



November 14, 2022

To whom it may concern

| | |
|----------------|--|
| Company name | OLBA HEALTHCARE HOLDINGS, Inc. |
| Representative | Yohei Maeshima, President and CEO (Securities code: 2689; TSE Standard Market) |
| Contact | Nobuharu Murata, Managing Director and General Manager, Administrative Department (Phone: +81-86-236-1115) |

Announcement of the Establishment of Our Basic Approach to ESG

OLBA HEALTHCARE HOLDINGS, Inc. (the "Company") announces that the Board of Directors, at a meeting held on November 14, 2022, adopted the attached resolution regarding its basic approach to ESG (Environmental, Social, and Governance) in the Group's business activities.

1. Reasons for Establishment

The Company celebrated its 100th anniversary in 2021, and has set a goal of building a foundation for the next 100 years in its medium-term management plan with the following key initiatives: "strengthening current businesses and improving productivity," "promoting SDGs and ESG management," "exploring new businesses," and "promoting digital transformation (DX)." Of these initiatives, we have summarized and articulated our basic approach to "promoting SDGs and ESG management" as shown in the attachment. In addition, we disclose information on the status of each ESG initiative.

As stated in our Employee Charter, which reflects our corporate philosophy, we are committed to "providing value to our stakeholders (customers, business partners, employees, local communities, and shareholders) in a sincere and continuous manner and pursuing sustainable management." Without losing sight of this spirit, the Company will continue to strive to enhance its corporate value, bearing in mind our Basic Approach to ESG.

2. Enacted on: November 14, 2022

3. Details: Refer to the following pages

Basic Approach to ESG

As stated in our Employee Charter, which reflects our corporate philosophy, we are committed to "providing value to our stakeholders (customers, business partners, employees, local communities, and shareholders) in a sincere and continuous manner and pursuing sustainable management." In this spirit, we have established the following basic approach to ESG management.

Environmental (E)

We recognize that addressing environmental issues is essential for society and corporations to engage in sustainable social activities.

Based on the Employee Charter established as our corporate philosophy, the Group will not only comply with environmental laws and regulations, but also work together with various stakeholders to reduce environmental impact and preserve the environment, thereby contributing to the realization of a sustainable society.

Social (S)

As a healthcare company that supports medical and nursing care, we believe that our greatest contribution to society is to ensure that we never cease to provide medical and nursing care in the community. As stated in our Employee Charter, we are committed to "respecting diversity and recognizing diverse opinions, values, and ways of working," and "creating an environment where members are healthy in mind and body and are motivated to contribute." Therefore, in addition to aiming for diversity in human resources and work styles, we are promoting reforms in the way we work so that our employees can continue to work in a healthy and vigorous manner.

Governance (G)

A stock company is entrusted with capital by its shareholders and is expected to make a profit through its business activities, increase its corporate value, and increase shareholder returns. Thus, the primary mission of a stock company is to respond to its shareholders' trust. To this end, we believe it is essential that we fulfill our responsibilities to employees, customers, business partners, and local residents in the public interest.

As a company that enjoys continuous and widespread support, we have made ongoing efforts to ensure the transparency, efficiency, and soundness of our management, as well as to actively accept external audits and recommendations, and have put in place the necessary mechanisms to do so.

To continue to meet our shareholders' expectations, we, as a holding company with a central role in the Group, strive to provide each group company with infrastructure, including human resources, education, funds, technology, and information systems, to realize the following:

- (1) Comply with laws and regulations;
- (2) Gain social support;
- (3) Improve management efficiency and profitability; and
- (4) Demonstrate our collective strength as a Group.

● For the Environment

■ Monitoring energy use to reduce environmental impact

We use energy and thus emit CO₂ as a result of our business activities. We regularly monitor the amount of greenhouse gas emissions from our Group activities in order to effectively reduce our environmental impact and protect the environment.

Applicable companies: OLBA HEALTHCARE HOLDINGS, Inc., Kawanishi Co., Ltd., Sansei Medical Materials Co., Ltd., Nikko Medical Materials Co., Ltd., HOSNET-JAPAN INC., Life Care Co., Ltd.

