

# 06

## Sustainability Environmental and Social

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## Measures to Reduce Environmental Burden

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We will promote measures to reduce the environmental burden and contribute to a sustainable society.

### Basic Thinking

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

### Promotional Structure

#### ■ Top-down Promotion of Environmental Activities

Our Group understands the importance of reducing our environmental burden and works proactively to conserve and improve the environment company-wide, including agreement with TCFD Recommendations.

#### ■ Bottom-up Promotion of Environmental Activities

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

### Promotion of Company-wide Environmental Activities

Asahi Intecc Group has launched "Company-wide Environmental Activities" as a global environmental initiative with the participation of all our Group employees, with the aim of raising environmental awareness among all employees by setting "continuous company-wide promotion and penetration of ESG centered on the environment" in our management policy. In addition to raising employees' awareness for the environment through company-wide participation, we intend to accumulate ideas and know-how that are effective in reducing the environmental burden by sharing excellent activities, and to strengthen company-wide response capabilities to environmental problems.

### Environmental Policy

Our Group has established the following policy with the aim of contributing to society by promoting environmentally conscious production activities and environmental conservation and protection in our business activities, which are mainly the design, manufacturing, and sale of stainless steel wire ropes, design and manufacturing of catheters and guide wires, and manufacturing and sales of metal wire rope processing equipment.

1

We will comply with relevant laws, regulations, and other agreed-to requirements.

2

We will accurately understand the impact of our business activities on the environment, perpetually set appropriate environmental objectives and targets, continually improve our impact on the environment, and engage in the following key activities to prevent environmental pollution and assure environment protection.

- We will promote resource saving and energy conservation.
- We will reduce, separate, and recycle waste.
- We will provide products that take environmental conservation and protection into consideration.
- We will thoroughly manage chemical substances.
- We will utilize purchased goods useful for environmental improvement.

3

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

4

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

## Measures to Reduce Environmental Burden

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### Obtaining ISO 14001 Certification

#### Environment Management System

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

We have not obtained ISO 14001 in our medical division.

Medical devices require strict conformity to requirements and safety in raw materials, packaging materials, secondary materials, and manufacturing processes according to the relevant regulations of each sales country. That said, we consider limitations and prohibitions on use of environmentally harmful substances from our product design stage.

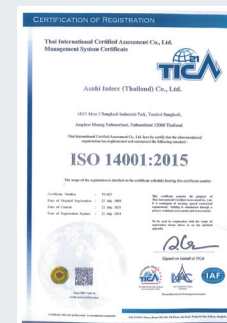
### Examples of Providing Environmentally Conscious Products

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

Status of ISO 14001 Certification (as of the end of FYE June 2023)



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



ASAHI INTECC  
THAILAND CO.,LTD.



TOYOFLEX CEBU  
CORPORATION



TOYOFLEX CORPORATION

## I Measures to Reduce Environmental Burden

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### Climate Change Adaptation Measures

#### Information Disclosure based on TCFD Recommendations

As the impact of climate change intensifies year by year and public concern grows, companies are also required to take proactive measures.

The Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), requires companies to disclose information about climate change-related risks and opportunities in its final report released in 2017.

Based on our experience with past flood damage in Thailand and typhoon damage in Philippines, Asahi Intecc Group recognizes that addressing environmental issues, including climate change, is one of the critical challenges. Our Group declared our endorsement for TCFD Recommendations in August 2022. We will actively promote disclosure of information on climate change in accordance with the four themes (governance, strategy, risk management, and metrics and targets) defined by the TCFD.

#### Governance

Our Group's basic policy is to actively engage in environmental conservation and to contribute to a sustainable society through our corporate activities in general, aiming to harmonize our corporate activities, mainly in design, manufacturing, and sale of medical devices and industrial equipment, with the global environment. In addition, our environmental efforts including climate change adaptation measures are set as

one of the important issues of establishing management structure for sustainable growth in our Medium-Term Management Plan.

Our Group has established a system for the Board of Directors to appropriately supervise important issues related to sustainability, such as climate change. In particular, important matters related to management risks and opportunities are reported by the Director in charge of Environmental Affairs and the Director in charge of ESG to all Directors, including outside directors, and are reflected in our Group's management strategy after discussion at the Board of Directors.

