Pursuing Sustainability and Strengthening the Foundation for Value Creation

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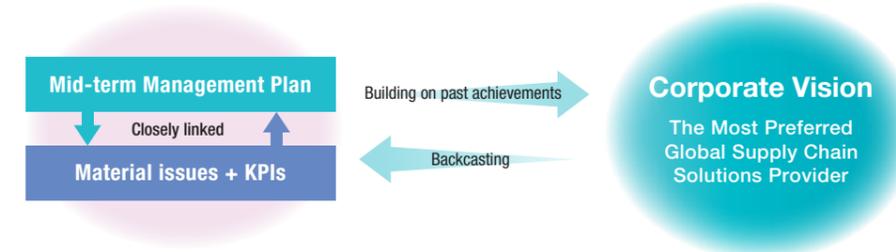
Material Issues and KPIs of the LOGISTEED Group

For details, please visit our website. ↗ Material Issues https://www.logisteed.com/en/csr/materiality/

For the 12 material issues identified, the LOGISTEED Group has set KPIs that are closely aligned with both its Mid-term Management Plan and operational initiatives. We aim to contribute to the realization of a sustainable society and our corporate vision by promoting group-wide initiatives related to material issues and advancing the management and disclosure of KPI progress.

Mid-term Management Plan → Building on past achievements → **Corporate Vision** — The Most Preferred Global Supply Chain Solutions Provider

Closely linked

Material issues + KPIs ← Backcasting

Focus Area 1 — Contribute to Decarbonized/Recycling-oriented Society

Material issues	Risks and opportunities	KPIs	LOGISTEED	Japan	Overseas	FY2024 achievements	Targets (Unless otherwise stated, the figures represent targets for FY2024)	Related SDGs	References
Contribute to decarbonized society	**Risks** Medium- to Long-term ● Increase in tax burden related to climate change and cost increase due to tightening or introduction of regulations on CO_2 emissions	Reduction of CO_2 emissions[1]	●	●		Down by 22% from FY2013 — * Down by 31% from FY2013 when excluding the impact of consolidating ALPS LOGISTICS within the Group	Down by 26% from FY2013	7, 11, 12	P57-64
	Medium- to Long-term ● Increase in CO_2 emission reduction cost and loss of customers due to delay/failure in introducing environmental technology Medium- to Long-term ● Loss of customers due to inadequate response to customers who emphasize low carbon or carbon-neutral transportation and the use of renewable energy **Opportunities** Medium- to Long-term ● Promote introduction of more efficient transportation modes and production/distribution processes by pursuing low energy	Support customers' decarbonization by providing SCDOS "Decarbonization Monitoring Service"	●	●	●	Proposed the SCDOS "EcoLogiPortal (CO_2 emission visualization solution)" to customers exceeding the annual target for the number of companies we approach this fiscal year, and supported multiple customers in visualizing and reducing CO_2 emissions in their logistics areas both domestically and internationally	Achieve annual targets for the number of companies we approach		P29-30, 63
	Long-term ● Continue receiving orders from existing customers and acquire new customers by enhancing climate- and decarbonization-conscious measures and promoting use of renewable energy	Promote initiatives to set CO_2 emission reduction targets including supply chains	●	●	●	Japan: Automated Scope 3 data aggregation Overseas: Implemented and commenced operation of a system for aggregating Scope 1 and 2 emissions	Establish a framework and scheme for calculating supply chain emissions, including international operations		P58,63
Contribute to recycling-oriented society	**Risks** Medium- to Long-term ● Loss of reputation and customers due to inadequate responses to environmental pollution and waste reduction	Recycling rate	●	●		99%	Maintain 99% every fiscal year	13, 17	P57,64
	Medium- to Long-term ● Obsolescence of services and decrease in competitiveness due to a delayed response to a recycling-oriented society **Opportunities** Long-term ● Continue receiving orders from existing customers and acquire new customers by enhancing measures considering environmental pollution Long-term ● Diversify business activities and create new businesses by seeking to reduce and avoid resource use	Promote initiatives to build a circular economy business model	●	●		A LOGISTEED Group company which sells and rents plastic pallets, recycles damaged pallets into raw materials and refurbishes them into plastic pallets, enabling their reuse within the rental pallet business	Keep track of the achievements		P64

