

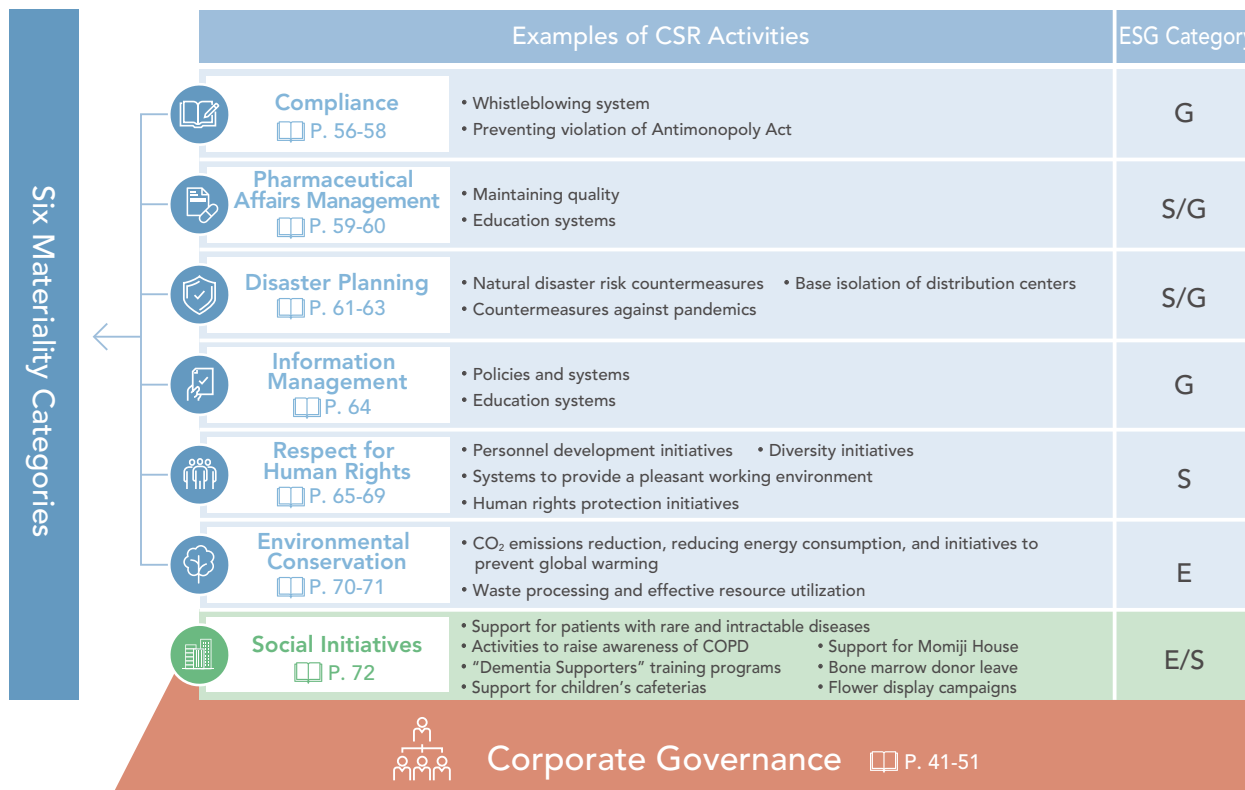
Important Issues of the MEDIPAL Group (Materialities)

Basic Policy

The MEDIPAL Group’s social mission is to reliably deliver products to the people who need them, without fail. To achieve this mission, we believe that it is important to establish a solid business structure. We have identified issues of high priority (materialities) in six categories: compliance, pharmaceutical affairs management, disaster planning, information management, respect for human rights, and environmental conservation.

Relationship with CSR (handling of individual materialities)	<p>▶ The above six categories are CSR (corporate social responsibility) categories that have been defined by the Group, and reflect our risk management perspective. The Group has defined its CSR as “conducting business activities with consideration for the economy, society, and the environment so that, by perpetually growing, the companies that make up the Group will realize the Group’s Management Philosophy, and the results of those activities will also rightfully benefit society.” Based on this shared understanding, we hold CSR General Meetings primarily for the chairmen of the CSR committees of Group wholesale operating companies, and carry out CSR initiatives.</p>
Relationship with ESG, which supports our long-term corporate value	<p>▶ These six categories, along with the underlying corporate governance, correspond to the three themes of ESG (environmental, social, and governance), which is an area of great interest to investors. We believe that the material issues we have selected are ESG elements that support the long-term improvement of the Group’s corporate value, and that they have a substantial impact on value creation.</p>

Relationships between Material Issues, CSR, and ESG



Message from the Chairman of the CSR Committee

We will concentrate on establishing even more rigorous compliance and making progress toward achieving the SDGs.

Yuji Sakon

Managing Director
General Manager of Administration Division,
Chairman of CSR Committee
MEDIPAL HOLDINGS CORPORATION



Achievements and Issues in Promoting Sustainability

Looking back over the past year, the Group's external environment has changed significantly, due partly to the impact of COVID-19 and climate change issues. Given these circumstances, as a company that supports people's healthy lifestyles, we have safely and securely delivered the required products at the required time in just the required amount with business activities linked to the SDGs.

Our no-contact system, using inspection by individual scans that reduces the risk of infection, is representative. Customers appreciate it, and rollout is moving forward. Our environmental strategies have been designed to optimize the number of deliveries, and our customers have let us know that they want to collaborate in meeting SDG needs. In addition, we have proudly fulfilled our mission of delivering pharmaceuticals in Japan, with carrying out our responsibility to deliver COVID-19 vaccines being a good example.

MEDIPAL Group management prioritizes a comfortable work environment. Both MEDIPAL HOLDINGS CORPORATION and MEDICEO CORPORATION were recognized as an "2021 Certified Health & Productivity Management Outstanding Organization" in recognition of their initiatives to maintain and improve employee health. Our efforts to improve the health literacy of employees is particularly noteworthy. Since 2017, the Group has encouraged employees to take the Japan Health Master Exam,* and 4,068 people had passed as of March 31, 2021. We provide support for employees to lead healthy lives both mentally and physically while working in a supportive environment that places importance on their lifestyles and values.

The Group has identified six materialities (important issues). We will focus on compliance, respect for human rights, and environmental conservation, and will set medium-to-long-term goals toward their achievement. The issue of climate change is particularly

important among the SDGs and is closely related to the business activities of the Group and its distribution responsibilities, so we will further reduce CO₂ emissions.

Companies need to think about others "altruistically" as they make progress toward the SDGs. I strongly feel that all of us must keep the human element of sustainable development in mind to understand the SDGs and achieve them.

Rigorous Compliance and Enhanced Corporate Governance

In 2019, a consolidated MEDIPAL subsidiary received an on-site inspection by the Japan Fair Trade Commission. Taking this matter seriously, the Group appointed the Representative Director, President and CEO as the Chief Compliance Officer and he is taking the initiative in promoting compliance management. Our system includes the newly established Compliance Committee as an advisory body to the Board of Directors, and we have enhanced continuous monitoring functions. In addition, we have implemented measures to raise compliance awareness in our sales activities, such as assigning a person in charge of compliance to each operating company and appointing sales managers as compliance leaders. Our new Guiding Principle for Business Activities also clarifies the commitment to compliance among senior managers, who are visiting offices nationwide to inculcate a corporate culture of legal compliance with the goal of improving corporate value.

In addition, the presence of outside officers with extensive experience and expertise is extremely important for the sustainable development of the Group. Open discussions with outside officers will help MEDIPAL to further enhance governance and establish a system that contributes to increased corporate value.

* Japan Health Master Exam: Conducted by the Japan Health and Life Promotion Association, this program enables participants to gain health literacy based on the latest health information, and acquire qualifications.

SDGs for the MEDIPAL Group

The Group will help achieve a sustainable society through nine main initiatives.

Specific Initiatives of the MEDIPAL Group

3 GOOD HEALTH AND WELL-BEING 	1) We support people's lives and lifestyles by providing a stable supply of pharmaceuticals and living necessities nationwide. 2) We provide physicians and medical personnel with helpful information regarding pharmaceuticals, etc.	11 SUSTAINABLE CITIES AND COMMUNITIES 	We are thoroughly prepared to continuously supply pharmaceuticals and daily necessities in the case of emergencies such as large-scale disasters and pandemics.
5 GENDER EQUALITY 	We strive to ensure diversity by incorporating different experiences, abilities, and characteristics, such as through our appointment of six female outside directors (three in MEDIPAL HOLDINGS CORPORATION and three in PALTAC CORPORATION).	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	1) We work to minimize the generation of waste by reducing the amount of returned goods. 2) We support the expansion of the ethical consumption movement.
7 AFFORDABLE AND CLEAN ENERGY 	We strive to improve energy efficiency through measures such as the aggregation of logistics sites and improving delivery efficiency.	13 CLIMATE ACTION 	We strive to reduce CO ₂ emissions through measures such as conserving energy at our logistics centers, introducing fuel-efficient vehicles, and optimizing logistics methods with medical institutions.
8 DECENT WORK AND ECONOMIC GROWTH 	For the distribution business, which does not manufacture its own products, the growth of each employee leads to the sustainable growth of the company.	17 PARTNERSHIPS FOR THE GOALS 	We collaborate with various companies to build partnerships.
9 INDUSTRY INNOVATION AND INFRASTRUCTURE 	We are actively introducing cutting-edge technologies such as AI and robots to improve the productivity of discontinuous operations.		



Message from the Vice President

Fulfilling Our Mission of Delivering Pharmaceuticals in Japan SDGs in the Prescription Pharmaceutical Wholesale Business



Yasuhiro Choufuku
 Director, Vice President
 MEDIPAL HOLDINGS
 CORPORATION

All the products we distribute support people's lives and health. Therefore, our businesses will continue to ensure the delivery of the necessary pharmaceuticals, both in normal times and during emergencies. We recognize this as our mission and the fact that it will help achieve the SDGs.

Our high-performance ALCs are the foundation of our business, and we have 12 throughout Japan from Hokkaido to Kyushu. They are earthquake-resistant/base-isolated buildings and also feature disaster countermeasures such as in-house power generation systems, emergency delivery motorcycles, and on-site refueling equipment. We also promote logistical mutual cooperation among areas.

We are evolving logistics in line with contemporary trends. Our storage and delivery system supports the control of various temperature bands, enabling us to stably supply difficult to manage COVID-19 vaccines and orphan drugs. In addition, we are creating solutions from the perspective of optimizing our entire supply chain. For example, inspection by individual scans significantly reduces the inspection time for pharmaceutical products, which creates more time for medical staff to do their work. In addition, reduced contact has helped reduce the risk of viral infection.

We are currently focusing on reforming our delivery methods. We analyze the optimal drug inventory and delivery schedule for each medical institution and dispensing pharmacy. We then work to streamline ordering and optimize the number of deliveries, while collaborating with our customers in initiatives to reduce CO₂ emissions.

Japan currently is facing the issue of an aging population and experiences many natural disasters, so we are helping to build a sustainable society with distribution that supports people's healthy lifestyles. The Group is working toward this important goal by fostering a corporate culture in which each Group employee has high aspirations, always thinks about what the company can achieve, and then works to achieve those goals.

Corporate Governance

Basic Policy



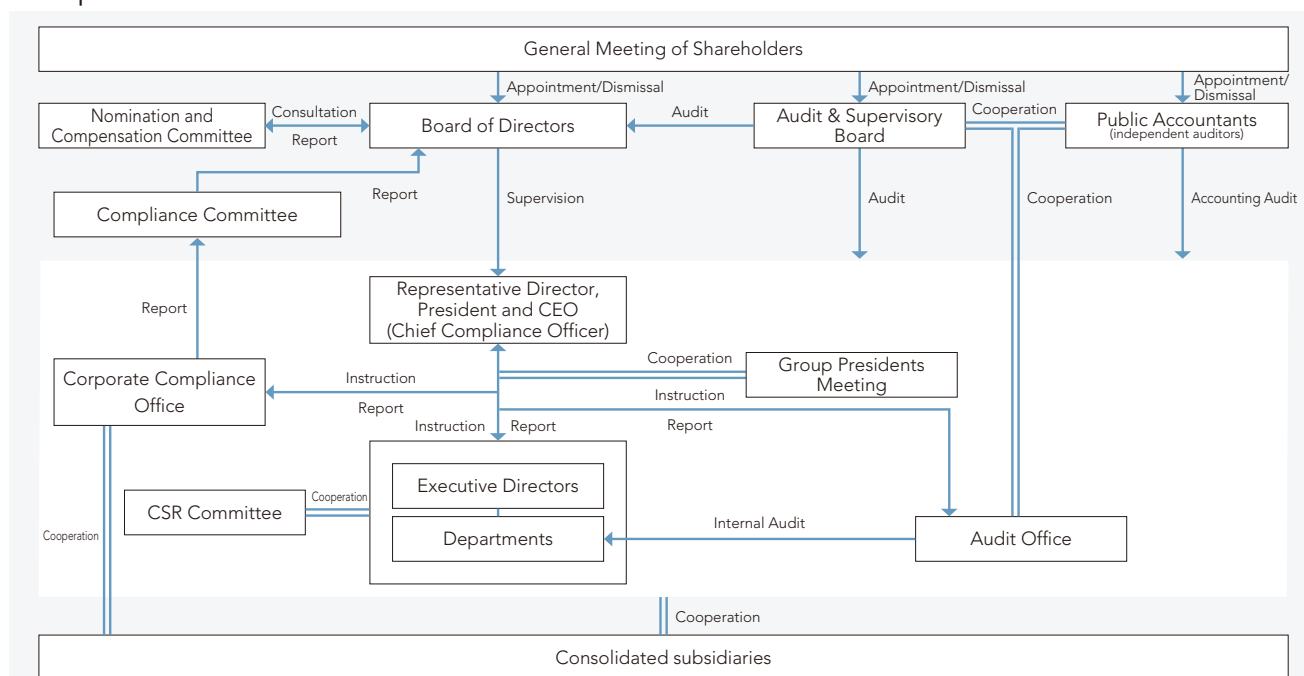
The MEDIPAL Group ensures sound, transparent management and places importance on maximizing corporate value. The Group also believes that appropriately disclosing high-quality information is one of its responsibilities to stakeholders, and that it enhances the transparency and soundness of management. Therefore, the Group takes a proactive approach to appropriate and timely disclosure.

Change in Governance Structure/Progress of Strengthening Our Initiatives

Male Female

	Independent Outside Directors (Number of people and ratio)	Independent Officers (Number of people and ratio)	Organizational Structure/System
Fiscal year ended March 31, 2014	1 (11.1%)	4 (28.6%)	• Abolishment of the Directors' retirement benefits system (June 2006)
Fiscal year ended March 31, 2015	2 (20.0%)	6 (33.3%)	
Fiscal year ended March 31, 2016	2 (20.0%)	6 (33.3%)	
Fiscal year ended March 31, 2017	2 (22.2%)	7 (35.7%)	
Fiscal year ended March 31, 2018 to Fiscal year ended March 31, 2019	3 (30.0%)	8 (40.0%)	
Fiscal year ended March 31, 2020	3 (30.0%)	8 (40.0%)	• Began third-party evaluations of the effectiveness of the Board of Directors (February 2020) • Established Nomination and Compensation Committee (March 2020)
Fiscal year ended March 31, 2021	4 (36.4%)	10 (43.8%)	• Corporate Compliance Office established as an organization directly under the president (June 2020) • Compliance Committee established (January 2021)
Fiscal year ending March 31, 2022	4 (33.3%)	10 (41.2%)	

Corporate Governance Structure



Role and Composition of Board of Directors

[Ratio of Outside Directors: **33.3%** (4/12)] [Ratio of Female Directors: **16.7%** (2/12)]

The Board of Directors of MEDIPAL HOLDINGS CORPORATION (the Company) includes 12 Directors (10 men and 2 women; 4 outside directors) and considers and decides matters stipulated by management policy and by law, as well as other important matters concerning corporate management, and also supervises the status of overall business execution. The Board holds monthly meetings and, when necessary, extraordinary meetings. Audit & Supervisory Board members attend these meetings.

