LOGISTEED

Toward New Dimensions

LOGISTEED

Integrated Report | 2023

Contents

Editorial Policy
The LOGISTEED Group has published the Integrated Reports from 2020 in lieu of the conventional Annual Reports. This report introduces the Group's initiatives toward sustainable increase of corporate value to our stakeholders through the explanation of our value creation process and business model. This report has been compiled with reference to the "International Integrated Reporting Framework" published by the IFRS Foundation and "Guidance for Collaborative Value Creation 2.0" published by the Ministry of Economy, Trade and Industry.

Reporting period
The fiscal year ended March 31, 2023 (April 1, 2022– March 31, 2023 in general) However, recent activities are also reported in this report. "FY" refers to a financial period ended or ending on March 31.

Companies covered in this report
This integrated report covers LOGISTEED, Ltd. and the LOGISTEED Group (82 consolidated subsidiaries and 15 associates accounted for using the equity method) in principle.

Forward-looking statements
This integrated report contains forward-looking statements that reflect LOGISTEED, Ltd. and its Group companies' forecast, targets, plans, and strategies. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, and various other factors that may cause LOGISTEED, Ltd. and its Group companies' actual results, performance, achievements, or financial position to be materially different from any future results, performance, achievements, or financial position expressed or implied by these forward-looking statements.

Toward New Dimensions

LOGISTEED

LOGISTEED A word that combines LOGISTICS with Exceed, Proceed, Succeed, and Speed. It represents our determination to lead businesses to a new domain beyond the conventional logistics.

Details are available at the Company's website.

What LOGISTEED Aims For
https://www.logisteed.com/en/logisteed-cafe/

The LOGISTEED Group's tools for information disclosure

Financial information	Non-financial information
←	→
Investor Relations (website) https://www.logisteed.com/en/ir/	**About Us (website)** https://www.logisteed.com/en/profile/
Annual Securities Reports (Japanese version only)	**Integrated Report**	**CSR/ESG**
Presentation Material of Financial Results		https://www.logisteed.com/en/profile/csr/
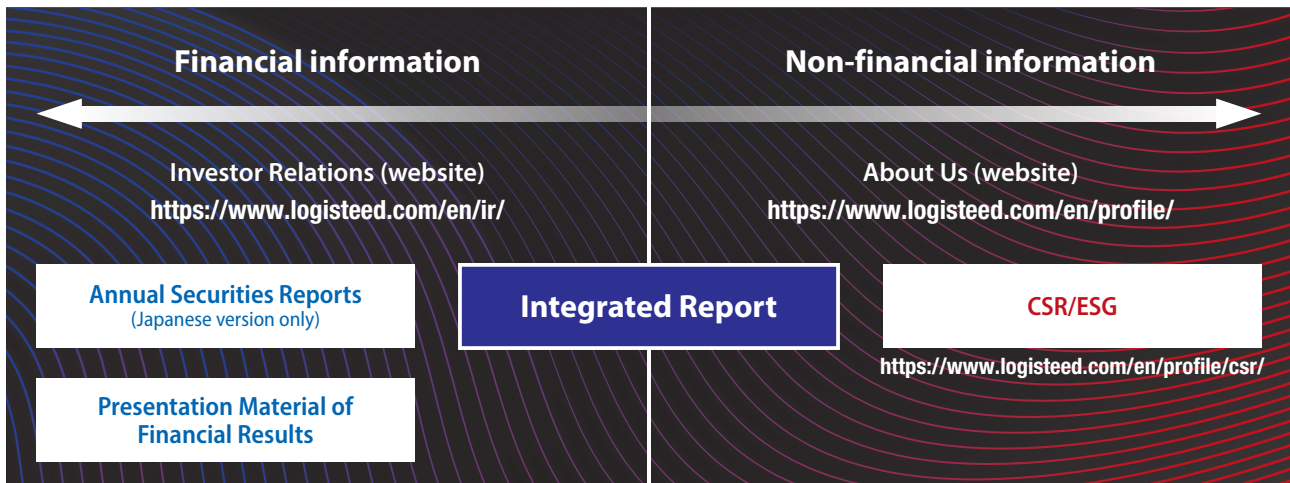
Management Philosophy & Brand

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," the LOGISTEED Group aims to become the most preferred global supply chain solutions provider for all of our stakeholders, including customers, investors, and employees, in the sophisticated, diversified and wide-ranging global supply chain, and under this vision, strives to achieve sustainable growth by solving issues and creating "values" through various "collaborative innovation." In addition, we have organized the role and future direction of the Group as "LOGISTEED WAY" with an aim to embody our Corporate Philosophy and Corporate Vision.

LOGISTEED WAY

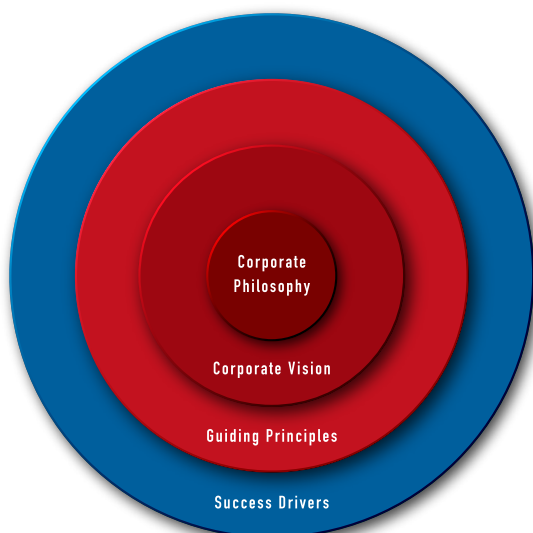Shows the role and the "WAY" to move forward of the Group and consists of "Corporate Philosophy," "Corporate Vision," "Guiding Principles," and "Success Drivers."

LOGISTEED WAY

- Corporate Philosophy
- Corporate Vision
- Guiding Principles
- Success Drivers

Corporate Philosophy
The LOGISTEED Group delivers high-quality services that will help make the world a better place for people and nature for generations to come.

Corporate Vision
The Most Preferred Global Supply Chain Solutions Provider

Guiding Principles

Compliance	We value "Basics and Ethics."
Customer Focus	We deliver value to our customers.
Innovation and Excellence	We strive for service excellence through collaborative innovation.
Diversity and Inclusion	We leverage inclusive diversity for holistic growth.
Sustainability	We think and act responsibly as a global citizen.

Success Drivers
"Gemba" Power, multiplied by Visualization

3 Key Goal Indicators	Safety, Quality, and Productivity
3 Disciplines	Attention to Detail, Uncovering Problems, and Strong Sense of Speed
3 Attributes	Customer Centricity, Teamwork, and Can Do Spirit

---

Brand Promise

Taking on the Future

In a world of constant change, we are committed to pioneering new trails, always looking ahead and energizing our society.

We build true trust with our customers, working tenaciously and charting a collaborative future. We create and deliver innovative solutions, embracing cutting-edge technologies. And we keep moving forward as one team, fostering mutual respect and releasing individual potential.

Going beyond the conventional domain of logistics, we will bring innovation to the future of business and people's lifestyles.

Point of Integrated Report 2023

Toward New Dimensions – Innovation for a Better Future

Recognition of Business Environment	We are facing various changes in business environment including labor shortages amid declining birthrate and aging population in Japan, realization of geopolitical risks, climate change, and intensifying competition beyond industry boundaries.

Direction	To address changes in business environment, we will maintain resilient global supply chain by solving issues through innovation with IoT/AI/robotics/DX and work to realize sustainable society and increase corporate value.

Material Issues to be Addressed to Increase Corporate Value	Objectives → P30-36 ● Contribute to decarbonized/recycling-oriented society ● Build and evolve resilient, sustainable logistics services ● Create new values through collaborative innovation (Supportive foundation for the objectives)

Mid-term Management Plan	LOGISTEED2024 → P23-28 Becoming a global supply chain strategic partner with DX, LT, and "Gemba" Power

Priority Measures

Reinforce and Expand Overseas Business

- Execute M&As in all areas: North America (transport), Europe (3PL and freight forwarding), India (transport)
- Expand investments and businesses in priority areas: India, Thailand, Indonesia, and Malaysia (auto parts, groceries, daily commodities, etc.) and China (automation, labor saving, etc.)

Expand Business Domains with New Added Value

- Solve supply chain issues, propose visualization and optimization through DX
- Expand new services in boundary domain between manufacturing and logistics, commence Value-added Services

Taking on the Future

LOGISTEED

The possibility of logistics lies in
its power to change the world for the better.

Together with our partners across the spectrum of industries,
we are committed to bringing innovative solutions the world has yet to see.
We will take on the difficult challenges our society now faces to create a future
where new forms of business and livelihood can take shape.

That is how LOGISTEED will revolutionize
the concept of logistics itself - in ways no others can.

Evolve Smart Logistics

- Achieve automation and labor-saving through linkage of systems and machines, improve working environment through DX
- Enhance and expand functions of three-temperature zone warehouses, hazardous substances warehouses, etc.
- Enhance the transport business and address the 2024 issue (→P75) as well as decarbonization through SSCV (→P76)

Solidify ESG Management Base

- Implement disaster prevention measures and risk management
- Implement sophisticated and consecutive safety and quality control activities
- Accelerate decarbonization activities
- Continue and expand VC activities (→P76)
- Strengthen human resources for DX, LT, and global development

At a Glance

Capitalizing on our global network and abundant experiences, the LOGISTEED Group meets customers' various logistics needs with our one-stop services of Smart Logistics consisting of 3PL business, Heavy Machinery and Plant Logistics business, and Freight Forwarding business, and aims to become the most preferred global supply chain solutions provider.

Resources — Bases for Value Creation — (As of March 31, 2023)

Number of Companies[1]/Locations[2]
Locations
98 companies 808 sites
<Domestic: 26 companies 334 sites/Overseas: 72 companies 474 sites>

Total Personnel[3]
Human Resources
46,755
<Domestic: 29,561 employees/Overseas: 17,194 employees>

Area of Logistics Center[2]
Warehouses
7.93 Mm^2
<Domestic: 5.44 Mm^2/Overseas: 2.49 Mm^2>

Number of Vehicles (Including Leased Vehicles)
Vehicles
Total: # 19,663

Truck[4]: 4,068   Forklift: 6,394
Trailer: 7,254   Other[5]: 1,947

[1] Number of companies includes associates accounted for using the equity method.
[2] Number of locations and area of logistics centers exclude those of AIT Group and HTB-BCD Travel Group.
[3] Number of employees excludes associates accounted for using the equity method.
[4] Including tractors and vans
[5] Including buses and passenger cars, etc.

— FY2022 Performance Overview —

Revenues
¥814.3 billion   Y o Y +10%

Adjusted Operating Income
¥45.8 billion   Y o Y +18%

FY2022 Business Overview by Segment

Domestic logistics business (FY2022)

Revenues
(100 million yen)

Segment profit
(100 million yen)

	2020	2021	2022
Revenues	4,212	4,172	4,240
Segment profit	252	237	230

(FY)
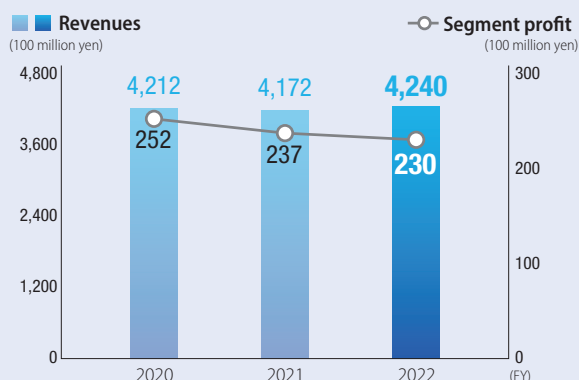
Revenues Y o Y +2%

Revenues of domestic logistics business increased by 2% year-on-year to ¥423,972 million.

Segment profit Y o Y -3%

Segment profit decreased by 3% year-on-year to ¥23,009 million mainly due to an increase in costs including temporary costs.

Financial Data: Financial Highlights
https://www.logisteed.com/en/ir/financial/financialhighlights/

Financial Data: MD&A
https://www.logisteed.com/en/ir/library/annual/pdf/mdaen.pdf

We provide comprehensive logistics services with high level of safety, quality, and productivity by taking advantage of our extensive network in Japan and overseas as well as abundant experience and expertise as a pioneer.

Services — Businesses & Solutions —

3PL business
Segment: Domestic logistics/Global logistics

Value
We provide the optimal logistics services in supply chain. In automobile parts logistics, we meet the logistics-related needs of the automobile industry.

Heavy Machinery and Plant Logistics business
Segment: Domestic logistics/Global logistics

Value
We provide transportation, installation, and setting-up services, etc. for heavy machinery and precision instruments.

Freight Forwarding business
Segment: Global logistics

Value
We propose an optimal transportation plan from various transportation modes including aircraft, ship, rail, etc.

Other services (logistics related businesses) • Information system development business • Sale and maintenance of automobiles business

Global logistics business (FY2022)

Revenues (100 million yen) — Segment profit (100 million yen)

FY	Revenues	Segment profit
2020	2,163	103
2021	3,135	136
2022	3,759	211
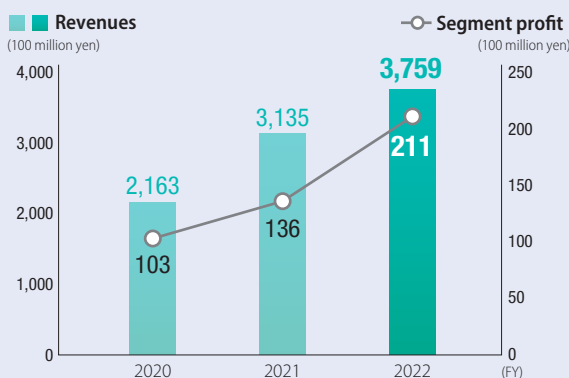
Revenues — YoY +20%
Revenues of global logistics business increased by 20% year-on-year to ¥375,894 million mainly due to contributions from the freight forwarding business, operation of new projects, and the effect of foreign exchange rate fluctuations.

Segment profit — YoY +55%
Segment profit increased by 55% year-on-year to ¥21,092 million mainly due to an increase in revenues, improved profitability, and the effect of foreign exchange rate fluctuations.

History of the LOGISTEED Group

Historical background

1950-	1976-	1986-
Postwar reconstruction and high economic growth	Globalization in manufacturing industry	Bubble economy and its collapse

History of value creation

Became independent by integrating transportation divisions

The Company was founded in February 1950 as a logistics subsidiary of Hitachi, Ltd. and commenced cargo transportation business. In 1967, the Company merged with Tokyo Monorail Co., Ltd. and another company, and changed its name to Hitachi Express & Tokyo Monorail Co., Ltd.

Expanded overseas

In 1976, our first overseas subsidiary was established in Singapore as the first step of the overseas strategy. In 1984, we entered into the air cargo business against the backdrop of increasing air freight volume. In July 1985, on our 35th anniversary, we changed our corporate name to Hitachi Transport System, Ltd.

Launched 3PL business

We launched TRINET service, the prototype of 3PL business, for customers in apparel industry in August 1986. Then we expanded the target fields to include building materials, medical supplies, and groceries, etc.

Transition of Our Business

3PL Business (Domestic)

1950 Started business

1986 Launched 3PL business

3PL Business (Overseas)

1976 Expanded overseas (Singapore)

1987- Increased overseas locations (the U.S., China, Europe, etc.)

Freight Forwarding Business

1984 Expanded into air cargo business

1985 Launched international multimodal transport (NVOCC)

Heavy Machinery and Plant Logistics Business

1954- Expanded business (ocean cargo shipping business, etc.)

1984 Introduced supersized crawler crane

Revenues

- Domestic logistics (100 million yen)
- Global logistics (100 million yen)
- 3PL business (100 million yen)
- Ratio of global logistics business (%)

10,000 —
8,000 —
6,000 —
4,000 —
2,000 —
0 —

1986
3PL: 4

3
19

9
174

1975   1980   1985   1990   1995
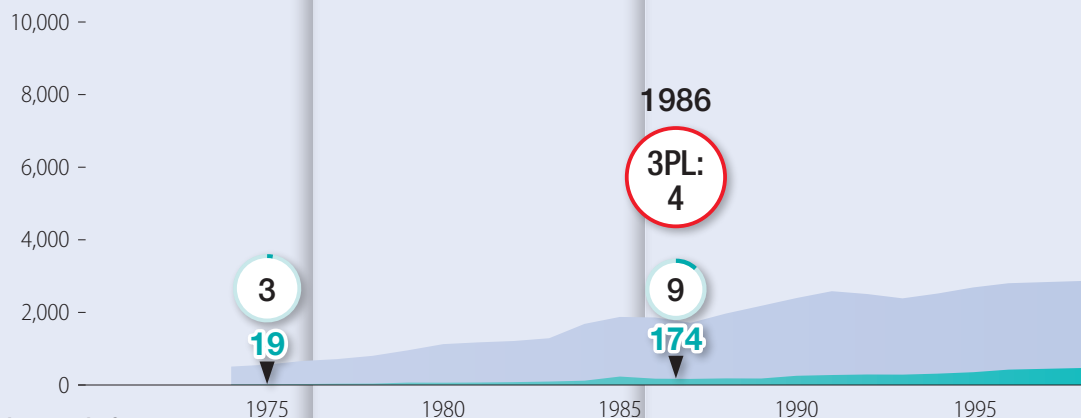
Financial Highlights: The Track Record of 10 Years
https://www.logisteed.com/en/ir/library/annual/pdf/financialhighlightsen.pdf

1998-	2007-	2016-	Present
IT Bubble	Prolonged deflation/ adoption of SDGs	The U.S.-China trade friction/ enforcement of Paris Agreement	Sustainability/ decarbonized society

Entered into large-scale 3PL business with own assets

We entered into large-scale 3PL businesses with own assets by undertaking overall logistics operation of adidas Japan K.K. in 1998 and AEON Co., Ltd. in 2002. Especially, Kansai NDC completed in February 2003 had the largest-class capacity in the Company and cutting-edge equipment.

Expansion strategy through M&As

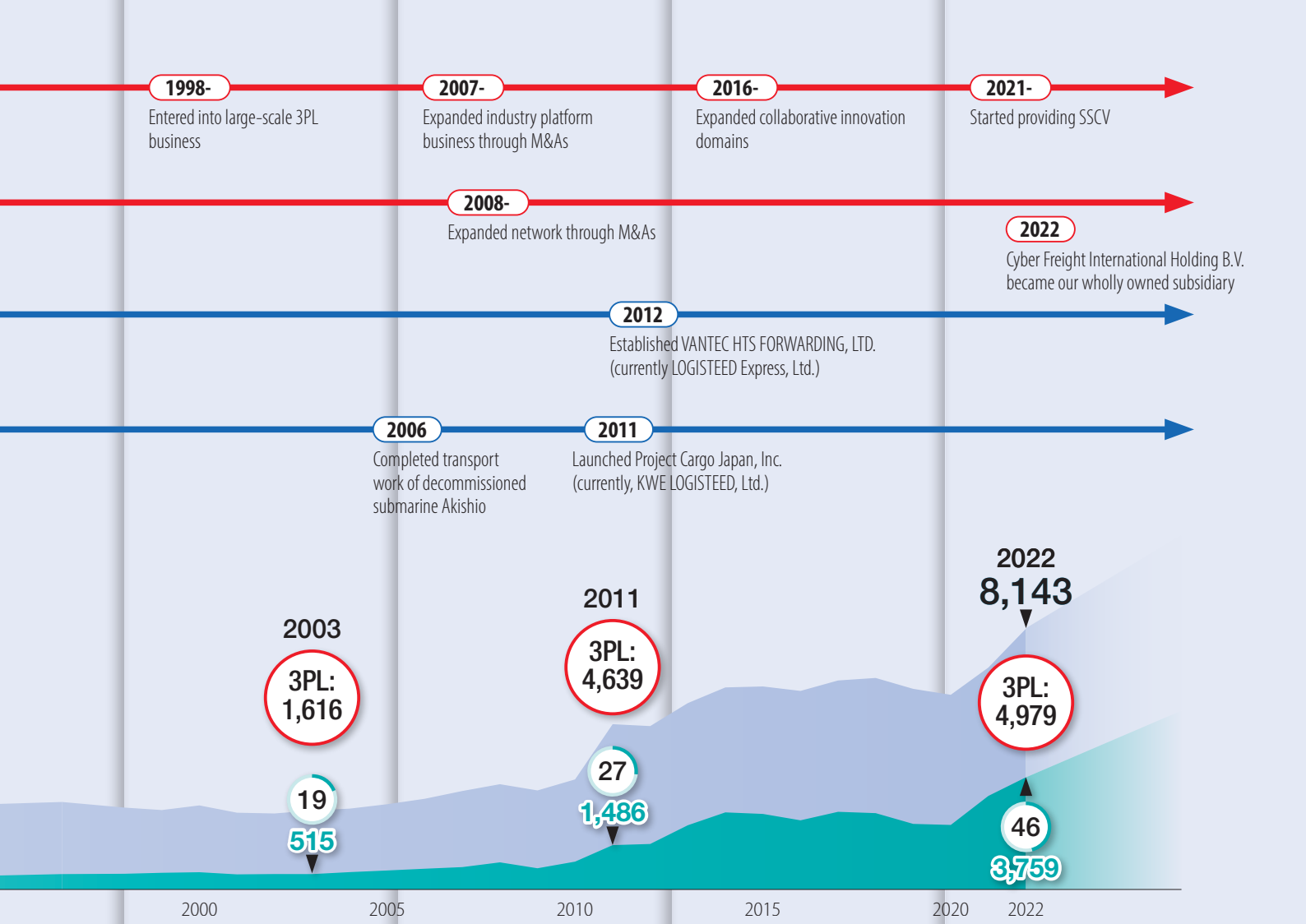With the aim of expanding the industry platform in Japan and overseas network, we expanded our business through a total of 18 M&As by 2013 including the acquisition of a logistics subsidiary of Shiseido Company, Limited in 2007.

Collaborative innovation strategy/ Promotion of LOGISTEED

We expanded the collaborative innovation domains through the alliance with SG Holdings Co., Ltd. in 2016 and AIT Corporation in 2018. After forming an alliance with Hitachi Capital Corporation (currently Mitsubishi HC Capital Inc.) in 2018, we have been promoting development and utilization of a transport digital platform "SSCV" aimed at realizing sustainable logistics.

Started under the new corporate name "LOGISTEED"

In pursuit of our medium- to long-term vision of "LOGISTEED2030," we transitioned to a Company with Audit & Supervisory Board Members under a series of capital policies with Kohlberg Kravis Roberts & Co. L.P. and changed our corporate name to LOGISTEED, Ltd. in April 2023.

AIT | SGH
Mitsubishi HC Capital

/// LOGISTEED

1998-
Entered into large-scale 3PL business

2007-
Expanded industry platform business through M&As

2016-
Expanded collaborative innovation domains

2021-
Started providing SSCV

2008-
Expanded network through M&As

2022
Cyber Freight International Holding B.V. became our wholly owned subsidiary

2012
Established VANTEC HTS FORWARDING, LTD. (currently LOGISTEED Express, Ltd.)

2006
Completed transport work of decommissioned submarine Akishio

2011
Launched Project Cargo Japan, Inc. (currently, KWE LOGISTEED, Ltd.)

2003
3PL: 1,616
19
515

2011
3PL: 4,639
27
1,486

2022
8,143
3PL: 4,979
46
3,759

2000   2005   2010   2015   2020 2022

To Our Stakeholders — Message from the Chairman —

Yasuo Nakatani
Representative Director,
Executive Chairman and CEO

LOGISTEED

Under a strong partnership and a new corporate name, we will work to increase corporate value with an eye to the next stage.

New Corporate Name "LOGISTEED"

Aim to become a "leading global 3PL company" that supports sustainable growth of society, solves stakeholders' issues, and creates value

Effective April 1, 2023, the Company changed its corporate name to LOGISTEED, Ltd. with the aim of becoming a "leading global 3PL company" that supports sustainable growth of society, solves stakeholders' issues, and creates value together with the new capital partner, Kohlberg Kravis Roberts & Co. L.P. (KKR). We will continue to pursue business concept "LOGISTEED" and aim to realize our corporate vision to "become the most preferred global supply chain solutions provider." Under the new corporate name, we will strive to further grow our business and increase corporate value in order to forge a new future for the Group and the world. I would like to take this opportunity to introduce myself once again to all stakeholders.

Focus on further spread of "LOGISTEED WAY" and development of human resources

We renamed the "HB WAY," developed in 2016, the "LOGISTEED WAY" (➡**P2**) and will strive to further spread it as it indicates how the Group should be and a path to take. Corporate Philosophy indicates the Company's purpose, the significance of existence, and the future direction, Corporate Vision is our ideal image, and Guiding Principles are what we need to achieve the vision. And I believe the management, including myself, is responsible for filling the gap between these ideal and reality. However, as I want employees, not only the management, to think how to incorporate ideal into their daily work in order to get closer to it, we introduced "Gemba" Power, multiplied by Visualization (3 Key Goal Indicators, 3 Disciplines, and 3 Attributes) as success drivers. "Gemba" Power is output required as a logistics company. Good output generated from sales division and Gemba (site) earns high evaluation and trust from customers, and correct output from corporate division makes the management of the entire company viable. And "visualization" is a path leading to a policy, means, and methods to objectively evaluate "Gemba" Power, giving us a bird's eye view of the entire supply chain.

In April 2022, a new structure was launched, with me, serving as CEO and Mr. Takagi serving as COO. As CEO, I have placed greater focus on human resource development, and continue to visit sites in Japan and overseas to discuss with employees about the Group's value creation based on the "LOGISTEED WAY." The Group is currently in the midst of a transformation to become a "leading global 3PL company" following a series of capital restructuring in 2022. I believe that, even under such circumstances, it is crucial for individual employees at Gemba (site) to stay focused on their daily operations without losing sight of the core for value creation and continue to have unwavering confidence and belief along with the "LOGISTEED WAY," in order for the Group to successfully relist in the coming years.

Accelerates initiatives to address management issues under strong partnership with KKR

With regard to the cooperation with our new partner KKR, I believe the factor that is largely contributing to maximizing synergies between the two companies is that KKR pursues the concepts that are highly compatible with the Company's "LOGISTEED WAY" as their corporate culture and value, including Teamwork, Integrity, Relationship-Driven, Accountability, Innovation, Excellence, and Diversity. We set the common goals and are now promoting initiatives to intensively and speedily strengthen "Topline expansion," "Enhancement of transportation capacity," "Optimization of procurement cost" and "Optimization of SG&A expenses," etc. for the purpose of building an overwhelming advantage in our core 3PL business. In addition, KKR's abundant expertise and network have been a great advantage in promoting M&As, which is the most important strategy for the Group to become a "leading global 3PL company" while KKR has left the decision on certain areas where we have had strengths and potentials to our discretion. In this way, various measures aimed at maximizing synergies between the two companies are in progress in a well-balanced manner.

Discussions at the Board of Directors have become even more active under the new governance structure

As for the corporate governance system, although we shifted from a Company with a Nominating Committee, etc.

to a Company with Audit & Supervisory Board Members on March 1, 2023, we restarted with a flexible governance system with an eye on relisting in a few years, with outside directors who were in office at the time when the Company was listed continuing to serve as outside directors and Audit & Supervisory Board members and the Nominating and Compensation Committee and the Audit & Supervisory Board remaining as voluntary organizations. The Board of Directors, which includes outside directors from KKR and Hitachi, Ltd., is engaged in more active discussions on management than before. In addition, we divided executive officers into two levels of "executive officers who oversee and work across multiple organizations" and "executive officers dedicated to specialized operations" to further speed up decision-making.

Progress of Mid-term Management Plan "LOGISTEED2024"

Toward the expansion of global logistics and the regrowth of domestic 3PL

In FY2022, the first year of the Mid-term Management Plan "LOGISTEED2024," both consolidated revenues and operating income[1] hit the record highs for the second consecutive year. In particular, we evaluated the fact that global logistics revenues accounted for a record 46% of the total revenues shows a high degree of probability that the Group will grow into a "leading global 3PL company" in the future even considering the special factor of high

freight rates in the freight forwarding business. On the other hand, topline of the domestic 3PL business has been sluggish, and we need to further reinforce it as a source of our strengths to accelerate the Group's global expansion. So, we will enhance the overwhelming advantage of 3PL through various initiatives including "Topline expansion" mentioned above.

*1: Adjusted operating income-basis

Create environmental value through business

Global logistics business expanded in FY2022 as the businesses that significantly contribute to decarbonization, including shared milkrun in North America (➡**P75**) and intermodal transportation in Turkey (➡**P75**), delivered significant results as growth drivers, in addition to the growth of the freight forwarding business. This is the result of the investment from perspectives of both business and ESG in the respective areas over the past five to ten years. The Group will continue to make such overseas investment and accelerate creation of economic, social, and environmental values through its business.

Toward Sustainable ESG Management

Focus on further linkage with business activities and growth strategies in "E," "S," and "G"

The Group has been promoting ESG management as priority measures, and in the Mid-term Management Plan

Our future vision

LOGISTEED2030
Realizing our Future Vision by way of solid partnership

Collaborative innovation with partners to enhance capability
1. High value-added solutions to optimize the entire SCM
2. Improve customer convenience and efficiency through DX
3. Enhance overseas value chain with a consistent approach
4. Engage in projects to make advance investment
5. Promote strategic M&As
6. Solidify position as a platform provider

Corporate Philosophy
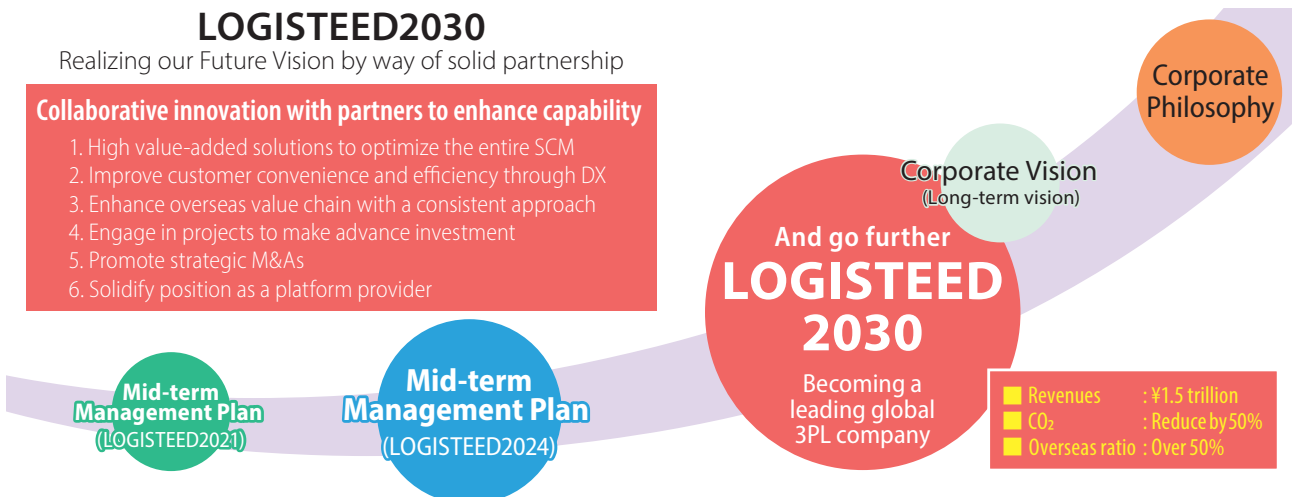
Corporate Vision
(Long-term vision)

And go further
LOGISTEED 2030
Becoming a leading global 3PL company

■ Revenues   : ¥1.5 trillion
■ CO_2 : Reduce by 50%
■ Overseas ratio : Over 50%

Mid-term Management Plan
(LOGISTEED2021)

Mid-term Management Plan
(LOGISTEED2024)

"LOGISTEED2024," we are focusing on "Solidify ESG management base" as one of the priority measures to further link ESG management to our business activities. For "E," under the Medium-to-Long-term Environmental Targets 2030/2050, we aim to reduce CO_2 emissions by 50% (compared to FY2013) as the FY2030 target and achieve net zero carbon as the FY2050 target. At present, our biggest issue is to reduce CO_2 emissions from truck transportation, and we are focusing on reducing CO_2 emissions through shared milkrun and intermodal transportation mentioned above as well as promotion of the use of railway transportation and initiatives to improve vehicle fuel efficiency, etc.

