

# LOGISTEED

## Integrated Report 2024



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<b>Financial information</b> <b>Investor Relations (website)</b>		<ul style="list-style-type: none"> <li>Annual Securities Reports (Japanese version only)</li> </ul>		<ul style="list-style-type: none"> <li>Presentation Material of Financial Results</li> </ul>
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**Integrated Report (Brochure/PDF)**

### Editorial Policy

The LOGISTEED Group has been publishing Integrated Reports since the 2020 edition in lieu of the conventional Annual Reports. This report introduces the Group's initiatives toward increasing corporate value sustainably to our stakeholders by explaining our value creation process and business model.

This report has been compiled with reference to the "International Integrated Reporting Framework" published by the IFRS Foundation and the "Guidance for Collaborative Value Creation 2.0" published by the Ministry of Economy, Trade and Industry.

### Reporting period

The fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024 in general) However, recent activities are also reported in this report. "FY" refers to a financial period ended or ending on March 31.

### Companies covered in this report

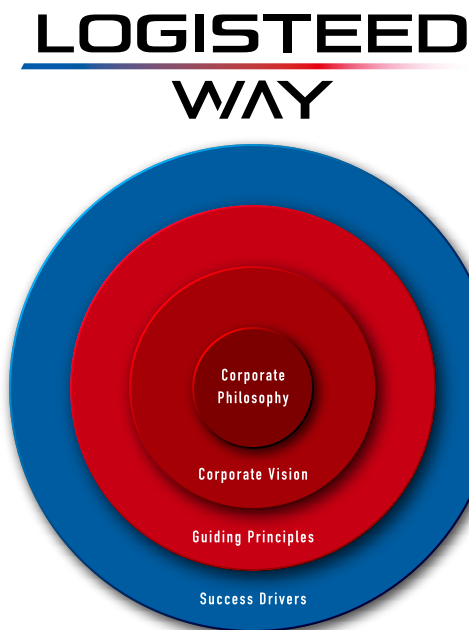
This integrated report covers LOGISTEED, Ltd. and the LOGISTEED Group (82 consolidated subsidiaries and 15 associates accounted for using the equity method) in principle. The Company took over all the businesses of L-management Ltd. on March 1, 2024. Therefore, the details of the Group is included in this integrated report.

### Forward-looking statements

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

# Management Philosophy & Brand

Under the corporate philosophy "to deliver high-quality services that will help make the world a better place for people and nature for generations to come," the LOGISTEED Group aims to become the most preferred global supply chain solutions provider for all of our stakeholders, including customers, investors, and employees, in the sophisticated, diversified and wide-ranging global supply chain, and under this vision, strives to achieve sustainable growth by solving issues and creating "values" through various "collaborative innovation." In addition, we have organized the role and future direction of the Group as "LOGISTEED WAY" with an aim to embody our Corporate Philosophy and Corporate Vision.



## 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

\*\*"Gemba" Power : Frontline Excellence

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

### Brand Promise

## Taking on the Future

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

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

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

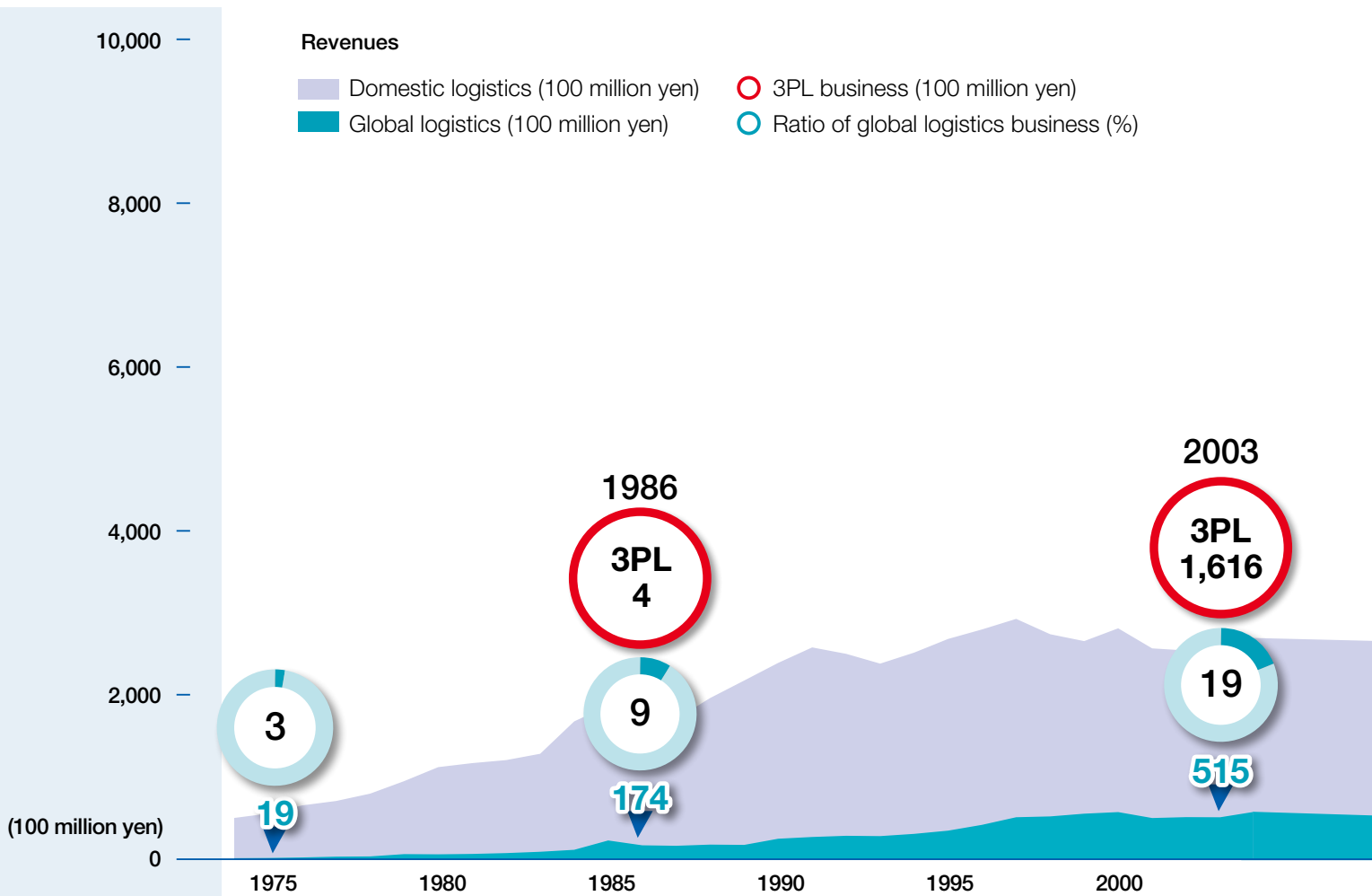
### Business Concept

## Toward New Dimensions LOGISTEED

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



# History of the LOGISTEED Group



**Historical Background**

**1950-**

Postwar reconstruction and high economic growth

**1976-**

Globalization in manufacturing industry

**1986-**

Bubble economy and its collapse

**Changes in Value Creation**

**Became independent by integrating transportation divisions**

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



**Expanded overseas**

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



**Launched 3PL business**

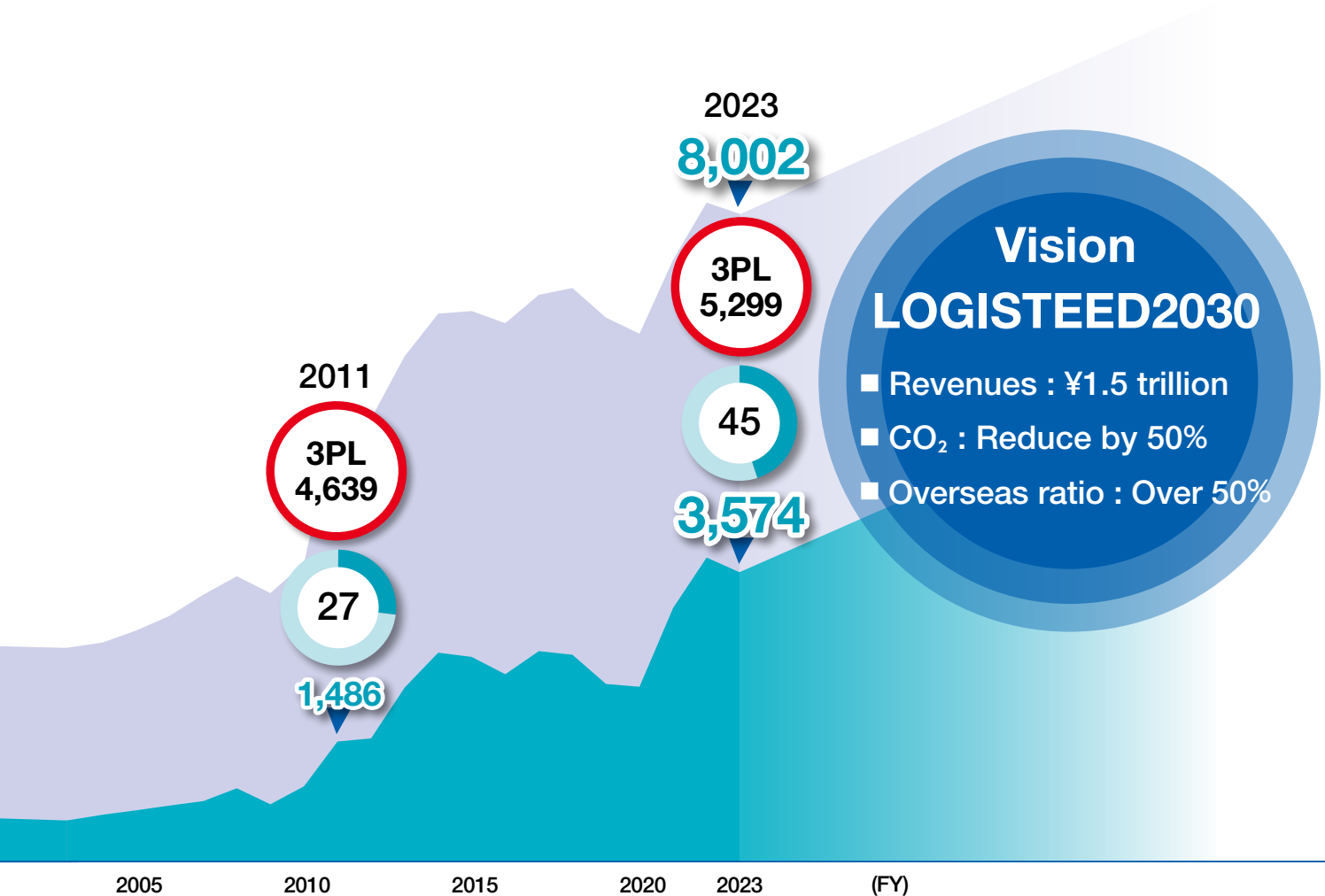
We launched TRINET service, the prototype of 3PL business, for customers in apparel industry in August 1986. We expanded the target fields and, in 1998, undertook the overall logistics operations of adidas Japan K.K., and in 2002, those of AEON Co., Ltd., thereby entering into large-scale 3PL.





For details, please visit our website. [↗](#)

Financial Highlights: The Track Record of 10 Years <https://www.logisteed.com/en/ir/library/annual/pdf/financialhighlightsen.pdf>



## 2007-

Prolonged deflation/adoption of SDGs

### Expansion strategy through M&As

Aiming to expand the industry platform domestically and our network overseas, we significantly expanded our business scale through a total of 18 M&As in Japan and abroad by 2013, starting with the acquisition of the logistics subsidiary from Shiseido Company, Limited in 2007.



## 2016-

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

### Collaborative innovation Strategy/Promotion of LOGISTEED

In 2016, we partnered with SG Holdings Co., Ltd., and in 2018, with AIT Corporation to expand our areas of collaboration. Also, in 2018, we partnered with Hitachi Capital Corporation (currently Mitsubishi HC Capital Inc.) to promote the development and utilization of the "SSCV" digital transportation platform, which aims to achieve sustainable logistics.



## Present

Sustainability/decarbonized society

### Started as "LOGISTEED"

We changed our corporate name to LOGISTEED, Ltd. in April 2023. Through a strong partnership with Kohlberg Kravis Roberts & Co. L.P., we are working on various initiatives, including transitioning to an asset-light business model, with the aim of achieving a "relisting as a global logistics company."



## 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/contract logistics business, Heavy Machinery, and Plant Logistics business, and Freight Forwarding business, and aims to become the most preferred global supply chain solutions provider.

### //// //// Bases for Value Creation (As of March 31, 2024) //// ////

Number of Companies\*<sup>1</sup>/  
Locations\*<sup>2</sup>



**95** **805**  
companies sites

Domestic : 23 companies 334 sites  
Overseas : 72 companies 471 sites

Total Personnel\*<sup>3</sup>



**46,916**

Domestic : 28,615 employees  
Overseas : 18,301 employees

Area of Logistics Center\*<sup>2</sup>



**8.25** Mm<sup>2</sup>

Domestic : 5.59 Mm<sup>2</sup>  
Overseas : 2.66 Mm<sup>2</sup>

Number of Vehicles  
(Including Leased Vehicles)



Total **20,408**

Truck\*<sup>4</sup> : 4,522      Forklift : 6,505  
Trailer : 7,333      Other\*<sup>5</sup> : 2,048

### //// //// FY2023 Performance Overview //// ////

Revenues

**¥800.2** billion

Adjusted Operating Income\*<sup>6</sup>

**¥38.9** billion

\*1 Number of companies includes associates accounted for using the equity method.

\*2 Number of locations and area of logistics centers excludes those of AIT Group and HTB-BCD Travel Group.

\*3 Number of employees excludes associates accounted for using the equity method. \*4 Including tractors and vans

\*5 Including buses and passenger cars, etc.

\*6 "Adjusted Operating Income" is calculated by subtracting other income from operating income and adding other expenses, amortization of intangible assets identified through business combinations, and share-based remuneration expense (excluding those related to performance-based stock remuneration plan)

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

## Businesses & Solutions

### 3PL/contract logistics business

## Value

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

Segment : Domestic logistics/Global logistics



### Heavy Machinery and Plant Logistics business

## Value

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

Segment : Domestic logistics/Global logistics



### Freight Forwarding business

## Value

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

Segment : Global logistics



### Other services (logistics related businesses)

- Information system development business
- Sale and maintenance of automobiles business



# Message from the CEO

We aim to develop our business in a way that remains steady despite fluctuations in the external environment and strive to become a "leading global 3PL company."

September 2024

## Yasuo Nakatani

Representative Director,  
Executive Chairman,  
President and CEO



## Our Vision

### Toward Achieving "LOGISTEED2030"

In our medium-to-long-term vision, "LOGISTEED2030," we aim to become a "leading global 3PL company," targeting consolidated revenues of ¥1.5 trillion and an overseas ratio of 50% and over. We are making steady progress toward this goal with the support of our important partner, Kohlberg Kravis Roberts & Co. L.P. (hereafter, KKR).

To achieve this goal, we believe that a crucial hurdle

we must overcome is "relisting." After relisting, we aim to have a diverse range of investors, including international institutional investors, hold our shares. To achieve this, we need to develop an outstanding business strategy that allows us to stand shoulder to shoulder with major global logistics companies, enhance our corporate value, and be recognized as a valuable investment by international institutional investors. We are committed to the belief that without accomplishing relisting, "LOGISTEED2030" cannot be realized.

## Our future vision

### LOGISTEED2030

Realizing our Future Vision by way of solid partnership

#### Challenging the global competition through collaborative innovation with partners to enhance capability

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

Mid-term  
Management  
Plan  
(LOGISTEED2021)

Mid-term  
Management  
Plan  
(LOGISTEED2024)

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

- Revenues ¥1.5trillion
- CO<sub>2</sub> Reduce by 50%
- Overseas ratio Over 50%

Corporate  
Vision  
(Long-term  
vision)

Corporate  
Philosophy

## Capturing Changes in the Business Environment

### Business development that remains steady despite fluctuations in the external environment

The business environment in FY2023 was challenging. Domestically, overall cargo volume did not grow due to factors such as the long-standing issue of population decline, and many logistics companies struggled compared to the previous year due to rising costs from various factors. One of the cost increase factors was the soaring prices of raw materials influenced by the continued depreciation of the yen. The impact of these external environmental changes to our customers varies significantly by industry. Conversely, internationally, inflation has been rising in many countries and regions. For our customers, a significant management issue has been whether they can pass on the price increases caused by inflation. Additionally, in the logistics industry, receiving fair compensation in light of rising expenses such as labor costs and truck freight rates is a global issue affecting both domestic and international operations. This challenging environment also impacts the LOGISTEED Group, where our "service value" is evaluated. Without customer conviction, it is difficult to pass on costs to customers. We aim to move forward while considering our customers' situations. It is crucial to develop a business strategy that remains steady despite fluctuations in external environments, including exchange rate impacts. We believe that having a diverse customer base, building a broad business portfolio, and continuously engaging in risk management are essential for achieving our goals.

## The 2024 Issue in Logistics

### Proactive action is essential

One of the unique challenges facing the domestic logistics industry is the 2024 issue. To address this issue, we are working on solutions including increasing transportation capacity such as through intermodal transport\*<sup>1</sup>, the truck loading dock booking management system\*<sup>2</sup>, and SSCV\*<sup>3</sup> as part of our DX solutions. Additionally, in truck transportation, there is a notable shortage of drivers, with many transport providers being small to medium-sized enterprises. The issue of business succession significantly impacts this situation. There is a fundamental issue related to maintaining and expanding the business base, and tackling this issue is closely tied to the scale of the business. In terms of maintaining and expanding the business base, having the ability to execute M&As and the capital strength to do so is becoming a major issue for

logistics companies. We are committed to taking proactive actions to strengthen our business base. These actions include expanding into fields and regions that we have yet to adequately address.

\*1 Intermodal transportation is the combination of different transport modes

\*2 A system developed by the LOGISTEED Group in which booking and allocating loading dock for truck loading at our logistics center can reduce waiting time and traffic congestion and also improve drivers' working conditions and truck usage efficiency and reduce CO<sub>2</sub> emissions.

\*3 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."

## Progress of Mid-term Management Plan "LOGISTEED2024"

### Addressing three key challenges in the final year of the Mid-term Management Plan

To fortify our business and advance globally while responding to changes in the external environment, we are implementing our Mid-Term Management Plan "LOGISTEED2024." In the final year, FY2024, we are specifically focusing on the following:

#### 1. Achieving organic growth

We have already achieved top-class performance in the contract logistics business by comprehensively undertaking our customers' logistics operations domestically. We will continue to accelerate the steady growth of our domestic and international contract logistics business through further expansion of the top line. Concurrently, we will pursue significant M&As both domestically and internationally. One such example is the acquisition via tender offer for ALPS LOGISTICS CO., LTD. announced in August 2024. By welcoming them as a strategic collaborative innovation partner, we aim to enhance and complement our logistics services and logistics network, leading to improved service quality and profitability, and solidify our contract logistics business in Japan. Additionally, integrating ALPS LOGISTICS CO., LTD.'s expertise in the electronic parts sector into the LOGISTEED Group presents a substantial advantage. Furthermore, we plan to actively pursue investments in overseas vehicles and logistics centers, as well as domestic DX-related projects, carefully selecting targets. We will also strengthen PMI\* to create and expand synergies with the companies we acquire.

\* PMI: Post Merger Integration

#### 2. Asset-light strategy

The asset-light business model, which enhances asset efficiency by effectively utilizing business assets, has become mainstream among global logistics companies. We recognize that the value to be created by a logistics company includes operational execution at logistics centers, vehicle arrangement capabilities, freight forwarding services connecting sites in one-stop and



## Message from the CEO



providing Value-Added Services (VAS\*). With an eye on relisting as a global logistics company, we are keeping true to improving ROIC and ROE, and advancing the asset-light strategy in our Mid-term Management Plan. In March 2024, the LOGISTEED Group transferred 34 domestic logistics centers to such as Industrial & Infrastructure Fund Investment Corporation as part of our asset liquidity strategy. We are mindful of maintaining essential equipment and ensuring the enhancement of the value of the equipment we retain is a fundamental prerequisite. Moreover, in addition to our asset-light strategy, we are strengthening the LOGISTEED Group's cash management. We will proactively allocate the cash obtained here to M&As, equipment, DX, human resources and other areas. Regarding our asset-light strategy, we believe that, with the cooperation of our employees and guidance from KKR, we have achieved many accomplishments with a sense of urgency over the past year. We understand that this has been met with a certain level of recognition from the capital markets.

\* Stands for Value-Added Services and refers to the the LOGISTEED Group's logistics services and their peripheral operations in the customers' value chains of procurement/manufacturing/shipping/sales/service.

### 3. DX strategy

DX-driven automation and labor reduction is a globally important theme in the logistics industry. The LOGISTEED Group has been advancing automation and labor reduction through DX relatively early compared to the industry. Specifically, we have developed unique solutions such as WMS (Warehouse Management System), SSCV as a digital platform for transportation, SCDOS\*<sup>1</sup> for supply chain optimization, and RCS\*<sup>2</sup> for optimizing entire warehouses. Providing these DX solutions helps address logistics issues, including the 2024 issue, reduce environmental impact, and improve labor conditions for logistics centers and truck drivers. We aim to have these solutions utilized by many customers and contribute to solving social challenges.

\*<sup>1</sup> Stands for Supply Chain Design & Optimization Services and refers to the supply chain optimization services developed by the LOGISTEED Group.

\*<sup>2</sup> Stands for Resource Control System. The WES (Warehouse Execution System) developed by our company integrates and manages the movement of people and equipment to optimally control the entire logistics center. We have obtained a patent for this system. Please refer to page 25 for more details.

## Revamping the Structure

### Toward an organization that transcends regions and businesses

In April 2024, we refreshed our management and execution systems. The aim of the new management structure is to further accelerate decision-making and business execution to implement the initiatives we have discussed. To strengthen the supervisory function of the Board of Directors, we transitioned from a Company with Audit & Supervisory Board Members to a Company with Audit & Supervisory Committee. Under the new execution system, we have appointed an foreign national as the Chief International Business Officer (CIBO\*) to lead our overseas operations. The Chief Japan Business Officer (CJBO\*), who is the head of Japanese operations, will also serve as the Chief Marketing Officer (CMO\*), who is the head of sales and marketing across regions and businesses. The Chief Transformation Officer (CTrO\*) will manage the overall strategy for our common headquarters functions both inside and outside of Japan. Under the collaborative oversight of the CIBO\* and CMO\*, we have positioned the sales departments for our overseas contract logistics business and freight forwarding business. As One LOGISTEED, we aim to create global synergies. Since our customers are expanding their businesses globally, it is essential for the leaders of our overseas and domestic operations to communicate effectively to drive our business forward.

\*For details on the officer abbreviations, please refer to page 49.

In addition, for details on the new execution system, please refer to page 22.

## Corporate Culture

### The core values rooted in the company: "LOGISTEED WAY"

The "LOGISTEED WAY" shows the role and the way to move forward of the LOGISTEED Group.

It consists of the "Corporate Philosophy," "Corporate Vision," "Guiding Principles," and "Success Drivers." While we hope that employees will consider the "Corporate Philosophy" in their daily work, we understand that this can be challenging. To bridge the gap between ideals and reality, we have established "Success Drivers." The reason for setting these is to encourage employees to think about how to integrate ideals into their everyday tasks. The "Success Drivers" include "Gemba Power" multiplied by Visualization (3 Key Goal Indicators, 3 Disciplines, and 3 Attributes), with a particular focus on Safety, Quality, and Productivity. Employees' engagement with Safety and Quality has received very high evaluations, indicating the depth of their integration. We believe that consistently



pursuing these 3 Key Goal Indicators will enable us to maintain the same "Gemba Power" regardless of the country.

Supporting the implementation of these "Success Drivers" in daily operations are the VC\* activities. These activities are aimed at ensuring the company's continued growth and that employees find their work fulfilling. They involve learning through enjoyment, generating ideas, and implementing improvements in a continuous cycle. The VC activities serve as the foundation for our improvement culture and support our business model. By consistently building on these activities, we aim to permeate a corporate culture based on the "LOGISTEED WAY."

\* Value Change & Creation

## Human Capital

### Directly communicating where and how they contribute to the company through direct dialogue

The LOGISTEED Group is currently advancing the implementation of "a job-based personnel system," which evaluates employees based on their responsibilities and roles. This system specifically requires employees to clarify how they contribute to the company. I want employees to envision how they would like to contribute to the company in the future while performing their current duties. I believe in providing ample educational opportunities to support the personal growth of our employees. To convey this approach, I personally engage in direct dialogue with employees through "the LOGISTEED WAY Course," which targets employees from their second year to

newly appointed managers. In FY2023, I engaged in dialogue with over 500 employees. Although it is difficult to say that this approach has reached all employees, I am committed to persistently continuing these conversations.

I believe that enriching our human capital involves such diligent and ongoing efforts. Additionally, I am keen on ensuring the diversity of our talent pool. We have been bringing in external executives and managers with knowledge on various industries. I think this will further invigorate our organization.

## Sustainability Management and Initiatives to Material Issues

### Commit to sustainability management through our focus on three key areas of concentration

We recognize that committing to sustainable management is crucial for aiming to be a "leading global 3PL company." We define matters related to our business base, such as safety, enhancement of disaster prevention/mitigation, and respect for human rights, as "Supportive Foundation for the focus areas," and take various measures to accelerate initiatives for three focus areas.

We are focusing on three key focus areas: 1) contribute to decarbonized/recycling-oriented society 2) build and evolve resilient, sustainable logistics services, and 3) create new values through collaborative innovation. It is crucial to commit to management that addresses social issues and to pursue long-term management with a focus on sustainability.

## What We Want to Communicate to Our Stakeholders

Achieving relisting is an important goal for ensuring our future sustainable growth, but it is by no means the end goal. We see it as the starting line for becoming a "leading global 3PL company." We aim to have our corporate value appropriately evaluated by investors both domestically and internationally and to gain their support. Our initial focus is to win in Japan and then expand our business globally. We aspire to become a company with an overwhelming presence in Asia and, by diligently working toward our goals, to reach the scale of ¥1 trillion in consolidated revenues as soon as possible. While financial metrics are not everything, we are firmly committed to expanding our business scale and becoming a company group with even greater value.

Please look forward to the LOGISTEED Group as we make steady progress toward becoming a "leading global 3PL company."



## Message from the CTrO



In pursuit of our medium- to long-term vision of "LOGISTEED2030," we are addressing various measures to improve profitability and asset efficiency with a sense of urgency.

### **Nobukazu Hayashi**

Executive Vice President and  
Executive Officer, CTrO  
In charge of Corporate Function

### **Progress of Mid-term Management Plan "LOGISTEED2024"**

#### **Achievements and challenges in the second year, and priority measures for the final year of the Mid-term Management Plan, FY2024**

In FY2023, the second year of the Mid-term Management Plan "LOGISTEED2024," revenues declined to ¥800.2 billion due to the impact of falling freight rates in the freight forwarding business, which had been at a high level. On the other hand, we recognize that our core business, the 3PL business, has steadily grown both domestically and internationally. We are beginning to see tangible results from the measures we have been implementing toward "Topline expansion."

We are working on the priority measures of the Mid-term Management Plan "LOGISTEED2024" to achieve our medium- to long-term vision, "LOGISTEED2030," and are aiming for an early "relisting as a global logistics company." In this context, in FY2023, in addition to the initiatives we have been working on,

such as "Topline expansion" and enhanced cash management, we were able to make significant progress by reinforcing and expanding our overseas business through the acquisition of the Dutch company, Van den Bos & van Daalen Materieel B.V., and by improving asset efficiency through the execution of an asset-light strategy.

