Material Issues and KPIs of the LOGISTEED Group

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.

Objective 1 Contribute to Decarbonized/Recycling-oriented Society

Material issues	Risks and opportunities	KPIs		LOGISTEED	Domestic	Overseas	FY2022 achievements	Targets (Unless otherwise stated, the figures represent targets for FY2024)	Related SDGs	References
Contribute to decarbonized society	Risks ● Increase in tax burden related to climate change and cost increase due to tightening or introduction of regulations on CO_2 emissions ● Increase in CO_2 emission reduction cost and loss of customers due to delay/failure in introducing environmental technology ● Loss of customers due to inadequate response to customers who emphasize low carbon or carbon-neutral transportation and the use of renewable energy Opportunities ● Promote introduction of more efficient transportation modes and production/distribution processes by pursuing low energy ● Continue receiving orders from existing customers and acquire new customers by enhancing climate- and decarbonization-conscious measures and promoting use of renewable energy	Reduction of CO_2 emissions*1		●	●		Down by 19.4% from FY2013 (expected to achieve FY2024 target ahead of schedule)	Down by 26% from FY2013	7, 11, 12, 13, 17	P65-69
		Support customers' decarbonization by providing SCDOS "Decarbonization Monitoring Service"		●	●	●	Made a proposal of SCDOS "EcoLogiPortal (CO_2 emission visualization solution)" to customers in excess of the annual target for the number of companies we approach for FY2022 and assisted multiple customers to visualize and reduce CO_2 emissions from the logistics domain	Achieve annual targets for the number of companies we approach		P26, 69
		Promote initiatives to set CO_2 emission reduction targets including supply chains		●	●	●	Promoted initiatives for automated aggregation and visualization of group-wide CO_2 emissions and developed a plan to set CO_2 emission reduction targets for the entire supply chain in Japan and overseas	FY2023: Set targets		P69
Contribute to recycling-oriented society	Risks ● Loss of reputation and customers due to inadequate responses to environmental pollution and waste reduction ● Obsolescence of services and decrease in competitiveness due to a delayed response to a recycling-oriented society Opportunities ● Continue receiving orders from existing customers and acquire new customers by enhancing measures considering environmental pollution ● Diversify business activities and create new businesses by seeking to reduce and avoid resource use	Recycling rate		●	●		99.0%	Maintain 99% every fiscal year		P65, 70
		Promote initiatives to build a circular economy business model		●	●		Started Proof of Concept (PoC) for the recycling of plastic waste (stretch film, etc.) generated in the logistics process	Keep track of the achievements		—

Objective 2 Build and Evolve Resilient, Sustainable Logistics Services

Material issue	Risks and opportunities	KPIs		LOGISTEED	Domestic	Overseas	FY2022 achievements	Targets (Unless otherwise stated, the figures represent targets for FY2024)	Related SDGs	References
Build and evolve resilient, sustainable logistics services	Risks ● Decrease in competitiveness and loss of customers due to deterioration of safety/quality/productivity and delayed deliveries, etc. ● Suspension of operations due to inadequate transportation enhancement measures, etc., interruption/weakening of logistics networks, and deterioration of services/quality ● Difficulties in securing transportation capacity due to the aging of managers and drivers of transportation partner companies and rising costs to secure such capacity Opportunities ● Acquire customer trust and improve reputation by strengthening the business continuity ● Diversify business activities and create new businesses by pursuing transportation enhancement measures to address social issues and services with high level of safety/quality/productivity ● Build partnerships with customers and acquire new customers by continuously providing services with high level of safety/quality/productivity	Support customers' SCM*2 with SCDOS		●	●	●	Assisted various customers to improve their SCM by enhancing SCDOS functions and making proposals to a large number of customers in excess of the annual target for the number of companies we approach for FY2022	Achieve annual support targets	8, 9, 11, 17	P26, 71
		Realize a comfortable workplace by installing automated/labor-saving equipment at logistics centers		●	●	●	Installed automated/labor-saving equipment for cargo handling and delivery at multiple logistics centers in Japan, saving 100 FTE*3 per year compared to FY2021	Mechanize cargo handling work (100 FTE per year)		P27, 71
		Contribute to safe and more efficient transport by expanding user network of each "SSCV" function		●	●		Expanded the Group's ecosystem through the installation of "SSCV" (1) Smart: Installed at a total of 137 partner companies (2) Safety: Installed in a total of 2,630 vehicles (including 220 vehicles of partner companies) (3) Vehicle: Installed in a total of 3,149 vehicles	Achieve the targets to install: (1) Smart: partner companies (2) Safety: vehicles of partner companies (3) Vehicle: the Group's vehicles*4		P50, 52, 71
		Enhance transport business to cope with the 2024 issue		●	●		Number of violations of labor standards regarding drivers: 0	Number of violations of labor standards regarding drivers: 0		P27, 71
		Expand GDP-compliant equipment at medical DCs		●	●		• Established an educational program aiming at strengthening GDP quality control and operational capabilities and provided education to all employees engaging in GDP operations at medical DCs • Developed/installed a standardized system for temperature control and documentation management and started its operation	Complete installations in target sites		P71