Next, for "S," we will continue to work on diversity and inclusion, working-style reform, improvement of employee engagement, and improvement of safety/quality/productivity. Especially since KKR became the new capital partner, awareness of diversity, working-style reform, and work-life balance has increased across the Company. In addition, we will continue to recognize the 2024 issue as one of our business issues and improve the resilience of our transportation business while strengthening initiatives from the perspective of "S" to reduce truck drivers' working hours and waiting time.

For "G," as stated above, we maintain the Nominating and Compensation Committee as a voluntary organization, and it has in-depth discussions about a succession plan. We regularly select, foster, and evaluate candidates for the development of the next-generation management members, and we are now extending the scope of candidates to manager level. In addition, we actively recruit external human resources, including executive level, to revitalize value creation for the entire Group. In terms of risk management, we will continue to classify risks that are difficult to foresee or that require company-wide countermeasures into growth risk, environmental change risk, operational risk, and hazard risk and steadily proceed with BCP-based training and preparations and further strengthen our initiatives to address compliance risk.

To Our Stakeholders

Continue to vigorously promote ESG-related investment

In FY2022, as mentioned above, we incorporated an ESG issue of reducing CO_2 emissions as a growth opportunity and expanded the services of shared milkrun and modal shift, which largely contributed to our record high business performance. We will continue to expand similar initiatives in Japan and overseas. We will ensure to share with KKR our plan to actively make ESG-related investments necessary for it. The Group will continue to recognize ESG issues as opportunities for business development, and under a strong partnership with KKR toward the next stage, we will create economic, social, and environmental values through our business and achieve sustainable increase of corporate value.

We look forward to your continued support.

To Our Stakeholders -Message from the President-

Hiroaki Takagi
Representative Director,
President and COO

高木宏明

Provide Comprehensive Logistics Services Around the World

We will drive Gemba-oriented value creation to become a "leading global 3PL company."

Review of the First Year of the Mid-term Management Plan "LOGISTEED2024"

Keep increasing our sensitivity to environmental changes without being complacent with good business performance

As stated in the message from the Chairman (➡**P11**), we successfully reported a record high performance for the second consecutive year in FY2022, the first year of the Mid-term Management Plan "LOGISTEED2024." On the other hand, we can clearly see a "change in the trends," such that high freight rates in the freight forwarding business which had continued for the last few years are returning to the pre-COVID levels, and therefore, we should not be complacent with the good performance in the first year but further increase our sensitivity to the environmental changes and respond quickly and flexibly. The business environment surrounding the Group remains harsh and uncertain due to geopolitical risks associated with the U.S.-China feud and the Ukraine crisis, the rise in global inflation, and climate change risks as well as labor shortages and intensifying competition beyond industry boundaries, etc. In FY2023, the second year of "LOGISTEED2024," I will demonstrate leadership as COO to ensure implementation of priority measures of "reinforce and expand overseas business," "expand business domains with new added value," "evolve Smart Logistics," and "solidify ESG

management base." Also, as cash generation is important to ensure implementation of these priority measures, we are working on initiatives to further upgrade our core 3PL business. Specifically, we will work on "Topline expansion," "Enhancement of transportation capacity," "Optimization of procurement cost," and "Optimization of SG&A expenses," etc. to achieve sustainable growth and increase corporate value. In particular, I will take the lead myself in "Topline expansion" and work intensively while expanding and strengthening various measures already in place.

Toward the Establishment of "LOGISTEED Ecosystem"

Aim to establish Gemba-oriented "LOGISTEED Ecosystem"

While we will work to further improve "safety, quality, and productivity" set forth as "Success Drivers" in "LOGISTEED WAY," which shows the way the Group should be and the path it should take, we will also design a supply chain formed by stakeholders and collaborative innovation partners by integrating the four flows of "Finance," "Commerce," "Information," and "Logistics." Through the initiatives with the four flows, we aim to establish "LOGISTEED Ecosystem."

For example, in the physical space, there are abundant business opportunities in the boundary domain between manufacturing and logistics in addition to the Group's conventional services, and therefore we will continue to

■ Establishment of "LOGISTEED Ecosystem"
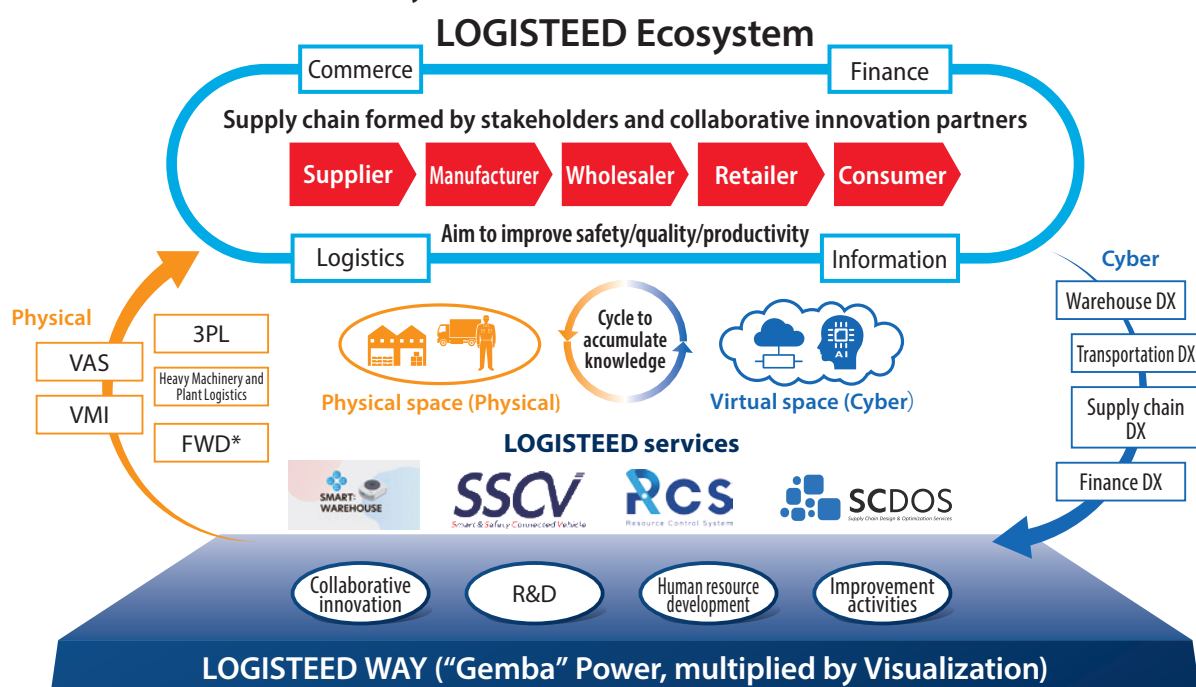
*FWD: Freight forwarding

provide services that contribute to our customers' value chains by expanding our value-added services (VAS) (➡**P76**) and the vendor managed inventory (VMI) (➡**P76**). In cyberspace, we will provide warehouse DX, transportation DX, supply chain DX, and financial DX to integrate the four flows of "Finance," "Commerce," "Information," and "Logistics" and collect the information of what is actually happening in the physical space as digital data. We will use those data for the digital twin to, for example, refine demand and work forecasts in cyberspace, and further expand and develop CPS[*1], the basic policy of our DX strategy. Especially in financial DX, we will promote the construction of a payment platform based on Web3 (distributed web using blockchain technology) and expand and accelerate collaborative innovation with various partners with the aim of providing new value such as "speeding up and stabilizing payment processing" and "reducing risks" in logistics-related areas.

[*1]: Cyber Physical System

Priority Measures in the Second Year of the Mid-term Management Plan "LOGISTEED2024"

Steadily move forward toward becoming a "leading global 3PL company"

In FY2023, the second year of the Mid-term Management Plan "LOGISTEED2024," we will continue to work on each priority measure and make steady progress toward becoming a "leading global 3PL company."

First, with regard to the priority measure to "reinforce and expand overseas business," in FY2022, we achieved growth in the freight forwarding business as well as the 3PL business, including operation and transportation of parts centers for a leading construction machinery manufacturer in North America. In Europe, we proceeded with several initiatives, including the acquisition of the reverse logistics services for e-commerce operators from Vlková Partners s.r.o. in Czech Republic and M&A of Cyber Freight International Holding B.V., a pharmaceutical freight forwarding business operator in the Netherlands. In India, we are constructing a warehouse in Mumbai, which is scheduled to start operations in FY2023, and we also plan to build warehouses in Chennai and Bangalore by FY2024 and FY2025, respectively, to provide region-contained one-stop services combining domestic and international transportation. These new warehouses are designed to operate as large-

scale logistics centers for multiple cargo owners and provide high value-added logistics services. In China, we will expand our business to inland cities such as Hefei, Chengdu, Chongqing, and Wuhan mainly in the distribution and industrial fields, and also aim to grow steadily while accelerating the introduction of automation and labor-saving equipment.

Next, for the priority measure to "expand business domains with new added value," we are now identifying and digging deeper into customer issues and potential needs in various industries to continue expanding value-added services (VAS). Recently, we started in-plant services for an automobile parts manufacturer. In FY2023, we will deepen our linkage with consulting services utilizing SCDOS (➡ **P76**) and accelerate business expansion by solving customers' supply chain issues.

For priority measure to "evolve Smart Logistics," we will expand the use of the vehicle assignment system using quantum computers, which started operation in August 2022, with an aim to contribute to solving social issues by reducing the number of vehicles and CO_2 emissions and improving the working environment for drivers. We will also open a new hazardous substances warehouse in Chiba by the end of FY2023 to increase our capacity to handle hazardous substances mainly in the cosmetics/medical supply fields. As for SSCV, we will expand sales in Japan as well as overseas sales in China, Thailand, and other countries.

Keep enhancing our strengths

In the second year of the Mid-term Management Plan "LOGISTEED2024," we will further enhance the strengths the Group has cultivated over the years, ability to accomplish operation, advanced logistics engineering capability, and global network, and speed up the solidification of our business and development of global business.

First, to further strengthen our ability to accomplish operation, we will continue to secure and foster diverse human resources well-versed in logistics and further evolve our digital business platform. Especially with regard to visualization of sites using DX, we will continue our initiatives for "warehouse," "transportation," "supply chain" and "finance" as mentioned above, and we also opened the "Centralized Safety and Quality Control Center" in January 2023 to accelerate safety initiatives within logistics centers. Going forward, we will accumulate various data related to safety/quality/productivity/crime prevention, etc. obtained from logistics centers in the digital business platform and link it to artificial intelligence (AI), which will allow us to build a system that automatically predicts dangers and issues alerts without relying on human

monitoring and to provide it to customers as external DX. Next, to enhance our "advanced logistics engineering capability," we have implemented a unique educational program that fosters data analysis specialists, and raise the level of digital literacy. Also, as I mentioned above, we will build a payment platform that utilizes blockchain in the "Finance" initiative. By combining finance and the vendor managed inventory (VMI), we intend to develop it into a new differentiation point unique to the Group.

In order to further enhance our global network, we will accelerate our overseas M&As with KKR with a view to achieving our goals of "consolidated revenues of ¥1.5 trillion and overseas ratio of over 50% in FY2030" set forth in "LOGISTEED2030." We intend to maximize post-acquisition synergies by choosing target companies with emphasis on whether they have clearly set policies and targets for their own growth. Meanwhile, in Japan, we will focus on M&As to enhance our in-house transportation capacity in order to cope with the 2024 issue and expand topline.

Sustainability Initiatives

Toward sustainable growth and increase of corporate value

As part of our efforts to "solidify ESG management base," one of the priority measures in the Mid-term Management Plan "LOGISTEED2024," we will enhance our sustainability initiatives by focusing on the three objectives to "contribute to decarbonized/recycling-oriented society," "build and evolve resilient, sustainable logistics services," and "create new values through collaborative innovation" with an aim to achieve sustainable growth and increase corporate value. First, to "contribute to decarbonized/recycling-oriented society," we will implement initiatives for each theme of energy saving, electrification, procurement of renewable energy, energy creation, and emissions trading toward the achievement of the medium-to-long term environmental targets 2030/2050. We are promoting these themes in Japan and overseas, and we will also contribute to decarbonization through our business by providing decarbonization monitoring services through SCDOS and promoting modal shift in Japan and overseas and joint delivery beyond existing fields.

In terms of the objective to "build and evolve resilient, sustainable logistics services," as the declining birthrate and aging population are becoming apparent not only in Japan but also in China and Europe, we will accelerate the automation and labor-saving efforts in logistics operations including safety initiatives around the world. And to "create new values through collaborative innovation,"

we will focus on human resource strategies to address one of the material issues to "secure diverse human resources to support growth" and steadily implement the PDCA cycle to achieve various KPI targets to develop human resources with DX and global skills, improve employee engagement, and increase the percentage of female managers.

To Our Stakeholders

We will drive our efforts in Gemba (site) to become a "leading global 3PL company"

The Group will realize its vision of becoming a "leading global 3PL company" set forth in "LOGISTEED2030" through the initiatives mentioned above.

In my opinion, a "leading global 3PL company" means a company that not only meets the numerical targets for FY2030 but also operates comprehensive logistics around the world. Specifically, from a business perspective, it should be able to provide various logistics services comprehensively, including warehousing, transportation, freight forwarding, heavy machinery and plant logistics, and value-added services (VAS), to all customer industries. From a regional perspective, it should be able to provide services in all corners of the world, including South America, Africa, Canada, and Northern Europe, where the Group does not have a sufficient number of sites. I believe that the Group can become a "leading global 3PL company" only after we achieve them, and the Group will work with KKR to realize it in the most efficient and speedy manner.
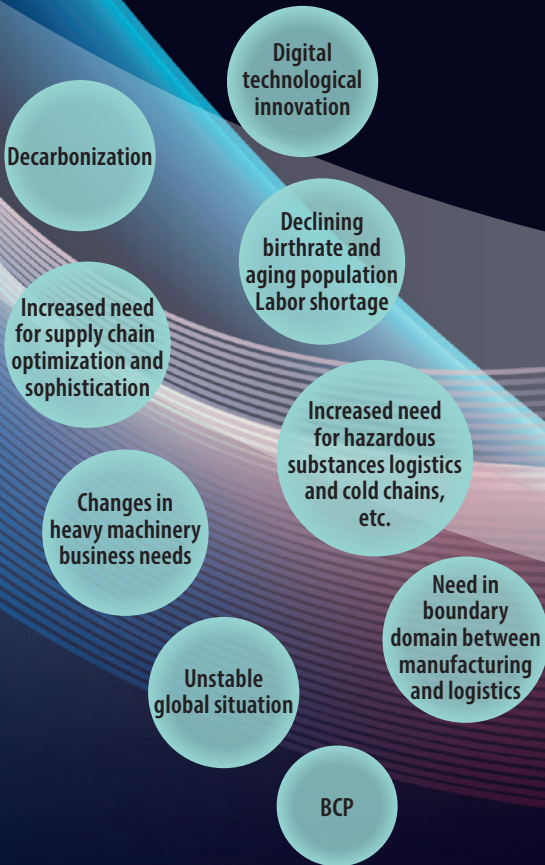
I have been dedicated to on-site business for almost the entire 38 years since I joined the Company. I will strive to enhance on-site value creation that the Company has cultivated since its foundation and continue to lead the initiatives to become a "leading global 3PL company." We look forward to your continued support.

Value Creation Story of the LOGISTEED Group

Based on the LOGISTEED WAY indicating how the Group should be and a path to take, we have been promoting VC activities, daily operational improvement activities, by making use of our strengths cultivated over the years. To embody the corporate philosophy, we have identified material issues that need to be addressed to realize that goal and are promoting the specific strategy set forth in the Mid-term Management Plan "LOGISTEED2024" through our unique business model and flexibly responding to changes in business environment.

Risks and Opportunities

- Digital technological innovation
- Decarbonization
- Declining birthrate and aging population Labor shortage
- Increased need for supply chain optimization and sophistication
- Increased need for hazardous substances logistics and cold chains, etc.
- Changes in heavy machinery business needs
- Need in boundary domain between manufacturing and logistics
- Unstable global situation
- BCP

LOGISTEED WAY

Corporate Philosophy

Corporate Vision

Guiding Principles

Success Drivers

Success Drivers
"Gemba" Power, multiplied by Visualization

3 Key Goal Indicators
Safety, Quality, and Productivity

3 Disciplines
Attention to Detail, Uncovering Problems, and Strong Sense of Speed

3 Attributes
Customer Centricity, Teamwork, and Can Do Spirit

VC activities
Daily improvement activities to implement LOGISTEED WAY

To realize the Mid-term Management Plan, we are promoting VC activities, daily operational improvement activities, by using our strengths cultivated over the years, through value creation process based on the LOGISTEED WAY indicating how the Group should be and a path to take.

Corporate Philosophy

The LOGISTEED Group delivers high-quality services that will help make the world a better place for people and nature for generations to come.

Mid-term Management Plan
(LOGISTEED2024)

Material issues

Business model

Ability to accomplish operation

Strengths

Global network

Advanced logistics engineering capability

→ P19-20 Value Creation Process
→ P21-22 The LOGISTEED Group's strengths

We are working on the Mid-term Management Plan "LOGISTEED2024" as specific measures to address material issues.
→ P23-28

To embody the corporate philosophy, we are addressing material issues identified from perspectives of ESG as well as business.
→ P30-36

Value Creation Process of the LOGISTEED Group

A business model to realize value creation of the LOGISTEED Group consists of a value chain comprising of task analysis, design for operation, operation and improvement of the customers' supply chain and structure to support it such as collaborative innovation, R&D, human resource development, and VC activities, with the LOGISTEED WAY indicating how the Group should be and a path to take as the source of all values.

Input

Financial capital
- Stable financial base
- Surplus funds to enable flexible investments

Total assets
¥**912.1** billion

Cash and cash equivalents at end of year
¥**83.8** billion

Manufactured capital
- Global business sites
- Transport vehicles
- Digital business platform underpinning LOGISTEED

Locations*[1]
Domestic **334** sites

Overseas **474** sites in 27 countries and regions

Area of Logistics Center*[1]
7.93 Mm²

Intellectual capital
- Patent (warehouse design/management system, etc.)
- Expertise (SCM optimization, safety, advanced logistics technology)

R&D expenses
¥**410** million

No. of systems in operation
508 *[2]

Human and organizational capital
- Diverse human resources well-versed in logistics
- Human resources who carry out the LOGISTEED WAY

Total personnel
46,755

Education expenses per employee (domestic)
¥**37,194**

Social and relationship capital
- Trust relationships with stakeholders
- Business ecosystem to be built together with collaborative partners

Transportation partners (domestic)
Approx. **1,200** companies

Natural capital
- Resources and energy that we use through logistics service with less environmental load

Total energy consumption (domestic) (crude oil equivalent)
1) Electricity consumption
39,393 kl

2) Fuel consumption
16,969 kl

Business model

Toward New Dimensions
LOGISTEED

Improvement — Ongoing improvement of safety, quality, and productivity
Analysis — Task analysis of the customers' supply chain
Operation — Flexible and reliable operation
Design — Design and proposal for advanced operation

DX
Visualization/optimization
Cycle to accumulate knowledge
Physical space
Virtual space (cyber)

—Strengths—
- Ability to accomplish operation
- Advanced logistics engineering capability
- Global network

—Structure to support value creation—
- Collaborative innovation
- R&D
- Human resource development
- VC activities (Improvement activities)

Sustainability management → P29-36 → P47-48 → P65-74
Corporate Governance → P59-64

LOGISTEED WAY ("Gemba" Power, multiplied by Visualization) → P2

* As of March 31, 2023
*1 Number of locations and area of logistics centers exclude those of AIT Group and HTB-BCD Travel Group.　*2 Self-developed systems

Using our strengths of Ability to accomplish operation, Advanced logistics engineering capability, and Global network as key drivers, we strive to reinforce our value chain to sustainably create economic, social, and environmental values to our stakeholders. We will contribute to SDGs through sustainable increase of corporate value.

Sustainable Development Goals (SDGs) on which we focus for sustainable growth

→ P29-36
→ P47-48
→ P65-74

Output

We support people's lives and assume a role as a social infrastructure provider by providing comprehensive logistics services with high level of safety, quality, and productivity.

3PL Business
Procurement logistics services/Production logistics services/Distribution logistics services/Collaborative logistics services/Transportation services/Auto parts logistics/Packaging solution/ICT equipment solution/Reverse logistics*3 solution/Hazardous substances solution

Heavy Machinery and Plant Logistics Business

Freight Forwarding Business
→ P51-56

Outcome

Economic value

Financial capital
Credit rating (R&I) **A- (Stable)**

Manufactured capital
Use accumulated skills and expertise as reference models to build and manage new logistics centers and systems

Revenues
¥**814.3** billion

Social value

Intellectual capital
Number of patents held **111**
Number of attendees of data scientist training course (accumulated) **108**[4]

Number of working hours saved by RPA (→P75)
Approx. **14,400** hours/month

Human and organizational capital
Employee engagement (sustainable engagement)[5] **66**
Ratio of female managers **6.9**%

[Negative outcome]
Workplace accident index
Frequency rate 0.62   Severity rate 0.009

Social and relationship capital
Domestic share of 3PL business **10.1**%[6]
No. of customers Over **20,000** companies (80 industries)

Environmental value

Natural capital
Reduction of CO_2 emissions (domestic) (Scope 1 & 2)
YoY **-6.0**%

[Negative outcome]
CO_2 (greenhouse gas) emissions (domestic) (Scope 1 & 2)
104 (thousand tons-CO_2)

Corporate Philosophy

Stakeholders
Customers
Employees
Business partners
Investors
Local administration
Local community

Mid-term Management Plan → P23-28

Material Issues → P30-36

*3 Logistics related to disposal of used products as well as return/collection of unneeded products to be reused, resold, and recycled
*4 Number of attendees of in-house training to foster data scientist with advanced data analyst skills
*5 Total score of favorable responses in employee engagement survey   *6 Calculated by the Company using data in "Monthly Magazine LOGI-BIZ"

The LOGISTEED Group's Strengths

Value chain

Analysis	Design

Task analysis of the customers' supply chain

Analyze supply chain issues based on data and interviews by communicating with customers

Design and proposal for advanced operation

Design and propose optimal site placement, delivery routes, transportation methods, and warehouse operations to customers based on analysis results

The LOGISTEED Group's strengths

- Conduct realistic analysis and identify issues, leveraging abundant experience in logistics operations as a leading 3PL company
- Close collaboration between sales representatives and logistics engineers familiar with the relevant industries
- Understand customer needs accurately through communication with customers
- Support customers' supply chain reforms by using "SCDOS" which enable central management of customers' supply chain information, visualization, analysis, and simulation
- Unique training program to develop data analysis experts

- Expertise and internal system to optimize site placement, plan distribution centers, design warehouse layouts, and establish warehouse workflows
- Design and develop high-performance warehouse management system (WMS) applicable to various sectors
- Design sustainable logistics by introducing advanced technologies and strategically working on sophistication and automation/labor-saving of logistics
- Design and provide smart warehouse combining automation/labor-saving expertise and digital technologies
- Use latest technologies and design one-stop service including carrying out, transportation, installation, and setting up of heavy machineries such as plant cargoes and machineries relating to social infrastructure

Related solutions, tools, etc.

- **SCDOS (Supply Chain Optimization Services)** → P26
- **Develop data analysis experts**
- **SSCV (transport digital platform)**

- **EC platform (smart warehouse)**
- **SLC* (warehouse design support tool)**

*SLC: Smart Logistics Configurator

---

1 Ability to Accomplish Operation

Manufactured Capital | Human and Organizational Capital | Social and Relationship Capital

Diverse human resources well-versed in logistics
Total personnel
46,755

Transportation assets to support society and people's lives
No. of vehicles (including leased vehicles)
19,663

Digital business platform underpinning LOGISTEED
No. of self-developed systems in operation
508

2 Advanced Logistics

Manufactured Capital | Intellectual Capital | Human and Organizational Capital

A group of professionals of data analysis, operation

Human resources specialized in logistics engineering
Approx. **310**
Including cumulative 108 attendees of data scientist training course

(As of March 31, 2023)

For details, please visit our website.
SCDOS, SSCV, SMART WAREHOUSE
https://www.logisteed.com/en/logisteed-cafe/service.html

The LOGISTEED Group has three strengths: Ability to accomplish operation, Advanced logistics engineering capability, and Global network. Drawing on our expertise and network accumulated over 70 years since our foundation as a logistics operator, we provide comprehensive logistics services with high level of safety, quality, and productivity.

Operation

Flexible and reliable operation

Accomplish operation based on well-designed workflows, and strictly manage safety, quality, and productivity

- 808 domestic and overseas business sites supporting global supply chain
- Operating structure capable of responding to changes in customers' sales channels and environment flexibly and promptly
- Favorable and solid relationships with customers and partner companies
- Implement KPI-based strict control and improvement measures for profitability, safety, quality, and productivity
- Implement measures using technology for packaging and transportation jigs to improve transportation quality and reduce environmental load
- Secure safety, comply with laws and regulations and improve operational efficiency with "SSCV" using IoT technology

- **SSCV (transport digital platform)**
- **RCS (➡P75) (resource control system)**

→ P27

SSCV
Smart & Safety Connected Vehicle

Improvement

Ongoing improvement of safety, quality, and productivity

Improve the productivity and quality of the entire organization through improvement activities reflecting customers' feedback and employees' opinions

- Visualize the progress and good examples of improvement activities and spread improvement culture through group-wide "VC activities"
- Use logistics engineering capability and digital business platform to continuously improve transportation routes, warehouse layouts, and warehouse operation processes
- Provide various improvement educations and practice at workplaces
- Implement cross-departmental productivity reform by making full use of digital tools such as RPA and AI-OCR
- Provide guidance to improve driving skills by using "SSCV-Safety" which makes full use of IoT technology

- **Operation analysis support tool**
- **RPA, AI-OCR***
- **SSCV-Safety (safety operation management solution)**

*AI-OCR: Optical Character Reader with AI

RPA

Engineering Capability

management design, package design, and introduction of advanced technologies

Safety
Improve operational efficiency
Secure safety
Safety
Vehicle management
Efficiency
Smart
Vehicle
Legal compliance

Installed in all vehicles of the domestic group companies
No. of SSCV installed within the Group
Approx. **2,300**

Introduction of automated facilities including AGV* and automated forklift
No. of AGV installed within the Group
Approx. **280**

*AGV: Automated Guided Vehicle

3 Global Network

Manufactured Capital

Business sites supporting global supply chain

Locations

Logistics centers

808 sites in **28** countries and regions Total **7.93** Mm²

Mid-term Management Plan –LOGISTEED2024–

Outline of the Mid-term Management Plan

With an aim to become the most preferred global supply chain solutions provider, the LOGISTEED Group promotes the Mid-term Management Plan "LOGISTEED2024" which started in FY2022 and strives to achieve sustainable growth by solving issues and creating values through various "collaborative innovation."

LOGISTEED2024

Solidify business and develop global business

Priority Measures
1. Reinforce and expand overseas business
2. Expand business domains with new added value
3. Evolve Smart Logistics
4. Solidify ESG management base

The LOGISTEED Group delivers high-quality services that will help make the world a better place for people and nature for generations to come.

Becoming a global supply chain strategic partner with DX, LT*, and "Gemba" Power
*LT: Logistics Technology

Corporate Philosophy

Corporate Vision
(Long-term vision)

Mid-term Management Plan
(LOGISTEED2021)

Mid-term Management Plan
(LOGISTEED2024)

The Most Preferred Global Supply Chain Solutions Provider

LOGISTEED2030

Realizing our Future Vision by way of solid partnership

Collaborative innovation with partners to enhance capability
1. High value-added solutions to optimize the entire SCM
2. Improve customer convenience and efficiency through DX
3. Enhance overseas value chain with a consistent approach
4. Engage actively in projects to make advance investment
5. Promote strategic M&As
6. Solidify position as a platform provider

Mid-term Management Plan
(LOGISTEED2021)

Mid-term Management Plan
(LOGISTEED2024)

And go further
LOGISTEED 2030
Becoming a leading global 3PL company

Corporate Vision
(Long-term vision)

Corporate Philosophy

■ Revenues　　　: ¥1.5 trillion
■ CO_2　　　　　: Reduce by 50%
■ Overseas ratio: Over 50%

Environmental Recognition and Direction

Recognizing declining birthrate, aging population and labor shortages in Japan, unstable global situation, and supply chain vulnerability risk as changes in the external environment, we defined the direction to take as follows.

Environmental recognition

- Declining birthrate and aging population in Japan
- Labor shortages
- Drastic changes in the industrial structure
- Unstable global situation
- Digital technological innovation
- Moving toward sustainable society
- SC vulnerability risk
- ESG/SDGs

Reaffirm material issues*

Direction

- Promote automation and labor-saving to create worker-friendly workplace
- Respond to structural changes and create high added value
- Improve sustainability of logistics Enhance supply chain resilience
- Reduce environmental load Enhance initiatives on human rights and governance

* Please refer to page 30 for material issues.
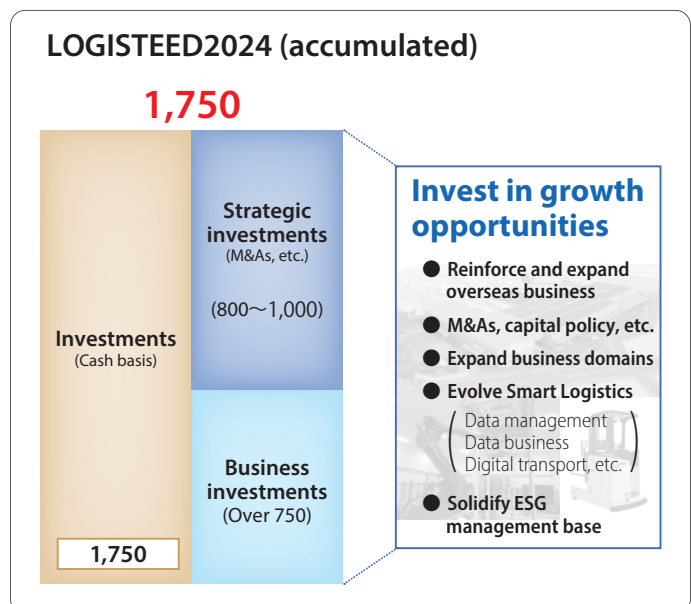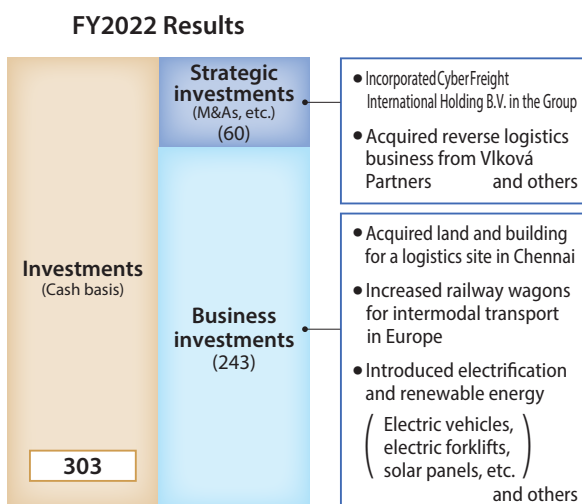
Priority Measures

To realize our vision and to become a partner who supports customers' global supply chain strategy with DX, LT, and "Gemba" Power, we are promoting four priority measures.

