

Sustainability Management

Sustainability Policy

Connecting to the Future with “Energy and Brightness”

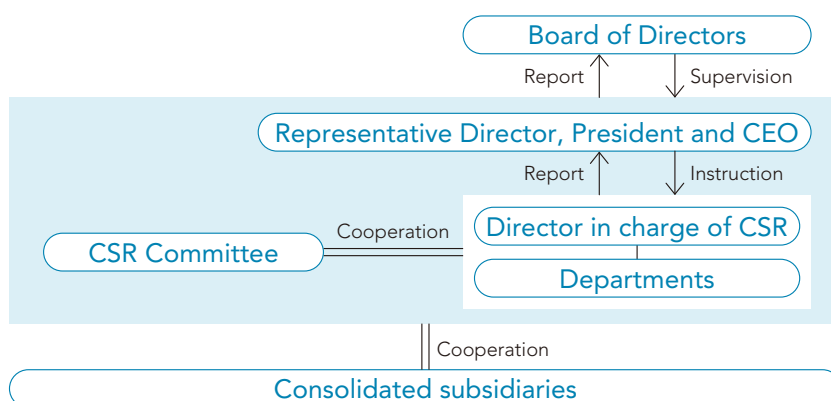
Under our management philosophy of “Contributing to people’s health and the advancement of society through creation of value in distribution,” MEDIPAL Group will solve environmental and social issues together with various stakeholders.

We will create a future that is healthier and brighter for everyone.

We will strive to realize a sustainable society and enhance our corporate value.

Sustainability Promotion System

At the MEDIPAL Group, the CSR Committee promotes sustainability management and discusses policies and initiatives for managing sustainability across the Group, as well as important tasks such as medium-term sustainability targets. The result of those discussions is submitted to Board of Directors by the director in charge of CSR (the CSR Committee chairperson) for approval. Based on the sustainability policies decided at Board of Directors meetings, consolidated subsidiaries carry out initiatives led by the responsible departments, and report specific measures and progress to the CSR Committee. The results of these initiatives are then reported to the Board of Directors on a regular basis (about twice a year) by the director in charge of CSR, helping to maintain a management system that enables appropriate supervision by the Board of Directors.



Message from the Director in Charge of CSR

We will conduct sustainability management with a focus on the material tasks we have newly identified.

Yuji Sakon

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



Strengthening Our Sustainability Promotion Structure

To promote sustainability management, we established a dedicated group in April 2021 and have been conducting our corporate activities with an awareness of sustainability.

For example, the CSR Committee meets every month, and engaged in lively discussions during the fiscal year ended March 31, 2022, primarily on topics such as formulating the Sustainability Policy, setting medium-to-long-term targets, and reviewing material sustainability tasks (materiality) for the MEDIPAL Group. These efforts have significantly raised awareness of sustainability, enabling us to establish the foundation for sustainability management.

Identifying MEDIPAL Group Materiality

I felt that the time had come to reconsider the relationship between our current management issues and material sustainability tasks, so we conducted a questionnaire survey of our executives and outside directors to assess the importance (order of priority) of the sustainability tasks for the MEDIPAL Group, and held discussions with the CSR Committee and others to review our materiality.

As the result, we newly identified material sustainability tasks (materiality) in October 2022. In particular, we clarified “new value creation” and “human resource development” to make a clear connection with the 2027 MEDIPAL Medium-Term Vision. We position this materiality as key elements in achieving sustainable growth and resolving issues through our business activities.

We have set medium-to-long-term targets related to initiatives for decarbonization, promotion of diversity and inclusion, and sound and transparent corporate management. Our target for decarbonization is to become carbon neutral by the fiscal year ending March 31, 2051. On the way to achieving this goal, we aim to halve greenhouse gas emissions by the fiscal year ending March 31, 2031 compared with the fiscal year ended March 31, 2021. To promote diversity and inclusion, we will work toward a target of raising the proportion of women in managerial positions to 20% or higher by the fiscal year ending March 31, 2031. For sound and transparent corporate management, we will expand compliance training and enhance corporate governance to accommodate Group companies.

Human Capital: The Source of Sustainable Value Creation

We realize that more diverse human capital is one of the most important issues for the MEDIPAL Group in working to transform its business.

Creating a workplace where women play an active role in resolving issues is crucial. MEDICEO CORPORATION has received Eruboshi certification (three stars, which is the highest level) as a company that promotes women’s participation and advancement in the workplace. For the MEDIPAL Group overall, however, the proportion of women in managerial positions is 7.3% (as of March 31, 2022), so achieving our target of 20% or higher by the fiscal year ending March 31, 2031 will require drastic reforms under the leadership of MEDIPAL HOLDINGS CORPORATION. To begin with, we have started laying the groundwork with measures including awareness surveys of female employees, in addition to increasing the talent pool. In April 2022, MEDICEO CORPORATION, EVERLTH Co., Ltd., and ATOL CO., LTD. created a sales position for female employees called a Women’s Coordinator to concentrate on providing academic information to hospital departments and clinics in the field of women’s medical care.

Moreover, we will focus on human resource strategies, including recruiting, training, and personnel system reforms, so that each employee can play an active role, cheerfully, happily, and positively. We have also been proactive in recruiting mid-career employees over the past few years, using them not just to strengthen our business foundation, but also in specific fields such as human resource development and new businesses. In addition to cultivating the human resources who will take the lead in the future, we are actively bringing in people from outside the Group.

Promoting Compliance Management












Since 2020, the MEDIPAL Group has been working to develop a system to promote stronger compliance. The Representative Director, President and CEO has been appointed as the Chief Compliance Officer and he is taking the initiative in promoting compliance management.

There are potential compliance-related risks in a variety of situations. In addition to risks related to legal violations, risks include information leaks and internal fraud. We recognize the importance of the role Group governance plays in visualizing and comprehensively managing latent risks at each company of the MEDIPAL Group from the perspective of group governance, and will promote such efforts.



Material Sustainability Tasks (Materiality)

In October 2022, we have analyzed the relationship between social issues such as SDGs, the MEDIPAL Group’s business activities and Medium-Term Vision, and identified materiality in six categories that will support our goal of solving social issues and achieving sustainable growth for the MEDIPAL Group.

► Overview of Material Issues (Materiality)

Material Sustainability Tasks (Materiality)		Relevant SDGs
1	Sustainable Distribution in the “Pharmaceuticals, Health, and Beauty” Fields Growing through the creation of social and economic value by building a safe and secure distribution network in normal times and during emergencies	 
2	Enhancement of Profitability through New Value Creation Connecting various people, goods, and services to create new value for the world in cooperation with partners in a forward-looking spirit	 
3	Development of Future-Oriented Human Resources Developing future-oriented human resources who work proactively toward achieving the ideal situation for MEDIPAL	
4	Promotion of Diversity and Inclusion Creating an open, active, and cooperative culture that respects employees' diverse personalities and enables them to maximize their potential	 
5	Initiatives for Decarbonization Conducting business with environmentally friendly activities to reduce greenhouse gas emissions and our environmental impact together with stakeholders	  
6	Sound and Transparent Corporate Management Maintaining sound ethical standards in all business activities through the enhancement of compliance, regulatory affairs management, information security, and corporate governance	

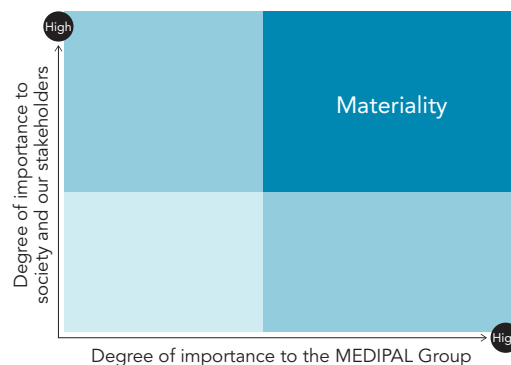
Among its material sustainability tasks, the MEDIPAL Group has set medium-term targets for “initiatives for decarbonization”, “promotion of diversity and inclusion,” and “sound and transparent corporate management”, and will strive to achieve these targets through the efforts of all Group companies.

		
<h3>Initiatives for Decarbonization</h3>	<h3>Promotion of Diversity and Inclusion</h3>	<h3>Sound and Transparent Corporate Management</h3>
<p>Targets for Reduction of Greenhouse Gas Emissions (Scope 1¹ + Scope 2²)</p>	<p>Women’s activity promotion target</p>	<ul style="list-style-type: none"> • Expand training in compliance • Construct a corporate governance system to accommodate group companies
<p>FY2031: 50% reduction (compared with FY2021) FY2051: Carbon-neutral</p>	<p>FY2031: Proportion of women in managerial positions of 20% or higher</p>	
<p>1. Emissions associated with in-house fuel consumption 2. Emissions associated with in-house power usage</p>		

Process to Identify Material Sustainability Tasks (Materiality)

We combined and mapped the information after identifying issues that are highly important for society and stakeholders as well as for the MEDIPAL Group, as shown in the chart. After discussion on order of priority and appropriateness, we identified materiality for the MEDIPAL Group in six categories.

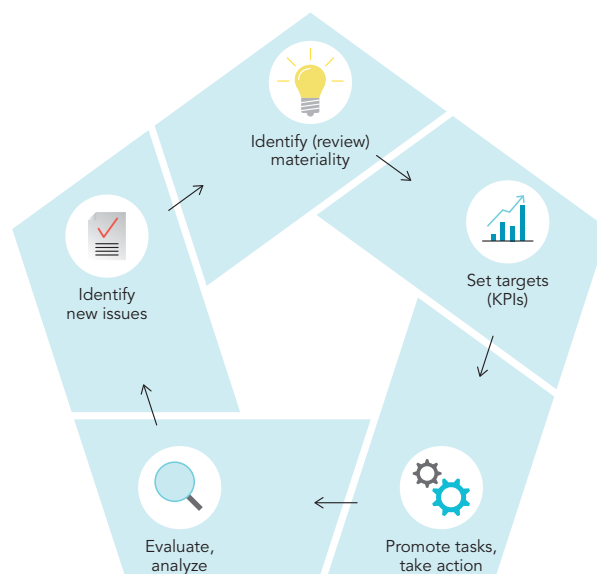
▶ Task Mapping



<p>Step 1 Identify social issues</p>	<p>We comprehensively listed 85 items of social issues that reflect industry trends and perspectives on the GRI guidelines, SASB, SDGs, and other long-term matters.</p>
<p>Step 2 Evaluate importance</p>	<p>Questionnaires on the items of social issues identified in Step 1 were sent out to the CSR Committee members, outside directors, and managers, with instructions to evaluate the items from the perspective of the degree of importance to society and our stakeholders and the degree of importance to the MEDIPAL Group and to assign priorities.</p>
<p>Step 3 Create a draft of materiality</p>	<p>Based on the evaluations in Step 2 and the opinions of outside directors, the CSR Committee discussed the appropriateness and order of priority of the items and then created a draft of materiality.</p>
<p>Step 4 Discussion and decision at the management level</p>	<p>Management debated the draft produced by the CSR Committee before a decision on the materiality at the Board of Directors.</p>

▶ Materiality Management

The CSR Committee plays a central role in materiality management at the MEDIPAL Group, working in cooperation with relevant departments. We announced our sustainability policy and material sustainability tasks together with the release of the 2027 MEDIPAL Medium-Term Vision in October 2022. We will now set KPIs for each materiality, regularly monitor the status of progress, and make revisions if necessary based on changes in the social or business environment. We will also work to strengthen our initiatives by disclosing KPIs and the status of progress as well as through dialogue with stakeholders.



Environmental Conservation

Basic Policy

As a company responsible for distribution, the MEDIPAL Group is working to reduce greenhouse gas emissions and the environmental burden of its operations. We will help to achieve a sustainable society through environmentally friendly business activities.

Environmental Declaration

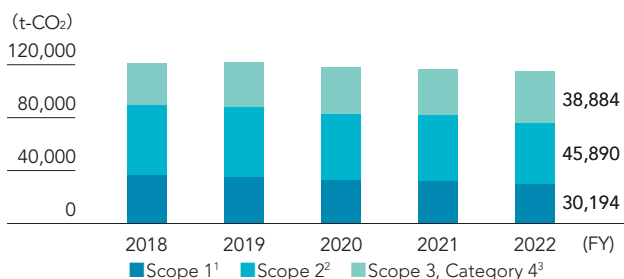
Our Beautiful Planet Our responsibility for preserving and mission to pass it on to.

