

Environmental Conservation

As a company responsible for distribution, the MEDIPAL Group will help to achieve a sustainable society through environmentally friendly business activities.

We are working to reduce the environmental burden of our activities and are targeting a 50% reduction of greenhouse gas emissions by the fiscal year ending March 31, 2031 compared with the fiscal year ended March 31, 2021 and carbon neutrality by the fiscal year ending March 31, 2051.

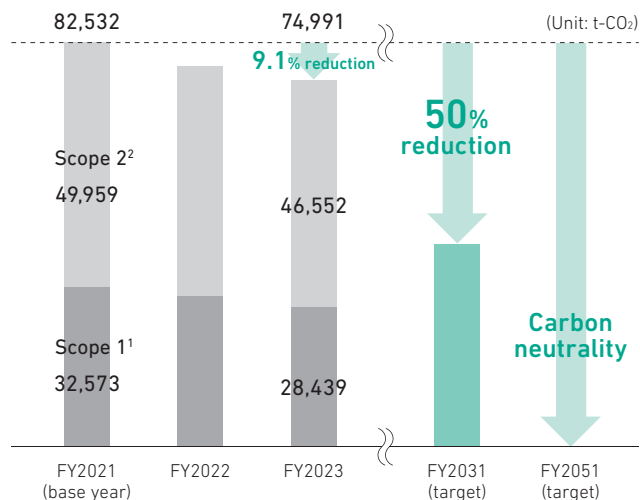
Environmental Declaration

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.

Greenhouse Gas Emissions



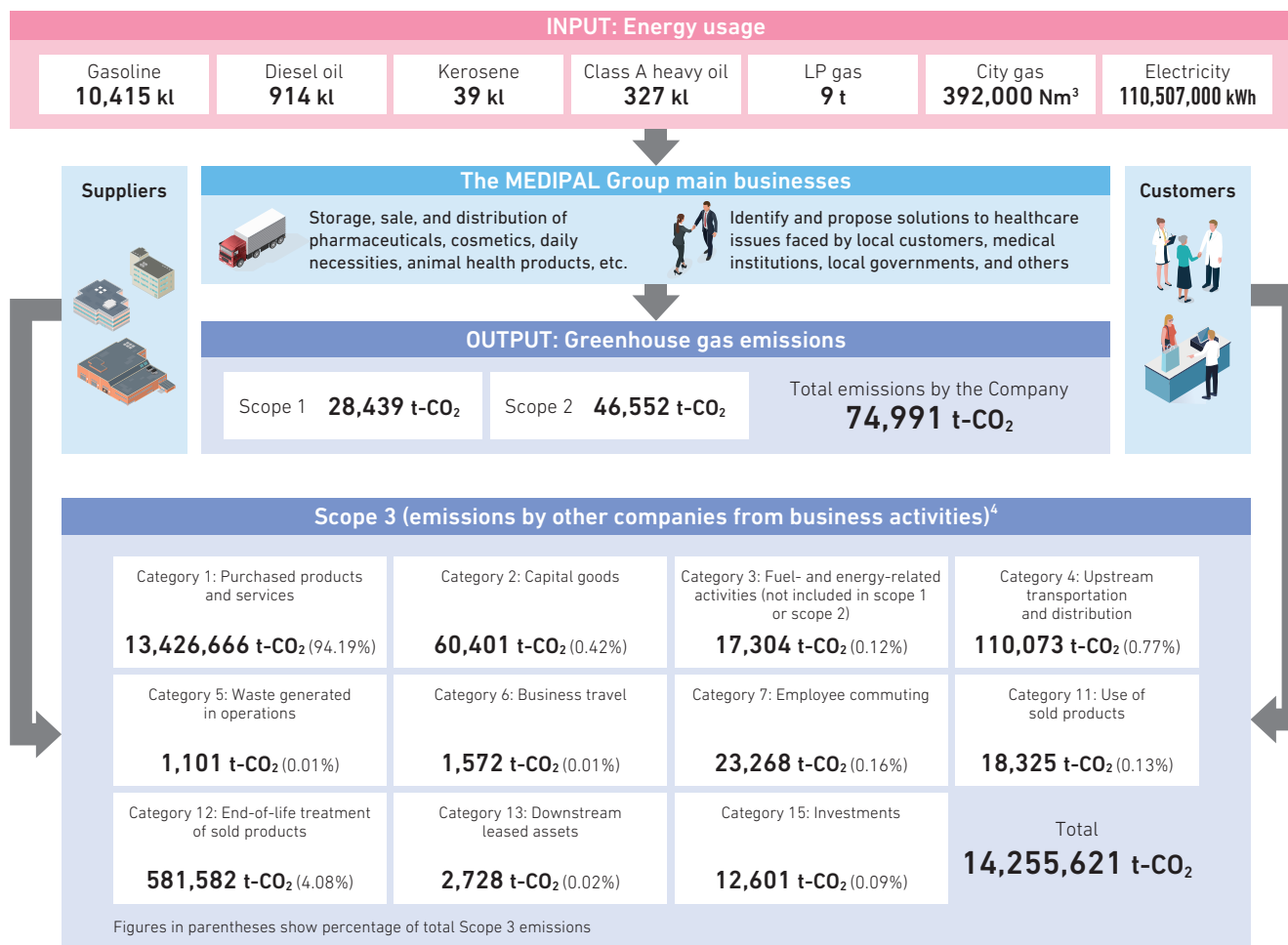
1. Emissions associated with in-house fuel consumption
2. Emissions associated with in-house power usage

