Toward New Dimensions

LOGISTEED

Integrated Report 2023
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The LOGISTEED Group’s tools for information disclosure

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## 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 its 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 innovations.” 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.

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### 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.”

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### 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 Mindsets: 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.
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

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)

<table>
<thead>
<tr>
<th>Number of Companies/Locations</th>
<th>Locations</th>
<th>Total Personnel</th>
<th>Human Resources</th>
<th>Number of Vehicles (Including Leased Vehicles)</th>
<th>Warehouses</th>
<th>Area of Logistics Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>98 companies 808 sites</td>
<td>98</td>
<td>46,755</td>
<td>46,755</td>
<td>19,663</td>
<td>7.93 Mm²</td>
<td>7.93 Mm²</td>
</tr>
<tr>
<td>&lt;Domestic: 26 companies 334 sites/Overseas: 72 companies 474 sites&gt;</td>
<td></td>
<td>&lt;Domestic: 29,561 employees/Overseas: 17,194 employees&gt;</td>
<td>19,663</td>
<td>7.93 Mm²</td>
<td>7.93 Mm²</td>
<td>7.93 Mm²</td>
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— FY2022 Performance Overview —

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Adjusted Operating Income</th>
</tr>
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<tbody>
<tr>
<td>¥814.3 billion Y o Y +10%</td>
<td>¥45.8 billion Y o Y +18%</td>
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FY2022 Business Overview by Segment

**Domestic logistics business (FY2022)**

- **Revenues**
  - 2020: ¥4,212 billion
  - 2021: ¥4,172 billion
  - 2022: ¥4,240 billion
  - **Y o Y +2%**

- **Segment profit**
  - 2020: ¥442 billion
  - 2021: ¥430 billion
  - 2022: ¥420 billion
  - **Y o Y -3%**

**Global logistics business (FY2022)**

- **Revenues**
  - 2020: ¥2,163 billion
  - 2021: ¥3,135 billion
  - 2022: ¥3,759 billion
  - **Y o Y +20%**

- **Segment profit**
  - 2020: ¥103 billion
  - 2021: ¥136 billion
  - 2022: ¥211 billion
  - **Y o Y +55%**

Services — Businesses & Solutions —

**3PL business**

**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**

**Value**

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

**Freight Forwarding business**

**Value**

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

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.
History of the LOGISTEED Group

**1950-** Postwar reconstruction and high economic growth

**1965-** Globalization in manufacturing industry

**1985-** Bubble economy and its collapse

**1998-** IT bubble

**2007-** Prolonged deflation/ adoption of SDGs

**2016-** The U.S.-China trade friction/ enforcement of Paris Agreement

**Present** Sustainability/ decarbonized society

### Transition of Our Business

#### 3PL Business (Domestic)

- **1950** Started business
- **1984** Expanded into air cargo business
- **1964** Introduced container crane

#### 3PL Business (Overseas)

- **1976** Expanded overseas (Singapore)
- **1984** Launched International multimodal transport (INOC)
- **2011** Launched Project Cargo Japan, Inc.
- **2021** Started providing SSCV

#### Freight Forwarding

- **2003** 3PL: 1,616
- **2011** 3PL: 4,639
- **2022** 3PL: 8,083

#### Heavy Machinery and Plant Logistics Business

- **1954** Expanded business (bulker, cargo shipping business, etc.)
- **1998** Entered into large-scale 3PL business with own assets

#### Revenues

- Domestic logistics (100 million yen)
- Global logistics (100 million yen)
- 3PL business (100 million yen)
- Ratio of global logistics business (%)
To Our Stakeholders — Message from the Chairman —

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” 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. 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.

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.
Our future vision

LOGISTEED2030
Realizing our Future Vision by way of solid partnership

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. Solidly position as a platform provider

And go further

LOGISTEED 2030
Becoming a leading global 3PL company

Corporate Vision (Long-term vision)

1. Vision
2. Revenue
3. V 1.5 trillion (compared to FY2013)
4. Overseas ratio
5. Over 50%
6. CO₂: Reduce by 50%

Collaborative innovation with partners to enhance capability

"LOGISTEED2030", 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 CO₂ 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 CO₂ emissions from truck transportation, and we are focusing on reducing CO₂ 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 “F” 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 CO₂ 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.
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...
provide services that contribute to our customers' value chains by expanding our value-added services (VAS) and the vendor managed inventory (VMI). 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*, 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.

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 reducing risks” in logistics-related areas, by the end of FY2023, we will 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 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 POCA 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.

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

Material issues
- Business perspective
- ESG perspective

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

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. → P19-20 Value Creation Process, P21-22 The LOGISTEED Group’s strengths

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.
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.

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.

Financial capital
- Stable financial base (¥912.1 billion)
- Surplus funds to enable flexible investments
- Total assets: ¥108.3 billion

Manufactured capital
- Global logistics sites
- Domestic logistics sites
- Digital business platform underpinning LOGISTEED
- Area of Logistics Centers*: 46,755 million M²
- Locations*: Domestic 334 sites, Overseas 474 sites in 27 countries and regions

Intellectual capital
- Expertise (SCM optimization, safety, advanced logistics technology)
- Patent (warehouse design/management system, etc.)
- Digital business platform
- Transport vehicles
- Global business sites
- Total personnel: 410,000
- Self-developed systems

Human and organizational capital
- 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.

Sustainability management
- Collaborative innovation
- R&D
- Human resource development
- VC activities

Material Issues
- Carbon-free logistic
- Socially responsible operations
- Circular economy

Corporate Governance
- Capital structure
- Risk management
- Internal control system

Conclusion
- Fulfilling corporate social responsibilities
- Creating corporate value
- Reinforcing value chain
- Contributing to society

* 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

**Addendum**

- Logistics related to disposal of used products as well as return/collection of renewed products is expanded, recycled, and recyclable.
- Number of attendees of in-house training to foster data scientist with advanced data analyst skills
- Total score of favorable responses in employee engagement survey
- Calculated by the Company using data in "Monthly Magazine LOGI-BIZ"
The LOGISTEED Group’s Strengths

Value chain

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

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

Improvement
Ongoing improvement of safety, quality, and productivity

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

- 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 partners
- Implement KPI-based strict control and improvement measures for profitability, safety, quality, and productivity
- Implement measures using technology for packaging and transportation to improve transportation quality and reduce environmental load
- Secure safety, comply with laws and regulations and improve operational efficiency with “SSCV” using IoT technology

- 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

Related solutions, tools, etc.

• SCDOS (Supply Chain Optimization Services)
• Develop data analysis experts
• SSCV (transport digital platform)
• EC platform (smart warehouse)
• SLC* (warehouse design support tool)
• SLC: Smart Logistics Configurator

RPA

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
Approx. 310

Human resources specialized in logistics engineering
Including cumulative 108 attendees of data scientist training course

3. Global Network

- Manufactured Capital

Business sites supporting global supply chain
808 sites in 28 countries and regions
Total 7.93 Mm²

For details, please visit our website.
SCDOS, SSCV, SMART WAREHOUSE
Mid-term Management Plan –LOGISTEED2024–

Outline of the Mid-term Management Plan

With the 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

- Reinforce and expand overseas business
- Expand business domains with new added value
- 3.Solve supply chain issues, propose visualization and optimization through DX
- Enhance supply chain resilience
- Enhance and expand functions of logistics, commence VAS

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

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.