◆ Greenhouse gas emissions (Unit: t-CO₂)

| | | FY06/22 |
|---------|-------------|---------|
| Scope 1 | Gasoline | 2,478 |
| | Diesel oil | 224 |
| Scope 2 | Electricity | 1,133 |

* CO₂ emissions are calculated using emission coefficients based on the Act on Promotion of Global Warming Countermeasures.

◆ Energy consumption

| | FY06/22 |
|--|---------|
| Gasoline (kL) | 1,068 |
| Diesel oil (kL) | 87 |
| Electricity consumption (thousand kWh) | 2,452 |

■ Utilizing LED lighting

Our company-owned offices and warehouses are outfitted with environmentally friendly LED lighting, which reduces power consumption and environmental impact compared to traditional fluorescent and mercury lighting.

■ Reducing the use of copy paper

We are working to reduce the use of copy paper by introducing an electronic approval system and promoting paperless distribution of materials at meetings.

■ Reducing business travel

Since 2012, the Group has been reducing business trips for meetings and other purposes by implementing videoconferencing and web conferencing systems at each group company location, and is working to reduce the environmental impact of travel.

● For Society

■ Providing a consistent supply of medical devices

The Group is committed to quality control to ensure a consistent supply of medical devices and nursing care products. This includes maintaining appropriate inventories, managing medical device expiration dates, controlling appropriate temperatures, and managing the transfer record of biologically derived products.

■ Responding to natural disasters and pandemics

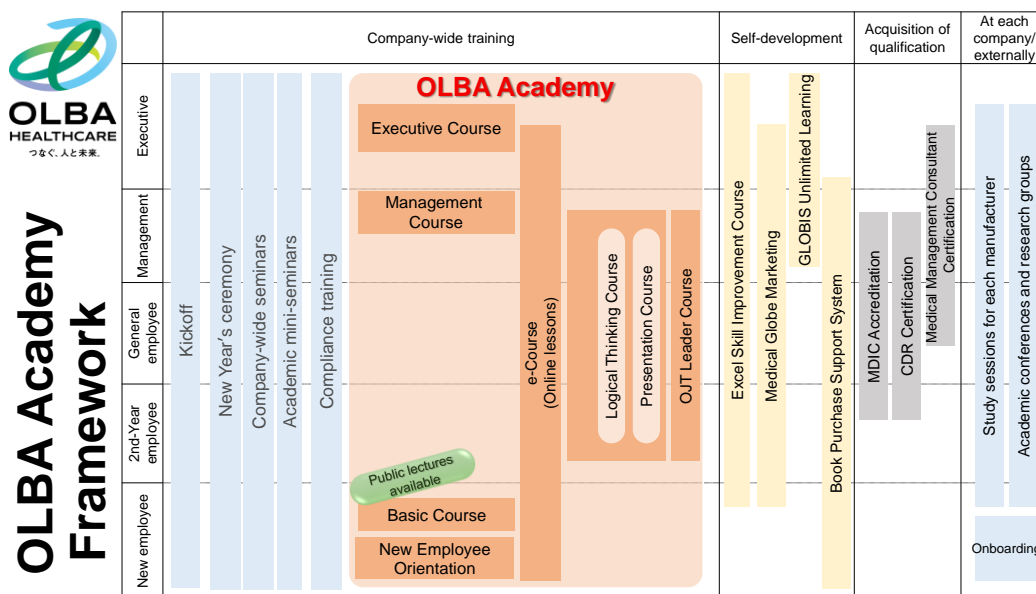
Based on the objective of "contributing to the development of medical science, medical care, and nursing care through our business and contributing to the health and longevity of the people," the Group is committed to fulfilling its responsibilities as a healthcare group that plays a part in community health care. To fulfill our mission of never ceasing to provide medical and nursing care, the Group has established a business continuity plan (BCP) that includes the following:

- Utilizing data centers that are resilient to natural disasters
- Establishing BCPs at each group company and regularly conducting BCP exercises
- Holding regular meetings of the task force committee to share information on disaster countermeasures in the Group
- Preparing disaster preparedness stockpiles at each company in case of emergency
- Installing in-house power generation equipment (at some facilities)
- Using an advance notification system for emergency vehicles (at some municipalities)
- Cooperating in stockpiling and storing medical supplies that can be dispensed urgently in the event of a disaster (with some municipalities)
- Implementing safety confirmation systems and conducting drills, etc.

