Outline of the MLC2030 Vision and the Management Plan

The MLC2030 Vision (Announced on March 22, 2019)

We have established the MLC2030 Vision as the ideal image of the Mitsubishi Logistics Group in 2030. Integrated Report Page 7 Message from the President

Vision

Contributing to the improvement of customer value, we offer comprehensive logistics solutions to the management of customers' supply chains, from procurement to distribution/sales, as their partner.

Our growth strategies aimed at achieving this vision are as follows.

1 Establish a customer-oriented support system

The Group will establish a customer-oriented support system with a focus on the medical/health care, food/beverage, machinery/electrical machine, and new materials industries as key areas*, and will take on comprehensive supply chain challenges as the customer's partner. Through these efforts, the Group will seek to expand its business domain and boost its market share.

* We have added the new materials sector, the market for which is expected to expand toward the year 2030, to the Management Plan (2022–2024) to create four key areas.

2 Expand overseas business

The Group will move forward with system enhancements to support customer supply chains in the medical/health care and food/beverage industries and strengthen its forwarding business with demand for high-quality cold chains* expected to grow in a number of regions such as Southeast Asia (ASEAN).

* Services providing uninterrupted temperature-controlled transport and distribution for refrigerated goods

3 Secure stable profits in the Port and Harbor Transportation Business and the Real Estate Businesses

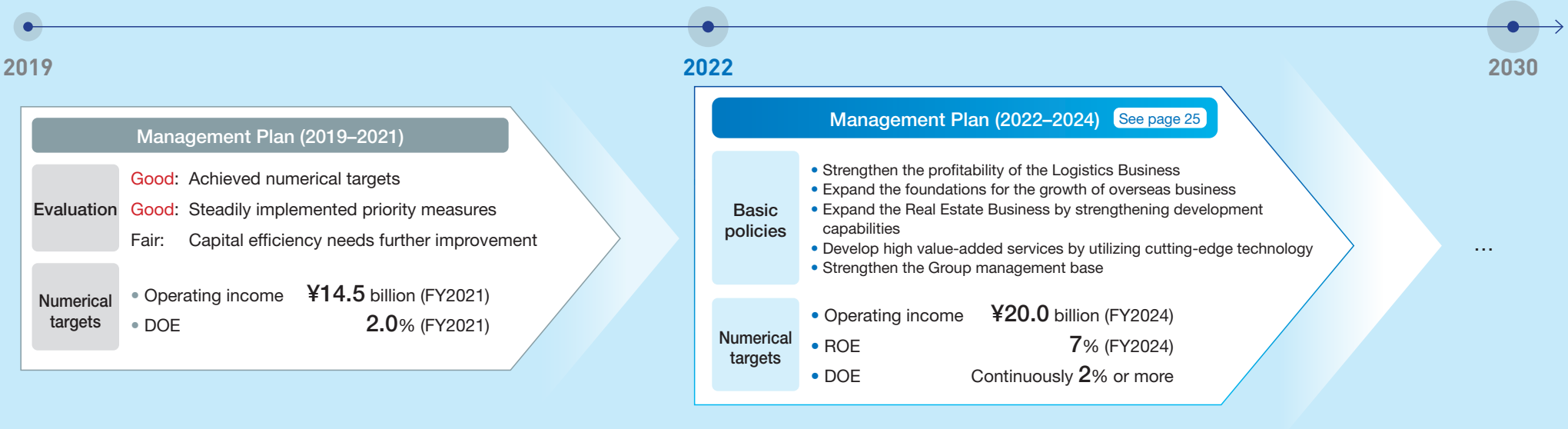
The Group will further enhance the competitiveness of its Port and Harbor Transportation Business by leveraging its cargo handling services, which rank the highest globally for efficiency, while at the same time developing commercial complexes and facilities and boosting its operational capability in the Real Estate Business. By doing so, the Group will seek to secure stable profits.

4 Improve operational processes and further utilization of new technologies

The Group will review the operational processes of all businesses and facilitate efficient operations by utilizing new technologies such as IoT, AI, and robotics. Through these efforts, it aims to improve service quality and production efficiency.

5 Strengthen the Group management base

The Group aims for growth by strengthening cost competitiveness through organizational management across the Company and its Group companies and securing and developing human resources, particularly in the key areas.



Review of the Management Plan (2019–2021)

Status of achievement (quantitative)

- Although sales and profits decreased in FY2020 due to COVID-19 (reduced volume of freight handled, partial closures of commercial facilities, etc.), sales and profits both increased in FY2021 as a result of a recovery in the volume of freight handled and increased ocean and air freight rates.
- Although the Real Estate Business failed to meet its profit target, greater business performance of the Logistics Business contributed to the overall achievement of revenue and profit targets and the DOE (dividend on equity) target in the Management Plan (2019–2021).

Differences between financial results and targets in the Management Plan (2019–2021)

(¥ million)

	FY2019 (Actual results)	FY2020 (Actual results)	FY2021 (Actual results)	FY2021 (Target)	Difference (Actual results – Target)	Evaluation
Operating revenue	229,057	213,729	257,230	240,000	+17,230	Good
Logistics Business	189,709	179,255	215,240	198,700	+16,540	
Real Estate Business	41,199	36,153	43,662	43,600	+62	
Inter-segment transactions	(1,851)	(1,679)	(1,672)	(2,300)	+628	
Operating income	12,195	11,735	18,144	14,500	+3,644	Good
Logistics Business	7,184	7,232	13,703	9,200	+4,503	
Real Estate Business	10,859	10,038	10,316	10,700	(384)	
Company-wide expenses	(5,847)	(5,535)	(5,875)	(5,400)	(475)	
Ordinary profit	16,822	16,013	23,151	17,100	+6,051	Good
EBITDA (Operating income + Depreciation)	26,447	26,595	33,610	30,100	+3,510	Good
Profit (attributable to owners of parent)	11,851	39,160	17,892	—	—	—
ROE	4.1%	12.9%	5.4%	—	—	—
Amounts per share of cash dividends applicable to the year/ Annual dividend per share (¥/share)	60	60	80	—	—	—
DOE	1.8%	1.7%	2.0%	2.0%	±0%	Good

Status of achievement (qualitative)

- We steadily implemented the priority measures set out in the management plan, including by developing the business foundations of the key areas, opening a distribution center (Misato City, Saitama Prefecture) for e-commerce utilizing new technologies, and bolstering production efficiency through more efficient operational processes and other means.
- In the Real Estate Business, we acquired profitable properties, such as joint equity in Grand Front Osaka. We also promoted the strengthening of our management system to further expand our business.

Priority measures, main initiatives, and issues in the Management Plan (2019–2021)

Priority measures	Main initiatives	Issues	Evaluation
Developing business foundations of the key areas	• Completed Seishin Distribution Center Phase 2 Building in Kobe, Minamihonmoku Distribution Center in Yokohama, Misato Distribution Center No. 2 Phase 2 Building in Saitama, and Ibaraki Distribution Center No. 4 in Osaka • Formed business alliances with K.R.S. Corporation, Cryoport, Inc. and others • Rolled out DP-Cool services nationwide • Expanded storage and delivery operations for automotive parts	• Promotion of sales and investment in each key area • Strengthening of overseas business foundations	Good
Establishing a system that leverages new technologies	• Opened “SharE Center misato,” a distribution center for e-commerce • Strengthened collaboration with start-up companies through VC investment	• Development of profitable businesses	Good
Maintaining competitiveness in the Port and Harbor Transportation Business	• Introduced a proprietary terminal operation system	• Rebound from impact of COVID-19 pandemic • Response to reduced freight volume	Fair
Developing commercial complexes and facilities and improving the organizational structure to strengthen operational capabilities in the Real Estate Business	• Acquired joint equity in Grand Front Osaka • Reinforced rental facilities around Nagoya Station	• Improvement of the organizational structure to strengthen operational capabilities	Fair
Bolstering production efficiency through more efficient operational processes and other means	• Bolstered profitability in the Logistics Business through more efficient operational processes • Conducted verification tests for improved operational efficiency at warehouses using AI	• Further improvements to productivity	Good
Improving operational conditions to reform workstyles and create innovation	• Revised the personnel system and promoted diverse workstyles	• Utilization of human resources, including at Group companies	Good
Increasing shareholder returns	• Increased dividend to ¥80 per share and implemented buyback of ¥20.0 billion treasury shares, exceeding the plan (targeting ¥15.0 billion)	• Improvement of capital efficiency	Good
Promoting CSR-oriented management	• Announced “Initiatives by the Mitsubishi Logistics Group for ESG Management and the SDGs” • Issued the Integrated Report in place of the Environmental and Social Report	• Strengthening of initiatives	Good

Management Plan (2022–2024)

Basic Policy

1 Strengthen the profitability of the Logistics Business

- Expand business in the three key areas of medical/health care, food/beverage, and machinery/electrical machines in order to realize the MLC2030 Vision.
- Add the new materials sector, a market which is expected to expand toward the year 2030, to the key areas.
- Strengthen the earnings power of the Logistics Business by increasing profits through the acquisition of new operations and the cultivation of existing operations, and by improving profit margins through improved operational efficiency and the collection of appropriate fees.

2 Expand the foundations for the growth of overseas business

- Global Grid Strategy
  Contribute to the optimization of customer supply chain management by building a system that responds to trends and changes in the global supply chain.
  - Strengthen and upgrade intra-regional logistics and forwarding, and create synergies
  - Build a business management infrastructure centered on national staff
  - Accelerate growth through a partnership strategy with leading logistics companies

Strategic targets

Overseas sales ratio
11.2% (FY2020 actual results)
⬇
20% or more (FY2024 targets)

3 Expand the Real Estate Business by strengthening development capabilities

- Continue to strengthen the earnings base of the real estate rental business and expand the Real Estate Business that does not depend on land ownership.
- Aim to create new revenue sources, and consider initiatives for asset turnover business utilizing REITs, etc.

4 Develop high value-added services by utilizing cutting-edge technology

- Aim to resolve social issues and realize business growth in both the Logistics and Real Estate Businesses by proactively introducing cutting-edge technology.
  - Increase efficiency and sophistication of logistics operations and facility management
  - Develop logistics platform services

5 Strengthen the Group management base

- Establish a management base that is resistant to changes and risks through comprehensive risk management and human resource development.
- Improve operational efficiency by reviewing the operations for which we are responsible, including at Group companies, and optimizing the organization.

5 Outline of Strengthening the Group Management Base

Improved efficiency
- Improve efficiency by reviewing and eliminating operations
- Improve efficiency by integrating operations
- Develop an environment that utilizes digital technology
- Conduct a review of responsible operations with Group companies
- Optimize the organization

Human resources
- Improve employee satisfaction
- Ensure diversity of human resources
- Develop global human resources
- Address workstyle reforms
- Develop digital talent

Reform the corporate culture
- Review delegation of authority and internal practices
- Foster a corporate culture that supports new challenges and innovation

PR and IR
- Enhance PR activities
- Enhance IR activities



Risk management
- Strengthen response to disasters and infectious diseases
- Strengthen response to industrial safety and health
- Strengthen response to cybersecurity
- Develop IT infrastructure for business continuity
- Appropriate facility maintenance and management
- Strengthen internal auditing

Numerical targets

Operating income	ROE	DOE
¥20.0 billion (FY2024)	7% (FY2024)	Continuously 2% or above

Management Plan (2022–2024)

Progress of Measures Taken

1 Strengthen the profitability of the Logistics Business

(1) Medical and health care

In 2017, we opened the Tonomachi Bio Logistics Center (TBLC) within the Life Innovation Center (Kawasaki City, Kanagawa Prefecture) and began storage and distribution operations for regenerative and advanced medical products that require ultra-low temperature storage. As our handling of these products has steadily increased, and handling of a wider range of similar products is expected in the future, we have expanded the TBLC facility. In this way, we are committed to taking on new projects moving forward.

(2) Food and beverage

The Indonesian subsidiary, P.T. Mitsubishi Logistics Indonesia (MLI), has begun leasing a new factory facility to PT Nippn Products Indonesia, a group company of Nippn Corporation. Since 2018, MLI has been constructing and leasing BTS-type (Build-to-Suit) factory buildings on-site, while also offering import/export, storage, and distribution services for raw materials and products at a neighboring logistics facility with four temperature zones. By combining logistics and real estate leasing, MLI is contributing to the optimization of its customers' logistics operations.

(3) Acquisition of new operations

Fuji Logistics Co., Ltd. has jointly developed a library stock check service with Dai Nippon Printing Co., Ltd. This jointly-developed system, which utilizes proprietary robots and RFID technology, significantly reduces the time required for library stock checks. Fuji Logistics is responsible for task verification, check operations, and equipment development.

(4) Cultivation of existing operations

The Company has signed a capital and business alliance agreement with DT Holdings, Inc., a company based in the Tohoku region that operates a nationwide transportation business, and its primary subsidiary, Daiichi Freight System, Inc. Through our collaboration with these companies, we aim to build a more efficient and stable transportation and distribution supply chain, improve the quality of our transportation services, and work to solve various issues facing the logistics industry, including the so-called "2024 Problem" in Japan.

2 Expand the foundations for the growth of overseas business

Strengthening and upgrading intra-regional logistics and forwarding

We acquired the Cavalier Logistics Group through our U.S. consolidated subsidiary, Project Hermes Holding Company. In the U.S. and U.K., which are the largest and continuously growing markets for pharmaceuticals, we have acquired a business infrastructure that enables us to provide comprehensive logistics services for pharmaceuticals, healthcare products, and more. Additionally, while leveraging the existing logistics system established for the U.S. government, we aim to expand the providing of logistics services to the U.S. government.

3 Expand the Real Estate Business by strengthening development capabilities

(1) Strengthening the earnings base of the real estate rental business

We are engaged in a real estate rental business primarily focused on office buildings through redevelopment projects that are custom-tailored to the location of the land we own. After demolishing a 40-year-old, aging warehouse in Minato ward in Tokyo, the Shibaura Dia Building was completed. This property will be fully leased as a facility exclusively for data centers.

(2) Expanding our Real Estate Business that does not depend on land ownership

The Suma Aqualife Park and Seaside Park Redevelopment Project, which is being run by the Kobe Suma Parks and Resorts Consortium, in which the Company is a participant, was completed with the full opening of Kobe Suma Sea World, Kobe Suma Sea World Hotel, and Suma Seaside Park. Moving forward, we will continue to participate in redevelopment projects and focus on strengthening our development and operational capabilities for commercial complexes and facilities.

(3) Creating new revenue sources

We are actively pursuing the purchase of profitable properties as part of our asset turnover business, where profitable properties are acquired, enhanced in value through renovations, held for a certain period, and then sold to secure profits.

4 Develop high value-added services by utilizing cutting-edge technology

(1) Developing logistics platform services

We have launched the "Emission Monitoring Cargo Route Finder," a system that visualizes GHG emissions across the entire global supply chain while simultaneously enabling cargo route searches. It allows for the comparison of multiple transportation methods and their respective GHG emissions, and it can also be used as a stand-alone cargo route search engine. Moving forward, we plan to enhance the system with features like fare estimates and booking capabilities, as well as displaying routes of higher interest based on analysis of search trends.

(2) Improving the efficiency and sophistication of logistics operations and facility management

Security robots have been installed in our rental office buildings (Tokyo Dia Building, Eitai Dia Building). The security industry is experiencing a chronic labor shortage, but by installing robots, we are striving to maintain high quality for facility management services.

5 Strengthen the Group management base

(1) Establishing a management base that is resistant to changes and risks

We have prepared the Mitsubishi Logistics Group Occupational Safety and Health Policy. In line with this policy, we prioritize ensuring the safety and health of workers and providing a safe and healthy workplace to prevent injury and illness.

(2) Reviewing responsibilities and optimizing the organization with Group companies

Regarding Shenzhen Lingyang Global Forwarding Co., Ltd., which was handling air cargo operations in China, these operations have been transferred and consolidated to Shanghai Lingyun Global Forwarding Co., Ltd., which is also engaged in forwarding operations in China. Going forward, we will continue to streamline management by reviewing assigned operations and optimizing the organization, including Group companies.

DX Strategy

DX Promotion System

In line with the MLC2030 Vision's objectives of improving operational processes and further utilization of cutting-edge technologies, we are enhancing governance and working on building the organization, environment, and corporate culture while developing and acquiring digital talent to advance DX (Digital Transformation).

Governance

To utilize cutting-edge technologies and promote DX, the Cutting-edge Technology & Innovation Subcommittee is responsible for allocating a budget of ¥50 billion for utilizing cutting-edge technologies, replacing measures as necessary, and regularly reviewing and managing progress on roadmaps, assessment metrics, and target values, in accordance with the company-wide policies.
Also, an upper-level organization, the Sustainability Committee, handles the approval of new initiatives and ensures alignment with management strategies. This system is designed to respond quickly to changes in management policies and the development of new businesses.

Organization Building

1. DX promotion organization
The project team, which was launched in 2019 to attain the MLC2030 Vision, was later integrated into the Sustainability Committee, which was set up for ESG management and response to SDGs. At the same time, a new Cutting-edge Technology & Innovation Subcommittee was formed. This subcommittee is composed of the heads of all business divisions and the DX promotion team, thus enhancing the structure and strongly pushing DX across the entire Group.
2. Organization for open innovation creation
MLC Ventures, Ltd. was established as the operating company of the CVC fund. The company will accelerate investments and collaborations with startup companies from a medium- to long-term perspective.

