

# Climate Change Initiatives

- Response to the TCFD\* Recommendations -

\*TCFD: Task Force on Climate-related Financial Disclosures

As the LOGISTEED Group's corporate philosophy is "to deliver high-quality services that will help make the world a better place for people and nature for generations to come," we position climate change response as one of our highest priority management themes and identifies "Contribute to decarbonized society" as one of the material issues. We also defined "Contribute to decarbonized/recycling-oriented society" as one of the Focus Areas to promote initiatives to address climate-related risks and opportunities and reduce CO<sub>2</sub> emissions. In addition, we announced our endorsement of the TCFD recommendations in September 2021, and in FY2024, we have continued to refine our scenario analysis and have worked to partially quantify the potential financial impact.

## Basic Policy on Climate Change

### Governance

The Board of Directors provides guidance and supervises climate change initiatives included in the highest priority items of the LOGISTEED Group's management such as management strategies and business plans (e.g. target setting and determination of specific climate change responses such as energy-saving investments and budget allocation for greenhouse gas (CO<sub>2</sub>) emission reduction) through Executive Chairman, President and CEO who is responsible for climate change initiatives. The executive officer in charge reports to the Board of Directors the progress of the climate change initiatives annually or as needed. The Sustainability Promotion Department within the Corporate Strategy Office oversees all aspects of environmental management under the supervision of the Executive Officer responsible for sustainability strategy. The Environmental Promotion Conference comprised of the LOGISTEED Group's environment officers including Chief Sustainability Officer is held semiannually to confirm the achievement level of climate

change responses including reduction of energy consumption and CO<sub>2</sub> emissions, as well as determine necessary corrective measures and discuss measures to be taken in the future. Based on the decisions at the Environmental Promotion Conference with the Chief Sustainability Officer's approval, the progress of climate change initiatives and the proposed strategy in the future are reported to the Executive Committee semiannually or as needed.

Meeting Bodies/ Departments	Roles
Board of Directors	<ul style="list-style-type: none"> <li>Provides guidance and supervises initiatives to address management issues related to climate change</li> <li>Approves reduction targets/ measures/budgets</li> </ul>
Executive Officer	<ul style="list-style-type: none"> <li>Understands the progress of initiatives to address management issues related to climate change, and reports to the Board of Directors</li> </ul>
Sustainability Promotion Department	<ul style="list-style-type: none"> <li>Oversees overall environmental management work, holds Environmental Promotion Conference, and reports/proposes to the Executive Committee based on decisions at the Committee</li> </ul>
Environmental Promotion Conference	<ul style="list-style-type: none"> <li>Confirms the achievement level of measures related to climate change, determines corrective measures, and discusses proposed measures</li> </ul>

▶P57 Environmental management structure

### Risk Management

In consideration of all management risks identified, Sustainability Promotion Department, Corporate Strategy Office has selected risks and opportunities related to "Contribute to decarbonized society," one of the material issues, and has identified items having large financial

impacts as material risks and opportunities. Sustainability Promotion Department is responsible for developing and executing plans to address them with approval of the Executive Committee and supervision by the Board of Directors.

### Metrics and Targets

#### Medium-to-long-term environmental targets 2030/2050

For the purpose of addressing climate change risks and opportunities, the LOGISTEED Group has set the medium-to long-term targets for reduction of greenhouse gas (CO<sub>2</sub>)

emissions and is actively promoting initiatives in the decarbonization projects in five areas (energy saving, electrification, procurement of renewable energy, energy creation, and emissions trading).

▶P58 Trend of LOGISTEED Group CO<sub>2</sub> emissions

### Strategy

The LOGISTEED Group uses a scenario analysis to identify and assess climate-related risks and opportunities that are expected to affect our medium-to-long-term business activities and also assess resilience and examine response measures.

#### (1) Scenario analysis process

The LOGISTEED Group conducts scenario analyses following the procedures outlined below. Under the

scenario that assumes the goal of the Paris Agreement is achieved (1.5°C/2°C scenario) and the one that assumes that no new policies are implemented but each country's announced policies are achieved (4°C scenario), we have assessed financial impacts of identified climate-related risks and opportunities based on the information such as the trend of key parameters.



\* Reference scenario: 1.5°C scenario: IEA Net Zero Emissions by 2050 Scenario 2°C scenario: IEA Sustainable Development Scenario/IPCC RCP2.6 4°C scenario: IPCC RCP8.5

## (2) Assessment of climate-related risks and opportunities and financial impacts

In FY2024, we continued our comprehensive review of material climate-related risks and opportunities to the LOGISTEED Group. Through a detailed assessment of scenario analysis drivers, we identified a total of 11 distinct risk and opportunity categories, including the addition of

new market-related opportunities. In addition, we calculated the level of financial impact posed by each risk and opportunity. As the LOGISTEED Group is examining and implementing response measures to reduce risks and seize opportunities that may have significant financial impacts, we have confirmed that we have established a sufficient degree of resilience at present.