We are working with stakeholders to realize a distribution model that is kind to people and the environment, so that we have a beautiful world to pass on to subsequent generations.

Actual Data

Each Group company manages its own energy usage and works to reduce greenhouse gas emissions.

Greenhouse Gas Emissions



Changes in the Greenhouse Gas Emissions Generated from Company-owned Vehicles

	FY2018	FY2019	FY2020	FY2021	FY2022
Amount of fuel (kl)	14,765	14,224	13,540	12,963	12,175
Greenhouse gas emissions (t-CO ₂)	34,613	33,323	31,627	30,354	28,520
Number of vehicles	8,961	8,763	8,412	8,147	7,934
Average emissions per vehicle (t-CO ₂)	3.86	3.80	3.76	3.73	3.59

Formula for calculating CO₂ emissions: Amount of fuel (kl) x Calorific value per unit (GJ/kl) x Emission coefficient (tC/GJ) x 44/12

Implemented at MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION, PALTAC CORPORATION, MP AGRO CO., LTD., and MEDIPAL FOODS CORPORATION (Scope 3 implemented at MEDICEO CORPORATION and PALTAC CORPORATION)

1. Emissions associated with in-house fuel consumption
2. Emissions associated with in-house power usage
3. Indirect emissions that occur in the value chain associated with consigned transportation

Optimizing Pharmaceutical Distribution

In our prescription pharmaceutical wholesale business, we are collaborating with our customers, including drugstore and dispensing pharmacy chains, to build an optimized pharmaceutical distribution model that reduces greenhouse gas emissions.

Specific measures include analyzing and managing the optimal inventory of pharmaceuticals for each store to streamline ordering/supplying and delivery operations for all parties, thus reducing vehicle greenhouse gas emissions. These initiatives will help all parties achieve efficient operations, improve productivity, promote workstyle reforms and ensure more environmentally friendly practices, all of which contribute to a more sustainable society.

Optimizing distribution to improve efficiency and reduce greenhouse gas emissions

- Resolving both the MEDIPAL Group and customer issues by optimizing the entire supply chain
- Steadily growing the number of cooperating enterprises and participating stores

(Examples of improvements)

- Review of frequent or irregularly timed deliveries
- Introduction of inspection by individual scans

Number of deliveries

Once a day, in principle
→ **80% reduction in greenhouse gas emissions** from vehicles

Product inspection time

One-minute per inspection
→ **84% reduction in inspection time**

Environmentally Friendly Product Development

One of PALTAC's new initiatives to increase ethical consumption is to develop environmentally friendly products that use waste plastic as raw materials, through collaboration with companies that develop products and materials to facilitate resource circulation. As well as products from other manufacturers, PALTAC is developing its own products with the goal of actively contributing to the distribution of more high-value-added products that allow consumers to appreciate how they are helping the environment.

Garbage bags: The more you use, the less plastic waste in the world



Joint development with TBM Co., Ltd.

- Recycled materials
- Eco-mark certified
- Use of these garbage bags instead of bags made from virgin plastic reduces plastic waste volumes

Sustainabrella: An umbrella that will not add to landfills



Joint development with TBM Co., Ltd. and Ca et la Co., Ltd.

- Recycled materials
- Safe, flat design for the ferrule at the umbrella tip
- Long-lasting umbrella that can withstand windy conditions and does not rust
- Recyclable because of all-plastic design
- Umbrella ribs made from strong plastic
- High durability

Modal Shift

MEDICEO is working on a joint project with Japan Freight Railway Company, Japan Freight Liner Company, and Japan Oil Transportation Co., Ltd. to achieve a modal shift* in pharmaceutical transportation between distribution centers.

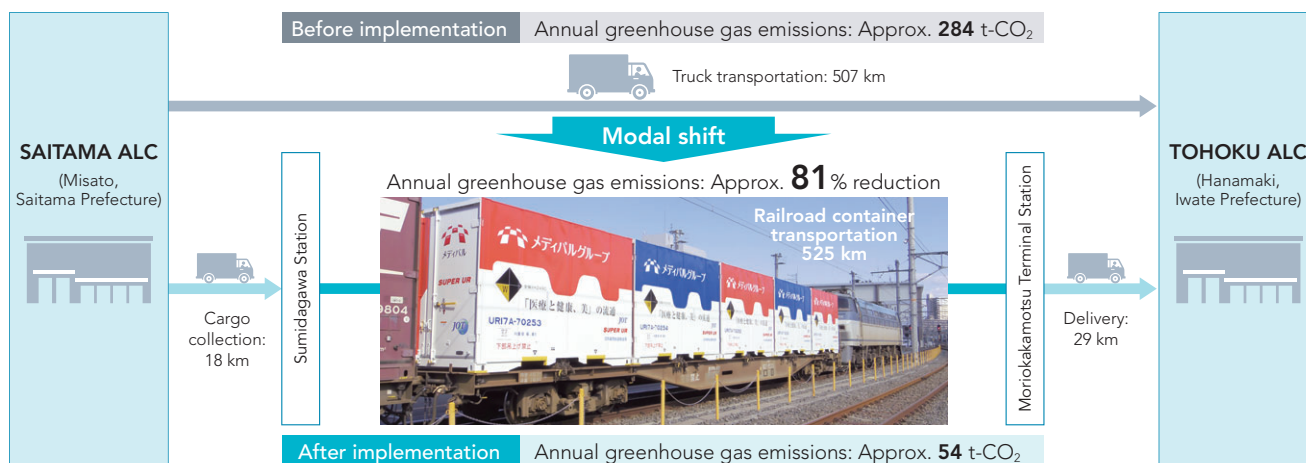
The project promotes the switching of product transportation in some areas away from conventional large trucks and onto more environmentally friendly railroad containers, to reduce greenhouse gas emissions. The plan is to gradually roll out this project across more areas.

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

Project awards

Winner of the Low Carbon Logistics Award at the 22nd Logistics Environment Awards
 Winner of the 20th Green Logistics Partnership Conference Special Award

Schematic of modal shift (between the SAITAMA ALC and TOHOKU ALC)



Highlight

Introduction of EVs

The MEDIPAL Group is gradually introducing electric vehicles (EVs) that generate zero greenhouse gas emissions when driven. We are testing different vehicles for short distances from our sites and investing in infrastructure to support EV use.



Climate-related Information Disclosure Based on TCFD Recommendations

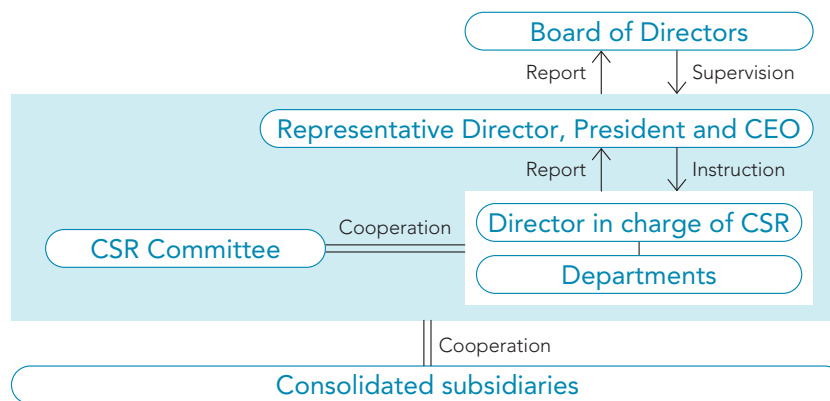
The MEDIPAL Group is mainly engaged in the wholesale business in the pharmaceutical, health, and beauty fields, and delivers products that are essential in supporting people’s lives and healthy living. As the MEDIPAL Group’s business requires the use of automobiles and other vehicles in logistics, the Group believes that it is important to build a more environmentally friendly distribution system.



In that context, the MEDIPAL Group declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in October 2022. The TCFD recommends that companies evaluate and disclose the financial impact of risks and opportunities from climate change. The MEDIPAL Group will strive for more accurate disclosure in line with the TCFD recommendations, taking into account the results of external surveys and internal analysis, and will continue its business based on management plans that incorporate financial risks and opportunities from climate change, and work to contribute to the realization of a sustainable society.

1. Corporate Governance

Climate change is one of our important tasks in corporate management. Formulation of a policy for responding to the climate change-related risks and opportunities of the Group as a whole, as well as important tasks such as medium-term reduction targets for greenhouse gas emissions, are discussed in the CSR Committee, which promotes sustainability management. The details of those discussions are brought up in Board of Directors meetings by the director in charge (the CSR Committee chairperson) for resolution. Based on policies related to climate change countermeasures, consolidated subsidiaries carry out initiatives led by the responsible departments, and report the specific measures and progress to the CSR Committee. The results of these initiatives are then reported to the Board of Directors on a regular basis (about twice a year) by the director in charge of CSR, helping to maintain a management system that enables appropriate supervision by the Board of Directors.



2. Strategy

The MEDIPAL Group referred to multiple scenarios¹ presented by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) to assess the business impact of two different scenarios: the average rise in global temperature of less than 2°C, and the average rise in global temperature of 4°C by the end of this century, compared with pre-industrial levels. In addition, a scenario analysis was conducted in order to evaluate the resilience of the Group’s strategies against climate-related risks and opportunities.

As a result of the analysis, in the less than 2°C scenario, it is assumed that risks such as cost increases related to the adoption of carbon taxes and other measures, and supply shortages and higher procurement costs due to increasing demand for renewable energy, will increase, while demand for products such as ethical products, alternative foods and health foods will expand. In the 4°C scenario, it is assumed that there will be an increase in capital expenditures for enhancing disaster preparedness functions, and that natural disasters will cause shutdowns of sales and logistics bases, delivery delays due to traffic paralysis and damage to supply networks. However, the MEDIPAL Group assumes risks such as large-scale disasters even in normal times, and has a backup system in place so that even if one logistics center is unable to provide supplies, alternative shipments can be made from other logistics centers. When record rainfall centered in

Kumamoto Prefecture occurred in July 2020, our employees were dispatched to the affected region to assist in disaster-relief activities, and we were able to maintain stable supplies by delivering products to customers directly from a nearby logistics center. Because of such experiences, the MEDIPAL Group believes that the impact of physical risks related to natural disasters caused by climate change in fiscal 2031 will be small. On the other hand, we expect opportunities to increase as a result of growing demand due to the creation of logistics bases to maintain stable supplies and strict adherence to operational procedures that comply with quality control regulations and GDP guidelines.

In either scenario, we view the prospect of certain cost increases as a risk, but we also believe it is an opportunity to leverage the sophisticated logistics functions the MEDIPAL Group has built.

Currently, to help solve issues related to climate change, the MEDIPAL Group is working to build a new model for optimized pharmaceutical distribution with customers, enhancing its intermediary distribution functions, and improving efficiency throughout the supply chain in collaboration and cooperation with stakeholders in the pharmaceutical, health, and beauty fields.

