

Sustainability Vision and Materiality

For the Tsumura Group, sustainability management is none other than the embodiment of our Sustainability Vision.

Since we are promoting a business that uses crude drugs, which are substances provided by nature, and leading it into the future, we need to be extremely sensitive to changes in the natural environment as well as any potential crises it may face. Our commitment to making fullest use of the gifts of nature and continuing to contribute to human health and medicine is embedded in our Sustainability Vision, "Living with nature for tomorrow." Throughout the Kampo value chain, we aim to realize sustainability for people, society, and the global environment. We will work to realize a recycling society in our own way, by ensuring that all resources, not only crude drugs but also water and air, are returned to nature.

As we strive to achieve our Business Commitment, "Lively Living for Everyone," we are incorporating the Group's Sustainability Vision, which upholds our Corporate Value, "The Best of Nature and Science," into our concrete activities through our Long-Term Management Vision.

The Long-Term Management Vision, TSUMURA VISION

"Cho-WA" 2031, takes the theme of "Cho-WA: Creating a Future in a Well-Balanced State," and aims to create a future that achieves "Cho-WA" (a well-balanced state) between mind and body, between individuals and society, and between Kampo medicine and Western medicine through the three Ps.

Revision of Materiality

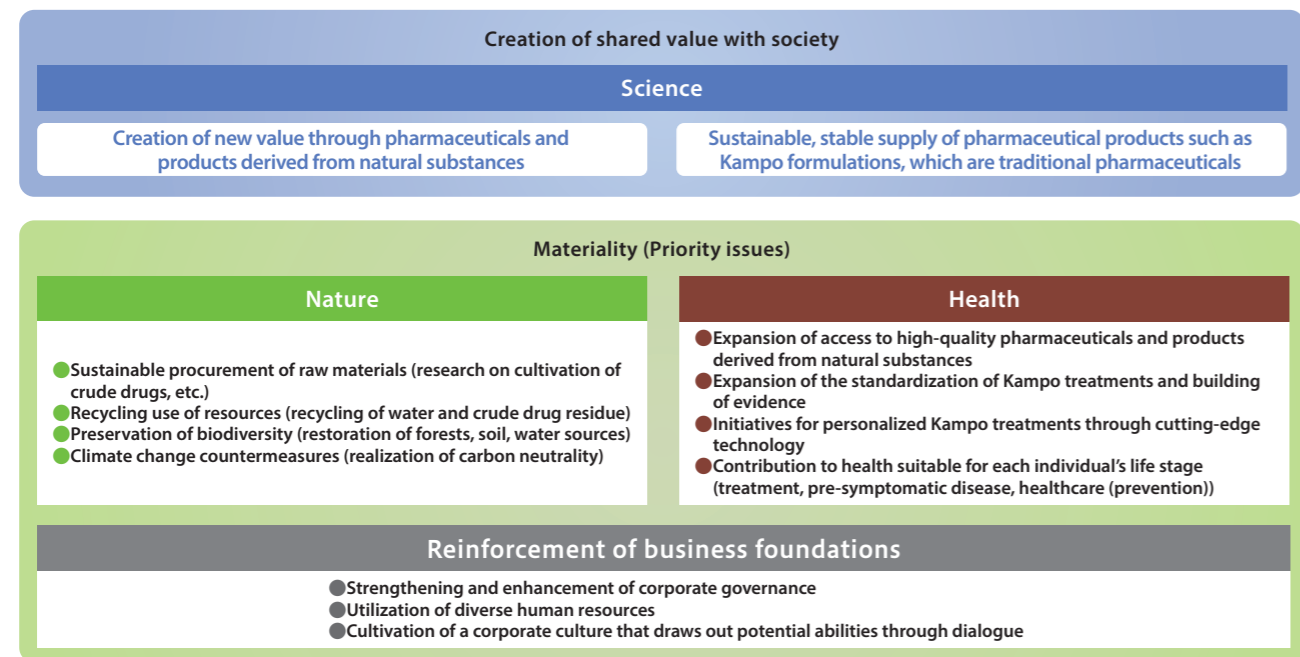
In September 2023, the Group redefined its priority issues (materiality) based on its Corporate Purpose, in order to contribute to solving global issues through its business activities and realize an increase in its corporate value.

This review involved changing from the previous bottom-up formulation process to a top-down process based on the commitment of the CEO. The objective in doing so is to communicate our social and economic value creation story in a clear way both inside and outside the Company. Looking ahead, we will promote dialogue and co-creation with our stakeholders by promoting information disclosure based on materiality.

