

Reinforcing Human Capital

Basic Approach

The Nihon Chouzai Group thinks of employees as human capital, a critical management resource. Since our founding, we have had a strong focus on education for our pharmacists and other employees. As we set out to achieve Long-Term Vision 2035, we will redouble our efforts to reinforce our human capital.

Our aim in reinforcing human capital is to deepen employee understanding of the Group philosophy and gain employee buy-in for it, as well as to create a vibrant workplace where employees can pour themselves into their work. In this way, we will strive to contribute to society while enhancing our corporate value over the longer term.



Three Pillars for Reinforcing Human Capital

We have set out three key strategies to enhance the value of our human assets: ensuring diversity and building a sustainable organization, boosting employee fulfillment and satisfaction, and cultivating an environment that facilitates work. We seek to maximize the potential of all employees by offering opportunities to learn and grow. At the same time, we are aiming for the sustainable growth of the organization by creating systems and an environment that foster employee buy-in and help employees derive fulfillment from their work, as well as pursuing initiatives to ensure diversity in the workforce, including promoting women's empowerment. These efforts will result in the increased value of our human assets and organizations through greater employee engagement and labor productivity, which will tie into our ability to provide enhanced, more robust value for customers and patients. Over the longer term, we see this translating into higher sales, profitability, and other financial value.

Enhancing human assets and organizational value through measures linked to the three pillars



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Ensuring Diversity and Building a
Sustainable Organization

Recognizing that supporting the active contribution of diverse personnel and securing and cultivating the human capital needed to take the reins of future management are indispensable to enhancing longer-term corporate value, we are planning and pursuing measures to create a working environment where employees can thrive regardless of race, nationality, age, gender, disability, or other characteristics.

We believe there are two ideal areas to strive for over the longer term: basing the development and placement of human resources on our business strategies and consistently ensuring the sufficient quality and quantity of personnel; and pursuing growth by understanding and bringing together diverse personnel in different positions.

To achieve this, we will foster an environment in which diverse personnel can flourish, including further increasing the ratio of female managers. In addition, we will work to build a human capital portfolio that contributes to sustainable growth, including formulating succession plans and cultivating leadership talent.

Building a talent portfolio

Cultivating management talent to lead sustainable growth

Succession Plans

It is vital for the longer-term growth of the Group to continuously formulate and update succession plans for the key positions that will shoulder the next generation of management. We are currently considering targets for formulating and monitoring such plans.

As for the General Manager of the Pharmaceutical Department, which is a key position in charge of directing the pharmacy business, we have already put a succession plan in place targeting section head-level employees. We are selecting a final candidate after analyzing the potential of the various candidates, including their ability to make management judgments, through a diagnosis of their strengths and weaknesses and interviews.

Developing Leadership Talent

We are running a variety of programs to develop the next generation of leadership talent, including mid-career employee training for new graduates on career tracks and evaluator training to ensure fair and impartial personnel evaluations.

We also offer outside training for newly appointed executive officers and other managers to teach the various skills and high-level perspectives needed for management. In FY2024, a total of four executive officers took part in three training courses.

Details of initiatives <https://www.nicho.co.jp/en/sustainability/esg/human/>

TOPIC Next-Generation Leadership
Development Project: NextForum

As a new initiative to develop leadership talent, we have begun conducting group training sessions called NextForum. The aim of this program is to share the knowledge and experience of the various Group companies and departments, deepen mutual understanding and buy-in, broaden the perspective of each participant, and encourage changes in work-related awareness and behavior. A total of 10 members selected from various Nihon Chouzai Group companies are taking part in this Group-wide training program, which will run for about a year. Training includes lectures by top management and in-depth discussions at training camps.

Participants are working hard towards the outcome of the training, which is a personal declaration of behavioral commitments. This project was born from suggestions offered by its predecessor, the Mitsuhashi Business Academy (MBA) project. Going forward, our aim is for the project to continue as an autonomous, employee-driven initiative.



