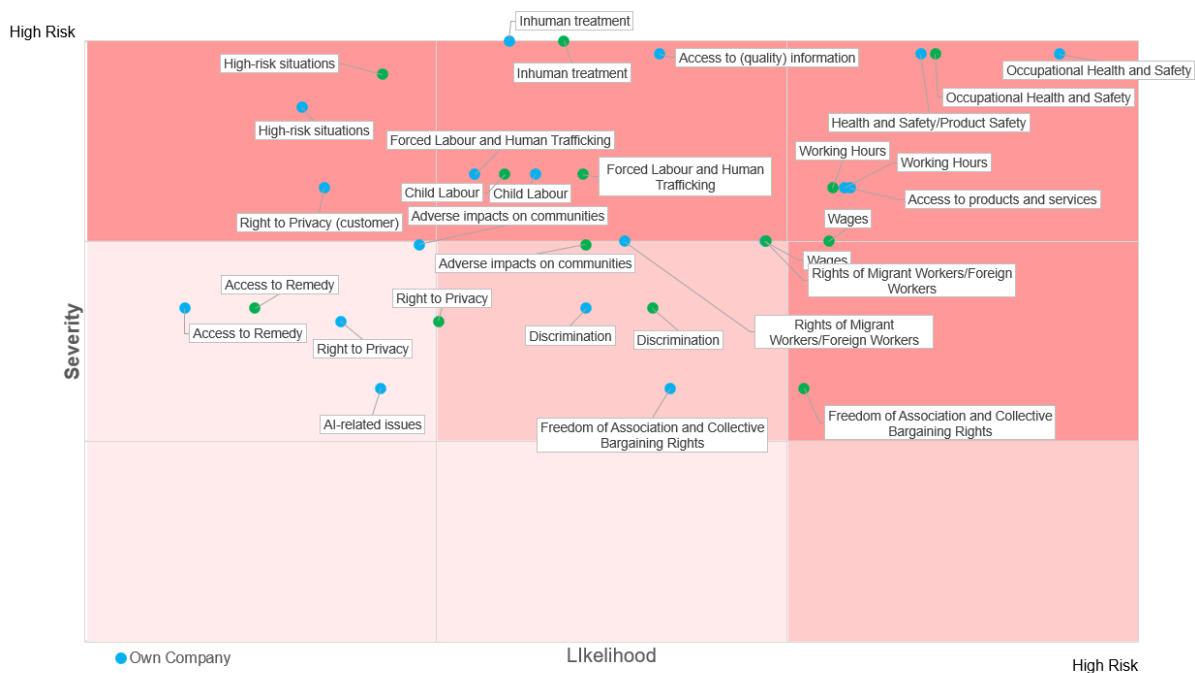


Figure 1. PHC Group's Human Rights Risk Map

Note: The risk map above plots "Severity of Impact (Severity)" on the vertical axis and "Likelihood of Occurrence (Likelihood)" on the horizontal axis, visualizing the distribution of risks by category: own operations (blue) and supply chain (green).

Corporate Strategy, and business divisions.

- ② Desktop research based on external data: Utilizing the EBRD environmental and social risk categorization list, reports from international organizations and NGOs, and media coverage.

Based on this information, risk levels (high, medium, or low) were assigned to business activities across the value chain, and a human rights risk map was developed (Figure 1). This assessment is

positioned as a preliminary exercise to understand the overall landscape of human rights risks within PHC Group, and we plan to refine it further in subsequent years.

7.2 Summary of Findings

The preliminary assessment revealed the following key trends:

- Human rights risks are concentrated in our

upstream value chain—specifically in procurement and manufacturing. While this pattern is common across many manufacturing industries, it was confirmed across multiple business domains within PHC Group.

- Healthcare-specific stakeholders—patients and clinical trial participants—were recognized as an important theme, given their vulnerability and the nature of PHC Group's products and services.

7.3 Salient Human Rights Themes

Based on the preliminary assessment, the following five areas have been identified as salient human rights themes for PHC Group to address on a prioritized basis (Table 1). From FY2026 onward, we will progressively conduct more detailed assessments and develop response measures for each of these themes.