**Revenues** ¥1.5 trillion
**CO2** Reduce by 50%
**Overseas ratio** Over 50%

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.

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

**Expected effects**
- Grow top line
- Improve ROIC
- Solidify management base
- Enhance warehouse business by promoting automation, labor-saving, DX, and standardization
- Promote sophisticated and ongoing safety and quality control activities by establishing the Centralized Safety and Quality Control Center, etc.
- Enhance human resources for DX, LT, and global development

**Progress in FY2022**
- Expand business in growth areas and markets through M&As (72)
- Composition ratio of global logistics revenues: 46% (+4 points YoY)
- Enhance SCDO’S functions
- Enhance SCDO’S functions
- Enhance transport business with both physical measures (e.g., increase in large-capacity transport) and digital measures (e.g., system development)
- Enhance warehouse business by promoting automation, labor-saving, DX, and standardization
- Promote sophisticated and ongoing safety and quality control activities
- Enhance human resources for DX, LT, and global development

**Investment Plan**

(US$ 1 billion)

**FY2022 Results**

**Invest in growth opportunities**
- Reinforce and expand overseas business
- M&As, capital policy, etc.
- Expand business domains
- Evolve Smart Logistics
- Solidify ESG management base

**Investments (Cash basis)**

- Strategic investments (M&A, etc.) (60)
- Strategic investments (M&A, etc.) (800~1,100)
- Strategic investments (Others) (750, 1,750)

**Investments (Cash basis)**

- 303
- 1,750
Mid-term Management Plan –LOGISTEED2024–

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.) ➔ PS4

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 strength 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 Natori 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.
*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 encomposes Good Distribution Practice (GDP) logistics standards to ensure the quality of pharmaceutical products throughout the supply chain as requirements which differ depending on countries and regions.

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 ESK (European Sales & Knowledge): A company that provides reverse logistics services for apparel and provides 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 society through transportation with low environmental load.

Expand new services in boundary domain between manufacturing and logistics, commence VAS
- Solve supply chain issues, propose visualization and optimization through DX
- Enhance SCDOS functions
- Our supply chain optimization service, SCDOS®, 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 CO₂ emissions, etc.

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.

Expand VAS
- We are expanding SCDOS functions on a continuous basis to contribute to further refinement and overall optimization of customers’ supply chains and the enhancement of environmental value such as decarbonization. In FY2022, we newly released SCONE® that is used by customers to improve their operational efficiency. With regard to the supply chain CO₂ visualization and analysis services, the scope of the service was expanded to include all of Scope 1, 2 and 3*4 emissions as a result of the collaborative innovation with Hitachi, Ltd. This allows us to monitor daily CO₂ 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 CO₂ emissions using simulations.

*4 Scope 1: Direct emissions of greenhouse gases by the business operator itself
*5 Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies

Services provided by Cyber Freight International Holding B.V.
- Warehousing services
- Pharmacy services (customs inspection)
- Reverse logistics services for apparel e-commerce in Europe from Vlková Partners s.r.o.

We plan to further develop high value-added services that combine this business with 3PL and freight forwarding.

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 359.9 billion yen, up 30% 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.

<table>
<thead>
<tr>
<th>Service Provided by Cyber Freight International Holding B.V.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warehousing services</td>
</tr>
<tr>
<td>Pharmacy services (customs inspection)</td>
</tr>
<tr>
<td>Reverse logistics services for apparel e-commerce in Europe</td>
</tr>
</tbody>
</table>

Our History

Introduction

Our Future

Value Creation Achievements

Foundation Supporting Value Creation
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 June of 2022, the Automated 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 expand the environment to facilitate the introduction of automated facilities.
- 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 CO₂ emissions.
  The physical initiatives aim to increase large capacity and short-haul truck transport using double-trailer trucks, swap body**, and relay transport, as well as expand initiatives to consolidate vehicle assignment through shared terminals and shared 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, we have achieved enhanced real-time linkage with customers’ ERP (±P73).
  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.

* Cyber Physical System

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 “PH-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.

  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 SCDO3 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)* by Ministry of Economy, Trade and Industry of Japan in collaboration with Tokyo Stock Exchange and Information-technology Promotion Agency, Japan.

- Accelerate decarbonization activities
  The Group has set the medium-to-long-term environmental targets of reducing CO₂ 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 CO₂) are being implemented according to the plan, we were able to reduce CO₂ emissions by 7 thousand tons of CO₂ 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

* A program which selects companies for each industry that have established internal systems to promote DX by linking to increased domestic and global business and are engaged in efforts to enhance digital adoption. A total of 56 companies from various industries were selected for FY 2022.
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.

Executive Chairman and CEO  
President and COO  
Executive Committee

<table>
<thead>
<tr>
<th>Chair</th>
<th>Vice Chair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Vice President and Executive Officer, General Manager of Corporate Strategy Office</td>
<td>Operating Officer, Deputy General Manager of Corporate Strategy Office</td>
</tr>
<tr>
<td>Person in charge of each division</td>
<td></td>
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</tbody>
</table>

Sustainability Promotion 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

- Objective 1: Build and evolve resilient, sustainable logistics services
- Objective 2: Create new values through collaborative innovation
- Objective 3: Contribute to decarbonized/recycling-oriented society

For details on sustainability, please visit our website.  
### Material Issues and KPIs of the LOGISTEED Group

