

# Our Sustainability

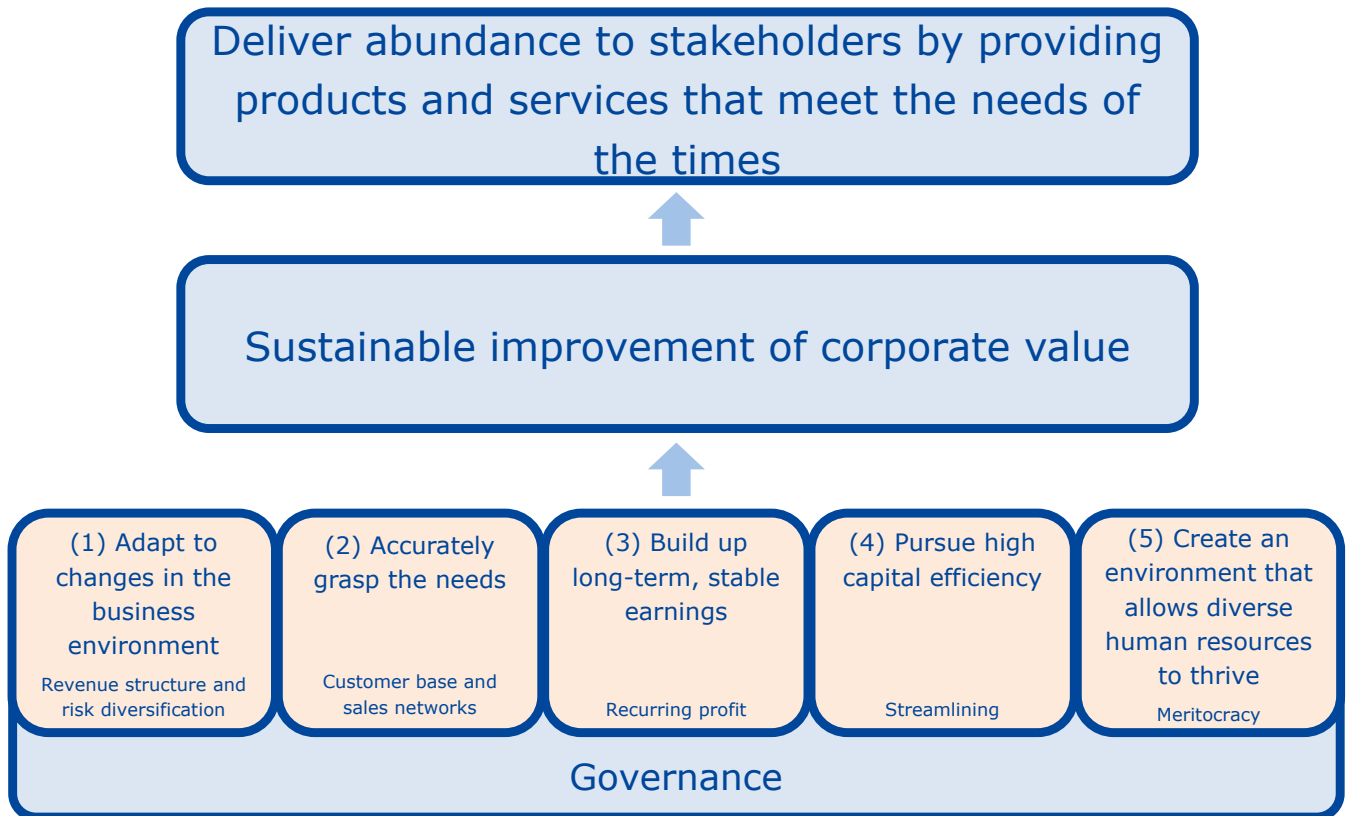
August 12, 2021

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## 1. Our Sustainability

## 2. Environment, Social, Governance

# Our Sustainability



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## (1) Preparedness to adapt to changes in business environment

- Business model centered on recurring profit, which is long-term, stable earnings
- Swift decision-making enabled by a flatter organizational hierarchy and delegation to departments
- Risk-diversified business portfolio
- Improving capital efficiency by continual cost reduction and cash flow improvement regardless of business performance

### [Reference] Revenue structure

Operating income =  $\frac{\text{Recurring profit}}{\text{Long-term, stable earnings}}$  +  $\frac{\text{Acquisition cost}}{\text{Mainly variable costs}}$

Recurring profit is long-term, stable earnings, and unlikely to see a large deterioration in the short run. Acquisition costs are variable costs, over which the company has control on its own. Accordingly, the revenue structure is adaptable to changes in the business environment.

