

Enhancing productivity throughout the supply chain Examples of initiatives

Initiatives for the realization of a sustainable society

As awareness of the SDGs grows worldwide, the Prescription Pharmaceutical Wholesale Business is implementing initiatives to help achieve a sustainable society by collaborating with drugstore chains and other retail customers to reduce CO₂ emissions, enhance productivity, and reform work styles.

By identifying and monitoring the optimal inventory of pharmaceuticals for each store, we will streamline ordering

and delivery operations for all parties, thus reducing vehicle CO₂ emissions. In addition, by increasing efficiency in ordering, product inspection, and other operations, we will enhance the productivity of distribution staff and also free up time for medical professionals to spend on essential duties. This system will also contribute to improving medical treatment in local communities.

Optimizing distribution to increase efficiency and reduce CO₂ emissions



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

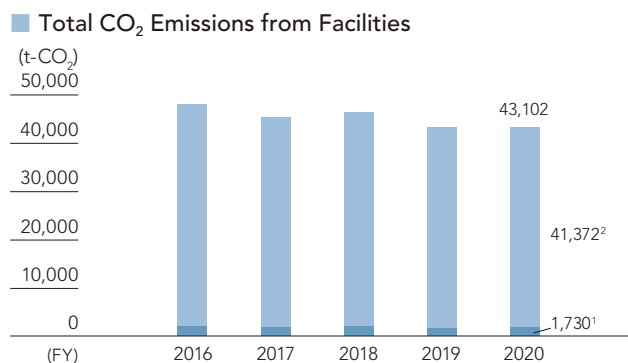
(Examples of improvements)

<p>Current situation: Frequent or irregularly timed deliveries</p> <ul style="list-style-type: none"> • Review of number of deliveries • Introduction of inspection by individual scans 	}	<table border="0"> <tr> <td style="background-color: #2e7d32; color: white; padding: 5px; text-align: center;">Number of deliveries</td> <td style="padding-left: 10px;"> <p>Once a day, in principle → 80% reduction in CO₂ emissions from vehicles</p> </td> </tr> <tr> <td style="background-color: #2e7d32; color: white; padding: 5px; text-align: center;">Product inspection time</td> <td style="padding-left: 10px;"> <p>One-minute inspection time per delivery → 84% reduction in inspection time</p> </td> </tr> </table>	Number of deliveries	<p>Once a day, in principle → 80% reduction in CO₂ emissions from vehicles</p>	Product inspection time	<p>One-minute inspection time per delivery → 84% reduction in inspection time</p>
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CO₂ emissions from facilities

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

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

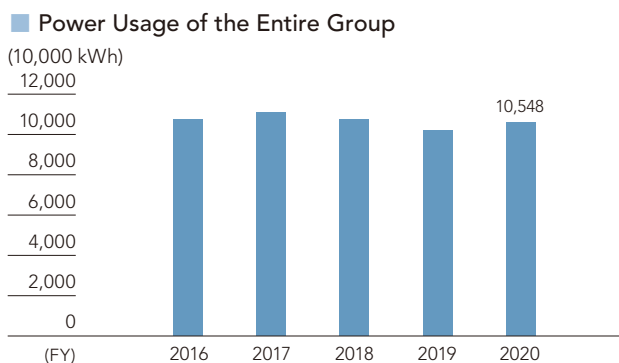


Scope: MEDICEO CORPORATION, PALTAC CORPORATION
 1. Scope 1: Emissions associated with in-house fuel consumption
 2. Scope 2: Emissions associated with power usage at business sites

Power usage

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

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



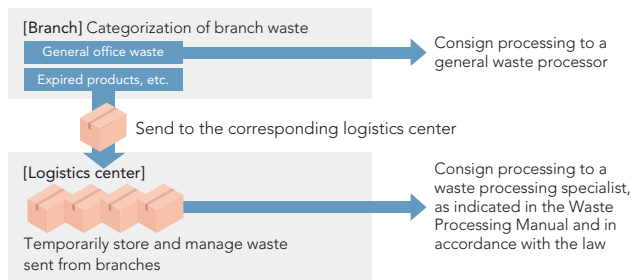
Scope: MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION, PALTAC CORPORATION, MP AGRO CO., LTD., MEDIPAL FOODS CORPORATION

Waste Processing and Effective Resource Utilization

Waste processing

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

Waste Processing Procedure



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

Highlight

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

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

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

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

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