Representative directors of main consolidated subsidiaries are appointed as directors of the Company to share information.

The Company has also adopted the executive officer system to clearly separate the functions of management decision making and supervision from business execution. Senior managers of the main consolidated MEDIPAL Group companies are appointed as executive officers of the Company with the objective of upgrading and improving the corporate governance system. They periodically

exchange information, as well as deliberate and conduct studies, which helps maintain organizational unity.

In addition, to promote efficient Group management activities, representative directors, directors, and representative directors of consolidated subsidiaries designated by the president hold the Group Presidents Meeting. Functioning as an advisory council, the Group Presidents Meeting convenes once a month, in principle, to share information on the Group's management strategies and deliberate and consider business solutions. Meetings of the Board of Directors were held as follows in the fiscal year ended March 31, 2021.

Meetings of the Board of Directors in the Fiscal Year Ended March 31, 2021	Meetings:	13
	Outside director attendance rate:	98%
	Outside Audit & Supervisory Board member attendance rate:	100%

Director Appointment Policy

① Director Appointment Policy

The basic policy is to appoint as director individuals who will take the lead in sincerely implementing compliance initiatives as well as individuals with extensive experience, excellent judgement, and a high level of specialization in order to contribute to the Group's sustainable growth and medium-to-long-term improvement of corporate value.

a) Internal Directors

Candidates are chosen from among individuals with work history and skills in corporate management, healthcare, M&As, governance, IT, etc. Candidates must possess the appropriate leadership skills to promote the Group's management philosophy as well as a medium-to-long-term perspective as someone engaged in supervision of management's decision-making and business execution. We also give comprehensive consideration to factors such as personality and experience.

b) Outside Directors

Candidates are chosen from among individuals with knowledge and extensive experience in corporate management, healthcare, finance/accounting, judicial affairs, international affairs, etc. We also give comprehensive consideration to factors such as personality and concurrent service as an officer at another company. In principle, the total term in office is a maximum of eight or twelve years (four years as an Audit & Supervisory Board member with two or

three terms). Outside directors are prohibited from serving as an officer at more than four companies. Notwithstanding, even in the event that a candidate does not meet the separately determined independence requirements, an individual with good judgement and a high ethical viewpoint can be selected as a candidate for outside director. However, in such a case, the ratio of independent outside directors shall be one-third or higher.

② Director Appointment Procedure

Director candidates shall be discussed at the General Meeting of Shareholders after deliberation by and reports from the Nomination and Compensation Committee (with the majority of members being outside directors and an outside director serving as the chair of the committee), and a resolution by the Board of Directors. The selection of representative directors as well as directors with special titles is conducted by the Board of Directors after deliberation by and reports from the Nomination and Compensation Committee.

③ Director Dismissal Procedure

In a case where a director commits an act that violates laws and ordinances or the articles of incorporation, or in a case where a director shows inadequate ability to carry out his/her professional duties due to negligence or other reasons, the Board of Directors will deliberate on the matter after fair and rigorous consideration by the Nomination and Compensation Committee.

About the Nomination and Compensation Committee

As a measure to enhance corporate governance, the Nomination and Compensation Committee was voluntarily established as an advisory body to the Board of Directors for the purpose of improving the fairness, transparency and objectivity of procedures related to the nomination and compensation of directors. The Nomination and Compensation Committee shall, in response to requests from the Board of Directors, discuss and report to the Board of Directors on the following matters.

- (1) Matters Related to Nomination
 - ① Policy on appointment and dismissal of directors
 - ② Matters concerning appointment and dismissal of directors (matters subject to resolution by the General Meeting of Shareholders)
 - ③ Matters concerning appointment and dismissal of representative directors
 - ④ Matters concerning appointment and dismissal of executive directors
 - ⑤ Matters concerning succession plans
- (2) Matters Related to Compensation
 - ① Policy on compensation of directors, etc.
 - ② Matters concerning director compensation limits (matters subject to resolution by the General Meeting of Shareholders)
 - ③ Matters concerning compensation of individual directors
- (3) Other Management Matters the Board of Directors Deems Important

The Nomination and Compensation Committee is composed of three members or more selected in accordance with the resolution of the Board of Directors. Outside directors account for a majority of the members, and the committee is also chaired by an outside director.

Committee Composition (As of March 31, 2021)

Nomination Committee	Toshio Asano (Committee Chair/Outside Director) Mitsuko Kagami (Outside Director) Kuniko Shoji (Outside Director) Koichi Mimura (Outside Director) Shuichi Watanabe (Representative Director, President and CEO) Yuji Sakon (Managing Director)
Compensation Committee	Toshio Asano (Committee Chair/Outside Director) Mitsuko Kagami (Outside Director) Kuniko Shoji (Outside Director) Koichi Mimura (Outside Director) Toshihide Yoda (Senior Managing Director) Yuji Sakon (Managing Director)

In the fiscal year ended March 31, 2021, the committee met a total of five times. Below is a summary of its activities.

1. Regarding nominations, the committee discussed the following matters and reported its conclusions to the Board of Directors: (1) director candidates to be voted on at the General Meeting of Shareholders in June 2021, and (2) the disclosure of a board skills matrix.
2. Regarding compensation, the committee discussed the following matters and reported its conclusions to the Board of Directors: (1) a review of director compensation (including the introduction of a stock-based compensation system), and (2) corporate officer bonuses to be paid in June 2021.
3. Going forward, the committee will continue comprehensive deliberations including (1) a review of director compensation (total amount of compensation, related evaluation items, eligible corporate officers, introduction of a stock-based compensation system, etc.), and discussion of issues identified in the evaluation of the effectiveness of the Board of Directors, (2) the composition of the Board of Directors, and (3) succession plans.

In addition, to further improve the effectiveness of the Board of Directors, we have held roundtable conferences and informal luncheon gatherings between outside corporate officers and management executives as part of efforts to increase opportunities for discussing governance-related issues with outside corporate officers.

Role and Composition of Audit & Supervisory Board [Ratio of Outside Audit & Supervisory Board Members: **60.0%** (3/5)] [Ratio of Female Audit & Supervisory Board Members: **20.0%** (1/5)]

The Company employs an audit & supervisory board system, to which it appoints 5 members (1 female, 4 male, and three of whom are outside members).

In addition to attending the above-mentioned meetings, Audit & Supervisory Board members strictly audit the legality and adequacy of business execution by Directors, based on the standards determined by the Audit & Supervisory Board, and exchange views with the independent auditors. The Audit & Supervisory Board

members of the Group also exchange information and cooperate with each other.

Status of meetings of the Audit & Supervisory Board in the fiscal year ended March 31, 2021 is described below.

Meetings of the Audit & Supervisory Board in the Fiscal Year Ended March 31, 2021	Meetings: 13
	Outside Audit & Supervisory Board member attendance rate: 100%

Standards of Independence for Independent Officers

The Group, after receiving reports of the Nomination and Compensation Committee, enacts specific, quantitative standards for ensuring the rationality of judgements on the independence of outside directors. If none of the following cases apply, outside directors and outside Audit & Supervisory Board members as well as candidates for such positions may be judged as having sufficient independence.

- ① Executive person¹ of the Company and its affiliated companies (hereinafter referred to as "the Group")
- ② Major lender² to the Group or its executive person
- ③ Major client³ of the Group or its executive person
- ④ Major shareholder⁴ of the Group or its executive person
- ⑤ Financial auditors who belong to a company that audits the Group
- ⑥ Consultants, accounting specialists or legal experts who obtain large monetary payments⁵ or other assets from the Group outside of compensation for directors (also applies to members of a corporation, association or other organization that is obtaining such assets)

- ⑦ Those receiving large donations from the Group (also applies to members of a corporation, association or other organization that is receiving such donations)
- ⑧ Executive officers of companies, parent companies or subsidiaries that take in a director from the Group.
- ⑨ Those for whom ② to ⑧ have been applicable in the past five years
- ⑩ A near relative⁶ of those for whom ② to ⑧ above are applicable (restricted to those in important positions⁷)

1. An executive person is defined as an executive director, an executive, an executive officer, or others who conform to these conditions as well as their employees.
2. A major lender is defined as a financial institution with which the lending amount corresponds to 2% or more of the Group's total consolidated assets.
3. A major client is defined as one with which the annual transaction amount is 2% or more of the Group's consolidated sales.
4. A major shareholder is defined as one who directly or indirectly possesses 10% or more of the consolidated voting rights.
5. A large monetary payment is defined as ¥10 million or more annually in the case of individuals, or in the case of a corporation, association or other organization, an amount equivalent to 2% of the organization's annual consolidated income, on an average of the past three fiscal years.
6. A near relative refers to a spouse or a relation within the second degree.
7. Those in important positions refers to an executive or others who conform to these conditions with a position of director (excluding outside directors), executive, executive officer, or department manager or higher.

Outside Directors' Attendance at Board of Directors Meetings

(Fiscal year ended March 31, 2021)

Name	Independent Officer	Attendance
Mitsuko Kagami	○	100% (13/13)
Toshio Asano	○	92% (12/13)
Kuniko Shoji	○	100% (13/13)
Koichi Mimura	○	100% (10/10)*

* Number of meetings held since being inaugurated on June 25, 2020

Outside Audit & Supervisory Board Members' Attendance at Audit & Supervisory Board Meetings

(Fiscal year ended March 31, 2021)

Name	Independent Officer	Attendance
Tetsuo Kitagawa	○	100% (13/13)
Tomoyasu Toyoda	○	100% (13/13)
Yoko Sanuki	○	100% (10/10)

Support System for Outside Directors and Outside Audit & Supervisory Board Members

We have established a system that enables mutual cooperation between outside directors and outside Audit & Supervisory Board members and the Audit Office, Audit & Supervisory Board members, independent auditors, and various departments. This system enables these parties to coordinate as necessary, either directly or indirectly, through methods such as email or telephone.

In addition, outside directors and outside Audit & Supervisory Board members issue statements at meetings of the Board of Directors, and express their frank opinions through means such as creating opportunities for briefings ahead of important discussions. The Company also periodically provides opportunities to view worksites at subsidiaries.

Evaluation of the Effectiveness of the Board of Directors

The Group periodically verifies the effectiveness of the Board of Directors. Based on those evaluations, we implement measures on an ongoing basis for the improvement of issues and the enhancement of our strengths. This analysis and evaluation of the effectiveness of the Board of Directors leads to functional improvements.

<p>Analysis/ evaluation process</p>	<p>The Board of Directors created a questionnaire for all directors and Audit & Supervisory Board members with the cooperation of a third party, and analyzed and evaluated the results. In addition, we confirmed the evaluation results and initiatives going forward based on a report from the third-party organization given at a Board of Directors meeting.</p>	
<p>Issues identified in previous evaluation¹ and response</p>	<p style="text-align: center;">Analysis/Evaluation Outline of Results</p> <p>The results of the analysis showed the Board of Directors was highly evaluated as a whole, and we judged that it is maintaining its effectiveness. However, we also became aware of issues that need to be addressed going forward for further functional improvements.</p> <ul style="list-style-type: none"> (1) Increase number of outside directors (2) Revision of standards for matters to be deliberated on by the Board of Directors (3) Enhanced training for directors and Audit & Supervisory Board members 	<p style="text-align: center;">Initiatives in Fiscal 2020</p> <p>To further improve functions, we implemented the following initiatives.</p> <ul style="list-style-type: none"> (1) We increased the number of outside directors by one at the General Meeting of Shareholders held in June 2020. (2) To enhance strategic discussions by the Board of Directors, we reviewed the criteria for selection of agenda items. (3) Board members were encouraged to attend external seminars and join external organizations to acquire the necessary knowledge and to promote understanding of their roles and responsibilities.
<p>Issues identified in the fiscal 2020 evaluation²</p>	<p style="text-align: center;">Analysis/Evaluation Outline of Results</p> <p>The results of the analysis showed the Board of Directors was highly evaluated as a whole, and we judged that it is maintaining its effectiveness. Compared with other companies, the Group was rated above average in areas including open-minded and constructive debate and exchange of opinions at Board of Directors meetings, and discussion in response to changes in the external environment. However, we also became aware of issues that need to be addressed going forward for further functional improvements.</p>	<p style="text-align: center;">Issues Going Forward</p> <p>The Board of Directors will take the following actions to further increase its effectiveness.</p> <ul style="list-style-type: none"> (1) Review of the director compensation system (2) Review of the composition of the Board of Directors and the ratio of internal directors to outside directors (3) Coordination between directors/Audit & Supervisory Board members and the Group's internal audit department

1. Board of Directors meeting in March 2020

2. Board of Directors meeting in May 2021

Compensation for Directors

The total amount of compensation for our Company's directors is determined by a resolution of the General Meeting of Shareholders. A director's compensation consists of base compensation and bonuses as a short-term incentive. The amount of the base compensation is determined by the Board of Directors, based on the internal rules and regulations, in accordance with the position of each director. The total amount of bonuses is determined by the Board of Directors based on consideration of the consolidated performance in each fiscal year (consolidated operating profit) as an incentive for directors to be conscious of business performance.

It is apportioned according to the standards for each position. The compensation for outside directors only consists of base compensation in view of their role and independence.

The percentage of compensation paid by category slightly differs from position to position. As a rule, the amount of bonuses accounts for about 25%.

The compensation for an Audit & Supervisory Board member only consists of base compensation in view of their role and independence. The amount of base compensation differs between full-time and part-time members.

(Fiscal year ended March 31, 2021)

Corporate Officer Category	Total Amount of Compensation (Millions of yen)	Total Amount of Compensation by Category (Millions of yen)				Number of Relevant Corporate Officers
		Fixed Compensation	Bonuses	Retirement Benefits	Non-Monetary Compensation, etc., Included in the Left Column	
Directors (excluding outside directors)	251	185	66	—	—	7
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	46	46	—	—	—	2
Outside directors	51	51	—	—	—	4
Outside Audit & Supervisory Board members	32	32	—	—	—	3

Note: There are no officers receiving a total of compensation and other benefits of ¥100 million or more.

Concept of Cross-Shareholdings

The MEDIPAL Group considers it essential to cooperate with various companies comprising its supply chain in the wholesale business to ensure a steady supply of products, such as medicines, cosmetics and daily necessities. Accordingly, after comprehensively taking into account business strategies and our relationship with business partners we engage in cross-shareholdings when we determine that doing so can increase medium-to-long-term corporate value. The rationality of each cross-shareholding is assessed individually as to whether

or not it contributes to increasing medium-to-long-term corporate value through creation of a smooth business relationship and an enhanced partnership. The final decision on the appropriateness of the cross-shareholding is made by the Board of Directors every year.

