

# 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 LOGSITEED 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

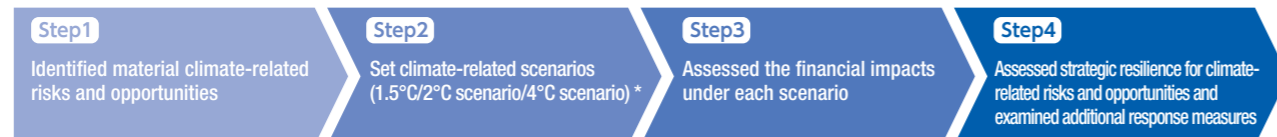
### Risk Strategy

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

# 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.

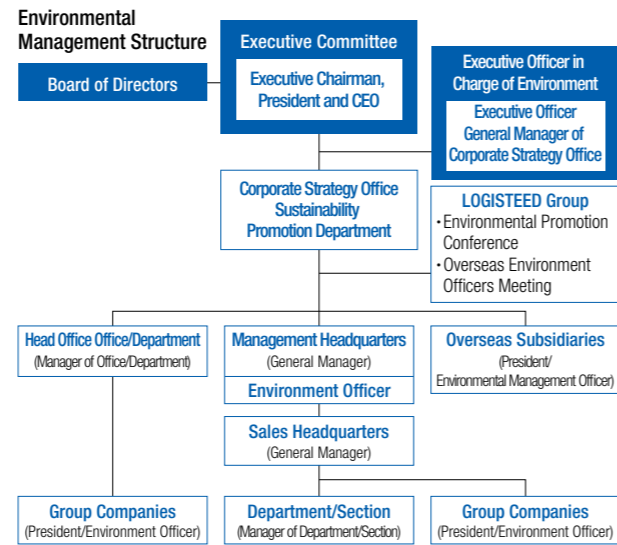
## Environmental Policy

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

## Environmental Management Structure

Since 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.

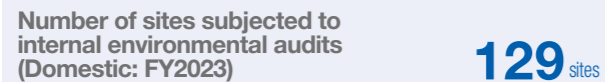
### Holding Environmental Conference

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



### Performance of internal environmental audit

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



## 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).

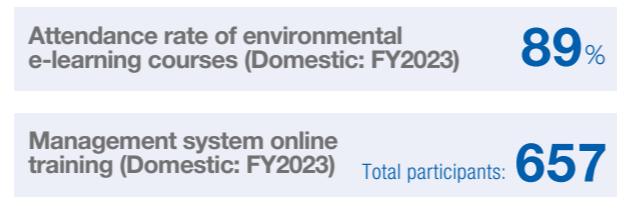
### Strengthening cooperation with overseas group companies

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

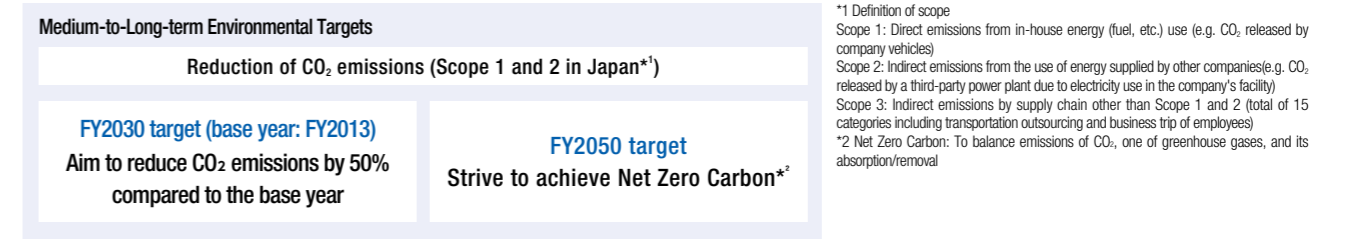
The LOGISTEED Group seeks third-party certification and Sustainability Promotion Department has acquired the "Eco Stage" certification. From FY2017, we have upgraded the certification level to "Eco Stage II" which is equivalent to ISO14001.