Priority measures	Outline of priority measures	Expected effects	Progress in FY2022
1 Reinforce and expand overseas business	• Execute M&As in all areas: North America (transport), Europe (3PL and freight forwarding), India (transport) • Expand investments and businesses in priority areas: India, Thailand, Indonesia, and Malaysia (auto parts, groceries, daily commodities, etc.) and China (automation, labor saving, etc.)	**Grow top line**	• Expand business in growth areas and markets through M&As ➡**P25, 53** • Composition ratio of global logistics revenues: 46% (+4 points YoY) ➡**P25**
2 Expand business domains with new added value	• Solve supply chain issues, propose visualization and optimization through DX • Expand new services in boundary domain between manufacturing and logistics, commence VAS	**Grow top line**	• Enhance SCDOS functions ➡**P26, 69, 71** • Expand high value-added services such as GDP-compliant services (➡**P75**), Recovice, SSCV, and SCDOS ➡**P26, 71**
3 Evolve Smart Logistics	• Achieve automation and labor-saving through linkage of systems and machines, improve working environment through DX • Enhance and expand functions of three-temperature zone warehouses, hazardous substances warehouses, etc. • Enhance the transport business and address the 2024 issue as well as decarbonization through SSCV	**Improve ROIC**	• Enhance warehouse business by promoting automation, labor-saving, DX, and standardization ➡**P27, 52, 71, 72** • Enhance transport business with both physical measures (e.g. increase in large capacity transport) and digital measures (e.g. system development) ➡**P27, 52, 71**
4 Solidify ESG management base	• Implement disaster prevention measures and risk management • Implement sophisticated and consecutive safety and quality control activities • Accelerate decarbonization activities • Continue and expand VC activities • Strengthen human resources for DX, LT, and global development	**Solidify management base**	• Promote sophisticated and ongoing safety and quality control activities by establishing the Centralized Safety and Quality Control Center, etc. ➡**P41~46, 74** • Enhance human resources for DX, LT, and global development to grow into a leading global 3PL company ➡**P28, 48**

Investment Plan

The Group aims to create economic value as well as social and environmental values by making business investments mainly to expand sites and strategic investments to realize its medium-to- long-term vision using mainly operating cash flows and cash and cash equivalents.

(100 million yen)

FY2022 Results

Strategic investments (M&As, etc.) (60)
• Incorporated Cyber Freight International Holding B.V. in the Group
• Acquired reverse logistics business from Vlková Partners and others

Investments (Cash basis)

Business investments (243)
• Acquired land and building for a logistics site in Chennai
• Increased railway wagons for intermodal transport in Europe
• Introduced electrification and renewable energy (Electric vehicles, electric forklifts, solar panels, etc.) and others

303

LOGISTEED2024 (accumulated)

1,750

Strategic investments (M&As, etc.) (800~1,000)

Investments (Cash basis)

Business investments (Over 750)

1,750

Invest in growth opportunities
● **Reinforce and expand overseas business**
● **M&As, capital policy, etc.**
● **Expand business domains**
● **Evolve Smart Logistics** (Data management Data business Digital transport, etc.)
● **Solidify ESG management base**

Mid-term Management Plan –LOGISTEED2024–

Priority Measures 1. Reinforce and Expand Overseas Business

Overview of Priority Measures

- Execute M&As in all areas:
  North America (transport), Europe (3PL and freight forwarding), India (transport)
- Expand investments and businesses in priority areas:
  India, Thailand, Indonesia, and Malaysia (auto parts, groceries, daily commodities, etc.) and China (automation, labor saving, etc.) ➡ P54

Progress of Priority Measures

● Expand business in growing areas and markets through M&As

The Group is expanding its pharmaceutical business in order to contribute to the healthcare domain which is becoming increasingly important due to the advancement of an aging society and the spread of infectious diseases. In FY2022, we made Cyber Freight International Holding B.V., a freight forwarding company in the Netherlands having strengths in the healthcare domain, our subsidiary[1] and acquired CEIV Pharma[2] certification at Kansai International Airport and Hong Kong International Airport following the acquisition at Narita Airport in 2021 as part of our efforts toward building a high-quality supply chain for temperature-controlled transportation of pharmaceutical products.

[1] We acquired all shares of Cyber Freight International Holding B.V., an international freight forwarding company in the Netherlands. Please refer to this press release for details.
   https://www.logisteed.com/en/news/pdf/2022092902en.pdf
[2] CEIV Pharma (The Center of Excellence for Independent Validators in Pharmaceutical Logistics): A uniform international standard of a quality certification for air transport of pharmaceutical products at controlled temperatures developed by the International Air Transport Association, which encompasses Good Distribution Practice (GDP): logistics standards to ensure the quality of pharmaceutical products throughout the supply chain) requirements which differ depending on countries and regions.

Services provided by Cyber Freight International Holding B.V.

Storage area by temperature zone (15 to 25℃, 2 to 8℃)

Freezers (-80℃)

Pharmaceutical cleanroom (customs inspection)

In addition, in response to growing demand for e-commerce, we acquired the reverse logistics services for apparel e-commerce in Europe from Vlková Partners s.r.o. in FY2022.[3] We plan to further develop high value-added services that combine this business with 3PL and freight forwarding.

[3] ESA s.r.o., our group company, acquired the reverse logistics services for e-commerce operators from Vlková Partners s.r.o., a logistics company in Czech Republic. Please refer to this press release for details.
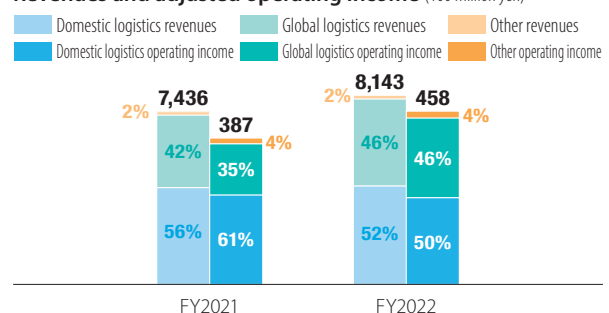   **https://www.logisteed.com/en/news/20220527.html**

Reverse logistics services for apparel by Vlková Partners s.r.o.

● Expand investments and businesses toward the realization of decarbonized society

We are also actively promoting initiatives to realize a decarbonized society through transportation with low environmental load, including further expanding the network of intermodal transportation (multimodal transportation), which is a strength of Mars Logistics Group Inc., our group company in Turkey, and additionally enhancing shared milkrun services provided by a U.S. company J.P. Holding Company Inc. in North America.

Due to contributions from the above initiatives, global logistics revenues in FY2022 were 375.9 billion yen, up 20% year-on-year, and adjusted operating income was 21.1 billion yen, up 55% year-on-year, and the ratios of global logistics revenues and adjusted operating income to total revenues were 46%, respectively. To achieve the FY2030 target to increase the overseas ratio to 50%, we will work to further strengthen and expand our overseas business by making aggressive investment in priority areas, especially to meet growing demand for cold chains.

Revenues and adjusted operating income (100 million yen)

- ■ Domestic logistics revenues
- ■ Global logistics revenues
- ■ Other revenues
- ■ Domestic logistics operating income
- ■ Global logistics operating income
- ■ Other operating income

	FY2021	FY2022
Revenues	7,436	8,143
Other	2%	2%
Global	42%	46%
Domestic	56%	52%
Operating income	387	458
Other	4%	4%
Global	35%	46%
Domestic	61%	50%

Priority Measures 2. Expand Business Domains with New Added Value

Overview of Priority Measures
- Solve supply chain issues, propose visualization and optimization through DX
- Expand new services in boundary domain between manufacturing and logistics, commence VAS

Progress of Priority Measures

As the modern supply chains are becoming more complicated and sophisticated, we are working together with our customers to increase their business values as a strategic supply chain partner through the visualization and total optimization by DX.

● Enhance SCDOS functions

Our supply chain optimization service, SCDOS[1] offers services that go beyond the logistics domain to support customers to design and upgrade their entire supply chains and to sophisticate visualization and analysis of CO_2 emissions, etc.

[1] Please refer to this page for more information on SCDOS services.
https://www.logisteed.com/en/logisteed-cafe/service.html#scdos

FY2022 Customers of our service	• Hygiene products manufacturers • Construction/transportation machinery manufacturers	• Retailers • Trading firms	• Sportswear manufacturers • Specialty store retailer of private label apparel and others

We are expanding SCDOS functions on a continuing basis to contribute to further reinforcement and overall optimization of customers' supply chains and the enhancement of environmental value such as decarbonization. In FY2022, we newly released SCLINK+[2] that is used by customers to improve their operational efficiency. With regard to the supply chain CO_2 visualization and analysis services, the scope of the service was expanded to include all of Scope 1, 2 and 3[3] emissions as a result of the collaborative innovation with Hitachi, Ltd. This allows us to monitor daily CO_2 emissions from customers' entire supply chains and to contribute to the development of the decarbonization strategy, including a medium-to-long-term roadmap to reduce CO_2 emissions using simulations.

[2] Cloud-based platform service that enables centralized management of information sharing and communication of trade operations
[3] Scope 1: Direct emissions of greenhouse gases by the business operator itself   Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies   Scope 3: Emissions of other companies related to the activities of the business operator

● Expand VAS

We aim to grow together with our customers by understanding social changes and the needs of the times and providing high value-added services that address social issues and meet customer needs. These services include support for compliance with GDP requirements for pharmaceutical products as well as efforts toward the realization of a decarbonized and recycling-oriented society, through Recovice, SSCV, and SCDOS, etc.

FY2022 Customers of our service	• For cosmetics manufacturers: Statutory labeling, assorting goods, label printing/management, etc. • For automobile parts manufacturers: Returnable container cleaning	• For specialty retailer of private label apparel: Labeling and others

Procurement logistics/VMI — SCDOS

Circular economy ➡P75 — Recovice / SSCV

Finance — SSCV

ESG/Sustainability — SCDOS

Safety education services (e.g. VR) — SSCV

Deliver values through logistics-related services in customers' value chain

Procurement → Manufacturing → Shipping → Sale → Services

Manufacturing support

Packaging design solution

GDP (Medical supplies)

EC operation/Product info preparation

Inspection — SMART: WAREHOUSE

Mid-term Management Plan –LOGISTEED2024–

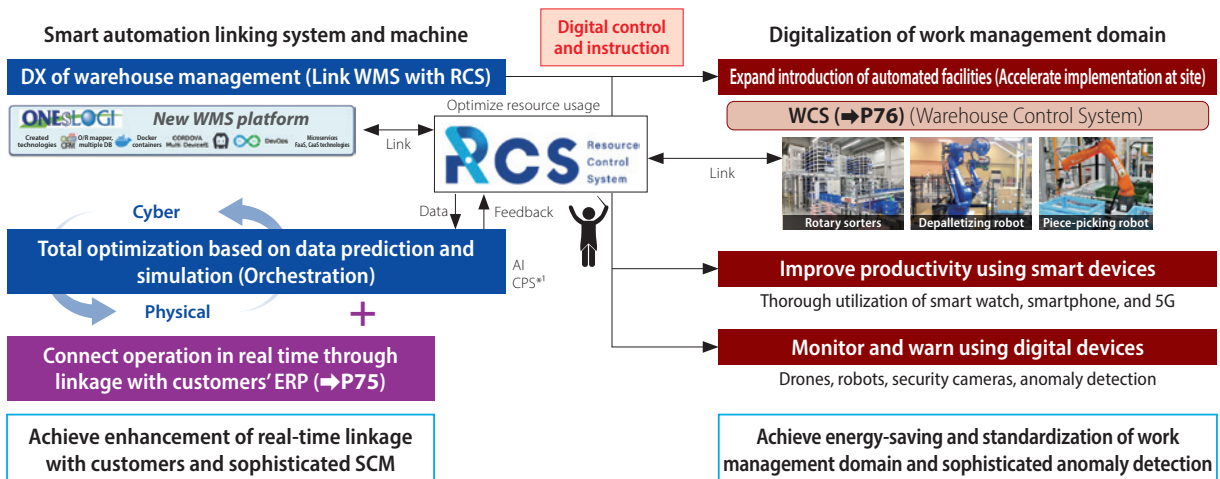## Priority Measures 3. Evolve Smart Logistics

Overview of Priority Measures
- Achieve automation and labor-saving through linkage of systems and machines, improve working environment through DX
- Enhance and expand functions of three-temperature zone warehouses, hazardous substances warehouses, etc.
- Enhance the transport business and address the 2024 issue as well as decarbonization through SSCV

Progress of Priority Measures

● Enhance warehouse business (Automation, labor-saving, and DX)

The Group is focusing on improving working environment through automation, labor-saving, and DX in order to maintain and expand stable business operations even under the environment where the working-age population is declining. We are continuously introducing and expanding automated facilities in our logistics centers, and in July/August 2022, the Automated Robotic Sorting system (ARS) introduced in East Japan II Medical DC received the Excellence Award at "the 28th Japan MH Grand Prize" and the Semi Grand Prize at "Logistics Award 2022." As part of the DX solutions we provide, we are enhancing functions of RCS, an integrated control system developed by us for smart devices, automated facilities, and digital devices used to improve and visualize productivity. In addition to our in-house initiatives to promote automation and labor-saving, in cooperation with government agencies, we are also promoting standardization initiatives and other measures to establish the environment to facilitate the introduction of automated facilities.

Smart automation linking system and machine

DX of warehouse management (Link WMS with RCS)

ONE▪LOGI *New WMS platform*
Created technologies | O/R mapper multiple DB | Docker containers | CORDOVA Multi Deveoit | | DevOps | Microservices FaaS, CaaS technologies

Link

Digital control and instruction

Optimize resource usage

RCS Resource Control System

Data ↓ ↑ Feedback

AI CPS*[1]

Cyber

Total optimization based on data prediction and simulation (Orchestration)

Physical   +

Connect operation in real time through linkage with customers' ERP (➡P75)

Achieve enhancement of real-time linkage with customers and sophisticated SCM

Digitalization of work management domain

Expand introduction of automated facilities (Accelerate implementation at site)

WCS (➡P76) (Warehouse Control System)

Rotary sorters | Depalletizing robot | Piece-picking robot

Link

Improve productivity using smart devices
Thorough utilization of smart watch, smartphone, and 5G

Monitor and warn using digital devices
Drones, robots, security cameras, anomaly detection

Achieve energy-saving and standardization of work management domain and sophisticated anomaly detection

*[1] Cyber Physical System

● Enhance transport business (Address the 2024 issue and decarbonization)

In the transport business, we are accelerating both physical and digital initiatives to improve transport efficiency, appropriately cope with the 2024 issue, and further reduce CO_2 emissions.

The physical initiatives aim to increase large capacity and short-haul truck transport using double-trailer trucks, swap body*[2], and relay transport, as well as expand initiatives to consolidate vehicle assignment through shared terminals and sharing services. We also promote introduction and active use of modal shift and electric vehicles.

In one of the digital initiatives, we developed and introduced an ultrafast vehicle assignment simulation using quantum computers, which enables quick calculation of the optimal vehicle allocation and delivery route taking into account special factors such as cargo size, weight, arrival time, and vehicle size restrictions, which were difficult with conventional computers. Furthermore, as an initiative that combines physical and digital measures, one of our group companies, VANTEC EUROPE LIMITED (UK) is promoting the Vehicle Connected Automated Logistics (V-CAL)*[3] project for automated electric vehicles which utilize 5G -based remote monitoring, with the aim of realizing a decarbonized society and safe driving through automated driving.
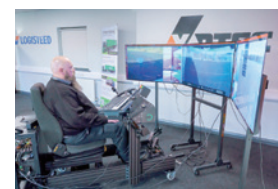
Tele operations cockpit

Electric vehicle tractor unit towing trailer

*2 A vehicle with a container that can be separated from the truck, which can contribute to logistics productivity improvement and working-style reform through loading/unloading cargoes while the containers are separated.
*3 The Vehicle Connected Automated Logistics (V-CAL) project is a demonstration experiment in which one tele operator monitors remotely a self-driving electric vehicle towing trailers to transport cargo, which has been conducted by an industry-government-academia organization hosted by the North East Automotive Alliance (NEAA).

Priority Measures 4. Solidify ESG Management Base

Overview of Priority Measures
- Implement disaster prevention measures and risk management
- Implement sophisticated and consecutive safety and quality control activities
- Accelerate decarbonization activities
- Continue and expand VC activities
- Strengthen human resources for DX, LT, and global development

Progress of Priority Measures

● Implement sophisticated and consecutive safety and quality control activities

The Group has long been actively promoting initiatives to improve safety, quality, and productivity, and as an advanced case, we are building a "visualization system" to centrally control the operational status of logistics sites. In FY2022, we introduced a video management system (VMS) (➡**P76**) with advanced functions to three model business sites in Japan and built a visualization environment enabling remote monitoring of unsafe behaviors and dangerous events. We also established the Centralized Safety and Quality Control Center at the head office, which can centrally control status of all sites installing the system. Going forward, we will promote automatic detection of unsafe behaviors and dangerous events from images using AI recognition and centralized control of detected events on a portal system, as well as build visualization environment in many more logistics sites.

● Develop and strengthen DX, LT, and global human resources

The Group develops and implements human resource strategies linked to our management and business strategies to become a leading global 3PL company. In terms of human resource and skill development, we are focusing on the development of human resources with skills required for 3PL site operation, DX, LT, and global business. Our efforts to that end include promoting the visualization of human resources and skills by building a "HR visualization platform" shared by domestic and overseas group companies to accumulate and centrally manage human resource data, and providing training programs appropriate for individual skills and issues by enhancing group training, on-demand in-house training, and external training courses, etc.

Logistics data scientist education

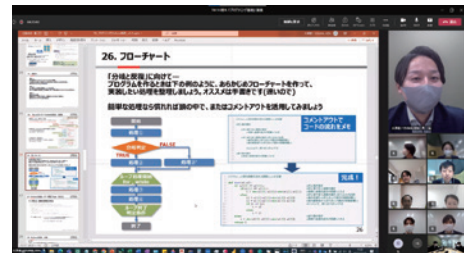Group work in collaborative innovation training

In FY2022, as part of the initiatives to develop human resources with DX skills, we provided education for logistics data scientists to 26 volunteers, held "collaborative innovation training" for a total of 87 young sales and technical staff of Hitachi, Ltd., LOGISTEED, Ltd., and LOGISTEED Solutions, Ltd., introduced MicroMasters program in Supply Chain Management at Massachusetts Institute of Technology (MIT) in the U. S. on a trial basis, sent our employee to Master of Applied Science in Supply Chain Management program at MIT and so on.

As these efforts and application of SCDOS and SSCV as well as their expansion through external sales were evaluated, the Company was selected as one of the Digital Transformation Stocks 2022 (DX Stocks 2022)[1] by Ministry of Economy, Trade and Industry of Japan in collaboration with Tokyo Stock Exchange and Information-technology Promotion Agency, Japan.

[1] A program which selects companies for each industry that have established internal systems to promote DX leading to increased corporate value and are engaged in efforts for excellent digital utilization. A total of 33 companies were selected in FY2022.

Presentation in SCM program at MIT

● Accelerate decarbonization activities

The Group has set the medium-to-long-term environmental targets of reducing CO_2 emissions by 50% in FY2030 compared to FY2013 and launched a decarbonization project to promote energy saving, energy creation, electrification, and procurement of renewable energy, etc. As measures to achieve our FY2024 target (96 thousand tons of CO_2) are being implemented according to the plan, we were able to reduce CO_2 emissions by 7 thousand tons of CO_2 year-on-year in FY2022 as a result of initiatives including modal shift, installation of solar panels, and introduction of electric vehicles and renewable energy. We achieved a 19.4% reduction compared to FY2013, and will steadily work to achieve a 50% reduction in FY2030. ➡ **P66**

LOGISTEED Group Sustainability

Under the LOGISTEED Group's 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 have been promoting sustainability initiatives to contribute to the realization of a sustainable society.

Basic CSR Policy

Under the corporate philosophy, the Group promotes activities in line with the Basic CSR Policy with an aim to realize a sustainable society through communication with our various stakeholders and integrate sustainability and management. As part of this cycle, we will also promote active disclosure of Environment, Social and Governance (ESG) information and contribute to achievement of SDGs in cooperation with our various stakeholders.

Sustainability Promotion Structure

In order to promote sustainability on a group-wide level, the Group has set up the "Sustainability Promotion Committee," chaired by Executive Vice President and Executive Officer, General Manager of Corporate Strategy Office, and holds meetings regularly. Important agenda discussed in the meetings are submitted to the Executive Committee.

● **FY2022 Sustainability Promotion Committee**

Number of the committee held	2 times (September, January)
Major agenda items	• Discuss and approve the method to disclose information on material issues, KPI, and ESG • Share the information about the ESG external evaluation and external trends regarding sustainability • Confirm and share impacts of changes in the capital policy and others

Participation in International Initiatives

The Group expresses its support for the UN Global Compact (➡**P75**) (UNGC). The UNGC is a voluntary initiative to participate in creating a global framework for the sustainable growth. The Group continues to make efforts to realize the ten principles of the UNGC by, for example, reporting the progress annually.

● **Contribution to SDGs**

SDGs are 17 universal goals for the international community to be attained by 2030, which the UNGC takes the lead in efforts toward their achievements, and the Group is fully aware of the importance of achieving the SDGs. Eight of the 17 goals are deeply related to us. We will work to do our part in achieving these SDGs as we move into high gear to reach our objectives.

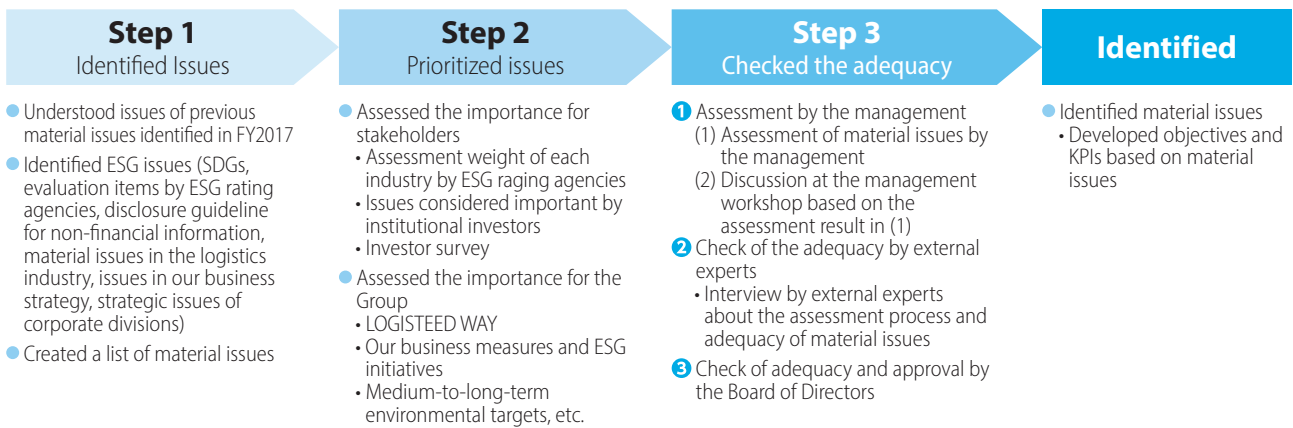**SDGs closely relating to objectives of the LOGISTEED Group**

LOGISTEED Group Material Issues

The Group identified 15 material issues in FY2017 and developed four objectives from CSV* viewpoint, but we reviewed the material issues in FY2021 in light of drastic changes in issues and management environment relating to sustainability. In doing so, we identified material issues not only from ESG perspective but also in consideration of their relevance to solutions for social issues in the logistics industry and the business strategy. As a result, we identified a total of 12 material issues including those with strong focus on business and those unique to logistics operations, which is a social infrastructure, such as "Prevent accidents during operation" and "Enhance disaster prevention/mitigation." With the recognition of the identified material issues as the social responsibility that the Group should fulfill, we promote effective activities toward solving social issues.

*Creating Shared Value (CSV): Refers to practices that balance activities to create economic benefits with solutions to social issues, or management strategies to achieve them

● Process to identify material issues

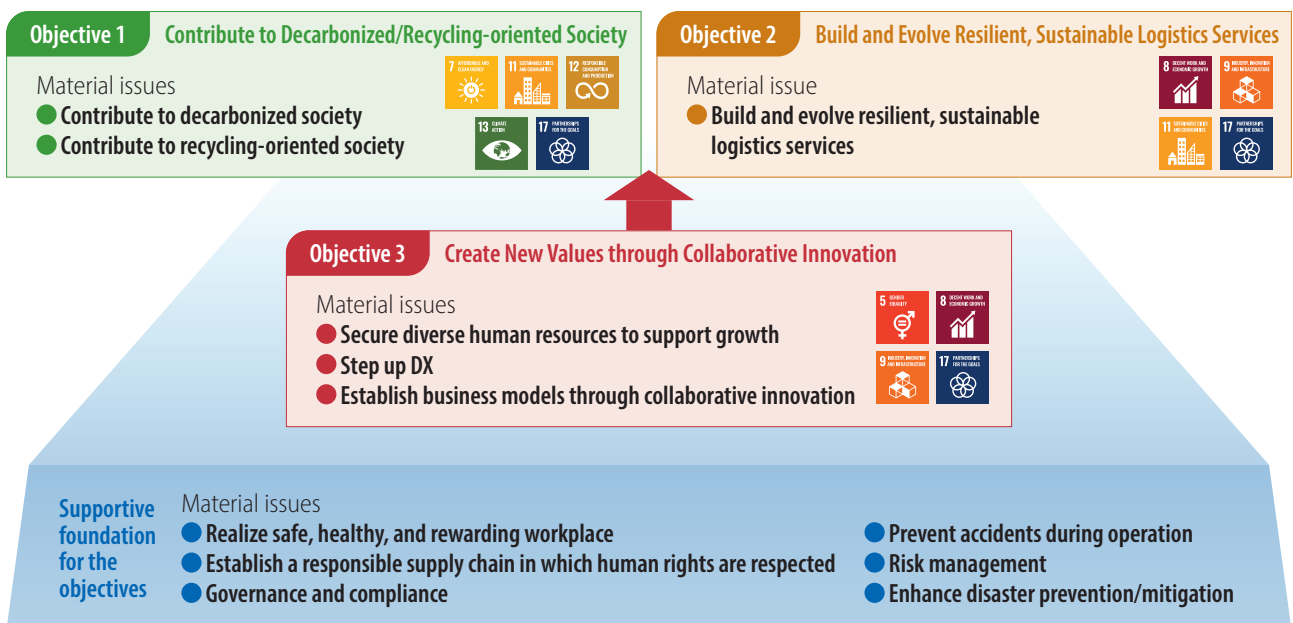| Step 1 Identified Issues	Step 2 Prioritized issues	Step 3 Checked the adequacy	Identified
● Understood issues of previous material issues identified in FY2017 ● Identified ESG issues (SDGs, evaluation items by ESG rating agencies, disclosure guideline for non-financial information, material issues in the logistics industry, issues in our business strategy, strategic issues of corporate divisions) ● Created a list of material issues	● Assessed the importance for stakeholders • Assessment weight of each industry by ESG raging agencies • Issues considered important by institutional investors • Investor survey ● Assessed the importance for the Group • LOGISTEED WAY • Our business measures and ESG initiatives • Medium-to-long-term environmental targets, etc.	❶ Assessment by the management (1) Assessment of material issues by the management (2) Discussion at the management workshop based on the assessment result in (1) ❷ Check of the adequacy by external experts • Interview by external experts about the assessment process and adequacy of material issues ❸ Check of adequacy and approval by the Board of Directors	● Identified material issues • Developed objectives and KPIs based on material issues

Check the adequacy of material issues by external experts
https://www.logisteed.com/en/profile/csr/pdf/dialogue_2022001.pdf

Developed Objectives

Of the identified 12 material issues, we classified those relating to value creation into three Objectives and those relating to the business base, such as compliance and risk management, into "Supportive foundation for the objectives" in order to take actions for issues to be addressed with priority. We also clarified the relation between the objectives and SDGs.

Objective 1 — Contribute to Decarbonized/Recycling-oriented Society

Material issues
● Contribute to decarbonized society
● Contribute to recycling-oriented society

Objective 2 — Build and Evolve Resilient, Sustainable Logistics Services

Material issue
● Build and evolve resilient, sustainable logistics services

Objective 3 — Create New Values through Collaborative Innovation

Material issues
● Secure diverse human resources to support growth
● Step up DX
● Establish business models through collaborative innovation

Supportive foundation for the objectives

Material issues
● Realize safe, healthy, and rewarding workplace
● Establish a responsible supply chain in which human rights are respected
● Governance and compliance
● Prevent accidents during operation
● Risk management
● Enhance disaster prevention/mitigation

➡ P31-36

For details on sustainability, please visit our website.
https://www.logisteed.com/en/profile/csr/sustainability/

Material Issues and KPIs of the LOGISTEED Group

Objective 1 ## Contribute to Decarbonized/Recycling-oriented Society

Material issues	Risks and opportunities	KPIs	
Contribute to decarbonized society	**Risks** • Increase in tax burden related to climate change and cost increase due to tightening or introduction of regulations on CO_2 emissions • Increase in CO_2 emission reduction cost and loss of customers due to delay/failure in introducing environmental technology • Loss of customers due to inadequate response to customers who emphasize low carbon or carbon-neutral transportation and the use of renewable energy **Opportunities** • Promote introduction of more efficient transportation modes and production/distribution processes by pursuing low energy • Continue receiving orders from existing customers and acquire new customers by enhancing climate- and decarbonization-conscious measures and promoting use of renewable energy	Reduction of CO_2 emissions[1]	
		Support customers' decarbonization by providing SCDOS "Decarbonization Monitoring Service"	
		Promote initiatives to set CO_2 emission reduction targets including supply chains	
Contribute to recycling-oriented society	**Risks** • Loss of reputation and customers due to inadequate responses to environmental pollution and waste reduction • Obsolescence of services and decrease in competitiveness due to a delayed response to a recycling-oriented society **Opportunities** • Continue receiving orders from existing customers and acquire new customers by enhancing measures considering environmental pollution • Diversify business activities and create new businesses by seeking to reduce and avoid resource use	Recycling rate	
		Promote initiatives to build a circular economy business model	

Objective 2 ## Build and Evolve Resilient, Sustainable Logistics Services

Material issue	Risks and opportunities	KPIs	
Build and evolve resilient, sustainable logistics services	**Risks** • Decrease in competitiveness and loss of customers due to deterioration of safety/quality/productivity and delayed deliveries, etc. • Suspension of operations due to inadequate transportation enhancement measures, etc., interruption/weakening of logistics networks, and deterioration of services/quality • 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** • Acquire customer trust and improve reputation by strengthening the business continuity • 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 • Build partnerships with customers and acquire new customers by continuously providing services with high level of safety/quality/productivity	Support customers' SCM[2] with SCDOS	
		Realize a comfortable workplace by installing automated/labor-saving equipment at logistics centers	
		Contribute to safe and more efficient transport by expanding user network of each "SSCV" function	
		Enhance transport business to cope with the 2024 issue	
		Expand GDP-compliant equipment at medical DCs	

*1 Total of Scope 1 and 2
*2 SCM: Supply chain management

The LOGISTEED Group has set KPIs for 12 identified material issues based on the priority measures, etc. of the Mid-term Management Plan "LOGISTEED2024." We will promote group-wide initiatives to address issues, manage the progress of KPIs, promote information disclosure, and aim to realize a sustainable society through dialogues with stakeholders.

