

Materiality (Six Key Themes): Identification Process

We recognize that creating even stronger sustainability initiatives is essential for attaining our MLC2030 Vision, helping increase customer value, and achieving sustainable Group growth and identified materiality (six key themes) in FY2020 as well as FY2030 targets and measures to achieve these.

Step 1

Extract Materiality Candidates

- Recognize issues based on international frameworks and guidelines such as SDGs, megatrends, and industry trends
- Consider not only the impact of changes in the environment and society on the Group but also the Group's impact on the environment and society
- Sort items considered material from the standpoints of both risks and opportunities
- Extract issues considered highly relevant to the Group's strategy

Step 2

Analyze Importance

- Conduct a survey of 3,000 Group officers and employees to investigate their thoughts and awareness of ESG, SDGs, and compliance; analyze aggregate data by age group and job type; and assess the importance to stakeholders
- Create a draft on the materiality and priority of issues based on requests and expectations toward the Group identified through requests from business partners and dialogue with institutional investors

Step 3

Identify Materiality

- Based on Steps 1 and 2, narrow down issues to be addressed across the Company in light of our corporate philosophy as well as the MLC2030 Vision (top-down approach) and complement this with issues to be addressed from the perspective of the divisions, chambers, or branches (bottom-up approach)
- Verify consistency between FY2030 targets for each item of materiality with the MLC2030 Vision and the management plan
- Discuss repeatedly at the Executive Committee and decide at the Board of Directors meeting

Step 4

Monitor & Review

- Monitor implementation status of measures based on materiality as well as the achievement status of KPIs, analyze new risks and opportunities, and review materiality and strategy as appropriate at the Sustainability Committee, under the supervision of the Board of Directors

Project team and external experts

Executive Committee and
Board of Directors







Sustainability Committee



Materiality (Six Key Themes): Measures and Performance Indicators

Measures to be taken through business activities as well as performance indicators, target values, and progress made in the fiscal year under review for each measure are set forth in the following chart.

Through the Sustainability Committee, we will promote initiatives to ensure that we meet the targets set for FY2030, which include progress management, periodic inspection and replacement of relevant measures and KPIs, and expanding and upgrading communication with all internal and external stakeholders through resources such as the Integrated Report and the Group's official website.

Materiality (six key themes)	Priority issues and measures through business activities	Performance indicator	Performance indicator details	Target value for FY2030	Results for FY2023	Activities planned for FY2024
 Safety, Security, Disaster Response	Provide infrastructure services that are sustainable even during disasters <ul style="list-style-type: none"> Develop facilities with stronger earthquake and wind pressure resistance than required by laws and regulations Secure fuel for business continuity at distribution centers and in transportation and delivery operations during large-scale disasters Develop high-quality logistics services that utilize temperature control and security capabilities in Japan and overseas <ul style="list-style-type: none"> Further utilize DP-Cool vehicles for temperature-controlled transportation and delivery of pharmaceuticals 	(1) Disaster-resistant facility standards NEW	Performance standards for earthquake resistance, wind resistance, flood measures, flood measures for power transformers, emergency generators, and disaster response training	(1) Meet standards NEW	(1) Continued to meet standards	<ul style="list-style-type: none"> Meet disaster-resistant facility standards Continue considering methods for fuel reserve systems Conduct demonstration experiments of solar power generator installation on DP-Cool vehicles Consider installation of thin solar power generation systems at existing warehouses
		(2) Maintenance rate of fuel reserve systems for transportation and delivery operations NEW	Maintain/continue transportation and delivery operations through fuel supply contracts, etc.	(2) 100% maintenance rate NEW	(2) — ¹	
		(3) Utilization rate of DP-Cool vehicles for temperature-controlled transportation and delivery of pharmaceuticals	Utilization rate of vehicles compatible with the DP-Cool temperature-controlled pharmaceuticals transportation and delivery services provided by the Group company Dia Pharmaceutical Network Co., Ltd.	(3) 100% temperature-controlled transportation and delivery with DP-Cool vehicles	(3) 42%	
 Environmental Initiatives	Further develop Disaster-Resistant and Eco-Friendly Warehouses and Disaster-Resistant and Eco-Friendly Office Buildings that reduce CO₂ emissions <ul style="list-style-type: none"> Consider the environment through electricity supply by solar power generation, reduce power consumption through LED lighting in warehouses and installing high-efficiency air conditioning systems Reduce CO₂ emissions by enforcing efficient transportation and delivery methods, etc. <ul style="list-style-type: none"> Achieve efficient transportation and delivery by improving loading rates, shorten wait times using a truck reservation system, and mount cargo handling equipment with fuel cell to create CNPs 	(1) CO ₂ emissions reduction rate	Applies to logistics and real estate facilities owned by the Company and its Group company, Fuji Logistics Co., Ltd., and in-house transportation by Ryoso Transportation Co., Ltd.	(1) ~50% CO ₂ emissions (compared with FY2013, Scope 1 + 2)	(1) ~19%	<ul style="list-style-type: none"> Expand the MLC Green Action CO₂ visualization and reduction service Examine ways to reduce CO₂ emissions at facilities by 50% and create a roadmap (plan) Consider installation of thin solar power generation systems at existing warehouses Conduct demonstration experiments of solar power generator installation on DP-Cool vehicles Maintain facilities to convert company vehicles to EVs Consider introducing renewable diesel and EV trucks for transportation and delivery operations
		(2) CO ₂ emissions reduction rate per unit in transportation and delivery	Applies to transportation and delivery by the DP-Cool, a temperature-controlled pharmaceuticals transportation/delivery services provided by the Group company Dia Pharmaceutical Network Co., Ltd.	(2) ~50% CO ₂ emissions per unit (compared with FY2018)	(2) ~32%	
 Cutting-Edge Technology, Innovation	Enhance and automate logistics/real estate services and save labor <ul style="list-style-type: none"> Logistics: Optimize warehouse operations and car allocation planning using AI, respond to e-commerce logistics, automate equipment in warehouse facilities and make it labor-saving, etc. Real Estate: Enhance and save labor of facility management operations using IT 	DX, IT-related investment amount	Investment in reformation of services and business models based on the needs of customers and society using data and digital technology, and transformation of operations, organizations, processes, and corporate culture/climate	Cumulative investment of ¥50.0 billion for FY2021–FY2030	¥13.55 billion (FY2021–FY2023 cumulative)	<ul style="list-style-type: none"> Add ML Chain function Review and streamline business processes (Smart Terminal Project) Continue FFS development, strengthen Emission Monitoring functions Streamline tenant building management operations, utilize big data on property information
 Partnerships	Collaborate with startups and companies in other industries <ul style="list-style-type: none"> Optimize development and create new businesses through open innovation with CVC, etc. 	Number of partnerships and cumulative operating amount NEW	Applies to partnerships and operating amounts by the Company and Group company MLC Ventures, Ltd.	Promote co-creation with partners NEW	10 partnerships, ¥3.4 billion operating amount (FY2021–FY2023 cumulative)	<ul style="list-style-type: none"> Human resource development through VC fund secondment Investee sourcing, consideration, and investing Conducting and diversifying investments across the supply chain
 Human Resource Development, Employee Satisfaction	Develop personnel and welfare programs that value each individual employee <ul style="list-style-type: none"> Establish a personnel system that accommodates a variety of work styles Create an environment that helps balance work and life Create workplaces that make worker health and safety the highest priority Develop human resources with global perspectives <ul style="list-style-type: none"> Develop human resources with global perspectives through expansion of training programs, etc. 	(1) Engagement score NEW	Positive response rate in the engagement survey for the Company and consolidated subsidiaries in Japan	(1) Improve engagement score NEW	(1) 47.0%	<ul style="list-style-type: none"> Implement engagement improvement measures focused on priority issues Conduct an awareness survey on male employees regarding paternity leave and child-care leave, raise awareness, and implement training for managers Conduct follow-ups for those returning from overseas dispatch programs Obtain certification as a Health & Productivity Management Outstanding Organization
		(2) Ratio of employees taking child-care leave	System that allows male and female workers who are raising a child under the age of 2 to apply for child-care leave until the child reaches the age of 2	(2) 60%	(2) 66.7%	
		(3) Ratio of employees with experience in overseas assignments	General employees with experience in overseas assignments (including training programs)	(3) 25%	(3) 17%	
 Compliance, Human Rights, Gender	Promote sincere and fair business activities Ensure thorough compliance with awareness of the overall supply chain <ul style="list-style-type: none"> Implement initiatives for adherence to relevant laws and regulations and respect for human rights that include subcontractors Promote female empowerment <ul style="list-style-type: none"> Build a system and create an environment where female employees can thrive 	(1) Response rate for Code of Conduct questionnaire and sustainability questionnaire	Questionnaire on sustainability for subcontractors and others with close business relationships	(1) 90% or more each year	(1) Response rate of 96% for the Code of Conduct questionnaire and 86% for the sustainability questionnaire	<ul style="list-style-type: none"> Continue implementing compliance education Continue conducting Code of Conduct questionnaire and sustainability questionnaire Implement seminars and training by tier to improve the ratio of female managers
		(2) Ratio of female managers ²	Ratio of female employees in managerial positions	(2) 10%	(2) 4.7%	

1. Established in FY2024 and therefore was not aggregated in FY2023. 2. Established in FY2023. For more details, see page 61.

NEW New or revised items for FY2024

Materiality (Six Key Themes): Initiatives for Each Theme

Safety, Security, Disaster Response



Providing safe, secure, and disaster-resistant infrastructure services for Japan and abroad.

