

Sustainability Management

Sustainability Strategy

The Nihon Chouzai Group positions sustainability as a key part of its management strategies for enhancing corporate value over the longer term and is taking action to help bring about a sustainable society.

We took steps in FY2023 to promote the cyclical use of resources as a way of lowering our environmental impact, including converting our pharmacies to LED lighting, recycling discarded blister packs in our Pharmaceutical Manufacturing and Sales Business, and introducing solar power generation at the Tsukuba Plant. As a result of such initiatives to address climate change and our progress in related disclosure, Nihon Chouzai has been selected for two years in a row as a constituent of both the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index, which target Japanese companies taking outstanding action in terms of ESG practices.

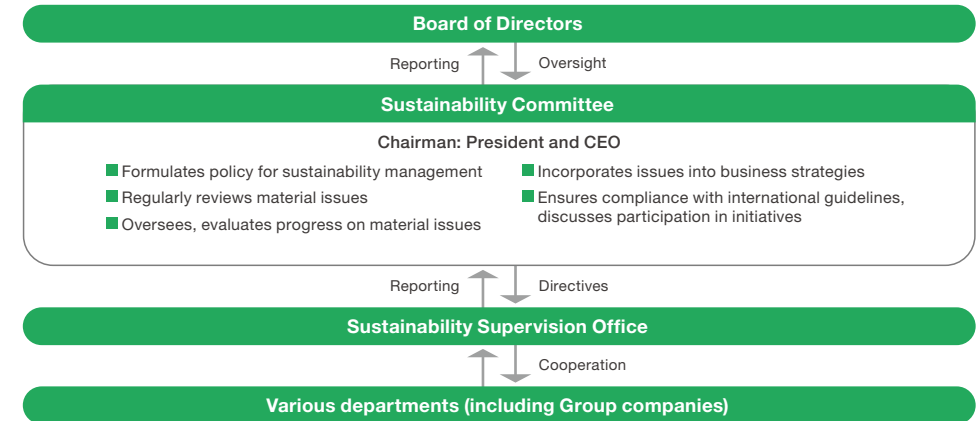
Longer-term actions will include setting performance indicators to help achieve sustainable growth and enhance corporate value, as well as further sustainability initiatives for the environment and in other areas, starting with measures to address climate change and contribute to a circular economy. As a healthcare group whose mission is to give people the closest possible support, we will continue to help address social issues while realizing corporate growth from a long-term perspective to meet stakeholder expectations.

Sustainability Goals in Long-Term Vision 2035

Challenge	Target	Measures	FY2023 results
Climate change response	CO ₂ reductions	Scope 1, 2 intensity (compared to FY2020) Dispensing Pharmacy Business: 30% reduction per pharmacy by FY2030 Pharmaceutical Manufacturing and Sales Business: 30% reduction per 100 million tablets produced Carbon neutral by FY2050	
		Dispensing Pharmacy Business ■ Converting pharmacies to LED lighting FY2023: 100 pharmacies FY2024: 200 pharmacies (planned) CO ₂ reductions 29.9% decrease per pharmacy	
		Pharmaceutical Manufacturing and Sales Business ■ Solar panel installation ■ Introduction of carbon neutral utility gas CO ₂ reductions Per 100 million tablets: 23.7% reduction	
Switch to renewable energy	Increase ratio of renewable energy	Pharmaceutical Manufacturing and Sales Business ■ In-house power generation ■ Switch to renewable energy Ratio of renewable energy 4.5%	
Contributing to a circular economy	Waste recycling	Expanding recycling targets Targets for mechanical recycling ■ Blister packs ■ Sludge ■ Collecting, recycling, and reusing waste ■ Use of fiber drums Treated waste volume/total waste volume ■ Blister packs: 25.0% (August 2023–March 2024) ■ Sludge: 27.3% (FY2023)	

Sustainability framework

We pursue sustainability management in line with our basic sustainability policy. The Board of Directors makes decisions regarding material sustainability issues. We have also formed a Sustainability Committee that reports directly to the Board of Directors. Chaired by the President, this committee meets at least twice a year in principle to sum up and evaluate the progress of initiatives for identified material issues, incorporates these issues into business strategies, ensures compliance with international guidelines, discusses taking part in sustainability initiatives, and reports and makes recommendations to the Board of Directors as appropriate. We have also clearly defined various departments responsible for sustainability initiatives, including within Group companies, which are spearheading progress. The Sustainability Supervision Office is tasked with taking action with regard to sustainability issues. The office has established a framework to steadily move ahead with initiatives in conjunction with the various departments.