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

<table>
<thead>
<tr>
<th>Material Issues</th>
<th>Risks and Opportunities</th>
<th>KPIs</th>
<th>FY2022 achievements</th>
<th>Targets</th>
<th>Related SDGs</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribute to decarbonized society</td>
<td>● Increase in tax burden related to climate change and cost increase due to tightening or introduction of regulations on CO₂ emissions</td>
<td>Reduction of CO₂ emissions*</td>
<td>Down by 19.4% from FY2013 (expected to achieve FY2024 target ahead of schedule)</td>
<td>Down by 26% from FY2013</td>
<td>P65-69</td>
<td></td>
</tr>
<tr>
<td></td>
<td>● Increase in CO₂ emission reduction cost and loss of customers due to delay/failure in introducing environmental technology</td>
<td>Support customers’ decarbonization by providing SCDOSS “Decarbonization Monitoring Service”</td>
<td>Made a proposal of SCDOSS “EcoLogiPortal (CO₂ emission visualization solution)” to customers</td>
<td>Achieve annual targets for the number of companies we approach</td>
<td>P26, 69</td>
<td></td>
</tr>
<tr>
<td></td>
<td>● Loss of customers due to inadequate response to customers who emphasize low carbon or carbon-neutral transportation and the use of renewable energy</td>
<td>Promote initiatives to set CO₂ emission reduction targets including supply chains</td>
<td>FY2023: Set targets</td>
<td></td>
<td>P69</td>
<td></td>
</tr>
<tr>
<td></td>
<td>● Promote introduction of more-efficient transportation modes and production/distribution processes by pursuing low energy</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>● Continue receiving orders from existing customers and acquire new customers by enhancing climate- and decarbonization-conscious measures and promoting use of renewable energy</td>
<td></td>
<td></td>
<td></td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>Contribute to recycling-oriented society</td>
<td>● Loss of reputation and customers due to inadequate responses to environmental pollution and waste reduction</td>
<td>Recycling rate</td>
<td>99.0%</td>
<td>Maintain 99% every fiscal year</td>
<td>P65, 70</td>
<td></td>
</tr>
<tr>
<td></td>
<td>● Obstructiveness of services and decrease in competitiveness due to a delayed response to a recycling-oriented society</td>
<td>Promote initiatives to build a circular economy business model</td>
<td></td>
<td></td>
<td>---</td>
<td></td>
</tr>
<tr>
<td></td>
<td>● Continue receiving orders from existing customers and acquire new customers by enhancing measures considering environmental pollution</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>● Diversify business activities and create new businesses by seeking to reduce and avoid resource use</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Material Issues</th>
<th>Risks and Opportunities</th>
<th>KPIs</th>
<th>FY2022 achievements</th>
<th>Targets</th>
<th>Related SDGs</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build and evolve resilient, sustainable logistics services</td>
<td>● Decrease in competitiveness and loss of customers due to deterioration of safety/quality/productivity and delayed deliveries, etc.</td>
<td>Support customers’ SCM* with SCDOSS</td>
<td>Assisted various customers to improve their SCM by enhancing SCDOSS 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</td>
<td>Achieve annual support targets</td>
<td>P26, 71</td>
<td></td>
</tr>
<tr>
<td></td>
<td>● Suspension of operations due to inadequate transportation enhancement measures, etc., interruption/weakening of logistics networks, and deterioration of services/quality</td>
<td>Realize a comfortable workplace by installing automated/labor-saving equipment at logistics centers</td>
<td>Installed automated/labor-saving equipment for cargo handling and delivery at multiple logistics centers in Japan, saving 100 FTE* per year compared to FY2021</td>
<td>Mechanize cargo handling work (100 FTE per year)</td>
<td>P27, 71</td>
<td></td>
</tr>
<tr>
<td></td>
<td>● Difficulties in securing transportation capacity due to the aging of managers and drivers of transportation partner companies and rising costs to secure such capacity</td>
<td>Contribute to safe and more efficient transport by expanding user network of each “SSCV” function</td>
<td>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 2,638 vehicles (including 220 vehicles of partner companies) (3) Vehicle: Installed in a total of 1,149 vehicles</td>
<td>Achieve the targets to install: (1) Smart: partner companies (2) Safety: vehicles of partner companies (3) Vehicle: the Group’s vehicles**</td>
<td>P50, 52, 71</td>
<td></td>
</tr>
<tr>
<td></td>
<td>● Acquire customer trust and improve reputation by strengthening the business continuity</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>● 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</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>● Build partnerships with customers and acquire new customers by continuously providing services with high level of safety/quality/productivity</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>● Enhance transport business to cope with the 2024 issue</td>
<td>Expand GDP-compliant equipment at medical DCs</td>
<td>Number of violations of labor standards regarding drivers: 0</td>
<td>Number of violations of labor standards regarding drivers: 0</td>
<td>P27, 71</td>
<td></td>
</tr>
</tbody>
</table>

* Total of Scope 1 and 2  
*1 SCM: Supply chain management  
*2 FTE (Full-Time Equivalent): A unit of the full-time work amount in an organization  
*3 Trucks, commercial vehicles, forklifts  

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.
## Create New Values Through Collaborative Innovation

### Material issues

<table>
<thead>
<tr>
<th>Secure diverse human resources to support growth</th>
<th>Risks and opportunities</th>
<th>KPIs</th>
<th>FY2022 achievements</th>
<th>Targets</th>
<th>Related SDGs</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Human resource shortage due to failure to promptly respond to digitalization and labor-saving</td>
<td>Implement education to develop human resources with DX skills</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>P47-48</td>
</tr>
<tr>
<td>• Stereotypical ideas due to lack of diverse human resources, loss of new business opportunities, and decrease in competitiveness</td>
<td>Expand global human resources and reform organizational culture</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>P47-48</td>
</tr>
<tr>
<td>• Loss of human resources due to a mismatch between the HR measures and what employees desire and a delayed response to diversified working-style</td>
<td>Improve operational efficiency by installing digital tools such as RPA</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>P47-48</td>
</tr>
<tr>
<td>• Improve labor productivity by increasing employee motivation</td>
<td>Improve the score of sustainable engagement in the employee engagement survey</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>P47-48</td>
</tr>
</tbody>
</table>

### Step up DX

<table>
<thead>
<tr>
<th>Risks</th>
<th>KPIs</th>
<th>FY2022 achievements</th>
<th>Targets</th>
<th>Related SDGs</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Obsolescence of existing technologies due to failure to promptly deal with digitalization and introduce new technologies</td>
<td>Establish a digital platform to create innovation through DX</td>
<td>Completed the renewal of the management core system at domestic group companies</td>
<td>FY2023: 10%</td>
<td>P47-48</td>
<td></td>
</tr>
<tr>
<td>• Obsolescence of existing services and business models due to rapid development of digital technologies</td>
<td>Execute logistics service reform projects utilizing a digital business platform (data linkage hubs)</td>
<td>Achieved FY2024 targets ahead of schedule</td>
<td>Total number of executions: 60</td>
<td>P47-48</td>
<td></td>
</tr>
<tr>
<td>• Damage to the Company’s business and loss of position in the industry due to the rise of new entrants and competitors</td>
<td>Implementation of Resource Control System (RCS)</td>
<td>Installed in 5 warehouse projects</td>
<td>Achieve the target number of installations</td>
<td>P47-48</td>
<td></td>
</tr>
<tr>
<td>• Improve efficiency of business operations, promote labor-saving, and improve quality/safety through “Step up DX”</td>
<td>Improve conformance rate of ONEsLOGI* new WMS-Platform (PF) to logistics operations</td>
<td>Conformance rate of 75%</td>
<td>FY2023: Conformance rate of 90%</td>
<td>P47-48</td>
<td></td>
</tr>
<tr>
<td>• Create new businesses leading to continued orders from existing customers and acquisition of new customers</td>
<td>Number and percentage of DX-related patent applications included in the total patent applications (publications)</td>
<td>Number of patent applications: 38 (96% in DX area)</td>
<td>Keep track of the achievements</td>
<td>P47-48</td>
<td></td>
</tr>
</tbody>
</table>