By protecting customer cargo and business from potential future risks and creating tomorrow's logistics today, we will provide peace of mind for 2030 and beyond. Throughout our 138-year history, we have used safety and security as our starting point to build facilities and transportation/delivery systems ready to deal with emergencies. We will keep striving for even higher quality control and stronger nationwide logistics networks to continue to meet customer expectations.

Priority Issues and Measures Through Business Activities

Provide infrastructure services that are sustainable even during disasters

>> Performance indicators (1) (2)

- To prepare for earthquakes and the increasing severity of weather-related natural disasters brought about by climate change, we are developing and deploying disaster-resistant facilities with both seismic and wind pressure resistance that exceeds all types of statutory and regulatory requirements
- By installing light oil in-tanks for stockpiling, entering into priority fuel supply contracts with oil distribution companies in case of a disaster, and other initiatives, we have developed systems to secure fuel should a large-scale disaster occur

Develop high-quality logistics services that utilize temperature control and security capabilities >> Performance indicators (3)

- By providing the high-quality DP-Cool temperature-controlled pharmaceutical transportation/delivery service and expanding use of this service, we have contributed to the stable supply of pharmaceuticals

FY2023 Topics and Initiatives from FY2024 Onward

Disaster-resistant facility standards

FY2023 Topics

In FY2023, we worked on construction of the Shibaura Dia Building, which was completed in April 2024, using a seismic isolation structure as a facility exclusively for data centers.



Initiative from FY2024 Onward

Performance indicators and targets have been changed for FY2024. From FY2024 onward, we will operate facilities that meet performance standards for earthquake resistance, wind resistance, flood measures, flood measures for power transformers, emergency generators, and disaster response training, including existing facilities, as "disaster-resistant" facilities.

Maintenance rate of fuel reserve systems for transportation and delivery operations

FY2023 Topics

Preparations have been made to build a system to maintain transportation and delivery operations with partner companies, such as partner transport companies and fuel suppliers.

Initiative from FY2024 Onward

Performance indicators and targets have been changed for FY2024. From FY2024 onward, we will develop systems to maintain transportation and delivery operations during disasters and ensure business continuity by establishing fuel supply contracts for fuel tanks installed at partner transport companies' sites.

Safety, Security, Disaster Response

Utilization rate of DP-Cool vehicles for temperature-controlled transportation of pharmaceuticals

FY2023 Topics

In FY2023, we implemented the initiatives below to improve the pharmaceutical transportation and delivery services of Group company Dia Pharmaceutical Network Co., Ltd.

To expand our pharmaceutical transportation services, we use the nationwide distribution network of our partner company K.R.S. Corporation to provide safe, secure, and high-quality pharmaceutical transportation services to even more customers. Recently, as part of our measures to address Japan's logistics challenges in 2024, we commenced relay transport using Connect Area Hamamatsu as a transit logistics hub in collaboration with K.R.S Corporation, k.Tis Co., Ltd., and Dia Pharmaceutical Network Co., Ltd. in an effort to build a sustainable pharmaceutical supply chain.

Initiative from FY2024 Onward

In FY2024, we will continue to expand high-quality pharmaceutical transportation and delivery services through DP-Cool and DP-Green, which feature temperature control and security systems, while considering ways to improve the work environment for drivers and reduce CO₂ emissions to contribute to a stable pharmaceutical supply. We aim to visualize the entire supply chain through ML Chain, a pharmaceutical logistics data platform utilizing blockchain and other information technologies, to provide new added value to pharmaceutical companies, pharmaceutical wholesalers, transporters, and others involved in pharmaceutical distribution.

VOICE

A Warehouse that Protects Cargo and Logistics from Natural Disasters



Yoshihiro Ueno
Misato No. 2 Office,
Tokyo Branch

The Misato No. 2 Office Distribution Center is a warehouse that protects customer cargo and logistics from natural disasters. It incorporates many improvements learned from past earthquakes, including the Great East Japan Earthquake.

As someone who has experienced cargo custody operations in many different warehouses, I can confidently recommend this outstanding practical facility.

■ Seismic isolation structure

We have adopted a seismic isolation structure based on the concept of Disaster-Resistant and Eco-Friendly Warehouses. Reducing shaking from earthquakes helps us prevent cargo collapse and protect customer cargo.



■ Emergency generators

The center has a high-capacity emergency generator capable of providing power for 48 hours in preparation for a power outage.



■ Underground diesel tanks

While our partner transport companies regularly use this as a refueling station for trucks, it serves as fuel security during an emergency.



■ Flood prevention measures

Southeastern Saitama Prefecture, where our office is located, is said to be at risk of inland flooding. We have prepared waterproof shutters and flood barriers to prevent flooding at the water levels anticipated in hazard maps.



Materiality (Six Key Themes): Initiatives for Each Theme

Environmental Initiatives

Through efforts to reduce environmental impact, which is a climate change issue, we will set the beautiful Earth spinning toward the future while assisting our customers' businesses.

We believe that partnerships with customers and everyone involved in logistics are extremely important in reducing CO₂ emissions throughout the supply chain. While continuing to promote energy conservation, we will expand investment in renewable energy and, as our main initiative, promote the reduction of environmental impact by achieving efficient transportation and delivery.



Priority Issues and Measures Through Business Activities

Further develop Disaster-Resistant and Eco-Friendly Warehouses and Disaster-Resistant and Eco-Friendly Office Buildings that reduce CO₂ emissions

>> Performance indicators (1)

- Initiatives to reduce environmental impact, including visualizing figures on environmental burden such as CO₂ and waste emissions at Group distribution centers, which are positioned as the core of the supply chain, as well as introducing electricity effectively derived from renewable energy (green power) such as solar power and promoting the conversion of lighting equipment to LED and installing high-efficiency air conditioning systems

Reduce CO₂ emissions by enforcing efficient transportation and delivery methods, etc. >> Performance indicators (2)

- Work to establish methods for measuring emissions, shorten truck waiting time using a truck reservation system, optimize transportation methods through modal shifts, and consider the introduction of next-generation vehicles such as EV trucks in order to reduce CO₂ emissions from the Group's transportation and delivery operations

FY2023 Topics and Initiatives from FY2024 Onward

Efforts to reduce CO₂ emissions

Despite increased CO₂ emissions at some facilities due to business expansion in FY2023, we managed to reduce CO₂ emissions by purchasing green power and non-fossil certificates that prove the environmental value of electricity derived from renewable energy at four of our office buildings in Tokyo. From FY2024 onward, we will work to reduce CO₂ emissions through a variety of measures, including introducing electricity effectively derived from renewable energy and installing solar power generators at facilities with high electricity consumption, such as pharmaceutical distribution centers and refrigerated warehouses.



Solar power generation equipment at Ibaraki Distribution Center No. 4 in Osaka Prefecture

Efforts to reduce CO₂ emissions per unit at Dia Pharmaceutical Network Co., Ltd.

We strove to improve the loading rates for DP-Cool, our temperature-controlled pharmaceutical transportation/delivery service, and reduce CO₂ emissions per weight and transport distance (CO₂ emissions per unit) for products transported through this service. In FY2023, CO₂ emissions per unit increased slightly due to an increase in delivery destinations, decreased transport volume, and shorter transport distances resulting from the relocation of delivery destinations. In FY2024, we will continue to work on efficient transportation and delivery, such as improving loading rates, to reduce CO₂ emissions per unit.



A DP-Cool truck

Environmental Initiatives



Toward Solving Social Issues through Business

Environmental initiatives have become vital for supply chain resilience, leading to a steady increase in customer demand for transparency and reduction strategies for CO₂ and other GHG emissions.

To meet this customer demand through logistics solutions and help increase customer value, the Group gave our CO₂ emissions visualization and reduction services the collective name of MLC Green Action in March 2024.

MLC Green Action consists primarily of three services.

(1) Emission Monitoring Cargo Route Finder

This visualizes GHG emissions across customers' global supply chains while simultaneously enabling cargo transport route searches.

(2) CO₂ emissions visualization service

This service reports CO₂ emissions generated from customers' use of our warehouse facilities and transportation/delivery services based on government guideline¹ figures.

(3) CO₂ emissions reduction proposal service

In this service, we plan to propose CO₂ emissions reductions throughout the supply chain, including changes in transportation and delivery modes, facility relocation, and changes in sourcing and delivery methods, for customers using our CO₂ emissions visualization service.

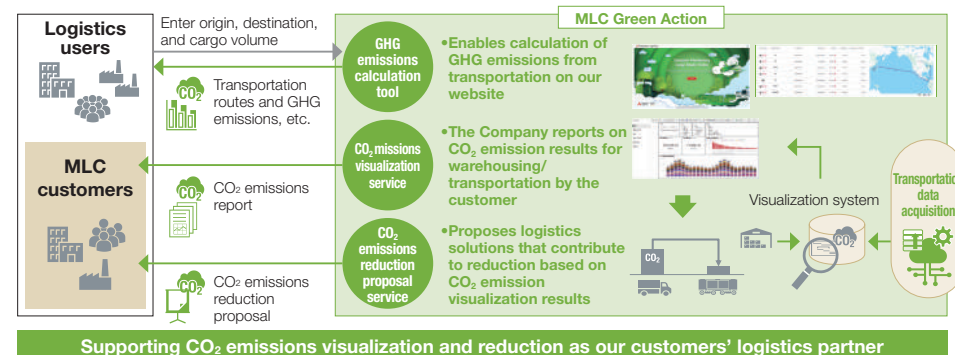
To accelerate the initiatives of MLC Green Action and reduce GHG emissions across the supply chain, the Group also submitted a commitment letter to the SBT Initiative² in February 2024 to obtain SBT certification. Going forward, we will work with the SBT Initiative to set short-term emission reduction targets based on climate change across the Company.