Starting from FY2024, the final year of the Mid-term Management Plan, the overseas business has been spearheaded by CIBO, while domestic operations have been led by CJBO. We have revamped our structure to create global synergies by having the CMO, who is responsible for cross-regional and cross-business sales and marketing globally, collaborate with CIBO. As we aim for relisting, expanding our business both internationally and domestically is crucial. With an eye toward formulating the next Mid-term Management Plan, we believe we have established the most effective structure for this purpose. Additionally, we have announced a public tender offer to welcome ALPS LOGISTICS CO., LTD. as a new collaborative innovation partner, which is expected to bring our group's revenues to over ¥900

billion. As the CTrO, I will continue to execute the overall strategy for corporate functions while supporting the domestic and international Topline expansion from a financial perspective. Additionally, I will enhance cash management and asset efficiency across the entire group, including targeted for future M&A companies, under the "One LOGISTEED" framework. This approach aims to increase corporate value with a view toward the next stage.

## Financial Strategy for Relisting as a Global Logistics Company

### Focusing on measures to improve profitability and asset efficiency with a sense of urgency

Our group is aiming for relisting as a global logistics company. We are addressing various measures with a sense of urgency to enhance our corporate value and to be recognized as a valuable investment by overseas institutional investors. A key aspect of our financial strategy for relisting is to increase "Equity Value." To enhance Equity Value, we need to actively invest in growth through topline expansion, M&As, and investments in equipment, DX, and human resources. As a prerequisite, our basic financial strategy involves further improving asset efficiency and strengthening

minimum cash operations. The cash generated will then be allocated toward these growth investments.

As part of our initiatives to strengthen minimum cash operations, our group is advancing the comprehensive deployment of a TMS (Treasury Management System) both domestically and internationally. This system enables centralized management of the LOGISTEED Group's funds and financial risks and establishes a mechanism to monitor cash positions at all locations in real-time.

Through this system, we can track daily cash flows and working capital needs across different companies, countries, and regions. Excess cash will be centrally managed through cash management systems and pooling, and redirected toward growth investments. Additionally, by analyzing accumulated data, we determine the minimum cash levels required for our group, thereby improving capital efficiency while enhancing growth investments.

As part of our initiatives to enhance asset efficiency, we are implementing an "asset-light strategy" to make effective use of business assets. In March 2024, our group transferred 34 domestic logistics center to such as Industrial & Infrastructure Fund Investment Corporation and implemented a "sale-and-leaseback" arrangement, allowing us to continue using these centers through leasing.

### Major initiatives focusing on asset efficiency and capital efficiency

Mid-term Management Plan/ FY		Measures
Mid-term Management Plan Value Creation2018	FY2016	<ul style="list-style-type: none"> <li>Partially changed the business assessment approach (assess centers owned by the Group by adding market rent)</li> <li>Set ROE as an important management indicator</li> </ul>
	FY2017	<ul style="list-style-type: none"> <li>Asset liquidation (e.g. sale of distribution centers with low asset efficiency, leaseback)</li> </ul>
	FY2018	<ul style="list-style-type: none"> <li>Introduced "comparison of ROIC and WACC" as one of the investment decision criteria</li> <li>Newly established Financial Strategy Office</li> <li>Created rules for strategic investments</li> </ul>
Mid-term Management Plan LOGISTEED2021	FY2019	<ul style="list-style-type: none"> <li>Reset ROIC to reflect the adoption of IFRS 16 <i>Leases</i> (adopted in FY2019)</li> </ul>
	FY2020	<ul style="list-style-type: none"> <li>Introduced ROIC and WACC in the budget control</li> </ul>
	FY2021	<ul style="list-style-type: none"> <li>Introduced ROIC tree in the budget control</li> </ul>
Mid-term Management Plan LOGISTEED2024	FY2022	<ul style="list-style-type: none"> <li>Enhance cash management and ROIC management by renewal of core system and introduction of TMS</li> </ul>
	FY2023	<ul style="list-style-type: none"> <li><b>Advance the asset-light strategy (liquefying 34 domestic logistics centers)</b></li> </ul>



## Message from the CTrO



The "sale-and-leaseback" model generally reduces total assets and improves asset efficiency by selling owned assets, and it has become a mainstream business model in global logistics companies. Recognizing its importance, we prioritized this approach as part of our relisting strategy and swiftly applied it to our domestic logistics centers. Moving forward, we will continue to explore further asset efficiency improvements. It is important to note that the recent series of transactions involved a somewhat complex structure, including an absorption-type demerger, and in some cases, leaseback arrangements may increase rental costs for the logistics centers. Therefore, we feel it is crucial to ensure that our employees fully understand the objectives and significance of these measures.

Additionally, as one of our initiatives to support topline expansion, we are advancing the renewal of our global core system—an integrated platform that enables us to access and utilize customer information from both domestically and internationally. The domestic rollout is progressing smoothly, and in FY2024, we will continue to expand the system internationally, as we did last year. We are also working to speedily strengthen "Topline expansion," "Enhancement of transportation capacity," "Optimization of procurement costs," and "Optimization of SG&A expenses," in alignment with common goals shared with KKR. We are beginning to see incremental results from these efforts. By addressing these various measures for relisting from a financial perspective, we aim to further increase the corporate value.

## To Deepen ROIC Management and Improve ROE

### Supporting topline expansion through "defensive" measures and improving ROIC and ROE

In our group, to enhance profitability, the "Project Management Office" manages the preparation status of new orders and investment projects using an eight-stage phase-gate methodology to ensure they are effectively linked to revenue. We also review bid proposals for existing or new projects and to reduce the risk of losing bids. Additionally, the "Misconduct Eradication Committee" centralizes and monitors incidents and issues within the LOGISTEED Group, including administrative errors such as billing and payments. By coordinating with the Internal Auditing Office and various Business Management Headquarters, we implement a PDCA cycle to prevent recurrence and ensure sound and normal business operations. These efforts support the topline through "defensive" measures.

In our group, ROIC and ROE are positioned as key management indicators. We have introduced ROIC and WACC into our budget control as part of our ROIC management approach, and in recent years, we have strengthened return analysis on invested capital by incorporating cash management. Currently, awareness of invested capital and returns is steadily permeating at each site. We have nearly met our ROIC targets for domestic operations, and we will focus on enhancing ROIC in our overseas business moving forward. In the overseas business, there are regions with significant asset holdings. For example, in Asia, there are often no warehouses of the required size in the areas demanded by our customers, leading to a significant number of warehouses established using our own capital, which has been a factor in reducing

ROIC. However, with the recent progress in the development of logistics facilities by real estate investment companies, we are encouraging a shift from capital investment to leasing for fixed assets. This approach aims to improve ROIC by managing self-investment while continuing business growth. Additionally, through quarterly performance review meetings with each group company, we are deepening discussions on the current state of ROIC and countermeasures.

Moving forward, we will further strengthen our system by setting medium- to long-term ROIC targets for each area and checking progress on addressing low-profitability businesses. We will also continue to encourage the disposal of unnecessary fixed assets and the prompt collection of receivables, thereby enhancing management within the LOGISTEED Group to further improve ROIC.

Furthermore, with our sights set on relisting as a global logistics company, improving ROE is also crucial. ROE is an important indicator for deciding the allocation of management resources with a focus on capital efficiency. Initiatives within our group, such as limiting self-investment and maximizing leasing, are expected not only to improve ROIC but also to enhance ROE by increasing financial leverage. By improving profitability and topline expansion to boost the total assets turnover ratio, and by continuing to implement measures to improve capital efficiency with a focus on the ROE tree (ROIC and financial leverage), we aim to further enhance corporate value.

## To Increase Corporate Value

### Advancing to the next stage with One LOGISTEED through a series of management reforms

Through our strong partnership with KKR, we have already begun to see tangible results in strengthening minimum cash operations and implementing the asset-light strategy. Moreover, the prospect of relisting as a global logistics company is gradually coming into view.

In pursuit of our medium- to long-term vision, "LOGISTEED2030," we plan to actively engage in M&As both domestically and internationally, starting with ALPS LOGISTICS CO., LTD. We aim to incorporate the best practices from our previous management reforms into our new co-creation partner companies, strengthening PMI and working across the LOGISTEED Group to increase corporate value. I view the execution of carefully selected investments, detailed follow-ups, and the creation of effective PMI as various efforts aimed at improving management efficiency with the goal of M&As as a critical mission for myself as CTrO.

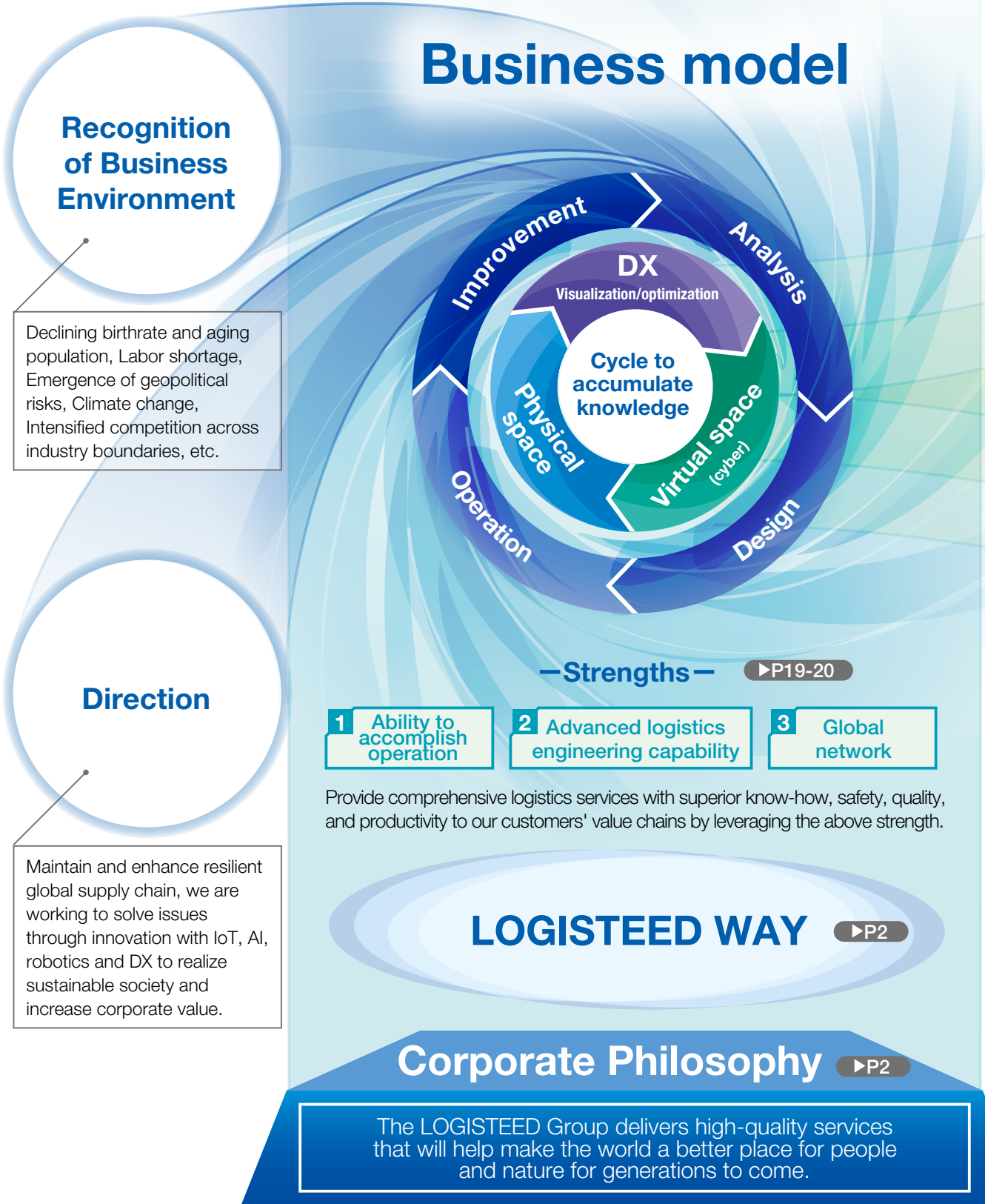
Furthermore, while strengthening minimum cash operations, securing funds to meet financial needs is also a crucial mission. We will minimize external interest-bearing debt and utilize TMS to increase visibility and centralize funding within the LOGISTEED Group. This will allow us to allocate funds selectively toward growth investments in domestic and international M&As, equipment, DX, and human resources.

In FY2024, the final year of the Mid-term Management Plan "LOGISTEED2024," we will further accelerate various measures aimed at an early "relisting as a global logistics company." As One LOGISTEED, we are committed to uniting our efforts to achieve even greater increases in corporate value.



# Value Creation Story of the LOGISTEED Group

Based on the LOGISTEED WAY indicating how the LOGISTEED Group should be and the path to take, we have been promoting VC activities and 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 a business environment.





## Mid-term Management Plan LOGISTEED2024

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

\*LT: Logistics Technology

▶P21-26

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

## Material Issue

Key Issues to Address for  
Enhancing Corporate Value

▶P29-34,62-68

### Focus Areas

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

**Supportive foundation for the focus areas**

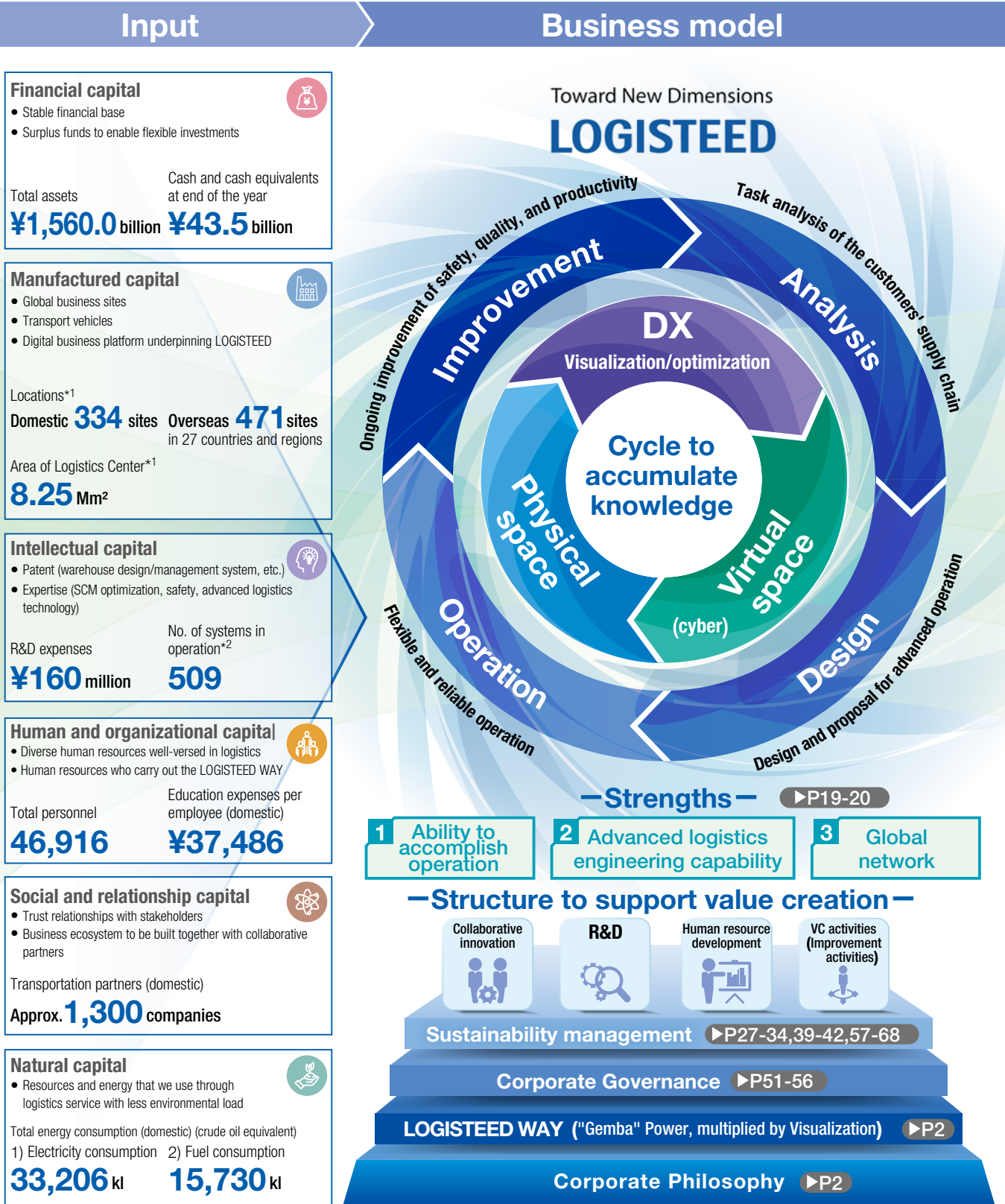
# Corporate Vision

▶P2

The Most Preferred  
Global Supply Chain  
Solutions Provider

# 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 LOGISTEED Group should be and a path to take as the source of all values.



\* As of March 31, 2024

\*1 Number of locations and area of logistics centers exclude those of AIT Group and HTB-BCD Travel Group. \*2 Self-developed systems

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

## Output

## Outcome

Mid-term Management Plan

▶P21-26

Material Issues

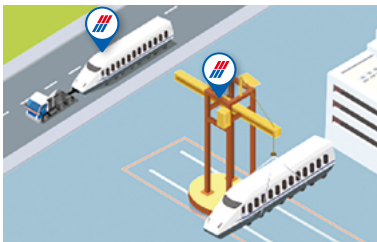
▶P29-34

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

### 3PL Business



### Heavy Machinery and Plant Logistics Business



### Freight Forwarding Business



▶P45-48

### Economic value

#### Financial capital

Credit rating (JCR)

**A(Stable)**

#### Manufactured capital

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

Revenues

**¥800.2 billion**

### Social value

#### Intellectual capital

Number of patents held

**138**

Number of attendees of data scientist training course (accumulated)\*4

**147**

Number of working hours saved by RPA\*3

**Approx. 17,100 hours/month**

#### Human and organizational capital

Employee engagement (sustainable engagement)\*5

**64**

Ratio of female managers

**7.3%**

[Negative outcome]

Workplace accident index Frequency rate 0.80  
Severity rate 0.161

#### Social and relationship capital

Domestic share of 3PL business\*6

**12.0%**

No. of customers

**Over 20,000 companies (80 industries)**

### Environmental value

#### Natural capital

Reduction of CO<sub>2</sub> emissions (domestic) (Scope 1 & 2)

**YoY -6.6%**

[Negative outcome]  
**CO<sub>2</sub> (greenhouse gas) emissions (domestic) (Scope 1 & 2) 97 (thousand tons-CO<sub>2</sub>)**

### Stakeholders

Customers

Employees

Business partners

Investors

Local administration

Local community

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



▶P27-34

▶P39-42

▶P57-68

\*3 Robotic Process Automation \*4 Number of attendees of in-house training to foster data scientist with advanced data analyst skills  
\*5 Total score of favorable responses in employee engagement survey \*6 Calculated by the Company using data in "Monthly Magazine LOGI-BIZ"



# The LOGISTEED Group's Strengths

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

## 1 Ability to Accomplish Operation

Manufactured capital    Human and organizational capital    Social and relationship capital

**Diverse human resources well-versed in logistics**

Total personnel  
**46,916**

**Transportation assets to support society and people's lives**

No. of vehicles  
**20,408**  
(including leased vehicles)

**Digital business platform underpinning LOGISTEED**

No. of self-developed systems in operation  
**509**

## 2 Advanced Logistics Engineering Capability

**Human resources specialized in logistics engineering**

Analysis, operation management design, package design, and advanced technologies

**Approx. 310** Including cumulative 147 attendees of data scientist training course

(The figures are as of March 31, 2024)

## Value chain

### Analysis

#### Task analysis of the customers' supply chain

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

#### 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

#### Related solutions, tools, etc.

- SCDOS (Supply Chain & Optimization Services) ▶P24
- Develop data analysis experts
- SSCV (transport digital platform)



### Design

#### Advanced operation design and proposals

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

#### The LOGISTEED Group's Strengths

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

#### Related solutions, tools, etc.

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



\*SLC: Smart Logistics Configurator

### SSCV development and introduction



No. of SSCV installed within the LOGISTEED Group

Approx. **2,300**

### Introduction of automated facilities including AGV\* and automated forklift



No. of AGV installed within the LOGISTEED Group

Approx. **480**

AGV: Automated Guided Vehicle



Manufactured capital



Intellectual capital



Human and organizational capital

# 3

## Global Network



Manufactured capital

### Business sites supporting global supply chain



Locations

**805** sites in **28** countries and regions



Logistics centers

Total **8.25** Mm<sup>2</sup>

## Operation

### Flexible and reliable operation

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

#### The LOGISTEED Group's Strengths

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

#### Related solutions, tools, etc.

- SSCV (transport digital platform)
- RCS (resource control system)

▶ P25



## Improvement

### Ongoing improvement of safety, quality and productivity

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

#### The LOGISTEED Group's Strengths

- 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.

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

RPA



\*AI-OCR: Optical Character Reader with AI

# Mid-term Management Plan –LOGISTEED2024–

## Outline of the Mid-term Management Plan

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

### LOGISTEED2024

**Solidify business and develop global business**

Becoming a global supply chain strategic partner with DX, LT, and "Gemba" Power

### LOGISTEED2030

Realizing our Future Vision by way of solid partnerships

**Challenging the global competition through 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

The Most Preferred Global Supply Chain Solutions Provider

### Corporate Philosophy

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

Mid-term Management Plan (LOGISTEED2021)

Mid-term Management Plan (LOGISTEED2024)

And go further LOGISTEED 2030

Becoming a leading global 3PL company

Corporate Vision

### 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

- Revenues **¥1.5 trillion**
- CO<sub>2</sub> 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.

Priority measures	Outline of priority measures	Expected effects	Progress in FY2023
<b>1</b> Reinforce and expand overseas business	<ul style="list-style-type: none"> <li>● Execute M&amp;As in all areas</li> <li>● Expand investments and businesses in priority areas</li> </ul>	<b>Grow top line</b>	<ul style="list-style-type: none"> <li>● Reinforce and expand overseas business through proactive M&amp;A and the creation of synergies <b>▶P23</b></li> <li>● Expand investments and businesses toward the realization of decarbonized society <b>▶P23</b></li> </ul>
<b>2</b> Expand business domains with new added value	<ul style="list-style-type: none"> <li>● Solve supply chain issues, propose visualization and optimization through DX</li> <li>● Expand new services in boundary domain between manufacturing and logistics, commence VAS (<b>▶P9</b>)</li> </ul>	<b>Grow top line</b>	<ul style="list-style-type: none"> <li>● Enhance SCDOS (<b>▶P9</b>) functions <b>▶P24</b></li> <li>● Promote DX to build a platform across the entire supply chain <b>▶P24</b></li> </ul>
<b>3</b> Evolve Smart Logistics	<ul style="list-style-type: none"> <li>● Achieve automation and labor-saving through linkage of systems and machines, improve working environment through DX</li> <li>● Enhance and expand functions of three-temperature zone warehouses, hazardous substances warehouses, etc.</li> <li>● Enhance the transport business and address the 2024 issue as well as decarbonization through SSCV (<b>▶P8</b>)</li> </ul>	<b>Improve ROIC</b>	<ul style="list-style-type: none"> <li>● Enhance warehouse business by promoting automation, laborsaving, DX, and standardization <b>▶P25</b></li> <li>● Enhance transport business with both physical measures (e.g. increase in large capacity transport) and digital measures (e.g. system development) <b>▶P25</b></li> </ul>
<b>4</b> Solidify ESG management base	<ul style="list-style-type: none"> <li>● Implement disaster prevention measures and risk management</li> <li>● Implement sophisticated and consecutive safety and quality control activities</li> <li>● Accelerate decarbonization activities</li> <li>● Continue and expand VC (<b>▶P10</b>) activities</li> <li>● Strengthen human resources for DX, LT, and global development</li> </ul>	<b>Solidify management base</b>	<ul style="list-style-type: none"> <li>● Enhance human resources for DX, LT, and global development to grow into a leading global 3PL company <b>▶P26</b></li> <li>● Continue and expand VC activities (<b>▶P9</b>) <b>▶P26</b></li> <li>● Accelerate decarbonization activities <b>▶P26</b></li> </ul>

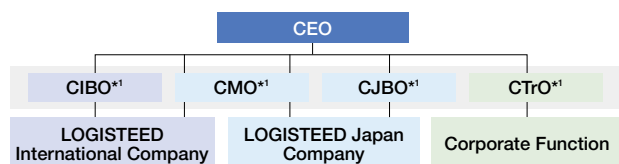


## Initiatives to Achieve Medium-to-Long-term Vision

To realize the vision of becoming a leading global 3PL company as outlined in LOGISTEED2030, our group is committed to enhancing management agility in each region and fostering synergies across the entire group globally through the following initiatives.

### Establish a New Structure

To expand seamless value delivery to customers across borders through close collaboration between our domestic and overseas business divisions, we have restructured our organization effective April 2024. This new structure consists of the LOGISTEED International Company, which has been driving the strengthening and expansion of our global business; the LOGISTEED Japan Company, which has been leading the sustainable growth of our domestic business; and the Corporate Function which has been building a robust foundation common to both domestic and global business. By ensuring close collaboration among the CxOs overseeing each organization, we aim to enhance group-wide coordination and leverage the strengths of individual companies to create further synergies on a global scale.



\*1 For details on the officer abbreviations, please refer to page 49.



Hayashi, CTRo    Nakatani, CEO    Logan, CIBO    Nishikawa, CJBO and CMO

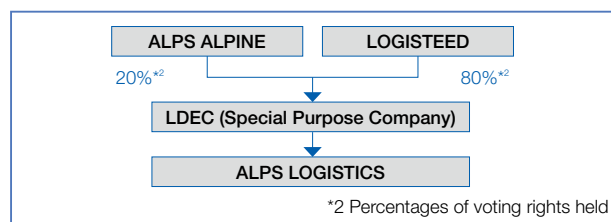
### Promote Asset-Light Strategy

In light of the rapidly changing and highly uncertain social environment of recent years, we have been promoting an asset-light business operation to enhance our management agility. This approach aims to generate cash and improve asset efficiency, enabling timely and appropriate investments in growth areas. In March 2024, we advanced the establishment of a high asset efficiency

business model expected in the global market by divesting 34 domestic logistics centers. Moving forward, we will continue to improve management agility and asset efficiency across the entire group through the promotion of our asset-light strategy.

### Enhance Customer Value through Expansion of Contracted Services

We are advancing initiatives globally to revolutionize customer convenience and efficiency by comprehensively undertaking and streamlining all logistics-related operations. This encompasses the construction of customer factories, installation of equipment, procurement, manufacturing, sales, and reverse logistics, and relocation of offices and factories. The "to Commence Tender Offer for ALPS LOGISTICS CO., LTD.," announced in August 2024, bolsters this initiative. By integrating their expertise in electronic components logistics and procurement logistics with our global network and distribution know-how, we aim to deliver efficient and high-value-added logistics services that span the entire supply chain from procurement to distribution, thereby maximizing customers' benefit. Additionally, we foresee various synergies, such as discontinuous exploring and penetrating new fields through leveraging their expertise and customer base in electronic components logistics. In alignment with our overall strategy, we will continue to proactively pursue investments that promise high ROIC, further solidifying the value we provide to our customers and fueling our growth.



- ALPS LOGISTICS CO., LTD. will become a subsidiary of LDEC, Ltd. and is expected to become a consolidated subsidiary of our company.
- After this transaction, LDEC, Ltd. will be funded 80% by our company and 20% by ALPS ALPINE CO., LTD.\*3.

\*3 As of May 9, 2024, ALPS LOGISTICS CO., LTD. is an equity-method affiliate of ALPS ALPINE CO., LTD.

## Investment Performance

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

In FY2023, we made strategic investments such as the acquisition of Van den Bos & van Daalen Materieel B.V. into our group (¥7 billion)\*4 and business investments, including the acquisition of land for the construction of a multifunctional logistics center in Bangkok, Thailand (¥41.7 billion).