### Establish business models through collaborative innovation

<table>
<thead>
<tr>
<th>Risks</th>
<th>KPIs</th>
<th>FY2022 achievements</th>
<th>Targets</th>
<th>Related SDGs</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 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</td>
<td>Develop new services and business models through collaborative innovation</td>
<td>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</td>
<td>Keep track of the achievements</td>
<td>P47-48</td>
<td></td>
</tr>
<tr>
<td>• Acquire growth opportunities through the development of revolutionary technologies that reflect external perspectives</td>
<td></td>
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<tr>
<td>• Establishment of growth platforms through acquisition of new management resources and creation/expansion of an ecosystem</td>
<td></td>
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</tbody>
</table>

* ONEsLOGI: One Step Logistics IT Solution; A group of logistics management systems provided by LOGISTEED Solutions, Ltd., our subsidiary
Risks and opportunities

Keep track of the achievements

● Developed “Firefighting visualization system” to ensure compliance with the Fire Service Act and relevant regulations
  ● 1.05% (YoY +0.9%)

Establish a responsible supply chain in which human rights are respected

Reputational damage, lawsuits and penalties resulting from infringement of human rights, and loss of human resources

Human resource development

● Promote initiatives to develop a business platform that respects human rights
  ● • Established the Group-wide “Human Rights Policy” in April 2023
  ● • 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

Governance and compliance

Loss of social trust due to violation of various laws and regulations and deviation from social norms

Attended training for LOGISTEED Group Code of Conduct education (e-learning)®

● 9.7% (86.531 attendees in total)
  ● Every fiscal year: 100% (P61)

Prevent accidents during operation

Business disruption, loss of social trust, and unexpected issues due to dysfunctional governance and internal control

Reduce incidents during vehicle operation by utilizing “SSCV-Safety”

● Number of incidents** 0.037 (Down by 62.9% YoY)
  ● The rate of various accidents involving the Group’s vehicle was approximately 91% lower than the national average as of FY2020*
  ● As a further measure to prevent accidents in advance, we are promoting the visualization of students to reduce the number of school bus accidents.

Risk management

Impacts on operations and loss of human resources and social trust due to accidents

Conduct company-wide disaster prevention and overseas BCP trainings**

● • Conducted “company-wide BCP trainings; disaster response HQ™” in June
  ● • Established the crisis response manual for Fujirec Logistic Co., Ltd. in India as part of the overseas BCP campaign

Enhance disaster prevention/mitigation

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 customers products, and loss of customer trust due to insufficient measures

Conduct trainings for initial response at disasters

● • Conducted initial and response training assuming an earthquake™ 3 companies (40 attendees)
  ● • Conducted D7 (danger prevention training) focusing on “Fire”™ 18 companies (138 attendees)

Supportive foundation for the objectives

<table>
<thead>
<tr>
<th>Material issues</th>
<th>Risks and opportunities</th>
<th>KPIs</th>
<th>FY2022 achievements</th>
<th>Targets</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realize safe, healthy, and rewarding workplace</td>
<td>Impact on operations and loss of social trust due to workplace accidents</td>
<td>Workplace accident frequency rate/severity rate</td>
<td>Keep track of the achievements</td>
<td>P73</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Loss of employee motivation, decline in labor productivity, and loss of human resources due to long working hours</td>
<td>Number of serious accidents (Total workplace accidents)</td>
<td>Every fiscal year: 0</td>
<td>P73</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improve employee motivation and labor productivity by creating a comfortable workplace that takes health and safety into consideration</td>
<td>Rate of paid leave taken</td>
<td>Keep track of the achievements</td>
<td>P47-48</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Enable stable operations by ensuring occupational health and safety</td>
<td>Rate of sick leave days**</td>
<td>Keep track of the achievements</td>
<td>P47-48</td>
<td></td>
</tr>
<tr>
<td>Establish a responsible supply chain in which human rights are respected</td>
<td>Repputational damage, lawsuits and penalties resulting from infringement of human rights, and loss of human resources</td>
<td>Promote initiatives to develop a business platform that respects human rights</td>
<td>Keep track of the achievements</td>
<td>P47-48, 74</td>
<td></td>
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<tr>
<td></td>
<td>Decrease in competitiveness due to deterioration of quality and productivity in the supply chain</td>
<td>Human resource development</td>
<td>Keep track of the achievements</td>
<td>P47-48, 74</td>
<td></td>
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<tr>
<td></td>
<td>Enable stable business operations by building long-term relationships with suppliers that give consideration to human rights</td>
<td>Promote initiatives to establish a compliance screening system for suppliers</td>
<td>Perform regular screening</td>
<td>P61</td>
<td></td>
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<tr>
<td></td>
<td>Improve competitiveness by building a supply chain with high quality and productivity</td>
<td>Conducted trainings on various themes including human rights using tax-based education, etc. (attendees** 453 (including managers 18%))</td>
<td>Keep track of the achievements</td>
<td>P47-48, 74</td>
<td></td>
</tr>
<tr>
<td>Governance and compliance</td>
<td>Loss of social trust due to violation of various laws and regulations and deviation from social norms</td>
<td>Attendance rate for LOGISTEED Group Code of Conduct education (e-learning)®</td>
<td>Every fiscal year: 100% (P61)</td>
<td>P61</td>
<td></td>
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<tr>
<td></td>
<td>Business disruption, loss of social trust, and unexpected issues due to dysfunctional governance and internal control</td>
<td>Ratio of female executive officers**</td>
<td>Over 10% (P59)</td>
<td>P59</td>
<td></td>
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<td></td>
<td>Earn social trust by demonstrating a commitment to legal compliance</td>
<td>Reflect evaluation of ESG initiatives, etc. in compensation plan for officers</td>
<td>Increase factors to be reflected</td>
<td>—</td>
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<td></td>
<td>Earn trust of stakeholders by realizing highly effective corporate governance and making ongoing improvement</td>
<td>Adoption of CO2 emission reductions as a KPI for determining annual bonuses for executive officers</td>
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<tr>
<td>Prevent accidents during operation</td>
<td>Impact on operations and loss of human resources and social trust due to accidents</td>
<td>Implement measures to strengthen prevention</td>
<td>Keep track of the achievements</td>
<td>P73</td>
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<tr>
<td></td>
<td>Enable stable operations by securing safety in operation/transportation</td>
<td>Earmark social trust by demonstrating a commitment to preventing accidents during operation/transportation</td>
<td>Keep track of the achievements</td>
<td>P73</td>
<td></td>
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<tr>
<td>Risk management</td>
<td>Business suspension/discontinuation due to inadequate/ dysfunctional risk management initiatives</td>
<td>Number of information security incidents</td>
<td>Keep track of the achievements</td>
<td>P74</td>
<td></td>
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<tr>
<td></td>
<td>Earn social trust by demonstrating a commitment to enhancing resilience</td>
<td>Rate of targeted threat emails for simulation trainings**</td>
<td>Keep track of the achievements</td>
<td>P74</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Number of training sessions held</td>
<td>Keep track of the achievements</td>
<td>P74</td>
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<td></td>
<td></td>
<td>Number of vehicles owned by the Group</td>
<td>Keep track of the achievements</td>
<td>P74</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Number of serious accidents</td>
<td>Keep track of the achievements</td>
<td>P74</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Severity rate: 0.009</td>
<td>Keep track of the achievements</td>
<td>P74</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business suspension/discontinuation due to inadequate/disfunctional risk management initiatives</td>
<td>Conduct company-wide disaster prevention and overseas BCP trainings**</td>
<td>Keep track of the achievements</td>
<td>P74</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Enable to recover business quickly and restore corporate reputation by enhancing risk management initiatives</td>
<td>Number of information security incidents</td>
<td>Keep track of the achievements</td>
<td>P74</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of training sessions held</td>
<td>Keep track of the achievements</td>
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<td></td>
<td>Severity rate: 0.009</td>
<td>Keep track of the achievements</td>
<td>P74</td>
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</tr>
</tbody>
</table>