Creating a Corporate Culture to Drive Challenges and Innovation

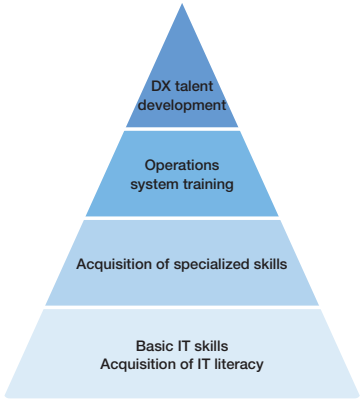
For more details, please refer to page 68 of the Integrated Report.

Creating the Right Environment

During the period of the Management Plan (2022–2024), which is positioned as the phase for developing high-value-added solutions using cutting-edge technologies, we are working on enhancing the foundation for developing business solutions that will use cutting-edge technology to lead to productivity improvements and the creation of new services, such as constructing company-wide data analysis platforms and logistics platforms, improving digital workplace environments, and enhancing cybersecurity measures.
From 2025 onward, the phase of ecosystem formation and expansion will aim to achieve DX that cannot be realized through individual efforts, including the further expansion of platform businesses involving other companies and industries, with the goal of forming an ecosystem. Through the operation of a CVC fund, we will accelerate the process of open innovation, leading to the creation of new services and value.

Developing and Acquiring Digital Talent

The improvement of operational processes and further utilization of cutting-edge technology, and DX implementation, as outlined in the MLC2030 Vision, requires a company-wide shift in mindset, reskilling of information systems department engineers, acquisition of engineers with specialized skills, including outside talent, improving the IT skills and literacy of employees in user departments, and securing human resources who can use digital technology as a tool. As a result, we are systematically enhancing DX and IT education programs, as well as ramping up the recruitment of digital talent.



Developing digital talent	Target employees	Ideal human resources profile	Content
DX talent development	DX promotion leaders of each business division	Producer, business designer	Aiming to develop DX promotion leaders in the workplace, employees learn the basics of DX knowledge, data utilization, cybersecurity measures, and design thinking
			Workshop on utilizing new technologies
Operations system training	General employees	DX and IT mid-power user	Courses on utilizing core operations systems (Beginner to Advanced)
			Offering RPA development courses
Acquisition of specialized skills	DX promotion/ IT department employees	Architect, data scientist, analyst, concierge, project manager	Data analyst and concierge training courses, etc.
			Providing two courses: Fundamentals of security measures for IT department employees and training for security specialists
Basic IT skills Acquisition of IT literacy	General employees	DX and IT mid-power user	Enabling utilization of available internal systems and learning the basics of security measures, OS operations, Office tools, email, Teams, and other practical usage techniques

DX Strategy

Future Developments

The Mitsubishi Logistics Group will continue to steadily advance initiatives for enhancing and streamlining logistics operations and facility management in FY2024 by installing wide-area LAN environments at all domestic bases, deploying Hacobu's truck reservation system at all store locations, and conducting demonstration experiments on the use of Cuebus's robot warehouses driven by linear motors.
At the same time, for the development of logistics platform services, we will work on adding features and expanding the use of ML Chain and standardizing an international logistics data platform. The entire system is expected to be completed after 2025, but we plan to roll out socially beneficial features in stages in advance, as they become ready.
The logistics industry faces major societal challenges and other changes in the business environment, such as labor shortages due to the declining birthrate and aging population, Japan's logistics challenges in 2024, and the need to address global warming. To respond to these challenges and contribute to the realization of a prosperous and sustainable society through corporate initiatives, we are working to steadily and swiftly utilize cutting-edge technologies and implement DX.

Main Initiatives and Results Based on Strategies



Initiatives for building a new business foundation and creating new services

1 Developing Logistics Platform Services

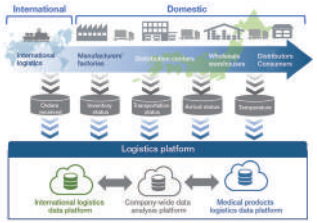
We are promoting this initiative based on the following objective.

Objectives

- By digitalizing the integrated supply chain both domestically and internationally, we aim to build a new logistics data platform that helps solve customer challenges
- We will create new high-value-added services by utilizing cutting-edge technologies such as IoT devices, blockchain, AI, and data analytics

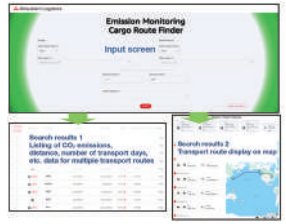
1 ML Chain

In pharmaceutical distribution, it is crucial to maintain high-quality standards, but traditionally, the information necessary for maintaining quality has been scattered, making it difficult to centrally manage information across the entire supply chain. In response to this situation, we launched ML Chain in 2022 as the only pharmaceutical logistics data platform designed to meet customer needs by optimizing the supply chain for stakeholders while simultaneously maintaining high-quality pharmaceutical logistics. The platform consolidates scattered information into a cloud environment and ensures data integrity and confidentiality through blockchain technology.
We are continually adding features and expanding the capabilities of ML Chain, aiming to support the entire pharmaceutical lifecycle.



2 Digital platform for international transport

Global disruptions in international logistics due to the COVID-19 pandemic have heightened the demand for real-time supply chain visualization and centralized information management. In response to this, we have started developing a new digital platform for international transport. This platform aims to create new value and better customer experiences, including visualizing transport status and greenhouse gas emissions, as well as providing consulting services utilizing supply chain analysis tools.
As part of this platform, we launched the greenhouse gas calculation system, Emission Monitoring Cargo Route Finder, ahead of schedule last year.



DX Strategy

Main Initiatives and Results Based on Strategies



Initiatives for improving the efficiency of new business foundations and creating new services

2 Improving the Efficiency and Sophistication of Logistics Operations and Facility Management

We are implementing initiatives to automate and reduce labor in logistics administration and operations.

Enhancing On-site Capabilities Case Studies of Knowledge Transfer and Strengthening On-site Capabilities through DX Promotion

Optimization of cargo placement and picking order

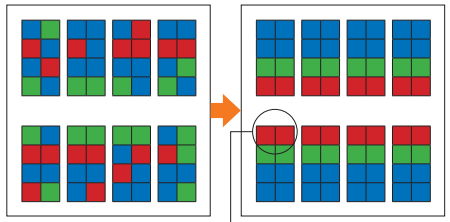
Past results and expert knowledge are converted into AI algorithms.

Before	After
Cargo placement based on the intuition and experience of workers.	IT assists in achieving more efficient operations by using AI technology to suggest high work-efficiency stock placement based on factors such as shipping frequency, quantity, and ease of access.

Optimization of stock placement

Before
Various product grades are intermixed

After
High-frequency items are placed near the main aisle



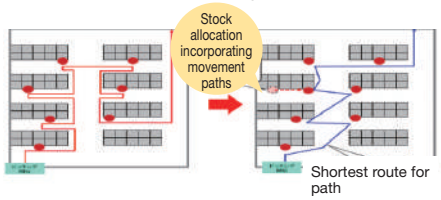
- Product grade A (high frequency of shipment)
- Product grade B (medium frequency of shipment)
- Product grade C (low frequency of shipment)

Among products of the same grade, those that tend to be shipped together are placed near each other (basket support).

Optimization of picking order

Before
Movement path based on shelf number order

After
Movement path after optimization



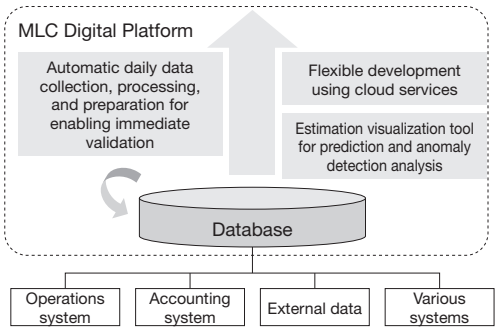
Key points for AI utilization
Each site possesses various forms of analog knowledge. It is important to have a system and operation where workers can make adjustments based on AI suggestions.

Data analysis of site analysis, freight cost calculation, and safety stock analysis

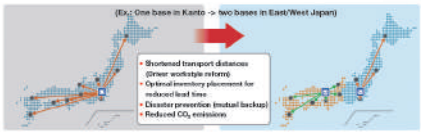
We have established a cloud-based data analysis platform (MLC Digital Platform) and have installed tools for site analysis, freight cost calculation, and safety stock analysis.

Before	After
In order to understand customer trends, each person in charge spent a significant amount of time on individual tasks and analysis, such as handling branch office inquiries and data processing, increasing time spent away from their primary duties.	Data is now automatically accumulated in the data analysis platform, enabling cross-sectional analysis. Data is aggregated and visualized to automatically suggest the next action.

Strengthening proposal-based sales to shippers
Improvement of operational efficiency, and more

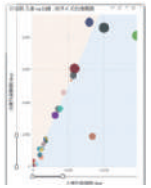


- Analysis of site location and freight cost calculation
  Visualization of shipping and stock status
  Estimation of ton-kilometers for multiple sites



- Visualization of trends and patterns in safety stock for each customer





DX Strategy

Improvement of Service Quality and Productivity

Case Studies of Service Quality and Productivity Improvement through Operational Process Optimization

Transitioning to a paperless system in logistics office operations and work processes

We are expanding the use of tablets, smartphones, and handheld terminals, previously limited to certain distribution centers, to transition to paperless operations throughout the Company. We have adopted electronic whiteboards to share the day's inbound and outbound volumes and work progress, thereby improving overall facility operational efficiency.

Before Significant use of paper for work forms. Required time and effort in setting up and handing over forms.

After Transitioned to paperless work forms. Reduces the time and effort in setting up and handing over forms. This also enables real-time management of work progress and analysis of work productivity.

Tablets and smartphones are used to transition to a paperless workflow for warehouse operations, such as inbound/outbound handling, location changes, and restocking.

Tablets and long-range external scanners for business operations



Smartphones with built-in scanners for business operations



Electronic whiteboards



Even at sites without a wireless LAN environment, we are studying use of offline-compatible tablet forms for greater ease of use.

Utilizing automated sorting machines for higher shipment efficiency

Automated sorting machines are used to improve the accuracy of sorting tasks.

Before Single-item picking followed by barcode inspection.

After After total picking, automated sorting machines are used to sort for each delivery destination.

While total picking (where multiple orders are picked at once and later sorted by delivery destination) improves efficiency in the picking process, there were issues with the accuracy of the subsequent sorting. To prioritize accuracy, single-item picking was used for operations. However, by automating the sorting process with an automatic sorting machine, accuracy has been improved, and the need for follow-up inspections has been reduced.

t-Sort system by +Automation Inc.



(1) Reading of product information

(2) Loading products onto robot

(3) Items are placed into foldable containers designated for each delivery destination

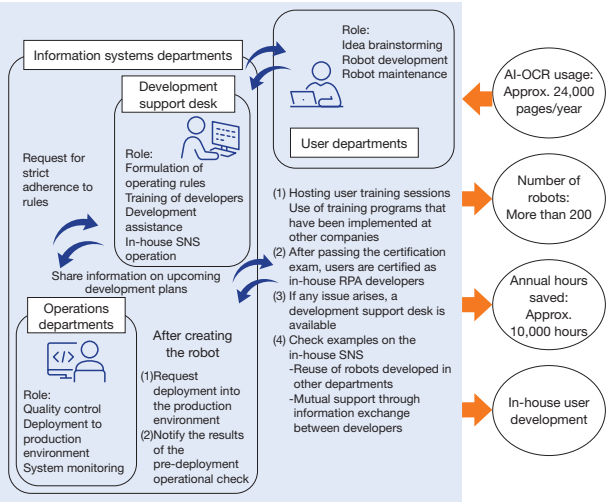
Implementing use of RPA and AI-OCR for greater office efficiency

Since 2019, efforts have been made to improve office efficiency using RPA and AI-OCR. Starting in 2021, RPA training, certification systems, and support desks were established in-house to promote independent development by in-house users, further increasing the adoption rate of RPA.

Before The information systems department was responsible for RPA development. (Slow increase in number of robots being developed)

After RPA development was opened to users who obtained developer certification, enabling development tailored to the needs of each site and improving efficiency.

New RPA development and operations system



Note: The image is excerpted from the Japan RPA Association's Online Salon.

Business Overview

Utilizing the skills and expertise cultivated over our 138-year history, we support people's affluent lives and our customers' corporate activities.



Logistics Business

We protect our customers' supply chains through logistics with high safety and quality, and provide comprehensive solution services that meet diversifying individual needs.

Warehousing and Distribution Business and Overland Transportation Business Page 37

In the Warehousing and Distribution Business and Overland Transportation Business, we support diverse product supply chains ranging from essential goods like food and pharmaceuticals to industrial raw materials and large machinery by providing logistics services tailored to customer needs, including warehouse storage, cargo handling, transportation, and distribution processing both in Japan and overseas.

Also, through co-creation with partners, we are actively working toward the realization of a sustainable society. This includes reducing cargo waiting and work times at logistics facilities, enabling long-distance transportation using relay points, and reducing the environmental burden on supply chains and CO_2 emissions by combining modal shifts in pharmaceutical logistics with the ML Chain data platform.





Port and Harbor Transportation Business Page 38

In our Group's Port and Harbor Transportation Business, we offer highly detailed and high-quality logistics services to meet the full range of needs for our customers who use ports, including container terminal operations, cargo handling for conventional ships and car carriers, ship agency services, and more, at ports such as Tokyo, Yokohama, Nagoya, Osaka, Kobe, Moji, and Hakata. We also offer a wide range of other marine shipping-related services, such as importing/exporting of vessels, ship registration, and agency operations for special ships such as oil-drilling rigs.



International Transportation Business Page 39

We propose optimum international transportation routes door-to-door worldwide tailored to every customer's request by combining our global network with a variety of modes of transportation, such as vessels, aircraft, railways, and trucks. Overseas, we also provide a range of regional logistics services, including customs clearance, storage, and domestic delivery, supporting the optimization of the entire supply chain from procurement to sales for our customers.



Real Estate Business Page 40



We contribute to the realization of an affluent and sustainable society through the development of real estate facilities.

We are involved in the Real Estate Business in all six major cities of Japan—Tokyo, Yokohama, Nagoya, Osaka, Kobe and Fukuoka. In addition to activities such as the redevelopment of properties based on the optimum application of each property's features and the leasing of approximately 50 real estate facilities (offices, retail facilities and residences), totaling almost 1 million m^2 of total floor space, we are involved in the sales of condominiums.

We are also active in developing Disaster-Resistant and Eco-Friendly Office Buildings, which meet business continuity needs and reduce the environmental burden.





Business Strategy

Logistics Business

Warehousing and Distribution Business and Overland Transportation Business

Fulfilling Our Purpose

While meeting diversifying logistics needs, we believe that enhancing BCP (Business Continuity Planning) to deliver essential goods safely and reliably even in emergencies is how we will fulfill the Supporting Today part of our purpose. By Innovating Tomorrow, we will continue to provide high-quality, high-value-added services and contribute to the development of society and our customers.



Takero Shimizu
General Manager of Warehousing and Distribution Business Division

Opportunities and Risks

Opportunities

- Improving operational efficiency and productivity through DX promotion
- Addressing social issues and responding to customer needs through partnerships
- Capturing demand in cold chains and growth markets
- Developing environmentally friendly services

Risks

- Labor shortage in logistics
  Driver shortage due to logistics challenges in 2024
- Suspension of logistics functions due to natural disasters
- Growing scale of businesses due to M&A by competitors
- Entry of companies from other industries and BtoC sectors

Strengths of This Business

- Diverse talents developing alongside the Company through business operations
- Partners with whom we can co-create new services and value
- Development system for information systems that reduces workload and improves efficiency

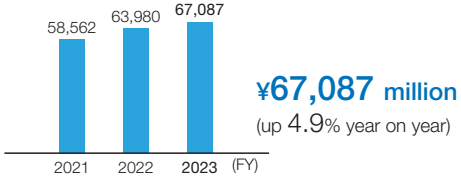


Segment Overview

Warehousing and Distribution Business

Revenue increased due to the full-year operation of the Ibaraki Distribution Center No. 5 in Osaka, the completion of the rental factory in Indonesia, and a wider handling range in our key areas.

Operating revenue (¥ million)

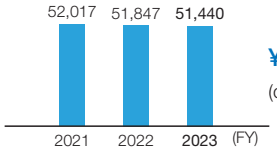


¥67,087 million
(up 4.9% year on year)

Overland Transportation Business

Due to the stagnation of domestic economic activity, the volume of freight transportation remained flat, matching the level of the previous fiscal year.

Operating revenue (¥ million)



¥51,440 million
(down 0.8% year on year)

Business Strategy

Warehousing and Distribution Business

Expand business centered on the growth of key areas	• Optimize management resources in line with the business strategy that contributes to the realization of a sustainable society • Develop logistics bases and networks in Japan and overseas
Distribution center management that contributes to the resolution of social issues	• Expand Disaster-Resistant and Eco-Friendly Warehouses in Japan and overseas • Promote the introduction of LED lighting and other equipment that reduces the environmental impact

Overland Transportation Business

Expand business centered on the growth of key areas	• Develop cold chain services in Japan and overseas • Further improve the quality of pharmaceutical logistics services • Strengthen cooperative relationships between our Group and partners
Collaborate with external partners to resolve social issues	• Provide safe and secure food/beverage and pharmaceutical transportation/ delivery services through appropriate temperature control • Develop cryogenic transportation/ delivery services that can be used in the medical field • Reduce environmental impact through CO_2 emission visualization services, etc.