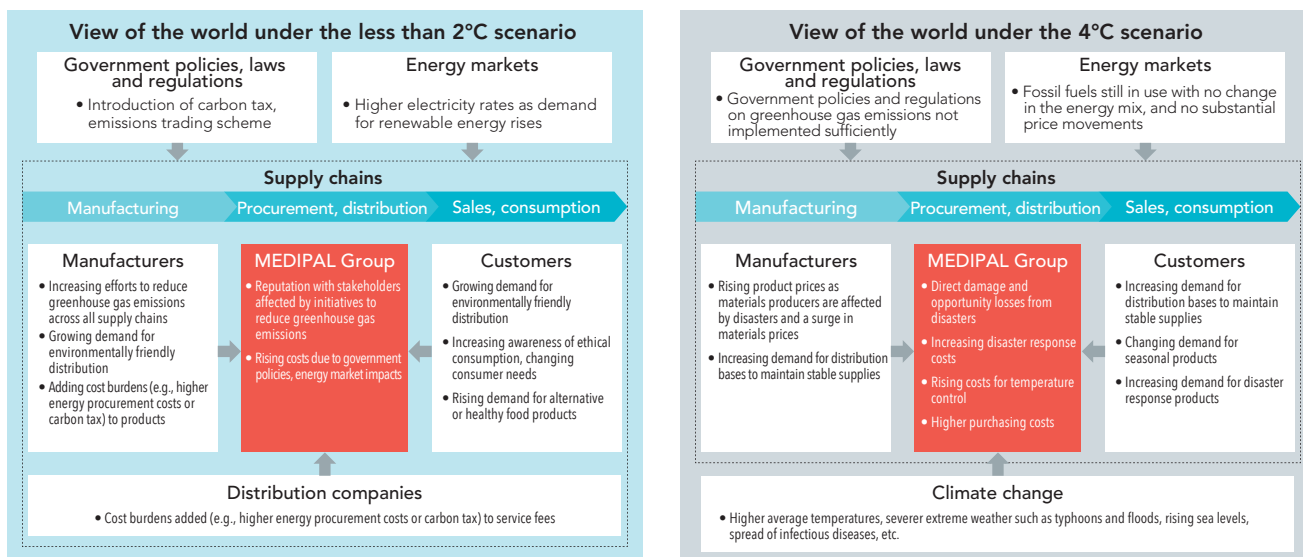
We recognize that evaluating the financial impact of climate change is a task that we need to consider. We plan to obtain a deeper understanding of this impact through further scenario analysis.

► Risks and Opportunities

Classification			Contents	Impact ²	
				Less than 2°C	4°C
Transition Risks	Policy and regulation	Introduction of government policies such as carbon taxes and emission trading systems	<ul style="list-style-type: none"> Carbon taxes on our own emissions Cost of purchasing emission rights for excess emissions Increase in costs due to the application of regulations such as carbon taxes on manufacturers and distributors, and resulting price adjustments 	Moderate	Small
	Market	Changes in energy prices	<ul style="list-style-type: none"> Supply shortages and higher procurement costs due to increasing demand for renewable energy 	Small	Small
	Reputation	Growing stakeholder concern	<ul style="list-style-type: none"> Loss of public confidence due to delay in responding to climate change (decline in business transactions, loss of business opportunities due to selection of wholesalers based partly on environmental impact, etc.) 	Moderate	Small
Physical Risks	Chronic	Changes in flooding and weather patterns	<ul style="list-style-type: none"> Increase in expenses for capital investment in vehicles and air conditioning systems to enhance temperature control functions for products Increase in difficulty of handling prescription pharmaceuticals and other temperature-controlled products Decrease in demand for seasonal products (winter goods), etc., due to rising temperatures Higher prices and difficulty in procuring raw materials such as agricultural products, marine products, and livestock products (higher purchasing costs) 	Small	Small
	Acute	Intensifying extreme weather (typhoons, floods, etc.)	<ul style="list-style-type: none"> Increase in capital expenditures for enhancing disaster preparedness functions Damage to and shutdowns of sales and logistics bases, delivery delays due to traffic paralysis, and damage to supply networks 	Small	Small
Opportunities	Increase in sales opportunities		<ul style="list-style-type: none"> Expansion of ethical consumption needs Expanding demand for alternative foods and health foods Increase in demand for seasonal products (summer goods), etc., due to rising temperatures Increase in demand for disaster supplies 	Small	Small
	Rise in relative competitiveness		<ul style="list-style-type: none"> Growing need for creation of environmentally friendly distribution model Growing need for low-cost logistics network Growing need for logistics infrastructure to maintain stable supplies (operational procedures based on BCP measures and GDP guidelines, nationwide logistics network, etc.) 	Small	Small

1. Main reference scenarios: IEA WEO 2021 (APS, STEPS), IPCC (RCP 2.6, RCP 8.5)
 2. Impact is presented qualitatively on three levels:
 Large: A large impact on business strategy or financial impact is assumed
 Moderate: A moderate impact on business strategy or financial impact is assumed
 Small: A small impact on business strategy or financial impact is assumed

► Anticipated view of the world under each scenario for the average rise in global temperature



3. Risk Management

We are assessing the impact that climate change will have on the MEDIPAL Group’s business and identifying climate change risks and opportunities. The identified risks and opportunities are discussed in the CSR Committee, which makes reports and proposals to the Board of Directors on a case-by-case basis.

In addition, the MEDIPAL Group, which handles distribution of products that are essential to healthy living, including pharmaceuticals and daily necessities, responds quickly to physical risks to ensure uninterrupted distribution. We have formulated a business continuity plan (BCP) to carry out supply activities quickly even during emergencies, and are implementing various measures that will enable us to reliably deliver required products.

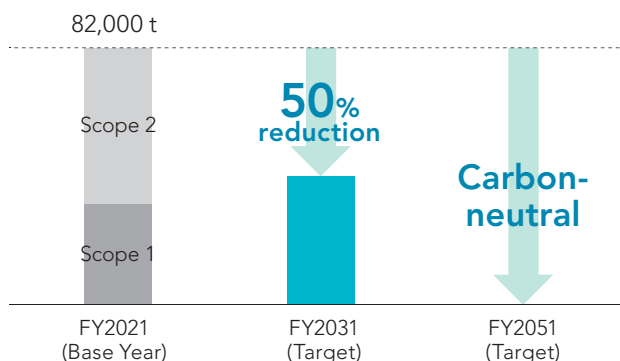
4. Indicators and Targets

► (1) Targets for Reduction of Greenhouse Gas Emissions

For the Group as a whole¹, our targets for Scope 1² and Scope 2³ are:

- a) FY2031: 50% reduction (compared with FY2021)
- b) FY2051: Carbon-neutral.

1. Implemented at MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION, PALTAC CORPORATION, MP AGRO CO., LTD., and MEDIPAL FOODS CORPORATION
 2. Greenhouse gas emissions associated with fuel consumption
 3. Greenhouse gas emissions associated with the use of electricity



► (2) Future Initiatives

The MEDIPAL Group believes it is important to respond to these climate change-related risks and opportunities in its wholesale business in the pharmaceutical, health, and beauty fields, and is planning the following initiatives as countermeasures.

Countermeasures	Initiatives
	<ul style="list-style-type: none"> Expand use of renewable energy, such as switching to green electricity Introduce renewable energy in-house power generation facilities, such as installation of solar panels Reduce the number of vehicles and deliveries Switch to electric cars and hybrid vehicles in sales and delivery fleets
	<ul style="list-style-type: none"> Conduct supply chain management for realizing sustainable distribution, including the use of drones Update the emergency response manual for extreme weather events and conduct disaster response training Enhance climate-related disclosures

The MEDIPAL Group expects investments associated with responding to climate change to total approximately ¥7.0 billion by FY2031.

Human Resource Management

Basic Policy

The MEDIPAL Group believes that human resources are one of the foundations of our business. We are actively investing in our human capital, while respecting human rights and working closely together on employee career plans. Our workplaces are psychologically safe spaces where we affirm diverse values, create a faithful and broadminded corporate culture, and train creative human resources. We are promoting people-centric business transformation, aiming to be an organization that can continuously develop and expand broadly in the business fields of “Pharmaceuticals, Health, and Beauty”.

Human Resources Strategy

In these times of significant environmental change both inside and outside the company, we need a human resources strategy as well as management strategy if we are to achieve a sustained increase in corporate value. We recognize the importance of the human resources that execute our management strategy and are implementing programs that connect our human resource strategy with our management strategy. Therefore, we are working to better visualize the human capital for our stakeholders, including our own employees, and our human resources strategy.

We have defined future-oriented human resources to realize the MEDIPAL Group’s management philosophy and build our future. Having clarified our human resource requirements, we are actively working to develop future-oriented human resources while reviewing our systems for hiring, training, personnel system, evaluation, and compensation. We are putting into practice measures that will enable the MEDIPAL Group to foster a creative corporate culture and allow full participation by diverse human resources. In October 2022, we established the Human Resources Strategy Department to be able to drive these measures through.

▶ Human Resource Requirements

• Common values

For its human resources, the MEDIPAL Group places great importance on integrity, morality, and a sense of mission as common values and considers these qualities to be the foundations of decision making.

Integrity: Always take a sincere approach and behave with fairness and honesty

Morality: Act with general common sense as well as in compliance with laws and industry rules

Sense of mission: Take responsibility and behave in accordance with what is right for the organization and oneself

- For the future of the MEDIPAL Group, we have defined six requirements for the future-oriented human resources to strengthen our business foundation, drive transformation, and develop our business broadly: sharing management philosophy; creativity; understanding the essence; involving others; communication; and analysis, identifying issues and resolution.

▶ The MEDIPAL Group’s Future-Oriented Human Resources

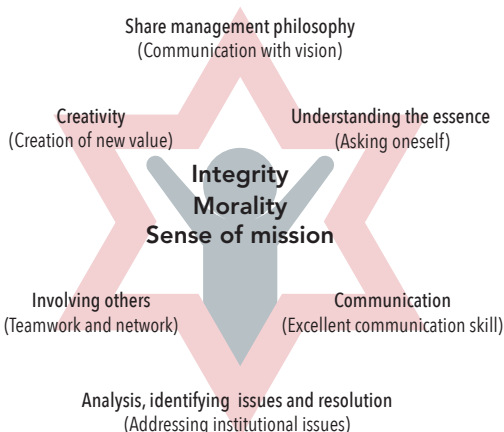


Image for human resources	Specific behaviors
Sharing management philosophy (Communicating with vision)	<ul style="list-style-type: none"> • Consistently make decisions to realize the management philosophy • Set clear visions and shares them with enthusiasm to inspire others to become involved
Creativity (Creation of new value)	<ul style="list-style-type: none"> • Collect information from a range of sources and creates new value for society and customers • Propose innovative and original ideas that do not hang onto the past, regardless of how things were done before • Capable of seeing things from an external perspective
Understanding the essence (Asking oneself)	<ul style="list-style-type: none"> • Constantly ask oneself a question about the purpose of the MEDIPAL Group, including as its employees • Ask oneself what is being worked toward and ensures that the means do not become the ends • Spare no effort to achieve growth for oneself and others
Involving others (Teamwork and network)	<ul style="list-style-type: none"> • Foster a sense of unity by working beyond the confines of one’s own group and eliciting collaboration across departments • Self-motivated to actively collaborate with people taking a leadership role to achieve organizational targets, and offers constructive opinions while engaging in work beyond the scope of work • Always listen for information to expand knowledge and one’s personal network
Communication (Excellent communication skill)	<ul style="list-style-type: none"> • Listen closely and develops the trust of others, and engages in dialogue based on real intentions • Engage in an exchange of constructive opinions with free and open-minded discussions and provides accurate feedback. Capable of leading constructive conversation, even in difficult situations. • Achieve personal growth by listening to others
Analysis, identifying issues and resolution (Addressing institutional issues)	<ul style="list-style-type: none"> • Self-motivated to scientifically analyze the current status of the organization that is belonged to, identify issues, and work independently to resolve them • Think of what can be contributed rather than searching for reasons to avoid contributing, and gets started with a sense of speed

1 Human Resource Development

The material sustainability tasks (materiality) for human resources have been specified as development of future-oriented human resources, and promotion of diversity and inclusion. In the past, the development of human resources has mainly involved on-the-job training (OJT) in each workplace, with extensive training programs implemented for different occupational roles, specialties, and themes. We are also promoting diversity and inclusion so that everyone has the opportunity to be active in business, regardless of gender, nationality, or background.

In September 2022, the MEDIPAL Group ran a survey on workplace culture and used the results from this survey for the designing of new measures for human resource development. This survey included questions on employee engagement and work engagement to measure and improve the connections between employees and the Company and their motivation toward work. We plan to conduct this survey every year and to review our programs for human resource development in order to develop the appropriate human resources to support business growth.

Human Resource Allocation

The MEDIPAL Group values dialogue with every employee and engages in job rotation based on the principal that we works closely on individual career plans. We also create opportunities for highly motivated people to play an active role through internal recruiting and allocate human resources to maximize the potential of the organization, including through human resource exchanges between companies in the MEDIPAL Group.

Training System

In order to train creative human resources, 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. Employees are also given opportunities for self-study through e-learning modules on the MEDIPAL Group Learning Portal or support for correspondence course enrollment.