### [Reference] Business portfolio

	Office automation (OA) equipment	Mobile phones	Insurance	Land lines	Systems	Water	Electric power
1988~2000	○	○	-	-	-	-	-
2001~2010	○	○	○	○	-	-	-
2011~2021	○	○	○	○	○	○	○

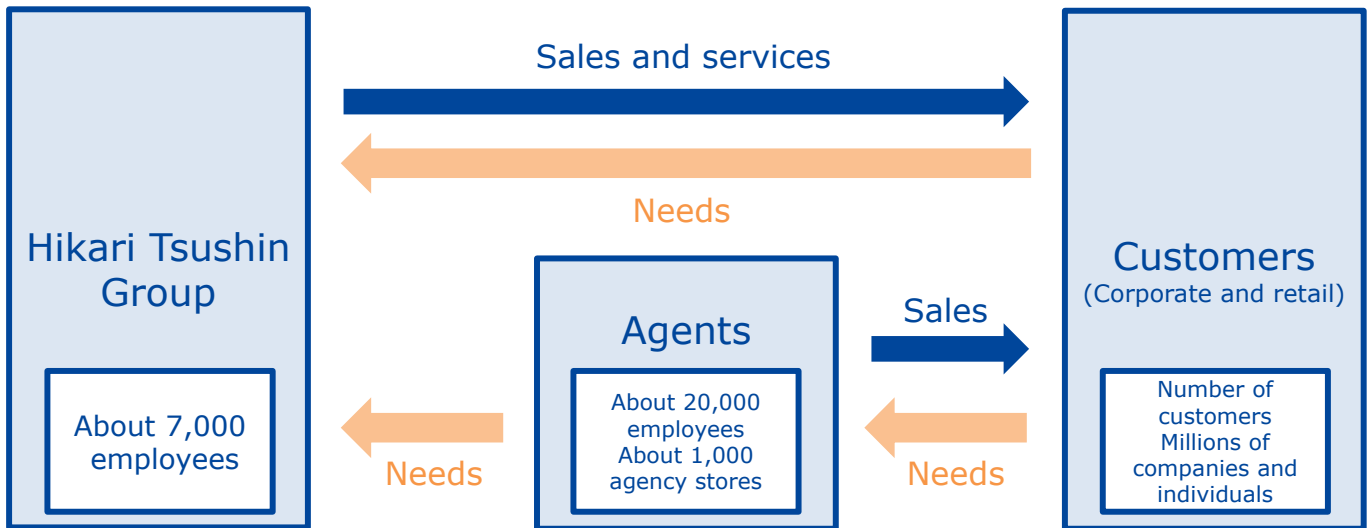
Since the business launch in 1988, the number of businesses has been increasing; thus, risks are diversified.

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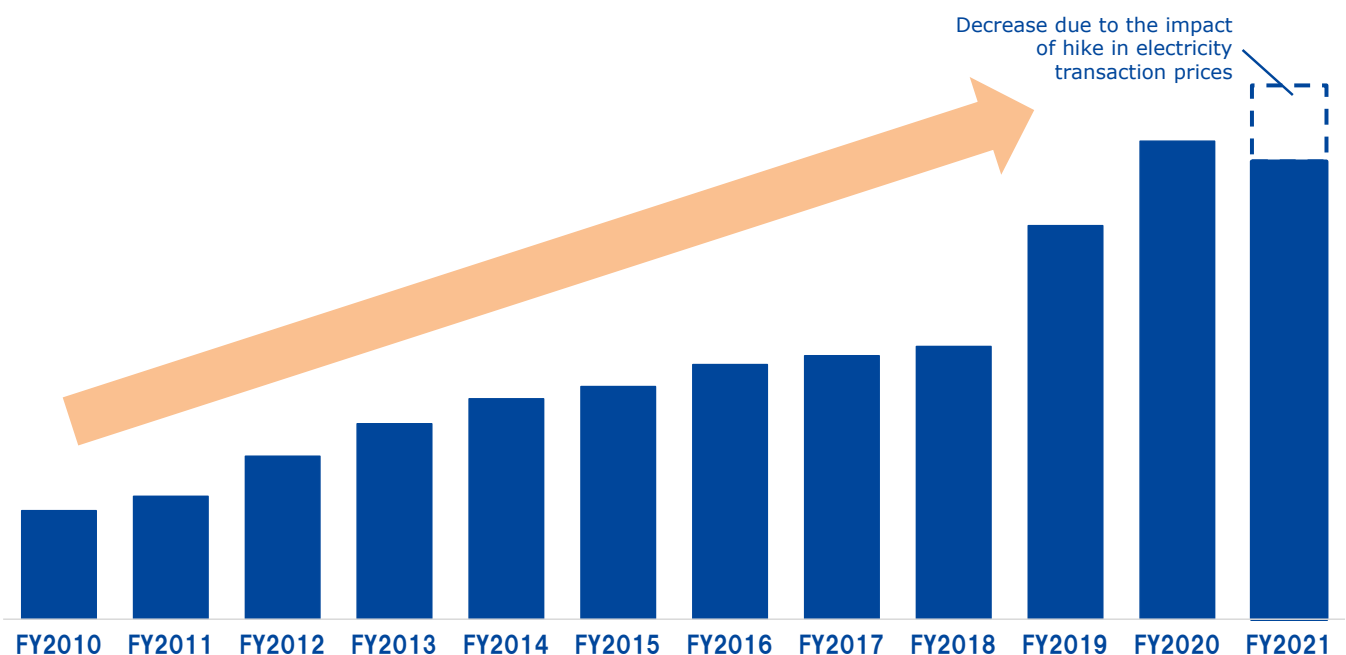
## (2) System to accurately grasp needs

