












Materiality Progress Report

The CSR Committee plays a central role in materiality management at the MEDIPAL Group, working in cooperation with relevant departments. We set targets (KPIs) for all materiality sustainability tasks and regularly check on progress made with these tasks. We have now added 100% of male employees taking childcare leave by FY2030 as a new target (KPI) for promotion of diversity and inclusion. In the future, we will review the tasks as needed in line with social and business changes, and will also work to strengthen our initiatives by disclosing the status of progress and through dialogue with stakeholders.

Material Sustainability Tasks (Materiality)	Summary	Targets and KPIs	Results and Main Initiatives (Fiscal year ending March 31, 2024)	Plans and Main Initiatives (Fiscal year ending March 31, 2025)
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	Improve productivity by integrating distribution and create new distribution functions to add ¥1.5 billion to ordinary profit in the FY2026 (compared with FY2021)	<ul style="list-style-type: none"> Addition of TOSHICHI CO., LTD. to the Group Start of shared logistics test operations with joint materials delivery and shared specimens collection Start of automatic ordering services using AI at PALTAC CORPORATION 	<ul style="list-style-type: none"> Unification of distribution operations for the Prescription Pharmaceutical Wholesale Business and laboratory testing business Development of model for sharing logistics infrastructure Growth in contracts for manufacturer logistics Development of new distribution network at PALTAC CORPORATION
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	Pursue growth strategies to add ¥21.5 billion to ordinary profit in the FY2026 (compared with FY2021)	<ul style="list-style-type: none"> Further R&D on rare disease medications in-licensed from JCR Pharmaceuticals Co., Ltd. Expansion of digital product lineup (investment in Pestalozzi Technology Inc. and Grace imaging, Inc.) 	<ul style="list-style-type: none"> Further R&D on rare disease medications in-licensed from JCR Pharmaceuticals Co., Ltd. In-licensing and marketing of new products in the pre-disease and prevention fields (acquisition of all shares in PreMedica Inc. that operates in this field) Business integration in the Food Processing Raw Materials Wholesale and Related Business Expanded sales of new and existing digital products (investment in MNES Inc.)
Development of Future-Oriented Human Resources 	Developing future-oriented human resources who work proactively toward achieving the ideal situation for MEDIPAL	Build systems to develop future-oriented human resources	<ul style="list-style-type: none"> Design and implementation of Group-wide competency assessment systems that include requirements for future-oriented human resources Summary proposal development for Group education and training system Summary proposal development for talent management system, review of how to introduce and develop the talent management system Development of a human resources training program for the next generation of management and key positions 	<ul style="list-style-type: none"> Introduction and implementation of a new competency assessment system based on the requirements defined for future-oriented human resources Development and implementation of systems to develop future-oriented human resources (both Group-wide and company-specific systems) Development and implementation of talent management systems at the Group level Roll out of the human resources training program for the next generation of management and key positions
Promotion of Diversity and Inclusion  	Creating an open, active, and cooperative culture that respects employees' diverse personalities and enables them to maximize their potential	<ul style="list-style-type: none"> FY2030: Percentage of female employees in management positions of 20% or higher FY2030: 100% of male employees taking childcare leave 	<ul style="list-style-type: none"> Percentage of female employees in management positions 8.5% Panel discussion on women's activity Implementation of survey on career aspirations targeting female employees Implementation of diversity and inclusion training 48.1% of male employees taking childcare leave 	<ul style="list-style-type: none"> Percentage of female employees in management positions 9.0% Encouragement for male employees to take childcare leave Implementation of diversity and inclusion training Promotion of health and productivity management
Initiatives for Decarbonization   	Conducting business with environmentally friendly activities to reduce greenhouse gas emissions and our environmental impact together with stakeholders	Targets for reduction of greenhouse gas emissions (Scope 1 + Scope 2) <ul style="list-style-type: none"> FY2030: 50% reduction (compared with FY2020) FY2050: Carbon neutrality 	<ul style="list-style-type: none"> 10.9% reduction in greenhouse gas emissions (versus FY2020) Introduction of 54 EVs, switching to eco-friendly electric power at seven sites Disclosure of Scope 3 emissions, response to CDP questionnaire Implementation of programs to increase employee awareness 	<ul style="list-style-type: none"> Reduction in greenhouse gas emissions by 16% (versus FY2020) Expansion of information disclosure based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations Inclusion of more companies in the Scope 3 calculations Building a model for optimization of distribution
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	<ul style="list-style-type: none"> Expand training in compliance Construct a corporate governance system to accommodate Group companies 	<ul style="list-style-type: none"> Hosting of a meeting for employees in charge of compliance, attended by representatives from the Company and all 18 consolidated subsidiaries Investigations into the development of a Group risk management system Implementation of information security training and various compliance training programs 	<ul style="list-style-type: none"> Strengthening of compliance systems for Group companies, led by MEDIPAL HOLDINGS (programs to address the three components of misconduct: opportunity, motivation, and justification) Development of a Group risk management system, practical application of the plan-do-check-act (PDCA) cycle Implementation of various compliance training programs