

Our Sustainability

February 13, 2024

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1. Our Sustainability

2. Environment, Social, Governance

Our Sustainability

Management Principles

- Contribute to stakeholders by providing products and services that meet the needs of the times
- Follow the true nature of our company as we respond in a timely and appropriate manner to those changes, and take a medium- to long-term perspective to propose and implement strategies aligned with the circumstances of the times, in order to enhance our sustainable corporate value

Management Vision

- Secure stable earnings and stable profit growth based on recurring profit

Materiality

- Adapt to changes in the business environment



(1) Revenue Structure/Risk Diversification

Revenue Structure

Business model centered on recurring profit, which is long-term, stable earnings

Risk Diversification

A system that does not depend on a specific target (business, product, customer, business partner, sales channel, etc.)

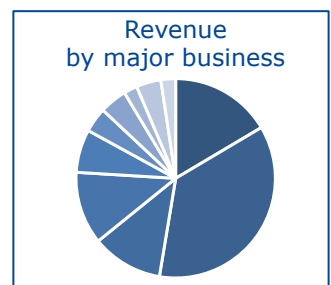
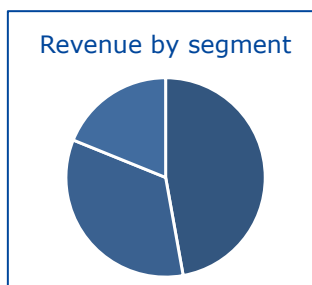
$$\text{Operating profit} = \text{Recurring profit} + \text{Acquisition cost}$$



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.

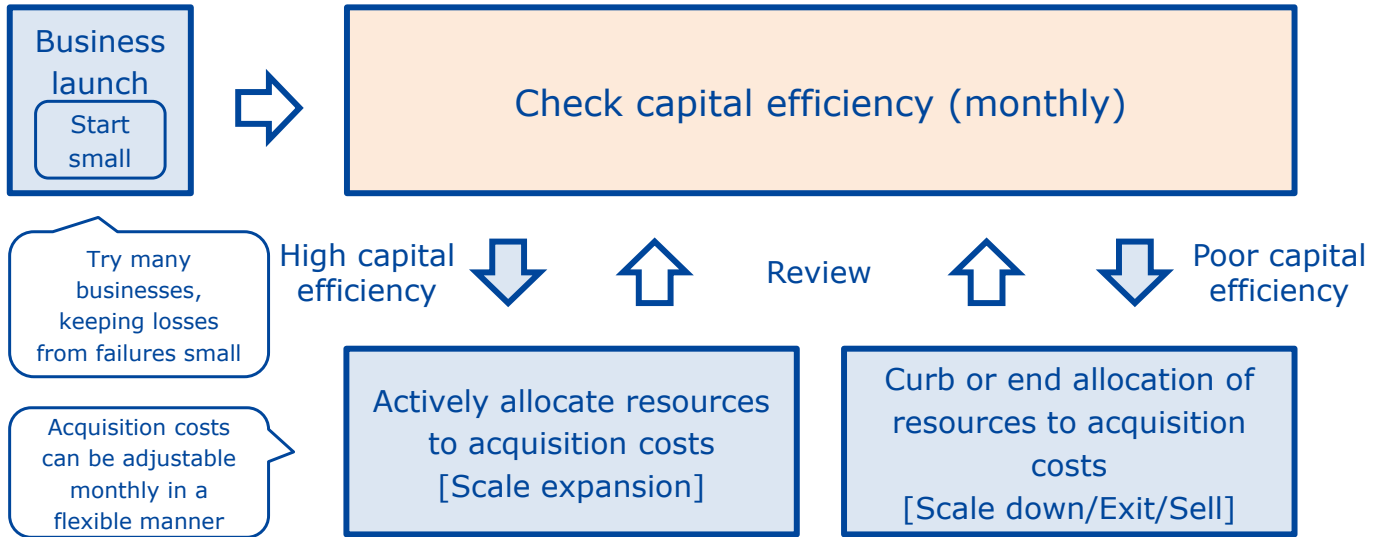
Corporate customers
Approx. 1,000,000
Individual consumers
Approx. 3,000,000

