

# The LOGISTEED Group Environmental Management

## Environmental Policy

The LOGISTEED Group is promoting "business activities with less environmental load" based on the following four policies. As for measures against global warming, we are working to enhance green logistics including collaborative logistics and modal shift together with our partner companies.

- 1. Reduce Environmental Load Generated at All Our Places of Business**  
Reduce consumption of electricity, gasoline and LP gas and recycle waste, etc.
- 2. Provide Logistics/Services with Less Environmental Load**  
Contribute to customers through CO<sub>2</sub> emission reduction and resource recycling.
- 3. Improve Eco-Mind Level and Enhance Eco-Management System**  
Increase global environmental awareness. Observe environmental laws/ordinances and company regulations.
- 4. Promote Symbiosis with Nature and Environmental Communications**  
Preserve biodiversity and ecosystem. Maintain environmental collaboration with customers and local communities.

## Environmental Management Structure

Since the establishment of a department dedicated to environmental issues in the head office in August 1992, we have worked on reducing environmental load and are currently promoting group-wide activities toward the global environment-conscious business operations.

Under the supervision of the Board of Directors and the Executive Committee, Sustainability Promotion Department, Corporate Strategy Office chaired by Executive Vice President and Executive Officer in charge of environmental issues, is responsible for overall environmental management work and oversees the entire group.

## Strengthen Environmental Management

We utilize management systems to understand and monitor actual data. In overseas, we conduct research on important environmental laws and regulations for the purpose of managing environmental load and legal compliance.

## Holding Environmental Promotion Conference

We share environmental information in Japan and overseas to improve environmental awareness and the management level.

## Number of environment conferences held (FY2022)

**Domestic: Environmental Promotion Conference 2 times**  
**Overseas: Environment Officers Meeting 2 times**

## Performance of internal environmental audit

We perform internal audit to prevent or promptly correct violations of the environmental compliance and improve the management level.

**Number of sites subjected to internal environmental audits (Japan: FY2022) 170**

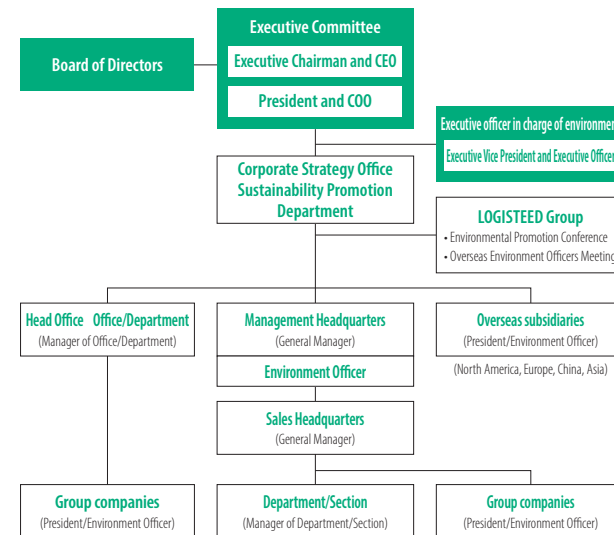
## Improving Environmental Awareness

In order to improve employees' environmental awareness, we hold environmental e-learning on topics including prevention of global warming, resource recycling, and ecosystem preservation for employees in Japan every year.

In Japan, we hold "Green Action Workshop," an interactive employee activity that incorporates the perspective of reducing environmental load into VC activities, and also hold "Environment Prize in VC Award" to recognize innovative initiatives. In FY2022, we held "Digital Dialogue Session" where the management and employees discussed their ideas and views on decarbonization, etc., and also held workshops to visualize the environmental action plan.

**Attendance rate of environmental e-learning courses (Japan: FY2022) 87%**

## Environmental Management Structure



## Strengthening cooperation with overseas group companies

In order to reduce the environmental load of the entire Group, including overseas companies, we are working to strengthen cooperation with overseas locations. In FY2022, we conducted interviews with personnel in charge of environment at each group company to identify issues and establish reporting lines for the purpose of visualizing CO<sub>2</sub> emissions overseas.

## Third-party certification initiatives

The Group seeks third-party certification and Sustainability Promotion Department has acquired the "Eco Stage" certification. From FY2017, we have upgraded the certification level to "Eco Stage II" which is equivalent to ISO14001.



