



## Chapter 5

# Sustainability



# Sustainability Management

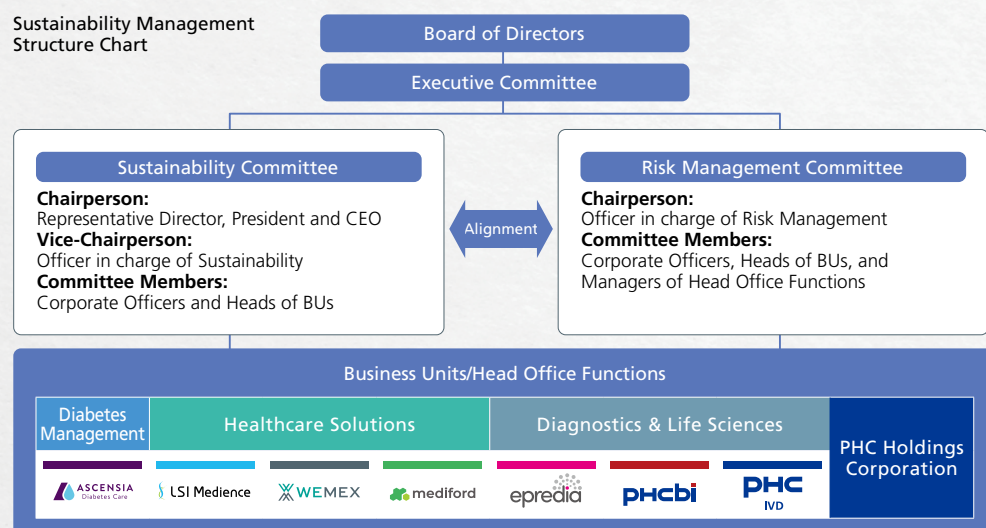
PHC Group's vision for 2030 is to be a leader in precision technology that powers the future of healthcare. To realize this vision, we are advancing our Value Creation Plan 2027, which includes a focus on building a foundation for Environmental, Social, and Governance (ESG) sustainability. We have identified materiality topics especially relevant to our 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 each of these ESG materiality topics, we have set key performance indicators (KPIs) and targets. Across PHC Group, we are united in driving our sustainability strategy forward.

## Sustainability Management Structure

Under the supervision of our Board of Directors, PHC Group has established a Sustainability Committee. Chaired by the Representative Director, President and CEO, the Committee includes Corporate Officers and Heads of Business Units. This committee is responsible for identifying the PHC Group's materiality topics, determining the related indicators (KPIs) and targets, evaluating performance, providing improvement instructions, and monitoring. Additionally, it oversees and discusses management and decision-making regarding overall sustainability initiatives, including compliance with new regulations and guidelines. Decisions made by the Committee are directed to the Sustainability Team, which includes representatives from each business unit and corporate function across PHC Group. This team oversees the implementation of initiatives to achieve sustainability targets and advances other sustainability-related activities, forming a group-wide framework for sustainability management. Matters reported, discussed, and deliberated in the Sustainability Committee are submitted and reported to the Executive Committee and the Board of Directors in accordance with internal regulations.

The Sustainability Committee meets, in principle, four times a year, with reports submitted to the Board of Directors at least twice a year. The Board of Directors manages and supervises the appropriateness, effectiveness, and risks of all PHC Group sustainability activities.

Sustainability Management Structure Chart



Overview of Fiscal Year 2024 Sustainability Committee Meetings (4 Meetings in Total)

Date	Agenda	Outcome
April 25, 2024	[Items deliberated] <ul style="list-style-type: none"> <li>ESG initiatives to be prioritized across PHC Group</li> <li>Plan for fiscal year 2024</li> </ul> [Items reported] <ul style="list-style-type: none"> <li>Fiscal year 2023 progress report on materiality topics, KPIs and targets</li> </ul>	Proposal approved as presented
July 9, 2024	[Items reported] <ul style="list-style-type: none"> <li>Progress report on Corporate Sustainability Reporting Directive (CSRD) compliance</li> <li>Progress report on the project for calculating supply chain greenhouse gas (GHG) emissions</li> <li>Progress report on key ESG assessment scores</li> </ul>	-
October 31, 2024	[Items deliberated] <ul style="list-style-type: none"> <li>Regular implementation of global ESG training</li> <li>Review of ESG priorities for PHC Group</li> <li>Preparation for carbon footprint (CFP) calculation</li> </ul> [Items reported] <ul style="list-style-type: none"> <li>Progress report on CSRD compliance, etc.</li> </ul>	Proposal approved as presented
January 30, 2025	[Items deliberated] <ul style="list-style-type: none"> <li>Calculation of supply chain GHG emissions, acquisition report and disclosure of third-party assurance statement</li> </ul> [Items reported] <ul style="list-style-type: none"> <li>Progress report on CSRD compliance, etc.</li> </ul>	Proposal approved as presented

## Sustainability Risk Management

Sustainability-related risks are assessed through close collaboration between sustainability and risk management departments, taking into account changes in both internal and external environments. Identified risks and corresponding countermeasures are evaluated by the Sustainability Committee and managed in coordination with the Risk Management Committee.



# Materiality Topics, KPIs, Targets and Progress

PHC Group has identified 11 materiality topics to engage in globally and assigned KPIs and targets to each in order to promote sustainable management from a long-term perspective. We will advance these targets as part of the Value Creation Plan 2027.

Classification	Materiality	KPI	Targets*1	Fiscal Year 2023 Actual, Progress	Fiscal Year 2024 Actual, Progress*2
Environment	Climate Change*3	Scope 1 & 2 CO <sub>2</sub> emission reduction	Carbon neutral by 2040 42% reduction (vs. 2023) by 2030	Scope 1: 15,861 tCO <sub>2</sub> e (standard value) Scope 2: 35,304 tCO <sub>2</sub> (standard value)	Statistics being compiled Second half disclosure planned. The same applies hereafter
		Scope 3 CO <sub>2</sub> emission reduction	25% reduction (vs. 2023) by 2030	Scope 3: 793,687 tCO <sub>2</sub> (standard value)	Statistics being compiled
	Preservation of Natural Resources	Percentage of reduction of water withdrawal at production sites/labs on a per revenue basis	15% reduction (vs. 2023) by 2030	1.2 m <sup>3</sup> /mm JPY (standard value)	Statistics being compiled
		Percentage of reduction of packaging material on a per revenue basis	10% reduction (vs. 2023) by 2030	12.8 kg/mm JPY (standard value)	Statistics being compiled
		Percentage of reduction of waste generated at production sites/labs on a per revenue basis	20% reduction (vs. 2023) by 2030	13.0 kg/mm JPY (standard value)	Statistics being compiled
	Circularity	Percentage of total waste recycled at production sites/labs (excluding thermal recycling)	90% by 2030	46%	Statistics being compiled
		Percentage of recycled content in plastic packaging materials	10% by 2030	0%	Statistics being compiled
Social	Creating Healthcare Innovation that Supports Business Development	Number of new PHC Group patent applications (including design and utility models)	-	155	164
		Number of new PHC Group registered patents (including design and utility models)	-	4,306	4,160
		Number of new products and services launched	-	93	55
		Sales in growth fields	86.0 bn JPY by 2025	41.0 bn JPY	39.4 bn JPY
	Product Excellence	Number of warning letters issued (e.g., FDA warning letter)	0	0 (achieved✔)	0 (achieved✔)
		Number of recalls issued	-	2	3
	Enhancement of Supply Chain Management	Percentage of response rate to PHC Group supplier survey*4	95%	95% (achieved✔)	95% (achieved✔)
	Expanded Access	Consolidated sales in emerging and developing markets	-	49.3 bn JPY	56.2 bn JPY
		Ratio of gender diversity at manager level or above	Female ratio: 30% or higher by 2030	-*6	24.3%
	People & Culture	Employee Engagement Score: increase from the previous year	1 point+ improvement YoY	62 YoY -1pt	67 YoY +5pt (achieved✔)
		Enhanced employee learning and skill development	-	PHC Academy Skill Database	PHC Academy (Next Generation) Skill Database
Governance	Strengthening Corporate Governance	Percentage of nationality diversity of the Board of Directors	-	25%	30.0%
		Board effectiveness assessment	1/year	1 (achieved✔)	1 (achieved✔)
		Number of meetings with institutional investors and securities analysts	-	95	106
	Risk Management	Number of Enterprise Risk Management Committee meetings	2/year	Kick-off held	4 (achieved✔)
		Percentage of employees taking compliance training (e.g., code of conduct, insider trading)	100%	100% (achieved✔)	100% (achieved✔)
	Cybersecurity	Percentage of employees who participate in information security and data protection training	100%	100% (achieved✔)	100% (achieved✔)
		Biannual vendor security reviews - percentage of critical vendors reviewed*5	100%	100% (achieved✔)	100% (achieved✔)
		Number of PHC Group Cybersecurity Committee meetings	4+/year	4 (achieved✔)	4 (achieved✔)

\*1 KPIs for which it is difficult to set appropriate targets are displayed as "-". Targets for items under discussion will be disclosed as soon as they are set.

\*2 Actual values for the materiality topics of Climate Change, Preservation of Natural Resources, and Circularity for fiscal year 2024 are currently under calculation. We plan to disclose this information on our website in the second half of the year.

\*3 Greenhouse gas (GHG) emissions categories are based on the GHG Protocol as outlined below:

Scope 1: Direct emissions from the company through the combustion of fuel, etc.

Scope 2: Indirect emissions as a byproduct of energy generation such as the above or purchased electricity

Scope 3: Indirect emissions other than under Scope 2 (purchased products or services, transportation, disposal of sold products, etc.)

\*4 This covers the major suppliers for materials procurement in each business unit.

\*5 From the viewpoint of information security, the scope applicable to ISMS certification within Japan became included in fiscal year 2023. In fiscal year 2024, it has been expanded to cover the entire PHC Group.

\*6 The ratio of female managers (on a consolidated basis) for fiscal year 2023 has not yet been compiled, so it is omitted from this chart.




PHC Group's global sustainability strategy addresses environmental, social, and governance (ESG) issues. In terms of the environment, we are focused on three materiality topics—Climate Change, Circularity, and Preservation of Natural Resources—and we are working on these on a group-wide basis.

## Climate Change

PHC Group takes the impact of climate change on our business activities and society seriously, and we position achieving a carbon-free society as a key management issue. We have set a carbon neutral goal of achieving greenhouse gas (GHG) emissions reductions in Scope 1 and Scope 2 by 2040, and are actively working on this goal.

In our Value Creation Plan 2027, we have set a goal of reducing Scope 1 and Scope 2 GHG emissions by 42% and Scope 3 GHG emissions by 25% by fiscal year 2030. In June 2025, we obtained Near-Term Science-Based Targets certification for the 1.5°C Standard from the Science Based Targets initiative (SBTi) for this index.

This certification is a recognition of the validity of our reduction plan, which is backed by scientific evidence and is based on the Paris Agreement's goal of limiting the rise in global temperature to below 1.5°C above pre-industrial levels.

	Scope 1 (direct emissions)	42% reduction (vs. fiscal year 2023) by fiscal year 2030
	Scope 2 (indirect emissions)	
	Scope 3 (indirect emissions not covered by Scope 1 or 2)	25% reduction (vs. fiscal year 2023) by fiscal year 2030 Categories subject to reduction: Category 1: Purchased products and services Category 4: Upstream transportation and distribution Category 6: Business trips Category 11: Use of sold products Category 12: Disposal of sold products

## Basic Approach

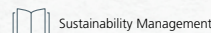
To ensure business sustainability and contribute to the realization of a sustainable society, and to appropriately grasp the impact of climate change on our business activities and society, PHC Group is conducting scenario analysis based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and identifying and assessing risks and opportunities. We are currently working on the four core elements recommended in the TCFD recommendations: governance, strategy, risk management, and metrics and targets, as described below.