Overall picture of the service

Service users



The Company



1. "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.4)" by the Ministry of the Environment and the Ministry of Economy, Trade and Industry

2. A joint initiative by the CDP (formerly Carbon Disclosure Project), United Nations Global Compact (UNGC), World Resources Institute (WRI), and World Wide Fund for Nature (WWF)

VOICE

Environmental Initiatives by the Cavalier Logistics Group

The Cavalier Logistics Group purchases environmentally-friendly, clean electricity whenever possible. All three buildings operating for pharmaceutical companies at the Jessup warehouse (Maryland) and the Chicago branch (Illinois) now use clean energy from wind and other sources. At the Jessup warehouse, we purchase carbon offsets based on the amount of CO₂ emitted from the use of natural gas.

For the new warehouse planned in Raleigh (North Carolina), we plan to combine nuclear, hydroelectric, and solar power for some of the electricity to increase the ratio of carbon-free power used.

While introducing clean energy is challenging due to strict regulations in most states that limit entry into the power market and freedom of choice, we are proactively considering clean energy for locations other than these as well.



Daren Wickham

Director of Project Management,
Cavalier Logistics Group

Environmental Initiatives

Examples of environmental initiatives

To protect our customers' supply chains and the global environment, we have adopted the concepts of Disaster-Resistant and Eco-Friendly Warehouses and Disaster-Resistant and Eco-Friendly Office Buildings.

Initiatives designed to promote energy saving and the deployment of renewable energy are as follows.

Initiatives for renewable energy deployment

Installation of additional solar power generators was reconsidered and will be installed in addition to existing equipment at the Misato Distribution Center No. 2 in Tokyo, Ibaraki Distribution Center No. 4 in Osaka, and Tobishima Distribution Center in Nagoya, with plans to commence operations from FY2024 onward. Installation of these solar power generators is expected to reduce CO₂ emissions by nearly 537 tons annually. We will continue to promote the introduction of renewable energy, such as the installation of thin, lightweight solar power generators.

Initiatives toward environmentally-friendly transportation

■ Introduction of renewable diesel at Ryoso Transportation Co., Ltd.

In January 2024, Ryoso Transportation Co., Ltd. commenced a demonstration experiment using renewable diesel (RD) made from waste cooking oil and other waste vegetable and animal oils as fuel for container transport vehicles operating from Nagoya Port.

RD is imported from Neste in Finland by Itochu Corporation and supplied by Itochu Enex Co., Ltd.

Full-scale use of RD for land transport from Nagoya Port and use in other regions will be considered based on the results of this demonstration experiment.



■ Modal shift with Takeda Pharmaceutical Company Limited

We have begun a modal shift from trucks to rail transport on certain routes in partnership with Takeda Pharmaceutical Company Limited and Japan Freight Railway Company in an effort to reduce CO₂

emissions in medical pharmaceutical transportation. This will achieve transportation compliant with guidelines for the proper distribution of pharmaceuticals using temperature-controlled rail containers. On routes where this modal shift has been implemented, CO₂ emissions are expected to be approximately 60% lower than current levels. This initiative will be extended to more routes, helping reduce environmental impact.

Other initiatives

■ Promoting the conversion of company vehicles to EVs

As part of our efforts toward our declaration, net zero CO₂ emissions by 2050, we have decided to replace company vehicles with electric vehicles (EVs) by the end of FY2030.

As of the end of FY2023, nearly 160 passenger vehicles are used to travel between offices, with over 90% of these being gasoline vehicles (including hybrids). To promote conversion to EVs, we will install and expand charging stations as well as consider measures for business continuity, such as having a certain number of plug-in hybrid vehicles in the event of a power outage.

Going forward, we will work to reduce CO₂ emissions from company vehicles to zero by introducing green power at charging stations and consider using EVs as storage batteries.

■ Mitsubishi Logistics Group Net Zero Declaration

The Mitsubishi Logistics Group has declared a goal of net-zero CO₂ emissions from the business operations of the Company as well as its domestic and overseas Group companies by FY2050 based on a policy of promoting decarbonization throughout all aspects of the Group's business and supply chain and achieving a prosperous yet sustainable society by reducing climate change risks.

This declaration not only informs stakeholders of the Group's initiatives, but clarifies our unified stance as a group.

Efforts to achieve net zero will be promoted through the three

main pillars of building green logistics, developing environmentally-friendly real estate, and greening overall operations through the adoption of renewable energy.



Mitsubishi Logistics Group Declaration for Net Zero CO₂ Emissions By 2050
https://www.mitsubishi-logistics.co.jp/news/2023/20230927_01.html
(in Japanese only)

■ Green Management Certification

The Group obtained Green Management Certification* from its certification registration organization, the Foundation for Promoting Personal Mobility and Ecological Transportation (Eco-Mo Foundation), which pursues profitability and environmental conservation by promoting environment-friendly business activities.

*The Foundation for Promoting Personal Mobility and Ecological Transportation is an organization that has certified and registered business operators working to reduce environmental burden at a level exceeding the standards outlined in the Green Management Promotion Manual since October 2003.

1. Certification acquisition status of the Company

All offices in the Warehousing and Distribution Business Division and Port and Harbor Transportation Business Division

(Part of the container terminals of the Port of Yokohama and the Port of Kobe)

2. Certification acquisition status of the Group companies

Truck transportation business (Ryoso Transportation Co., Ltd. and Kyushu Ryoso Transportation Co., Ltd.) and warehousing and distribution business (Chubu Trade Warehousing Co., Ltd., Kusatsu Soko Co., Ltd., and Warehousing Business Division of Monryo Transport Corporation)

Environmental Initiatives

Response to TCFD recommendations

The Company announced its endorsement of the Task Force on Climate-related Financial Disclosures (TCFD)* in June 2022 and based on the TCFD recommendation framework discloses information on four items: “Governance,” “Strategy,” “Risk management,” and “Indicators and targets.”

See our website for detailed disclosure information.

* TCFD (Task Force on Climate-related Financial Disclosures): Established by the Financial Stability Board (FSB) at the request of the G20 to consider how to disclose climate-related data and how financial institutions should respond.



Disclosure based on TCFD recommendations
https://www.mitsubishi-logistics.co.jp/esg_sdgs/environment/tcfd.html (in Japanese only)

Information disclosure of four items based on TCFD recommendations

Governance and risk management

■ Board of Directors and the Executive Committee

At Mitsubishi Logistics, the Sustainability Committee reports to the Board of Directors at least once a year on sustainability issues, including on matters involving climate change. The Board of Directors supervises sustainability issues through discussions on initiatives and goal management. The Board also decides on important matters involving climate change, such as setting greenhouse gas (GHG) emission reduction targets and management strategies.

The Executive Committee, chaired by the president and composed of the chairman and executive officers ranked managing executive officer and higher, which discusses important matters involving management, also receives reports from the Sustainability Committee on sustainability issues such as matters involving climate change as needed, discusses initiatives and goal management, then has executive officers ranked managing executive officer and higher provide instruction and supervision to relevant departments.

Note: See the List of board of directors on our website for details

on current members (chairman, president, and executive officers ranked managing executive officer and higher).

<https://www.mitsubishi-logistics.co.jp/english/company/executive/>



■ Sustainability Committee

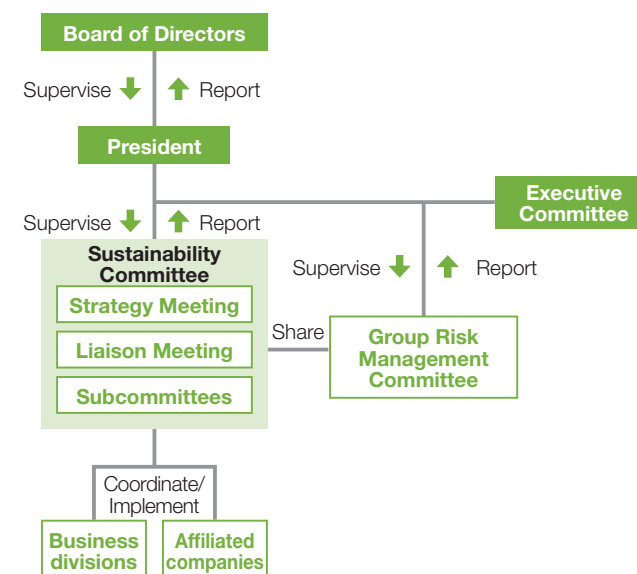
The Sustainability Committee, which is chaired by the president and includes members of the Executive Committee and managers of divisions, chambers, and branches, consists of the Strategy Meeting, the Liaison Meeting (both attended by full-time Audit & Supervisory Board Members as observers), and subcommittees.

The Strategy Meeting, chaired by the president and composed of the chairman and executive officers ranked managing executive officer and higher, is held at least once a year to determine and review sustainability issues, discuss reviews of measures and targets related to materiality, discuss key issues, and discuss basic policies for promoting sustainability management (ESG management / response to the SDGs). Sustainability management initiatives, including the activities of the Sustainability Committee, are reported to the Board of Directors and Executive Committee at least once a year based on Strategy Meeting discussions.