In the fiscal year ended March 31, 2021, we sold our shareholdings, worth ¥13.1 billion, in seven cross-held stocks, reducing the number of cross-shareholdings to 68 stocks.

Responsible Dialogue with Shareholders and Investors

General Meeting of Shareholders

In order to provide shareholders with sufficient time to make decisions on exercising their voting rights, the Company issued the notice of convocation for the June 25, 2021 Annual General Meeting of Shareholders on June 1, 2021, which is earlier than the legal requirement. Prior to this, the Company also made an early disclosure of its notice of convocation for the General Meeting of

Shareholders on its website on May 26, 2021. In addition, since the General Meeting of Shareholders held in June 2002, the Company has enabled voting rights to be exercised electronically via the internet or mobile phone, in order to ensure that voting rights are exercised promptly and actively. Since 2006, the Company has also joined the voting rights platform for institutional investors operated by ICJ, Inc. to create an environment

in which institutional investors may directly exercise voting rights by electronic means. Other measures to invigorate the General Meeting of Shareholders and facilitate the exercise of voting rights include posting the notice of convocation and voting results on our website. At the General Meeting of Shareholders held on June 25, 2021, a total of 3,611 shareholders exercised voting rights (of whom, 3,566 did so in writing or via the internet), for a voting ratio of 84.8%.

Dialogue with Institutional Investors

We maintain active dialogue with institutional investors through events such as financial results briefings for securities analysts and institutional investors, meetings for business executives with the President and the corporate officer in charge of IR, and participation in various conferences hosted by securities companies. Feedback from investors is reported to management and the relevant departments as necessary, where it informs policy in areas such as MEDIPAL Group management strategy and governance-related disclosure.

In the fiscal year ended March 31, 2021, to prevent the spread of COVID-19, we decided to cancel overseas IR activities and to hold all financial results briefings and individual IR events online or by conference call.

The following IR events were held for institutional investors in the fiscal year ended March 31, 2021.

IR Event	Date Held	Presenter
Briefings on financial results	May, August, and November 2020 (three times a year)	President, corporate officer in charge of IR

The following individual IR interviews were held with institutional investors in the fiscal year ended March 31, 2021.

Number of interviews during year	51 (35 in Japan; 16 overseas)
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Note: Figures represent cumulative numbers

Dialogue with Individual Investors

For dialogue with individual investors, we hold corporate presentations in major cities throughout Japan every year with the aim of raising the Company's level of recognition and establishing its brand. We also send newsletters to shareholders twice a year, in June and December, to promote understanding of our corporate philosophy and business strategy.

In the fiscal year ended March 31, 2021, to prevent the spread of COVID-19, we decided not to hold corporate presentations.

Group Governance

Special Circumstances with a Possible Major Impact on Corporate Governance

Among the Company's subsidiaries, PALTAC CORPORATION is listed on the Tokyo Stock Exchange. PALTAC is involved in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business, and cooperates to generate synergy with the Prescription Pharmaceutical Wholesale Business, which is the main business of the Group's other subsidiaries. The Group is striving to find a future growth strategy in the business of pharmaceuticals, health, and beauty together with PALTAC.

Recently, the dispensing business of drugstores, our customers, has expanded. MEDIPAL is now able to offer total solutions to the needs of its customers. This will also lead to enhanced synergy through coordination between PALTAC, which handles cosmetics, daily necessities, and OTC pharmaceuticals, and MEDICEO CORPORATION, which handles prescription pharmaceuticals.

PALTAC is highly significant in terms of the Group's efforts to achieve continuous growth. The Group will utilize the know-how of both the Prescription Pharmaceutical Wholesale Business and the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business to optimize the supply chain and expand the Group's business fields as a wholesaler engaged in the distribution of products indispensable to people's daily lives.

The Company believes that from the standpoint of Group management, it is preferable for PALTAC to increase its corporate value by ensuring its independence, procuring its own financing, and aggressively developing its business based on swift decision making. PALTAC decides its business strategy and human resources policies after its own independent analysis.

In addition, in order to ensure minority shareholder protection and independent decision making at PALTAC, the ratio of independent outside directors is one out of three or more, and independent outside directors are not chosen from among former members of the Company.

The Company plans to retain a majority of PALTAC's shares and maintain its position as a consolidated subsidiary from the viewpoint of contributing to the improvement of corporate value for both companies, while ensuring appropriate governance in accordance with its percentage of voting rights going forward. However, while preserving PALTAC's current level of independence, from the viewpoint of ensuring the management's degree of freedom, there will be no changes, and we plan to continue our relationship of co-existence and co-prosperity while respecting the intentions of PALTAC.

Interview with an Outside Audit & Supervisory Board Member

Promote diversity among the Board of Directors and executives to further strengthen the governance system

Yoko Sanuki

Outside Audit & Supervisory Board Member

Career History: KURAYA CORPORATION appointed Ms. Sanuki as an outside audit & supervisory board member while she was serving as an attorney with a law firm advising a major pharmaceutical company. She has subsequently served as an outside director and outside audit & supervisory board member for several companies. Ms. Sanuki audits MEDIPAL using her extensive experience as a practicing attorney and specialized knowledge of corporate legal affairs. (A total of 9.5 years in office as of June 30, 2021)



Energetic Board of Director Discussions

My first experience as an outside audit & supervisory board member came 24 years ago with KURAYA CORPORATION. My next stint as an outside audit & supervisory board member was with KURAYA SANSEIDO Inc. for four years beginning in 2003, and I have been an outside Audit & Supervisory Board member at MEDIPAL since June 2019. MEDIPAL's Representative Director, President and CEO has always provided leadership at Board of Directors meetings, and discussions are open and energetic among internal and outside officers alike. A primary management theme of the Corporate Governance Code is "separation of management supervision and execution," and this is an issue that MEDIPAL has in common with almost all Japanese companies. At present, internal and outside officers often discuss strategies and other matters to find optimal solutions, and I think this is an appropriate form of governance for MEDIPAL. However, constant verification is necessary.

Our support system involves timely exchanges of information with related departments by e-mail, phone, and other means, and briefing sessions prior to Board meetings are also very meaningful. These sessions are mini-Board of Directors meetings, and outside officers and members of executive departments can easily exchange opinions in a different atmosphere than that of the Board of Directors and they enable us to analyze and consider cases from multiple perspectives. These sessions are not regularly scheduled at present, but I think they can be held frequently without worrying too much about the schedules of outside officers.

Current Group Governance and Issues

The MEDIPAL Group has a diversified portfolio of businesses. Its core business is the Prescription Pharmaceutical Wholesale Business, complemented by PALTAC CORPORATION in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business, MP AGRO CO., LTD. in the Animal Health Products Business, and MEDIPAL FOODS CORPORATION in the Food Processing Raw Materials Wholesale Business.

From the perspective of Group governance, I have received sufficient explanation about the parent-subsiary listing of PALTAC CORPORATION. This company has a different business model and should be able to manage its operations with an appropriate degree of freedom while creating synergies with the Group. At the same time, Group risk management and compliance require MEDIPAL as the holding company to control the management of consolidated subsidiaries to ensure efficient Group management, as long as it does not unduly impair the independence of subsidiary management.

The MEDIPAL GROUP generally has a sophisticated awareness of compliance. President Watanabe has taken the lead in addressing the allegations that MEDICEO CORPORATION violated the Antimonopoly Act, and he is clearly determined to break with conventional practices. MEDIPAL has worked to ensure a thorough awareness of compliance among officers and employees. This situation is an opportunity to make further progress in our efforts to compete appropriately in compliance with rules and regulations.

In addition, the newly revised Corporate Governance Code requires companies to "ensure diversity in core human resources." MEDIPAL must delineate the mindset and measurable goals for the promotion of women to positions at the executive officer and division manager level. This means MEDIPAL must develop a systematic approach for strategically developing executive candidates.

A Turning Point for Achieving "Innovation for the Future"

The wholesaling business model presents the challenge of making profits despite an array of constraints. MEDIPAL is at a turning point in a corporate environment that is continuing to change rapidly. New businesses are progressing faster than plan, and in fact MEDIPAL expects to increase strategic investments. The Board of Directors will need to exchange opinions on issues including medium-to-long-term investment and financial strategies, and these discussions should encompass new businesses and IT departments.

Management Team

(As of July 1, 2021)

Members of the Board



Shuichi Watanabe

Representative Director,
President and CEO
Chief Compliance Officer

1979 Joined KURAYA CORPORATION (Currently, the Company)
1990 Director of KURAYA CORPORATION
1994 Managing Director of KURAYA CORPORATION
2000 Director of KURAYA SANSEIDO Inc.
(Currently, the Company)
2004 President and Chief Executive Officer of KURAYA SANSEIDO Spin-off Preparation Inc. (Currently MEDICEO CORPORATION)
2007 Managing Director of Mediceo Paltac Holdings Co., Ltd. (Currently, the Company)
2008 Senior Managing Director of Mediceo Paltac Holdings Co., Ltd.
2011 Representative Director, Executive Vice President of the Company
2012 Representative Director, President and CEO of the Company (Current)
Representative Director, Chairman of MEDICEO CORPORATION (Current)
2020 Chief Compliance Officer of the Company (Current)

Reason for selection

Mr. Watanabe has led the management of the MEDIPAL Group as Representative Director, President and CEO of the Company, has appropriately run the Board of Directors as Chairman, and has appropriately overseen the operational execution of the directors. Since taking office as Representative Director, President and CEO of the Company in April 2012, he has pushed even more strongly for the transformation of existing businesses and creation of new businesses, and has worked to expand our earnings base and achieve sustainable growth. The Company believes that he will continue to suitably perform his duties as Director and contribute to further increases in the corporate value of the Group by working to further expand the earnings base and achieve sustainable growth in line with the "2022 MEDIPAL Medium-Term Vision" formulated in May 2019, and by taking the lead among top management in implementing compliance management as Chief Compliance Officer.



Yasuhiro Choufuku

Director, Vice President
In charge of Pharmaceutical Sales

1977 Joined Sanseido Co., Ltd. (Currently, the Company)
2004 Executive Officer of KURAYA SANSEIDO Inc. (Currently, the Company)
2007 Director of Mediceo Paltac Holdings Co., Ltd. (Currently, the Company)
2009 Director of MEDICEO CORPORATION
2010 Managing Director of MEDICEO CORPORATION
2012 Representative Director, President and CEO of MEDICEO CORPORATION (Current)
In charge of Pharmaceutical Sales of the Company (Current)
2016 Senior Managing Director of the Company
2019 Director, Vice President of the Company (Current)

Reason for selection

Mr. Choufuku has profound knowledge of the pharmaceutical business, which is one of the core business segments of the MEDIPAL Group, and has been involved in operational execution as Representative Director, President and CEO of the MEDIPAL subsidiary, MEDICEO CORPORATION. As Representative Director, President and CEO of the MEDIPAL subsidiary, MEDICEO CORPORATION, Mr. Choufuku takes a very serious view of the on-site inspection carried out by the Japan Fair Trade Commission in November 2019, and is leading efforts to implement compliance management. The Company believes that he will continue to suitably perform his duties as Director and contribute to increasing the corporate value of the Group by working to ensure more thorough compliance and establish a solid foundation as a company that is trusted by society.



Toshihide Yoda

Senior Managing Director
In charge of IR and General Manager
of Business Development Department,
Manager of Business Investment
Department, Business Development
Department

1985 Joined Nippon Kangyo Kakumaru Securities Co., Ltd.
1989 Joined UBS Securities Japan Co., Ltd.
1996 Joined ING Barings Securities Japan Ltd.
2000 Joined Lehman Brothers Japan Inc.
2008 Joined Barclays Capital Japan Ltd.
Managing Director of Barclays Capital Japan Ltd.
2010 Director of the Company
2012 Managing Director of the Company,
In charge of IR and General Manager of Business
Development Department (Current)
2016 Director of SPline Corporation
Director of MEDIE Co., Ltd.
Director of MEDICEO CORPORATION (Current)
2018 Director of JCR USA, Inc. (Current)
Senior Managing Director of the Company (Current)
Outside Director of JCR Pharmaceuticals Co., Ltd. (Current)
2020 Manager of Business Investment Department, Business
Development Department of the Company (Current)
2021 Director of PharField Corporation (Current)

Reason for selection

Mr. Yoda has utilized the insight he developed as a pharmaceuticals industry analyst in the financial industry to the fullest extent. Due to his steady progress in driving the creation of new business for the MEDIPAL Group, the Company believes that he will suitably perform his duties as Director and contribute to increasing corporate value through the establishment of a business model not bound by existing frameworks.



Yuji Sakon

Managing Director
General Manager of
Administration Division,
Chairman of CSR Committee

1977 Joined Sanseido Co., Ltd. (Currently, the Company)
2008 Executive Officer of KURAYA SANSEIDO Inc. (Currently, MEDICEO CORPORATION)
2012 Executive Officer of the Company
Director of the Company
Chairman of CSR Committee (Current)
2013 General Manager of Administration Division of the Company (Current)
2016 Director of ASTEC Co., Ltd. (Current)
2017 Director of MM CORPORATION (Current)
2018 Manager of Corporate Planning and Public Relations
Department, Administration Division of the Company
Managing Director of the Company (Current)
2020 Director of YAKUJU HOLDINGS, Inc. (Current)

Reason for selection

Mr. Sakon has a thorough knowledge of the MEDIPAL Group's operations, and has worked in his role as the General Manager of the Administration Division of the Company to ensure the sound governance of the Group. The Company believes that he will suitably perform his duties as Director in contributing to increasing corporate value to achieve an economically sustainable society through ESG and SDG initiatives.



Takuro Hasegawa

Director
In charge of Business Planning

1987 Joined Osuido Pharmaceuticals Co., Ltd. (Currently, EVERLTH Co., Ltd.)
1990 Director of Osuido Pharmaceuticals Co., Ltd. (Currently, EVERLTH Co., Ltd.)
1991 Director of OAK Yakuhin Co., Ltd. (Currently, EVERLTH Co., Ltd.)
1997 Director of EVERLTH Co., Ltd.
2004 Director of MEDICEO HOLDINGS (Currently, the Company) (Current)
2009 Director of EVERLTH Co., Ltd.
2011 Representative Director, President and CEO of EVERLTH Co., Ltd. (Current)
2012 In charge of Liaison of the Company
2019 In charge of Business Planning of the Company (Current)

Reason for selection

Mr. Hasegawa has promoted the MEDIPAL Group's business development strategy as the person in charge of business planning, and has been involved in operational execution as the Representative Director, President and CEO of EVERLTH Co., Ltd., a MEDIPAL subsidiary, thereby working to improve the performance of the Group. Because of his work to improve the performance of the Group, and promote business plans, the Company believes that he will suitably perform his duties as Director and contribute to further increases in corporate value.



Shinjiro Watanabe

Director
General Manager of Information
Systems Management Division

2008 Joined ATOL CO., LTD.
2009 Director of ATOL CO., LTD.
2013 Representative Director, President and CEO of ATOL CO., LTD. (Current)
Director of the Company (Current)
2016 In charge of the IT Business of the Company
2018 In charge of Information Systems
General Manager of Information Systems Management
Division of the Company (Current)

Reason for selection

Mr. Watanabe has supervised the MEDIPAL Group's systems as General Manager of the Information Systems Management Division, and has been involved in operational execution as the President and Representative Director of ATOL CO., LTD., a MEDIPAL subsidiary. Because of his work to improve the performance of the Group, the Company believes that he will suitably perform his duties as Director in providing new value in the digital healthcare field and contributing to increasing corporate value.