### 1 Transition Risks (1.5°C Scenario/2°C Scenario)

Types	Timeline*	Risks	Impact* (Financial Impact)	Measures
Policy and Legal	Mid- to Long-term	Increased carbon costs due to tightening climate regulations and growing demand for carbon offsets	Large (up to 5.6 billion yen)	Develop and implement environment strategies toward carbon neutrality 1 Implement renewable energy 2 Implement EVs/FCVs 3 Establish and implement an internal carbon pricing (ICP) mechanism
	Short- to Mid-term	Increased compliance costs resulting from insufficient adaptation to new disclosure obligations	Medium	1 Promote emissions data collection and control structures 2 Expand the scope of emissions verification conducted by external parties
Technology	Mid-term	Increased cost of introducing low-carbon vehicles and equipment	Large	Facilitate decarbonization investment and new technology deployment through the development and operation of an internal carbon pricing (ICP) mechanism
	Mid-term	Reduced operational efficiency due to changes in business model and operations associated with the introduction of new technologies	Large (up to 0.8 billion yen)	Roll out company-wide in phases based on the pilot site trial results
Market	Mid-term	Missed business opportunities or the loss of customers due to insufficient or delayed response to decarbonization efforts	Large	Promote decarbonization measures alongside strengthened disclosure practices 1 Execute energy conservation efforts in a proactive manner supported by the decarbonization investment scheme
Reputation	Short- to Mid-term	Lower investor and customer confidence driven by perceived gaps in climate change response or inadequate disclosure	Large	2 Disclose information on an ongoing basis via the company website, Integrated Reports, and related publications 3 Strengthen sustainable marketing communications

### 2 Physical Risks (4°C Scenario)

Types	Timeline*	Risks	Impact* (Financial Impact)	Measures
Physical - Acute	Short to Long-term	Amplified risk of business interruption and revenue loss linked to the increased severity of extreme weather events causing supplier and customer shutdowns, as well as damage to our own facilities and infrastructure	Large	Strengthen BCP measures against hazard risks 1 Diversify sites 2 Install solar power generation/storage battery facilities 3 Relocate to regions posing lower risk 4 Adjust transportation plans 5 Secure a diverse base of business partners 6 Implement returnable packaging materials
Physical Chronic	Mid-term	Increase in cost of work environment measures due to rising temperatures	Medium	Promote worker-friendly logistics operation 1 Provide a comfortable workplace environment 2 Promote automation/labor-saving/unmanned operations

### 3 Opportunities

Types	Timeline*	Opportunities	Impact* (Financial Impact)	Measures
Resource Efficiency	Mid-term	Opportunity to reduce energy consumption by vehicles and CO <sub>2</sub> emissions with advanced decarbonization	Medium	Reduce energy cost by promoting decarbonization measures 1 Promote energy-saving measures 2 Introduce and expand renewable energy
	Short- to Mid-term	Cost reduction by introducing efficient logistics operations such as Smart Logistics and collaborative logistics	Large	3 Introduce and expand non-fossil fuel vehicles (EVs/FCVs, etc.) 4 Promote modal shift and collaborative logistics
	Mid- to Long-term	Establishing and strengthening our brand reputation as an environmentally responsible company by advancing 3R initiatives in packaging and waste reduction	Large (up to 8.0 billion yen)	1 Establish a 99% resource recovery target and consistently meet the target 2 Promote the 3Rs in packaging and packing materials
Energy	Mid-term	Mitigation of procurement risk through the use of renewable and low-carbon energy	Medium	Explore efficient and stable implementation schemes for renewable and low-carbon energy
	Short- to Mid-term	Improvement of operational performance by leveraging AI, IoT, and big data for energy usage visualization and optimization	Medium	1 Expand internal deployment of the EcoLogiPortal service for visualizing CO <sub>2</sub> emissions during transportation 2 Investigate and consider the adoption of EV energy management technologies
Products and Services	Short to Long-term	Market expansion through focused research and development into decarbonization logistics technology and delivery of low-carbon services	Large (up to 5.5 billion yen)	Provide low-carbon services using the Company's unique Smart Logistics 1 Smart Warehouses 2 EcoLogiPortal 3 SSCV-Safety
Market	Short to Mid-term	Creation of revenue streams in climate change-focused markets via CO <sub>2</sub> emissions visualization solutions and energy infrastructure	Medium	Expand external sales of EcoLogiPortal and accumulate heavy machinery know-how
Resilience	Long-term	Securing and maintaining of customer trust by promoting BCP	Large	Provide resilient operations that enable logistics services "that never stop"

\* Definition of impacts: Large: It has a significant business and financial impact Medium: It has some business and financial impact Small: It has a small business and financial impact

\* Timeline definitions: Short-term: Up to one year; Mid-term: Two to five years; Long-term: Six years or more

## (3) Transition Plan to Achieve 1.5°C target

The LOGISTEED Group has incorporated the five initiatives toward the realization of the medium-to-long-term environmental targets (energy saving, electrification, procurement of renewable energy, energy creation, and

emissions trading) in the Mid-term Management Plan "LOGISTEED2027" and will promote CO<sub>2</sub> emission reduction measures to limit the temperature increase to 1.5°C above pre-industrial levels.

▶P58 Examples of CO<sub>2</sub> Emission Reduction initiatives