## Governance and Risk Management

PHC Group has set up a department dedicated to sustainability in order to appropriately manage risks and opportunities related to climate change, and promote sustainable management. This department does its work under the Sustainability Committee, and is responsible for formulating sustainability strategies and promoting them group-wide, for assessing risks and opportunities, and for monitoring. The Sustainability Committee

reports regularly to the Board of Directors, and oversees the progress status of climate change initiatives.

See Chapter 5, the Sustainability Management (page 56) for our sustainability promotion system.



## Strategy

PHC Group aims to achieve sustainable growth and increase long-term enterprise value through an integrated promotion of management strategies, HR strategies, and ESG strategies. We position climate change measures as a key management issue and have set KPIs for them. We treat climate change from the twin aspects of risk and opportunity, and believe that we can create new business opportunities through environmentally-conscious products and services, in addition to complying with laws and regulations as well as requests from our business partners.

In scenario analysis, we use the following two scenarios that assume different ways that climate change may progress, and comprehensively identify risks and opportunities due to climate change.

Scenario	Name	Overview
1.5°C Scenario	SSP1-1.9	In this scenario, climate measures to keep the temperature rise to within 1.5°C are introduced to achieve carbon neutrality by 2050 on a foundation of sustainable development.
	NZE (Net Zero Emissions by 2050 Scenario)	This scenario aims at achieving energy-related sustainable development goals while keeping the temperature rise to within 1.5°C.
4°C Scenario	SSP5-8.5	In this scenario, fossil fuel-dependent economic development continues, no climate measures are introduced, and the temperature rises at least 4°C by 2100.
	STEPS (Stated Policies Scenario)	In this scenario, while there is some decline in emissions from energy thanks to current policy agreements, industrial-based emissions remain at their current level.

We are working to provide qualitative assessments and assess the financial impact of the physical risk, migration risks, and opportunities identified through analyses using these scenarios from time axes covering the short term (1 year), medium-term (2-5 years), and long-term (6 years or more). The results of these analyses are scheduled to be disclosed in the appropriate form once they are completed.

PHC Group seeks to manage risks and opportunities related to climate change and ensure the sustainability of our businesses over the medium- to long-term. We also promote initiatives towards the realization of a sustainable society. We shall continue to emphasize transparency, and disclose information related to our analysis process and results.



## Metrics and Targets

PHC Group has set the following targets so that we can contribute to global initiatives to keep global temperature rise to within 1.5°C.

Fiscal year 2040 GHG emissions Scope 1+2: Carbon neutral

Fiscal year 2030 GHG emissions Scope 1+2: 42% reduction (1.5°C target/Fiscal year 2023 baseline)  
Scope 3: 25% reduction (1.5°C target/Fiscal year 2023 baseline)

## Supply Chain GHG Reduction Initiatives

PHC Group has set the construction of a business platform and the achievement of sustainable growth as part of our Value Creation Plan 2027. Under this plan, we will promote growth based around the Diagnostics & Life Sciences field, while accelerating energy conservation activities and the introduction of renewable energy, strengthening our efforts to realize a decarbonized society.

PHC Group's greenhouse gas (GHG) emissions in fiscal year 2023 were 844,000 tCO<sub>2</sub>, of which Scope

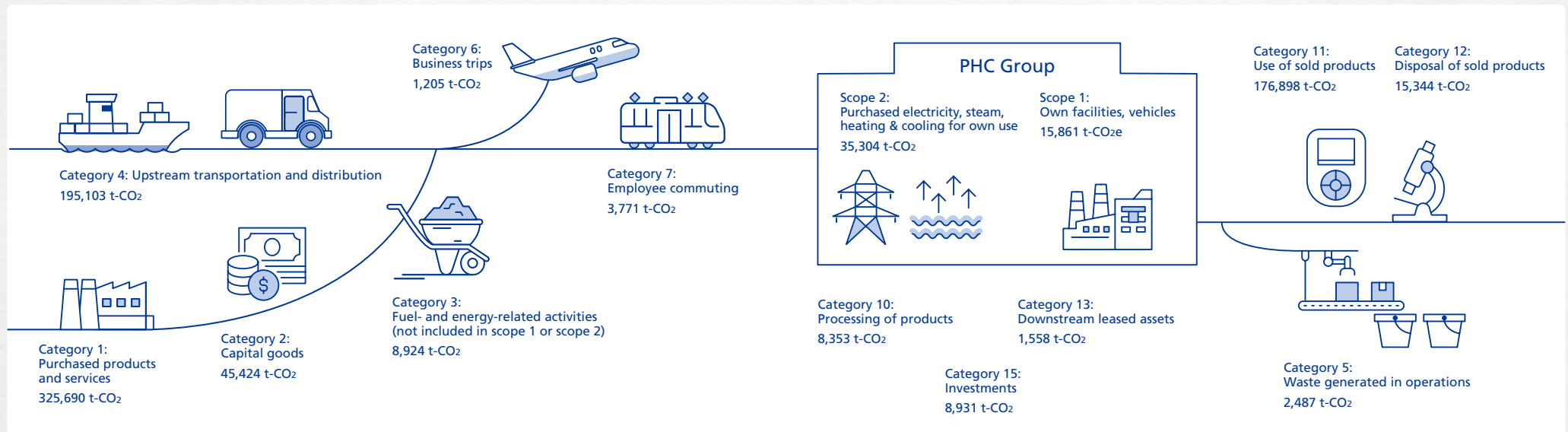
1 and Scope 2 (market-based) emissions account for 7% of the total. To achieve our near-term target, PHC Group is promoting measures to introduce renewable energy and reduce the use of gasoline and other fuels, in addition to our normal energy-saving activities, with the goal of reducing Scope 1+2 GHG emissions by 42% by 2030.

At the same time, Scope 3 emissions account for the majority of the GHG emissions of the entire group, with "Category 1: Purchased products and services," "Category 4: Upstream transportation and distribution," and "Category 11: Use of sold products" being major sources of emissions. In addition to focusing on reducing emissions in these categories, we will also work to reduce emissions related to company business travel and "Category 12: Disposal of sold products," which is related to contributing to a circular society, with the aim of achieving a 25% reduction by 2030.

Moreover, we are working on strengthening ties with our suppliers and business partners to encourage the reduction of GHG emissions across the entire supply chain.

Through these initiatives, PHC Group will contribute to minimizing the effects of our business activities on the environment and achieving a sustainable society.

### PHC Group Supply Chain GHG Emission





## Case Studies of Initiatives to Address Climate Change

### Solar Panel Installation — Epredia Shanghai

As part of its ESG initiatives, Epredia Shanghai has implemented a solar power project to promote the use of renewable energy. Initiated by a local industry park effort in 2024, the solar power system began operations in November of the same year. The expected annual power generation is 520,000 kWh. The project is expected to result in the reduction of coal consumption, CO<sub>2</sub> and SO<sub>x</sub> emissions. Through this initiative, Epredia Shanghai aims to contribute to the carbon neutrality goals of both the PHC Group and the local community. By advancing renewable energy adoption, Epredia Shanghai continues to balance environmental sustainability with economic benefits, fostering a more sustainable future.



#### Employee Voices

We are working diligently to support the group's ESG program by leveraging external resources and cutting-edge technologies, thereby accelerating its overall impact.

**Steed Li** APAC Chief Manufacturing Officer, Epredia



previously have been targeted for disposal. Moreover, small day-to-day efforts, like sorting paper cups or reusing product waste plastic, help us improve our recycling rate.

Initiatives such as these allowed us to achieve an impressive 99.82% recycling rate in fiscal year 2024. In fiscal year 2025, we aim to contribute to the 98.00% target of PHC Group as a whole, so we will continue to work on maintaining and improving our high recycling rate.

Through these initiatives, we not only lower costs connected with waste disposal but also contribute to reducing our environmental impact. In addition, these activities are aligned with all employees in the Gunma Site (including full-time, dispatched, and business partners), and we also work closely with environmental education through fostering environmental awareness and sharing knowledge. Changing awareness leads to improved environmental response capabilities throughout the entire workplace.

These initiatives to turn waste from what we don't want to valuable resources embody the stance of PHC Gunma Site towards walking hand in hand in our local community, and contribute significantly to achieving PHC Group's ESG goals.

We shall continue to work towards achieving a sustainable future while further deepening our collaboration with our local communities, aiming to balance environmental conservation with corporate growth.



## Circularity

### Initiatives for Waste Reduction (Biomedical Division)

In the PHC Gunma Site, where our Biomedical (PHCbi) business is operated, we are carrying out initiatives to contribute to the realization of a sustainable society through improving our recycling rate and reducing our waste through ties with the local community.

By ensuring careful selection of vendors and sorting of waste, we have discovered new value in materials that we used to process as waste, and have built a system to reuse these as resources. For example, by appropriately sorting cardboard or electrical products' cables, we have been able to reuse parts that would

#### Employee Voices

In environmental initiatives, it's important to take note of the small things. Day-to-day waste sorting and recycling ends up helping improve our corporate value and protect the global environment. I am confident that we can build a better future through having each and every employee act in ways that consider the environment. We shall continue to tackle the issue from these near-at-hand challenges.

**Hiroshi Okada** Biomedical Division, PHC Corporation





# Preservation of Natural Resources

## Reducing Packaging Materials: PHC Indonesia

PHC Indonesia incorporated the Environment, Social, Governance (ESG) framework and Sustainable Development Goals (SDGs) into its business policies starting in fiscal year 2024, and has been actively driving sustainable initiatives ever since. As part of these efforts, we launched a Kanban project, which is a streamlined production system, for our Biomedical division products. In this project, teams organized all necessary parts and materials into complete kits on the supplier side, and these kits were delivered to the warehouse using special carts made by PHC Indonesia. This kitting approach significantly reduced the use of plastic packaging materials and wooden pallets traditionally required during transportation, thereby minimizing environmental impacts. As of mid-July 2025, this project has successfully reduced roughly 12 kilograms of plastic waste. Additionally, by improving operational efficiency, it is expected to save around USD 500,000 annually.

The key to the success of this project was close collaboration with suppliers. By sharing challenges and working together to find solutions, PHC Indonesia and its partner companies developed a mutually beneficial mechanism. This initiative marks a significant step toward realizing our vision of growing together with suppliers.

PHC Indonesia is now considering extending the Kanban project to other product lines to further enhance efficiencies and reduce environmental impacts.

Going forward, PHC Group will continue working with suppliers and employees to achieve a more sustainable future.



### Employee Voices

Through the Kanban project above, we developed strong ties between suppliers and our internal team, enabling us to reduce environmental impacts while improving operational efficiency. This initiative represents a major step toward achieving our ESG and SDG goals. We also consider that growing together with stakeholders in this way is essential for realizing a sustainable society. Together with employees and partners, we aim to continue making responsible choices for a better future.

As the saying goes, "Small hinges swing big doors," meaning that small actions and seemingly trivial efforts can lead to significant outcomes.

**Ika Puspa Dewi** MC Logistics Department, PHC Indonesia



## Water Resource Initiatives: PHC Indonesia

PHC Group is committed to the efficient use and protection of water resources, balancing business activities and environmental conservation.

At our main production sites, we conduct water quality testing and implement other measures to properly manage wastewater while continuing efforts to minimize environmental impacts. Through these activities, we aim to coexist with local communities and contribute to a more sustainable society.

As one of our main production sites, PHC Indonesia seeks to conserve water resources in its daily operations.

Specific examples of initiatives at this site include:

### 1. Management of Water Consumption with Utility Meters

We have installed utility meters in specific areas of the site to record detailed water consumption. By using this data, we are working to reduce water waste and promote more efficient usage.

### 2. Recording of Daily Water Consumption

We have adopted a system of manually recording our daily water consumption to gain a detailed understanding of usage patterns. This allows us to respond quickly to any abnormalities that may arise.