Green Action Workshop

**Number of Green Action Workshops held (Japan: FY2022) 211 times**

# The LOGISTEED Group Medium-to-Long-term Environmental Targets 2030/2050

The LOGISTEED Group developed the medium-to-long-term environmental targets 2030/2050 in FY2020 to contribute to the realization of sustainable society, and is striving to reduce CO<sub>2</sub> emissions. Amid the accelerating movements to realize a decarbonized society around the world, the Group updated the medium-to-long-term environmental targets 2030/2050 developed in FY2020 with more aggressive targets in FY2021.

### Medium-to-Long-term Environmental Targets

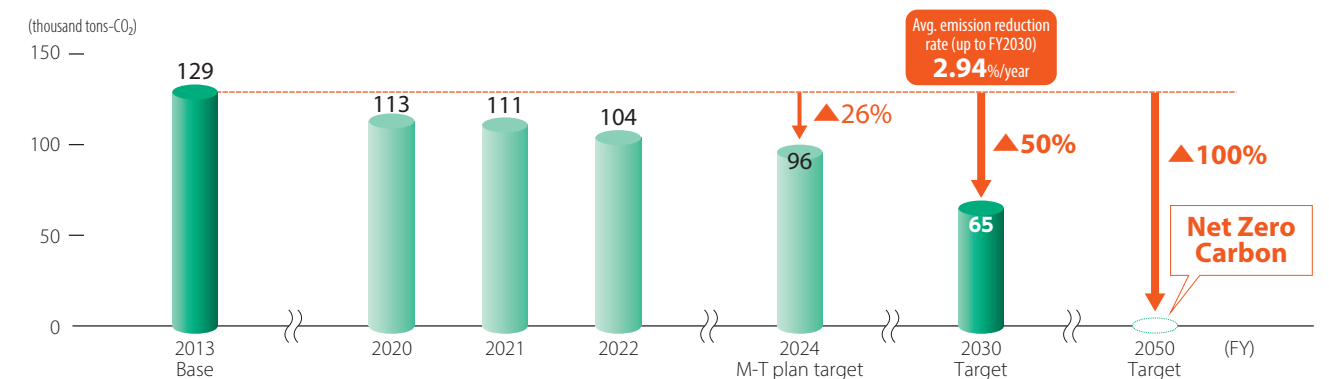
**Reduction of CO<sub>2</sub> emissions (Scope 1 and 2 in Japan\*1)**

<b>FY2030 target (base year: FY2013)</b> Aim to reduce CO <sub>2</sub> emissions by <b>50%</b> compared to the base year	<b>FY2050 target</b> Strive to achieve <b>Net Zero Carbon</b> *2
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● Scope of emission: CO<sub>2</sub> emitted from energy consumption by the Group through its business operation ● Type of energy: Electricity, fuel for vehicle, etc.

\*1 Definition of scope  
 Scope 1: Direct emissions from in-house energy (fuel, etc.) use (e.g. CO<sub>2</sub> released by company vehicles)  
 Scope 2: Indirect emissions from the use of energy supplied by other companies (e.g. CO<sub>2</sub> released by a third party power plant due to electricity use in the company's facility)  
 Scope 3: Indirect emissions by supply chain other than Scope 1 and 2 (total of 15 categories including transportation outsourcing and business trip of employees)  
 \*2 Net Zero Carbon: To balance emissions of CO<sub>2</sub>, one of greenhouse gases, and its absorption/removal

## Trend of LOGISTEED Group CO<sub>2</sub> emissions\*



## Examples of CO<sub>2</sub> emission reduction initiatives

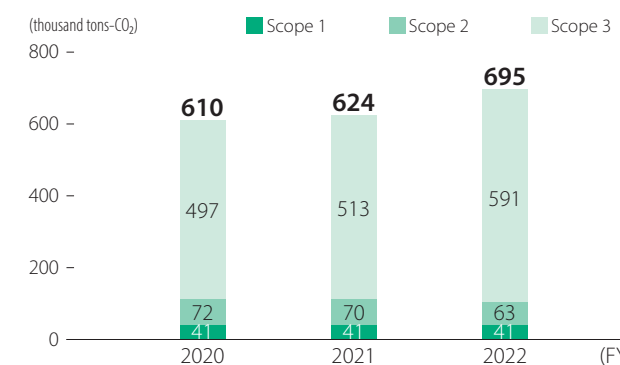
The Group has launched a decarbonization promotion project to achieve the medium-to-long-term environmental targets and is working proactively on initiatives in five areas.