Built a system to accurately understand customer needs through expansion and improvement of customer base and sales networks



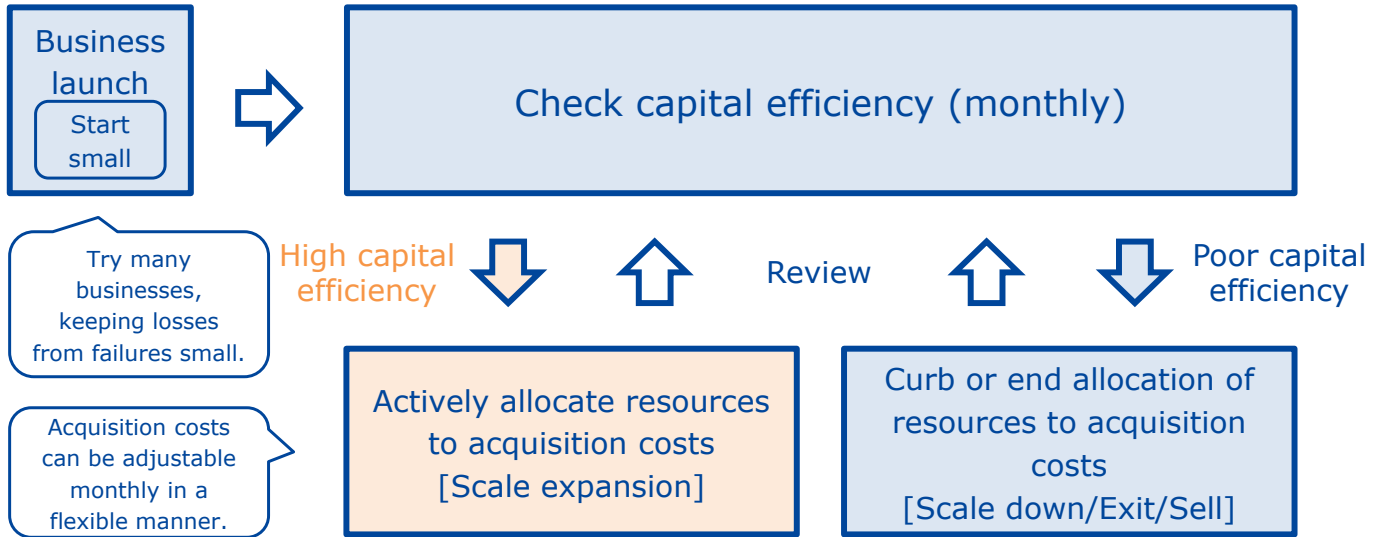
## (3) Build up long-term, stable earnings