### 3. Regular Inspection of Water Pipes

We regularly conduct inspections of water pipes within the site to prevent leaks and damage. This enables the early detection and repair of leaks, helping to prevent the waste of water resources.

### 4. Installation of Rainwater Infiltration Devices

We have installed water seepage pits and biopore holes to allow the natural infiltration of rainwater into soil. This initiative contributes to groundwater recharge and helps maintain the health of local water cycles.

These initiatives are being implemented as part of our daily operations. Through such consistent efforts, PHC Group will continue to conserve water resources and utilize them responsibly.



### Employee Voices

At PHC Indonesia, water usage is limited to non-industrial purposes, and our current focus is on preventing unnecessary waste. We are taking steady steps, such as raising employees awareness of water conservation needs and conducting daily pipe checks to prevent leaks. Going forward, we are considering initiatives such as utilizing rainwater and other ideas to manage our water resources more sustainably.

**Idvan Badrun** Human Resources Department, PHC Indonesia







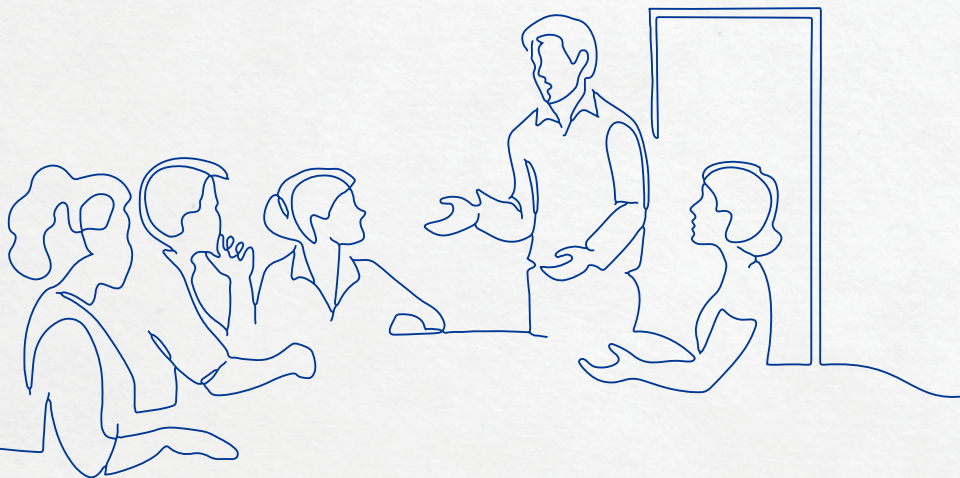
## Occupational Health and Safety Initiatives

PHC Group is committed to ensuring that all our employees have a safe and healthy work environment that enables them to perform at their best. We view occupational health and safety as both a corporate social responsibility and a foundation of sustainable management, and we are dedicated to maintaining rigorous health and safety management practices. Particularly at our production sites and laboratories, we regularly conduct health and safety risk assessments for employees at all locations and take appropriate actions based on the findings. Additionally, we carry out regular safety inspections of workplace environments and safety audits or inspections of workplace equipment. These efforts enable us to detect any risks early and implement effective countermeasures.

### Initiatives in Japan

PHC Group prioritizes the health and safety of our employees and is committed to creating a workplace environment where everyone can work with peace of mind. At our company locations in Japan, we regularly conduct health and safety risk assessments for employees and formulate action plans to prepare for potential emergencies. We also provide all employees with education and training on potential health and safety risks as well as proper work practices. Additionally, we have established grievance procedures to allow employees to report any potential occupational health or safety concerns.

Furthermore, we conduct safety inspections of workplace equipment and offer periodic health checkups for employees. We are also advancing a wide range of initiatives to prevent potential repetitive strain injuries, address stress and mental health, and control exposure to potentially hazardous substances and noise. We have also implemented measures to ensure the health and safety of non-regular employees and contract workers working on our premises. Through these initiatives, PHC Group seeks to provide a healthy and safe working environment for all employees.



### Initiatives of PHC Corporation

PHC Corporation, based in Japan, conducts annual risk assessments for possible workplace hazards. In the previous year, the company identified 13,194 risk items across the organization, leading to proactive improvements for potentially hazardous operations. The Company also verifies compliance with occupational health and safety laws and regulations twice a year, strengthening both legal compliance and management systems. Internal audits are conducted once a year to review the operation of the health and safety management system and on-site disaster countermeasures. Furthermore, at company-wide and regional health and safety committee meetings, employees and management exchange opinions and discuss stress checks and results of the Outstanding Organizations of KENKO Investment for Health certification. These efforts help to ensure that employee feedback is incorporated into company initiatives. PHC Corporation strives to further enhance safety awareness among all employees through daily workplace exercises, regular workplace inspections by occupational health physicians and health supervisors, activities to improve hazard awareness, and safety education. In fiscal year 2024, the occupational accident rate at PHC Corporation decreased by 15% compared to the previous year, and the lost time injury frequency rate remained below the industry average. Additionally, 100% of interested employees received health checkups, and the utilization rate of employee mental health consultations increased.

In recognition of its efforts to provide a healthy and safe workplace environment, PHC Corporation has been certified as an Outstanding Organization of KENKO Investment for Health (White 500).





# Commitment to Product Safety, Quality and Compliance

At PHC Group, we prioritize protecting the safety and health of people above all else. Our concept of “quality” encompasses the passion and effort of everyone involved in developing and delivering our precision healthcare solutions, culminating in products and services that are safe, reliable, and trusted by our customers. We believe that this embodiment of quality is what sustains our corporate trust and growth. Based on this principle, we have built a rigorous system of safety and quality management aligned with global standards. Our approach to quality assurance spans the entire product lifecycle—from product risk management in the planning phase to regulatory compliance and supplier management. We continuously implement company-wide, cross-divisional quality assurance activities and operate a company-wide quality management system (QMS) designed to ensure ongoing quality control. We are focused on the following three priority areas to fulfill our social responsibility through quality and to enhance trust across PHC Group.



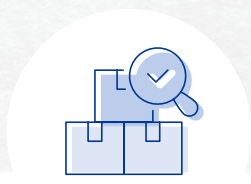
## Creating Customer-Oriented Products and Services

At PHC Group, guided by the belief that quality should exceed customer expectations, we implement ongoing customer-centric improvement activities, from the planning and design of products and services to sales and support. We have established a company-wide system for sharing and applying feedback gathered from the voice of customers (VOC), ensuring that this feedback is reflected in our products and services. We will continue this approach of advancing quality together with our customers, seeking to achieve an even higher level of trust and social responsibility as a company.



## Safety-First Mindset and Action

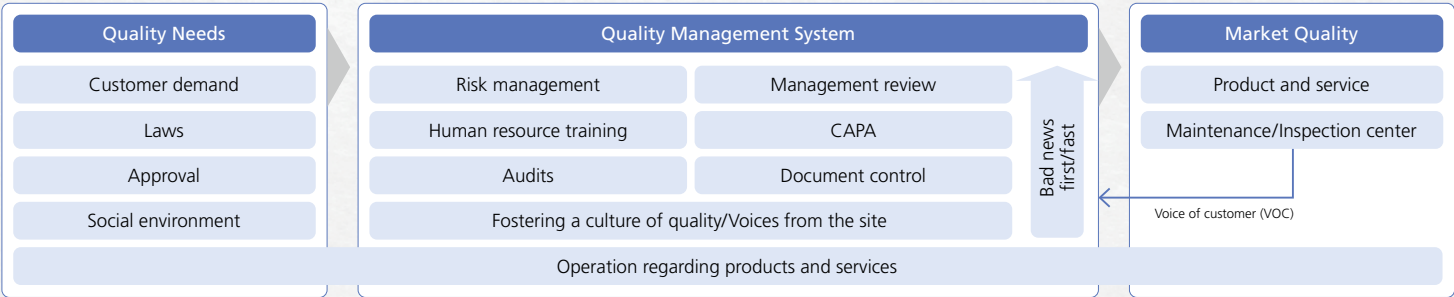
At PHC Group, “safety first” is the foundational approach to all our quality-related activities. We are committed to fostering a corporate culture in which every employee thinks and acts with safety as their starting point. Through quality review meetings and education programs, we work to entrench awareness and behavior, and from the early stages of product development, we implement rigorous risk management to prevent safety risks from manifesting and to ensure quality is built in at the design stage. In the event of any serious safety incident, we are prepared to respond by sharing information quickly and taking corrective actions. We also focus on analyzing root causes of any potential safety issues and preventing recurrence by applying corrective and preventive action (CAPA). Through these activities, we have established a culture of quality where we continually seek to earn the trust of society and our customers.



## Promoting Quality Management Systems

At PHC Group, we apply quality management systems (QMS) based on international standards such as ISO 9001 and ISO 13485 in each of our businesses. In addition to complying with legal regulations and country-specific certification requirements, we have established frameworks for continuous quality improvement and enhanced customer satisfaction. Through mechanisms such as internal audits, corrective and preventive action (CAPA), education and training, and competency management, we ensure the reliable execution of business processes and the implementation of improvement cycles. Looking ahead, we will continue to strengthen our quality assurance systems with a focus on trust and transparency, guided by a shared company-wide focus on quality.

Management Process that Bridges Societal Needs and Market Quality





# Supply Chain Management

## Vision

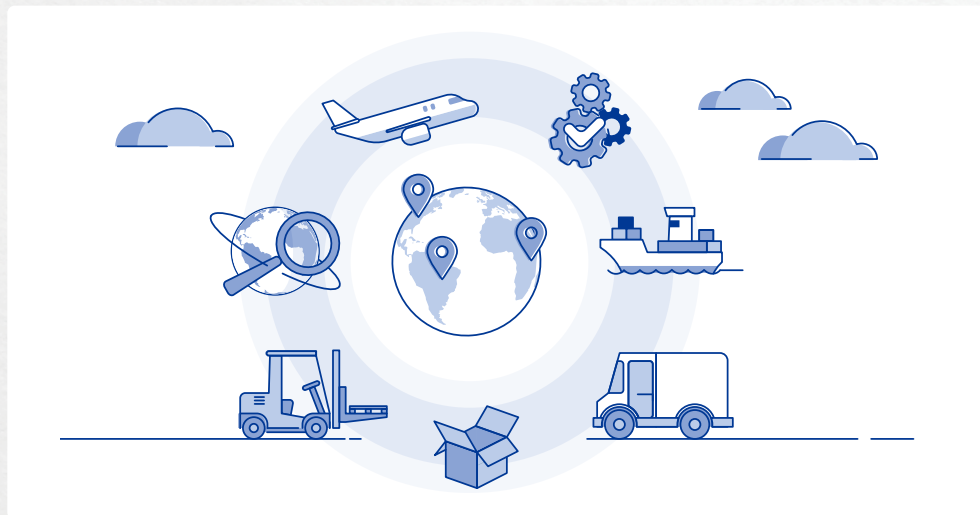
PHC Group aims to support corporate social responsibility (CSR) in our supply chain by working with our suppliers to advance our policy of being a “partner in creating products and services that deliver value to our customers.”

## Initiatives

### CSR Procurement Guidelines

Reflecting the demands of the international community, PHC Group's procurement guidelines include CSR indicators such as human rights and labor, health and safety, the environment, corporate ethics and compliance, information security, quality and safety, social contribution, and management systems, and we have posted these guidelines on our website as our “CSR Procurement Guidelines.” By working with our suppliers to promote business activities that comply with these CSR priorities, we are working to advance human rights, environmental protection, and fair trade. These guidelines aim to promote best practices in sustainability across PHC Group, and are aligned with our ESG goals through collaboration with our suppliers.