Agencies
Approx. 1,000



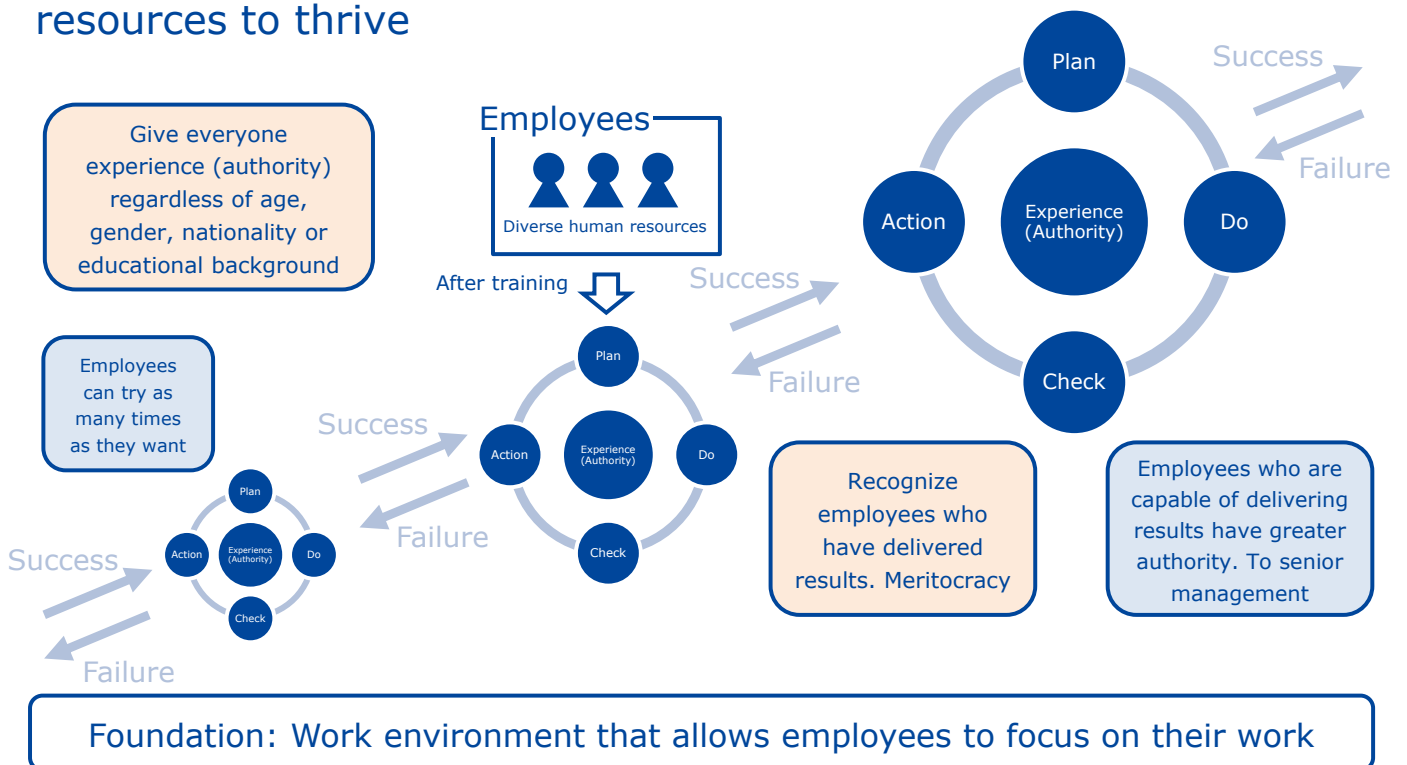
(2) Pursue Capital Efficiency

- Pursue high capital efficiency by avoiding focusing management resources on businesses with poor capital efficiency
- Regardless of business performance, continual cost reduction and cash flow improvement are prioritized



(3) Human Resource Development

Environment that allows diverse human resources to thrive



(4) Speedy Management

Swift decision-making with a flatter organizational hierarchy and delegation to departments

5-levels Organization Hierarchy



- Decentralization enables swift and decisive decision-making in response to opportunities and threats.
- Decision-making can be made at the appropriate levels, allowing each level to tackle important issues.
- Employees can act on their own initiative.

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Environment

1) 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.

2) 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.

3) PET Bottle Weight Reduction

We reduced the weight of plastics bottle by 20% compared to conventional bottles. We now use fewer plastics by installing these new bottles in 97% of the products.

4) 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.

5) Non-possession

Tangible fixed assets accounted for 1.7% of the total assets as of the end of the fiscal year ended March 2023.

6) Reuse

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

7) 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) 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.

2) Meritocracy

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.

3) Respect for human rights

The Group respects human rights and the basic rights of workers, and strives 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.

4) Working hours

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

5) 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.

6) 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

7) 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.

8) 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 December 2022, 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) Remuneration of executive directors

Remuneration of executive directors is determined based on indices including operating profit in order to incentivize executive directors to enhance the intrinsic corporate value from a long-term perspective and to achieve performance targets from a short-term perspective. In June 2022, the Investment Audit Committee and the Compensation Committee were established to strengthen governance.

2) Listed Stock Investments

The Group complies with a certain degree of financial discipline (securing funds for repayment of interest-bearing debt for the next three years as cash reserves) and has established a committee (Investment Audit Committee), with a majority independent outside directors as members to develop an external monitoring system.