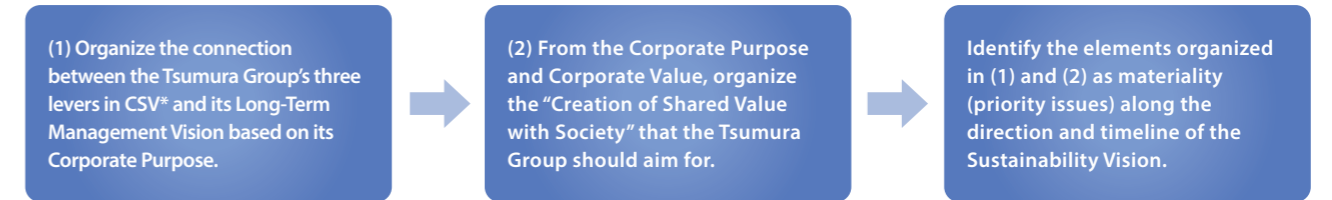
Sustainability Vision ———— **Living with nature for tomorrow.**

The Tsumura Group's New Materiality

The Tsumura Group's materiality (priority issues) refers to its initiatives for business to embody its Corporate Purpose, "Lively Living for Everyone," and its Corporate Value, "The Best of Nature and Science." All values related to nature and health that are created by the Tsumura Group's business lead to the creation of shared value with society.



Process for Formulation of New Materiality



* Three methods (levers) for realizing CSV (Creating Shared Value) advocated by management scholar Michael Porter. ((1) Creation of next-generation products and services, (2) Improvement of productivity across the entire value chain, and (3) Building local ecosystems)