Focus Area 2 — Build and Evolve Resilient, Sustainable Logistics Services

Material issues	Risks and opportunities	KPIs	LOGISTEED	Japan	Overseas	FY2024 achievements	Targets (Unless otherwise stated, the figures represent targets for FY2024)	Related SDGs	References
Build and evolve resilient, sustainable logistics services	**Risks** Short to Long-term ● Decrease in competitiveness and loss of customers due to deterioration of safety/quality/productivity and delayed deliveries, etc.	Support customers' SCM[2] with SCDOS	●	●	●	Enhanced the functions of SCDOS and made proposals to a large number of customers exceeding the annual target for the number of companies we approach this fiscal year, supporting multiple customers in improving their SCM both domestically and internationally	Achieve annual support targets	8, 9, 11, 17	P29-30
	Short to Long-term ● Suspension of operations due to inadequate transportation enhancement measures, etc., interruption/weakening of logistics networks, and deterioration of services/quality	Realize a comfortable workplace by installing automated/labor-saving equipment at logistics centers	●	●	●	Installed automated/labor-saving equipment for cargo handling and delivery at multiple logistics centers in Japan and overseas, saving 100 FTE[3] per year compared to FY2023	Mechanize cargo handling work (100 FTE per year)		P24,65
	Short to Medium-term ● Difficulties in securing transportation capacity due to the aging of managers and drivers of transportation partner companies and rising costs to secure such capacity **Opportunities** Medium- to Long-term ● Acquire customer trust and improve reputation by strengthening the business continuity	Contribute to safe and more efficient transport by expanding user network of each "SSCV" function	●	●		Expanded the LOGISTEED Group's ecosystem through the installation of "SSCV" (1) Smart: Installed at a total of 913 partner companies (2) Safety: Installed in a total of 4,313 vehicles (of which, 1,285 are vehicles operated by partner companies) (3) Vehicle: Installed in a total of 3,423 vehicles	Achieve the targets to install: (1) Smart: partner companies (2) Safety: vehicles of partner companies (3) Vehicle: the LOGISTEED Group's vehicles[4]		P29-30, 65,67
	Short to Long-term ● Diversify business activities and create new businesses by pursuing transportation enhancement measures to address social issues and services with high level of safety/quality/productivity	Enhance transport business to cope with the 2024 issue in logistics	●	●		Number of violations of labor standards regarding drivers: 0	Number of violations of labor standards regarding drivers: 0		P65
	Short to Long-term ● Build partnerships with customers and acquire new customers by continuously providing services with high level of safety/quality/productivity	Expand GDP-compliant equipment at medical DCs	●	●		Expanded our educational program aimed at strengthening GDP quality control and operational capabilities, and implemented this program for all employees engaged in GDP operations.	Complete installations in target sites		P24,65

Timeline definitions: Short-term: Up to one year; Medium term: Two to five years; Long-term: Six years or more
*1 Total of scope 1 and 2
*2 Supply chain management
*3 Full-Time Equivalent: A unit of the full-time work amount in an organization
*4 Trucks, commercial vehicles, forklifts

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Focus Area ③ Create New Values through Collaborative Innovation