#### Strategy

As the environmental burden on the earth increases, we believe that it is impossible to carry out corporate activities without realizing a sustainable society. In particular, for life-saving medical devices, we believe that disruptions to the supply chain and a decline in the ability to supply due to the intensification of global disasters are not only business risks but also social risks.

Our Group's business activities may also be affected by future tightening of environmental regulations and increased risks of natural disasters caused by rising temperatures. Based on such environmental awareness, we conducted scenario analysis in accordance with the 1.5°C scenario (NZE 2050)\* presented by the IEA (International Energy Agency), the 2°C (and less than 2°C) scenario (SDS)\*, and the 4°C scenario (RCP 8.5)\* presented by the IPCC (Intergovernmental Panel on Climate Change), etc. See page 82 for details on scenario analysis.

#### Risk Management

Concerning the matters that have a significant impact on our Group's management, including climate change-related risks, the Board of Directors will discuss and examine risk assessment, countermeasures, and preventive measures, and manage the climate change-related risks that are assessed and identified. For risk management, each department implements measures to respond to risks. Climate change-related risks are recognized by the Corporate Strategic Office, and important risks are reported to the Board of Directors. We will continue to follow up on climate-related risks based on the TCFD Recommendations and will continue the establishment of a management system of climate-related risks, including collaboration with company-wide risk management.



\*Scenarios for limiting the global average temperature to around 1.5°C/2°C (and less than 2°C)/4°C compared with levels prior to the industrial revolution.



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### Analysis of Impacts on Climate Change

In the 1.5°C scenario and the 2°C (and less than 2°C) scenario, transition risks are assumed such as tighter energy conservation regulations, introduction of carbon taxes and emissions trading, environmental regulations and price increases for key materials. In the 4°C scenario, physical risks such as supply chain disruptions and suspension of operations at manufacturing sites due to disasters such as floods and typhoons are assumed to be particularly increased. On the other hand, the increased risk of developing intravascular diseases associated with higher average temperatures could be an opportunity for our Group to supply products that can contribute to improving the efficiency of medical workplaces.

In order to deepen the analysis of the impact of climate change on our Group's business and to further study countermeasures, we conducted a quantitative assessment of the financial impact (estimated value) of climate change on our Group. As a part of the review of this quantitative assessment, we are also reviewing risk and opportunity items that may affect our Group's business.

Based on these predictions, each Group company conducts risk and opportunity analysis for each business field and shares it with the Board of Directors meetings.

In calculating the impact shown on the right, we referred to the materials available from the IEA, IPCC and the materials disclosed by the Ministry of Land, Infrastructure, Transport and Tourism, etc. at the time of calculation, and made calculations using a reasonable method. However, research results, information, and data that serve as sources of information for each scenario are based on the time of calculation, and the impact estimates analyzed and calculated based on these scenarios are inherently uncertain.

The medium-term forecast is for about 10 years and the long-term forecast is for about 30 years. In terms of importance, those estimated to have a financial impact (an absolute value) of less than 500 million yen on our Group are considered small, those estimated to have an impact of 500 million yen or more are considered medium, and those estimated to have an impact of 1 billion yen or more are considered large.