LOGISTEED	Domestic	Overseas	FY2022 achievements	Targets (Unless otherwise stated, the figures represent targets for FY2024)	Related SDGs	References
●	●		Down by 19.4% from FY2013 (expected to achieve FY2024 target ahead of schedule)	Down by 26% from FY2013	7 AFFORDABLE AND CLEAN ENERGY; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 17 PARTNERSHIPS FOR THE GOALS	P65-69
●	●	●	Made a proposal of SCDOS "EcoLogiPortal (CO_2 emission visualization solution)" to customers in excess of the annual target for the number of companies we approach for FY2022 and assisted multiple customers to visualize and reduce CO_2 emissions from the logistics domain	Achieve annual targets for the number of companies we approach		P26, 69
●	●	●	Promoted initiatives for automated aggregation and visualization of group-wide CO_2 emissions and developed a plan to set CO_2 emission reduction targets for the entire supply chain in Japan and overseas	FY2023: Set targets		P69
●	●		99.0%	Maintain 99% every fiscal year		P65, 70
●	●		Started Proof of Concept (PoC) for the recycling of plastic waste (stretch film, etc.) generated in the logistics process	Keep track of the achievements		—

LOGISTEED	Domestic	Overseas	FY2022 achievements	Targets (Unless otherwise stated, the figures represent targets for FY2024)	Related SDGs	References
●	●	●	Assisted various customers to improve their SCM by enhancing SCDOS functions and making proposals to a large number of customers in excess of the annual target for the number of companies we approach for FY2022	Achieve annual support targets	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 17 PARTNERSHIPS FOR THE GOALS	P26, 71
●	●	●	Installed automated/labor-saving equipment for cargo handling and delivery at multiple logistics centers in Japan, saving 100 FTE[3] per year compared to FY2021	Mechanize cargo handling work (100 FTE per year)		P27, 71
●	●		Expanded the Group's ecosystem through the installation of "SSCV" (1) Smart: Installed at a total of 137 partner companies (2) Safety: Installed in a total of 2,630 vehicles (including 220 vehicles of partner companies) (3) Vehicle: Installed in a total of 3,149 vehicles	Achieve the targets to install: (1) Smart: partner companies (2) Safety: vehicles of partner companies (3) Vehicle: the Group's vehicles[4]		P50, 52, 71
●	●		Number of violations of labor standards regarding drivers: 0	Number of violations of labor standards regarding drivers: 0		P27, 71
●	●		• Established an educational program aiming at strengthening GDP quality control and operational capabilities and provided education to all employees engaging in GDP operations at medical DCs • Developed/installed a standardized system for temperature control and documentation management and started its operation	Complete installations in target sites		P71

*3 FTE (Full-Time Equivalent): A unit of the full-time work amount in an organization
*4 Trucks, commercial vehicles, forklifts

CSR/ESG
For details, please visit our website.
https://www.logisteed.com/en/profile/csr/

| Objective 3 | **Create New Values Through Collaborative Innovation** |

Material issues	Risks and opportunities	KPIs	
Secure diverse human resources to support growth	**Risks** ● Human resource shortage due to failure to promptly respond to digitalization and labor saving ● Stereotypical ideas due to lack of diverse human resources, loss of new business opportunities, and decrease in competitiveness ● Loss of human resources due to a mismatch between the HR measures and what employees desire and a delayed response to diversified working-style **Opportunities** ● Create new business opportunities and improve competitiveness by securing diverse human resources including highly skilled personnel and those from different industries, etc. ● Improve labor productivity by increasing employee motivation	Implement education to develop human resources with DX skills	
		Expand global human resources and reform organizational culture	
		Improve operational efficiency by installing digital tools such as RPA	
		Improve the score of sustainable engagement in the employee engagement survey	
		Ratio of female managers	
Step up DX	**Risks** ● Obsolescence of existing technologies due to failure to promptly deal with digitalization and introduce new technologies ● Obsolescence of existing services and business models due to rapid development of digital technologies ● Damage to the Company's business and loss of position in the industry due to the rise of new entrants and competitors **Opportunities** ● Improve efficiency of business operations, promote labor-saving, and improve quality/safety through "Step up DX" ● Create new businesses leading to continued orders from existing customers and acquisition of new customers	Establish a digital platform to create innovation through DX	
		Execute logistics service reform projects utilizing a digital business platform (data linkage hubs)	
		Implementation of Resource Control System (RCS)	
		Improve conformance rate of ONEsLOGI[1] new WMS-Platform (PF) to logistics operations	
		Number and percentage of DX-related patent applications included in the total patent applications (publication)	
Establish business models through collaborative innovation	**Risks** ● 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** ● Acquire growth opportunities through the development of revolutionary technologies that reflect external perspectives ● 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	

*1 ONEsLOGI (One Stop Logistics IT Solution): A group of logistics management systems provided by LOGISTEED Solutions, Ltd., our subsidiary

LOGISTEED	Domestic	Overseas	FY2022 achievements	Targets Unless otherwise stated, the figures represent targets for FY2024	Related SDGs	References

●	●		• All subject employees attended "Mindset Training" aiming at cultivating issue-solving mindset (8,122 attendees)
			• Implemented an education program to develop human resources with DX skills
			 Intensive training for human resources to promote DX business:
			  395 attendees in total (cumulative)
			 Intensive training for DX technical skills:
			  408 attendees in total (cumulative)
			 DX mindset cultivation program:
			  2,424 attendees in total (cumulative)
				Every fiscal year: All employees attend mindset training	5 GENDER EQUALITY / 8 DECENT WORK AND ECONOMIC GROWTH / 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE / 17 PARTNERSHIPS FOR THE GOALS	P47-48

●	●	●	• Promoted the visualization of human resources through a global common platform and its utilization for talent management • Distributed 1,995 posters and 21,500 cards/leaflets each (in 18 languages) to spread the LOGISTEED WAY • Time invested in global human resource development: 6,670 hours	Keep track of the achievements		P47-48
●	●	●	Reduction of working hours: Cumulative 468,000 hours	Reduction of working hours: Cumulative 1.2 million hours		—
●	●	●	• Japan: Scored 66 (up 1 point from last time) • Overseas: Identified and organized implementation-related issues and developed a roadmap for implementation	Japan: Scored 70 or more Overseas: Start implementation first at major group companies in FY2023		P47-48
●			6.9%	FY2023: 10%		P47-48
●	●	●	Completed the renewal of the management core system at domestic group companies	Keep track of the achievements		P72
●	●	●	Achieved FY2024 targets ahead of schedule	Total number of executions: 60		P72
●	●	●	Installed in 5 warehouse projects	Achieve the target number of installations		P27、72
●	●	●	Conformance rate of 75%	FY2023: Conformance rate of 90%		P72
●	●	●	Number of patent applications: 30 (96% in DX area)	Keep track of the achievements		P49-50, 72
●	●	●	Made big data obtained through SSCV-Safety operations publicly available to invite ideas from public to use such data for new digital services and applications	Keep track of the achievements		P72

CSR/ESG
For details, please visit our website.
https://www.logisteed.com/en/profile/csr/

Supportive Foundation for the Objectives

Material issues	Risks and opportunities	KPIs	
Realize safe, healthy, and rewarding workplace	**Risks** ● Impact on operations and loss of social trust due to workplace accidents ● Loss of employee motivation, decline in labor productivity, and loss of human resources due to long working hours **Opportunities** ● Improve employee motivation and labor productivity by creating a comfortable workplace that takes health and safety into consideration ● Enable stable operations by ensuring occupational health and safety	Workplace accident frequency rate/ severity rate	
		Number of serious accidents (fatal workplace accidents)	
		Rate of paid leave taken	
		Rate of sick leave days*1 —Promote health and productivity management—	
Establish a responsible supply chain in which human rights are respected	**Risks** ● Reputational damage, lawsuits and penalties resulting from infringement of human rights, and loss of human resources ● Decrease in competitiveness due to deterioration of quality and productivity in the supply chain **Opportunities** ● Enable stable business operations by building long-term relationships with suppliers that give consideration to human rights ● Improve competitiveness by building a supply chain with high quality and productivity	Promote initiatives to develop a business platform that respects human rights	
		Human right education	
		Promote initiatives to establish a compliance screening system for suppliers	
Governance and compliance	**Risks** ● Loss of social trust due to violation of various laws and regulations and deviation from social norms ● Business disruption, loss of social trust, and unexpected losses due to dysfunctional governance and internal control **Opportunities** ● Earn social trust by demonstrating a commitment to legal compliance ● 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)*4	
		Ratio of female executive officers*5	
		Reflect evaluation of ESG initiatives, etc. in compensation plan for officers	
Prevent accidents during operation	**Risks** ● Impact on operations and loss of human resources and social trust due to accidents **Opportunities** ● Enable stable operations by securing safety in operation/transportation ● Earn social trust by demonstrating a commitment to preventing accidents during operation/transportation	Reduction rate for three types of accidents*6	
		Implement measures to strengthen prevention	
		Reduce incidents during vehicle operation by utilizing "SSCV-Safety"	
Risk management	**Risks** ● Business suspension/discontinuation due to inadequate/ dysfunctional risk management **Opportunities** ● Enable to recover business quickly and restore corporate reputation by enhancing risk management initiatives	Conduct company-wide disaster prevention training and overseas BCP caravans*10	
		Number of information security incidents	
		Attendance rate for information security training course and rate of targeted threat emails for simulation trainings opened	
Enhance disaster prevention/ mitigation	**Risks** ● 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 ● Damage to related parties, compensation to victims, and lawsuits by victims **Opportunities** ● Avoid opportunity loss through rapid business continuity and recovery ● Earn social trust by demonstrating a commitment to enhancing resilience	Enhance functions of the "Safety Cockpit" (Centralized Safety and Quality Control Center)	
		Establish a management system utilizing a visualization system for self-defense firefighting operations	
		Conduct trainings for initial response at disasters	

*1 Rate of sick leave days = (Number of sick leave days/Total prescribed working days for employees) × 100
*4 Education themes for FY2022 were health and safety, company assets, whistleblowing, bribery, intellectual property rights, conflicts of interest, export-related, and money laundering
*5 Percentage of female executive officers and operating officers
*6 Workplace accidents, vehicle accidents, and product accidents
*10 Activities to build and improve risk management systems in overseas locations by sending instructors from Japan

LOGISTEED	Domestic	Overseas	FY2022 achievements	Targets Unless otherwise stated, the figures represent targets for FY2024	References
●	●		Frequency rate: 0.62 Severity rate: 0.009	Keep track of the achievements	P73
●	●	●	0	Every fiscal year: 0	P73
●	●		68.8% (YoY +0.9%)	Keep track of the achievements	P47-48
●	●		1.05%	Keep track of the achievements	P47-48
●	●	●	• Conducted desktop research with the support of NGOs and organized global human rights issues • Organized and assessed risks in the Group's value chain, conducted a fact-finding survey on "treatment of technical interns" identified as a high-priority risk, and confirmed that they are managed properly • Established the Group-wide "Human Rights Policy" in April 2023	Keep track of the achievements	P47-48, 74
●	●	●	• Conducted trainings on various themes including human rights using rank-based education, etc. (attendees[2]: 453 (including managers 18%)) • Continued case studies on human rights in workplace compliance education during "Group Code of Conduct Month[3]"	Keep track of the achievements	P47-48, 74
●	●	●	• Revised and established rules to enhance the anti-bribery management system • Conducted examinations to prevent bribery on the Group's contractor for customs clearance based on relevant rules (execution rate: 97%)	Perform regular screening	P61
●	●	●	97% (86,535 attendees in total)	Every fiscal year: 100%	P61
●	—	—	5% (as of March 31, 2023)	Over 10%	P59
●	—	—	Adopted CO_2 emission reductions as a KPI for determining annual bonuses for executive officers	Increase factors to be reflected	—
●	●	●	Down by 24% from FY2021	Down by 40% from FY2021	P73
●	●	●	• Held regular education webinars for companies that installed SSCV-Safety[7] (including those considering to install) (Number of sessions held: 9/Number of attendees: 30 companies, 51 persons in total) • Provided education through experiential sessions using VR (Sessions held at 37 sites in Japan/3,420 attendees in total)	Keep track of the achievements	P73
●	●		Number of incidents[8]: 0.037 (Down by 52% YoY) The rate of serious accidents involving the Group's vehicles was approximately 91% lower than the national average as of FY2020[9]. 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	P73
●	●	●	• Conducted "company-wide BCP trainings by disaster response HQ[11]" in June • Established the crisis response manual for Flyjac Logistics Pvt. Ltd. in India as part of the overseas BCP caravans	Keep track of the achievements	P74
●	●	●	0	Every fiscal year: 0 incident	P61
●	●	●	• Attendance rate for information security training course: 100% (37,272 attendees) • Rate of targeted threat emails for simulation trainings[12] opened: 7.1%	Every fiscal year: 100% attendance/ Open rate: 5%	P61
●	●		Installed a video management system, etc. with advanced functions at three distribution centers in Japan and started remote monitoring of unsafe behaviors and dangerous events on the cloud and also centralized control at the "Centralized Safety and Quality Control Center" established in the Company's head office	Keep track of the achievements	P27, 41-46, 74
●	●		Developed "Firefighting visualization system" to ensure compliance with the Fire Service Act and relevant regulations and launched full-scale operation at approximately 400 sites subject to the system installation in January 2023	Keep track of the achievements	P74
●	●		• Conducted an initial response training assuming an earthquake[11]: 3 companies (40 attendees) • Conducted KYT (danger prediction training) focused on fire[11]: 18 companies (approx. 150 attendees)	Keep track of the achievements	P74

*2 Scope: Full-time employees of LOGISTEED and domestic group companies
*3 A period during which the entire Group, under the leadership of top management, works on various programs with the aim of establishing corporate ethics and ensuring thorough compliance with laws and regulations (every October)
*7 SSCV-Safety service is available only in Japan
*8 Average number of incidents per month per vehicle in operation owned by the Group
*9 Calculated based on "Business Vehicle Accident Statistics (2020)" by Institute for Traffic Accident Research and Data Analysis
*11 Online desktop simulation
*12 Scope: LOGISTEED and domestic group companies

CSR/ESG
For details, please visit our website.
https://www.logisteed.com/en/profile/csr/

Message from the CFO

In order to increase corporate value with a view to the next stage, we will focus on evolving cash flow management.

Hitoshi Honda

Managing Executive Officer and CFO
General Manager, Financial Strategy Office

Evolve cash flow management using accumulated experience

I have been appointed as Managing Executive Officer and CFO effective April 1, 2023. As CFO, I will work to evolve cash flow management and increase corporate value toward the new stage of the Group. I would like to take this opportunity to introduce myself to all stakeholders.
In 1990, I joined a leading general electrical manufacturer as a new graduate and was engaged in cost management as a factory accountant for about five years. For the next ten years, I was in charge of a series of financing operations, such as cash management, group finance, and acquisition/renewal of credit ratings, at the finance and accounting department of the head office and also involved in operations management and financial planning for in-house companies and the development of the mid-term management plan for the company.
After that, I worked for a major real estate company and then joined a leading apparel manufacturer which at

that time was about to transition to a holding company structure and launch a full-scale effort toward global expansion. So, I was in charge of designing the system of the holding company and administration, supervision, and business management, of group companies after acquisition for about three years.
Building on the prior experience, I joined a leading IT company as an executive officer in charge of corporate planning responsible for the enhancement of the group management and the expansion of the global business. However, because the collapse of Lehman Brothers occurred immediately after I joined the company, I spent the next about six years promoting business restructuring, engaging in write-down and liquidation of overseas venture investments and even handling activist investors before I was appointed as CFO. During my about ten years as an executive officer and director, I delivered certain results, such that sales increased by about 1.5 times and profit hit a record high. I joined the Company in April 2019 and had been involved in enhancing governance and the core system renewal as Deputy General Manager of the Financial Strategy Office.

Fulfill a fundamental role as CFO as a "Guardian," "Prophet," and "Evangelist" of cash

As mentioned earlier, during the 29 years before I joined the Company, I was engaged in finance and accounting work, financial strategy, business management, etc. at several companies, which I believe helped me understand the importance of the cash flow management.
For example, the general electrical manufacturer, the first company I worked for, had a large amount of interest-bearing debt and its financial position was far inferior to that of its competitor. So, I had a hard time managing cash flows every year. For example, we had to use cash generated from other businesses in the semiconductor business which required several hundred billion yen of capital investment per project. All the other companies I worked for were family businesses, so I spent a lot of time with the owner/president of each company and learned the importance of the cash flow management from them by listening directly to their stories about the difficulties they experienced, including the importance of cash management and the risk of cash shortages.
Based on such experience, I intend to fulfill a role of "Guardian," "Prophet," and "Evangelist" of cash with emphasis on cash flow management.
First, as the "Guardian" of cash, I will execute accounting operations to accurately record cash as an asset in the ledger as well as ensure governance functions by keeping track of the whereabouts of cash in Japan and overseas and monitoring and preventing unauthorized withdrawals.
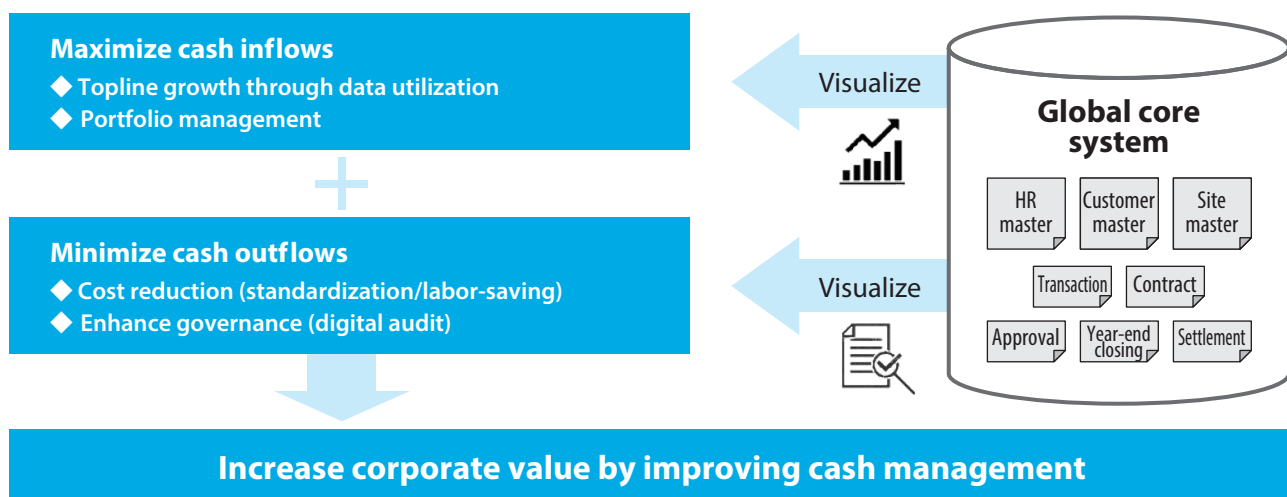Next, as the "Prophet" of cash, I will develop the most

efficient funding and cash management plans based on cash flow projections taking into account future cash inflows and outflows and carry them out.
Finally, as the "Evangelist" of cash, I recognize that CFO's fundamental role is to clearly communicate and spread the importance of cash mentioned above and the method of cash flow projection, etc. within and outside the Company. As we need not only to hold cash but to turn it into an asset that creates value in order to further increase corporate value, we will focus on the enhancement of cash management and the improvement of asset efficiency.

Achievements and challenges in the first year and priority measures in the second year of the Mid-term Management Plan "LOGISTEED2024"

Based on the recognition of the above issues, in FY2022, the first year of the Mid-term Management Plan "LOGISTEED2024," we worked to expand topline, make various investments, and enhance our human resources, as well as proceeded with the priority measures to "reinforce and expand overseas business," "expand business domains with new added value," "evolve Smart Logistics," and "solidify ESG management base." As a result, revenues increased approximately 10% year on year to ¥814.3 billion, and adjusted operating income grew approximately 18% year on year to ¥45.8 billion, hitting a record high for the second consecutive year. I particularly appreciate the steady growth of overseas 3PL business while the freight forwarding business was affected by continued high freight rates.

■ **Cash management to evolve the ROIC management**

Maximize cash inflows
◆ Topline growth through data utilization
◆ Portfolio management

Minimize cash outflows
◆ Cost reduction (standardization/labor-saving)
◆ Enhance governance (digital audit)

Visualize

Visualize

Global core system

HR master | Customer master | Site master
Transaction | Contract
Approval | Year-end closing | Settlement

Increase corporate value by improving cash management

In the second year of the Mid-term Management Plan and onward, we will continue to provide financial support for the topline growth in Japan and overseas, etc. while improving cash management and asset efficiency, which will contribute to the increase in corporate value with an eye to the next stage.

For example, as one of our initiatives to support topline growth, we will renew our global core system and build an integrated system that allows us to refer to and utilize customer information from Japan and overseas.

We will also make active investment more than ever to generate future cash, accelerate enhancement and expansion of overseas business including M&As, and focus on expanding our business domains, evolving Smart Logistics, and solidifying ESG management base. We will use cash to be obtained by further improving capital efficiency and strengthening minimum cash operations for these investments.

Determine minimum cash levels by data analysis and refine cash management

In order to enhance cash management, we will fully introduce TMS*[1] overseas and build a system that allows us to understand the real-time cash status of all overseas sites. It will enable us to keep track of daily cash movements and necessary working capital of each entity, country, and region and allocate surplus to growth investment by centrally managing cash with the cash management system and cash pooling, etc. We will determine the minimum cash level of the Group by analyzing the accumulated data and enhance growth investment while improving capital efficiency.

*1 Treasury Management System (TMS): A system capable of centrally managing the entire group's fund and financial risk, etc.

Further increase a sense of ownership among on-site employees to evolve the ROIC management

In terms of the initiatives for the ROIC management which we started in FY2018, we will add cash management to enhance the analysis of return on invested capital. Then, we aim to improve our ROIC management by pursuing

the optimal balance sheet structure for the Company and having in-depth discussions on more efficient asset use. As awareness about invested capital and return is already steadily spreading to each site, we will now focus on initiatives to further raise a sense of ownership of each employee by encouraging them to think "How would I invest if it were my own money instead of the Company's money?" I recognize that my role as the "Evangelist" of cash is to further improve asset efficiency and further evolve the cash flow management, which the Group has been working so far, through these initiatives.

Business portfolio management as financial strategy

In terms of the business portfolio management, we will provide financial support toward the achievement of the quantitative targets of "consolidated revenues of ¥1.5 trillion and overseas ratio of over 50%" set in "LOGISTEED2030." Specifically, we will first expand our business in India and ASEAN where economic growth continues, the U. S., Europe, etc. in order to expand our overseas business. In addition, we will aim to create synergies between businesses and expand the entire overseas business by enhancing the development of points in the 3PL business as well as the development of planes in the freight forwarding business. In the domestic business, we will strive to expand topline of the 3PL business and logistics-related services such as VAS/VMI. I believe that the Group's strength of handling products as a logistics service provider will stand out more and more as the advancement of IT and digitalization will continue throughout society and products and information will be handled as a unit. Even if places or systems for manufacturing products change along with changes of the times, the essential role of the logistics industry to move and store products will remain unchanged, and therefore, we will support our domestic business by ensuring to capture such demand. Furthermore, we will aim for further growth by providing the Group's expertise on automation and digitalization that we have cultivated in Japan, a front-runner country in addressing issues related to the declining birthrate and aging population, to overseas countries which may face similar issues in the future.

Strengthen initiatives on forecasting data to further enhance financial "Gemba" Power

As I mentioned earlier, awareness about invested capital and return under the ROIC management has spread to each site of the Group such as logistics centers, and data collection/organization and "visualization" to improve revenues have progressed. So, I recognize that our financial "Gemba" Power is steadily increasing.

Meanwhile, in order to further evolve the cash flow management together with our new business partner KKR, we need to centrally manage such data as the company-wide data, rather than keeping it at each site, and use it as the company-wide forecast data while taking into account earnings forecasts. Accordingly, we are now further expanding the use of SPV[*2], which we introduced in 2017, and focusing on initiatives to increase data to be used for forecasting.

*2 Smart Performance Visualization Platform (SPV): A system to manage domestic performance

Toward further development of finance human resources

Our efforts to evolve the cash flow management with KKR include the enhancement of human resource education in finance and accounting divisions in addition to initiatives implemented at each site. As part of such efforts, we focus on financial modeling education necessary for cash flow planning, which holds financial modeling contests in addition to classroom lectures in a bid to enhance our initiatives in which employees learn practical skills while having fun.

We will focus more than ever on dialogues with investors and other stakeholders

Although the Company's shares were delisted in February 2023 after a series of capital policies, the Group and KKR have a plan to relist our shares for the new stage, and therefore, we will continue to disclose fair and highly transparent information in a timely and appropriate manner and focus on constructive dialogues with all our stakeholders.

We are also committed to meeting your expectations by further increasing corporate value through our initiatives under "LOGISTEED2024/2030." We look forward to your continued support.

Special Feature 1
–Employee Roundtable Discussion–

Kashiwa Sales Department
LOGISTEED Metropolitan
Daisuke Arakawa

Smart Logistics Development Department
Kenji Mogi

Smart Logistics Development Department
Koki Fujiwara

Integration Office
Sohei Suzuki

Industrial Digital Business
Collaboration Department
Satoshi Arai

LOGISTEED Group's
"Future Vision of Logistics Center"

The LOGISTEED Group has set up the "Future Vision of Logistics Center" concept as advanced and sustainable safety/quality activities to be implemented in the Mid-term Management Plan "LOGISTEED2024" and intends to visualize "safety/quality/productivity/fire prevention/crime prevention" and further improve the sites mainly through the "Centralized Safety and Quality Control Center" which makes full use of digital technologies such as video management systems and AI, with an aim to realize logistics centers that continue to earn the confidence of our stakeholders.

We held a roundtable discussion with five members who are working on the front line by leveraging their abundant on-site experience to discuss what kind of value creation is underway at "Gemba" (site), which is the source of our strengths, toward the realization of the "Future Vision of Logistics Center" concept and sustainable logistics services amid ongoing labor shortages due to declining birthrate and aging population in Japan.

Attendees in the discussion

Deputy General Manager, Industrial Digital Business Collaboration Department, DX Strategy Department	**Satoshi Arai**	Manager, Smart Logistics Development Department, Logistics Solution Business Development Headquarters	**Koki Fujiwara**
Manager, Smart Logistics Development Department, Logistics Solution Business Development Headquarters	**Kenji Mogi**	Manager, Integration Office, Corporate Strategy Office	**Sohei Suzuki**
Manager, Noda Sales Office, Kashiwa Sales Department, LOGISTEED Metropolitan	**Daisuke Arakawa**		

＊Names of organizations and positions are as of the date of the discussion

First, please tell us about your background and areas of expertise and roles.

Fujiwara: After I joined the Company, I worked at a sales office stationed at a customer's factory for three years and was engaged in sales and corporate management at a Philippine subsidiary for about seven years, and then engaged in global sales development using the experience from such overseas assignments. I believe I can leverage my strengths in launching a business from scratch. Recently, I have been engaged in the development of solutions in new domains, such as Kasukabe EC Platform Center, the decarbonization project, and the enhancement project for the medical business.

Mogi: Since joining the Company, I have been engaged in warehouse operations, mainly managing and operating logistics centers for distribution-related customer, drugstores, and groceries-related customers. Currently, I am seconded from LOGISTEED Kanto, one of the group companies, to the Smart Logistics Development Department of the Company and engaged in initiatives to realize the "Future Vision of Logistics Center." I believe my strength is my long on-site experience.

Arai: For the first three years after I joined the Company, I was engaged in plant logistics work such as relocation of offices and factories and installation of equipment, and then engaged in 3PL business development in Japan and overseas. Since 2018, I have been engaged in research and development with various collaborative innovation partners for the adaptation and installation of the latest technologies and solutions in the logistics domain.

Arakawa: I joined the Company to work on one of the largest projects of the Group at that time to launch a new 3PL business to handle products of a major brand and have been engaged in 3PL on-site operation until now. I believe my greatest strength is that I have accumulated a lot of on-site experience including the relocation of logistics centers and cooperation with other sites. Since 2016, I'm working as on-site operation manager for the 3PL business.

Suzuki: I had long engaged in package design, work system construction, layout change, etc. at sales offices inside customers' factories. And then, after engaging in on-site support operation, I worked on safety technology for forklifts as well as on the project for the "Future Vision of Logistics Center" concept as a staff in charge of the operation of the "Centralized Safety and Quality Control Center" until March 2023. I focus on daily operations by leveraging my strength, which is a wide range of on-site experience including warehouse management and customer service.

Now that we understand the area of expertise and current role of everyone. Please explain the background and overview of the "Future Vision of Logistics Center" concept which the Group is currently promoting to enhance warehouses.

Arai: The environment surrounding the logistics industry is rapidly changing, and there are quite a few issues that threaten the global supply chain such as logistics disruptions and labor shortages. Under such circumstances, the Group focuses on "Smart Logistics" using the latest digital technologies such as IoT and AI under the mission of providing sustainable logistics services to customers. In the previous Mid-term Management Plan "LOGISTEED2021," we promoted DX strategies including labor saving and automation in each domain of warehouse, transport, and supply chain, and also developed solutions such as the transport digital platform "SSCV" and the supply chain optimization service "SCDOS" under the concept of "Supporting transport. Improving society." In the Mid-term Management Plan "LOGISTEED2024," we set the "Future Vision of Logistics Center" concept and focus on initiatives to improve efficiency of on-site operation as well as add new functions such as safety/security/crime prevention. While we had already developed and introduced solutions for "visualization" to individual sites through filming warehouse operation status and monitoring data logs, they were only individual initiatives at each site, and site managers were too busy with their daily work to make full use of them. To address such issue, we built the "Centralized Safety and Quality Control Center" in 2023 as a new means for "visualization" that centrally consolidate them to manage and use remotely.

Suzuki: The reason why the Group has worked on such "visualization" is to eliminate accidents in warehouses, such as collisions between people and forklifts and falling from loading docks. While we had been providing guidance to eradicate accidents as needed through site patrols and fixed-point observations, we worked to compensate for the limitations of such activities and "visualize" safety, and as a result, the "Safety Cockpit" system using a dedicated line was completed in 2017. This system, through cameras installed in areas with high accident risks, automatically monitors unsafe behaviors and rule violations, such as a stop sign violation by forklifts, and ensures timely management of such behaviors, advancing our preventive maintenance activities to prevent accidents. In addition, we define "Success Drivers," one of the components of the "LOGISTEED WAY," as "Gemba" Power, multiplied by Visualization, which means we aim to enhance on-site capabilities through visualization. "Gemba" Power is specific results and achievements required as a logistics company, and visualization is an extremely important action to have a clear overview of the supply chain.

The "Success Drivers" consist of "3 Key Goal Indicators," "3 Disciplines," and "3 Attributes," and "3 Key Goal Indicators" include "Safety, Quality, and Productivity," so, I believe the "Safety Cockpit" is an embodiment of the "Success Drivers."

▌**Arakawa**: As the "Safety Cockpit" can now automatically monitor whether forklifts stop at stop signs, it allows us to monitor areas where managers previously overlooked. Also, because the system can issue an alert to the forklift which did not stop at a stop sign on a timely basis, it is contributing to increasing safety awareness of forklift operators. In addition, after we installed dashboard cameras in forklifts and started holding meetings on a regular basis with forklift operators using footage from these cameras, the number of unsafe behaviors started to gradually decrease. As a result of our efforts on safety education using footage, the number of accidents in LOGISTEED Metropolitan decreased in FY2022, and we aim to further reduce by 30% in FY2023. The number of accidents in the Group as a whole is also decreasing every year.