▶ Next-generation Leader Development

The MEDIPAL Group invites outside instructors to provide education and training, with the aim of developing human resources 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 extensive discussions, developed new business plans and presented these plans to management. In some instances, these plans have been formally adopted. This program has been held since 2011, and has been attended by 106 employees (as of March 31, 2022).

▶ Training and Education for MSs* (Marketing Specialists) and Pharmacists

For our MS team, 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 have also developed an online training environment that enables individual study. 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 provided 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 are 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 82 for explanations of technical terms.

▶ Correspondence Courses

The MEDIPAL Group provides learning opportunities for business skills acquisition to support employee-driven career development, based on learning themes relevant to actual work roles. We have developed

courses in a range of areas, including business management, business skills, finance and accounting, IT and computers, qualification assistance, and foreign language learning.

Fair Evaluation and Treatment

The MEDIPAL 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, in principal. The wage structure is based on duties, role, and level of contribution. We aim for fair treatment in order to maximize the capabilities and motivation of employees by reflecting the results of performance review on promotions, pay raises, and bonuses.

MEDICEO CORPORATION regularly holds performance reviewer training in order to assure fairness and validity of performance review. At the same time, performance reviewer meetings are held semiannually in each department for standardization of performance review. 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 systems and occupations.

2 Diversity and Inclusion

We are working to build a corporate culture of mutual respect and respect fundamental human rights of employees and non-employees alike. We are creating an environment where everyone can work with energy and brightness to maximize the potential of our employees' different personalities and skills and boost corporate vitality.

Declaration on Diversity and Inclusion

Creating the shining future with bright personalities

Human resources with diverse values, who exchange opinions and work with mutual respect regardless of gender, nationality, or background, drive personal growth and the development of the Company.

Diversifying Employment

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, the MEDIPAL Group is leveraging the uniqueness and strengths of each employee. The percentage of employees with disabilities on a Group average was 2.53% (as of March 31, 2022), and we will continue to actively hire people with disabilities and promote the activities of them.

Women's Activity Promotion

The MEDIPAL Group strives to create a workplace where female employees can actively perform. We aim to achieve "20% or higher of female managers ratio in FY2031", as a target for women's activity promotion.



▶ Proportion of Female Employees in the MEDIPAL Group

	March 31, 2020	March 31, 2021	March 31, 2022
Proportion of female employees (regular employees)	30.4%	32.0%	32.6%
Proportion of female managers*	8.8%	8.8%	9.4%
Number of corporate officers, executive officers, etc.	5.1%	5.0%	5.8%
Management	6.8%	7.0%	7.3%

* Includes employees in leadership positions

▶ Awarded the Highest Level of Eruboshi Certification (Three Stars)

MEDICEO CORPORATION is working to actively create more employee-friendly environments, for example through the job return system, which offers reemployment opportunities to employees who left the company for unavoidable family-related reasons such as childcare or nursing care, and expanding the coverage of the shortened working-hour system beyond the legal requirement of employees with children aged under three years to include children up to the end of elementary school grade six.

Evaluating these initiatives, the Minister of Health, Labour and Welfare awarded the company the highest level of Eruboshi Certification (three stars) as a company that promotes women's activity in business.

Women's Activity Promotion / Women's Coordinators

Gathering and providing information in the field of women's medical care

Women's health issues (for example, dysmenorrhea, infertility, cervical cancer, endometriosis, uterine fibroids, or menopausal disorders) at the different stages of life can be a significant barrier to women's participation in the workplace. In April 2022, the MEDIPAL Group established the new position of Women's Coordinator. These women are sales representatives specializing in diseases in the field of women's medical care, and are responsible for delivering comprehensive information to medical facilities on pharmaceuticals related to women's health, as well as disease prevention, diagnosis, and treatment. Women's Coordinators act as community health liaisons connecting healthcare professionals and regional networks to support better health for women and help resolve problems at medical facilities dedicated to women's health.

The Women's Coordinator role also creates new opportunities for the participation of women in the workplace, opening up a new career path for female employees that suits their different life stages.

Looking ahead, we will enhance our programs to support women's health through all stages of life.



3 Pleasant Working Environments

The MEDIPAL 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

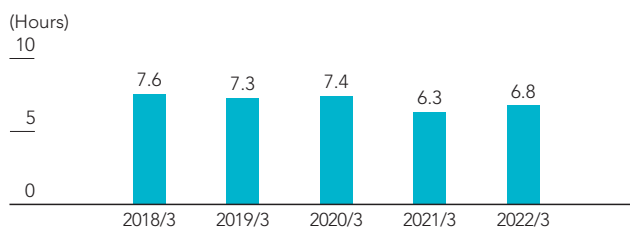
The MEDIPAL Group is working to improve productivity and promote a good work-life balance.

▶ System Reform

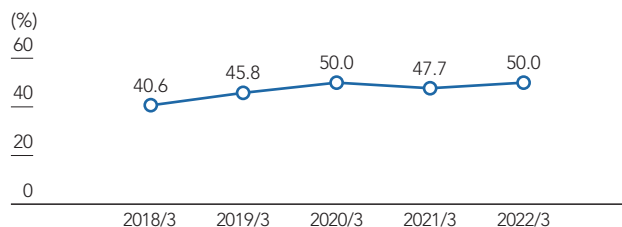
We are promoting more effective work styles through the introduction of a new work scheme and more flexible

systems, including staggered and variable working hours and working from home. We are also working to reduce overtime work and increase the rate of use of paid leave.

▶ Changes in Monthly Average Overtime Work



▶ Changes in Usage Rate of Paid Leave



Implemented at MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION, PALTAC CORPORATION, MP AGRO CO., LTD., and MEDIPAL FOODS CORPORATION

Initiatives for Optimal Time Management and Reduction of 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.* These initiatives enable them to work more systematically and efficiently, which can help improve the quality of their work and ensure that they have time to spend with their families or on their own hobbies and studies. It also helps to save power, as lightings, multifunction printers, and air-conditioning systems can be turned off at the end of office hours.

* Implemented at MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION, and PALTAC CORPORATION

Supporting Employees’ Work-Life Balance

We strive to create employee-friendly workplace environments in which employees can use a number of systems (childcare and nursing care leave systems, shorter working hour system, caregiving leave system, etc.) to realize their work-life balance at every life stage.

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

4 Health Management

Health Management

As a distribution networking group that supports the business fields of “Pharmaceutical, Health, and Beauty”, 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%. Our health checkups offer a wider range of tests than the legal requirements, and we actively encourage employees to receive follow-up health consultations.

▶ 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.

▶ 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 Master of Health Literacy Test



The Group employees take the expert course of the Japan Master of Health Literacy

Test* in order to improve their health literacy and better contribute to society. To date, a total of 4,133 employees have passed the exam (as of March 31, 2022).

* Japan Master of Health Literacy Test: Conducted by the Japan Master of Health Literacy Test Association, this test program enables participants to gain health literacy based on the latest health information, and acquire qualifications.

▶ Recognition as a “2022 Certified Health & Productivity Management Outstanding Organization”



We have been recognized in the large enterprise category under the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program, administered by the

Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi.

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

Highlight

Introduction of the Shift P Medication Support System



MEDIPAL HOLDINGS has worked with MTI Ltd. since 2019 on “Shift P” project activities that provide medication support for those taking the low-dose pill.

The project also aims to disseminate accurate information on the low-dose pill, increase disease awareness. The concept is to achieve a “shift” in the image of the pill and address problems women face with period cramps, premenstrual syndrome (PMS), or premenstrual dysphoric disorder (PMDD).

The Shift P medication support system* is a part of the Shift P project. This system has been launched to provide MEDIPAL Group female employees

suffering from dysmenorrhea with opportunities for obstetrics and gynecology consultations and medication support to help ease concerns over taking the low-dose in order to create workplace environments where female employees can work in good physical and mental health.

While respecting gender diversity, the MEDIPAL Group is also working to better understand different physical characteristics due to gender with the goal of making society where all of the people can have healthy lives, both mentally and physically.

* Implemented at MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., SPLine Corporation, MM CORPORATION, ASTEC Co., Ltd., MVC CO., LTD., PharField Corporation, MEDIE Co., Ltd., Medipal Insurance Service Co., Ltd., Kachidoki Yakuhinn KK, MP AGRO CO., LTD., MEDIPAL FOODS CORPORATION, Butsuruyu 24, Inc., and EVERLTH ODS Co., Ltd.

5 Human Rights Protection Initiatives

In the course of its business activities, the MEDIPAL Group respects the individuality of its employees and protects their right to pursue happiness. We protect the human and working rights of all our employees, and work to improve the workplace environment by establishing internal regulations and a hotline that enable smooth work operations. We also respect the human rights of the various stakeholders in our business.

The MEDIPAL Group is keenly aware of the need to consider human rights and has established a Harassment and Interpersonal Relation Hotline as part of efforts to eliminate harassment or discrimination based on gender, age, race, nationality, beliefs, religion, social status, or physical and mental disability. We will analyze data from the regular workplace culture surveys from the perspective of human rights protection in order to identify risks and prevent issues from arising.

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. Ensuring that anyone making a consultation about harassment will not face disadvantageous treatment, we take strict measures in cases of improper actions.

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.

Contributions to Society

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 company that is trusted by its various stakeholders.

▶ Support for Patients with Rare and Intractable Diseases

The MEDIPAL Group 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 of each year, when RDD events are held, MSs and other employees of MEDIPAL Group companies wear the official RDD badge.

▶ Enactment of Bone Marrow Donor Leave

Employees can take special paid leave for the procedures necessary for donating marrow, including registration, testing, hospitalization and health examination.

▶ 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 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 Career Planning for Junior High School Students



Junior high school students are the next generation who will build up our society, so we have provided learning opportunities aimed at helping them design future career paths and choose professions.

The students learned about the role the MEDIPAL Group plays in society through presentations on our business activities and hands-on experience of product delivery.

Highlight

Support for the National Medical Care Line Forum

We supported an event hosted by the National Medical Care Line, which aims to develop a society where everyone can live with peace of mind, even those with severe disease or disability. The event brought together children who require constant medical care and their families, from all across the country, to share information on the current challenges they face and the support required.

About Medipal Care

Medical care in this context describes the medical support needed just to survive, such as managing tracheostomy tubes and tube feeding in a non-hospital setting. Enacted in September 2021, the Medical Care Child Support Law provides support for, and lessens the burden on, children who require constant medical care and their families, based on the concept of supporting them by all members of society.



National Medical Care Line Forum
Celebrating the first anniversary of the enactment of the Medical Care Child Support Law, and sharing our thoughts

Corporate Governance

Basic Policy

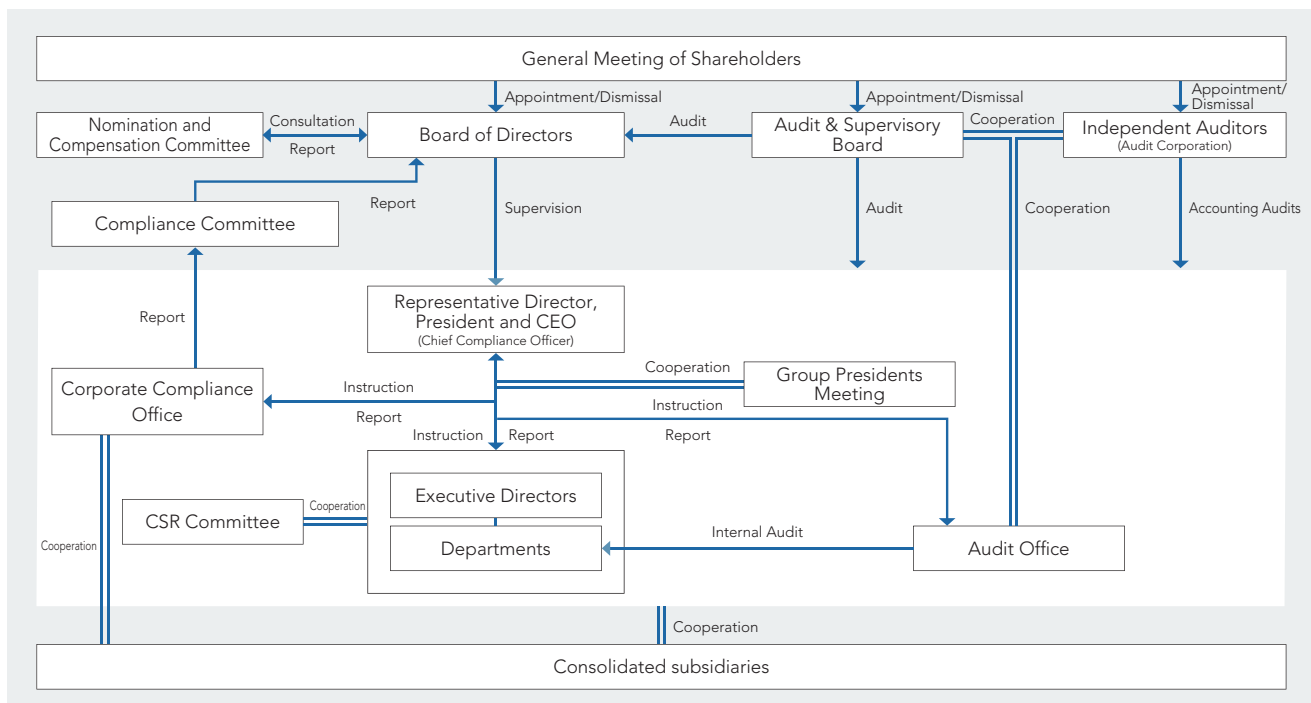
The MEDIPAL Group places importance on maximizing corporate value, while ensuring transparency and soundness of management. The Group also believes that disclosing high-quality information is one of its responsibilities to stakeholders, and that it enhances the transparency and soundness of management.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