● For Employees

■ Promoting self-directed learning

We offer training programs, such as career-oriented OLBA Academy, where employees who are self-motivated and eager to grow can learn.



Our main training courses and other programs are as follows.

▽OLBA Academy Basic Course

This course is intended primarily for new employees to acquire basic skills as a member of society, learn about the Group's history and culture, and gain basic knowledge about medical and nursing care as well as medical devices and nursing care equipment. Through the training, which lasts approximately 10 months, participants can develop a habit of continuous learning, and also get clues as to which areas to study and how to study them.

▽OLBA Academy Research Paper Course

Under the supervision of their seniors, younger employees spend approximately one year preparing and presenting a research paper in this course. Participants can improve their logical thinking and presentation skills by identifying issues at clinical sites and within the company and discussing solutions.

▽OLBA Academy Management Course

This course is designed for entry-level managers and serves as the Group's management *dojo* (training ground). Participants can not only learn deeply about the Group's history and culture, but also gain necessary management know-how, such as PDCA, dealing with subordinates, accounting, labor control, and management strategy.

▽OLBA Academy Executive Course

This course is intended for executives and senior managers, who will learn basic skills and knowledge essential for corporate management, including governance codes, ESG management, DX, harassment, business planning, accounting and finance. At the same time, this course aims to develop management personnel who are highly aware of compliance and can respond to change.

▽OLBA Academy e-Course

This course introduces an e-learning system that allows students to take classes whenever is most convenient for them so that they can efficiently gain the knowledge required for work, including laws and regulations, company rules, general education, IT skills, and medical devices. Most of the learning content is produced in-house, which also improves the skills of the employees who produce the content.

▽Self-development programs

In this program, the company supports employees' self-motivated learning through a "Book Purchase Support System" that subsidizes the cost of purchasing books and an "Excel Skill Improvement Course" to learn Excel skills.

▽Participation in internal study groups and various academic conferences

When medical device and nursing care equipment manufacturers launch new products, we hold in-house study sessions to update related knowledge. Our employees also participate in academic conferences held in various regions to obtain information on diseases, treatment methods, and the latest devices and equipment.

■ Supporting a diverse workforce

The Group's Employee Charter states that we aim to be an organization that "emphasizes diversity and recognizes diverse opinions, values, and work styles." There are no restrictions on joining the company, being promoted, or being promoted to management positions, and we have created an environment in which people with different attributes, characteristics, and values can fully demonstrate their abilities.

For example, in the entire Group, all employees from the president down to new employees address each other as "XX-san" in the "-san" campaign to create an organizational climate in which people can freely express their opinions regardless of position, age, or gender.

◆ Status of the overall Group

- Composition of Directors (as of July 1 of each year)

| | 2020 | 2021 | 2022 |
|--------|------|------|------|
| Male | 23 | 22 | 23 |
| Female | 2 | 2 | 3 |

- Percentage of women in management positions (as of July 1 of each year)

| 2020 | 2021 | 2022 |
|------|------|------|
| 5.9% | 6.6% | 7.0% |

- Percentage of female employees/contract employees (as of July 1 of each year)

| 2020 | 2021 | 2022 |
|-------|-------|-------|
| 38.9% | 40.3% | 40.9% |

- ◆ Action plans based on Act on Promotion of Women's Participation and Advancement in the Workplace (linked documents below are only available in Japanese)

Kawanishi Co., Ltd.

(<https://www.kawanishi-md.co.jp/kw/pdf/ActiveParticipation.pdf>)

Sansei Medical Materials Co., Ltd.

(https://ryouritsu.mhlw.go.jp/hiroba/planfile/202110221515553550585_1.pdf)

HOSNET-JAPAN INC.

(https://www.hosnet-21.co.jp/pdf/katsuyaku_2022.pdf?20220704)

In addition, each group company has set a goal of achieving the legally mandated employment rate of persons with disabilities and is working to create a workplace environment in which all employees can work comfortably.

- ◆ Employment rate of persons with disabilities (as of July 1, 2022; Group total)

| Number of employed persons with disabilities | Employment rate of persons with disabilities |
|--|--|
| 33.0 | 2.20% |

■ Keeping track of working hours and improving operations

The Compliance Committee keeps track of employee working hours, while the officers in charge of each group company keep track of working hours at group companies to prevent overwork and comply with relevant laws and regulations. We also strive to continuously improve our operations through such measures as simplifying internal documents and assigning a person in charge of promoting operational reforms at some group companies.