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

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Objective 3 Create New Values Through Collaborative Innovation

Material issues	Risks and opportunities	KPIs		LOGISTEED	Domestic	Overseas	FY2022 achievements	Targets Unless otherwise stated, the figures represent targets for FY2024	Related SDGs	References
Secure diverse human resources to support growth	Risks ● Human resource shortage due to failure to promptly respond to digitalization and labor saving ● Stereotypical ideas due to lack of diverse human resources, loss of new business opportunities, and decrease in competitiveness ● Loss of human resources due to a mismatch between the HR measures and what employees desire and a delayed response to diversified working-style Opportunities ● Create new business opportunities and improve competitiveness by securing diverse human resources including highly skilled personnel and those from different industries, etc. ● Improve labor productivity by increasing employee motivation	Implement education to develop human resources with DX skills		●	●		• All subject employees attended "Mindset Training" aiming at cultivating issue-solving mindset (8,122 attendees) • Implemented an education program to develop human resources with DX skills Intensive training for human resources to promote DX business: 395 attendees in total (cumulative) Intensive training for DX technical skills: 408 attendees in total (cumulative) DX mindset cultivation program: 2,424 attendees in total (cumulative)	Every fiscal year: All employees attend mindset training	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS	P47-48
		Expand global human resources and reform organizational culture		●	●	●	• Promoted the visualization of human resources through a global common platform and its utilization for talent management • Distributed 1,995 posters and 21,500 cards/leaflets each (in 18 languages) to spread the LOGISTEED WAY • Time invested in global human resource development: 6,670 hours	Keep track of the achievements		P47-48
		Improve operational efficiency by installing digital tools such as RPA		●	●	●	Reduction of working hours: Cumulative 468,000 hours	Reduction of working hours: Cumulative 1.2 million hours		—
		Improve the score of sustainable engagement in the employee engagement survey		●	●	●	• Japan: Scored 66 (up 1 point from last time) • Overseas: Identified and organized implementation-related issues and developed a roadmap for implementation	Japan: Scored 70 or more Overseas: Start implementation first at major group companies in FY2023		P47-48
		Ratio of female managers		●			6.9%	FY2023: 10%		P47-48
Step up DX	Risks ● Obsolescence of existing technologies due to failure to promptly deal with digitalization and introduce new technologies ● Obsolescence of existing services and business models due to rapid development of digital technologies ● Damage to the Company's business and loss of position in the industry due to the rise of new entrants and competitors Opportunities ● Improve efficiency of business operations, promote labor-saving, and improve quality/safety through "Step up DX" ● Create new businesses leading to continued orders from existing customers and acquisition of new customers	Establish a digital platform to create innovation through DX		●	●	●	Completed the renewal of the management core system at domestic group companies	Keep track of the achievements		P72
		Execute logistics service reform projects utilizing a digital business platform (data linkage hubs)		●	●	●	Achieved FY2024 targets ahead of schedule	Total number of executions: 60		P72
		Implementation of Resource Control System (RCS)		●	●	●	Installed in 5 warehouse projects	Achieve the target number of installations		P27、72
		Improve conformance rate of ONEsLOGI*1 new WMS-Platform (PF) to logistics operations		●	●	●	Conformance rate of 75%	FY2023: Conformance rate of 90%		P72
		Number and percentage of DX-related patent applications included in the total patent applications (publication)		●	●	●	Number of patent applications: 30 (96% in DX area)	Keep track of the achievements		P49-50, 72
Establish business models through collaborative innovation	Risks ● Obsolescence of existing services and business models due to lack of or delay in collaboration with external parties and a delayed response to rapid technological development Opportunities ● Acquire growth opportunities through the development of revolutionary technologies that reflect external perspectives ● Establishment of growth platforms through acquisition of new management resources and creation/expansion of an ecosystem	Develop new services and business models through collaborative innovation		●	●	●	Made big data obtained through SSCV-Safety operations publicly available to invite ideas from public to use such data for new digital services and applications	Keep track of the achievements		P72