* Rate of sick leave days** = Number of sick leave days/Total prescribed working days for employees × 100
* Education services for FY2022 were health and safety, company assets, whistleblowing, bribery, intellectual property rights, conflicts of interest, exempted, and money laundering
* Ratio of female executive officers and operating officers
* Workplace accidents, vehicle accidents, and product accidents
* Activities to build and improve risk management systems in overseas locations by sending instructors from Japan

Our Future Foundation Supporting Value Creation

Value Creation Achievements

Introduction

Our History

Foundation Supporting Value Creation

For details, please visit our website.

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 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 acquisitions/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 the 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 ¥14.3 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)

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* 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.

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

**Fujimura** 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 customers, 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, 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 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 2021. 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 “SSDOS” under the concept of “Supporting Improvement and CS Improvement.” 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 issues, we built the “Centralized Safety and Quality Control Center” in 2023 as a new means for “visualization” that centralizes 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 “LOGISTEED2024” as “Gembra Power,” multiplied by Visualization, which means we aim to enhance on-site capabilities through visualization. “Gembra Power” is specific results and achievements required as a logistics company, and visualization is extremely important action to have a clear overview of the supply chain.
foundation supporting value creation

we install dedicated cameras and servers in the forklift aisles at preventing leakage and using the data.

confidential information. Please explain how you are easy for forklift operators to understand.

for this success is that the guidance based on the evidence is such as warnings by the "Safety Cockpit." I believe the key factor in the previous year as a result of continued improvement activities, by combining video evidence and DX and further spread safety in overseas, for example, the Philippines to provide safety guidance.

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 "visualisation" 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.

Arakawa: 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 continuous 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 forklift 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 "visualisation" 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 (VMS: 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 "through security," "ease of introduction," and "functional expandability," and decided to use a "cloud 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.

Araki: 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 or rules of stop signs. So, we established the definition and rules, which increased the stop rate to 90%. We also introduced a system to notify forklift operators with a warning lamp at the start of stop signs, in order to spread the rules. As a result, the stop rate is now close to 100%.

Araki: 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 WMS 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 understandings 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 Kariya. 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 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
Quality
Digital business platform

control such areas at the “Centralized Safety and Quality Control Center” is currently promoting automation and labor saving. Going on human-related areas such as safety, the Group as a whole and trends of accidents. In addition, while we have focused on preventive maintenance by building an analysis platform that may lead to accidents from camera footage and issue an system which automatically detects unsafe behaviors and factors we introduced the “Centralized Safety and Quality Control Center” which is attractive to our various collaborative innovation partners, improvement but also to business continuity in the event of an 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 forklift’s 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 acquired 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 operations and come across a stream of issues that cannot be solved by the site alone. I hope we can solve such issues promptly by creating 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/handle 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 occurred within the Company to share it across the company, and transmit real-time information to prevent similar accidents from occurring. In terms of “Gemba” Power, for example, our 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.

Fuj iwara: 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 operations, 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.
To realize sustainable growth, we need to develop strong relationships between employees, the company, and society, and improve 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 regular 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 drive understanding.

Use of employee engagement surveys

In FY2023, we conducted an employee engagement survey annually for the purpose of investigating the organizing 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 also conduct surveys in the invigoration of understanding the results of the engagement survey over time, identifying issues by organization and implementing improvement actions or global initiatives. Based on the survey results, we prepared educational programs to deepen the employees' understanding of the "LOGISTEED WAY" and enhance their management skills in FY2023 and have started to share these in the global sites.

Employee engagement survey

— Score of sustainable engagement —

<table>
<thead>
<tr>
<th></th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total employee</td>
<td>66</td>
</tr>
</tbody>
</table>

Scope: LOGISTEED domestic group companies

*¹ Includes employees of LOGISTEED domestic group companies and the extent of engagement activities in Japan and overseas including education and training, as well as the extent of involvement in diversity management.

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 enable diverse workers to contribute to the Group while creating a diverse and inclusive working environment.

Initiatives to respect human rights as a global company

We position our initiatives to respect human rights as an essential element of courage and employee development. To fulfill our responsibility to respect human rights as a global company, we established the "LOGISTEED Group Human Rights Policy" in April 2020. We will also promote enlightenment activities in Japan and overseas including education and training for employees as well as the Group's external stakeholders and plan to establish a human rights due diligence system.

Promotion of women's participation in the workplace

It is essential to create a workplace environment where women can perform their roles and encourage them to challenge the unknown and grow as individuals. In FY2022, we conducted "leadership training" and "career development training" aimed at raising awareness for appointing female managers as well as training for supporting their understanding, for the purpose of developing female employees systematically and creating a stimulating working environment.

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 business," and practical and specialized training are conducted in cooperation between each department and HR within the Group. We also have an environment to support employee autonomy in growing business and providing career design training and developing employees to take external courses of their own choice.

Overall education system

We have also established a framework for designing and implementing programs based on the identified gap between required skills and the actual level of employees. The framework allows employees to take external courses of their own choice, and in FY2022, 164 employees took voluntary external courses. Additionally, we are working to deepen understanding of the "LOGISTEED WAY" through the education and training programs.

We also have programs to support employees in taking care of their families. In FY2022, we started the "employee leave system," focusing on the key points of the leave system reform. In October 2022, we also introduced a new employee leave system to support working parents and caregivers. The new system is designed to allow employees to take childcare leave, flexi-time leave, and育儿介護休業等, and it aims to support employees in balancing their work and personal lives.

For overseas sites, we plan to conduct surveys on a trial basis in selected areas in 2024.
To Become a Company That Grows by Utilizing Intellectual Assets as Management Resources

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", 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 “LOGISTEED” 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.

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 and understandings to business managers, in developing management or business strategies.

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, which quantifies the safety and quality of logistics operations.

Analyze and utilize intellectual properties in production and development processes

In the warehousing business, we filed a patent application for a system that uses digital hologram technology to display necessary information in augmented reality to assist workers during the maintenance process. The patent application No. 7144602 “Transport Planning System, Method and Program in Compliance with Laws and Regulations” was filed, which is a driver labor management system that ensures compliance with laws and regulations in order to address the issue of manpower shortage in the logistics industry. The system automatically generates vehicle allocation plans, which are used to assign individual vehicles, while complying with statutory working hours.