Change in Governance Structure / Progress of Strengthening Our Initiatives

♂ Male ♀ Female

	Prior to Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018 to fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ending March 31, 2023
Independent Outside Directors (Number of people and ratio)	(11.1%)	(20.0%)	(20.0%)	(22.2%)	(30.0%)	(30.0%)	(36.4%)	(33.3%)	(33.3%)
Independent Officers (Number of people and ratio)	(28.6%)	(33.3%)	(33.3%)	(35.7%)	(40.0%)	(40.0%)	(43.8%)	(41.2%)	(41.2%)
Organizational Structure/ System	<ul style="list-style-type: none"> Abolishment of the Directors' retirement benefit system (June 2006) 					<ul style="list-style-type: none"> Began third-party evaluations of the effectiveness of the Board of Directors (February 2020) Established Nomination and Compensation Committee (March 2020) 	<ul style="list-style-type: none"> Established Corporate Compliance Office as an organization directly under the president (June 2020) Established Compliance Committee (January 2021) 		

Corporate Governance System



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 the functions of business execution. Senior managers of main consolidated subsidiaries are appointed as executive officers of the Company with the objective of upgrading

and improving the corporate governance system for the entire MEDIPAL Group. 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, 2022.

Meetings of the Board of Directors in the Fiscal Year Ended March 31, 2022	No. of meetings:	13 times
	Attendance rate of outside directors:	96%
	Outside Audit & Supervisory Board members attendance rate:	97%

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, deep insight, and a high level of specialization in order to contribute to the MEDIPAL 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 MEDIPAL 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 extensive knowledge and experience of corporate management, healthcare, finance/accounting, legal 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 of 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 deep insight 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

Candidates shall be proposed to 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 executive 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.

Ensuring Diversity of the Board of Directors

The Company's Board of Directors is designed to have diverse representation as well as an appropriately balanced mix of knowledge, experience, and skills, including through the appointment of a number of outside directors and outside Audit & Supervisory Board members. The Company has appointed a diverse lineup

of outside directors and outside Audit & Supervisory Board members, including former business executives and specialists in pharmaceutical development, accounting, and legal affairs, to ensure the effective functioning of the Board.

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, deliberate and report to the Board of Directors on the following matters.

- (1) Matters Related to Nomination
 - (a) Policy on appointment and dismissal of directors
 - (b) Matters concerning appointment and dismissal of directors (matters subject to resolution by the General Meeting of Shareholders)
 - (c) Matters concerning appointment and dismissal of representative directors
 - (d) Matters concerning appointment and dismissal of executive directors with special titles
 - (e) Matters concerning succession plans
- (2) Matters Related to Compensation
 - (a) Policy on compensation of directors, etc.
 - (b) Matters concerning director compensation limits (matters subject to resolution by the General Meeting of Shareholders)
 - (c) Matters concerning compensation of each director

(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.

In the fiscal year ended March 31, 2022, the committee met a total of three times. Below is a summary of its activities.

1. Regarding nominations, the Committee deliberated the following matters and reported its conclusions to the Board of Directors: (1) executive personnel matters for the subsidiary MEDICEO CORPORATION and (2) director candidates to be voted on at the General Meeting of Shareholders in June 2022.
2. Regarding compensation, the committee deliberated directors' bonuses to be paid in June 2022 and reported its conclusions to the Board of Directors.
3. The committee will continue deliberations on (1) a review of director compensation (total amount of compensation, related evaluation items, eligible directors, introduction of a stock-based compensation system, etc.), and further increase opportunities for exchanges of opinion with outside directors on governance matters, including (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.

► Committee Composition (As of March 31, 2022)

Nomination Committee	Toshio Asano (Committee Chair/Outside Director) Mitsuko Kagami (Outside Director) Kuniko Shoji (Outside Director) Hiroshi Iwamoto (Outside Director) Shuichi Watanabe (Representative Director, President and CEO) Yuji Sakon (Managing Director)
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Compensation Committee	Toshio Asano (Committee Chair/Outside Director) Mitsuko Kagami (Outside Director) Kuniko Shoji (Outside Director) Hiroshi Iwamoto (Outside Director) Toshihide Yoda (Senior Managing Director) Yuji Sakon (Managing Director)
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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 a corporate audit system, and appoints 5 members (4 men and 1 woman; three outside members). In addition to attending an Audit & Supervisory Board, 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, 2022 is described below.

Meetings of the Audit & Supervisory Board in the Fiscal Year Ended March 31, 2022	No. of meetings:	13 times
	Outside Audit & Supervisory Board members attendance rate:	100%

▶ Outside Directors' Attendance at Board of Directors Meetings

(Fiscal year ended March 31, 2022)

Name	Independent Officer	Attendance
Mitsuko Kagami	○	92% (12/13 times)
Toshio Asano	○	92% (12/13 times)
Kuniko Shoji	○	100% (13/13 times)
Hiroshi Iwamoto	○	100% (10/10 times) ¹
Koichi Mimura	○	100% (3/3 times) ²

1. Number of meetings held since his appointment on June 25, 2021

2. Number of meetings held since his appointment of executive officer on June 25, 2021

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

(Fiscal year ended March 31, 2022)

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

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, and independent auditors. 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 share their views at meetings of the Board of Directors, and express their frank opinions on other occasions such as during briefings ahead of important discussions. The Company also periodically

provides opportunities to view worksites at subsidiaries. In addition, every six months starting in the fiscal year ended March 31, 2022, the Company has held briefings on new businesses or presentations by the Information Systems Management Division to further the outside directors' and outside Audit & Supervisory Board members' understanding of the Group's businesses. The Company also runs other briefings and information exchanges as needed in response to specific themes requested by the outside directors and outside Audit & Supervisory Board members.

Evaluation of the Effectiveness of the Board of Directors

The Company 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.

Analysis/ Evaluation Process	<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>	
Issues Identified in Previous Evaluation ¹ and Initiatives	<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 Company 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.</p>	<p style="text-align: center;">Initiatives in the Fiscal Year Ended March 31, 2022</p> <p>To promote further functional improvements, we implemented the following initiatives.</p> <ol style="list-style-type: none"> (1) Further investigations aimed at improving the remuneration system, with ongoing deliberations over such matters as the introduction of a stock-based compensation system (remuneration linked to medium- and long-term earnings) and a review and reset of KPIs. (2) Continued investigations into the most appropriate executive/supervisory systems for MEDIPAL, in light of the general trend away from management boards to become monitoring boards. (3) Since May 2021, there have been quarterly meetings of the Compliance Committee to hear reports from departments in charge of compliance and internal auditing, and regular reporting of status updates to the Board of Directors.
	<p style="text-align: center;">Identified Issues</p> <p>We became aware of the following issues that need to be addressed going forward for further functional improvements.</p> <ol 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 	<p>In addition, we created opportunities for free discussion utilizing prior briefings to outside directors and outside Audit & Supervisory Board members, and opinions exchanged on the transition to the Prime Market of the Tokyo Stock Exchange (July) and financial policy (September).</p> <p>Moreover, we set up matters for consideration as a Board of Directors meeting agenda item, separating from matters for resolutions and reports, in order to support future deliberations by the Board of Directors, with discussions on sustainability initiatives (November) and the draft framework for the new Medium-Term Vision (January).</p>
Issues Identified in This Evaluation ² and Initiatives	<p style="text-align: center;">Analysis/Evaluation Outline of Results</p> <p>The average score for the question asking for an overall evaluation of the effectiveness of the Board of Directors was 4.0, above the average score for all questions of 3.7.</p> <p>The results of the questionnaire on whether discussions at the Board of Directors were open-minded were a high average score of 4.4, and there were multiple comments confirming the liveliness of discussions in the free comment section. In terms of the operation of the Board of Directors, multiple answers showed that the respondents thought the prior briefings were functioning effectively. In light of these results, we conclude that the Board of Directors is functioning effectively overall.</p>	<p style="text-align: center;">Future Initiatives</p> <p>After reviewing the questionnaire results, we identified the following seven points for discussion at the Board of Directors.</p> <ol style="list-style-type: none"> (1) Board of Directors monitoring function (2) Composition of the Board of Directors (3) Discussions at the Board of Directors' meetings (4) Operation of the Board of Directors (5) Support systems for corporate officers (6) Dialogue with investors (7) Nomination and Compensation Committee
	<p style="text-align: center;">Identified Issues</p> <p>The results from the free comment section of the questionnaire highlighted the issue that the topics currently discussed often involved short-term themes or decisions on the execution of specific tasks, whereas multiple opinions confirmed that the Board of Directors should be discussing long-term strategies.</p> <p>In terms of monitoring of the Board of Directors, the free comments also highlighted how monitoring should be performed as the Board of Directors of the holding company and the need to define the relationship with the business companies. As such, the questionnaire confirmed a range of opinions on how the separation of execution and supervision should be secured.</p>	<p>Looking ahead, we will use this information to consult on and select high-priority themes and will engage in specific, concrete discussions at the Board of Directors' meetings.</p>

1. At the meeting of the board of directors held in May, 2021
 2. At the meeting of the board of directors held in August, 2022

Compensation for Directors

The total amount of compensation for the 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 ratio) 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 Audit & Supervisory Board members 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, 2022)

Corporate Officer Category	Total Amount of Compensation (Millions of yen)	Total Amount of Compensation by Category (Millions of yen)				Number of Relevant Corporate Officers ¹
		Fixed Compensation	Performance-linked Compensation	Retirement Benefits	Non-Monetary Compensation, etc., Included in the Left Columns	
Directors (excluding outside directors)	267	195	71	—	—	8
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	48	48	—	—	—	2
Outside directors ²	57	57	—	—	—	5
Outside Audit & Supervisory Board members	32	32	—	—	—	3

1. There are no officers receiving a total of compensation and other benefits of ¥100 million or more in the fiscal year ended March 31, 2022.

2. As the position of Koichi Mimura was changed from an outside director to an executive director as of the close of the 112th General Meeting of Shareholders held on June 25, 2021, his allowances and headcount of relevant corporate officers during his term of office as an outside director are included in the outside directors' figures.

Concept of Strategic Shareholdings

The MEDIPAL Group considers it essential to cooperate with various companies constituting its supply chain in the wholesale business to ensure a steady supply of products, such as medicines, cosmetics and daily necessities. Therefore, after comprehensively taking into account business strategies and our relationship with business partners we engage in strategic shareholdings when we determine that doing so can improve medium-to-long-term corporate value.

The rationality of each strategic shareholding is assessed individually as to whether or not it contributes

to improve 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 strategic shareholdings is made by the Board of Directors every year.

In the fiscal year ended March 31, 2022, we sold our shareholdings in 18 cross-held stocks (worth ¥600 million), resulting in a total of 82 cross-held stocks.

