

# Materiality Framework and KPIs

as of June 23, 2023

Key Issue Groups (goals)	No.	Material issues	Materiality Framework and KPIs	Applicable business
A. Healthcare quality and accessibility	1	Increase the effectiveness of drug treatments for patients by strengthening pharmacy functions (accommodate advanced healthcare and regional healthcare)	Improve the capabilities of pharmacies that support local healthcare systems (regional cooperation pharmacies) and pharmacies associated with medical institutions specializing in advanced treatments for cancer and other diseases (specialized medical institutions cooperation pharmacies) ・ Pharmacists specializing in outpatient cancer treatment 100 pharmacists ・ Pharmacists who have gained relevant certification through training 2,800 pharmacists ・ Pharmacists who have completed health support pharmacy training 3,000 pharmacists (By April 2024)	Dispensing Pharmacy Business
	2	Expand the functions of pharmacies to support the health of the community (e.g., illness prevention and pre-symptomatic illness)	Provide health support services for illness prevention and pre-symptomatic illness of community residents and expand healthcare awareness campaigns ・ Regional cooperation pharmacies 580 pharmacies ・ Specialized medical institution cooperation pharmacies 65 pharmacies ・ Pharmacies providing health support services 200 pharmacies (By April 2024)	Dispensing Pharmacy Business
	3	Contribute to social security by ensuring appropriate use of pharmaceuticals at pharmacies	Utilize the FINDAT online drug information platform to improve access to drug information and provide relevant drug information to patients ・ Pharmacies equipped with FINDAT Approx. 440 pharmacies (As of April 2023)	Dispensing Pharmacy Business
	4	Ensure the continuous operation of pharmacies as a regional healthcare/welfare infrastructure, and respond effectively to disasters, pandemics, and other crises	Respond to the pandemic ・ Provide an online pharmacy service that patients can use remotely	Dispensing Pharmacy Business
	5	Ensure the medical safety at pharmacies	Under consideration	
	6	Leverage DX to promote online healthcare and create new business	Provide online medical services to enhance medical service quality and improve convenience for patients ・ Improve capabilities for supporting online medical consultation and providing online medication guidance ・ Continue improving the user-friendliness of the NICOMS online pharmacy service ・ Support and promote use of electronic prescriptions	Dispensing Pharmacy Business
	7	Publish surveys and research that contribute to the development of healthcare	Under consideration	
B. Quality and stable supply of pharmaceuticals	8	Undertake R&D and manufacturing of safe, high quality pharmaceuticals	Improve technical expertise, improve and maintain quality, and carry out sound research and development of new products ・ Number of products newly listed on the NHI drug price list (only the Group's products that have gained approval)  Historical results 18 products in FY3/2020 21 products in FY3/2021 13 products in FY3/2022 8 products in FY3/2023	Pharmaceutical Manufacturing and Sales Business
	9	Ensure a stable supply of pharmaceuticals	Optimize manufacturing plants to ensure a stable supply of pharmaceutical products ・ Boost annual production capacity ・ Optimize lot sizes to improve productivity ・ Increase supply sources of active pharmaceutical ingredients	Pharmaceutical Manufacturing and Sales Business
C. Resolving human issues at healthcare institutions	10	Provide "human" support in providing high-quality healthcare services	Place staff in areas that lack healthcare resources, such as rural and remote communities Assign medical workers to meet sudden changes in demand for vaccinations and other treatments	Medical Professional Staffing and Placement Business
	11	Support occupational health and general health, including mental health, by introducing industrial physicians	Place industrial physicians and provide healthcare support services to assist with corporate healthcare management	Medical Professional Staffing and Placement Business
D. Contributing to a carbon-neutral, circular economy	12	Reduce waste materials and increase the efficiency of resource usage, especially at pharmacies and plants	Under consideration	
	13	Reduce CO2 emissions by increasing energy usage efficiency and promoting the use of renewable energy	Reduce greenhouse gas emissions ・ 2030 target Dispensing Pharmacy Business: Reduce CO2 emissions per store by 30% (compared to FY2020) Pharmaceutical Manufacturing and Sales Business: Reduce CO2 emissions per 100 million tablets produced by 30% (compared to FY2020) ・ 2050 target Achieve carbon neutrality (zero CO2 emissions in real terms)	Nihon Chouzai Group
	14	Build environment-friendly and society-friendly supply chains with outstanding transparency	Formulation of Nippon Chouzai Group Supplier Code of Conduct and implementation of Partnership Building Declaration in Multi-stakeholder Guidelines	Nihon Chouzai Group
E. 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	Under consideration	
	16	Promote diversity, respect for human rights, and the participation of women in the workplace	Increase the percentage of women in managerial positions <sup>*1</sup> 13% or more (from April 2022 through March 2025)  Historical results 7.2% as of April 1, 2019 8.7% as of April 1, 2020 10.1% as of April 1, 2021 10.8% as of April 1, 2022 10.9% as of April 1, 2023	Nihon Chouzai Group
	17	Establish a workplace environment that enhances employee health and motivation	Help employees maintain and improve their personal health <sup>*2</sup> ・ Percentage of employees who smoke 0% ・ Percentage of employees who undergo secondary health checkups 100% (By March 2031)  To help employees with illnesses or disabilities balance their medical treatment and work duties, the Group will revamp its relevant systems and measures in line with societal expectations, and improve conditions for employees returning to work after an absence Establishment of rules prohibiting smoking during working hours to reduce health risks from smoking and passive smoking	Nihon Chouzai Group
F. Strengthening governance to fulfill social responsibilities	18	Support the healthcare and welfare fields (e.g., persons with intractable diseases or disabilities)	Under consideration	
	19	Continuously strengthen corporate governance, and disclose information with a high level of transparency	Disclosed information through corporate governance reports, securities reports, and corporate website	Nihon Chouzai Group
	20	Continuously strengthen compliance, and prevent corruption	Formulation and implementation of our Ethical Conduct Guideline. Anti-corruption promotion system and corruption risk assessment	Nihon Chouzai Group
	21	Create opportunities by appropriately evaluating and responding to risks	Establishment of a risk compliance system and disclosure of information through securities reports and corporate website	Nihon Chouzai Group

\*1 Percentage of women assigned as area managers and administrative section managers

\*2 While based on the overall goals and KPIs of the Group, individual Group companies may set KPIs according to their respective operations