	2024	2030	2040	2050	
<b>Scope 1 and 2 emission reduction rate*</b>	▲26%	▲50%		<b>Net Zero Carbon</b>	
<b>FIVE AREAS</b>	<b>1 Energy saving</b>	Introduction of energy-saving equipment (LED lighting, energy-saving air conditioning, lithium-ion battery forklift, etc.) Improvement of vehicle fuel efficiency (promotion of eco-driving, introduction of fuel-efficient tires, expansion of SSCV introduction, etc.) Expansion of efficient logistics operations (modal shift, sharing, etc.)			
	<b>2 Electrification</b>	Introduction of CO <sub>2</sub> emissions visualizing solution Shift to EVs/FCVs			
	<b>3 Procurement of renewable energy</b>	Increase in procurement of electricity from renewable energy sources Purchase of environmental value certifications (non-fossil fuel energy certificates/green power certificates, etc.)			
	<b>4 Energy creation</b>	Introduction of solar power generation equipment, and research/examination of new technologies (hydrogen/wind power/fuel cells, etc.)			
	<b>5 Emissions trading</b>	Research/examination and implementation of emissions trading and carbon offsetting			

\* Compared to FY2013

## CO<sub>2</sub> emissions throughout the supply chain

We started to calculate "Scope 3" from FY2017 to identify and reduce CO<sub>2</sub> emissions from the entire supply chain.



Scope: LOGISTEED, domestic group companies

## Third-party certification on CO<sub>2</sub> emissions data

For greenhouse gas (GHG) emissions in FY2021, the Group acquired a third-party certification based on ISO14064-3: 2019 through an assessment by a certification body LRQA Limited in FY2022. We will continue to secure the reliability of our calculated data by obtaining a third-party certification and also work to expand the scope to "Scope 3."  
 \*Scope: CO<sub>2</sub> emissions in scope 1 and scope 2 (domestic)

For details about environmental information, please visit our website.  
<https://www.logisteed.com/en/profile/csr/environment/>

Please visit our website for details about CO<sub>2</sub> emissions data in Scope 3.  
<https://www.logisteed.com/en/profile/csr/environment/activity.html>

# Climate Change Initiatives — Response to the Task Force on Climate-related Financial Disclosures (TCFD) (→P76) —

## Basic Policy on Climate Change

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 business objectives 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 partially reviewed our risks, opportunities, and financial impact assessments in FY2022.

### Governance

The Board of Directors provides guidance and supervises climate change initiatives included in the highest priority items of the 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 Chairman 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.

Sustainability Promotion Department, Corporate Strategy Office in the head office oversees overall environmental management work under the supervision of Executive Vice President and Executive Officer, who is responsible for sustainability strategy. The Environmental Promotion Conference comprised of the 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>

Governance system → P65 (environmental management structure)

### Risk management

In consideration of all management risks identified, Sustainability Promotion Department, Corporate Strategy Office in the head 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 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).

#### Greenhouse gas (CO<sub>2</sub>) emissions

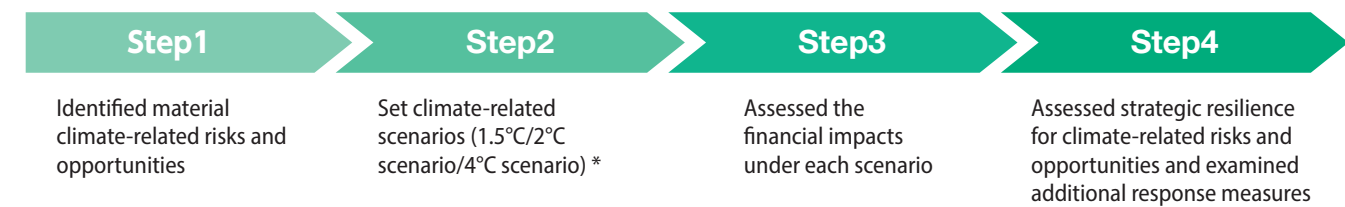
#### → P66 Trend of LOGISTEED Group CO<sub>2</sub> emissions

### Strategy

The 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 Group has performed scenario analyses according to the following procedures (→ P68 upper). 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.



