Objective 2 — Build and Evolve Resilient, Sustainable Logistics Services

Material issue **Build and evolve resilient, sustainable logistics services**	**Definition of material issue** Implement measures to enhance transport business to address social issues including aging of managers, business slump of small- and medium-sized transportation companies, driver shortage, and recruitment challenges as well as build/evolve sustainable logistics services with a high level of safety/quality/productivity, aiming to create business opportunities and fulfill our role as social infrastructure

The LOGISTEED Group is working to sophisticate its supply chain optimization services and enhance its warehousing and transport businesses with an aim to build and evolve resilient and sustainable logistics services with a high level of safety/quality/productivity that contribute to solving social issues.

Installation of Automated/Labor-saving Equipment
To respond to social issues such as labor shortages at logistics sites and realize a safe, secure, and comfortable working environment, we are promoting the installation of automation and labor-saving technologies and installation of equipment to reduce a burden on workers. In FY2022, we actively promoted the installation of automated forklifts, depalletizers[*1], and AGVs, etc. and achieved labor savings of 100 FTE[*2] per year compared to FY2021.

*1 Depalletizer: Equipment to automatically remove loaded cargoes from roll box pallets
*2 Full-Time Equivalent (FTE): A unit of the work performed by a full-time employee of an organization

Labor-saving indicator: FTE (FY2022)

Saved **100** FTE compared to FY2021

Support for Customers' Supply Chain Management by Providing SCDOS (Supply Chain Optimization Service)
As the modern supply chains are becoming more complicated and sophisticated, we will work together with our customers, as a strategic supply chain partner, to contribute to increasing their business values and improving their environmental value such as decarbonization through the visualization and total optimization by DX.
In FY2022, we began development and service provision of a "coordination type inventory control support service" that shares inventory information with suppliers and "SCLINK+" which centrally manages information between processes in trade operations on a cloud-based platform, and we made SCDOS-related proposals to more customers than we originally planned. In overseas, LOGISTEED Malaysia Sdn. Bhd. and PT LOGISTEED Indonesia, our group companies, will install the standard monitoring that integrates three visualization solutions of warehousing, transportation, and CO_2 emissions in collaboration with "ONEsLOGI" lineup of LOGISTEED Solutions, Ltd.
SCLINK+ is a registered trademark of LOGISTEED, Ltd.

For details of our initiatives on page 71-72, please visit our website.
https://www.logisteed.com/jp/scdos/
(Japanese version only)

Contribution to Safe and Efficient Transport Through "SSCV"
To realize "zero-accident society," we have developed a transport digital platform "SSCV," contributing to the improvement of operational efficiency and legal compliance of transport operators, as well as ensuring driver safety, etc. In FY2022, we expanded functions of "Safety" and "Smart," two of the three "SSCV" solutions, and achieved the targets to install "Safety," "Smart," and "Vehicle" to our domestic group companies and partner transport companies, which contributed to the transport safety and efficiency.
"SSCV-Safety" is certified as "TDBC Certified Solution" by Transportation Digital Business Conference (TDBC) and is used in initiatives to solve social issues such as research projects by the Ministry of Health, Labour and Welfare and verification experiments by the Ministry of Land, Infrastructure, Transport and Tourism.

GDP-Compliant Storage/Shipping – Enhancement of Quality Control and Operational Capabilities at Medical DCs –
We have enhanced medical DCs across the country providing storage and shipping services specialized in pharmaceutical logistics. To enhance operational capabilities of GDP, we are working to strengthen the quality assurance system in the pharmaceutical logistics by setting up an organization dedicated to promoting GDP to establish a quality management system. In FY2022, for the purpose of further enhancing quality control and operational capabilities, we established an educational program for all employees engaging in GDP operation and developed and installed a standard system for temperature control and document records management.