Members of the Board



Koichi Mimura
Director

1987 Joined Sumitomo 3M Limited (Currently, 3M Japan Limited)
2006 President of 3M Indonesia
2009 Executive Officer and Director in charge of Industrial Markets of Sumitomo 3M Limited (Currently, 3M Japan Limited)
2010 Director in charge of Industrial and Transportation Business of Sumitomo 3M Limited (Currently, 3M Japan Limited)
2012 President of Sumitomo 3M Limited (Currently, 3M Japan Limited)
2014 President of 3M Health Care Limited
2016 President of 3M Japan Limited
2016 Vice President of Electronics Assembly Solutions of 3M Corporate Headquarters (U.S.)
2018 Business Director in charge of the Transportation and Electronics Business of 3M Asia Pacific Pte. Ltd.
2020 Outside Director of the Company
2021 Director of the Company (Current)

Reason for selection

Mr. Mimura has served as President of 3M Indonesia, President of 3M Japan Limited, and as a Business Director in charge of the Global Electronics Business at 3M Corporate Headquarters in the U.S. Until June 2021, Mr. Mimura served as outside director, drawing on his extensive experience and wide-ranging knowledge of global business to oversee the business management of the Company. The Company believes that he will suitably perform his duties as Director, using his relevant experience and knowledge to the fullest in operational execution to further expand the MEDIPAL Group's earnings base and achieve sustainable growth.



Mitsuko Kagami
Outside Director

1985 Assistant Judge of Tokyo District Court
1988 Assistant Judge of Akita District Court and Family Court
1991 Assistant Judge of Yokohama District Court
1995 Registered as Attorney-at-Law
1998 Part-time Lecturer at Faculty of Law of Keio University
2000 Part-time Lecturer at Faculty of Law of Tojo University of Yokohama
2004 Professor at Keio University Law School
2007 Part-time Lecturer at Keio University Law School
2014 Director of the Company (Current)
2015 Outside Director of Sotetsu Holdings, Inc. (Current)

Reason for selection

Ms. Kagami uses the extensive experience she has accumulated as an attorney and her specialized knowledge regarding corporate law to provide valuable opinions and appropriate advice from a broad-ranging perspective to the Board of Directors. Furthermore, following the on-site inspection of MEDIPAL subsidiary, MEDICEO CORPORATION, by the Japan Fair Trade Commission in November 2019 on suspicion of being in violation of the Antimonopoly Act, she continued to fulfill her duties as an outside director by providing valuable opinions and appropriate advice aimed at ensuring thorough compliance. In addition, as a member of the Nomination and Compensation Committee, Ms. Kagami has enhanced corporate governance by providing valuable opinions and appropriate advice. Although she has no previous experience regarding company management other than serving as an outside director, the Company believes, for the above reasons, that she can appropriately perform the duties of an outside director.



Kuniko Shoji
Outside Director

1977 Joined Mochida Pharmaceutical Co., Ltd.
1986 Joined Johnson & Johnson K.K.
2002 Joined Terumo Corporation
2004 Executive Officer of Terumo Corporation
2007 Senior Executive Officer of Terumo Corporation
2010 Director and Senior Executive Officer of Terumo Corporation
2017 Director and Corporate Advisor of Terumo Corporation
Corporate Advisor of Terumo Corporation
2018 Outside Director of the Company (Current)
Independent Director of Nichirei Corporation (Current)
2019 Outside Director of DIC Corporation (Current)
Professor at School of Health Innovation, Kanagawa University of Human Services Graduate School (Current)

Reason for selection

Ms. Shoji has served as a director at Terumo Corporation, and has also been responsible for its pharmaceutical and clinical development departments. Based on her extensive experience and insight, she has provided the Board of Directors with valuable opinions and appropriate advice from an objective, expert perspective. Furthermore, following the on-site inspection of MEDIPAL subsidiary, MEDICEO CORPORATION, by the Japan Fair Trade Commission in November 2019 on suspicion of being in violation of the Antimonopoly Act, she continued to fulfill her duties as an outside director by providing valuable opinions and appropriate advice aimed at ensuring thorough compliance. In addition, as a member of the Nomination and Compensation Committee, Ms. Kagami has enhanced corporate governance by providing valuable opinions and appropriate advice. For the above reasons, the Company believes that she will be able to appropriately perform the duties of an outside director.



Seiichi Kasutani
Director

1985 Joined Paltac Corporation (Currently, PALTAC CORPORATION)
2011 Executive Officer, General Manager of Yokohama Branch Office of PALTAC CORPORATION
2013 Managing Executive Officer, General Manager of Yokohama Branch Office of PALTAC CORPORATION
2014 Director, Managing Executive Officer, General Manager of Yokohama Branch Office of PALTAC CORPORATION
2016 Managing Executive Officer, General Manager of Sales Division of PALTAC CORPORATION
2017 Director, Senior Managing Executive Officer, General Manager of Sales Division of PALTAC CORPORATION
2018 Director, Vice President, Executive Officer, Director of Sales Division of PALTAC CORPORATION
Representative Director, President, COO, Director of Sales Division of PALTAC CORPORATION
2019 Representative Director, President, COO of PALTAC CORPORATION (Current)
Director of the Company (Current)

Reason for selection

Mr. Kasutani has extensive experience in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business, which is one of the core businesses of the MEDIPAL Group, and has been involved in operational execution as Representative Director, President and COO of PALTAC CORPORATION, a MEDIPAL subsidiary. Because of his work to improve the performance of the MEDIPAL Group, the Company believes that he will suitably perform his duties as Director in contributing to increasing corporate value through steadily implementing PALTAC CORPORATION's medium-term business plan.



Toshio Asano
Outside Director

1975 Joined Asahi Kasei Corporation
2003 Executive Officer of Asahi Kasei Pharma Corporation
2008 Director and Senior Executive Officer of Asahi Kasei Pharma Corporation
2010 Representative Director, President, Executive Officer of Asahi Kasei Pharma Corporation
2011 Executive Officer of Asahi Kasei
2014 Representative Director, President, Executive Officer of Asahi Kasei
2016 Director of Asahi Kasei
Permanent Consultant at Asahi Kasei (Current)
Advisor of the Company
2017 Outside Director of the Company (Current)
2019 Outside Director of Daicel Corporation (Current)
Outside Director of Tokyo Century Corporation (Current)

Reason for selection

Mr. Asano has served as Representative Director and President of Asahi Kasei Pharma Corporation and Asahi Kasei Corporation, and uses his extensive experience and broad-ranging knowledge related to company management to provide valuable, objective, expert-level opinions and appropriate advice to the Board of Directors. Furthermore, following the on-site inspection of MEDIPAL subsidiary, MEDICEO Corporation, by the Japan Fair Trade Commission in November 2019 on suspicion of being in violation of the Antimonopoly Act, he continued to fulfill his duties as an outside director by taking a leading role in proposing practical and effective initiatives aimed at ensuring thorough compliance. He has also contributed to the enhancement of corporate governance as chair of the Nomination and Compensation Committee. For the above reasons, the Company believes that he will be able to appropriately perform the duties of an outside director.



Hiroshi Iwamoto
Outside Director

1981 Joined The Dai-ichi Kangyo Bank, Limited (Now Mizuho Bank, Ltd.)
2004 Senior Research Fellow, Deputy General Manager of Research Division, Chief Economist of Mizuho Research Institute, Ltd. (Currently, Mizuho Research & Technologies, Ltd.)
2009 Managing Executive Officer, Deputy General Manager of Research Division of Mizuho Research Institute, Ltd. (Currently, Mizuho Research & Technologies, Ltd.)
2010 Managing Executive Officer, General Manager of Planning and Administrative Division of Mizuho Research Institute, Ltd. (Currently, Mizuho Research & Technologies, Ltd.)
Lecturer at Musashino Academia Musicae
2017 Managing Executive Officer, General Manager of Planning and Administrative Division of Mizuho Research Institute, Ltd. (Currently, Mizuho Research & Technologies, Ltd.)
2019 Advisor at Chuo Fudosan Co., Ltd. (Now Chuo-Nittochi Co., Ltd.) (Current)
Outside Statutory Auditor of Morinaga & Co., Ltd. (Current)
2021 Outside Director of the Company (Current)

Reason for selection

Mr. Iwamoto has experience in personnel management and financial affairs gained in the financial industry, and abundant management experience in the information and communications industry. The Company believes that he can suitably perform his duties as outside director by using his extensive experience and wide-ranging expertise to give advice on all areas of management and thereby strengthen the oversight function of the Board of Directors.

Audit & Supervisory Board Members



Toshio Hirasawa

Full-time Audit & Supervisory Board Member
Audit & Supervisory Board Member, MEDICEO CORPORATION
Audit & Supervisory Board Member, EVERLTH Co., Ltd.



Shigeru Kanda

Full-time Audit & Supervisory Board Member
Audit & Supervisory Board Member, MEDICEO CORPORATION, MP AGRO CO., LTD., and MEDIPAL FOODS CORPORATION



Tetsuo Kitagawa

Outside Audit & Supervisory Board Member
Emeritus Professor at Aoyama Gakuin University
Research Professor at Graduate School of Management, Tokyo Metropolitan University
Outside Director of Mitsubishi UFJ Trust and Banking Corporation (Audit and Supervisory Board member)



Tomoyasu Toyoda

Outside Audit & Supervisory Board Member
Advisor, K.F. Planning Co., Ltd.
Audit & Supervisory Board Member, Nobelpharma Co., Ltd.



Yoko Sanuki

Outside Audit & Supervisory Board Member
Head of NS Law Office

Executive Officers

Hiroshi Yarimizu

Senior Managing Executive Officer
Manager of Corporate Planning Department, Administration Division
Director, ATOL CO., LTD.

Masanori Kawahara

Managing Executive Officer
Representative Director and Vice President, Orphan Pacific, Inc.

Kunie Yamazaki

Managing Executive Officer
General Manager of Corporate Compliance Office

Mitsuhiro Kyohgoku

Executive Officer
Deputy General Manager of Administration Division (In charge of MEDICEO CORPORATION)
Managing Director, MEDICEO CORPORATION
Director, ATOL CO., LTD.

Senjin Yanai

Executive Officer
Deputy General Manager of Administration Division (In charge of EVERLTH Co., Ltd.)
Director, EVERLTH Co., Ltd.

Hisashi Tsutsui

Executive Officer
Deputy General Manager of Administration Division (In charge of ATOL CO., LTD.)
Director, ATOL CO., LTD.

Tadashi Kashiwagi

Executive Officer
Deputy General Manager of Information Systems Management Division
Director, SPLINE Corporation

Kazuo Hashida

Executive Officer
Manager of Finance & Accounting Department, Administration Division

Teruhiro Yamasaki

Executive Officer
Supervisory Manager in charge of Business Development Division
Auditor, SPLINE Corporation, Auditor, PharField Corporation
Director, MEDIE Co., Ltd.

Hisao Hiraga

Executive Officer
Manager of General Affairs Department, Administration Division

Fumikazu Matsui

Executive Officer
Manager of Secretarial Office, Administrative Division

Teiji Kitahara

Executive Officer
Deputy General Manager of Business Development Department, Business Development Division

Atsushi Takumiya

Executive Officer
Representative Director, President and CEO, SPLINE Corporation

Yoshitaka Ichiyanagi

Executive Officer
Representative Director, President and CEO, ASTEC Co., Ltd.
Auditor, MEDIE Co., Ltd.

Board Skill Matrix

Position	Name	Specialty/Experience								
		Business Management Experience	Sales/Marketing	Medical and Pharmaceutical Science/ Public Service	Financial Affairs & Accounting/ Finance & M&A	Legal Affairs/ Governance	IT/ DX	Personnel & Labor/ Human Resource Development	Global	Sustainability
Representative Director, President and CEO	Shuichi Watanabe	●	●							
Director, Vice President	Yasuhiro Choufuku	●	●							
Senior Managing Director	Toshihide Yoda	●			●				●	
Managing Director	Yuji Sakon	●	●			●				●
Directors	Takuro Hasegawa	●		●				●		
	Shinjiro Watanabe	●								
	Koichi Mimura	●							●	●
Outside Directors	Seiichi Kasutani	●	●							
	Mitsuko Kagami					●				●
	Toshio Asano	●		●						
	Kuniko Shoji	●		●					●	●
Full-time Audit & Supervisory Board Members	Hiroshi Iwamoto				●			●		
	Toshio Hirasawa				●					
Outside Audit & Supervisory Board Members	Shigeru Kanda		●							
	Tetsuo Kitagawa	●			●	●			●	●
	Tomoyasu Toyoda	●		●						
	Yoko Sanuki					●				●

Risk Management

Basic Policy

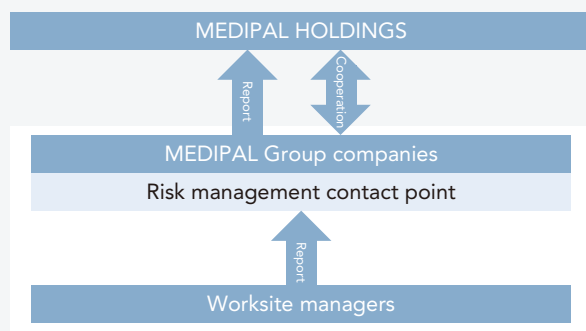


The MEDIPAL Group’s risk management system includes the formulation of rules and guidelines, implementation of training, and creation of manuals, as well as activities to ensure thorough risk management awareness. The Group thoroughly prevents the involvement of antisocial forces in management activities by specifying a department that handles related matters under the leadership of the risk management officer, and implementing central management. With regard to the internal control reporting system for financial reporting, in accordance with the Financial Instruments and Exchange Act, each department has its own functions for maintaining and implementing internal control. Having the authority to perform monitoring, the Audit Office coordinates with the Group’s internal auditing department to rapidly identify potential loss risks.

Risk Management Structure

When a risk materializes and a significant impact is expected, pre-appointed risk management officers take a leading role in the response.

Issues to Be Reported
<ul style="list-style-type: none"> • Compliance-related risks <ul style="list-style-type: none"> Legal and regulatory infractions Information leaks Internal fraud, etc. • Risks related to natural disasters • Other risks (issues that could have a significant impact on business activities)



Business Risks

Matters with the potential to have a significant impact on investor decisions are as indicated below. Statements regarding the future represent the positions of the Group as of March 31, 2021.

About medical insurance system reform

The Prescription Pharmaceutical Wholesale Business, one of the Group’s core businesses, is intrinsically linked to Japan’s social security system and medical policies. Japan is moving forward with healthcare reform in response to social developments such as growing social security costs due to demographic changes. Going forward, the occurrence of any major unforeseeable systematic change or events that impact the business structure of the Group may affect the performance and financial condition of the Group.

About the NHI drug price system*

Prescription pharmaceuticals, products handled by the Group, are listed in the NHI (National Health Insurance) drug price standards, which stipulate the range of drugs that can be used in insured medical treatment and the billing prices of the drugs used. Therefore, the drug price standards act as a ceiling on selling prices. As part of government measures to control medical expenses, the prices set according to the drug price standards are revised periodically based on surveys of prevailing market prices.

* Please refer to page 73 for explanations of technical terms.