3) Risk Management

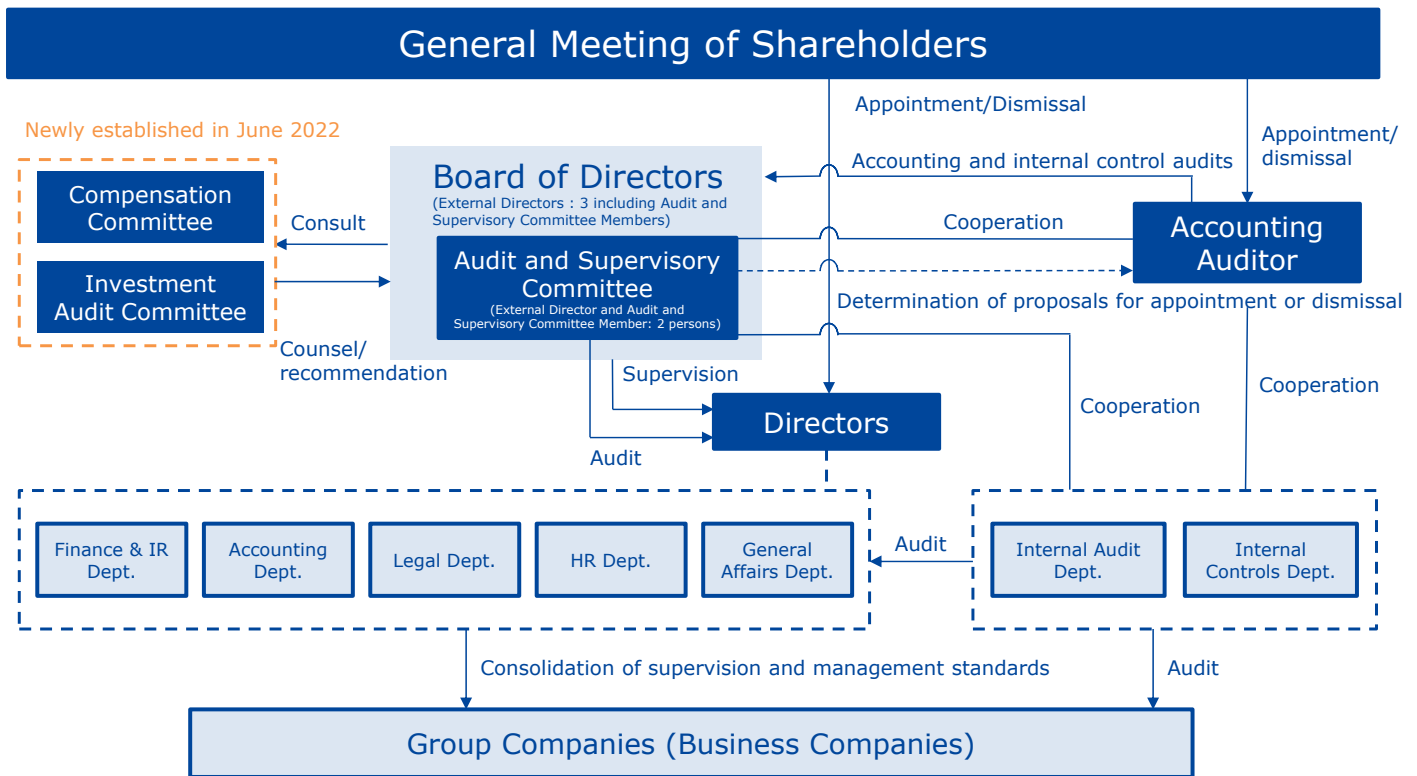
As part of our response to the basic policy for internal control determined by the Board of Directors, we hold regular meetings to gather internal risk information and report to the Audit and Supervisory Committee.

4) 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.

Corporate Governance Structure



ESG data (consolidated) E(Environment)/ CO₂ emissions

		Unit	FY2022	FY2023
Scope1	Direct Emission	t-CO ₂	0	0
Scope2	Indirect Emission of Energy Sources		8,088	7,371
Scope3	Category 2: Capital Goods		-	48,487
	Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2		-	465,825
	Category 5: Waste Generated in Operations		-	201
	Category 6: Business Travel		-	2,047
	Category 7: Employee Commuting		-	1,069
	Category 15: Investments *	-	19,794	
Total			-	544,795

* Aggregate of 37 companies disclosing Scope 1 and 2 emissions as at end-March 2023.

ESG data (consolidated)

S(Social)

		Unit	FY2022	FY2023
Number of employees (regular employees)	Total	Persons	5,310	4,488
	Ratio of females	%	42	37
Number of employees in managerial positions (regular employees)	Total	Persons	952	973
	Ratio of females	%	18	18
Number of Employees Taking Childcare Leave		Persons	195 * female only	81
Ratio of males		%	-	32
Average overtime hours per month (regular employees)		Hours	16	16
Utilization of paid leave (regular employees)		%	64	63