

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

TABLE OF CONTENTS

| Table of Contents | 02 | 1. Organizational Governance |
|--|-----|--|
| Edit Policy | 03 | 1) Corporate Governance |
| Company Information | 03 | 2) Compliance |
| | 03 | 3) Risk Management |
| History | 04 | 3) Kisk Management |
| Top Message | 05 | 2. Human Rights |
| Communication Philips and Principles | 05 | 1) Donas of for House Picks |
| Company Philosophy | 05 | 1) Respect for Human Rights |
| DIDDOGE (cc. C4 CM | 0.5 | 2) Diversity & Inclusion |
| PURPOSE (Significance of the existence of Maruzen Pharmaceuticals) | 05 | |
| Pharmaceuticals) | | 3. Labor Practices |
| Maruzen Pharmaceuticals Sustainability | 06 | 1) Work-Life Balance |
| , | | 2) Occupational Health and Safety |
| Basic Sustainability Policy | 07 | 3) Human Resource Development |
| Supporting the UN Global Compact | 07 | |
| Ethics Policy/Code of Conduct | 08 | 4. Environment |
| Human Rights Policy | 10 | |
| Environmental Policy | 11 | 1) Environmental Management |
| Sustainable Procurement Policy | 11 | 2) Energy Consumption and Greenhouse Gases |
| Supplier Code of Conduct | 12 | 3) Water |
| Quality Policy | 13 | 4) Waste |
| Declaration of SDGs | 14 | 5) Biodiversity |
| Identification of Materialities (Important Theme/Important | 15 | • |
| Issue) | | |
| Materiality (Important Theme/Important Issue) | 16 | |
| Sustainability information platform | 17 | |
| Penetration of Sustainability/CSR Awareness | 18 | |
| • | | |

| 19 | 5. Fair Operating Practices | 55 |
|----|--|--|
| 20 | 1) Prevention of Corruption | 56 |
| 21 | 2) Sustainable Procurement | 58 |
| 22 | 3) Supply Chain Management | 60 |
| _ | 4) Respect for Property Rights | 61 |
| 24 | | |
| _ | 6. Consumer Issues | 62 |
| 25 | | |
| 28 | 1) Quality Assurance | 63 |
| _ | 2) Product Development | 64 |
| 33 | | |
| _ | 7. Community Involvement and Development | 66 |
| 34 | | |
| 37 | 1) Community Involvement | 67 |
| 41 | 2) Social Investment | 69 |
| | 20 21 22 24 25 28 33 34 37 | 20 1) Prevention of Corruption 21 2) Sustainable Procurement 22 3) Supply Chain Management 4) Respect for Property Rights 24 6. Consumer Issues 25 28 1) Quality Assurance 2) Product Development 33 7. Community Involvement and Development 34 37 1) Community Involvement |

43

44

Company Philosophy Maruzen
Pharmaceuticals
Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

Edit Policy

Maruzen has created "Sustainability Report 2024" as a tool for communicating with stakeholders. We will communicate with our stakeholders and continue to fulfill our accountability.

Target period

Focusing on the activities in FY2023 (April 1, 2023, to March 31, 2024), some initiatives from before and reports on recent activities are also included.

Timing of issuance

July 2024 (Japanese version) October 2024 (English version)

Referenced guidelines, etc.

This report was written with reference to ISO26000 (Guide to Social Responsibility), the GRI Sustainability Reporting Standards, and the Ten Principles of the United Nations (UN) Global Compact.

Sustainability information platform

Sedex (Supplier Ethical Data Exchange) EcoVadis CDP







Company Information

Trade Name Maruzen Pharmaceuticals Co., Ltd.

Founded September 5, 1938

Corporation Established July 13, 1949

Paid Capital 98 million yen

Annual Turnover 16.11 billion yen/March FY2024

Number of Employees 450 (including 25 temporary employees)/as of March 31, 2024

Business Line Manufacture and distribution of pharmaceuticals, herb extracts for

pharmaceuticals, quasi-drugs, cosmetics, food additives, foods, and

health foods

Headquarters Factory 14703-10 Mukaihigashi-Cho Onomichi-City, Hiroshima

Shin Onomichi Factory 1-140 Shinhongo Hongo Minogo-Cho Onomichi-City, Hiroshima

Miyoshi Factory 870-32 Minamihatajiki-Cho Miyoshi-City, Hiroshima

Kui Farm 10645-15 Ipponmatsu Azoubara Kui-Cho Mihara-City, Hiroshima

Research Center 1089-8 Sagata Shinnichi-Cho Fukuyama-City, Hiroshima

Tokyo Branch 2-6-7 Ebisunishi Shibuya-Ku, Tokyo

Osaka Branch Shiono Nissei Building 6F, 2-6-6 Doshomachi Chuou-Ku, Osaka

Subsidiary Companies Longev Co., Ltd., Maruzen Pharmaceuticals (Shanghai) Co., Ltd.

Community Maruzen Company **Organizational Fair Company Top Message** Pharmaceuticals Sustainability **Human Rights Environment Labor Practices Consumer Issues** Involvement and Philosophy Activities Governance Development

History

1982

1983

Started oyster extraction as a pilot project for technology transfer from the Hiroshima

Produced the first crude drug extract, an extract of senburi, produced by the former

Prefectural Food Industry Research Institute.

Maruzen Pharmaceutical Co.

| | - J | | |
|------|--|------|---|
| 1938 | Maruzen Shokai is established and begins production of licorice extract. | 1985 | Completion of Miyoshi Plant, blessed with water resources and a favorable location |
| 1942 | Korean Licorice Industry established under wartime control. | 1989 | LUPLAN established in Finlay, Australia, for the cultivation of licorice. |
| 1949 | Maruzen Kasei Co., Ltd. is established (70-year history begins). | 1991 | Merger agreement is signed to unify the two Maruzen companies. |
| 1950 | Began production of licorice extract for the first time in the postwar period. | 1994 | Promote CP business |
| 1952 | Moved to Mukojima Higashimura (current Headquarters Factory) | 2000 | Establishment of the Research Center |
| 1958 | Succeeded in producing high-purity glycyrrhizic acid | 2001 | Establishment of Special Sales Department Entry into health food OEM business |
| 1959 | Started manufacturing and sales of pharmaceutical products at Maruzen Kasei Co. Started delivery of Licorice Extract No.2 | 2005 | Shin Onomichi Factory completed. |
| 1963 | Establishment of the former Maruzen Pharmaceuticals Co., Ltd. Onomichi Factory No. 1 completed (later Onomichi West Factory). | 2007 | Establishment of Maruzen Pharmaceuticals (Shanghai) Co., Ltd. Establishment of Kui Farm |
| 1965 | Received approval from the Minister of Health and Welfare for the production of Dipotassium glycyrrhizate. | 2016 | Maruzen Cosmetics Ingredients Seminar held for the first time Black Ginger's Food with Functional Claims Notification Accepted |
| 1977 | Maruzen Kasei starts stevia extraction. | | |
| 1979 | Former Maruzen Seiyaku obtains cosmetics manufacturing license. | | |
| 1980 | Former Maruzen Seiyaku obtains quasi-drug manufacturing license. | | |

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

Top Message

Toward a Society Full of Smiles

Maruzen Pharmaceuticals Co., Ltd. is situated on the island of Mukaishima in the Setouchi Inland Sea; an area renowned for its calm waters, picturesque mountain views and traditional local culture. Maruzen Pharmaceuticals Co., Ltd. exists in harmony with this idyllic environment, local people and culture. Since the founding of Maruzen, over three quarters of a century, we have devoted ourselves to our ideals. Our journey began with researching practical applications of licorice and with originality in our approach; Maruzen Pharmaceuticals Co., Ltd. is continuing to find applications in many spheres. In keeping with our original company philosophy, extraction of active constituents from nature's plants; is always at the heart of our enterprise. By placing emphasis on extraction technology, we are able to set trends, respond to the needs of our customers and achieve our goals. We believe that the results of our continued study of extraction techniques were solely the result of our efforts to respond to the development themes and needs of today's companies. We believe that our desire to make Maruzen Pharmaceutical a better company, and our honest wish to do so now, will become the shape of the company. To continue the history of Maruzen Pharmaceuticals into tomorrow, we must cultivate new technologies, nurture our wisdom, and move forward faithfully and boldly. I believe that a healthy society is one in which people can live happily in the present and have bright dreams for the future. Each and every employee has the joy of working with compassion for people and the earth as their livelihood. To nurture a company means to fulfill our responsibility to the future. I believe that we can contribute to the creation of a healthy society.

Company Philosophy

PURPOSE

(Significance of the existence of Maruzen Pharmaceuticals)

We will connect the blessings of nature and contribute to creating a society where people can stay beautiful and healthy.



President

Yasuhiro Agurashi

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

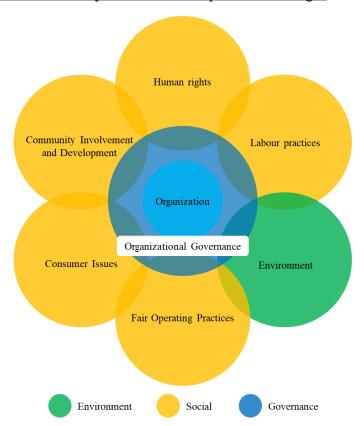
Consumer Issues

Community Involvement and Development

Maruzen Pharmaceuticals Sustainability

In February 2022, Maruzen Pharmaceuticals supported the international standard ISO26000 to promote sustainability management and formulated 7 core themes: "organizational governance," "human rights," "labor practices," "environment," "fair operating practices," "customer issues," and "community involvement and development" as the Basic Sustainability Policy.

"ISO26000" 7 core subjects and their respective challenges



- 1. Organizational governance
- 2. Human rights
- [1] Due diligence
- [2] Human rights risk situations
- [3] Avoidance of complicity
- [4] Resolving grievances
- [5] Discrimination and vulnerable groups
- [6] Civil and political rights
- [7] Economic, social and cultural rights
- [8] Fundamental principles and rights at work
- 3. Labour practices
- [1] Employment and employment relationships
- [2] Conditions of work and social protection
- [3] Social dialogue
- [4] Health and safety at work
- [5] Human development and training in the workplace
- 4. The environment
- [1] Prevention of pollution
- [2] Sustainable resource use
- [3] Climate change mitigation and adaptation
- [4] Protection of the environment, biodiversity and restoration of natural habitats

- 5. Fair operating practices
- [1] Anti-corruption
- [2] Responsible political involvement
- [3] Fair competition
- [4] Promoting social responsibility in the value chain
- [5] Respect for property rights
- 6. Consumer issues
- [1] Fair marketing, factual and unbiased information and fair contractual practices
- [2] Protecting consumers' health and safety
- [3] Sustainable consumption
- [4] Consumer service, support, and complaint and dispute resolution
- [5] Consumer data protection and privacy
- [6] Access to essential services
- [7] Education and awareness
- 7. Community involvement and development
- [1] Community involvement
- [2] Education and culture
- [3] Employment creation and skills development
- [4] Technology development and access
- [5] Wealth and income creation
- [6] Health
- [7] Social investment

*Source: "Japanese version ISO26000:2010 Guide to social responsibility"

Maruzen Pharmaceuticals Sustainability Report 2024 -7-

Top Message

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

Basic Sustainability Policy

Maruzen Pharmaceuticals has established a "Basic Sustainability Policy" and will pursue sustainable growth and contribution to society. We will build good relationships with stakeholders, increase profitability through our business activities while addressing social issues, and fulfill our social responsibilities as a good corporate citizen.

1. Organizational Governance

We strictly adhere to corporate ethics and conduct business activities in compliance with laws and regulations. We also conduct transparent management with an organizational structure that allows for prompt decision-making.

2. Human Rights

We respect the human rights of all people affected by our activities.

3. Labor Practices

We respect the diversity of our employees and strive to foster a corporate culture that is safe, rewarding, and easy to work in.

4. Environment

We strive to reduce environmental loads and contribute to the realization of a sustainable society in harmony with nature.

5. Fair Operating Practices

We engage in fair, transparent, and free competition and appropriate transactions while respecting the relationship of trust with customers. We also carry out sustainable procurement activities in consideration of the social environment.

6. Consumer Issues

We stably provide the blessings (usefulness) from nature as high-quality products that are safe, secure, and satisfying to our customers using our unique technology.

7. Community Involvement and Development

As a good corporate citizen, we actively communicate with local communities and society and make social contributions.

Established: March 14, 2022

Supporting the UN Global Compact

Maruzen Pharmaceuticals has signed in favor of the "UN Global Compact (herein referred to as the UNGC)," an international framework for sustainable development, and was registered as a participating company on October 23, 2023.

We also joined the "Global Compact Network Japan," which consists of Japanese companies that have signed the UNGC.

The UNGC is the world's largest sustainability initiative that brings together the UN and the private sector (companies and organizations) to build a healthy global society.



Companies and organizations signing the UNGC are required to agree to the Ten Principles of "protection of human rights," "elimination of unfair labor practices," "environmental response," and "anti-corruption," and to continue their efforts toward their achievement.

Maruzen Pharmaceuticals will implement UNGC's Ten Principles through all its business activities in cooperation with global society as a good corporate citizen contributing to society with the top commitment to support UNGC's Ten Principles concerning human rights, labor, environment, and anti-corruption.

The Ten Principles of the UN Global Compact

| Human Rights | 1 | Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses. |
|---------------------|------------------------------|--|
| Labour | Principle 4: Principle 5: | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation. |
| Environment | Principle 8: | Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies. |
| Anti- Corruption | Principle 10: | Businesses should work against corruption in all its forms, including extortion and bribery. |

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

Ethics Policy/Code of Conduct

Ethics Policy and Code of Conduct

Maruzen has established an "Ethics Policy" and a "Code of Conduct" and is working on promoting compliance management.

The "Ethics Policy" put together our basic philosophy for business ethics and compliance with laws and regulations, and the "Code of Conduct" demonstrates the actions and decision criteria to be taken by all officers and employees based on this policy. By sharing and practicing these ideas internally, we will aim to become a company trusted by customers and society.

Ethics Policy

Maruzen Pharmaceuticals contributes to the development of society by firmly connecting the blessings of nature to our customers, society, and the future through a variety of means. To achieve this goal, we have formulated an "Ethics Policy," and will understand and comply with laws and regulations, social rules, and their spirit, while respecting social ethics and fulfilling our social responsibilities.

■ Attitude toward Customers

We strive to supply products that meet customer needs and solve social issues.

We strive for ethical procurement in the supply chain.

We strive for information security.

■ Responsivity to Society

We conduct fair corporate activities while strictly complying with laws, and we disclose information appropriately.

We conduct business activities that are socially and environmentally friendly to contribute to the realization of a sustainable society.

We respond to social diversity and promote communication activities with local communities.

■ Developing a workplace that is easy to work in

We promote activities that respect the human rights of all employees.

We support skill improvement and strive to ensure that employees can maximize their abilities. We create a safe and comfortable work environment and improve productivity.

Established: January 19, 2024

Code of Conduct

Maruzen Pharmaceuticals contributes to the development of society by firmly connecting the blessings of nature to our customers, society, and the future through a variety of means.

The "Code of Conduct" demonstrates the actions and decision criteria to be taken by all officers and employees based on the "Ethics Policy."

Considering that solving the environmental and social issues facing the world is becoming more important, we will work on our daily business activities with responsibility for all of you involved in the business, the future global environment, and society.

1. Contribution to Society

- · Our mission is to contribute to society and to strive for sustainable development.
- · We will respect important values such as fairness, transparency, integrity, and reliability.
- From material exploration to product development, we will use analytical technology and cutting-edge evaluation technology to respond to customer feedback, and strive to develop products that help solve social issues.
- We will strive to provide products and services with the highest priority on safety and security so that we can contribute to the improvement of customer satisfaction.
- In the event of an accident or defective product, we will take measures such as information disclosure and safety measures.
- · We will focus on contribution to local communities and promote communication activities.
- · We will actively participate in volunteer activities and social contribution activities.

2. Fair Company Activities

- We will comply with all laws and regulations related to business and social norms established in each country and region.
- We do not have any relationship with people who are involved in illegal activities such as antisocial forces or money laundering.
- We will comply with the Antimonopoly Act and other related laws and regulations, and conduct fair and equitable transactions.
- · We will not engage in any act that conflicts with the interests of the company.
- We will maintain fair relationships with business partners, politicians, governments, and other business-related parties, and will not provide or accept inappropriate benefits such as corruption, bribery, or fraud.

Company Philosophy Maruzen
Pharmaceuticals
Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

Ethics Policy/Code of Conduct

- Information Security and Protection of Personal Information, Confidential Information, and Intellectual Property Rights
- We will take measures to protect information from threats on computer networks and from negligence due to human factors, and will conduct checks regularly.
- We will appropriately manage all personal information of customers, third parties, employees, and others obtained through our business activities and also manage information on transactions and technical information.
- · We will not infringe on the intellectual property rights of others.
- 4. Consideration of the Environment
- Bearing in mind that our business activities will place a burden on the environment, we will comply with relevant laws and regulations in consideration of environmental conservation.
- We will evaluate the impact of products on the environment from the research and development (R&D) stage and strive to provide products and services that are environmentally friendly.
- To use resources sustainably, we will periodically improve the utilization efficiency of resources necessary for business activities, such as energy, water, and raw materials.
- We will strive to conserve energy throughout our business activities, promote the use of renewable energy, and reduce greenhouse gas emissions.
- We will thoroughly control chemical substances and strive to prevent contamination of air, water, soil, etc.
- We will promote the reduction of the use of hazardous substances, the reduction of waste, the optimization of disposal, and the effective use of waste.
- · We will respect biodiversity and conduct business activities with consideration for biodiversity.
- We will conduct procurement activities that take environmental conservation into consideration to achieve sustainable procurement.
- 5. Respect for Human Rights and Diversity
- $\boldsymbol{\cdot}$ We will respect the human rights and diversity of individuals.
- We will respect basic human rights and will not discriminate on the basis of nationality, region of origin, language, race, ethnicity, religion, ideology, age, disability, gender, gender identity, sexual orientation, employment status, marital status, pregnancy, or other reasons, nor will we engage in any act that damages the dignity of individuals.
- $\boldsymbol{\cdot}$ We will not accept any form of modern slavery or any forced labor.

- We will prevent employment that impairs the morals, health, and safety of children, and abolish child labor under the working age.
- · We will not engage in any form of harassment or words that cause mental or physical distress.
- We will carry out procurement activities with social consideration to achieve sustainable procurement.
- 6. Labor Practices and Human Resource Development
- We will comply with laws and regulations concerning working hours and wages applicable to our business activities.
- We will put the health and safety of employees first, and strive to create a healthy and easy-towork environment and ensure its safety.
- We will strive to promote work-life balance to enrich the work and private life of employees and their families.
- We will comply with laws and regulations concerning freedom of association and collective bargaining, and we will respect the rights of employees.
- We will provide educational opportunities to our employees and support their capability development and self-fulfillment, taking into account each individual's aptitude and values.
- We will introduce a personnel system that is fair, just, and transparent and leads to increased motivation based on results and capabilities.

Established: January 19, 2024

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

Human Rights Policy

Maruzen Pharmaceuticals contributes to the development of society by firmly connecting the blessings of nature to our customers, society, and the future through a variety of means.

To achieve this, we have formulated a "Human Rights Policy," and we will promote activities to respect human rights, which are the fundamental rights that all people are born with, and permanently realize them.

1. Basic Philosophy

Maruzen Pharmaceuticals supports the International Bill of Human Rights (the "Universal Declaration of Human Rights," the "International Covenant on Economic, Social and Cultural Rights," and the International Covenant on Civil and Political Rights") and the International Labor Organization (ILO Declaration) and respects human rights as defined. In addition, we support the "UN Guiding Principles on Business and Human Rights" and fulfill our responsibility toward respecting human rights by taking initiatives based on the above principles.