Recruitment strategy

Securing pharmacists and other talent is vitally important to our ability to offer high-quality pharmacy services and enhance the competitive strategies needed to expand the organization. We face the need to address major changes in the operating environment due in part to deregulation, regulatory reform, advances in digital transformation, and industry restructuring. We are thus focusing on reinforcing our framework for recruiting new graduates and mid-career professionals to be pharmacists, registered dietitians, medical office workers, and career-track employees.

Career-Track Employees

We are stepping up our recruitment of career-track employees to help set out a robust growth strategy for the future, including creating new businesses and frameworks. With the goal of securing excellent talent in various specialized fields, including human resources, planning, sales, finance and accounting, marketing, and IT engineering, we are engaged in activities capitalizing on a wide range of channels for both new graduate and mid-career hiring.

Reinforcing Recruitment of New Pharmacist Graduates

The importance of a pharmacist's patient-centered work—whether in the family pharmacist system, at-home medical care, or consultations about drug therapies in various specialized fields—is gaining attention. Securing excellent talent is the most critical issue in realizing the growth strategies needed to survive ongoing restructuring of the pharmacy industry in Japan. To this end, we are taking steps to recruit talented new pharmacist graduates.



Developed a wealth of media to convey the appeal of Nihon Chouzai.

Ensuring diversity

Empowerment of Women in the Workplace

P.72 External Evaluations and Participation in External Organizations

The percentage of female pharmacists has traditionally been high in Japan. About 70% of Nihon Chouzai pharmacists are female. For this reason, we are pursuing Group-wide initiatives to promote the active participation of women, including supporting the careers of our female employees and raising awareness among managers.

Action Plan

1 Increase the ratio of women in managerial positions to over 13% (April 2022–March 2025)

As of March 2024:
Female manager ratio 13.3%
Female area manager ratio 17.6%

2 Increase the ratio of full-time male employees who take childcare leave to over 40%.

As of March 2024:
Male employees taking childcare leave 84.3%

Female employees
72.4%
*Nihon Chouzai only

Number of people using the childcare reduced working hours system
632 people

Retention rate of employees returning to work after childcare leave
97.4%

(As of March 2024)

Diversity and Inclusion (DE&I)

Mid-Career Hires

To hone employee expertise and create new value different from that of existing employees, we are focusing on recruiting not only new graduates but also experienced employees. By acquiring highly specialized talent from outside the company, we not only fill open positions but also introduce new perspectives and experience, which brings renewed vitality to the organization as a whole.

Percentage of mid-career hires in managerial positions

59.5%
As of end-FY2021

58.2%
As of end-FY2022

59.6%
As of end-FY2023

Active Participation of People with Disabilities

Nihon Chouzai is promoting various initiatives to enable diverse human resources to play an active role in business operations.

Nihon Chouzai currently employs 144 staff with disabilities, representing 2.8% of all employees (as of June 2024). This exceeds the statutory employment rate. We are actively seeking to hire more employees with disabilities while broadening the scope of potential job positions.

Initiatives <https://www.nicho.co.jp/en/sustainability/esg/human/>

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Boosting Employee Fulfillment
and Satisfaction

Having long regarded human assets as the most important source of value creation, the Group has focused on cultivating human capital and honing the expertise of our pharmacists in particular. Our aim as we work to achieve our long-term vision is to maximize the capabilities of our employees by encouraging self-learning, which empowered employees to grow and chart new career paths. We are in the process of expanding our framework to better support career autonomy.

Furthermore, to boost employee engagement, we gauge gaps in engagement levels by carrying out regular surveys. Going forward, as a PDCA cycle based on survey results gets underway, we will seek to instill actions across the Group to further enhance employee engagement.


Career autonomy, heightening expertise

Expertise

Cultivating pharmacists and other highly specialized medical personnel

In the mainstay Dispensing Pharmacy Business, to fulfill its mission to be healthcare professionals, Nihon Chouzai is working to develop personnel who have a patient-centered perspective and a high degree of expertise. We have expanded the organization by opening multiple pharmacies across Japan. We therefore see it as a key management issue to seek to strengthen the human capital needed to manage the organization and continue to cultivate the next generation of leaders who can guide this process.

