Message from the Chairman of CSR Committee



Fulfilling Our Mission as Social Infrastructure While Continuing to Address Society's Evolving Challenges

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The MEDIPAL Group's Mission and Purpose

In April 2026, I assumed the role of Chairman of the CSR Committee.

The MEDIPAL Group handles products that are indispensable to people's daily lives in the fields of "Pharmaceuticals, Health, and Beauty." We believe that ensuring our customers receive the products they need, whenever and under whatever circumstances, represents the Group's social significance and greatest contribution to realizing a sustainable society. I personally experienced working on the front lines in the areas affected by the 2016 Kumamoto Earthquake. That experience impressed upon me the profound importance of continuing to supply products that safeguard people's health and lives. It reaffirmed my conviction that, as a company supporting essential social infrastructure, maintaining safe, secure, stable, and highly functional distribution lies at the very heart of the MEDIPAL Group's sustainability management.

Human Capital Supporting Resilient Logistics

The unwavering priority we must continue to uphold is maintaining the resilient logistics network that serves as vital social infrastructure. At the forefront of that logistics network are our people, who continue delivering products to customers under all kinds of circumstances. To achieve sustainable growth in a rapidly changing world, investment in human capital is indispensable. We will continue to develop future-oriented talent and promote diversity and inclusion while fostering a corporate culture in which every employee finds fulfillment in their work, respects one another, and strives for continuous improvement. Through these efforts, we aim to maximize the value of our human capital. At the same time, as society becomes increasingly diverse, we will continue working to reduce human rights risks throughout our business activities in accordance with the Human Rights Policy established in 2024.

Environmental Consideration and Strong Corporate Governance

As a group responsible for an essential component of society's distribution infrastructure, coexistence with local communities is fundamental to our business. We recognize that falling behind in addressing environmental issues could seriously undermine society's trust in our Group. Accordingly, we are steadily implementing initiatives to reduce greenhouse gas emissions, including the introduction of electric vehicles and the transition to environmentally friendly sources of electricity.

At the same time, we are strengthening transparent governance and ensuring rigorous compliance in order to maintain the unwavering trust of all our stakeholders. Through the Compliance and Risk Management Committee, we continuously monitor compliance and risks across the Group while further enhancing our corporate governance.

Staying True to Our Purpose While Embracing Change

In recent years, global expectations surrounding sustainability have become increasingly complex and demanding. In times of such rapid change, it is more important than ever to stay true to our core purpose while embracing changes. While remaining steadfast in our core mission as essential social infrastructure, we flexibly incorporate emerging approaches to addressing to society's evolving challenges. By steadily advancing sustainability initiatives that are fully integrated with our business activities, we will strengthen our relationships of trust with local communities and contribute directly to solving social challenges. Together, these efforts form the foundation that supports the MEDIPAL Group's sustainable growth. As Chairman of the CSR Committee, I am committed to integrating sustainability initiatives with our management strategy and ensuring that they advance hand in hand. Looking ahead, we will continue striving to be a trustworthy corporate group in which our employees and our businesses grow together, while coexisting and evolve together with our customers and local communities through our business activities.

Sustainability Management

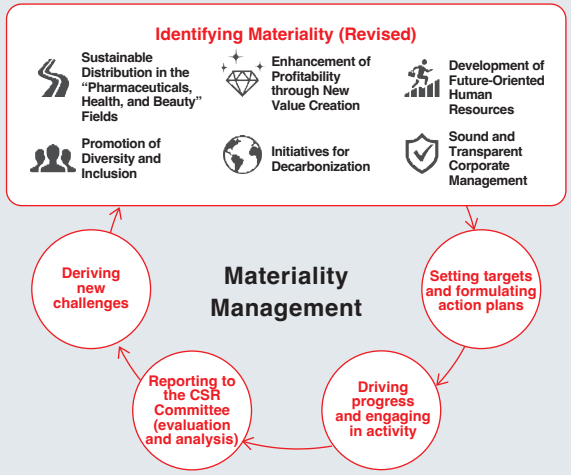
Overview of the Promotion of Sustainability Management

The MEDIPAL Group has identified material sustainability tasks (materiality) based on the management philosophy and the Sustainability Policy. MEDIPAL pursues continuous revision and improvement through a repeated cycle targeting materiality that runs from setting targets and formulating action plans to deriving new challenges to address. We thus seek to contribute to addressing sustainability issues through this style of management.