2. Fulfilling Responsibility to Respect Human Rights

Maruzen Pharmaceuticals strives not to violate any human rights. If we discover that Maruzen Pharmaceuticals' business activities have a negative impact on human rights, we will take appropriate measures to correct them and fulfill our responsibility of respecting human rights.

3. Scope of Application

This policy applies to all officers and employees of Maruzen Pharmaceuticals. We will also ask all business partners and suppliers involved in Maruzen Pharmaceuticals' products and services to understand and support this policy, and encourage them to strive to respect human rights.

4. Applicable Laws and Regulations

Maruzen Pharmaceuticals will comply with laws and regulations in each country where its business activities take place. If there is any conflict between the laws and regulations of each country and the internationally accepted human rights norms, we will pursue methods to respect the international human rights norms.

5. Implementation of Human Rights Due Diligence

Maruzen Pharmaceuticals will establish a system for human rights due diligence and implement it on an ongoing basis.

We will identify the negative impacts on human rights that Maruzen Pharmaceuticals' business activities have on society, and work to prevent and reduce them.

6. Remedy

If it becomes clear that Maruzen Pharmaceuticals' business activities have caused a negative impact on human rights, or if Maruzen Pharmaceuticals' involvement through business partners, etc., has been revealed, we will work to remedy the situation through appropriate procedures.

7. Dialog and Discussion

Maruzen Pharmaceuticals will engage in dialog and consultation with stakeholders and independent external experts in the course of implementing this policy.

8. Education and Training

Maruzen Pharmaceuticals will provide appropriate training and education to all officers and employees to ensure that this policy is incorporated into all of Maruzen Pharmaceuticals' business activities and implemented effectively.

9. Disclosure of Information

Maruzen Pharmaceuticals will report on its efforts to respect human rights and the progress of human rights due diligence.

10. Person in Charge

Maruzen Pharmaceuticals will clarify who is responsible for the implementation of this policy and will oversee the implementation.

Established: February 9, 2022

Yasuhiro Agurashi

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

Environmental Policy

Maruzen Pharmaceuticals recognizes that it is our responsibility to pass on the irreplaceable earth and limited resources to the next generation to lead healthy and prosperous lives, and will actively promote business activities that are in harmony with the environment.

- 1. We fully understand the impact on the environment in all processes from production to disposal, and we promote environmentally friendly product development and manufacturing technology.
- 2. We will establish and improve our environmental management system to promote and thoroughly implement environmental conservation activities.
- 3. We will promote the efficient and sustainable use of energy, water, raw materials, etc., used for our business activities, with consideration given to reducing greenhouse gas emissions and environmental load.
- 4. We will work on resource and energy saving by reducing and recycling waste in our business activities.
- 5. As a member of the local community, we will promote business activities in consideration of biodiversity, and we will actively participate in environmental conservation activities and support employees' voluntary activities.
- 6. To promote environmental conservation activities, we will establish an internal system to ensure that employees are thoroughly informed of the system and that their awareness is increased.
- 7. We commit ourselves to comply with the laws and regulations of the relevant environment and other requirements agreed by our company.

Established: February 9, 2022

Sustainable Procurement Policy

With the support and cooperation of all suppliers, Maruzen Pharmaceutical aims to contribute to the realization of a sustainable society and conducts the procurement activities that take social and environmental aspects into consideration.

1.Quality-oriented

We will comply with our company's quality policy and procure raw materials that prioritize quality, safety, and security.

2. Fairness and Impartiality

In the selection of suppliers, we conduct a comprehensive evaluation from the perspectives of quality, price, delivery date, transaction conditions, technology reserved, service capability, degree of cooperation, secure procurement, CSR initiatives, etc. In addition, competitive quotations from two or more suppliers are used in principle, and we will provide fair entry opportunities.

3.Legal Compliance and Ethics

We will comply with the common sense of society, related laws and regulations, and various company regulations including ethics, and conduct fair and sensible procurement activities. We also have no personal interest in any supplier.

4.Collaboration

Based on good communication with suppliers, we aim for the sound development of society by building mutual understanding and trusting relationships.

5. Human Rights

We never support forced labor, child labor, discrimination or inhumane treatment. We will respect basic human rights and promote procurement activities that respect labor conditions, health and safety.

6.Environment

In order to maintain business that is useful for a human-friendly world and to preserve the global environment, we will comply with relevant laws and regulations and practice procurement activities that coexist with the assets of "people, society, companies, and nature".

7. Maintenance of information security

We will strictly manage confidential information and personal information related to procurement activities in compliance with relevant laws and regulations.

Established: December 9, 2020 Revised: February 9, 2022

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

Supplier Code of Conduct

1. Ensuring Quality and Safety

- (1) We will strive to provide products and services that place the highest priority on safety.
- (2) In the event of an accident or defective product, we will take measures such as information disclosure and safety measures.
- 2. Compliance with laws, regulations, and social norms
- (1) We will comply with laws and regulations related to business and social norms established in each country and region.
- (2) We will maintain fair relationships with business partners, politicians, governments, and other business related parties, and will not provide or accept inappropriate benefits such as corruption, bribery or fraud.
- (3) We do not have any relationship with people who are involved in illegal activities such as antisocial forces or money laundering.
- (4) We will comply with the Antimonopoly Act and other related laws and regulations, and conduct fair and equitable transactions.
- (5) We will not engage in any act that conflicts with the interests of the Company.

3.Respect for human rights

- (1) We will respect the human rights and diversity of individuals.
- (2) We will respect basic human rights and will not discriminate on the basis of nationality, region of origin, language, race, ethnicity, religion, ideology, age, disability, gender, gender identity, sexual orientation, employment status, marital status, pregnancy, or other reasons, nor will we engage in any act that damages the dignity of individuals.
- (3) We will not accept any form of modern slavery.
- (4) We will not tolerate any kind of forced or compulsory labor.
- (5) We will prevent employment that impairs the morals, health, and safety of children, and abolish child labor under the working age.
- (6) We will comply with laws and regulations concerning freedom of association and collective bargaining, and respect workers' rights to organize and bargain collectively.
- (7) We will comply with laws and regulations concerning working hours and wages applicable to our business activities.
- (8) We will not engage in any form of harassment or words that cause mental or physical distress.

4. Consideration for the environment

- (1) Bearing in mind that our business activities will place a burden on the environment, we will comply with relevant laws and regulations in consideration of environmental conservation.
- (2) In order to use resources sustainably, we will periodically improve the utilization efficiency of resources necessary for business activities, such as energy, water, and raw materials.
- (3) We will promote the reduction of waste, the optimization of disposal, and the effective use of waste.
- (4) We will strive to conserve energy throughout our business activities, promote the use of renewable energy, and reduce greenhouse gas emissions.
- (5) We will strive to prevent contamination of the air, water, soil, etc.
- (6) We will respect biodiversity and conduct business activities with consideration for biodiversity.
- Information Security and Protection of Personal Information, Confidential Information, and Intellectual Property Rights
- (1) We will take measures to protect information from threats on computer networks and from negligence due to human factors, and check regularly.
- (2) We will appropriately manage all personal information of customers, third parties, employees, and others obtained through our business activities, as well as information on transactions and technical information.
- (3) We will not infringe on the intellectual property rights of others.

Established: February 9, 2022

Maruzen Pharmaceuticals Sustainability Report 2024 -13-

Maruzen Community Organizational Fair Company Company Top Message Pharmaceuticals **Human Rights Labor Practices Environment Consumer Issues** Involvement and Philosophy Governance Activities Sustainability Development

Quality Policy

Maruzen Pharmaceuticals contributes to the development of society by firmly connecting the blessings of nature to our customers, society, and the future through a variety of means.

To achieve this, we have established a "quality policy" and are working to "improve customer satisfaction" and "improve the company's trust."

- 1. With the hope of achieving people's health and beauty, we will explore the methods of extraction and provide products that meet the needs and trust of our customers both in Japan and overseas.
- 2. With our mission to provide customers with "safe and secure" products in a "stable" manner, we will work to ensure and improve quality.
- 3. We comply with applicable laws and regulatory requirements and respond to social requirements.
- 4. We will operate a quality management system and strive to improve its reliability by continuously improving its effectiveness.

Established: February 9, 2022

Company Philosophy

Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

Declaration of SDGs

Maruzen Pharmaceuticals considers that contributing to the achievement of "Sustainable Development Goals (SDGs)" is a responsibility to be independently fulfilled, in agreement with the SDGs proposed by the UN, and hopes to contribute to the achievement of SDGs by working to solve social and environmental issues, etc., through its business activities. Focusing on useful plants from nature, we apply functional ingredients as materials in the fields of pharmaceuticals, cosmetics, health foods, food additives, etc.

To contribute toward the healthy and full lives of people through our business, we have strive to carry out daily business activities with responsibility for the future of everyone involved in our business and for the global environment.

By using the original check sheet that has been created based on the "basic matters expected from the market and society in terms of SDGs" published by the Kanto Bureau of Economy, Trade and Industry of the Ministry of Economy, Trade and Industry, we have confirmed the status of our efforts for SDGs and distributed an SDGs badge to raise the awareness of all employees for contribution to SDGs.

This badge was made using thinned wood in the Obayashi area of Asakita Ward, Hiroshima City, which was damaged by landslides due to 2 torrential rains in 2014 and 2018. By wearing the badge, we are working on our daily work while raising our awareness of climate change measures and protecting the richness of the green environment.

By comprehensively addressing these points, we will strive to put our management philosophy and corporate philosophy into practice and improve our corporate value.

SUSTAINABLE GOALS







































*These are the 17 goals for the period from 2016 to 2030 as described in the "2030 Agenda for Sustainable Development," adopted by 193 countries at the UN Summit in September 2015. (From the website of the United Nations Public Relations Center)

Company Philosophy Maruzen
Pharmaceuticals
Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

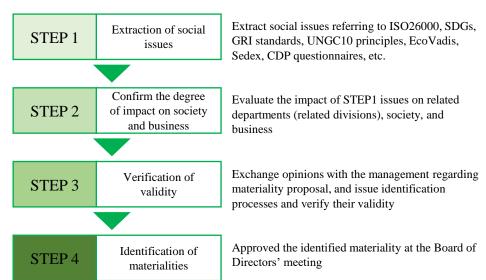
Community Involvement and Development

Identification of Materialities (Important Theme/Important Issue)

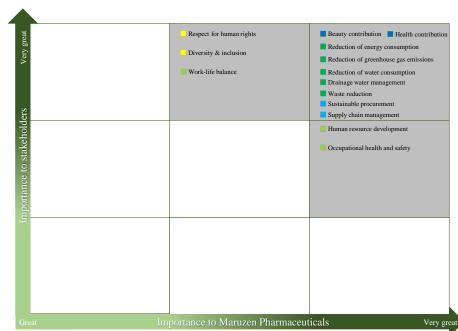
To realize the management vision and contribute to SDGs, Maruzen Pharmaceuticals has envisioned what we want to be in 2050, backcasted from the image of society in 2050, and considered materialities (important themes and issues) that should be addressed by 2050 and 2030, and identified materiality through the following steps in FY2022.

We believe that materialities should be important for both our company business and society, taking into account the sustainability of our business, the global environment, and society. After the identification of materialities, we will set targets and key performance indicators (KPIs) for each materiality based on the advice from internal and external stakeholders, incorporate them as important issues in the medium-term management plan (April 2024 to March 2030) that will be newly started from FY2024, and promote management and sustainability.

Materiality identification process



Materiality Map



To identify materialities:

- First, narrow down the "relationship" between social issues and corporate activities in consideration of the impact on sustainable development from the viewpoint of the organization (company).
- 2) Next, to determine the "importance" of the relationship, consider the degree of impact on stakeholders and sustainable development, expectations from society, and effects of actions from the stakeholder's perspective.
- 3) The following criteria will be used as a basis for determining "importance:"
- (1) Degree of impact of the issue on stakeholders and sustainable development
- (2) Impact of taking action or not taking action on the issue
- (3) Level of concerns that stakeholders have about the issue
- (4) Does society expect such responsible actions regarding these impacts?

★Stakeholders with priority for Maruzen Pharmaceuticals

i) Customer ii) Employee iii) Region

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

Materiality (Important Theme/Important Issue)

| | Key Themes | Important Issues | What We Should Be and What We Want to Be in 2050 (Maruzen Pharmaceuticals 100th Anniversary: 2049) | 2030 Target | Corresponding SDGs |
|---|---|--|--|---|--|
| | Contribution to Beauty and Health Development of Products that Contribute to Beauty and Health | | We will pass on the blessings of nature to the world, support a healthy society, and realize a future where everyone will continue to smile. | Food We will carry out product development with the keyword of extending healthy life expectancy as we approach the era of a 100- year lifespan. We will manufacture products that our customers can trust, not only with regard to functional aspects, such as product effectiveness and safety, but also with regard to sustainable raw material procurement. Cosmetics We will develop cosmetic ingredients that are trusted in a variety of aspects, including evidence-based effectiveness, safety, and sustainability, and thoroughly support our customers in creating value. | 3 manin. 4 mm. — 4 mm. |
| | Reduction of Environmental Loads | Reduction of Energy Consumption | We aim to reduce energy consumption intensity by 40% versus that in FY2013. | We aim to reduce energy intensity by 20% versus that in FY2013. | 12 mark. 12 mark. 13 mark. 14 mark. 15 mark. 16 mark. 17 mark. 18 mark. |
| 1 | | Reduction of Greenhouse Gas Emissions | We aim to achieve net zero greenhouse gas emissions (carbon neutral). | We aim to reduce greenhouse gas emission by 46% in Scopes 1 and 2, versus that in FY2013. In Scope 3, we will grasp emissions by 2027 and aim to reduce them toward 2030. | 12 short |
|] | | Reduction of Water Usage and Management of Drainage Water | We will provide technical support to reduce environmental loads at our suppliers and manage water throughout the supply chain. | We aim to reduce water resource consumption intensity (water withdrawal) by 10% versus that in FY2013. | 6 man 12 |
| | | Reduction of Waste Generation | We aim to achieve zero waste emissions by promoting the 5Rs (reduce, reuse, recycle, renewable, and repair). | We will conduct material flow analysis and aim to reduce the amount of waste generated. Reduce: Reduction of plastic used Renewable: 100% effective use of extracted raw material residue (composting/fuel/feed) | 12 marin 12 marin 13 mr 14 marin 15 mr |

| Key Themes | What We Should Be and What We Want to Be in 2050 (Maruzen Pharmaceuticals 100th Anniversary: 2049) | | 2030 Target | Corresponding SDGs |
|---|--|---|--|--|
| | Sustainable Procurement | We will promote "Sustainable Procurement Policy" for all raw materials in cooperation with our suppliers, aiming for sustainable procurement that does not tolerate human rights and labor issues, such as child labor and forced labor, and environmental destruction. | We will promote the "Sustainable Procurement Policy" for major raw materials in collaboration with our suppliers, aiming for sustainable procurement that does not tolerate human rights and labor issues, such as child labor or forced labor, and environmental destruction. | 12 13 13 14 14 14 15 15 15 15 15 15 15 15 15 15 15 15 15 |
| Sustainable Procurement and Supply Chain Management | Supply Chain Management | According to the "Supplier Code of Conduct," we will conduct monitoring surveys of domestic and overseas suppliers, aiming to understand and respond to issues such as human rights, labor, and the environment throughout the supply chain. | According to the "Supplier Code of Conduct," we will conduct monitoring surveys of domestic and overseas suppliers, aiming to understand and respond to issues such as human rights, labor, and the environment throughout the supply chain. | Same Carrier Carrier |
| Respect for Human Rights | Respect for Human Rights | We will work to reduce human rights risks for stakeholders and provide human rights education for employees, aiming to create an environment where employees can work energetically and develop their abilities. | We will work to reduce human rights risks for stakeholders and provide human rights education for employees, aiming to create an environment where employees can work energetically and develop their abilities. | |
| | Diversity & Inclusion | We aim to create a rewarding work environment where diverse human resources can demonstrate their individuality and abilities, accept each other, and work energetically. | We aim to create a rewarding work environment where diverse human resources can demonstrate their individuality and abilities, accept each other, and work energetically. We aim to create an environment where people with disabilities, women, and seniors can play an active role. | 5 interes B reservations 10 sections 4 \$\begin{picture}(100 \text{section} \\ \dagger{1} \end{picture} \\ \dagger{1} \end{picture} |
| | Work-Life Balance | We aim to create a workplace where each employee can demonstrate their abilities and work with satisfaction according to their individual lifestyles. | We aim to create a workplace where each employee can demonstrate their abilities and work with satisfaction according to their individual lifestyles. | |
| Respect for Human Rights (Labor Practices) | Occupational Health and Safety | We aim to ensure compliance with laws and regulations regarding occupational safety and health, safety awareness, and equipment safety, and ensure that our employees can work safely, with good health, and comfortably. | We aim to create a work environment where employees can work safely, with good health, and comfortably by strengthening the foundation for safe operations by thoroughly implementing basic rules on health and safety and improving equipment and work procedures based on compliance with laws and regulations regarding occupational health and safety. | 3 -W\$ 8 mil |
| | Human Resource Development | We aim to develop human resources who can produce results by allowing each employee to make the most of their various abilities and take on the challenge of achieving high goals. | We aim to develop human resources who can produce results by allowing each employee to make the most of their various abilities and take on the challenge of achieving high goals. | 8: 9: M & |

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

Sustainability information platform

<u>Sedex</u>

Supplier Ethical Data Exchange (Sedex) is a UK NPO member organization that aims to promote responsible procurement activities, and provides a platform where members can share information on responsible business practices.

Maruzen Pharmaceuticals joined the program in 2016 and registered the following 3 sites: Headquarters Factory, Shin Onomichi Factory, and Miyoshi Factory.



As a supplier, we answer the Self-Assessment Questionnaire (SAQ) and share information through the platform in order to respond to the request for sharing ethical information from business partners.

EcoVadis

EcoVadis, Inc., is an organization established in 2007 that aims to improve the environmental and social practices of companies through their global supply chains and evaluates companies' ESG-related initiatives. For more than 100,000 companies in approximately 175 countries and in approximately 200 industries, we evaluate corporate policies/measures/achievements in the 4 areas of "environment," "labor and human rights," "ethics," and "sustainable material procurement," and issue a scorecard.

Maruzen Pharmaceuticals joined the program in 2018 and has responded to questionnaires in the 4 areas.

In FY2023, we achieved a "Gold" rating, which is the top 5% or an overall score of 70–77.

| | FY2020 | FY2021 | FY2022 | FY2023 |
|-------------|---|--|--|--|
| Rating | SILVER 2020 ecowdis Sustainability Rating | 2021 ecovadis Sustainability Rating | SILVER 2022 ecovadis Sustainability Rating | 2023 ecovadis Sustainability Rating |
| Total score | 54 points | 59 points | 65 points | 70 points |

CDP

CDP is an international environmental nonprofit, nongovernmental organization (NGO) established in the UK in 2000. Operated by institutional investors, it provides companies with questionnaires on climate change, water, forests, etc., asks them to disclose information, and scores each company based on their responses.



Maruzen has been answering questions on "climate change" and "water security" since 2016.