Risks/ opportunities	Important risks	Risks and opportunities in our Group	Impact (period in which impact becomes obvious/financial impact/importance)			Countermeasures
Transition risks	Strengthened decarbonization policies and regulations	Risks of increased costs due to tighter regulations on greenhouse gas emissions and the introduction of carbon taxes and emissions trading	Medium term	1.5°C scenario: Approx. -900 million yen (2030) 2°C scenario: Approx. -900 million yen (2030)	Large	・Promotion of initiatives to reduce CO <sub>2</sub> emissions ・Use of renewable energy
		Risks of increased costs due to increase in infrastructure-related costs accompanied by various tighter regulations, including regulations on greenhouse gas emissions		1.5°C scenario: Approx. -700 million yen (2030)		
	Reduction of plastics, shift to materials with low environmental burden, and increase in material prices	Risks of rising prices of key raw materials	Medium term	1.5°C scenario: Approx. +600 million yen (2030) 2°C scenario: Approx. +100 million yen (2030)	Medium	・Switching to low-carbon alternatives ・Weight reduction of packaging ・Globalization of pharmaceutical organization ・Strengthening research on new materials
		Risks of increased R&D and SG&A expenses due to the search for new materials, changes in product design, and response to pharmaceutical issues		-		
Physical risks	Increased frequency and scale of meteorological disasters (heavy rain, floods, typhoons)	Risks that supply chain disruptions could disrupt the procurement of raw materials from suppliers and disrupt the supply from manufacturing subsidiaries to sales destinations	Long term	4°C scenario: Approx. -200 million yen	Small	・Climate change risk assessment for suppliers ・Conducting questionnaire for suppliers ・Examination of alternative purchasing methods ・Examination of alternative production and sales routes
		Risks of inundation of the factory and equipment due to river flooding around the manufacturing site, resulting in temporary difficulties in operation	Long term	4°C scenario: Approx. -2.1 billion yen	Large	・Climate change risk assessment at production bases ・Diversification of production bases ・Examination of measures for bases where large-scale inundation is expected
		Risks of submergence and incapacity of manufacturing sites due to rising sea levels associated with rising temperatures		4°C scenario: Approx. -30.3 billion yen		
	Rise in temperature	Risks of increased maintenance and management costs for production facilities due to higher average temperatures	Long term	-	Small	・Replacement of air conditioning equipment, etc.
Opportunities	Increased risks of developing intravascular diseases	Opportunities to supply products that can contribute to increased efficiency at medical workplaces	Long term	4°C scenario: Approx. +3.3 billion yen (2050)	Large	・ Strengthened R&D

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### Metrics and Targets

In line with SBTi's 1.5°C-level reduction target\*, our Group has formulated a medium-term CO<sub>2</sub> emissions reduction target of reducing CO<sub>2</sub> emissions (Scope 1 + 2) from our Group's business activities by 30% from FYE June 2022 by 2030.

As for CO<sub>2</sub> emissions from the supply chain (Scope 3), we target to maintain the level of FYE June 2023 by basic sales unit. In Scope 3, the majority are emissions in Category 1 (purchased products and services). However, since our Group's main business is the manufacturing and sale of medical devices, it is more difficult than in other industries to make changes to purchased products. Therefore, we believe that it will be difficult to significantly reduce emissions. On the other hand, reducing CO<sub>2</sub> emissions is also an important issue for our Group to address, so we are working on the reduction not only in our Group, but also in cooperation with our suppliers throughout the entire supply chain.

\*A target, consistent with the Paris Agreement, to limit the global average temperature increase due to climate change to less than 1.5°C compared with levels prior to the industrial revolution.

### Scope1+Scope2

CO<sub>2</sub> emissions from our Group's business activities increase by 5.5% year on year as for our Group as a whole owing to an increase in production volume. However, emissions decreased by 9.0% by basic sales

unit, owing to an increase in sales.

We believe that the volume of CO<sub>2</sub> emissions from our Group's business activities is relatively small compared to the scale of its sales. However, in addition to improving the efficiency of manufacturing processes and energy conservation activities such as diligently saving electricity, we will consider and implement comprehensive initiatives, including the conversion to renewable energy in the future.

#### CO<sub>2</sub> Emissions (Scope 1 + Scope 2)

	FYE June 2021	FYE June 2022	FYE June 2023	Goal
Scope1(t-CO <sub>2</sub> )	1,877	2,349	2,367	—
Scope2*(t-CO <sub>2</sub> )	39,281	44,385	46,929	—
Total	41,158	46,734	49,296	30% reduction by 2030 compared to FYE June 2022
Emissions by basic sales unit (t-CO <sub>2</sub> /1 million yen)	0.67	0.60	0.55	—

\*The calculation method for Scope 2 has been revised from FYE June 2022, including the past fiscal years.