PHC Group CSR Procurement Guideline  
[https://www.phchd.com/global/~/Media/phchd\\_g/sustainability/pdf/PHC\\_CSR\\_Procurement\\_Guideline.pdf](https://www.phchd.com/global/~/Media/phchd_g/sustainability/pdf/PHC_CSR_Procurement_Guideline.pdf)



## Supply Chain Management

PHC Group conducted a supplier survey (self-assessment questionnaire based on CSR Procurement Guidelines) with our major business partners, and achieved a response rate of over 95%. The contents of the survey are reviewed every year and updated as appropriate. Additionally, as part of our environmental audits, our technical and quality management departments collaborated to formulate a supplier checklist for auditing management systems for chemical substances contained in products. Based on this, PHC Group checks supplier responses for the parts each supplier provides, informs suppliers about any relevant social and environmental issues regarding those parts, and monitors supplier changes. Additionally, we are implementing internal procurement initiatives to seek cost optimization and reduction of environmental impact, as part of our efforts to be a sustainable business.

### Initiatives to Increase Transparency and Efficiency of the Procurement Process

PHC Group prioritizes the transparency and efficiency of our procurement process, increasing groupwide understanding of our overall supply chain. Specifically, we promote transparency of expenditures by category and lead workshops that bring together the procurement departments of business divisions to maximize synergistic effects in the procurement of direct and indirect materials across PHC Group. Through these efforts, we seek to reduce supply risks while working to optimize costs and promote sustainable procurement activities.

Moreover, we are constantly aware of the effects on procurement demanded by ESG management and compliance with the laws and regulations of each country, and we engage in strengthening the resilience of procurement activities in PHC Group with the goal of increasing the sophistication of our procurement organization.

We will continue to develop our sustainable supply chains through collaboration with suppliers and standardization of procurement processes. These activities will contribute to the stability of business overall in PHC Group and improving our business competitiveness.



# Human Rights


PHC Group provides products and services in precision technology for healthcare, guided by our 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.” As a corporate group, we consider it a vital responsibility to respect the human rights of all stakeholders involved in our business activities. We are committed to contributing to a more sustainable and equitable society.

## Basic Approach

PHC Group supports the intent of the United Nations Guiding Principles on Business and Human Rights and International Bill of Human Rights, and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We respect the human rights of all individuals involved in our business activities, including employees, business partners, and local communities. Additionally, we do not tolerate any discrimination, harassment, forced labor, or exploitation of child labor.

To further advance human rights, we are currently updating the PHC Group Human Rights Policy and seek to identify any new potential human rights risks. We seek to prevent any potential negative impact of our business activities on human rights, contribute to the well-being of people, and help realize a more sustainable society.

 **Human Rights Policy**  
<https://www.phchd.com/global/sustainability/social/humanrights>

 **PHC Group Code of Conduct**  
<https://www.phchd.com/global/sustainability/governance/code-of-conduct>

## Human Rights Due Diligence

PHC Group conducts due diligence to identify and prevent any potential human rights risk across our business and within our value chain. In fiscal year 2025, we launched a global project led by the Legal, Patents and Compliance, Sustainability Promotion, Human Resources, and Procurement departments within PHC Group to advance the following initiatives:

### <Initiatives planned for fiscal year 2025>

- Conducting human rights training for members of the Board of Directors (completed in June)
- Updating the Human Rights Policy
- Employee training (for all global employees) on the updated Human Rights Policy
- Identifying potential human rights risks across the entire value chain
- Updating CSR Procurement Guidelines
- Developing a roadmap for initiatives from 2026 onward

## PDCA (Plan-Do-Check-Act) for Human Rights Due Diligence



## Remediation and Redress

PHC Group has established the PHC Group Helpline as a channel for all stakeholders, including employees and business partners, to seek advice or report potential violations of laws, regulations, or internal company rules. Reports made through the helplines can be submitted anonymously, and internal company regulations stipulate that individuals using the helpline will not face any retaliation. PHC Group is committed to protecting employees and business partners who raise questions or concerns in good faith. Information received through the helplines are addressed promptly and corrective action is taken when necessary.

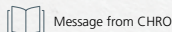
### <Channels for reporting and consultation>

- Immediate supervisor
- Nearby workplace manager
- Human Resources department
- Legal, Patents and Compliance department
- PHC Group CEO or Corporate Officers
- PHC Group Audit and Supervisory Board members
- Helplines  <https://www.phchd.com/global/sustainability/governance/helpline>



## Vision

We believe that the growth of individual employees is the driving force behind the development of PHC Group. For more details about the PHC Group Human Capital Strategy, please refer to Chapter 3, Corporate Strategy, Message from CHRO (page 38).



Message from CHRO

## Initiative

### Ensuring Broad-Based and Equitable Recruitment

PHC Group is committed to broad-based and equitable recruitment to help create an environment where people succeed on merit and diverse perspectives are welcomed. In fiscal year 2024, the gender ratio for new graduate recruitment in Japan was balanced (48% men, 52% women). And we maintained a 50:50 ratio between new graduates and mid-career hires to help ensure a well-balanced mix of experiences and backgrounds. Through our efforts, we are building an organization with diverse perspectives to support growth.

#### PHC Corporation Recruitment (Japan)

Type	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Permanent employee recruitment	105	157	76
Number of mid-career hires in the above	88	142	45
Percentage of mid-career hires in the above	83.8%	90.4%	59.2%

### Employee Engagement Surveys

Every year, PHC Group conducts an engagement survey for all employees. In fiscal year 2024, approximately 7,200 employees were invited to participate in the survey, with a response rate of 88%. Our engagement score was 6.7 out of 10.0, representing an improvement of +0.5 points year-on-year.

#### PHC Group Engagement Survey Results

	Fiscal Year 2023	Fiscal Year 2024
Participants	9,908	6,335
Response rate	89%	88%
Overall group score	6.2	6.7 (+0.5 points)
Engagement (How much would you recommend your company to someone outside the company?)	5.9	6.5 (+0.6 points)
Satisfaction (How satisfied overall are you with working at your company?)	6.5	7.3 (+0.8 points)

## Facilitating Flexible Work Styles and Working Environments

PHC Group has adopted flextime and work-from-home systems to support flexibility in work styles for relevant roles. These initiatives have created a working environment where corporate employees can achieve wellbeing and healthy work-life balance. By valuing work-life balance, we aim to create a workplace environment where every employee can realize their full potential.

## Global Training

As a global healthcare company engaged in a wide range of businesses around the world, PHC Group conducts continuous education and training programs to ensure that all employees understand and practice our shared Values and Standards of Conduct. In recent years, we have introduced several e-learning programs globally, including the following initiatives:

- Social Media Policy Training
- Data Protection and Privacy Training
- ESG and Sustainability Basic Training

Through these training programs, we aim to improve the understanding and behavior of our employees globally. Furthermore, we strive to achieve sustainable growth and enhance trust in PHC Group.

### PHC Associates Corporation

PHC Associates Corporation was established in 2015 as a special subsidiary of PHC Group. The company currently employs 75 workers, including 65 with intellectual or developmental disabilities. The company operates across three locations in Japan: Matsuyama, Wakimachi, and Gifu. PHC Associates is committed to creating a work environment where all employees can work with peace of mind, guided by its philosophy to seek happy lives for its employees, support them in society as truly independent participants, and strive to become a company where all employees take pleasure in their work.

Since its founding, PHC Associates has played a central role in promoting the employment of people with disabilities across PHC Group. It contributes to achieving the statutory 2.5% employment rate while remaining focused on its social responsibility. The company values the growth and job satisfaction of each employee and prioritizes communication through regular interviews with psychologists and the use of employee reflection notebooks. To support skill development among employees, PHC Associates encourages participation in social skills training and skills competitions, and fosters an environment where employees can experience personal growth.

PHC Associates collaborates with external institutions in Japan, such as special needs schools and employment support centers, to build a foundation for safe working environments while strengthening ties with local communities. By expanding its current work offerings and implementing new initiatives, PHC Associates continues to promote the creation of workplaces where all employees can unlock their potential and find fulfillment in their work.





# Voice of Customers (VOC) as a Catalyst for Action – MCT Activities

PHC Group is focused intently on utilizing the voice of the customer (VOC) to respond to the needs of society. Rather than regarding VOC merely as a “request for improvement,” we see it as a source of corporate value improvement that generates awareness, trust, improvement, and growth. To this end, we are promoting VOC activities in three areas, which we call *Miraidane* (Collection), *Cotodama* (Analysis and Visualization), and *Tsunagaru* (Utilization).

## 1. *Miraidane* Activities: Preserving Customer Feedback—Collection and Accumulation

We collect and accumulate VOC from a variety of touchpoints, including sales, maintenance services, business meetings with domestic and global partners, and social media. Information gathered through these activities is centrally registered in a database, ensuring that primary customer feedback is fully captured and can be quickly utilized.

## 2. *Cotodama* Activities: Visualizing Customer Feedback—Analysis and Sharing

We analyze accumulated VOC data using tools such as text mining and AI. Through both quantitative and qualitative evaluations, we visualize trends in customer needs and identify issues. These results are then shared internally via dashboards and departmental reports, contributing to faster and higher-quality decision-making.

## 3. *Tsunagaru* Activities: Utilizing Customer Feedback—Integration into Business Activities

Analyzed VOC is immediately fed back into the development of new products and services, as well as the improvement of existing businesses. We also constantly work to entrench a customer-centric mindset as part of our organizational culture. This includes conducting employee training on VOC and enhancing FAQs at customer service touchpoints.

Through this cycle of collection, analysis, and utilization of VOC, PHC Group maximizes our use of VOC as intellectual capital, leveraging it to drive sustainable value creation.

## An All-in-One Approach: From Collection to Analysis and Visualization to Utilization

To efficiently collect and utilize customer feedback, we have introduced survey cards as part of our *Miraidane* (Collection) activities. Printed with a 2D barcode, the survey cards are provided directly to customers, allowing us to gather their perspectives directly. Responses are aggregated online, then analyzed and visualized through *Cotodama* (Analysis and Visualization) activities, before being transformed through *Tsunagaru* (Utilization) activities into improvement actions that connect front-line operations with management.

Accumulated VOC information circulates throughout the entire organization, like capillaries delivering oxygen to every part of an organism. This cyclical operation of collection, analysis and visualization, and utilization boosts frontline motivation, improves service quality, deepens trust with customers, and drives sustainable corporate value creation.

### Employee Voices

Every day, I am impressed by how important VOC activities are for creating a better future for our customers. Through active collaboration across PHC Group, we are striving to ensure that our products and services deliver an even higher value experience to our customers. Above all, we are dedicated to contributing to a better future for healthcare through our VOC activities.

**Kenshiro Yamamoto** Global VOC Promotion Section, Corporate Planning Department



## Transforming Customer Feedback into Future Value Creation:

### Messages from the Head and Deputy Head of the Diagnostics & Life Sciences Domain



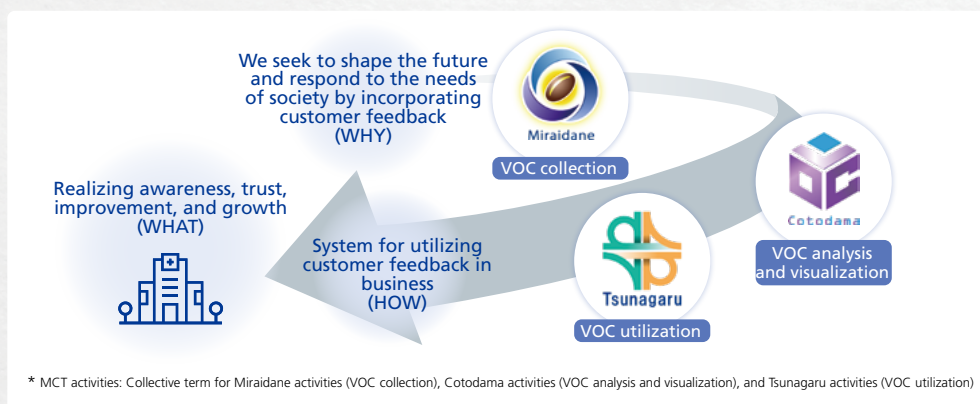
Nobuaki Nakamura  
Head of Diagnostics & Life Sciences Domain

VOC activities are the engine driving PHC Group's business forward. These activities are a vital input to maintaining kaizen (continuous improvement) activities with fresh enthusiasm every day, seeking to never become complacent. We believe that taking concerns and suggestions seriously—not only about quality and usability, but also about products, services, customer support, ESG, and sustainability—and giving them diligent consideration leads us toward fulfilling our corporate Mission and Vision. Looking ahead, we aim to expand the focus of our VOC activities from Japan to our global customers, broadening their scope to encompass customer feedback on all PHC Group products and services.