\*4 Excluding the acquisition of shares in the former LOGISTEED, Ltd. (currently L-management, Ltd.) by the former LOGISTEED Group, Ltd. and dividends

# Mid-term Management Plan -LOGISTEED2024-

## Priority Measures 1 Reinforce and Expand Overseas Business

### Overview of Priority Measures

- Execute M&As in all areas
- Expand investments and businesses in priority areas

### Progress of Priority Measures

#### ● Reinforce and expand overseas business through proactive M&A and synergy creation

The LOGISTEED Group, aiming to achieve revenues of ¥1.5 trillion and an overseas ratio of over 50%, as outlined in LOGISTEED2030, is actively pursuing M&As to expand into new business areas. The LOGISTEED Group is also working on leveraging acquired know-how across the entire company and creating synergies through global collaboration. In August 2023, the LOGISTEED Group acquired Van den Bos & van Daalen Materieel B.V., a Dutch company providing low-temperature consolidated transportation services within Europe, thereby entering the European low-temperature consolidated transportation market and expanding its business domain. \*1

\*1 We acquired all shares of Dutch trucking company Van den Bos & van Daalen Materieel B.V. For more details, please refer to our company release here.



Headquarters, Warehouse (appearance), and Double-trailer Truck of Van den Bos & van Daalen Materieel B.V.

In September 2023, we held the kickoff of the Pharma Meeting at the headquarters of Cyber Freight International Holding B.V., a company we acquired in 2022 that has strengths in the healthcare domain. This meeting is part of a framework to promote the sharing of knowledge and strengthening of collaboration within the LOGISTEED Group regarding the pharmaceutical industry. The kickoff was attended by 11 pharmaceutical industry representatives from Japan, the U.S., Europe, China, and Asia. They discussed future approaches to the

pharmaceutical industry and confirmed the further strengthening of cooperative relationships among the regions.

Furthermore, regarding Flyjac Logistics Pvt. Ltd. (hereafter, Flyjac), an Indian subsidiary we acquired in 2010, we are advancing plans to construct large-scale logistics centers in four major cities. In FY2023, we opened our second location in Mumbai, following Chennai. The new Mumbai facility was designed to enhance productivity by utilizing The LOGISTEED Group's know-how and incorporating automation technology. As a result of such group collaboration, Flyjac's revenues for FY2023 reached ¥18.5 billion, a 2.5-fold increase from ¥7.4 billion in FY2009, continuing its growth alongside the expansion into the comprehensive logistics business.



Participants of the Pharma Kickoff Meeting



Inside the Mumbai Warehouse (During Operation of Auto Battery Operated Pallet Truck)

#### ● Expand investments and businesses toward the realization of decarbonized society

Our group is actively promoting initiatives to realize a decarbonized society through transportation with low environmental load. This includes further expanding the intermodal (→P8) transportation network, which is a strength of Turkey's Mars Logistics Group Inc. (hereafter, Mars), and expanding shared milkrun services\*2 that J.P. Holding Company, Inc. operates in North America. At Mars, in relation to the Zero Emission Challenge initiatives

of automotive manufacturer customers, they have achieved over a 70% reduction in CO<sub>2</sub> emissions by shifting a significant portion of land transportation from trucks to rail. By further expanding such zero-emission routes, we aim to contribute to the realization of a decarbonized society.

\*2 A transportation service where a single vehicle makes rounds to multiple pickup locations and delivers the collected goods to the delivery destination in a consolidated manner.

## Priority Measures 2 Expand Business Domains with New Added Value

### Overview of Priority Measures

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

### Progress of Priority Measures

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

#### ● Enhance SCDOS functions

Our supply chain optimization service, SCDOS offers services that go beyond the logistics domain to support customers to design and upgrade their entire supply chains and to sophisticate visualization and analysis of CO<sub>2</sub> emissions, etc.

We are expanding SCDOS functions on a continuing basis to contribute to further reinforcement and overall optimization of customers' supply chains and the enhancement of environmental value such as decarbonization. In FY2023, we launched new services aimed at supporting inventory optimization in logistics centers. These services enable the automation of data analysis in inventory management and advanced analysis and visualization through AI and simulations. Our customers are utilizing these services to improve operational efficiency and reduce inventory.

Additionally, EcoLogiPortal, a service within the SCDOS menu that provides supply chain CO<sub>2</sub> emissions visualization and analysis, has primarily been offered to domestic customers. However, in response to requests from global customers, we have started offering CO<sub>2</sub> emissions visualization and analysis services in the international transportation domain through integration with external solutions.

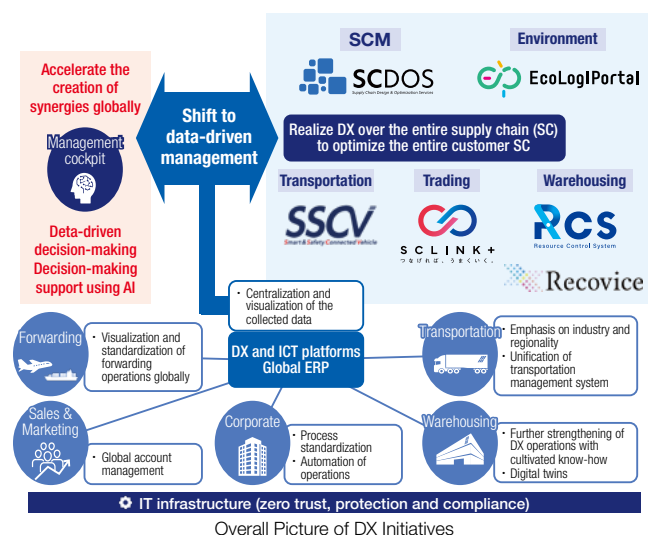
This service has already been implemented in Malaysia, Indonesia, and Australia, and we aim to further contribute to the realization of a decarbonized society through its continued expansion. Our flexible response to customer feedback has been recognized, and EcoLogiPortal received a special award at the 24th Logistics Environment Awards hosted by the General Incorporated Association Japan Association for Logistics and Transport.



EcoLogiPortal CO<sub>2</sub> Emissions Reduction Simulation Screen

#### ● Promoting DX to build a platform across the entire supply chain

As a market leader in the domestic 3PL market, our group has leveraged its extensive knowledge accumulated over the years to provide various services that contribute to solving social issues by visualizing, analyzing, and improving on-site operations through digital transformation (DX). In a rapidly changing and highly uncertain business environment, we are promoting the standardization of internal systems globally and implementing a management cockpit to enable swift, data-driven decision-making, thereby further strengthening our business foundation. Continuously advancing external DX to enhance the value we provide to our customers, we are working toward building a platform that covers all areas of the supply chain. Simultaneously, we are advancing internal DX to establish a data-driven management system globally within our group, aiming to create further synergies as a group.



Overall Picture of DX Initiatives



# Mid-term Management Plan -LOGISTEED2024-

## Priority Measures 3 Evolve Smart Logistics

### Overview of Priority Measures

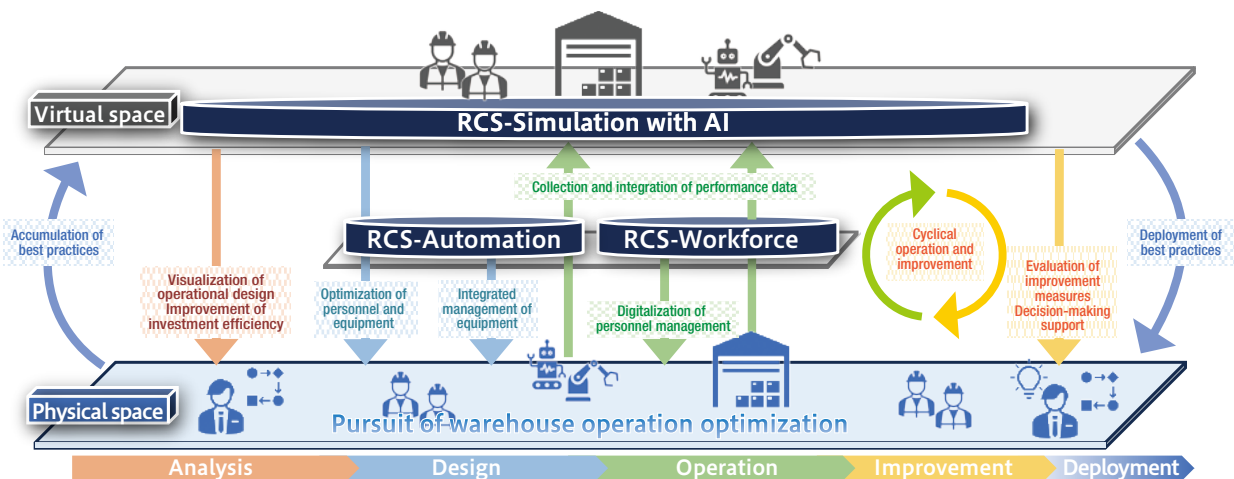
- Achieve automation and labor-saving through linkage of systems and machines, improve working environment through DX
- Enhance and expand functions of three-temperature zone warehouses, hazardous substances warehouses, etc.
- Enhance the transport business and address the 2024 issue as well as decarbonization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

### Progress of Priority Measures

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

At the LOGISTEED Group, in order to maintain and expand stable business operations even under the environment where the working-age population has been declining, we are working to optimize the key resources of warehouse operations, "human resources" and "equipment," to improve overall warehouse productivity. As part of this effort, RCS offers optimization solutions for both equipment management (RCS-Automation) and human resource management (RCS-Workforce). Additionally, we are developing and

deploying a function (RCS-Simulation) that constructs a virtual space of the warehouse using physical space data from warehouse operation plans and actual performance obtained from these two solutions to conduct resource optimization simulations. By doing so, we aim to establish an improvement cycle that accumulates and utilizes best practices in the virtual space and deploys higher-level best practices in the physical space, leading to the constant overall optimization of warehouse operations.



#### ● Enhance transportation business (Address the 2024 issue in logistics and decarbonization)

Regarding the transportation business, we are accelerating efforts from both physical and digital perspectives to improve transportation efficiency and appropriately address the 2024 Issue in logistics while also striving to reduce CO<sub>2</sub> emissions further. As part of our digital initiatives to solve this issue, we are continuously expanding the functions of our in-house developed and provided SSCV and truck loading dock booking management system (→P8), including the addition of digital labor-management functions to SSCV. These efforts aim to achieve further visualization and efficiency, enhance user convenience, and support legal compliance. By implementing various measures, including the above, we achieved zero labor standard violations for truck drivers in our group in FY2023. We are also continuously promoting the elimination of risk of exceeding maximum working hours and the reduction of

waiting and loading/unloading times for our group and our transportation partner companies. Moving forward, we will continue to expand the functions of various systems to strengthen compliance and improve the efficiency of operation management tasks in response to further legal revisions. Additionally, among these efforts, SSCV-Safety received the "GOOD DESIGN AWARD 2023" from public interest incorporated foundation Japan Institute of Design Promotion.



**GOOD DESIGN  
AWARD 2023**



## 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

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

At the LOGISTEED Group, we are formulating and executing a human resources strategy that aligns with our management and business strategies to grow into a leading global 3PL company. In terms of Group Human Resources Development and Skill Development, we regularly conduct skill surveys targeting our employees to visualize our human resources and skills. We also enhance group training and on-demand internal training, focusing on developing site management, DX, LT and global personnel. As part of our DX personnel development efforts in FY2023, we provided education for logistics data scientists to 39 volunteer employees, introduced the SCM MicroMasters and dispatched our employee to the Master of Applied Science in Supply Chain Management program from the Massachusetts Institute of Technology in the U.S. These initiatives aim to enhance our DX expertise for creating new services utilizing DX. Furthermore, we conducted various educational programs to improve digital literacy for all employees, including basic DX education for 2,770 employees to foster problem-solving thinking, intensive training for human resources to promote DX business, intensive training for DX technical skills, and DX mindset cultivation programs. Additionally, in March 2024, LOGISTEED Solutions, Ltd., which engages in IT solution development and consulting, opened the Akita R&D Center. The Akita R&D Center will develop logistics systems using advanced DX technologies and build cybersecurity environments. It will also contribute to regional revitalization by securing digital talent and collaborating with local universities and companies in the prefecture.

As part of our global talent development efforts in FY2023, we dedicated a total of 11,308 hours to education aimed at developing talent expected to lead global business. Additionally, to instill the LOGISTEED WAY across the entire group, including national staff at overseas subsidiaries, we implemented a direct dialogue-based education program involving one-on-one discussions between management executives and each participant. This program was conducted for over 500 individuals, both domestically and internationally.



LOGISTEED WAY Education Program at  
Our Indonesian Subsidiary

#### ● Continue and expand VC activities

Our group engages in VC activities as part of our daily improvement efforts to practice the LOGISTEED WAY. These activities' aim is "Company continues to grow, and employees find their work rewarding." They are improvement activities deployed across the entire company, including overseas subsidiaries, and serve as the foundation supporting our group's business model and the source of value creation. At the annual "VC Awards" event, which showcases and recognizes the results of these activities, more than 1,000 participants from domestic and international locations attended or viewed in FY2023. These VC activities are globally implemented, and our Indian subsidiary, Flyjac Logistics, received external recognition by winning the Platinum Award (Grand Prize) and the Silver Award (3rd place) at the 6th KAIZEN Competition organized by the Confederation of Indian Industry (hereafter, CII).



Flyjac Members Who Won the Platinum Award at  
the 6th KAIZEN Competition Organized by CII

#### ● Accelerate decarbonization activities

Our Group has set the medium-to-long-term environmental target of reducing CO<sub>2</sub> emissions by 50% compared to FY2013 levels by FY2030. To achieve this target, we have established a decarbonization project and are advancing initiatives such as energy saving, energy creation, electrification, and the procurement of renewable energy, etc. In FY2023, we achieved a reduction of 7,000 tons of CO<sub>2</sub> compared to FY2022 through efforts such as promoting modal shift, installing solar panels, introducing fuel cell trucks (FCVs), and expanding the use of renewable energy. These measures are being implemented systematically to achieve our FY2024 target of 96,000 tons of CO<sub>2</sub> reduction. Additionally, we have achieved approximately 24.8% reduction compared to FY2013 levels. We will continue to steadily advance our efforts toward the 50% reduction target by FY2030.

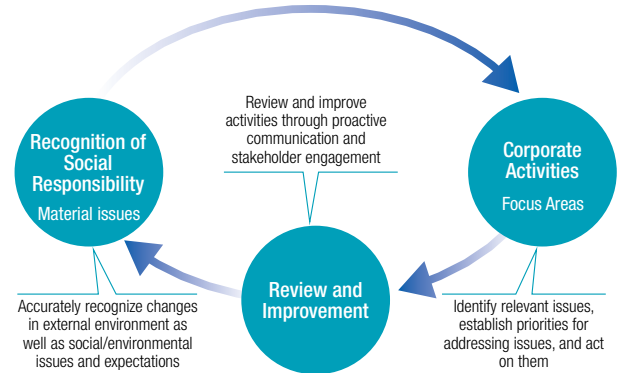
▶ P62

# 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.

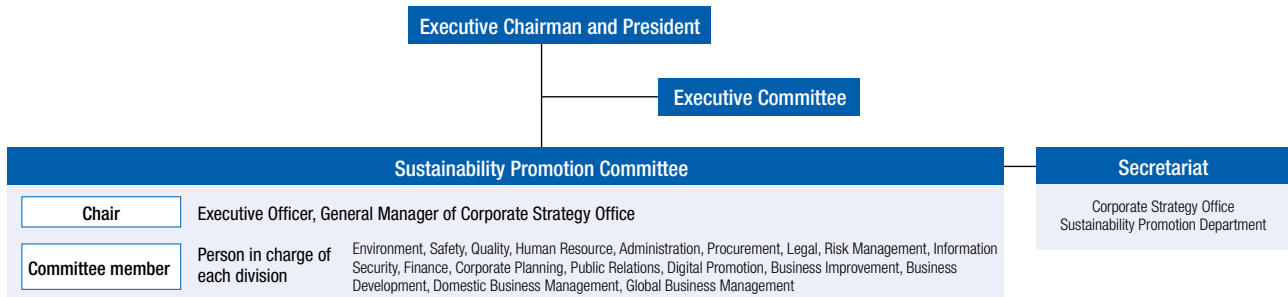
## Basic CSR Policy

Under the corporate philosophy, the LOGISTEED 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 into 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 LOGISTEED Group has set up the "Sustainability Promotion Committee," chaired by the Executive Officer, General Manager of Corporate Strategy Office, and holds meetings regularly. Important agenda discussed in the meetings are submitted to the Executive Committee.



## FY2023 Sustainability Promotion Committee

<b>Number of the committee held</b>	2 times (September, March)
<b>Major agenda items</b>	<ul style="list-style-type: none"> <li>•Discuss and approve the method to disclose information on the progress of material issues and ESG</li> <li>•Share the information about the ESG external evaluation and external trends regarding sustainability</li> </ul>

## Participation in International Initiatives

The LOGISTEED Group expresses its support for the UN Global Compact (hereafter, UNGC). The UNGC is a voluntary initiative to participate in creating a global framework for the sustainable growth. The LOGISTEED 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 LOGISTEED 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 Focus Areas.

SDGs closely relating to Focus Areas of the LOGISTEED Group

▶P28-34





For details, please visit our website. [LOGISTEED Group Sustainability](https://www.logisteed.com/en/profile/csr/sustainability/) <https://www.logisteed.com/en/profile/csr/sustainability/>

Check the adequacy of material issues by external experts [https://www.logisteed.com/en/profile/csr/pdf/dialogue\\_2022001.pdf](https://www.logisteed.com/en/profile/csr/pdf/dialogue_2022001.pdf)

## LOGISTEED Group Material Issues

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

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

### Process to identify material issues

#### Step 1 Identified issues

- Understand the material issues identified in FY2017
- Identified ESG issues (SDGs, evaluation items by ESG rating agencies, disclosure guideline for non-financial information, material issues in the logistics industry, issues in our business strategy, strategic issues of corporate divisions)
- Created a list of material issues

#### Step 2 Prioritized issues

- Assessed the importance for stakeholders
  - Assessment weight of each industry by ESG rating agencies
  - Issues considered important by institutional investors
  - Investor survey
- Assessed the importance for the LOGISTEED Group
  - LOGISTEED WAY
  - Our business measures and ESG initiatives
  - Medium-to-long-term environmental targets, etc.

#### Step 3 Checked the adequacy

- Assessment by the management
  - (1) Assessment of material issues by the management
  - (2) Discussion at the management workshop based on the assessment result in (1)
- Check of the adequacy by external experts
  - Interview by external experts about the assessment process and adequacy of material issues
- Check of adequacy and approval by the Board of Directors

#### Identified

- Identified material issues
  - Developed focus areas and KPIs based on material issues

## Developed Focus Areas

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



# 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.

## Focus Area 1 Contribute to Decarbonized/Recycling-oriented Society

Material issues	Risks and opportunities	KPIs
Contribute to decarbonized society	<b>Risks</b> <ul style="list-style-type: none"> <li>● Increase in tax burden related to climate change and cost increase due to tightening or introduction of regulations on CO<sub>2</sub> emissions</li> <li>● Increase in CO<sub>2</sub> emission reduction cost and loss of customers due to delay/failure in introducing environmental technology</li> <li>● Loss of customers due to inadequate response to customers who emphasize low carbon or carbon-neutral transportation and the use of renewable energy</li> </ul>	Reduction of CO <sub>2</sub> emissions* <sup>1</sup>
	<b>Opportunities</b> <ul style="list-style-type: none"> <li>● Promote introduction of more efficient transportation modes and production/distribution processes by pursuing low energy</li> <li>● Continue receiving orders from existing customers and acquire new customers by enhancing climate- and decarbonization-conscious measures and promoting use of renewable energy</li> </ul>	Support customers' decarbonization by providing SCDOS "Decarbonization Monitoring Service"
		Promote initiatives to set CO <sub>2</sub> emission reduction targets including supply chains
Contribute to recycling-oriented society	<b>Risks</b> <ul style="list-style-type: none"> <li>● Loss of reputation and customers due to inadequate responses to environmental pollution and waste reduction</li> <li>● Obsolescence of services and decrease in competitiveness due to a delayed response to a recycling-oriented society</li> </ul>	Recycling rate
	<b>Opportunities</b> <ul style="list-style-type: none"> <li>● Continue receiving orders from existing customers and acquire new customers by enhancing measures considering environmental pollution</li> <li>● Diversify business activities and create new businesses by seeking to reduce and avoid resource use</li> </ul>	Promote initiatives to build a circular economy business model






## Focus Area 2 Build and Evolve Resilient, Sustainable Logistics Services






Material issues	Risks and opportunities	KPIs
Build and evolve resilient, sustainable logistics services		Support customers' SCM* <sup>2</sup> with SCDOS
	<b>Risks</b> <ul style="list-style-type: none"> <li>● Decrease in competitiveness and loss of customers due to deterioration of safety/quality/productivity and delayed deliveries, etc.</li> <li>● Suspension of operations due to inadequate transportation enhancement measures, etc., interruption/weakening of logistics networks, and deterioration of services/quality</li> <li>● Difficulties in securing transportation capacity due to the aging of managers and drivers of transportation partner companies and rising costs to secure such capacity</li> </ul>	Realize a comfortable workplace by installing automated/labor-saving equipment at logistics centers
	<b>Opportunities</b> <ul style="list-style-type: none"> <li>● Acquire customer trust and improve reputation by strengthening the business continuity</li> <li>● 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</li> <li>● Build partnerships with customers and acquire new customers by continuously providing services with high level of safety/quality/productivity</li> </ul>	Contribute to safe and more efficient transport by expanding user network of each "SSCV" (➡P8) function
		Enhance transport business to cope with the 2024 issue
		Expand GDP-compliant equipment at medical DCs

\*1 Total of scope 1 and 2 \*2 Supply chain management

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

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	LOGISTEED	Domestic	Overseas	FY2023 achievements	Targets Unless otherwise stated, the figures represent targets for FY2024	Related SDGs	References
	●	●		Down by 24.8% from FY2013	Down by 26% from FY2013		P57-63
	●	●	●	Proposed the SCDOS "EcoLogiPortal (CO <sub>2</sub> emission visualization solution)" to customers exceeding the annual target for the number of companies we approach this fiscal year, and supported multiple customers in visualizing and reducing CO <sub>2</sub> emissions in their logistics areas both domestically and internationally	Achieve annual targets for the number of companies we approach	 	P24,62
	●	●	●	Domestic: Established a framework for automating and visualizing SCOPE 3 emissions aggregation Overseas: Developed a system for aggregating SCOPE 1 and 2 emissions	Establish a framework and scheme for calculating supply chain emissions, including international operations	 	P58,62
	●	●		99%	Maintain 99% every fiscal year		P57,63
	●	●		Partnered with recycling businesses to commence full-scale operations in the Greater Tokyo Area for the recycling of plastic waste (such as stretch film) generated in the logistics process	Keep track of the achievements		P63

	LOGISTEED	Domestic	Overseas	FY2023 achievements	Targets Unless otherwise stated, the figures represent targets for FY2024	Related SDGs	References
	●	●	●	Enhanced the functions of SCDOS and made proposals to a large number of customers exceeding the annual target for the number of companies we approach this fiscal year, supporting multiple customers in improving their SCM both domestically and internationally	Achieve annual support targets		P24,64
	●	●	●	Installed automated/labor-saving equipment for cargo handling and delivery at multiple logistics centers in Japan, saving 100 FTE* <sup>3</sup> per year compared to FY2022	Mechanize cargo handling work (100 FTE per year)		P25,64
	●	●		Expanded the LOGISTEED Group's ecosystem through the installation of "SSCV" (1) Smart: Installed at a total of 751 partner companies (2) Safety: Installed in a total of 3,066 vehicles (including 557 vehicles of partner companies) (3) Vehicle: Installed in a total of 3,249 vehicles	Achieve the targets to install: (1) Smart: partner companies (2) Safety: vehicles of partner companies (3) Vehicle: the LOGISTEED Group's vehicles* <sup>4</sup>	  	P44,64
	●	●		Number of violations of labor standards regarding drivers: 0	Number of violations of labor standards regarding drivers: 0		P25,64
	●	●		<ul style="list-style-type: none"> <li>Implemented an educational program aimed at strengthening GDP quality control and operational capabilities for all employees engaged in GDP operations.</li> <li>Introduced a standardized system with documentation management capabilities equivalent to those in the manufacturing domain to key locations in the Kanto and Kansai regions</li> </ul>	Complete installations in target sites		P64

# Material Issues and KPIs of the LOGISTEED Group

## Focus Area 3 Create New Values through Collaborative Innovation





Material issues	Risks and opportunities	KPIs
Secure diverse human resources to support growth	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Human resource shortage due to failure to promptly respond to digitalization and labor saving</li> <li>Stereotypical ideas due to lack of diverse human resources, loss of new business opportunities, and decrease in competitiveness</li> <li>Loss of human resources due to a mismatch between the HR measures and what employees desire and a delayed response to diversified working-style</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Create new business opportunities and improve competitiveness by securing diverse human resources including highly skilled personnel and those from different industries, etc.</li> <li>Improve labor productivity by increasing employee motivation</li> </ul>	Implement education to develop human resources with DX skills
		Expand global human resources and reform organizational culture
		Improve operational efficiency by installing digital tools such as RPA
		Improve the score of sustainable engagement in the employee engagement survey
		Ratio of female managers
Step up DX	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Obsolescence of existing technologies due to failure to promptly deal with digitalization and introduce new technologies</li> <li>Obsolescence of existing services and business models due to rapid development of digital technologies</li> <li>Damage to the Company's business and loss of position in the industry due to the rise of new entrants and competitors</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Improve efficiency of business operations, promote labor-saving, and improve quality/safety through "Step up DX"</li> <li>Create new businesses leading to continued orders from existing customers and acquisition of new customers</li> </ul>	Establish a digital platform to create innovation through DX
		Execute logistics service reform projects utilizing a digital business platform (data linkage hubs)
		Implementation of Resource Control System (RCS)
		Improve conformance rate of ONEsLOGI* <sup>1</sup> WMS-Platform (PF) to logistics operations
		Number and percentage of DX-related patent applications included in the total patent applications (publication)
Establish business models through collaborative innovation	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>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</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Acquire growth opportunities through the development of revolutionary technologies that reflect external perspectives</li> <li>Establishment of growth platforms through acquisition of new management resources and creation/expansion of an ecosystem</li> </ul>	Develop new services and business models through collaborative innovation

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

\*2 Due to the change of some training components in the program to the e-learning course "VC Basic Course" for all employees, these values have been excluded from this aggregate figure



