

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 decarbonized/recycling-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 is responsible for climate change initiatives. The executive officer in charge reports to the Board of Directors the progress of the climate change initiatives annually or as needed.

Sustainability Promotion Department, Corporate Strategy Office in the head office oversees overall environmental management work under the supervision of Executive Vice President and Executive Officer, who is responsible for sustainability strategy. The Environmental Promotion Conference comprised of the Group's environment officers including Chief Sustainability Officer is held semiannually to confirm the achievement level of climate change responses including reduction of energy consumption and 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.

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

Governance system → P65 (environmental management structure)

Risk management

In consideration of all management risks identified, Sustainability Promotion Department, Corporate Strategy Office in the head office has selected risks and opportunities related to "Contribute to decarbonized society," one of the material issues, and has identified items having large financial impacts as material risks and opportunities. Sustainability Promotion Department is responsible for developing and executing plans to address them with approval of the Executive Committee and supervision by the Board of Directors.

Metrics and targets

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

For the purpose of addressing climate change risks and opportunities, the Group has set the medium-to-long-term targets for reduction of greenhouse gas (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

→ P4 Trend of LOGISTEED Group CO₂ emissions

Strategy

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

(1) Scenario analysis process

The Group has performed scenario analyses according to the following procedures (→ P2 upper). Under the scenario that assumes the goal of the Paris Agreement is achieved (1.5°C/2°C scenario) and the one that assumes that no new policies are implemented but each country's announced policies are achieved (4°C scenario), we have assessed financial impacts of identified climate-related risks and opportunities based on the information such as the trend of key parameters.



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

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

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

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

2 Physical risks (4°C scenario)

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

3 Opportunities

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

Note: Definition of impacts

Large: It has a significant business and financial impact Medium: It has some business and financial impact Small: It has a small business and financial impact

* Reference scenario:

1.5°C scenario: IEA Net Zero Emissions by 2050 Scenario

2°C scenario: IEA Sustainable Development Scenario/IPCC RCP2.6

4°C scenario: IEA Stated Policies Scenario/IPCC RCP8.5

(3) Transition plan to achieve 1.5°C target

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

→ P4 ■ Examples of CO₂ emission reduction initiatives

The LOGISTEED Group Environmental Management

Environmental Policy

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

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

Environmental Management Structure

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

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

Strengthen Environmental Management

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

Holding Environmental Promotion Conference

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

Number of environment conferences held (FY2022)

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

Performance of internal environmental audit

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

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

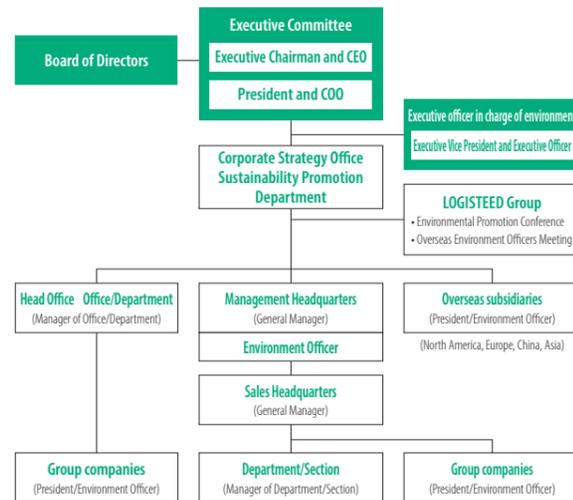
Improving Environmental Awareness

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

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

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

Environmental Management Structure



Strengthening cooperation with overseas group companies

In order to reduce the environmental load of the entire Group, including overseas companies, we are working to strengthen cooperation with overseas locations. In FY2022, we conducted interviews with personnel in charge of environment at each group company to identify issues and establish reporting lines for the purpose of visualizing CO₂ emissions overseas.

Third-party certification initiatives

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



Green Action Workshop

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

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

The LOGISTEED Group developed the medium-to-long-term environmental targets 2030/2050 in FY2020 to contribute to the realization of sustainable society, and is striving to reduce CO₂ emissions. Amid the accelerating movements to realize a decarbonized society around the world, the Group updated the medium-to-long-term environmental targets 2030/2050 developed in FY2020 with more aggressive targets in FY2021.