To be a “leading global 3PL company” set forth in “LOGISTEED2030,” we will enhance protection of intellectual property through global expansion.

Example of initiative 1: 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 2: 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 Value 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.

Patent No. 714036 “Management Support System”

The system analyzes driver fatigue based on visual 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.


This patent focuses on the 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, orders, etc. in augmented reality to assist the workers.

Patent No. 7114460 “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 issue of manpower shortage in the logistics industry. It automatically generates vehicle allocation plans, which are used to assign individual vehicles, while complying with statutory working hours.
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 comprehensive 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 delivery 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 logistic 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’s skills for ICT equipment and collaborative logistics services for hazardous/chemical products.

As a pioneer of 3PL providing services in the ever-expanding domestic 3PL market since the 1980s, the Group comprehensively undertakes logistics operations of customers in a wide range of sectors and industries by capitalizing on its proposal capabilities backed by 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.

Message from the officer in charge

Kazuhiro Nishikawa
Managing Executive Officer
Executive, Higashinippon Area Management Headquarters

“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)** 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.

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 strive to enhance 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 SCDCS in order to expand our business domains through new added value. Through these initiatives, we seek to realize new added value creation beyond logistics as a partner throughout the customers’ supply chain strategy.

Examples of VAS for manufacturing customers

- Procurement/VMI
  - Placement of raw materials/ parts and finished products in the warehouse operation, proposal of materials and parts at the timing of ET delivery.**

- Distribution logistics
  - Inspection, equipment maintenance, pallet design, picking mode change, packing, product loading and unloading, transport, and process management.

- Logistics design and operation
  - 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.

- Compliance with Laws and Regulations
  - “Pursuit of Safety, Quality, and Productivity” through Warehouse DX

- 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’ transportations 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 “KOBIAV” 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* by displaying a list of alerts.

In addition, we reinforce the “White Logistics” movement and are working to introduce our original "truck loading dock booking management system*" 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”

- Added a labor management function to a safety operation management solution “SSCV-Safety”

- Achieve optimal staffing by expanding RCS

- Effects of introducing truck loading dock booking management system

* Labor hour/safety management system for transport equipment manufacturers (offered by Flexicore Co., Ltd.)
** Notification for improvement of vehicle driver working hours, etc. (Notification of the Minister of Health, Labour and Welfare)
*** Truck loading dock booking management system linking and allocating loading dock for truck loading at our logistics center can reduce waiting time and traffic congestion and also improve driving working conditions and truck usage efficiency and reduce CO2 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.

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of sites</th>
<th>Composition ratio of 3PL business (overseas) revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>474</td>
<td>36.7%</td>
</tr>
<tr>
<td>Asia</td>
<td>183</td>
<td>21.3%</td>
</tr>
<tr>
<td>North America</td>
<td>50</td>
<td>25.7%</td>
</tr>
<tr>
<td>China</td>
<td>128</td>
<td>16.3%</td>
</tr>
</tbody>
</table>

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 (P.25). The company has its head office, warehouses, and air and sea 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.

**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 construct 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.

**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 "Smart", 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.

**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 cost 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.

**Japan**    Constructing a warehouse with four temperature zones of about 50,000 square meters in the suburbs of Tokyo

In Japan, the Group is one of the few companies with international competitive advantageous storage and transport services. By adding functional aspects (end-to-end delivery service) to existing distribution centers, the Group is actively expanding business by constructing a warehouse with four temperature zones of about 50,000 square meters in the suburbs of Tokyo. We plan to use this facility for various business operations.

Message from local leadership

**Greg Kodama**
CEO
LOGISTEED America, Inc.

**Ryuzi Honda**
Managing Director
Cyber Freight International Holding B.V.

Message from local leadership

**Greg Kodama**
CEO
LOGISTEED America, Inc.

**Ryuzi Honda**
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Cyber Freight International Holding B.V.

Message from local leadership

**Greg Kodama**
CEO
LOGISTEED America, Inc.

**Ryuzi Honda**
Managing Director
Cyber Freight International Holding B.V.

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Message from local leadership
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**

<table>
<thead>
<tr>
<th>Region</th>
<th>Revenues (round amount)</th>
<th>Ocean transportation</th>
<th>Air transportation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>¥50 billion</td>
<td>290 thousand TEUs</td>
<td>15 thousand tons</td>
</tr>
<tr>
<td>Europe</td>
<td>¥30 billion</td>
<td>130 thousand TEUs</td>
<td>11 thousand tons</td>
</tr>
<tr>
<td>Asia</td>
<td>¥80 billion</td>
<td>400 thousand TEUs</td>
<td>20 thousand tons</td>
</tr>
<tr>
<td>North America</td>
<td>¥50 billion</td>
<td>100 thousand TEUs</td>
<td>5 thousand tons</td>
</tr>
</tbody>
</table>

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, 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**

We are working to strengthen cooperation with collaborative innovation partners and expand our services and network. We will further promote collaborative innovation activities with AT Corporation, making the most of advantages of both companies, to expand top-line. 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.

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.

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**
- Transferred offshore wind turbine to Japan
- Undertook one-stop transportation of power plants to the U.S. and Australia
- Transferred railway cars to Southeast Asia and Latin America (ongoing)
- Large-scale machinery installation and transportation
  - 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 in a new semiconductor factory

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.

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 joined 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 continue to support our customers’ business expansion and contribute to society.

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

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

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Determines basic management policies, etc. and supervises the execution of duties by directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>7</td>
</tr>
<tr>
<td>Female</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Audit &amp; Supervisory Board Members/Audit &amp; Supervisory Board</th>
<th>Performs audits of directors’ business implementation and prepares audit reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>3</td>
</tr>
<tr>
<td>Female</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nominating and Compensation Committee</th>
<th>Makes proposals on the appointment of candidates for directors and Audit &amp; Supervisory Board members as an advisory body to the Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>3</td>
</tr>
<tr>
<td>Female</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Executive Committee</th>
<th>Deliberates on important issues related to business implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>10</td>
</tr>
<tr>
<td>Female</td>
<td>1</td>
</tr>
</tbody>
</table>

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 manage risks 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 training for all employees including officers and rank-based programs as well as group trainings targeting new directors of domestic and overseas group companies.

- Procurement compliance education
To ensure fair procurement activities, we provide e-learning for information security education. Also, as a countermeasure against targeted threat emails, in FY2022, we introduced more practical training using a simulation training 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.

- 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 conducting examination of some business partners based on the revised rules.

- 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.

- 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
(Assh of March 31, 2023)
ISMS Certification
(Assh of March 31, 2023)
12 companies
18 departments

For details of compliance information, please visit our website: https://www.logisteed.com/jp/profile/policy/pdf/koudoukikanhan.pdf (Japanese version only)

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.

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 risks which exceeds the reference point. We also prioritize risks based on the assessment points and focus on discussing countermeasures against them.