Create new value using cutting-edge technology	• Improve the efficiency of the entire supply chain by building the ML Chain pharmaceutical logistics data platform, etc. • Improve productivity through systemization and develop new services

Progress on Strategy and Future Initiatives

In FY2023, we made significant strides in forming new partnerships and laying the groundwork for future operations in our Warehousing and Distribution Business/Overland Transportation businesses through cooperation with our partners. This included acquiring shares in the Cavalier Logistics Group, entering into a capital and business alliance with DT Holdings and Daiichi Freight System, and implementing modal shifts and relay transportation for pharmaceutical logistics. In the final year of our current Plan, we will begin demonstration experiments with mid-sized EV trucks, the first of its kind in the industry, to reduce CO_2 emissions. Also, MLC Ventures has invested in Einride, a company that specializes in cargo transport using EV trucks. Along with enhancing our environmental initiatives, we will continue to invest in logistics DX to realize more efficient and advanced operations and develop services that offer new value. We will strive for steady growth in businesses designated as key areas, while also concentrating on analyzing the business environment to identify growth sectors that require proactive investment, as we work toward realizing the MLC2030 Vision and preparing for our next management plan.

Creating social value through business

As part of our response to Japan's logistics challenges in 2024, we have launched initiatives such as modal shifts in pharmaceutical transportation and relay transportation to reduce the burden on truck drivers.
Furthermore, we have implemented the truck reservation service "MOVO Berth" from Hacobu Co., Ltd., one of our logistics DX partners, at our main warehouses as of August 2024. This service provides visualization of cargo wait times and loading/unloading times for improving the productivity of warehouse operations and contributing to more sustainable logistics services.
We have also started providing a service that reports CO_2 emissions to customers using our facilities and using logistics operations originating from our facilities to further reduce the environmental impact of our logistics services.
We remain committed to achieving carbon neutrality and working toward attaining our declaration, net zero CO_2 emissions by FY2050.

Business Strategy

Logistics Business

Port and Harbor Transportation Business

Fulfilling Our Purpose

Approximately 99% of Japan's trade volume is transported by sea. The Port and Harbor Transportation Business plays a crucial role in Supporting Today, forming a bridge between Japan and the world. Leveraging our extensive knowledge and experience as a container terminal operator, we will continue to support society, address the wide range of needs of our customers, and strive for stable profits by acquiring new businesses and improving operational efficiency.



Toshiaki Nakayama
General Manager of
Harbor Transportation Business Division

Opportunities and Risks

Opportunities

- Strengthening customer relations through efforts to reduce environmental impact
- Improving operational efficiency and productivity through DX promotion

Risks

- Increased business operating costs due to rising prices
- Maintaining port operations functions, labor shortages, and aging workforce
- Safety of workers, cargo, and facilities during natural disasters

Strengths of This Business

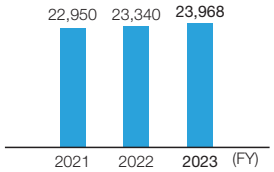
- Good relationships with major global shipping companies
- Cargo handling efficiency rated among the best in the world
- Ownership of cargo handling sites at major domestic ports



Segment Overview

Container handling volume has recovered to pre-pandemic levels, and the volume of cargo handled by car carriers has increased steadily.

Operating revenue (¥ million)



¥23,968 million
(up 2.7% year on year)
Note: Excluding ship-related operations

Business Strategy

Expand business and enhance competitiveness of the Harbor Transportation Business Division	• Expand the conventional shipping freight business and the car carrier business • Strategic operation of independently operated container terminals (Osaka: Nanko C-9, Kobe: Rokko C-4)
Increase profit margins and improve profitability	• Improve profit margins by streamlining operations and reviewing costs at container terminals • Improve profitability by reviewing work systems, etc. for unprofitable operations at subsidiaries under our control
Expand logistics operations related to cargo handling work on vessels and ship registration operations	• Acquire new business by incorporating the needs of shipping companies and shippers related to cargo handling work on vessels • Strengthen relationships with existing business partners, and strengthen sales activities to expand the handling of ship registration operations

Progress on Strategy and Future Initiatives

In FY2023, we pursued initiatives to improve profit margins by streamlining operations and reviewing costs at container terminals. Specifically, a project was launched to review and improve document processing operations at container terminals, and in February 2024, dedicated staff was installed to accelerate these efforts.
Furthermore, Mitsubishi Logistics is working closely with its subsidiaries to support action plans aimed at improving performance, including reviewing the unprofitable operations of subsidiaries.

In the final year of the current Plan, we will continue to implement higher efficiency and more advanced logistics operations and facility management for addressing labor shortages and ensuring the high-efficiency operation of ports and harbors.
In response to the increasing expectations from customers year by year for sustainability initiatives, we are strengthening partnerships in port regions, continuing to provide services that meet customer needs, and enhancing the competitiveness of our businesses.

Creating social value through business

While prioritizing the safety of employees working at terminals, we will fulfill our mission as essential workers who protect society even in sudden natural disasters, such as earthquakes and typhoons, and the COVID-19 pandemic. Specifically, at the Yokohama Minamihonmoku Container Terminal, we are achieving a safe and efficient operating system through unified management by means of our terminal operation system. With regard to climate change, in line with the Carbon Neutral Port (CNP) policy promoted by the national and local governments in Japan, we curb energy consumption and contribute to reducing CO_2 emissions by increasing the efficiency and sophistication of logistics operations and facility management.

Business Strategy

Logistics Business

International Transportation Business

Fulfilling Our Purpose

As a company engaged in essential work, our work must be backed with a sense of mission, responsibility, and integrity. By contributing to the resilience of our customers' global supply chains, we aim to build trust and realize our purpose: Supporting Today, Innovating Tomorrow. We will continue to apply our utmost effort to provide services that optimize the entire supply chain for our customers.



Yosuke Abe
General Manager of International Transportation Business Division

Opportunities and Risks

Opportunities

- Capturing growth markets, especially in ASEAN
- Reducing high inventory and expanding the handling volume in key areas
- Addressing increasingly sophisticated customer needs through DX promotion
- Developing environmentally friendly services

Risks

- Suspension of logistics functions due to natural disasters
- Disruption in international logistics due to geopolitics events
- Changes in transportation demand due to trade frictions
- Entry of companies from other industries through IT utilization and M&A

Strengths of This Business

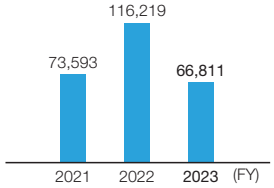
- Providing comprehensive logistics services
- Consultative proposal capabilities for customers, as demonstrated by our "Global Supply-chain Concierge" service
- Initiatives to develop new materials, such as high-performance composite materials, by leveraging our long-standing expertise in materials-related industries



Segment Overview

Lower handling volume due to slower movement of goods as a result of high inventories accumulated during the COVID-19 pandemic, and a corresponding normalization of freight rates, resulted in decreased revenue.

Operating revenue (¥ million)



¥66,811 million
(down 42.5% year on year)

Business Strategy

Sales activities centered on key areas	• Roll out sales activities mainly targeting groups of materials (new materials) whose applications are expanding due to technological innovation • By offering comprehensive logistics services, we provide services that optimize customers' entire supply chains
Overseas area strategy	• Overseas, develop areas in line with the characteristics of each region, with a particular focus on the four main regions of ASEAN, China, North America, and Europe (strengthening ASEAN in particular where economic growth is significant) • In forwarding, work to develop a Global Grid strategy that strengthens collaboration among overseas bases, with a particular focus on expanding the handling of freight within the ASEAN region and from ASEAN to Europe and the U.S.
Construction of a digital platform, and new technologies and new services	• Build a digital platform to create a better customer experience (CX) through cost reductions, new value creation, and faster response • Provide consulting services that visualize the status of transportation and greenhouse gas emissions, etc., and utilize supply chain analysis tools

Progress on Strategy and Future Initiatives

In FY2023, we began providing a new service for calculating greenhouse gas (GHG) emissions using new technology and have made proposals for meeting the needs of our customers. Also, we successfully completed the integration of Cavalier as a consolidated subsidiary in the U.S. and are steadily progressing toward achieving a 20% share of overseas sales.
In the final year of the current Plan, we are building a system to respond to the evolving environment surrounding supply chains and customer needs, while rolling out logistics services that optimize customers' global supply chains, with a focus on integrated international transportation, including ocean and air freight forwarding. In line with the Global Grid strategy, we aim to expand our international transportation services and intra-regional logistics business, with a focus on ASEAN, while providing comprehensive logistics services, particularly for customers in the new materials sector. Furthermore, we will focus on replacing our core systems and building a digital platform for international transportation to visualize our customers' supply chains and enhance service quality. This fiscal year, we will prioritize the development of this system.

Creating social value through business

In February 2024, we released the Emission Monitoring Cargo Route Finder, which features both route search and GHG emissions calculation functions. We have built long-standing relationships with many customers, but the services required by our customers, both in terms of content and quality, are rapidly changing. To respond to these changes in customer needs, we are developing a digital platform. This tool is the first developed in our efforts to help customers reduce GHG emissions by visualizing GHG emissions and proposing solutions such as changes to transport modes and routes to address climate change risks affecting people and businesses, aiming for a more sustainable society.

Business Strategy

Real Estate Business

Fulfilling Our Purpose

In the office building business, one of our key businesses, we started developing the Dia Building series in the 1970s as computer buildings. Since that time, we have expanded the business with a concrete vision, Supporting Today, Innovating Tomorrow, developing data center-compatible buildings and environmentally friendly, disaster-resistant office buildings. We will continue to provide high-quality, high-value-added services that solve social issues and meet the needs of our customers.



Ryuichi Senoo
General Manager of Real Estate Division

Opportunities and Risks

Opportunities

- Services that respond to workplace strategies
- Increased demand for urban development that can withstand disasters and is sustainable
- Redevelopment projects and joint ventures with other companies
- Expanding our Real Estate Business not dependent on land ownership

Risks

- Diversification of workstyles, rapid increase in shared office spaces, and changes in workplace strategies by companies
- Decrease in office workers due to the declining birthrate and aging population, and the shift toward compact cities
- Supply of newly constructed office buildings centered in major metropolitan areas
- Impact on commercial facilities due to the expansion of the e-commerce market

Strengths of This Business

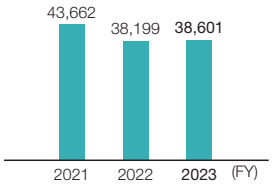
- Certain fixed-scale real estate in sub-centers of several large cities
- Diverse facility development and management expertise gained from the expansion of businesses in office buildings, residences, commercial facilities, etc.
- Partners (co-investors) with whom we have built strong relationships



Segment Overview

We recorded increased profits due to increased occupancy rates of rental office buildings, recovery in the performance of commercial facilities, and improved profit margins in the condominium sales business.

Operating revenue (¥ million)



¥38,601 million
(up 1.1% year on year)

Business Strategy

Strengthen the earnings base of the real estate rental business	• Smooth operation and execution of Shibaura Dia Building (completed in April 2024) • Studying the sale of non-core assets (including small-scale assets)
Expand our Real Estate Business that does not depend on land ownership	• Execution of the Kumoi 5-chome District Category 1 Urban Redevelopment Project (Kobe), scheduled for completion in FY2027
Create new revenue sources	• Enhancing initiatives in the asset turnover business • Exploring investment into real estate funds

Progress on Strategy and Future Initiatives

In FY2023, we made steady progress on major development projects, such as the Shibaura Dia Building redevelopment project, where we are constructing a facility exclusively for data centers after demolishing an aging warehouse, and the Suma Aqualife Park and Seaside Park Redevelopment Project, where we are participating as a member of a joint venture, aiming for completion in spring 2024. Also, with the aim of optimizing Group company operations, maintaining high-quality services, and operating businesses efficiently, we merged two building management subsidiaries (Kobe Dia Maintenance Co., Ltd. and Osaka Dia Buil-Tech Co., Ltd.) in July 2023.
In the final year of the current Plan, we will continue to strengthen our earnings base in the real estate rental business through carefully-selected reinvestment in core assets (such as upgrading power receiving and transforming equipment) and exploring the selling of non-core assets, while also acquiring new profitable properties that could become core assets.
Furthermore, through participation in redevelopment projects and joint ventures with other companies, we will accumulate expertise in the development and operation of commercial complexes and facilities and enhance our operational capabilities.
In addition to this, we will ensure the smooth operation of the Shibaura Dia Building and the Suma Aqualife Park and Seaside Park Redevelopment Project, both of which began operations this spring. At the same time, we will explore asset turnover businesses, including the use of REITs, as a strategy for creating new revenue sources.

Creating social value through business

To ensure that our tenants can continue their business operations with peace of mind, we are developing office buildings with enhanced earthquake resistance as well as power outage and flood prevention measures in preparation for disasters. From the dual perspective of responding to climate change and reducing environmental impact, we have also adopted design that shows environmental aspects have been considered, including the introduction of energy-saving systems, the installation of Low-E double-glazed glass to improve insulation, and the use of rainwater to flush toilets. Our design has received a high rank in CASBEE assessments, by which the environmental performance of buildings is rated.

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** ● 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** ● 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	• 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 CO_2 emissions** ● 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 CO_2 emissions by enforcing efficient transportation and delivery methods, etc.** ● 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%	• Expand the MLC Green Action CO_2 visualization and reduction service • Examine ways to reduce CO_2 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** ● 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)	• 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** ● 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)	• 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** ● 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** ● 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%	• 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** ● Implement initiatives for adherence to relevant laws and regulations and respect for human rights that include subcontractors **Promote female empowerment** ● 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	• 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 CO_2 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 CO_2 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 CO_2 emissions

>> Performance indicators (1)

- Initiatives to reduce environmental impact, including visualizing figures on environmental burden such as CO_2 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 CO_2 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 CO_2 emissions from the Group's transportation and delivery operations

FY2023 Topics and Initiatives from FY2024 Onward

Efforts to reduce CO_2 emissions

Despite increased CO_2 emissions at some facilities due to business expansion in FY2023, we managed to reduce CO_2 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 CO_2 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 CO_2 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 CO_2 emissions per weight and transport distance (CO_2 emissions per unit) for products transported through this service. In FY2023, CO_2 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 CO_2 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 CO_2 and other GHG emissions.

To meet this customer demand through logistics solutions and help increase customer value, the Group gave our CO_2 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) CO_2 emissions visualization service

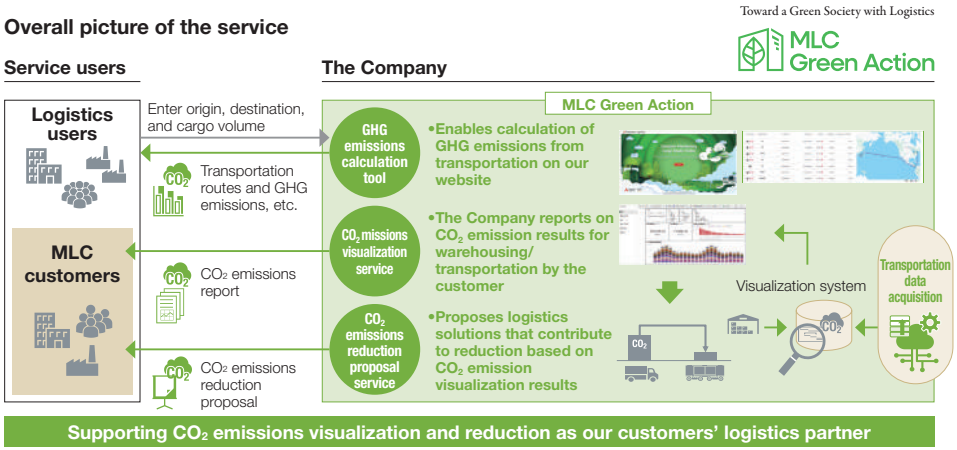
This service reports CO_2 emissions generated from customers' use of our warehouse facilities and transportation/delivery services based on government guideline[1] figures.

(3) CO_2 emissions reduction proposal service

In this service, we plan to propose CO_2 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 CO_2 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 Initiative[2] 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



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 CO_2 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 CO_2 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 CO_2 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, CO_2 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 CO_2 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 CO_2 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 CO_2 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 CO_2 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

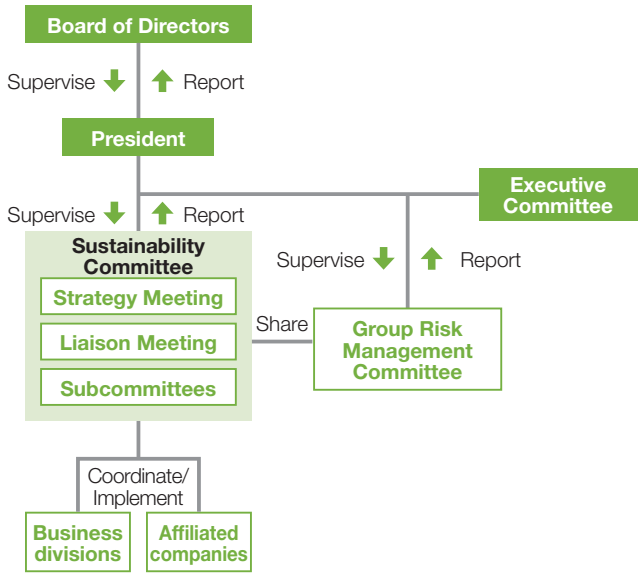
The Sustainability Committee, which is chaired by the president and includes members of the Executive Committee and managers of divisions, chambers, and branches, consists of the Strategy Meeting, the Liaison Meeting (both attended by full-time Audit & Supervisory Board Members as observers), and subcommittees.