■ Promoting flexible work styles

To realize the goal of “emphasizing diversity and recognizing diverse opinions, values, and work styles” as stated in our Employee Charter, we are creating an organization in which people with diverse values, talents, and lifestyles can each realize their full potential. Specific initiatives are as follows.

- Flexible working hours
- Shift work, staggered work hours
- Telecommuting
- Encouraging side jobs

■ Streamlining operations with OLBA-DX

In 2021, we established the DX Promotion Office as an organization dedicated to achieving the Group's digital transformation (DX). The DX Promotion Office encourages efficiency improvements in sales processes and back-office operations through the use of new digital technologies such as cloud services. The resources generated by these efficiency improvements are then reinvested in new value creation. In terms of human resources in particular, we aim to create a work environment that allows employees to focus on high-value-added operations.

■ Promoting health & productivity management

The Group has been certified under the Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) for three consecutive years since 2020. This certification system is led by the Ministry of Economy, Trade and Industry (METI) to promote health and productivity management, and is a system to award corporations that practice particularly excellent health and productivity management. The Group is undertaking various initiatives to promote health and productivity management.

▽ Initiatives to help employees quit smoking

Starting in 2019, we established a "no smoking during working hours" rule to encourage employees to quit smoking. By prohibiting smoking during working hours, including overtime hours, and making all company premises non-smoking, we aim to maintain and improve employee health and realize efficient work styles.

We also established a smoking cessation support system to prevent passive smoking damage to family members and others around smokers. We support employees to quit smoking by subsidizing a portion of the cost when they visit a smoking cessation clinic and use a smoking cessation patch/gum or app, or when they purchase a smoking cessation patch/gum over the counter at a drugstore.

◆ Ratio of smokers among Group employees (as of July 1 of each year)

| 2019 | 2020 | 2021 | 2022 |
|-------|-------|-------|-------|
| 27.8% | 25.8% | 23.0% | 22.3% |

▽ Support system for club activities

We have a subsidy system in place for club and circle activities for purposes such as stimulating communication within the company through exercise, encouraging employees to refresh their mind and body, and having them leave work on time on a regular basis. Currently, we have futsal, soccer, and baseball teams that hold regular activities.

▽ Other initiatives

In addition to the above, we implement various other initiatives such as subsidizing the cost of influenza vaccinations, installing vending machines with "Food for Specified Health Uses (FOSHU; known as Tokuho)" inside the company, and conducting health-related seminars and training programs.

● For Local Communities

■ Contributing to local communities

The Group is actively involved in social contribution activities that are rooted in local communities. We will continue to work together with local residents in pursuit of sustainable management with an eye to the future that will lead to the development and revitalization of local communities.

▽Club sponsor of Fagiano Okayama

Fagiano Okayama, established in 2006, is the first professional soccer club based in Okayama Prefecture. In 2009, the club joined the J2 Japan Professional Football League. The club carries out activities with the goals of "bringing together the best players and children," "contributing to the development of a society in which families, communities, and schools work together," and "becoming the pride of Okayama" based on the club philosophy, "Dreams for Children!" The Group has been a sponsor of the club since 2012.

▽Team sponsor of Okayama Rivets

Okayama Rivets is a men's table tennis team established in April 2018, which has been participating in the table tennis league of Japan, T.League, since October of the same year. The Group shares the team's vision of "contributing to the health of Okayama through table tennis" and has been a sponsor of the team since 2018.

▽Partner company of Okayama Tech Planter

Okayama Tech Planter is a program to create new businesses based on technology originating in Okayama and to foster and support startups. The program aims to solve problems in the world based on research results generated by universities and research institutions. The Group became a partner company in this program in the hope of promoting the local economy by supporting the creation of local startups.

▽Official partner of Ohara Museum of Art

Founded in 1930 by Magosaburo Ohara, an entrepreneur from the city of Kurashiki, Okayama Prefecture, the Ohara Museum of Art was Japan's first private art museum focusing on Western art. Today, the museum is engaged in a wide range of activities, such as educational outreach to foster children's creativity, support for artists' production, and restoration to protect valuable cultural assets, as a dynamic museum for the 21st century. The Group serves as an official partner of the museum to support these activities.