- Risk Management System
The group manages risks with a system whereby a Risk owner and a Risk manager 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 whenever necessary, in order to ensure effectiveness of Enterprise Risk Management (ERM).

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

For details of information security, please visit our website: https://www.logisteed.com/en/profile/csr/governance/riskmanagement/
**Risk factors and the implementation status of our measures (priority risks)**

### Growth risk

<table>
<thead>
<tr>
<th>Risk factors</th>
<th>Description of risk opportunity</th>
<th>Impacts when risk occurs</th>
<th>Groups/measure(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Impact on business model and outsourcing implementation projects</td>
<td>- Impact on Group's competitive performance due to fluctuations in the business environment</td>
<td>- Group's measures</td>
<td>- Business model and outsourcing implementation projects</td>
</tr>
<tr>
<td>- Impact on the Group's competitive performance due to fluctuations in the business environment</td>
<td>- Impact on the Group's competitive performance due to fluctuations in the business environment</td>
<td>- Group's measures</td>
<td>- Business model and outsourcing implementation projects</td>
</tr>
<tr>
<td>- Opportunity</td>
<td>- Reimbursement of service charges and improvements in service quality</td>
<td>- Group's measures</td>
<td>- Business model and outsourcing implementation projects</td>
</tr>
</tbody>
</table>

### Changes in a business model (technological innovation, etc.)

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description of risk opportunity</th>
<th>Impacts when risk occurs</th>
<th>Groups/measure(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Risk</td>
<td>- Loss of competitive advantages in the logistics sector</td>
<td>- Group's measures</td>
<td>- Business model and outsourcing implementation projects</td>
</tr>
<tr>
<td>- Opportunity</td>
<td>- Reimbursement of service charges and improvements in service quality</td>
<td>- Group's measures</td>
<td>- Business model and outsourcing implementation projects</td>
</tr>
</tbody>
</table>

### Securing human resources

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description of risk opportunity</th>
<th>Impacts when risk occurs</th>
<th>Groups/measure(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Risk</td>
<td>- Decrease in market share due to decline in profitability</td>
<td>- Group's measures</td>
<td>- Business model and outsourcing implementation projects</td>
</tr>
<tr>
<td>- Opportunity</td>
<td>- Reimbursement of service charges and improvements in service quality</td>
<td>- Group's measures</td>
<td>- Business model and outsourcing implementation projects</td>
</tr>
</tbody>
</table>

### Environmental change risk

<table>
<thead>
<tr>
<th>Risk factors</th>
<th>Description of risk opportunity</th>
<th>Impacts when risk occurs</th>
<th>Groups/measure(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Sharp increase in cost</td>
<td>- Increase in resource costs (fuel, labor costs, resource costs, etc.)</td>
<td>- Group's measures</td>
<td>- Business model and outsourcing implementation projects</td>
</tr>
<tr>
<td>- Opportunity</td>
<td>- Energy efficiency improvements</td>
<td>- Group's measures</td>
<td>- Business model and outsourcing implementation projects</td>
</tr>
</tbody>
</table>

### Hazard risk

<table>
<thead>
<tr>
<th>Risk factors</th>
<th>Description of risk opportunity</th>
<th>Impacts when risk occurs</th>
<th>Groups/measure(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Risk</td>
<td>- Loss of human resources due to an imbalance between the personnel needs of the logistics business and the market environment</td>
<td>- Group's measures</td>
<td>- Business model and outsourcing implementation projects</td>
</tr>
</tbody>
</table>

### Change in a business model (technological innovation, etc.)

<table>
<thead>
<tr>
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<tr>
<td>- Risk</td>
<td>- Decrease in market share due to decline in profitability</td>
<td>- Group's measures</td>
<td>- Business model and outsourcing implementation projects</td>
</tr>
<tr>
<td>- Opportunity</td>
<td>- Reimbursement of service charges and improvements in service quality</td>
<td>- Group's measures</td>
<td>- Business model and outsourcing implementation projects</td>
</tr>
</tbody>
</table>

### Operational risk

<table>
<thead>
<tr>
<th>Risk factors</th>
<th>Description of risk opportunity</th>
<th>Impacts when risk occurs</th>
<th>Groups/measure(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Risk</td>
<td>- Loss of customer trust due to failure to meet delivery deadlines and customer service expectations</td>
<td>- Group's measures</td>
<td>- Business model and outsourcing implementation projects</td>
</tr>
<tr>
<td>- Opportunity</td>
<td>- Reimbursement of service charges and improvements in service quality</td>
<td>- Group's measures</td>
<td>- Business model and outsourcing implementation projects</td>
</tr>
</tbody>
</table>

**Introduction**

LOGISTEED Integrated Report 2023

**Our Future**

Value Creation Achievements

Foundation Supporting Value Creation

As for risk factors other than those prioritize risk, please visit our website. [https://www.logisteed.com/en/profile/csr/governance/riskmanagement/](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. 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 business processes.
2. Provide logistics/services with less environmental load.
3. Improve Eco-Mind Level and Enhance Eco-Management System.

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, 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
- Strengthening cooperation with overseas group companies
- Performance of internal environmental audit
- Number of subjects sites subjected to internal environmental audits (Japan: FY2022)

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.

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

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

Medium-to-Long-term Environmental Targets

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 CO₂ emissions. Amid the accelerating movements to realize a decarbonized society around the world, the Group updated the medium-to-long-term environmental targets 2020/2030 developed in FY2020 with more aggressive targets in FY2021.

Examples of CO₂ 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.

- Shift to EVs/FCVs
- Purchase of environmental value certifications (non-fossil fuel energy certificates/green power certificates, 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.)
- Renewable energy

CO₂ emissions throughout the supply chain

We started to calculate “Scope 3” from FY2017 to identify and reduce CO₂ emissions from the entire supply chain.

Third-party certification on CO₂ 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 LQA 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.”

Trend of LOGISTEED Group CO₂ emissions*2

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

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

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 decarbonizing oriented society” as one of the business objectives to promote initiatives to address climate-related risks and opportunities and reduce CO₂ 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 (CO₂) emission reduction) through Chairman and CEO who are 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 oversee 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 offices including Chief Sustainability Officer is held semiannually to confirm the achievement level of climate change responses including reduction of energy consumption and CO₂ 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.

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 target for reduction of greenhouse gas (CO₂) emissions and is actively promoting initiatives in the decarbonization projects in five areas (energy saving, electrification, procurement of renewable energy, energy creation, and emissions trading).

Greenhouse gas (CO₂) emissions

Medium to long-term environmental targets 2030/2050

The Group has set the medium to long-term target for reduction of greenhouse gas (CO₂) 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).

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.

Under the scenario that assumes the goal of the Paris Agreement is achieved (1.5°C/2°C scenario) and the one that assumes that new policies are implemented but each country’s announced policies are achieved (4°C scenario), we have assessed financial impacts of identified climate-related risks and opportunities based on the information such as the trend of key parameters.