In the Dispensing Pharmacy Business, we are working to recruit pharmacists of a high caliber while further reinforcing our high-level educational programs. We launched the Pharmacist Stage evaluation system in April 2018. Under this system, we encourage employees to acquire in-house certification and offer full support to this end, preparing them for the next step of obtaining more advanced outside certification. Acquiring outside certification requires not only pharmacy experience but also hospital-based training. More than 30 of our pharmacists undergo such clinical training every year.

For details ▶  P.39/ Raising the Caliber of Our Pharmacists

Initiatives to support career autonomy

Enhancing Training for Specific Professional Skills

Nihon Chouzai's new personnel system spells out the qualities and abilities required for each professional qualification. We have started training to support employees in bringing these qualities and abilities to bear on their work. In the new middle-class training, which is common to all job positions, and in the new high-class training for career-track employees, training considers specific actions employees can take to properly understand and fulfill the roles expected of them at each job level. We also support employees in carrying out these roles in the workplace by aligning their expectations with those of the company through interviews with their superiors and follow-up training.

Providing Venues for Self-Learning

We want to empower all employees to take the initiative in shaping their own career paths. To this end, we launched an initiative to support employee learning by offering an online self-development curriculum on a platform accessible to all employees. We also provide digital training to motivated applicants seeking to acquire practical knowledge and skills. This training targets employees who are interested in broadening their knowledge about business in general and who are eager to use IT to improve work efficiency.

Improving employee engagement

Group Engagement Surveys

With the aim of building a more robust organization and fostering employee growth over the longer term, we regularly take stock of employee engagement levels. Results of the engagement survey conducted in FY2023 revealed positive views of the Group's management stance of taking initiatives ahead of other companies, strong buy-in for the Group philosophy, and a robust desire among employees to grow. We have taken steps to improve engagement, including instilling the Group philosophy, expanding opportunities for communication from management, and overhauling the personnel system. We will continue to take a range of measures targeting even further improvements in engagement going forward, such as promoting flexible working styles and strengthening our career support framework.

Group Engagement Survey 2023

Number of respondents (five Nihon Chouzai Group companies): 6,366 (response rate 92.4%)

Trends revealed as strengths

Growth ambition

Employees have a strong desire to grow, and want to contribute to their workplace and to colleagues by seriously engaging in healthcare. We have created an environment where people support the growth of their colleagues.

Business strategies

The company's management stance of embracing leading-edge initiatives and business development attuned to industry needs have gained buy-in from employees, and our management strategies received high marks.

Group policies

We have gained strong buy-in for the Group vision of being the most trusted partner in healthcare, Our Mission of giving people the closest possible support, and our basic approach to healthcare, and are seen to be putting these into practice.

Introduction of a New Personnel System at Nihon Chouzai

We introduced a new personnel system in April 2024. The new system aims to cultivate personnel who can embody our Group philosophy of giving people the closest possible support and contributing to society through the provision of high-quality healthcare services. The system indicates the direction employees should aim for, spelling out a model of the kind of person we are looking for to serve as a guideline for employees working in the Group. The system does away with former promotion requirements based on age and length of service. It also seeks to foster a greater sense of satisfaction among employees, with evaluations incorporating a behavioral assessment based on the Group philosophy and the model of the kind of person we are looking for. The system also brings in balanced benefits that more closely reflect job responsibilities and expertise. We aim in these ways to revitalize our personnel, shaping them into a foundation upon which we can achieve our long-term vision.

Model of the kind of person we are looking for

We are looking for professionals with sound, excellent character, strong leadership abilities, and the capacity to draw on a high level of expertise while gaining the trust of those around them. They will be unafraid of change, embrace challenges, bring together diverse strengths, and get strong longer-term results, thus helping to address social issues, primarily in the healthcare field.