▽Teraoka Memorial Scholarship Foundation

The Teraoka Memorial Scholarship Foundation aims to contribute to the development of medical science and the spread of cutting-edge technology by supporting the activities of medical researchers and medical technicians in Okayama Prefecture through research grants and overseas study grants. The Company supports the Foundation's activities.

● Corporate Governance

■ Basic policy on corporate governance

As a company that enjoys continuous and broad-based support, we have made ongoing efforts to proactively accept external audits and recommendations while ensuring the transparency, efficiency, and soundness of management, and have put in place the necessary mechanisms to do so.

In order to continue to meet the expectations of shareholders, we, as a holding company at the center of group companies, will provide infrastructure such as human resources, education, funds, technology, and information systems to each group company, and strive to do the following:

- (1) Comply with laws and regulations;
- (2) Gain social support ;
- (3) Improve management efficiency and profitability; and
- (4) Demonstrate our collective strength as a Group.

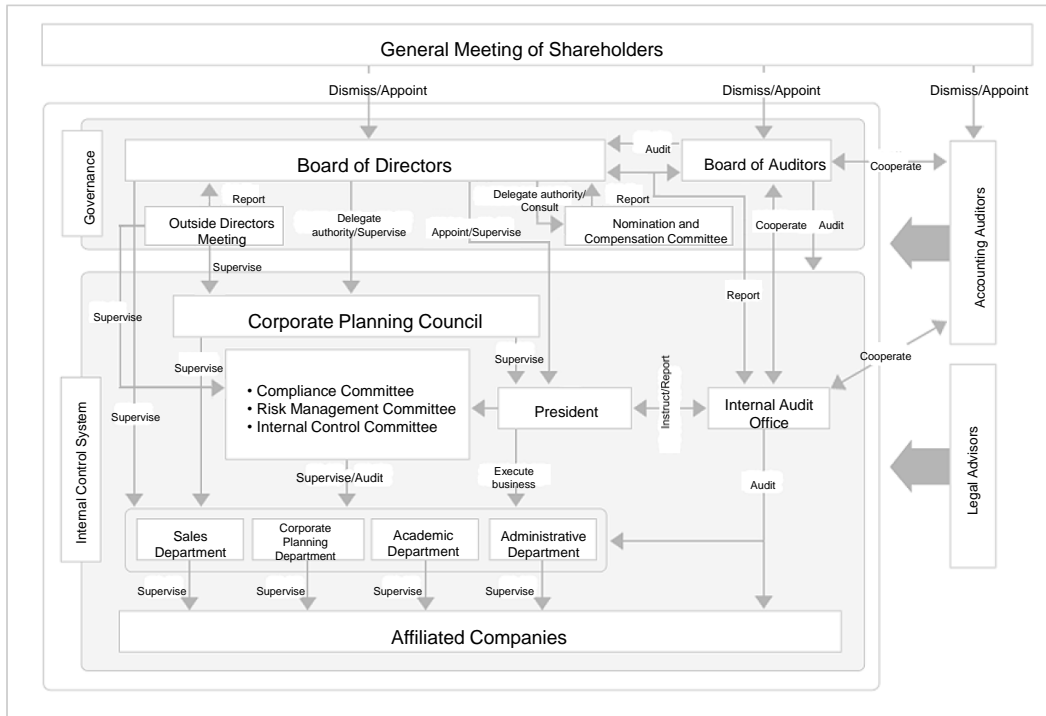
■ Overview of corporate governance structure

The Board of Directors consists of seven directors, three of whom are outside directors. Outside directors who are not from affiliated companies or major business partners and who have insight into the Group's business environment are appointed. In addition to attending Board of Directors meetings from an independent standpoint, outside directors provide advice, recommendations, and opinions to ensure the adequacy and appropriateness of the Board's decision-making, such as by providing opinions mainly from the perspective of management supervision, corporate governance, and compliance. We have designated all three outside directors as independent directors.

The term of office of directors is set at one year in order to clarify their management responsibilities and to build a management structure that can quickly respond to changes in the business environment.

The Board of Auditors consists of three auditors, all of whom are outside auditors. We have designated two of the outside auditors as independent directors.