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	LOGISTEED	Domestic	Overseas	FY2023 achievements	Targets Unless otherwise stated, the figures represent targets for FY2024	Related SDGs	References
	●	●		<ul style="list-style-type: none"> <li>All relevant employees received "Basic DX Training" aimed at developing a digital transformation mindset (2,770 attendees)</li> <li>Implemented an education program to develop human resources with DX skills</li> </ul> Intensive training for human resources to promote DX business: 578 attendees in total (cumulative) Intensive training for DX technical skills: 598 attendees in total (cumulative) DX mindset cultivation program: 3,452 attendees in total (cumulative)* <sup>2</sup>	Every fiscal year: All employees attend mindset training		P39-40,66
	●	●	●	<ul style="list-style-type: none"> <li>To enhance the visibility of human resources across the entire LOGISTEED Group, implementation of the global human resources DB has been launched in some group companies overseas.</li> <li>A dialog-based education program with executive management was conducted to promote the internal dissemination of LOGISTEED WAY throughout the LOGISTEED Group</li> <li>Time invested in global human resource development: 11,308 hours</li> </ul>	Keep track of the achievements		P39-42,66
	●	●	●	Reduction of working hours: Cumulative 800,000 hours	Reduction of working hours: Cumulative 1.2 million hours		P66
	●	●	●	<ul style="list-style-type: none"> <li>Domestic: Scored 64 (down 2 points from last time)</li> <li>Overseas: Implemented at 11 group companies</li> </ul>	Domestic: Scored 70 or more Overseas: Expansion of the implementation scope		P41-42
	●			7.3%	FY2025: 10%		P41-42
	●	●	●	Launched the core management system in the Asian group companies	Keep track of the achievements		P65
	●	●	●	Achieved the FY2024 targets ahead of schedule in FY2022	Total number of executions: 60		P65
	●	●	●	Installed in 22 warehouse projects	Achieve the target number of installations		P25,65
	●	●	●	Conformance rate of 94%	Maintenance and continuation of conformance rate		P65
	●	●	●	Number of DX-related patent applications: 8 Rate of patent applications in the DX area: 67%	Keep track of the achievements		P43-44, 65
	●	●	●	Started a partnership with the SOMPO Group to address the 2024 issue in the logistics industry by utilizing the transport digital platform "SSCV"(➡P8)	Keep track of the achievements		—

# Material Issues and KPIs of the LOGISTEED Group

## Supportive Foundation for the Focus Areas

Material issues	Risks and opportunities	KPIs
Realize safe, healthy, and rewarding workplace	<b>Risks</b>	Workplace accident frequency rate/severity rate
	<ul style="list-style-type: none"> <li>Impact on operations and loss of social trust due to workplace accidents</li> <li>Loss of employee motivation, decline in labor productivity, and loss of human resources due to long working hours</li> </ul>	Number of serious accidents (fatal workplace accidents)
	<b>Opportunities</b>	Rate of paid leave taken
	<ul style="list-style-type: none"> <li>Improve employee motivation and labor productivity by creating a comfortable workplace that takes health and safety into consideration</li> <li>Enable stable operations by ensuring occupational health and safety</li> </ul>	Rate of sick leave days*1 —Promote health and productivity management—
Establish a responsible supply chain in which human rights are respected	<b>Risks</b>	Promote initiatives to develop a business platform that respects human rights
	<ul style="list-style-type: none"> <li>Reputational damage, lawsuits and penalties resulting from infringement of human rights, and loss of human resources</li> <li>Decrease in competitiveness due to deterioration of quality and productivity in the supply chain</li> </ul>	Human right education
	<b>Opportunities</b>	Promote initiatives to establish a compliance screening system for suppliers
Governance and compliance	<ul style="list-style-type: none"> <li>Loss of social trust due to violation of various laws and regulations and deviation from social norms</li> <li>Business disruption, loss of social trust, and unexpected losses due to dysfunctional governance and internal control</li> </ul>	Attendance rate for LOGISTEED Group Code of Conduct education (e-learning)*4
	<b>Opportunities</b>	Ratio of female executive officers*5
Prevent accidents during operation	<ul style="list-style-type: none"> <li>Earn social trust by demonstrating a commitment to legal compliance</li> <li>Earn trust of stakeholders by realizing highly effective corporate governance and making ongoing improvement</li> </ul>	Reflect evaluation of ESG initiatives, etc. in compensation plan for officers
	<b>Risks</b>	Reduction rate for three types of accidents*6
	<ul style="list-style-type: none"> <li>Impact on operations and loss of human resources and social trust due to accidents</li> </ul>	Implement measures to strengthen prevention
Risk management	<b>Opportunities</b>	Reduce incidents during vehicle operation by utilizing "SSCV-Safety"
	<ul style="list-style-type: none"> <li>Enable stable operations by securing safety in operation/transportation</li> <li>Earn social trust by demonstrating a commitment to preventing accidents during operation/transportation</li> </ul>	Conduct company-wide disaster prevention training and overseas BCP caravans*10
	<b>Risks</b>	Number of information security incidents
Enhance disaster prevention/mitigation	<ul style="list-style-type: none"> <li>Business suspension/discontinuation due to inadequate/dysfunctional risk management</li> </ul>	Attendance rate for information security training course and rate of targeted threat emails for simulation trainings opened
	<b>Opportunities</b>	Enhance functions of the Centralized Safety and Quality Control Center
	<ul style="list-style-type: none"> <li>Enable to recover business quickly and restore corporate reputation by enhancing risk management initiatives</li> <li>Avoid opportunity loss through rapid business continuity and recovery</li> <li>Earn social trust by demonstrating a commitment to enhancing resilience</li> </ul>	Establish a management system utilizing a visualization system for firefighting operations
		Conduct trainings for initial response at disasters

\*1 Rate of sick leave days = (Number of sick leave days/Total prescribed working days for employees) × 100

\*4 Education themes for FY2023 were document management, severance of ties with anti-social forces, human rights, competition law, bribery, health and safety, intellectual property, and whistleblowing

\*5 Percentage of female executive officers and operating officers \*6 Workplace accidents, vehicle accidents, and product accidents

\*10 Activities to build and improve risk management systems in overseas locations by sending instructors from Japan

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	LOGISTEED	Domestic	Overseas	FY2023 achievements	Targets Unless otherwise stated, the figures represent targets for FY2024	References
	●	●		Frequency rate: 0.80    Severity rate: 0.161	Keep track of the achievements	P67
	●	●	●	1	Every fiscal year: 0	P67
	●	●		67.4% (YoY -1.4%)	Keep track of the achievements	P41-42
	●	●		1.08% (YoY +0.03%)	Keep track of the achievements	P41-42
	●	●	●	<ul style="list-style-type: none"> <li>Conducted desktop research on 81 group companies*2 with regard to geography, products, industries, employment types, and regulations (100% execution rate)</li> <li>Completed SAQ*3 for 27 companies identified as high-risk in the desktop research</li> </ul>	Keep track of the achievements	P41-42, 68
	●	●	●	<ul style="list-style-type: none"> <li>Established a system for continuous human rights education for all employees</li> <li>Conducted human rights training for executives of group companies (excluding some regions) (182 participants, 100% participation rate)</li> </ul>	Keep track of the achievements	P41-42, 68
	●	●	●	<ul style="list-style-type: none"> <li>Completed the review of customs operations outsourcing partners based on internal regulations related to anti-bribery (100% execution rate)</li> <li>Explored mechanisms for monitoring the Group's contractor for customs clearance</li> </ul>	Perform regular screening	P53
	●	●	●	98.5% (81,955 attendees in total)	Every fiscal year: 100%	P53
	●			5% (as of March 31, 2024)	Over 10%	—
	●			Incorporated CO <sub>2</sub> emission reduction achievements into the annual bonuses for executive officers for FY2023	Increase factors to be reflected	—
	●	●	●	Up by 32% from FY2022	Down by 30% from FY2023	P67
	●	●	●	<ul style="list-style-type: none"> <li>Held regular education webinars for companies that installed SSCV-Safety*7 (including those considering to install) (Number of sessions held: 12/Number of attendees: 24 companies, 44 persons in total)</li> <li>Conducted experiential education using VR (Implemented at 177 domestic and international sites/Approximately 6,054 participants in total)</li> </ul>	Keep track of the achievements	P67
	●	●		Number of incidents*8: 0.015 (Down by 60% YoY) The rate of serious accidents involving the Group's vehicles was approximately 82% lower than the national average as of FY2021*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	P67
	●	●	●	<ul style="list-style-type: none"> <li>Conducted "company-wide BCP trainings by disaster response HQ" in August</li> <li>Provided support and education for the development of BCP manuals for six companies*11 in Asia as part of the overseas BCP caravan</li> </ul>	Keep track of the achievements	P68
	●	●	●	0	Every fiscal year: 0 incident	P53
	●	●	●	<ul style="list-style-type: none"> <li>Attendance rate for information security training course: 100% (35,967 attendees)</li> <li>Rate of targeted threat emails for simulation trainings*12 opened: 12.0%</li> </ul>	Every fiscal year: 100% attendance/Open rate: 10%	P53
	●	●		Installed advanced video management systems and other technologies at five distribution centers in Japan (cumulative total), expanding remote monitoring of unsafe behaviors and hazardous events, and began validating AI recognition capabilities	Keep track of the achievements	P68
	●	●		For approximately 500 sites equipped with the "Firefighting Visualization System," regular monitoring is conducted to ensure compliance with the Fire Service Act and relevant regulations	Keep track of the achievements	P68
	●	●		Conducted initial response training assuming natural disasters such as earthquakes: 13 companies (225 participants)	Keep track of the achievements	P68

\*2 As of April 2023 \*3 Self-Assessment Questionnaire (Self-checklist) \*7 SSCV-Safety service is available only in Japan \*8 Average number of incidents per month per vehicle in operation owned by the LOGISTEED Group \*9 Calculated based on "Business Vehicle Accident Statistics (2021)" by Institute for Traffic Accident Research and Data Analysis. Compared to the national average of 45,900 kilometers per accident, our group achieves 260,000 kilometers per accident \*10 LOGISTEED China, Ltd., LOGISTEED Taiwan, Ltd., PT Berdiri Matahari Logistik, PT LOGISTEED Indonesia, PT VANTEC INDOMOBIL LOGISTICS, and Flyjac Logistics Pvt. Ltd. \*11 LOGISTEED and domestic group companies, with some exceptions for overseas group companies

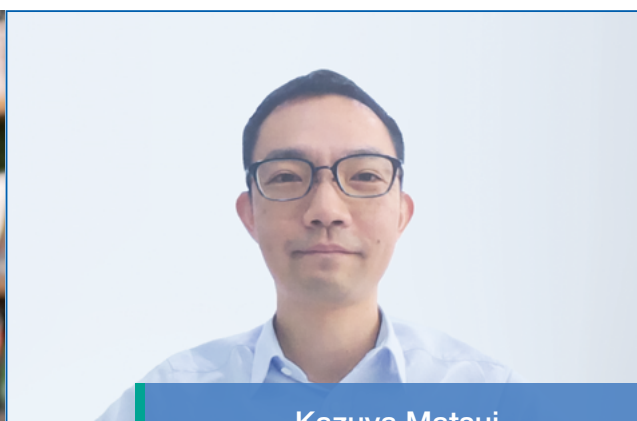
## Employee Roundtable Discussion

# LOGISTEED Group's Perspective on Supply Chain Management

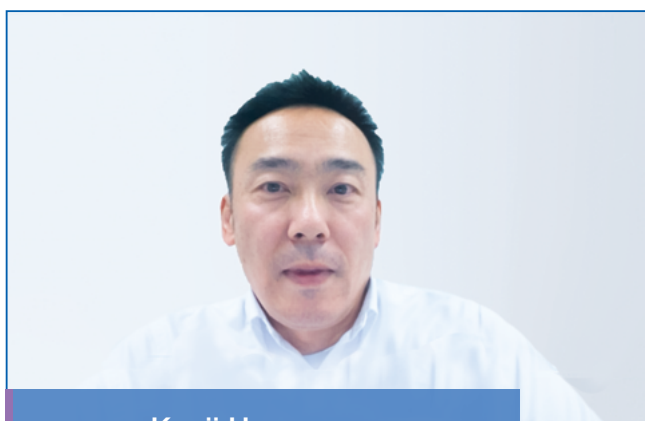
The Corporate Vision of LOGISTEED Group is to become "The Most Preferred Global Supply Chain Solutions Provider." Taking a major construction machinery manufacturer as the example, a roundtable was held with four front-line staff members to discuss how we are solving supply chain issues and creating value together with our customers.



**Akira Fukasawa**  
General Manager  
Tsuchiura Division  
LOGISTEED East Japan, Ltd.



**Kazuya Matsui**  
Managing Director  
LOGISTEED Asia-Pacific Pte. Ltd.



**Kenji Hasegawa**  
Project Senior General Manager  
LOGISTEED America, Inc.



**Kentaro Takita**  
Manager, Global Major Account Department 1  
LOGISTEED, Ltd.

— Could you explain the circumstances that led to you being entrusted with the management of the customer's logistics center?

**Fukasawa:** Before we were entrusted with the management, the customer operated their own logistics center for after-service parts. However, due to aging equipment and space constraints from business expansion, along with significant damage to the building from the Great East Japan Earthquake,

the need for a new logistics center became more urgent. In this context, the customer approached us about outsourcing the entire logistics center, and the LOGISTEED Group proposed solutions to address these issues. Specifically, we suggested reducing lead times by incorporating new equipment and adding product processing operations (such as painting and packaging) within the logistics center in addition to the normal operations present at the logistics center. Additionally, we proposed the introduction of a





Domestic base

Warehouse Management System (WMS) to visualize work processes, reduce man-hours and manage these operations within a custom-built logistics center. As a result, we secured the contract. The Tsukuba Logistics Center began operations in 2014 as the customer's mother center, holding inventory for countries around the world. In the initial stages, we faced numerous issues across various processes. Particularly, the simultaneous transfer of parts from the old logistics center and the routine inbound and outbound operations led to significant issues with the smooth flow of the receiving process, requiring ongoing trial and error to resolve each problem.

Solving these issues was truly demanding, but the breakthrough came with "visualizing processes." By processing and analyzing data extracted from the WMS, we identified bottlenecks and their causes, and by repeatedly feeding this information back to the field, we gradually achieved streamlining.

**Takita:** We understand the customer's supply chain, and through the processes of analysis, design, operation, and improvement, we realize value creation, leveraging the strengths of the LOGISTEED Group **▶P19** as a driving force. The Tsukuba Logistics Center consolidates our strengths in solving supply chain issues. While typical logistics companies focus on service provision in shipping and logistics processes, even we used to do this in the past, but now we have significantly expanded our scope of services we provide. For instance, in the manufacturing process, we include tasks such as painting and packaging of construction machinery parts. By performing these tasks within the logistics center, we create benefits for the customer in terms of reduced lead times. We manage information about each process as performance data, and by providing feedback on these performance figures, we work together with our customers to improve accuracy of delivery date. The necessary information is concentrated in the supply chain processes, and it is crucial to accumulate performance data and use it as a basis for further improvements.

The issue is that the provision of such services is still limited to a few specific customers. To offer these kinds of services, strong trust relationships with customers and a deep understanding of their supply

chains are essential. Recently, contributing to the reduction of customers' environmental impact has also become necessary. It is crucial to first accumulate know-how by addressing the issue of specific industries and customers. Once we master this, it may open up opportunities for further expansion.

### — How do you view the turning point that allowed you to connect with the customer's global needs?

**Fukasawa:** The customer ships parts manufactured and stored domestically to locations around the world. Additionally, providing parts for after-service following the delivery of the main product is also a major pillar of their business. The Tsukuba Logistics Center plays a vital role as a starting point to ensure these operations run smoothly. While the customer manages their entire supply chain from a holistic perspective, if our business structure remains siloed, we cannot meet their expectations. Therefore, it's essential not only to focus on the Tsukuba Logistics Center but also to broaden our perspective and consider the overall optimization of the entire process, including both upstream and downstream activities of the customer. The key to connecting with the global expansion was having the operational site closest to the customer, who manages after-service parts for the entire world, taking the lead. By maintaining close communication and involving Takita-san's Sales Department, we successfully balanced the three-party relationship between the customer, the operational site, and the sales team, which facilitated the global rollout.

**Matsui:** I am currently stationed in Singapore. The logistics center in Singapore is responsible for storing construction machinery parts shipped from the Tsukuba Logistics Center in Japan, and based on instructions from the customer, shipping these parts as after-service parts to the ASEAN region. Before we took on this role in 2019, the customer managed this operation themselves. However, they had a limitation in responding to fluctuations in volume due to market conditions with fixed personnel, leading to their decision to outsource the operation to us. It is crucial to offer the customer the benefit of variable labor costs while continuously ensuring the uninterrupted



Singapore base

## Employee Roundtable Discussion

supply of parts as an after-service parts center. Balancing high labor costs and ensuring the human resource while prioritizing cost reduction is a daily challenge. Maintaining a system that prevents interruptions in parts supply while controlling logistics costs is essential. Additionally, we stay informed about volume fluctuations by maintaining close communication with the customer.

**Takita:** The logistics center in Singapore began operations in 2019 when we took over the business from the customer, including the warehouse management system (WMS) they were using. As we implemented our own WMS in 2023, it is easier for us to access data and monitor the warehouse conditions more effectively. The system we introduced in Singapore was adapted from the one we implemented in our North American logistics center in 2022.

**Hasegawa:** I would like to talk about the North American logistics center that began operations in March 2022. Located in Atlanta, Georgia, the logistics center is responsible for storing and packaging items received from the Tsukuba Logistics Center and North American suppliers, and then shipping them throughout North America. Due to the customer's circumstances, the warehouse needed to be operational within about three months after receiving the order, instead of the usual six months to a year for preparation. This forced us to respond at a rapid pace. We faced significant issues, especially during the COVID-19 pandemic, but we managed to get it up and running by leveraging the expertise we gained from establishing the Tsukuba Logistics Center, as well as the support from our local partners in the U.S.

**Takita:** Regarding the system, we had to be creative due to the tight timeline. We divided the process into two phases. In Phase 1, we implemented a minimal system capable of handling the essential tasks required to process shipping instructions from the customer. Phase 2 involved addressing detailed specifications and adjustments. Additionally, to get the warehouse operational within three months, we needed to concentrate our resources. Since the local team alone was not sufficient, we mobilized all available support from the LOGISTEED Group to ensure the successful launch.



the U.S. base

### — From your involvement in building the global supply chain, have you gained any insights for future activities?

**Fukasawa:** The operations at the North American logistics center were relatively simple compared to the Tsukuba Logistics Center's scheme, as a contract logistics. However, the issues included the very short lead time from order to startup, as well as the wide range of construction machinery parts, from small and light to large and heavy. Particularly for the latter issues, I believe we were able to contribute to the development of operational processes by leveraging the know-how and experience of the team members working in Japan. Additionally, the experience of receiving items personally in North America that were shipped from Japan was invaluable. By providing feedback to the Tsukuba Logistics Center employees on what aspects to consider for downstream processes, we have been able to further enhance customer satisfaction (CS). Our customer entrusts us, the LOGISTEED Group, with after-service to deliver parts quickly when construction machinery breaks down on-site. The most important issue for the customer is the reduction of lead time. As I mentioned earlier, it is crucial for us to always keep this in mind and to expand our perspective beyond our logistics center to consider the optimization of the customer's entire supply chain together.

### — Could you tell us about the use of DX for visualizing the supply chain?

**Takita:** One of the primary concerns for our customers is when the construction machinery parts, they ordered will reach the end user. This is crucial because the customer's maintenance staff need to plan the installation of parts on the end user's construction machinery according to the parts' delivery schedules. With hundreds of thousands of items to manage, setting accurate lead times for each order is extremely challenging. To address this, we proposed the implementation of the cloud-based platform "SCDOS (Supply Chain Design & Optimization Services)" (➡P9) as a solution for centralized management of necessary information. SCDOS serves as the core tool of our group's logistics DX efforts.



We have gathered all the necessary information for calculating delivery dates in SCDOS. This includes work performance and time requirements from the WMS to each process, as well as data on maritime and air transport performance from our international shipping database. This comprehensive approach supports the improvement of accuracy of delivery date.

Additionally, the implementation of SCDOS has advanced the visualization of on-site metrics. Simply installing the system alone does not achieve visualization. It required extensive discussions between the customer, our on-site team members, and our DX team to set KPIs. Now, using KPI reports generated by SCDOS, we can share issues with the customer and develop improvement measures effectively.

**Hasegawa:** In North America, we have modified the WMS to capture KPIs specific to the North American operations. These KPIs are crucial not only as indicators of whether we are providing the service levels promised to the customer but also for understanding the performance level of the services we provide. Previously, when we proposed a tracing system for tracking the location of cargo in international transport, the customer suggested that the system might be useful for other purposes as well. This feedback from the customer highlighted potential uses we had not considered. Moving forward, I hope

we can gather such customer insights to develop more useful systems and improve data utilization.

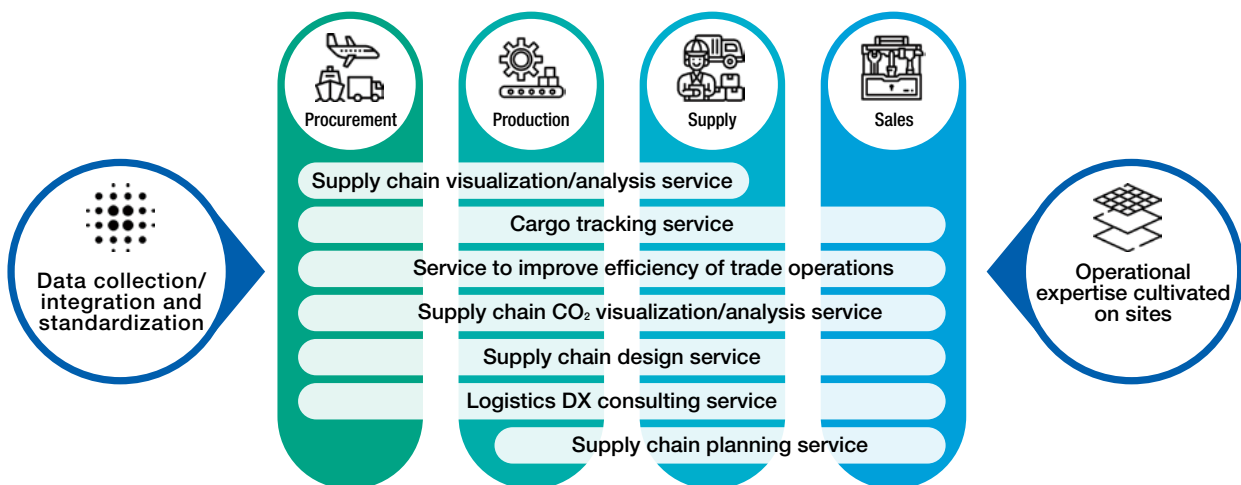
**Matsui:** For the logistics center in Singapore, the critical KPI is the on-time delivery rate. If a construction machine fails at the end user's site, the machine cannot be used until the necessary parts arrive, resulting in time losses. Therefore, our KPI focuses on delivering items quickly and accurately based on the urgency of the situation.

In Singapore, the LOGISTEED Group's WMS has been implemented, providing a robust environment for accurate data collection and analysis. Moving forward, we aim to explore how to effectively utilize SCDOS in Singapore as well.

— Finally, could you share your aspirations for expanding services from a sales perspective, Takita-san?

**Takita:** I believe it's crucial for us to communicate with each site and engage directly with our customers to realize the services they require. As we expand into regions with less experience, we will encounter new challenges. However, as discussed, our group has the capability to operate logistics centers with unique functions in various countries. We will continue working together to achieve our customers' global supply chain management.

## SCDOS Service Lineup



## Message from the officer in charge



### Kazushige Natori

Operating Officer  
General Manager,  
Global Business  
Development  
Headquarters

We will visualize the entire supply chain, identify issues, and proactively support our customers' supply chain strategies. Additionally, by leveraging our group's global network, we will promote the "Reinforce and expand overseas business" as outlined in our mid-term management plan, with the goal of becoming the most preferred global solution provider for our customers.

# Initiatives for Human Capital -Enhancement of Resource Capability-

We are providing an educational environment to cultivate human resources that practices and leads the "LOGISTEED WAY." In addition, as part of developing change leaders to achieve "LOGISTEED2030," we are focusing on key initiatives such as "developing foundational human resources" and "cultivating diverse human resources to support growth."



## Securing/Retaining Human Resources

Toward "LOGISTEED2030," we strive to actively secure diverse human resources, including those with skills for global business and DX, and promote initiatives to support their early participation.

## Human Resources Development/Skill Development

Domestically, we organize the skills required for human resources to practice and lead the "LOGISTEED WAY" by different levels and job types, and conduct an annual skills survey to identify gaps between the current status of individual employees and the required skills. Based on the survey results, we formulate and implement company-wide educational initiatives and promote personalized development plans through dialogue between supervisors and subordinates.

## Renewal of Personnel System Framework

To ensure the entire company works together to expand business domains and create new added value, we are introducing a Group-wide "a job-based personnel system" and building a "personnel management system." By fostering each employee's awareness to autonomously carry out their roles, encouraging them to challenge the unknown and grow, and better reflecting their actions, processes, and results in evaluation and compensation, we aim to enhance employees' sense of satisfaction and accomplishment. We aim to create greater value for the Company and all domestic group companies, which are the targets of this initiative.

## 1. Securing/Retaining Human Resources

### ● Secure diverse human resources to support growth

#### •Secure human resources with global skills

We are focusing on securing human resources with practical language skills and an understanding of different cultures, capable of strengthening and expanding our overseas businesses. We are also actively hiring employees of foreign nationalities.

#### •Secure human resources with DX skills

We are working to enhance our appeal to new graduates by providing opportunities for them to interact with employees from the IT and technology departments. This helps to concretize and highlight the attractiveness of logistics DX.

#### •Secure human resources with expertise

We are actively recruiting human resources with diverse skills and experiences that contribute to business operations and corporate strategies, including legal, accounting, and auditing expertise.

Ratio of foreign employees among new graduates hired (average for the last two years)

Scope: LOGISTEED

10%

### ● Support for employee retention and early participation

#### •Implement on-boarding program

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

#### •Surveys and career development interviews

We conduct surveys targeting young employees to measure their work awareness, and based on the results, we provide advice to their supervisors. Additionally, to improve employee retention rates, we implement initiatives such as a mentoring program and regular career development interviews.



For details, please visit our website. [↗](#)

With Our Employees <https://www.logisteed.com/en/profile/csr/social/employee/>

Promoting Diversity <https://www.logisteed.com/en/profile/csr/social/employee/diversity.html>

## 2. Human Resources Development/Skill Development

### ● Overall education system

Domestically, we have established an educational framework to support the acquisition of knowledge and skills required for fulfilling the expected roles of various positions and specialized professions, and we regularly

update this framework. Additionally, we provide an environment that supports autonomous growth by offering career training and external courses that employees can voluntarily attend.

### ● Develop human resources who will serve as a foundation

As key initiatives starting from FY2023, we are focusing on two main programs: the "LOGISTEED WAY Course" (Mindset Cultivation) and the "Management Skills

Enhancement Training" targeted at managers, who play a crucial role in driving transformation and improvement in their respective workplaces.

### ● Fostering diverse human resources to support growth

Similarly, based on a shared understanding of the "LOGISTEED WAY" and strong management capabilities, we have set the development of global human resources, 3PL on-site human resources, and DX human resources

as key themes to realize "LOGISTEED2030." Through our original training programs, we provide education tailored to the expected roles of each position.

### ● Develop human resources with global skills

We are promoting the visualization and development of human resources on a global scale, including the formulation of succession plans for key positions, including human resources with business management capabilities. For domestic human resources, we are working to develop individuals who can lead global business by providing overseas work training programs tailored to employees' career stages, training for overseas assignments, and learning opportunities aimed at improving practical

language skills. For overseas human resources, in addition to continuing the global common mandatory programs such as the LOGISTEED WAY and human rights, we will enhance development programs for human resources with business management capabilities and expand specialized skill education in areas such as 3PL and DX.