Focus on accumulating recurring profit, which is long-term, stable earnings



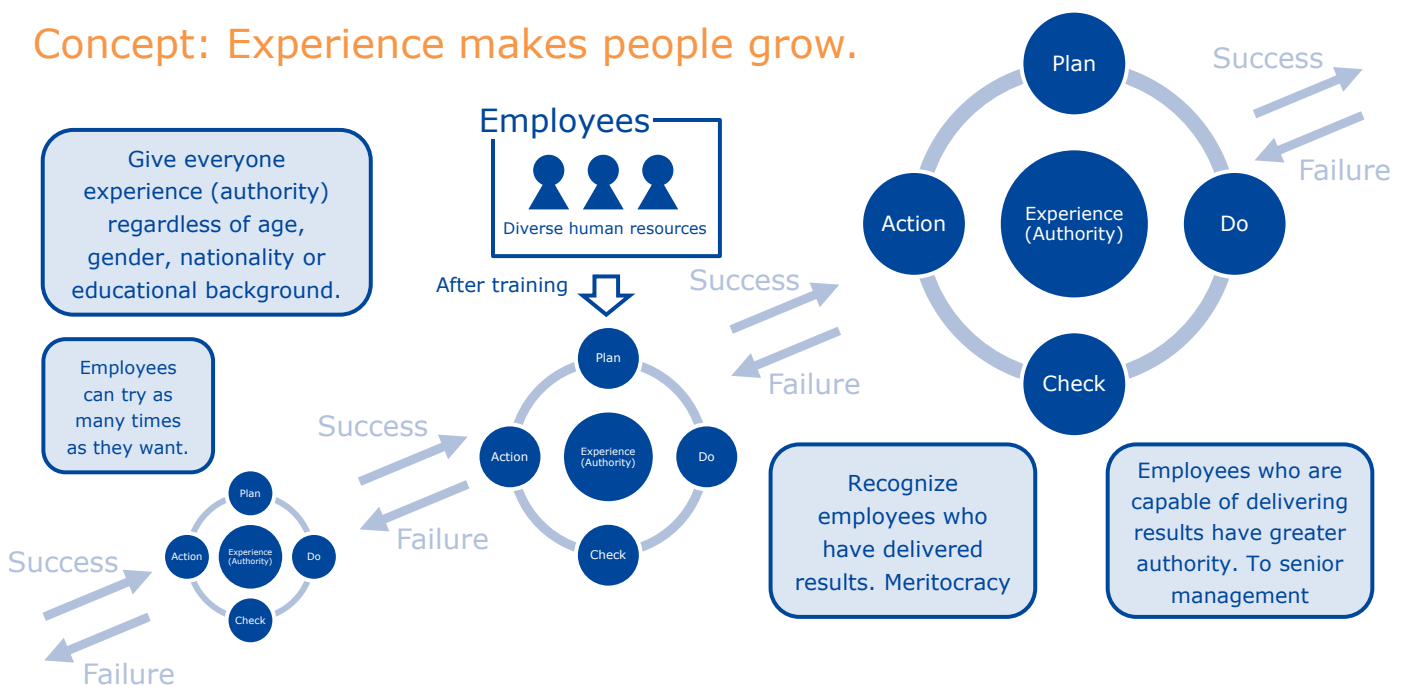
# (4) Pursue high capital efficiency

Pursue high capital efficiency by avoiding focusing management resources on businesses with poor capital efficiency



# (5) Environment that allows diverse human resources to thrive

Concept: Experience makes people grow.



Foundation: Work environment that allows employees to focus on their work

# 1. Our Sustainability

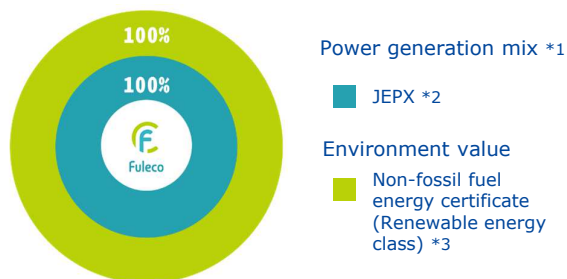
## 2. Environment, Social, Governance

### Environment-1 Effort to achieve decarbonized society

On May 10, 2021, we released our new electric power service, "Fuleco".

It is an environmentally friendly power service to supply electricity derived from renewable energy with non-fossil fuel energy certificates, and is environmentally valuable.

#### Fuleco's power generation mix



In case of a contract for 50A and 500kWh of monthly usage, the amount of annual CO<sub>2</sub> reduction is estimated to be about 2,916 kg, which is equivalent to 208 Japanese cedar trees.