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

In FY2022, we reviewed our material climate-related risks and opportunities and assessed potential quantitative/qualitative financial impacts for 10 items identified using scenario analysis. We also examined resilience of our current response measures and future measures. As the Group is examining and implementing response measures to reduce risks and seize opportunities that may have significant financial impacts, we have confirmed that they are sufficiently resilient at present.

##### 1 Transition risks (1.5°C scenario/2°C scenario)

Types	Period	Risks and Opportunities	Impact	Measures
Policy and legal	Long-term	Increase in GHG prices (carbon tax) due to climate change regulations	Medium	Develop and implement systematic environment strategies toward decarbonization (1. Introduce renewable energy, 2. Introduce non-fossil fuel vehicles (e.g. EV/FCV), and 3. Procure green power, and 4. Introduce internal carbon pricing (ICP))
Technology	Mid-term	Increase in cost of introducing eco-friendly vehicles and state-of-the-art equipment	Large	Promote green investment through the introduction of internal carbon pricing (ICP) and the introduction of new technologies
Market	Mid-term	Risk of losing customers due to inadequate response to customers who emphasize low-carbon or carbon-neutral logistics	Large	Promote decarbonization measures in logistics services and enhance information disclosure to stakeholders
Reputation	Mid-term	Risk of losing corporate reputation due to insufficient climate change initiatives and information disclosure	Large	

##### 2 Physical risks (4°C scenario)

Types	Period	Risks and Opportunities	Impact	Measures
Physical - Acute	Short-term	Suspension of logistics operation due to intensifying wind and flood damage caused by extreme weather	Large	Strengthen BCP measures against hazard risks including wind and flood damage (1. Decentralize business sites, 2. Install solar power generation system/storage batteries, and 3. Relocate sites to low-risk regions, and other measures)
Physical - Chronic	Mid-term	Increase in cost of work environment measures due to rising average temperatures	Medium	Promote worker-friendly logistics operation (1. Provide a pleasant working environment and 2. Promote automated/labor-saving/unmanned operations)

##### 3 Opportunities

Types	Period	Risks and Opportunities	Impact	Measures
Resource efficiency	Mid-term	Opportunity to reduce energy consumption by vehicles and GHG emissions with advanced environmental technology	Medium	Reduce energy cost by promoting decarbonization measures (1. Promote energy-saving measures, 2. Introduce renewable energy, 3. Introduce non-fossil fuel vehicles, and 4. Promote modal shift and collaborative logistics)
		Cost reduction by introducing efficient logistics operations such as Smart Logistics and collaborative logistics services	Large	
Energy	Mid-term	Mitigation of procurement risk through the use of renewable/low-carbon energy	Medium	Reduce energy procurement cost by promoting the introduction of renewable/low-carbon energy
Products and services	Long-term	Increase in demand due to climate change response/low-carbon services (opportunities associated with diversification of business activities)	Large	Provide logistics services using the Company's unique Smart Logistics (1. Smart Warehouse, 2. SCDOS, and 3. SSCV)
Resilience	Long-term	Securing of customer trust by promoting BCP	Large	Provide logistics operations "that never stop"

Note: 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

\* 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: IEA Stated Policies Scenario/IPCC RCP8.5

#### (3) Transition plan to achieve 1.5°C target

The 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 "LOGISTEED2024" and will promote CO<sub>2</sub> emission reduction measures to limit the temperature increase to 1.5°C above pre-industrial levels.