The Liaison Meeting, chaired by the managing executive officer in charge of promoting sustainability and composed of managers of divisions, chambers, and branches as well as the Sustainability Promotion Division (secretariat), is held at least once a year to share Strategy Meeting discussions and monitor measures and targets for sustainability issues.

The subcommittees oversee each of the materiality issues related to sustainability management initiatives that are sustainability issues for the Group. The subcommittees are responsible for creating roadmaps and action plans to achieve targets for sustainability issues, including matters involving climate change, as well as planning, developing, managing, and implementing measures. They also monitor initiatives related to climate change, manage progress, and consider countermeasures in cooperation with business divisions and affiliates, then report to the Sustainability Committee as needed.

Organizational chart



Environmental Initiatives

Strategy

Based on below 1.5°C and 4°C scenarios, we identified transition risks (risks associated with the transition to a low-carbon society), physical risks (climate risks associated with the progress of global warming), and opportunities in the short, medium, and long term and considered the degree of their impact. The mitigation measures and countermeasures for major risks and opportunities are as follows.

Note: In FY2023, the 2°C scenario was revised to the 1.5°C scenario and its impact was re-evaluated.

■ Transition risks

In terms of transition risks, as one example, it was found that the impact from carbon taxes and other taxes based on the amount of emissions of CO₂ and other gases (GHGs) that lead to global warming as well as the impact from increases in the cost of capital investment and facility replacement to curb the emission of those gases would be significant. Mitigation measures include developing Disaster-Resistant and Eco-Friendly Warehouses and proposing environment-friendly transportation/delivery in the Logistics Business as well as developing Disaster-Resistant and Eco-Friendly Office Buildings and introducing renewable energy in the Real Estate Business.

■ Physical risks

In terms of physical risks, it was found that the impact of a decrease in labor productivity due to heatstroke and other ailments among workers as well as an increase in the cost of introducing measures such as equipment to prevent such problems would be significant. Mitigation measures include further promoting highly efficient work operations, introducing new technologies that make it possible to reduce workload, and promoting initiatives to provide a comfortable working environment, including through a review of work styles.

■ Opportunities

In the transition to a low-carbon and decarbonized society, the growing need for services with low CO₂ emissions, temperature-controlled transportation/delivery due to rising temperatures, and business continuity and the maintenance of supply chains even under circumstances of increased frequency of intensified disasters due to climate change will translate into business opportunities, the impact of which was found to be significant. Tangible countermeasures include continuing to proactively develop Disaster-Resistant and Eco-Friendly Warehouses and Disaster-Resistant and Eco-Friendly Office Buildings, while intangible measures include responding to customer needs by proposing logistics with low environmental impact, introducing and supplying renewable energy, enhancing the safety of facilities through planned implementation and strengthening of facility repairs and storm and flood damage countermeasures based on our experience in dealing with disasters, and providing robust logistics services utilizing our expertise, such as in selecting alternative routes and facilities in the event of a disaster.

Indicators and targets

■ Performance indicators

In the Mitsubishi Logistics Group Roadmap for Realizing a Decarbonized Society ("the Roadmap") announced in September 2023, the Group published its Mitsubishi Logistics Group Net Zero Declaration and its aim to achieve net zero CO₂ emissions by FY2050. Going forward, we promote decarbonization in our Group's businesses and supply chains, focusing on initiatives in the priority areas shown in the Roadmap.

Quantitative targets	Medium-term targets (FY2030)	Long-term targets (FY2050)
	50% reduction (compared with FY2013) (Scope 1 + 2) ¹	Achievement of net zero CO ₂ emissions (Scope 1 + 2) ²

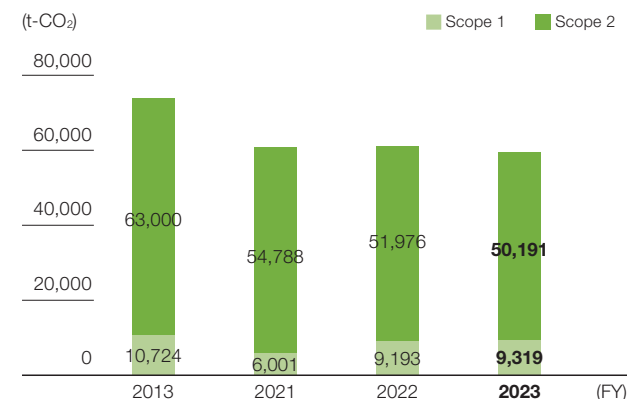
1. Applies to emissions from the Company as well as Group companies Fuji Logistics Co., Ltd. and Ryoso Transportation Co., Ltd.

2. Applies to all emissions related to the business of the Company as well as domestic and overseas Group companies.

■ Actual results of GHG emissions

Of the GHGs within the scope of the new target values, actual results of CO₂ emissions are as follows. CO₂ emissions data is also listed in the ESG Data Sheet (in Japanese only).

CO₂ emissions



Notes: 1. To reflect the effect of CO₂ emission reduction due to the introduction of real renewable energy, the calculation method was revised in the FY2022 data.
2. Recalculated due to revisions to applicable locations in 2024.



Environmental Initiatives

Risks and Opportunities Based on Scenario Analysis & Response

Item		Description	Logistics	Real Estate	Impact period ¹	Impact ²	Mitigation/Countermeasures
Transition risks	Rising GHG emission-related prices	Increases in storage and transportation/delivery costs for the Logistics Business and development and operating costs for the Real Estate Business due to the introduction of taxes (carbon tax, etc.) based on GHG emissions; costs will also increase due to the introduction of emissions trading system, etc.	○	○	Short to medium term	Major	In the Logistics Business, we will promote the deployment of Disaster-Resistant and Eco-Friendly Warehouses, which have a low environmental impact, and promote efficient transportation and delivery by proposing environmentally friendly transportation and delivery and promoting modal shifts. In the Real Estate Business, we will promote energy-saving measures, including the deployment of Disaster-Resistant and Eco-Friendly Office Buildings, the installation of and replacement with high-efficiency equipment, and a sophisticated management system staffed by specialized staff while expanding renewable energy deployment.
	Increase in capital investment costs to reduce GHG emissions	To reduce GHG emissions and energy usage, increases in investment and renewal costs for transportation and delivery vehicles and various items of equipment, and for renewable energy deployment costs	○	○	Short to medium term	Major	We will further promote energy saving, utilize public incentives, and invest in transportation and delivery vehicles and various equipment based on appropriate specifications that take into account social trends and environmental regulations.
	Drop in sustainability ratings	If an appropriate response is delayed, there is a possibility that an increase in capital costs and debt costs, subordination in acquiring human resources, a decline in ESG evaluation, and an increase in compliance costs may occur.	○	○	Short term	Minor to major	We will advance initiatives under the Mitsubishi Logistics Group's Initiatives for ESG Management and the SDGs, our company-wide sustainability policy, and provide detailed explanations to stakeholders.
Physical risks	Increasing severity of disasters due to abnormal weather events, etc.	Insurance premiums for facilities and cargo will increase due to the intensification of disasters caused by abnormal weather events, etc. Also, in the Logistics Business, expenses related to facility restoration, compensation for stored cargo, relocation (storage location change), alternative shipping, etc. due to damage to facilities and cargo may occur, while in the Real Estate Business, revenue will decline due to facility restoration costs and tenant compensation due to damage to office buildings and retail facilities, as well as a diminished ability to attract customers.	○	○	Long term	Minor to medium	In addition to deploying Disaster-Resistant and Eco-Friendly Warehouses and Disaster-Resistant and Eco-Friendly Office Buildings that feature functions to guard against power outages, we are enhancing individual measures such as designing roofs to have structural strength against wind pressure resistance that surpasses the Building Standards Act criteria. We will also strengthen and systematically implement repairs and storm and flood damage countermeasures, make early countermeasure preparations by using systems in the gathering of information on natural disasters, and work to prevent the occurrence of or reduce damage to facilities and stored cargo.
	Rise in average temperature	In the Logistics Business, there will be an increase in air-conditioning costs for facilities such as warehouses and transportation and delivery vehicles, and for owned properties in the Real Estate Business.	○	○	Long term	Minor	While working with customers to implement energy-saving measures, we will promote the deployment of Disaster-Resistant and Eco-Friendly Warehouses and Disaster-Resistant and Eco-Friendly Office Buildings that have a low environmental impact as well as upgrade existing facilities to have high-efficiency equipment.
		Increased risk of heatstroke and decreased labor productivity due to heat stress, increases in personnel costs and in costs for countermeasures, such as installation of high-efficiency air-conditioning equipment.	○	○	Long term	Major	In conjunction with the introduction of new technologies that enable more efficient operations and reductions in workload, we will promote initiatives to provide more comfortable working environments, including reviews of work styles.
	Rises in sea level	Increases in costs for measures such as facility reinforcement in preparation for flood and storm surge damage	○	○	Medium to long term	Medium	When constructing a new facility, we will carefully investigate the risk of natural disasters and consider locations, specifications, etc. to minimize the cost of countermeasures, and for existing facilities, measures including relocation will be promoted depending on the level of risk.
Opportunities	Reduce energy costs by improving energy efficiency	In the Logistics Business, reduce energy costs by introducing EVs, switching to LED lighting systems, highly efficient warehouse operations, improving joint delivery/loading rates, improving container terminal operations and other initiatives	○		Short to medium term	Medium	As tangible measures, we are expanding the introduction of ZEV transportation and delivery vehicles such as EVs, hybrid cargo handling equipment, and the use of renewable energy while deploying Disaster-Resistant and Eco-Friendly Warehouses with low environmental impact and will assess research and development trends in new technologies such as biofuels and hydrogen. As intangible measures, in transportation and delivery, we will bring about cost reductions by working to improve energy efficiency through, for example, the promotion of environmentally friendly transportation and delivery services that do not prioritize lead times.
		Reducing energy costs in the Real Estate Business through measures designed to improve energy efficiency		○	Short to medium term	Minor	We will improve facility energy efficiency through the deployment of low-environmental impact Disaster-Resistant and Eco-Friendly Warehouses and Disaster-Resistant and Eco-Friendly Office Buildings, as well as the promotion of energy-saving measures such as introducing and upgrading high-efficiency equipment, while aiming to reduce costs by boosting energy efficiency under an advanced management system run by specialist staff.
	Respond to transition to low-carbon/decarbonized society	Increasing needs for facilities with high-level environmental performance and services with low CO ₂ emissions, such as joint delivery and use of renewable energy	○	○	Medium term	Medium	For tangible efforts, we will actively promote low-environmental impact Disaster-Resistant and Eco-Friendly Warehouses and Disaster-Resistant and Eco-Friendly Office Buildings. For intangible efforts, we will work to increase revenue by responding to customer needs by proposing logistics with low environmental impact, such as environmentally friendly transportation and delivery services, modal shift, and joint delivery in the Logistics Business and through the installation and supply of renewable energy in the Real Estate Business.
	Adapt to climate change	An increasing need for temperature-controlled transportation and delivery services, including for products that previously did not require temperature control, due to rising temperatures	○		Medium to long term	Medium	In addition to pharmaceuticals not subject to temperature control, we will work to expand revenue by responding to customer needs by applying our pharmaceutical distribution center storage and the low- and constant-temperature technology and expertise of DP-Cool, a pharmaceutical transportation and delivery service, to the transportation and delivery of products other than pharmaceuticals.
		Increasing needs from customers who say that they want to be able to maintain business continuity and their supply chains in a world where natural disasters have become more severe and occur with greater frequency due to climate change	○	○	Medium term	Medium	We are actively working to deploy Disaster-Resistant and Eco-Friendly Warehouses and Disaster-Resistant and Eco-Friendly Office Buildings equipped with a range of business continuity functions and heighten the safety of facilities through the systematic implementation and reinforcement of facility repairs and wind and flood damage countermeasures. By leveraging our expertise in selecting alternative routes and handling facilities to provide robust logistics services in the event of a disaster, the Company also aims to expand revenue by responding to customer needs.
	Provide climate change response-related services	Increasing need for visualization of CO ₂ emissions in supply chains and for reduction in CO ₂ emissions	○		Short to medium term	Medium to major	By proactively proceeding with system development, we will expand CO ₂ emission visualization services and aim to expand revenue by developing and providing solutions to customers to reduce their CO ₂ emissions, such as by proposing logistics bases and transportation/delivery routes.