- NHI drug price revision rate associated with the October 2019 consumption tax increase (drug cost basis): -2.40%
- Fiscal 2020 NHI drug price revision rate (drug cost basis): -4.38%
- 2021 NHI drug price revision rate (drug cost basis): to be announced

Currently, a price revision is carried out every two years in principle, but if this changes from fiscal 2021 to a system of yearly revisions, the inevitable impact on the Group's purchase price and selling price for drugs may affect the performance and financial condition of the Prescription Pharmaceutical Wholesale Business.

About risks related to specific legal regulations, etc.

The Group handles various types of prescription pharmaceuticals and related products. Therefore, the Group conducts sales activities after receiving the necessary authorizations, registrations, designations, and licenses from the local governments where business sites are located, or after notifying the authorized supervisory agency, pursuant to the Law for Ensuring the Quality, Efficacy, and Safety of Drugs and Medical Devices, and other laws. For this reason, the business results of the Prescription Pharmaceutical Wholesale Business may be affected by the status of approvals and licenses issued by the relevant authorities. In addition, if companies from different industries were to enter the business domain of the Group due to deregulation in the future, it may become difficult for the Group to maintain and expand its business model and existing strengths. This may affect the performance and financial condition of the Group.

About trade practices with medical institutions

Prescription pharmaceuticals, the main products handled by the Group, are products that lives depend on, and late deliveries are unacceptable. As such, it is an industry-specific trading practice to deliver products to medical institutions while the price is still pending, and then carry out negotiations after delivery. To improve such trading practices, the Guidelines for the Improvement of Commercial Transaction Practices of Prescription Pharmaceuticals for Manufacturers, Wholesalers, and Medical Institutions/Pharmacies were enacted in April 2018. However, if negotiations prove difficult, the sales price will be reasonably estimated by taking past results

into consideration. Therefore, a difference between the determined selling price and the estimated price may affect the performance and financial condition of the Prescription Pharmaceutical Wholesale Business. In fiscal 2020, sales of prescription pharmaceuticals totaled ¥2.1 trillion, and the ratio of transactions with a determined selling price (amount basis) was 99.9%. Transaction prices were largely determined by the end of the period. (The ratio of transactions with a determined selling price for the last three years is as follows: 99.9% in fiscal 2017, 96.6% in fiscal 2018, and 99.7% in fiscal 2019.)

About trade practices with pharmaceutical companies

The use of rebates and allowances results in significant price reductions when trading with pharmaceutical companies that supply prescription pharmaceuticals, which are the Group's main products. (The total of unsettled allowances in the Prescription Pharmaceutical Wholesale Business for fiscal 2020 was ¥19,675 million). While we work to maintain favorable trading relationships with pharmaceutical companies, a drastic change in their sales strategies or trade practices may affect the performance and financial condition of the Prescription Pharmaceutical Wholesale Business.

About changes to the competitive environment

In the Cosmetics, Daily Necessities, and OTC Pharmaceutical Wholesale Business, one of the Group's core businesses, competition is intensifying across industry types and business categories, and the size of the industry is continuing to expand due to M&As. For this reason, the Cosmetics, Daily Necessities, and OTC Pharmaceutical Wholesale Business is working to identify customer needs and build an organization capable of responding flexibly to environmental changes. However, an increase in competition, or a significant change in customers' policies or terms and conditions due to business reorganization may affect the performance and financial condition of the Group.

About system interruptions

The Group is actively promoting the use of IT in order to increase the efficiency and sophistication of its supply chains and to fulfill its role as social infrastructure that supports the reliable distribution of "pharmaceuticals,

health, and beauty.” The business operations of the Group are heavily reliant on computer network systems. In addition to duplicating the server network of core systems and taking measures such as seismic base isolation, disaster preparedness and power outage countermeasures for the buildings where servers are housed, we have also established a comprehensive data backup system. We have also implemented countermeasures for viruses and unauthorized access, and introduced data encryption for mobile PCs. However, in the event of system failure, sales and logistics functions may be significantly disrupted, and the Group’s performance and financial condition may be affected.

About risk of information leaks

In the protection of information assets held by the Group, including customer information and confidential information, the Group works to maintain a management system that prevents information from leaking to parties outside the Group, and provides information security training twice annually to all employees based on its Information Security Policy. However, in the event that an information leak occurs due to unforeseen circumstances, it may affect the Group’s business performance and financial condition due to a decline in sales caused by a decrease in public trust or an increase in costs related to countermeasures.

About disasters and traffic accidents

The Group handles the distribution of prescription pharmaceuticals, daily necessities, and other products indispensable to living a healthy life. We are implementing a variety of measures to ensure that we reliably deliver the required products at the required time in just the required amount.

1. About disaster risk

The Group has established crisis management systems and a BCP (Business Continuity Plan) in preparation for natural disasters such as earthquakes and typhoons, an outbreak of a new strain of influenza, or other such events, and to ensure the Group is able to carry out supply activities in the event of an emergency. However, if the Group’s business operations are suspended due to a large-scale natural disaster, the Group’s business performance and financial condition may be affected

due to decreased sales resulting from lost sales opportunities or an increase in recovery costs or other expenses.

2. About traffic accidents

The Group uses many vehicles (8,100 Group-wide) in its sales and delivery activities. In addition to using vehicles with low environmental impact, we are also introducing vehicles equipped with drive recorders and automatic braking systems in order to prevent traffic accidents. In addition, we proactively conduct awareness-raising activities to promote traffic accident prevention, such as the establishment of a safe driving month and holding classes taught by police officers. However, in the event a serious traffic accident occurs, social credibility may decline, and this may affect the performance and financial condition of the Group.

About securing a labor force

In order to reliably distribute the pharmaceuticals, daily necessities, and other products of the Group, it is essential to secure high-quality human resources and assign them appropriately. In recent years, securing a labor force in the distribution field has become difficult due to the declining population resulting from the decreasing birthrate and aging population. In addition to boosting efficiency through labor-saving measures at distribution centers and revisions of delivery operations, we are implementing workstyle reform and taking steps to improve and upgrade the work environment, but if the labor supply tightens further and adequate human resources cannot be secured, the Group’s performance and financial condition may be affected. In addition, a significant increase in employee-related costs due to revised laws and systems or price fluctuations may affect the performance and financial condition of the Group.

About investing

The Group has formulated “2022 MEDIPAL Medium-Term Vision” for fiscal 2019 to fiscal 2021. We plan to proactively invest ¥100 billion over the three-year period of the vision to ensure the continuous growth of the Group.

1. About investment in logistics infrastructure

The Group is proactively investing in logistics and systems as well as introducing cutting-edge technology in order to carry out its social mission of

safe, secure distribution. These activities are also essential for the Group to maintain its competitiveness. However, any increase in investment costs or the inability to earn the expected return on investments may affect the performance and financial condition of the Group. In fiscal 2020, capital expenditures totaled ¥16.1 billion.

2. About investment in business development

In order to expand its business foundation and diversify earnings, the Group invests in the development of new drugs by pharmaceutical companies in order to receive returns on investment after these drugs go to market (project finance), and sell and distribute them to medical institutions preferentially (marketing). We aim to reliably supply medical treatments to patients with rare diseases by making effective use of the Group's management resources, such as its logistics capabilities and sales network. However, the development of new drugs takes time and may be suspended, and does not always proceed smoothly. As a result, we may incur losses and or not achieve the earnings we expected, and this may affect the performance and financial condition of the Group.

3. About capital alliances and business partnerships

In line with the basic policy of our medium-term vision, "The MEDIPAL Group will expand its earnings foundation and achieve sustainable growth by building new frameworks that benefit customers and society," we are proactively reaching beyond the boundaries of our industry into fields such as the digital realm and logistics, in addition to investing in startup companies, with a focus on venture companies in the life sciences field. Regarding capital alliances and business partnerships such as these, prior to investment we consider profitability and return on investment from various perspectives. However, in the event of an unexpected environmental change or significant divergence from the assumed business plan, the Group may incur an impairment loss, which may impact the performance and financial condition of the Group.

About legal and regulatory infractions

The Group has set "ensure thorough legal compliance" as one of its business policies, and continually carries out employee education and awareness activities. In addition,

we work to detect problems within the Group at an early stage, and have established whistleblowing hotlines both inside and outside the Company. At a Board of Directors meeting held on January 29, 2021, a new Guiding Principle for Business Activities was adopted to clearly express the commitment of the CEO to compliance. The CEO has visited business sites throughout Japan to ensure that all employees embrace the spirit of the new policy and are familiar with the reasons for its adoption. Additionally, a Compliance Committee has been established as an advisory body to the Board of Directors. The committee will continuously monitor compliance in the Group and work to establish a spirit of observing regulatory compliance.

Nonetheless, if a legal violation occurs, not only will this necessitate the payment of monetary penalties through administrative measures, fines related to criminal proceedings, and damages through civil proceedings, the Group may face the negative impact of the loss of trust from society, and this may affect the performance and financial condition of the Group.

About COVID-19 pandemic countermeasures

The Group reliably supplies products that lives depend on. As such, we anticipate various circumstance related to the COVID-19 pandemic, and work to maintain a reliable supply system (establishment of backup system through mutual cooperation of nationwide distribution centers, maintenance of inventory, use of thermal cameras to check temperatures of persons entering buildings and acceleration of planned maintenance of equipment) and to prevent the further spread of the virus (prevention of spread of infection among employees, thorough cleaning and disinfection of vehicles and equipment and prevention of spread of infection at medical institutions). Nonetheless, if the virus spreads among employees, or if logistics functions need to be suspended, we will face difficulties in reliably supplying pharmaceuticals and other products, and this could affect the performance and financial condition of the Group.

Various risks other than these exist, and the risks described here are not all of the risks faced by the Group.

Compliance

Basic Policy



The MEDIPAL Group has designated “rigorous compliance” as one of its business policies. In order to earn the trust of all of our stakeholders and continue to develop as a company, we consider it important for each and every MEDIPAL Group employee to respect not only the law, but also the rules and sensibilities of society, and to act in a highly ethical manner. Accordingly, the Group takes ongoing steps to raise awareness of compliance.

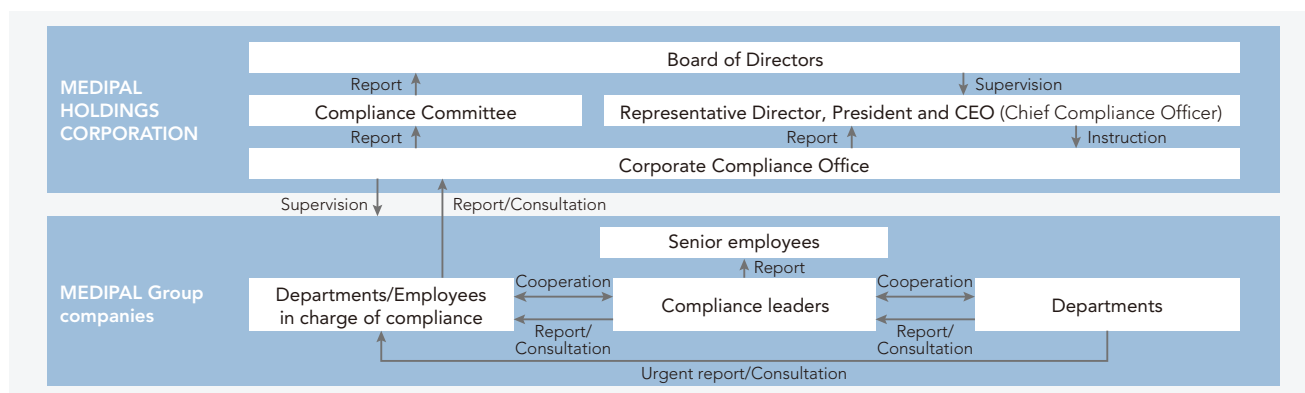
Compliance Promotion System

In the MEDIPAL Group, the Representative Director, President and CEO holds the position of Chief Compliance Officer, and top management takes the lead in promoting compliance.

To support the systematic and continuous implementation of initiatives, a Corporate Compliance Office has also been established as an organization under the direct control of the president to further strengthen compliance throughout the Group.

In addition, the Compliance Committee has been established to ensure continuous monitoring of Group compliance and to provide guidance, advice, and oversight to support the improvement and continuation of initiatives. The Compliance Committee, which functions as an advisory body to the Board of Directors, is chaired by the Chief Compliance Officer. Members also include executive directors with sales experience in the Prescription Pharmaceutical Wholesale Business and outside directors. In addition, Audit & Supervisory Board members and other officers participate as observers to take in relevant opinions and ensure more efficient monitoring.

With the goal of raising awareness within sales departments, we have appointed sales department managers as compliance leaders to promote compliance on the sales frontline and to monitor and supervise the status of compliance.



We have established an audit/monitoring system with the following functions:

(1) Antimonopoly Act Audit

The Audit Office, which is in charge of internal audits, will conduct Antimonopoly Act audits to confirm whether there are Antimonopoly Act violations and monitor the status of efforts to prevent a recurrence of any violations. This process enables it to identify problem areas and guide improvements.

(2) Reporting of Audit Results

The audit results will be reported to the Board of Directors and the Audit & Supervisory Board.

(3) Reporting of Status of Improvements

The status of improvements and operation of the Group’s compliance system will be reported regularly (quarterly) to the Board of Directors.

Attendance at Compliance Committee Meetings	No. of meetings:	2*
	Attendance of executive directors with sales experience in the Prescription Pharmaceutical Wholesale Business:	100%
	Attendance of outside directors:	100%
	Meetings take place quarterly in principle.	

* From committee establishment to July 2021

Formulation of Guiding Principle for Business Activities

In response to the on-site inspection by the Japan Fair Trade Commission in November 2019 and based on a spirit of observing regulatory compliance, the Group formulated a Guiding Principle for Business Activities to demonstrate the commitment of the CEO to compliance.

To make this commitment universal across the Group, the CEO has continued to convey this message in meetings, in-house publications and other forums to ensure that all employees are aware of compliance, and has visited business sites throughout Japan and engaged in dialogue with employees.

Initiatives to Raise Compliance Awareness

To raise compliance awareness, the Group has implemented the following initiatives:

(1) Compliance training

Compliance training is regularly carried out for all employees including corporate officers. Going forward, in addition to e-learning for all employees, we will continuously implement group training based on relevant duties to ensure that employees have the necessary knowledge and mindset. We will also continue to update the content of training.

(2) Declaration of Compliance Day

To demonstrate our commitment to compliance we have designated November 27 as Compliance Day. The day focuses on reaffirming awareness of compliance, and includes a variety of activities, including questionnaire surveys.

Compliance Training

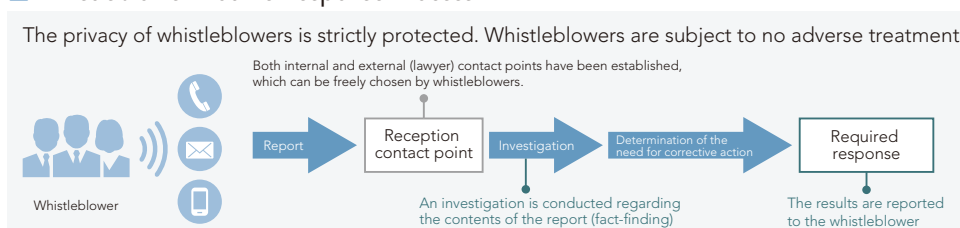
Scope	Content
Corporate Officers	We provide lectures on the theme of enhancing compliance awareness. One example is the yearly executive seminar, at which outside experts are invited to speak.
Management-level Employees	At management conferences and other meetings, the CEO talks about our spirit of observing regulatory compliance to firmly inculcate this idea throughout the organization. For sales department managers, who also act as compliance leaders, we provide training in a discussion-based format with a focus on eliminating violations of the Antimonopoly Act.
All Employees	In addition to messages from the CEO, we provide training on the Antimonopoly Act.