Material issues	Risks and opportunities	KPIs	LOGISTEED	Japan	Overseas	FY2024 achievements	Targets Unless otherwise stated, the figures represent targets for FY2024	Related SDGs	References
Secure diverse human resources to support growth	**Risks** Medium- to Long-term ● Human resource shortage due to failure to promptly respond to digitalization and labor saving Medium- to Long-term ● Stereotypical ideas due to lack of diverse human resources, loss of new business opportunities, and decrease in competitiveness Medium- to Long-term ● Loss of human resources due to a mismatch between the HR measures and what employees desire and a delayed response to diversified working-style	Implement education to develop human resources with DX skills	●	●		・All relevant employees received "Basic DX Training" aimed at developing a digital transformation mindset (14,408 attendees) ・Implemented an education program to develop human resources with DX skills ・Intensive training for human resources to promote DX business: 618 attendees in total (cumulative) ・Intensive training for DX technical skills: 670 attendees in total (cumulative) ・DX mindset cultivation program: 4,152 attendees in total (cumulative)[2]	Every fiscal year: All employees attend mindset training		P35-36, 66
	Opportunities Medium- to Long-term ● Create new business opportunities and improve competitiveness by securing diverse human resources including highly skilled personnel and those from different industries, etc. Short to Long-term ● Improve labor productivity by increasing employee motivation	Expand global human resources and reform organizational culture	●	●	●	・To enhance the visibility of human resources across the entire LOGISTEED Group, implementation of the global human resources DB has been launched in group companies overseas, including Asia and China. ・A dialog-based education program was conducted in Indonesia to promote the internal dissemination of LOGISTEED WAY throughout the LOGISTEED Group, including overseas group companies. ・Time invested in global human resource development: 12,888 hours	Keep track of the achievements		P35-38, 66
		Improve operational efficiency by installing digital tools such as RPA	●	●	●	Reduction of working hours: Cumulative 1.21 million hours	Reduction of working hours: Cumulative 1.2 million hours		—
		Improve the score of sustainable engagement in the employee engagement survey	●	●	●	Benchmark score clear rate by country[3]: 44%	FY2027: Benchmark score clear rate by country: 100%		P37-38
		Ratio of female managers	●			6.9%	FY2025:8%		P37-38
Step up DX	**Risks** Medium- to Long-term ● Obsolescence of existing technologies due to failure to promptly deal with digitalization and introduce new technologies Medium- to Long-term ● Obsolescence of existing services and business models due to rapid development of digital technologies Medium- to Long-term ● Damage to the Company's business and loss of position in the industry due to the rise of new entrants and competitors	Establish a digital platform to create innovation through DX	●	●	●	Renewal of core management system at 17 overseas group companies	Keep track of the achievements		P29-30
		Execute logistics service reform projects utilizing a digital business platform (data linkage hubs)	●	●	●	Achieved the FY2024 targets ahead of schedule in FY2022	Total number of executions: 60		P29-30
		Implementation of Resource Control System (RCS)	●	●	●	Installed in 70 warehouse projects	Achieve the target number of installations		P29-30
	Opportunities Short to Long-term ● Improve efficiency of business operations, promote labor-saving, and improve quality/safety through "Step up DX" Short to Long-term ● Create new businesses leading to continued orders from existing customers and acquisition of new customers	Improve conformance rate of ONEsLOGI[1] WMS-Platform (PF) to logistics operations	●	●	●	Conformance rate of 95.9%	Maintenance and continuation of conformance rate		P29-30
		Number and percentage of DX-related patent applications included in the total patent applications (publication)	●	●	●	Number of DX-related patent applications: 12 Share of DX-related patent applications: 63%	Keep track of the achievements		P39-40
Establish business models through collaborative innovation	**Risks** Medium- to Long-term ● Obsolescence of existing services and business models due to lack of or delay in collaboration with external parties and a delayed response to rapid technological development **Opportunities** Medium- to Long-term ● Acquire growth opportunities through the development of revolutionary technologies that reflect external perspectives Medium- to Long-term ● Establishment of growth platforms through acquisition of new management resources and creation/expansion of an ecosystem	Develop new services and business models through collaborative innovation	●	●	●	Development of the autonomous mobile collaborative robot "AutonMate" [4] through collaborative innovation with partner companies	Keep track of the achievements		P24, 65-66

Timeline definitions Short-term: Up to 1 year; Medium-term: 2 to 5 years; Long-term: 6 years or more
*1 One Stop Logistics IT Solution: A suite of logistics management solutions provided by our subsidiary company, LOGISTEED Solutions, Ltd.
*2 Certain components of training programs have been excluded from aggregate totals as these have been incorporated into the "VC Basics Course" e-learning program for all employees
*3 Proportion of companies implementing engagement surveys exceeding the country-specific benchmark scores provided by Willis Towers Watson
*4 AutonMate: An AMR (Autonomous Mobile Robot) developed by our subsidiary company, LOGISTEED Solutions, Ltd.