Education expenses per employee  
(FY2023)

Scope: LOGISTEED, domestic group companies

¥37,486

## 3. Renewal of Personnel System Framework

### ● Introduce job-based personnel system

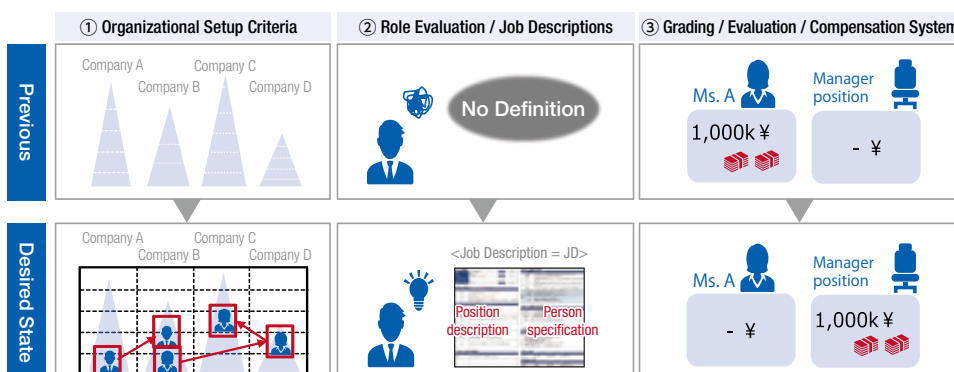
To enable flexible human resources rotation within the LOGISTEED Group based on the principle of "the right person in the right place," we are standardizing organizational setup criteria and creating job descriptions that clearly define the roles and necessary skills for each

position. We are introducing a "job-based personnel system" that reflects fair evaluation and treatment based on these roles. Moving forward, we will expand the scope of this system and promote it across the entire Group.

### ● Establish the personnel management system for group companies in domestic and overseas

We are aiming to build a common "HR Visualization Platform" for both domestic and overseas groups, which will enable us to strategically develop and place human resources required for each "position" in a planned

manner. This platform will support both employees and their supervisors in identifying gaps, thereby enhancing human resources capabilities through proactive career planning and supervisor support.



- Establish standards for organizational size (e.g., revenue/management span) that varied across companies to achieve optimal human resources placement and rotation.
- Clarify and document the roles for each position, establishing standards for the scope of roles.
- Shift from a grading/evaluation/compensation system tied to individuals to one tied to positions (roles).

# Initiatives for Human Capital

## -Invigoration of Organization-

To realize "LOGISTEED2030," we are working to enhance each employee's sense of contribution to the company and foster a culture and human resources that proactively engages in transformation and improvement.

### Increase in Employee Engagement

As part of our efforts to enhance organizational engagement centered on fostering the mindset of the "LOGISTEED WAY," we are implementing a cycle of organizational culture transformation based on an annual engagement survey.

### Diversity and Inclusion

The LOGISTEED Group considers the active participation of diverse human resources to be a crucial initiative in contributing to society through our logistics business. In addition to establishing systems and mechanisms that enable diverse working styles, we are promoting a culture of diversity and inclusion through education and other initiatives.

### Working-style Reform/Health and Productivity Management

The LOGISTEED Group aims to foster diverse human resources and create a workplace where each employee can work healthily and securely. Through high-quality logistics services, we strive to contribute to building a prosperous society.



## 4. Working-style Reform/Health and Productivity Management

### ● Global VC Activities Supporting Work Style Reform

VC activities are initiatives aimed at improving the organizational culture itself. Sharing improvement cases globally and promoting active communication serve as driving forces to support and implement work style reform.

We aim to enhance the overall productivity of the organization by creating an environment where diverse human resources can work healthily, securely, and with a sense of fulfillment.

### ● Optimization of working hours (reduction of long working hours)

In Japan, we ensure proper working hour management by using objective records such as PC logs and ID cards. Additionally, through the promotion of work style reform, we are working to reduce overtime hours and encourage the use of annual paid leave.

<b>Average overtime hours</b> <b>27.5</b> hours/month <small>Scope: LOGISTEED</small>	<b>Rate of paid leave taken</b> <b>67.4%</b> <small>Scope: LOGISTEED, domestic group companies</small>
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### ● Health and Productivity Management (support for employees' health enhancement)

Aiming to create a workplace where each employee can continue to work healthily and safely, we issued the Health and Productivity Management Declaration in 2022. We are promoting employee health through initiatives such as advancing mental health measures and expanding health

guidance in collaboration with industrial physicians. These efforts have been recognized, and since 2023, we have been certified as a "Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)."



## 5. Diversity and Inclusion

### ● Initiatives to respect human rights as a global company

As a global company committed to respecting human rights, in FY2023, we established the "LOGISTEED Group Human Rights Policy," conducted education for employees, management executives included, and carried

out human rights due diligence, including desktop research, across 81 domestic and overseas group companies. Moving forward, we will promote human rights due diligence that includes our supply chain.

### ● Promotion of women's participation in the workplace

To create a workplace where women can thrive, we are working on creating a supportive environment that includes the planned development of female employees and the establishment of work-life balance support systems. For our domestic group companies, we conduct "leadership

trainings" and "career development trainings"

aimed at raising awareness for the promotion of women to managerial positions, as well as training for supervisors to enhance their understanding.

#### Ratio of female managers

Scope: LOGISTEED

**7.3%**

### ● Support for balancing work and childrearing/nursing care

We believe that raising awareness about work-life balance and childcare support systems and increasing workplace understanding of paternity leave contribute to the promotion of diversity and inclusion. Therefore, we are promoting the understanding of these systems and creating an environment where they are easy to use. In

FY2023, we made the "work-life balance support

handbook" accessible from personal devices and implemented an e-learning course titled "Work-Life Balance Course for Career Design," which is available to all employees, to foster understanding.

#### Rate of childcare leave taken by male employees

Scope: LOGISTEED

**59.0%**

### ● LGBTQ+ initiatives

To prevent harassment related to sexuality and promote the active participation of diverse human resources, we are working to promote understanding of LGBTQ+ people. We have established an external LGBTQ+ consultation desk

that can be used by all employees of LOGISTEED and its domestic group companies, providing an environment where anyone can consult at any time.

## 6. Increase in Employee Engagement

### ● Spread of the LOGISTEED WAY

As part of our initiatives to promote the "LOGISTEED WAY," which serves as the starting point for decision-making within the LOGISTEED Group, we provide opportunities for

interactive communication between management and employees and deploy e-learning programs to instill behavioral guidelines both domestically and internationally.

### ● Sharing employee engagement improvement initiatives

In Japan, we conduct an engagement survey for all employees once a year, which is connected to our organizational culture transformation activities.

From FY2023, we have begun sharing successful examples of improved engagement scores company-wide.

### ● Global expansion of employee engagement surveys

Regarding overseas operations, we conducted a trial in selected areas starting in FY2023. In FY2024, we plan to

expand the survey to major group companies abroad.

### ● Utilizing engagement survey results

Through the survey results, we clarify the cultural issues at the company-wide and departmental levels. Based on discussions and sharing at the management level, we promote a scheme that includes formulating and executing measures such as "holding dialogue sessions with executives," "conducting communication training for managers with their subordinates," and "holding business

improvement workshops" at various levels including management, HR, and individual workplaces.

#### Employee engagement survey (FY2023) —Score of sustainable engagement\*1—

Scope: LOGISTEED, domestic group companies

**64\*2**

\*1 Average score of multiple questions highly correlated with corporate growth.

\*2 Scoring the percentage of favorable responses among all respondents.

## ■ Message from the officer in charge



### Tsukasa Kudo

Executive Officer,  
CHRO  
General Manager,  
Human Resources &  
Business Support  
Office

Logistics Industry is an essential infrastructure supporting the sustainable growth of society and our employees who support the logistics operations are our most valuable management capital. In FY2023, we advanced initiatives aimed at creating an organization where our employees—who are the source of our competitiveness—can work safely and healthily while maintaining high motivation and achieving personal growth. Additionally, in April 2024, we made changes to our company-wide organizational structure with the goal of ensuring the sustainable growth of our domestic business and strengthening and expanding our overseas businesses. Moving forward, we will focus on enhancing our organizational and human resources capabilities to accelerate the business growth on a global scale.

# Initiatives for Intellectual Property/Intangible Assets Governance

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

**Mission**

Visualize the LOGISTEED Group's intellectual capital and utilize it for business model planning and sales strategy to promote collaboration and innovation

Aim for Sustainable Corporate Growth with One LOGISTEED

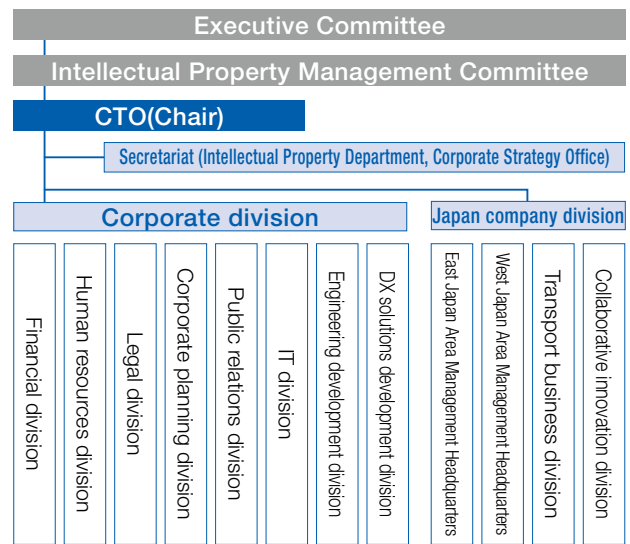


Following the change of the corporate name in April 2023, the LOGISTEED Group, including overseas subsidiaries, transitioned to the LOGISTEED brand.

Under this new brand, we will accelerate initiatives under the banner of "One LOGISTEED" to enhance global integration, collaboration, and synergy. Our goal is to foster growth into a winning brand in the global market and promote initiatives that contribute to increasing our value.

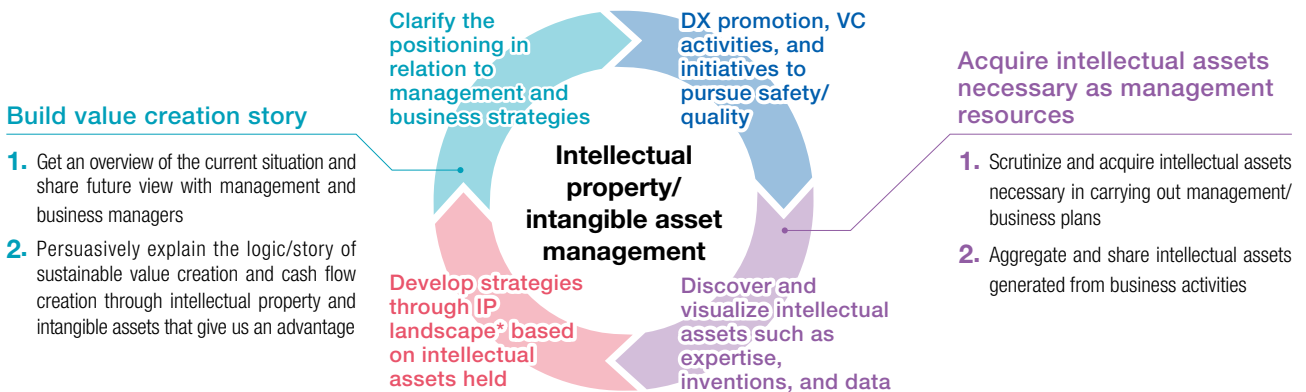
## Intellectual Property Management System

The LOGISTEED Group, recognizing intellectual property as a crucial management resource, has established the Intellectual Property Management Committee as the decision-making body for intellectual property strategy and management. We standardly protect new service solutions and business models through the acquisition of industrial property rights, including patents. Additionally, for data obtained during logistics processes and on-site accumulated expertise, we evaluate their protection and value enhancement, and advance strategies that can lead to game-changing innovations. Regarding third-party intellectual property, in accordance with the LOGISTEED Group Code of Conduct, we adhere to appropriate handling and protection in accordance with laws and agreements, and strive to act with integrity and fairness through regular compliance training for all employees.



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

The source of knowledge for the LOGISTEED Group is none other than the "human resources" that support our logistics sites. Furthermore, the advanced development of IT, engineering, and DX solutions that support on-site operations is a key driver of the LOGISTEED Group's growth. We are committed to innovative operational planning and innovation through a dual focus on Gemba and new technology development.



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

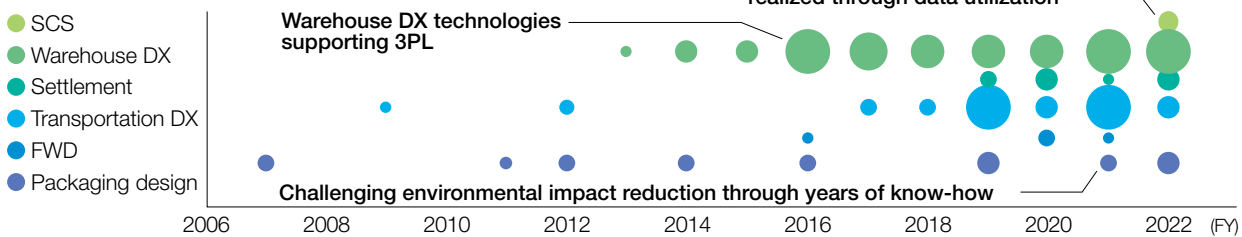


## Toward the LOGISTEED Group's Vision "LOGISTEED2030"

To respond swiftly to customer needs, we are enhancing the global supply chain through DX, LT, and "Gemba" Power, and continuously advancing the development of new service solutions. We aim to expand our innovative services by leveraging technologies such as Digital Twin for real-time progress tracking and task optimization, RCS (Resource Control System), (➡P9), and SSCV (➡P8) for transportation resilience and accident reduction.

Through our VC Activity focused on site improvement, we share the on-site know-how and knowledge collected to strengthen our core 3PL business and respond meticulously to the rapid environmental changes surrounding our customers. Based on our portfolio of intellectual assets, including patents and know-how developed through DX, LT, and "Gemba" Power, we will promote sustainable logistics strategies together with our customers.

### Patent technology field portfolio by filing fiscal year



## LOGISTEED2024 Priority Measures

### Warehouse DX: Digital Twin

Digital Twin technology involves recreating an identical environment in cyberspace based on data collected from the real world. We have been conducting proof-of-concept experiments related to the digital twin of warehouse operations to explore the future of our logistics business. Initiatives that have been pioneered at the Kasukabe EC platform centre will be expanded to multiple locations, with plans for early implementation. We aim to optimize the overall logistics operations by having AI learn warehouse operational know-how, make predictions, and perform simulations, and create daily shipping plans. We are currently applying for patents for various use cases within the warehouse.



Simulation screen of warehouse operation

### Transportation DX: Developing solutions to reduce traffic accidents and enhance driver safety

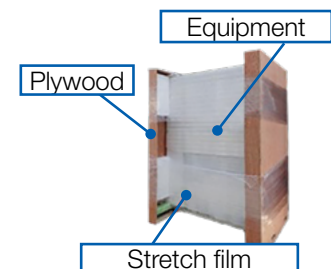
**We have developed AI to predict accident risks based on health data and truck driving data (Patent No. 7334057).**

SSCV-Safety is the world's first implementation of technology that predicts driving risks based on daily health data of drivers.



### Packaging solutions: challenges in reducing environmental impact (value-added service + VAS)

The LOGISTEED Group has identified expanding business areas through new value-added services as a key strategy in our medium-term management plan and is working to further enhance business value through area expansion. In our packaging solutions, we continue to leverage the know-how accumulated over many years to drive challenges and innovation. Our patented solution, Patent No. 7382996, (packaging dimensions, packaging methods, and transportation methods (packaging materials for domestic transportation of large equipment) involves a specialized packaging material that sandwiches the product between plywood with cushioning material attached to both sides and secures it with stretch film. This design simplifies the bundling process during truck loading, reducing labor by 30% and improving load efficiency by 70%.



# 3PL Business (Domestic)

In various stages of customers' supply chains, we enable improvements in service levels and logistics efficiency through comprehensive outsourcing services, and DX, LT and "Gemba Power" which support those services. Leveraging our extensive know-how and consulting expertise as a pioneer in 3PL, and utilizing various infrastructures, we offer optimal logistics solutions across a wide range of industries and sectors. We continue to challenge ourselves to implement next-generation logistics technologies and to expand our areas of business leading the evolution in the industry.

## FY2023 Result

Revenues:

**¥427.5 billion**

Adjusted operating income:

**¥19.97 billion**

### Major Services

#### ● Procurement logistics

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

#### ● 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.

#### ● Production logistics

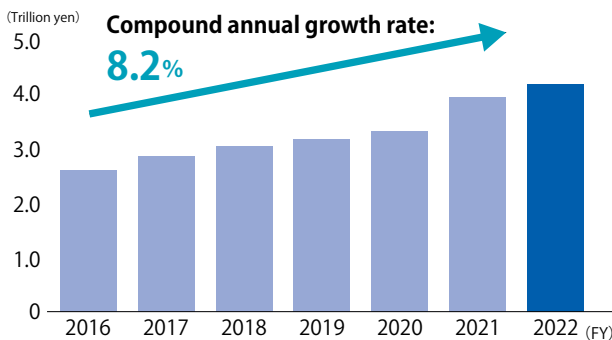
We undertake various logistics operations in the manufacturing process including management, packaging, and shipping of materials and products. Our packaging professionals provide optimal packaging solutions according to product features and logistics conditions.

#### ● 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.

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

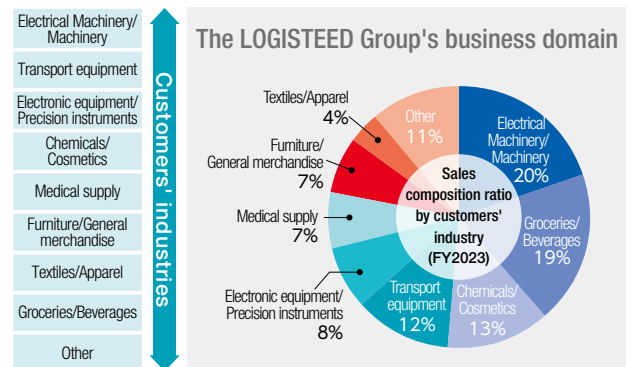
Trend of domestic 3PL market size



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



Customers' supply chain



### Message from the officer in charge



#### Kazuhiro Nishikawa

Executive Vice President and Executive Officer, CJBO and CMO  
 President of LOGISTEED Japan Company  
 General Manager, Collaborative Innovation Project Team

As CJBO, I will achieve the further growth of our domestic business by providing customers with VAS and other value-added services in addition to DX/robotics while maintaining our position as a front runner in 3PL in Japan. Additionally, as the CMO, I will collaborate with the CIBO to create synergies as "One LOGISTEED" by mutually rolling out the solutions provided by the LOGISTEED Group in each area around the world on a global basis.

## 3PL Business (Overseas)

Since the expansion into Singapore in 1976, the LOGISTEED Group has been expanding internationally, with a global network of 471 sites in 27 countries and regions (excluding Japan) as of March 31, 2024. Under the policy to become a "leading global 3PL company," we will support our customers' supply chain strategies with a wide range of services.

### FY2023 Result

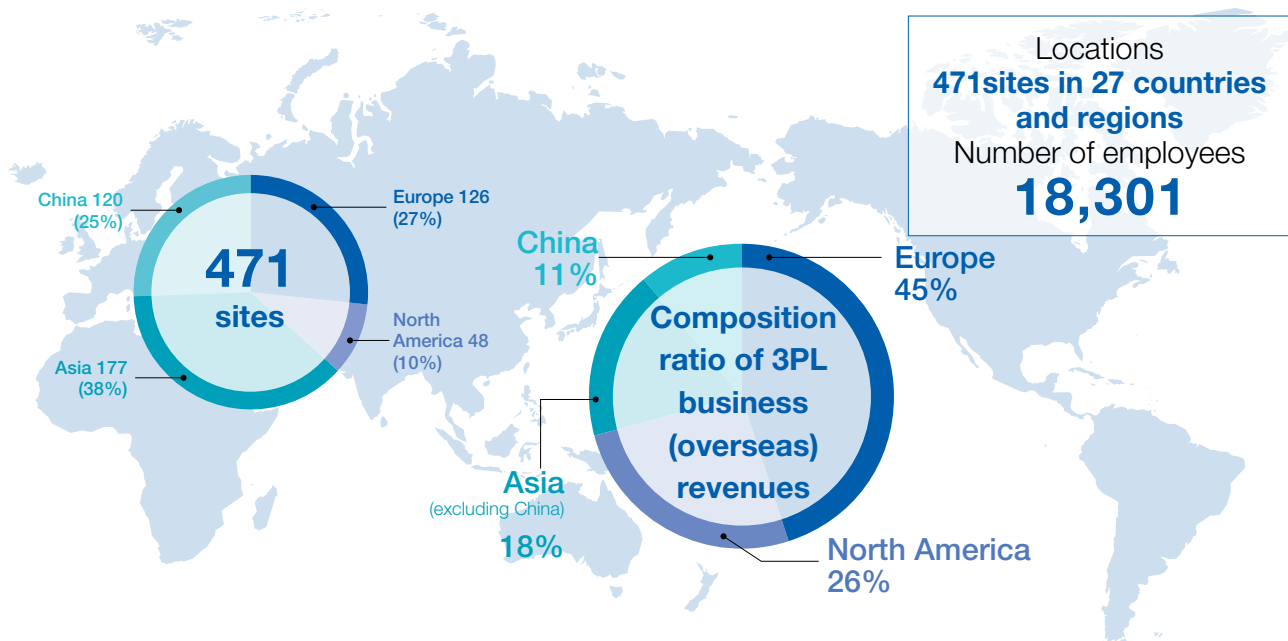
Revenues:

**¥322.2 billion**

Adjusted operating income:

**¥14.63 billion**

### Composition ratio of revenues by overseas region and no. of overseas sites (FY2023)



### Main topics

- August 2023: Acquisition of Van den Bos & van Daalen Materieel B.V. (hereafter, BosDaalen)
- January 2024: Start of operation by LOGISTEED Solutions Asia-Pacific Sdn. Bhd. in Selangor, Malaysia
- February 2024: Flyjac opened the Mumbai Logistics Center in Maharashtra, India



BosDaalen Headquarters and Warehouse



Flyjac Mumbai Logistics Center

### Message from the officer in charge



#### Christopher Logan

Executive Vice President and  
Executive Officer, CIBO  
President of LOGISTEED  
International Company

As of April 2024, I was appointed Executive Vice President and Executive Officer, Chief International Business Officer (CIBO), and President of LOGISTEED International company. In this capacity, I will lead the international team driving strategic growth for contract logistics and freight forwarding across Asia, EMEA and the Americas. Drawing on the rich legacy for customer focus, operational excellence and continuous implement of our international business, we will come together globally as "One LOGISTEED".

# Freight Forwarding Business

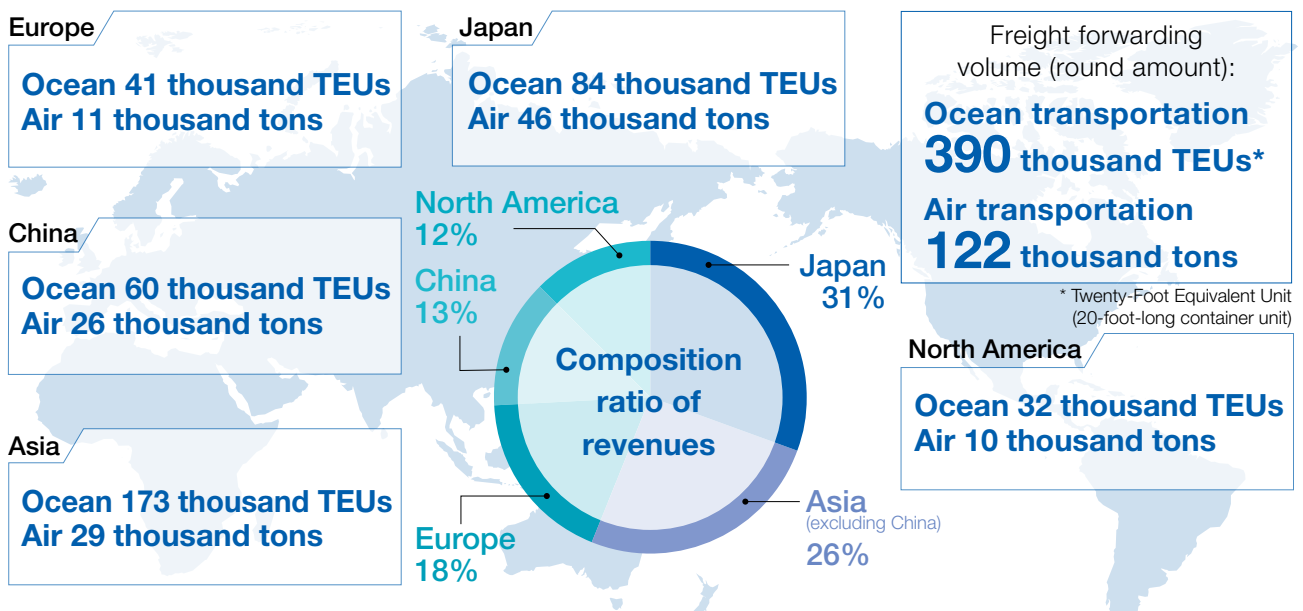
The LOGISTEED Group makes full use of its global network and seamlessly connects various transport modes including ocean, air, truck, and rail to provide optimal transport services to customers. We meet a wide range of global logistics needs of customers including one-stop logistics service integrating freight forwarding, contract logistics, 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.

## FY2023 Result

Revenues (round amount):

**¥112.8 billion**

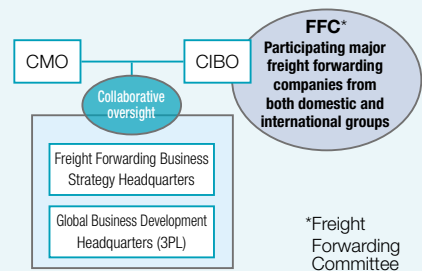
## Composition ratio of revenues by region and freight forwarding volume (FY2023)



### Main topics

#### Strengthening the One LOGISTEED structure

Beyond activities focused solely on the freight forwarding business, we will enhance global business organization coordination across customers, regions, and businesses, including the 3PL/contract logistics business. We will also strengthen the integration of our purchasing organization to improve purchasing power. Flexible response channels will be selected based on areas and routes, and we will enhance our information dissemination functions.



## Messages from the officers in charge



### Christopher Logan

Executive Vice President and Executive Officer, CIBO  
 President of LOGISTEED International Company

Our freight forwarding business collaborates internally and with our partners to deliver high-quality logistics services. We are committed to providing our customers of all sizes with superior local support and integrated global solutions.

Given the diversification of customers' supply chains due to changes in international conditions, we believe that flexible responses are required in the global market. The Company has established the FFC, which is freight forwarding operators (refer to the figure above). We will enhance collaboration among these companies and address all global transportation needs.



### Yuichi Kuroume

Operating Officer  
 General Manager, Freight Forwarding Business Strategy Headquarters  
 President and Representative Director, LOGISTEED Express, Ltd.



# Heavy Machinery and Plant Logistics Business

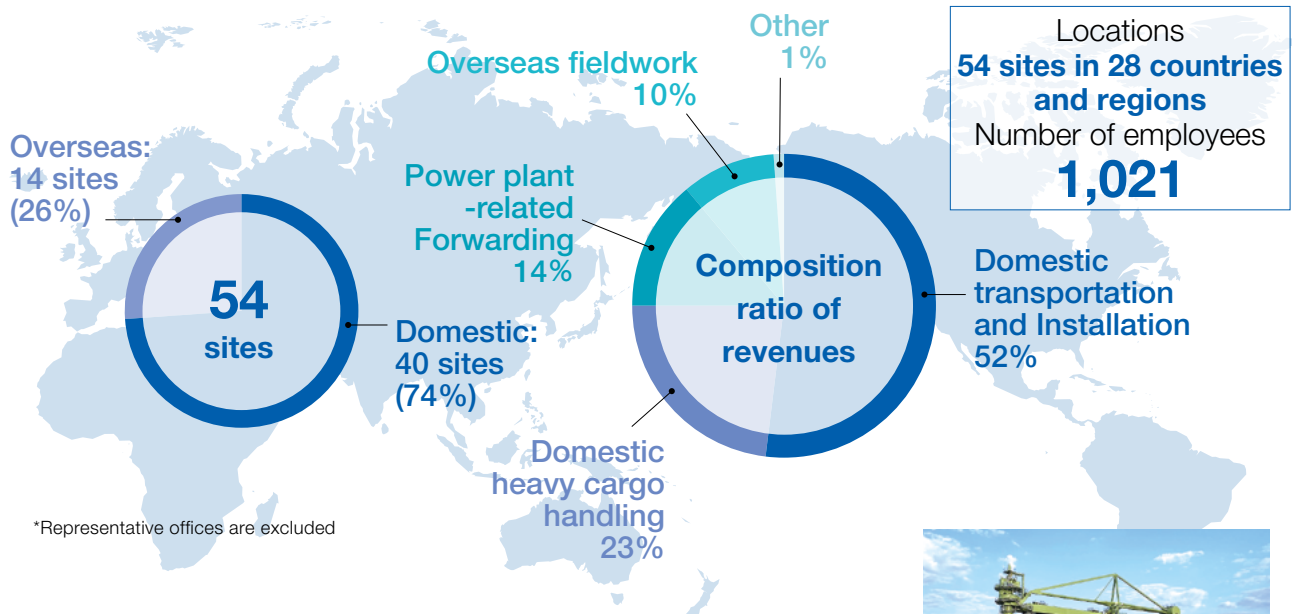
Since its foundation in 1950, we have supported the foundation of society and industries and strived to improve transport technology by providing one-stop logistics services covering from shipping to transportation and installation of heavy products, including power plant, industrial machinery, railway cars, and precision equipment and medical equipment requiring careful handling in domestic 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.