In FY2023, we achieved a climate change rating of "B—" and a water security rating of "B."

| | FY2020 | FY2021 | FY2022 | FY2023 |
|----------------|--------|--------|--------|--------|
| Climate change | С | D | В- | В– |
| Water security | С | С | С | В |

Company Philosophy Maruzen
Pharmaceuticals
Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

Penetration of Sustainability/CSR Awareness

Maruzen Pharmaceuticals believes that business activities can be made sustainable as the corporate philosophy and awareness of sustainability and CSR are spread to each and every employee. In order to penetrate them into all employees, we are making the following efforts:

Distribution of the "Management Philosophy/Company Policy Card"

In order to further penetrate the "Management Philosophy" and "Company Policy" and make them common to all employees, we have created and distributed pocket-sized cards that can be always carried by employees.

The "Corporate Policy" is a written statement of the company's philosophy, drafted and adopted by former Chairman Heishiro Higurashi, to commemorate the company's 20th anniversary. A workplace where people can communicate with each other is described as a happy workplace, and the beauty of working with sincerity and being strict with oneself and thinking and acting from the other person's perspective is taught.

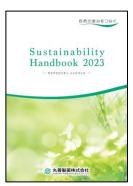




Distribution of the "Sustainability Handbook 2023"

We are distributing the "Sustainability Handbook 2023," which summarizes our management philosophy and various policies, to our employees.

- Contents -
- · Management Philosophy · Company Policy
- · Basic Sustainability Policy
- · Environmental Policy · Human Rights Policy · Quality Policy
- · Sustainable Procurement Policy · Code of Conduct
- Employee Consultation Desk (Internal/External)
- · Corporate Song



Holding a briefing session for "Sustainability Report 2023"

Maruzen Pharmaceuticals has released Sustainability Reports on its website since FY2023 and held briefing sessions to deepen employees' understanding.

In FY2023, we held 5 briefing sessions at 4 locations (Headquarters Factory, Research Center, Shin Onomichi Factory, and Miyoshi Factory [held twice]).

After the briefing session, we conducted a questionnaire to check the level of understanding and awareness of the company's initiatives. We will continue to implement it in and after FY2024 to check the level of understanding of the content and the level of awareness of the initiatives.





Community Maruzen Company **Organizational** Fair Company **Human Rights Labor Practices** Top Message Pharmaceuticals **Environment** Consumer Issues Involvement and **Philosophy** Governance Activities Sustainability Development

1. Organizational Governance

We strictly adhere to corporate ethics and conduct business activities in compliance with laws and regulations.

We also conduct transparent management with an organizational structure that allows for prompt decision-making.

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

1) Corporate Governance

Management supervision and system for business execution

At Maruzen Pharmaceuticals, the Board of Directors makes resolutions on important management matters, and the Management Committee, which also includes Corporate Officers, confirms the status of business execution. Auditors conduct accounting audits.

In addition, under the Corporate Officer system, the Corporate Officers fulfill their duties under the supervision of the Board of Directors and President to ensure expedited and appropriate management decision-making.

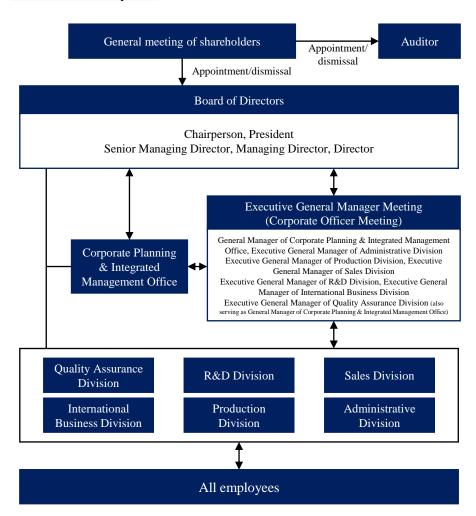
Board of Directors

The Board of Directors consists of all Directors (6 members) and is held immediately after the General Meeting of Shareholders and once a month. The Board of Directors resolves matters stipulated in laws and regulations and our company's "Regulations for the Board of Directors," receives reports, and supervises the execution of the duties of Directors and Corporate Officers.

Expert committee

| Name of the committee | Responsible division |
|---|--|
| Working Hours Setting and Improvement Committee | Administrative Division |
| Safety and Health Committee | Production Division and Research and Development (R&D) Division |
| Internal Ethical Consideration and Review Committee | R&D Division |
| Energy Management Committee | Production Division and Administrative Division |
| Invention Review Committee | Administrative Division and R&D Division |

<u>Internal control system</u>



Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

2) Compliance

The officers and employees of Maruzen Pharmaceuticals work together to ensure compliance with laws and regulations in our company's regulations, and conduct fair corporate activities that are thoroughly compliant with laws and regulations. When laws and regulations related to corporate activities are enacted or amended, the general affairs department plays a central role in notifying everyone within the company to make it known thoroughly.

If any violation of company regulations, including laws and ethics, is found, employees can consult or report to the "compliance consultation and reporting desk," which will carefully review the details received, grasp the facts accurately, and take corrective measures as necessary.

Considering that it may be psychologically difficult for employees to consult the internal consultation desk, we have created an environment where it is easy to consult by setting up an external consultation desk. At the external consultation desk, professional counselors provide telephone, web, in-person, and online consultations, and unless requested by the consultation seeker, employees can consult with the experts in a private environment without notifying the company of the details of the consultation.

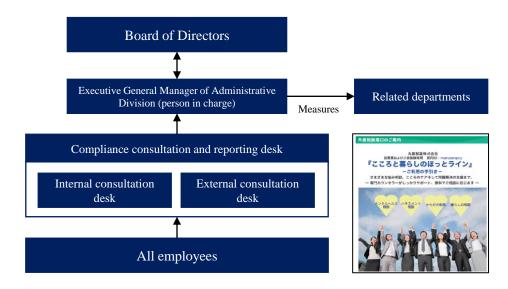
The company will only be notified of the details of a case if it pertains to compliance or harassment, if the number of consultations on these issues is reported, and if the individual seeking the consultation requests that the company be informed. The company will be contacted only with the information that the consulting person agrees to share. This process enable us to take appropriate action as a company.

In FY2023, we invited external lecturers to provide training on compliance and governance for managers.

[Past training on compliance & governance for managers]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|------------------------------|--------|--------|--------|--------|--------|
| Number of eligible employees | - | 1 | - | - | 64 |
| Number of attendees | - | - | - | - | 52 |
| Attendance rate | - | - | - | - | 81.3% |

Compliance response system



[Number of consultations and whistleblowing cases on compliance]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|----------------------------|---------|---------|---------|---------|---------|
| Internal consultation desk | 0 cases |
| External consultation desk | | | | 0 cases | 0 cases |

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

3) Risk Management

To conduct risk management, Maruzen Pharmaceuticals has established regulations and guidelines for risks and built a cross-organizational management system to accurately deal with disaster and accident risks, information security risks, and quality risks.

Business Continuity Plan (BCP) initiatives

Maruzen Pharmaceuticals manufactures and distributes herb extracts for pharmaceuticals, quasi-drugs, cosmetics, food additives, food, and health food as our main businesses. If these businesses were to be interrupted, it would have a significant impact on customers who use our products and services, and we would lose the trust of our customers. In response to various threats that could disrupt our businesses, we have developed a business continuity plan and declared that we will make continual improvement to address changes in the internal and external environment.

As we develop a BCP, we will comply with laws and regulations related to business continuity, domestic and international guidelines, and other norms, as well as strengthen resilience and ability to adapt to climate-related and natural disasters in order to achieve the sustainable development goals.

The "BCP Handling Handbook" is distributed to all employees so that they can quickly implement initial responses without confusion and lead to prompt business recovery when the BCP is activated due to unexpected disasters, accidents, etc.

BCP training is provided to all employees to improve their awareness of business continuity and organizational response abilities.

[Past training for BCP]

| | FY2023 |
|------------------------------|--------|
| Number of eligible employees | 466 |
| Number of attendees | 466 |
| Attendance rate | 100% |



Information security initiatives

Maruzen Pharmaceuticals is committed to maintaining and improving information security by taking measures to protect and appropriately use information assets. We have established a "Basic Policy on the Appropriate Handling of Personal Information," and the retained personal information is handled properly and strictly managed.

In preparation for cyberattacks, we continue to take cutting-edge security measures, such as enhanced monitoring with an intrusion detection service that is available for 24 hours and 365 days, and measures to prevent secondary infection using infection spread detection technology. We have introduced a system to counter targeted email attacks and strengthened our measures not only to prevent intrusions but also to detect and analyze attacks in the event of an attack.

In addition, as part of information security education and regular awareness-raising activities, we conduct "training on targeted email attacks" for officers and employees. The purpose of the email training is to "strengthen the awareness of information security risks" among officers and employees, as well as to analyze the training results and use them for future security measures. After the training, we report the results of analysis and the risks surrounding information security.

We maintain servers and data in a data center with excellent seismic isolation structures, perform regular backups and store them externally, and strive to reduce risk by promoting cloud computing. For the use of information communication devices such as personal computers and software when working from home, etc., we have established a security-oriented use environment and made the relevant regulations known to employees.

[Past training on information security]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|------------------------------|--------|--------|--------|--------|--------|
| Number of eligible employees | 409 | 417 | 422 | 437 | 466 |
| Number of attendees | 409 | 417 | 422 | 437 | 466 |
| Attendance rate | 100% | 100% | 100% | 100% | 100% |

Maruzen Community **Organizational** Fair Company Company Top Message Pharmaceuticals **Human Rights Labor Practices Environment** Consumer Issues Involvement and Philosophy Governance Activities Sustainability Development

3) Risk Management

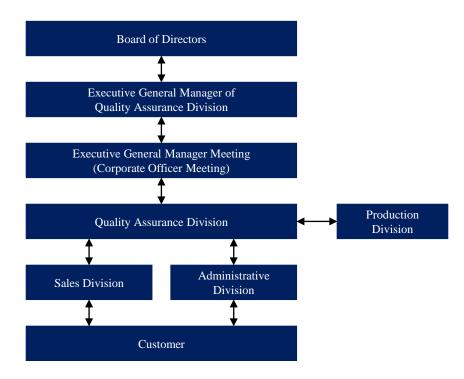
Actions to be taken when a complaint occurs

When a complaint occurs, the Quality Assurance Division of Maruzen Pharmaceuticals plays a central role in clarifying the cause and countermeasures and in taking prompt action. In the event of a serious complaint, it is promptly reported to the Board of Directors and appropriate measures are taken. Complaint information is also rolled out to relevant departments to help prevent recurrence. Similarly, when it comes to problems during manufacturing, causes and countermeasures are clarified and information is shared to help prevent recurrence.

[Number of product recalls/health and safety issues]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|------------------------------------|---------|---------|---------|---------|---------|
| Number of product recalls | 0 cases |
| Number of health and safety issues | 0 cases |

Serious complaint handling system



Maruzen Community Company Organizational **Fair Company** Top Message **Human Rights Labor Practices Environment Consumer Issues** Involvement and Pharmaceuticals Philosophy Governance Activities Sustainability Development

2. Human Rights

We respect the human rights of all people affected by our activities.

Company **Philosophy**

Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

1) Respect for Human Rights

Maruzen Pharmaceuticals has been developing its business and conducting its activities with a clear sense of purpose and philosophy of enjoying the joy that comes from the company's mission statement, "to offer you the vitality of nature to enhance health, beauty, and humanity." In order to deliver the blessings of nature to the world in harmony with the assets of "people, society, business, and nature," it is important to build a society where human rights around the world are protected and respected.

In order to recognize the potential to directly or indirectly impact human rights in the entire value chain and respect the human rights of all "people" involved in the business, we have formulated a "Human Rights Policy" after deliberation at the Board of Directors in February 2022. We will promote efforts to respect human rights under this policy and contribute to the realization of a sustainable society while making continuous improvements.

Materiality

| Key Themes | Important Issues | What We Should Be and What We Want to Be in 2050 (Maruzen Pharmaceuticals 100th Anniversary: 2049) | 2030 Target | Corresponding SDGs | |
|-----------------------------|-----------------------------|--|--|-----------------------|--|
| Respect for Human Rights | Respect for Human Rights | We will work to reduce human rights risks for stakeholders and provide human rights education for employees, aiming to create an environment where employees can work energetically and develop their abilities. | We will work to reduce human rights risks for stakeholders and provide human rights education for employees, aiming to create an environment where employees can work energetically and develop their abilities. | | |

Human Rights Policy

Maruzen Pharmaceuticals contributes to the development of society by firmly connecting the blessings of nature to our customers, society, and the future through a variety of means.

To achieve this, we have formulated a "Human Rights Policy," and we will promote activities to respect human rights, which are the fundamental rights that all people are born with, and permanently realize them.

1. Basic Philosophy

Maruzen Pharmaceuticals supports the International Bill of Human Rights (the "Universal Declaration of Human Rights," the "International Covenant on Economic, Social and Cultural Rights," and the International Covenant on Civil and Political Rights") and the International Labor Organization (ILO Declaration) and respects human rights as defined. In addition, we support the "UN Guiding Principles on Business and Human Rights" and fulfill our responsibility toward respecting human rights by taking initiatives based on the above principles.

2. Fulfilling Responsibility to Respect Human Rights

Maruzen Pharmaceuticals strives not to violate any human rights. If we discover that Maruzen Pharmaceuticals' business activities have a negative impact on human rights, we will take appropriate measures to correct them and fulfill our responsibility of respecting human rights.

Scope of Application

This policy applies to all officers and employees of Maruzen Pharmaceuticals. We will also ask all business partners and suppliers involved in Maruzen Pharmaceuticals' products and services to understand and support this policy, and encourage them to strive to respect human rights.

4. Applicable Laws and Regulations

Maruzen Pharmaceuticals will comply with laws and regulations in each country where its business activities take place. If there is any conflict between the laws and regulations of each country and the internationally accepted human rights norms, we will pursue methods to respect the international human rights norms.

5. Implementation of Human Rights Due Diligence

Maruzen Pharmaceuticals will establish a system for human rights due diligence and implement it on an ongoing basis. We will identify the negative impacts on human rights that Maruzen Pharmaceuticals' business activities have on society, and work to prevent and reduce

6. Remedy

If it becomes clear that Maruzen Pharmaceuticals' business activities have caused a negative impact on human rights, or if Maruzen Pharmaceuticals' involvement through business partners, etc., has been revealed, we will work to remedy the situation through appropriate procedures.

7. Dialog and Discussion

Maruzen Pharmaceuticals will engage in dialog and consultation with stakeholders and independent external experts in the course of implementing this policy.

8. Education and Training

Maruzen Pharmaceuticals will provide appropriate training and education to all officers and employees to ensure that this policy is incorporated into all of Maruzen Pharmaceuticals' business activities and implemented effectively.

9. Disclosure of Information

Maruzen Pharmaceuticals will report on its efforts to respect human rights and the progress of human rights due diligence.

10. Person in Charge

Maruzen Pharmaceuticals will clarify who is responsible for the implementation of this policy and will oversee the implementation. Established: February 9, 2022

Maruzen Community Company Organizational **Fair Company** Top Message **Human Rights Labor Practices Environment** Consumer Issues Involvement and Pharmaceuticals Philosophy Governance Activities Sustainability Development

1) Respect for Human Rights

Human rights due diligence

The "UN Guiding Principles on Business and Human Rights" outlines the company's obligation to respect basic human rights, the national government's obligation to protect human rights, and the remedies for those who have suffered human rights violations. In 2020, the Japanese government released a "National Action Plan (NAP) on Business and Human Rights" in line with the "UN Guiding Principles on Business and Human Rights."

Maruzen Pharmaceuticals believes that, to identify adverse impacts on human rights, prevent and reduce them, and explain how to deal with them, it is necessary to establish a system for human rights due diligence to evaluate adverse impacts on human rights, respond to survey results, follow-up on responses, and disseminate information on how to deal with them.

In FY2023, the following 14 items were identified as human rights materiality in reference to the "Detailed version of 'Responses to business and human rights' that are now required of companies (Ministry of Justice): "01 Wage shortage/unpaid, living wages," "03 Occupational health and safety," "05-08 Harassment," "09 Forced labor," "12 Rights of foreign workers," "13 Child labor," "17 Discrimination," "18 Human rights issues related to gender," "23 Bribery and corruption," "24 Human rights issues related to supply chain," and "25 Right to access remedy."

In the future, we will collect information through questionnaires for employees and suppliers and clarify the issues to be addressed with priority based on comprehensive evaluation.

We have confirmed that there is no child labor, forced labor, or human trafficking within our company.

[Areas of human rights that companies should respect]

| No. | Human rights issues | Our company | Supply chain | No. | Human rights issues | Our company | Supply chain | | | |
|-----|------------------------------------|----------------|-----------------|------|--|--------------------------------|-----------------|--|--|--|
| 01 | Wage shortage/unpaid, living wages | 0 | 0 | 14 | Human rights issues related to technology and artificial intelligence (AI) | 0 | | | | |
| 02 | Excessive or unfair working hours | | | 15 | Privacy rights | 0 | | | | |
| 03 | Occupational Health and Safety | 0 | 0 | 16 | Consumer safety and right to know | | | | | |
| 04 | Right to receive social security | | | 17 | Discrimination | 0 | 0 | | | |
| 05 | Power harassment | © | | 18 | Human rights issues related to gender (including sexual minorities) | | © | | | |
| 06 | Sexual harassment | © | | 19 | 19 Freedom of expression | | | | | |
| 07 | Maternity/paternity harassment | © | | 20 | Rights of indigenous peoples and local residents | 0 | 0 | | | |
| 08 | Nursing care harassment | © | | 21 | Human rights issues related to environmental and climate change | | 0 | | | |
| 09 | Forced labor | | © | 22 | Intellectual property rights | | | | | |
| 10 | Freedom of movement | | | 23 | Bribery and corruption | © | 0 | | | |
| 11 | Freedom of association | 0 | | 24 | Human rights issues related to supply chain | 0 | 0 | | | |
| 12 | Rights of foreign workers | | 0 | 25 | Right to access remedy | © | 0 | | | |
| 13 | Child labor | | 0 | ©: V | ery important ○: Important | ⊚: Very important ○: Important | | | | |

^{*}Excerpts from the detailed version of "Responses to business and human rights" that are now required of companies (Ministry of Justice)

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

1) Respect for Human Rights

Addressing harassment

Maruzen Pharmaceuticals has made efforts to improve the work environment by disclosing the "Declaration of Harassment" internally to prevent any harassment, including power harassment, sexual harassment, and harassment related to pregnancy, childbirth, childcare leave, and family care leave.

A "harassment consultation and reporting desk" has been established to address various acts of harassment, raise employees' awareness, and ensure effective implementation.

Considering that it may be psychologically difficult for employees to consult the internal consultation desk, we have created an environment where it is easy to consult by setting up an external consultation desk.

At the external consultation desk, professional counselors provide telephone, web, in-person, and online consultations, and unless requested by the consultation seeker, employees can consult with the experts in a private environment without notifying the company of the details of the consultation.

As a periodic awareness-raising activity, we make efforts to spread information within the company by conducting "training on human rights (discrimination and harassment)" for officers and employees.

In FY2023, in order to introduce the Partnership System, we distributed the "human rights awareness video" to officers and employees. (See the "Partnership System" on page 34.)