Steven Lynum  
Deputy Head of Diagnostics & Life Sciences Domain

At Epreia, we take pride in offering a seamless portfolio of precision cancer diagnostics solutions that supports the entire pathology workflow. Our extensive range of products means that every second of every hour, 48 of our products are employed in the battle against cancer. With more than 1.5 billion interactions annually with researchers and clinicians, respecting the voices of our customers is essential. By systematically collecting VOC information, we transform these interactions into innovations for future products and services. The voice of the customer remains our most critical input in the evolution of our solutions that support precise cancer diagnostics.





## “Check for Me” Wemex System for Sharing Medication History

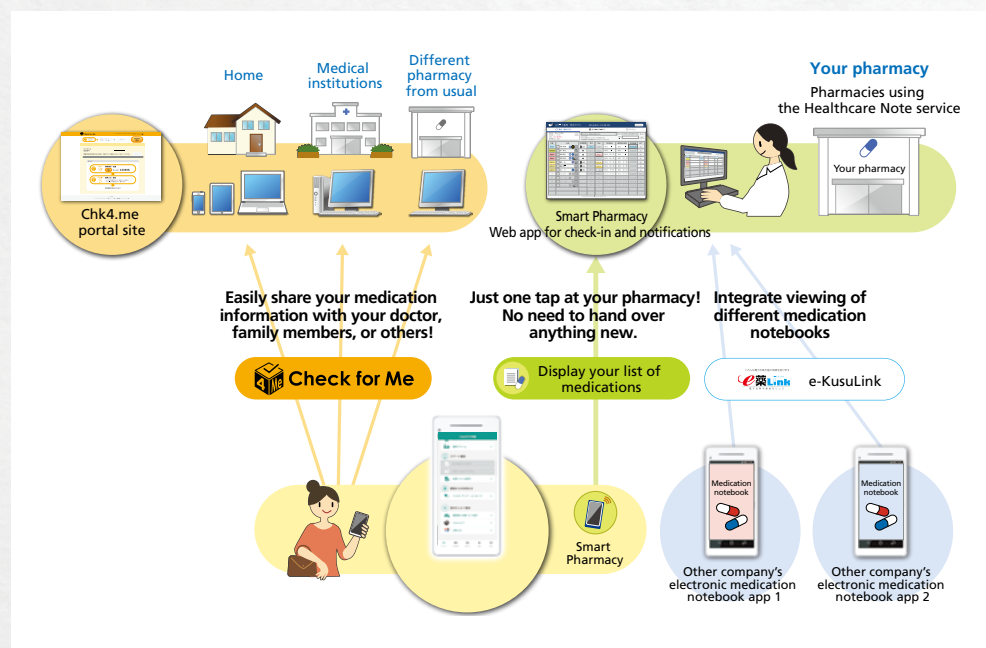
With medication histories in Japan currently fragmented across different pharmacies and medical institutions, patient medication information is not being accurately shared and there remains a risk of medication errors or duplicate prescriptions. To address this issue, Wemex developed “Check for Me,” a patented function for sharing medication histories among patients, family members, and healthcare professionals. This function allows real-time access to medication histories, enabling all stakeholders to easily check the same information.

In March 2023, the Japanese Ministry of Health, Labour and Welfare (MHLW) issued its Guidelines for Electronic Medication Notebooks, which outlined essential, desirable, and future-desirable features for electronic medication notebooks from a healthcare digital transformation (DX) perspective. “Check for Me” fulfills one of the “desirable” features—enabling even pharmacies and medical institutions that do not use electronic medication notebooks to easily view information that is registered in a user’s electronic medication notebook (prescription data, etc.)—meaning that “Check for Me” can be a powerful enabler, helping

electronic medication notebooks contribute to healthcare DX.

Wemex anticipates that this function will also be implemented in electronic medication notebook apps provided by other companies. In November 2024, Wemex expanded the availability of this function—which was previously exclusive to its own “Healthcare Note” app—for the first time by providing it to Nihon Chouzai’s “Okusuri Techo Plus” app. This has enabled users of Okusuri Techo Plus to easily share not only prescription medication details but also information on over-the-counter drugs and supplements with healthcare providers, potentially enhancing the quality of medical care they receive.

Wemex will continue to support the contribution of electronic medication notebook apps to healthcare DX and work with other companies to build an environment where anyone can easily share medication information with medical institutions and family members.



### Employee Voices

At Wemex, we are responsible for protecting patient data provided through our widely adopted medical-receipt computers and medication history systems. By enabling secure analysis and accurate medication guidance using this data at pharmacies, we aim to optimize healthcare for each individual patient, in collaboration with professionals across various healthcare settings, including medical institutions, pharmacies, and occupational health organizations.

“Check for Me” is a function designed to deliver a more optimized healthcare experience through consented sharing patient data, rather than that data being confined within Wemex. Going forward, we will seek to securely use medical data and generative AI to provide patients with services that are even more accessible and user-friendly, supporting their daily health.

**Yusuke Arai** Pharmacy Business Solutions Section, Product Management Department, Wemex Corporation





## Cost Optimization

### Smart Spend Program: Cultivating a Company-Wide Culture of Wise Spending for Sustainable Growth

As a key measure of our Value Creation Plan 2027, PHC Group has launched the internal Smart Spend Program (SSP). This program is not merely about cutting costs, but about enhancing our corporate value sustainably by instilling a company-wide mindset of wise spending to maximize the use of resources.

Through cross-departmental workshops, teams collaborate to consider improvement measures for each expense category, from travel expenses to office supplies. Starting in fiscal year 2025, a Corporate Officer is responsible for the program, with representatives from each business unit bringing their knowledge and expertise to consider ideas and swiftly translate them into proposed measures.

Resources generated through these efforts will be reallocated for new growth investments and business improvements, leading to a better working environment for employees and greater value delivered to our customers. This optimization of resources also helps reduce our environmental impact, playing a crucial role from a sustainability perspective.

By bringing together the collective wisdom of our entire organization, PHC Group will continue to foster a more sustainable corporate culture, creating new synergies through collaboration across departments and regions.



SSP workshop

## Social Contribution Activities

### Ascensia Diabetes Care's Activity to Support the Diabetes Community

For Ascensia, World Diabetes Day is an important opportunity to celebrate our ongoing commitment to supporting people with diabetes through awareness and education.

In 2024, we launched our "This is Diabetes, This is Wellbeing" campaign, inviting people around the world to submit wellness-related questions to expert panels via an online Wellness Zone. This dialogue highlighted the need for holistic care that includes mental and emotional well-being.

In 2025, we relaunched our popular photo and art competition, this time with the theme of "Diabetes and Anxiety." This theme reflects the growing challenge of anxiety for those living with diabetes. Winning entries will be shared as printable coloring pages to celebrate creativity, expression, and the lived experiences of people affected by diabetes.

Through these creative and collaborative campaigns, we seek to deepen our connection with the communities we support.





# Risk Management

PHC Group recognizes the importance of appropriately identifying and assessing the various risks inherent in our business activities and preventing or mitigating them in order to achieve sustainable growth and maximize our corporate value. To that end, we have prepared a risk management system based on our Basic Risk Management Regulations, which stipulate the basic policies, systems, and initiatives for PHC Group regarding risk management. We have processes in place to identify key risks, including management risks, financial risks, legal risks, natural disaster risks, and geopolitical risks, and promote company-wide management and responses.

## Risk Management System

PHC Group has established a Risk Management Committee with the purpose of comprehensively managing risk and strengthening our risk management system. The Risk Management Committee is chaired by the COO (Chief Operating Officer), and its members include corporate officers, global business managers, and heads of headquarters departments. The Committee meets four times a year, or more as needed. Together, its members formulate measures to prevent risks from occurring and minimize their impact if they do occur, checks the status of response implementation, evaluates and reviews ongoing risk, and reports to the independent Board of Directors to ensure sustainable business operations.



## Specific Processes for Business Risks

At PHC Group, we regularly identify and evaluate potential risks that may impact on our business continuity from external uncertainties such as economic trends, regional conflicts, and pandemics to internal risks related to supply chain, production, procurement, and information security. Each business unit and headquarters department constantly assesses and analyzes the significance of potential risks based on potential impact and likelihood of occurrence. For risks deemed to have a high level of importance, we develop response strategies and specific countermeasures, report them to senior management, and promote company-wide initiatives to address them. We also continuously monitor the implementation status of these measures and make adjustments as needed to align with the evolving business environment. In cases where a risk materializes, we respond promptly to minimize damage and implement measures to prevent recurrence.

Among the risks that may impact PHC Group's business performance or financial condition, we identify and disclose those that may significantly influence investors' decision-making. These risks may include competition, market fluctuations, corporate reputation, and natural disasters, among others. However, these are not the only risks we disclose. We also actively provide information on other matters that we consider important for investors' decision-making, based on our commitment to proactive and transparent communication.

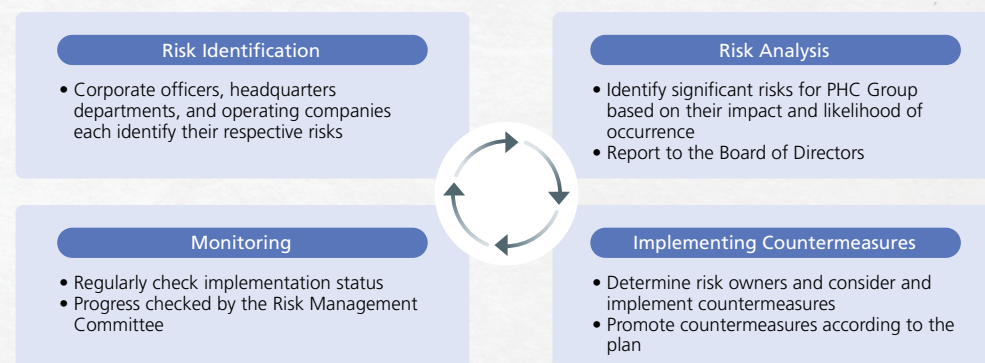
For further details on business-related and other risks, please refer to the following webpage.

Business risks details  
<https://www.phcnd.com/global/ir/risk>

### Employee Voices

At PHC Group, Risk management is not just about crisis response, it is a broader framework. In today's rapidly changing society, we ensure business continuity and safeguard corporate value by anticipating and preparing for uncertainties and responding promptly and effectively. Operating globally, we face a wide range of risks, including natural disasters, geopolitical tensions, cybersecurity threats, and technological inheritance. Recognizing that risks to business continuity can take many forms, each employee is encouraged to view risk management as a personal responsibility and to enhance their awareness. By embedding this mindset into our corporate culture, we aim to build an organization that inspires trust and confidence among our customers.

**Kazuto Ikeda** Risk Control Section, Sales Planning Department, PHC Holdings





## Cybersecurity

### Company-Wide Policy

PHC Group has prepared information security management standards for group companies based on the framework of the international information security standard ISO 27001. We operate and manage these standards on a global basis through a unified system and set of rules.

### Cybersecurity Committee

PHC Group convenes a Cybersecurity Committee to discuss the group's cybersecurity policy, key performance indicator (KPI) reviews, incident reports, and response plans for any potential security risks. These meetings are attended by all PHC Group Corporate Officers, including the President and CEO. At the meetings, members discuss any cybersecurity concerns and responses related to our business and determine and implement necessary measures.