## FY2023 Result

Revenues (round amount):

**¥35.9 billion**

## Composition ratio of revenues and number of sites by region (FY2023)



## Main topics

- Undertook one-stop transportation of equipment and installation for the new semiconductor factory (including temporary storage of equipment and semiconductor manufacturing devices, local transportation, and installation)
- Promoted joint operations with UTOC CORPORATION in the use of self-propelled modular transporter
- Undertook transport work of cargo handling equipment to domestic port using self-propelled barges
- Undertook transportation and installation of automated material handling systems for large-scale logistics centers
- Undertook one-stop transportation for power plants (thermal, geothermal, and wind) and power transmission and distribution equipment for domestic and international markets (the U.S., Australia, Philippines, Middle East, etc.) [ongoing]
- Transported railway cars to Asia and Latin America [ongoing]



Undertook transportation of cargo handling equipment to domestic port using self-propelled barges



Transported railway cars to Asia

## Message from the officer in charge



### Daisuke Hayashi

Deputy General Manager,  
Business Development  
Headquarters  
Deputy General Manager,  
Freight Forwarding Business  
Strategy Headquarters

Under the new structure for FY2024, we will continue to integrate our contract logistics and freight forwarding businesses in the overseas business to provide higher value-added services and expand our global share. In the domestic business, we will conclude a business partnership with UTOC CORPORATION for the joint operation of self-propelled modular transporter and contribute to solving issues related to decarbonization and social infrastructure. We will continue to build a robust operational system and enhance our engineering capabilities to ensure the safe and reliable delivery of various types of cargo, and to support our customers' business expansion and contribute to society.

# Executive Team

\* Listed in Japanese alphabetical order by title

## Directors



Abbreviation Details	C E O: Chief Executive Officer	C I B O: Chief International Business Officer	C J B O: Chief Japan Business Officer	C M O: Chief Marketing Officer	C T r O: Chief Transformation Officer	C H R O: Chief Human Resources Officer	C S O: Chief Strategy Officer	C P O: Chief Procurement Officer	C F O: Chief Financial Officer	C I O: Chief Information Officer	C T O: Chief Technology Officer
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## Executive Officers



Executive Chairman, President  
and CEO\*

### Yasuo Nakatani

★ Concurrently serve as Director



Executive Vice President and  
Executive Officer, CIBO

### Christopher Logan

President of LOGISTEED International  
Company



Executive Vice President and  
Executive Officer, CJB0 and CMO

### Kazuhiro Nishikawa

President of LOGISTEED Japan Company  
General Manager, Collaborative  
Innovation Project Team



Executive Vice President and  
Executive Officer, CTrO

### Nobukazu Hayashi

In charge of Corporate Function



Executive Officer, Deputy CIBO

### Kazuo Abe

General Manager, International Business  
Headquarters  
General Manager, AEO\* & Corporate  
Export Regulation Office



Executive Officer, CHRO

### Tsukasa Kudo

General Manager, Human Resources &  
Business Support Office  
In charge of Internal Auditing Office



Executive Officer

### Takashi Jinguji

General Manager, East Japan Area  
Management Headquarters  
(President and Representative Director,  
LOGISTEED East Japan, Ltd.)



Executive Officer, CSO and CPO

### Isao Takaoka

General Manager, Corporate Strategy Office



Executive Officer, CFO

### Hideo Nakamoto

General Manager, Financial Strategy Office



Executive Officer

### Kazuhisa Hatakeyama

General Manager, West Japan Area  
Management Headquarters  
(President and Representative Director,  
LOGISTEED West Japan, Ltd.)



Executive Officer, Deputy CJB0

### Keisuke Fukazawa

General Manager, Japan Business  
Headquarters

\* AEO (Authorized Economic Operator) System: A system in which customs authorities certify businesses that have established security management and legal compliance systems, and grant benefits such as simplified customs procedures

## Operating Officers

<b>Kazunori Azusawa</b>	Operating Officer, CIO General Manager, Information & Communication Technology Infrastructure Headquarters General Manager, Information Security Office
<b>Kenichi Iyoku</b>	Operating Officer Deputy General Manager, East Japan Area Management Headquarters
<b>Ryoichi Okamoto</b>	Operating Officer General Manager, Safety and Quality Control Management Office
<b>Kenichiro Ogawa</b>	Operating Officer Deputy General Manager, Corporate Strategy Office
<b>Koji Kawakita</b>	Operating Officer Deputy General Manager, International Business Headquarters (President, LOGISTEED China, Ltd.)
<b>Yuichi Kuroume</b>	Operating Officer General Manager, Freight Forwarding Business Strategy Headquarters (President and Representative Director, LOGISTEED Express, Ltd.)
<b>Kazuhiko Zaiki</b>	Operating Officer General Manager, Business Development Headquarters

<b>Kazuhisa Sakaguchi</b>	Operating Officer Executive, West Japan Area Headquarters, West Japan Area Management Headquarters
<b>Kiyoshi Nagao</b>	Operating Officer Executive, Central Japan Area Headquarters, West Japan Area Management Headquarters (President and Representative Director, LOGISTEED Central Japan, Ltd.)
<b>Kazushige Natori</b>	Operating Officer General Manager, Global Business Development Headquarters
<b>Yutaka Haga</b>	Operating Officer, CTO General Manager, Logistics Solution Management Headquarters
<b>Kazuhiro Fujiwara</b>	Operating Officer Deputy General Manager, Financial Strategy Office In charge of Project Management Office
<b>Toru Watanabe</b>	Operating Officer General Manager, Transport Business Enhancement Headquarters, Japan Business Headquarters

(As of September 1, 2024)

# 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

To enhance corporate value through faster decision-making and strengthening and upgrading the Board of Directors' oversight functions, we transitioned to a company with Audit & Supervisory Committee on March 1, 2024. We have established a Board of Directors, an Audit & Supervisory Committee, and accounting auditors. By reinforcing the oversight function of the directors' duties, we ensure objectivity and transparency in management. Additionally, we have adopted an executive officer system to accelerate decision-making and clarify the responsibilities and authority for business execution.

### ● Board of Directors

The Board of Directors consists of eight directors, including seven 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 the Representative Director within the scope of their

respective authority and responsibility.

The three directors who serve as Audit & Supervisory Committee members attend important internal meetings, such as those of the Board of Directors, to stay informed about the critical decision-making processes and the status of business execution.

### ● Audit & Supervisory Committee

The Audit & Supervisory Committee, which is held once a month in principle, is composed of three directors who are also Audit & Supervisory Committee members (all of whom are external directors). The committee exchanges information and discusses audit implementation status, and

receives reports from the accounting auditors and internal audit departments, among others, to exchange opinions. The Audit & Supervisory Committee members receive advance reports from the accounting auditors regarding their audit plans.

### ● Executive Committee

The Executive Committee, which is held once a month in principle, deliberates in accordance with the criteria for deliberation stipulated in the "Rules of the Executive Committee." In addition, the "Criteria for Resolution of Executive Officer" were established, and 11 executive

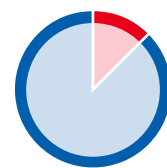
officers execute their duties in accordance with the Criteria. The Company has an environment which allows outside directors to remotely attend important internal meetings, such as the Executive Committee.

### ● Primary roles of the Board of Directors, etc. (FY2024)

#### Board of Directors

**Determines basic management policies, etc. and supervises the execution of duties by directors**

Also passes a resolution by focusing on specific discussions on the Mid-term Management Plan and fiscal budget in addition to matters to be resolved stipulated by laws and regulations, the Articles of Incorporation and the Board of Directors regulations.

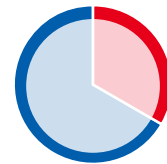


Female 1  
Male 7

#### Audit & Supervisory Committee

**Performs audits of directors' business implementation and prepares audit reports**

Performs audits of execution of duties by directors from the viewpoint of legal compliance and appropriate performance of duties in cooperation with accounting auditors and internal audit division, with an aim of establishing a high-quality corporate governance system to maintain social trust.

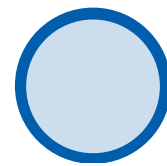


Female 1  
Male 2

#### Nominating and Compensation Committee

**As an advisory body to the Board of Directors, the committee makes proposals on the nomination of director candidates**

Makes proposals on the nomination of director candidates, the appointment and dismissal of executive officers, etc. the selection and removal of Representative Directors, the succession plan for executive officers including the President, and the policies regarding the compensation of directors and executive officers, etc.



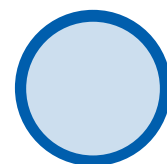
Female 0  
Male 4

### ● Primary roles of the Executive Committee (FY2024)

#### Executive Committee

**Deliberates on important issues related to business implementation**

Composed of executive officers and persons specifically nominated by the Executive Chairman, President and CEO, and is responsible for deliberating and reporting on fundamental policies related to business management, financial results, and business plans, etc.

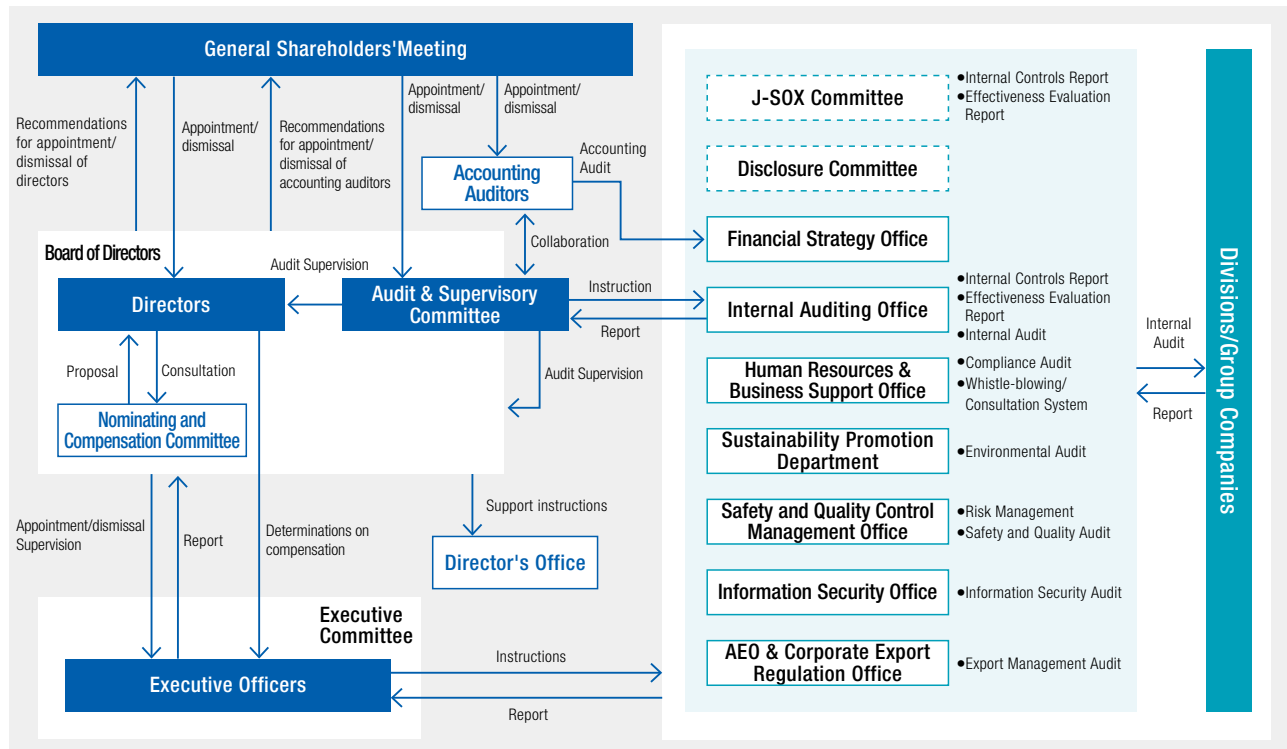


Female 0  
Male 11



## The 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 Audit & Supervisory Committee, on March 1, 2024, 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. Regarding internal audits, the Internal Auditing Office, other responsible departments, and the relevant departments of our subsidiaries conduct internal audits to verify compliance with laws and regulations and to deter

violations of such laws and regulations. Additionally, we have established the "LOGISTEED Group Internal Whistle-blowing System," our internal reporting system. The results of internal audits and the status of reports under the compliance internal whistle-blowing system are regularly reported to the Board of Directors and the Audit & Supervisory Committee.

### ● Risk management system

For compliance, information security, environment, disasters, quality control, export control, and prevention of antisocial transactions, etc., each responsible department established rules including "Rules on Prevention of Bribery," "Standards on Information Security Measures," and "Quality Assurance Control Rules." The Company, together with its subsidiaries, prepared and distributed manuals for legal

compliance, and holds e-learning on a regular basis. In addition, the Executive Committee deliberates and reports on compliance, information security, environment, disasters, quality control, export control, and prevention of antisocial transactions, etc. to understand the risk likelihood. The Board of Directors also deliberates and reports on important policies and internal rules.

### ● Structure of group companies

We require our group companies to establish a system according to their size, as well as send directors and Audit & Supervisory Board members to subsidiaries and conduct audits, etc. of each department of subsidiaries on a regular basis. Also, the Company's Board of Directors and Executive Committee deliberate important

business matters related to subsidiaries in accordance with the "Group Company Management Standards." In addition, we established basic policies such as the "LOGISTEED Group Code of Conduct" and share corporate social responsibility with group companies.

# Compliance/Information Security

## Compliance

In order to ensure management in compliance with laws and regulations, the LOGISTEED Group has put in place a system to clarify compliance functions and set a compliance basic policy, including matters concerning anticorruption, to be observed by all officers and employees, to ensure thorough compliance with laws and regulations, company rules, and corporate ethics. Additionally, we have established the "LOGISTEED Group Code of Conduct," which specifies how all officers and employees should act in their corporate activities. It is mandatory for the entire Group to act in accordance with this code, ensuring compliance with corporate ethics.

### ● Compliance education

To build a robust corporate culture that does not tolerate compliance violations, we regularly provide "Code of Conduct e-learning" for all employees, including officers. Additionally, we conduct rank-based education programs and group training sessions for newly appointed executives of domestic group companies.

Attendance rate of Code of Conduct e-learning course (FY2023)

98.5%

Scope: LOGISTEED, domestic group companies

### ● Procurement compliance education

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

Number of companies implementing education for those engaging in procurement (FY2023)

Domestic: 21 companies

Overseas: 28 companies

### ● Initiatives to prevent bribery

We recognize that anti-corruption is one of the most important compliance issues. In particular, we are working to strengthen our management system particularly for bribery in domestic and overseas.

In FY2023, we conducted anti-bribery training via e-learning and visited overseas group companies to provide them with education.

### ● Whistle-blowing system

In order to detect and correct illegal and/or inappropriate actions early on, the LOGISTEED Group has a whistle-blowing system with internal and external points of contact to

allow employees and other stakeholders to report without hesitation, and ensures thorough protection of whistle-blowers.

## Information Security

We recognize that the highest priority is to properly manage and protect information assets of customers and the LOGISTEED Group, and accordingly the entire Group has been promoting the preparation of internal rules as well as education and awareness activities for employees. In response to changes in social conditions and the status of personal information protection abroad, we revise our internal rules accordingly. We work to prevent information leakage by verifying the management and operational status of personal information protection and information security, striving to maintain a high level of security and strengthen governance across the entire Group.

### ● 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. Additionally, as a countermeasure against targeted threat emails, starting in FY2023, we have expanded our training to include not only our domestic group companies but also 28 of our overseas group companies. This training utilizes a simulation system we have independently developed.

Attendance rate of information security training course (FY2023)

100%

Scope: LOGISTEED, domestic/overseas group companies

Rate of targeted threat emails for simulation trainings opened (FY2023)

12%

Scope: LOGISTEED, domestic/overseas group companies

### ● Acquisition and maintenance of third-party certification

We have obtained the Privacy Mark certification, which certifies that we have established a system to implement appropriate measures for protecting personal information. We have also acquired ISO/IEC 27001 which is an international standard certifying that an information security management system satisfies certain criteria.

Privacy Mark acquisition status (As of March 31, 2024)

9 companies

Scope: LOGISTEED, domestic group companies

ISMS Certification\* (As of March 31, 2024)

17 departments

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

For LOGISTEED Group Code of Conduct, please refer to our website. <https://www.logisteed.com/jp/profile/policy/pdf/koudoukikan.pdf> (Japanese version only)

For Compliance information, please refer to our website. <https://www.logisteed.com/en/profile/csr/governance/compliance/>

For Information security, please refer to our website. <https://www.logisteed.com/en/profile/csr/governance/riskmanagement/>

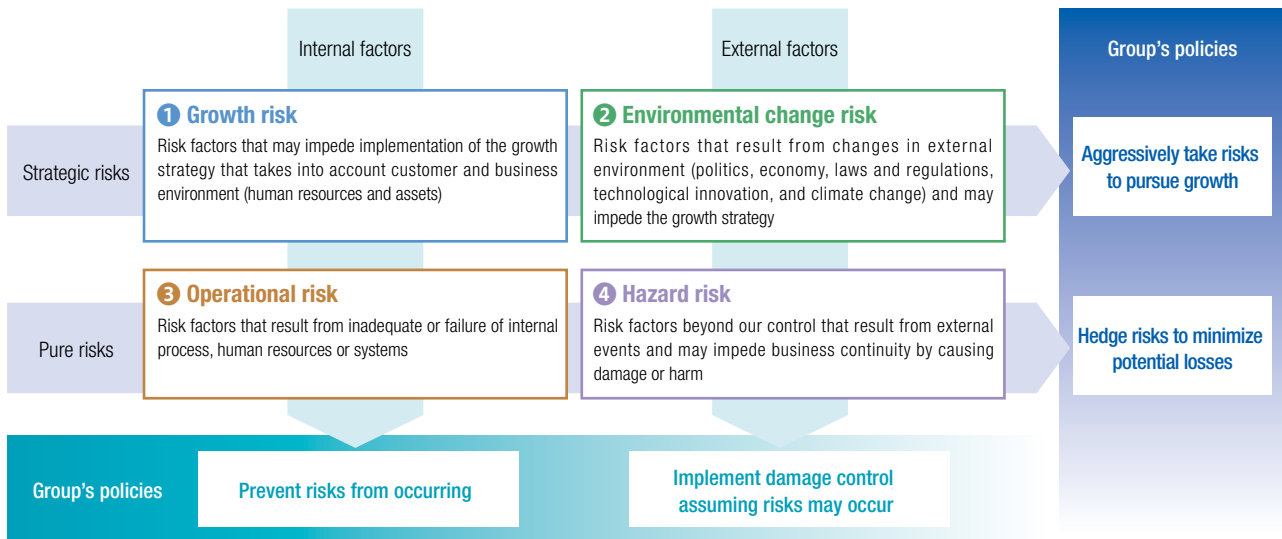
# Risk Management

The LOGISTEED Group strives to enhance the PDCA cycle of risk management to address risks or opportunities that are difficult to foresee and require company-wide response. This involves identifying risk items (detection), analyzing risks (quantification), assessing risks (prioritization), and considering risk responses (response policies) increase corporate value and achieve sustainable growth.

## ● Definition and classification of risks

The LOGISTEED Group defines risk as "the influence of uncertainty about our objectives and the possibility to influence the achievement of our strategy and business goals when an event occurs."

We classify recognized risks as follows based on their types (strategic or pure) and factors (internal or external) and quantify them by risk factors based on the probability of occurrence and the degree of impact to select priority risk which exceeds the reference point. We also prioritize risks based on the assessment points and focus on discussing countermeasures against them.



## ● Risk Management System

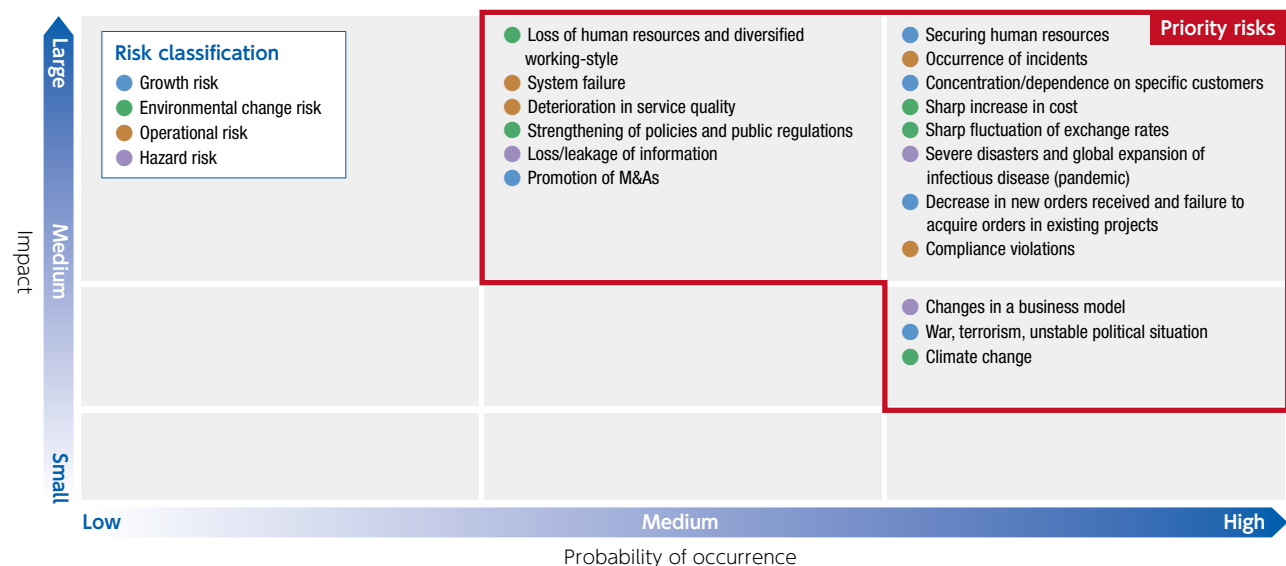
The LOGISTEED Group manages risks with a system whereby a Risk owner\*<sup>1</sup> and a Risk manager\*<sup>2</sup> are appointed for each risk factor, and risk owners or risk managers report the status of relevant risk items to the Executive Committee and also to the Board of Directors and the Audit & Supervisory Committee when necessary, in order to ensure effectiveness of Enterprise Risk Management (ERM).

\*1 Risk owner: A person in charge of discussing risk responses and monitoring/supervising the implementation of measures.

\*2 Risk manager: A person in charge of addressing risks in cooperation with a Risk owner and promptly implementing relevant measures.