### Scope3

Our Group is working to reduce CO<sub>2</sub> emissions throughout its entire supply chain by, for example, conducting a questionnaire regarding environmental considerations for major suppliers and selecting more environmentally friendly materials after considering the

impact on the environment from the design stage.

In FYE June 2022, we calculated Scope 3 emissions for Asahi Intecc only, but in FYE June 2023, Scope 3 emissions were calculated for the entire Group. The results of this calculation show that Category 1 (purchased products and services) accounts for the majority of emissions in Scope 3. However, since our Group's main business is the manufacturing and sale of medical devices, it is more difficult than in other industries to make changes to purchased products. Therefore, we believe that it will be difficult to significantly reduce emissions. On the other hand, reducing CO<sub>2</sub> emissions is also an important issue for our Group to address, so we are working on the reduction not only in our Group, but also in cooperation with our suppliers throughout the entire supply chain.

#### CO<sub>2</sub> Emissions (Scope 3)

	FYE Jun 2022	FYE June 2023	Goal
Scope3(t-CO <sub>2</sub> )	74,045*	134,448	—
Emissions by basic sales unit (t-CO <sub>2</sub> /1 million yen)	—	1.49	Maintain the level of FYE June 2023

\*Asahi Intecc only  
See Non-Financial Summary (page 126) for data by category.

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### Measures to Reduce Greenhouse Gas Emissions

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

### Promoting Energy Conservation

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

#### Specific Measures

- Installing solar panels on the factory roof (Cebu Factory)
- Introducing machinery and equipment for automated power-saving (Hanoi Factory)
- Sending products from overseas manufacturing bases directly to clients and agents, and reducing logistics fuel consumed by domestic relays
- Using low fuel consumption vehicles such as hybrids for company cars
- Replacing conventional lights with LEDs at factories and offices and being sure to turn them off
- Turning off office lights during daytime break (Global Headquarters and R&D Center, Filmecc Headquarters)
- Reducing lit time with human sensors and timers
- Encouraging cooler clothing in the summer and monitoring HVAC temperatures (winter: 20°C, summer: 26°C)

### Participation in Environmental Protection Activities



Seashore cleanup activities  
(Cebu Factory)



Activities for planting mangroves  
(Cebu Factory)



Marigold planting activities by Asahi Intecc Loveledge Nagoya and cleanup activities around their home ground  
(Global Headquarters and R&D Center)

### Reducing, Separating, and Recycling Waste

Our Group works to reuse resources and reduce waste in the following ways:

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

Because the majority of the medical devices our Group handles come into direct contact with patients' blood and

other bodily fluids, they are all legally required to be disposed of as medical waste after use to prevent infection, making resource recycling and reuse difficult.

### Provide Environmentally Friendly Products

Our Group makes its products as environment-, people- and safety-conscious as possible through the following measures:

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

### Managing Chemical Substances

#### Management Structure/Process

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

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



## Measures to Reduce Environmental Burden

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### Utilizing Purchased Goods Useful for Environmental Improvement

Our Group is promoting the introduction of energy-saving boilers and the use of green procurement office supplies at its production factories, installing solar panels at its production factories, and planning to install solar panels at the new building of the Global Headquarters and R&D Center (scheduled to be completed in June 2024). In addition, we are replacing existing equipment and introducing new equipment in consideration of energy consumption and energy optimization.



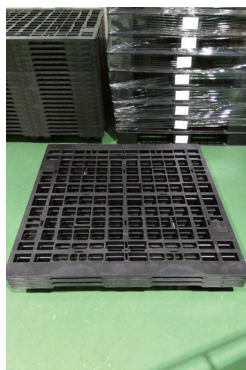
Installing solar panels at Cebu Factory



Installing solar panels at the new building of the Global Headquarters and R&D Center (\*image)



Installing energy-saving chillers



Using recycled pallets



Installing cafeteria equipment such as water-saving dishwashers



Promoting returnable bobbins and their reuse

### Measures for Water Resources

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

#### Tap water consumption

	FYE June 2021	FYE June 2022	FYE June 2023
Tap water consumption (1000 m <sup>3</sup> )	319	354	362

※Excluding sales sites, because water consumption of such sites is extremely limited and cannot be individually identified.