▌**Fujiwara**: I feel that the safety awareness of on-site employees is increasing by pursuing "visualization" at all times. Staff from Safety and Quality Control Management Office in Japan has visited sites in overseas, for example, the Philippines to provide safety guidance. But in the future, we can easily expand our safety initiatives globally by combining video evidence and DX and further spread safety awareness in overseas sites in a speedy manner.

▌**Arai**: At one site, the number of stop sign violations by forklifts declined to about one-tenth of the number in the previous year as a result of continued improvement activities, such as warnings by the "Safety Cockpit." I believe the key factor for this success is that the guidance based on the evidence is easy for forklifts operators to understand.

Camera footage of logistics centers contains a lot of confidential information. Please explain how you are preventing leakage and using the data.

▌**Mogi**: In the "Safety Cockpit" system using a dedicated line, we install dedicated cameras and servers in the forklift aisles at our sites to automatically monitor unsafe behaviors. So, while it

is very useful in automatically monitoring unsafe behaviors, the camera coverage is limited to specific areas. To remotely monitor and promote "visualization" of on-site situations, we studied whether it would be possible to store footage of security cameras installed at sites in the cloud. Since the video data of existing cameras is stored on the recorder via the internal network of the site, there is no risk of a data leak. On the other hand, in the newly introduced system, we adopted the VMS (➡**P76**) (Video Management System) capable of remotely monitoring footage of the existing security cameras covering areas that the "Safety Cockpit" system using a dedicated line cannot cover. Since video data is stored in the cloud via the internet, there is a potential risk of leakage. Therefore, we considered what we should introduce with our collaborative innovation partners from the three perspectives of "thorough security," "ease of introduction," and "functional expandability" and decided to use a "closed network." In a closed network, data is stored in an isolated state from the regular internet connections, enabling maintenance of a high level of security and also enhance usability as it offers cloud migration by simply connecting to existing cameras. In the future, we will use the accumulated video data and set rules such as time and place, and when a person is detected, it will be recorded and added to the video data as additional information.
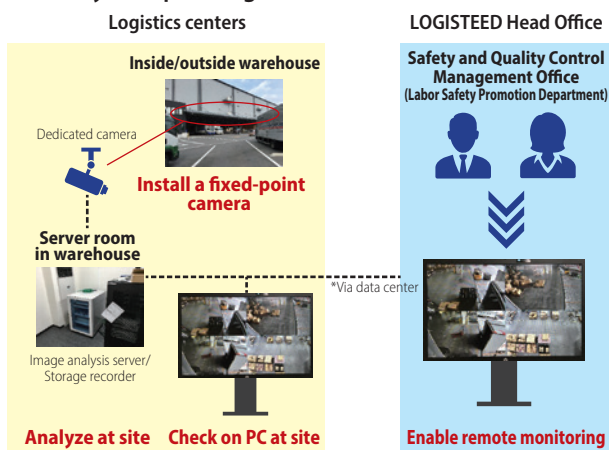
▌**Arai**: Another advantage of using the cloud is that we can avoid a risk of losing video data when the server is damaged due to a disaster such as an earthquake. Although introducing such system involves costs, we made the investment as we decided that it would be worth it after weighing these benefits against the amount of investment.

▌**Fujiwara**: Footage of cloud-based cameras at sites is currently monitored daily by members of the Labor Safety Promotion Department in the "Centralized Safety and Quality Control Center" at the head office. In addition, the cloud migration enabled site managers to view the footage on their mobile devices. For example, if an earthquake occurs near a warehouse on a holiday or at night, site managers, wherever they are, can view the footage on their smartphones to see if there is any damage at site, which dramatically speeds up an initial response such as contacting customers and requesting assistance from the Company. In addition, the new system enabled integrated safety management by using camera footage in combination with various sensors and sharing such data with site managers in real time, which is another advantage.

What kind of challenges and hurdles did you face in safety management using video data, and how did you resolve them?

▌**Arakawa**: Regarding stop sign violations by forklifts, when the video management was first introduced, three out of ten forklifts did not stop at stop signs. The result of the video analysis with the Labor Safety Promotion Department showed that there were issues such that some operators tried to stop but could not stop completely, or there were no definition

■ **Safety Cockpit using a dedicated line**

Logistics centers

Inside/outside warehouse

Dedicated camera

Install a fixed-point camera

Server room in warehouse

Image analysis server/ Storage recorder

Analyze at site   Check on PC at site

*Via data center

LOGISTEED Head Office

Safety and Quality Control Management Office
(Labor Safety Promotion Department)

Enable remote monitoring

or rules of stop signs. So, we established the definition and rules, which increased the stop rate to the 90% level. We also introduced a system to notify forklift operators with a warning lamp if they did not stop at stop signs, in order to spread the rules. As a result, the stop rate is now close to 100%.

Arai: On the other hand, when introducing security cameras, we also strived to mitigate resistance by employees at sites to "being constantly monitored." Because the term "monitoring" inevitably gives a negative impression, we work on to make sure that they feel safe as we introduce the cameras by clearly explaining that the purpose of introduction is to maintain a safe environment where they can work with a sense of security and to "watch over" them.

Mogi: As they now understand more about the benefit, there are some site managers who are willing to introduce security cameras. For example, a manager of a site which has implemented the VMS as a model center told us that he wants to introduce the VMS which allows him to remotely check the status of a nearby satellite site in real time. I think this is a good example that people tend to shy away from it at first because they are alarmed or they want to save the trouble, but they come to appreciate the benefit that it can protect their safety and security once they actually use it.
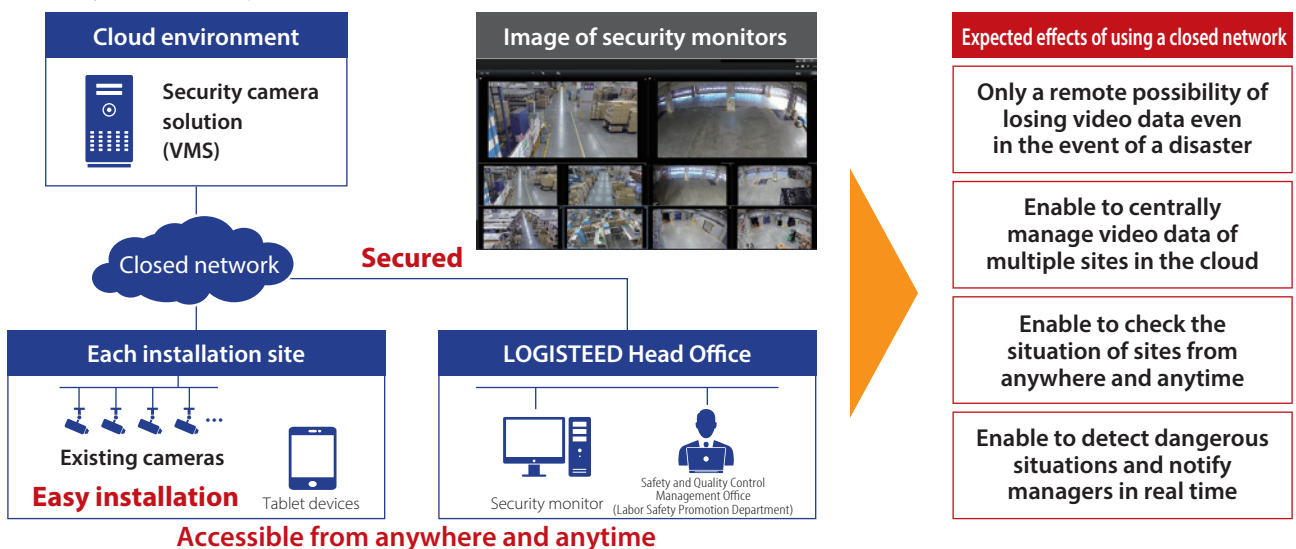
Suzuki: When we expand the functions of the "Centralized Safety and Quality Control Center" and increase the number of target sites in the future, we will make use of this experience to deepen understanding of employees at relevant sites about the purpose of the introduction and activities after the introduction at an early stage to ensure smooth operation.

Please tell us about any measures under discussion and issues we need to address to further enhance logistics centers, and also how they will bring a future advantage to the Group.

Fujiwara: In March 2023, we introduced a security robot at our site in Kansai. The main task of the security robot is self-propelled security patrols in the warehouse. We will use the system which makes full use of various sensors and information technologies to detect abnormal temperatures, etc. during patrols, issue an alert, and send such data to managers in real time, which I believe will bring a future advantage. However, warehouses are usually not located in office districts or residential areas and communication infrastructure is insufficient, so our issue is to develop a communication infrastructure capable of real-time linkage and high-speed processing of a large volume of data. In addition, we will continue to deepen cooperation with our collaborative innovation partners in addressing such issues related to communication environment as well as in introducing IoT devices which are essential for the "Future Vision of Logistics Center" that the Group aims to build. For example, the security robot introduced this time is based on a robot developed by a leading security company, and this is the first time that the device has been used in the logistics industry. As cargoes are constantly moved and the layout changes frequently in logistics centers, there is a risk that a robot may lose the sense of direction. Therefore, we repeatedly conducted practical verification with our collaborative innovation partners, used on-site insights to solve issues, patiently fine-tuned them one by one, and finally created the LOGISTEED's unique specifications before we were able to successfully introduce the robot. While manned security, which has been implemented at each logistics center for a long time, has a limit to the number of patrols, security robots constantly watch over the site without rest, which is very well received by employees at sites as "they feel very safe." Drawing on the experience and insights we have obtained from this case, we plan to introduce solutions to reinforce security at logistics sites to customers' manufacturing sites in the future. In addition, the willingness to actively incorporate new technologies into our sites is one of the advantages of the Group, and I believe that the insights accumulated by introducing new technologies ahead

■ **Safety Cockpit using a closed network**

Cloud environment	Image of security monitors	Expected effects of using a closed network
Security camera solution (VMS)		Only a remote possibility of losing video data even in the event of a disaster

Closed network — **Secured**

Each installation site

Existing cameras — **Easy installation** — Tablet devices

LOGISTEED Head Office

Security monitor — Safety and Quality Control Management Office (Labor Safety Promotion Department)

Accessible from anywhere and anytime

Enable to centrally manage video data of multiple sites in the cloud

Enable to check the situation of sites from anywhere and anytime

Enable to detect dangerous situations and notify managers in real time

of our competitors will contribute not only to further quality improvement but also to business continuity in the event of an emergency such as the COVID-19 pandemic.

Arai: Since the fact that the Group has many physical sites is attractive to our various collaborative innovation partners, we hope to work with them to further enhance our solutions at sites to turn them into intellectual property and ultimately develop them into a licensing business.

Mogi: The Group has offered individual solutions such as Good Distribution Practice (GDP) compliant temperature monitoring for the proper distribution of pharmaceutical products, visualization of forklifts' stop sign compliance, and SSCV, etc. And we introduced the "Centralized Safety and Quality Control Center" to comprehensively manage them for the first time. In FY2023, we are considering the development of a system to centrally manage alerts issued by each solution and the introduction of a system which automatically detects unsafe behaviors and factors that may lead to accidents from camera footage and issue an alert at an early stage. We also aim to improve the safety and quality of the entire Group and increase corporate value from a new perspective by setting up the "Centralized Safety and Quality Control Center" at each regional site in addition to the head office.

Arai: Our efforts to automatically detect various unsafe behaviors using the AI-based video analysis may lead us to a next phase in which we will expand into the domain of preventive maintenance by building an analysis platform based on the aggregated data and using it to analyze causes and trends of accidents. In addition, while we have focused on human-related areas such as safety, the Group as a whole is currently promoting automation and labor saving. Going forward, we will need to install functions to remotely monitor the operating status of various equipment. If we can eventually control such areas at the "Centralized Safety and Quality Control Center," it will truly be a one-of-a-kind operation.
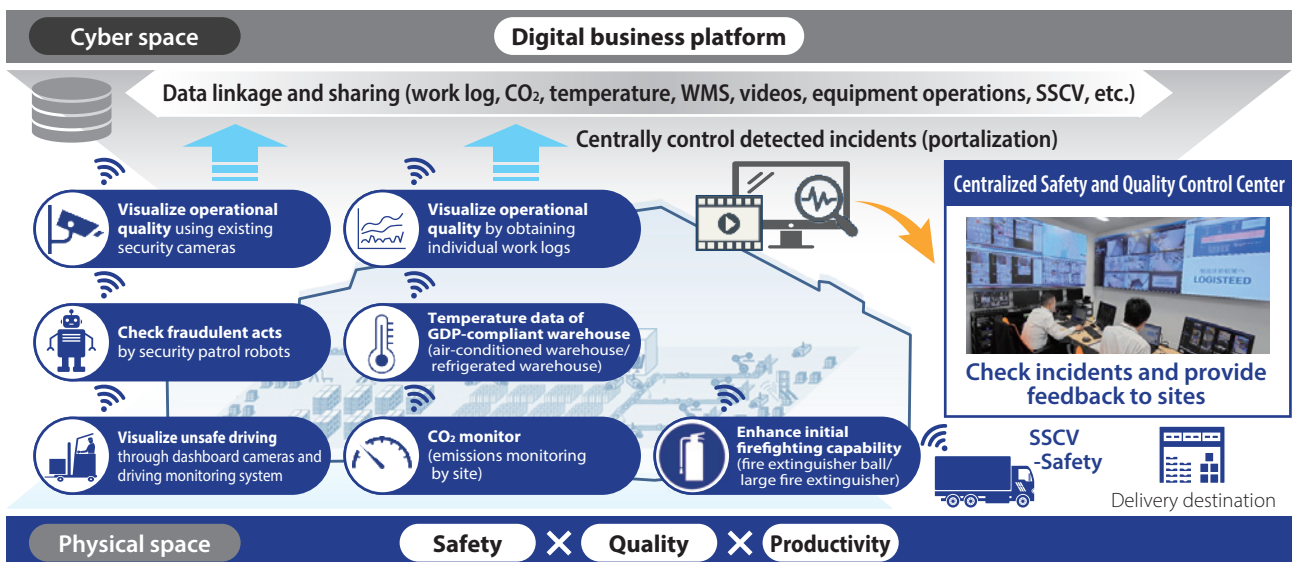
Arakawa: As a person in charge of the site, I listen to various opinions and proposals from operators and come across a stream of issues that cannot be solved by the site alone. I hope we can solve such issues promptly by increasing opportunities to share them with the head office. In addition, labor shortages are still a major issue at present, and because the head office and sites must work together to realize the site operation not dependent on human labor, we will further deepen cooperation and promote improvement activities.

Suzuki: As mentioned earlier, DX to prevent unsafe behaviors has made a considerable progress, so we will now provide further support to on-site workers and expand/enhance functions to nip danger in the bud. No matter how much safety awareness increases, accidents still occur in an instant due to a minor factor. So, we hope to enhance support functions to prevent accidents more directly and allow on-site workers to work with a sense of security. Also, we currently have a system in place to simulate and evaluate warehouse layouts in terms of productivity, but I believe we will need a system to simulate and evaluate in terms of safety. By building a system to automatically design layouts that combine safety and productivity, we aim to further improve the efficiency of warehouse operation, improve sites, and add value to our proposals.

Thank you. Now, please tell us what you think is essential for the realization of the "Future Vision of Logistics Center" concept.

Arakawa: While DX is at the core of the "Future Vision of Logistics Center" concept, I believe that maintaining and enhancing "Gemba" Power and safety awareness is essential as a major premise, and especially we are focusing on education and information sharing on safety and quality. Specifically, we provide such education as experiential sessions, hazard prediction training and VR-based education, issue flash reports on accidents that occur within the Company to share it across

■ **The LOGISTEED Group's future vision of logistics center**

Cyber space — Digital business platform

Data linkage and sharing (work log, CO_2, temperature, WMS, videos, equipment operations, SSCV, etc.)

Centrally control detected incidents (portalization)

Visualize operational **quality** using existing security cameras

Visualize operational **quality** by obtaining individual work logs

Check fraudulent acts by security patrol robots

Temperature data of GDP-compliant warehouse (air-conditioned warehouse/refrigerated warehouse)

Visualize unsafe driving through dashboard cameras and driving monitoring system

CO_2 monitor (emissions monitoring by site)

Enhance initial firefighting capability (fire extinguisher ball/large fire extinguisher)

Centralized Safety and Quality Control Center

Check incidents and provide feedback to sites

SSCV -Safety

Delivery destination

Physical space — Safety ✕ Quality ✕ Productivity

the Company, and transmit real-time information to prevent similar accidents from occurring. In terms of "Gemba" Power, for example, one sales office has built up trust with customers and experience for more than 20 years as well as share information with neighboring sites and move people and products flexibly. We plan to maintain and enhance such business practice toward the realization of the "Future Vision of Logistics Center."

Suzuki: I also think "Gemba" Power and a high level of safety awareness are essential for realizing the concept. It is important to make good use of "Gemba" Power that we have developed by providing services to various customers and a high level of safety awareness that each employee has cultivated over the years. I believe it is important to maintain a high level of safety awareness and continue to carry out activities to develop them into the next initiative.

Arai: This time, we built the "Centralized Safety and Quality Control Center" at the head office, but I think we should build similar sites near each site in the future. It would be ideal if it will allow us to take prompt and appropriate measures against dangerous and unsafe behaviors, and I also want to work on visualization of operational quality. Also, since the source of the Group's competitiveness lies in "Gemba" Power, it is extremely important to clearly understand requests from sites and Labor Safety Promotion Department and expand functions of solutions and systems to support them. In other words, it is important to further enhance "ability to accomplish operation," one of the Group's strengths, and I recognize that promoting these activities by involving various related parties is our mission as the head office members.

Lastly, please tell us about your future plans.

Fujiwara: I think we need to make a steady effort to fill a gap between "what we want to do" and "what we can do" in order to further refine one of the Group's strengths of "advanced logistics engineering capability" and continue to promote DX actively and quickly. We will continue to fill the gap by collecting "wants," "needs," and "seeds" from customers, sites, and collaborative innovation partners and analyzing and scrutinizing them, and will also work steadily to implement various initiatives swiftly, keeping in mind that there is no end to a safe and secure "Future Vision of Logistics Center" which the Group aims to build.

Mogi: One of the reasons why the Group focuses on the safety and quality initiatives is that we keep our customers' valuable assets such as products, merchandise, and raw materials in our logistics centers for them. The Group will continue to expand its DX-centered initiatives to realize the "Future Vision of Logistics Center" that stores, out-bound, and transports customers' valuable assets more safely and with high quality. In doing so, we will carefully select, install and expand functions that are truly needed at "Gemba" (site) which is a starting point of the Group's value creation. I believe promoting these initiatives by the Group as a whole will lead to an increase in corporate value and social value.

Arai: By maintaining and enhancing safety initiatives, we hope to demonstrate to people working in logistics centers in the world the "safe and secure working environment" that only the Group can offer. And we will solve the urgent issue of labor shortage by creating a work environment that makes people "want to work at LOGISTEED." Similarly, we will demonstrate to our customers that they can feel safe with their products by actively sharing information about the Group's various initiatives.

Arakawa: As a site manager and controller, I will continue to focus on creating a safe and secure work environment for on-site workers. In addition, I will actively introduce the latest technologies set forth in the "Future Vision of Logistics Center" and also focus on crime/disaster prevention, in order to ensure stable logistics center operation and business development. I will lead daily on-site operation, keeping in mind that a series of these initiatives will lead to value delivery and contribution to stakeholders of the entire Group.

Suzuki: I was transferred from the Labor Safety Promotion Department to the Integration Office in April 2023, and I am now promoting measures to expand revenues of the Group as a member of the "Topline Expansion Project." Under such circumstances, I realized once again that maintaining and enhancing the safety of logistics centers is one of the most important measures that form the foundations of our competitiveness. So, I will continue to demonstrate our safety initiatives to existing and potential customers with an aim to expand revenues and increase the Group's economic and social value.

Special Feature 2 –Initiatives for Human Capital–

"LOGISTEED WAY," which consists of Corporate Philosophy, Corporate Vision, Guiding Principles, and Success Drivers, shows the role and the "WAY" to move forward of the LOGISTEED Group. Toward our medium-to-long-term vision "LOGISTEED2030," we aim to realize a group organized by human resources who practice and lead the "LOGISTEED WAY."

Invigoration of Organization

Increase in Employee Engagement

To realize sustainable growth, we need to develop strong relationship between employees and the Company and increase employee engagement. To increase employee engagement, we are promoting understanding of the "LOGISTEED WAY," which forms a basis to connect the Company and each employee. We also conduct engagement surveys and follow up and monitor identified issues with an aim to improve engagement.

■ **Spread of the LOGISTEED WAY**
We implement various initiatives to instill the concept of the "LOGISTEED WAY" into employees' behaviors and judgment criteria. In FY2023, we set up a meeting where senior management, including Executive Chairman and CEO, can directly discuss the "LOGISTEED WAY" with employees in an effort to deepen understanding.

■ **Use of employee engagement surveys in Japan**
We conduct an employee engagement survey annually for the purpose of invigorating the organization and increasing employee engagement. We analyze the survey results in detail, identify internal issues and take necessary actions to solve them.

■ **Global implementation of employee engagement surveys**
For overseas sites, we plan to conduct surveys on a trial basis in selected areas in FY2023 and conduct surveys simultaneously in Japan and overseas in FY2024.

■ **Follow-up**
We are working to invigorate the organization by analyzing the result of the engagement survey over time, identifying issues by organization and implementing necessary measures. Based on the survey results, we prepared educational programs to deepen the employees' understanding of the "LOGISTEED WAY" and enhance their management skills in FY2022 and have started these programs in FY2023.

Employee engagement survey —Score of sustainable engagement[1]— (FY2022)

66[2]

Scope: LOGISTEED, domestic group companies
[1] An index highly correlated with the company's growth that can be measured by questions on motivation for contribution and a sense of belonging, etc. We set a target value to increase engagement.
[2] Total score of positive answers

Diversity and Inclusion

We believe the active participation of diverse human resources is an important factor for the Group to contribute to society through its logistics business. We have established systems and structures to realize diverse working styles, as well as create/promote a culture of diversity and inclusion mainly through education.

■ **Initiatives to respect human rights as a global company**
We position our initiatives to respect human rights as the foundation of diversity and inclusion. To fulfill our responsibility to respect human rights as a global company, we established the "LOGISTEED Group Human Rights Policy" in April 2023. We will also promote enlightenment activities in Japan and overseas including education and trainings for employees as well as the Group's executives and plan to establish a human rights due diligence system. (➡**P74**)

■ **Promotion of women's participation in the workplace**
We understand that active participation of women is an essential condition for a global company and have implemented various initiatives. In FY2022, we conducted "leadership trainings" and "career development trainings" aimed at raising awareness for appointing female managers as well as trainings for superiors to promote their understanding, for the purpose of developing female employees systematically and creating a comfortable working environment.

■ **Support for balancing work and childrearing/nursing care**
Disseminating a series of programs to provide support for balancing work and childcare and increasing understanding in workplace of male employees taking childcare leave will help eliminate gender stereotypes. In FY2022, we held a "seminar to encourage male employees to take childcare leave" focusing on the key points of the amended child-and-family-care- leave-related laws and the impact of male employees taking childcare leave on the workplace, and approximately 270 employees from domestic group companies participated (including online attendees). We are also working to create an environment that makes it easier for employees to use the system by, for example, allowing access to a work-life balance support handbook posted on the Company intranet from personal devices.

■ **LGBT initiatives**
We are working to promote understanding of LGBT people to prevent sexual harassment and promote active participation of diverse human resources. In October 2022, we established an external LGBT consultation desk that can be used by all employees of LOGISTEED and its domestic group companies.

	FY2022 results	FY2023 targets
Ratio of female managers	6.9%	10%
Rate of childcare leave taken by male employees	52.5%	20%

Scope: LOGISTEED

Becoming Global 3PL

Increase in Employee Engagement

Diversity and Inclusion

Realize a Organized Resources Practice and LOGISTEED

Working-style Reform/Health and Productivity Management

Invigoration of Organization

Working-style Reform/Health and Productivity Management

■ **Global VC activities to support working-style reform**
VC activities aim to improve the organizational culture itself and sharing improvement examples and promoting active communication on a global basis have provided momentum for supporting and implementing the working-style reform. We aim to improve the productivity of the organization as a whole by promoting the working-style reform and creating an environment where diverse human resources stay healthy, feel secure, and find their work rewarding.

● **Optimization of working hours (reduction of long working hours)**
We have introduced computer log management, biometric identification, and ID card systems on a global basis* to appropriately manage working hours for the purpose of changing mindset of both employees and managers and reducing overtime work. We are also working to create an environment which makes it easier for employees to take annual paid leave.
* Approximately 80% of overseas sites have introduced biometric identification and ID card systems (as of July 2023)
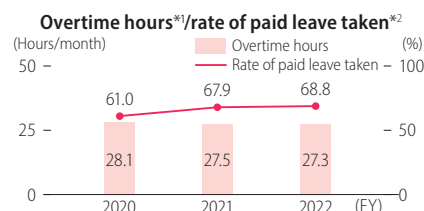
● **Promote teleworking**
We have introduced a teleworking system using IT tools such as an online meeting system. It resulted in reduction of commuting time, and adjustment and review of our operations.

■ **Health and productivity management (support for employees' health enhancement)**
To maintain physical and mental health of employees, we have formulated the

health enhancement measures for the entire Group, and added health checkup items mainly for cancer screening and implemented the mental health measures based on the analysis of the results of the stress check. We are working on mental health care and measures against lifestyle-related diseases by partially collaborating with the Health Insurance Society. Also, after issuing the "Health and Productivity Management Declaration" in August 2022, we enhanced our system and are promoting various measures under the basic policy set forth for the health and productivity management. These activities were recognized, and the Company was selected under the "2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category)" in March 2023.

Overtime hours[1]/rate of paid leave taken[2]

(Hours/month)   Overtime hours   (%)
                       Rate of paid leave taken

	2020	2021	2022 (FY)
Rate of paid leave taken	61.0	67.9	68.8
Overtime hours	28.1	27.5	27.3

Scope: [1] LOGISTEED [2] LOGISTEED, domestic group companies

2023
健康経営優良法人
Health and productivity

Enhancement of Human Resource Capability

Securing/Retaining Human Resources

Toward the "LOGISTEED2030," we strive to actively secure diverse human resources who can contribute to our business with skills for global business and DX and other expertise, and promote initiatives to support their early participation.

■ **Secure diverse human resources who can contribute to our business**

● **Secure human resources with global skills**

We are focusing on securing human resources who have practical language skill as well as understanding of the culture and business environment of relevant countries/regions and can enhance and expand overseas business. We also actively hire foreign new graduates to deepen understanding of domestic employees about foreign cultures and also to promote globalization.

● **Secure human resources with DX skills**

In addition to adopting a direct recruiting approach, we also offer internship programs and hold roundtable discussions with employees to provide those who were not interested in the logistics industry with opportunities to know about and become interested in Logistics DX.

● **Secure human resources with expertise**

We are actively recruiting human resources with expertise in law, accounting,

audit, etc. as well as those having diverse skills and experience that contribute to business operations and management strategies.

■ **Support for employee retention and early participation**

● **Implement on-boarding program**

We provide trainings on the "LOGISTEED WAY," safety, and legal compliance to young employees and mid-career employees.

● **Surveys and career development interviews**

We conduct surveys on young employees to measure their awareness of participating in the organizations they belong to and improving their productivity, in order to use the results to give advice to their supervisors on management. In an effort to improve the employee retention rate, we implement initiatives that take into account individual goals and skills, including a mentoring program and regular career development interviews.

Percentage of foreign employees among new graduates hired (average for the last two years) **10 %**

Scope: LOGISTEED

---

a Leading Company

Securing/Retaining Human Resources

Group by Human Who Lead the WAY

Human Resources Development/Skill Development

Renewal of Personnel System Framework

Enhancement of Human Resource Capability

Human Resources Development/Skill Development

Under the policy to develop human resources who practice and lead the "LOGISTEED WAY," we have established an education system that focuses on "development of human resources who will serve as a foundation" and "development of human resources who can contribute to our business," and practical and specialized trainings are conducted in cooperation between each department and HR within the Group. We also have an environment to support employees' autonomous growth by providing career design trainings and allowing employees to take external courses of their own choice.

■ **Overall education system**

In Japan, we have systematized rank-based training and specialized skills training and offer programs suitable for individual skills and issues based on the identified gap between required and current skills. In FY2022, 164 employees took voluntary external courses. In overseas sites, while respecting the human resource development policy of each company, we will work to spread and deepen understanding of the "LOGISTEED WAY," the Code of Conduct, and respect for human rights, etc. which are necessary for employees of the Group.

■ **Develop human resources who will serve as a foundation**

We have been focusing on the two priority themes: "Management Skills Enhancement Training" systematized in

FY2022 and "LOGISTEED WAY Course" which started in FY2023.

■ **Develop human resources who can contribute to our business**

To develop human resources who will realize the "LOGISTEED2030" based on a common understanding of the "LOGISTEED WAY" and strong management skills, we provide education tailored to the roles expected of each position in the development trainings for global human resources, 3PL on-site human resources, and DX human resources, etc.

● **Develop human resources with global skills**

We are actively promoting development measures for each of domestic and overseas human resources. For domestic human resources, we aim to develop "global human resources" who can lead business globally by involving diverse people across countries and regions by offering programs according to the career stage of individual employees, including an overseas business training program, the international assignee training, subsidies for English proficiency test fees, and voluntary learning opportunities to develop practical communication skills in English.

Education expenses per employee (FY2022): **¥37,194**

Scope: LOGISTEED, domestic group companies
Reference: Average education cost per employee in FY2021 according to the "46th Fact-Finding Survey on Education and Training Cost" by SANRO Research Institute, Inc.: ¥29,904

Renewal of Personnel System Framework

With an aim to develop strong and flexible human resources and organizations necessary to expand business domains and create new added value, we are introducing a Group-wide "job-based personnel system" and building a "personnel management system." We aim to create greater value for the Group as a whole by fostering each employee's awareness to autonomously carry out their roles and encouraging them to challenge the unknown and grow as well as better reflecting their actions, processes, and results in evaluation and compensation in order to build their sense of satisfaction and accomplishment.
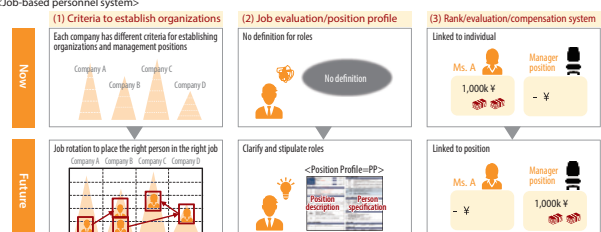
■ **Introduce job-based personnel system**

We plan to introduce a "job-based personnel system" across the Group, whereby we "place the right person in the right job" based on the abilities and motivations of employees, evaluate employees based on their achievements, and reflect them in the compensation system. With the goal of implementing a flexible job rotation to "place the right person in the right job" within the Group by FY2022, we unified the criteria to establish organizations, prepared job descriptions that clarify roles and skills required of each position and applied them to managers of major group companies in Japan. Going forward, we will expand the scope of companies implementing the system and promote it across the Group.

■ **Establish the personnel management system for group companies in Japan and overseas**

We are working to build a "HR visualization platform" common to domestic and overseas group companies that enables to accumulate and centrally manage human resource data. By using this platform, we aim to realize a human resource strategy that systematically secures, develops, and allocates human resources by position defined in the job description. The use of this platform also allows both employees and their superiors to identify any gap between what is described in the job description and the actual status, which helps employees to design their own careers and improve their skills with support of their superiors, contributing to enhancing the capabilities of all employees.