1. Short term: Estimated to commence within three years; Medium term: Estimated to commence around 2030; Long term: Estimated to commence around 2050.

2. Quantitative items: Less than ¥100 million is classed as minor; less than ¥1.0 billion medium, ¥1.0 billion or more major. Qualitative items: Comprehensive judgments based on quantitative items, etc.

Materiality (Six Key Themes): Initiatives for Each Theme

Cutting-Edge Technology, Innovation

Driving innovation with cutting-edge technology to support sustainable social development

We provide advanced quality control and high value-added services through collaboration between the employees who support everyday life and cutting-edge technologies. We will work to resolve social issues such as labor shortages by promoting improved efficiency and sophistication in logistics and real estate operations and supporting those who work at logistics sites.



Priority Issues and Measures Through Business Activities

Improving the Efficiency and Sophistication of Logistics Operations and Facility Management >> Performance indicators

- Achieve highly efficient operations through collaboration between labor-saving technologies, such as robotics, and human beings
- Collect and analyze data collected in-house and data provided by customers and business partners as big data then add our accumulated expertise to achieve automation and optimization in business decisions through AI, operational process automation and labor saving, and increased value of services, and more

Developing Logistics Platform Services >> Performance indicators

- Build a logistics platform utilizing blockchains and other digital technologies to achieve the visualization of comprehensive supply chains and advanced quality control, thereby helping solve customer issues
- At the same time, promote the visualization and reduction of CO₂ emissions to contribute to customers' decarbonization efforts

FY2023 Topics and Initiatives from FY2024 Onward

Developing logistics platform services

FY2023 Topics

For ML Chain, a unique pharmaceutical logistics data platform that achieves high-quality logistics services tailored to customer needs that optimizes stakeholder supply chains, we have established a system that lets pharmaceutical companies verify the acquisition status of necessary licenses and audit records for external contractors we employ for transportation using smart contract functions in addition to visualization in temperature and location information in the pharmaceutical distribution process.

Initiative from FY2024 Onward

To respond to changing international circumstances and growing environmental awareness, we have begun building a new international transportation digital platform through which we plan to create new value and a better customer experience, providing services such as visualization of transportation status and greenhouse gas emissions as well as consulting services using supply chain analysis tools. As a feature of this platform, we launched the greenhouse gas calculation system Emission Monitoring Cargo Route Finder in February 2024 and are promoting this initiative.

Cutting-Edge Technology, Innovation

Improving the efficiency and sophistication of logistics operations and facility management

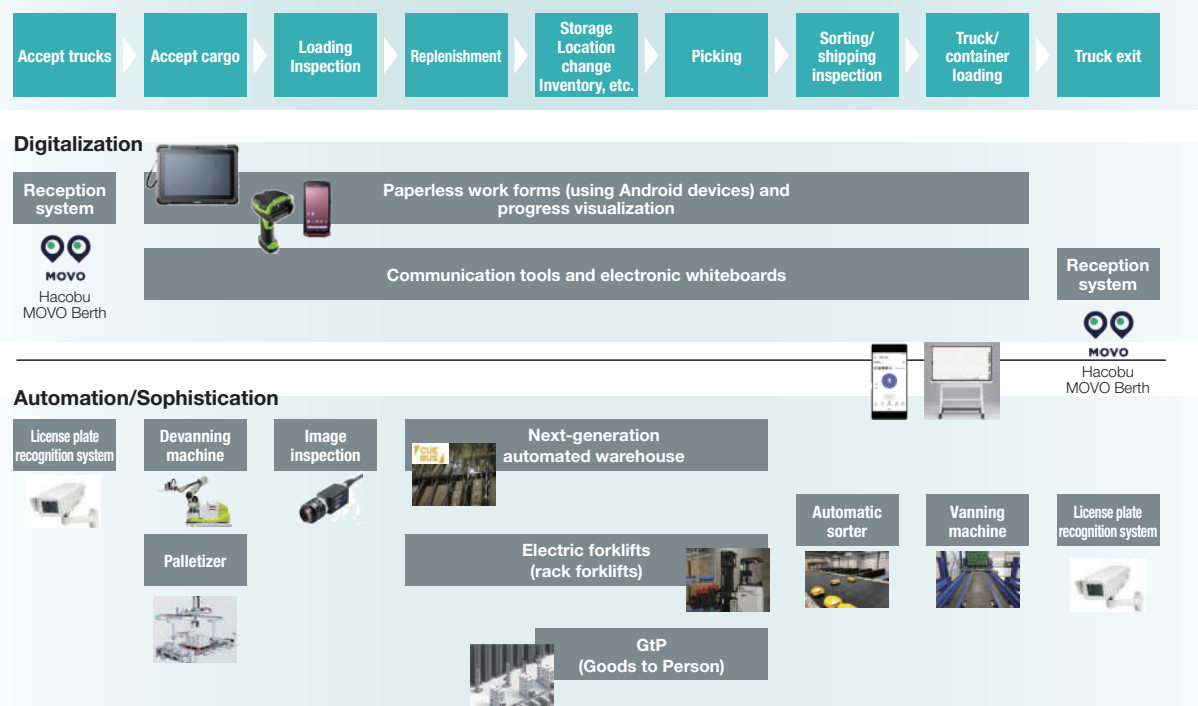
FY2023 Topics

Having redefined standard operational processes and operations by category based on cargo characteristics, we are working to improve service quality and productivity using cutting-edge technology. We have introduced automation and labor-saving devices using AI-based business decisions and robotics technology at key points based on cargo characteristics. We are working to build a system to improve service quality and productivity without having to rely on staff skills by visualizing expertise and insights, which are largely reliant on actual experience by workers at production sites and offices, then transplanting them to a cloud-based data analysis platform and utilizing AI.

Initiative from FY2024 Onward

To promote the Smart Hybrid Warehouse initiative, which aims to improve service quality and productivity through operational process improvements by combining experience from production sites with cutting-edge technology in warehouse operations, we will introduce Android devices and electronic whiteboards in warehouses as well as solutions to eliminate heavy physical labor.

Overview of Smart Hybrid Warehouse Promotion Efforts



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Promoting Smart Hybrid Warehouses

As part of our DX initiatives, we are working on operational process improvements and introducing advanced technologies to increase logistics base efficiency and service quality.

In medical and healthcare, we are implementing AI-based inventory location optimization and staffing as well as paperless work forms, warehouse automation, and communication support at nearly 40 centers nationwide. We are rapidly introducing new processes and systems while

maintaining stable operations at centers by verifying and refining models at a minimal number of locations before expanding, then repeating this cycle.

