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Notification regarding the creation of a Basic Sustainability Policy, the establishment of a Sustainability Committee, and the identification of material issues

Nihon Chouzai Co., Ltd. (hereinafter “the Company”) announces that it passed a resolution at its Board of Directors’ meeting held on December 20, 2021 to create a Basic Sustainability Policy and establish a Sustainability Committee, as part of efforts to achieve a sustainable society and enhance corporate value. At a meeting of the Sustainability Committee held on the same day, the following “material issues” (key issues) were identified.

1. Goals

As societal issues and environmental issues become increasingly serious, the Nihon Chouzai Group views sustainability as an important management theme, and has created a Basic Sustainability Policy and established a Sustainability Committee chaired by the President and CEO to further strengthen and effectively execute sustainability activities. The company has also identified material issues to be given priority in the context of these activities.

2. Basic Sustainability Policy

We in the Nihon Chouzai Group are aware that sustainability is a key element of management strategies for enhancing corporate value over the medium to long term. Based on dialogues and collaborations with a wide range of stakeholders, we are building fair and highly transparent management platforms that respect human rights and take environmental protection into account. Through our business activities, we will work to solve social issues in the medical and healthcare fields and pursue social sustainability.

3. Establishment of the Sustainability Committee

(1) Roles of the Committee

This Committee, positioned directly under the jurisdiction of the Board of Directors, will supervise and evaluate the progress of activities targeting specified material issues, incorporate the results into business strategies, and deliberate on compliance with international guidelines and participation in initiatives, while

reporting to the Board of Directors as deemed appropriate.

(2) Composition of Committee Members

The sustainability committee shall be chaired by the President and CEO, and comprises committee members selected by Nihon Chouzai’s Board of Directors.

4. Material issues identified

Nihon Chouzai identified 21 material issues requiring contributions to a sustainable society. Based on these material issues, which are separated into six main groups, we will promote activities from the perspectives of both contributing through business activities and strengthening the management foundations.

Key issue group	No.	Material issues
Healthcare quality and accessibility	1	Increase the effectiveness of drug treatments for patients by strengthening pharmacy functions (accommodate advanced healthcare and regional healthcare)
	2	Expand the functions of pharmacies to support the health of the community (e.g., illness prevention and pre-symptomatic illness)
	3	Contribute to social security by ensuring appropriate use of pharmaceuticals at pharmacies
	4	Ensure the continuous operation of pharmacies as a regional healthcare/welfare infrastructure, and respond effectively to disasters, pandemics, and other crises
	5	Ensure the medical safety at pharmacies
	6	Leverage DX to promote online healthcare and create new business
	7	Publish surveys and research that contribute to the development of healthcare
Quality and stable supply of pharmaceuticals	8	Undertake R&D and manufacturing of safe, high quality pharmaceuticals
	9	Ensure a stable supply of pharmaceuticals
Resolving human issues at healthcare institutions	10	Provide “human” support in providing high-quality healthcare services
	11	Support occupational health and general health, including mental health, by introducing industrial physicians
Contributing to a carbon-neutral,	12	Reduce waste materials and increase the efficiency of resource usage, especially at pharmacies and plants

circular economy	13	Reduce CO2 emissions by increasing energy usage efficiency and promoting the use of renewable energy
	14	Build environment-friendly and society-friendly supply chains with outstanding transparency
Fostering and utilizing diverse manpower	15	Secure manpower that supports the company's growth, and put in place HR systems that promote the growth of employees
	16	Promote diversity, respect for human rights, and the participation of women in the workplace
	17	Establish a workplace environment that enhances employee health and motivation
Strengthening governance to fulfill social responsibilities	18	Support the healthcare and welfare fields (e.g., persons with intractable diseases or disabilities)
	19	Continuously strengthen corporate governance, and disclose information with a high level of transparency
	20	Continuously strengthen compliance, and prevent corruption
	21	Create opportunities by appropriately evaluating and responding to risks

For further details on material issues, please refer to Nihon Chouzai's sustainability website (<https://www.nicho.co.jp/en/sustainability/about/>).