Management Philosophy
Contributing to people's health and the advancement of society through creation of value in distribution

Sustainability Policy
Connecting to the Future with Energy and Brightness

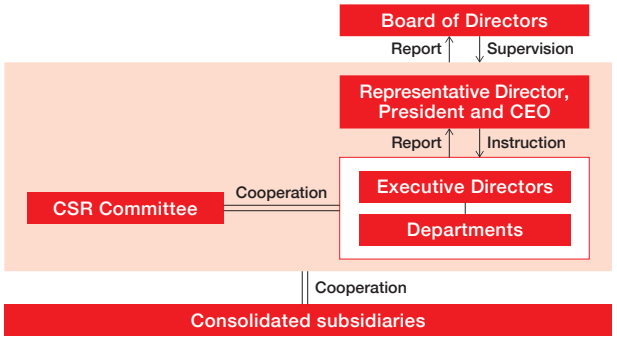
Material Sustainability Tasks (Materiality)



Addressing sustainability issues through business activities

CSR Committee

The CSR Committee promotes sustainability management and discusses sustainability initiatives and promotion policies across the Group, based on the Sustainability Policy, as well as important tasks such as medium to long-term targets. This committee is made up of members drawn from divisions overseeing each materiality, with the Company's director in charge serving as chairperson, and meets, in principle, four times per year. The details of those discussions are brought up in Board of Directors' meetings by the CSR Committee chairperson for resolution. Based on the promotion policies related to sustainability management 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 by the CSR Committee chairperson, helping to maintain a management system that enables appropriate supervision by the Board of Directors.



CSR Committee in FY2025

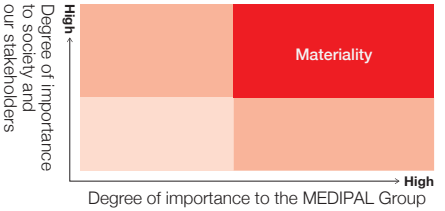
Number of meetings held: 7

Main discussion points

- Confirm progress on materiality
- Conduct human rights due diligence
- Response to climate change
- Examine D&I and health management initiatives

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 below. As a result of discussions on order of priority and appropriateness, we identified materiality for the MEDIPAL Group in six categories.



Step 1 Identify social issues	We comprehensively listed 85 items of social issues that reflect industry trends and perspectives on the Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Board (SASB) Standards, SDGs, and other long-term matters.
Step 2 Evaluate importance	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.
Step 3 Create a draft of materiality	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.
Step 4 Discussion and decision at the management level	Management debated the draft produced by the CSR Committee before a decision on the materiality at the Board of Directors.

Please see our corporate website for more information on the Sustainability Policy
https://www.medipal.co.jp/english/csr/policy/

Materiality Progress Report

All departments work in concert to advance materiality management, centered on the CSR Committee. We set key performance indicators (KPIs) for all materiality and regularly check on the progress thereof.

Material Sustainability Tasks (Materiality)	Targets and KPIs	Results and Main Initiatives (FY2025)	Plans and Main Initiatives (FY2026)
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)	• Improving infrastructure and BCP in the Prescription Pharmaceutical Wholesale Business • Acquisition of international standard ISO9001 certification for quality management systems (ALCs*) • Distribution alliance with other companies by PALTAC CORPORATION (joint delivery and bulk distribution of food and non-food products) • Support for initiatives aimed at market entry and sale in Japan of Aculys Pharma, Inc.	• Unification of distribution operations for the Prescription Pharmaceutical Wholesale Business and contract laboratory testing business • Growth in contracts for manufacturer logistics • Development of new distribution network at PALTAC CORPORATION (promotion of joint delivery, improvements in distribution center productivity, surfacing and connecting product, distribution and demand data) • Sharing transportation data and considering joint delivery among participating companies through "branch delivery" as part of the joint delivery consortium "CODE"
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)	• Collaboration with JCR Pharmaceuticals Co., Ltd. • Expanding the PreMedica Inc.'s gut flora testing service and launching the new "Un-Chekku®" service for children • Investment in Metagen Therapeutics, Inc. with the aim of bringing gut microbiota transplantation therapy to the public in the fields of pre-disease and disease prevention • Conversion of Cygni Holdings, Inc. and Cygni Corporation to subsidiaries ahead of the acquisition by MP AGRO CO., LTD. of its e-commerce platform for animal hospitals	• Promotion of research and development of pharmaceuticals introduced from JCR Pharmaceuticals Co., Ltd. and introduction of newly developed items in orphan drugs • Improving sales to nationwide animal hospitals, expanding e-commerce channels and growing sales of products designed in-house through the generation of synergies between MP AGRO CO., LTD. and Cygni Corporation. • Investment by MP Gokyo Food & Chemical Co., Ltd. into improving sales in the food materials fields in Japan and abroad, and into the electronic materials business for the semiconductor market • Promotion of open innovation (holding internal business contests)
Development of Future-Oriented Human Resources Developing future-oriented human resources[1] who work proactively toward achieving the ideal situation for MEDIPAL	Proportion of employees meeting certain benchmarks[2] as future-oriented human resources of 20%	• Proportion of employees meeting certain benchmarks as future-oriented human resources: 18.2% • Introduction and operation of competency evaluation system based on requirement definitions for future-oriented human resources • Conducting training of evaluators with a focus on competency-utilization management • Trial run of successor development plans • As part of programs to develop next-generation of personnel in management and key positions, conducting the MP Future Leader Academy program for department head class employees	• Continuing to conduct evaluator training (including competency-utilization management) • Conducting training for developing competencies for evaluated parties (target setting training) • Expanding trial runs of successor development plans • Operating programs to develop next-generation of personnel in 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	• FY2030: Percentage of female employees in management positions of 20% or higher • FY2030: 100% of male employees taking childcare leave	• Percentage of female employees in management positions: 10.3% • Percentage of male employees taking childcare leave: 74.7% • Holding D&I trainings and seminars • Conducting a human rights risk survey • Recognition as an "Outstanding Organization of KENKO Investment for Health 2026" (13 companies)	• Target percentage of female employees in management positions: 11.5% • Encouragement for male employees to take childcare leave • Conduct human rights due diligence • 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) • FY2030: 50% reduction (compared with FY2020) • FY2050: Carbon neutrality	• 17.9% reduction in greenhouse gas emissions (compared with FY2020) • Introduction of 443 hybrid vehicles (cumulative total) and 188 electric vehicles (cumulative total) • Disclosure of Scope 2 (location standard) • Achieving a B grade in the CDP 2025 Climate Change Questionnaire • Implementation of programs to increase employee awareness	• 21.4% reduction in greenhouse gas emissions (compared with FY2020) • Considering disclosure aimed at SSBJ standards compliance • New installation of solar panels • 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	• Expand training in compliance • Construction of a corporate governance system to accommodate Group companies	• Construction of a risk management system (establishing a reporting structure and building monitoring systems) • Development of CSIRT[3] across group companies, including the four companies in the Prescription Pharmaceutical Wholesale Business • Conducting compliance-related training	• Promotion of risk management focused on quarterly monitoring • Deploying CSIRT at group companies and improving and promoting information security measures • Conducting compliance-related training and ensuring thorough understanding through awareness raising activities