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



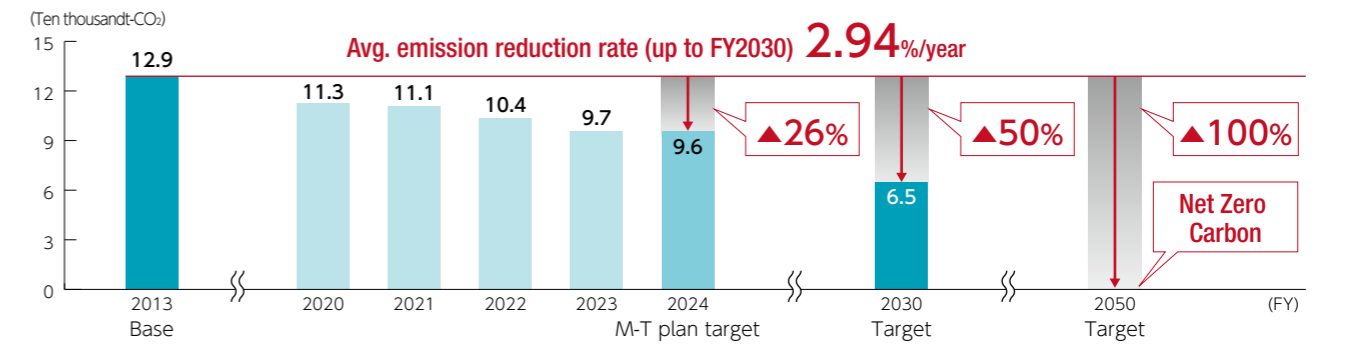
# Medium-to-Long-term Environmental Targets 2030/2050

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.



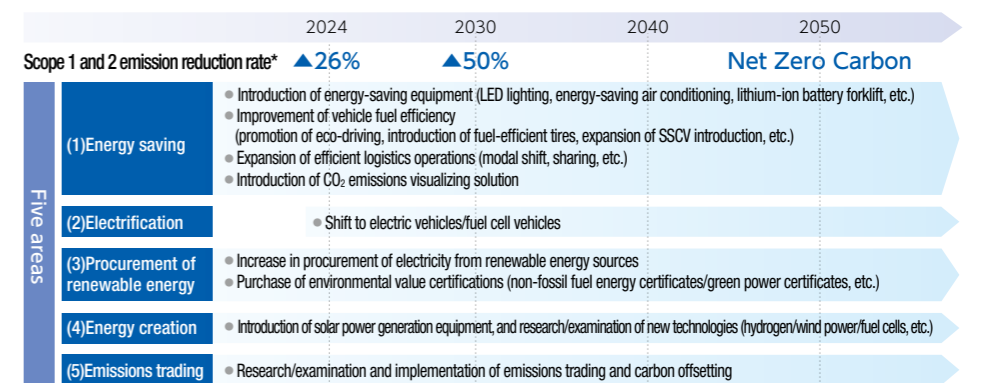
\*1 Definition of scope  
Scope 1: Direct emissions from in-house energy (fuel, etc.) use (e.g. CO<sub>2</sub> released by company vehicles)  
Scope 2: Indirect emissions from the use of energy supplied by other companies (e.g. CO<sub>2</sub> released by a third-party power plant due to electricity use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

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



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

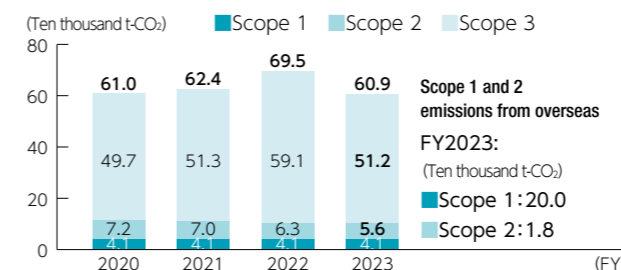
The LOGISTEED Group has launched a decarbonization promotion project to achieve the medium-to-long-term environmental targets and is working proactively on initiatives in five areas.



\* 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>