Improve the Resilience of Transport Business to Cope with the 2024 issue
Our urgent issues related to the 2024 issue are to shorten total working hours of drivers and strengthen transportation capacity to compensate for the shortage of drivers. The Group is working on promotion of modal shifts, labor-saving/capacity increase/short-haul transport by introducing double-trailer trucks, and reduction in waiting time for loading/unloading through development and introduction of a loading dock booking management system. We are also working to improve transport efficiency by utilizing DX solutions such as SSCV. As a result of these initiatives, the number of violations of labor standards by the Group's truck drivers was zero in FY2022.

Objective 3 — Create New Values Through Collaborative Innovation

Material issue **Step up DX**	**Definition of material issue** Address social issues such as driver shortage and the 2024 issue by promoting digitalization and labor-saving initiatives to create business opportunities

The Group is accelerating the digitization, visualization, and standardization of various information to promote DX with the aim of creating new values and innovation to solve social issues such as labor shortages, the 2024 issue and SDGs.

Establishment of DX Platform to Create Innovation
To create new values and innovation by promoting DX, we are working to develop and establish a company-wide digital platform for both business and management systems.
The digital business platform aggregates and standardizes various digital data in the Group's warehouse domain to improve the efficiency and productivity of business operation, which was completed in FY2021. Utilizing this digital business platform, we completed projects in excess of the FY2024 target, "logistics reform project execution of 60 in total" by FY2022. In addition, we completed the renewal of the core management system for domestic group companies in FY2022, enabling us to provide innovative digital services and promote data-driven management through linkage of the digital management platform and the digital business platform.

Transformation of Warehouse Operations Through DX
■ **Implement Resource Control System (RCS: an integrated control system for equipment and human)**
The Group has actively installed digital equipment such as automated equipment and smart devices into work areas in warehouses and has achieved further labor saving and standardization through integrated control with RCS. In FY2022, we installed RCS to five warehouse projects and successfully improved the efficiency of and standardized human resources adjustment and control by, for example, automatically creating tasks which used to be dependent on managers' insight such as staff assignment, shift planning, and work process planning

in the warehouse, as well as reflecting them in devices owned by managers and workers.

■ **Enhance functions of a new WMS-PF ONEsLOGI**
We are working to standardize Warehouse Management System (WMS) to expand value we provide to our customers. We used to customize WMS by business type or customer. Now, in order to expedite and sophisticate our proposals on and provision of services to customers, we have reconstructed "ONEsLOGI, a new WMS-PF (standardized warehouse management system)" equipped with the Group's expertise on the warehouse domain as well as those acquired through the 3PL business over the years and all logistics-related functions as a standard solution. We monitor and manage the progress of the expansion of functions of this solution as a conformance rate and achieved 75% in FY2022 as planned.

Promotion of Patent Applications and Acquisition of Rights in DX Field
We generally file patent applications for technologies and expertise that are important management resources to promote collaboration and innovation as business-related inventions, and most of such applications in recent years are DX-related. We will capture and visualize technologies and expertise as intangible assets to further create and utilize values.
➡P50

Ratio of DX-related patent applications to total applications

(FY2022) **96**%

Material issue **Establish business models through collaborative innovation**	**Definition of material issue** Work to develop new services and business models through collaborative innovation with business partners

The Group aims to develop new business models through collaborative innovation beyond the industry to solve various social issues.

Toward the Realization of Safe and Sustainable Logistics – Use SSCV Data to Solve Social Issues –
We are seeking effective ways to use big data obtained from SSCV services and its new value in order to realize "smart and safe logistics." In FY2022, we participated in "Daiwa House Industry Open Data Challenge for Smart Logistics" sponsored by

DAIWA HOUSE INDUSTRY CO., LTD., our collaborative innovation partner, and made data obtained from SSCV-Safety publicly available to invite ideas on new digital services and applications using such data from the public at large. Going forward, we will continue to utilize data obtained from SSCV to create new businesses and solve social issues through collaborative innovation with partners beyond the industry.