#### → P66 ■ Examples of CO<sub>2</sub> emission reduction initiatives



# Objective 1 Contribute to Decarbonized/Recycling-oriented Society

<b>Material issue</b> <b>Contribute to decarbonized society</b>	<b>Definition of material issue</b> Work to reduce greenhouse gas (CO <sub>2</sub> ) emissions including those from supply chains, improve energy efficiency, and create business opportunities to address climate change and realize a decarbonized society
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The LOGISTEED Group recognizes that reduction of CO<sub>2</sub> emissions in the logistics domain will have an impact on the realization of carbon neutrality, and therefore it is important to work to reduce CO<sub>2</sub> emissions and environmental load not only in the Group but also in the supply chains of our customers. Based on this idea, to “provide logistics/services with less environmental load” as set forth in our environmental policy, we are striving to reduce the environmental load and provide new environmental value through our business activities, e.g., development of services that contribute to the reduction of CO<sub>2</sub> emissions including Scope 3 emissions from our customers, in addition to ongoing initiatives such as modal shift and collaborative logistics.

## Initiatives to Reduce CO<sub>2</sub> Emissions

### Energy saving

To improve energy efficiency, we are implementing energy-saving initiatives such as introducing LED lighting in logistics centers and offices, introducing lithium-ion batteries in forklifts, and using motion sensor light, and also promoting modal shift and collaborative logistics, etc.

### Promotion of Modal Shift

– CO<sub>2</sub> reduction effect of modal shift –

(Award-winning case for new development category)

In FY2022, in transporting products of a cosmetics manufacturer from Kanto to Kyushu, we made a modal shift to trailers and coastal shipping, using the return trips of automobile parts transported by our group company, VANTEC CORPORATION. As a recognition of such efforts which reduced annual CO<sub>2</sub> emissions by about 70% compared to truck transportation, we received the “Award of Modal Shift Initiative Excellent Business Operator (new development category) in 2022” hosted by Japan Association for Logistics and Transport.

 **Received the “Award of Modal Shift Initiative Excellent Business Operator (new development category) in 2022”**  
<https://www.logisteed.com/en/news/20221115.html>

### Electrification

In order to reduce environmental load of transport, we are introducing EVs and FCVs closely monitoring market trends. In FY2022, we replaced 13 vehicles with passenger EVs and three trucks to electric trucks in Japan. One of these electric trucks is an electric refrigerated truck introduced at a sales office of LOGISTEED South Kanto, Ltd. in Kanagawa Prefecture.



### Procurement of renewable energy

We are actively switching electricity used at our offices to electricity generated from renewable energy. In FY2022, 17 offices made the shift.

### Energy creation

We are installing solar panels on the roof of our logistics centers. In FY2022, we installed the Group’s first solar panels using the PPA\* scheme on the roof of a logistics center of VANTEC

KYUSHU LOGISTICS CORPORATION, our group company in Fukuoka Prefecture.

\* Power Purchase Agreement (PPA): An agreement where power generated by a solar power generation system installed by a company that owns and manages solar power generation facilities (PPA operator) is supplied to power users for a fee.

### CO<sub>2</sub> emissions (Scope 1 and 2 in Japan)



### Internal carbon pricing (ICP)

In order to promote decarbonization initiatives, we are considering the use of ICP in investment decisions. In FY2022, we set ICP at 10,000 yen/t-CO<sub>2</sub> and studied how to operate it. In FY2023, we will establish a system for ICP-based investment decisions and make it widely known within the Company.

### Initiatives to set CO<sub>2</sub> emission reduction targets throughout the supply chain

To set CO<sub>2</sub> emission (Scope 3) reduction targets throughout the supply chain, we have been conducting fact-finding surveys of CO<sub>2</sub> emissions in overseas group companies and building a system to calculate and visualize emissions with higher accuracy since FY2022.

## Contribution to Decarbonization in Customers’ Supply Chain

### Support customers’ decarbonization by providing SCDOS “Decarbonization Monitoring Service”

As part of “SCDOS,” our DX service to support optimization of customers’ supply chain, we offer “CO<sub>2</sub> emission visualization function” from FY2021. This service enables customers to accurately measure and visualize CO<sub>2</sub> emissions and reduction in the supply chain by centrally managing and monitoring their various data, which has received conformity assessment by a third-party organization. In FY2022, we made more proposals than we originally planned and supported the visualization and reduction of CO<sub>2</sub> emissions from logistics domains of multiple customers.