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

| | FYE March 31, 2019 | FYE March 31, 2020 | FYE March 31, 2021 | FYE March 31, 2022 | FYE March 31, 2023 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Amount of fuel (kl) | 14,354 | 13,659 | 13,080 | 12,296 | 11,329 |
| Greenhouse gas emissions (t-CO ₂) | 33,627 | 31,973 | 30,624 | 28,803 | 26,543 |
| Number of vehicles ³ | 8,848 | 8,498 | 8,231 | 8,045 | 8,621 |
| Average emissions per vehicle (t-CO ₂) | 3.80 | 3.76 | 3.72 | 3.58 | 3.07 |

3. As of March 31

Overview of the environmental burden across the supply chain (Fiscal year ended March 31, 2023)



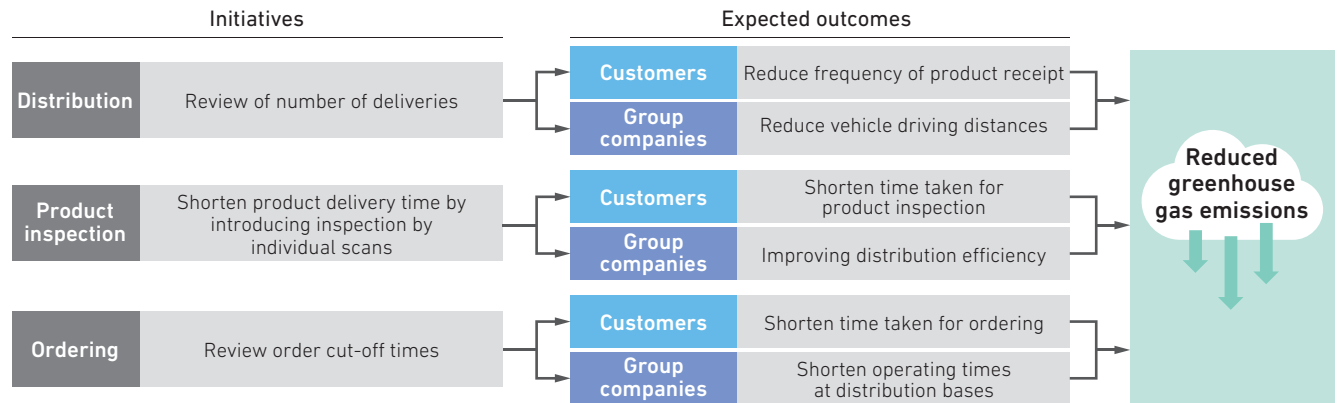
4. Companies included in Scope 3 emissions are MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION, PALTAC CORPORATION, MP AGRO CO., LTD., MEDIPAL FOODS CORPORATION.