We intend to reduce the holding balance to 10% or less of net assets by the fiscal year ending March 31, 2027.

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 24, 2022 Annual General Meeting of Shareholders on June 1, 2022, 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 25, 2022. 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, 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. In addition, other measures to invigorate the General Meeting of Shareholders and facilitate the exercise of voting rights, including posting the notice of convocation and details of the resolutions on our website, have been taken. At the General Meeting of Shareholders held on June 24, 2022, a total of 3,563 shareholders exercised voting rights (of whom, 3,484 did so in writing or via the internet), for a voting ratio of 86.0%.

▶ Dialogue with Institutional Investors

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

In the fiscal year ended March 31, 2022, 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, 2022.

IR Event	Date Held	Presenter
Briefings on financial results	May and November 2021	President, corporate officer in charge of IR

The following individual IR interviews were held with institutional investors in the fiscal year ended March 31, 2022.

Number of interviews during the year	59 (39 in Japan; 20 overseas)
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Note: Figures represent cumulative numbers

▶ Dialogue with Individual Investors

For dialogue with individual investors, we hold conferences for individual investors in major cities throughout Japan every year with the aim of enhancing the Company's recognition and establishing its brand. We also send newsletters to shareholders twice a year, in June and December, to deepen their understanding of our management philosophy and business strategy.

In the fiscal year ended March 31, 2022, to prevent the spread of COVID-19, we decided not to hold conferences.

Group Governance

▶ Special Circumstances affecting Large Impact on Corporate Governance

Among the Company's subsidiaries, PALTAC CORPORATION is listed on the Tokyo Stock Exchange. PALTAC engages 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 MEDIPAL Group's other subsidiaries. The Group is striving to find a future growth strategy in the business fields 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 also leads 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 sustainable 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 enhance the Group's business 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 boost its corporate value by ensuring its independence, procuring its own financing, and aggressively conducting its business operations based on swift decision making. PALTAC decides its business strategies and human resources policies, considering on its own independent analysis.

In addition, in order to ensure minority shareholders 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, the notion of ensuring management's degree of freedom remains unchanged, while preserving PALTAC's current level of independence. We intend to keep our good relationship of co-existence and co-prosperity while respecting the intentions of PALTAC.

Interview with an Outside Director

Thorough Discussions Lead to Proper Management Decisions

Hiroshi Iwamoto

Outside Director

Career: Joined the Dai-Ichi Kangyo Bank, Limited (now Mizuho Bank, Ltd.) in 1981. After working in areas including as an economist and in personnel management, he was appointed Managing Executive Officer and General Manager of the Planning and Administration Division of Mizuho Research Institute Ltd. He utilizes his extensive management experience and wide-ranging expertise to supervise and provide advice on MEDIPAL's management from a broad perspective.



My Stance as an Outside Director and Ideal System of Governance

More than a year has passed since I was appointed as an outside director, and I believe that the governance of the Board of Directors is functioning adequately. The attention to detail by the chairperson and other internal directors enables outside directors to appropriately provide advice for management. Opinions of outside directors are listened to earnestly, not just at briefings before Board meetings, but also at the meetings themselves. In addition, if we have any questions, they provide supplementary explanations of the background and process of proposals, giving me a keen sense of the internal directors' stance of striving to make proper management decisions. Their efforts bridge the information gap between inside and outside directors, enabling decision-making based on a variety of opinions.

My own career has included managing personnel, working as an economist at a financial institution, and managing a think tank. I had no previous involvement in MEDIPAL's industry, so as a novice I collect information from various angles, asking questions in a straightforward manner and speaking from my own perspective. Moreover, MEDIPAL is now restructuring its business portfolio, and is at the stage of developing the personnel and other systems that will support this new structure. I believe there are sure to be points where I can contribute based on my experience.

In addition, both internal and outside directors are aware of the issue of establishing a succession plan, and discussions about it are underway. Talking about this topic in general terms is meaningless, therefore, I think we must establish what is best for MEDIPAL in terms of how and to what extent outside directors will be involved in this process, either at Board meetings or within the framework of a voluntarily established nominating committee or other body.

Deliberations on the 2027 MEDIPAL Medium-Term Vision

Since the new medium-term vision would set forth the major themes underpinning management, internal and outside directors got together to hold a variety of discussions about it. In this process, a general understanding emerged that

discussion was still insufficient to meet the originally planned timing for the announcement of the vision. Ultimately, under the leadership of the chairman, a decision was made to postpone the announcement. I see no problems with that process; rather, I consider it an outcome that fully demonstrates the oversight function of the Board of Directors.

A major role of outside directors is to supervise management from the perspective of improving corporate value over the medium to long term. By no means does this put us at odds with the executive team. Instead, the process entails maintaining a sound relationship with executives and appropriately receiving information, while including outside directors in thorough discussions to ultimately make proper management decisions. At MEDIPAL, the other outside directors basically share this way of thinking, and I believe it is also shared by the president and other internal directors.

Strengthening Corporate Governance

The Board of Directors has ensured the effectiveness of its operations, and currently push ahead with various efforts to further improve its efficiency. In practical terms, we need to review to review and revise the standards for resolution and items for reporting, but the most important mission of the Board of Directors is to determine how to allocate resources to each business. Another key task under the 2027 MEDIPAL Medium-Term Vision will be to implement business strategies as a group, while also establishing systems that span the Group in areas such as human resource strategies, financial strategies, and risk management.

Regarding risk management, in addition to rigorously addressing issues such as managing compliance as a Group, it has also become necessary to be fully aware of risk management when deliberating new investment projects. In making final decisions on investments, the diversity of the members of the Board of Directors – in a true sense and not a mere formality – is critical for considering and pointing out risks from various angles. Furthermore, I consider it is important for the Board of Directors to share a common understanding of risks in working to improve corporate value over the medium-to-long-term.

Management Team (As of July 1, 2022)



1. Shuichi Watanabe

Representative Director,
President and CEO
Chief Compliance Officer
Director and Advisor of
MEDICEO CORPORATION

4. Yuji Sakon

Managing Director
General Manager of Administration Division
Chairman of CSR Committee
Director of MM CORPORATION
Director of ASTEC Co., Ltd.
Director of PharField Corporation
Director of YAKUJU HOLDINGS, Inc.

7. Kuniaki Imagawa

Director
Representative Director, President and CEO of
MEDICEO CORPORATION

10. Toshio Asano

Outside Director
Permanent Consultant at Asahi Kasei Corporation
Outside Director of Daicel Corporation
Outside Director of Tokyo Century Corporation
Chairman of the Japanese Foundation for
Cancer Research

2. Yasuhiro Choufuku

Director, Vice President
In charge of Pharmaceutical Sales
Representative Director and Chairman of
MEDICEO CORPORATION

5. Koichi Mimura

Director
In charge of Public Relations and IR
Director of MEDICEO CORPORATION

8. Seiichi Kasutani

Director
Representative Director, President and COO of
PALTAC CORPORATION

11. Kuniko Shoji

Outside Director
Independent Director of Nichirei Corporation
Outside Director of DIC Corporation
Professor at the School of Health Innovation,
Kanagawa University of Human Services
Graduate School

3. Toshihide Yoda

Senior Managing Director
General Manager of
Business Development Department
Outside Director of JCR Pharmaceuticals Co., Ltd.
Director of JCR USA, Inc.

6. Shinjiro Watanabe

Director
In charge of information systems
Representative Director, President and CEO of
ATOL CO., LTD.

9. Mitsuko Kagami

Outside Director
Attorney at Kagami Law Office
Outside Director of Sotetsu Holdings, Inc.
Outside Audit & Supervisory Board Member of
Shin-Etsu Chemical Co., Ltd.

12. Hiroshi Iwamoto

Outside Director
Advisor at Chuo-Nittochi Co., Ltd.
Outside Statutory Auditor of Morinaga & Co., Ltd.



13. Toshio Hirasawa

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

16. Tomoyasu Toyoda

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

14. Shigeru Kanda

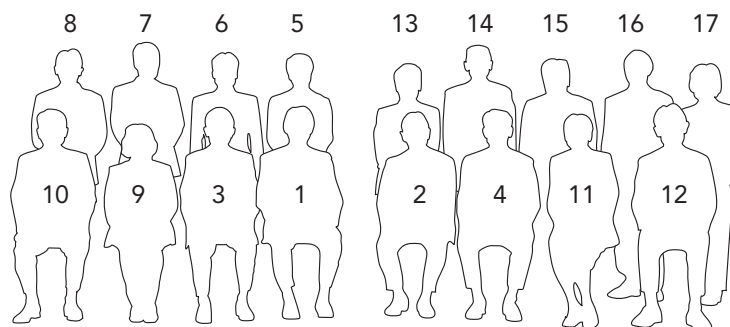
Full-time Audit & Supervisory Board Member
 Audit & Supervisory Board Member of MEDICEO CORPORATION
 Audit & Supervisory Board Member of MP AGRO CO., LTD.
 Audit & Supervisory Board Member of MEDIPAL FOODS CORPORATION

17. Yoko Sanuki

Outside Audit & Supervisory Board Member
 Head of NS Law Office
 External Director of Sanken Electric Co., Ltd.

15. 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)