■ Corporate governance structure



■ Compliance policy

We have established Compliance Regulations to maintain and improve the awareness of legal compliance among all group officers and employees, as well as to implement corporate governance in pursuit of social responsibility. In accordance with the Regulations, we hold regular meetings of the Compliance Committee and conduct the necessary activities to ensure compliance.

■ Risk management policy

In accordance with the Risk Management Regulations, the Risk Management Committee meets regularly to develop the Group's risk management system and conduct educational activities regarding the prevention of potential risks.

■ Basic policy on internal control system

In accordance with the enforcement of the Companies Act, our Board of Directors adopted a basic policy regarding internal control systems on May 11, 2006 (partially amended on April 30, 2015).

■ **Compliance with important relevant laws and regulations**

The Group continues to operate its business under the licenses obtained in accordance with the relevant laws and regulations, including the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices ("Pharmaceuticals and Medical Devices Act") and the Long-Term Care Insurance Act. In obtaining licenses and permits to engage in medical and nursing care, we recognize that compliance with important relevant laws and regulations is a critical issue, and we have established an Employee Charter that requires all executives and employees to promote business activities with high ethical standards. We conduct periodic compliance training for all officers and employees of the Group to foster high ethical standards and to ensure that all officers and employees are familiar with important relevant laws and regulations.

■ **Guidelines related to transparency with medical institutions, etc.**

The Japan Federation of Medical Devices Associations has established the Code of Ethics, the Charter of Business Behavior, and the Promotion Code of the Medical Devices Industry, while the Japan Fair Trade Council of the Medical Devices Industry has established the Fair Competition Code of the Medical Devices Industry in Japan. In accordance with the spirit of these industry organizations, the Group ensures the transparency and reliability of its business relationships with medical institutions and other organizations. And, in accordance with their guidelines, the Group discloses all information regarding its funding of such organizations to ensure that the public understands that the Group's business activities are conducted in a highly ethical manner and contribute to the development of medical science and medical care.

■ **Policy on entertainment with national public officials, etc.**

The Group has established Regulations Concerning Entertainment with National Public Officials (including Deemed Public Officials and Local Public Officials) to prevent bribery and corruption by its officers and employees.

■ Establishment of a whistleblower system

In accordance with the Whistleblower Protection Act, the Group has established a compliance consultation service as follows. In operating the consultation service, we prohibit any disadvantageous treatment of whistleblowers on the basis of their reporting.

▽ Internal consultation (group companies)

Consultation services are available at each group company.

▽ Internal consultation (common to all group companies)

Employees can consult with the Group's common consultation service if they have any concerns that they are not comfortable discussing with the company to which they belong.

▽ External consultation

Employees can also consult with an outside law firm to resolve issues without having a conflict of interest with the company.

▽ External consultation (exclusively for sexual harassment and power harassment)

A dedicated outside consultation service is available for sexual harassment and power harassment, which can involve particularly sensitive issues among compliance issues.

■Risk information

The following are examples of the risks related to the Group's business and accounting conditions that may have a significant impact on investors' decisions.

Forward-looking statements in the text are based on the Group's assessment as of the date the Annual Securities Report was submitted (September 22, 2022).

For details, please refer to Business and Other Risks in the Annual Securities Report posted in the IR Library on our website (only available in Japanese).

- (1) Reimbursement price system
- (2) Laws and regulations for business continuation
 - (1) Notification and permission regarding the sale of medical devices
 - (2) Permission for the manufacture and sale of medical devices
 - (3) Legal regulations on the sale of pharmaceutical products
 - (4) Poisonous and Deleterious Substances Control Act
 - (5) Legal regulations on specific and general construction business
 - (6) Long-Term Care Insurance Act pertaining to welfare equipment sales
 - (7) Long-Term Care Insurance Act pertaining to welfare equipment rental
- (3) Laws and regulations related to products
 - (1) Legal regulations concerning expiration dates of medical devices and pharmaceutical products
 - (2) Legal regulations on the sale of biologically derived products
 - (3) Recall of products, suspension of sales, etc.
- (4) Fair Competition Code regarding restrictions on the provision of premiums in the medical device industry
- (5) Management of personal information
- (6) Information security
- (7) Corporate restructuring, acquisitions, mergers, etc.
- (8) Impairment of non-current assets
- (9) Natural disasters and the spread of infectious diseases