 **For more information about SCDOS, please visit our website.**  
<https://www.logisteed.com/en/logisteed-cafe/service.html>

 **The Group participates in the GX League.**  
<https://www.logisteed.com/en/news/20221021.html>

<b>Material issue</b> <b>Contribute to recycling-oriented society</b>	<b>Definition of material issue</b> Work to reduce/avoid resource use, prevent environmental pollution, and create business opportunities to contribute to a recycling-oriented society
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By setting “reduction of environmental load” as one of its environmental action plans, the Group aims to contribute to recycling-oriented society by promoting initiatives for resource recycling and waste control with an awareness of symbiosis with nature as well as preservation of biodiversity and ecosystem.

## Effective Use of Resources and Waste Control

To ensure that waste generated in our business activities is recycled as much as possible, we are actively promoting measures to control waste emissions and reduce the amount of landfill disposal throughout the Group with an aim to maintain and improve the recycling rate.

### Reduce resource use in packaging design

We are working to improve packaging technology and reduce environmental load in packaging design including reduction of packaging-related materials and wastes while meeting customer needs. In the case of the “electric trolley package made of only cardboards,” which won Electric Equipment Packaging Award at the “Japan Packaging Contest 2022” hosted by Japan Packaging Institute, we have developed a packaging, including interior material, made of only cardboards from the perspective of reducing environmental load. In changing all packaging materials to cardboards, the issue was how to maintain the strength, but we used reinforced cardboards and successfully maintained strength and reduced wood consumption by 100% at the same time.

Award-winning case/Award titles	Main effect
Logistics Award: Change of shipping box for steam turbine blades	<ul style="list-style-type: none"> <li>Working hours: down 20%</li> <li>Transportation costs: down 60%</li> <li>CO<sub>2</sub> emissions: down 88%, etc.</li> </ul>
Electric Equipment Packaging Award: The electric trolley package made of only cardboards	<ul style="list-style-type: none"> <li>Wood consumption: down 100%</li> <li>Material costs: down 20%, etc.</li> </ul>

 **Received both “Logistics Award” and “Electric Equipment Packaging Award” at the Japan Packaging Contest 2022**  
<https://www.logisteed.com/en/news/20220922.html>

### Circular Economy Initiatives

#### Recycling of plastic pallet

PALENET CO., LTD., our group company engaging in sales and rental of plastic pallets, supplies returned pallets that are broken and no longer usable as materials for new pallets to a recycled plastic pallet manufacturing company in which the company holds a stake, instead of disposing them, contributing to the reduction of waste plastic and the effective use of resources. More than 20,000 waste plastic pallets are recycled every year thanks to this initiative.

### Recycling rate (FY2022)



Scope: LOGISTEED, domestic group companies

## Protection of Biodiversity

We aim to promote symbiosis with nature and environmental communications under our environmental policy and are working to preserve biodiversity and ecosystems.

**Governance system** → P65 environmental management structure

### Biodiversity-conscious procurement

We continue to promote green purchasing of office supplies and purchase of products with environment certificates and work to reduce deforestation mainly through reduction of printing papers used by digitizing documents and ensuring double-sided copying.

### Initiatives for ecosystem preservation

We regularly conduct cleanup and beautification activities in areas surrounding our offices and light-down campaign in our sites in Japan and overseas. We have also designated June as the “Group Environment Month” and promote environmental beautification activities, environmental awareness activities in the workplace, and social contribution activities. The Group has established the “LOGISTEED Group Magokoro (Sincere Heart) Fund,” a matching gift system where funds donated by our group employees and officers are matched by the Company to meet the cost for the activity, and use the fund to support environmental preservation activities. In FY2022, we made donation to “Children’s Forest Program” by the Organization for Industrial, Spiritual and Cultural Advancement (OISCA) (public interest incorporated foundation) and continued the greening project in collaboration with the NPO Green Network, bringing the total land afforested under the Magokoro Fund to 13 hectares.



Greening through Magokoro (Sincere Heart) Fund

## Overseas activities

In July 2022, our group company LOGISTEED Malaysia Sdn. Bhd. held an event to clean up while trekking in a natural park located near the Nilai Logistics Center. 70 employees as well as their families and friends participated in the event and spent about three hours picking up garbage of about 100 kg in total.

