

NIPRO CORPORATION

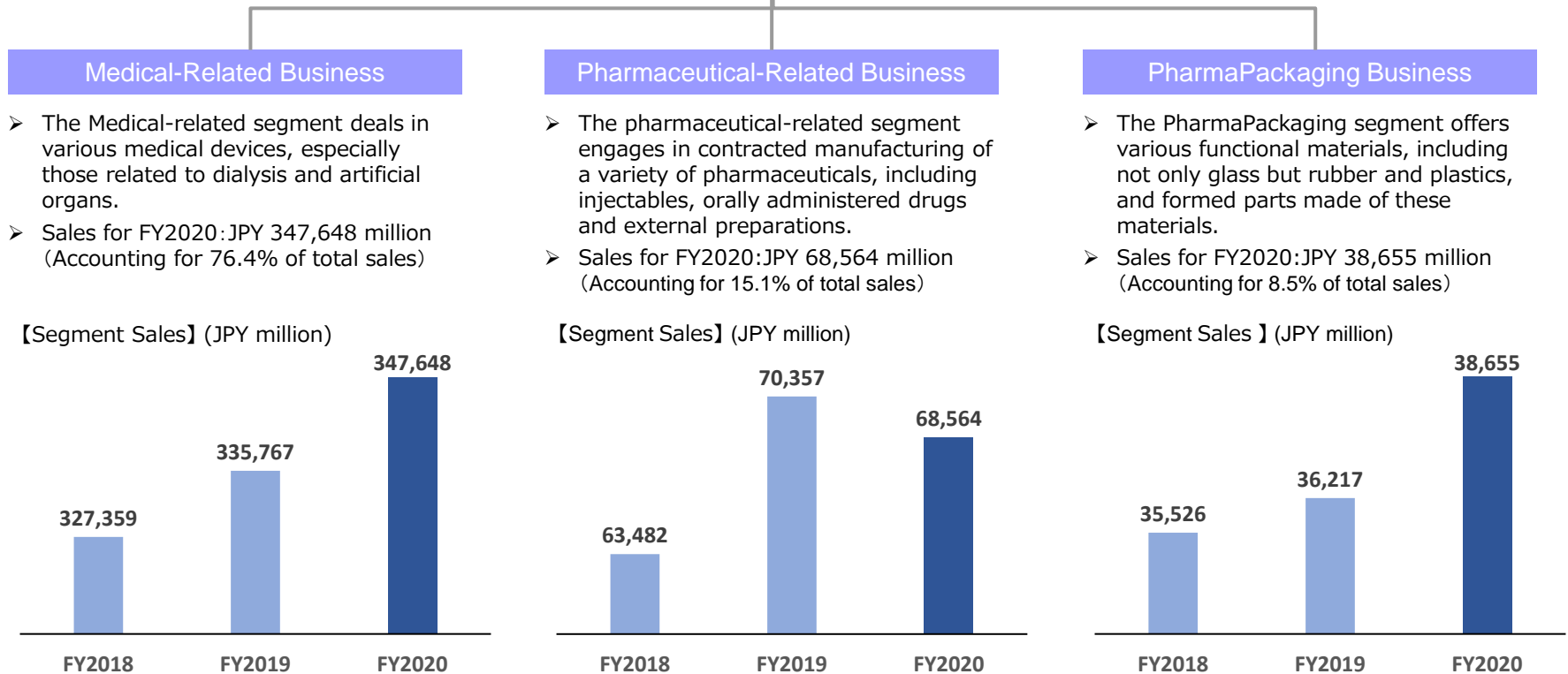
Social Finance Framework

September 2021



Company Overview

- Management Philosophy : In looking toward future as a truly global comprehensive medical manufacturer, Nipro believes current and future responsibility to society is to develop innovative, value-added products and technologies that improve patient outcomes and healthcare worldwide.