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 greenhouse gas emissions. These initiatives will help achieve efficient operations, improve productivity, promote workstyle reforms and ensure more environmentally friendly practices, all of which contribute to a more sustainable society.

Flow of reducing greenhouse gas emissions through distribution optimization



- ✓ Proposals for resolving both the MEDIPAL Group and customer issues by optimizing the entire supply chain
- ✓ Accelerate efficiency improvements and outcomes from initiatives by growing the number of cooperating enterprises and participating stores

Reducing Product Returns

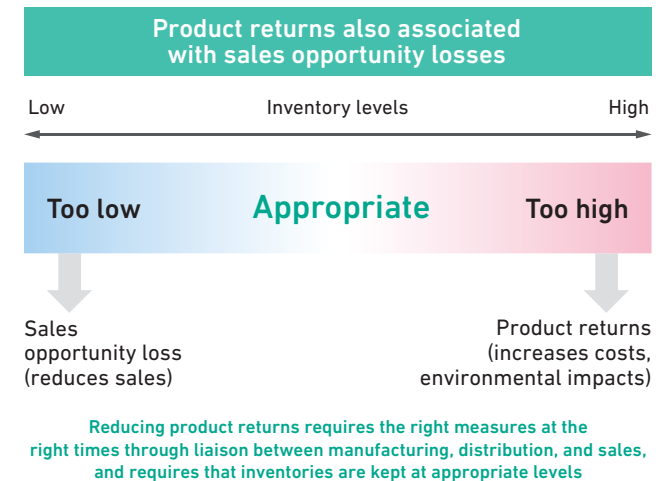
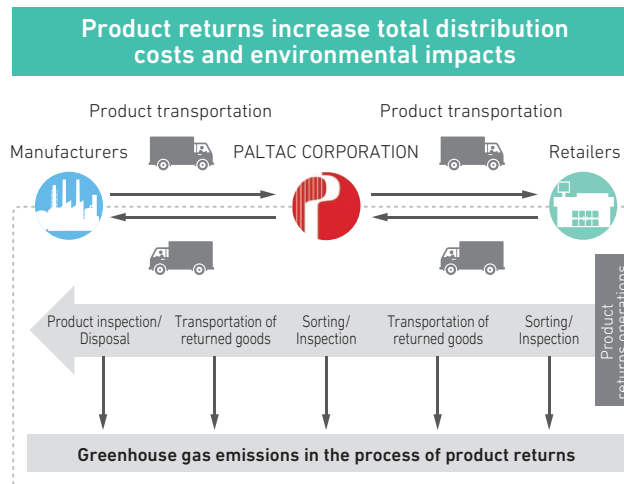
PALTAC CORPORATION is working with business partners to reduce product returns towards build a more sustainable distribution cycle.

Product returns are standard commercial practice in the cosmetics, daily necessities, and OTC pharmaceuticals industry. As well as generating additional costs for product sorting and delivery, product returns increase environmental impacts through greenhouse gas emissions and product waste. Returns occur during the process of quickly introducing products to stores in response to Japan's four seasons and changing consumer needs, and are inextricably linked to lost sales opportunities. We must maintain appropriate inventory levels by coordinating right across the supply chain, creating sales spaces that satisfy consumer needs (and do not result in sales opportunity losses) and reducing product returns.

PALTAC CORPORATION is working to reduce product returns by liaising with retailers and manufacturers from the early

stages, to assess store sales and inventory levels, movements in sales indicators for seasonal products as temperatures change, as well as information on upgraded or discontinued products,

and to implement the right solutions at the right time, including preventing excess inventory levels by transferring stock between stores or putting a stop on order placement.