<Job-based personnel system>

(1) Criteria to establish organizations	(2) Job evaluation/position profile	(3) Rank/evaluation/compensation system
Now Each company has different criteria for establishing organizations and management positions. Company A, Company B, Company C, Company D	No definition for roles. No definition	Linked to individual. Ms. A — Manager position 1,000k ¥ — ¥
Future Job rotation to place the right person in the right job. Company A, Company B, Company C, Company D	Clarify and stipulate roles. <Position Profile=PP> Position description, Person specification	Linked to position. Ms. A — Manager position ¥ — 1,000k ¥

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

Special Feature 3 –Initiatives for Intellectual Property/Intangible Assets Governance–

To Become a Company That Grows by Utilizing Intellectual Assets as Management Resources

Mission   Visualize the LOGISTEED Group's intellectual capital and utilize it for business model planning and sales strategy to promote collaboration and innovation
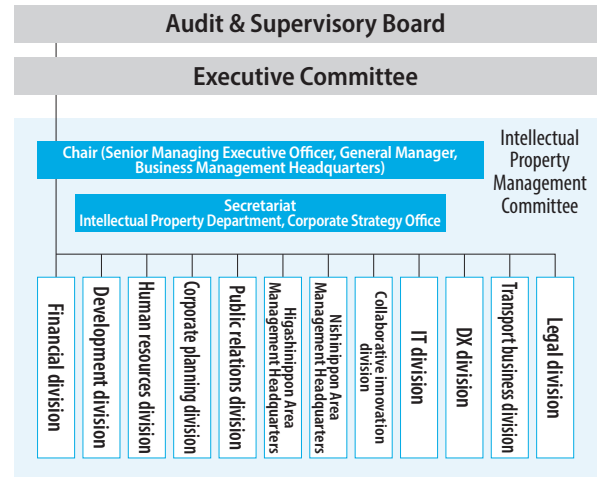
Aims for Sustainable Corporate Growth Under the New Brand

/// LOGISTEED

"LOGISTEED," which we have used as a business concept since 2018, represents our determination to lead businesses to a new domain beyond the conventional logistics. Following the change of the corporate name in April 2023, the Group, including overseas subsidiaries, changed to the LOGISTEED brand. We will protect our brand logos of "ロジスティード," "LOGISTEED," and "羅集帝" as well as the stripe mark and promote initiatives that contribute to increasing our brand value for the sustainable growth of the Group.

Intellectual Property Management System

Based on the belief that intellectual property is an important management resource, the Group has established the Intellectual Property Management Committee as a decision-making body on intellectual property strategy/management, which supervises and manages intellectual property and intangible assets within the Group in a cross-organizational manner. We also protect new service solutions and business models by acquiring industrial property rights including patents in general, and promote game-changing strategies for data acquired during the course of our logistics activities and the accumulated on-site expertise by considering how to use, protect, and add greater value to them. In terms of intellectual property of third parties, we ensure to appropriately handle and protect them in accordance with laws and regulations as well as agreements in general and strive to act with integrity and fairness.

Audit & Supervisory Board

Executive Committee

Chair (Senior Managing Executive Officer, General Manager, Business Management Headquarters)

Secretariat
Intellectual Property Department, Corporate Strategy Office

Intellectual Property Management Committee

Financial division | Development division | Human resources division | Corporate planning division | Public relations division | Higashinippon Area Management Headquarters | Nishinippon Area Management Headquarters | Collaborative innovation division | IT division | DX division | Transport business division | Legal division

Intellectual Property Management that Visualizes "Knowledge" and Explores the Next Strategy

The source of the Group's "knowledge" is none other than "human resources" that support the logistics sites. We discover intellectual property such as expertise and inventions created from the promotion of DX and improvement activities based on and originating from the site, and use them for business model planning and sales strategies. Also, we are building a system to support sustainable growth by clarifying the positioning of intellectual property in relation to the business and management strategy, while sharing the recognition throughout the Group that inventors themselves are the source of our business growth. Data and information acquired during the course of our logistics and transport operations indicates social activities, and analyzing such data allows us to forecast the next trend of social activities. In addition, as we consider such data as an important intellectual asset, we are working to realize advanced Smart Logistics by promoting DX and proposing measures to minimize risks and costs to customers.

Although the Company was delisted following a series of capital policies, with an eye on relisting and installing a sustainable value creation process, we are enhancing governance while maintaining the intellectual property and intangible asset management system.

Build value creation story
❶ Get an overview of the current situation and share future view with management and business managers
❷ Persuasively explain the logic/story of sustainable value creation and cash flow creation through intellectual property and intangible assets that give us an advantage

Clarify the positioning in relation to management and business strategies

DX promotion, VC activities, and initiatives to pursue safety/quality

Intellectual property/ intangible asset management

Develop strategies through IP landscape* based on intellectual assets held

Discover and visualize intellectual assets such as expertise, inventions, and data

Acquire intellectual assets necessary as management resources
❶ Scrutinize and acquire intellectual assets necessary in carrying out management/business plans
❷ Aggregate and share intellectual assets generated from business activities

*IP landscape: (1) conduct analysis that incorporates intellectual property information into management/business information, and (2) share the current overview and future prospects with management and business managers, in developing management or business strategies

Example of initiative ❶ **Global development of Smart Logistics**

Smart Logistics Configurator (SLC)

This tool quantitatively proposes an optimal plan in a short time from a vast number of combinations of warehouse placement plans and warehouse design parameters by simulating the process flow in procurement/ manufacturing/delivery/sales. We evaluate simulations in India, Thailand, North America, and Europe in addition to Japan, and use the results when considering the reorganization of logistics sites.

We acquired patents on this technology in Japan, the U.S., China, and Singapore to support the Smart Logistics technology with intellectual property (IP), and are promoting initiatives to support our customers' global development in a rapidly changing environment.
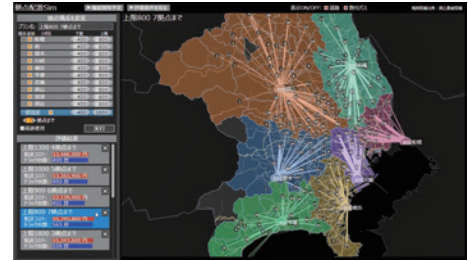
Example of initiative ❷ **SSCV IP mix strategy**

Smart & Safety Connected Vehicle (SSCV) is a digital platform that evolves transport business through technologies and open collaborative innovation. We will solve various issues with services based on the idea originated from "Gemba" that only a logistics company can provide and pass transport business and society onto a better future.

SSCV is based on three concepts of Smart, Safety, and Vehicle, and we filed its patent applications in each field and are working to develop its services by accelerating innovation and collaboration. We assigned a concept color and created a logo for each service for the purpose of consistent brand development, and we are developing the business with an aim to increase the overall brand value of the SSCV.

Provide efficient working styles
Smart

Patent No. 7144602 "Transport Planning System, Method and Program in Compliance with Laws and Regulations"

This is a driver labor management system to ensure compliance with laws and regulations in order to address the 2024 issue in the logistics industry. It automatically generates vehicle allocation plans, which used to rely on individual skills, while complying with statutory working hours.

Ensure drivers' safety
Safety

Patent No. 6714036 "Management Support System"

The system analyzes drivers' fatigue state based on their vital information and vehicle driving information (sudden braking, sudden starting, etc.) and sends a short video recorded by a dashboard camera to the manager in the event of an incident. We have obtained the patent for the system in Japan, the U.S., and China.

Make trucks easier to use
Vehicle

Patent No. 7189332 "Maintenance Support Augmented Reality Output System, Computer, Terminal, Maintenance Support Augmented Reality Output Method and Program"

This patent focuses on a social issue of a shortage of automobile maintenance workers. When the maintenance area of a car is displayed on a tablet device, etc., the system outputs the maintenance items, order, etc. in augmented reality to assist the worker.

Toward the Group's Vision "LOGISTEED2030"

Under the Mid-term Management Plan, we are promoting patent application and acquisition of rights that will improve business resilience. In the warehousing business, we filed an application for patents related to Smart Logistics, such as the digital twin technology that simulates the work progress and optimizes the work in the physical world in real time. In the transport business, we are enhancing our patent portfolio in accordance with service expansion including the core patents of the SSCV-Safety's fatigue analysis technologies. To become a "leading global 3PL company" set forth in "LOGISTEED2030," we will enhance protection of intellectual property through global patent applications as well as install a value creation process for the entire Group.

Patent technology field portfolio by filing fiscal year
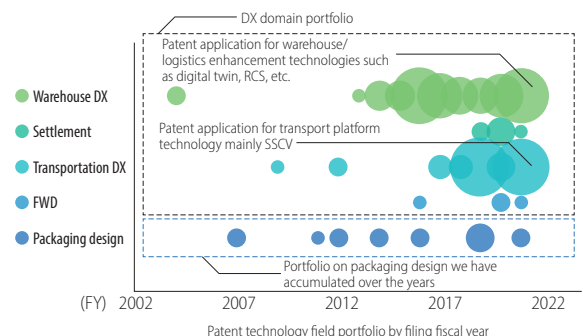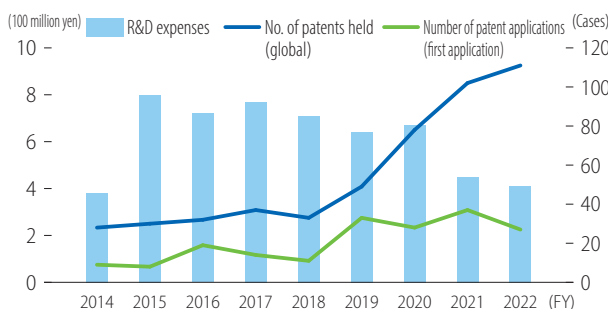
3PL Business (Domestic)

For logistics operation at any stage of customers' supply chain and its peripheral operations, we provide a comprehensive outsourcing service and excellent IT/technological capabilities to support it to improve service quality and logistics efficiency. As a pioneer of 3PL, we provide the best logistics solution by drawing on our abundant experience and consulting capabilities and comprehensive infrastructure, as well as always lead the industry evolution by continuing to work with customers and partners to promote collaborative innovation through installation of the next-generation logistics technology using the latest technology.

Major Services

Procurement logistics:
We provide a comprehensive service from picking up purchased products to acceptance inspection, storage, and supply. Our high value-added services include Vendor Management Inventory (VMI), assembly/painting of parts, and delivering to production lines.

Production logistics:
We undertake various logistics operations in the manufacturing process including management, packaging, and shipping of materials and products. Our packaging professionals provide optimal packaging solutions according to product features and logistics conditions.

Distribution logistics:
We provide comprehensive support from the supply chain design stage, including a review of site allocation and inventory level. We support customers to expand orders received and sales through high-quality and highly efficient logistics design and operation making full use of the latest technology.

Solutions:
We provide a number of high value-added solutions such as services integrating logistics and CE[1]'s skills for ICT equipment and collaborative logistics services for hazardous/chemical products.

*1 CE: Stands for customer engineers who configure and perform operation check of ICT equipment

As a pioneer of 3PL providing services in the ever-expanding domestic 3PL market since the 1980's, the Group comprehensively undertakes logistics operations of customers in a wide range of sectors and industries by capitalizing on its proposal capabilities backed by abundant experience and management capabilities with deep customer knowledge. We are facing various changes in business environment including labor shortages amid declining birthrate and aging population as well as intensifying competition beyond industry boundaries. In such an environment, we work to solve customers' issues through innovation with IoT/AI/robotics/DX and aim to realize sustainable society.

Trend of domestic 3PL market size

(Trillion yen)

Compound annual growth rate: **10.6%**

14 15 16 17 18 19 20 21 (FY)

Calculated by the Company using data in "Monthly Magazine LOGI-BIZ"

Procurement → Production → Sales distribution → After-sales service

Customers' supply chain

Customers' industries:
- Electrical Machinery/Machinery
- Transport equipment
- Electronic equipment/Precision instruments
- Chemicals/Cosmetics
- Medical supply
- Furniture/General merchandise
- Textiles/Apparel
- Groceries/Beverages
- Other

The LOGISTEED Group's business domain

Sales composition ratio by customers' industry (FY2022)
- Electrical Machinery/Machinery 23%
- Groceries/Beverages 19%
- Chemicals/Cosmetics 13%
- Transport equipment 12%
- Other 10%
- Medical supply 7%
- Electronic equipment/Precision instruments 6%
- Furniture/General merchandise 6%
- Textiles/Apparel 4%

FY2022 Result

■ Results (domestic)

Revenues:

¥369.1 billion
(YoY +¥3.7 billion)

Operating income:

¥21.48 billion
(YoY -0.65 billion)

FY2022 Topics

April 2022: Received Shipping Modal Shift Grand Prize at Eco-Ship Modal Shift Excellent Business Awards 2021

June 2022: Selected as "DX Stocks 2022" by METI

June 2022: Received "Advanced Technology Award" at the 23rd Logistics Environment Awards

July/August 2022: Received both "the 28th Japan MH Grand Prize (Excellence Award)" and "Logistics Award 2022 (Semi Grand Prize)"

August 2022: Put ultrafast vehicle assignment simulation using quantum computers into practical application

September 2022: Received both "Logistics Award" and "Electric Equipment Packaging Award" at the Japan Packaging Contest 2022

September 2022: Registered a patent for "Transport Planning System, Method and Program in Compliance with Laws and Regulations" offered by SSCV

November 2022: Received the "Award of Modal Shift Initiative Excellent Business Operator (new development category) in 2022"

December 2022: Received "Green Logistics Partnership Conference Special Award" at Excellent Logistics Partnership Commendation Program 2022

Message from the officer in charge

Toward our Medium-to-Long-term vision "LOGISTEED2030," we are working to enhance creation of economic/social/environmental values by further strengthening DX, LT, and "Gemba" Power, the strengths of our 3PL business. We will especially enhance value-added services by expanding VMI services and VAS and enhance DX initiatives in warehousing and transportation, in order to further accelerate our efforts to solve customers' supply chain issues, address the 2024 issue, and realize a decarbonized society.

Kazuhiro Nishikawa
Managing Executive Officer
Executive, Higashinippon Area
Management Headquarters
Executive, Higashinippon Area
Headquarters, Higashinippon Area
Management Headquarters

Examples of LOGISTEED2024 Priority Measures

Expansion of Value-Added Service (VAS)

With an aim to "expand business domains with new added value" as set forth in priority measures in the Mid-term Management Plan, we are working to further increase business value by expanding domains. We will focus on enhancement of value creation in the boundary domain between manufacturing and logistics using experience and expertise in factory logistics gained through many years of our services for manufacturing customers including the Hitachi Group and transport equipment manufacturers.

Going forward, we will provide VMI services that combine logistics operations and finance services as well as data utilization services associated with SCDOS in order to expand our business domains through new added value. Through these initiatives, we will further enhance value creation beyond logistics as a partner throughout the customers' supply chain strategy.

■ **Concept of VMI service incorporating commerce and finance**

Examples of VAS for manufacturing customers

Procurement logistics/VMI	Manufacturing support	Packaging solution
Placement of raw materials/parts orders, VMI warehouse operation, proposal of materials, pickup/milkrun, and JIT delivery*2	Inspection, equipment maintenance, assembly, packing mode change, painting, product disassembly for transport, repair, and process management	Development of special packaging material, packaging test, and packaging material procurement management

*2 Jus-in-Time (JIT) delivery: a method to deliver what customers need when they need in the quantities they need

"Pursuit of Safety, Quality, and Productivity" Through Warehouse DX

With an aim to "evolve Smart Logistics" as set forth in the priority measures in the Mid-term Management Plan, we are striving to enhance warehouse business by introducing more automated equipment as well as improving and visualizing safety, quality, and productivity. For example, we are promoting total optimization with a digital twin by linking automated equipment and data of Warehouse Management System (WMS)*3 using Resource Control System (RCS). We will also use RCS to standardize work processes and visualize productivity to expand the functions in order to enable optimal personnel allocation. We will realize a digital twin by integrating physical and digital aspects of on-site operations.

■ **Achieve optimal staffing by expanding RCS**

*3 Warehouse Management System
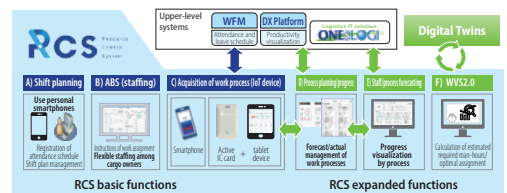
Enhance Transport Capability and Improve Overall Efficiency Through Transportation DX

The Group aims to enhance transport capability and enhance resilience of transport business through SSCV solutions in the priority measures in the Mid-term Management Plan in order to realize customers' transportation needs and address the 2024 issue. For an example, we added the "Digital Labor Management" function that supports drivers' labor management to a safety operation management solution "SSCV-Safety." It links up to "JICONAX"*4, a labor hour/safety management system and obtains driving records from digital tachometers to automatically calculate accurate labor hours and visualize alerts issued for exceeding the criteria stipulated in the Notification on improvement criteria*5 by displaying a list of alerts.

In addition, we endorse the "White Logistics" movement and are working to introduce our original "truck loading dock booking management system"*6 linked to Warehouse Management System (WMS), etc., with the number of sites installing the system expected to further increase. By further enhancing the transport business, we will promote initiatives to enhance creation of environmental and social values.

■ **Added a labor management function to a safety operation management solution "SSCV-Safety"**

Automatically calculate labor hours in accordance with the Notification on improvement criteria

■ **Effects of introducing truck loading dock booking management system**

■ Effect of introduction

[Factory] Waiting time
80 min.
38 min. (Down by 53%)
2019   2020   2021   2022 (FY)

[Distribution] Waiting time
W/O loading dock booking avg.: 2h 10m
With booking avg.: 9 min. (Reduced by 2 hours)
May   December

*4   Labor hour/safety management system for transport/passenger business operators offered by Fullback Co., Ltd.
*5   "Criteria for the improvement of vehicle drivers' working hours, etc." (Notification by the Minister of Health, Labour and Welfare)
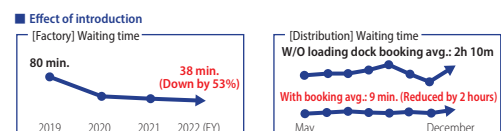*6   Truck loading dock booking management system: Booking and allocating loading dock for truck loading at our logistics center can reduce waiting time and traffic congestion and also improve drivers' working conditions and truck usage efficiency and reduce CO_2 emissions.

3PL Business (Overseas)

Since the expansion into Singapore in 1976, the LOGISTEED Group has been expanding internationally, with a global network of 474 sites in 27 countries and regions (excluding Japan) as of March 31, 2023.
Under the policy to become a "leading global 3PL company," we will support our customers' supply chain strategies with a wide range of services.
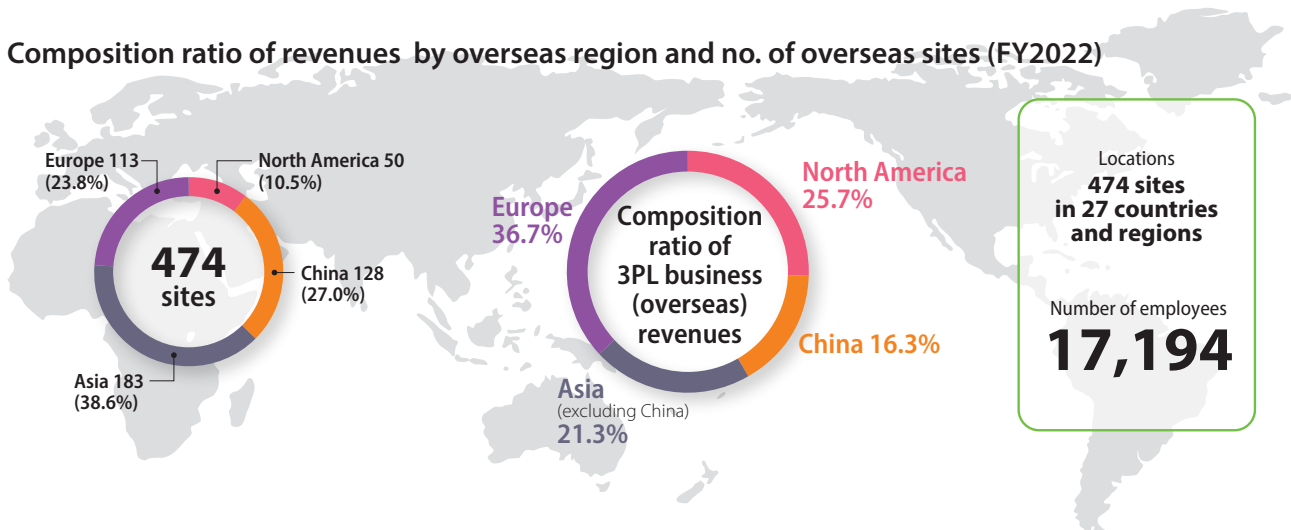
FY2022 Result

■ **Results (overseas)**

Revenues:

¥**326.1** billion
(YoY + ¥57.4 billion)

Operating income:

¥**18.37** billion
(YoY + ¥6.03 billion)

Composition ratio of revenues by overseas region and no. of overseas sites (FY2022)

Europe 113 (23.8%)
North America 50 (10.5%)
China 128 (27.0%)
Asia 183 (38.6%)
474 sites

Europe 36.7%
North America 25.7%
China 16.3%
Asia (excluding China) 21.3%
Composition ratio of 3PL business (overseas) revenues

Locations
474 sites in 27 countries and regions

Number of employees
17,194

While there are various risks such as the impact of changes in external environment on the Group's business and geopolitical risks, we will utilize our 474 business sites that support our global supply chain which is the Group's competitive advantage to provide unique and excellent warehouse features at each site and address the needs of social issues such as logistics with low environmental load and supply chain vulnerabilities.

Examples of LOGISTEED2024 Priority Measures

Europe   Made Cyber Freight International Holding B.V. into our subsidiary, acquired reverse logistics business, and promoted new technologies

In November 2022, Cyber Freight International Holding B.V. became a 100%-owned subsidiary of the Company (➡P25). The company has its head office, warehouses, and airport offices near Schiphol Airport in the Netherlands and a maritime office near the Port of Rotterdam, and offers one-stop services to a wide range of customers, mainly in the pharmaceutical and grocery industries. In the future, we will leverage its knowledge of pharmaceutical operations and its freight forwarding network and expand the pharmaceutical logistics business in the global market through a joint effort to develop sales to Japanese and foreign pharmaceutical customers.
In the Czech Republic, ESA s.r.o. took over the reverse logistics business for e-commerce operators, and we added the product-return services for the apparel EC business to our e-commerce service menu in Europe to further develop our business (➡P25). In terms of ESG, VANTEC EUROPE LIMITED provided demonstration run of the automated EV truck which utilize 5G remote control at the "award-winning project presentation of sustainable commercial service competition utilizing autonomous driving technology" sponsored by the U.K. Department for Transport, etc. We will continue to contribute to the creation of a better society through various collaborations and research.

Message from local leadership

We newly joined the Group in 2022. We utilize our expertise in pharmaceutical and groceries offering a wide range of transport, logistics and value-added services in the Netherlands as one-stop service. In particular, we are promoting initiatives to build a high-quality supply chain for temperature-controlled transportation of pharmaceutical products. To "reinforce and expand overseas business" as set forth in the priority measures in the Mid-term Management Plan, we will strive to expand our business in growing areas and markets in Europe and grow together with the Group.

Willem Lodder

Managing Director
Cyber Freight International Holding B.V.
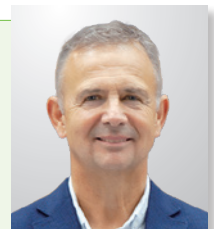
North America   **Expand 3PL and transport businesses**

On April 1, 2023, we merged two existing group companies to establish LOGISTEED America, Inc. With the keywords of "Simple," "Human," and "Smarter," the company has earned the trust of customers through its extensive services from detailed assistance in the U.S. to support for dynamic global market expansion. In the spring of 2022, we launched a spare parts center in Atlanta, Georgia for a leading construction machinery manufacturer. This center serves as a major hub for dealers throughout the U.S. and handles the storage and shipping of a variety of parts. We will continue to expand our service menu to support our customers' sales growth.

Message from local leadership

In recent years, a series of emergencies, such as the spread of COVID-19, has had seriously affected the supply chain. So, we are working to visualize and optimize every aspect of the supply chain by coordinating with the networks around the world and making full use of DX. In addition, from the perspective of preventing global warming, we strive to reduce greenhouse gas (CO_2) emissions by proposing more efficient transport modes to customers.

Greg Kodama
CEO
LOGISTEED America, Inc.

China   **Evolve into the next-generation logistics and advance automation and labor saving**

In China, the logistics business is facing a period of drastic change in the surrounding environment, such as the relocation of production sites of companies due to the supply chain disruptions during the COVID-19 crisis. As an effort to realize the next-generation logistics sites addressing social issues and not relying on human labor, the Group is aggressively introducing automation/labor saving equipment, of which China is taking the lead in the development, to customers in a wide range of industries mainly in such processes as delivery and distribution processing. In FY2022, we introduced automation technology to customers in Tianjin and Beijing areas to solve issues at logistics sites, which contributed to reduction in labor costs and improvement of operation quality, etc. We will continue to promote innovation through IoT, AI/robotics and DX to solve issues at logistics sites, improve the sustainability of logistics, and enhance supply chain resilience.

Message from the officer in charge

In order to steadily carry out the Mid-term Management Plan "LOGISTEED2024," we work to solve issues and create value through various "collaborative innovation." By pursuing safety/quality/productivity and also actively combining our strength of "Gemba" Power with the next-generation logistics technology in China, we aim to become the most preferred global supply chain solutions provider in the increasingly sophisticated/diversified/broad global supply chain.

Koji Kawakita
Operating Officer
Chief Executive for China
(President, LOGISTEED China, Ltd.)

Asia   **Promote investment in multifunctional logistics centers in India and Thailand**

In the Asian region, which enjoys a high economic growth rate, we are actively promoting the logistics site strategy to provide high value-added solutions to optimize the entire supply chain. In India, one of the key countries, we partially started operations of a warehouse in Chennai in October 2022. We plan to build warehouses in Delhi, Mumbai, and Bangalore to provide one-stop service that combines domestic and global logistics. In Thailand, we are constructing a warehouse with four temperature zones of about 50,000 square meters in the suburbs of Bangkok. We will provide high value-added services to the grocery distribution industry, highly-functional material manufacturers, etc.

Message from the officer in charge

The global economic growth rate is projected to slow to 2.8 percent in 2023 (announced by IMF in April 2023), with developed countries showing especially noticeable slowdown. However, emerging and developing countries in Asia are expected to achieve the growth of over 5 percent. In these growing markets, we will ensure to meet the increased domestic demand for consumer goods and handle imports/exports of industrial products. In addition, to solidify the business base for both, we will ensure to improve the hardware such as warehouses, and the software such as systems, to move ahead to become a leading company in Asia as a driving force for the Group's growth.

Ryuichi Honda
Operating Officer
Chief Executive for Asia
(President, LOGISTEED Asia-Pacific Pte. Ltd.)
(Chairman of the board, LOGISTEED (Thailand), Ltd.)
(Chairman of the board, Eternity Grand Logistics Public Co., Ltd.)

Freight Forwarding Business

The LOGISTEED Group makes full use of its global network and seamlessly connects various transport modes including ocean, air, truck, and rail to provide optimal transport services to customers.
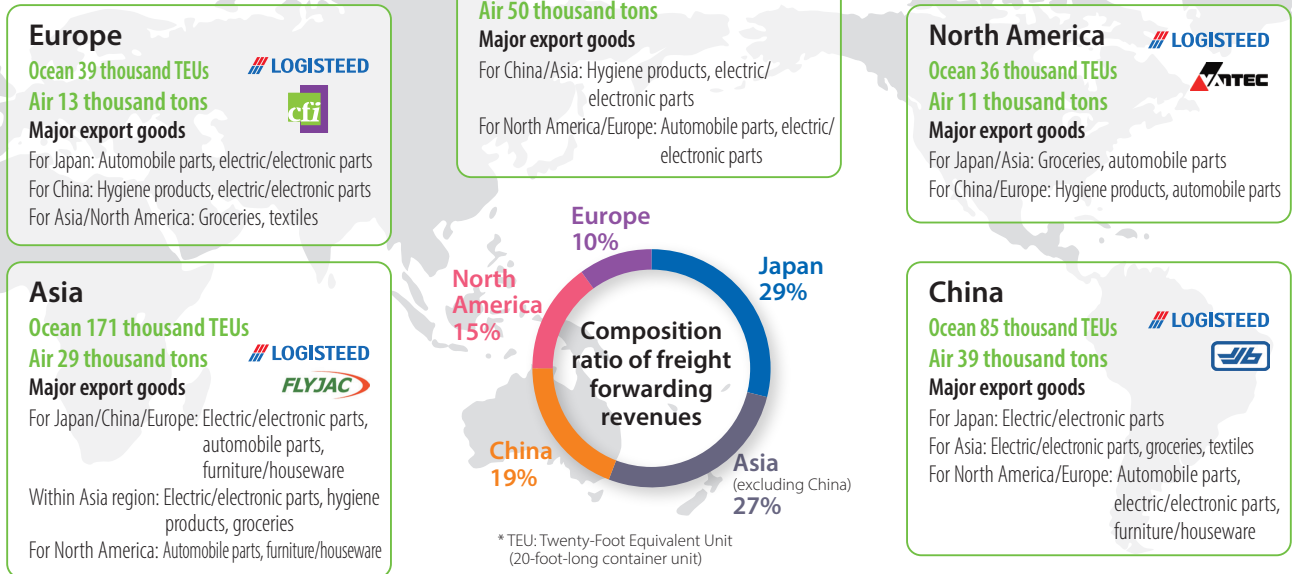We meet a wide range of global logistics needs of customers including one-stop logistics service integrating freight forwarding, 3PL, and heavy machinery and plant logistics and operations that require high level of expertise such as agency service for trade administration and trade agreement consultation.

FY2022 Result

Revenues (round amount):

¥172.8 billion

Freight forwarding volume (round amount):

Ocean transportation 424 thousand TEUs* **Air transportation 142 thousand tons**

Business outline by region

* Logos of the Group's major freight forwarding operators are shown

Europe /// LOGISTEED cfi
Ocean 39 thousand TEUs
Air 13 thousand tons
Major export goods
For Japan: Automobile parts, electric/electronic parts
For China: Hygiene products, electric/electronic parts
For Asia/North America: Groceries, textiles

Japan /// LOGISTEED
Ocean 94 thousand TEUs
Air 50 thousand tons
Major export goods
For China/Asia: Hygiene products, electric/electronic parts
For North America/Europe: Automobile parts, electric/electronic parts

North America /// LOGISTEED V.NTEC
Ocean 36 thousand TEUs
Air 11 thousand tons
Major export goods
For Japan/Asia: Groceries, automobile parts
For China/Europe: Hygiene products, automobile parts

Asia /// LOGISTEED FLYJAC
Ocean 171 thousand TEUs
Air 29 thousand tons
Major export goods
For Japan/China/Europe: Electric/electronic parts, automobile parts, furniture/houseware
Within Asia region: Electric/electronic parts, hygiene products, groceries
For North America: Automobile parts, furniture/houseware

China /// LOGISTEED JB
Ocean 85 thousand TEUs
Air 39 thousand tons
Major export goods
For Japan: Electric/electronic parts
For Asia: Electric/electronic parts, groceries, textiles
For North America/Europe: Automobile parts, electric/electronic parts, furniture/houseware

Composition ratio of freight forwarding revenues
- Europe 10%
- Japan 29%
- North America 15%
- China 19%
- Asia (excluding China) 27%

* TEU: Twenty-Foot Equivalent Unit (20-foot-long container unit)

While there are geopolitical risks and other risks for the freight forwarding business, we will utilize our 474 locations around the world (excluding Japan) to provide transportation between locations and distinctive functions at each location, through the system enabling to visualize global supply chain using DX, a source of the Group's competitive advantage. We will continue to address social issues and needs, such as response to equalization of international transportation and supply chain vulnerability.