For disaster risk measures and the business continuity management/BCP promotion system, please refer to our website.  
<https://www.logisteed.com/en/profile/csr/governance/riskmanagement/>

## ● Heatmap by risk factor (in descending order of priority)



# Risk Management

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

### ① Growth Risk

Risk factors	Description of risk/opportunity	Group's measures
Concentration/dependence on specific customers	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Impact on business results and continued employment by losing projects</li> <li>Impact on the Group business of customers' performance fluctuations and business reorganizations</li> <li>Impact on the Group business due to the changes in customers' business environment including drastic changes in the industrial structure and increasing supply chain vulnerability</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Efficient business expansion and able to take advantage of scale</li> </ul>	<ul style="list-style-type: none"> <li>Account management through enhanced collaboration among group companies and divisions</li> <li>Monitor customers' business condition</li> <li>Monitor the movements of peer companies</li> <li>Establish and monitor credit limit</li> <li>Perform periodic review of customer dependency</li> <li>Allocate management resources to non-core businesses</li> <li>Develop/provide services beyond conventional logistics domain</li> <li>Promote diversity through new customer development</li> </ul>
Securing human resources	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Labor shortage due to tighter regulation on drivers' overtime work by the Work Style Reform Act</li> <li>Difficulty in securing human resources due to aging population combined with a declining birth rate and intensifying competition in the labor market</li> <li>Loss of momentum for promotion of diversity management which enables diverse employees to participate in the workplace</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Acquisition of new expertise and creation of new businesses</li> </ul>	<ul style="list-style-type: none"> <li>Expand network of partner companies and secure workforce by enhancing recruitment of in-house drivers (increase personal vehicles) including reviewing drivers' benefit</li> <li>Monitoring the bankruptcy risk of partner transport companies</li> <li>Visualize human resource skills using the HR management system and make full use of skills</li> <li>Secure human resources with site management, global, digital, and business management capabilities according to the business strategy (enhance recruiting and establish a compensation system)</li> <li>Enhance in-house training programs to foster and educate human resources</li> <li>Perform human resource retention control (create a pleasant working environment, conduct regular employee surveys)</li> <li>Improve work efficiency through implementation of automation and RPA</li> </ul>
Changes in a business model (technological innovation, etc.)	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Obsolescence of existing services and business models due to rapid development of IT and other digital technologies</li> <li>Obsolescence of existing technologies due to failure to promptly deal with digitalization and introduce new technologies</li> <li>Decrease in market share due to entry of competitors from different industries (e.g. IT, equipment)</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Acquisition of growth opportunities through the development of revolutionary technology</li> </ul>	<ul style="list-style-type: none"> <li>Increase competitiveness by developing new services and unique business models through collaborative innovation with business partners</li> <li>Protection through acquiring industrial property rights, including patents, for new service solutions</li> <li>Collect information on new business models including new technologies and different industries as well as benchmark other companies</li> <li>Promote cooperation among industry, government, and academia as well as open innovation</li> <li>Develop systems and solutions that differentiate us from competitors, such as integrated control systems for reinforcement of IT/DX human resources and labor-saving (WCS, RCS)</li> <li>Execute strategic investments in new solutions</li> </ul>
Decrease in new orders received and failure to acquire orders in existing projects	<p><b>Decrease in new orders received</b></p> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Difficulty in acquiring new orders and slowdown in growth due to intensifying competition and market shrinkage</li> <li>Failure to launch a new project</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Business expansion with new orders, and acquisition of new expertise</li> </ul> <p><b>Failure to acquire orders in existing projects</b></p> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Failure to acquire orders in existing projects due to a bidding system, etc.</li> <li>Misjudgments in business planning</li> </ul>	<ul style="list-style-type: none"> <li>Enhance monitoring through wider use of the phase-gate process management</li> <li>Visualize and share information on orders received and not received</li> <li>Set priority targets for new customers</li> <li>Enhance sales activities for acquiring new customers (expansion of sales channel and network)</li> <li>Visualize and share customers' risk information</li> <li>Understand trend, analyze potential impact on businesses, and develop/implement responsive plans</li> <li>Strengthen communications with existing customers/develop untapped areas requiring business model innovation</li> </ul>
Promotion of M&As (including capital and business alliance)	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Drop in performance of the acquiree, investee or alliance partner</li> <li>Fall of governance in the acquiree</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Establishment of growth platforms through acquisition of new management resources and creation/expansion of an ecosystem</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen due diligence before M&amp;A or alliance</li> <li>Develop and implement a PMI plan by the head office and relevant business divisions</li> <li>Create synergies through collaboration with existing businesses and integration with existing entities</li> </ul>

### ② Environmental Change Risk

Risk factors	Description of risk/opportunity	Group's measures
Sharp increase in cost	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Increase in procurement costs (fuel, car allocation expenses, labor costs, warehouse rent, and utility costs, etc.)</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Decrease in procurement costs</li> </ul>	<ul style="list-style-type: none"> <li>Promote streamlining of relay transport and joint delivery in addition to building close relationships with partner companies</li> <li>Optimize fees and contract form based on the movements of peer companies</li> <li>Efficient management by promoting digitalization, in-house manufacturing, and joint procurement</li> <li>Reduce impact on business continuity by monitoring management of major partner companies</li> <li>Curbing procurement costs by changing and consolidating suppliers, canceling unnecessary contracts, reviewing contract periods, and taking other measures, and appropriately passing on costs to customers</li> </ul>
Sharp fluctuation of exchange rates	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Exchange loss</li> <li>Negative impact of translation of business results of overseas subsidiaries into Japanese yen</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Exchange gain</li> <li>Positive impact of translation of business results of overseas subsidiaries into Japanese yen</li> </ul>	<ul style="list-style-type: none"> <li>Concentrate exchange risks (centralize transactions such as forward exchange contracts and currency options in the head office)</li> <li>Enter into hedge transactions including forward exchange contracts with financial institutions</li> <li>Maintain a balance of foreign currencies and continue investment in time deposits</li> </ul>
Climate change	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Impact on realization of sustainable society</li> <li>Rise in greenhouse gas emissions price</li> <li>Impact of extreme weather and natural disasters</li> <li>Increase in the average temperature</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Use of more efficient transportation modes and production and distribution processes</li> <li>Ability to diversify business activities</li> <li>Alternative/diversified resources</li> </ul>	<ul style="list-style-type: none"> <li>Establish an environmental management system and promote relevant activities</li> <li>Strengthen alliance with collaborative innovation partners to achieve the medium-to-long-term environmental targets (procurement of renewable energy, introduction of advanced eco-friendly vehicles, energy-saving buildings and facilities, and recycling)</li> <li>Develop decarbonizing solutions (visualization of CO<sub>2</sub> emissions) and promote green logistics</li> <li>Enhance risk management by purchasing appropriate insurance</li> <li>Promote BCP measures (business continuity, quick recovery)</li> <li>Confirmation of environmental burden reduction initiatives at phase gates, confirmation of the status of BCP measures, and improvement in the workplace environment such as with the introduction of air conditioning</li> </ul>



For details, please visit our website. <https://www.logisteed.com/en/profile/csr/governance/riskmanagement/>

Risk factors	Description of risk/opportunity	Group's measures
<b>Loss of human resources and diversified working-style</b>	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Loss of human resources due to a mismatch between the personnel measures and employees' desire</li> <li>Decline in labor productivity and increase in turnover rate due to health concerns and problems</li> <li>Loss of human resources due to delayed response to diversified working-style, and difficulty in securing human resources</li> <li>Increase in turnover due to the mobilization of human resources</li> <li>Interruption in transfer of skills and expertise due to an increase in turnover. Delay in development of new services/business models</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Secure diversified human resources including highly-skilled personnel and those from different industries, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Realize diversity and inclusion and a work-life balance through use of a broad range of human resources</li> <li>Appoint human resources and provide career education based on a succession plan</li> <li>Promote visualization of employee engagement and mental health countermeasures using the employee engagement survey and stress check</li> <li>Improve moral/motivation through periodic interviews at workplace</li> <li>Support active participation of female, elderly, or disabled employees in the workplace</li> <li>Conduct employee surveys and strengthen employee engagement</li> <li>Secure excellent human resources by implementing group common in-house training programs</li> <li>Further promote teleworking</li> <li>Offer opportunities and occasions for growth (talent management and education)</li> <li>Introduce a job-oriented compensation system that reflects "roles/responsibilities" and "achievements"</li> </ul>
<b>Strengthening of policies and public regulations</b>	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Responding to changes in policies and regulations (such as limits on overtime work, environmental assessments, permits and approvals, SDGs, etc.)</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Enhancing competitive advantage</li> <li>Developing new businesses and services</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening efforts to set and achieve CO<sub>2</sub> emission reduction targets in medium-to-long-term environmental targets</li> <li>Understanding information and establishing/implementing specific measures for compliance with environmental regulations and systems</li> <li>Obtaining external certifications and ensuring rigorous management through third-party assessments in businesses and departments closely related to environmental issues</li> <li>Practicing ESG management</li> <li>Addressing the 2024 issue in logistics (reviewing transport conditions and fees, reducing waiting and handling times)</li> </ul>

### 3 Operational Risk

Risk factors	Description of risk/opportunity	Group's measures
<b>Occurrence of incidents</b>	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Occurrence of industrial accident, vehicle or product accidents, and fire</li> </ul>	<ul style="list-style-type: none"> <li>Enhance disaster prevention/mitigation capabilities by providing education and trainings and installing equipment and systems</li> <li>Maintain proper insurance for assets in custody (inventory)</li> <li>Strengthen communications with employees</li> <li>Establishing safety workplaces through the proactive use of technology (such as safety cockpits, SSCV, and security robots)</li> <li>Develop and implement a facility maintenance plan</li> <li>Establish an initial response and reporting system in case of an accident, and conduct drills</li> <li>Share lessons, insights, and good examples within the Company</li> <li>Implement safety activities such as remote/VR education in domestic and overseas</li> </ul>
<b>Compliance violations (violation of the labor law, bribery, infringement on human rights, etc.)</b>	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Violation of overtime regulations, etc.</li> <li>Disagreement with the authority on the interpretation of equal pay for equal work</li> <li>Violations of laws and regulations such as bribery and competition law</li> <li>Deviation from social norms</li> <li>Information leakage</li> <li>Infringement on human rights including harassments, child labor, and low wage labor</li> <li>Infringement on intellectual property rights</li> </ul>	<ul style="list-style-type: none"> <li>Establish the LOGISTEED Group Code of Conduct and educate all employees</li> <li>Conduct regular internal audits</li> <li>Introduce a whistle-blowing system</li> <li>Conduct investigation and education by legal divisions in each region</li> <li>Establish a structure to manage an attendance management system</li> <li>Clarify wage calculation method</li> <li>Establish a specialized IP division and educate all employees</li> </ul>
<b>Deterioration in service quality</b>	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Loss of customer trust</li> <li>Deterioration in service quality and delays in delivery, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Manage KPIs by quality control divisions</li> <li>Quality control through process management</li> <li>Conduct monitoring based on the internal control system, perform audit, and enhance support</li> <li>Implement quality monitoring by holding regular meetings with customers</li> <li>Follow-up on customer requirements as well as logistics service quality</li> <li>Continuous improvement proposals</li> <li>Cultivate a quality mindset through education</li> </ul>
<b>System failure</b>	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Significant delay in work or suspension of operations due to power outage or system/equipment failure caused by natural disasters</li> <li>Significant delay in work or suspension of operations due to system failure at external service providers</li> <li>Delay in operations due to deterioration of system/equipment response</li> <li>Occurrence of failures caused by system aging</li> </ul>	<ul style="list-style-type: none"> <li>Introduce redundant system</li> <li>Prepare alternative means in case of failure</li> <li>Strengthen backup measures for system recovery and conduct on-site training</li> <li>Implement measures for each service used and BCP</li> <li>Enhance risk management with cybersecurity insurance</li> <li>Regular system updates and upgrades</li> </ul>

### 4 Hazard Risk

Risk factors	Description of risk/opportunity	Group's measures
<b>Severe disasters and global expansion of infectious disease (pandemic)</b>	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Damage to employees</li> <li>Disruption of logistics network</li> <li>Damage to the Group's assets (e.g. buildings and facilities) and customers' products</li> </ul>	<ul style="list-style-type: none"> <li>Assess business interruption risk in each region</li> <li>Develop business continuity plan (BCP) for early business recovery (including prior consultation with customers and business partners)</li> <li>Establish rules for information collection and work regulations as a global organization in case of pandemic</li> <li>Carry out business continuity management (BCM)</li> <li>Promote automation/labor-saving</li> <li>Execution of operations remotely using online tools</li> </ul>
<b>Loss/leakage of information</b>	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Loss or leakage of data such as customer information due to an information security incident, cyberattack or large-scale system failure</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the information asset management through internal audit and in-house trainings, etc.</li> <li>Establish and disseminate information security rules</li> <li>Build a system to deal with cyberattacks and regularly update the technology</li> <li>Increase frequency of monitoring including audit</li> </ul>
<b>War, terrorism, unstable political situation (geopolitical risk)</b>	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Damage to employees</li> <li>Impact on business (Disruption of logistics network)</li> <li>Damage to the Group's assets (e.g. buildings and facilities) and customers' products</li> </ul>	<ul style="list-style-type: none"> <li>Conduct routine situation analyses and monitoring</li> <li>Accelerate decision-making in case of emergency</li> <li>Develop BCP</li> </ul>

# Environmental Management

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.

## Environmental Policy

<p><b>1 Reduce Environmental Load Generated at All Our Places of Business</b></p> <p>Reduction of consumption of electricity, fuel, and packaging materials, as well as recycling of waste, etc.</p>	<p><b>2 Provide Logistics/Services with Less Environmental Load</b></p> <p>Contribute to customers through CO<sub>2</sub> emission reduction and resource recycling.</p>	<p><b>3 Improve Eco-Mind Level and Enhance Eco-Management System</b></p> <p>Increase global environmental awareness. Observe environmental laws/ordinances and company regulations.</p>	<p><b>4 Promote Symbiosis with Nature and Environmental Communications</b></p> <p>Preserve biodiversity and ecosystem. Maintain environmental collaboration with customers and local communities.</p>
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## Environmental Management Structure

Since establishing a dedicated environmental department at our headquarters in August 1992, we have been advancing efforts to reduce environmental impact. Currently, we are engaged in unified global activities across the LOGISTEED Group, working toward 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 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 Conference

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

<p><b>Number of environment conferences held (FY2023)</b></p>	<p>Domestic: Environmental Promotion Conference <b>2</b> times</p>
	<p>Overseas: Environment Officers Meeting <b>2</b> times</p>

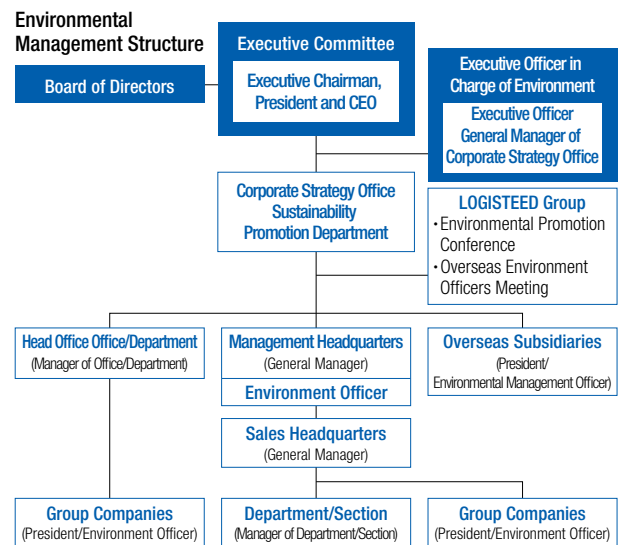
### ● Performance of internal environmental audit

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

<p><b>Number of sites subjected to internal environmental audits (Domestic: FY2023)</b></p>	<p><b>129</b> sites</p>
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## Improving Environmental Awareness

To further enhance employees' environmental awareness, we conduct environmental e-learning for domestic employees on topics such as global warming prevention, resource recycling, and ecosystem preservation. In FY2023, reflecting global trends, we expanded the scope to include overseas subsidiaries with the theme "Nature Positive" and carried out the training. Additionally, we continued to hold the "Environment Prize in VC Award," which recognizes outstanding initiatives among the measures considered and implemented through each group company's unique VC activities (improvement activities).



### ● 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 subsidiaries. In FY2023, overseas subsidiaries also established environmental action plans tailored to the specific circumstances of each country.

### ● Third-party certification initiatives

The LOGISTEED 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.

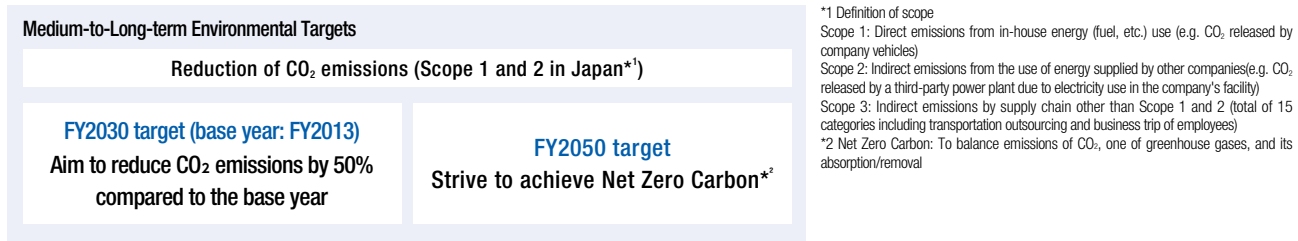
Furthermore, in Japan, we updated the manuals and conducted online training to improve the input accuracy of the management system.

<p><b>Attendance rate of environmental e-learning courses (Domestic: FY2023)</b></p>	<p><b>89%</b></p>
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<p><b>Management system online training (Domestic: FY2023)</b></p>	<p>Total participants: <b>657</b></p>
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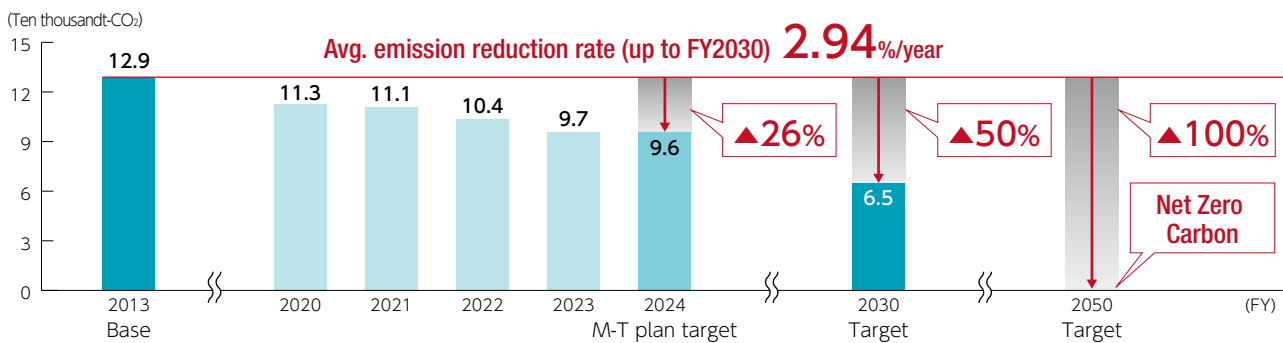
# Medium-to-Long-term Environmental Targets 2030/2050

The LOGISTEED Group developed the medium-to-long-term environmental targets 2030/2050 in FY2020 to contribute to the realization of sustainable society, and is striving to reduce CO<sub>2</sub> emissions. Amid the accelerating global efforts to achieve a decarbonized society, the LOGISTEED Group revised the medium-to-long-term environmental targets 2030/2050, which were set in FY2020, to more ambitious goals starting in FY2021.



## Trend of LOGISTEED Group CO<sub>2</sub> emissions\*

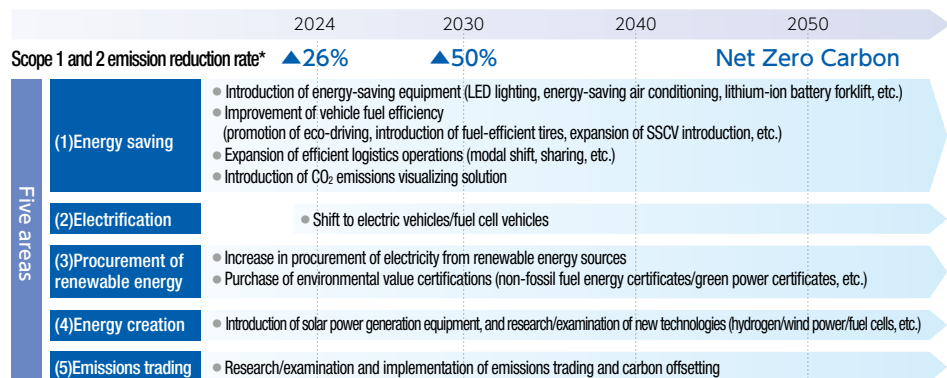
\*Total of Scope 1 and 2 Scope: LOGISTEED, domestic group companies



## Examples of CO<sub>2</sub> emission reduction initiatives

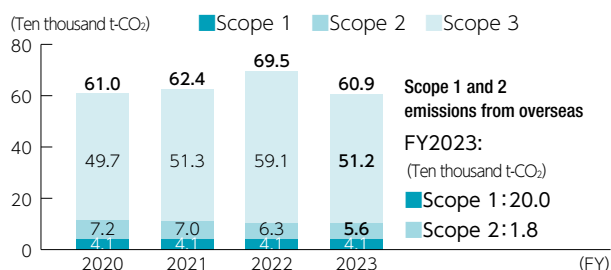
The LOGISTEED Group has launched a decarbonization promotion project to achieve the medium-to-long-term environmental targets and is working proactively on initiatives in five areas.

\* Compared to FY2013



## CO<sub>2</sub> emissions throughout the supply chain

We started to calculate "Scope 3" from FY2017 to identify and reduce CO<sub>2</sub> emissions from the entire supply chain.



Scope: LOGISTEED, domestic group companies

## Third-party certification on CO<sub>2</sub> emissions data

For greenhouse gas (GHG) emissions in FY2022, the LOGISTEED Group acquired a third-party certification based on ISO14064-3: 2019 through an assessment by a certification body LRQA Limited in FY2023. 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."

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

Please visit our website for details about CO<sub>2</sub> emissions data in Scope 3.  
<https://www.logisteed.com/en/profile/csr/environment/activity.html>

# Climate Change Initiatives - Response to the TCFD\* Recommendations -

\*TCFD: Task Force on Climate-related Financial Disclosures

As the LOGISTEED Group's corporate philosophy is "to deliver high-quality services that will help make the world a better place for people and nature for generations to come," we position climate change response as one of our highest priority management themes and identifies "Contribute to decarbonized society" as one of the material issues. We also defined "Contribute to decarbonized/recycling-oriented society" as one of the business objectives to promote initiatives to address climate-related risks and opportunities and reduce CO<sub>2</sub> emissions. In addition, we announced our endorsement of the TCFD recommendations in September 2021, and in FY2023, we have refined our scenario analysis (risks, opportunities, and response measures).

## Basic Policy on Climate Change

### Governance

The Board of Directors provides guidance and supervises climate change initiatives included in the highest priority items of the LOGISTEED Group's management such as management strategies and business plans (e.g. target setting and determination of specific climate change responses such as energy-saving investments and budget allocation for greenhouse gas (CO<sub>2</sub>) emission reduction) through Executive Chairman, President 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. The Sustainability Promotion Department within the Corporate Strategy Office oversees all aspects of environmental management under the supervision of the Executive Officer responsible for sustainability strategy. The Environmental Promotion Conference comprised of the LOGISTEED Group's environment officers including Chief Sustainability Officer is held semiannually to confirm the achievement level of climate change responses including reduction of energy consumption and CO<sub>2</sub> 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"> <li>Provides guidance and supervises initiatives to address management issues related to climate change</li> <li>Approves reduction targets/ measures/budgets</li> </ul>
Executive Officer	<ul style="list-style-type: none"> <li>Understands the progress of initiatives to address management issues related to climate change, and reports to the Board of Directors</li> </ul>
Sustainability Promotion Department	<ul style="list-style-type: none"> <li>Oversees overall environmental management work, holds Environmental Promotion Conference, and reports/proposes to the Executive Committee based on decisions at the Committee</li> </ul>
Environmental Promotion Conference	<ul style="list-style-type: none"> <li>Confirms the achievement level of measures related to climate change, determines corrective measures, and discusses proposed measures</li> </ul>

▶P57 Environmental management structure

### Risk Management

In consideration of all management risks identified, Sustainability Promotion Department, Corporate Strategy 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 LOGISTEED Group has set the medium-to-long-term targets for reduction of greenhouse gas (CO<sub>2</sub>) 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).

▶P58 Trend of LOGISTEED Group CO<sub>2</sub> emissions

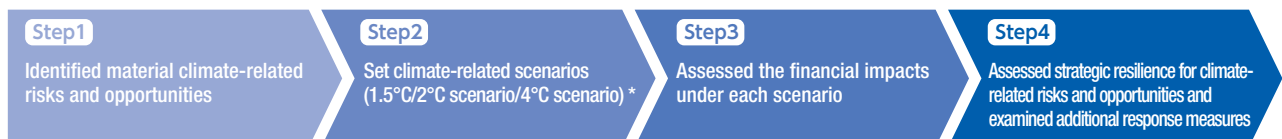
### Risk Strategy

The LOGISTEED 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 LOGISTEED Group conducts scenario analyses following the procedures outlined below. 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.



\* 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



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

In FY2023, 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 LOGISTEED 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 carbon price due to climate change regulations	Medium	Develop and implement systematic environment strategies toward carbon neutrality 1. Introduce renewable energy, 2. Introduce non-fossil fuel vehicles (e.g. electric vehicles/fuel cell vehicles), and 3. Procure green power, and 4. Introduce internal carbon pricing (ICP)
Technology	→ Mid-term	Increased cost of introducing low-carbon vehicles and equipment	Large	Promote decarbonization investment through the introduction of internal carbon pricing (ICP) and the introduction of new technologies
Market	→ Mid-term	The risk of losing customers due to insufficient or delayed response to decarbonization efforts	Large	Promote decarbonization measures in logistics services and enhance information disclosure to stakeholders
Reputation	→ Mid-term	Decrease in corporate reputation due to insufficient climate change measures and disclosure information	Large	

### ② Physical Risks (4°C Scenario)

Types	Period	Risks and Opportunities	Impact	Measures
Physical - Acute	→ Short-term	Increased risk of suspension of logistics operations and reduced revenue due to facility damage from intensified wind and flood damage	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 CO <sub>2</sub> emissions with advanced decarbonization 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 and low-carbon energy	Medium	Explore efficient and stable implementation schemes for renewable and low-carbon energy
Products and Services	→ Long-term	Increase in demand due to our unique low-carbon services in response to climate change	Large	Provide logistics services using the Company's unique Smart Logistics 1. Smart Warehouse 2. EcoLogiPortal 3. SSCV-Safety
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

### (3) Transition Plan to Achieve 1.5°C target

The LOGISTEED Group has incorporated the five initiatives toward the realization of the medium-to-long-term environmental targets (energy saving, electrification, procurement of renewable energy, energy creation, and

emissions trading) in the Mid-term Management Plan "LOGISTEED2024" and will promote CO<sub>2</sub> emission reduction measures to limit the temperature increase to 1.5 °C above pre-industrial levels.

▶P58 Examples of CO<sub>2</sub> Emission Reduction initiatives

# Initiatives on Biodiversity/Nature-related Issues

- Response to the TNFD\* Recommendations - \*TNFD: Taskforce on Nature-related Financial Disclosures

The LOGISTEED Group recognizes the increasing global demands for addressing not only climate-related issues but also biodiversity and natural-related issues. We view these as one of the most critical management themes and have identified them as a material issue under the principle of "Contribute to a recycling-oriented society." We aim to promote symbiosis with nature and environmental communication under our environmental policy and are working to preserve biodiversity and ecosystems. Moving forward, we will develop and implement business strategies and operations that consider responses to natural-related issues based on the TNFD framework.

## Biodiversity/Natural-related Issues Response Policy

### FY2023 Initiatives

At the LOGISTEED Group, to swiftly prepare for biodiversity and natural-related issues, we conducted a screening of potential natural environment dependencies/impacts associated with our business activities using ENCORE\*<sup>1</sup> in FY2023 and organized the results in the form of a heatmap. Additionally, based on these screening results, we inferred and organized the main natural-related risks and opportunities associated with our business activities. According to the findings, while "warehouse operations," one of our core businesses in 3PL, does not have significant dependence on nature, it is considered to have a considerable impact on the

natural environment in terms of the procurement of related equipment and facilities. Moreover, for "transport," it was confirmed that some modes of transport other than truck transport have a higher dependency on nature. In terms of impact on nature, several items with relatively high values, including greenhouse gas (GHG) emissions, were identified.

\*1 ENCORE (Exploring Natural Capital Opportunities, Risk and Exposure) is a tool jointly developed with the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and the International Financial Industry Association (NCFA), among others. It evaluates the "dependence" and "impact" of a company's business on the natural environment based on global industry classification.

### Dependence and Impact (Heatmap)

**VH** Very High **H** High **M** Medium **L** Low **VL** Very Low

Business	Value chain	Operation Processes	Dependence on nature										Impact on nature							
			Surface water	Groundwater	Water source cultivation function	Water quality	Filtration	Mitigation of sensory impacts	Climate regulation	Flood and storm suppression	Terrain stabilization and erosion control	Use of marine ecosystems	Air pollution	Soil contamination	Water pollution	Solid waste	Water resource usage	GHG emissions	(Noise and other) disturbances	
Warehouse	Procurement	Procurement of warehouses and associated facilities	VL	VL			L									M				
		Procurement of logistics equipment (e.g., material handling equipment)	M	M	M	L	VL	M	VL	M	VL		M	H	H	H	H	H	H	M
	Operation	Warehouse operations	VL	VL			L								M					
Transport	Procurement	Procurement of large trucks	M	M	M	L	VL	M	VL	M	VL		M	H	H	H	H	H	H	M
		Truck transport	M	M	M	L	VL	M	VL	M	VL		M	H	H	H	H	H	H	M
	Operation	Railway transport	M	M						M	M	H		H	L	L			H	H
		Ocean transport	M	M		M				VH	H		H		H	H			H	H
		Air transport								H	M	M	M	H	L	L			H	H

### Risks and Opportunities

#### 1 Risks

Types	Description	Measures
Physical	<ul style="list-style-type: none"> <li>Suspension of logistics operations and revenue loss caused by extreme weather and increased natural disasters</li> <li>Increase energy costs due to rising temperatures</li> <li>Increase in cost of work environment measures due to rising average temperatures</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen BCP measures against hazard risks, including wind and flood damage, by decentralizing business sites and enhancing solar power generation systems to establish an early recovery framework</li> <li>Promote energy savings through the introduction of high-efficiency equipment</li> <li>Promote worker-friendly logistics operation</li> </ul>
Transition	<ul style="list-style-type: none"> <li>Increase costs due to stricter regulations on greenhouse gas emissions and pollutants related to transportation</li> <li>Reputation damage due to insufficient response to pollution and other environmental issues</li> <li>Decrease corporate evaluation and reputation due to a lack of consideration for ecosystems in facility development (e.g., warehouse construction)</li> <li>Decrease corporate evaluation and reputation due to insufficient consideration for ecosystems in noise, vibration, and lighting impacts</li> </ul>	<ul style="list-style-type: none"> <li>Utilize vehicles with low emissions, such as non-fossil fuel vehicles, and reduce emissions through operational efficiency improvements</li> <li>Advance pollution reduction measures and enhance information disclosure to stakeholders</li> <li>Promote facility development with consideration for ecosystems and enhance information disclosure to stakeholders</li> </ul>

#### 2 Opportunity

Types	Description	Measures
Resource efficiency	<ul style="list-style-type: none"> <li>Reduce operational and maintenance costs through the adoption of low-carbon technologies</li> </ul>	<ul style="list-style-type: none"> <li>Advance decarbonization initiatives (renewable energy, introduce non-fossil fuel vehicles, promote of modal shift)</li> </ul>
Reputation	<ul style="list-style-type: none"> <li>Ensure reliability through the execution of proactive measures</li> </ul>	<ul style="list-style-type: none"> <li>Ensure the effective implementation of measures through appropriate governance and risk management processes</li> </ul>
Resilience	<ul style="list-style-type: none"> <li>Strengthen resilience by promoting BCP</li> </ul>	<ul style="list-style-type: none"> <li>Provide logistics operations "that never stop" Note: Definition</li> </ul>

### Future response policy

Going forward, we will use the LEAP approach\* to identify and evaluate nature-related issues (dependencies/impacts and risks/opportunities) to meet the items the TNFD recommends be disclosed. In concrete terms, we will conduct even more

detailed assessments focusing on areas with a high level of dependency/impact. Together with this, we will evaluate the risks/opportunities based on the results of those assessments and then consider the specific measures we will take.