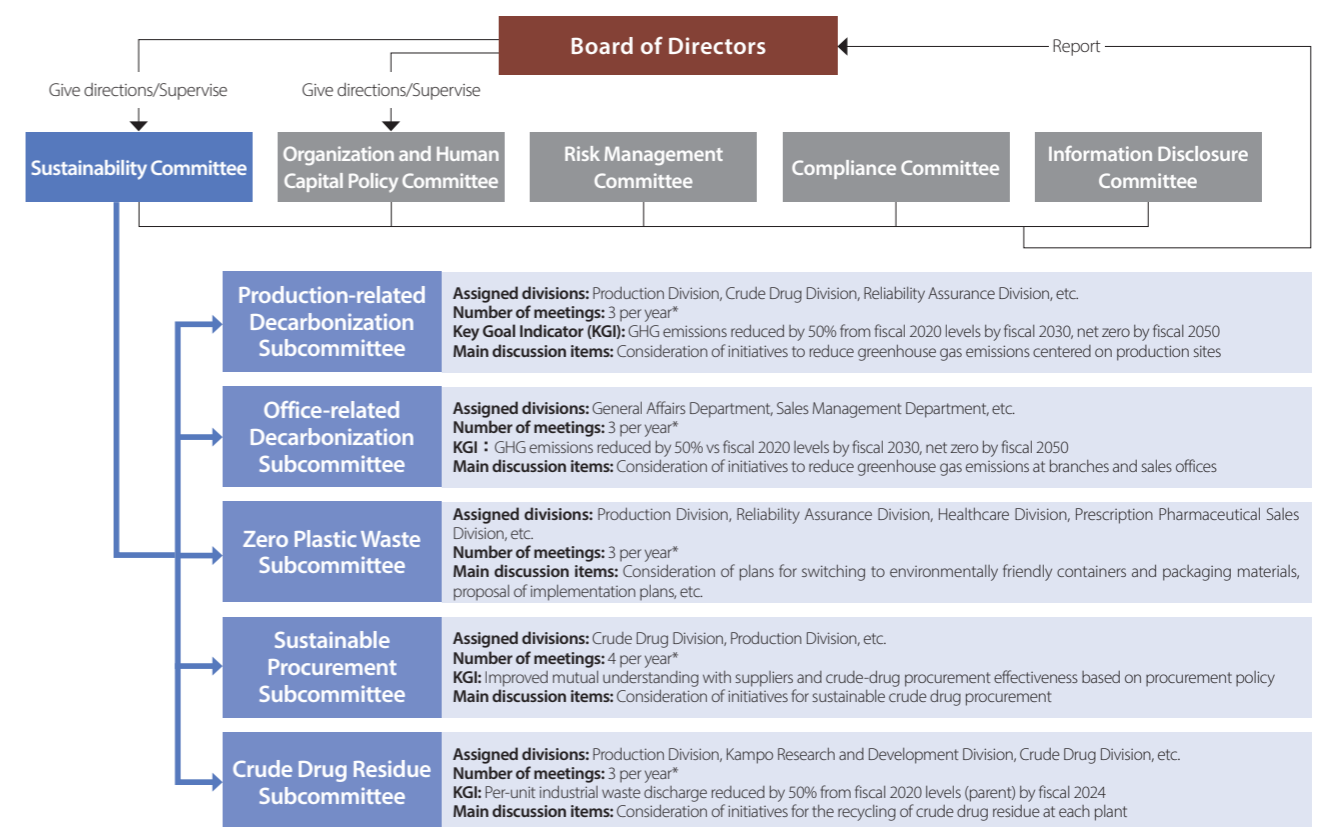
Sustainability Promotion System

We recognize that response to issues related to sustainability, such as consideration for global environmental issues like climate change and respect for human rights, are important management priorities. The Sustainability Committee is under the supervision of the Board of Directors. The committee examines and monitors the Company's overall direction and activities in order to see that these issues are reflected in concrete strategies. In addition, five subcommittees have been formed under the Committee, with each one responsible for organizing cross-organizational discussions on knowledge, experience and research findings collected from various divisions in accordance with the medium- to long-term environmental goals and other targets. Furthermore, to stimulate more active discussion, regular opportunities are provided to report the results of each subcommittee to the

Committee Chair (Co-COO Sugii) as part of efforts to enhance the effectiveness of sustainability activities. We will strive to ensure such effectiveness by responding flexibly to changes in the social environment and the requirements of the times.

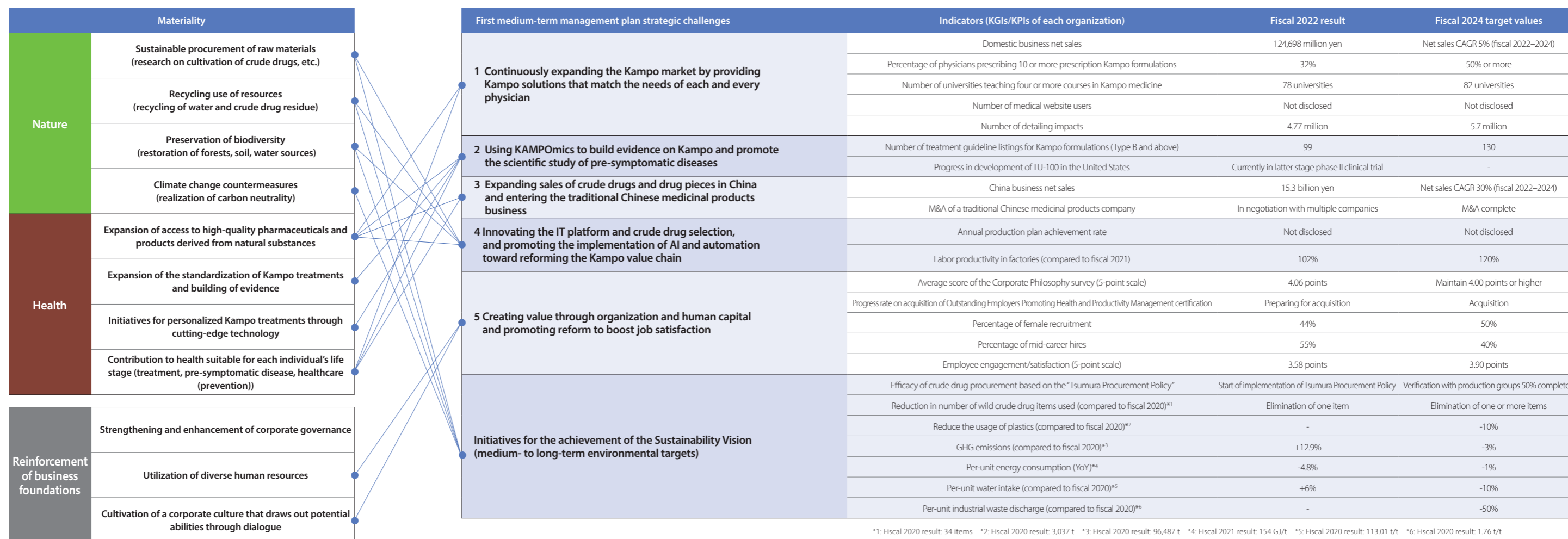
Main Discussion Items of the Sustainability Committee (Fiscal 2022)

- Discussion and approval of TCFD disclosure proposal
- Formulation of Sustainability Charter
- Progress report on medium- to long-term environmental targets
- Discussion on materiality renewal, report on support for each initiative, CDP results report, report on community contribution activities, etc.