Going forward, we will ramp up efforts to consolidate and standardize operations while looking to boost productivity and improve horizontal operations.



Ikumi Noguchi

Digital Transformation Team,
Information Systems Division, Head Office

Materiality (Six Key Themes): Initiatives for Each Theme

Partnerships



With an eye toward building a sustainable society, we are working shoulder-to-shoulder with our partners to develop new businesses at the forefront of industry.

Based on our unwavering sense of mission and integrity as a company doing essential work, we will create the pillars of business that solve social issues and improve profitability through open innovation, driven by CVC and M&A.

Priority Issues and Measures Through Business Activities

Collaborate with startups and companies in other industries

>> Performance indicators

- Optimize development and create new businesses through open innovation with CVC, etc.

FY2023 Topics and Initiatives from FY2024 Onward

In FY2023, we directly invested in Hacobu Co., Ltd. to reduce cargo wait times and otherwise streamline transportation and delivery operations as well as further promote environmental measures through the visualization and reduction of CO₂ emissions, in order to advance our response to Japan's logistics challenges in 2024.

We also formed a ¥5 billion CVC fund and founded MLC Ventures, Ltd. We are investing in startups in healthcare, environment, space, and a variety of other fields beyond logistics and real estate to create new businesses. In FY2023, we invested in three companies, including ugo Inc., which is developing next-generation business DX robots; Blue Baton Co., Ltd., which is promoting innovation in the last-mile industry; and Cuebus Co., Ltd., which is developing linear drive robot warehouses; and in FY2024, we invested in Einride AB, which is deploying a B2B freight transport service, and are working on business partnerships with each of these companies.

In FY2024, we invested in the Mercuria Supply Chain Investment Limited Partnership (MSCF) organized by Mercuria Investment Co., Ltd. MSCF is a fund that aims to support ventures seeking to solve issues in Japanese logistics and supply chain sectors, and through this investment, we will accelerate open innovation. We are also working to develop human resources with insight into startup investment and broad external networks by seconding junior and mid-level employees to this fund.

We will continue running the MLC Innovation Program, an internal proposal program for new business kickstarted in FY2023, in partnership with our CVCs and MSCF.

MLC Ventures is a corporate venture capital (CVC) firm parented by Mitsubishi Logistics Corporation. We will further develop partnerships with startups and companies from different industries through the Group to contribute to society by developing new services, supporting startups, and further enhancing logistics services as social infrastructure.



Invested in ugo Inc., which develops business DX robots



Invested in Blue Baton Co., Ltd., which promotes innovation in the last-mile industry



Invested in Cuebus Co., Ltd., which develops linear drive robot warehouses



Invested in Einride AB, which provides freight transport services through EV trucks

Partnerships

Collaboration with investees through MLC Ventures

ugo, Inc.

ugo, Inc. is a company that provides business robots and an integrated robot management platform with “maximizing human potential through the social implementation of robots” as its vision.

The company focuses on business robots used primarily in security and inspection, where securing workers has become difficult, to address labor shortage issues.

(1) Low hurdle to implementation

Many business robots are standalone and designed with functions or specifications that allow them to accomplish only their intended task, which raises prices and causes companies struggling with labor shortages to give up implementation due to the cost. The robots at ugo, Inc. are intended to be labor-saving rather than fully automated and feature specifications are “just right” based on the premise that there will be some remote operation by humans, allowing the same operations as before to be performed by fewer workers. This results in significantly lower implementation costs over competitors, helping many companies save labor.

(2) Building delivery models (joint delivery and store-to-customer)

The robots from ugo, Inc. feature a wide range of applications. For example, they are used for patrol inspections at commercial facilities and office buildings, security and guidance, communication with the elderly in nursing care, and warehouse inventory automation when combined with RFID. There are also models able to use elevators, eliminating the need to place robots on each floor, which contributes to the cost reductions mentioned in (1).

(3) A user-friendly integrated robot management platform

ugo Platform allows you to set robot operation routes and manage data collected by robots, such as meter readings captured by cameras. Developed as a no-code tool easy enough for anyone to operate, this platform can be used by companies to freely customize and manage robot operations. It can also be linked with robots from other companies, allowing for potential business expansion.

The significance of investment

In the logistics and real estate industries, which have high demand for labor-saving devices, remote operation, and automation due to labor shortages and an aging population, promoting the use of robots is essential for creating a sustainable society. By combining the Mitsubishi Logistics Group's vast network of social infrastructure businesses focused on logistics and real estate with ugo, Inc.'s solutions for the digital transformation of business infrastructure using robots, we will help build a sustainable society.

Business DX robot ugo

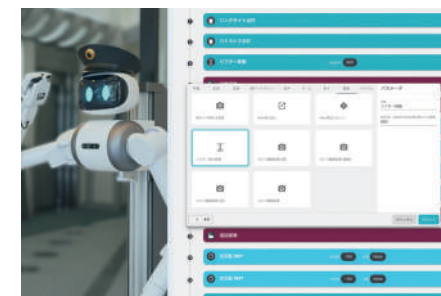


Business DX robot ugo

ugo Platform, an integrated robot management platform



Robot management, remote operation, and report generation



Flow automation

Partnerships

Blue Baton Co., Ltd.

Blue Baton Co., Ltd. (BB) is a startup that provides last-mile delivery services using vans.

As demand for last-mile delivery services has increased alongside growth in the e-commerce market, driver shortages have become a serious issue due in part to normalized multi-tier subcontracting structures that prevent drivers from earning a decent income despite long working hours.

BB aims to secure driver income and achieve high-quality, efficient transportation and delivery through the following approaches.

(1) Approach to multi-tier subcontracting structures

BB limits subcontractors for delivery projects to drivers registered to the company and those with direct contracts with franchise stores. From the shipper's point of view, this means up to secondary subcontracting is permitted. This prevents reduced driver income and increased delivery fees due to multi-tier subcontracting while enabling high-quality transportation and delivery for precision equipment and pharmaceuticals as well as ancillary tasks like computer operations at delivery sites through clear training and instruction systems.

(2) Building delivery models (joint delivery and store-to-customer)

BB adopts a joint delivery model, where one vehicle delivers cargo from multiple shippers to different destinations, as well as a store-to-customer model, where products are delivered directly from stores to individual homes. By uncovering demand for last-mile delivery that does not require the transportation relays that occur when outsourcing to existing delivery companies, BB eliminates inefficiencies and helps reduce environmental impact.

The significance of investment

BB's business model aims to solve last-mile delivery issues and create transformation to a healthier industry structure. MLC Ventures will help solve social issues by supporting BB's growth through partnerships with Mitsubishi Logistics and others. Collaboration with BB will also bring Mitsubishi Logistics new last-mile delivery solutions. Leveraging this is expected to expand the value we are able to offer existing customers and help acquire new businesses.

Cuebus Co., Ltd.

Cuebus Co., Ltd. is a company that develops and provides the world's first urban 3D linear drive robot warehouse.

The logistics industry faces a declining birthrate and aging population, labor shortages, and many other challenges, making the adoption of automation and labor-saving systems essential for building a sustainable society. Cuebus aims to solve several issues in the logistics industry through the following approaches.

(1) High functionality

Self-propelled magnetic trays move in four directions on linear motor tiles, efficiently retrieving cargo as though putting together a puzzle, contributing to improved productivity and automation in logistics warehouses.

(2) High storage efficiency and flexible installation

The unit structure, which expands vertically and horizontally by joining frames, achieves high storage efficiency by maximizing height without the need for aisles, allowing flexible installation even in small urban areas based on user needs and environments.

(3) Low initial investment cost

Since this system can be installed at the minimum size necessary, initial investment costs are controlled, making it easy for small and medium-sized enterprises that are unable to have their own logistics warehouses to adopt, delivering overwhelming convenience and cost performance.

The significance of investment

Cuebus aims to develop next-generation distribution warehouses based on a different concept than conventional robotic warehouses to solve a plethora of issues in the logistics industry. Mitsubishi Logistics will strive to create more sophisticated warehouse management, build next-generation logistics warehouses, and solve issues in the logistics industry through its business partnership with Cuebus.



Self-propelled magnetic trays run on linear motor tiles

Partnerships

Einride AB

Einride AB is a Swedish startup that provides B2B freight services in Europe and North America, combining software development for high-efficiency truck operations with large EV truck operation.

Since its foundation in 2016, Einride has developed EV trucks and business, and was the first in the world to successfully run a self-driving EV truck on a public road in 2019. EV trucks, driving efficiency, and autonomous operation technology are areas of high focus in today's environmentally-conscious world, and Einride is a frontrunner in addressing these challenges. The features of Einride are as follows.

(1) High-efficiency operations

Einride develops high-performance EV trucks and charging station networks and has also developed the Saga platform to optimize operations, combining these for maximum operational efficiency. Saga's features go beyond mere dispatch and optimal transport route calculation to instruct individual EV trucks on charging stations, timing, and duration, optimizing operations overall.

(2) Business model

Einride does not sell the EV trucks it develops, but instead adopts a business model of selling EV truck transport capacity on specific routes to individual shippers. From the shipper's point of view, this innovative business model allows them to switch to environmentally-friendly transportation without having to own expensive EV trucks, allowing more companies to meet demand for efficient yet environmentally-friendly transport.

The significance of investment

The Mitsubishi Logistics Group is bolstering its sustainability management initiatives through its ZERO+ concept, offering storage and transport services that reduce environmental impact with a focus on solar power and EV trucks as well as CO₂ visualization projects.

