



Message from Outside Directors

Further promoting sustainability management from the perspective of a female outside director

Outside Director
Shio Harada

As an attorney, I have been involved in a wide array of legal consultations, ranging from the kind of general civil matters that people face in their day-to-day lives to the legal affairs of listed corporations, while also teaching as a lecturer in the area of civil affairs at the Legal Research and Training Institute, for the purpose of nurturing younger generations of attorneys. I also have deepened my knowledge of women's rights in general and gender equality in particular by taking part in the Gender Equality Committee of the bar association to which I belong.

It has been a year now since I was appointed as an outside director and the first female director at Nihon Chouzai. Through repeated discussions at Board of Directors meetings, I have gained a fuller understanding of the company and its business activities as it earnestly seeks to address healthcare issues facing Japan, grounded in the Group philosophy. I resonate very much with the Group's commitment to contribute to society from a broad perspective, one that also looks forward to emerging social issues.

Nihon Chouzai is actively pursuing sustainability management. My sense is that the Group is making steady headway in addressing sustainability issues related to the area of healthcare in particular. Also, with regard to corporate governance, compliance, and other aspects of risk management, the Group is making progress year-by-year in terms of systems and frameworks. Still, I recognize that the challenge going forward will be to further enhance the effectiveness of these systems and frameworks. To pursue even more thorough-going sustainability management, the Group is setting performance indicators for its key management issues (materiality) and strengthening monitoring functions.

Ensuring diversity and maintaining a sound management foundation are essential to

sustainable corporate growth. Women currently account for about 70% of the officers and employees of the Group. I feel that the company's approach to gender diversity, including the empowerment of women, is really wonderful.

I am also paying attention to the recruitment and cultivation of talent. Numerous multi-talented female pharmacists are taking an active role at Nihon Chouzai pharmacies. However, although the ratio of female managers and area managers is increasing according to plan, I would still be hard-pressed to say that the level is high. For women, the formation of a career path tends to be interrupted by life events such as childbirth and childcare. Consequently, creating the kind of systems and environments in which women can form such career paths and continue to work without worry over the long term is an issue that warrants deeper consideration. In FY2022, 69.0% of male employees took childcare leave, which is a solid result vis-a-vis the company's target of 40%. Going forward, I think it would be a good idea to expand discussions around topics such as more flexible HR systems and an increase in the number of leave days taken. I am convinced that improving the working styles of all employees, including men, will lead to a workplace environment that allows women to play a more active role, and that this in turn will help the company secure and cultivate diverse, invaluable talent. But not only that: It is vital in terms of corporate growth and in terms of enhancing corporate value to secure diverse human resources to serve as directors and hold other such positions of authority, so that they can reflect their diversity in corporate decision-making. This is an area that is gaining broader recognition in society. In this respect as well, I look forward to seeing the various initiatives of the Nihon Chouzai Group bear fruit in the near future.

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Dialogue with investors centered on long-term management strategies is key to the long-term enhancement of corporate value.

Outside Director
Yoshimitsu Onji



Five years have gone by quickly since I was appointed as an outside director of Nihon Chouzai in June 2018. Over that period, my strong sense is that the roles expected of an outside director have expanded to include strengthening corporate governance. At the same time, there have been major changes that I feel have impacted the management of the Group as a whole over the past five years.

One of the most significant changes, of course, was the passing of the baton to a new President at Nippon Chouzai shortly after I was appointed. Under the current President's leadership, the Board of Directors meetings—which up to then gave me the strong impression of serving as a venue for providing explanations to outside directors—have changed to become more of a forum for a mutual exchange of ideas in both directions. In 2022, Shio Harada was also appointed as the company's first female director. Going forward, even greater diversity, such as in terms of gender and age, will enable Board meetings to generate discussions from an even broader array of perspectives.

Among the management issues facing Nihon Chouzai, I have a particularly keen interest in three themes. The first is revising the long-term vision and exploring a new medium-term management plan. Enhancing corporate value over the long term calls for establishing a long-term vision for the Group and setting out an appropriate roadmap (medium-term management plan) to achieve that vision. I sincerely hope the Board of Directors will thoroughly revise the long-term vision and engage in discussions around the formulation of a new medium-term management plan, with a view to monitoring the degree to which it achieves its goals more closely than ever. The company has recently launched a project team staffed mainly by younger employees spanning various departments and operating

companies. I look to this team to engage in vigorous discussions about issues facing the Group. It is crucial that the generation that will actually lead the company into the future actively participates in shaping that future, with a sense of ownership.

Secondly, I feel that the current business portfolio is in good shape for Nihon Chouzai as a healthcare group. On the other hand, I feel that the company needs to revisit its strategies, such as how to grow the various businesses in the portfolio. Investors often find Japan's healthcare system difficult to understand. I would like to hold more discussions with these investors so that we can adequately communicate both the risks and the new growth opportunities facing the company.

Third, like other companies listed on the Tokyo Stock Exchange Prime market, I recognize that enhancing corporate value is a major issue for Nihon Chouzai as well. To recover and maintain a price book-value ratio of more than 1.0x, it is of chief importance that the company informs investors about its strengths. My impression is that the company has not yet created sufficient opportunities for communication between outside directors and investors. I would like to expand the number of wide-ranging dialogues beyond the current level, for example by looking overseas.

Nihon Chouzai announced a new Group philosophy in April 2022. I would like the company to be a place where every employee can take ownership of this philosophy, thinking and acting to turn it into a reality. Moreover, I would like to see Nihon Chouzai become more widely known as a key player in healthcare in Japan, as the place to turn to for people pursuing health and wellbeing. I will continue to communicate actively with the company's investors and other stakeholders. I hope that you will look forward to the growth of the Group.