Whistleblowing System

In order to more rapidly identify and address problems within the MEDIPAL Group, on April 1, 2006, the Group established a Whistleblower Hotline. We have used the Group intranet and posters to inform employees that they can use the hotline to raise concerns about impropriety, legal violations, or unethical conduct, or when such activities seem likely to occur.

The Group has made the hotline easy to use by setting up whistleblowing channels both inside and outside of the Group and by making it possible through telephone, e-mail (24 hours a day), fax, and mail. The system includes appropriate safeguards, such as an independent point of contact to ensure confidentiality and specific internal rules to protect whistleblowers from adverse consequences. We also address anonymous reports.

Whistleblower Hotline Response Process



Initiatives to Prevent Violation of the Antimonopoly Act

The Group has established rules and regulations to prevent violation of the Antimonopoly Act. We have also revised our work regulations.

Establishment of Regulations Regarding the Prevention of Involvement in Bid Rigging, Etc.

Regulations regarding the prevention of involvement in bid rigging, etc. have been established for the purpose of eliminating collusion, cartels and other violations of the Antimonopoly Act, preventing behavior that may be suspected of such violations, and reducing the risk of becoming involved in such violations.

Review of Business Plans and Sales Targets

To avoid situations where violations of the Antimonopoly Act are likely to occur, we have carried out a fundamental review of our business activities and are also considering reviewing our business plan.

Creation of Antimonopoly Act Compliance Guidebook

We have produced an easy-to-understand guidebook on how to avoid violations of the Antimonopoly Act. The guidebook outlines sales situations open to misunderstanding or ambiguous interpretation.

Formulation of New Rules for Estimates and Bids

We have formulated new internal rules on fair competition based on a spirit of observing regulatory compliance. The rules specify that no contact is to be made with other companies in the industry when submitting price estimates and bids, that monetary amounts are to be

presented on a clear basis and subjected to an approval process, and that price estimates and bids are not to be submitted for projects where there is no commitment to accepting the contract.

Formulation of Rules on Activities within the Industry and Contact with Other Wholesalers

Immediately following the on-site inspection by the Japan Fair Trade Commission, we forbade, in principle, any actions that may arouse suspicion, such as contact with other companies in the industry. Regarding activities within the industry, however, contact is allowed, subject to certain rules (presence of an attorney or other relevant official, keeping a record of proceedings, etc.).

We have also established clear rules for approval procedures and other aspects in cases where there is an unavoidable need to contact another company in the industry.

Consultation Desk for Antimonopoly Act (Antimonopoly Act Hotline)

Immediately following the on-site inspection by the Japan Fair Trade Commission, we established a dedicated consultation desk for the Antimonopoly Act to ensure swift response in sales situations open to ambiguity with regard to compliance with the Act. This consultation desk operates separately from the existing whistleblower hotline and we have taken steps to make the Antimonopoly Act Hotline even more accessible.

Initiative to Prevent Corruption

The Group carries out its business activities in a just and lawful manner, and strictly prohibits all supply of profits to civil servants or those in a similar position. All Group companies have formulated bribery prevention regulations. To ensure the effectiveness of these regulations, we have also established internal rules regarding disbursements including acts of endowment to third parties, such as the receipt of all internal approvals in writing.

Furthermore, as many of the major business partners of the Group (manufacturers of medical and pharmaceutical products and medical equipment) are incorporated in various foreign countries, we are conducting education programs for all employees to bring the education standard of the relevant business partner up to a satisfactory level. These programs include compulsory annual online training that uses as reference the material of the FCPA training induction course that is implemented by the AMDD (American Medical Devices and Diagnostics Manufacturers' Association).

Pharmaceutical Affairs Management

Basic Policy



The MEDIPAL Group considers it its social mission to comply with pharmaceutical laws and regulations such as the Pharmaceutical and Medical Device Act, and to distribute safe, reliable prescription pharmaceuticals and medical equipment, etc. In order to accomplish this mission, we strive to implement thorough pharmaceutical affairs management, from product receipt to delivery to medical institutions, etc., to secure the efficacy, safety, and quality of delivered products.

Maintaining Quality

For quality management in the storage and distribution of pharmaceuticals, medical equipment, and other products, the Group ensures the operation of appropriate systems by creating manuals on logistics operations, supervising pharmacist operations, etc., based on ordinances issued by the Ministry of Health, Labour and Welfare, and on JGSP¹ and JGSP2008. The Group also formulates manuals for quality management and SOP (standard operating procedures) in accordance with the globally harmonized JGSP GDP, revised to reflect PIC/S² GDP, and with GDP guidelines³ issued by the Ministry of Health, Labour and Welfare. The Group also works to enhance management systems, provide opportunities for suggesting improvements at GDP review meetings, and implement educational activities.

1. JGSP (Japanese Good Supplying Practice: Practices regarding quality management and safety management in the supply of pharmaceuticals): Industry practices defined by The Federation of Japan Pharmaceutical Wholesalers Association in order to protect the safety of products and prevent their degradation due to temperature, humidity, sunlight, etc., during storage, shipping, and transport. JGSP applies to prescription pharmaceuticals, while JGSP2008 applies to over-the-counter pharmaceuticals.
2. PIC/S (Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme)
3. GDP (Good Distribution Practice) Guidelines set out appropriate procedures for ensuring the proper management of distribution (purchase, storage, and supply), maintaining the integrity of pharmaceuticals, and preventing the entry of counterfeit drugs into regular distribution channels.

Education System

The Group offers ongoing training to cultivate the knowledge and qualifications necessary to appropriately gather and supply information regarding pharmaceuticals and medical equipment (for marketing specialists and pharmacists) and provides manuals and information on SOP to ensure reliable quality (for employees engaged in product management and distribution).

For details regarding education of marketing specialists/pharmacists, please see “Respect for Human Rights” on page 65.

Why counterfeit drugs are not a growing concern in Japan

The spread of counterfeit drugs is becoming a severe problem worldwide. However, there is no room for counterfeit drugs to enter the Japanese drug market. The main reasons for this are the development of laws (the Pharmaceutical and Medical Device Act, etc.) and compliance with these laws, as well as the fact that nearly all prescription pharmaceutical distribution (roughly 96%) is performed by pharmaceutical wholesalers.

The existence of wholesalers (1) simplifies distribution channels, (2) makes it possible to handle everything from purchase to delivery in-house, and (3) creates close relationships with all clients: pharmaceutical companies, medical institutions, and dispensing pharmacies.

High-quality distribution is the key factor in preventing the spread of counterfeit drugs, and investment in such distribution is essential. In that sense, the Japanese pharmaceutical wholesale industry is also responsible for safety and social costs.

The Group conducts lot traceability management, and employs a system that allows it to determine what has been sold, when, to whom, and in what quantities. In the event of a voluntary product recall by a pharmaceutical company, this system allows the Group, at the pharmaceutical company's request, to rapidly provide information to the medical institutions and other customers to whom the products have been sold, and recall those products.

Compliance with the Japanese Version of the GDP Guidelines

MEDIPAL Group Initiatives

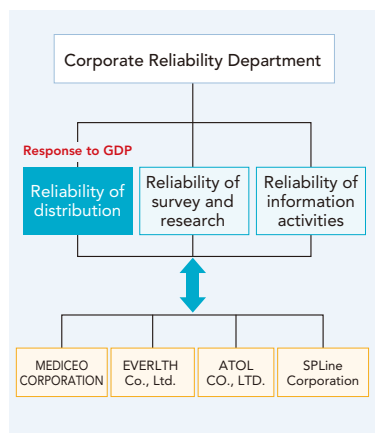
With the addition of SPLine Corporation to the scope of GDP activities in 2021, the Group is now providing training based on the revised quality manuals and SOPs to the logistics departments of the four prescription pharmaceutical wholesalers* as well as to ALCs and Tokyo Chuo FLC and Nishi-Nihon Distribution Center. In addition, we carry out regular quality reviews to promote and enhance the quality of GDP activities.

In response to the spread of COVID-19, we have taken responsibility for handling the distribution of Moderna's COVID-19 (intramuscular injection) vaccine, a preparation that is licensed for manufacture and sale in Japan by Takeda Pharmaceutical Company Limited. The vaccine has strict temperature storage requirements of -25°C to -15°C. We ensure high-quality logistics through temperature mapping, which measures temperature distribution in cold storage warehouses and shipping containers. With these measures in place, we have worked with government bodies and local wholesalers to distribute supplies to large-scale vaccination sites operated by national and local governments and to workplace vaccination sites.

The Corporate Reliability Department, which was established within the Administration Division in 2019, has supported these activities in a number of ways.

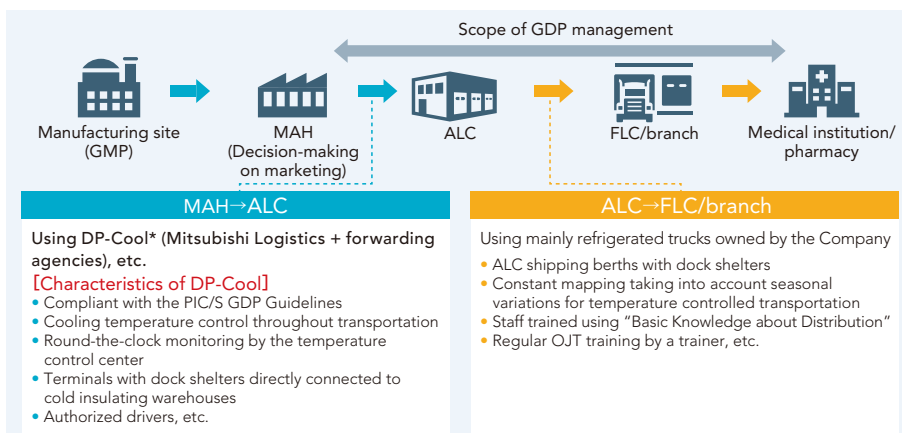
* MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., SPLine Corporation

Organization and Role of the Corporate Reliability Department



Note: As of April 1, 2021

Pharmaceutical Supply Chain



* DP-Cool is a new cold insulation transportation service for medical products compliant with the PIC/S GDP Guidelines

Message from the Manager of the Corporate Reliability Department

The Group's GDP activities cover the four prescription pharmaceutical wholesalers MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., and SPLine Corporation. Our ALCs, FLCs, and prescription pharmaceutical storage facilities differ in terms of size and the number of products handled. Those responsible for GDP activities include the heads of the logistics and pharmaceutical affairs departments, warehouse staff, MSs, DSs (delivery specialists), and others. GDP activities to date began with ALCs, which are the largest in terms of scale, and have mainly been led by employees from the Head Office, ALC executives, and those responsible for pharmaceutical affairs. However, many of the specialty pharmaceuticals and regenerative medical products that have been developed in recent years have strict requirements for temperature control during storage and transportation. As a result, pharmaceutical company audits require that distributors meet not only GDP guidelines but also the more strict global standards of the respective company.

In line with growing awareness of GDP and related initiatives, the Corporate Reliability Department is working to promote GDP and continuously improve the quality of logistics, as well as outfit FLCs throughout Japan and the 192 prescription pharmaceutical storage facilities with organizational systems capable of responding to the guidelines and to provide them with the necessary capital investment. At the same time, the department is implementing educational activities for employees, including MSs and DSs. In addition, to increase reliability in logistic and quality, we are further enhancing our pharmaceutical distribution practices by strengthening cooperation, not only with relevant internal departments, but also with pharmaceutical companies, distributors, and other external partners.



Akihiro Aoyagi
Manager of Corporate Reliability Department
MEDIPAL HOLDINGS CORPORATION

Disaster Planning

Basic Policy

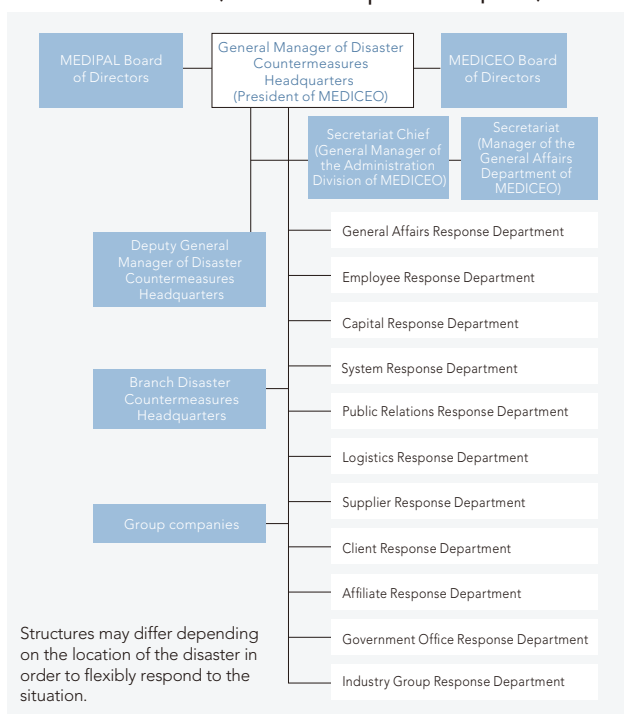


The MEDIPAL Group anticipates various risks, and has drafted an effective BCP (Business Continuity Plan) that allows it to provide a steady supply of products, not only in normal times but also in the event of pandemics or large-scale natural disasters such as earthquakes. This enables the Group to fulfill its role as a social infrastructure company.

Natural Disaster Risk Countermeasures

In 2000, the MEDIPAL Group created a Disaster Response Manual (for Natural Disasters) that contains specific content regarding envisioned disaster damage, preparatory measures, operations in the event of a natural disaster, emergency organization structures, and the like. We ensure that all Group employees are thoroughly familiar with its content. The manual was partially revised following the Great East Japan Earthquake. In the event of an earthquake with a seismic intensity of 6-lower or above, the Group immediately establishes the MEDIPAL Group Disaster Countermeasures Headquarters. This headquarters rapidly confirms the safety of Group company employees and their families in the affected areas, as well as the extent of damage to buildings, systems, and the like, and the state of lifelines. It also leads various response activities aimed at business continuity.

Disaster Countermeasures Headquarters – Headquarters Established by MEDICEO CORPORATION (Great East Japan Earthquake)

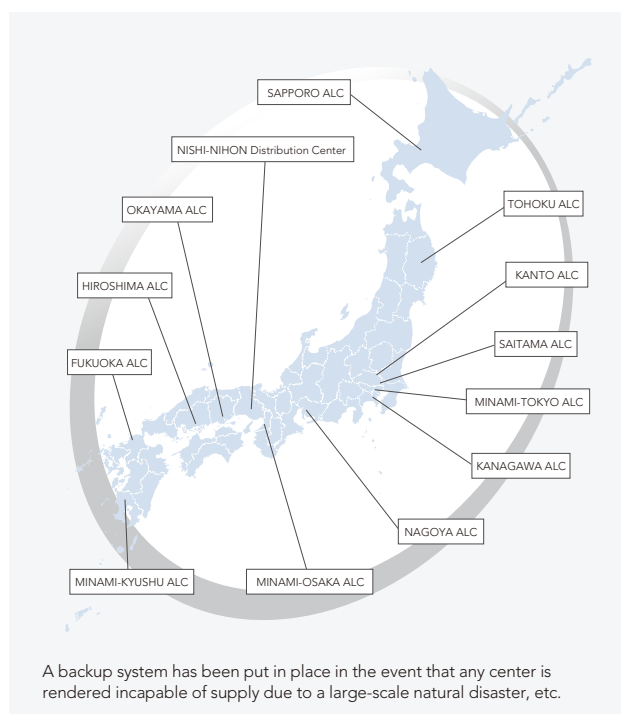


Countermeasures against Pandemics

Highly virulent outbreaks of avian influenza occur frequently in Japan, and there are concerns regarding the possibility of a human pandemic of avian influenza. The Group has created a Disaster Response Manual (for New Influenza Strains) and makes revisions, as necessary.