Modal Shift

MEDICEO CORPORATION is working on a joint project with Japan Oil Transportation Co., Ltd., Japan Freight Railway Company, and Japan Freight Liner Company 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 project started using railroad container transportation on routes between Saitama ALC and Tohoku ALC, and was expanded in February 2023 to include routes between Saitama ALC and Nishi-Nihon Distribution Center. Through these efforts, greenhouse gas emissions have been reduced by around 77% compared with conventional transportation methods, which converts to a reduction in annual emissions of around 352 t-CO₂.

* 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

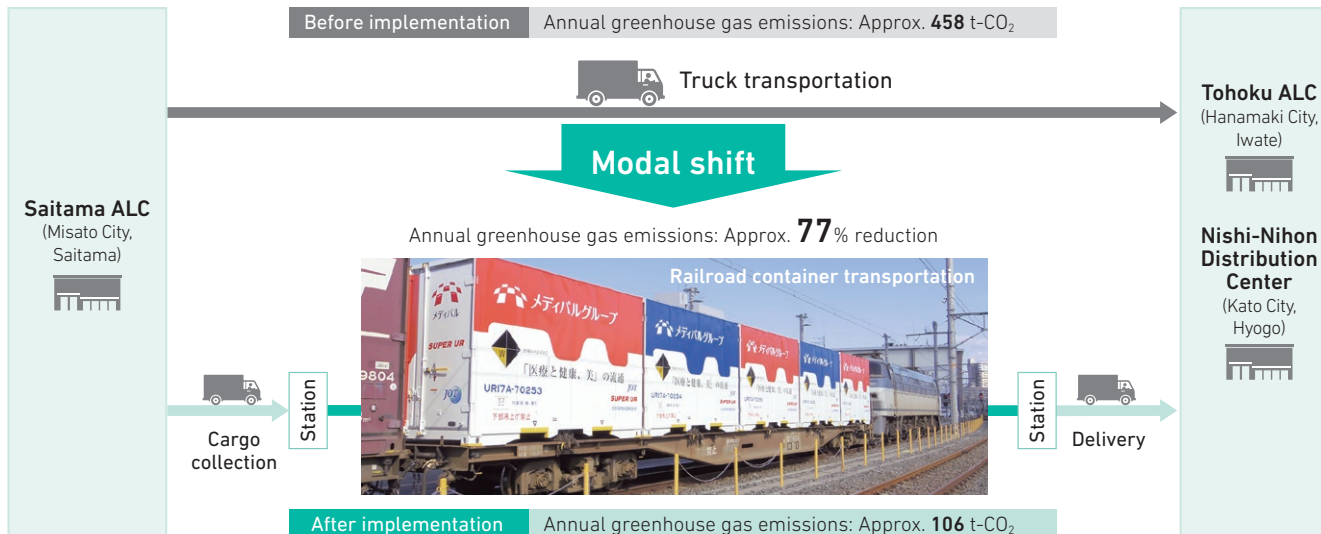
- Received the Low Carbon Logistics Award at the 22nd Logistics Environment Awards
- Received the 20th Green Logistics Partnership Conference Special Award in FY2022
- Received the Special Award at the 24th Logistics Environment Awards

Use of Eco-Friendly Electric Power

At the Hanshin ALC (construction completed in September 2023), we have introduced renewable energy in-house power generation facilities, such as roof-top solar panels. The electric power thus generated is used at facilities on site, covering for some of the power used by the Hanshin ALC. In addition, at 25 facilities across the MEDIPAL Group, we have switched to eco-friendly electric power, which is helping to reduce greenhouse gas emissions from electric power use by the Company (Scope 2).



Schematic of modal shift



Introduction of EVs

We are installing charging stations and other infrastructure at each bases across the MEDIPAL Group and are introducing EVs. By switching from vehicles powered by conventional fossil fuels, we are working to reduce greenhouse gas emissions associated with in-house fuel consumption (Scope 1).