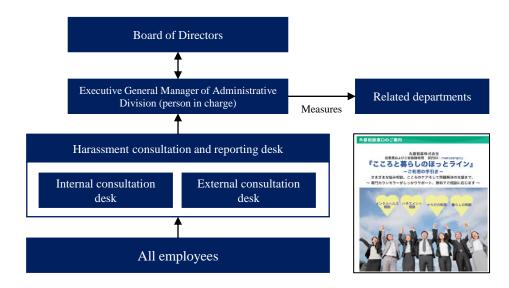
[Past human rights training]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|------------------------------|--------|--------|--------|--------|--------|
| Number of eligible employees | 409 | 417 | 422 | 437 | 450 |
| Number of attendees | 409 | 417 | 422 | 437 | 450 |
| Attendance rate | 100% | 100% | 100% | 100% | 100% |

[Past human rights training for managers]

| 1 ast human rights training for managers | | | | | | | |
|--|--------|--------|--------|--------|--------|--|--|
| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | | |
| Number of eligible employees | - | 1 | - | 63 | 64 | | |
| Number of attendees | 1 | 1 | 1 | 63 | 52 | | |
| Attendance rate | -% | -% | -% | 100% | 81.3% | | |

Harassment response system



[Number of whistleblowing cases of discrimination/harassment]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--------------------------------|---------|---------|---------|---------|---------|
| Number of whistleblowing cases | 0 cases | 1 case | 0 cases | 3 cases | 1 case |
| Internal consultation desk | 0 cases | 0 cases | 0 cases | 2 cases | 0 cases |
| External consultation desk | | | | 1 case | 1 case |

Maruzen Community Company Organizational **Fair Company** Top Message **Human Rights Labor Practices Environment** Consumer Issues Involvement and Pharmaceuticals Philosophy Governance Activities Sustainability Development

2) Diversity & Inclusion

Maruzen Pharmaceuticals respects diversity and creates a rewarding workplace that is easy to work in and where employees accept each other. We will promote employment that is free of all forms of discrimination, strive to create a work environment where diverse people can demonstrate their individuality and abilities, accept each other, work energetically, and continue to create new values.

We believe that promoting diversity and inclusion is indispensable for corporate management in the rapidly changing market environment.

Materiality

| Key Themes | Important Issues | What We Should Be and What We Want to Be in 2050 (Maruzen Pharmaceuticals 100th Anniversary: 2049) | 2030 Target | Corresponding SDGs |
|-----------------------------|-----------------------|--|---|--|
| Respect for Human Rights | Diversity & Inclusion | We aim to create a rewarding work environment where diverse human resources can demonstrate their individuality and abilities, accept each other, and work energetically. | We aim to create a rewarding work environment where diverse human resources can demonstrate their individuality and abilities, accept each other, and work energetically. We aim to create an environment where people with disabilities, women, and seniors can play an active role. | 5 cms 8 cmstands, 10 cmstands, 4 cmstands |

Promotion of women empowerment

Maruzen Pharmaceuticals believes that women empowerment is essential to further increase corporate value. We have formulated an action plan based on the "Women's Advancement Promotion Law," and are working to create an environment that supports the balance between work and childcare so that female employees can play an active role in the long-term.

In FY2023, the percentages of female employees and female managers are 32.9% and 10.9%, respectively, and the difference in years of service between men and women is 7.9 years.

The action plan based on the Women's Advancement Promotion Law (prepared in 2020) has identified issues, such as the smaller number of female managers and shorter lengths of service of women than men, and has set the goal of increasing the number of female managers to 10 or more and reducing the gap in years of service between men and women by 0.5 years or more by FY2025.

In order to continue to be a company where employees can play an active role regardless of gender, we will work to provide training programs that support employees to work with confidence and aim for career advancement, as well as conduct training programs to help managers to acquire necessary skills.

[Number of employees/female ratio]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|--------|--------|--------|--------|--------|
| Number of Employees | 409 | 417 | 422 | 437 | 450 |
| Male | 288 | 287 | 291 | 298 | 302 |
| Female | 121 | 130 | 131 | 139 | 148 |
| Percentage of female employees | 29.6% | 31.2% | 31.0% | 31.8% | 32.9% |
| Full-time employees | 381 | 387 | 397 | 411 | 425 |
| Male | 277 | 276 | 284 | 289 | 292 |
| Female | 104 | 111 | 113 | 122 | 133 |
| Percentage of female full- time employees | 27.3% | 28.7% | 28.5% | 29.7% | 31.3% |
| Temporary employees | 28 | 30 | 25 | 26 | 25 |
| Male | 11 | 11 | 7 | 9 | 10 |
| Female | 17 | 19 | 18 | 17 | 15 |
| Percentage of female temporary employees | 60.7% | 63.3% | 72.0% | 65.4% | 60.0% |

Company Philosophy Maruzen Pharmaceuticals Sustainability Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

2) Diversity & Inclusion

Certification regarding women empowerment

[L-boshi certification]

The implementation status of initiatives related to promoting women empowerment has been recognized as being excellent, and on June 15, 2023, we received 3 stars (third stage) of "L-boshi certification."





[Number of directors]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---------------------------|--------|--------|--------|--------|--------|
| Number of directors | 6 | 6 | 6 | 6 | 6 |
| Male | 5 | 5 | 5 | 5 | 5 |
| Female | 1 | 1 | 1 | 1 | 1 |
| Ratio of female directors | 16.7% | 16.7% | 16.7% | 16.7% | 16.7% |

[Number of managers]

| - | <u> </u> | _ | | _ | | |
|---|-------------------------------|--------|--------|--------|--------|--------|
| | | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
| | Number of managers | 61 | 63 | 61 | 63 | 64 |
| | Male | 55 | 57 | 55 | 56 | 57 |
| | Female | 6 | 6 | 6 | 7 | 7 |
| l | Percentage of female managers | 9.8% | 9.5% | 9.8% | 11.1% | 10.9% |

Action Plan Based on the Women's Advancement Promotion Law (prepared in 2020)

"Increase the number of female managers to 10 or more by FY2025"

[Number of new full-time employees/number of employees leaving their jobs]

| 1 7 | | | | | |
|---|--------|--------|--------|--------|--------|
| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
| Number of new full-time employees | 28 | 18 | 20 | 24 | 21 |
| Male | 18 | 10 | 16 | 15 | 11 |
| Female | 10 | 8 | 4 | 9 | 10 |
| Percentage of mid-career recruitment based on the Act on Comprehensively Advancing Labor Measures | 64% | 52% | 68% | 70% | 14% |
| Number of full-time employees leaving their jobs | 12 | 12 | 10 | 9 | 10 |
| Male | 10 | 11 | 8 | 9 | 9 |
| Female | 2 | 1 | 2 | 0 | 1 |

[Average age]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---------------|------------|------------|------------|------------|------------|
| All employees | 42.0 years | 42.2 years | 40.9 years | 41.2 years | 39.7 years |
| Male | 42.9 years | 43.3 years | 41.2 years | 41.5 years | 41.4 years |
| Female | 39.8 years | 39.7 years | 40.1 years | 40.4 years | 36.3 years |

[Average years of service]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|----------------|--------|--------|--------|--------|--------|
| All employees | 15.4 | 17.0 | 15.3 | 15.5 | 13.8 |
| Male | 17.3 | 19.5 | 16.8 | 17.2 | 16.4 |
| Female | 11.1 | 11.4 | 11.9 | 11.7 | 8.5 |
| Sex difference | 6.2 | 8.1 | 4.9 | 5.5 | 7.9 |

Action Plan Based on the Women's Advancement Promotion Law (prepared in 2020) "To reduce the gap in years of service between men and women by at least 0.5 years"

Maruzen Community Company Organizational **Fair Company** Top Message **Human Rights Labor Practices Environment Consumer Issues** Involvement and Pharmaceuticals Philosophy Activities Governance Sustainability Development

2) Diversity & Inclusion

[Average annual wages]

| | FY2021 | FY2022 | FY2023 |
|--|--------|---------------|---------------|
| Average annual wages for all employees | - | 6,035,437 yen | 6,163,910 yen |
| Male | - | 6,506,216 yen | 6,649,709 yen |
| Female | - | 4,982,375 yen | 5,133,010 yen |
| Sex difference | - | 76.6% | 77.2% |
| Average annual wages for full-time employees | - | 6,326,578 yen | 6,451,943 yen |
| Male | - | 6,792,977 yen | 6,969,198 yen |
| Female | - | 5,261,932 yen | 5,356,779 yen |
| Sex difference | - | 77.5% | 76.9% |
| Average annual wages for temporary employees | ı | 2,112,034 yen | 1,829,349 yen |
| Male | - | 2,228,212 yen | 1,909,086 yen |
| Female | - | 1,909,665 yen | 1,652,158 yen |
| Sex difference | - | 85.8% | 86.6% |

^{*}Difference in wages = (Average annual wage for women ÷ Average annual wage for men) x 100%

Promotion of active participation of seniors

Maruzen Pharmaceuticals has changed the retirement age for full-time employees from 60 to 65 years and created an environment where employees can work for a long time with peace of mind. In addition, we have established a system to re-employ employees over the age of 65 years who are highly motivated to work and can continue to demonstrate their abilities in the company, providing opportunities for them to play an active role regardless of their age.

[Number of re-employed employees/re-employment rate]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|--------|--------|--------|--------|--------|
| Number of retirees | 6 | 7 | 5 | 4 | 7 |
| Of them, the number of re- employed employees | 0 | 0 | 1 | 0 | 0 |
| Re-employment rate | 0% | 0% | 20.0% | 0% | 0% |
| Total number of re-employed employees | 1 | 1 | 2 | 2 | 0 |

Promotion of active participation of people with disabilities

Maruzen Pharmaceuticals continues to employ people with disabilities and promotes the creation of a workplace that is easy to work in. We hire and allocate personnel with consideration to the nature of the disability, as well as the individual's abilities, motivation, and aptitude, and operate a personnel system that allows people with disabilities to demonstrate their abilities and play an active role.

We made the "declaration to promote the employment of people with disabilities" in September 2018, and have been striving to promote the employment of people with disabilities.

As of March 2024, the employment rate for people with disabilities was 3.43%. While it satisfies the statutory employment rate (companies: 2.3%), it has been announced that it will be raised in stages to 2.5% from FY2024 and to 2.7% from FY2026. Therefore, we will promote employment beyond the scope of laws and regulations.

[Number/employment rate of employees with disabilities]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|--------|--------|--------|--------|--------|
| Number of employees with disabilities *As of the end of March 2024 | 11 | 14 | 13 | 13 | 15 |
| Employment rate of employees with disabilities (annual) | 2.22% | 2.12% | 2.61% | 2.92% | 3.43% |

^{*}The salary system is based on grade, and there is no gender disparity within the same grade or job category.

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

2) Diversity & Inclusion

As the nature and degree of disability differs among people, we devise work content to suit each person's individuality and provide employment support as needed.

In the workplace where people with disabilities work, we hold briefing sessions (on what they are good or bad at, what support they need, etc.) to deepen the understanding of their colleagues.

[Holding a sign language study session]

In order to deepen the understanding of hearing impairment, we held a sign language study session at the Headquarters Factory. As this was our first attempt, the event focused on "useful sign language at work" as one of the communication methods at work.

A total of 85 employees from Production Division, Quality Assurance Division, Administrative Division, and Sales Division participated.

- Study session text -





- Photos of the study session -





[Holding in-house training sessions for employment of people with disabilities]

In order to deepen the understanding of developmental disabilities, we held an internal training session at the Headquarters Factory.

A total of 63 employees from Production Division, Quality Assurance Division, Administrative Division, and Sales Division participated.

- Study session text -





– Photos of the study session –





Maruzen Pharmaceuticals Sustainability Report 2024 -32-

Maruzen Community Organizational Fair Company Company Top Message Pharmaceuticals **Human Rights Labor Practices Environment Consumer Issues** Involvement and Philosophy Governance Activities Sustainability Development

2) Diversity & Inclusion

Partnership System

Maruzen Pharmaceuticals has introduced the Partnership System in April 2023 to treat de facto marriage, common-law partnership, and same-sex marriage to be equal to legal marriage.

By having officers and employees watch the "Partnership System Explanation Video" and "Human Rights Awareness Video," they deepened their understanding of the Partnership System and sexual minorities, such as the LGBT population.



■ Video created by General Affairs Division, Maruzen Pharmaceuticals

"Same-sex marriage, de facto marriage, and common-law partnerships are treated to be equal to legal marriage [introducing the Partnership System]"



■ Human rights awareness video by the Ministry of Justice "Sexual minorities and human rights so that everyone can live the way they are"

Maruzen Community Company Organizational **Fair Company** Top Message **Human Rights Labor Practices Environment Consumer Issues** Involvement and Pharmaceuticals Philosophy Governance Activities Sustainability Development

3. Labor Practices

We respect the diversity of our employees and strive to foster a corporate culture that is safe, rewarding, and easy to work in.

Top Message Company
Philosophy

Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

1) Work-Life Balance

Maruzen Pharmaceuticals has established a "Committee for Improvement in Setting Working Hours, etc." with the aim of becoming a company that contributes to the reform of working styles, and is striving to promote the acquisition of paid leave and the reduction of overtime hours, and support remote work and childcare/nursing care/sick or injured family care. We aim to create a workplace where each employee can demonstrate their abilities and work with satisfaction according to their individual lifestyles.

Based on the Act on Advancement of Measures to Support Raising Next-Generation Children (Next Generation Act), we have formulated action plans and prepared working conditions (no-overtime day) by reviewing working styles and work to establish an employment environment that supports the work-life balance of employees who are raising children.

Materiality

| Key Themes | Important Issues | What We Should Be and What We Want to Be in 2050 (Maruzen Pharmaceuticals 100th Anniversary: 2049) | 2030 Target | Corresponding SDGs |
|--|-------------------|--|--|--|
| Respect for Human Rights (Labor Practices) | Work-Life Balance | We aim to create a workplace where each employee can demonstrate their abilities and work with satisfaction according to their individual lifestyles. | We aim to create a workplace where each employee can demonstrate their abilities and work with satisfaction according to their individual lifestyles. | 3 (SERIOR HE SERIOR) 8 SERIOR HE SER |

Promotion of paid leave taking

In order to promote the use of annual paid leave, we have introduced "hourly annual leave" and are working to create an environment where employees can easily take paid leave by sharing the "paid leave acquisition plan/results management table" and having managers encourage their staff to take paid leave.

With the goal set to take 12 days of paid leave per year per person, in FY2023, the number of days taken was 13 days/person, and the rate of taking paid leave was 71.0%. All applicable employees fulfill their obligations under the "compulsory 5-day annual paid leave system."

[Days of annual paid leave taken/paid leave taking rate]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| Days taken | 11 | 11 | 12 | 13 | 13 |
| | days/person | days/person | days/person | days/person | days/person |
| Paid leave taking rate | 62.3% | 65.7% | 70.0% | 73.0% | 71.0% |

Action Plan Based on the Act on Advancement of Measures to Support Raising Next-Generation Children (prepared in 2020)

"The average rate of taking paid leave shall be 60% or more."

<u>Promotion of reduction of overtime hours, implementation of no-overtime days, and improvement of operations</u>

To promote the reduction of overtime hours, we have set a monthly overtime target of 4.5 hours per person, and managers encourage department and section staff to leave work early after their working hours to prevent managers from working long hours themselves. In addition, we have established a "no-overtime day" twice a month on the second and third Wednesdays to encourage employees to leave work on time. We strive to raise the awareness of employees, such as "improving work efficiency" and "avoiding unnecessary overtime."

[Monthly actual working hours and monthly average overtime hours]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|------------------------|-----------------|-----------------|--------------------|-----------------|-----------------|
| Actual working hours | 141 hours/month | 140 hours/month | 139 hours/month | 140 hours/month | 142 hours/month |
| Average overtime hours | 5.00 hours | 2.00 hours | 3.30 hours | 3.24 hours | 3.18 hours |

Action Plan Based on the Act on Advancement of Measures to Support Raising Next-Generation Children (prepared in 2020)

"Set and implement 2 no-overtime days a month."

Living wages

Maruzen Pharmaceuticals considers wages to be the amount necessary for employees and their families to live a decent life. It was confirmed that the salary to be paid exceeds the "minimum wages" and "living wages" when compared with the "Union Living Wages (2023 simplified revision)" issued by the Japanese Trade Union Confederation.

Consumer Issues

Top Message Company Philosophy Philosophy Philosophy Organizational Governance Human Rights Labor Practices Environment Fair Company Activities

1) Work-Life Balance

Living wages

Maruzen Pharmaceuticals considers wages to be the amount necessary for employees and their families to live a decent life. It was confirmed that the salary to be paid exceeds the "minimum wages" and "living wages" when compared with the "Union Living Wages (2023 simplified revision)" issued by the Japanese Trade Union Confederation.

[Comparison between the starting salary and minimum wages/living wages]

| | Starting salary | Comparison with minimum wages | Comparison with living wage |
|--|-------------------|-------------------------------|-----------------------------|
| Graduated from vocational school/junior college | 191,000 yen/month | 139% | 125% |
| Graduated from 4-year university | 220,000 yen/month | 160% | 143% |
| Graduated from 6-year university/graduate school | 237,000 yen/month | 172% | 155% |

- * Calculated from the minimum wages in Hiroshima Prefecture (970 yen/hour), living wages (1,080 yen/hour), and monthly actual working hours for FY2023
- * The salary system is based on grade, and there is no gender disparity within the same grade or job category.

Balancing childcare/nursing care/sick or injured family care with work

With the diversification of lifestyles, diversity is also required in work styles. Therefore, we have established systems, such as leave for childcare/family care, leave for care of sick/injured children, leave for nursing care of family members, shortened working hours for childcare/family care, staggered working hours for childcare, etc. Of the systems based on the Act on Childcare Leave, Caregiver Leave, we posted the childcare and family care leave systems for male employees whose acquisition rate is low on brochures and distributed the interest awareness.

In FY2023, the rates of male employees taking childcare leave and family care leave were 20.0% and 0%, respectively. We will continue to work to make our various systems known.









Community

Involvement and

Development

[Number of short-time workers/number of remote work users]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|----------------------------------|--------|--------|--------|--------|--------|
| Number of short- time workers | 8 | 10 | 12 | 9 | 10 |
| Number of remote work users | 0 | 1 | 19 | 25 | 6 |

[Childcare leave taking status/rate of childcare leave taking]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|--------|--------|--------|--------|--------|
| Number of employees whose children were born | 16 | 22 | 16 | 10 | 17 |
| Male | 12 | 18 | 15 | 8 | 15 |
| Female | 4 | 4 | 1 | 2 | 2 |

Maruzen Community Company Organizational **Fair Company** Top Message Pharmaceuticals **Human Rights Labor Practices Environment Consumer Issues** Involvement and Philosophy Governance Activities Sustainability Development

1) Work-Life Balance

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|--------|--------|--------|--------|--------|
| Number of employees who took childcare leave | 5 | 4 | 4 | 3 | 5 |
| Male | 1 | 0 | 3 | 1 | 3 |
| Female | 4 | 4 | 1 | 2 | 2 |
| Childcare leave taking rate | 31.3% | 18.2% | 25.0% | 30.0% | 29.4% |
| Male | 8.3% | 0% | 20.0% | 12.5% | 20.0% |
| Female | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Action Plan Based on the Act on Advancement of Measures to Support Raising Next-Generation Children (prepared in 2020)

"Increase the number of fathers who take childcare leave when their child is born"

[Return to work rate/retention rate after childcare leave]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|--------|--------|--------|--------|--------|
| Total number of employees who remain after returning to work after childcare leave | 5 | 4 | 4 | 0 | 5 |
| Male | 1 | 0 | 3 | 0 | 3 |
| Female | 4 | 4 | 1 | - | 2 |
| Return-to-work rate of employees after childcare leave | 100% | 100% | 100% | 0% | 100% |
| Male | 100% | -% | 100% | 0% | 100% |
| Female | 100% | 100% | 100% | -% | 100% |
| Retention rate of employees after childcare leave | 100% | 100% | 100% | 0% | 100% |
| Male | 100% | -% | 100% | 0% | 100% |
| Female | 100% | 100% | 100% | -% | 100% |

[Status of family care leave taking]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|--------|--------|--------|--------|--------|
| Number of employees who took family care leave | 0 | 0 | 0 | 0 | 0 |
| Male | 0 | 0 | 0 | 0 | 0 |
| Female | 0 | 0 | 0 | 0 | 0 |
| Total number of employees who remain after returning to work after family care leave | 0 | 0 | 0 | 0 | 0 |
| Male | 0 | 0 | 0 | 0 | 0 |
| Female | 0 | 0 | 0 | 0 | 0 |
| Return-to-work rate of employees after family care leave | -% | -% | -% | -% | -% |
| Male | -% | -% | -% | -% | -% |
| Female | -% | -% | -% | -% | -% |
| Retention rate of employees after family care leave | -% | -% | -% | -% | -% |
| Male | -% | -% | -% | -% | -% |
| Female | -% | -% | -% | -% | -% |

Work-life balance training

In FY2023, we conducted training on work-life balance for managers, including training on working hours management and the Revised Act on Childcare Leave, Caregiver Leave.