The Group recognizes its role in maintaining social functions, and regards its social mission in the event of an outbreak of a new strain of influenza or other infectious disease to include defining a response program, protecting the lives of employees and their families, maintaining a stable supply of pharmaceuticals and other goods, and doing its utmost to support the disaster responses of medical institutions

Coordination of Distribution Center Functions



MEDIPAL's Mission in Japan Is to Deliver Pharmaceuticals Securely and Safely.

The MEDIPAL Group has gained experience in previous major natural disasters, including the Great Hanshin-Awaji Earthquake, the Great East Japan Earthquake, and the series of earthquakes in Kumamoto, and has undertaken many initiatives to ensure stable supply when disaster strikes. Because Japan is a land of natural disasters, MEDIPAL must make full preparations for dealing with a wide range of disaster scenarios.

BCP (Business Continuity Plan)

The pharmaceuticals, daily necessities, and other items that the Group distributes are all essential for people to lead healthy lives. We believe that providing stable supplies of these items is the social mission of the Group. For this reason, MEDIPAL has prepared disaster response manuals for dealing with major natural disasters, pandemics, and other contingencies. The specific activities and procedures to follow in such times of emergency are stated in these manuals.

Seismic isolation structure

Distribution centers and other buildings are designed to have high earthquake resistance, in order to prevent products from falling from shelves and becoming damaged during disasters, and to prevent our distribution facilities from becoming inoperative.



In-house power generators

MEDIPAL's principal business locations, including the Head Office and distribution centers, are equipped with in-house electric power generators.



In-house fueling stations

Based on our experience during times when gasoline was in short supply due to disasters, MEDIPAL's principal distribution centers are equipped with their own fuel supplies.



Preparedness measures for times of emergency

To prepare for times when public transportation and transportation networks are disrupted, motorcycles are kept in readiness at distribution centers and other locations. When roads to some areas are impassable for larger vehicles, motorcycles prove to be an important means of delivering pharmaceuticals.



Disaster cooperation with the Self-Defense Forces and local governments

MEDIPAL has signed pharmaceutical supply contracts with local governments and Japan's Self-Defense Forces, and periodic training drills are conducted during non-disaster times.



Organizational systems for dealing with disasters

In the event of a disaster, the MEDIPAL Group Disaster Countermeasures Headquarters immediately goes into action.



Highlight

Group company response to disaster caused by heavy rains

In July 2020, Kumamoto Prefecture and other areas were hit by record rainfall that led to widespread damage including flooding and landslides. ATOL CO., LTD. set up a Disaster Countermeasures Headquarters, immediately checked on the safety of employees and their families, quickly gathered information, devised response measures, and issued instructions to frontline operations. ATOL not only sent relief items to the impacted areas but also dispatched employees to assist in the recovery efforts. In addition, ATOL was able to ensure the stable supply of pharmaceutical products directly from nearby distribution centers.





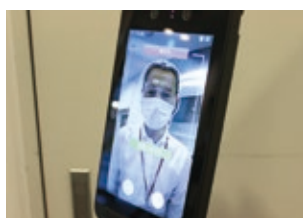
COVID-19 Pandemic Countermeasures

Our mission as social infrastructure that supports people's safety and security

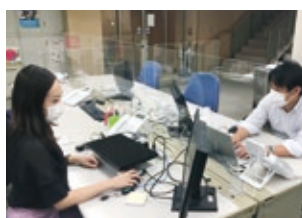
As part of its response to the COVID-19 pandemic, the MEDIPAL Group established the COVID-19 Countermeasures Headquarters on March 2, 2020, to enhance communication within the Group and speed up related activities. To maintain a stable supply of pharmaceuticals and other products while ensuring the safety of customers and employees, the headquarters collects and centrally manages information on government policies and local trends, and quickly and flexibly implements countermeasures against various anticipated situations.

Efforts to Prevent the Spread of Infection among Employees and at Facilities

Installation of thermal cameras



Installation of splash guards for seats that face one another in our offices



Promotion of working from home



Workplace COVID-19 vaccination



Initiatives to Prevent the Spread of Infections at Medical Institutions

Delivery using no-contact inspection by individual scans



Wiping down delivery containers



Washing and sterilizing vehicles and equipment



Wearing a mask and plastic gloves while working



Highlight

Deploying the full capacity of the Prescription Pharmaceutical Wholesale Business in distributing the COVID-19 vaccine



In supplying the Moderna COVID-19 (intramuscular injection) vaccine, a preparation that is licensed for manufacture and sale in Japan by Takeda Pharmaceutical Company Limited, MEDIPAL Group operating companies and partner companies (Hokuyaku, Co., Ltd., YONYAKU CO., LTD. and Nakazawa Ujike Yakugyo K.K.) are leveraging their track record and experience in the prescription pharmaceutical wholesale business. The companies have collaborated in constructing a cold-chain distribution system centered on 16 delivery centers located throughout Japan, and are working to provide a stable supply of the vaccine to large-scale vaccination sites, workplace vaccination sites, and local wholesaler distribution centers.

Information Management

Basic Policy



The MEDIPAL Group handles a variety of information, most notably the personal information of our clients. Managing and safeguarding this information is also the social responsibility for the Group. In addition to taking measures to protect our systems and other hardware, we consider it important to educate the employees who handle information. In this manner, we take a range of precautions, on both the hardware and the software sides, to ensure the rigor of our information management.

Policies and Systems

As a standard for information management, the Group has established a Group-wide Information Security Policy. To ensure thorough information management, it has created an internal system, which is headed by the Chief Information Officer (Representative Director, President and CEO), with managers and personnel in each section.

Education System

The Group considers the mentality of each and every employee who handles information to be the most critical element of information management. Accordingly, we conduct information security education twice a year through e-learning training and other formats to remind employees about information management and raise their awareness of security. We also periodically have employees carry out the "Information Security Oath," which consists of key points of note regarding the handling of information in our internal network.

Initiatives for Information Protection

The Group implements security measures to protect information and prevent its leakage, such as deploying antivirus measures and countermeasures against unauthorized access, using biometric authentication and encrypting data on mobile computers in all Group companies.

Cyberterrorism Countermeasures

Our cyberterrorism countermeasures include identifying suspicious email, blocking access to suspicious sites, using the latest antivirus software, and keeping all software updated to the most current versions. Furthermore, in order to deal with cases in which an attack breaks through these measures and attempts to steal data, we use counter-cyberterrorism software that monitors our systems 24 hours a day and immediately disconnects compromised systems, preventing data leakage.

Respect for Human Rights

Basic Policy



The MEDIPAL Group respects the fundamental human rights of every person including its employees. Accordingly, we believe that building a corporate culture of mutual acceptance will lead to corporate vitality. We conduct various initiatives aimed at strengthening the human resource foundation and creating an environment where employees can demonstrate their individual strengths to the fullest.

1 Personnel Development

Personnel Development Policy

As expressed in the saying, “A company is its people,” employee growth is essential for improving corporate value. One of the Group’s management policies is to “faithfully create a free, open-minded corporate culture, and train creative personnel,” and we are actively and continuously engaged in the development of our personnel.

Personnel Allocation

Job rotation is regularly implemented for the purpose of developing employees and vitalizing work environments. In new business projects, we provide opportunities for highly motivated people to play an active role, including internal recruiting from the MEDIPAL Group, and allocate personnel to maximize the potential of the organization.

Training System

In order to train creative personnel, we regularly provide level-specific training to all employees, from new recruits to section managers, department managers, etc. In addition, we provide occupation-specific training in order to develop highly skilled, diverse human resources. Furthermore, we provide opportunities for personal development through correspondence courses that are available to all Group employees.

Next-generation leader development

The MEDIPAL Group invites outside instructors to provide education and training, with the aim of developing personnel who are open-minded, creative, and capable of formulating and implementing Groupwide strategies from a medium-to-long-term perspective. Participants in this education and training have, through repeated discussions, developed new business plans, presented these plans to management and had their plans put into actual operation. This program has been held on an annual basis since 2011, and has been attended by 84 employees (as of March 31, 2021).

Training and education for MSs (marketing specialists) and pharmacists

For MSs, we provide training and education through branch pharmacists regarding not only the efficacy of pharmaceuticals, but also the pathophysiology necessary to understand them, as well as related laws and regulations, such as the Pharmaceutical and Medical Device Act. We also have developed an environment that enables individual study through online training. In addition, we regularly hold training sessions for pharmacists using highly specialized scientific resources in order to promote enlightenment and information sharing.

AR* and DMR* training

To give our MSs better knowledge of pharmaceuticals and diagnostic reagents so they can utilize that knowledge in their work, we have developed an original program for acquiring MR and DMR qualifications, and provide learning support. The program consists of introductory education for acquiring MR and DMR qualifications as well as ongoing training to maintain and enhance the qualities necessary for MRs and DMRs after acquiring the qualifications. In the ongoing training, the “basic and practical knowledge education” and the “skills and practice education”

prescribed by the MR Education & Accreditation Center of Japan and the Japan Association of Clinical Reagents Industries is conducted as part of lifelong education according to each individual’s career. Specifically, participants acquire specialized knowledge on subjects such as gene therapy and regenerative medicine and cancer as practical knowledge, and receive training to upgrade abilities such as management, presentation, and communication skills as part of “skills and practice” training.

* Please refer to page 73 for explanations of technical terms.

MEDICEO CORPORATION Training System

Job Grade		Level-Specific Training	Job Type/Other				E-Learning	Support			
Management level employees	Department managers	<ul style="list-style-type: none"> Sales department manager training 			<ul style="list-style-type: none"> ALC/FLC Center manager training 	<ul style="list-style-type: none"> Evaluator training 	<ul style="list-style-type: none"> Next-generation leader development seminar 	<ul style="list-style-type: none"> Compliance (CSR, sexual harassment, power harassment, etc.) 	<ul style="list-style-type: none"> Department-specific training (job skill and knowledge training/specialized knowledge training) 	<ul style="list-style-type: none"> AR and DMR training 	<ul style="list-style-type: none"> Correspondence courses
	Section managers	<ul style="list-style-type: none"> Section manager follow-up training II Section manager follow-up training I New section manager training New branch manager training New operating manager training 									
Clerical positions	Deputy section managers/senior staff members	<ul style="list-style-type: none"> Preliminary training for new section managers Training for deputy section managers Training for senior staff members 	<ul style="list-style-type: none"> Self-leadership training 	<ul style="list-style-type: none"> Presentation training 	<ul style="list-style-type: none"> Leadership training 	<ul style="list-style-type: none"> Brother & Sister training 	<ul style="list-style-type: none"> Recruit training 	<ul style="list-style-type: none"> Compliance (CSR, sexual harassment, power harassment, etc.) 	<ul style="list-style-type: none"> Department-specific training (job skill and knowledge training/specialized knowledge training) 	<ul style="list-style-type: none"> AR and DMR training 	<ul style="list-style-type: none"> Correspondence courses
	Senior employees	<ul style="list-style-type: none"> Fifth-year training Third-year training 									
	General employees	<ul style="list-style-type: none"> Second-year training New employee training 									

Fair Evaluation and Treatment

The Group has established evaluation indicators such as whether or not employees are taking actions that meet the expectations of their company and producing results accordingly. We conduct evaluations every six months.* The wage structure is based on duties, role, and level of contribution. Job evaluation results are applied in determining promotions, pay raises and bonuses and we aim for fair treatment in order to maximize the capabilities and motivation of employees.

MEDICEO CORPORATION holds regular job evaluator training in order to assure fairness and validity of job evaluations. At the same time, evaluator meetings are held semiannually in each department for standardization of job evaluation and decision-making metrics. In addition, 360-degree (multilateral) surveys are conducted for branch managers and other employees in managerial positions for objective analysis of their own words and conduct on a daily basis, and the results are used to enhance management.

* At some Group companies, evaluations differ depending on employment system and occupation.

2 Pleasant Working Environments

The Group creates workplace environments in which employees can work without sacrificing their own lifestyles and values, and provides support to help them lead healthy lives, both mentally and physically.

Promoting Workstyle Reform

MEDICEO CORPORATION set up a Workstyle Reform Committee in May 2017 to promote improvement in productivity and in work-life balance.

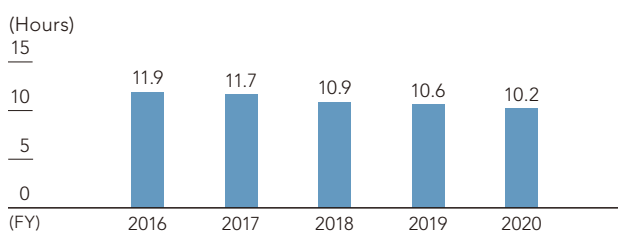
System reform

With the introduction of more flexible working hours, including staggered and variable working hours, and a new work scheme, we are promoting more effective work styles. This has included a reduction in overtime work and an increase in the rate of use of paid leave.

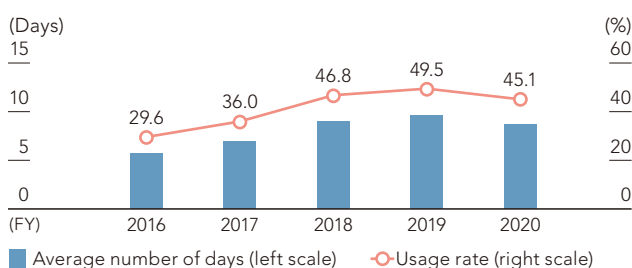
Telework: By enabling employees to work at home, we are expanding the range of workstyle options and improving productivity.

Planned energy-recharge paid leave: As a measure to promote greater use of paid leave, energy-recharge paid leave for five days each year has been introduced to promote employee health and work-life balance.

Changes in Average Monthly Overtime Work



Usage of Paid Leave (Average)



Initiatives for Optimal Time Management and Reduction in Overtime Work

Work hours, including the start of work and end of work, are managed and recorded objectively through the use of IC cards and other measures. We work to promote awareness of optimal time management among all employees and hold discussions between labor and management with the aim of reducing overtime work.

Additionally, “No-Overtime Days” and other measures encourage employees to leave at the end of their scheduled work hours. This enables them to work more systematically and efficiently, improving the quality of their work, and increases the time they can spend with their families and on their own hobbies and studies.

Support Measures for Handling Work and Personal Life

We strive to create employee-friendly workplace environments in which employees can use various systems (childcare and nursing care leave systems, short shift system, caregiving leave system, etc.), to achieve work-life balance at every life stage.

To support work-life balance, MEDICEO CORPORATION has introduced the “Job Return” program, which offers reemployment opportunities to employees who left the company due to unavoidable family-related reasons, such as marriage, childbirth, childcare, nursing care and spouse job relocation.