Three pillars of the new personnel system

Grades

Supporting employee growth and career development by introducing a system that assigns two types of grades to each employee: a professional skills grade that stresses experience and ability, and a position grade determined by the degree of job responsibilities

Evaluation

The evaluation system uses two criteria—a behavioral assessment based on the Group philosophy and the model of the kind of person we are looking for, and a performance assessment based on the extent to which organizational goals are achieved—allowing more in-depth two-way dialogue between superiors and their teams and fostering a greater sense of satisfaction

Compensation

Formulating a clear compensation system that reflects the level of responsibility, ability, and accomplishments

Efforts to Instill the Group Philosophy and New Long-Term Vision

We are working to instill the Group Philosophy, which was formulated in April 2022. Through a combination of top-down and bottom-up initiatives, we aim to inculcate throughout the Group an outlook that expresses the Group's purpose in society and defines the actions needed to lead to future growth. Our goal is to create opportunities for employees to become aware of and take a personal stake in the Group philosophy. One step to this end is running a serial column in the in-house Group newsletter in which employees talk about the Group philosophy in their own words.

To realize Long-Term Vision 2035, announced in September 2024, we are also working to deepen employee understanding of and buy-in for the long-term vision. We are targeting better communication by distributing materials to employees and posting video messages from President Kasai. We are also exploring and implementing measures to raise awareness of the long-term vision so that each employee can take a personal stake in the vision and apply it to their work. One effort involves planning an in-house newsletter to field questions about the long-term vision submitted by employees.



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Cultivating an Environment that
Facilitates Work

Creating an environment in which all employees can embrace their work with enthusiasm is essential to building the vibrant and energetic organization we aim to be. Going forward, we will continue to consider various measures to improve the balance between work and private life by lowering restrictions on where and when employees can work and enabling flexible working styles, which will feed into higher labor productivity. We believe that maintaining sound individuals and organizations contributes to the realization of the Group philosophy and, by boosting productivity across the entire organization, to the realization of our long-term vision. For this reason, we are investing in health and productivity management in a strategic and systematic manner.

Flexible working styles

Initiatives to Support Flexible Working Styles

Fostering an environment that facilitates work leads to greater employee engagement and labor productivity, which in turn contributes to longer-term business growth. We are thus exploring ways to offer more flexibility in terms of working hours and locations.

Relocation of Head Office to Tamachi Tower

Amid the increasing diversity in working styles spurred by the pandemic, we sought to increase employee fulfillment by providing an office environment suited to the times. To this end, in September 2024, we relocated our Tokyo head office to Tamachi Tower in Tokyo's Minato-ku. We designed the workspace in the new office building to be seamless, making it easy for team members, departments, and Group companies to communicate with one another. To enable team members with differing values and backgrounds to exchange opinions and ideas, stimulate communication, and maximize business growth and organizational performance, various innovations to support more robust human and organizational assets have been incorporated throughout the building, including the creation of a new JP Lounge where employees can take breaks and hold casual meetings.



Health and productivity management

Reinforcing Health and Productivity Management

We believe that employee safety and health are crucial, fundamental prerequisites for raising individual and organizational productivity. An organization where every employee works energetically is able to provide healthcare that is grounded in regional communities and offer medical services adapted to the changing times. In FY2023, to foster an environment where employees can work more safely and without concerns, we upgraded various elements of the work environment, including revising the manual on preventing occupational accidents, expanding e-learning courses, and installing AEDs (defibrillators) and providing AED training at all branches. We are taking steps to further improve employee health. These include producing original in-house videos focusing on relevant themes such as mental health, simple exercises, and women's health issues, and regularly distributing the videos on an on-demand basis. To better encourage employees to quit smoking and prevent passive smoking, we launched our own in-house program that resulted in a 100% success rate in quitting smoking.

Support for employees and their families is also vital, and we have strengthened our return-to-work programs and established systems for balancing work and illness to ensure that employees undergoing medical treatment can continue to work with peace of mind, while also gaining greater understanding among their teams. Through these and other measures, we are promoting diverse working styles appropriate to each life stage.