Medium-to-Long-term Environmental Targets

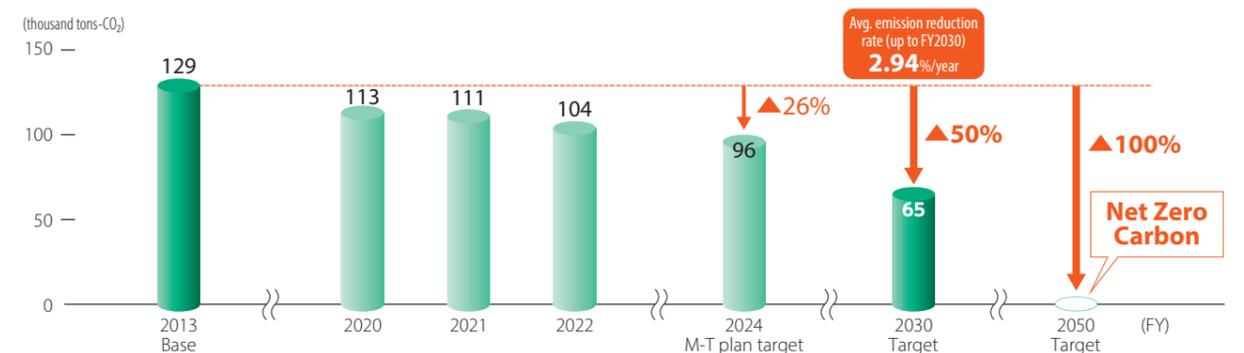
Reduction of CO₂ emissions (Scope 1 and 2 in Japan*1)

FY2030 target (base year: FY2013) Aim to reduce CO ₂ emissions by 50% compared to the base year	FY2050 target Strive to achieve Net Zero Carbon *2
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● Scope of emission: CO₂ emitted from energy consumption by the Group through its business operation
 ● Type of energy: Electricity, fuel for vehicle, etc.

*1 Definition of scope
 Scope 1: Direct emissions from in-house energy (fuel, etc.) use (e.g. CO₂ released by company vehicles)
 Scope 2: Indirect emissions from the use of energy supplied by other companies (e.g. CO₂ released by a third party power plant due to electricity use in the company's facility)
 Scope 3: Indirect emissions by supply chain other than Scope 1 and 2 (total of 15 categories including transportation outsourcing and business trip of employees)
 *2 Net Zero Carbon: To balance emissions of CO₂, one of greenhouse gases, and its absorption/removal

Trend of LOGISTEED Group CO₂ emissions*



Examples of CO₂ emission reduction initiatives

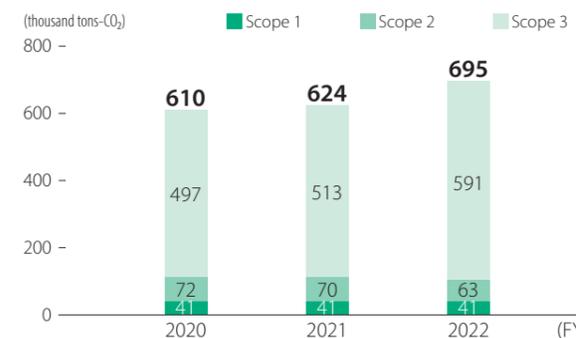
The Group has launched a decarbonization promotion project to achieve the medium-to-long-term environmental targets and is working proactively on initiatives in five areas.

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

* Compared to FY2013

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.



Scope: LOGISTEED, domestic group companies

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 LRQA Limited in FY2022. We will continue to secure the reliability of our calculated data by obtaining a third-party certification and also work to expand the scope to "Scope 3."

*Scope: CO₂ emissions in scope 1 and scope 2 (domestic)

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

Please visit our website for details about CO₂ emissions data in Scope 3.
<https://www.logisteed.com/en/profile/csr/environment/activity.html>