[Past work-life balance training for managers]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--------------------------------|--------|--------|--------|--------|--------|
| Number of eligible employees | - | 1 | 1 | 63 | 64 |
| Number of examinees | - | - | - | 63 | 64 |
| Rate of taking the examination | - | - | - | 100% | 100% |

Company Top Message Philosophy Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

2) Occupational Health and Safety

Maruzen Pharmaceuticals places top priority on the health and safety of its employees and strives to create a safe work environment as much as possible to ensure that employees are not exposed to danger and that they feel safe.

Maruzen

Based on related laws and regulations, such as the "Labor Standards Act" and the "Industrial Safety and Health Act," we have established the "Regulations for Health and Safety" to enhance safety and health activities, prevent work-related accidents, ensure the safety and health of employees, and promote the creation of a comfortable work environment.

Materiality

| Key Themes | Important Issues | What We Should Be and What We Want to Be in 2050 (Maruzen Pharmaceuticals 100th Anniversary: 2049) | 2030 Target | Corresponding SDGs |
|--|--------------------------------|---|--|-----------------------|
| Respect for Human Rights (Labor Practices) | Occupational Health and Safety | We aim to ensure compliance with laws and regulations regarding occupational safety and health, safety awareness, and equipment safety, and ensure that our employees can work safely, with good health, and comfortably. | We aim to create a work environment where employees can work safely, with good health, and comfortably by strengthening the foundation for safe operations by thoroughly implementing basic rules on health and safety and improving equipment and work procedures based on compliance with laws and regulations regarding occupational health and safety. | 3 mm. 8 mm. 4/4 |

Implementation of risk assessment

We have established a "Health and Safety Committee" in the Headquarters Factory, Miyoshi Factory, Shin Onomichi Factory, and Research Center, and we continuously conduct riskassessment activities to maintain a high level of safety and health at our workplace through monthly safety patrol, safety workplace meetings, and trainings on health and safety.

Based on the results, we take measures to prevent danger or health damage and provide protective equipment to employees engaged in related operations.

The blower, compressor, cooling tower, and other equipment that generate significant noise and vibration are installed to meet the standards for soundproofing, etc., under the inspection by the government. In addition, at the time of equipment renewal, we also strive to improve the work environment by means such as renewal to energy-saving and low-noise type equipment.

In FY2023, an accident occurred at Miyoshi Factory that resulted in a lost time accident. Details of the accident were shared with all the factories to call for recurrence prevention.

The number of days to achieve no accidents at each factory is 4032 days at the Headquarters Factory, 4362 days at Shin Onomichi Factory, and 33 days at Miyoshi Factory as of the end of March 2024.

[Installation of a seawall in the warehouse of the Headquarters Factory]

We installed construction work to install a seawall at the Headquarters Factory warehouse to cope with a "storm surge in anticipation of a Nankai Trough earthquake."





[Past health and safety training]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|------------------------------|--------|--------|--------|--------|--------|
| Number of eligible employees | 409 | 417 | 422 | 437 | 450 |
| Number of attendees | 28 | 18 | 20 | 23 | 21 |
| Attendance rate | 6.8% | 4.3% | 4.7% | 5.3% | 4.7% |

Maruzen Community Company **Organizational** Fair Company Top Message **Human Rights Labor Practices Environment Consumer Issues** Involvement and Pharmaceuticals **Philosophy** Governance Activities Sustainability Development

2) Occupational Health and Safety

[Number of work-related accidents (work-related accident frequency rate, work-related accident severity rate)]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|---------|---------|---------|---------|---------|
| Number of lost-time accidents | 0 cases | 0 cases | 0 cases | 0 cases | 1 case |
| Number of accidents without lost workdays | 4 cases | 4 cases | 6 cases | 6 cases | 7 cases |
| Number of fatal accidents | 0 cases |
| Number of deaths due to work- related accidents | 0 | 0 | 0 | 0 | 0 |
| Work-related accident rate*1 | 0 | 0 | 0 | 0 | 0 |
| Total number of working days lost | 0 days | 0 days | 0 days | 0 days | 23 days |
| Work-related accident rate*2 | 0 | 0 | 0 | 0 | 0.028 |

^{*1:} Number of casualties due to work-related accidents per 1 million total actual working hours (showing the frequency of accidents occurred)

Efforts to raise awareness of disaster prevention

We have introduced a "safety confirmation system" to confirm the safety of employees in the event of a disaster.

We conduct disaster prevention drills once a year, and inspect the disaster prevention kits at each office with reference to the safety confirmation drills and the outline of the drills by office in order to improve the awareness of disaster prevention.

In FY2023, we conducted training in June that assumed the "occurrence of a linear precipitation zone," and in November training that assumed the "occurrence of a Nankai Trough earthquake."

[Safety confirmation system training participation rate]

| | FY2023 |
|-----------------------------|-----------------|
| Safety confirmation system | June 71.4% |
| Training participation rate | November 100.0% |

Provision of opportunities for health checkups and stress checks

All employees are given the opportunity to undergo regular health checkups and stress checks (optional). We publish a "Health Report" based on the results of health checkups and distribute health information "Maruzen Infirmary" once a month to raise awareness of health issues and make improvements. We distribute "Actibody® granules," a food with functional claims containing ingredients developed by Maruzen Pharmaceuticals, to employees who request them.

[Rate of undergoing health checkups]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|--------|--------|--------|--------|--------|
| Number of eligible employees | 419 | 428 | 437 | 443 | 456 |
| Number of employees undergoing health checkups | 414 | 424 | 431 | 439 | 454 |
| Rate of undergoing health checkups | 98.8% | 99.1% | 98.6% | 99.1% | 99.6% |
| Number of employees eligible for secondary checkup | 3 | 3 | 6 | 4 | 6 |
| Number of employees undergoing secondary checkup | 1 | 3 | 3 | 1 | 0 |
| Rate of undergoing secondary checkup | 33.3% | 100.0% | 50.0% | 25.0% | 0% |

[Rate of undergoing a stress check]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--------------------------------|--------|--------|--------|--------|--------|
| Number of eligible employees | 405 | 413 | 424 | 439 | 465 |
| Number of examinees | 313 | 320 | 355 | 377 | 353 |
| Rate of taking the examination | 77.3% | 77.5% | 83.7% | 85.9% | 75.9% |

^{*2:} Total number of working days lost per 1000 total actual working hours (showing the seriousness of the accident)

Maruzen Community Company Organizational Fair Company Top Message **Human Rights Labor Practices Environment Consumer Issues** Pharmaceuticals Involvement and Philosophy Governance Activities Sustainability Development

2) Occupational Health and Safety

[Past mental health training for managers]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--------------------------------|--------|--------|--------|--------|--------|
| Number of eligible employees | 1 | 1 | 1 | 63 | - |
| Number of examinees | - | - | - | 63 | - |
| Rate of taking the examination | - | - | - | 100% | - |

[Distribution of an internal health information magazine, "Maruzen Infirmary"]

| No. | Contents |
|---------|---|
| Vol. 1 | The key to improving lifestyle-related diseases is "improving obesity and metabolic syndrome" |
| Vol. 2 | "Eat a single serving" and "do moderate exercise" to prevent obesity and metabolic syndrome |
| Vol. 3 | What is "dyslipidemia"? A disease that leads to arteriosclerosis |
| Vol. 4 | Improving eating and exercise habits makes blood thin |
| Vol. 5 | Silent Organ, "Liver" |
| Vol. 6 | Improve liver function by reviewing lifestyle habits |
| Vol. 7 | Develop desirable exercise habits |
| Vol. 8 | What is good sleep? Get to know the importance of sleep |
| Vol. 9 | Sound sleep is the key to good health - Try to get good quality sleep - |
| Vol. 10 | About female-specific diseases – Let's learn about the importance of cancer screening - |



Organic solvent health checkup and specific chemical substance health checkup

Organic solvents and chemical substances are used in the quality assurance, manufacturing, and research and development departments. We provide eligible employees the opportunity to undergo organic solvent health checkup and specific chemical substance health checkup.

[Organic solvent health checkup and specific chemical substance health checkup rates]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|--------|--------|--------|--------|--------|
| Number of eligible employees | 125 | 139 | 143 | 150 | 113 |
| Number of employees undergoing health checkups | 125 | 139 | 143 | 150 | 113 |
| Rate of undergoing health checkups | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Establishment of "No Smoking Day"

As the smoking rate tends to be high among young people, Maruzen Pharmaceuticals has established a slogan by setting the 22nd of every month as a "No Smoking Day" as an effort to decrease the smoking rate.

On the 22nd of every month, we share "Recommendation to quit smoking - Let's start casually" with all employees to give them an opportunity to learn about the risks of smoking and the importance of quitting smoking, act on it, and think about their own health.

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

2) Occupational Health and Safety

External evaluation

[Hiroshima Corporate Health Declaration - Certified as an excellent health promotion office]

We participated in the "Hiroshima Corporate Health Declaration" sponsored by the Hiroshima Branch of Japan Health Insurance Association and were certified in FY2023 as a "Hiroshima Corporate Health Declaration Excellent Health Promotion Office" that actively engaged in health promotion.

Maruzen Pharmaceuticals has been comprehensively evaluated and certified for the following health promotion initiatives.

- Details of efforts -
- 1. Same-day consultation for Specific Health Guidance
- 2. Provision of Actibody® granules to those who request them to improve the health of employees
- 3. Improving the workplace environment to prevent infectious diseases
- 4. Support for vaccination (grant of special paid leave)



[Certified as a health & productivity management outstanding corporation 2024 (small and medium enterprise division)]

We have been certified as a health & productivity management outstanding corporation 2024 (small and medium enterprise division)], sponsored by the Ministry of Economy, Trade and Industry.

The accreditation system of health & productivity management outstanding corporations is a system to recognize corporations, such as large companies and small- and medium-sized enterprises that practice outstanding health management based on efforts in line with regional health issues and health-promotion initiatives promoted by Nippon Kenko Kaigi.

By "visualizing" outstanding corporations engaged in health management, it aims to create an environment where companies can be socially evaluated as "corporations that consider health management of employees from a management perspective and work strategically" by employees, job seekers, affiliated companies, financial institutions, etc.

- Details of efforts -
- Understanding of company-wide health issues from health checkup results
- 2. Provision of Actibody® granules to those who request them to improve the health of all employees
- 3. Implementation of Specific Health Guidance
- 4. Efforts to expand opportunities for exercise, such as club activities
- 5. Initiatives to prevent infectious diseases





Top Message Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

3) Human Resource Development

We have introduced a personnel system that focuses on employees' abilities and work results. We evaluate employees who take on challenges to achieve high goals, and reflect their results and attitudes in their compensation, which leads to increased motivation among employees. We also support employees in improving their skills through the overseas study program, acquisition of qualifications, and participation in internal and external seminars.

Materiality

| Key Themes | Important Issues | Important Issues What We Should Be and What We Want to Be in 2050 (Maruzen Pharmaceuticals 100th Anniversary: 2049) | | Corresponding SDGs |
|--|-------------------------------|--|--|-----------------------|
| Respect for Human Rights (Labor Practices) | Human Resource Development | We aim to develop human resources who can produce results by allowing each employee to make the most of their various abilities and take on the challenge of achieving high goals. | We aim to develop human resources who can produce results by allowing each employee to make the most of their various abilities and take on the challenge of achieving high goals. | 4 8 9 9 |

Career development support system

[Self-reporting system]

This is a system where employees report their current work status, the tasks they want to be in charge of in the future, and their desired self-development once a year, and have meetings with their superiors based on them to examine their own career plans.

[Double-track job grade system]

In order to build a career that suits them after a certain number of years have passed since they joined the company, employees can choose between a generalist position, where they can aim for a managerial position, or a regular position, where they can pursue their skills.

Skill improvement support system

[Stratified training]

By providing employees with training according to their job positions, ranging from new employees to managers, and enhancing the education system required for each level, we work to develop human resources who can make the most of our employees.

In FY2023, we provided training for mid-career employees, skill-up training for mid-career supervisors, training for managerial staff development, and follow-up training for new employees at each office.

In addition, as there are few opportunities for employees to attend internal training after new employee training until supervisory training, we have planned and implemented new training for entry-level employees.

[General enlightenment and self-enlightenment systems]

To provide employees with active self-development and support them in developing their abilities necessary for their work, we have established an education system according to their interests and needs, such as obtaining qualifications for management, business skills, languages, etc., and content related to individual lifestyles.

[Lumpsum payment system for acquiring qualifications]

This is a system that provides a lumpsum payment when you acquire qualifications specified by the company.

- Examples of qualifications -

TOEIC, Chinese language proficiency test, first-class health manager, sustainable management/CSR test, bookkeeping, IT passport, marketing certification, Japanese cosmetics certification, retail marketing (salesperson) certification, trade practical certification, hazardous materials handler, boiler mechanic, food health instructor, quality control certification, health food manager, etc.

[Overseas trainee dispatch system]

We have established a system for employees to become human resources who are knowledgeable as international businessmen through the acquisition of language and the learning of the culture and history of the country. Since the system was introduced, 6 employees have been playing an active role in using the system.

Maruzen Community Company Organizational **Fair Company** Top Message **Human Rights Labor Practices Environment Consumer Issues** Involvement and Pharmaceuticals Philosophy Activities Governance Sustainability Development

3) Human Resource Development

1-on-1 meetings

In addition to performance review meetings, we hold 1-on-1 meetings to enhance communication between superiors and subordinates and create new opportunities for growth. Communication with both parties creates new awareness and leads to the growth of employees.

Promotion of reskilling

Maruzen Pharmaceuticals supports the growth of each and every employee so that they can proactively acquire new skills and knowledge and respond to rapid market changes, new technologies, and social demands. We will increase sustainability as an organization by improving the capabilities of our employees.

The "Declaration of Reskilling Promotion" was created in Hiroshima Prefecture in December 2023 and approval was obtained.

- Details of efforts -
- 1. By establishing systems to support various ways of working and proactively promoting DX of work, we will further promote work-style reform and work efficiency and secure time for employees to learn.
- 2. We will continue to establish a "general awareness/self-development support system" to support all or part of the expenses for acquisition. In addition, a lumpsum payment will be paid when qualifications are obtained.
- 3. We will implement voluntary internal training to support employees' voluntary learning drive.



[Annual average training hours and education and training costs per employee]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---------------------------------|----------------|---------------|---------------|---------------|---------------|
| Average annual training | 11 hours | 8 hours | 8 hours | 12 hours | 12 hours |
| Education and training expenses | 110,774 yen | 45,792 yen | 58,664 yen | 71,744 yen | 69,672 yen |

[Total number and percentage of employees receiving regular reviews on performance and career development]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|----------------------------------|--------|--------|--------|--------|--------|
| Number of eligible employees | 381 | 387 | 397 | 411 | 425 |
| Male | 277 | 276 | 284 | 289 | 292 |
| Female | 104 | 111 | 113 | 122 | 133 |
| Percentage of eligible employees | 93.2% | 92.8% | 94.1% | 94.1% | 94.4% |
| Male | 96.2% | 96.2% | 97.6% | 97.0% | 96.7% |
| Female | 86.0% | 85.4% | 86.3% | 87.8% | 89.9% |

Maruzen Community Company Organizational **Fair Company** Top Message **Human Rights Labor Practices Environment Consumer Issues** Involvement and Pharmaceuticals Philosophy Governance Activities Sustainability Development

4. Environment

We strive to reduce environmental loads and contribute to the realization of a sustainable society in harmony with nature.

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

1) Environmental Management

In recent years, various global environmental issues associated with climate change, such as global warming, have become serious, affecting people's lives and corporate business activities. In 2023, as the average global temperature became even worse, the United Nations (UN) Secretary General Guterres warned us with the phrase "The era of global boiling has arrived."

Maruzen Pharmaceuticals recognizes that our business activities directly or indirectly affect the global environment and that changes in the global environment have an impact on our business activities. To promote initiatives to reduce the global environmental load, we have developed an "Environmental Policy" after deliberation with the Board of Directors in February 2022. We will promote efforts to reduce environmental load under this policy and contribute to the realization of a sustainable society while making continuous improvements.

Environmental Policy

Maruzen Pharmaceuticals recognizes that it is our responsibility to pass on the irreplaceable earth and limited resources to the next generation to lead healthy and prosperous lives, and will actively promote business activities that are in harmony with the environment.

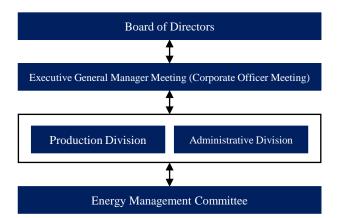
- 1. We fully understand the impact on the environment in all processes from production to disposal, and we promote environmentally friendly product development and manufacturing technology.
- 2. We will establish and improve our environmental management system to promote and thoroughly implement environmental conservation activities.
- We will promote the efficient and sustainable use of energy, water, raw materials, etc., used for our business activities, with consideration given to reducing greenhouse gas emissions and environmental load.
- We will work on resource and energy saving by reducing and recycling waste in our business activities.
- 5. As a member of the local community, we will promote business activities in consideration of biodiversity, and we will actively participate in environmental conservation activities and support employees' voluntary activities.

- To promote environmental conservation activities, we will establish an internal system to ensure that employees are thoroughly informed of the system and that their awareness is increased.
- 7. We commit ourselves to comply with the laws and regulations of the relevant environment and other requirements agreed by our company.

Established: February 9, 2022

Environmental management system

Maruzen Pharmaceuticals has established environmental targets such as "promoting energy saving," "CO₂ emissions (scopes 1 and 2)," "water usage," and "waste volume," and manages the progress and evaluates them at the "Energy Management Committee" and reports to those in charge at the management level through the "Environmental Report."



Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

1) Environmental Management

[Composition of the Energy Management Committee]

| Management-level head | Director familiar with climate-related issues |
|-------------------------------------|---|
| Management supervisor | Executive General Manager of Production Division |
| Department in charge | Production Division Office |
| Energy manager | Production Division: 1 person |
| Energy management planning promoter | Production Division: 1 person |
| Secretariat | Administrative Division: 1 person |
| Each office | Headquarters Factory: 1 person; Miyoshi Factory: 1 person Shin Onomichi Factory: 1 person; Kui Farm: 1 person Research Center: 1 person |

Incentives and contributions to the management of climate-related issues

Maruzen Pharmaceuticals, mainly the Production Division, conducts small group activities to improve manufacturing technology and ensure manufacturing control (internal presentations by QC). A system is in place where reviewers, including Directors, conduct review and recognize achievements, which is expect to increase motivation among employees.

In addition to the conventional financial evaluation criteria, such as "production efficiency," "reduced costs," and "contribution to sales and profits," nonfinancial evaluation criteria related to environmental load reduction, such as "decarbonization," "reduction in water use," and "reduction in waste," will be newly introduced.