Sustainability Committee Activities

Sustainability Committee Activities (FY2023)

- Number of meetings: 3
- Main topics of discussion
 - Review of materiality performance indicators
 - Support for TCFD recommendations; calculation and disclosure of Scope 1, 2, and 3 emissions; and exploration of CO₂ reduction measures
 - Gap analysis of sustainability assessment
 - Revisions to Ethical Conduct Guidelines
 - Formulation of Human Rights Policy, Environmental Policy, and Basic Procurement Policy and Supplier Code of Conduct
 - Response to environmental and human rights risks
 - Human capital management

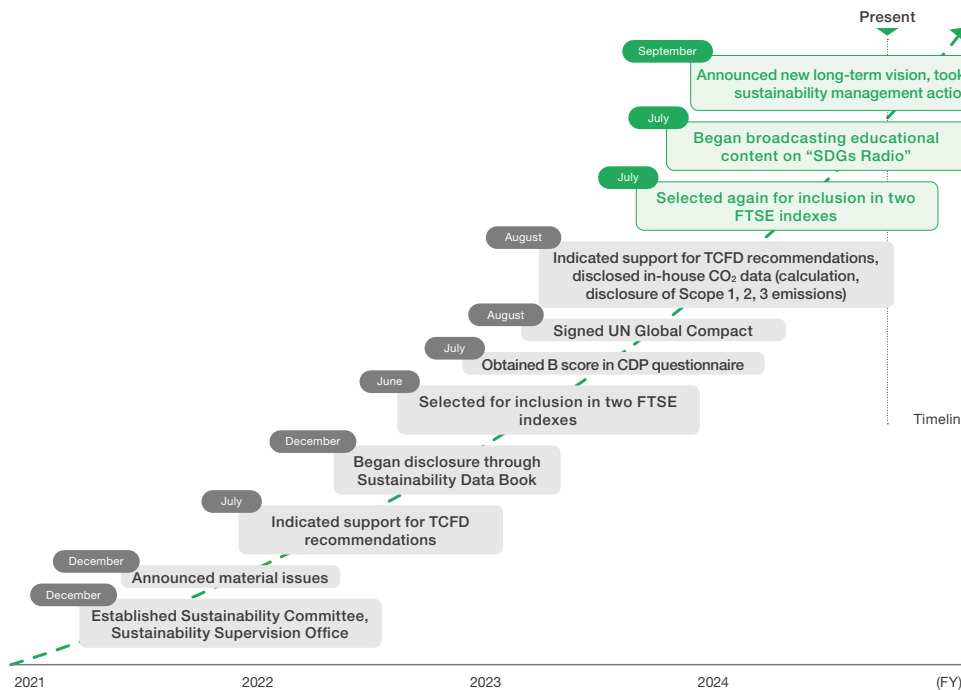
Sustainability Management

Sustainability Management Initiatives

Sustainability roadmap and major future objectives

To continuously enhance corporate value and address societal demands, we are proactively augmenting our governance framework and making disclosure about human capital.

Initiatives to date



FY2024 Initiatives and Results

- Selected again for inclusion in FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index
- Broadcast educational content on "SDGs Radio"
- Announced new long-term vision, took further sustainability management actions

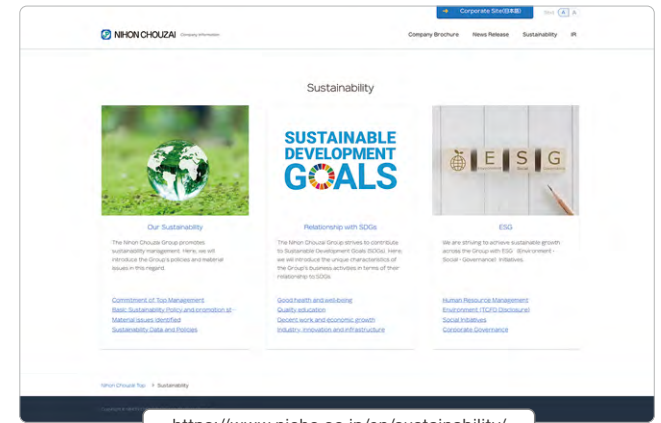
Sustainability disclosure framework

We publish a Sustainability Data Book for the purpose of comprehensively disclosing sustainability information to stakeholders. For details on sustainability management, including our basic sustainability policy and promotion framework, please refer to the following.

Sustainability site content

- Commitment of Top Management
- Basic sustainability policy and promotion framework
- Material issues identified
- Sustainability data and policies
- Relationship with SDGs
- ESG initiatives

Sustainability website



Data Book Content

- Sustainability management
- Corporate Governance
- Compliance and risk management
- Environment
- Human rights and labor standards
- Supply chain management
- Responsibility to customers
- Local community relations

Sustainability Data Book