Supportive Foundation for the Objectives

We define matters related to our business base, such as safety, enhancement of disaster prevention/mitigation, and respect for human rights, as "Supportive Foundation for the Objectives," and take various measures to accelerate initiatives for three objectives.

Material issue **Prevent accidents during operation**	**Definition of material issue** Strive for safe operation by promoting initiatives to prevent accidents at the Company and its suppliers

Under the policy that "Safety is our first priority" and the safety slogan based on the policy, the LOGISTEED Group ensures that each employee carries on the safety cultures and strives to provide safe and high quality services during operations.

Safety Slogan **"Safety First"**

Safety Priority Policy
The Group works on activities based on the policy and the safety slogan.

Safety Promotion Structure
LOGISTEED assigns an executive officer in charge of safety under the confirmation by the Board of Directors, who promotes top-down safety activities. Executive officers deliberate and report on safety activities and accident occurrence, etc. at the monthly Executive Committee, and the Audit & Supervisory Board also receives reports on the progress of safety activities and accident occurrence, etc. every year. Under the structure which enables the supervision by the Board of Directors, we ensure to promote and manage safety activities.

Initiatives for Accident Prevention
■ **SSCV-Safety (safety operation management solution)**
– Introduction to the Group's own vehicles –
In order to protect drivers as an organization and not to become either the victim or assailant, the Group is promoting the installation of "SSCV-Safety," a solution to prevent accidents due to absent-minded driving. In Japan, we completed the installation of SSCV-Safety in all approximately 2,300 commercial trucks and private vehicles owned by the Group, and started its operation. The installation of "SSCV-Safety" has allowed us to provide drivers with guidance based on the daily review, reducing the number of average incidents in FY2022 by 50% year on year.
Number of incidents during vehicle operation* (FY2022)

0.037 (YoY **-52%**)

* Per vehicle in operation per month (Scope: LOGISTEED, domestic group companies)

■ **Practical training and experiential sessions**
– Education through experiential sessions using VR –
We envision a full range of scenarios in workplaces and conduct practical training and experiential sessions to improve employees' safety knowledge and skills.
In experiential sessions using virtual reality (VR) technology,

workers experience behaviors with potential risk of causing workplace accidents through visual contents simulated on cyberspace, which we expect to increase their safety awareness. In FY2022, we provided the experiential sessions mainly focusing on collisions with forklifts at each location. From FY2023, we plan to conduct similar experiential sessions at overseas locations.
No. of attendees of VR experiential sessions (FY2022)

3,420 attendees at **37** sites

Scope: LOGISTEED, domestic group companies

Safety Initiatives in Supply Chain
■ **Introduction of SSCV-Safety to partner transport companies**
To improve the safety level of the entire supply chain, we are working to introduce SSCV-Safety to our partner transport companies. We regularly hold safety education (webinars) for companies that have introduced or are considering to introduce SSCV-Safety to explain the safety functions of SSCV-Safety and share safety activities introducing good examples of utilization. These initiatives are also contributing to the enhancement of compliance by raising drivers' safety awareness and the realization of stable and systematic vehicle assignment by raising drivers' awareness on health management.
Safety education for SSCV-Safety users (FY2022)

Held **9** webinars

30 companies participated

Target and result of reduction rate for three types of accidents*

FY2024 target
(compared to FY2021)   Down by **40**%

FY2022 result
(compared to FY2021)   Down by **24**%

* Workplace accidents, vehicle accidents, and product accidents (Scope: LOGISTEED, domestic/overseas group companies)

For details of our safety initiatives, please visit our website.
https://www.logisteed.com/en/profile/csr/social/safety/

Material issue **Enhance disaster prevention/mitigation**	**Definition of material issue** Implement disaster prevention measures to prepare for natural disasters and prevent fires as well as strengthen systems for speedy recovery in the event of a disaster

The Group works to strengthen disaster prevention/mitigation measures in order to protect people's lives through the logistics business, which is social infrastructure, even in the event of a natural disaster or infectious disease.