\*Estimate based on certain conditions. For more information, please visit the Fuleco website, <https://fuleco.net/>.

\*1 Data of FY2021 plan

\*2 This electricity includes hydro, thermal, nuclear, FIT electricity, renewable energy, etc.

\*3 Since non-fossil fuel energy certificates for renewable energy are purchased through market transactions, we may not be able to procure sufficient quantity.

## Environment-2 Protection of water resources

We are implementing the following measures working with local communities, experts, etc.

### Forest maintenance activity

Considering that a forest with a high function to conserve water source creates a high-quality water resource and generates a rich dietary life, we are maintaining forests by thinning, etc. to create healthy forests.

### Mt. Fuji clean-up activity

We regularly participate in clean-up activities held by local communities and specialists to protect the environment surrounding Mt. Fuji.

### Minamiaso rice planting/harvesting

We support the rice fields in front of our factory and are working on a groundwater conservation activity to grow rice using a farming method that stores water all year round.

### Provision of water to welfare facilities

To effectively utilize home delivery water that Premium Water's users did not receive and help to improve welfare, we provide local welfare facilities for the disabled with water servers and home delivery water free of charge.

## Environment-3 Reduce resources and waste

### Non-possession

- Tangible fixed assets accounted for 1.7% of the total assets as of the end of the fiscal year ended March 2021.

### Reuse

- When purchasing furniture and fixtures, used items are selected in principle.
- Reuse shelves are available for employees to share stationery and office supplies, and this reduces the number of new items purchased and waste.

### Paperless

- Other efforts include promoting paperless meetings including the meetings of the Board of Directors.
- Encourage suppliers to digitize invoices and other mailed items.

## Social-1 Development of management personnel

### Promotion of diversity

- Through a thorough performance-based evaluation, the Group practices a fair performance evaluation that is free from bias based on age, gender, nationality and educational background.

### Merit system

- Based on the idea that experience makes people grow, we give employees countless opportunities to tackle challenges, and highly evaluate those who deliver results. Those who can make achievements gain a greater authority and are promoted to executive positions.

### Respect for human rights

- The Group respects human rights and the basic rights of workers, and strive to eliminate unfair discrimination, harassment, forced labor, and child labor.
- The Group focuses on allowing employees to perform activities in good mental and physical health by establishing a counseling desk for employees to talk about any troubles and worries that they may have.

## Social-2 Creating a comfortable workplace

### Working hours

- Long work hours and working on holidays are prohibited in principle.

### Various systems

- The Group created a work environment that allows employees to work comfortably by developing systems including flextime, childcare leave and shortened work hours, and support systems for returning to work after childbirth.
- The Group promotes health improvement activities including subsidizing vaccination through the Group's health insurance association.

### Setting up an opinion-box system

- We have established a system that allows employees to directly pass on their opinions, concerns, etc. to the management and executives while either disclosing their identity or doing so anonymously.

## Social-3 Social contribution activities

### Economic contributions

- The Group runs businesses all over Japan, and its continuous profit growth leads to economic growth of the entire society, job creations in a broad range of fields and revitalization of local communities.

### Contribution to local government

- The Group donates to Toshima-ku (head office location) some of the shareholder benefit items given by companies in which the Group invests. In November 2020, the Group received a letter of appreciation from the Toshima Ward Residents Council of Social Welfare.
- The Group donates used stamps to Toshima-ku Residents Council of Social Welfare. (Used stamps are turned into money and used as funds for the welfare businesses.)
- The Group regularly cleans the vicinity of Ikebukuro Station in Toshima-ku.
- The Group supports the NPO Ecocap Promotion Association that collects plastic caps of PET (plastic) bottles to raise money for vaccinations.

## Governance-1 Corporate Governance

### Remuneration of executive directors

Remuneration of executive directors is determined based on indices including operating profit in order to incentivize executive directors to improve the intrinsic corporate value from a long-term perspective and to achieve performance targets from a short-term perspective.

### Risk Management

As part of our response to the basic policy for internal control determined by the Board of Directors, we hold regular meetings to gather internal risk information and report to the Audit and Supervisory Committee.

### Information Security / Business Continuity Plan

To manage the personal information of our customers and employees properly, we are trying to establish a system that allows us to comply with laws and regulations, prevent breaches of contracts, gather and manage information, and propose an appropriate operational procedures.

In addition, we have set crisis management rules for the risks that would occur in our daily business operations and the risks caused by external factors such as disasters, and are creating a BCP system.