Einride's solutions help solve such social issues as driver shortages, work style reform, creating more advanced and efficient transportation and delivery, and addressing environmental toll, all of which aligns with the Group's management strategy.

This investment allows us to support the growth of Einride's growth by providing and utilizing the domestic and international assets of the Group, helping to create a prosperous and sustainable society.



EV trucks

VOICE

Efforts at MLC Ventures

MLC Ventures is a corporate venture capital firm by Mitsubishi Logistics Corporation. The fund totals ¥5 billion, with a 10-year management period. We aim not only to create financial returns through fund management but to also increase the value of Mitsubishi Logistics and transform our business, create new businesses, and create the logistics of the future. We select startups based on whether they possess technology or unique expertise that will help us achieve these goals when investing.

After providing funds, we do not simply sit back and watch. We offer assets owned by Mitsubishi Logistics and help with proof-of-concept projects. We also introduce potential customers or provide advice on business operations. We aim to grow together with startups. We are delighted to discover and support companies whose potential impact on society excites us.



Hiroko Okutani
Director, MLC Ventures, Ltd.

Materiality (Six Key Themes): Initiatives for Each Theme

Human Resource Development, Employee Satisfaction



We will provide customer-oriented, highly value-added, high-quality services by promoting growth and enhancing the engagement of our people, the source of our value creation.

The Company, which has a history of 138 years woven together by the power of its people, strives to develop global talent to pave the way for the next era while focusing on establishing a positive work environment and building personnel and training systems.



Priority Issues and Measures Through Business Activities

Develop personnel and welfare programs that value each individual employee >> Performance indicators (1) (2)

- Establish a personnel system that accommodates a variety of work styles
- Create an environment that helps balance work and life
- Create workplaces that make worker health and safety the highest priority

Develop human resources with global perspectives

>> Performance indicators (3)

- Develop human resources with global perspectives through expansion of training programs, etc.

FY2023 Topics and Initiatives from FY2024 Onward

Establish a personnel system that accommodates a variety of work styles

The Company strives to create working environments in which every employee can fully demonstrate their individuality and competence.

In FY2023, we raised awareness on our regional system for general employees and revised job transfer criteria for regional general employees, relaxing application requirements to make the system accessible to even more employees. We also worked to actively recruit both new graduates and career hires interested in regional general employee positions.

Although the ratio of regional general employees has been used as a quantitative measure of the extent to which we have achieved diverse and flexible working styles, starting in FY2024, we plan to replace this indicator with the engagement survey score to more directly gauge employee satisfaction levels.

With improving engagement scores as our target, we will strive to increase the positive response rate in the engagement survey as well as identify priority issues through this survey and then develop and implement measures to address them.

Human Resource Development, Employee Satisfaction

Improving engagement

We consider improving employee engagement a crucial element in human capital management. We believe dialogue between management and employees is particularly important in improving engagement and host town hall meetings as opportunities to reflect employee feedback in management and policies as well as convey management's ideas to employees.

● Conducting an engagement survey

The Company lists improvement of employee satisfaction as an initiative under one of the basic policies of its Management Plan (2022–2024), “5. Strengthen the Group management base,” and to advance this effort, we have conducted engagement surveys at the Company and its domestic consolidated subsidiaries since November 2022.

The overall score for FY2023 was 47.0% positive (45.3% in FY2022), a score improvement that we believe reflects the effects of a variety of initiatives, including these town hall meetings.

Some improvement was also observed in scores for “job satisfaction among young employees” and “female empowerment,” priority issues identified in the previous survey. In FY2024, we will continue to work on both of these priority issues to further improve scores and boost engagement.

FY2023 Engagement Survey Results

Positive	Neutral	Negative
47.0%	36.5%	16.5%

● Initiatives for job satisfaction and growth among young employees

To improve the priority issue of “job satisfaction among young employees” based on the results of the engagement survey, we will promote measures to create an environment that is not only pleasant for young employees, but also allows them to gain a sense of growth, which leads to job satisfaction.

Specifically, we will promote a variety of initiatives tied to improving self-efficacy, human resource development, and a customer-orientated stance, which comprise this sense of growth, including systems for young employees to practice autonomous career development (MLC Academy, MLC Innovation Program, etc.), management training for managers, and raising awareness of our Purpose internally.

● Town hall meetings

Town hall meetings held to formulate our Purpose

From November 2023 to February 2024, managing executive officers visited all branches of the company to conduct direct dialogues with individual employees regarding their thoughts on the Company, their work, and the Company's Purpose. 17 sessions were held with roughly 450 participants, including staff members stationed overseas. The Purpose formulated in 2024 reflects feedback from all of these employees.

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On Participating in the Town Hall Meeting to Formulate the Purpose



Masashi Kimura
Operation Team,
International
Transportation
Business Division,
Head Office

The town hall meeting allowed for fervent discussions on the company's social significance and the questions of why it exists and what purpose its employees are working for, serving as a great opportunity for me to organize my thoughts on my job and boost motivation.

I had no concrete proposals in mind when I attended but was inspired by other participants' excellent word choices and creative proposals, and I remember how these sparked ideas within me during the meeting. Thinking up a phrase that would work in the distant future while keeping the Company's history in mind and maintaining our uniqueness as a company was very novel for me. Going forward, I want to interpret that purpose in my own way and consider what actions I should take.

Continuous town hall meetings

Since November 2023, the president has been continuing face-to-face town hall meetings with employees at branches nationwide. This is to promote the Company's endeavors and innovation with employees, the source of our value creation, to provide unprecedented value to society. We believe innovation is created through exchanging opinions between departments and employees from different backgrounds.

In 2024, meetings were held at the Yokohama and Fukuoka branches in May. Content included communicating management and value creation initiatives as well as an exchange of opinions with employees on specific themes.

The themes for 2024 were “What challenges do you want to take on for the company's growth?” and “Ideas to grow the company,” with employees presenting on these themes and the president and officers providing feedback. Areas of improvement were conveyed to the relevant division immediately and are being reflected in future initiatives and provided as feedback to branches.





Human Resource Development, Employee Satisfaction

Creating an environment that helps balance work and life

In FY2023, we distributed a maternity and childcare leave handbook, which compiles company and public systems in order to create a deeper understanding of paternity and childcare leave systems among employees. We also incorporated diversity management training into annual new manager training to help them acquire management knowledge to achieve diverse work styles and have decided to implement this training continuously. In FY2024, we plan to conduct an awareness survey among male employees regarding childcare leave and conduct training for managers.

Improving job satisfaction and the work environment

Our basic philosophy on human resources is to support employees' growth and the enrichment of their work and family lives and use the resulting sustainable progress of the Company to achieve mutual value enhancement for both employees and the Company. To achieve this philosophy, we seek to improve employee job satisfaction and work environment through a variety of personnel and education systems to create an environment where employees can demonstrate their individuality and competence to the fullest, believing these efforts lead to services with higher added value. Furthermore, we do not tolerate any bullying or harassment and have a confidential in-house whistleblowing hotline in place to handle any incidents that occur. As a preventive measure, all managers are also required to take anti-harassment training.

● Developing personnel systems to create a workplace where employees can demonstrate individuality and competence

We have developed personnel systems to create an environment where each and every employee can work enthusiastically and fully demonstrate their individuality and competence.

Develop human resources with global perspectives through expansion of training programs, etc.

In FY2023, we expanded the dispatch quota for our overseas dispatch program for young employees and increased the number of participants. With the expansion of overseas business, we have also revised the content of this program, adding administrative work in addition to logistics work starting in FY2024 so that junior employees can experience a wider range of work. In FY2024, we plan to conduct follow-up interviews for those returning from overseas dispatch programs to ensure retention.

● Evaluation and treatment

The Company determines the treatment of employees based on an evaluation system that is fair, transparent, and justified. We place particular importance on meetings between employees and their supervisors held three times a year (at the time of setting goals, for mid-year review, and for year-end review). These meetings serve to deepen communication and help provide employees appropriate advice on work assignments and career plan development.

● Work-life balance support systems that value the individual

With the Act on Advancement of Measures to Support Raising Next-Generation Children taking effect, the Company has formulated an action plan to help employees balance work and family life and has introduced several systems, including childcare leave, reduced working hours, nursing care leave, general care leave (paid), and family care leave (paid). In addition, we introduced a system to grant paid leave systematically (six days per year) under the cooperation of labor and management to actively promote the uptake of annual paid leave and reduce annual working hours.

Questionnaire survey on childcare leave

We conducted an in-house questionnaire survey on childcare leave to help create an environment where employees can feel at ease when taking leave. Using the questionnaire results as a reference, we plan to revise our personnel system and conduct in-house training to promote the uptake of childcare leave.

Childcare leave handbook

We created an in-house handbook featuring information on internal systems and procedures to support parenting. Using this handbook as a reference, we are pouring effort into supporting the diverse work styles of our employees.

Human Resource Development, Employee Satisfaction

Create workplaces that make worker health and safety the highest priority

Policy and efforts on safety and health

The Group has established the Mitsubishi Logistics Group Occupational Safety and Health Policy, which prioritizes the safety and health of employees and all people involved in its business operations as the foundation for practicing honest and fair corporate activities. We also made the Health Management Declaration in 2024. Under these policies, we will strengthen the group-wide safety management system for the entire Group and promote efforts toward occupational safety and health at each business division and office.



