

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*¹ 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	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	M
		Truck transport	M	M	M	L	VL	M	VL	M	VL		M	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"> Suspension of logistics operations and revenue loss caused by extreme weather and increased natural disasters Increase energy costs due to rising temperatures Increase in cost of work environment measures due to rising average temperatures 	<ul style="list-style-type: none"> 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 Promote energy savings through the introduction of high-efficiency equipment Promote worker-friendly logistics operation
Transition	<ul style="list-style-type: none"> Increase costs due to stricter regulations on greenhouse gas emissions and pollutants related to transportation Reputation damage due to insufficient response to pollution and other environmental issues Decrease corporate evaluation and reputation due to a lack of consideration for ecosystems in facility development (e.g., warehouse construction) Decrease corporate evaluation and reputation due to insufficient consideration for ecosystems in noise, vibration, and lighting impacts 	<ul style="list-style-type: none"> Utilize vehicles with low emissions, such as non-fossil fuel vehicles, and reduce emissions through operational efficiency improvements Advance pollution reduction measures and enhance information disclosure to stakeholders Promote facility development with consideration for ecosystems and enhance information disclosure to stakeholders

2 Opportunity

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

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).