Climate change risks and opportunities

The 6th Assessment Report by the IPCC in 2021 concluded for the first time that there is a relationship with human activities, stating that "there is no doubt about the impact of global warming and human activities."

It is said that if we continue to rely on fossil fuels and do not introduce climate policies, the global average temperature may increase by up to 5.7° C by the end of the 21st century.

In the 2015 Paris Agreement, it was called for "keeping the global average temperature rise well below 2°C above pre-industrial levels and pursuing efforts to limit it to 1.5°C."

We analyze climate change risks and opportunities related to the overall business of Maruzen Pharmaceuticals.

Among the identified risks, we have confirmed that transition risks (current regulations and new regulations) may have a financial impact if regulations, such as carbon taxes and emissions trading systems, are strengthened.

For urgent physical risks, we have confirmed the impact of natural disasters, such as droughts and floods, cased by abnormal weather. For chronic physical risks, the impact of constant weather fluctuations on the stable procurement of plant materials is large.

Among the opportunities identified, we have confirmed that there is a possibility of acquiring opportunities to enhance the corporate value and product value by making further efforts for low-carbon and decarbonization initiatives that contribute to the mitigation and adaptation of climate change and providing our own products and services.

As we are aware of the necessity of analysis by climate scenario (1.5°C, 4°C), we will continue with our analysis and study.

[Risks and opportunities]

| Risks/ opportunities | Classification | Item | Period | Content |
|-------------------------|--|---------------------------|-----------------|---|
| Transition risk | Current regulations New regulations | Tightening regulations | Medium- term | As a lot of energy is used in the manufacturing process of products, if manufacturing technologies for low carbon and decarbonization, energy saving, and resource saving have not been established, regulations, such as the carbon tax and emission trading system, will be strengthened, which may have a financial impact. As countermeasures, we are committed to energy saving, installation of solar panels, and the use of renewable energy power. |
| | | Drought | Short- term | As a lot of water is used in the manufacturing process of the product (extraction, cleaning, etc.), water scarcity can have a significant impact on the business. As a countermeasure, we have installed water tanks and conduct regular maintenance to ensure availability of a water source. |
| Physical risks | Urgent | Flood | Short- term | In recent years, large-scale typhoons and floods caused by guerrilla rainstorms may flood factories, manufacturing equipment, and product storage warehouses. As a countermeasure, each factory has similar manufacturing equipment to enable alternative production. Additionally, the product warehouse at the Headquarters Factory has a seawall installed. |

Maruzen Community Fair Company Company Organizational Top Message **Human Rights Labor Practices Environment Consumer Issues** Involvement and Pharmaceuticals Philosophy Governance Activities Sustainability Development

1) Environmental Management

| Risks/ opportunities | Classification | Item | Period | Content |
|-------------------------|--|-------------------|-----------------|---|
| Physical risks | Chronic | Climate change | Long- term | As many of our raw materials are derived from natural or cultivated plants, changes in rainfall due to climate change may have an impact on the procurement of plant-based raw materials. As countermeasure, we ensure sufficient stock of major raw materials and plants, expand the production area, and conduct cultivation research in other cultivation areas. |
| | Resource efficiency Energy source | Climate change | Medium- term | As business partners become more interested in sustainability and strengthen their low-carbon and decarbonization efforts, it has become important to maintain and improve our corporate reputation. We view low-carbon and decarbonization initiatives, such as energy conservation, installation of solar panels, and the use of renewable energy, as opportunities to maintain and improve our corporate values. |
| Opportunities | Products Services | Waste | Short- term | As business partners are becoming more interested in sustainability and take further initiatives to reduce waste, we are expected to maintain and improve our corporate reputation and improve our product value. We consider that the effective use of plant residues discarded in raw material cultivation sites to manufacture and sell products with upcycle products will give us an opportunity to maintain and improve our corporate value and improve our product value. |

2) Energy Consumption and Greenhouse Gases

From November 30 to December 12, 2023, at the 28th meeting of the Conference of the Parties (COP 28) to the UN Framework Convention on Climate Change in Dubai, United Arab Emirates, a decision was made to strengthen measures to reduce greenhouse gases in each country, in response to the report of the IPCC requiring a reduction of 43% by 2030 and 60% by 2035 (compared with that in 2019) to achieve the "1.5°C target."

The most noteworthy point is that the goals of "3 times the world's natural energy equipment capacity by 2030" and "a departure from fossil fuels toward net zero by 2050" have been clearly stated.

Maruzen Pharmaceuticals uses energy and releases greenhouse gases throughout the value chain, including the manufacturing process of products, procurement of raw materials, and transportation of products. In 2010, we established an "Energy Management Committee" and have worked to "promote energy conservation" and "reduce greenhouse gas emissions" focusing on our 3 production bases (Headquarters Factory, Shin Onomichi Factory, and Miyoshi Factory) to reduce our environmental load.

We will continue to work toward the realization of a sustainable society through the development of long-term strategies based on the "Paris Agreement," an international framework for global warming countermeasures, and through the efforts toward net zero (carbon neutral) by 2050.

Materiality

| Key Themes | Important Issues | What We Should Be and What We Want to Be in 2050 (Maruzen Pharmaceuticals 100th Anniversary: 2049) | 2030 Target | Corresponding SDGs |
|-------------------------------------|---|---|--|---|
| | Reduction of Energy Consumption | We aim to reduce energy consumption intensity by 40% versus that in FY2013. | We aim to reduce energy intensity by 20% versus that in FY2013. | 12 :::::::::::::::::::::::::::::::::::: |
| Reduction of Environmental Loads | Reduction of Greenhouse Gas Emissions | We aim to achieve net zero greenhouse gas emissions (carbon neutral). | We aim to reduce greenhouse gas emission by 46% in Scopes 1 and 2, versus that in FY2013. In Scope 3, we will grasp emissions by 2027 and aim to reduce them toward 2030. | |

Company Philosophy Maruzen
Pharmaceuticals
Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

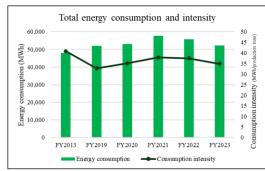
2) Energy Consumption and Greenhouse Gases

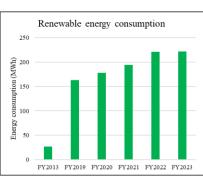
Total energy consumption and intensity

In FY2023, the energy consumption was 52,175 MWh, a decrease of 3,654 MWh compared with that in the previous year (decrease by 6.5% compared with that in the previous year; increase by 8.7% compared with that in FY2013). The energy consumption intensity was 34.90 MWh/production t, showing a decrease of 2.54 MWh/production t compared with that in the previous year (decrease by 6.8% compared with that in the previous year; decrease by 14.4% compared with that in FY2013).

The renewable energy consumption in FY2023 was 222 MWh, accounting for 0.43% of the total energy consumption.

[Changes in total energy consumption and intensity]





| | FY2013 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Unit |
|------------------------------|--------|--------|--------|--------|--------|--------|------------------|
| Total energy consumption | 47,991 | 51,972 | 52,979 | 57,773 | 55,829 | 52,175 | MWh |
| Nonrenewable energy | 47,964 | 51,809 | 52,801 | 57,579 | 55,607 | 51,953 | MWh |
| Renewable energy | 27 | 163 | 178 | 194 | 221 | 222 | MWh |
| Renewable energy ratio | 0.06 | 0.31 | 0.34 | 0.34 | 0.40 | 0.43 | % |
| Energy consumption intensity | 40.77 | 32.75 | 35.13 | 37.86 | 37.44 | 34.90 | MWh/production t |
| Production | 1,177 | 1,587 | 1,508 | 1,526 | 1,491 | 1,495 | t |

Greenhouse gas emissions/emission intensity

In FY2023, our company's greenhouse gas emissions (Scopes 1 and 2) met the market standards of 11,172 t-CO₂, showing an increase of 295 t-CO₂ from the previous year (increase by 2.7% compared with that in the previous year; decrease by 4.7% compared with that in FY2013).

Scope 1 emissions were 4,482 t-CO₂, an increase by 103 t-CO₂ from the previous year (increase by 2.4% compared with that in the previous year, decrease by 6.1% compared with that in FY2013).

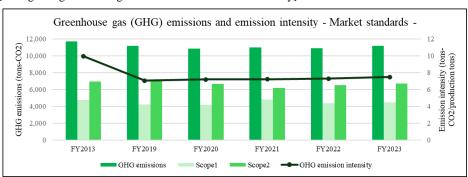
Scope 2 emissions were 6,690 t-CO₂, an increase by 193 t-CO₂ from the previous year (increase by 3.0% compared with that in the previous year; decrease by 3.7% compared with that in FY2013).

Maruzen Pharmaceuticals' greenhouse gas emission intensity was $7.47 \text{ t-CO}_2/\text{production t}$, showing an increase of $0.18 \text{ t-CO}_2/\text{production t}$ from the previous year (increase by 2.5% compared with that in the previous year; decrease by 25.0% compared with that in FY2013).

We will continue to strive to save energy and reduce greenhouse gas emissions by switching to low-carbon fuels, increasing production efficiency, installing environmentally friendly equipment, and using renewable energy.

In FY2023, we worked to calculate Scope 3 emissions. Using the "emission intensity database" provided by the Ministry of the Environment, we calculated the figures for the past 5 years for Categories 1 (purchased products & services), 2 (capital goods), 3 (fuels & energy related), 5 (wastes generated from businesses), 6 (business trips), and 7 (employer commuting) of the 15 categories.

[Changes in greenhouse gas emissions and emission intensity]



Maruzen Community Company Organizational **Fair Company** Top Message Pharmaceuticals **Human Rights Labor Practices Environment Consumer Issues** Involvement and Philosophy Governance Activities Sustainability Development

2) Energy Consumption and Greenhouse Gases

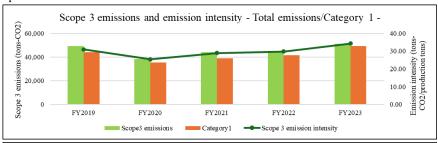
- Location standards -

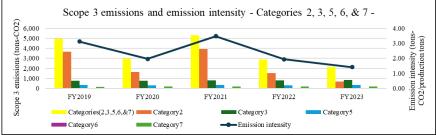
| Location standards | FY2013 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Unit |
|--|--------|--------|--------|--------|--------|--------|---------------------------------|
| Scope 1 emissions | 4,773 | 4,205 | 4,189 | 4,813 | 4,379 | 4,482 | t-CO2 |
| Scope 2 emissions (location) | 5,723 | 5,095 | 5,077 | 5,167 | 5,233 | 5,322 | t-CO2 |
| Scope 3 emissions | - | 49,223 | 38,264 | 44,190 | 44,379 | 51,374 | t-CO2 |
| GHG emissions (Scopes 1 and 2, location) | 10,496 | 9,300 | 9,266 | 9,980 | 9,613 | 9,804 | t-CO2 |
| GHG emissions (Scopes 1, 2, and 3, location) | - | 58,523 | 47,530 | 54,169 | 53,991 | 61,178 | t-CO2 |
| GHG emission intensity (Scopes 1 and 2, location) | 8.91 | 5.86 | 6.14 | 6.54 | 6.45 | 6.56 | t-CO ₂ /production t |
| GHG emission intensity (Scopes 1, 2, and 3, location) | - | 36.88 | 31.52 | 35.50 | 36.21 | 40.92 | t-CO ₂ /production t |
| Production | 1,177 | 1,587 | 1,508 | 1,526 | 1,491 | 1,495 | t |

- Market standards -

| Market standards | FY2013 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Unit |
|--|--------|--------|--------|--------|--------|--------|---------------------------------|
| Scope 1 emissions | 4,773 | 4,205 | 4,189 | 4,813 | 4,379 | 4,482 | t-CO2 |
| Scope 2 emissions (market) | 6,946 | 6,976 | 6,647 | 6,203 | 6,497 | 6,690 | t-CO2 |
| Scope 3 emissions | - | 49,223 | 38,264 | 44,190 | 44,379 | 51,374 | t-CO2 |
| GHG emissions (Scopes 1 and 2, market) | 11,718 | 11,181 | 10,836 | 11,015 | 10,877 | 11,172 | t-CO2 |
| GHG emissions (Scopes 1, 2, and 3, market) | - | 60,404 | 49,100 | 52,205 | 55,255 | 62,546 | t-CO2 |
| GHG emission intensity (Scopes 1 and 2, market) | 9.96 | 7.05 | 7.19 | 7.22 | 7.29 | 7.47 | t-CO ₂ /production t |
| GHG emission intensity (Scopes 1, 2, and 3, market) | - | 38.06 | 32.56 | 36.18 | 37.06 | 41.84 | t-CO ₂ /production t |
| Production | 1,177 | 1,587 | 1,508 | 1,526 | 1,491 | 1,495 | t |

- Scope 3 emissions -





| Scope 3 emissions | FY2013 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Unit |
|--|--------|--------|--------|--------|--------|--------|---------------------------------|
| Category 1_Purchased products & services | - | 44,264 | 35,303 | 38,889 | 41,483 | 49,249 | t-CO2 |
| Category 2_Capital goods | - | 3,650 | 1,649 | 3,915 | 1,510 | 705 | t-CO2 |
| Category 3_Fuels & energy-related | - | 752 | 778 | 814 | 822 | 829 | t-CO2 |
| Category 5_Waste generated from businesses | - | 329 | 301 | 335 | 318 | 339 | t-CO2 |
| Category 6_Business trips | - | 53 | 54 | 55 | 57 | 59 | t-CO2 |
| Category 7_Employer commuting | - | 174 | 179 | 181 | 189 | 194 | t-CO2 |
| Categories (1, 2, 3, 5, 6, & 7) emissions | - | 49,223 | 38,264 | 44,190 | 44,379 | 51,374 | t-CO2 |
| Categories (2, 3, 5, 6 & 7) emissions | | 4,959 | 2,961 | 5,300 | 2,896 | 2,125 | t-CO2 |
| Categories (1, 2, 3, 5, 6 & 7) intensity | | 31.02 | 25.37 | 38.96 | 29.76 | 34.36 | t-CO ₂ /production t |
| Categories (2, 3, 5, 6 & 7) intensity | | 3.12 | 1.96 | 3.47 | 1.94 | 1.42 | t-CO ₂ /production t |
| Production | 1,177 | 1,587 | 1,508 | 1,526 | 1,491 | 1,495 | t |

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

2) Energy Consumption and Greenhouse Gases

Conversion to low carbon fuels

We promote low carbon emissions by converting the fuel used to operate factory equipment from heavy oil to liquefied natural gas (LNG).

We will also consider fuel conversion at the Shin Onomichi Factory and the Headquarters Factory, with the introduction of large-scale equipment, following fuel conversion at the Miyoshi Factory.

Production efficiency

As an initiative that spreads from our QC activities, we are constantly pursuing highly efficient production activities by improving manufacturing technology and by thorough manufacturing control. At the annual internal presentation meeting, an award system was established, which led to an increase in the motivation of employees.

In FY2023, no in-house meeting was held, but in FY2024, new evaluation criteria will be added from the viewpoint of contribution to sustainable development goals (SDGs) and the standards from nonfinancial viewpoints such as "decarbonization," "reduction of water use," and "reduction of wastes," and efforts will be made for both improving production efficiency and reducing the environmental load.

Introduction of environmentally friendly equipment

Maruzen Pharmaceuticals promotes the introduction of environmentally friendly equipment to reduce greenhouse gas emissions.

In FY2023, we installed the next-generation power-saving unit ECOMO at Miyoshi Factory, and updated the air-conditioning equipment and ultra-low temperature warehouse (-80°C type) at the Research Center to energy-saving models.

In addition, we strive to save energy by switching lighting equipment to LED lighting at all of our offices.

Use of renewable energy

In Shin Onomichi Factory, Headquarters Analysis Center, and Headquarters Manufacturing Office Building (Protopia Building), solar power is generated by the self-consumption-type solar power generation system that has been installed.

We use the electricity generated by solar power to power the employee welfare building and the temperature-controlled warehouse.

Kui Farm uses 100% renewable energy. We will consider switching at other offices.

Miyoshi Factory is considering installing the solar power generation system in Power Purchase Agreement (PPA) models with no initial investment, maintenance, or control burdens in the system to promote the use of renewable energy in the factory.



Shin Onomichi Factory solar power generation system

Maruzen Pharmaceuticals Sustainability Report 2024 -50-

Maruzen Community **Fair Company** Company Organizational Top Message **Human Rights Labor Practices Environment Consumer Issues** Involvement and Pharmaceuticals Philosophy Governance Activities Sustainability Development

2) Energy Consumption and Greenhouse Gases

Prevention of air pollution

Air pollution can affect human health, plants, and ecosystems, and air pollutants such as nitrogen oxide (NOx) and sulfur oxide (SOx) can increase the prevalence of conditions such as asthma. Limits on the amount and concentration of pollutants released into the atmosphere are regulated by the government.

Maruzen Pharmaceuticals has taken measures, such as installing a small once-through boiler with soot and smoke-processing capabilities to treat and reduce soot, NOx, and SOx in exhaust gases. We conduct environmental measurements and conduct activities in compliance with laws and regulations, such as the Air Pollution Control Act.

3) Water

Water is a precious resource that supports people's lives and livelihoods. This is an essential resource for Maruzen Pharmaceuticals, whose business is to enjoy the blessings of nature and connect it to new values.

Maruzen Pharmaceuticals uses and discharges water in the manufacturing process of products, such as during the extraction of raw materials and cleaning of equipment, and has recognized water resource issues as important environmental issues.

Materiality

| Key Themes | Important Issues | What We Should Be and What We Want to Be in 2050 (Maruzen Pharmaceuticals 100th Anniversary: 2049) | 2030 Target | Corresponding SDGs |
|-------------------------------------|--|---|--|------------------------|
| Reduction of Environmental Loads | Reduction of Water Usage and Management of Drainage Water | We will provide technical support to reduce environmental loads at our suppliers and manage water throughout the supply chain. | We aim to reduce water resource consumption intensity (water withdrawal) by 10% versus that in FY2013. | E anime. It invest No. |

To identify areas facing water crisis, we use the WWF "Water Risk Filter" and the "Hazard Map Portal" of the Geospatial Information Authority of Japan to assess water stress, such as water shortage, water quality, flood, and high tides.

We have confirmed that water withdrawal in the production base areas is from areas with low water stress, but stable water withdrawal is difficult from the water sources for the Headquarters Factory and Shin Onomichi Factory in the event of extreme drought conditions. Therefore, we are taking measures such as storing water and transferring water between factories.

Water Accounting

In FY2023, the total water withdrawal was 306 ML, showing an increase by 9 ML from the previous year (increase by 3.0% compared with that in the previous year; decrease by 4.1% compared with that in FY2013). The total water discharge was 260 ML, showing an increase by 9 ML from the previous year (increase by 3.6% compared with that in the previous year; decrease by 9.7% compared with that in FY2013). The water consumption was 46 ML, showing no increase or decrease from the previous year (increase by 43.75% compared with that in FY2013).

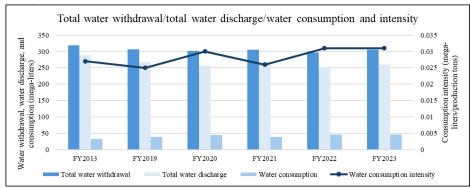
Water consumption intensity was 0.031 ML/production t, which shows no increase or decrease from the previous year.

Maruzen Community **Fair Company** Company Organizational Top Message **Human Rights Labor Practices Environment Consumer Issues** Involvement and Pharmaceuticals Philosophy Governance Activities Sustainability Development

3) Water

Although we tried to conserve water consumption by utilizing circulating cooling equipment (cold water units, cooling towers) and reusing water, this resulted in an increase in water consumption and water consumption intensity. In FY2023, we introduced automatic washing machines to the Research Center to reduce water consumption while washing equipment.