### Training and Education

As part of cybersecurity training in fiscal year 2024, PHC Group conducted two e-learning training sessions for employees in Japan: (1) Information security training (general education) and (2) Targeted email attack countermeasures training. The completion rate was 100% for both trainings for all eligible employees.

We also provided training on data protection to employees globally across PHC Group and the completion rate for eligible employees was 100%.

The attendance rate of training and education related to cybersecurity and data protection has increased due to active engagement by employees. Our cybersecurity efforts are widely disseminated among employees, and we continue to work together to build a secure digital environment.

### Information Security Reviews for Vendors

PHC Group is actively working to reduce potential cybersecurity risk by conducting annual information security reviews for high-risk vendors. Specifically, we investigate the status of ISO 27001 and Privacy Mark certifications for outsourced vendors, as applicable. If vendors are not certified, we use a cybersecurity standard checklist and require that they have a score of 90 out of 100 or higher, or that they have security standards that are equivalent to or higher than those of PHC Group. If compliance standards are not met, we consult with the outsourced vendors and take measures to avoid and reduce risks.


To ensure comprehensive coverage, in fiscal year 2024, we extended these efforts to all vendors across PHC Group, achieving a 100% implementation rate. In particular, we identified high-risk vendors based on three criteria: the level of confidential information they handle, their degree of access to critical systems and networks involved, and the business processes involved. By implementing necessary countermeasures, we successfully mitigated risks.

As the business environment and emerging technologies continue to rapidly evolve, PHC Group will continue to take a consistent and continuous approach to vendor and supply chain risk, focusing on information security and the criteria mentioned above.

## Compliance

### Code of Conduct

PHC Group's Code of Conduct applies to all countries and employees. It is organized by each of our values: Curiosity, Courage to Act, Respect & Collaboration, and Integrity. We focus on potential risks to our business and key principles for acting ethically and in compliance with company policies. We also comply with all applicable local, national, regional, and international laws, rules, regulations, and legal doctrines. If any conflict arises between our policies, standards, Code of Conduct, and applicable laws and regulations, we follow the most stringent applicable regulation.

 PHC Group Code of Conduct  
<https://www.phc.co.jp/global/sustainability/governance/code-of-conduct>

### Training and Education

Continuous training and education activities are essential for promoting compliance with company policies. In fiscal year 2024, we conducted training on the critical topic of preventing insider trading for all employees of PHC Group. The completion rate for the training was 100% (excluding employees who were unable to attend due to leave of absence, maternity leave, childcare leave, etc.). We will continue to provide necessary training to ensure compliance on this essential topic.

### Internal Control Systems

PHC Group offers compliance helplines for use by employees. Potential compliance issues, such as suspected fraudulent activity or legal violations, can be reported. Helplines can be used anonymously. In various regions, third-party reporting points such as law firms are available, to help create an environment that facilitates consultation and reporting by employees globally. Each business unit is responsible for investigating and responding to any reported cases of noncompliance, and PHC Group has an escalation policy in place to handle any serious cases.

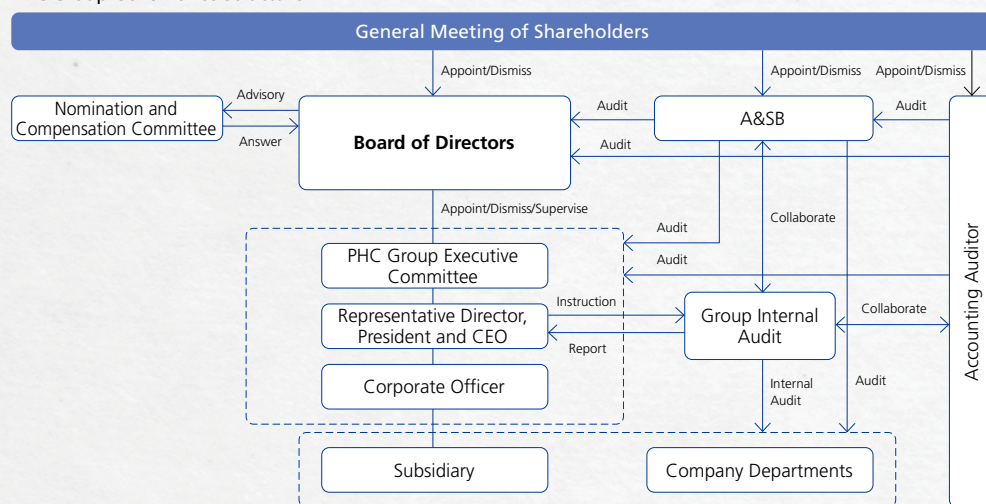


# Corporate Governance

## Basic Philosophy for Corporate Governance

Our basic approach to corporate governance is rooted in our corporate mission: “We contribute to the health of society through our diligent efforts to create healthcare solutions that have a positive impact and improve the lives of people.” To put this philosophy into practice, we strive to build a governance framework that enables the management team to efficiently oversee compliance with laws, the Articles of Incorporation, and internal policies and regulations. From the perspective of ensuring soundness, efficiency, and transparency in management, as well as sustainably enhancing corporate value, PHC Group is committed to building and implementing appropriate governance practices.

### PHC Group Governance Structure



## Board of Directors

The Board of Directors is composed of eight directors, including five external directors. When appointing external directors and external auditors, we created a skill matrix to ensure a balance of knowledge, experience, abilities, and perspectives of each director and auditor, as well as policies and procedures regarding appointment. Currently, the Nomination and Compensation Committee deliberates on any selection and dismissal involving management, considering the business environment and characteristics, and the results are submitted to the Board of Directors, where they are deliberated and then resolved. The three independent external directors have management experiences in other companies/organizations, therefore we believe they have special capabilities to contribute to our sustainable growth and mid/long-term corporate value improvement.

## Activities of the Board of Directors

A total of 19 meetings were held during fiscal year 2024, and the main deliberations and reports were as follows:

- Monthly performance reports and approval of quarterly, half-yearly and full-year financial statements

- Formulating mid-term and annual business plans
- Matters related to financial activities
- Matters related to medium- to long-term strategies such as investments
- Compliance matters and the status of pending litigation cases
- Measures for major risks and response activities status
- Audit policies, audit plans, and audit results of the Audit and Supervisory Board and the Internal Audit Department
- Matters related to the appointment and compensation of directors and executives
- Evaluation of the Effectiveness of the Board of Directors

## Criteria and Qualities for Evaluating the Independence of Independent External Directors

When appointing external directors and external auditors, the Company determines independence based on the independence standards set by the Tokyo Stock Exchange. The Company appoints individuals who are capable of making appropriate contributions to its management from an objective perspective based on their extensive knowledge and experience. When appointing external directors and external auditors, the Nomination and Compensation Committee shall deliberate on compatibility with independence standards and policies, and the results shall be escalated to the Board of Directors, which will deliberate upon those results and make a decision.

## Support System for External Directors (External Auditors)

For external directors and external auditors, the Legal, Patents and Compliance Department provides support such as advance explanations of proposals for meetings of the Board of Directors and information to enable sufficient discussion at those meetings. For external auditors, information and other support is provided by members of the Audit and Supervisory Board and by the Auditing Office, which is comprised of full-time staff and functions as the secretariat for the Audit and Supervisory Board.

## Audit and Supervisory Board

The Audit and Supervisory Board is composed of three members, including two external auditors. In addition to regular meetings, the Audit and Supervisory Board holds extraordinary meetings as necessary to discuss the state of governance and to hold audits of daily management activities related to the status of execution of duties by directors and the status of assets. Based on our management philosophy, we fully consider the positions of various stakeholders, including not only shareholders but also employees, customers, business partners, creditors, and local communities, and ensure appropriate collaboration with those stakeholders. At the same time, we strive to fulfill our fiduciary responsibilities to our shareholders, enhance the shared interests of the company and its shareholders, and strive for sustainable growth and the creation of medium- to long-term value.

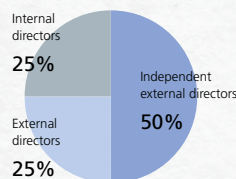
If deemed necessary by members of the Audit and Supervisory Board, they will have the opportunity to interview directors or employees of the company and PHC Group. Members of the Audit and Supervisory Board hold regular meetings to collaborate with accounting auditors and the corporate auditors of important subsidiaries, and attend important meetings.

Fiscal year 2024  
**14 meetings held**



## Nomination and Compensation Committee

To support the Board of Directors, PHC Group has established a voluntary Nomination and Compensation Committee, whose main members are independent external directors. The Nomination and Compensation Committee deliberates and makes recommendations on matters related to the appointment and dismissal of directors, succession plans for representative directors and executive officers, and matters related to compensation of directors and executive officers to be submitted to the general meeting of shareholders. Regarding the position of Representative Director and President (CEO), the Nomination and Compensation Committee is responsible for selecting a person who demonstrates leadership in realizing our corporate mission and management philosophy and achieving sustainable growth of the company. The Nomination and Compensation Committee consists of four members: two independent external directors, one external director, and one internal director, and is chaired by an independent external director.



### Activities of the Nomination and Compensation Committee

Meeting	Discussions and report content
1st Meeting	Appointment and compensation of officers
2nd Meeting	Individual evaluation of officers for fiscal year 2023, amounts of performance-linked compensation, performance evaluation indicators for performance-linked compensation
3rd Meeting	Target setting, status of internal training programs
4th Meeting	Content and target participants of internal training programs
5th Meeting	Appointment and compensation of officers
6th Meeting	Mid-year evaluation for officers, update of skill matrix
7th Meeting	Compensation of officers

Fiscal year 2024  
**7 meetings held**

## Executive Committee

The Company has established an Executive Committee for the purpose of streamlining management-related decision making and clarifying decision-making procedures. Meetings of the committee are held monthly. The Executive Committee is an executive meeting body that decides on important matters related to the management of PHC Group (including all capital subordinate companies) and manages the objectives and progress of plans for the entire group.

The current composition of the Executive Committee is listed below.

Members: Kyoko Deguchi (Chairperson/CEO), Koichiro Sato (Chief Operating Officer), Kaiju Yamaguchi (Chief Financial Officer), Ryuichi Hirashima (Senior Executive Corporate Officer), Toru Yoshimitsu (Observer/Audit and Supervisory Board Member)

## Appointment of Officers, BOD Members (incl. Audit and Supervisory)

When appointing Directors and Audit and Supervisory Board Members, the Company carefully considers candidates' expertise, experience, abilities, and the balance of diversity. To ensure objectivity and transparency in the selection policy and process, we utilize a proprietary skills matrix.

For the appointment of External Directors and External Audit and Supervisory Board Members, our basic policy is to assess the skills and expertise of our full-time Directors, Audit and Supervisory Board Members, and Corporate Officers, and then select individuals who possess the skills and experience to supplement the company's needs. Additionally, the company confirms candidates' independence based on the Tokyo Stock Exchange's independence criteria and selects individuals with extensive knowledge and experience who can contribute appropriately to management from an objective standpoint.

The appointment and dismissal of Directors and Audit and Supervisory Board Members are reviewed by the Nomination and Compensation Committee, approved by the Board of Directors, and submitted to the General Meeting of Shareholders as a proposal for resolution.

### Status of Internal Audits

The Company has established the Group Internal Audit Department as an organization under the direct control of the Representative Director, President and CEO. A total of 14 members, including the Group Internal Audit Manager, conduct internal audits (operational audits and internal control audits) of the company and its subsidiaries. Audit results are reported in writing (audit report) by the Group Internal Audit Department Manager to the Representative Director, President and CEO, and related officers.

The Group Internal Audit Department Manager reports monthly to the Representative Director, President and CEO on the internal audit activities status. The Manager also reports on a monthly basis to the company's auditors about the status of audits and exchanges information and opinions with the auditors. Other directors and auditors receive internal audit reports through the Board of Directors and the Audit and Supervisory Board, and improve the usefulness of the audit by providing their opinions. In addition, the Group Internal Audit Department maintains appropriate links with auditors, directors, and outside auditors of subsidiaries and affiliates as necessary, and strives to carry out efficient internal auditing.