Examples of LOGISTEED2024 Priority Measures

Initiatives to strengthen cooperation with collaborative innovation partners

We are working to strengthen cooperation with collaborative innovation partners and expand our services and network. We will further promote collaborative innovation activities with AIT Corporation, making the most of advantages of both companies, to expand topline. We will also provide high value-added services combining 3PL and heavy machinery and plant logistics through the business activities with KWE LOGISTEED, Ltd., in addition to collaborative innovation with Kintetsu World Express, Inc. in the freight forwarding business.

/// LOGISTEED LOGISTEED Express, Ltd. KWE AIT KWE LOGISTEED, Ltd.

Initiatives to strengthen pharmaceutical logistics network

We acquired IATA CEIV Pharma certification at Kansai International Airport in June 2022 and in Hong Kong in January 2023 (➡P25). In December 2022, we acquired all shares of the Netherlands-based Cyber Freight International Holding B.V., which has strengths in pharmaceutical transportation and network, in order to enhance our pharmaceutical logistics network.

cfi **Cyber Freight International Holding B.V. (wholly-owned subsidiary of LOGISTEED, Ltd.)**
• Based in the Netherlands and engaging in comprehensive logistics business
➡P25 ➡P53

Message from the president of subsidiary

As customers are reviewing their supply chains in response to changing global conditions, the Group, which is expected to provide optimal freight forwarding services, will always collect the latest information, expand its network capable of transporting various products around the world, and steadily promote DX. We will continue to support our customers' global business activities by providing higher value-added freight forwarding services.

Yuichi Kuroume
President,
LOGISTEED Express, Ltd.

Heavy Machinery and Plant Logistics Business

Since its foundation in 1950, we have supported the foundation of society and industries and strived to improve transport technology by providing one-stop logistics services covering from shipping to transportation and installation of heavy products, including power plant, industrial machinery, railway cars, and precision equipment and medical equipment requiring careful handling in Japan and overseas. We will provide total logistics solutions capitalizing on our experiences and expertise we have cultivated over the years to meet a wide range of customer needs and contribute to the development of society.

FY2022 Result

■ Revenues (round amount included in the reportable segments of Domestic logistics and Global logistics)

¥**38.5** billion (YoY + ¥1.6 billion)

FY2022 Topics

- ● Transported offshore wind turbine to Japan
- ● Undertook one-stop transportation of power plants to the U.S. and Australia
- ● Transported railway cars to Southeast Asia and Latin America (ongoing)
- ● Large-scale machinery relocation and installation
  - • Transported material handling equipment for logistics warehouses
  - • Transported and installed platform gates in subway stations
  - • Relocated a factory

While there is a risk of market shrinkage due to changes in customers' business structure and environment, social needs such as for the development of social infrastructure to realize a decarbonized society are increasing. We will offer global one-stop service including planning, transportation, installation, and setting up by capitalizing on our competitive advantages such as abundant engineering human resources, own assets, and our global network.

Examples of LOGISTEED2024 Priority Measures

Initiatives for construction-related business of a new semiconductor factory

Storage warehouse for finished products

Transportation of finished products

Future plan

New factory

Procurement and inbound logistics of construction materials

VMI center of construction materials
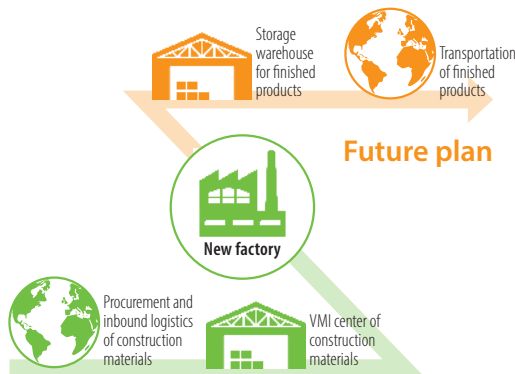
FY2022 Results

We transported factory construction materials, operated warehouses for them and undertook JIT transportation of them to the site. After the factory starts operations in 2024, we will ensure to meet customer needs.

Initiatives for construction-related business of wind power generation

Domestic transport

Installation

Overseas procurement

Storage of maintenance parts
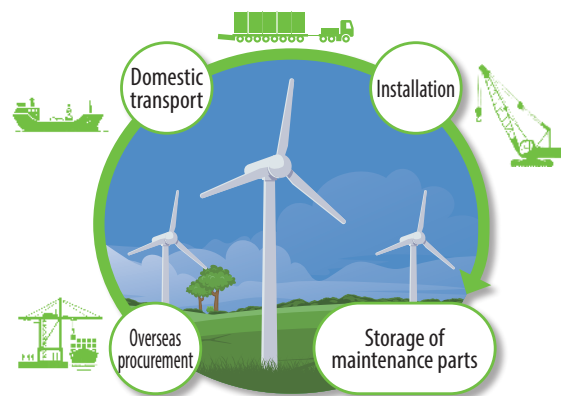
In domestic wind power projects, we can provide one-stop services from marine import of huge structures to domestic transportation and installation. We will work to expand our initiatives toward a decarbonized society and also contribute to the realization of a sustainable society.

Message from the officer in charge

Six years have passed since the establishment of Heavy Cargo Transport and Engineering Headquarters in 2016, and the environment surrounding our business has drastically changed worldwide. Our most important mission is to transport our customers' valuable products safely and reliably. In April 2023, Heavy Cargo Transport and Engineering Headquarters was integrated with Business Development Headquarters to create and provide value-added services that truly satisfy customers. By integrating our 3PL with freight forwarding business and providing higher value-added services, we will strive to support our customers' business expansion and contribute to society.

Daisuke Hayashi
Deputy General Manager,
Business Development
Headquarters,
Business Management
Headquarters

Executive Team

* Listed in Japanese alphabetical order by title

Directors

Representative Director   Hiroaki Takagi

Representative Director   Yasuo Nakatani

Outside Director   Miho Aoki

Associate Professor, Department of Food Safety and Management, Faculty of Food and Health Sciences, Showa Women's University

Outside Director   Mitsudo Urano

Outside Director   Takashi Nishijima

Chairman, Yokogawa Electric Corporation

Outside Director   Hirofumi Hirano

Chief Executive Officer, KKR Japan

Outside Director   Kazunobu Morita

Vice President and Executive Officer, CEO of Industrial Digital Business Unit, Hitachi, Ltd.

Outside Director   Eiji Yatagawa

KKR Japan

Audit & Supervisory Board Members

Audit & Supervisory Board Member (Standing)   Hiroshi Maruta

Audit & Supervisory Board Member (Outside)   Hideaki Miyauchi

KKR Japan

Audit & Supervisory Board Member   Sayoko Izumoto

Representative, Izumoto Certified Public Accountant Office

Audit & Supervisory Board Member   Hajime Watanabe

Lawyer, WATANABE & SHIMIZU Law Office

Executive Officers　★Concurrently serve as Director

Executive Chairman and CEO★　Yasuo Nakatani

President and COO★　Hiroaki Takagi

Executive Vice President and Executive Officer　Takashi Jinguji

Executive Vice President and Executive Officer, CTrO*　Nobukazu Hayashi
General Manager, Corporate Strategy Office

Senior Managing Executive Officer　Seiki Sato
General Manager, Business Management Headquarters

Senior Managing Executive Officer　Kazuhisa Hatakeyama
Executive, Nishinippon Area Management Headquarters (President and Representative Director, LOGISTEED West Japan, Ltd.)

Managing Executive Officer　Kazuhiro Nishikawa
Executive, Higashinippon Area Management Headquarters
Executive, Higashinippon Area Headquarters, Higashinippon Area Management Headquarters

Managing Executive Officer and CFO　Hitoshi Honda
General Manager, Financial Strategy Office

Managing Executive Officer　Shunsuke Yonekura
General Manager, DX Strategy Department, Business Management Headquarters
General Manager, Information & Communication Technology Infrastructure Headquarters
General Manager, Information Security Office
(President and Representative Director, LOGISTEED Solutions, Ltd.)

Executive Officer　Takaki Sebe
General Manager, Human Resources & Business Support Office

Executive Officer　Junko Takata
General Manager, Global Business Management Headquarters
Chief Executive for North America
General Manager, AEO & Corporate Export Regulation Office

*CTrO: Chief Transformation Officer
 CPO: Chief Procurement Officer

Operating Officers

Kenichi Iyoku　Executive, Metropolitan Area Headquarters, Higashinippon Area Management Headquarters (President and Representative Director, LOGISTEED Kanto, Ltd.)

Kenichiro Ogawa　Deputy General Manager, Corporate Strategy Office

Koji Kawakita　Chief Executive for China (President, LOGISTEED China, Ltd.)

Kazuhiko Zaiki　General Manager, Business Development Headquarters, Business Management Headquarters

Kazuhisa Sakaguchi　Executive, Nishinippon Area Headquarters, Nishinippon Area Management Headquarters

Isao Takaoka　CPO*
Deputy General Manager, Corporate Strategy Office

Kiyoshi Nagao　Executive, Chubu Area Headquarters, Nishinippon Area Management Headquarters (President and Representative Director, LOGISTEED Central Japan, Ltd.)

Riichiro Hirano　Chief Executive for Europe (President, LOGISTEED Europe B.V.)

Ryuichi Honda　Chief Executive for Asia
(President, LOGISTEED Asia-Pacific Pte. Ltd.,
Chairman of the board, LOGISTEED (Thailand), Ltd.,
Chairman of the board, Eternity Grand Logistics Public Co., Ltd.)

Tetsuji Mimura　General Manager, Transport Business Enhancement Project Team, Business Management Headquarters
Deputy General Manager, Business Development Headquarters, Business Management Headquarters

Toru Watanabe　General Manager, Safety and Quality Control Management Office

(As of June 23, 2023)

Corporate Governance

Basic Principle

At the LOGISTEED Group, we consider corporate governance to be key to realizing even greater management transparency and efficiency, as well as ensuring that our business is carried out with compliance and in accordance with correct corporate ethics. By extension, the crux of corporate governance lies in increasing medium-to-long term corporate value and sustainable development.

LOGISTEED's Organization Design

Effective March 1, 2023, the Company transitioned to a Company with Audit & Supervisory Board Members from a Company with a Nominating Committee, etc., and has the Board of Directors, Audit & Supervisory Board members, and accounting auditors. We ensure the objectivity and transparency of management by separating supervision of management and execution of business operations, and also adopted an executive officer system to speed up decision-making and clarify responsibilities and authorities for business execution. In addition, we established the Audit & Supervisory Board in order to improve the effectiveness and efficiency of audit activities by Audit & Supervisory Board members.

The Board of Directors consists of eight directors, including six outside directors, and established the Nominating and Compensation Committee to appoint executive officers. Each executive officer executes their duties under the direction and supervision of Representative Directors within the scope of their respective authority and responsibility.

Four Audit & Supervisory Board members attend the Board of Directors meetings to understand the important decision-making process and the status of business execution.

The Audit & Supervisory Board consisting of all Audit & Supervisory Board members meets once a month in principle to exchange information and hold discussions, such as on the status of audit, and also to receive reports from the accounting auditors and departments in charge of internal audit, etc. to exchange opinions. The Audit & Supervisory Board members receive reports from the accounting auditors in advance on their audit plan.

The Executive Committee, which is held once a month in principle, deliberates in accordance with the criteria for deliberation stipulated in the "Rules of the Executive Committee." In addition, the "Criteria for Resolution of Executive Officer" were established, and 11 executive officers execute their duties in accordance with the Criteria. The Company has an environment which allows outside directors and Audit & Supervisory Board members to remotely attend important internal meetings, such as the Executive Committee.

### ■ Primary roles of the Board of Directors, etc. (FY2023)

Board of Directors	**Determines basic management policies, etc. and supervises the execution of duties by directors** Also passes a resolution by focusing on specific discussions on the Mid-term Management Plan and fiscal budget in addition to matters to be resolved stipulated by laws and regulations, the Articles of Incorporation and the Board of Directors regulations	Male **7** Female **1**
Audit & Supervisory Board Members/Audit & Supervisory Board	**Performs audits of directors' business implementation and prepares audit reports** Performs audits of execution of duties by directors from the viewpoint of legal compliance and appropriate performance of duties in cooperation with accounting auditors and internal audit division, with an aim of establishing a high-quality corporate governance system to maintain social trust	Male **3** Female **1**
Nominating and Compensation Committee	**Makes proposals on the appointment of candidates for directors and Audit & Supervisory Board members as an advisory body to the Board of Directors** Makes proposals on the appointment of candidates for directors and Audit & Supervisory Board members, the appointment and dismissal of executive officers, etc., the appointment and dismissal of Representative Directors, the succession plan for executive officers including President, the policy on compensation of directors and executive officers, etc.	Male **3** Female **0**

■ Primary roles of the Executive Committee (FY2023)

Executive Committee	**Deliberates on important issues related to business implementation** Comprised of executive officers and Executive Chairman and CEO or persons specifically nominated by the President and COO, and deliberates/reports basic policies on business management, financial results, and business plans, etc.	Male **10** Female **1**

The Current Corporate Governance System and Internal Control System

Under the "Basic Policy for Building an Internal Control System" established by the Board of Directors, the Company strives to develop and appropriately operate a system to ensure the appropriateness of the operations of the corporate group. The following illustrates an overview of the operational status. The Company transitioned to a Company with an Audit & Supervisory Board Members from a Company with a Nominating Committee, etc., on March 1, 2023, and the following is an overview of the operational status after the transition.
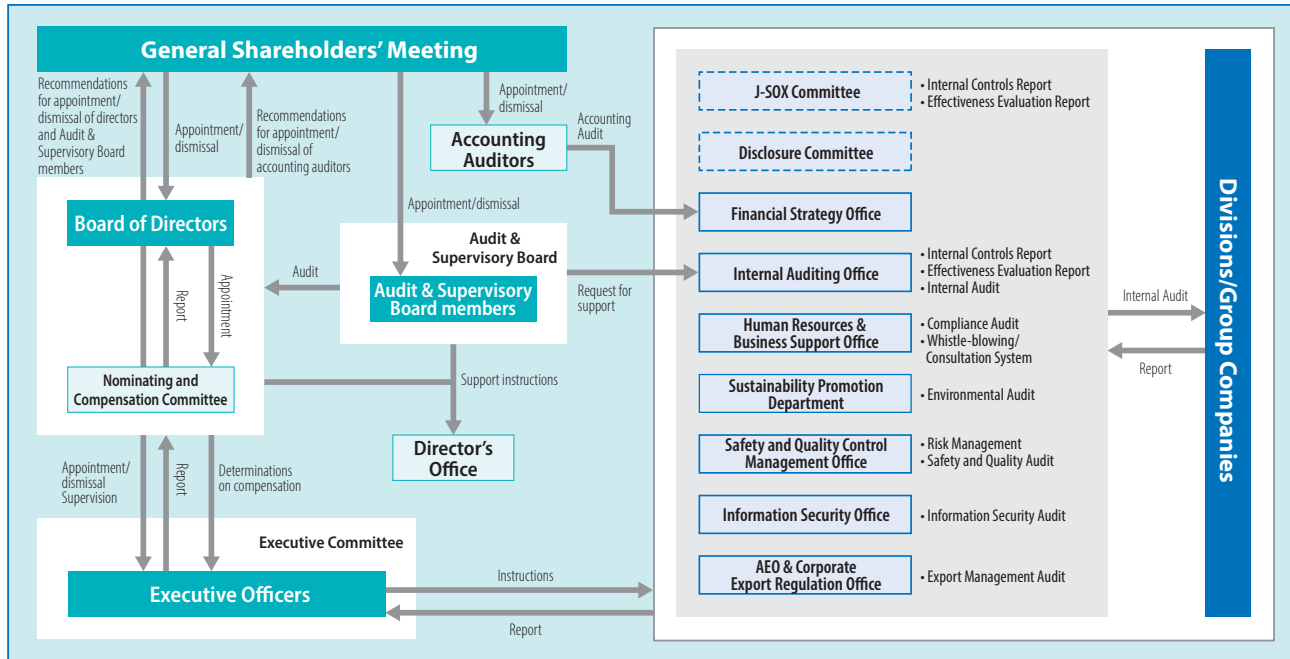
◼ Overall internal control and internal audit

With regard to overall internal control, we have established and operate the internal control system of the Company and group companies, and perform an audit on a regular basis to effectively achieve the internal control goals.
As for internal audit, the Internal Auditing Office and other responsible departments as well as subsidiaries' responsible departments conduct internal audits to confirm the status of compliance with laws and regulations and to deter violations of laws and regulations, and we have the "LOGISTEED Group Internal Whistle-blowing System," which is the Company's internal whistle-blowing system. The results of internal audits and the status of the reporting under the compliance internal whistle-blowing system are regularly reported to the Board of Directors.

◼ Risk management system

For compliance, information security, environment, disasters, quality control, export control, and prevention of antisocial transactions, etc., each responsible department established rules including "Rules on Prevention of Bribery," "Standards on Information Security Measures," and "Quality Assurance Control Rules." The Company, together with its subsidiaries, prepared and distributed manuals for legal compliance, and holds e-learning on a regular basis. In addition, the Executive Committee deliberates and reports on compliance, information security, environment, disasters, quality control, export control, and prevention of antisocial transactions, etc. to understand the risk likelihood. The Board of Directors also deliberates and reports on important policies and internal rules.

◼ Structure of group companies

We require our group companies to establish a system according to their size, as well as send directors and Audit & Supervisory Board members to subsidiaries and conduct audits, etc. of each department of subsidiaries on a regular basis. Also, the Company's Board of Directors and Executive Committee deliberate important business matters related to subsidiaries in accordance with the "Group Company Management Standards." In addition, we established basic policies such as the "LOGISTEED Group Code of Conduct" and share corporate social responsibility with group companies.

Compliance/Information Security

Compliance

In order to ensure management in compliance with laws and regulations, the Group has put in place a system to clarify compliance functions and set a compliance basic policy, including matters concerning anti-corruption, to be observed by all officers and employees, to ensure thorough compliance with laws and regulations, company rules, and corporate ethics. We have also established "LOGISTEED Group Code of Conduct" defining how all officers and employees should act in their daily operations as it is vital for the entire Group not only to comply with laws and regulations, including anti-corruption laws and competition laws, but also to act in accordance with corporate ethics in order to meet trust and expectations of the society.

■ Compliance education

To build a solid corporate culture that will not accept any compliance violations by deepening understanding of anti-corruption laws, warehousing business law, etc., we hold e-learning for all employees including officers and rank-based programs as well as group trainings targeting new directors of domestic group companies.

Attendance rate of Code of Conduct e-learning course (FY2022): **97**%
Scope: LOGISTEED, domestic/overseas group companies

■ Procurement compliance education

To ensure fair procurement activities, we provide e-learning for procurement compliance targeting all employees, as well as special e-learning and group trainings on a regular basis for those engaging in procurement in domestic and overseas group companies.

Number of companies implementing education for those engaging in procurement (FY2022)

Domestic: 21 companies   **Overseas: 30 companies**

■ Initiatives to prevent bribery

We recognize that anti-corruption is one of the most important compliance issues, and we are working to strengthen our management system particularly for bribery in Japan and overseas. In FY2022, we revised the "Anti-Bribery Rules," etc. and reviewed related rules as well as conducted examination of some business partners based on the revised rules.

Status of examination of business partners (customs clearance)

Subject to examination: 236 companies in Japan and overseas   **Examination rate: 97**%

■ Whistle-blowing system

In order to detect and correct illegal and/or inappropriate actions early on, the Group has a whistle-blowing system with internal and external points of contact to allow employees and other stakeholders to report without hesitation, and ensures thorough protection of whistle-blowers.

🌐 **LOGISTEED Group Code of Conduct**
https://www.logisteed.com/jp/profile/policy/pdf/koudoukihan.pdf (Japanese version only)

🌐 **For details of compliance information, please visit our website.**
https://www.logisteed.com/en/profile/csr/governance/compliance/

Information Security

We recognize that the highest priority is to properly manage and protect information assets of customers and the Group, and accordingly the entire Group has been promoting the preparation of internal rules as well as education and awareness activities for employees. As part of our efforts to prevent information leakage and maintain a high-level security, we revise the internal rules in keeping with changes in social conditions and the overseas trend regarding personal information protection and confirm the management and operation status of personal information protection and information security. We are also enhancing governance across the entire Group and working on education and simulation trainings for targeted threat emails for employees, responses to GDPR* in EU and other relevant laws in other countries, and personal information protection in Japan and overseas, in an effort to maintain and bolster security levels to provide safe and secure logistics services to customers.

> * General Data Protection Regulation (GDPR): A regulation established by EU to protect personal data and privacy, which imposes severe restrictions on the handling of personal data (processing and transfer) by companies and organizations.

■ Education and training for personal information protection/information security

In addition to e-learning for all employees, we provide rank-based group trainings for information security education. Also, as a countermeasure against targeted threat emails, in FY2022, we introduced more practical training using a simulation training system we developed and began monitoring of the reporting rate.

Attendance rate of information security training course (FY2022) **100**%
Scope: LOGISTEED, domestic/overseas group companies

Rate of targeted threat emails for simulation trainings opened (FY2022) **7.1**%
Scope: LOGISTEED, domestic group companies

■ Acquisition and maintenance of third-party certification
● Privacy Mark/Information Security Management System (ISMS)

LOGISTEED and its domestic group companies have acquired the Privacy Mark certification which certifies that a business operator has established a system to take appropriate measures to protect personal information. We have also acquired ISO/IEC 27001 which is an international standard certifying that an information security management system satisfies certain criteria.

Privacy Mark acquisition status (As of March 31, 2023) LOGISTEED, domestic group companies **12 companies**

ISMS Certification* (As of March 31, 2023) **18 departments**

> * Scope: Sales, design, development and logistics center operation in 3PL business (medical, medicine, pesticide, document management, information communication equipment)

■ Customer privacy

In FY2022, there were no complaints filed for the violation of customer privacy.

🌐 **For details of information security, please visit our website.**
https://www.logisteed.com/en/profile/csr/governance/riskmanagement/
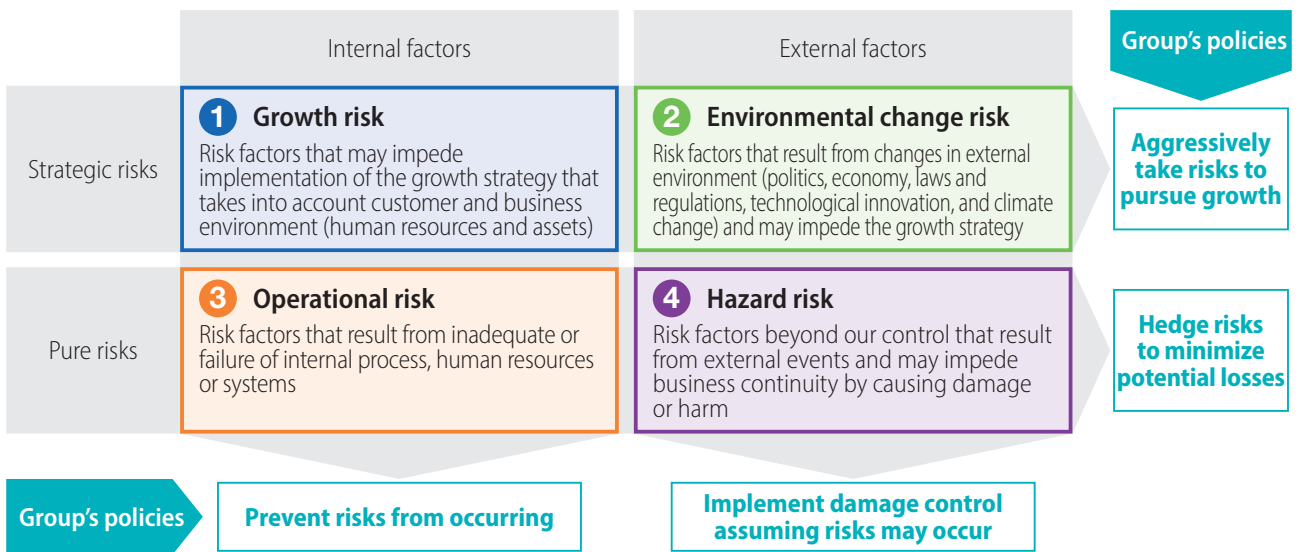
Risk Management

The LOGISTEED Group strives to enhance the PDCA cycle of risk management to address risks that are difficult to foresee and require company-wide countermeasures by considering the identification of risk items (identification), risk analysis (quantification), risk assessment (prioritization), and risk response (response policy), with an aim to increase corporate value and achieve sustainable growth.

■ Definition and classification of risks

The Group defines risk as "the influence of uncertainty about our objectives and the possibility to influence the achievement of our strategy and business goals when an event occurs." We classify recognized risks as follows based on their types (strategic or pure) and factors (internal or external) and quantify them by risk factors based on the probability of occurrence and the degree of impact to select priority risk which exceeds the reference point. We also prioritize risks based on the assessment points and focus on discussing countermeasures against them.

	Internal factors	External factors	Group's policies
Strategic risks	**1 Growth risk** Risk factors that may impede implementation of the growth strategy that takes into account customer and business environment (human resources and assets)	**2 Environmental change risk** Risk factors that result from changes in external environment (politics, economy, laws and regulations, technological innovation, and climate change) and may impede the growth strategy	**Aggressively take risks to pursue growth**
Pure risks	**3 Operational risk** Risk factors that result from inadequate or failure of internal process, human resources or systems	**4 Hazard risk** Risk factors beyond our control that result from external events and may impede business continuity by causing damage or harm	**Hedge risks to minimize potential losses**

Group's policies → **Prevent risks from occurring** / **Implement damage control assuming risks may occur**

■ Risk Management System

The group manages risks with a system whereby a Risk owner[1] and a Risk manager[2] are appointed for each risk factor, and risk owners or risk managers report the status of relevant risk items to the Executive Committee and also to the Board of Directors when necessary, in order to ensure effectiveness of Enterprise Risk Management (ERM).

[1] Risk owner: A person in charge of discussing risk responses and monitoring/supervising the implementation of measures.
[2] Risk manager: A person in charge of addressing risks in cooperation with a Risk owner and promptly implementing relevant measures.

■ Heatmap by risk factor (in descending order of priority)

As for disaster preparedness measures and business continuity management/BCP promotion system, please visit our website.
https://www.logisteed.com/en/profile/csr/governance/riskmanagement/
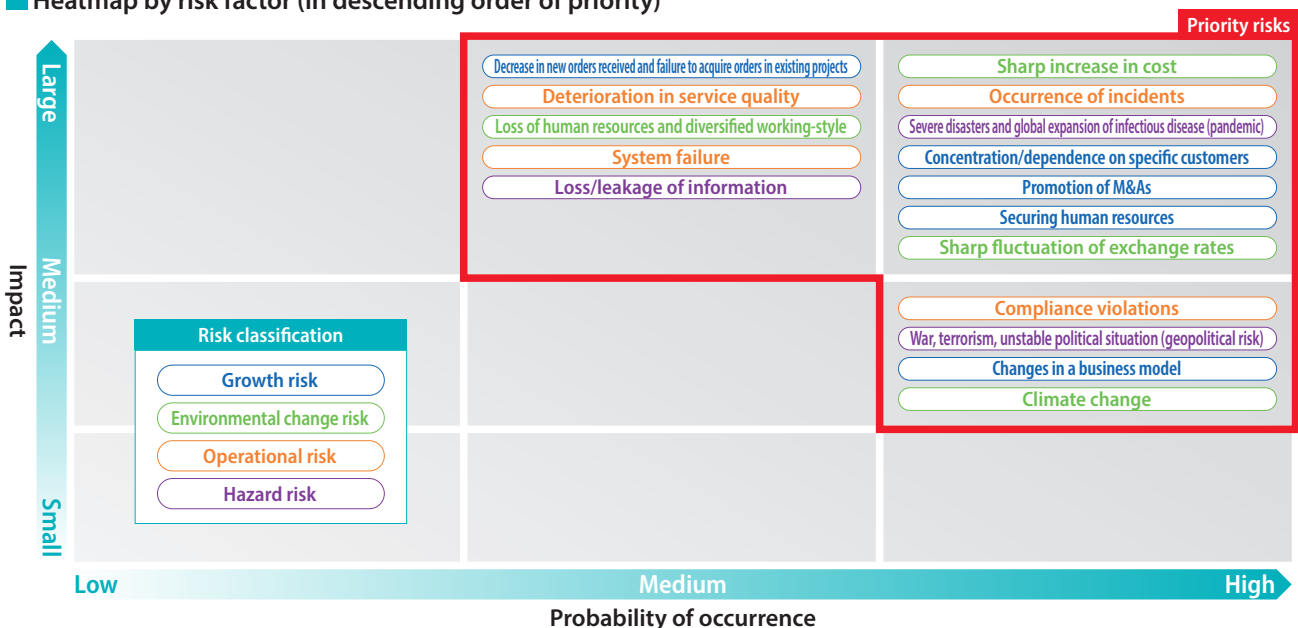
Risk Management

■ Risk factors and the implementation status of our measures (priority risks)

① Growth risk

Risk factors	Description of risk/opportunity	Impacts when risk occurs	Group's measures
Concentration/ dependence on specific customers	**■ Risk** • Impact on business results and continued employment by losing projects • Impact on the Group business of customers' performance fluctuations and business reorganizations • Impact on the Group business due to the changes in customers' business environment including drastic changes in the industrial structure and increasing supply chain vulnerability **■ Opportunity** • Efficient business expansion and able to take advantage of scale	• Sharp drop of revenues and profit due to poor performance or bankruptcy of customers and a significant increase in liabilities due to uncollectible accounts receivable • Downsizing of the business base	• Account management through enhanced collaboration among group companies and divisions • Monitor customers' business condition • Monitor the movements of peer companies • Establish and monitor credit limit • Perform periodic review of customer dependency • Allocate management resources to non-core businesses • Develop/provide services beyond conventional logistics domain • Promote diversity through new customer development
Changes in a business model (technological innovation, etc.)	**■ Risk** • Obsolescence of existing services and business models due to rapid development of IT and other digital technologies • Obsolescence of existing technologies due to failure to promptly deal with digitalization and introduce new technologies • Decrease in market share due to entry of competitors from different industries (e.g. IT, equipment) **■ Opportunity** • Acquisition of growth opportunities through the development of revolutionary technology	• Loss of competitive advantages in the logistics industry • Decrease in competitiveness due to delayed response to digitalization	• Increase competitiveness by developing new services and unique business models through collaborative innovation with business partners • Collect information on new business models including new technologies and different industries as well as benchmark other companies • Promote cooperation among industry, government, and academia as well as open innovation • Reinforce human resources with IT/digital skills
Securing human resources	**■ Risk** • Labor shortage due to tighter regulation on drivers' overtime work by the Work Style Reform Act • Difficulty in securing human resources due to aging population combined with a declining birth rate and intensifying competition in the labor market • Loss of momentum for promotion of diversity management which enables diverse employees to participate in the workplace **■ Opportunity** • Acquisition of new expertise and creation of new businesses	• Stagnation of the business • Decrease in market competitiveness • Slowdown in corporate growth	• Expand network of partner companies and secure workforce by enhancing recruitment of in-house drivers (increase personal vehicles) including reviewing drivers' benefit • Visualize human resource skills using the HR management system and make full use of skills • Secure human resources with site management, global, digital, and business management capabilities according to the business strategy (Enhance recruiting and establish a compensation system) • Enhance in-house training programs to foster and educate human resources • Perform human resource retention control (Create a pleasant working environment) • Improve work efficiency through implementation of automation and RPA
Decrease in new orders received and failure to acquire orders in existing projects	**Decrease in new orders received** **■ Risk** • Difficulty in acquiring new orders and slowdown in growth due to intensifying competition and market shrinkage • Failure to launch a new project **■ Opportunity** • Business expansion with new orders, and acquisition of new expertise	• Decrease in market competitiveness • Growth slowdown due to a decline in customer trust • Decline in profit margin due to unprofitable businesses	• Enhance monitoring through wider use of the phase-gate process management • Visualize and share information on orders received and not received • Set priority targets for new customers • Enhance sales activities for acquiring new customers (expansion of sales channel and network)
	Failure to acquire orders in existing projects **■ Risk** • Failure to acquire orders in existing projects due to a bidding system, etc. • Misjudgments in business planning		• Visualize and share customers' risk information • Understand trend, analyze potential impact on businesses, and develop/implement responsive plans • Strengthen communications with existing customers
Promotion of M&As (including capital and business alliance)	**■ Risk** • Drop in performance of the acquiree, investee or alliance partner • Fall of governance in the acquiree **■ Opportunity** • Establishment of growth platforms through acquisition of new management resources and creation/expansion of an ecosystem	• Decrease in earnings and recognition of impairment loss • Loss of customers due to scandals or violation of rules **■ Reference** • Goodwill in FY2022: 30.1 billion yen • Customer-related intangible assets in FY2022: 10.2 billion yen	• Strengthen due diligence before M&A or alliance • Develop and implement a PMI plan by the head office and relevant business divisions • Create synergies through collaboration with existing businesses