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 CO_2 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 CO_2 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 CO_2 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.

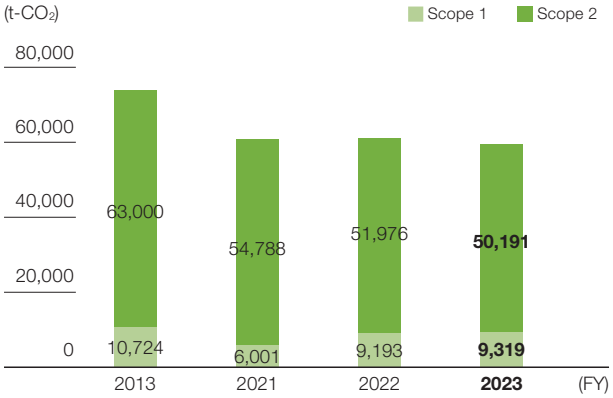
	Medium-term targets (FY2030)	Long-term targets (FY2050)
Quantitative targets	50% reduction (compared with FY2013) (Scope 1 + 2)[1]	Achievement of net zero CO_2 emissions (Scope 1 + 2)[2]

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 CO_2 emissions are as follows. CO_2 emissions data is also listed in the ESG Data Sheet (in Japanese only).

CO_2 emissions



Notes: 1. To reflect the effect of CO_2 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 CO_2 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

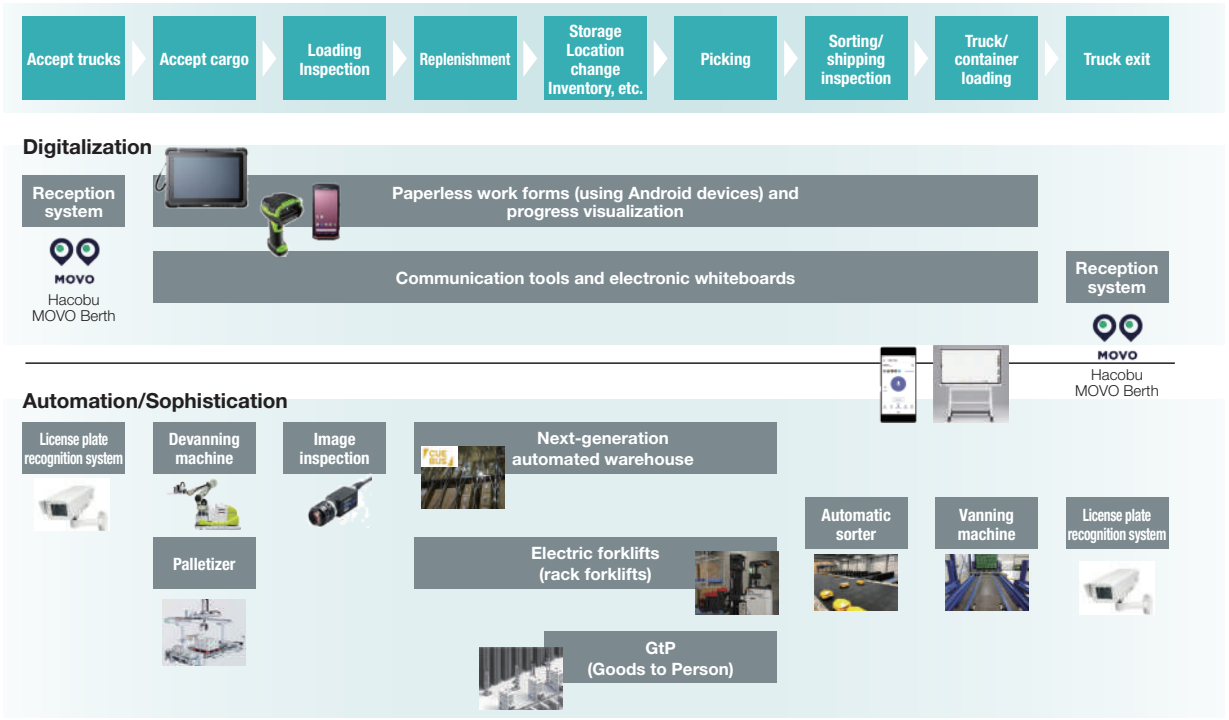
FY2023 Topics

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 CO_2 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 CO_2 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.

VOICE

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.

● 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.

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.

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

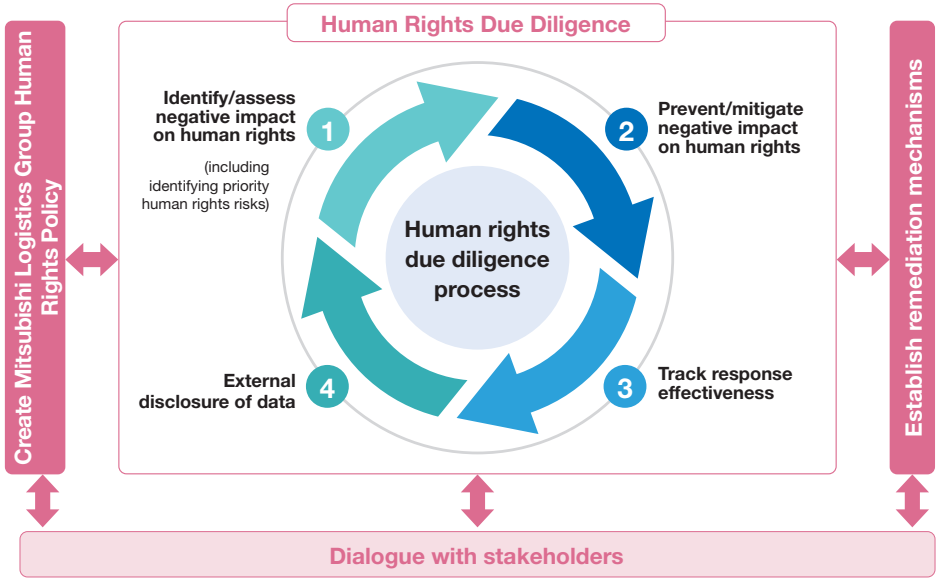
The Group formulated the Mitsubishi Logistics Group Human Rights Policy to fulfill our responsibility to respect human rights as a company in January 2023.

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.


DE&I training session

* Starting from payments in June 2024

Human Capital Management

Human Resources as a Source of Value Creation and Bolstering Capital to Achieve Our Purpose

We believe people are the source of value creation and strive to foster human resources that contribute to company growth and ultimately the development of society. We also view human resources as capital that generates high-value-added services through new ideas and creativity and contributes to sustainable growth and medium- to long-term corporate value, which is why we are bolstering investment in human capital to achieve our purpose by establishing an educational environment that cultivates highly specialized human resources in a variety of fields including digitalization.

Responding to a changing business environment in a relevant and flexible manner requires human resources diverse in terms of gender, nationality, employment status, and more to participate in organizational decision-making, which is why we promote diversity, equity & inclusion (DE&I) that includes women's empowerment and are working on measures needed to bring out the full potential of individual strengths and abilities.

Ideal Human Resource Profile

Each employee keeps in mind the Code of Conduct and acts in accordance with the following principles in an effort to contribute to the development not only of the Company but society as well.

1. Act with fidelity, integrity, and fairness.
2. Act autonomously.
3. Respond flexibly to environmental changes.
4. Demonstrate expertise and act with creativity.
5. Maintain teamwork and cooperate with others.

An HR Strategy to Achieve Our Management Strategy

Management Plan & Strengths → **Develop a Human Resource Portfolio** → **Energize Employees and the Organization** → **Boosting Group HR & Organizational Vitality and Value Creation**

Management Plan (2022–2024)

Strengthen the Group management base

- Establish a management base resilient to changes and risks through comprehensive risk management and human resource development
- Improve operational efficiency by reviewing the operations for which we are responsible, including at Group companies, and optimizing organization

Strengths

Human resources that create new value

- Ability to ascertain needs
- On-site capabilities that realize products best suited to customers' needs
- Service development capabilities

Basic Principle for Personnel Affairs & Ideal Human Resource Profile

1 Optimizing Quality and Quantity of Talent to Achieve Our Business Strategy (Develop a Human Resource Portfolio)

- HR allocation Page 64
- HR hiring Page 64
- HR development Page 65

2 Energizing Employees and the Organization to Drive Challenges and Innovation

- Improving engagement Pages 58, 67
- Diversity, Equity & Inclusion (DE&I) Page 67
- Creating a corporate culture to drive challenges and innovation Page 68

Purpose

Making **"Supporting Today, Innovating Tomorrow."** a Reality

Achieve **the MLC2030 Vision and the Management Plan**

1 Optimizing Quality and Quantity of Talent to Achieve Our Business Strategy (Develop a Human Resource Portfolio)

HR allocation | HR hiring | HR development

We are creating a human resource portfolio in terms of both quality and quantity to achieve our MLC2030 Vision and the management plan.
In our next management plan, we will develop a human resource portfolio based on our next business plan as well as our business portfolio.

HR allocation Page 64
HR hiring Page 64
HR development Page 65

Human Resource Portfolio

This will define measures related to the skills and headcount required of future human resources to achieve the MLC2030 Vision and management plan and will categorize human resources into four types to optimize recruitment, development, and allocation.

	Management	Solution	Operation	Innovation
Ideal human resource profile	Organization management specialists	Customer problem solvers	Core human resources supporting work sites	Transformers planting seeds of future revenue
Major roles	● Optimize organizational management resources and maximize organizational results.	● Build strong relationships with customers and outside companies. ● Increase added value through collaboration with internal and external organizations.	● Respond flexibly to daily operations with a high level of communication and coordination skills to maximize customer satisfaction.	● Contribute to future revenue generation by solving long-term/social issues and developing new business. ● Promote productivity improvements and new initiatives across the company from broad perspectives and a high level of expertise.
Target HR groups	● Managers of section heads and higher	● Human resources involved in developing new customers and strengthening existing customer relationships in Japan and abroad ● Corporate divisions	● Those in charge of logistics operations at head office and branches ● Corporate divisions (those in charge of routine work) ● Junior employees and mid-career hires	● Corporate divisions (those in charge of corporate, etc.) ● Employees working in diverse areas, including those seconded to consolidated subsidiaries or external partner companies ● Advanced digital human resources

Note: These are convenient categories for developing our human resource portfolio and do not define treatment or other conditions.

HR Allocation to Support Employee Careers

Self-reporting system

Under the self-reporting system, employees are asked to report their level of satisfaction with their current job assignment and to present a career plan once a year. The report form comprises not only items on job assignments but also items pertaining to the life plans of individual employees. The content reported is used in deciding personnel transfers, designing career paths, and more.

HR Hiring

Recruitment activities

To secure human resources from a long-term perspective in a systematic and stable manner, the Company has introduced an open entry system for hiring that does not place preferential weighting on certain schools or faculties, ensuring fair and impartial screening of applicants. We also offer opportunities to a wide range of applicants, including for those with specialized knowledge and practical experience, using our website and a variety of publicity media to share recruitment information.

Stance toward new graduate recruitment

In recruiting new graduates, we focus on human resources able to break precedent and take on new challenges, who we expect to drive company growth going forward. We have created videos that incorporate the opinions of junior employees to pique the interest of a wide range of people in the essential work of the logistics and warehousing industry.

Stance toward mid-career hires

We hire a set number of human resources as immediate assets annually, mainly for positions requiring expertise.

Going forward, we will proactively increase hiring of human resources with diverse career backgrounds.

Introduction of a comeback system

We introduced the Comeback System to rehire former employees who had to resign due to childcare, nursing care, or a spouse's work transfer after these reasons no longer apply to work as immediate assets, and hope that rehiring former employees who gained experience and skills at other companies will bring new perspectives by rehiring former employees who gained experience and skills at other companies will bring new perspectives, especially given the diversification of work styles among the younger generation.

1 Optimizing Quality and Quantity of Talent to Achieve Our Business Strategy (Develop a Human Resource Portfolio)

HR allocation | HR hiring | HR development

HR Development: Initiatives for Employee Growth Through MLC Academy

To foster human resources that contribute to social development through business, we have established HR systems and launched a corporate university (MLC Academy) to develop and grow an educational environment that lets all employees learn continuously and autonomously.

MLC Academy objectives and educational policy

Amid digitalization, globalization, and other rapid changes in the external environment, achieving the MLC2030 Vision and management plan requires not only traditional generalists but transformative leaders and specialists able to drive M&A, digitalization, and SDGs initiatives. To foster these human resources systematically over the medium to long term, we launched the corporate university MLC Academy in April 2024 as an evolved form of our existing HR education system. With "supporting company business growth and individual career design" as its concept, this academy establishes an educational environment that lets all employees learn continuously and autonomously under the following educational policies.

MLC Academy educational policy

1. Promote autonomous learning and career design
The Academy fosters a desire among employees to continuously learn new knowledge and skills and cultivates adaptability to change through self-growth.

2. Provide a practical curriculum
The Academy helps employees acquire the knowledge and skills needed to achieve our business strategy by providing a curriculum that promotes the accumulation and sharing of expertise and experience-based knowledge required for different tasks.

3. Develop next-generation leaders
The Academy cultivates human resources able to create change autonomously, take on challenges, and drive innovation.

Concept

MLC Academy, which supports both company business growth and individual career development, advocates a system of "in," "on," and "out."

While working at Mitsubishi Logistics, employees acquire basic business operation skills and knowledge in the "in" phase, mastering the skills that support the foundations of the Company's business. In the "on" phase, employees cultivate the knowledge and skills to respond to environmental changes and view business from new perspectives beyond existing frameworks, fortifying the skills to achieve our business strategy. Finally, in the "out" phase, employees develop the ability to forge new paths autonomously, meaning they have grown into human resources capable of transforming business.

MLC Academy, supporting company business growth and individual career design

Educational system structure



	The skills to strengthen business foundations	The skills to boost business growth capacity	
Concept	Employees acquire basic business operation skills and knowledge to build a solid work foundation.	Strategic skills and knowledge are developed to help employees adapt to business changes and contribute to business growth.	The goal is to foster human resources capable of transforming business as leaders with new approaches to the organization and industry.
Emphasized skills	Base skills across the company - Human skills - Work execution skills	The skills to achieve company growth and strategies	The skills to transform and grow business

Curriculum

In addition to traditional job tier-based training, language courses, and qualification courses, the Academy offers diverse course content, such as specialized courses, sharing of in-house knowledge by veteran employees, a failure case study course created through employee feedback, cross-industry exchange courses, and dispatch to outside educational institutions.

Curriculum categories

■ Next-generation leader development
Cultivates human resources able to create change autonomously, take on challenges, and drive innovation.

■ Skills to boost business growth capacity
Systematizes the knowledge and skills required for business growth according to tier and the 4 types defined in the human resource portfolio. The curriculum is conducted primarily by external instructors and educational institutions.

■ Tier-based training
Existing curriculum for each tier has been partially revised and implemented continuously to solidify vital skills and knowledge and foster an internal network.

■ Human skills, DX, etc.
Curriculum conducted for a wide age range featuring such socially relevant themes as diversity, equity & inclusion (DE&I), human rights, and career design.

■ Work execution skills
Systematizes the expertise and in-house, experience-based knowledge that forms the foundation of business operations. The curriculum is conducted primarily by in-house instructors selected from each business division.

■ Correspondence courses, external training, etc.
Correspondence education, e-learning, overseas dispatch programs for junior employees, and curriculum from external institutions such as the Mitsubishi marketing workshop as well as joint programs with other companies are conducted as needed.

1 Optimizing Quality and Quantity of Talent to Achieve Our Business Strategy
(Develop a Human Resource Portfolio)

HR allocation | HR hiring | HR development

DX human resource development training program

We conduct a DX human resource development training program to promote DX and provide new value.

The purpose behind developing DX human resources

We believe that achieving the productivity improvements and innovation through business transformation created through a review of operational processes and the use of new technology as outlined in the MLC2030 Vision requires not only raising awareness and digital literacy among all employees but the presence of human resources well-versed in the digital ("DX human resources").
That is why this program has employees master an overview of digital technology, viewpoints on data utilization, design thinking, and ideation techniques in an effort to foster core human resources when implementing DX in the workplace.

The definition of DX human resources

DX human resources are defined as those who understand our business deeply and are able to envision how to transform it through data and digital technology, draw clear visions for implementation, and demonstrate leadership.

- Human resources able to generate ideas for system improvement using digital analysis and other technologies
- Human resources able to explain what digital technology and IT can do
- Human resources motivated to improve operations and able to create new businesses through a combination of digital technology and IT
- Human resources able to involve others and demonstrate leadership

Required roles

Lead reviews of operational processes and the creation/innovation of new businesses (new services, etc.) that generate value in the workplace.