Toward the Realization of the Future Vision of Logistics Center
As part of our efforts to enhance our warehouses, we are working to visualize safety- and quality-related incidents and hazardous work that may occur in our logistics centers. In FY2022, to realize the automated center concept (➡️41-46) which visualizes and centrally controls safety/quality/productivity/fire prevention/crime prevention, we introduced a video management system with advanced analysis functions in three logistics centers in Japan. We began cloud-based remote monitoring and centralized control at the "Centralized Safety and Quality Control Center" established in the head office. From FY2023, we plan to expand such functions as issuing alerts using AI and increase the number of locations subject to monitoring.

Visualization of Self-Defense Firefighting Operations
■ **Development and utilization of firefighting visualization system**
We have developed our own firefighting visualization system to strengthen our self-defense firefighting system by ensuring compliance with the Fire Service Act and other relevant laws and regulations. In January 2023, we began the firefighting equipment control using the system. The system enables us to manage inspection deadlines through real-time checks of

the inspection status of firefighting equipment, which leads to prevention of cases where firefighting equipment remains unrepaired by an oversight and reduction of human and material damage, etc. due to defective firefighting equipment.

Disaster Prevention Measures
■ **Enhancement of initial response at disasters**
We are working to enhance initiatives focusing on disaster prevention with regard to an initial response necessary to take before BCP is activated when a disaster occurs. In FY2022, 18 domestic group companies conducted KYT (danger prediction training)* and three companies conducted trainings for initial response* assuming an earthquake. We also conducted a "company-wide BCP trainings by disaster response HQ"* to share issues related to disaster countermeasures. In addition, we held BCP seminars by external lecturers to improve the skills of BCP staff as part of our efforts to ensure the effectiveness of BCP, which led to the improvement of initial response.

* Online desktop simulation. Total numbers of attendees were approximately 150 for KYT (danger prediction training), 40 for initial response trainings, and 70 for company-wide BCP trainings by disaster response HQ

For details of our safety initiatives, please visit our website.
https://www.logisteed.com/en/profile/csr/social/safety/

For details of our disaster risk measures including BCP, please visit our website.
https://www.logisteed.com/en/profile/csr/governance/riskmanagement/

Material issue **Establish a responsible supply chain in which human rights are respected**	**Definition of material issue** Promote a sustainable supply chain by taking measures to improve quality/productivity, conduct environmental/social assessments, ensure compliance with laws and regulations by suppliers, and avoid/prevent/mitigate human rights issues of relevant stakeholders

Recognizing that human rights of all people affected in our business activities must be respected, the Group has implemented initiatives to build a responsible supply chain that respects human rights.

Toward Developing Business Platform That Respects Human Rights
■ **Establishment of the "LOGISTEED Group Human Rights Policy"**
Under the corporate philosophy "to deliver high-quality services that will help make the world a better place for people and nature for generations to come," we established the Human Rights Policy in April 2023 in accordance with various international standards regarding respect for human rights. We have positioned the Policy as the highest policy related to human rights and will continue to promote initiatives related to human rights.

For details of our human rights initiatives, please visit our website.
https://www.logisteed.com/en/profile/csr/social/employee/

■ **Identification of global human rights issues and risk assessment**
In order to strengthen the base to promote human rights due diligence, in FY2022, with the support of NGOs having knowledge of human rights issues, we organized global human rights issues that are important to all industries and the logistics industry. In addition, we organized and assessed risks in the Group's value chain and conducted a fact-finding survey on "treatment of technical interns," which was identified as a high-priority risk in Japan. As a result of the survey, we confirmed that technical interns are managed properly. We will work to create an organization that can conduct more detailed analysis and assessment of potential risks in the global value chain other than "treatment of technical interns," such as by introducing self-check system at group companies.