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Supportive Foundation for the Focus Areas

Material issues	Risks and opportunities	KPIs	LOGISTEED	Japan	Overseas	FY2024 achievements	Targets Unless otherwise stated, the figures represent targets for FY2024	References
Realize safe, healthy, and rewarding workplace	**Risks** — Short to Long-term ● Impact on operations and loss of social trust due to workplace accidents — Short to Long-term ● Loss of employee motivation, decline in labor productivity, and loss of human resources due to long working hours — **Opportunities** — Short to Long-term ● Improve employee motivation and labor productivity by creating a comfortable workplace that takes health and safety into consideration — Short to Long-term ● Enable stable operations by ensuring occupational health and safety	Workplace accident frequency rate/severity rate	●	●		Frequency rate: 0.44 Severity rate: 0.018	Keep track of the achievements	P67
		Number of serious accidents (fatal workplace accidents)	●	●	●	Japan: 0, Overseas: 4	0	P67
		Rate of paid leave taken	●	●		68.3% (+0.9% YoY)	Keep track of the achievements	P37-38, 67
		Rate of sick leave days*1 —Promote health and productivity management—	●	●		1.05% (-0.03% YoY)	Keep track of the achievements	P37-38
Establish a responsible supply chain in which human rights are respected	**Risks** — Short to Long-term ● Reputational damage, lawsuits and penalties resulting from infringement of human rights, and loss of human resources — Short to Long-term ● Decrease in competitiveness due to deterioration of quality and productivity in the supply chain — **Opportunities** — Short to Long-term ● Enable stable business operations by building long-term relationships with suppliers that give consideration to human rights — Medium- to Long-term ● Improve competitiveness by building a supply chain with high quality and productivity	Promote initiatives to develop a business platform that respects human rights	●	●	●	• Submitted initial statement to the Australian government in compliance with the Australian Modern Slavery Act • Implemented risk mitigation measures, including support for foreign technical intern trainees, based on the results of the human rights risk assessment survey conducted in FY2023	Keep track of the achievements	P37-38, 68
		Human rights education	●	●	●	• Conducted human rights education for employees in Japan and overseas (35,437 participants, participation rate 98.5%) • Conducted human rights training for newly appointed executives of domestic and overseas group companies (excluding some regions) (41 participants, 100% participation rate)	Keep track of the achievements	P37-38, 68
		Promote initiatives to establish a compliance screening system for suppliers	●	●	●	Established an annual screening framework for customs clearance service providers	Perform regular screening	P53
Governance and compliance	**Risks** — Short to Long-term ● Loss of social trust due to violation of various laws and regulations and deviation from social norms — Short to Long-term ● Business disruption, loss of social trust, and unexpected losses due to dysfunctional governance and internal control — **Opportunities** — Short to Long-term ● Earn social trust by demonstrating a commitment to legal compliance — Short to Long-term ● Earn trust of stakeholders by realizing highly effective corporate governance and making ongoing improvement	Attendance rate for LOGISTEED Group Code of Conduct education (e-learning)*2	●	●	●	98.8% (71,430 participants in total)	Every fiscal year: 100%	P53
		Ratio of female executive officers*3	●			0% (as of March 31, 2025) *Ratio of executive officers with a foreign nationality: 8%	Over 10%	—
		Reflect evaluation of ESG initiatives, etc. in compensation plan for officers	●			From FY2024, annual bonuses for executive officers reflect both CO_2 emissions reduction, employee engagement survey results, and progress on KPIs concerning material issues	Increase factors to be reflected	—
Prevent accidents during operation	**Risks** — Short to Long-term ● Impact on operations and loss of human resources and social trust due to accidents — **Opportunities** — Short to Long-term ● Enable stable operations by securing safety in operation/transportation — Short to Long-term ● Earn social trust by demonstrating a commitment to preventing accidents during operation/transportation	Reduction rate for three types of accidents*4	●	●	●	Up by 8% from FY2023	Down by 30% from FY2023	P67
		Implement measures to strengthen prevention	●	●	●	• Conducted safety education (Group training: 6; Off-site/online training: 17/Number of participants: 370 in total) • Conducted education through experiential sessions using VR (Implemented at 65 domestic and overseas sites/Approximately 1,955 participants in total) • Held regular education webinars for companies that installed SSCV-Safety*5 (including those considering to install) (Number of sessions held: 12/Number of attendees: 44 companies, 77 persons in total)	Keep track of the achievements	P67
		Reduce incidents during vehicle operation by utilizing "SSCV-Safety"	●	●		Number of incidents*6: 0.010 (Down by 33% YoY) The rate of serious accidents involving the LOGISTEED Group's vehicles was approximately 82% lower than the national average as of FY2022*7. As a further measure to prevent accidents in advance, we are promoting the visualization of incidents to reduce the number of close calls.	Keep track of the achievements	P67
Risk management	**Risks** — Short to Long-term ● Business suspension/discontinuation due to inadequate/dysfunctional risk management — **Opportunities** — Short to Long-term ● Enable to recover business quickly and restore corporate reputation by enhancing risk management initiatives	Conduct company-wide disaster prevention training and overseas BCP caravans*8	●	●	●	• Conducted "company-wide BCP trainings by disaster response HQ" in September • Developed BCP manuals for seven companies*9 in the Asia and China area as part of the overseas BCP caravan	Keep track of the achievements	P68
		Number of information security incidents	●	●	●	0	Every fiscal year: 0	P53
		Attendance rate for information security training course and rate of targeted threat emails for simulation trainings opened	●	●	●	• Attendance rate for information security training course: 100% (35,504 attendees) • Rate of targeted threat emails for simulation trainings*10 opened: 11%	Every fiscal year: 100% attendance/Open rate: 10%	P53
Enhance disaster prevention/ mitigation	**Risks** — Short to Long-term ● Suspension of operations, interruption of logistics networks and damage to employees, as well as damage to the Group assets (e.g. buildings and facilities) and customer products, and loss of customer trust due to insufficient measures — Short to Long-term ● Damage to related parties, compensation to victims, and lawsuits by victims — **Opportunities** — Short to Long-term ● Avoid opportunity loss through rapid business continuity and recovery — Short to Long-term ● Earn social trust by demonstrating a commitment to enhancing resilience	Enhance functions of the Centralized Safety and Quality Control Center	●	●		Installed advanced video management systems and other technologies at seven distribution centers in Japan (cumulative total), expanding remote monitoring of unsafe behaviors and hazardous events	Keep track of the achievements	P68
		Establish a management system utilizing a visualization system for firefighting operations	●	●		Launched regular monitoring and improvement guidance operations for approximately 500 sites equipped with the "firefighting visualization system"	Keep track of the achievements	P68
		Conduct trainings for initial response at disasters	●	●		Conducted initial response training group-wide assuming natural disasters such as earthquakes: 14 companies (286 participants)	Keep track of the achievements	P68