The skills DX human resources require

Employees learn information on DX, fundamental data science, security measures and laws to consider in using IT, and thinking methods aimed at problem-solving in an effort to improve the skills required for DX.

Analytics	Systems or technologies that use data to extract meaningful insight
Business Intelligence	Understand business intelligence tools and be able to design/request analyses. Understand business and able to visualize data.
Cyber Security	Understand major cyber attack risks and countermeasures and be familiar with personal data/IP risks.
Design Thinking	Understand and be able to employ the processes of problem identification and ideation using design thinking.

Content of the DX human resource development training program

After completing pre-learning, participants acquire general DX knowledge, then study design thinking and value proposition for customer-oriented design before finally learning data science.

Duration

A total of 9 days of training

Methods

E-learning, in-house/external instructors

Main content

The fundamentals of DX, security and relevant laws, new DX technologies, design thinking, business intelligence tool operation, and data science
After completing these group training sessions, participants implement DX in the workplace.

2 Energizing Employees and the Organization to Drive Challenges and Innovation

Improving engagement | DE&I | Creating a corporate culture to drive challenges and innovation

Mitsubishi Logistics has inherited a spirit of embracing change throughout our history. To keep providing new value, we promote initiatives to support challenge and innovation among employees.

Improving engagement Page 58
Diversity, Equity & Inclusion (DE&I) Page 67
Creating a corporate culture to drive challenges and innovation Page 68

Improving Engagement

Focus on labor-management relationship

We value communication with the labor union. The labor agreement between the Company and the Mitsubishi Logistics Labor Union is grounded in cooperation between labor and management and defines the responsibilities of the Company and those of the union as follows.

1. Responsibility of the Company
The Company shall make active efforts to maintain and improve working conditions and enhance the welfare of its employees to improve their status and provide them with a stable livelihood.

2. Responsibility of the union
The union shall strive to maintain order in the workplace, promote improvement of work capabilities, and cooperate fully in the Company's business development founded on democratic principles.

Discussions and negotiations between the Company and the union are conducted at the management council meetings attended by the representatives of both parties. These meetings are divided into the Central Management Council meeting, which involves the Company's main office and the union headquarters, and the Worksite Management Council meeting, which involves the head office and union branches, both of which are held monthly.

Diversity, Equity & Inclusion (DE&I)

In order to adapt to changes in the external environment, drive innovation, and provide high quality, value-added service, we believe it is vital to have a diverse workforce in terms of gender, nationality, employment status, and more able to take on challenges, thrive, and participate in the organization's decision making. The ratio of female managers will be included as an officer performance evaluation indicator to further promote women's empowerment from 2024 onward, and we also view the employment of older workers to pass on their knowledge and expertise through as an initiative to foster innovation through DE&I.

Stance on employment

Our basic policy in hiring employees is to respect diversity with regard to race, religion, gender, age, physical disability, sexual orientation, and nationality.

Promotion of female empowerment

We are working to promote women's empowerment as part of our DE&I initiatives. We believe that hiring women and other diverse human resources is essential in order to adapt to anticipated future changes in the external environment (diversification of market needs and risks, shrinking Japanese workforce, etc.).

To build an organization where diversity thrives, we will create a pleasant and rewarding work environment for women and all other employees, which will lead to value creation through innovation, human resource acquisition, and improved productivity to achieve sustainable growth. To achieve our FY2030 goal of having 10% women in management positions, we will revise promotion criteria and promote other initiatives to support women's autonomous career development, as well as conduct tier-based training, including for managers, as an opportunity to reassess the importance of promoting women's empowerment within the company.

Employment of elderly individuals

Even before the introduction of a law to promote the employment of elderly individuals, the Company implemented measures to secure employment up to the age of 62 or 63, including finding work for retirement-age employees at affiliated companies and rehiring those with specialized knowledge. With the law taking effect, we currently have a continuous employment system in place where employees who wish to continue working can do so until age 65 based on certain standards, with about 90% of retirees covered by this system. Amid a declining birthrate and aging population, we will provide opportunities employment and work opportunities regardless of age and offer retirement-age employees highly motivated to demonstrate their abilities a place where they can thrive as work-ready resources.



2 Energizing Employees and the Organization to Drive Challenges and Innovation

Improving engagement | DE&I | Creating a corporate culture to drive challenges and innovation

Creating a Corporate Culture to Drive Challenges and Innovation

In September 2024, we established “Supporting Today, Innovating Tomorrow” as our purpose.
Mitsubishi Logistics has inherited a spirit of embracing change throughout our history.
To keep providing new value, we promote initiatives to support challenge and innovation among employees.

Revision to the performance evaluation system

To support employee challenges and growth, we added “Value creation performance” as a new evaluation item to assess behaviors leading to new challenges, improvement, innovation, and self-growth.

We believe employee efforts toward new challenges, innovation, and self-growth are vital if we are to provide unprecedented value and achieve the MLC2030 Vision/ management plan. In an unpredictable world where common sense is nonsense, we need the power to break free from precedent and face difficulties, continuously try new things, and overcome challenges. We received feedback at the town hall meeting to introduce a performance evaluation system that assesses challenges, so it has been revised to better support employee challenges and growth.

Improvement activity award system

In July 2016, the Group introduced the improvement activity award system to stimulate voluntary actions to improve business. Under this system, an award is given to the group that made the greatest contribution to improving service quality and streamlining operational processes.

By continuously reviewing operational processes through improvement activities, we aim to improve the quality of the Group’s services and help improve customer value as set forth in the MLC2030 Vision.

In FY2023, 46 groups (352 people) participated, for a cumulative total of more than 2,850 participants. Activity groups worked on themes they set themselves in accordance with the Mitsubishi Logistics Improvement Procedures and reported their results. Their wide-ranging activities included not only reviewing the operation flow lines within warehouses, improving storage efficiency, and enhancing safety measures but also business improvement and streamlining of clerical work in offices. The administration provided support to help the activity groups thoroughly analyze problems, identify causes, and perform efficient improvement activities.

As even small improvements can yield significant results when performed continuously across the company, the administration will continue to share examples of these activities using an internal database and in-house journal as well as run a system to ingrain improvement activities in the Group’s culture.

MLC Innovation Program (Innovation × Human Resource Development)

To achieve our goal of “Fostering a corporate culture that supports new challenges and innovation” in Policy 5. Strengthening the Group management base in the Management Plan (2022–2024) and “Partnerships,” part of our Materiality (Six Key Themes), we introduced and implemented the MLC Innovation Program, which solicits business ideas from a wide range of employees in conjunction with the formation of CVCs to help turn promising ideas into reality.

In this program, business ideas are solicited through an open call system available to all employees, who then take a new business plan development course for nearly half a year to learn new business planning and proposal methods to make their business ideas more concrete, after which an internal review is conducted to select projects for continued research and development as well as possible commercialization. In the inaugural year of FY2023, two ideas out of countless submissions have advanced to the research and development stage.

MLC Ventures, Ltd.

A corporate venture capital (CVC) firm parented by Mitsubishi Logistics Corporation. For specific initiatives, see the Integrated Report Page 53.

VOICE

On Participating in the MLC Innovation Program



Yuya Fujimoto
Business Coordination Team, Corporate Planning Division, Head Office

As an architecture specialist, I find proposing new businesses similar to architecture. In architecture, there is a process called esquisse, in which we start with a rough concept sketch. From there, we incorporate structure, equipment, regulations, and costs to make it manifest. Proposing new businesses also starts with creative ideas, which are then made manifest through repeated series of processes involving analysis, issue identification, hypothesis testing, and problem-solving.

However, there is no right answer when creating a new business, and working on it alongside my existing duties was challenging, but that challenge is what made the program a great learning experience. While the new business may not go as planned, as a first-generation participant, I would like to achieve commercialization, help further vitalize this program, and contribute to change in our corporate culture.

Roundtable Discussion with Outside Directors

The Company invites people with a wealth of knowledge and experience in their professional fields to serve as outside directors.
These outside directors provide advice and supervise management from an independent, objective standpoint in order to ensure that the Board of Directors can engage in sufficient deliberations, as well as make swift yet rational decisions.
For this report, we spoke with Toshifumi Kitazawa, Tadaaki Naito, and Kazuko Kimura about their impression of the Company as outside directors, their assessment of initiatives to enhance the effectiveness of the Board of Directors, their expectations for human capital management, and the challenges for achieving further company growth, and more.



Toshifumi Kitazawa
Outside Director

Kazuko Kimura
Outside Director

Tadaaki Naito
Outside Director

Impressions of Mitsubishi Logistics and Its Sense of Values

At First, It Felt Like a Bureaucratic Company Backed by a Long History, but...

Kitazawa: I'd had prior interactions with Mitsubishi Logistics, a client of Tokio Marine & Nichido Fire Insurance Co., Ltd., where I currently serve as an advisor. Upon becoming an outside director, I realized that Mitsubishi Logistics, throughout its long history, has overcome all kinds of hardships and grew its business steadily without even changing its name, demonstrating a strong core identity. Underlying this is a firm belief in protecting customers. Even as remote work became the norm during the COVID-19 pandemic, employees continued to face risks to sustain society working on the front lines and expand the business globally. I got the impression that here was a select group of professionals with strong conviction, backed by a long history.

Kimura: My first impression of the Company was that it was more bureaucratic than a government office. While its business was built on solid foundations and principles that made it trustworthy, I doubted its flexibility. After becoming an outside director and experiencing its corporate value firsthand, I learned that despite being backed by a long history and attracting elite talent, the Company possessed a strong will to anticipate and adapt to changing times rather than rest on its laurels. The more I learned, the more that initial bureaucratic image faded away.

Naito: At first, I also thought of it as a company that was stable and solid, male-dominated and conservative, filled with men in navy suits and plain neckties, a historical company that was one of the origins of the Mitsubishi Group. However, looking back on the five years I have served as an outside director, I feel there is a strong will to transform the company. In 2023, they made strategic moves for international expansion, including making ITL Corporation in Vietnam an equity-method affiliate and making the Cavalier Logistics Group in the U.S. a consolidated subsidiary. The installation of a street piano in the public space on the first floor of the Nihonbashi Dia Building also demonstrates an eagerness to create a reputation as a bright, open company.

Operations and Effectiveness of the Board of Directors

New Initiatives Yearly and a Revitalized Board of Directors

Kimura: I believe pride in being part of the Mitsubishi Group is at the Company's core. This pride is crucial when running a company. My comments at Board meetings come from a perspective different from business executives or logistics experts, so even though they may be off point,

the executives always take them seriously, sharing and addressing them internally. I can sense the prowess of a veteran company cultivated over a long history and rate them as a well-organized company that I can confidently work with.

Kitazawa: The Company is working on a variety of initiatives to improve the effectiveness assessment of the Board of Directors. When I first became an outside director, the Board operated in a traditional manner, with the topics of discussions primarily being business operations. Since then, new initiatives have been introduced each year, revitalizing the Board in a major way. Diversity has been incorporated into the Board in a variety of senses, inducing broader, more profound discussions.

Naito: A textbook role of outside directors is to supervise management. Companies pursue sustainable growth, which is encouraged by outside directors. For this reason, we are expected to provide feedback from a diverse, objective standpoint. It's wonderful that the Company is now able to have deeper discussions. Another of our major responsibilities is to correct compliance violations, but no major misconduct cases have emerged despite repeated questioning at Board meetings. Companies are full of risks, and problems inevitably arise when taking on challenges, but we haven't see this here. Perhaps this is because their Logistics Business focuses on top-tier Japanese companies where communication is in Japanese, and the Real Estate Business operates in stable areas effectively utilizing land owned by the Company. However, as the business grows in the future, they may need to venture into riskier territories, which is when I hope to fully demonstrate my true worth as an outside director.

Drawing on the Insight of Outside Directors

Kitazawa: The most important role of outside directors is fortifying governance, especially acting as a brake when doubts arise regarding the direction of management. However, it's also important to act as an accelerator where needed, drawing attention to human resource development, business growth potential, and business opportunities that current management may overlook. Of course, new initiatives always involve risks. If such risks are acceptable from a management perspective, part of our expected role is to tell the executives to take the risk since the Board will take responsibility, rather than do nothing. It is not enough to simply extend current business. I believe it is vital to develop human resources and take on challenges in growth areas with potential synergy. The role of outside directors in supporting executive efforts toward new, wholesome growth based on thorough discussions on the balance of risk and growth at Board meetings will be even more important going forward.

Naito: Reading the third-party assessment of the Board's effectiveness, which describes the free and open discussions and sincere responses from the executives, we can see that the Company's governance is functioning sufficiently. My concern is that we need to draw out the big picture as a plan before discussing new challenges, as Director Kitazawa mentioned, but we don't see those discussions. The outside directors also want to participate in discussions about how to color in and design that big picture.

Kimura: I believe the problem facing the logistics industry in 2024 will lead to industry restructuring. I'm curious about what strategy or big picture the Company has created in



this era of restructuring and have hopes that they are trying to transform logistics into something suited to the 21st century. While the executives have been working in earnest as a united front, I feel that this is not quite clearly communicated to us outside directors.

Kitazawa: The Company formulated its ten-year MLC2030 Vision in 2019, followed by medium-term management plans every three years, and I believe the direction taken so far is correct. However, when formulating the previous medium-term management plans, we were given explanations during the final phase only, making it difficult to grasp the overall picture. Going forward, they need to consider drawing on the insight of outside directors at earlier stages to create more profound management plans.

On Human Capital Management

Shepherd Leadership as a Model for Organizational Transformation

Naito: Mitsubishi Logistics has advanced human capital management under the president's leadership, and I believe shepherd leadership in management may be a useful model for organizational transformation in a company like this. This concept, proposed by Harvard Business School Professor Linda A. Hill, draws from Nelson Mandela's autobiography, where he likens great leaders to shepherds: "He stays behind the flock, letting the nimblest go out ahead, whereupon the others follow, not realizing that all along they are being directed from behind." Until recently, top-down management was the norm, but it has been suggested that competent leaders in the future will lead from behind rather than from the front. They will give a direction only, trusting their subordinates and allowing them freedom while pushing from behind. This is the approach I think human capital management should strive for.



Kitazawa: The Company has established the MLC Academy as an in-house university and at the same time stated that its purpose is to transform the corporate culture. Top management has also sent all kinds of messages encouraging trial and error, promoting women's careers, and fostering independent thinking and action, which have begun to change employee mindsets. Amid all this, I believe switching the mindset of middle management—the department and section heads that form the core of business activities—will be even more crucial going forward.

Kimura: Switching mindsets requires perspective on why we work and what purpose does the company serve. Having shared pride in logistics work that enriches people's lives should help create a basic shared mindset to flexibly accept the changes necessary for that purpose. Educating workers on this through MLC Academy should help achieve this.

Effective Utilization of MLC Academy

Kimura: When MLC Academy first opened, I was concerned about how much it would benefit or hinder the business. Necessary job training had been conducted through OJT, the foundation that created and supported this great company. I have come to see that, in addition to training, MLC Academy is an in-house university that complements business to help achieve the goals of creating a stronger company more in tune with the times, providing a forward-looking education to keep up with the times, and changing mindsets as we discussed earlier.

Naito: Changing the mindset of middle management can be very difficult. Especially in companies with long histories, middle managers with old-fashioned mindsets can become obstacles to organizational reform and growth strategies. They often throw cold water on any ambitious behavior by junior employees in their 30s. This is because after having spent nearly twenty years in their careers, they resist anything that differs from what they have learned. That is why it is vital to train them to accept change rather than reject new ideas outright as well as to foster a culture of praise that does not seek perfection.

Kitazawa: The president himself is working on a variety of initiatives. In dialogues with employees at town hall meetings and in various interviews, he has reiterated statements such as "Take on challenges" and "Do not follow precedent." I feel that the message from the top to take on everything as a challenge has been widely communicated within the company, bringing about change. I have high hopes for the strong resolve to invest in human resources and expand educational opportunities through the MLC Academy, and further reform the corporate mindset.

Expectations for Mitsubishi Logistics

Tough Assignments to Foster the Next Generation

Kitazawa: Succession planning is a critical management issue. As a company with a long history, Mitsubishi Logistics must foster next-generation leaders capable of passing on the Company's cherished culture and history while boldly changing what needs to be changed. This is being discussed as a major challenge and mission by the Nomination and Compensation Committee as well. The business environment will change even more drastically in the future, meaning the Company will need management resources that can respond quickly to change. I believe tough assignments should be given to young employees to develop resilient leaders. The Company must increase experience by having those who have reached the level of department or section head establish their own ways of thinking and find solutions under challenging circumstances such as assignments overseas or at a group company or even a partner not directly related to the business, all while growing their achievements and helping to bring joy to the people who work there. Adding such tough assignments to the succession plan program will allow us to foster top executives capable of achieving sound company growth under even tougher conditions.

Naito: I agree about giving tough assignments. Being put in a tough, cross-cultural environment often leads to many new realizations. I think candidates for director should definitely experience this. Especially working overseas under a foreign superior. It would be good to have them experience something like this at least once. I also think it is a good experience in the sense that encountering different values and ways of thinking overturns your common sense.

Kimura: I'm optimistic that Mitsubishi Logistics has many candidates for the next generation of management. They may even have a greater abundance of outstanding human resources than other companies. While having them undergo diverse experiences and tough assignments is of course vital, I think it's also important to carefully foster and retain outstanding workers.