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

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

(3) Transition plan to achieve 1.5°C target

The Group has incorporated the five initiatives toward the realization of the medium to long-term environmental targets: “energy saving, electrification, procurement of renewable energy, energy creation, and emissions trading” in the Mid-term Management Plan “LOGISTEED2024” and will promote CO₂ emission reduction measures to limit the temperature increase to 1.5°C above pre-industrial levels.

Note: Definitions of impacts

Large 1/7 Fossil fuel based business and financial impact
Medium 4/6 has some business and financial impact
Small 1/6 has a small business and financial impact

* Reference scenarios

1.5°C scenario: RCP4.5 Net Zero Emissions by 2050 Scenario
2°C scenario: RCP2.6 Sustainable Development Scenario/PCP RCP2.6
4°C scenario: RCP4.5 Uptilised Parallel Scenario/RCP RCP4.5

P66 Examples of CO₂ emission reduction initiatives
Contribute to Decarbonized/Recycling-oriented Society

| Material issue | Contribution to decarbonized society | Definition of material issue | Work to reduce greenhouse gas (CO₂) 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 CO₂ emissions in the logistics domain will have an impact on the realization of carbon neutrality, and therefore it is important to work to reduce CO₂ emissions and environmental load not only in the Group but also in the supply chains of our customers. Based on this idea, we strive 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 CO₂ emissions including Scope 3 emissions from our customers, in addition to ongoing initiatives such as modal shift and collaborative logistics.

Initiatives to Reduce CO₂ 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**
  
  - 
  
  - CO₂ 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 a car manufacturer from Kanto to Kansai to Kyushu. In FY2023, we made a modal shift to trailers and coastal shipping, using the return trips of a car manufacturer from Tokyo to Kyushu.

  - **Internal carbon pricing (ICP)**
    
    In order to promote decarbonization initiatives, we are considering the use of ICP in investment decision-making. In FY2022, we set ICP at 10,000 yen/t-CO₂ 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 CO₂ emission reduction targets throughout the supply chain**
    
    To set CO₂ emission (Scope 3) reduction targets throughout the supply chain, we have been conducting fact-finding surveys of CO₂ 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 in carbon reduction by providing SCDOS “Decarbonization Monitoring Service”**
  
  As part of “SCDOS,” our DX service to support optimization of customers’ supply chain, we offer “CO₂ emission visualization function” from FY2021. This service enables customers to accurately measure and visualize CO₂ 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 CO₂ emissions from logistics domains of multiple customers.

For more information about SCDOS, please visit our website.


Objective 1

Contribute to Decarbonized/Recycling-oriented Society

| Material issue | Contribution to recycling-oriented society | Definition of material issue | Work to reduce 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 ecosystems.

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 cardboard,” 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 cardboard from the perspective of reducing environmental load. In changing all packaging materials to cardboard, the issue was how to maintain the strength, but we used reinforced cardboard and successfully maintained strength and reduced wood consumption by 100% at the same time.

Award-winning case/Award titles

- Logistics Award: Change of shipping box for steam turbine blades
  
  - Working hours: down 28%
  
  - Transportation costs: down 60%
  
  - CO₂ emissions: down 88%, etc.

- Electric Equipment Packaging Award: The electric trolley package made of only cardboard
  
  - Wood consumption: down 100%
  
  - Material costs: down 20%, etc.

- Received both “Logistics Award” and Electric Equipment Packaging Award at the Japan Packaging Contest 2022


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.

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 Magikoro (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 (OSCA) (public interest incorporated foundation) and continued the greening project in collaboration with the NPO Green Network, bringing the total land afforested under the Magikoro Fund to 13 hectares.

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 Kiasu 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.

Recycling rate (FY2022)

Target: 99%

Result: 99.0%
Objective 2
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 a social infrastructure.

The LOGISTEED Group is working to sophisticate its supply chain optimization services and enhance its warehouse 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**, and AGVs, etc. and achieved labor savings of 100 FTE* per year compared to FY2021.

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 Indonesia, our group companies, will install the standard proposals to more customers than we originally planned.

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 operations, 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 “TDIC Certified Solution” by Transportation Digital Business Conference (TDIC) 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 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 record 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 transport 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

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 creating 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 calculating 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 ONELOGI
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 “ONELOGI, 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 cornerstone 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
(2022) 96%
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.

**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 accident incidents in FY2022 by 50% year on year.

**Number of incidents during vehicle operation** (FY2022)

- 0.037* (Yoy. -52%)  
  *For vehicles 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 a space, 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)**

<table>
<thead>
<tr>
<th>Week</th>
<th>Number of Attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,420</td>
<td>at 37 sites</td>
</tr>
</tbody>
</table>

**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 introducing SSCV-Safety to explain the safety functions of SSCV-Safety and share safety initiatives 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**

<table>
<thead>
<tr>
<th>Type</th>
<th>Target</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2024 target (compared to FY2021)</td>
<td>Down by 40%</td>
<td></td>
</tr>
<tr>
<td>FY2022 result (compared to FY2021)</td>
<td>Down by 24%</td>
<td></td>
</tr>
</tbody>
</table>

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

**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 unrepaird by an oversight and reduction of human and material damage, etc. due to defective firefighting equipment.

**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.

**Definition of material issue**

- 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 information on safety-related work (productivity), 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.

**Definition of material issue**

- Disaster Prevention Measures
  - We are seeking 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 KIT (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.

- **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.

**Definition of material issue**

- Toward Developing Business Platform That Respects Human Rights
  - To enhance the Group’s value chain and conduct a fact-finding survey on “treatment of technical interns,” such as by introducing self-training, we have developed SSCV-Safety to explain the safety functions of SSCV-Safety and management of safety activity.

**Definition of material issue**

- Identifying 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 rail, road, and sea to ensure there is no gap in transportation. This transportation method helps 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-comruption.

Circular economy  Economic activities that effectively use 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 (R3) 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 CO2 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 corporate's 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, it can operate and run multiple systems just like a person does.

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.

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.

* Listed in Japanese or English alphabetical order.
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:
- JPL Business [integrated logistics services for corporate customers] (Logistics System Building, Information Control, Inventory Control, Order 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.

Network Extending to 28 Countries and Regions

As of March 31, 2023

- East Asia: 22 companies, 128 sites
- Japan: 26 companies, 334 sites
- North America: 19 companies, 50 sites
- Europe: 17 companies, 113 sites
- Asia: 23 companies, 183 sites

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
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- CSR/ESG
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Logistics-related companies

LOGISTEED Solutions, Ltd.
LOGISTEED Auto Service, Ltd.
LOGISTEED Solutions Americas, Ltd.
LOGISTEED Solutions China, Ltd.

Overseas logistics companies

- North America
  - LOGISTEED America, Inc.
  - J.P. Holding Company, Inc.
- Europe
  - LOGISTEED Europe B.V.
  - Cyber Freight International Holding B.V.
  - ESA s.r.o.
- Asia
  - Fine Chemical Logistics China Company Limited
  - VANTEC SUMISO LOGISTICS (WUHAN) CO., LTD.
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  - LOGISTEED Taiwan, Ltd.
  - LOGISTEED Korea, Ltd.

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