 $[Changes\ in\ total\ water\ with drawal/total\ water\ discharge/water\ consumption/consumption\ intensity]$



| | FY2013 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Unit |
|-------------------------------|--------|--------|--------|--------|--------|--------|------|
| Total water withdrawal | 319 | 307 | 302 | 306 | 297 | 306 | ML |
| Surface water | 1 | 1 | 1 | 1 | 1 | 1 | ML |
| Underground water | 1 | 1 | 3 | 2 | 3 | 1 | ML |
| Sea water | 203 | 169 | 167 | 166 | 158 | 161 | ML |
| Daily life produced water | 0 | - | - | - | - | - | ML |
| Third-party water (tap water) | 115 | 136 | 131 | 137 | 135 | 143 | ML |
| Total water discharge | 288 | 268 | 257 | 267 | 251 | 260 | ML |
| Surface water | 55 | 76 | 68 | 76 | 70 | 75 | ML |
| Underground water | 0 | - | - | - | - | - | ML |
| Sea water | 232 | 192 | 189 | 191 | 181 | 185 | ML |
| Daily life produced water | 0 | - | - | 1 | - | - | ML |
| Third-party water (tap water) | 0 | - | - | - | - | - | ML |

| | FY2013 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Unit |
|-----------------------------|--------|--------|--------|--------|--------|--------|-----------------|
| Water consumption | 32 | 39 | 45 | 39 | 46 | 46 | ML |
| Water consumption intensity | 0.027 | 0.025 | 0.030 | 0.026 | 0.031 | 0.031 | ML/production t |
| Production | 1,177 | 1,587 | 1,508 | 1,526 | 1,491 | 1,495 | t |

Drainage water management

We have a wastewater treatment system to reduce pollutants in wastewater, and under thorough management, we perform purification treatment using microorganisms before discharging wastewater. We periodically undergo water-quality evaluation tests by Hiroshima Prefecture, where the total weight of pollutants (COD, nitrogen, phosphorus) in the wastewater is determined , and we receive evaluations that meet the wastewater standards.

The water quality is controlled in accordance with the "Water Pollution Prevention Act" enacted in 1971 and the "Act on Special Measures Concerning Conservation of the Environment of the Seto Inland Sea" (Seto Inland Sea Act) enacted in 1973. We will continue to reduce water consumption in our business activities by conserving manufacturing water and thoroughly managing wastewater, and we will manage wastewater in accordance with the Water Pollution Prevention Act and the Seto Inland Sea Act.

[Total weight of pollutants discharged into the water]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Unit |
|--|--------|--------|--------|--------|--------|------|
| Total weight of pollutants discharged into the water | 1.57 | 1.09 | 1.69 | 1.44 | 0.84 | t |

Maruzen Community **Fair Company** Company Organizational Top Message **Human Rights Labor Practices Environment** Consumer Issues Involvement and Pharmaceuticals Philosophy Governance Activities Sustainability Development

4) Waste

Maruzen Pharmaceuticals discharges waste during the manufacturing process. Many of the wastes are extraction residues generated after the extraction of plants, sludge contained in wastewater of each factory, diatomaceous earth used in the filtration process, etc.

Efforts to reduce waste lead to the efficient use of materials and energy resources necessary for business activities and are important factors contributing to overall environmental conservation activities.

In addition, we recognize that the importance of waste reduction and resource reuse will increase in the future as the circular economy becomes more widespread.

Materiality

| Key Themes | Important Issues | What We Should Be and What We Want to Be in 2050 (Maruzen Pharmaceuticals 100th Anniversary: 2049) | 2030 Target | Corresponding SDGs |
|-------------------------------------|----------------------------------|---|--|---|
| Reduction of Environmental Loads | Reduction of Waste Generation | We aim to achieve zero waste emissions by promoting the 5Rs (reduce, reuse, recycle, renewable, and repair). | We will conduct material flow analysis and aim to reduce the amount of waste generated. Reduce: Reduction of plastic used Renewable: 100% effective use of extracted raw material residue (composting/fuel/feed) | 13 mm 13 mm 14 mm 15 mm |

Effective use of extraction residue

Maruzen Pharmaceuticals built Kui Farm, an approximately 75,000 m² farmland in Mihara City, Hiroshima Prefecture, in 2007, to reduce its environmental load and test and cultivate useful plant-based raw materials.

At Kui Farm, the extraction residue (residue after active ingredients are extracted from plants) generated during the manufacturing process of plant extracts is not incinerated, but instead fermented and composted, and used the "circular agriculture method" to grow new useful plants.

By reusing it as compost instead of incinerating it, we can not only reduce waste but also contribute to reducing the environmental load by reducing CO_2 emissions generated during incineration and storing carbon using agricultural soil as an absorption source. In addition to its use as biomass fuel, we will continue to consider the effective use of the extraction residue.

In FY2023, construction work began to renovate the compost field to more efficiently process and compost extraction residue; thus, the amount of residue brought into Kui Farm decreased.

[Amount of extraction residue brought into Kui Farm]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Unit |
|---|--------|--------|--------|--------|--------|------|
| Amount of extraction residue brought in | 901 | 861 | 918 | 729 | 209 | t |



Overall view of Kui Farm

Inside the compost field (composting of extraction residue)



Compost field

Compost field (solar power generation system)

Sludge treatment

For the treatment of sludge in factory wastewater, we perform microbial treatment and treat the wastewater to below the sewage discharge standard value before discharging it. To maintain the environment of the wastewater tank, we have installed a system to metabolize microorganisms aerobically, increasing the volumetric loading rate, improving the sludge volume reduction effect, and increasing the diffusion efficiency. The installation of the device reduces the load on the drainage equipment, which also leads to a reduction in power consumption.

In FY2023, to further reduce sludge and save electricity at Miyoshi Factory, we started to search for and examine the introduction of microorganisms with higher processing capabilities.

Maruzen Community Fair Company Company Organizational Top Message **Human Rights Labor Practices Environment** Consumer Issues Involvement and Pharmaceuticals Philosophy Activities Governance Sustainability Development

4) Waste

Diatomaceous earth treatment

Due to the expansion of business activities, the amount of diatomaceous earth used as a filter in the filtration process is increasing. As filtration residues containing diatomaceous earth interfere with compost processing, they are currently disposed at an external facility.

In the future, we believe that it is necessary to consider treatment methods that aim to recycle all of the filtration residue and also consider filtration methods that do not use diatomaceous earth. There have also been complaints from neighbors about the occurrence of foul odors due to handling various types of residues and storing these residues without sufficient composting conditions.

We have been able to resolve these complaints by temporarily processing them at an external facility. However, we are currently considering renovating the compost field facility and establishing conditions for composting to resolve future issues.

Packaging materials

For product packaging, we have introduced simple packaging to reduce waste. Many of the products are packed in cardboard boxes, and plastic packaging materials are used as inner packaging materials. We are aware of the issues associated with plastics and believe that further reduction efforts related to the use of plastics are essential.

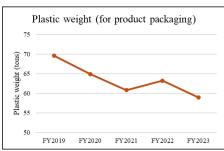
As packaging materials are important for maintaining the quality of products and providing information, we will consider initiatives, such as reducing the amount of plastics used and using plant-derived/recycled plastic containers while paying attention to the depletion of resources and marine plastic problems, thereby contributing to reducing the environmental burden.

In FY2023, we checked the weight and origin of plastics used for packaging materials and confirmed that all packaging materials were manufactured from fossil fuels. We will continue to strive to understand the origin and weight of plastics used other than those used as packaging materials.

[Plastic weight (for product packaging)]

In FY2023, we checked the weight and origin of plastics used for packaging materials and confirmed that they were manufactured from fossil fuels.

We will continue to strive to understand the origin and weight of plastics used other than those used as packaging materials.



| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Unit |
|----------------|--------|--------|--------|--------|--------|------|
| Plastic weight | 69.6 | 64.9 | 60.8 | 63.2 | 58.9 | t |

*Weight of only packaging materials used for product sales

Waste management

[Amount of waste generated]

At the Research Center and quality control department, various types of wastes are generated as a result of research and testing. These wastes are efficiently separated and disposed of appropriately by an outsourced specialized disposal company.



| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Unit |
|---------------------------------|--------|--------|--------|--------|--------|------|
| Amount of waste generated | 2,309 | 2,111 | 2,352 | 2,228 | 2,376 | t |
| Weight of waste not disposed of | 0 | 0 | 0 | 0 | 0 | t |
| Hazardous waste | 0 | 0 | 0 | 0 | 0 | t |
| Nonhazardous waste | 0 | 0 | 0 | 0 | 0 | t |
| Weight of waste disposed of | 2,309 | 2,111 | 2,352 | 2,228 | 2,376 | t |
| Hazardous waste | 2 | 2 | 3 | 2 | 2 | t |
| Nonhazardous waste | 2,307 | 2,109 | 2,349 | 2,226 | 2,374 | t |

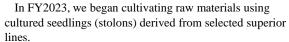
Maruzen Pharmaceuticals Sustainability Report 2024 -54-

Maruzen Community Fair Company Company Organizational Top Message **Human Rights Labor Practices Environment** Consumer Issues Involvement and Pharmaceuticals Philosophy Governance Activities Sustainability Development

5) Biodiversity

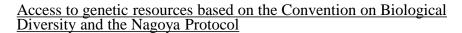
<u>Initiatives</u> for the sustainable procurement of "licorice"

Licorice is an important plant resource for Maruzen Pharmaceuticals. We are conducting joint research on licorice cultivation with the South China Botanical Garden, Chinese Academy of Sciences, with which we have had academic exchange for 30 years, in order to protect and stably procure licorice in the future. We have conducted cultivation tests on a commercial scale using seeds from a high-quality strain, applying the expertise we have developed over approximately 20 years on our now-closed Australian farm. This includes knowledge in seed production, seeding cultivation, and cultivation control methods.



Both the sprouting rate and growth status after stolon planting are good, and we are planning to harvest the licorice roots in the future (after the autumn of FY2024).

Following our experience with licorice, we are also considering a shift from "buying" to "growing" other plant materials.



The Convention on Biological Diversity was adopted by the UN in May 1992 and became effective in December 1993 for conservation and the sustainable use of biodiversity.

In 2010, the Nagoya Protocol was adopted as an international rule to enhance the effectiveness of the Convention on Biological Diversity.

Japan signed the Nagoya Protocol in 2017, which requires even more attention to the Convention on Biological Diversity than before.

Maruzen Pharmaceuticals strives to use genetic resources in compliance with the laws and regulations of the countries that provide raw materials to ensure that customers use the products safely.





Maruzen Community Company Organizational Fair Company **Human Rights Labor Practices Consumer Issues** Top Message Pharmaceuticals **Environment** Involvement and **Philosophy** Governance Activities Sustainability Development

5. Fair Operating Practices

We engage in fair, transparent, and free competition and appropriate transactions while respecting the relationship of trust with customers.

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

1) Prevention of Corruption

Maruzen has established an "Ethics Policy" and a "Code of Conduct" and is working on promoting compliance management.

The "Ethics Policy" put together our basic philosophy for business ethics and compliance with laws and regulations, and the "Code of Conduct" demonstrates the actions and decision criteria to be taken by all officers and employees based on this policy.

In January 2024, the "Ethics Policy/Code of Conduct" was formulated after deliberation at the meeting with the Board of Directors. By sharing and practicing these ideas internally, we will aim to become a company trusted by customers and society.

Ethics Policy

Maruzen Pharmaceuticals contributes to the development of society by firmly connecting the blessings of nature to our customers, society, and the future through a variety of means. To achieve this goal, we have formulated an "Ethics Policy," and will understand and comply with laws and regulations, social rules, and their spirit, while respecting social ethics and fulfilling our social responsibilities.

■ Attitude toward Customers

We strive to supply products that meet customer needs and solve social issues.

We strive for ethical procurement in the supply chain.

We strive for information security.

■ Responsivity to Society

We conduct fair corporate activities while strictly complying with laws, and we disclose information appropriately.

We conduct business activities that are socially and environmentally friendly to contribute to the realization of a sustainable society.

We respond to social diversity and promote communication activities with local communities.

■ Developing a workplace that is easy to work in

We promote activities that respect the human rights of all employees.

We support skill improvement and strive to ensure that employees can maximize their abilities. We create a safe and comfortable work environment and improve productivity.

Established: January 19, 2024

Code of Conduct

Maruzen Pharmaceuticals contributes to the development of society by firmly connecting the blessings of nature to our customers, society, and the future through a variety of means.

The "Code of Conduct" demonstrates the actions and decision criteria to be taken by all officers and employees based on the "Ethics Policy."

Considering that solving the environmental and social issues facing the world is becoming more important, we will work on our daily business activities with responsibility for all of you involved in the business, the future global environment, and society.

1. Contribution to Society

- · Our mission is to contribute to society and to strive for sustainable development.
- · We will respect important values such as fairness, transparency, integrity, and reliability.
- From material exploration to product development, we will use analytical technology and cutting-edge evaluation technology to respond to customer feedback, and strive to develop products that help solve social issues.
- We will strive to provide products and services with the highest priority on safety and security so that we can contribute to the improvement of customer satisfaction.
- In the event of an accident or defective product, we will take measures such as information disclosure and safety measures.
- · We will focus on contribution to local communities and promote communication activities.
- · We will actively participate in volunteer activities and social contribution activities.

2. Fair Company Activities

- We will comply with all laws and regulations related to business and social norms established in each country and region.
- We do not maintain any relationship with people who are involved in illegal activities such as antisocial forces or money laundering.
- We will comply with the Antimonopoly Act and other related laws and regulations, and conduct fair and equitable transactions.
- · We will not engage in any act that conflicts with the interests of the company.
- We will maintain fair relationships with business partners, politicians, governments, and other business-related parties, and will not provide or accept inappropriate benefits such as corruption, bribery, or fraud.

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

1) Prevention of Corruption

- 3. Information Security and Protection of Personal Information, Confidential Information, and Intellectual Property Rights
- We will take measures to protect information from threats on computer networks and from negligence due to human factors, and will conduct checks regularly.
- We will appropriately manage all personal information of customers, third parties, employees, and others obtained through our business activities and also manage information on transactions and technical information.
- ·We will not infringe on the intellectual property rights of others.
- 4. Consideration of the Environment
- Bearing in mind that our business activities will place a burden on the environment, we will comply with relevant laws and regulations in consideration of environmental conservation.
- We will evaluate the impact of products on the environment from the research and development (R&D) stage and strive to provide products and services that are environmentally friendly.
- To use resources sustainably, we will periodically improve the utilization efficiency of resources necessary for business activities, such as energy, water, and raw materials.
- We will strive to conserve energy throughout our business activities, promote the use of renewable energy, and reduce greenhouse gas emissions.
- We will thoroughly control chemical substances and strive to prevent contamination of air, water, soil, etc.
- We will promote the reduction of the use of hazardous substances, the reduction of waste, the optimization of disposal, and the effective use of waste.
- · We will respect biodiversity and conduct business activities with consideration for biodiversity.
- We will conduct procurement activities that take environmental conservation into consideration to achieve sustainable procurement.
- 5. Respect for Human Rights and Diversity
- $\boldsymbol{\cdot}$ We will respect the human rights and diversity of individuals.
- We will respect basic human rights and will not discriminate on the basis of nationality, region
 of origin, language, race, ethnicity, religion, ideology, age, disability, gender, gender identity,
 sexual orientation, employment status, marital status, pregnancy, or other reasons, nor will we
 engage in any act that damages the dignity of individuals.
- $\boldsymbol{\cdot}$ We will not accept any form of modern slavery or any forced labor.

- We will prevent employment that impairs the morals, health, and safety of children, and we will abolish child labor under the working age.
- · We will not engage in any form of harassment or words that cause mental or physical distress.
- We will carry out procurement activities with social consideration to achieve sustainable procurement.
- 6. Labor Practices and Human Resource Development
- We will comply with laws and regulations concerning working hours and wages applicable to our business activities.
- We will put the health and safety of employees first, and strive to create a healthy and easy-towork environment and ensure its safety.
- We will strive to promote work-life balance to enrich the work and private life of employees and their families.
- We will comply with laws and regulations concerning freedom of association and collective bargaining, and we will respect the rights of employees.
- We will provide educational opportunities to our employees and support their capability development and self-fulfillment, taking into account each individual's aptitude and values.
- We will introduce a personnel system that is fair, just, and transparent and leads to increased motivation based on results and capabilities.

Established: January 19, 2024

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

1) Prevention of Corruption

Anti-corruption/fair competition

Maruzen Pharmaceuticals does not engage in bribery, conflicts of interest, fraud, money laundering, or fraudulent business transactions.

With the progress in globalization of the economy, the demand to prevent corruption has increased, and regulations have been strengthened not only for domestic but also for international commercial transactions.

We do not engage in bribery, conflicts of interest, fraud, money laundering, and unfair business transactions for public officials and politicians, and we are committed to fair competition.

Interruption of relationship with antisocial forces

As a member of society, Maruzen Pharmaceuticals has no relationship whatsoever with antisocial forces that threaten social order or safety, and we will resolutely respond to unreasonable demands.

In addition to providing education to employees, we strive to consult with and gather information from relevant organizations such as the police.

We also have provisions related to the elimination of antisocial forces in our contracts with business partners.

[Past training on corrupt practices (corruption and bribery)]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|------------------------------|--------|--------|--------|--------|--------|
| Number of eligible employees | 409 | 417 | 422 | 437 | 450 |
| Number of attendees | 28 | 18 | 20 | 23 | 12 |
| Attendance rate | 6.8% | 4.3% | 4.7% | 5.3% | 2.7% |

2) Sustainable Procurement

Maruzen Pharmaceuticals has developed a "Sustainable Procurement Policy" to contribute to the development of society by firmly connecting the blessings of nature to customers, society, and the future through various means, and it is conducting procurement activities with the support and cooperation of suppliers.

Materiality

| Key Themes | Important Issues | What We Should Be and What We Want to Be in 2050 (Maruzen Pharmaceuticals 100th Anniversary: 2049) | 2030 Target | Corresponding SDGs |
|--|----------------------------|--|---|---|
| Sustainable Procurement and Supply Chain Management | Sustainable Procurement | We will promote "Sustainable Procurement Policy" for all raw materials in cooperation with our suppliers, aiming for sustainable procurement that does not tolerate human rights and labor issues, such as child labor and forced labor, and environmental destruction. | We will promote the "Sustainable Procurement Policy" for major raw materials in collaboration with our suppliers, aiming for sustainable procurement that does not tolerate human rights and labor issues, such as child labor or forced labor, and environmental destruction. | 12 30 TH 14 TH 15 |

Sustainable Procurement Policy

With the support and cooperation of all suppliers, Maruzen Pharmaceutical aims to contribute to the realization of a sustainable society and conducts the procurement activities that take social and environmental aspects into consideration.

1.Quality-oriented

We will comply with our company's quality policy and procure raw materials that prioritize quality, safety, and security.

2. Fairness and Impartiality

In the selection of suppliers, we conduct a comprehensive evaluation from the perspectives of quality, price, delivery date, transaction conditions, technology reserved, service capability, degree of cooperation, secure procurement, CSR initiatives, etc. In addition, competitive quotations from two or more suppliers are used in principle, and we will provide fair entry opportunities.

Maruzen Community Fair Company Company **Organizational** Top Message **Human Rights Labor Practices Environment** Consumer Issues Involvement and Pharmaceuticals **Philosophy** Governance **Activities** Sustainability Development

2) Sustainable Procurement

3.Legal Compliance and Ethics

We will comply with the common sense of society, related laws and regulations, and various company regulations including ethics, and conduct fair and sensible procurement activities. We also have no personal interest in any supplier.