Expectations for Further Growth Through Selection, Focus, and Challenges

Naito: I believe the logistics industry will achieve further growth, and being in circumstances such as these forces management to think hard and find answers on how the Company will achieve growth. Employees are expected to achieve tasks while they are young, but as they get older, they are expected to set tasks. The reason behind setting something as a task requires deep insight and background analysis. Top management must also have the ability to set and explain these tasks. I'd like to help set tasks as required by top management.

Kimura: Evaluations of logistics companies on a certain website described Mitsubishi Logistics as "having good real estate revenue." When I attend Board meetings as an outside director, I feel that this is a good company, but I get the sense that this isn't conveyed to the public. While being described as having "good real estate revenue" is good for company management, I want the strengths and merits of Mitsubishi's logistics, its primary business, to be more highly evaluated, so I want the Company to make an effort



to tell the world.

Kitazawa: The Company's strength is its many outstanding, business-savvy human resources. I believe this is a result of the employees, who take the stance of responding in earnest to customer needs and requests, considering the issues and struggles faced by customers nationwide, and proposing ways to make operations more efficient. Delving deeper into customer expectations has also helped establish a robust business model, in addition to human resources, that has supported the Company's growth. Rather than try to win in all areas of business, I think it will be important to focus on highly specialized fields going forward and win those fields decisively. Using this selection and focus to develop human resources, take on challenges, and continue providing higher value using the Company's unique strengths will allow for sustainable future growth and development.

Organizational Governance (Corporate Governance)

With regard to our organizational governance, we will explain our stance on the corporate governance system, the Board of Directors, our approach to the election of officers, etc., and risk management, as well as initiatives for maintaining and strengthening the compliance system, and communication with stakeholders. You may also refer to the introduction of officers and skill matrix.

Corporate Governance

Basic Stance

The Company recognizes the enhancement of corporate governance as a significant business issue that will enable us to carry out our social mission and responsibilities as a publicly listed company and to aim for sustainable growth and development. Accordingly, we are working to enhance the functions of the Board of Directors and Board of Audit & Supervisory Board Members by appointing outside directors and outside Audit & Supervisory Board Members. We established a Nomination and Compensation Committee as an advisory body to the Board of Directors to further enhance the objectivity and transparency of the procedures for determining the nomination and compensation of directors.

In addition, we have introduced an executive officer system for the purpose of further strengthening corporate governance by strengthening management and supervisory functions and business execution functions, as well as improving management efficiency and accelerating decision making. Moreover, in order to further promote the separation of management and business execution, as of June 29, 2022, we eliminated directors with special titles other than the Chairman, positioned the president as an executive officer, and changed the system to one in which executive officers are responsible for business execution.

Furthermore, we are endeavoring to boost corporate governance through multiple initiatives, such as establishing an internal control system through drafting the Code of Conduct for our officers and employees, setting up the Internal Control and Compliance Committee, and enhancing our internal audit system (as of April 2022, the Internal Audit Department is under the direct control of the president); maintaining and improving efficacy of the risk management system within the Group through the establishment of the Group Risk Management Committee; and reinforcing disclosure through initiatives for sustainable management (ESG management / response to SDGs) by establishing the Sustainability Committee and earlier publication of financial statements. (Integrated Report Page 74 Chart of Corporate Governance System.)

■ **Initiatives to date for strengthening governance**

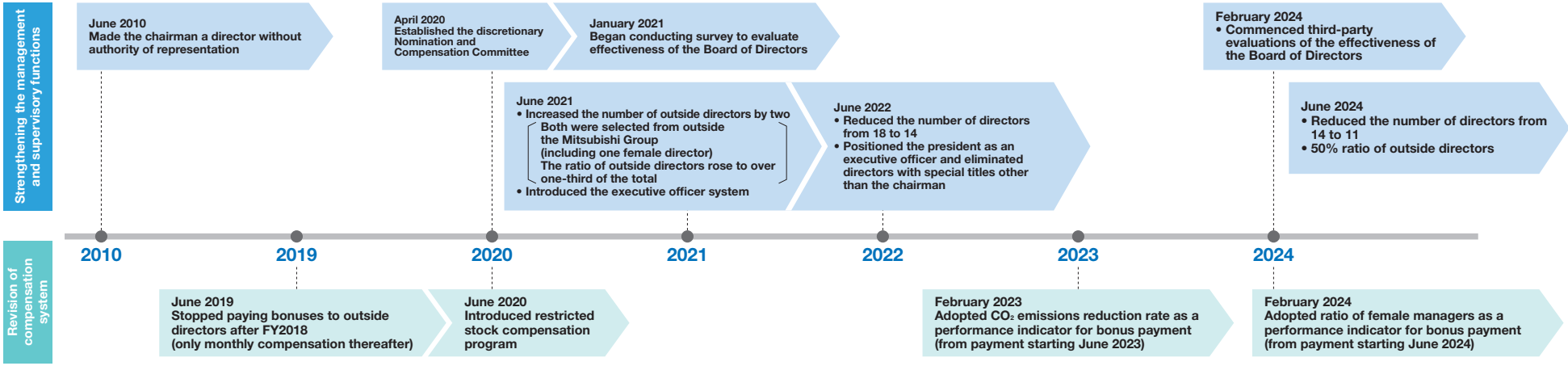
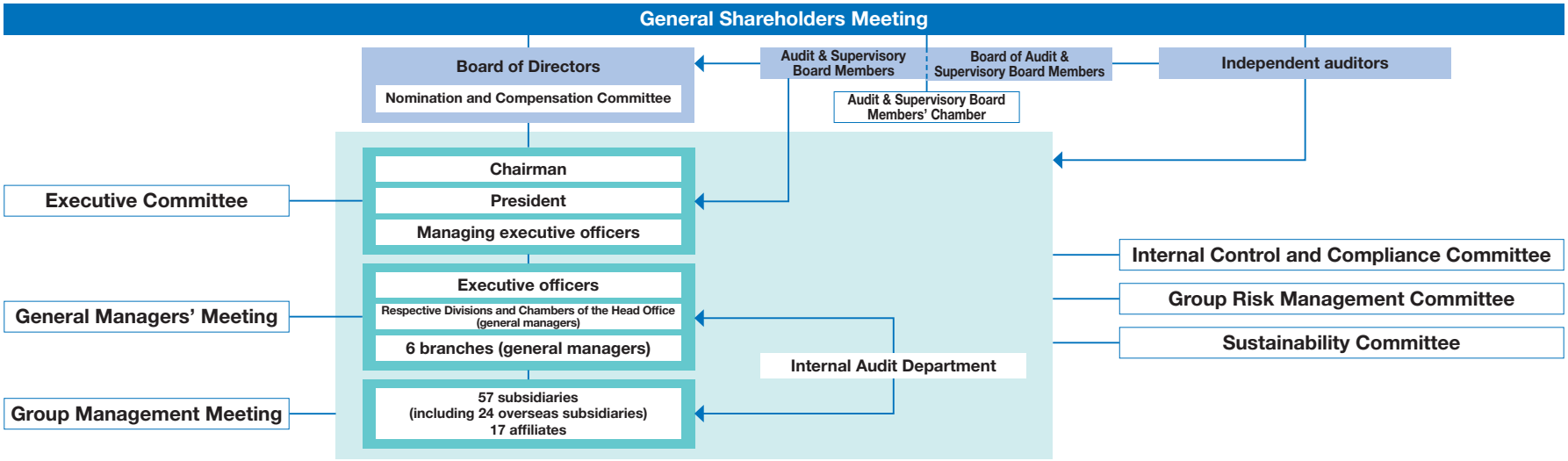


Chart of Corporate Governance System (As of September 30, 2024)



Overview of Major Organizations

	(1) Board of Directors
Purpose	Deliberations and resolutions on important management policies, strategies, and other key decisions Supervising execution of key duties and receiving reports from directors in charge on implementation status
Chairperson	Chairman Masao Fujikura
Composition	Directors
Number of meetings held in FY2023 (Average duration)	12 times (approximately 80 minutes each on average)
Main agenda items for FY2023	Resolutions - Response to the principles of the Corporate Governance Code - Policy for determining individual director compensation - Decisions on human resources and compensation regarding officers - Confirmation and approval of directors' concurrent positions at other companies and competition/conflict of interest in transactions - Creating an investment plan - Approval of financial statements - Acquisition and cancellation of treasury shares - Sale of cross-shareholdings etc. Reported Items - Initiatives for ESG management and response to SDGs, including matters related to the Sustainability Committee - Recommendations from the Nomination and Compensation Committee - Evaluation of the effectiveness of the Board of Directors - Dialogue with institutional investors, etc. - Verification of the rationale for listed stocks held - Monthly business overview

	(2) Board of Audit & Supervisory Board Members
Purpose	Deliberations on matters related to the execution of Audit & Supervisory Board Members' duties Sharing of information on company status and audit results
Chairperson	Senior Audit & Supervisory Board Member (full time, internal) Yasushi Saito
Composition	5 Audit & Supervisory Board Members (including 2 full-time Audit & Supervisory Board Members (1 internal, 1 external) and 3 part-time Audit & Supervisory Board Members (1 internal, 2 external))
Number of meetings held in FY2023 (Average duration)	18 times (approximately 60 minutes each on average)
Main agenda items for FY2023	- Creating an annual audit plan - Consenting to documents related to company financial statements - Consenting to the independent auditor's review or audit results - Creating the Board of Audit & Supervisory Board Members audit report - Assessing the independent auditor's audit, including key audit items, and investigation of reappointment and subsidiaries - Attending Executive Committee meetings - Regular meetings with the Internal Audit Department - Reports on attendance at other internal and external meetings etc.

	(3) Nomination and Compensation Committee
Purpose	Deliberations and advice on matters of consultation by the Board of Directors to further improve objectivity and transparency in procedures for determining director nomination and compensation - Recommending candidates for directors - Appointing and dismissing officers with special titles - Adequacy of levels and composition of officer compensation - Officer compensation system etc.
Chairperson	Outside Director Tatsuo Wakabayashi
Composition	3 of the outside directors Chairman Representative Director and President
Number of meetings held in FY2023 (Average duration)	2 times (approximately 50 minutes each on average)
Main agenda items for FY2023	- Human resources for officers - Policy for payment of director bonuses - Composition ratio of director compensation - Individual allocation of director compensation

	(4) Executive Committee
Purpose	Discussion of important matters in management
Chairperson	Representative Director and President Hidechika Saito
Composition	Chairman Executive officers with special titles of managing executive officer and above (Observers: Full-time Audit & Supervisory Board Members)
Meeting frequency in FY 2023	Approximately once a week

	(5) General Managers' Meeting
Purpose	Exchange of opinions on issues related to divisions, chambers, and branches Reports and verification of implementation status of duties etc.
Chairperson	Representative Director and President Hidechika Saito
Composition	Directors (excluding outside directors) Executive officers Audit & Supervisory Board Members (excluding part-time outside Audit & Supervisory Board Members) Senior Assistant To Managing Executive Officer General managers of divisions and chambers at the head office and general managers of branches
Meeting frequency in FY 2023	Approximately once a month

A Combination of the Expertise and Experience of Each Director (Skill Matrix) and Attendance Status at Board of Directors/Committee Meetings

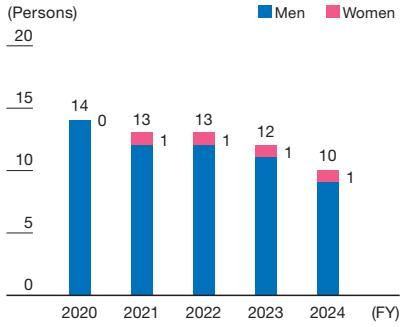
Name	Current position at the Company	Expertise and experience								Attendance (FY2023)		
		Corporate management	Finance and auditing	Marketing	ESG and sustainability	HR strategy	Legal affairs, compliance, and risk management	Technology	Contribution to the Company's growth[1]	Board of Directors		Nomination and Compensation Committee
Masao Fujikura	Chairman	●	●	●	●	●	●		Overall	100%	12/12	2/2
Hidechika Saito	Representative Director and President	●	●	●	●	●	●		Overall	100%	12/12	2/2
Munenori Kimura	Directors Managing Executive Officer	●		●	●				1.2	100%	12/12	—
Akira Yamao	Directors Managing Executive Officer	●	●					●	4	100%	12/12	—
Masanori Maekawa[2]	Representative Director Managing Executive Officer	●			●	●	●		5	100%	9/9	—
Tatsuo Wakabayashi	Outside Director	●	●		●	●	●		5	100%	12/12	2/2
Toshifumi Kitazawa	Outside Director	●	●		●	●	●		5	100%	12/12	2/2
Tadaaki Naito	Outside Director	●	●		●	●	●		5	92%	11/12	—
Tetsuya Shoji	Outside Director	●			●	●	●	●	4	92%	11/12	2/2
Kazuko Kimura	Outside Director				●	●	●	●	1	100%	12/12	—

Name	Current position at the Company	Attendance (FY2023)		
		Board of Directors		Board of Audit & Supervisory Board Members
Yasushi Saito*	Senior Audit & Supervisory Board Member (full time)	100%	9/9	13/13
Masanao Yamato*	Outside Audit & Supervisory Board Member (full time)	100%	9/9	13/13
Takao Sato	Outside Audit & Supervisory Board Member	100%	12/12	18/18
Yusaku Kurahashi	Outside Audit & Supervisory Board Member	New (Appointed June 27, 2024)		
Jiro Kodaka	Audit & Supervisory Board Member	New (Appointed June 27, 2024)		

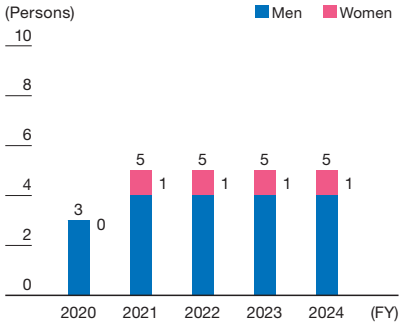
* Lists the status of Audit & Supervisory Board Member appointments since June 29, 2023

1. Contribution to the Company's growth: contribution to the growth strategy for accomplishing the MLC2030 Vision (the wording below is basically taken from the MLC2030 Vision)
   1) Establish a customer-oriented support system (taking on challenges for the entire supply chains focusing on the medical/healthcare, food/beverage, machinery/electrical machine, and new materials industries)
   2) Expand overseas business 3) Secure stable profits in the Port and Harbor Transportation Business and the Real Estate Business
   4) Improve operational processes and promote further utilization of new technologies 5) Strengthen the Group management base
2. Lists the status of director appointments since June 29, 2023

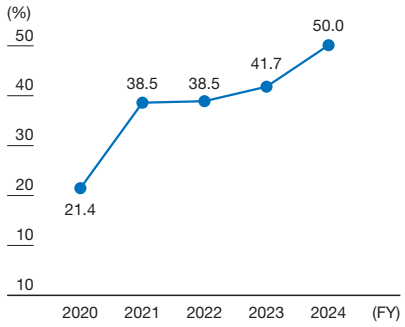
Number of Directors



Number of Independent Outside Directors



Ratio of Independent Outside Directors



Officer Election Process

1. Management Executives and Directors

The Company has a total of no more than 11 directors in charge of business execution and independent outside directors (10 as of the end of September 2024) who comprise the Board of Directors to enable the Board of Directors to engage in sufficient deliberations based on diverse opinions and to make swift and rational decisions.

Directors are required to be persons of outstanding character and broad insight who can be expected to contribute to the establishment and execution of management strategy based on the business environment and management issues, while candidates for management executives and directors in charge of business execution possess a wealth of professional knowledge and experience in business operations, and candidates for outside directors possess a wealth of experience and knowledge in their professional fields and have the qualities to effectively provide advice and supervision from an independent and objective standpoint.

To further enhance the objectivity and transparency of procedures for determining the nomination and compensation of management executives and directors, a Nomination and Compensation Committee has been established as an advisory body to the Board of Directors, where the Board consults with the committee on matters related to the nomination of management executives and director candidates, including the consideration of selection criteria and evaluation of candidates, and then deliberates and resolves these matters based on the Committee's recommendations.

In determining the reappointment or new appointment of management executives and directors, the Nomination and Compensation Committee conducts interviews with candidates to objectively verify whether management executives and executive directors have been appropriately considered in light of the above selection criteria, and report their opinions to the Board of Directors. For candidates for outside directors, the Nomination and Compensation Committee evaluates the effectiveness of each candidate for reappointment or new appointment based on the above selection criteria, and reports their opinions to the Board of Directors. In particular, with regard to the new appointment of outside directors, the Company considers the necessary qualities, etc. at the time of each appointment, compiles a list of candidates, and updates this list each year from the perspective of ensuring the appropriate composition of the Board of Directors required for the sustainable growth of the Company. When it becomes necessary to appoint a new outside director, the Nomination and Compensation Committee interviews candidates selected from a list of candidates based on the policy above, the composition of the Board of Directors, and the suitability of persons as outside directors, after which it selects candidates and makes a report to the Board of Directors.

The Board of Directors discusses these reports at meetings of the Board of Directors attended also by outside directors and outside Audit & Supervisory Board Members, appoints management executives by resolution of the Board of Directors, and determines candidates for directors.