## Regarding Executive Compensation

The compensation for directors is determined by the basic policy outlined below.

- Compensation is appropriate, and is linked to the growth and improvement of performance by PHC Group.
- Compensation takes into account the link between company performance and individual performance.
- Details are available to stakeholders to ensure transparency.

### Compensation Standards Policy

Compensation levels for directors are set at a competitive level that enables us to secure and retain top-class personnel, taking into consideration, among other factors, objective external data, evaluation data, industry trends, and business conditions, commensurate with employees' roles and responsibilities. Specifically, benchmarks such as the compensation levels of global healthcare companies and compensation levels in major recruiting markets are used, and where necessary relative comparisons are done to determine compensation levels.



### Compensation Structure

#### Compensation for Directors (excluding external directors)

Director compensation consists of monthly compensation, short-term performance-linked compensation, stock compensation, and retirement benefits. These are paid out following a resolution by the Board of Directors after a report from the Nomination and Compensation Committee.

Structure	Outline		
Monthly Compensation	Regular monthly compensation commensurate with roles and responsibilities		
Short-term Performance-linked Compensation	Short-term incentives for achieving business performance goals over the year		
	Performance Indicators and Weights for Short-term Performance-linked Compensation in Fiscal Year 2025	Return on Invested Capital (ROIC)	25%
		Operating Profit	25%
		Net Profit	25%
		Individual Performance Goals	25%
Stock Compensation*	Medium- to long-term incentives designed to enhance value sharing between Directors and shareholders		
Retirement Benefits	In accordance with the stipulations in the Rules for Directors and Corporate Auditors		

\* We have introduced a post-delivery performance-based stock compensation plan (Performance Share Units), and, pursuant to the resolution of the Annual General Meeting of Shareholders held on June 25, 2025, a post-delivery stock compensation plan (Restricted Stock Units).

#### Compensation for Audit and Supervisory Board Members (excluding external auditors)

Compensation for auditors is calculated based on a decision by the Audit and Supervisory Board, and is paid in the form of both monthly compensation and retirement benefits.

#### Compensation for External Directors

Compensation for independent external directors is based on monthly compensation and stock compensation. Payments are made following a voluntary report from the Nomination and Compensation Committee and a resolution by the Board of Directors. Note that independent external directors are the only external directors to receive compensation.

Stock compensation for independent external directors was begun using a stock options system based on approval at the ordinary general meeting of shareholders on June 29, 2022. However, following approval at the ordinary general meeting of shareholders on June 26, 2024, this was changed to a post-delivery stock compensation plan, a type widely used globally, with the aim of both ensuring the retention of a diverse range of personnel in terms of nationality, experience, etc., and also further increasing incentives to increase stock prices and improve corporate value towards additional global business expansion and growth.

#### Compensation for External Auditors

Compensation for external auditors is calculated based on a decision by the Audit and Supervisory Board, and is paid only in the form of monthly compensation.

#### Total Amount of Compensation, etc., by Officer Classification (Actual for the fiscal year ended March 31, 2025)

Officer classification	Total amount of compensation, etc. (million yen)	Total amount of compensation by type (million yen)						Number of eligible officers (persons)
		Fixed compensation	Stock options*1	Performance-linked compensation*2	Retirement benefits	Others	Of the columns listed on the left, non-monetary compensation, etc.	
Directors (excluding external directors)	263	136	2	67	35	21	23*3	3*5
Audit and Supervisory Board Members (excluding external auditors)	23	21	-	-	1	-	-	1
External Directors	92	56	4	-	-	31	35*4	3*6
External Auditors	30	30	-	-	-	-	-	2

\*1 The stated amount of stock options is the calculated price as of the end of March 2025.

\*2 The targets and results of indicators related to performance-linked compensation for the current consolidated fiscal year are as follows. Each index was reviewed by the Nomination and Compensation Committee and approved by the Board of Directors, taking into consideration the balance and comprehensiveness of the company's business growth potential, profitability, and efficiency. The operating profit below is the adjusted operating profit excluding one-time expenses.

\*3 Non-monetary compensation, etc. is the amount of long-term incentives to be recorded as expenses for the current fiscal year. The amount of non-monetary compensation for directors (excluding external directors) includes stock options and a post-delivery performance-based stock compensation plan. The compensation limits for a post-delivery performance-based stock compensation plan for directors (excluding external directors) are set at 66,000 shares per year and 165 million yen per year, as resolved at the ordinary general meeting of shareholders held on June 26, 2024 (however, a cumulative total of 198,000 shares and 495 million yen for the number of years related to the evaluation period may be paid in a lump sum) (for the two directors at the time of the resolution).

\*4 The amount of non-monetary compensation for external directors includes stock options and a post-delivery stock compensation plan. The limit for stock option compensation for independent external directors will be 70 million yen or less per year (the number of independent external directors at the time of the resolution is three), as determined by a resolution at the ordinary general meeting of shareholders held on June 29, 2022. The compensation limit for the post-delivery stock compensation plan for independent external directors is set at 22,000 shares per year and 53 million yen or less per year (for the three directors at the time of the resolution) as resolved at the ordinary general meeting of shareholders held on June 26, 2024.

\*5 The number of directors (excluding external directors) is shown including the number of directors who ended their terms during the fiscal year.

\*6 The number of external directors is shown excluding the three non-compensated external directors (including external directors who resigned during the fiscal year).

#### Short-Term Performance-Linked Compensation in Fiscal Year 2024

Evaluation index	Weight	Target for the fiscal year ended March 2024	Achievements	Level of achievement
Core sales	26%	360,047 million yen	348,572 million yen	97%
Operating profit	30%	20,378 million yen	22,232 million yen	110%
Net profit	19%	10,278 million yen	10,485 million yen	103%
Individual performance goals	25%	Set for each person	Set for each person	Set for each person

#### Evaluation of the Effectiveness of the Board of Directors

In February and March 2025, the Company conducted a questionnaire regarding the effectiveness of the Board of Directors as a whole among all directors (seven people) and members of the Audit and Supervisory Board (three people) at the time. The questionnaire covered the topics listed below.



- (1) Composition of the Board of Directors
- (2) Matters related to the operation of the Board of Directors
- (3) Effectiveness of the Board of Directors as a whole
- (4) System related to support and cooperation with external directors
- (5) Audit function
- (6) Nomination and Compensation Committee
- (7) Relationship with shareholders and investors
- (8) Others (Status of responses to issues pointed out in the previous effectiveness evaluation, etc.)

In order to ensure objectivity, we received support from a third-party organization in setting the survey content and analyzing and assessing evaluation results. Based on the results of the analysis by the third-party organization, the Board of Directors assessed the current situation and issues.

#### Evaluation Results

We believe that the Board of Directors as a whole is functioning appropriately and effectively. In addition, with regard to the “Analysis of achievement of mid-term plan/Revision and formulation based on it” and “Reports on investments, etc. /Discussion at Board meetings” which were identified as the main issues in the previous effectiveness evaluation, significant improvements were observed by establishing opportunities to share information and discuss important topics, in addition to regular Board meetings. However, to further improve effectiveness, we recognize the following points as the main priorities going forward.

#### Key Future Issues

- Monitoring of the status of ESG initiatives
- Discussions of crucial sustainability-related issues
- Acceleration of timing of distributing materials to the Board of Directors
- Clear sharing of concerns based on audits with the Board of Directors

Future  
Actions

While working to improve the issues identified this time, we will continue to implement an effectiveness evaluation every year and continue efforts to increase the effectiveness of the entire Board of Directors.

#### Officer Training Policy

The Company provides a range of training opportunities not only for directors and members of the Audit and Supervisory Board, but also for all employees to acquire and appropriately update the knowledge necessary for their responsibilities and work. When new external directors and members of the Audit and Supervisory Board are appointed, in addition to their legal roles and responsibilities, the company also provides information necessary for those officers to contribute to effective supervision of the company's management from the perspective of transparency and fairness (for example, industry information, company history, business overview, financial information, strategy, organization, etc.). In addition, for active deliberations of the Board of Directors, we provide opportunities to acquire and update the knowledge necessary for management supervision, and the Company bears the cost of seminars/networking events, etc., in which each officer voluntarily participates according to his or her needs.

#### Cross-Shareholdings

In principle, the company has a policy of not holding cross-shareholdings. However, if cross-shareholdings are held from the perspective of business strategy, the significance of the holdings must be confirmed by the Board of Directors at the time of acquisition. In addition, the Finance Department regularly conducts an inventory to determine the significance of cross-shareholdings, and if it is determined that holding the shares is not meaningful, the company will consider selling the stock. The results of the review are reported to the Board of Directors every year. In regard to exercising voting rights, we do not set uniform standards, but rather respect the management policies and strategies of investee companies, and exercise voting rights after making a comprehensive judgment of whether doing so will contribute to improving the company's corporate value over the medium- to long-term.

#### Policy Regarding Constructive Dialogue with Shareholders

In building a relationship of trust with our shareholders and other stakeholders, we believe that it is important to understand shareholder expectations and reflect them appropriately in management, and we will proactively respond to IR/SR activities. (i) At the company, the CFO also serves as SVP in charge of IR and oversees the Group's IR activities. In addition, the Investor Relations & Corporate Communications Department actively accepts IR interviews by investors, including telephone inquiries and small meetings, while at the same time holding financial results briefing sessions in which briefings are given by the President & CEO and the CFO. Dialogues (interviews) with shareholders are conducted by the President & CEO and the CFO, with the support of the Investor Relations & Corporate Communications Department. (ii) As a support system for dialogues, the IR & Corporate Communications Department collaborates with each business department and management department on a regular basis. (iii) For shareholders and investors, the company holds financial results briefing sessions and business briefing sessions as well as participates in domestic and international conferences run by securities companies, etc., and the company also holds a succession of small meetings with investors. (iv) Feedback from IR/SR activities is periodically reported by the CFO in charge of IR to the Board of Directors. (v) When communicating with investors, whether at financial results briefings or small meetings, we manage insider information by focusing on matters related to the company's sustainable growth and increasing corporate value over the medium- to long-term.

#### Employee Stock Purchase Program

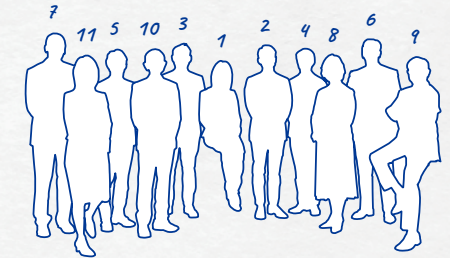
PHC Group offers an employee stock purchase program for eligible employees in 14 countries, including Japan. Due to regulations in various countries, it can be challenging for individuals outside Japan to invest in companies listed on the Tokyo Stock Exchange, so this plan provides eligible employees an opportunity to become shareholders in PHC Holdings Corporation. The purpose of the plan is to create a culture of shared ownership in the Company's business management, to create demand for the Company's shares, to improve liquidity in the stock market, and to enhance employee benefits by providing incentive payments for participation.



Cover (left) and inside pages (right) of the English booklet. The booklet is available in various languages.