Mitsubishi Logistics Group
Occupational Safety and Health Policy
https://www.mitsubishi-logistics.co.jp/company/policy/safety_health.html (in Japanese only)



Health Management Declaration
https://www.mitsubishi-logistics.co.jp/esg_sdgs/employee/health.html (in Japanese only)

Safety efforts

In FY2023, there were 17 occupational accidents* at the Company. We will continue these safety efforts for employees at each business division as we work to reduce the number of occupational accidents.

*Occupational accidents resulting in one or more days of lost work. Scope: All workers of the Company and its domestic consolidated subsidiaries (including dispatched workers and workers seconded to Mitsubishi Logistics). Excludes employees seconded to other companies.

■ Group-wide initiatives

- Hosting Group Safety and Health Liaison Meetings
- Swift information sharing that includes management through an accident reporting system
- Awareness raising using safety promotion signboards

■ Initiatives shared across business divisions

- On-site facility and working condition inspections using safety patrols
- Participation in internal and external safety classes and training
- Inspection of occupational accident and cargo accident cases through the Health and Safety Council

■ Initiatives by the Overland Transportation Business Division (Ryoso Transportation Co., Ltd.)

- Thorough implementation of high-performance alcohol detectors during roll calls at all vehicle-dispatch bases
- Conduct periodic health checkups with additional items related to lifestyle diseases
- Provide guidance and education to crew members based on results of periodic driving aptitude tests

Group Safety and Health Liaison Meetings

From FY2023, we hosted the Mitsubishi Logistics Group Safety and Health Liaison Meetings joined by the Company and its partners to share safety and health information and improve safety standards across the Group.



Health efforts

We will proactively implement even more measures to maintain and improve employee health.

■ Periodic health checkups

In addition to legally required tests, we have increased examination items related to lifestyle diseases and introduced subsidies for disease screenings specific to women.

■ Mental health care

We have enhanced education and training on mental healthcare and also implement stress checks twice a year as well as measures based on the results, a consultation booth with external specialists, and a variety of other measures.

Appropriate working environment

An appropriate working environment stabilizes standard of living and is indispensable in improving productivity and developing human resources. For this, we will focus on labor-management relationships, strive to prevent overwork, and work to address issues such as ensuring worker safety, human resource development, and training.

Prevention of overwork

The Group strictly abides by the labor laws and regulations of each country and seeks to reduce overwork through stringent management of work hours. As specific measures, we have a system in place where we can constantly monitor the check-in and check-out times of employees and the work hours they enter into the attendance management system as well as the status of monthly overtime work, and also use computer log data to verify whether work hours are entered correctly.

For employees working long hours, we conduct interviews with industrial physicians based on standards that surpass legal requirements to prevent damage to health caused by overwork.

To transform the mindset of managers, we hold manager briefings aimed at reducing overtime work and endeavor to have these measures take root by holding workplace meetings for the employees and more. The Company and the union also periodically check the status of overtime work and the uptake of leave of absence at Management Council and Work Hour Improvement Committee meetings, sharing information on effective initiatives to reduce work hours.

VOICE

Improving Quality of Safety Using Eye-Tracking Technology



Fumitoshi Nishimura
Supervisor of Rokko C-4
Worksite,
Port Operations Division,
Shinryo Koun Co., Ltd.

As a company working in port transportation, we put worker safety first and strive each day to promote safety and raise awareness through regular safety meetings, patrols, and more.

In December 2023, we conducted an investigation using eye-tracking technology for trailer driving operations in container yards in partnership with an insurance company. We had workers wear special glasses that capture the wearer's gaze and performed a comparative analysis on eye movements between experienced and novice workers that revealed differences in safety verification behavior and risk recognition among workers. We plan to use this data to create future work manuals and safety training to improve the quality of safety in the workplace.

Materiality (Six Key Themes): Initiatives for Each Theme

Compliance, Human Rights, Gender



Striving to be a company chosen continuously by customers through compliance and respect for human rights with a Code of Conduct based on the spirit of the Three Principles of Mitsubishi's Business Management Philosophy

The Company will lead the way in ensuring strict compliance throughout the entire supply chain.

We will also focus on respect for human rights and the promotion of female empowerment, with the aim of building a diverse organization.



Priority Issues and Measures Through Business Activities

Promote sincere and fair business activities

Ensure thorough compliance with awareness of the overall supply chain

>> Performance indicators (1)

- Implement initiatives for adherence to relevant laws and regulations and respect for human rights that include subcontractors



Promote female empowerment

>> Performance indicators (2)

- Build a system and create an environment where female employees can thrive



FY2023 Topics and Initiatives from FY2024 Onward

Compliance

Efforts to raise awareness on compliance through the Code of Conduct questionnaire and sustainability questionnaire

In FY2023, we conducted a Code of Conduct questionnaire for officers and employees at the Company, domestic group companies, and international group companies (English version) in December.

The sustainability questionnaire focused on questions regarding our human rights policy and was conducted at nearly 100 domestic and international subcontractors.

We will continue to conduct these questionnaires while reviewing content to align with social changes as we work to promote the Code of Conduct and the Mitsubishi Logistics Group Human Rights Policy and resolve compliance issues.

For the sustainability questionnaire, we intend to first formulate and disclose our procurement policy, then include its content in the survey to spread awareness and implement it more broadly with the entire supply chain in mind.

Compliance, Human Rights, Gender

Human Rights and Gender

Human rights initiatives

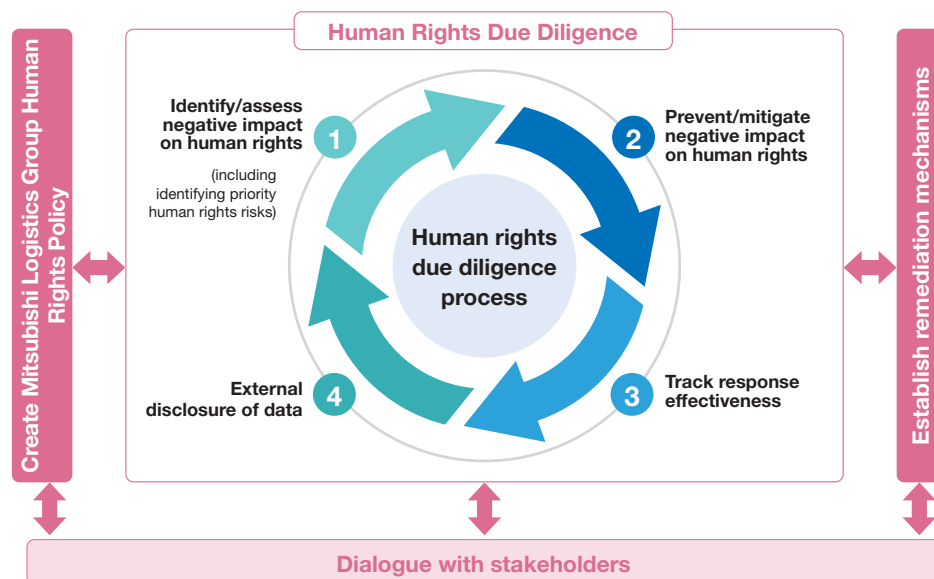
The Group formulated the Mitsubishi Logistics Group Human Rights Policy to fulfill our responsibility to respect human rights as a company in January 2023.

This policy states that the Group abides by the International Bill of Human Rights, the Declaration on Fundamental Principles and Rights at Work advocated by the International Labour Organization (ILO), and the United Nations Guiding Principles on Business and Human Rights, prohibiting child labor or forced labor of any kind, including human trafficking, and promoting respect for human rights. We also prohibit all forms of discrimination and harassment, declare our respect for diversity (human rights, religion, gender, age, disability, nationality, etc.), and seek to become a company that can provide growth opportunities aligned with the strengths, capabilities, and the will of the individual.

In FY2023, we incorporated diversity management training into new manager training as part of our efforts to respect diversity and individual values. We have also worked to prevent human rights violations such as forced labor and child labor by establishing a whistleblowing system and an external consultation hotline. In FY2023, there were no compliance violations associated with human rights abuses.

Furthermore, we conduct human rights due diligence as part of our efforts toward human rights in our corporate activities. In FY2023, we identified and assessed human rights risks and determined the priority of which of these risks to address, incorporating feedback from external experts. Going forward, we will develop and implement measures to address these risks as well as monitor and disclose results to continue our efforts to prevent and mitigate negative impact on human rights and disclose information.

Human Rights Due Diligence Initiatives



Mitsubishi Logistics Group Human Rights Policy



See the website for more information.

<https://www.mitsubishi-logistics.co.jp/english/company/policy/humanrightspolicy.html>

Priority human rights risks (affected stakeholders)

- Access to remediation channels (all)
- Health and safety (workers (Company/Group companies/suppliers, etc.))
- Discrimination based on race, religion, origin, disability, age, gender, etc. (workers (Company/Group companies))
- Product and service safety (customers/local communities)
- Appropriate labeling and description (customers)

Promote female empowerment

To promote female empowerment, we are working to create systems and environments where women can thrive, including the ratio of female managers as an evaluation indicator, with a target of 10% for FY2030. We have also adopted this as a key performance indicator for officer bonus payments*.

In FY2023, we implemented measures to support autonomous career development among women, such as hosting roundtable discussions with female employees from other companies in the same industry and revising personnel systems. In June 2024, we invited external speakers and hosted a Diversity, Equity & Inclusion (DE&I) lecture for management. We will continue to accelerate efforts to promote women's advancement and other aspects DE&I through tier-specific training and roundtable discussions.

* Starting from payments in June 2024



DE&I training session