4.Collaboration

Based on good communication with suppliers, we aim for the sound development of society by building mutual understanding and trusting relationships.

5. Human Rights

We never support forced labor, child labor, discrimination or inhumane treatment. We will respect basic human rights and promote procurement activities that respect labor conditions, health and safety.

6.Environment

In order to maintain business that is useful for a human-friendly world and to preserve the global environment, we will comply with relevant laws and regulations and practice procurement activities that coexist with the assets of "people, society, companies, and nature".

7. Maintenance of information security

We will strictly manage confidential information and personal information related to procurement activities in compliance with relevant laws and regulations.

Established: December 9, 2020 Revised: February 9, 2022

CSR certification

[Acquisition of Roundtable on Sustainable Palm Oil (RSPO) membership/certification] Maruzen Pharmaceuticals joined the RSPO in September 2021 as a sustainable raw material procurement initiative and obtained RSPO certification at Shin Onomichi Factory in December 2023.

We will continue to work on promoting sustainable procurement by utilizing various certification mechanisms under the "Sustainable Procurement Policy."

Raise awareness of CSR procurement

We provide employees involved in raw material procurement and manufacturing outsourcing with education on the purpose of CSR procurement activities and sustainable procurement policies.

To specifically promote CSR procurement activities based on the policy, our employees receive external training and those who have received external training will conduct internal training as instructors to deepen their understanding.

In FY2023, the ESG promotion department served as a lecturer and provided internal training to all 8 members of the Purchasing Department, which is a department involved in procurement.

[Past training on responsible material procurement]

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|------------------------------|--------|--------|--------|--------|--------|
| Number of eligible employees | 7 | 6 | 6 | 6 | 8 |
| Number of attendees | 0 | 1 | 2 | 1 | 8 |
| Attendance rate | 0% | 16.7% | 33.3% | 16.7% | 100% |

Top Message Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

3) Supply Chain Management

In recent years, with the globalization and diversification of companies and various business partners becoming business partners, the concept of recognizing CSRs and fulfilling their responsibilities throughout the supply chain has spread rapidly.

To clarify our stance on working together with our suppliers, Maruzen Pharmaceuticals formulated a "Sustainable Procurement Policy" in December 2020 (revised in February 2022) and a "Supplier Code of Conduct" in February 2022.

This is a guideline to raise CSR awareness throughout the supply chain by giving consideration to human rights, labor, environment, anti-corruption of suppliers.

We will continue to promote sustainable procurement activities while activating communication with suppliers.

Materiality

| Key Themes | Important Issues | What We Should Be and What We Want to Be in 2050 (Maruzen Pharmaceuticals 100th Anniversary: 2049) | 2030 Target | Corresponding SDGs |
|--|----------------------------|--|--|--|
| Sustainable Procurement and Supply Chain Management | Supply Chain Management | According to the "Supplier Code of Conduct," we will conduct monitoring surveys of domestic and overseas suppliers, aiming to understand and respond to issues such as human rights, labor, and the environment throughout the supply chain. | According to the "Supplier Code of Conduct," we will conduct monitoring surveys of domestic and overseas suppliers, aiming to understand and respond to issues such as human rights, labor, and the environment throughout the supply chain. | Similar Dame Similar Dame Simil |

Supplier Code of Conduct

- 1.Ensuring Quality and Safety
- (1) We will strive to provide products and services that place the highest priority on safety.
- (2) In the event of an accident or defective product, we will take measures such as information disclosure and safety measures.

- 2. Compliance with laws, regulations, and social norms
- (1) We will comply with laws and regulations related to business and social norms established in each country and region.
- (2) We will maintain fair relationships with business partners, politicians, governments, and other business related parties, and will not provide or accept inappropriate benefits such as corruption, bribery or fraud.
- (3) We do not have any relationship with people who are involved in illegal activities such as antisocial forces or money laundering.
- (4) We will comply with the Antimonopoly Act and other related laws and regulations, and conduct fair and equitable transactions.
- (5) We will not engage in any act that conflicts with the interests of the Company.

3.Respect for human rights

- (1) We will respect the human rights and diversity of individuals.
- (2) We will respect basic human rights and will not discriminate on the basis of nationality, region of origin, language, race, ethnicity, religion, ideology, age, disability, gender, gender identity, sexual orientation, employment status, marital status, pregnancy, or other reasons, nor will we engage in any act that damages the dignity of individuals.
- (3) We will not accept any form of modern slavery.
- (4) We will not tolerate any kind of forced or compulsory labor.
- (5) We will prevent employment that impairs the morals, health, and safety of children, and abolish child labor under the working age.
- (6) We will comply with laws and regulations concerning freedom of association and collective bargaining, and respect workers' rights to organize and bargain collectively.
- (7) We will comply with laws and regulations concerning working hours and wages applicable to our business activities.
- (8) We will not engage in any form of harassment or words that cause mental or physical distress.

4. Consideration for the environment

(1) Bearing in mind that our business activities will place a burden on the environment, we will comply with relevant laws and regulations in consideration of environmental conservation.

Maruzen Pharmaceuticals Sustainability Report 2024 -61-

Maruzen Community Fair Company Company Organizational Top Message **Human Rights Labor Practices Environment** Consumer Issues Involvement and Pharmaceuticals Philosophy Governance **Activities** Sustainability Development

3) Supply Chain Management

- (2) In order to use resources sustainably, we will periodically improve the utilization efficiency of resources necessary for business activities, such as energy, water, and raw materials.
- (3) We will promote the reduction of waste, the optimization of disposal, and the effective use of waste.
- (4) We will strive to conserve energy throughout our business activities, promote the use of renewable energy, and reduce greenhouse gas emissions.
- (5) We will strive to prevent contamination of the air, water, soil, etc.
- (6) We will respect biodiversity and conduct business activities with consideration for biodiversity.
- Information Security and Protection of Personal Information, Confidential Information, and Intellectual Property Rights
- (1) We will take measures to protect information from threats on computer networks and from negligence due to human factors, and check regularly.
- (2) We will appropriately manage all personal information of customers, third parties, employees, and others obtained through our business activities, as well as information on transactions and technical information.
- (3) We will not infringe on the intellectual property rights of others.

Established: February 9, 2022

CSR collaboration and engagement with suppliers

[Implementation of the CSR questionnaire and supplier questionnaire by raw material]

In FY2023, we sent out a "CSR questionnaire" for each major purchased raw material and received answers for approximately 76% of the requested items.

We also provided guidance the "Sustainable Procurement Policy," "Supplier Code of Conduct," and "CSR Procurement Self-Assessment Questionnaire" of the Global Compact Network Japan to suppliers who accounted for approximately 76% of the total purchase amount, and we received answers from all suppliers that they understand and will cooperate with our sustainable procurement activities.

4) Respect for Property Rights

Maruzen Pharmaceuticals has been actively acquiring and utilizing intellectual property rights based on its corporate philosophy of continuing to provide the blessings of nature to the world while jointly living with the property of "people, society, business, and nature," and at the same time, strives to create a corporate culture and system that respects the intellectual property rights of third parties by providing internal training to sales and R&D personnel every year.

Maruzen Community Company Organizational **Fair Company** Top Message **Human Rights Labor Practices Environment Consumer Issues** Pharmaceuticals Involvement and Philosophy Governance Activities Sustainability Development

6. Consumer Issues

We stably provide the blessings (usefulness) from nature as high-quality products that are safe, secure, and satisfying to our customers using our unique technology.

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

1) Quality Assurance

Maruzen Pharmaceuticals is committed to stably providing high quality products that our customers demand.

To improve customer satisfaction, we have established a department that assures and supervises overall quality, and we are continually working to ensure and improve the quality of products sent to the market

Quality Policy

Maruzen Pharmaceuticals contributes to the development of society by firmly connecting the blessings of nature to our customers, society, and the future through a variety of means.

To achieve this, we have established a "quality policy" and are working to "improve customer satisfaction" and "improve the company's trust."

- 1. With the hope of achieving people's health and beauty, we will explore the methods of extraction and provide products that meet the needs and trust of our customers both in Japan and overseas.
- 2. With our mission to provide customers with "safe and secure" products in a "stable" manner, we will work to ensure and improve quality.
- We comply with applicable laws and regulatory requirements and respond to social requirements.
- 4. We will operate a quality management system and strive to improve its reliability by continuously improving its effectiveness.

Established: February 9, 2022

Quality assurance system

As the quality assurance and supervision department of Maruzen Pharmaceuticals, we have established a department that performs quality control for each plant and perform tests and inspections to ensure that products meet the product specifications established by the company. Our main pharmaceutical are licorice-based products, which are manufactured in factories that comply with GMP.

Miyoshi Factory and related departments have acquired the ISO9002:1994 certification, an international standard for quality management systems, in March 2001, and currently maintain the ISO9001:2015 certification and have a quality assurance system that has resulted in high customer satisfaction.

Analytical technology and quality inspection

We are always conscious of introducing the latest analytical technology into manufacturing, and all research including biological activity evaluation, pharmacology, isolation of active ingredients, and elucidation of extraction techniques is based on the analytical technology.

To ensure product quality and improve customer service, inspectors who have received education and training in quality inspection (raw material inspection, in-process product inspection, product inspection, etc.) take efforts to perform appropriate tests with a goal of zero quality complaints for products sent to the market.

From raw materials to product release, we respond to all customer requests and deliver the highest quality products that can be used safely.

Provision of product information

In addition to creating delivery specifications according to customer requests, we collect and promptly provide information about products.

Halal certification

Maruzen Pharmaceuticals provides products that have acquired Halal certification to support product development for Muslims.

A total of 9 items have been certified: dipotassium glycyrrhizinate, Actinidia extract BG30, lemon balm extract RA, β -glycyrrhetinic acid, stearyl glycyrrhetinate, and the Waisim® series (*Acitaba japonica*, Japanese plum, *Citrus unshiu*, and artemisia leaf).



Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

1) Quality Assurance

Product safety management

We examine product safety from the development and design stage, including the procurement of raw materials, and evaluate the impact on the environment and risks to human health.

Internal audit

We conduct internal audits of each factory once a year, taking into consideration product quality and manufacturing environment.

Internal auditors are selected from the quality assurance department and they conduct audits after training. Conducting factory audits as an outsider enables us to make improvements in business operations that we were not aware of.

In addition, we roll out the findings to other factories and make continuous improvements at all factories.

Thorough implementation of 5S

At the Headquarters and Shin Onomichi and Miyoshi Factories, we have established Safety and Health Committees for each factory, and keeping the occupational safety of employees in mind, we conduct monthly safety and health patrols and meetings, and thoroughly implement the 5S (Sort, Set in order, Shine, Standardize, Sustain) based on hygiene control.

Hygiene control in the factory is the basis for ensuring the safety of all products manufactured, and it is useful in preventing contamination with foreign matters and microbes.

By maintaining high-quality and clean equipment, we ensure quality both qualitatively and quantitatively and respond to customer requests.





2) Product Development

Maruzen Pharmaceuticals will draw out the means of achieving goals from natural life in the hope of achieving people's health and beauty and use them for the benefit of everyone.

While contributing to the health industry, we will continue to strive not only to enhance the human nature of our employees but also to create new valuable businesses to build a society where people can live more humane lives.

To deliver the "blessings of nature" contained mainly in plants to our customers, we focus on solving social issues, procure natural materials, and have R&D of materials and development of technologies to use them in pharmaceuticals, quasi-drugs, cosmetics, and foods as a central pillar in order to develop products that our customers will be happy to use.

Materiality

| Key Themes | Important Issues | What We Should Be and What We Want to Be in 2050 (Maruzen Pharmaceuticals 100th Anniversary: 2049) | 2030 Target | Corresponding SDGs |
|--------------------------------------|---|--|--|---|
| Contribution to Beauty and Health | Development of Products that Contribute to Beauty and Health | We will pass on the blessings of nature to the world, support a healthy society, and realize a future where everyone will continue to smile. | ■ Food We will carry out product development with the keyword of extending healthy life expectancy as we approach the era of a 100-year lifespan. We will manufacture products that our customers can trust, not only with regard to functional aspects, such as product effectiveness and safety, but also with regard to sustainable raw material procurement. ■ Cosmetics We will develop cosmetic ingredients that are trusted in a variety of aspects, including evidence-based effectiveness, safety, and sustainability, and thoroughly support our customers in creating value. | 3 marin 4 and 5 miles 1 miles |

5 keywords for product R&D

Maruzen Pharmaceuticals listens to customer feedback and conducts product R&D based on 5 keywords ("plants," "beauty and health," "extraction, purification, and fermentation technology," "safety and security," and "sustainability.")

New research themes and new development themes may be considered at the idea proposal meeting. Ideas are proposed based on the theme of solving social issues according to Maruzen Pharmaceuticals' Code of Conduct.

Top Message Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

2) Product Development

Officers, Corporate Officers, and University Professors with whom we have an advisory contract will participate, and based on the results of voting and advice, specific themes for our future products will be discussed.

Today, the diversification of values for beauty and the super-aging society have led to an increased interest in health. We will bring together the R&D capabilities we have cultivated over the years and leverage the power of nature's blessings to contribute to solving beauty and health issues.

[Food Business]

As the global environment is rapidly changing, we believe that the elements needed to extend healthy life expectancy include "enjoyment of food" and "health functions." To connect the blessings of nature to the world and realize a future where all people continue to smile through healthy eating habits, we are committed to manufacturing products that customers can trust, including not only functional aspects such as efficacy and safety but also sustainable raw material procurement.

[Cosmetics Business]

As values continue to diversify, we believe that each of us needs to face the "person we want to be" and the "skin we want to have." To connect the blessings of nature contained in plants to the world and realize a future where everyone can continue to smile through cosmetics, we develop raw materials that are trusted in several ways, including evidence-based effectiveness, safety, and sustainability, and we also thoroughly support our customers' value creation.

Publication of research results

Maruzen Pharmaceuticals is committed to developing and improving analytical and evaluation technologies to solve social issues and meet customer needs, from material exploration to product R&D.

The findings obtained in the process of product R&D are published at academic conferences, in scientific journals, etc.



Response to pharmaceutical affairs and laws and regulations

As cosmetic products are used as ingredients in pharmaceuticals and cosmetics, they must comply with the relevant laws and regulations of each country. We will obtain the necessary approvals and licenses and determine whether or not the product can be formulated, so that our customers can use it safely.

In addition to our products, we obtain and analyze the latest information on laws and regulations in each country and provide it to customers and related departments in the company.

In FY2023, we responded to the raw material registration and document preparation to comply with the new Chinese cosmetic regulations.

Maruzen Pharmaceuticals Sustainability Report 2024 -66-

| Top Message | Company Maruzen Pharmaceuticals Sustainability | Organizational Governance | Human Rights | Labor Practices | Environment | Fair Company Activities | Consumer Issues | Community Involvement and Development |
|-------------|--|------------------------------|--------------|-----------------|-------------|----------------------------|-----------------|---|
|-------------|--|------------------------------|--------------|-----------------|-------------|----------------------------|-----------------|---|

7. Community Involvement and Development

As a good corporate citizen, we actively communicate with local communities and society and make social contributions.

Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

1) Community Involvement

As a company that practices "Work locally. Think globally" (think the world from Onomichi), we will deliver new value from Onomichi to the world and contribute to the sustainable development of local communities.

Major co-sponsoring activities

[Setouchi Shimanami Kaido International Cycling Event, "Cycling Shimanami 2022"] https://cycling-shimanami.jp/

[Onomichi Sumiyoshi Fireworks Festival (Sumiyoshi Shrine Annual Festival)]

[Sotoda Lemon Marathon 2024]

[2023 West Japan Student Triathlon Championship Onomichi Innoshima Tournament] https://jutu.jimdofree.com/

According to the slogan of Onomichi City, "Sports Infinity, Onomichi," we supported the event's purpose of supporting students who are dedicated to triathlon and co-sponsored the event as a local company.

We will continue to contribute to the healthy development of adolescents, spread of triathlon, and raise awareness through co-sponsoring this event.





Activities in which employees participate

[Onomichi Minato Festival "E-Jan SANSA Gari dance"] Winning the Smile Award

Disaster and reconstruction support

Maruzen Pharmaceuticals provides monetary donations and products to people in the areas affected by large-scale disasters, etc., and supports employees' volunteer activities.

- · Relief donation for heavy rain disaster in Hiroshima (2014, Japanese Red Cross Society)
- · Relief donation for the Kumamoto earthquake (2016, Japanese Red Cross Society)
- · Saikokuji landslide recovery volunteer work (2016, 8 participants)
- Comprehensive disaster prevention project for the Saikokuji disaster recovery (2017, Saikokuji)
- · Relief donation for heavy rain disaster in Hiroshima (2018, Japanese Red Cross Society)
- · Relief donation for the Noto Peninsula earthquake (2024, Japanese Red Cross Society), etc.

Cleaning and trash pickup activities

[Cleaning around the office]







Company Philosophy Maruzen Pharmaceuticals Sustainability

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Company Activities

Consumer Issues

Community Involvement and Development

1) Community Involvement

Lecture deliveries

In Onomichi City, "Dream and Aspiration Navigation" is conducted to "develop children who have dreams and aspirations and survive in a global society." Onomichi Municipal Mukaishima Junior High School asked us to send messages, such as the fun of doing research, our thoughts on work, and what we expect from junior high school students, to children who will lead the future. Researchers from Maruzen Pharmaceuticals visited the school to deliver a lecture.





[What is Dream and Aspirational Navigation?]

In the Onomichi Educational Comprehensive Promotion Plan, with the policy of "developing children who have dreams and ambitions and survive in a global society" as a pillar, efforts are made to enhance career education according to each school stage. This is a project where professionals from Onomichi's world-class companies are invited as lecturers, and students are given an opportunity to "think about their own way to live" through lecture deliveries, etc.

Mukaishima district greening activity volunteer work

As part of the volunteer greening activities along the main road in Mukaihigashi-cho, we provided fertile soil from Kui Farm from the Mukaihigashi District Public Health Promotion Council.





Purchase of J Blue Credit (cradle of the Onomichi Sea)

Onomichi City has declared itself a "zero carbon city," and since 2022, started a project to increase the reduction in CO₂ absorption in tidal flats and seaweed beds created in the city's coastal areas and to promote environmental education as part of its efforts toward decarbonization.

To contribute to this project, Maruzen Pharmaceuticals has purchased J Blue Credits from the Blue Carbon Offset Promotion Project, "Creating Satoumi by restoring the cradle (tidal flats and seaweed beds) of the Onomichi sea."

We participated in the first J Blue Credit Opinion Exchange Meeting in Onomichi City and the first Amamo Seagrass Seeding Experience & Seminar in Onomichi, where we exchanged opinions, joined the seminar on Amamo bed restoration, sowed Amamo seeds (about 4,000 seeds), and cleaned the tidal flats.







Maruzen Pharmaceuticals Sustainability Report 2024 -69-

Maruzen Community Company Organizational Fair Company Top Message Pharmaceuticals **Human Rights Labor Practices Environment Consumer Issues** Involvement and Philosophy Governance Activities Sustainability Development

2) Social Investment

Award system for social contribution activities, etc.

Maruzen Pharmaceuticals encourages its employees to engage in social contribution activities. We have established an award system for employees to receive awards from various organizations and for long-standing social contribution activities. There were no applicable employees in FY2023.

Donation

[Issuance of private placement bonds (contributing to local town development)]

We have issued Hiroshima Bank–guaranteed private placement bonds (contributing to local community development), made donations to Onomichi City to contribute to the local community, and installed playground equipment in the kids' space in Onomichi City Office.