Overview of Social Finance Framework^①

- Nipro contributes to improving the health and QOL of people around the world through socially indispensable efforts to provide a stable supply of medical devices and pharmaceuticals. Nipro believes that these efforts will contribute to solving social issues as a social project.
- For this social finance, Nipro has formulated the social finance framework in accordance with the Social Bond Principles 2021 of ICMA (International Capital Market Association) .
- In addition, as a third-party evaluation of the Social Finance Framework, Nipro has obtained a “Second Opinion” from R&I.

1. Use of proceeds

- Proceeds will be allocated to finance or refinance capital investment or R&D spending in each segment.
- The main use of proceeds is shown in the table below.

Eligible projects	Main use of proceeds
Domestic Medical-related business	Capital investment primarily in medical device manufacturing factories and regenerative medicine-related facilities and R&D activities for pharmaceuticals, etc. Examples : Install additional dialyzer production lines and renew cell culture equipment at regenerative medicine product manufacturing facilities
Global Medical-related business	Capital investment primarily in medical device manufacturing factories Examples : Install additional dialyzer production lines
Pharmaceutical-related business	Capital investment primarily in pharmaceutical contract manufacturing factories Examples : Install additional syringe formulation manufacturing equipment (to manufacture syringe formulations for the government’s vaccine stockpiles, etc.)
PharmaPackaging business	Capital investment primarily in manufacturing factories for pharmaceutical packaging products and R&D activities for pharmaceutical packaging products, etc. Examples : Install new glass tubing manufacturing equipment (to manufacture vials for vaccine developers, etc.)

Overview of Social Finance Framework②

2. Process for Project Evaluation and Selection

- Management philosophy is as follows: In looking toward our future as a truly global comprehensive medical manufacturer, Nipro believes our current and future responsibility to society is to develop innovative, value-added products and technologies that improve patient outcomes and healthcare worldwide.
- Nipro is carried out under the management philosophy of social contribution, and Nipro recognizes that these businesses contribute to the solution of social issues and that all businesses are social.
- In addition, Nipro has formulated the medium-term management plan in line with management philosophy, and are committed to continuing these businesses over the medium to long term. The corporate planning department of the corporate planning headquarters collaborates with various departments within the company to create a draft of a medium-term management plan that incorporates eligible projects. The plan is approved by the board of directors.
- In the process of selection of eligible projects, based on the policies of each business formulated in the medium-term management plan, the corporate planning department of the corporate planning headquarters evaluates and selects projects that correspond to capital investment or R&D expenses, and obtains the approval of the Finance Officer. The selected projects are reported at the board of directors.

3. Management of Proceeds

- The proceeds will be credited to a checking account in the name of Nipro and managed by the accounting department of the corporate planning headquarters. Any payments for the eligible projects implementation will be managed by the accounting department based on the verification and request by a department that receives invoices or other evidence documents.
- The data on expenditures for the eligible projects will be extracted using internal accounting codes, and allocated and unallocated amounts will be tracked in a reliable manner. Unallocated proceeds will be invested only in highly liquid and safe financial assets under internal rules.
- The allocation of proceeds will be confirmed by the Finance Officer annually.

4. Reporting

- Nipro will disclose to investors the allocation of proceeds and materials that explain social outcomes. The allocation of proceeds will be disclosed on its website and Annual Report annually.

Reporting

1. Reporting on allocation of proceeds

- The allocation of proceeds will be disclosed annually on the Nipro website. Nipro will disclose the proportion of proceeds allocated to financing or refinancing.
- Proceeds will be allocated to finance or refinance capital investment or R&D spending in medical devices, pharmaceuticals, pharma packaging materials manufacturing factories and regenerative medicine-related facilities.

2. Impact Reporting

- Until the proceeds are fully allocated to eligible projects, Nipro will announce the following output indicators within the scope of confidentiality obligations as impact reporting of the eligible project on its website.