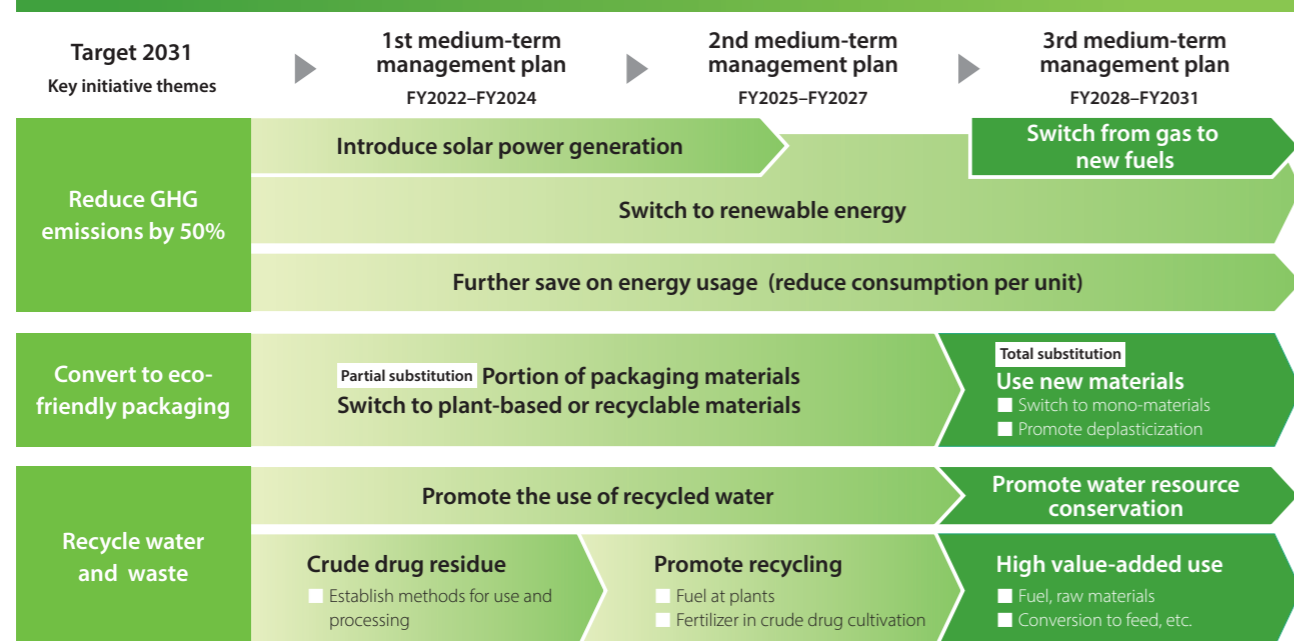
* Fiscal 2022 result

Materiality and Management Strategy KGIs/KPIs



*1: Fiscal 2020 result: 34 items *2: Fiscal 2020 result: 3,037 t *3: Fiscal 2020 result: 96,487 t *4: Fiscal 2021 result: 154 GJ/t *5: Fiscal 2020 result: 113.01 t/t *6: Fiscal 2020 result: 1.76 t/t

Sustainability Targets 2031



Initiatives to Solve Social Issues

#OneMoreChoice Project

Aiming for a healthy society where everyone can live comfortably and without having to endure ailments, Tsumura has been promoting the #OneMoreChoice project since 2021. We are working to solve issues based on our own survey, and have promoted the messages, "80% of women hide that they are enduring pain**" and "Let's start by knowing the difference." Based on these, we have received many messages of support from consumers, mainly through social media. Internally, we also implemented #OneMoreChoice Action in April 2022, aiming to be a company free from hidden endurance. We are also promoting initiatives such as changing the leave system to resolve employees' health issues. The knowledge acquired through these activities has been developed into #OneMoreChoice Training, to

leverage our achievement of a company free from hidden endurance. We began providing this training free of charge in September 2022. The Company's employees have acted as visiting lecturers at companies, groups, universities, and other organizations 16 times** so far to provide the training. From April 2023, we received support from four universities to start Carellege Action,** an initiative that aims to create environments where university students do not have to hide that they are enduring pain. We have also started providing opportunities for free health consultation with experts. Going forward, we will expand this project in coordination with companies, universities, and other organizations, working to solve social issues and realize a healthy society.



*7: Hidden endurance refers to engaging in work or housework while enduring physical or mental illness. It is a registered trademark of TSUMURA & CO.
*8: As of July 2023 *9: Carellege is a portmanteau of Care and College created by the Company.