\*The LEAP approach consists of four stages: Locate (place), Evaluate (evaluate dependencies/impacts on the environment), Assess (assess nature-related risks/opportunities) and Prepare (consider, plan and prepare for disclosure).

## Focus Area 1 Contribute to Decarbonized/Recycling-oriented Society

### Material Issue

#### Contribute to decarbonized society

Work to reduce greenhouse gas (CO<sub>2</sub>) emissions including those from supply chains, improve energy efficiency, and create business opportunities to address climate change and realize a decarbonized society

The LOGISTEED Group recognizes that reduction of CO<sub>2</sub> emissions in the logistics domain will have an impact on the realization of carbon neutrality, and therefore it is important to work to reduce CO<sub>2</sub> emissions and environmental load not only in the LOGISTEED Group but also in the supply chains of our customers. Based on this idea, to "provide logistics/services with less environmental load" as set forth in our environmental policy, we are striving to reduce the environmental load and provide new environmental value through our business activities, e.g., development of services that contribute to the reduction of CO<sub>2</sub> emissions including Scope 3 emissions from our customers, in addition to ongoing initiatives such as modal shift and collaborative logistics.

### Initiatives to Reduce CO<sub>2</sub> Emissions

To contribute to the realization of a sustainable society, the LOGISTEED Group is advancing initiatives to reduce CO<sub>2</sub> emissions.

#### ● Energy Saving

To improve energy efficiency, we are implementing energy saving initiatives such as introducing LED lighting in logistics centers and offices,

#### ● Electrification

In order to reduce environmental load of transport, we are introducing electric vehicles and fuel cell vehicles closely monitoring market trends.

In FY2023, we replaced 28 commercial vehicles with passenger

#### ● Procurement of Renewable Energy

##### Renewable Energy

We are actively switching electricity used at our offices to electricity generated from renewable energy. In FY2023, we significantly expanded to 104 sites, and among them, 25 sites including our Matsudo training facility and the land-based clubhouses achieved zero CO<sub>2</sub> emissions by adopting the

#### ● Energy Creation

We are installing solar panels on the roofs of our logistics centers. In FY2023, we installed solar panels on the roofs of our logistics centers in Saitama Prefecture, Ibaraki Prefecture, Kyoto Prefecture, and other locations using the PPA\* scheme,

#### ● Initiatives to Set CO<sub>2</sub> Emission Reduction Targets throughout the Supply Chain

To set CO<sub>2</sub> emission (Scope 3) reduction targets throughout the supply chain, we have been conducting fact-finding surveys of CO<sub>2</sub> emissions in overseas group companies and building a system to calculate and visualize emissions with

### Contribution to Decarbonization in Customers' Supply Chain

#### ● Support Customers' Decarbonization through the Provision of EcoLogiPortal

As part of "SCDOS," our DX service to support optimization of customers' supply chain, we offer CO<sub>2</sub> emission visualization function "EcoLogiPortal" from FY2021. This service enables customers to accurately measure and visualize CO<sub>2</sub> 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, In FY2023, we

#### ● Internal Carbon Pricing (ICP)

In order to promote decarbonization initiatives, we are considering the use of ICP in investment decisions. In FY2022, we set ICP at 10,000 yen/t-CO<sub>2</sub> and studied how to

#### CO<sub>2</sub> emissions (Scope 1 and 2 in Japan)

FY2024 target Compared to FY2013	<b>-26%</b>	FY2023 result Compared to FY2013	<b>-25%</b>
-------------------------------------	-------------	-------------------------------------	-------------

introducing lithium-ion batteries in forklifts, and using motion sensor light, and also promoting modal shift and collaborative logistics, etc.

electric vehicles. Additionally, at Logistics East Japan Co., Ltd., we introduced our group's first fuel cell truck (FCV).



100% renewable energy plan.

##### Non-fossil Fuel Energy Certificates

At our headquarters building, we procured non-fossil fuel energy certificates from the market to offset emissions, achieving a net-zero CO<sub>2</sub> emission status.

exceeding our CO<sub>2</sub> reduction targets.

\* Power Purchase Agreement (PPA): An agreement where power generated by a solar power generation system installed by a company that owns and manages solar power generation facilities (PPA operator) is supplied to power users for a fee.

higher accuracy since FY2022. In FY2023, we worked on selecting and preparing for the implementation of a CO<sub>2</sub> emissions visualization system our overseas business.

made more proposals than initially planned and are also implementing and expanding services for international customers. We supported the visualization and reduction of CO<sub>2</sub> emissions in the logistics areas of both domestic and international clients.

For details on the results of the conformity assessment by a third-party organization, please refer to the website.

<https://www.logisteed.com/en/news/20220802.html>

operate it. We will establish a system for ICP-based investment decisions and make it widely known within the Company.

Focus Area 1 Contribute to Decarbonized/Recycling-oriented Society

Material Issue

Contribute to Recycling Oriented Society

Work to reduce/avoid resource use, prevent environmental pollution, and create business opportunities to contribute to a recycling-oriented society

By setting "reduction of environmental load" as one of its environmental action plans, the LOGISTEED Group aims to contribute to recycling oriented society by promoting initiatives for resource recycling and waste control with an awareness of symbiosis with nature as well as preservation of biodiversity and ecosystem.

Effective Use of Resources and Waste Control

To ensure that waste generated in our business activities is recycled as much as possible, we are actively promoting measures to control

waste emissions and reduce the amount of landfill disposal throughout the Group with an aim to maintain and improve the recycling rate.

● Reduce Resource Use in Packaging Design

We are working to improve packaging technology and reduce environmental load in packaging design including reduction of packaging-related materials and wastes while meeting customer needs.

successfully maintained strength and reduced wood consumption by 100% at the same time.

In the case of the Technical Packaging Award-winning "Conversion of Elevator Component Wooden Boxes to Cardboard" at the "Japan Packaging Contest 2023" hosted by the Japan Packaging Institute, we have developed a packaging, including interior material, made of only cardboards from the perspective of reducing environmental load. In changing all packaging materials to cardboards, the issue was how to maintain the strength, but we used reinforced cardboards and

Award-winning Case/Award Titles	Main Effect
Conversion of Elevator Component Wooden Boxes to Cardboard / Technical Packaging Award	<ul style="list-style-type: none"> <li>Working hours: down 50%</li> <li>Transportation costs: down 20%</li> <li>CO<sub>2</sub> emissions: down 43%, etc.</li> </ul>
Transport Packaging Box with Ramp for Reagent Exchange Robots / Large and Heavy Item Packaging Category Award	<ul style="list-style-type: none"> <li>Working hours: down 50%</li> <li>CO<sub>2</sub> emissions: down 90%, etc.</li> </ul>

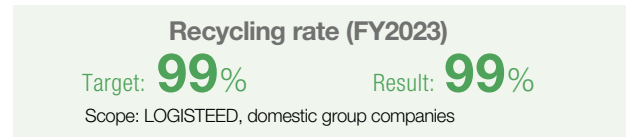
The Japan Packaging Contest 2023  
 Double Award Winner for the Technical Packaging Award and Large and Heavy Item Packaging Category Award  
<https://www.logisteed.com/en/news/20230831.html>

● Circular Economy Initiatives

Recycling Scheme for Plastic Material Waste

We are working on establishing a recycling scheme for plastic material waste (such as stretch film) generated at our logistics centers. Instead of discarding this waste, we collaborate with recycling businesses and plastic product manufacturers to regenerate it into plastic material products. In FY2023, we began trial operations of this

recycling scheme at several logistics centers in the metropolitan area.



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.

▶P57 Environmental Management Structure

▶P61 Response policy for biodiversity- and nature-related issues

● 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 domestic 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. We have established the "LOGISTEED Group Magokoro (Sincere Heart) Fund," a matching gift system where funds donated by our group employees and officers are matched by the Company to meet the cost for the activity, and use the fund to support environmental preservation activities. In FY2023, we made donation to "Children's Forest Program" by the Organization for Industrial, Spiritual and Cultural Advancement (OISCA) (public interest incorporated foundation) and continued the greening project in collaboration with the NPO Green Network, bringing the total land afforested under the Magokoro Fund to 13hectares.



Greening through Magokoro (Sincere Heart) Fund

Overseas activities

At our group company, Manila International Freight Forwarders, 33 of our employees participated as volunteers in tree-planting activities in February and July 2023. This initiative is aimed at protecting the La Mesa Watershed in Quezon City, Philippines, a tropical rainforest and one of the region's water sources. This effort not only involves planting and nurturing trees but also aims to strengthen ties with the local community and foster a sense of responsibility toward the planet. We will continue to actively engage in such initiatives going forward.





## Focus Area 2 Build and Evolve Resilient, Sustainable Logistics Services

### Material Issue

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

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

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

### Installation of Automated/Labor-saving Equipment

To respond to social issues such as labor shortages at logistics sites and realize a safe, secure, and comfortable working environment, we are promoting the installation of automation and labor-saving technologies and installation of equipment to reduce a burden on workers.

In FY2023, we actively promoted the installation of automated forklifts, depalletizers<sup>\*1</sup>, and AGVs, etc. and achieved labor savings of 100 FTE<sup>\*2</sup> per year compared to FY2022.

Compared to 2022

Saved **100** FTE

\*1 Depalletizer: Equipment to automatically remove loaded cargoes from roll box pallets

\*2 Full-Time Equivalent (FTE): A unit of the work performed by a full-time employee of an organization

### 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 FY2023, we accelerated the deployment of standard monitors that integrate three visualization solutions—warehouse, transportation, and CO<sub>2</sub> emissions—linked with the "ONESLOGI"<sup>\*\*</sup>

lineup from LOGISTEED Solutions, Ltd. This initiative has been rolled out to nine group companies, including those overseas, and 21 clients. Building on the standard monitors developed through our 3PL business, we are strengthening our proposal activities for new 3PL services to prospective clients.

\*ONESLOGI: Our group's WMS (Warehouse Management System) solution supporting 3PL services

### Contribution to Safe and Efficient Transport Through "SSCV"

To realize "zero-accident society," we have developed a transport digital platform "SSCV," (➡P8) contributing to the improvement of operational efficiency and legal compliance of transport operators, as well as ensuring driver safety, etc. In FY2023, we expanded the capabilities of our "SSCV-Safety" solution, which focuses on driver safety. Specifically, we added features such as digital labor management that visualizes drivers' overtime by automatically integrating with digital tachometers, and IT roll-call functionality that

enables remote roll-calls using devices like computers and smartphones, rather than face-to-face. "SSCV-Safety" is certified as "TDBC Certified Solution" by Transportation Digital Business Conference (TDBC) and is used in initiatives to solve social issues such as research projects by the Ministry of Health, Labour and Welfare and verification experiments by the Ministry of Land, Infrastructure, Transport and Tourism.

### GDP-Compliant Storage/Shipping –Enhancement of Quality Control and Operational Capabilities at Medical DCs–

We have enhanced medical DCs across the country providing storage and shipping services specialized in pharmaceutical logistics. To enhance operational capabilities of GDP, we are working to strengthen the quality assurance system in the pharmaceutical logistics by setting up an organization dedicated to promoting GDP to establish a quality management system.

In FY2023, to strengthen the software aspects of temperature management, which is a mandatory requirement for GDP, we implemented a temperature management system. This system enables real-time temperature monitoring at advanced pharmaceutical logistics centers and allows for immediate response in the event of alarm notifications.

### Improve the Resilience of Transport Business (including addressing the transport capacity shortage in the 2024 issue)

Addressing the transport capacity shortage across society, including the 2024 issue<sup>\*</sup>, requires urgent measures such as shortening total working hours of drivers and strengthening transportation capacity to compensate for the shortage of drivers. The LOGISTEED 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 LOGISTEED Group's truck drivers was zero in FY2023.

\*The 2024 issue: Various problems arising from the limitations on drivers' overtime work imposed by the Work Style Reform Act, which has been applicable starting in 2024

## Focus Area 3 Create New Values Through Collaborative Innovation

Material Issue  
Step up DX

Address social issues such as driver shortage and the 2024 issue by promoting digitalization and labor-saving initiatives to create business opportunities

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

### Establishment of DX Platform to Create Innovation

To create new values and innovation by promoting DX, we are working to develop and establish a company-wide digital platform for both business and management systems.

The digital business infrastructure was completed in FY2021 and is designed to enhance the efficiency and productivity of our operations by consolidating and standardizing various digital data from our warehouse

operations within the LOGISTEED Group. Utilizing this digital infrastructure, we exceeded our FY2024 target of "executing 60 logistics service reform projects" by completing more projects by FY2022. From FY2023 onwards, we are working to incorporate our accumulated knowledge into proposals for our clients, aiming to promote efficient and cost-effective logistics solutions.

### Transformation of Warehouse Operations Through DX

#### ● Implement Resource Control System (RCS: an integrated control system for equipment and people)

In the LOGISTEED Group, we are working to optimize the key resources of "equipment" and "people" in warehouse operations through RCS, aiming to enhance the overall throughput of the warehouse.

For "equipment" management (RCS-Automation), we control task coordination between multiple pieces of equipment without relying on specific manufacturers, thereby improving the throughput of the entire operation. For "people" management (RCS-Workforce), we digitalize tasks that were previously dependent on individual workers, which helps eliminate reliance on specific individuals and promotes paperless operations, thus reducing administrative management burdens. Additionally, based on visualized operational status, we can pre-allocate workers to their work areas, adjust allocations on the day, and make placement adjustments according to cut times.

The introduction of RCS has enabled real-time forecast and actual management of "equipment" and "people," leading to improved efficiency and standardization in resource control.



▶P25 Enhance warehouse business (Automation, labor-saving, and DX)

#### ● Enhance Functions of WMS-PF ONEsLOGI

We are working to standardize Warehouse Management System (WMS) to expand value we provide to our customers. We used to customize WMS by business type or customer. Now, in order to expedite and sophisticate our proposals on and provision of services to customers, we have reconstructed "ONEsLOGI, WMS-PF (standardized warehouse management system)" equipped with the

LOGISTEED 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 this solution's functions as a conformance rate and achieved 94% in FY2023, exceeding our target.

#### ● 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 (FY2023)

67%

## Material Issue

## Secure diverse human resources to support growth

By securing diverse human resources including highly skilled personnel and those from different industries, etc. and increasing employee motivation through various initiatives, we aim to create new business opportunities and enhance competitiveness.

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

## Training for Autonomous Career Development

### ● Develop human resources with DX skills

To secure human resources with DX skills responsible for creating new business opportunities through IT, we are enhancing our DX education in addition to our traditional training systems. Based on the results of skill surveys (IT literacy x IT business application), we are implementing educational measures tailored to the individual levels of our employees. Specifically, we offer e-learning courses such as the "DX Mindset Training" to learn the basics of DX, as well as specialized training such as the "Transformation Mindset Cultivation Training," which promotes transformation (X), and the "Intensive Training for DX Technical Skills," aimed at strengthening DX practical skills.

#### DX Mindset Training (FY2023)

**2,770** attendees

Scope: LOGISTEED, domestic group companies

#### Transformation(X) Mindset Cultivation Program (Cumulative up to FY2023)

**3,452** attendees

Scope: LOGISTEED, domestic group companies

### ● Expand global human resources and reform organizational culture

To develop "global human resources" capable of understanding diverse values across countries and regions and leading business on a global scale, we have established a "Global Department" within the company. This department offers overseas assignment training programs tailored to different levels (assistant managers, managers, department heads) to cultivate talent capable of excelling in various positions, including management roles at overseas subsidiaries. Additionally, we provide support for English proficiency test fees and offer self-

participatory programs to develop practical English communication skills, including reading, listening, and writing. These initiatives are designed to encourage proactive behavior and provide opportunities for growth.

#### Investment in training aimed at developing global human resources (FY2023)

**11,308.3** hours

Scope: LOGISTEED, domestic group companies

## Create a Workplace Full of Smiles and Vitality

### ● Promote Dialogue through Human-Centered Design

In the LOGISTEED Group, we practice creating a human-centered workplace where people stay and come together through smiles and lively dialogue. We design communities where learning and improvement are enjoyed through deep conversations, and where managers and workers share experiences and wisdom side by side while praising each other, thus achieving a workplace full of smiles and vitality. Additionally, we widely share improvement efforts across the company and regularly hold presentations to award

outstanding examples, thereby promoting the "visualization of improvement activities" and the "cultivation of a culture of praise" to establish a culture of continuous improvement.

#### Number of Participants in Deep Dialogue Courses (FY2023)

**550** attendees

Scope: LOGISTEED, domestic group companies

### ● Utilization of Digital Tools such as RPA

As part of our improvement activities, we are advancing productivity reforms using digital tools such as Robotic Process Automation (RPA) in an organization-wide initiative. By sharing successful examples of automating and streamlining operations with various digital tools, including RPA, in forums such as executive meetings and the company intranet, we are promoting the adoption of digital tools from both top-down and bottom-up perspectives.

Additionally, the increased accessibility to improvement examples for similar tasks has revitalized communication across departments, leading to further enhancements in productivity.

#### Reduction of working hours (FY2023)

**800,000** hours

Scope: LOGISTEED, domestic/overseas group companies

# Supportive Foundation for the Focus Areas

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

Material Issue Prevent accidents during operation	Strive for safe operation by promoting initiatives to prevent accidents at the Company and its suppliers
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Under the policy that "Safety is our first priority" and the safety slogan based on the policy, the LOGISTEED Group ensures that each employee carries on the safety cultures and strives to provide safe and high quality services during operations.

## Safety Priority Policy

The LOGISTEED Group works on activities based on the policy and the safety slogan.

Safety Slogan

## "Safety First"

## Safety Promotion Structure

LOGISTEED assigns an Operating Officer in charge of safety under the confirmation by the Board of Directors, who promotes top-down safety activities. Executive officers deliberate and report on safety activities and accident occurrence, etc. at the monthly Executive Committee, and

the Audit & Supervisory Committee also receives reports on the progress of safety activities and accident occurrence, etc. every year. Under the structure which enables the supervision by the Board of Directors, we ensure to promote and manage safety activities.

## Initiatives for Accident Prevention

### ● SSCV-Safety (safety operation management solution) –Introduction to the LOGISTEED Group's own vehicles–

In order to protect drivers as an organization and not to become either the victim or assailant, the LOGISTEED 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 LOGISTEED Group, and started its operation. The installation of "SSCV-Safety" has allowed us to provide

drivers with guidance based on the daily review, reducing the number of average incidents in FY2023 by 60% year on year.

Number of incidents during vehicle operation\* (FY2023)

## 0.015

(YoY -60%)

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

### ● Practical training and experiential sessions –Education through experiential sessions using VR–

We envision a full range of scenarios in workplaces and conduct practical training and experiential sessions to improve employees' safety knowledge and skills.

In experiential sessions using virtual reality (VR) technology, workers experience behaviors with potential risk of causing workplace accidents through visual contents simulated on cyberspace, which we expect to increase their safety awareness. In FY2023, we conducted experiential sessions primarily focusing on "tripping hazards within facilities" and

"cutter lacerations, " as well as collisions with forklifts at each location. We are also implementing similar experiential training for our overseas locations.

No. of attendees of VR experiential sessions (FY2023)

## 6,054

attendees at **177** sites

Scope: LOGISTEED, domestic/overseas group companies

## Safety Initiatives in Supply Chain

### ● Introduction of SSCV-Safety to partner transport companies

To improve the safety level of the entire supply chain, we are working to introduce SSCV-Safety to our partner transport companies. We regularly hold safety education (webinars) for companies that have introduced or are considering to introduce SSCV-Safety to explain the safety functions of SSCV-Safety and share safety activities introducing good examples of utilization. These initiatives are also contributing to the enhancement of compliance by raising drivers' safety

awareness and the realization of stable and systematic vehicle assignment by raising drivers' awareness on health management.

Safety education for SSCV-Safety users (FY2023)

## 24

companies participated

Held **12** webinars



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

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

#### Material Issue

#### Enhance disaster prevention/mitigation

Implement disaster prevention measures to prepare for natural disasters and prevent fires as well as strengthen systems for speedy recovery in the event of a disaster

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

### Toward the Realization of the Future Vision of Logistics Center

As part of our efforts to enhance our warehouses, we are working to visualize safety- and quality-related incidents and hazardous work that may occur in our logistics centers. Starting in FY2022, to realize the automated center concept which visualizes and centrally controls safety/quality/productivity/fire prevention/crime prevention, we have introduced a video management system with advanced

analysis functions in five 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 FY2024, we plan to expand such functions as issuing alerts using AI and increase the number of locations subject to monitoring.

### Visualization of Self-Defense Firefighting Operations

#### ● Development and utilization of firefighting visualization system

We have developed our own firefighting visualization system to strengthen our self-defense firefighting system by ensuring compliance with the Fire Service Act and other relevant laws and regulations. In January 2023, we began the firefighting equipment control using the system. The system enables us to manage inspection deadlines

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

### Disaster Prevention Measures

#### ● Enhancement of initial response at disasters

We are working to enhance initiatives focusing on disaster prevention with regard to an initial response necessary to take before BCP is activated when a disaster occurs. In FY2023, we conducted simulation training for 13 domestic

group companies, based on a scenario of a Nankai Trough earthquake. The training simulated initial response actions from the moment the earthquake occurs through the day of the event.

#### Material Issue

#### Establish a responsible supply chain in which human rights are respected

Promote a sustainable supply chain by taking measures to improve quality/productivity, conduct environmental/social assessments, ensure compliance with laws and regulations by suppliers, and avoid/prevent/mitigate human rights issues of relevant stakeholders

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

### Toward Developing Business Platform That Respects Human Rights

#### ● Identification of global human rights issues and risk assessment

The LOGISTEED Group conducts human rights impact assessments through third-party organizations to identify risks and issues and strengthen our business foundation with respect for human rights. In FY2022, with the support of NGOs knowledgeable about human rights issues, we organized global human rights issues that are important to all industries and specifically the logistics industry. Additionally, we conducted risk assessments for 81 consolidated subsidiaries both domestic and overseas

(as of April 2023) from five perspectives: geography, products, industry, employment type, and regulatory requirements. Among these, we particularly focused on geography and products. For the 27 subsidiaries (33%) identified as high-risk overall, we conducted individual SAQ\* and are now working on measures tailored to the specific risks and issues identified based on the results.

\*SAQ: Self-Assessment Questionnaire (Self-Checklist)

## Corporate Data

**Corporate name:** LOGISTEED, Ltd.

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

**Founded:** February 1950

**Paid-in capital:** ¥100 million  
(as of March 31, 2024)

**Total personnel:** 46,916 (as of March 31, 2024)

### Main businesses:

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

## Major Group Companies As of March 31, 2024

### Domestic logistics companies

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

### East Asia

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

### Asia

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

### Overseas logistics companies

#### North America

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

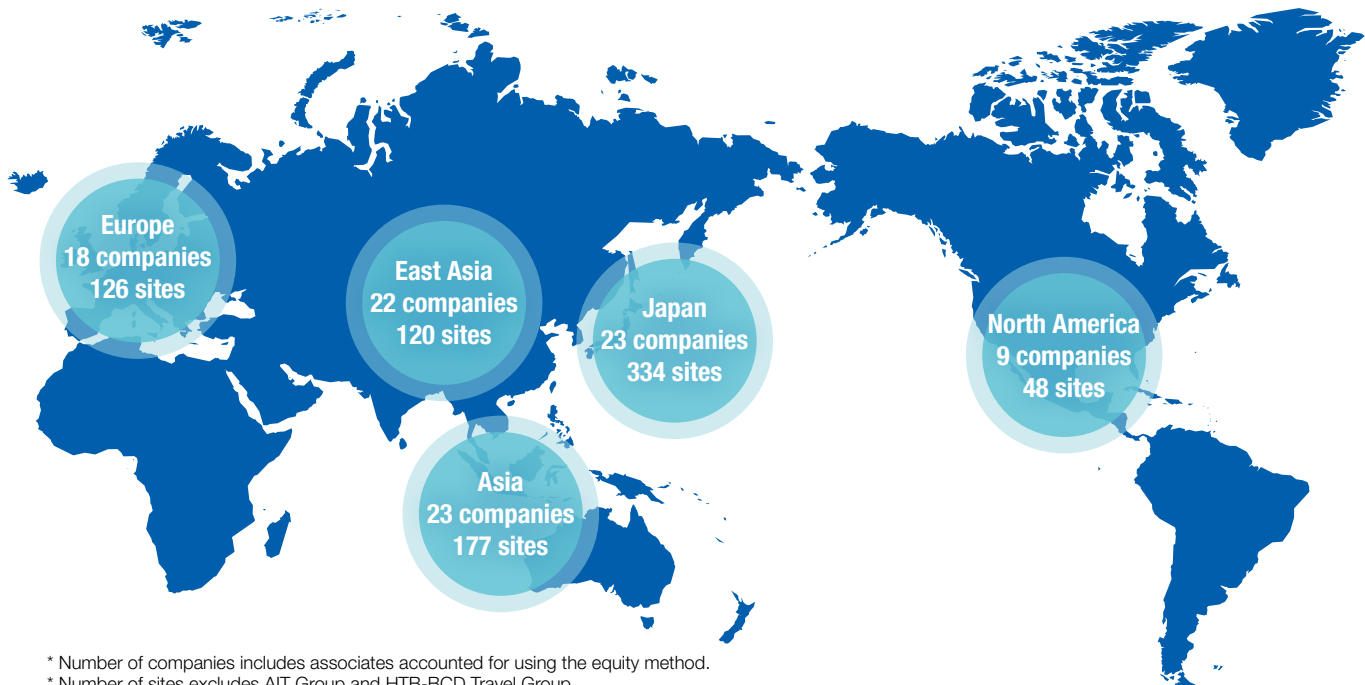
#### Europe

LOGISTEED Europe B.V.  
Cyber Freight International Holding B.V.  
Van den Bos & van Daalen Materieel B.V.  
ESA s.r.o.  
Mars Logistics Group Inc.  
VANTEC EUROPE LIMITED

### Logistics-related companies

LOGISTEED Solutions, Ltd.  
LOGISTEED Auto Service, Ltd.  
LOGISTEED Solutions America, Ltd.  
LOGISTEED Solutions (China), Ltd.  
LOGISTEED Solutions Asia-Pacific Sdn. Bhd.

## Network Extending to 28 Countries and Regions As of March 31, 2024



### Website/SNS Account Information

#### ● Website



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

#### LOGISTEED CAFÉ



We will accelerate innovation beyond the logistics domain through accumulating "sharing / exploring" of knowledge and perspectives with people in various industries.

#### Investor Relations



#### CSR/ESG Information



#### ● YouTube official channel



#### ● X (former Twitter) official account



LOGISTEED (Official)  
@LOGISTEED\_LTD  
(Japanese version only)

#### ● LinkedIn official page



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

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