Board Skill Matrix

Name	Reason for Selection	Board Skill Matrix							
		Business Management Experience	Sales/Marketing	Medical and Pharmaceutical Services	Financial Affairs and Accounting/Finance/MSA	Legal Affairs/Governance	IT/DX	Personnel & Labor/HR/Res. Development	Global
Shuichi Watanabe Representative Director, President and CEO	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. In addition, as the top management, he has taken the lead in promoting compliance management as "Chief Compliance Officer." The Company believes that he can suitably perform his duties as a director, expand the Company's potential as a wholesaler supporting the distribution of "Pharmaceuticals, Health, and Beauty" and he can contribute to both solving social issues and to increasing the corporate value of the Group.	●	●						
Yasuhiro Choufuku Director, Vice President	Mr. Choufuku has deep insight of the pharmaceutical business, a core business of the MEDIPAL Group and he has been involved in operational execution as the person in charge of pharmaceutical business, working to improve performance of the MEDIPAL Group. As the person in charge of pharmaceutical business, he has taken the lead in moving forward with compliance management. Going forward, with regard to ensuring even more comprehensive compliance and building a solid structure as a company that is trusted by society, the Company believes that he can suitably perform his duties as a director and contribute to further increases in corporate value of the Group.	●	●						
Toshihide Yoda Senior Managing Director	Mr. Yoda has utilized his insight developed as a pharmaceuticals sector analyst in the financial industry to the fullest extent and has been getting steady results in driving the creation of new businesses for the MEDIPAL Group. Going forward, with regard to the initiative to create a new business model that will not be bound by existing frameworks, the Company believes that he can suitably perform his duties as a director and contribute to further increases in corporate value of the Group.	●			●			●	
Yuji Sakon Managing Director	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, leveraging his insights into management and his extensive experience. Going forward, with regard to using ESG and SDGs initiatives to achieve a sustainable economic society, the Company believes that he can suitably perform his duties as a director and contribute to further increases in corporate value of the Group.	●	●			●			●
Koichi Mimura Director	Mr. Mimura has served as President of 3M Indonesia, President, etc. of 3M Japan Limited. He also has served as Business Director in charge of the Global Electronics Business at 3M Corporate Headquarters in the U.S. Going forward, the Company believes that he can suitably perform his duties as a director and contribute to further increases in corporate value of the Group by applying his abundant experience and wide-ranging insights in relation to global management to the full extent in operational execution.	●						●	●
Shinjiro Watanabe Director	Mr. Watanabe has supervised the MEDIPAL Group's system as the person in charge of information system and has been involved in operational execution as the Representative Director, President and CEO of our subsidiary ATOL CO., LTD., working in improving performance of the MEDIPAL Group. Going forward, with regard to the initiative to provide new value in the field of digital healthcare, the Company believes that he can suitably perform his duties as a director and contribute to further increases in corporate value of the Group.	●					●		
Kuniaki Imagawa Director	Mr. Imagawa has experience as a sales branch manager of the Company's subsidiary MEDICEO CORPORATION, and later achieved results while playing a central role in the solution business. He has deep insight in the pharmaceuticals business, a core business of the MEDIPAL Group, and he has been involved in operational execution as Representative Director, President and CEO of our subsidiary MEDICEO CORPORATION, working to improve performance of the MEDIPAL Group. Going forward, while realizing a new Oroshi concept (a new concept of wholesaling) as one of the persons responsible for "Change the Oroshi," the Company believes that he can suitably perform his duties and contribute to further increases in corporate value of the Group.	●	●						
Seichi Kasutani Director	Mr. Kasutani has extensive experience in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business, one of the core businesses of the MEDIPAL Group, and has been involved in operational execution as Representative Director, President, COO of our subsidiary PALTAC CORPORATION, and has worked to improve the performance of the MEDIPAL Group. Going forward, by steadily implementing PALTAC's medium-term business plan, the Company believes that he can suitably perform his duties as a director and contribute to further increases in corporate value of the Group.	●	●						
Mitsuko Kagami Outside Director	Ms. Kagami has been applying the abundant experience she has developed through her work as an attorney at law and her specialized knowledge of corporate law to provide valuable opinions and appropriate advice from a broad perspective at meetings of the Board of Directors of the Company. Furthermore, since November 2019, when MEDICEO CORPORATION, the Company's wholly owned subsidiary to be consolidated, was suspected of being in violation of the Anti-Monopoly Act and subsequently subject to an on-site investigation by the Japan Fair Trade Mission, Ms. Kagami has been providing valuable opinions and appropriate advice on ensuring comprehensive compliance, and has been duly fulfilling her duties as an Outside Director in this and other ways. As a member of Compliance Committee, Ms. Kagami continuously monitors the Group's compliance, and while working to establish a corporate culture based on a law-abiding spirit, provides valuable opinions and appropriate advice. Moreover, as a member of the Nomination and Compensation Committee, she has also been providing valuable opinions and appropriate advice to enhance corporate governance. Accordingly, although Ms. Kagami has never been involved in the management of a company except in her role as an Outside Director, based on aforementioned reasons, the Company believes that she can suitably perform her duties as an Outside Director.					●			●
Toshio Asano Outside Director	Mr. Asano has served as President & Representative Director, etc., of Asahi Kasei Pharma Corporation and Asahi Kasei Corporation. Based on his abundant experience and wide-ranging insights in relation to company management, at meetings of the Board of Directors of the Company, he expresses valuable opinions and appropriate advice from an objective and specialized viewpoint. Furthermore, since November 2019, when MEDICEO CORPORATION, the Company's wholly owned subsidiary to be consolidated, was suspected of being in violation of the Anti-Monopoly Act and subsequently subject to an on-site investigation by the Japan Fair Trade Commission, Mr. Asano has been playing a lead role such as by providing proposals on visible initiatives for ensuring comprehensive compliance, and has been duly fulfilling his duties as an Outside Director. Moreover, as a chairman of the Nomination and Compensation Committee, he has also been making earnest efforts to enhance corporate governance. Based on aforementioned reasons, the Company believes that he can suitably perform his duties as an Outside Director.	●		●					
Kuniko Shoji Outside Director	In addition to serving as a Director, etc. of Terumo Corporation, Ms. Shoji has also been responsible for the pharmaceutical and clinical development departments of that company. Based on her abundant experience and wide-ranging insights, at meetings of the Board of Directors of the Company, she expresses valuable opinions and appropriate advice from an objective and specialized viewpoint. Furthermore, since November 2019, when MEDICEO CORPORATION, the Company's wholly owned subsidiary to be consolidated, was suspected of being in violation of the Anti-Monopoly Act and subsequently subject to an on-site investigation by the Japan Fair Trade Commission, Ms. Shoji has been providing valuable opinions and appropriate advice on ensuring comprehensive compliance, and has been duly fulfilling her duties as an Outside Director in this and other ways. As a member of Compliance Committee, Ms. Shoji continuously monitors the Group's compliance, and while working to establish a corporate culture based on a law-abiding spirit, provides valuable opinions and appropriate advice. Moreover, as a member of the Nomination and Compensation Committee, she has also been providing valuable opinions and appropriate advice to enhance corporate governance. Based on aforementioned reasons, the Company believes that she can suitably perform her duties as an Outside Director.	●	●					●	●
Hiroshi Iwamoto Outside Director	Mr. Iwamoto has experience in personnel management and financial affairs accumulated in the financial industry, as well as abundant management experience in the information and communications industry. Based on his abundant experience and wide-ranging insights, at meetings of Board of Directors of the Company, he expresses valuable opinions and appropriate advice from an objective and specialized viewpoint. Moreover, as a member of the Nomination and Compensation Committee, he has also been providing valuable opinions and appropriate advice to enhance corporate governance. Based on aforementioned reasons, the Company believes that he can suitably perform his duties as an Outside Director.				●			●	
Toshio Hirasawa Full-time Audit & Supervisory Board Member	Mr. Hirasawa has a long history in the Finance & Accounting Department, working on operations related to accounting and the settlement of accounts, and has also served as the manager of said department, so he brings substantial expertise in finance and accounting. He has been appointed as an Audit & Supervisory Board member to utilize his extensive experience and wide-ranging knowledge in the audit process.				●				
Shigeru Kanda Full-time Audit & Supervisory Board Member	Mr. Kanda is well versed in the pharmaceutical business through his work in sales management and other operations at MEDIPAL subsidiary, MEDICEO CORPORATION, as well as serving as a branch manager. He has been appointed as an Audit & Supervisory Board member to utilize his extensive experience and wide-ranging knowledge in the auditing process.		●						
Tetsuo Kitagawa Outside Audit & Supervisory Board Member	Mr. Kitagawa has a broad range of experience, from working in the finance industry and accounting departments to being professor at the Graduate School of International Management, Aoyama Gakuin University, where he taught financial reporting and other subjects. In addition, he currently serves as committee member of the Securities Analysts Association of Japan (SAAJ) examination program (responsible for financial analysis). As such, Mr. Kitagawa has substantial expertise in finance and accounting. He has been appointed as an Outside Audit & Supervisory Board member to utilize his extensive practical experience and specialist knowledge in the auditing process.	●		●	●			●	●
Tomoyasu Toyoda Outside Audit & Supervisory Board Member	Mr. Toyoda has served in various roles, including as President and CEO of Ajinomoto Pharmaceuticals Co., Ltd. (currently EA Pharma Co., Ltd.). He has been appointed as an Outside Audit & Supervisory Board member to utilize his extensive experience in company management and wide-ranging knowledge in the auditing process.	●		●					
Yoko Sanuki Outside Audit & Supervisory Board Member	Ms. Sanuki has served as an Outside Director and Outside Audit & Supervisory Board member at several companies, drawing on her extensive experience as a practicing attorney and specialized knowledge of corporate legal affairs. She has been appointed as an Outside Audit & Supervisory Board member to utilize her knowledge in the auditing process.					●			●

Note: The above skill matrix does not include all the experience and expertise of directors and Audit & Supervisory Board members.

Basic Policy

The MEDIPAL Group has designated “rigorous compliance” as one of its business policies. 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 social manners, and to act in line with highest ethical standards. To address this, we continually carry out training programs and awareness activities.

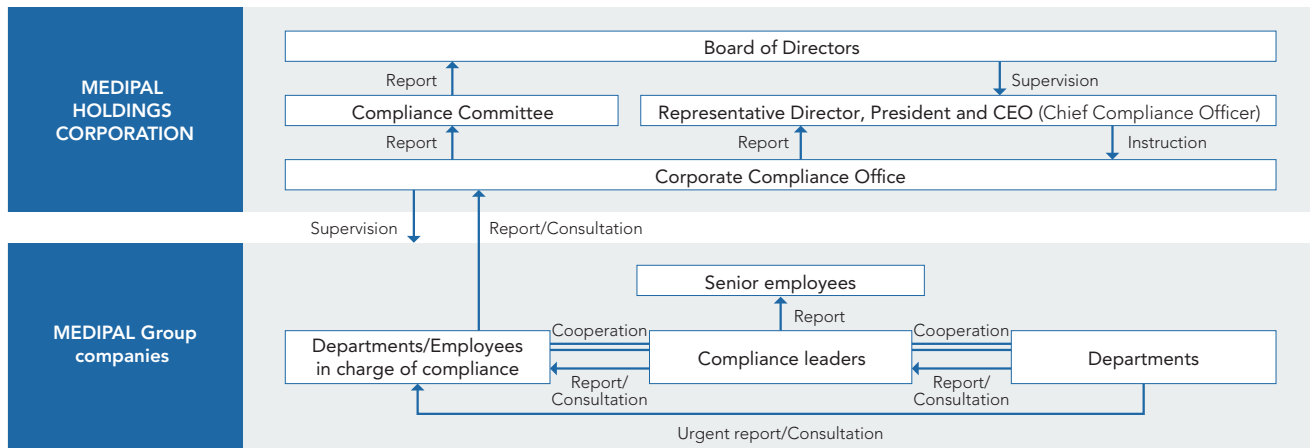
Compliance Promotion System

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

To support the systematic and continuous implementation of the 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. 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. Audit & Supervisory Board members and other officers also participate as observers and offer their opinions to ensure more effective monitoring.

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



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

(1) Antimonopoly Act Audits

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 such violations. This process enables it to identify problems and guide improvements.

(2) Reporting of Audit Results

The audit results is 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 MEDIPAL Group’s compliance system is reported regularly (quarterly) to the Board of Directors.

Compliance Committee Meetings in the Fiscal Year Ended March 31, 2022	No. of meetings:	4 times*
	Attendance of executive directors with sales experience in the Prescription Pharmaceutical Wholesale Business:	100%
	The ratio of attendance of outside directors:	100%

* Meetings held in principle every quarter

Formulation of Guiding Principle for Business Activities

In response to the on-site inspection of MEDICEO CORPORATION by the Japan Fair Trade Commission in November 2019, and based on a spirit of observing regulatory compliance, the MEDIPAL 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 managements have continued to convey this message in meetings, in-house publications, and other forums.

Initiatives to Raise Compliance Awareness

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

(1) Compliance training

As well as e-learning for all employees, we provide training for some of sales department managers, who also act as compliance leaders, using a discussion-based format with a focus on eliminating violations of the Antimonopoly Act. In the future, we will also provide regular compliance training for corporate officers.

(2) Declaration of Compliance Day

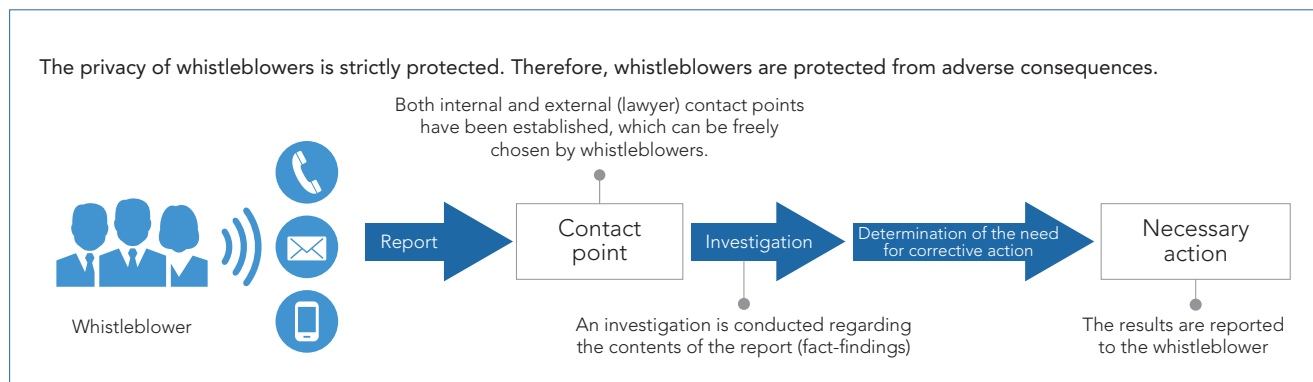
To demonstrate our ongoing commitment to compliance, we have designated November 27 as Compliance Day. The day focuses on reaffirming awareness of compliance for all employees, including a questionnaires to check employee awareness and the effectiveness of our initiatives put in place to strengthen compliance.

Whistleblowing System

To more rapidly identify and address problems within the MEDIPAL Group, the Group has 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 at work, 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 reporting possible through telephone, e-mail, 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 accept anonymous reports.