Table 1. Salient Human Rights Themes Identified for Prioritized

Salient Theme	Key Stakeholders	Primary Risk Categories	Value Chain Stage
Occupational health and safety at manufacturing sites and impact on local communities	Factory workers, local communities	Health and safety, land rights, access to water	Manufacturing
Rights of patients and clinical trial participants	Patients, clinical trial participants	Safety, privacy, informed consent	Downstream (product use)
Procurement of high-risk raw materials (lithium, cobalt, etc.)	Mining workers, local communities	Forced labor, child labor, indigenous peoples' rights	Upstream (raw material procurement)
Rights of migrant and foreign workers	Technical intern trainees, foreign workers	Forced labor, wages, health and safety, discrimination	Manufacturing (own operations)
Working conditions of warehouse and logistics workers	Warehouse workers, transport/delivery workers	Health and safety, working hours, wages	Logistics

8. Access to Remedy (Grievance Mechanism)

The United Nations Guiding Principles on Business and Human Rights (UNGPs) call on companies to establish mechanisms that enable individuals affected by adverse human rights impacts related to business activities to access remedy.

PHC Group operates the "PHC Group Compliance Helpline (the Helpline)," a reporting channel available to all stakeholders — including employees and business partners — for raising concerns or reporting potential violations of laws or internal regulations. The Helpline accepts anonymous reports, and internal rules are in place to protect those persons who have reported from any form of retaliation. PHC Group is committed to protecting employees and business partners who raise questions or concerns, responding promptly and appropriately to the information received, and taking corrective actions where necessary.

Reporting and consultation channels could be through:

- Direct Supervisor
- Local Site Management
- Human Resources Department
- Legal and Compliance department
- PHC Group CEO or Corporate Officers
- PHC Group Audit and Supervisory Board Members
- Compliance Helpline (external reporting channel)

<https://www.phchd.com/global/sustainability/governance/helpline>

Strengthening the grievance mechanism is a critical element supporting the effectiveness of our HRDD and has been designated as one of the

priority initiatives within the Phase 2 HRDD project in FY2026. Going forward, we plan to review the effectiveness of the existing reporting system from a human rights perspective and explore enhancements in areas including:

- Verifying that human rights-related complaints and concerns are appropriately received and addressed
- Exploring further feasibility of accepting reports from external stakeholders, such as employees of suppliers and members of local communities
- Considering effectiveness criteria, including but not limited to those under the UNGPs (Principle 31) that provides a benchmark for assessing the reporting system

9. Looking Ahead

PHC Group will build on the foundational work of FY2025 to progressively deepen and strengthen the effectiveness of our human rights due diligence.

In FY2026, we will focus on further developing the operational framework for HRDD and conducting more detailed assessments of the risk areas identified to date (Table 2).

PHC Group views human rights due diligence not as a one-time exercise but as a process of continuous improvement. We will address the issues identified in our first year one by one, listen to the voices of our stakeholders, and continue to pursue responsible business practices.

Table 2. Planned HRDD Activities for FY2026

Activity	Overview
Risk screening of group companies and business partners	Conduct risk screening of group companies and business partners based on factors such as sector, country, and nature of transactions to identify entities with elevated human rights risk
Self-Assessment Questionnaire (SAQ)	Based on screening results, administer SAQs to group companies and key business partners to understand the status of their human rights risk management
Interviews with high-risk sites	Based on SAQ results, conduct remote interviews and other detailed reviews of sites assessed as having elevated human rights risk
Development of HRDD operational manual	Develop a procedures manual (covering risk assessment methodology, response processes, monitoring methods, etc.) to enable internal personnel to operate HRDD on an ongoing basis
Review and strengthening of the grievance mechanism	Review the existing reporting system from a human rights perspective and develop an improvement plan consistent with the UNGPs effectiveness criteria; conduct benchmarking research on grievance mechanisms at peer companies

10. Closing

This report summarizes PHC Group's human rights due diligence activities in its inaugural year. Our efforts are still in their early stages, and the content of this report represents only a first step.

In FY2025, we laid the groundwork by revising our Human Rights Policy, conducting a preliminary risk assessment across our entire value chain, and developing a roadmap for future action. Going forward, we will pursue more detailed assessments and concrete responses to the salient themes we have identified, while building internal structures and processes and engaging in dialogue with stakeholders to enhance the effectiveness of our HRDD.

There is no point at which human rights work is "complete." As a healthcare company whose business is dedicated to supporting people's health and well-being, PHC Group is

committed to continuous learning and improvement.



PHC Holdings Corporation