In the event that a management executive commits an act in violation of public order or morals, faces difficulties in continuing to execute his or her duties for health reasons, or significantly harms corporate value due to the neglect of his or her duties, the Board of Directors shall consider submitting a proposal regarding the dismissal of said management executive to a meeting of the Board of Directors held with the attendance of outside directors and outside Audit & Supervisory Board Members as necessary, and shall, prior to submitting the proposal, consult with the Nomination and Compensation Committee and explain the reasons for the dismissal to outside directors and outside Audit & Supervisory Board Members other than members of the committee.

2. Audit & Supervisory Board Members

The Company's Board of Audit & Supervisory Board Members consists of a total of five Audit & Supervisory Board Members, consisting of two internal Audit & Supervisory Board Members and three independent outside Audit & Supervisory Board Members, in order to enhance audits and increase the independence of the Audit & Supervisory Board Members system from management.

Audit & Supervisory Board Members are required to be persons of outstanding character and broad insight, while candidates for internal Audit & Supervisory Board Members are familiar with the actual management of the Company, and candidates for outside Audit & Supervisory Board Members have a wealth of professional knowledge and experience in their professional fields, including their industry, legal affairs, and accounting.

Based on this policy, representative directors prepare a draft list of candidates for Audit & Supervisory Board Members and propose it to the Board of Directors with the consent of the Board of Audit & Supervisory Board Members, which is deliberated on by a meeting of the Board of Directors held with the attendance of outside directors and outside Audit & Supervisory Board Members, and the candidates for Audit & Supervisory Board Members are determined by resolution of the Board of Directors.

Officer Compensation

Matters Concerning the Determination of the Amount and Calculation Method of Officer Compensation

The Nomination and Compensation Committee is consulted on the policy for determining the details of compensation for each director. Based on the report received from the committee, the Board of Directors makes a resolution as follows.

Policy for determining the amount of basic compensation for each director, details of performance-based compensation and nonmonetary compensation and calculation method of their amount or figures (includes the policy for determining the timing and terms of granting the compensation)

Compensation for directors shall consist of basic compensation, performance-based compensation, and stock compensation at amounts based on their duties and the compensation level of society in general.

Basic compensation shall be paid according to the position of each director as monthly fixed compensation within the limit of compensation determined at a general meeting of shareholders.

Performance-based compensation shall be bonuses for directors excluding outside directors. Payment is to be made at a specific timing every year at an amount determined according to the performance indicators of the previous fiscal year within the compensation limit that is common with basic compensation. There are four performance indicators designated by the Company (changed at the Board of Directors meeting on February 22, 2024): namely, operating income, considered appropriate as an indicator of the results of corporate operations; ROE, considered appropriate as an indicator of capital efficiency; CO2 emissions reduction rate, which is an indicator of the Mitsubishi Logistics Group's environmental initiatives in efforts toward ESG management and response to SDGs; and ratio of female managers, which is an indicator for evaluating compliance and human rights/gender issues. The compensation amount shall be calculated based on the previous fiscal year results of the performance indicators, using a predetermined calculation table. When doing so, a certain degree of addition or subtraction is allowed based on assessment of the efforts made toward the challenges set for individual directors.

Stock compensation is intended to incentivize recipients to sustainably increase the Company's corporate value and promote the further sharing of value with shareholders. Payment is to be made at a specific timing every year at an amount deemed reasonable in light of the purpose within the compensation limit that is common with basic compensation to directors excluding outside directors as compensation for granting restricted stock. The stock cannot be disposed of until the recipient retires or resigns from the position of the Company's director or other positions decided by the Company's Board of Directors. When providing stock compensation is difficult or inappropriate due to a director residing outside of Japan or for other reasons, different arrangements may be made.

Policy for determining the ratio of monetary compensation, performance-based compensation, and nonmonetary compensation for each director

The payment amount per type of compensation for each director shall be determined so that the ratio per type of compensation for each director will function as an appropriate incentive commensurate with the duties expected for each position.

To link compensation with medium- to long-term business performance, the Company's shares shall be acquired through the officer stock ownership plan using contributions from monthly compensation and bonuses at amounts not less than those set for each position. All the shares purchased shall be held throughout the service period and until one year after retirement.

Determination of details of compensation for each director

Based on the policy to the left, matters such as the compensation limit to be submitted to the general meeting of shareholders, drafts of proposals regarding stock compensation, and allotment of each type of compensation for each individual shall be discussed by the Nomination and Compensation Committee. The committee was established as an advisory body to the Board of Directors mainly comprising independent outside directors to further enhance the objectivity and transparency of the procedures for determining the nomination and compensation of directors. Based on the suggestions of the committee, the Board of Directors shall discuss and resolve the matter at its meetings attended by outside directors and outside Audit & Supervisory Board Members.

Matters Concerning the Policy for Determining the Amount of Compensation for Audit & Supervisory Board Members and Its Calculation Method

Compensation for Audit & Supervisory Board Members is determined by discussion between Audit & Supervisory Board Members within the compensation limit resolved at a general meeting of shareholders.

Total Amount of Compensation for Each Officer Category, Total Amount of Compensation by Type, and Number of Eligible Officers

Category	Total amount of compensation	Total amount of compensation by type				Number of eligible officers
		Basic compensation	Bonuses (performance-based compensation)	Restricted stock compensation (nonmonetary compensation)	Retirement benefits	
Directors [of which, outside directors]	¥508 million [¥52 million]	¥357 million [¥52 million]	¥65 million [–]	¥85 million [–]	– [–]	14 [5]
Audit & Supervisory Board Members [of which, outside Audit & Supervisory Board Members]	¥75 million [¥42 million]	¥75 million [¥42 million]	– [–]	– [–]	– [–]	7 [4]

Notes: 1. Bonuses are performance-based compensation paid to directors excluding outside directors within the same limit as basic compensation and, as stated in "Matters Concerning the Determination of the Amount and Calculation Method of Officer Compensation," are calculated and paid based on the previous fiscal year's results for the four performance indicators of operating income, ROE (return on equity), CO_2 emissions reduction rate, and ratio of female managers (performance indicators were changed at the Board of Directors meeting on February 22, 2024).
2. Of the bonuses paid in June 2023 (¥58 million) and slated for June 2024 (¥67 million), the amount of bonuses shown above is the amount recorded as expenses in the fiscal year under review. The actual results of the performance indicators that affect bonuses are shown in the table to the right (the CO_2 emissions reduction rate is temporary as it takes time to calculate it).

	June 2023 payment	June 2024 payment
Performance indicators	220th term (FY2022)	221st term (FY2023)
Consolidated operating income	¥23,027 million	¥18,941 million
Consolidated ROE	7.8%	7.3%
CO_2 emissions reduction rate	(33.2%)	(18.4%)
Ratio of female managers	(N/A)	4.7%

Evaluation of the Effectiveness of the Board of Directors

In order to further improve the effectiveness of the Board of Directors, the Company conducts an annual self-assessment questionnaire on all directors and Audit & Supervisory Board Members and shares the results with the Board. To address issues identified in previous surveys, we have made improvements to enable deeper discussions at Board meetings through providing explanations on the Group's business and challenges to outside directors and Audit & Supervisory Board Members, as well as preliminary briefings on important agenda items.

For the FY2023 effectiveness evaluation, a third-party organization was employed to conduct surveys and interviews to further enhance objectivity and neutrality. The analysis by the third-party organization concluded that the overall effectiveness of the Board of Directors has been ensured.

Based on the analysis and evaluation results from the third-party organization, the Board of Directors discussed improvement measures for issues and identified priority items for future initiatives.

Response to Issues in FY2023

As initiatives based on the results of the FY2022 questionnaire, we moved up the start time of Board meetings to ensure and increase opportunities for discussing issues and also improved the effectiveness of the Board by enhancing materials to provide deeper understanding of the Group's business and challenges.

Implementation and Process for the FY2023 Evaluation

February to March 2024

■ **Implemented questionnaire**

Subject: Directors and Audit & Supervisory Board Members
Format: 5-point scale evaluation (23 questions in 5 categories) and free comment section

March to April

■ **Conducted interviews**

Delving deeper into awareness of issues and responses based on questionnaire responses

May

■ **Evaluation results report from a third-party organization**

■ **Conducted Board of Directors discussions**

Examination of improvement measures for issues and identification of priority items for future initiatives

■ Questionnaire Questions

(1) Composition and operation (number of members, diversity, meeting management, roles, information provision, initiatives to enhance the effectiveness, etc.)
(2) Management strategy and business strategy (the Board's role in strategy deliberation, decision-making, and oversight, discussions on DX, human capital, and sustainability, etc.)
(3) Corporate ethics and risk management (internal control and risk management systems, reporting and response, cooperation with auditing bodies, etc.)
(4) Nomination and compensation (nomination, compensation, succession planning, etc.)
(5) Dialogue with shareholders (stakeholder perspectives, disclosure of sustainability information, etc.)

■ Overview of Evaluation Results

The evaluation results showed that the overall effectiveness of the Board of Directors is ensured in terms of meeting management, information provision, and ensuring objectivity and transparency of procedures through the establishment of the Nomination and Compensation Committee.

■ Board of Director Strengths Identified through the Questionnaire and Interviews

- Internal and outside directors alike are professionals in a variety of fields and engage in lively discussions while providing their opinions based on specialized knowledge and extensive experience.
- The Board of Directors is shifting toward more substantive discussions with a shared commitment to further improving the Board among individual directors and the secretariat.

■ Issues and Future Initiatives Identified through Board Discussions

Issues identified in the FY2023 evaluation	FY2024 initiatives (◎ = priority initiatives)
Enhance discussions on medium- to long-term direction and management strategy	◎ Review agenda criteria, continuously improve materials and information provision
Oversight of risk management systems, especially overseas	• Reorganized the Risk Management Committee into the Group Risk Management Committee in May 2024 to position risk management as part of the management strategy for increasing corporate value • Strengthen Group-wide risk management including overseas operations with a focus on the Group Risk Management Committee and report regularly to the Board of Directors
Enhance and systematize discussions on the President's succession plan	• Created a succession plan roadmap in June 2024 • Enhance discussions at the Nomination and Compensation Committee
Cooperation between outside directors, Audit & Supervisory Board Members, and other supervisory bodies	• Increase opportunities for opinion exchange
Diversify the Board composition in terms of gender and background and optimize the number of members, including Audit & Supervisory Board Members	• Reduced the number of directors from 14 to 11 in June 2024 • Enhance discussions at the Board of Directors and Nomination and Compensation Committee

Introduction of Directors and Executive Officers

Please visit our website for detailed biographies of officers (the URL to the right).

List of board of directors | Mitsubishi Logistics Corporation
https://www.mitsubishi-logistics.co.jp/english/company/executive/

Directors



Masao Fujikura
Chairman



Hidechika Saito
Representative Director and President



Munenori Kimura
Director and Managing Executive Officer
General Manager of Corporate Planning Division, in charge of Planning, International Transportation Business, and Overseas Business Planning & Coordination



Akira Yamao
Director and Managing Executive Officer
In charge of Accounting and Financing, and Information System



Masanori Maekawa
Representative Director and Managing Executive Officer
General Manager of General Affairs Division and Corporate Communications Chamber, in charge of General Affairs, Corporate Communications, Human Resources, and Sustainability Promotion



Tatsuo Wakabayashi
Outside Director (Independent Director)
Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation



Toshifumi Kitazawa
Outside Director (Independent Director)
Senior Executive Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd.



Tadaaki Naito
Outside Director (Independent Director)
Senior Advisor of Nippon Yusen Kabushiki Kaisha



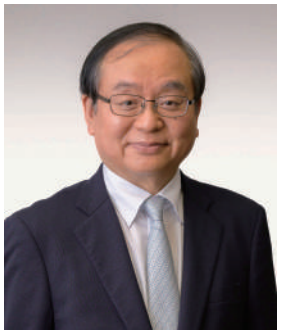
Tetsuya Shoji
Outside Director (Independent Director)
Corporate Advisor of NTT Communications Corporation



Kazuko Kimura
Outside Director (Independent Director)
Professor Emerita of National University Corporation Kanazawa University

Note: Independent Director: A director designated as an independent officer based on the regulations of Tokyo Stock Exchange, Inc. and reported to the Tokyo Stock Exchange.

Audit & Supervisory Board Members



Yasushi Saito
Senior Audit & Supervisory Board Member (Full-time)



Masanao Yamato
Outside Audit & Supervisory Board Member (Full-time)
(Independent Auditor)



Takao Sato
Outside Audit & Supervisory Board Member (Independent Auditor)
Certified Public Accountant



Yusaku Kurahashi
Outside Audit & Supervisory Board Member (Independent Auditor)
Lawyer



Jiro Kodaka
Audit & Supervisory Board Member
(Full-time Corporate Auditor (Audit & Supervisory Board Member) of Ryoso Transportation Co., Ltd.)

Note: Independent Auditor: A auditor designated as an independent officer based on the regulations of Tokyo Stock Exchange, Inc. and reported to the Tokyo Stock Exchange.

Executive Officers



Takashi Mukai
Managing Executive Officer
In charge of Technical and Real Estate Businesses



Misao Kawamura
Managing Executive Officer
In charge of Harbor Transportation Business



Eiichi Kato
Managing Executive Officer
In charge of Warehousing & Distribution Business

Manabu Kusuyama
Executive Officer
General Manager of the Information Systems Division

Chikara Kurimata
Executive Officer
Chairman of Project Hermes Holding Company*

Takero Shimizu
Executive Officer
General Manager of Warehousing & Distribution Business Division

*Project Hermes Holding Company is the holding company for the Cavalier Logistics Group, which was acquired as of October 2, 2023.

Risk Management

The Group has established Group Risk Management Regulations as well as a Group Risk Management Committee to maintain and improve the effectiveness of the Risk Management System across the Group in an effort to identify business risks in all directions and prepare for emergencies during times of normalcy. In the event that risk occurs, we have also established a Response Headquarters in accordance with our Basic Manual for Crisis Management to minimize losses and return to normal operations as quickly as possible through concentrated company-wide support and measures.

Basic Risk Management Policy

The basic policy behind the Group's risk management is to identify, analyze, and evaluate risks that could hinder achievement of our corporate philosophy in a timely and appropriate manner as well as minimize the frequency and impact of negative risks by creating, implementing, monitoring, and reviewing risk response plans to maintain the effectiveness of the risk management system based on the basic objectives and action guidelines outlined below.

Basic objectives of risk management

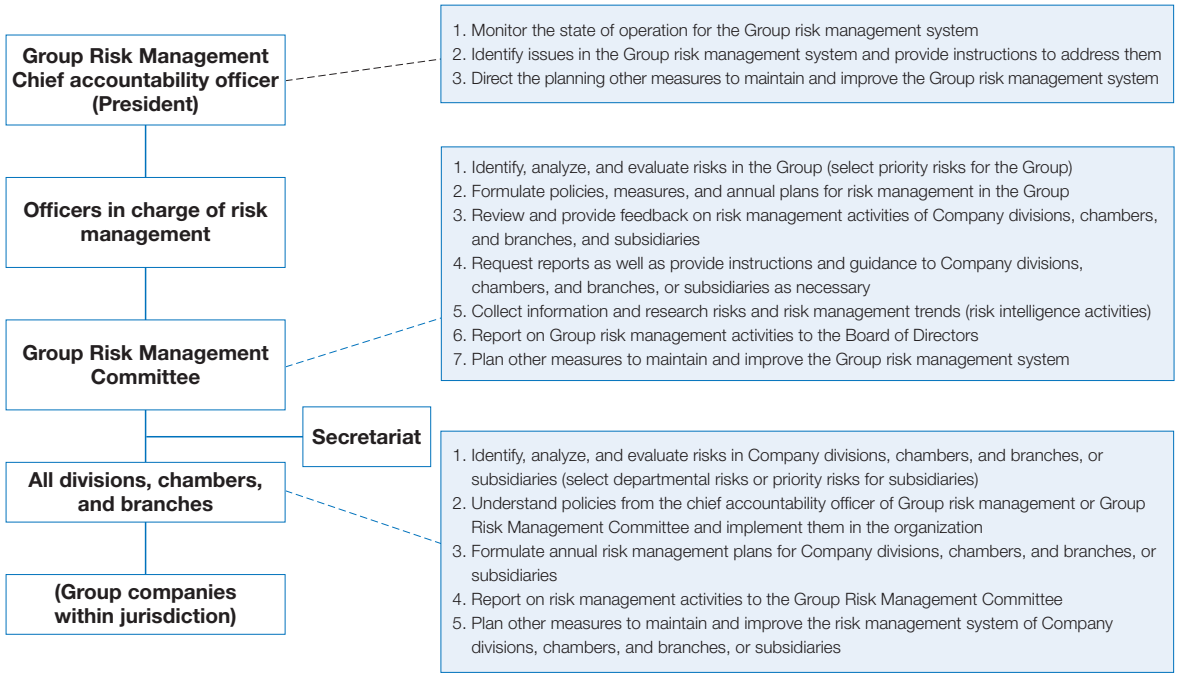
- Improve corporate value
- Ensure stable business continuity
- Maintain and improve relationships of trust with all stakeholders

Risk Management Action Guidelines

- We will establish a risk management system integrated with the business plan to create an environment that supports appropriate risk-taking and accurate risk control across the Group.
- We will raise risk awareness through officer and employee education and training to foster a culture of healthy risk-taking throughout the Group.
- We will strengthen risk intelligence activities and conduct appropriate risk assessments to identify priority risks, including emerging risks.
- We will select a department to be in charge of all risks in the Group, develop a risk response plan, and implement the PDCA cycle of management.
- We will regularly verify and inspect the effectiveness of our risk management system in order to maintain and improve it.