# List of Directors & Officers (as of June 25, 2025)



## Directors

### Kyoko Deguchi 1

Representative Director, President and CEO

No. of PHC Group shares held	11,400 shares
Years in current position	4 years

### Koichiro Sato 2

Representative Director, Senior Executive Vice President, COO/CSO

No. of PHC Group shares held	8,000 shares
Years in current position	8 years

### Kaiju Yamaguchi 3

Director, CFO

No. of PHC Group shares held	27,000 shares
Years in current position	-

## External Directors

### Hirofumi Hirano 4

External Director

No. of PHC Group shares held	0 shares
Years in current position	11 years

### Independent David Sneider 7

External Director

No. of PHC Group shares held	0 shares
Years in current position	3 years

### Eiji Yatagawa 5

External Director

No. of PHC Group shares held	0 shares
Years in current position	10 years

### Independent Misa Yamashita 8

External Director

No. of PHC Group shares held	0 shares
Years in current position	1 year

### Independent Ivan Tornos 6

External Director

No. of PHC Group shares held	0 shares
Years in current position	3 years



## Audit and Supervisory Board Member

## Toru Yoshimitsu

9

Audit and Supervisory Board Member

No. of PHC Group shares held	0 shares
Years in current position	-

## Independent External Audit and Supervisory Board Members

## Tetsuo Kitagawa

10

Audit and Supervisory Board Member (Independent External Audit and Supervisory Board Member)

No. of PHC Group shares held	0 shares
Years in current position	3 years












## Yukiko Moriyama

11

Audit and Supervisory Board Member (Independent External Audit and Supervisory Board Member)

No. of PHC Group shares held	0 shares
Years in current position	-

## Skill Matrix

Name		Position	Independence	Expertise and Experience								
				Medical device Industry	Life science Industry	Pharmaceutical Industry	Finance/Accounting	M&A	Production/SCM	R&D	Legal & Risk Management	Human Resources and Labor
Kyoko Deguchi		Director		○		○	○					
Koichiro Sato		Director			○			○	○			
Kaiju Yamaguchi		Director		○			○	○				
Hirofumi Hirano		Director					○	○				
Eiji Yatagawa		Director					○	○		○		
Ivan Tornos		Director	○	○		○		○	○			
David Sneider		Director	○				○	○			○	
Misa Yamashita		Director	○	○	○							○
Toru Yoshimitsu		Corporate Auditor				○	○			○		
Tetsuo Kitagawa		Corporate Auditor	○				○	○				
Yukiko Moriyama		Corporate Auditor	○	○							○	



# Message from External Directors and Audit and Supervisory Board Members

The Company's independent external directors and auditors possess a wealth of experience and knowledge from numerous companies based in Japan and globally, and fulfill an important role in achieving sustainable growth for PHC Group. Below are messages from our three independent external directors and three auditors on topics including our company's strengths and possibilities, and how personal skills and experience can be utilized in management.

## Driving Growth through Diagnostics & Life Sciences



**Ivan Tornos**

Director (Independent External Director)

As outlined in the Value Creation Plan 2027, PHC Group will focus on its Diagnostics & Life Sciences business to achieve sustainable growth. Through this business strategy, we will contribute to improving patients' healthcare outcomes by leveraging our unique precision technologies and our global business foundation. As an External Independent Director, I advise PHC Group from three perspectives: (1)

introducing best practices of global markets, (2) improving capital efficiency of business portfolio management, and (3) setting KPIs to manage the progress of initiatives. I also oversee a balanced framework that ensures effective resource allocation and strong governance. Actively incorporating diverse employee feedback, we are committed to fostering a culture that constantly generates innovative ideas.

In collaboration with our stakeholders, our efforts will remain focused on achieving sustainable growth and creating new value. At the same time, while driving various initiatives outlined in the Value Creation Plan 2027 sustainability strategy, we will enhance our quantitative monitoring progress on an annual basis and further elevate transparency.

## Creating Sustainable Value through Board Leadership and Improved Portfolio Management



**David Sneider**

Director (Independent External Director)

At PHC Group, the Board of Directors seeks to ensure an optimal balance between oversight and guidance for management by fostering open and constructive discussions that leverage diverse expertise. Every year, an evaluation of the effectiveness of the Board of Directors is conducted, during which the transparency of proceedings and the decision-making process are examined using quantitative indicators.

At the same time, we continuously strive for improvement by incorporating advanced governance practices from both domestic and international examples. In fiscal year 2025, we have focused on improving business portfolio management, prioritizing capital allocation and growth investment based on ROIC. Additionally, we engaged external experts to review board materials, improving their quality and submission timing to allow for more in-depth discussions. During board meetings, we revisited sustainability challenges and risk tolerance, while closely monitoring the creation of group synergies and integration processes following mergers and acquisitions. We will continue to work closely with our CEO to enhance PHC Group's corporate value and achieve sustainable growth by providing innovative products and services. We sincerely appreciate your continued support.

## Contributing to Enhancing Corporate Value by Empowering People and Organizations, and Fostering a Corporate Culture



**Misa Yamashita**

Director (Independent External Director)

Since its establishment as Matsushita Kotobuki Electronics in 1969, our company has built on a legacy of precision manufacturing excellence, which remains one of our key strengths. Over the years, we have integrated diverse global businesses and now deliver innovative products and services to a wide range of stakeholders in the healthcare field. As "One PHC," we are driving synergies, particularly in the

Diagnostics & Life Sciences domain, to contribute to the health of society. The Board of Directors continuously evaluates key governance aspects, including succession planning and the balance of our skill matrices, to reinforce an agile and responsive governance framework. As Chairperson of the Nomination and Compensation Committee, I monitor the progress of our human capital strategies outlined in the Value Creation Plan 2027, with a focus on diverse perspectives to enhance organizational vitality. Additionally, we are promoting innovation by expanding cross-functional collaboration and working closely with the management team to emphasize the importance of cultivating a corporate culture that values and rewards new challenges. Moving forward, we will leverage our legacy of precision technologies and the synergies created by our talented employees to build a solid foundation for the growth of PHC Group and its employees, further enhancing corporate value.



## As an Audit and Supervisory Board Member— Preserving Trust in the Company and Contributing to its Sustained Growth PHC



**Toru Yoshimitsu**  
Audit and Supervisory Board Member

Since becoming a full-time PHC Group Audit and Supervisory Board Member, I have felt the strong desire from company leadership to quickly implement the growth strategies outlined in the Value Creation Plan 2027.

I previously served as a director, audit and supervisory committee member at a pharmaceutical company, and before that, I worked in clinical development for new

drugs, strategy for the research field, R&D projects, valuation of corporate acquisition deals, and long-term (10-year) portfolio strategies, while having the experience of creating medium-term and annual plans. Through this experience, I recognize that the concerted efforts of management and business frontlines are the key to realizing growth strategies.

To continue to build trust in PHC Group, I will conduct preventive audits as an Audit and Supervisory Board Member so that potential issues can be addressed before they actually occur. At the same time, I will closely monitor for any discrepancies between the company's management policy and frontline operations, and will delve into root causes, and present possible corrective measures. Through these actions, I will contribute to the company achieving sustainable growth.

## Striving to Be a Leader in Precision Technology that Powers the Future of Healthcare—Our Continued Commitment to Bold Challenges



**Tetsuo Kitagawa**  
Audit and Supervisory Board Member  
(Independent External Audit and  
Supervisory Board Member)

The three business domains of PHC Group are facing rapid changes driven by technological innovations, evolving regulations, and dynamic market trends. While a gradual approach could be considered, we are committed to accelerating progress toward our goals to improve profitability and efficiency as outlined in our Value Creation Plan 2027 by taking on the challenge of agile investments,

including M&A. As an independent external auditor, I focus on monitoring ROIC and cash flow while overseeing initiatives aimed at debt reduction and improving capital efficiency from a shareholder perspective. In response to the expansion of non-financial disclosures, we are strengthening communication with our stakeholders, including customers, shareholders, investors, and employees. By improving the quality of investments and disclosures, and continuously accumulating knowledge, I am confident that we can foster a virtuous cycle that accelerates compounding value creation. Moving forward, I will continue to contribute from an independent standpoint by providing constructive and objective recommendations, striving to help the company move closer to becoming a “leader in precision technology that powers the future of healthcare.” We look forward to your continued support as we take on these challenges.

## Sound and Sustainable Corporate Management Supported from a Legal Perspective



**Yukiko Moriyama**  
Audit and Supervisory Board Member  
(Independent External Audit and  
Supervisory Board Member)

Following the Annual General Meeting of Shareholders held in June 2025, I was appointed as an Independent External Audit and Supervisory Board Member.

PHC Group, guided by its vision of “be a leader in precision technology that powers the future of healthcare,” has consistently demonstrated swift and precise decision-making in management. Furthermore, I believe

that the group's governance framework is supported by the diverse perspectives and expertise of its officers, who provide valuable advice and supervision, thereby promoting management practices that are both transparent and sound.

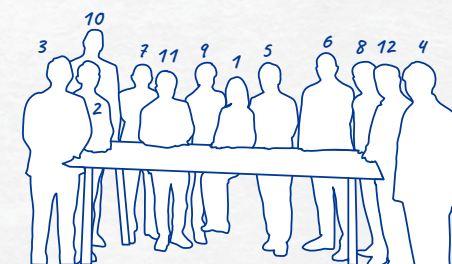
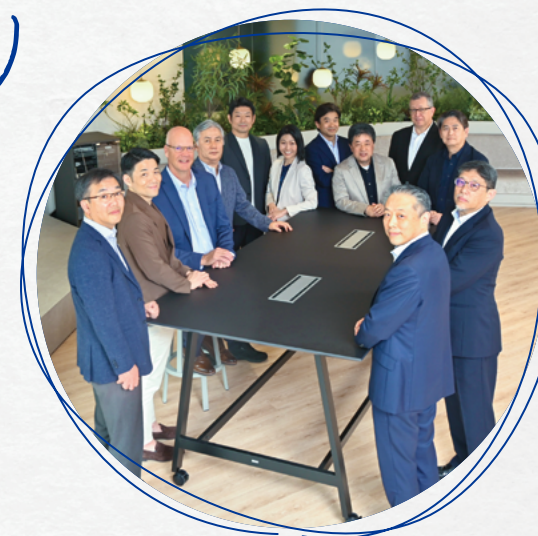
As a lawyer, I have worked extensively in corporate legal affairs, establishing compliance frameworks, addressing harassment issues, and managing crises. Additionally, as an external director (Audit Committee Member of a company with a nomination committee, etc.) for other organizations, I have contributed to management oversight and the enhancement of governance. Leveraging the expertise and experience I have gained thus far, I am committed to enhancing the auditing functions and further strengthening the governance structure of PHC Group.

I will fulfill my responsibilities as an Audit & Supervisory Board Member to ensure that PHC Group achieves sustainable growth as a trusted company in society, grounded in compliance with laws and regulations and a strong sense of ethics.



# PHC Executive Team (Corporate Officers/Division Heads)

We have formed the PHC Executive Team (PET), comprising Group CxOs and Corporate Officers or Division Heads responsible for overseeing domains and businesses. Under the slogan “One PHC,” PET respects the diverse perspectives of various stakeholders, promptly addresses increasingly complex management challenges, and drives group-wide management.



**Kyoko Deguchi** 1  
Chief Executive Officer (CEO)

**Koichiro Sato** 2  
Chief Operating Officer (COO)  
Chief Strategy Officer (CSO)  
Head of Diabetes Management Domain  
Head of Healthcare Solutions Domain

**Kaiju Yamaguchi** 3  
Senior Executive Corporate Officer  
Chief Financial Officer (CFO)

**Ryuichi Hirashima** 4  
Senior Executive Corporate Officer  
Chief Administrative Officer (CAO)  
Chief Human Resources Officer (CHRO)  
Chief Transformation Officer (CTO)

**Nobuaki Nakamura** 5  
Executive Corporate Officer  
Head of Diagnostics & Life Sciences Domain

**Steven Lynum** 6  
Corporate Officer  
President Pathology BU

**Kenichi Uchino** 7  
Corporate Officer  
President LSIM BU

**Chikara Takauo** 8  
Corporate Officer  
President Biomedical BU

**Hideaki Takahashi** 9  
Corporate Officer  
President Healthcare IT Solutions BU

**Brian Hansen** 10  
President CGM

**Kei Shimizu** 11  
President CRO BU

**Hiroyuki Tokunaga** 12  
President IVD BU