	Output indicators	Outcome indicators
Domestic Medical-related business	<ul style="list-style-type: none"> • The increasing rate of medical devices manufactured • The increasing rate of Nipro-brand generic drugs manufactured • Cell drug manufacturing capacity 	<ul style="list-style-type: none"> • The increasing rate of medical devices sold • The increasing rate of Nipro-brand generic drugs sold • The number of cell drugs sold
Global Medical-related business	<ul style="list-style-type: none"> • The increasing rate of medical devices manufactured • The increasing rate of dialysis clinics • The number of training centers 	<ul style="list-style-type: none"> • The increasing rate of medical devices sold • The increasing rate of patients treated at dialysis clinics • The number of training center users
Pharmaceutical-related business	<ul style="list-style-type: none"> • The increasing rate of drugs manufactured under contract 	<ul style="list-style-type: none"> • The increasing rate of drugs manufactured and shipped under contract
PharmaPackaging business	<ul style="list-style-type: none"> • The increasing rate of products manufactured 	<ul style="list-style-type: none"> • The increasing rate of products sold

(Reference) Information disclosure about business in general







- Nipro discloses information about its business in general such as a medium-term management plan, annual report information and about financial conditions such as securities reports and financial summaries on its website. <https://www.nipro.co.jp/en/ir/>

Contribution to SDGs by this framework①

- Eligible projects are in line with the "SDGs" advocated by the United Nations and the SDGs guidelines of the Japanese government. With reference to ICMA's SDGs mapping, Nipro rates it to contribute to the following SDGs goals and targets.

Eligible projects	SDGs	Efforts/Main Use of Proceeds
Domestic Medical-related business		<ul style="list-style-type: none"> • Manufacture and sale of dialyzer, a medical device indispensable for life support, health improvement, and quality of life improvement of patients who require dialysis
		<ul style="list-style-type: none"> • Manufacture and sale of a lineup of consumables, such as surgical masks, surgical rubber gloves, and tubes, as well as blood collection tubes and antiseptics, all of which are in high demand globally during the spread of novel coronavirus (COVID-19) or other new infectious diseases • Manufacture and sale of own-brand generic drugs that contribute to reducing social medical costs
		<ul style="list-style-type: none"> • Manufacture and sale of antibacterial drugs, despite their low profitability and concerns over potential supply shortage of APIs • Development and sale of products that can be used regardless of age or physical disability. The above includes a lineup of PTP sheets, such as those designed so that visually impaired users can distinguish medications, those with a blank space provided for the entry of medication instructions and date/time to take medication, and those designed for easy handling for users with difficulty with hand movement • In-house development of drug substances for some antibiotics to address concerns about future API shortage • Sale of a cloud-type patient monitoring system (Nipro Heart Line™) that uses ICT to enable the real-time monitoring of patient information even at remote locations • Sales of HN LINE®, a system that solves operational issues by linking medical device information with electronic medical records and supports work style reforms for healthcare professionals

Contribution to SDGs by this framework②

Eligible projects	SDGs	Efforts/Main Use of Proceeds
Global Medical-related business	  	<ul style="list-style-type: none"> • Manufacture and sale of dialyzer, a medical device indispensable for life support, health improvement, and quality of life improvement of patients who require dialysis • Provision of more accessible dialysis treatment by opening dialysis clinics in urban fringe areas for patients who live far from urban areas in emerging countries such as Latin America • Provision of high-quality treatment by opening dialysis clinics in urban areas in Southeast Asia and Africa • Manufacture and sale of a lineup of consumables, such as surgical masks, surgical rubber gloves, and tubes, as well as blood collection tubes and antiseptics, all of which are in high demand globally during the spread of novel coronavirus (COVID-19) or other new infectious diseases
Pharmaceutical-related business		<ul style="list-style-type: none"> • Manufacture of contract manufacturing drugs that contribute to reducing social costs by reducing risks and improving efficiency while promoting horizontal division of labor from drug research and development to supply
Pharma Packaging business	 	<ul style="list-style-type: none"> • Manufacture and sale of products to prevent medical accidents in using medical devices. Specifically, these include winged needles with a needlestick accident prevention function, syringes that can be distinguished by color to prevent drug mix-ups, pre-filled syringes that can reduce the risk of foreign material and bacterial contamination and needlestick accidents, and pharmaceutical kits