1. This refers to ideal human resources who realize the MEDIPAL Group management philosophy and support the future. Such human resources take on challenges while leveraging their strengths, and generate and transform circumstances, no matter the difficulties they face.
2. Persons who have obtained the highest level in the competency evaluation standards
3. Computer Security Incident Response Team. A structure for preventing the spread of harm by quickly reporting incidents both internally and externally and requesting investigations by specialist institutions, etc.

* Please refer to page 75 for explanations of technical terms.

Relationship Between Materiality and Capitals

We recognize that leveraging our strengths and making effective use of our various capitals is of the utmost importance in creating sustained corporate value.
By continuing to tackle our materiality, we are seeking to further improve and extend our various capitals.

● Capitals relevant to material sustainability tasks (materiality)

Material Sustainability Tasks (Materiality)	Relationship Between Materiality and Capitals	Non-Financial Capitals					Financial Capital
		Human Capital	Distribution Facilities Capital	Intellectual Capital	Social and Relationship Capital	Natural Capital	
Sustainable Distribution in the "Pharmaceuticals, Health, and Beauty" Fields	Programs to build new distribution networks or develop a model for sharing logistics infrastructure are directly connected to improving social and relationship capital and distribution facilities capital. They also contribute to improving the value of our intellectual capital through the building up of patents and know-how. We believe that such activities spur the growth of sales, and, by extension, contribute to the stable formation of financial capital.		●	●	●		●
Enhancement of Profitability through New Value Creation	Through our efforts towards research and development into orphan drugs and towards overseas expansion, we are making progress on building new business models. We view these efforts as enhancing our intellectual capital and distribution facilities capital. We also expect that management integration will spur the creation of synergies across the Group and contribute to improving our financial capital through the capture of new profits. Additionally, addressing solutions to issues in regional communities through the efforts of Regional Medical Coordinators and deepening coordination with various partners can also help to further extend our social and relationship capital.		●	●	●		●
Development of Future-Oriented Human Resources	Our programs to improve engagement, introduce new performance review systems, and develop the next generation of leaders are improving our human capital by increasing the number of our human resources who can drive transformation, and expanding our intellectual capital through greater expertise and organizational strength. We believe that such efforts will help us secure a greater competitive edge and improve productivity, and, by extension, raise our corporate value, thereby ultimately tying into efforts to expand our financial capital.	●		●			●
Promotion of Diversity and Inclusion	In addition to ensuring diversity beginning with the promotion of women's activity, we are working to both better retain talented staff and foster a corporate culture that respects human rights by advancing efforts to establish a workplace environment that is welcoming to all. We believe that such efforts will not only contribute to maximizing our human capital, but also improve our intellectual capital by creating innovation and new value, thus ultimately contributing to the expansion of our financial capital. We also believe that such efforts will contribute to raising society's trust in the Company and improving corporate value, thereby contributing to improving our social and relationship capital.	●		●	●		●
Initiatives for Decarbonization	We are seeking to enhance distribution facilities capital by advancing the introduction of environmentally sustainable facilities, with a view to reducing greenhouse gas emissions. We believe that such efforts will contribute to limiting damage to natural capital by mitigating climate change. Helping the efforts of business partners to decarbonize may also increase not only social and relationship capital but also financial capital because of the sales boost from such initiatives.		●		●	●	●
Sound and Transparent Corporate Management	Programs aimed at rigorous compliance help to strengthen human capital by fostering personnel armed with high morality and to sustainably expand financial capital by improving the soundness of our organization. In addition, we view more sophisticated risk management systems as increasing intellectual capital by accumulating knowledge of risk management and as further expanding our social and relationship capital by deepening relationships of trust with our business partners.	●		●	●		●