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

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Supportive Foundation for the Objectives

Material issues	Risks and opportunities	KPIs		LOGISTEED	Domestic	Overseas	FY2022 achievements	Targets (Unless otherwise stated, the figures represent targets for FY2024)	References
Realize safe, healthy, and rewarding workplace	Risks ● Impact on operations and loss of social trust due to workplace accidents ● Loss of employee motivation, decline in labor productivity, and loss of human resources due to long working hours Opportunities ● Improve employee motivation and labor productivity by creating a comfortable workplace that takes health and safety into consideration ● Enable stable operations by ensuring occupational health and safety	Workplace accident frequency rate/ severity rate		●	●		Frequency rate: 0.62 Severity rate: 0.009	Keep track of the achievements	P73
		Number of serious accidents (fatal workplace accidents)		●	●	●	0	Every fiscal year: 0	P73
		Rate of paid leave taken		●	●		68.8% (YoY +0.9%)	Keep track of the achievements	P47-48
		Rate of sick leave days*1 —Promote health and productivity management—		●	●		1.05%	Keep track of the achievements	P47-48
Establish a responsible supply chain in which human rights are respected	Risks ● Reputational damage, lawsuits and penalties resulting from infringement of human rights, and loss of human resources ● Decrease in competitiveness due to deterioration of quality and productivity in the supply chain Opportunities ● Enable stable business operations by building long-term relationships with suppliers that give consideration to human rights ● Improve competitiveness by building a supply chain with high quality and productivity	Promote initiatives to develop a business platform that respects human rights		●	●	●	• Conducted desktop research with the support of NGOs and organized global human rights issues • Organized and assessed risks in the Group's value chain, conducted a fact-finding survey on "treatment of technical interns" identified as a high-priority risk, and confirmed that they are managed properly • Established the Group-wide "Human Rights Policy" in April 2023	Keep track of the achievements	P47-48, 74
		Human right education		●	●	●	• Conducted trainings on various themes including human rights using rank-based education, etc. (attendees*2: 453 (including managers 18%)) • Continued case studies on human rights in workplace compliance education during "Group Code of Conduct Month*3"	Keep track of the achievements	P47-48, 74
		Promote initiatives to establish a compliance screening system for suppliers		●	●	●	• Revised and established rules to enhance the anti-bribery management system • Conducted examinations to prevent bribery on the Group's contractor for customs clearance based on relevant rules (execution rate: 97%)	Perform regular screening	P61
Governance and compliance	Risks ● Loss of social trust due to violation of various laws and regulations and deviation from social norms ● Business disruption, loss of social trust, and unexpected losses due to dysfunctional governance and internal control Opportunities ● Earn social trust by demonstrating a commitment to legal compliance ● Earn trust of stakeholders by realizing highly effective corporate governance and making ongoing improvement	Attendance rate for LOGISTEED Group Code of Conduct education (e-learning)*4		●	●	●	97% (86,535 attendees in total)	Every fiscal year: 100%	P61
		Ratio of female executive officers*5		●	—	—	5% (as of March 31, 2023)	Over 10%	P59
		Reflect evaluation of ESG initiatives, etc. in compensation plan for officers		●	—	—	Adopted CO_2 emission reductions as a KPI for determining annual bonuses for executive officers	Increase factors to be reflected	—
Prevent accidents during operation	Risks ● Impact on operations and loss of human resources and social trust due to accidents Opportunities ● Enable stable operations by securing safety in operation/transportation ● Earn social trust by demonstrating a commitment to preventing accidents during operation/transportation	Reduction rate for three types of accidents*6		●	●	●	Down by 24% from FY2021	Down by 40% from FY2021	P73
		Implement measures to strengthen prevention		●	●	●	• Held regular education webinars for companies that installed SSCV-Safety*7 (including those considering to install) (Number of sessions held: 9/Number of attendees: 30 companies, 51 persons in total) • Provided education through experiential sessions using VR (Sessions held at 37 sites in Japan/3,420 attendees in total)	Keep track of the achievements	P73