3 Health Management

Health Management

As a distribution networking group that supports the pharmaceutical, health, and beauty fields, the MEDIPAL Group actively carries out initiatives to maintain both the physical and mental health of its employees.

Improvement in health checkups and increase in the participation rate

The MEDIPAL Group provides regular health checkups for employees to detect any illness early and to maintain and improve wellness. The participation rate is nearly 100%.

MEDICEO CORPORATION offers non-standard medical inspection items in addition to items that are statutory requirements. These are used in health management such as improvement of lifestyle habits.

Mental health measures

The Group is dedicated to protecting the mental health of its employees, provides mental health education and performs awareness-raising activities at all Group companies. We have also established an EAP Hotline.*

* EAP (Employee Assistance Program) Hotline: Employee contact point offering counseling on work-related and private concerns.

Prevention of infectious diseases

In order to maintain employee health, influenza vaccinations are provided to all interested employees each year.

See page 63 for the MEDIPAL Group's measures against COVID-19.

Mindfulness

We have produced a video on mindfulness (brain and mental relaxation method based on meditation) as one of our efforts to promote



improvement of mental and physical health. This is aimed at providing relief for mental and physical stress, improving concentration, and enhancing the ability to handle stress.

Encouraging employees to take the Japan Health Master Exam



Group employees take the expert course of the Japan Health Master Exam* in order to improve their

health literacy and contribute to society. To date, a total of 4,068 employees have passed the exam (as of March 31, 2021).

* Japan Health Master Exam: Conducted by the Japan Health and Life Promotion Association, this exam program enables participants to gain health literacy based on the latest health information, and acquire qualifications.

Promoting measures to improve health

In May 2021, the MEDIPAL Group hosted an in-house lecture by an OB/GYN physician entitled "What All Working People Should Know: Basic Knowledge about Women's Bodies," which covered health topics specific to women such as the menstrual cycle. The lecture was aimed at increasing the understanding and awareness of everyone in the Group, including both male and female employees, as part of our efforts to create healthy, vibrant workplace environments for everyone.

Highlight

Recognition as "2021 Certified Health & Productivity Management Outstanding Organization"

In March 2021, both MEDIPAL HOLDINGS CORPORATION and MEDICEO CORPORATION were recognized as an "2021 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)," which is selected jointly by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi, in recognition of a company's various health management initiatives.



2021
健康経営優良法人
Health and productivity

4 Diversity

Since its founding in 1898, the Group has been involved in numerous mergers, and has achieved continuous growth through expansion and innovation. Employees from a range of corporate cultures and with a range of experiences, providing it with a foundation that contributes to its efforts to promote diversity.

Employment Diversification

The Group uses various employment activities to invigorate the entire Group. Through hiring categories such as new graduate hiring, mid-career hiring, hiring of employees with disabilities, and rehiring of employees who have reached retirement age, we are leveraging the uniqueness and strengths of each employee. The average rate of employment of people with disabilities in the Group is 2.47% (as of March 31, 2021), and we will continue to actively hire and promote people with disabilities.

Promotion of Women's Workplace Participation

The ratio of female employees in the Group is rising every year, and we aim to create workplaces that are more accommodating to women through efforts such as work style optimization. This will contribute to our ability to provide an even greater level of service to customers.

At MEDICEO CORPORATION, female employees actively participate in in-house projects and play a key role in fulfilling the Company's mission.

Ratio of Female Employees in the MEDIPAL Group

	March 31, 2019	March 31, 2020	March 31, 2021
Ratio of female employees (regular employees)	29.8%	30.4%	31.8%
Ratio of female managers	8.4%	8.9%	8.9%
Number of corporate officers, executive officers, etc.*	5.3%	5.0%	5.6%
Managers	6.2%	7.0%	7.0%
Leaders	12.7%	12.9%	12.8%

* Number of corporate officers is as of June 30, 2021

5 Human Rights Protection Initiatives

We protect the human and working rights of our employees, and work to improve the environment by establishing internal regulations and a hotline that enable smooth work operations.

Development of Harassment Prevention Regulations

Group companies have established the necessary regulations to prevent various forms of harassment and have set up systems that allow all employees to work with peace of mind. In addition to ensuring that anyone making a consultation about harassment will not face disadvantageous treatment, we take strict measures should an improper act occur.

Establishment of a Harassment and Interpersonal Relation Hotline

We have established an external hotline that employees can use for consultations regarding sexual harassment, power harassment, gender harassment, interpersonal relation issues and other workplace problems. Counselors are qualified industrial counselors, clinical psychologists, and psychiatric social workers. Consultations can be made 24 hours a day via telephone or the Internet. It is also possible to make a consultation anonymously.

Environmental Conservation Initiatives

Basic Policy



The MEDIPAL Group strives to reduce greenhouse gas emissions and to promote the appropriate disposal of waste, with the aim of preventing global warming and creating a recycling-oriented society as a Group that contributes to human health and the advancement of society.

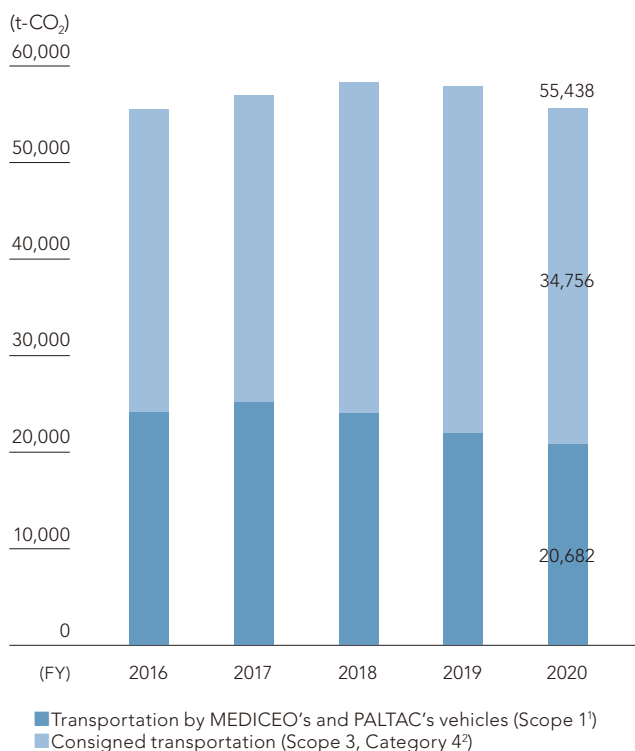
Efforts for Reducing CO₂ Emissions, Cutting Power Usage and Preventing Global Warming

Emissions related to transportation

As specified business operators under the Energy-Saving Act,* MEDICEO CORPORATION and PALTAC CORPORATION calculate the total CO₂ emissions of their own vehicle fleets and their consigned transport activities. CO₂ emissions in fiscal 2020 totaled 55,438 t-CO₂, a decrease of 2,333 t-CO₂ compared with the previous fiscal year.

* Act on Rationalizing Energy Use

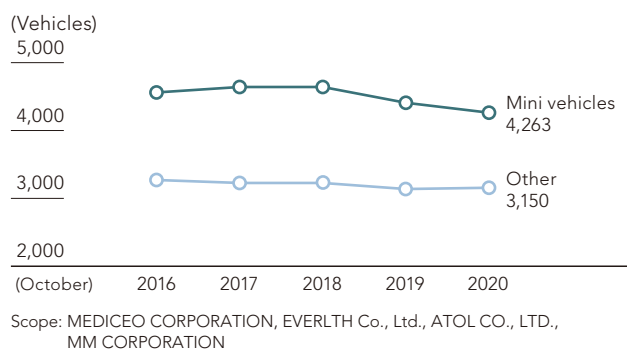
CO₂ Emissions Resulting from Transportation



Scope: MEDICEO CORPORATION, PALTAC CORPORATION
 1. Scope 1: Emissions associated with in-house fuel consumption
 2. Scope 3, Category 4: Indirect emissions that occur in the value chain associated with consigned transportation

In the Prescription Pharmaceutical Wholesale Business, we reduced the size of the vehicle fleet by 128 vehicles from the previous fiscal year. We also worked to reduce CO₂ emissions by progressing with the introduction of mini vehicles, which are fuel efficient and have low environmental impact.

Number of Mini Vehicles in the Fleet



CO₂ Emissions Resulting from Fleet Vehicles

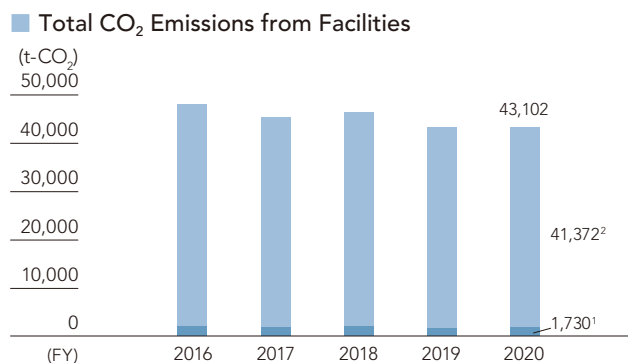
Fiscal	2016	2017	2018	2019	2020
Amount of fuel (kl)	11,939	12,431	12,245	11,657	11,261
CO ₂ emissions (t-CO ₂)	27,718	28,862	28,428	27,109	26,188
Number of vehicles (as of October)	7,613	7,828	7,865	7,541	7,413
Emissions per vehicle (t-CO ₂)	3.64	3.69	3.61	3.59	3.53

Scope: MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION
 Formula for calculating CO₂ emissions: Amount of fuel (kl) x Calorific value per unit (GJ/kl) x Emission coefficient (tC/GJ) x 44/12

CO₂ emissions from facilities

As specified business operators under the Energy-Saving Act, MEDICEO CORPORATION and PALTAC CORPORATION calculate the total CO₂ emissions of their ALCs, RDCs, and other facilities.

Emissions in fiscal 2020 totaled 43,102 t-CO₂, an increase of 24 t-CO₂.

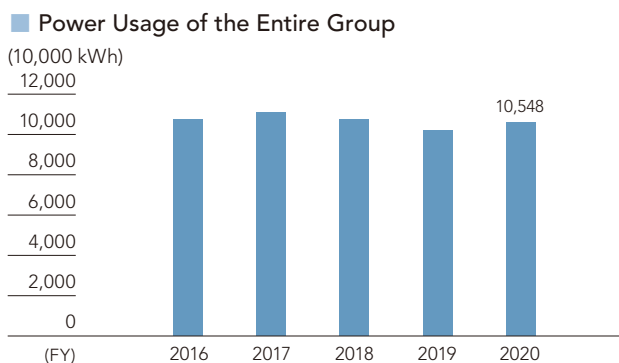


Scope: MEDICEO CORPORATION, PALTAC CORPORATION
 1. Scope 1: Emissions associated with in-house fuel consumption
 2. Scope 2: Emissions associated with power usage at business sites

Power usage

Each company in the Group manages power usage at its facilities. Power usage in fiscal 2020 totaled 105,480,000 kWh.

MEDICEO CORPORATION installed demand monitoring devices in some of its buildings, in order to visualize power usage and reduce maximum demand power, etc.



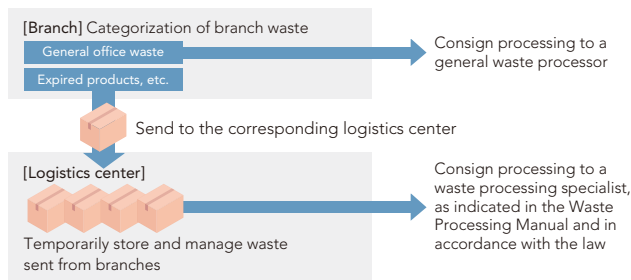
Scope: MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION, PALTAC CORPORATION, MP AGRO CO., LTD., MEDIPAL FOODS CORPORATION

Waste Processing and Effective Resource Utilization

Waste processing

As a distribution group, the Group has created a Waste Processing Manual detailing processing procedures for pharmaceuticals and other waste, in accordance with laws such as the Basic Act on Establishing a Sound Material-Cycle Society. The Group processes waste appropriately and in compliance with laws and regulations.

Waste Processing Procedure



Scope: MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION, PALTAC CORPORATION

Highlight

Winner of the Low Carbon Logistics Award at the 22nd Logistics Environment Awards

In a joint project with Japan Freight Railway Company, Japan Freight Liner Company, and Japan Oil Transportation, MEDICEO CORPORATION is promoting modal shift* in the transportation of pharmaceuticals between distribution centers. The project received the Low Carbon Logistics Award at the 22nd Logistics Environment Awards held by the Japan Federation of Freight Industries.

In this project, in January 2021 the mode of transport of pharmaceuticals from the Saitama ALC to the Tohoku ALC was changed from land transportation using large trucks to railway containers. This move is expected to reduce annual CO₂ emissions by approximately 90% from 186 tons to 16 tons. The project has also helped to improve the working environment for drivers and reduce distribution costs.

Going forward, MEDICEO CORPORATION is studying the feasibility of modal shift for transportation from the Kanto region to distribution centers in Hokkaido and the Chubu and Kinki regions.

* Modal shift: Shift of transportation of goods from trucks and other motor vehicles to modes with lower environmental impact such as railways and ship.

Social Initiatives

Basic Policy



The MEDIPAL Group is highly aware that, as a corporate entity, it is also a member of society. Through its activities, it aims to be a corporate group that is widely trusted by its stakeholders.

Support for patients with rare and intractable diseases

MEDIPAL supports RDD (Rare Disease Day), an initiative aimed at improving the quality of life of patients with rare and intractable diseases through better diagnosis and treatment. In February, when RDD events are held, MSs and other employees of MEDIPAL Group companies wear the official RDD badge as they engage in their day-to-day work.

Support for Momiji House



MEDIPAL, as a company that plays an important part in healthcare, supports “Momiji House,” a short-term in-patient facility for children with serious illnesses and disabilities and their families. It is operated by the National Center for Child Health and Development.

Support for raising awareness of COPD



COPD (chronic obstructive pulmonary disease) is a disease in which the airways and lungs become inflamed from smoking, leading to deterioration of lung functions. The fact that many people do not receive diagnoses or treatments for this disease is also an issue. The Group supports the COPD Awareness Project operated by the Japan Medical Association and other organizations with the goal of leading more patients to early diagnosis and treatment.

Establishment of bone marrow donor leave

The MEDIPAL Group has established a bone marrow donor leave system, enabling employees to take special paid leave for the registration, examinations, hospitalization, health diagnoses, etc., involved in bone marrow donation.

Promotion of participation in “Dementia Supporters” training programs



MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., and ATOL CO., LTD. promote participation in “Dementia Supporters” training programs, which help to create communities that enable persons with dementia and their families to enjoy peace of mind.

Support for local flower display campaign

ATOL CO., LTD. participates in a campaign by Fukuoka City to enhance the attractiveness and amenity of the city with the beauty of flowers. By planting flowers all over the city the campaign hopes to foster community spirit and emotional wellbeing.



Support for children’s cafeterias

MEDIPAL HOLDINGS CORPORATION gives a helping hand to the children who are our future by contributing to the Meals on Wheels Logistics System¹ that supports children’s cafeterias² and related activities of Meals on Wheels Japan.



1. A network for delivering food and other items donated by businesses to children’s cafeterias and other facilities throughout Japan.
2. A social contribution activity that offers children emotional security by providing them with meals and a safe space.