► Whistleblower Hotline Response Process



Initiatives to Prevent Violations of the Antimonopoly Act

The MEDIPAL Group has established rules and regulations to prevent violations 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

We have conducted a fundamental review of business plans and sales targets, and we have considered how we pursue our business activities from the perspective of preventing the occurrence of situations that may violate the Antimonopoly Act.

▶ 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 that are open to misunderstanding or ambiguous interpretation.

▶ Compliance Based on Rules for Estimates and Bids

Our activities comply with 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 the 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 conduct business and corporate activities in line with the clear rules we have also established 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 a 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.

Initiatives to Prevent Corruption

The MEDIPAL 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, such as the receipt of all internal approvals in writing in cases of donations to third parties.

Furthermore, as many of the major business partners of the MEDIPAL Group (manufacturers of pharmaceutical products and medical equipment, etc.) are incorporated in foreign countries, we are conducting employee training to meet the education standards required by our business partners. These programs include compulsory annual online training that uses as reference the material of the FCPA training induction course which is implemented by the American Medical Devices and Diagnostics Manufacturers' Association (AMDD).

Quality Control

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. To accomplish this mission, we strive to implement thorough quality control processes, from pharmaceutical product receipt to delivery to medical institutions, etc., to maintain the integrity of delivered products.

Maintaining Quality

For quality control in the storage and distribution of pharmaceuticals, medical equipment, and other products, the MEDIPAL 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 control and standard operating procedures (SOPs) 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. In addition, the MEDIPAL Group 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 control 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 MEDIPAL Group offers ongoing training for employees engaged in product management and distribution on manuals and SOPs to ensure reliable quality.

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.

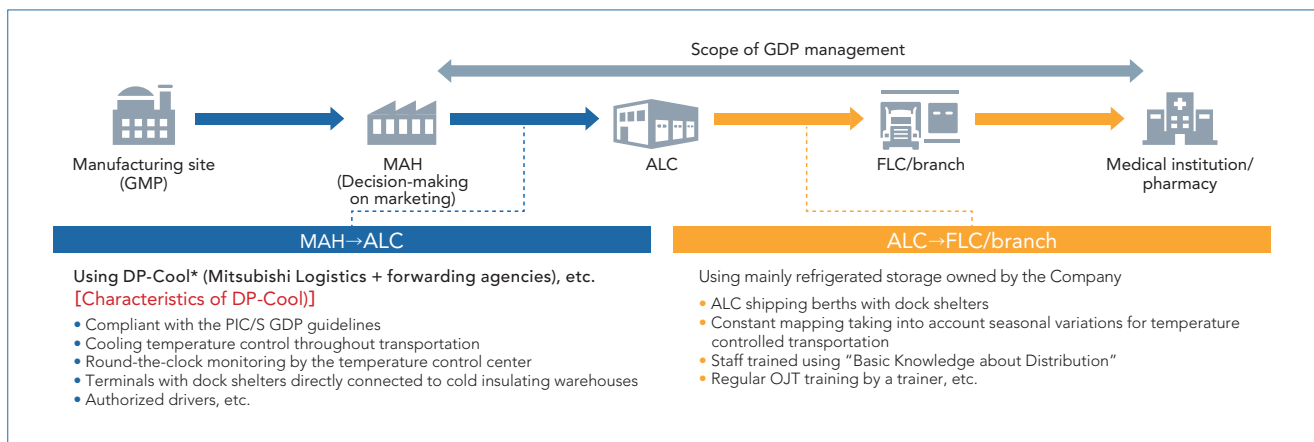
Compliance with the Japanese Version of the GDP Guidelines

MEDIPAL Group Initiatives

The Group is now providing training on quality control manuals and SOPs to the logistics departments of the four prescription pharmaceutical wholesalers* as well as to ALCs, Tokyo Chuo FLC and the Nishi-Nihon Distribution Center. In addition, we carry out regular quality reviews to promote and enhance the quality of GDP activities. In 2022, we began offering our GDP programs at FLCs/branches as well as at ALCs and other centers, progressively rolling out the programs to Group wholesalers, starting with EVERLTH Co., Ltd. In response to the spread of COVID-19, in 2021 we took responsibility for handling the distribution of Moderna Japan's vaccine Spikevax intramuscular injection, which requires temperature-controlled storage at -25°C to -15°C , and in 2022 we took responsibility for the distribution of Takeda Pharmaceutical's Nuvaxovid intramuscular injection, which requires temperature controlled storage at $2-8^{\circ}\text{C}$. 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.

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

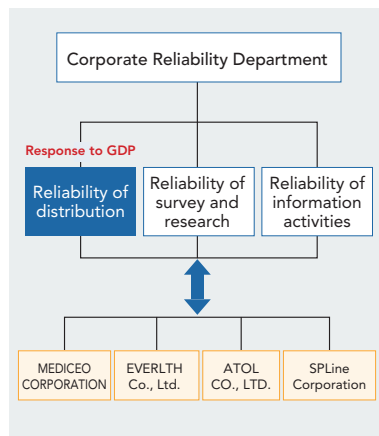
► Pharmaceutical Supply Chain



* DP-Cool: Refrigerated transportation service for pharmaceuticals compliant with the PIC/S GDP guidelines.

Organization and Role of the Corporate Reliability Department

► Organization and Role of the Corporate Reliability Department



Note: As of March 31, 2022

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.

The Corporate Reliability Department supervises four prescription pharmaceutical wholesalers and is working to promote methodologies based on GDP guidelines at ALCs and to continuously improve the quality of logistics. The department is also working to outfit FLCs and branches throughout Japan with organizational systems based on the guidelines and the necessary capital investments, while implementing educational activities for employees responsible for product management and distribution. In addition, to increase reliability in logistics 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.

Risk Management

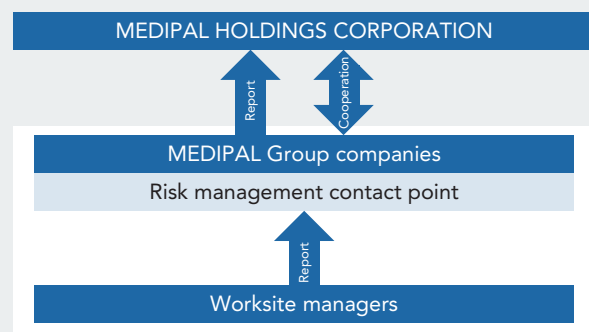
Basic Policy

With regard to business risks, the MEDIPAL Group formulates related rules and guidelines, implements training, creates manuals, as well as ensures 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 by 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

The main risks to the MEDIPAL Group's businesses are as follows. Statements regarding the future represent the positions of the Group as of March 31, 2022.

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

- | | |
|--|--|
| <ul style="list-style-type: none"> • Medical insurance system reform • NHI drug price system • Specific legal regulations • Trade practices with medical institutions • Trade practices with pharmaceutical companies • Changes in the competitive environment • System interruptions | <ul style="list-style-type: none"> • Information leaks • Disasters and traffic accidents • Climate change • Securing a labor force • Investing • Legal and regulatory infractions • COVID-19 pandemic countermeasures |
|--|--|

Examples of Countermeasures

	Summary	Countermeasures
About disaster risk	<p>The MEDIPAL Group handles the distribution of prescription pharmaceuticals, daily necessities, and other products indispensable to a healthy life. We are implementing a variety of measures to ensure that we reliably deliver the required products both in normal times and during emergencies. In the event of a major disaster, the Group's business operations may be suspended and our business performance and financial condition may be affected due to decreased sales resulting from lost sales opportunities or incurring recovery costs and other expenses.</p>	<p>The Group has established crisis management systems and a Business Continuity Plan (BCP) in preparation for natural disasters such as earthquakes, typhoons, or a pandemic, to ensure that the Group can quickly carry out supply activities in the event of an emergency.</p>
About traffic accidents	<p>The MEDIPAL Group uses many vehicles in its sales and delivery activities. In the event that a serious traffic accident occurs, social reputation could be damaged, and this may affect the performance and financial condition of the Group.</p>	<p>We are introducing vehicles equipped with dashcams and automatic braking systems 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.</p>
About securing a labor force	<p>In order for the MEDIPAL Group to reliably distribute the pharmaceuticals, daily necessities, and other products, 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. 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.</p>	<p>We are boosting efficiency through labor-saving measures at distribution centers and revised delivery operations, as well as implementing workstyle reform and taking steps to improve the work environment.</p>

BCP

Basic Policy

The MEDIPAL Group anticipates a range of risks, and has drafted an effective BCP 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.

System

The MEDIPAL Group has 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. In the event of an earthquake with a seismic intensity of 6-lower or above, the general manager of the Group's Disaster Countermeasures Headquarters will decide whether the Disaster Countermeasures Headquarters needs to be established based on reports from the secretariat chief on incurred or imminent damage and with reference to the manual. This headquarters rapidly confirms the safety of Group company employees and their families in the affected areas; the status of buildings, systems, and the like; the state of lifelines; and the situation with product supply systems. It also leads a range of response activities aimed at business continuity.

As part of its response to the COVID-19 pandemic, the MEDIPAL Group established the COVID-19 Countermeasures Headquarters 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 conditions, and quickly and flexibly implements countermeasures against various anticipated situations.

Disaster Planning

The MEDIPAL Group has gained experience in previous major natural disasters, including the Great Hanshin-Awaji Earthquake, the Great East Japan Earthquake, the Kumamoto earthquakes, and torrential rains in Western Japan and 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.

Seismic isolation structure

We are working to ensure distribution centers and other buildings are earthquake resistant with seismic isolation structures 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 contracts with local governments and the Self-Defense Forces

MEDIPAL has signed pharmaceutical supply contracts for disaster cooperation with local governments and Japan's Self-Defense Forces.



Coordination of Distribution Center Functions

In the event that a center is rendered incapable of supplying prescription pharmaceuticals or other products due to a large-scale natural disaster, a backup system has been established to enable coordination with other centers to take over distribution.



COVID-19 Pandemic Countermeasures

We are working to prevent the spread of COVID-19 based on our Disaster Response Manual (for Infectious Diseases). Under a full awareness of the role to maintain social functions, we make every effort to protect the lives of our employees and their families and to maintain a stable supply of pharmaceuticals and other products.

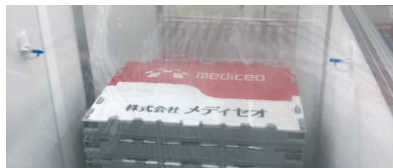
Delivery using no-contact inspection by individual scans

Products can be inspected by scanning the delivery container label with a wireless device, thereby shortening the time that people are in contact when receiving deliveries.



Delivery container disinfection

Containers are disinfected prior to delivery to customers.



Vehicle and equipment disinfection

We disinfect our vehicles, loading dock areas, handrails, and other on-site fixtures.



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 MEDIPAL Group. Because of increasing threats to cybersecurity in recent years, including ransomware and supply chain attacks, we are enhancing our systems and also focusing on training for employees who handle this information. We are also taking various hardware and software measures to ensure rigorous information management.

Policies and Systems

As a standard for information management, the MEDIPAL Group has established a Group-wide Information Security Policy. To ensure rigorous information management, we have set up an Information Management Committee headed by the Chief Information Officer (Representative Director, President and CEO) and have also created an internal management system which has managers and personnel in charge of information management in each company and section.

Education System

The MEDIPAL Group considers the awareness of each and every employee who handles information to be the most critical element of information management. To raise employee awareness of information security, we conduct education on information management through e-learning and other programs. We also have employees carry out the "Information Security Oath," which consists of reciting key points on information handling, and remind employees about information management in our internal network. In addition, we work to improve data collection and analyze risks related to information security, ensuring thorough awareness of information security at all workplaces.

Initiatives for Information Protection

The MEDIPAL Group implements security measures to protect information and prevent its leakage, such as ensuring up-to-date antivirus programs on all devices connected to internal networks and countermeasures against unauthorized access, using biometric authentication and encrypting data on mobile computers. We also rigorously manage data access rights and reduce the risk of incidents from data leaks or falsification.

Cyberterrorism Countermeasures

Our cyberterrorism countermeasures include identifying suspicious emails, 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 work with external security partners, which monitor our systems 24 hours a day, and also use counter-cyberterrorism software to prevent data leakage.