Timeline definitions: Short-term: Up to one year; Medium term: Two to five years; Long-term: Six years or more
*1 Rate of sick leave days = (Number of sick leave days/Total prescribed working days for employees) × 100 *2 Training themes for FY2024 include the Subcontract Act, Construction Industry Act, Worker Dispatch Act, respect for human rights, antitrust law, bribery, conflicts of interest, laws and regulations on importing and exporting, money laundering *3 Percentage of female executive officers and operating officers *4 Workplace accidents, vehicle accidents, and product accidents *5 SSCV-Safety service is available only in Japan *6 Average number of incidents per month per vehicle in operation owned by the LOGISTEED Group

*7 Calculated based on the "Data on Traffic Accidents Involving Commercial Vehicles (2022)" published by the Institute for Traffic Accident Research and Data Analysis. While the national average driving distance per accident stands at 4.55 million kilometers, for the LOGISTEED group this figure is 25.5 million kilometers. *8 Activities to build and improve risk management systems in overseas sites by sending instructors from Japan *9 LOGISTEED China, Ltd., LOGISTEED Malaysia Sdn. Bhd., LOGISTEED (Thailand), Ltd., Eternity Grand Logistics Public Co., Ltd., PT Berdiri Matahari Logistik, PT LOGISTEED Indonesia, PT VANTEC INDOMOBIL LOGISTICS *10 The scope includes LOGISTEED and domestic group companies, with some exceptions for overseas group companies