② Environmental change risk

Risk factors	Description of risk/opportunity	Impacts when risk occurs	Group's measures
Sharp increase in cost	**■ Risk** • Increase in procurement costs (fuel, car allocation expenses, labor costs, warehouse rent, and utility costs, etc.) **■ Opportunity** • Decrease in procurement costs	• Deterioration in profitability due to failure to collect adequate fee corresponding to the increase in cost • Negative impact on business continuity due to shortage of human resources and vehicles, etc. **■ Reference** Outsourcing costs/labor costs in FY2022 • Outsourcing costs: 415.8 billion yen • Labor costs: 180.4 billion yen	• Promote streamlining of relay transport and joint delivery in addition to building close relationships with partner companies • Optimize fees and contract form based on the movements of peer companies • Efficient management by promoting digitalization, in-house manufacturing, and joint procurement • Reduce impact on business continuity by monitoring management of major partner companies
Sharp fluctuation of exchange rates	**■ Risk** • Exchange loss • Negative impact of translation of business results of overseas subsidiaries into Japanese yen due to sharp fluctuation of exchange rates **■ Opportunity** • Exchange gain • Positive impact of translation of business results of overseas subsidiaries into Japanese yen due to sharp fluctuation of exchange rates	• Decrease in profit due to exchange loss (items below EBIT in the income statement) • Decrease in revenues and profit due to negative impact of translation of business results of overseas subsidiaries into Japanese yen **■ Reference** Ratio of global business in revenues and adjusted operating income in FY2022: Revenues: 46% Adjusted operating income: 46%	• Concentrate exchange risks (centralize transactions such as forward exchange contracts and currency options in the head office) • Enter into hedge transactions including forward exchange contracts with financial institutions • Maintain a balance of foreign currencies and continue investment in time deposits
Climate change	**■ Risk** • Impact on realization of sustainable society • Rise in greenhouse gas emissions price • Impact of extreme weather and natural disasters • Increase in the average temperature **■ Opportunity** • Use of more efficient transportation modes and production and distribution processes • Ability to diversify business activities • Alternative/diversified resources	• Increase in tax burden related to climate change and cost increase due to tightening or introduction of regulations on greenhouse gas emissions • Stagnation of the logistics business due to intensifying extreme weather	• Establish an environmental management system and promote relevant activities • Strengthen alliance with collaborative innovation partners to achieve the medium-to-long-term environmental targets (procurement of renewable energy, introduction of advanced eco-friendly vehicles, energy-saving buildings and facilities, and recycling) • Develop decarbonizing solutions (visualization of CO_2 emissions) and promote green logistics • Enhance risk management by purchasing appropriate insurance • Promote BCP measures (business continuity, quick recovery)

Risk factors	Description of risk/opportunity	Impacts when risk occurs	Group's measures
Loss of human resources and diversified working-style	**■ Risk** • Loss of human resources due to a mismatch between the personnel measures and employees' desire • Decline in labor productivity and increase in turnover rate due to health concerns and problems • Loss of human resources due to delayed response to diversified working-style, and difficulty in securing human resources • Increase in turnover due to the mobilization of human resources • Interruption in transfer of skills and expertise due to an increase in turnover. Delay in development of new services/business models **■ Opportunity** • Secure diversified human resources including highly-skilled personnel and those from different industries, etc.	• Fall of governance and business operation ability due to loss of human resources • Decrease in market competitiveness and slowdown of corporate growth due to loss of human resources	• Realize diversity and inclusion and a work-life balance through use of a broad range of human resources • Appoint human resources and provide career education based on a succession plan • Promote visualization of employee engagement and mental health countermeasures using the employee engagement survey and stress check • Improve moral/motivation through periodic interviews at workplace • Support active participation of female, elderly, or disabled employees in the workplace • Conduct employee surveys and strengthen employee engagement • Secure excellent human resources by implementing group common in-house training programs • Further promote teleworking • Offer opportunities and occasions for growth (talent management and education) • Introduce a job-oriented compensation system that reflects "roles/responsibilities" and "achievements"

③ Operational risk

Risk factors	Description of risk/opportunity	Impacts when risk occurs	Group's measures
Occurrence of incidents	**■ Risk** • Occurrence of industrial accident, vehicle or product accidents, and fire	• Compensation for losses caused by accidents or fire to products or the affected people, and payment of damage compensation to the affected people • Decrease in revenues and profit due to decline in customer and social trust. Loss of customers	• Enhance disaster prevention/mitigation capabilities by providing education and trainings and installing equipment and systems • Maintain proper insurance for assets in custody (inventory) • Strengthen communications with employees • Actively use disaster prevention technology • Develop and implement a facility maintenance plan • Establish an initial response and reporting system in case of an accident, and conduct drills • Share lessons, insights, and good examples within the Company • Create safety workplaces by introducing technology (SSCV, etc.) • Implement safety activities such as remote/VR education in Japan and overseas
Compliance violations (violation of the labor law, bribery, infringement on human rights, etc.)	**■ Risk** • Violation of overtime regulations, etc. • Disagreement with the authority on the interpretation of equal pay for equal work • Violations of laws and regulations such as bribery and competition law • Deviation from social norms • Information leakage • Infringement on human rights including harassments, child labor, and low wage labor • Infringement on intellectual property rights	• Impairment of corporate value due to decline in social trust • Decrease in revenues and profit due to decline in customer and social trust. Loss of customers	• Establish the LOGISTEED Group Code of Conduct and educate all employees • Introduce a whistle-blowing system • Conduct investigation and education by legal divisions in each region • Establish a structure to manage an attendance management system • Clarify wage calculation method • Establish a specialized IP division and educate all employees • Enhance compliance through visualization by introducing IT standardized systems and digitized systems as well as enhancing the post-implementation follow-up
Deterioration in service quality	**■ Risk** • Loss of customer trust • Deterioration in service quality and delays in delivery, etc.	• Decrease in revenues and profit due to decline in customer and social trust. Loss of customers • Compensation for losses such as reimbursement due to the incidents	• Manage KPIs by quality control divisions • Quality control through process management • Conduct monitoring based on the internal control system, perform audit, and enhance support • Implement quality monitoring by holding regular meetings with customers
System failure	**■ Risk** • Significant delay in work or suspension of operations due to power outage or system/equipment failure caused by natural disasters • Significant delay in work or suspension of operations due to system failure at external service providers • Delay in operations due to deterioration of system/equipment response	• Compensation or penalty for customers' opportunity loss due to delay in work • Impairment of corporate value due to decline in social trust • Decrease in revenues and profit due to decline in customer and social trust • Expenses related to recovery or renovation	• Introduce redundant system • Prepare alternative means in case of failure • Strengthen backup measures for system recovery and conduct on-site training • Implement measures for each service used and BCP • Enhance risk management with cybersecurity insurance

④ Hazard risk

Risk factors	Description of risk/opportunity	Impacts when risk occurs	Group's measures
Severe disasters and global expansion of infectious disease (pandemic)	**■ Risk** • Damage to employees • Disruption of logistics network • Damage to the Group's assets (e.g. buildings and facilities) and customers' products	• Decrease in revenues and profit due to impacts on business (e.g. shutdown) • Restoration cost and impairment of assets	• Assess business interruption risk in each region • Develop business continuity plan (BCP) for early business recovery (including prior consultation with customers and business partners) • Establish rules for information collection and work regulations as a global organization in case of pandemic • Carry out business continuity management (BCM) • Promote automation/labor-saving
Loss/leakage of information	**■ Risk** • Loss or leakage of data such as customer information due to an information security incident, cyberattack or large-scale system failure	• Impairment of corporate value due to decline in social trust • Decrease in revenues and profit due to decline in customer and social trust • Restoration cost • Claims for compensation damages from customers	• Strengthen the information asset management through internal audit and in-house trainings, etc. • Establish and disseminate information security rules • Build a system to deal with cyberattacks and regularly update the technology • Increase frequency of monitoring including audit
War, terrorism, unstable political situation (geopolitical risk)	**■ Risk** • Damage to employees • Impact on business (SC disruption, etc.) • Damage to the Group's assets (e.g. buildings and facilities) and customers' products	• Decrease in revenues and profit due to impacts on business (e.g. shutdown) • Restoration cost and impairment of assets	• Conduct routine situation analyses and monitoring • Accelerate decision-making in case of emergency • Develop BCP

As for risk factors other than priority risks, please visit our website.
https://www.logisteed.com/en/profile/csr/governance/riskmanagement/

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_2 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**

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_2 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.
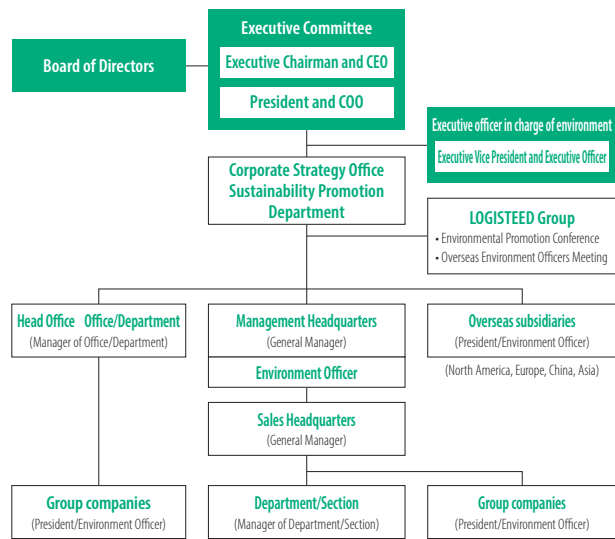
Improving Environmental Awareness

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.

Green Action Workshop

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

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_2 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_2 emissions (Scope 1 and 2 in Japan[*1])

FY2030 target (base year: FY2013)	FY2050 target
Aim to reduce CO_2 emissions by **50%** compared to the base year	Strive to achieve **Net Zero** Carbon[*2]

● Scope of emission: CO_2 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_2 released by company vehicles)
  Scope 2: Indirect emissions from the use of energy supplied by other companies (e.g. CO_2 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_2, one of greenhouse gases, and its absorption/removal

Trend of LOGISTEED Group CO_2 emissions[*]   *Total of Scope 1 and 2   Scope: LOGISTEED, domestic group companies

Avg. emission reduction rate (up to FY2030) **2.94**%/year

(thousand tons-CO_2)
- 2013 Base: 129
- 2020: 113
- 2021: 111
- 2022: 104
- 2024 M-T plan target: 96 (▲26%)
- 2030 Target: 65 (▲50%)
- 2050 Target: Net Zero Carbon (▲100%)
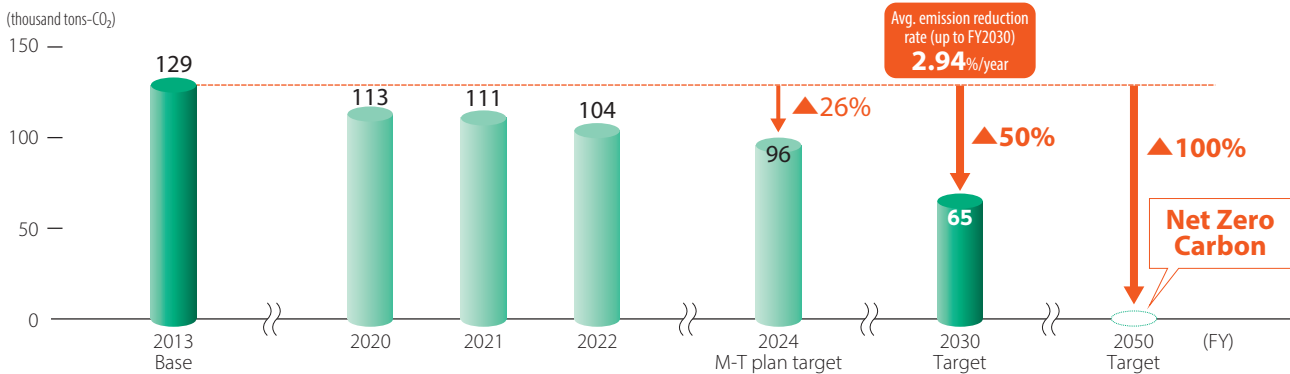
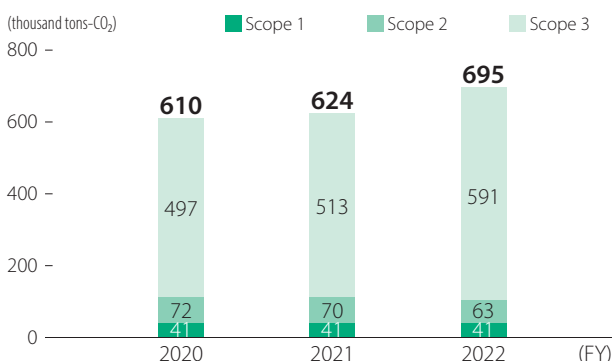### ■ Examples of CO_2 emission reduction initiatives

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.

Scope 1 and 2 emission reduction rate*		2024 ▲26%	2030 ▲50%	2040	2050 Net Zero Carbon
Five areas	❶Energy saving	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.)			
		Introduction of CO_2 emissions visualizing solution			
	❷Electrification	Shift to EVs/FCVs			
	❸Procurement of renewable energy	Increase in procurement of electricity from renewable energy sources			
		Purchase of environmental value certifications (non-fossil fuel energy certificates/green power certificates, etc.)			
	❹Energy creation	Introduction of solar power generation equipment, and research/examination of new technologies (hydrogen/wind power/fuel cells, etc.)			
	❺Emissions trading	Research/examination and implementation of emissions trading and carbon offsetting			

* Compared to FY2013

■ CO_2 emissions throughout the supply chain

We started to calculate "Scope 3" from FY2017 to identify and reduce CO_2 emissions from the entire supply chain.

(thousand tons-CO_2)   ■ Scope 1   ■ Scope 2   ■ Scope 3

FY	Scope 3	Scope 2	Scope 1	Total
2020	497	72	41	610
2021	513	70	41	624
2022	591	63	41	695

Scope: LOGISTEED, domestic group companies

■ Third-party certification on CO_2 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_2 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_2 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_2 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_2) 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_2 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	• Provides guidance and supervises initiatives to address management issues related to climate change • Approves reduction targets/ measures/budgets
Executive Officer	• Understands the progress of initiatives to address management issues related to climate change, and reports to the Board of Directors
Sustainability Promotion Department	• Oversees overall environmental management work, holds Environmental Promotion Conference, and reports/proposes to the Executive Committee based on decisions at the Committee
Environmental Promotion Conference	• Confirms the achievement level of measures related to climate change, determines corrective measures, and discusses proposed measures

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_2) 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).

➡ **P66**

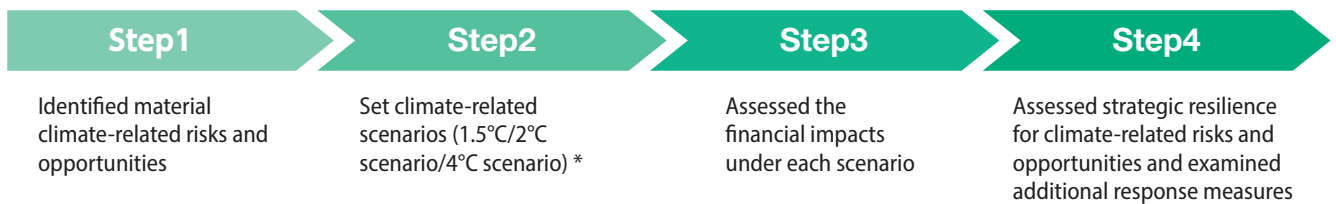#### ● Greenhouse gas (CO_2) emissions

➡ **P66 Trend of LOGISTEED Group CO_2 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℃/2℃ scenario) and the one that assumes that no new policies are implemented but each country's announced policies are achieved (4℃ scenario), we have assessed financial impacts of identified climate-related risks and opportunities based on the information such as the trend of key parameters.

Step1	Step2	Step3	Step4
Identified material climate-related risks and opportunities	Set climate-related scenarios (1.5℃/2℃ scenario/4℃ scenario) *	Assessed the financial impacts under each scenario	Assessed strategic resilience for climate-related risks and opportunities and examined additional response measures

(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.

❶ Transition risks (1.5℃ scenario/2℃ 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	

❷ Physical risks (4℃ 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)

❸ 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)
Resource efficiency	Mid-term	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℃ scenario: IEA Net Zero Emissions by 2050 Scenario
2℃ scenario: IEA Sustainable Development Scenario/IPCC RCP2.6
4℃ scenario: IEA Stated Policies Scenario/IPCC RCP8.5

(3) Transition plan to achieve 1.5℃ 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_2 emission reduction measures to limit the temperature increase to 1.5℃ above pre-industrial levels.

➡ ■ **Examples of CO_2 emission reduction initiatives**

Objective 1   Contribute to Decarbonized/Recycling-oriented Society

Material issue **Contribute to decarbonized society**	**Definition of material issue** Work to reduce greenhouse gas (CO_2) emissions including those from supply chains, improve energy efficiency, and create business opportunities to address climate change and realize a decarbonized society

The LOGISTEED Group recognizes that reduction of CO_2 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_2 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_2 emissions including Scope 3 emissions from our customers, in addition to ongoing initiatives such as modal shift and collaborative logistics.

Initiatives to Reduce CO_2 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_2 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_2 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_2 emissions (Scope 1 and 2 in Japan)

FY2024 target:
Compared to FY2013
-26%

FY2022 result:
Compared to FY2013
-19.4%

■ 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_2 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_2 emission reduction targets throughout the supply chain

To set CO_2 emission (Scope 3) reduction targets throughout the supply chain, we have been conducting fact-finding surveys of CO_2 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_2 emission visualization function" from FY2021. This service enables customers to accurately measure and visualize CO_2 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_2 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

Material issue **Contribute to recycling-oriented society**	**Definition of material issue** Work to reduce/avoid resource use, prevent environmental pollution, and create business opportunities to contribute to a recycling-oriented society

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	• Working hours: down 20% • Transportation costs: down 60% • CO_2 emissions: down 88%, etc.
Electric Equipment Packaging Award: The electric trolley package made of only cardboards	• Wood consumption: down 100% • Material costs: down 20%, etc.

🌐 **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)

Target: 99%   **Result: 99.0%**

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.

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.

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	Definition of material issue
Enhance disaster prevention/mitigation	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	Definition of material issue
Establish a responsible supply chain in which human rights are respected	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.

Glossary

Intermodal transportation	Multimodal transportation combining different transport modes such as railroad, truck, aircraft, and ship, which enables to deliver cargoes in containers all the way to the final destination. Combining rail and ocean transportation for the trunk line transport is also expected to reduce environmental load.
UN Global Compact	A global framework aimed at realizing sustainable growth by encouraging companies/organizations to exercise responsible and creative leadership and act as good members of society. It sets ten principles related to protection of human rights, elimination of unfair labour, response to environmental issues, and anti-corruption.
Circular economy	Economic activities that effectively use stock and create added value by creating new services while limiting the amount of resource input and consumption, in addition to the conventional Reduce, Reuse, Recycle (3Rs) initiatives.
Shared milkrun	Transportation method whereby one truck visits bases of multiple suppliers to collect production parts and deliver them to a production plant. It can not only improve transport efficiency and streamline the management of shipment receiving process at production plants but also contribute to solving environmental issues such as emissions of CO_2 and air pollutants.
2024 issue	Collectively refers to various issues that might arise in the transport/logistics industry as a result of the application of the upper limit of overtime allowed for automobile drivers set by the Work Style Reform Act effective April 1, 2024. In particular, truck drivers' overtime will be limited to 960 hours per year.
ERP	Stands for Enterprise Resource Planning and refers to a system to enable sophisticated management by centrally managing the corporates' core functions such as production, procurement, inventory, sales, and accounting.
GDP	Stands for Good Distribution Practice and refers to appropriate distribution standard for medical supplies to ensure strict quality control. It is applied to the procurement, storage, and distribution processes of medical supplies after they are shipped to the market until they reach pharmacies, pharmaceutical distributors, and medical institutions.
RCS	Stands for Resource Control System, which is an integrated control system equipped with a work execution function that gives instructions to each equipment and worker based on the information on the operation status of the automated equipment and the work results of workers within the logistics center.
RPA	Stands for Robotic Process Automation and refers to software robotics technology that automates administrative work performed by a person using a personal computer. By registering operating procedures in advance, RPA can operate and run multiple systems just like a person does.

* Listed in Japanese or English alphabetical order

SCDOS	Stands for Supply Chain Design & Optimization Services and refers to the LOGISTEED Group's supply chain optimization services. They centrally manage and visualize customers' various supply chain data to support solving issues and strategy planning.
SSCV	Stands for Smart & Safety Connected Vehicle and refers to a transport digital platform that the LOGISTEED Group develops and provides to realize "sustainable transportation services" and "zero-accident society." It consists of three solutions of SSCV-Smart (order management, vehicle assignment management, and driving management), SSCV-Safety (safe driving management), and SSCV-Vehicle (optimization of vehicle management, failure prediction and preventive maintenance).
SWH	Stands for Smart Warehouse and refers to the Group's logistics center equipped with advanced technologies to pursue efficiency and flexibility. The EC Platform Center in Kasukabe, Saitama Prefecture, a shared automated warehouse for EC logistics, started operation in September 2019. We will combine automation/labor-saving expertise with digital technologies to provide services standardized for each industry in addition to EC logistics.
TCFD	Stands for Task Force on Climate-related Financial Disclosures. It recommends that companies, etc. disclose relevant information on their climate change initiatives that could have financial impacts on them under the four thematic areas of Governance, Strategy, Risk Management, and Metrics/Targets.
VAS	Stands for Value-Added Services and refers to the Company's logistics services and their peripheral operations in the customers' value chains of procurement/manufacturing/shipping/sales/service.
VC activities	Stands for Value Change & Creation and refers to daily improvement activities to implement the LOGISTEED WAY. Its aim is that the Company continues to grow and employees find their work rewarding. We are establishing an improvement culture through "visualization of improvement activities" and "cultivation of the culture of praise" such as exchanging ideas among employees under different themes and giving awards to excellent cases.
VMI	Stands for Vendor Management Inventory and refers to an inventory management system where suppliers manage customers' inventory level using the inventory information and shipping/sales information shared by customers.
VMS	Stands for Video Management Service/System, which is a system that centrally manages images recorded by multiple cameras.
WCS	Stands for Warehouse Control System, which is an automated control system to operate automated/labor-saving equipment at logistics centers.

The names of the Company's services are trademarks or registered trademarks.

Corporate Data

Corporate name : LOGISTEED, Ltd.

Head office : 2-9-2, Kyobashi, Chuo-ku, Tokyo, Japan

Founded : February 1950 (Established: August 1959)

Paid-in capital : ¥310 million (as of March 31, 2023)

Total personnel : 46,755 (as of March 31, 2023)

Main businesses:

- 3PL Business [integrated logistics services for corporate customers] (Logistics System Building, Information Control, Inventory Control, Orders Control, Processing for Distribution, Logistics Center Operation, Factory Logistics, Transportation, Customs Clearance, International Nonstop Delivery Through Land/Ocean/Air Transportation)
- Transportation, Installation and Setting of General Cargo, Heavy Machineries, and Artworks
- Factory and Office Moving
- Warehousing and Trunk Room Services
- Collection and Transportation of Industrial Waste
- Logistics Consulting, etc.

Major Group Companies   As of July 1, 2023

Domestic logistics companies

LOGISTEED North Japan, Ltd.
LOGISTEED East Japan, Ltd.
LOGISTEED Kanto, Ltd.
LOGISTEED Metropolitan, Ltd.
LOGISTEED South Kanto, Ltd.
LOGISTEED Central Japan, Ltd.
LOGISTEED West Japan, Ltd.
LOGISTEED Kyusyu, Ltd.
LOGISTEED Collabonext, Ltd.
LOGISTEED Chemical, Ltd.
PALENET CO., LTD.
LOGISTEED East Japan Distribution Services, Ltd.
VANTEC CORPORATION
VANTEC EAST LOGISTICS CORPORATION
VANTEC CENTRAL LOGISTICS CORPORATION
VANTEC KYUSHU LOGISTICS CORPORATION
TOKIWA KAIUN COMPANY LIMITED
LOGISTEED Express, Ltd.
KWE LOGISTEED, Ltd.

Overseas logistics companies

North America

LOGISTEED America, Inc.
J.P. Holding Company, Inc.
LOGISTEED Mexico, S.A. DE. C.V.
VANTEC LOGISTICS MEXICO S.A. DE C.V.

Europe

LOGISTEED Europe B.V.
Cyber Freight International Holding B.V.
ESA s.r.o.
Mars Logistics Group Inc.
VANTEC EUROPE LIMITED

East Asia

LOGISTEED China, Ltd.
LOGISTEED Hong Kong, Ltd.
LOGISTEED Shanghai Pudong, Ltd.
LOGISTEED Tianjin, Ltd.
Fine Chemical Logistics China Company Limited
VANTEC SUMISO LOGISTICS (WUHAN) CO., LTD.
JJB Link Logistics Co. Limited
LOGISTEED Taiwan, Ltd.
LOGISTEED Korea, Ltd.

Rest of Asia

LOGISTEED Asia-Pacific Pte. Ltd.
LOGISTEED Malaysia Sdn. Bhd.
LOGISTEED (Thailand), Ltd.
Eternity Grand Logistics Public Co., Ltd.
Manila International Freight Forwarders, Inc.
PT Berdiri Matahari Logistik
PT LOGISTEED Indonesia
PT VANTEC INDOMOBIL LOGISTICS
LOGISTEED Vietnam Co., Ltd.
Flyjac Logistics Pvt. Ltd.
VANTEC LOGISTICS INDIA PRIVATE LIMITED
LOGISTEED Australia Pty. Ltd.
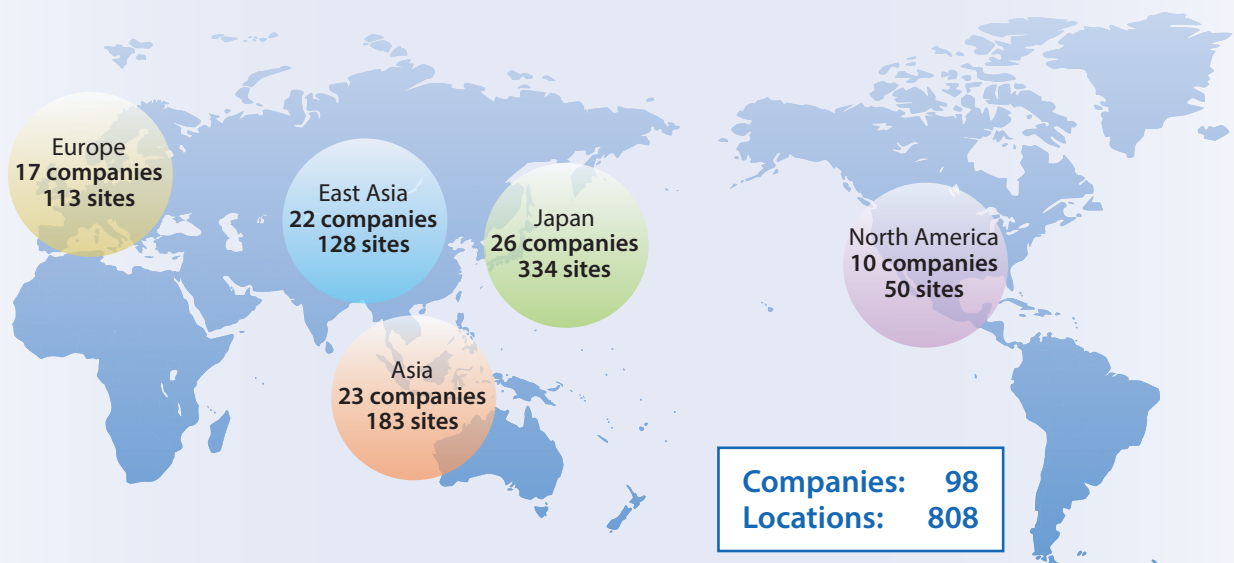LOGISTEED Forwarding Australia Pty. Ltd.

Logistics-related companies

LOGISTEED Solutions, Ltd.
LOGISTEED Auto Service, Ltd.
LOGISTEED Solutions America, Ltd.
LOGISTEED Solutions (China), Ltd.

* LOGISTEED Kanto, Ltd., LOGISTEED Metropolitan, Ltd., and LOGISTEED South Kanto, Ltd. will be merged with LOGISTEED East Japan, Ltd. effective October 1, 2023.

Network Extending to 28 Countries and Regions
As of March 31, 2023

Europe
17 companies
113 sites

East Asia
22 companies
128 sites

Japan
26 companies
334 sites

North America
10 companies
50 sites

Asia
23 companies
183 sites

Companies:	98
Locations:	808

* Number of companies includes associates accounted for using the equity method.
* Number of sites excludes AIT Group and HTB-BCD Travel Group.

Website/SNS Account Information

Various information including the corporate information and IR information is available on our website and SNS.

● **Website:**

https://www.logisteed.com/en/

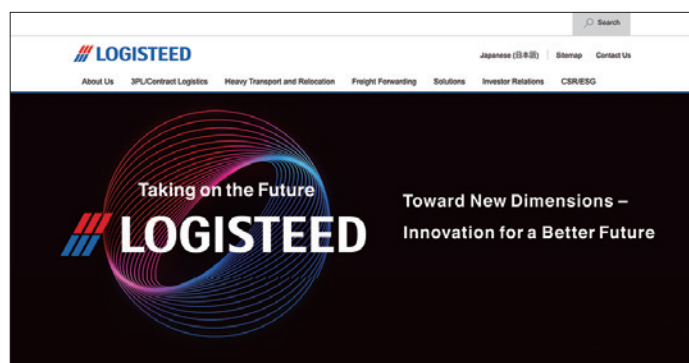**LOGISTEED CAFÉ**
Home page > LOGISTEED CAFÉ

Investor Relations
Home page > Investor Relations

CSR/ESG
Home page > CSR/ESG

● **YouTube official channel:**

https://www.youtube.com/channel/UChfA_IsMeJpFIGl1OQq_1Kg (Japanese version only)

● **X (former Twitter) official channel:**

LOGISTEED (Official) @LOGISTEED_LTD (Japanese version only)

LOGISTEED, Ltd.

2-9-2,Kyobashi,Chuo-ku,Tokyo,Japan

Tel:+81-3-6263-2800

https://www.logisteed.com/en

FY2022 Edition (issued in September 2023)