		Reduce incidents during vehicle operation by utilizing "SSCV-Safety"		●	●		Number of incidents*8: 0.037 (Down by 52% YoY) The rate of serious accidents involving the Group's vehicles was approximately 91% lower than the national average as of FY2020*9. As a further measure to prevent accidents in advance, we are promoting the visualization of incidents to reduce the number of close calls.	Keep track of the achievements	P73
Risk management	Risks ● Business suspension/discontinuation due to inadequate/ dysfunctional risk management Opportunities ● Enable to recover business quickly and restore corporate reputation by enhancing risk management initiatives	Conduct company-wide disaster prevention training and overseas BCP caravans*10		●	●	●	• Conducted "company-wide BCP trainings by disaster response HQ*11" in June • Established the crisis response manual for Flyjac Logistics Pvt. Ltd. in India as part of the overseas BCP caravans	Keep track of the achievements	P74
		Number of information security incidents		●	●	●	0	Every fiscal year: 0 incident	P61
		Attendance rate for information security training course and rate of targeted threat emails for simulation trainings opened		●	●	●	• Attendance rate for information security training course: 100% (37,272 attendees) • Rate of targeted threat emails for simulation trainings*12 opened: 7.1%	Every fiscal year: 100% attendance/ Open rate: 5%	P61
Enhance disaster prevention/ mitigation	Risks ● Suspension of operations, interruption of logistics networks and damage to employees, as well as damage to the Group assets (e.g. buildings and facilities) and customer products, and loss of customer trust due to insufficient measures ● Damage to related parties, compensation to victims, and lawsuits by victims Opportunities ● Avoid opportunity loss through rapid business continuity and recovery ● Earn social trust by demonstrating a commitment to enhancing resilience	Enhance functions of the "Safety Cockpit" (Centralized Safety and Quality Control Center)		●	●		Installed a video management system, etc. with advanced functions at three distribution centers in Japan and started remote monitoring of unsafe behaviors and dangerous events on the cloud and also centralized control at the "Centralized Safety and Quality Control Center" established in the Company's head office	Keep track of the achievements	P27, 41-46, 74
		Establish a management system utilizing a visualization system for self-defense firefighting operations		●	●		Developed "Firefighting visualization system" to ensure compliance with the Fire Service Act and relevant regulations and launched full-scale operation at approximately 400 sites subject to the system installation in January 2023	Keep track of the achievements	P74
		Conduct trainings for initial response at disasters		●	●		• Conducted an initial response training assuming an earthquake*11: 3 companies (40 attendees) • Conducted KYT (danger prediction training) focused on fire*11: 18 companies (approx. 150 attendees)	Keep track of the achievements	P74

*1 Rate of sick leave days = (Number of sick leave days/Total prescribed working days for employees) × 100
*2 Scope: Full-time employees of LOGISTEED and domestic group companies
*3 A period during which the entire Group, under the leadership of top management, works on various programs with the aim of establishing corporate ethics and ensuring thorough compliance with laws and regulations (every October)
*4 Education themes for FY2022 were health and safety, company assets, whistleblowing, bribery, intellectual property rights, conflicts of interest, export-related, and money laundering
*5 Percentage of female executive officers and operating officers
*6 Workplace accidents, vehicle accidents, and product accidents
*7 SSCV-Safety service is available only in Japan
*8 Average number of incidents per month per vehicle in operation owned by the Group
*9 Calculated based on "Business Vehicle Accident Statistics (2020)" by Institute for Traffic Accident Research and Data Analysis
*10 Activities to build and improve risk management systems in overseas locations by sending instructors from Japan
*11 Online desktop simulation
*12 Scope: LOGISTEED and domestic group companies

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