Risk Management System Chart

The Risk Management Committee will change to the Group Risk Management Committee and shift to a system to identify risks not only from natural disasters but from all directions and prepare for emergencies during times of normalcy. The status and decisions of the Group Risk Management Committee will be reported to the Board of Directors twice a year.



Main Risks and Countermeasures

Risks	Risk explanations and countermeasures
Changes in the business environment	The Group's primary businesses are the Logistics Business with the Warehousing and Distribution Business at its core, and the Real Estate Business, which focuses on the leasing of buildings, and while the Group strives for stable growth through planned capital investment and the provision of sophisticated services, the Logistics Business is influenced by fluctuations in the business landscape, including economic fluctuations in Japan and abroad as well as the streamlining of logistics and restructuring at client companies, while the Real Estate Business is influenced by fluctuations in supply and demand as well as market trends in the rental office market.
Damage to business assets (warehouses, rental buildings, etc.) caused by natural disasters	While we take necessary measures for business assets such as warehouses and rental buildings, including earthquake resistance and seismic isolation measures for buildings, external insurance coverage, daily inspections and maintenance, creation and updating of manuals for crisis response in the event of natural disasters, and regular training, there is a risk of serious damage that cannot be fully covered by insurance in the event of a large-scale natural disaster such as an earthquake, typhoon, heavy rainfall, flood, tsunami, or volcanic eruption, which could affect the financial position and operating results of the Group.
Reduction in market value and profitability of business assets (land, buildings, etc.)	The Group may apply impairment accounting to avoid carrying forward losses into the future and reflect the possibility of recovery in cases where the amount of investment cannot be expected to be recovered due to a decline in the fair value of land, buildings, goodwill, and customer-related assets, or a decrease in profitability as a result of applying the Accounting Standard for Impairment of Fixed Assets.
Fair value fluctuations of investment securities	The Group's investment securities as of the end of FY2023 stood at ¥213,470 million, consisting mainly of shares in its business partners, primarily for the purpose of maintaining and strengthening business relationships; however, the application of the Accounting Standard for Financial Instruments means we are affected by fluctuations in market prices, such as share prices. The Company recognizes an impairment loss on available-for-sale securities without a market price if their fair value falls significantly below the acquisition cost, taking into consideration the possibility of recovery, and to provide for losses resulting from a decline in the substantial value of stocks without a market price, we record as an allowance for investment loss, taking into account the possibility of recovery if total net assets of the issuing company fall below the book value.
Compliance risk and human rights issues	The Group has formulated a Code of Conduct that stipulates compliance with laws and regulations and the exclusion of antisocial forces as the social norms for employees in executing their duties and is working to instill awareness of compliance based on corporate ethics in every employee and ensure thorough compliance with laws, regulations, and various rules through employee self-checks on the status of compliance with the Code of Conduct, as well as by thoroughly promoting training on compliance. Furthermore, the Internal Control and Compliance Committee has been established to verify and enhance the state of internal control functions and stance toward compliance. In conjunction with this, to fulfill our responsibility to respect human rights, which is a prerequisite for realizing our corporate philosophy, we have established the Mitsubishi Logistics Group Human Rights Policy and are promoting respect for human rights initiatives. However, even with such measures in place, compliance risks and human rights violation risks cannot be completely eliminated, and in the event of a situation arising that violates laws and regulations or causes a human rights issue, the resultant administrative sanctions, such as surcharges, criminal sanctions, requests from business partners, etc. for compensation for damages, and loss of credibility could affect the financial position and operating results of the Group.
Country risk in overseas business development	Overseas, the Company has a total of 24 subsidiaries in North America, China and Asia, and Europe (6 in North America, 15 in China and Asia, and 3 in Europe), which are engaged in warehousing and distribution business and International Transportation Business. In overseas business development, we endeavor to practice management activities in accordance with local laws and regulations and business customs, etc., and in the event that the investee acquires non-current assets such as warehouse facilities, we also endeavor to understand the degree of country risk and take out overseas investment insurance as needed.
Exchange rate fluctuations	In preparing the Group's consolidated financial statements, the financial statements of overseas consolidated subsidiaries are converted into yen, and as the Company and some of its consolidated subsidiaries have foreign currency-denominated receivables and payables, fluctuations in exchange rates could affect the financial position and operating results of the Group.
Tightening of regulations on environmental conservation, etc.	Recognizing the importance of environmental issues, the Group is promoting environmental measures as a key theme in its Initiatives for ESG Management and the SDGs as well as business activities that take the global environment into consideration in addition to establishing the Environmental Policy and the Environmental Voluntary Plan. Specifically, in addition to working on energy-saving measures for warehouses and real estate rental facilities by building Disaster-Resistant and Eco-Friendly Warehouses and Disaster-Resistant and Eco-Friendly Office Buildings, we are working to introduce equipment and facilities as well as develop services in collaboration with customers and subcontractors to help lower environmental impact. We also disclose climate change-related information recommended in TCFD proposals and disclose transition risks and physical risks. However, going forward, in the event that the tightening of related laws and regulations and other regulations necessitates new capital investment, an increase in funds or cost burden could affect the financial position and operating results of the Group.
Information security risks	The Group handles business partners' confidential information and customers' personal information in its business activities to promote business and improve efficiency using a variety of information technologies. In the management of information asset management networks, we focus on stable operations and security measures, take necessary steps such as appropriate server management and information backup, and work to reduce security risks by conducting information security education on targeted attacks.
Risks from infectious diseases	Due to a regional outbreak of an emerging or re-emerging infectious disease, including COVID-19, or a global pandemic, the Logistics Business may experience sluggish cargo movements and the Real Estate Business may face an increased vacancy rate due to tenants moving out, which could significantly affect the business activities and business results of the Group.

Compliance

Initiatives for Maintaining and Strengthening the Compliance System

■ Confirming the appropriateness of operations via internal control

The Board of Directors of the Company resolved the Basic Policy on the Improvement of an Internal Control System to ensure the appropriate execution of duties by officers and regular employees and the appropriateness of corporate affairs.

Furthermore, the Company improves the systems necessary for ensuring the credibility of financial reporting and prepares and submits the Internal Control Report regarding the evaluation of the effectiveness of internal control relating to financial reporting in accordance with the Financial Instruments and Exchange Act.

■ Disseminating the awareness of compliance

The Group endeavors to instill in every employee awareness of compliance based on corporate ethics and conducts an employee self-check (Code of Conduct questionnaire) on the status of compliance with the Code of Conduct, which was formulated as the social norms for employees in executing their duties, as well as a compliance awareness survey covering anti-bribery and other anti-corruption policies.

The self-check on the status of compliance not only targets the Company and Japanese Group companies but overseas Group companies as well using English texts.

We also aim to disseminate compliance awareness, including that of anti-bribery and other anticorruption policies, and establish good working environments by using various training opportunities.

■ Confirming operational processes via internal audit

The internal audit of the Company is performed mainly by the Audit Division in accordance with internal audit regulations and an internal audit plan and is supported by branch auditors and audit assistants positioned at the head office and respective branches. The purpose of the internal audit is to precisely grasp the status of corporate affairs and financial position so that it can be used to prevent fraud or errors, improve management, increase efficiency, and otherwise streamline management. Since April 2022, internal audits have been under the direct control of the President, and the Audit Division reports the results of audits regarding the Company and affiliated companies to the President. The Audit Division also supports follow-up checks on any issues noted in the audit results and reports the results to the President.

The Audit Division also maintains close partnership with the Audit & Supervisory Board Members and provides them with internal audit information to cooperate in audits by the Audit & Supervisory Board Members.

■ Holding Internal Control and Compliance Committee meetings

In September 2006, we established the CSR and Compliance Committee and promoted CSR activities within the Group, but in FY2021, matters relating to CSR were transferred to the Sustainability Committee while matters relating to compliance were transferred to the Internal Control and Compliance Committee, thereby further strengthening these initiatives.

At the Internal Control and Compliance Committee meeting held annually, we discuss the content of the Internal Control Report, the compliance improvements based on self-checks of the Code of Conduct compliance status, as well as the trends related to whistleblowing and the Company's response and future initiatives.

Branch general managers who are close to manufacturing sites also participate in meetings of the Internal Control and Compliance Committee, which helps maintain and strengthen the compliance system through various responses.

Internal Reporting System

The Group has established Corporate Ethics Helplines both internally and externally (through a third-party organization) to ensure early detection, prevent, and stop recurrence of violations or potential violations of laws, regulations, and corporate rules. Both helplines handle cases against bribery and other corruption, ensuring confidentiality and anonymity.

We also verify awareness of our internal reporting system and encourage its use through an annual Code of Conduct survey conducted every December for Group officers and employees.

In FY2023, the Corporate Ethics Helpline received and handled 22 whistleblowing cases. We conduct necessary investigations for all reports and take appropriate measures that lead to correction.

Initiatives for Improving Compliance Awareness

■ CSR & Compliance Handbook

The Group has published the CSR & Compliance Handbook (booklet and online versions) that all officers and employees within the Company and Japanese Group companies may reference at any time.

This handbook also includes anti-bribery and other anticorruption policies and is available for viewing by all employees to instill awareness.

Additionally, we check the employee awareness level of our anti-corruption policies through the Code of Conduct survey administered to all Group employees.

Excerpts from the Compliance Handbook

1.We shall comply with laws, ordinances, and rules that enable us to honestly and fairly carry out business activities without deviating from social norms.
(Examples of specific considerations)
(1) We shall continuously update traditional internal and external business practices from the standpoint of legal compliance, while striving to obtain an understanding of the relevant laws and regulations, including the Warehousing Business Act, the Port Transport Business Act, and the Labor Standards Act of Japan.
(2) We shall enforce compliance with Company rules such as the Rules on Preventing Internal Trading, Accounting Rules, and Implementation Guidelines for Warehousing and Storage Operations.
(3) We shall not engage in any discriminatory practices against subcontractors or peer companies, or participate in any form of collusion whatsoever among companies or industry groups. We shall exercise our own judgment when responding to any administrative guidance of the supervising authorities.
(4) We shall keep gifts and business entertainment to the absolute minimum necessary in light of generally accepted social standards. In cases where we are considered to be a related party with a vested interest pursuant to the National Public Service Ethics Code, we shall not present gifts to civil servants or deemed civil servants, regardless of whether these items are considered to be condolence gifts, farewell gifts or the like. Furthermore, we shall not present foreign civil servants with gifts for the purpose of obtaining illegitimate profits, etc.
(5) We shall step up efforts to tighten information security management in step with advances in digital technologies, while prohibiting the personal use of communication methods via PCs, mobile phones and other devices.
(6) We shall endeavor to properly manage and safeguard personal information and customer information.
(7) If Company personnel discover any evidence of a breach of corporate ethics and believe that the information may not be duly reported to top management via their direct supervisors, they should report this information to the Corporate Ethics Help Line (Whistleblower and Consultation Mechanism/reports may be submitted anonymously). The mechanism shall report this information to top management while strictly protecting the confidentiality of the informant.
We shall not subject the informant to any disadvantageous treatment on account of his or her reporting and other related reasons.

■ Compliance awareness survey

We provide Web-based surveys on awareness targeting the Company and domestic Group companies based on the CSR & Compliance Handbook and the Integrated Report to improve compliance awareness.

By asking questions about familiar issues, every employee thinks about what to do and comes up with an answer, which leads to the development of compliance awareness.

■ Review session and training on compliance with the Subcontract Act and the prevention of insider trading

In March 2024, we conducted a review session on the Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (the Subcontract Act) for employees of the Company and domestic Group companies. The session was attended by a total of 2,332 employees who handled tasks associated with the Act at each business division, and the participants studied the Act's purpose, scope of application, obligations, prohibited matters, etc., based on questions provided online. In February 2024, newly appointed managers, new hires, and mid-level employees who have been with the Company for about ten years (94 employees in total) received training on insider trading prevention and checked their level of understanding using an e-learning program.

Initiatives for communication with stakeholders

■ Dialogue with shareholders and enhanced information disclosure

1. Based on opinions received through dialogues with shareholders and investors, discussions were held at the Board of Directors and compiled into Initiatives to Enhance Corporate Value in April 2024.

• FY2023 results
Investor dialogues: 78 (up +33 from the previous fiscal year)
Shareholder dialogues: 14 (up +2 from the previous fiscal year)

• Major themes and shareholder concerns
Cross-shareholdings, strategic investments, capital policy, governance, sustainability, human capital (including promotion of female empowerment)

2. We will enhance the IR page on our website with different management indicators and data to provide more comprehensive disclosure information.

3. A specialized department will be established to increase opportunities for dialogue with shareholders and investors as a way of strengthening our IR/SR efforts.

4. We plan to announce the next management plan by April 2025. We will inform shareholders and investors broadly through briefings and video streaming by the representative director and president.

Consolidated results briefings may be viewed on the IR Information page of our website.
https://www.mitsubishi-logistics.co.jp/english/ir/

Contribution to Local Communities and International Society

The Company upholds contribution to the realization of an affluent and sustainable society as part of its corporate philosophy, and based on the recognition that the sustainable development of local and international communities leads to our own sustainable growth, we believe it is necessary to understand our relationship with society beyond just the areas where our offices are located in order to contribute to the development of local and international communities. Under this belief, we center our activities on local communities and the environment and provide support involving community building, educate future generations, preserve ecosystems, and offer donations as a means of investment and support that connects to the sustainable development of local communities and international society.

Contribution to Education

Dispatching lecturers to Kobe University

On June 21, 2024, the manager of the International Transportation Business Section 1 at the Kobe Branch gave a lecture on “International Logistics” at the Faculty of Ocean Science and Technology, Kobe University.

We have been sending lecturers to this university every year since 2021 as part of our efforts toward community contribution.

The lecture was part of the Introduction to Maritime Practice-1 course, aimed at providing useful information for students to envision their future careers in the maritime industry.

While previous lectures were held online due to the COVID-19 pandemic, this year’s lecture was conducted in person, with nearly 200 students attending.

The lecturer explained the basics of international logistics and also described the Company’s digital transformation initiatives in international logistics, including our proprietary greenhouse gas (GHG) calculation system “Emission Monitoring Cargo Route Finder.”

During the post-lecture Q&A, students asked such questions as “What differences did you notice between Japan and other countries during your international assignments?” and “Has there been any change in cargo composition before and after the COVID-19 pandemic?”



Joint course between industry and academia with Aoyama Gakuin University

We have partnered with Professor Horie for a seminar at the School of Global Studies and Collaboration at Aoyama Gakuin University, which aims to give students a deeper understanding of business through analyzing companies and visits to actual workplaces. We conducted tours of the Oi Sales Office in the Tokyo Branch in September 2023 and the Bangna Warehouse in Mitsubishi Logistics Thailand in October, where students provided suggestions for improvement for our warehouse operations from the perspective of sustainability.

Many students commented that this was a good opportunity to gain knowledge about our operations and the logistics industry and that it was a valuable experience. Four students are scheduled to participate in this program in the 2024 academic year.



Field trip for local elementary school students

On February 9, 2024, as part of our local community contribution activities, we welcomed 27 fifth-grade students from Sakamoto Elementary School in Chuo Ward, Tokyo, to our head office as part of a field trip.

Fifth graders learn about trade and logistics in their social studies classes, so employees explained the work done at container terminals operated by the Company as well as the different types of containers.

The children asked many questions about ports and ships, such as “How do you climb up to the operator’s cabin on a gantry crane?” and “How are open-top containers loaded?” each of which was answered based on real experience. After the learning session, students shared their impressions, saying it was “fun” and “informative” to learn about real-world operations not covered in textbooks.



Contribution to the Protection of Eco-Systems

Forest conservation activities

To address the global environment from the perspective of protecting biodiversity, we participated in a reforestation partnership program led by Kanagawa Prefecture and initiated related activities in April 2011.

In October 2023, 23 officers and employees participated.

The participants were divided into two groups, and the tree thinning work group engaged in felling, branch removal, and log cutting work in the area around Tanzawa Lake in Kanagawa Prefecture. Thinning the densely crowded trees promotes tree growth and allows light into the dark forest, thereby spurring undergrowth to thrive and prevent landslides.

Under the guidance of instructors, participants engaged in nature observations to deepen their understanding of the environment, namely through walks in the Yadoriki watershed forest to view the lush nature, for an activity that is also helping to foster an awareness of the environmental action raised by the Company.



Contribution to Local Communities

Cooperative activities between Yokohama Bay Quarter and Kanagawa University

The Kanagawa University HOP STEP BEER project for growing hops is an SDGs initiative intended to tackle environmental issues, such as the emerging heat island effect in the Minato Mirai area as it undergoes urban development, that specifically seeks to create and share opportunities for agricultural experiences in the city center using a mobile app, generate excitement through events, and establish points of contact between the campus and local communities, and was launched on a trial basis in FY2021 at the Minato Mirai Campus.

Since FY2022, employees at Yokohama Dia Building Management Corporation (the Yokohama Bay Quarter management company) have participated in this project. We have also engaged in other cooperative activities with Kanagawa University, including having its students from the Arts Club create wall art along the Yokohama Bay Quarter stairwells once per year since 2015.



Let's Create a Giant Earth

Yokohama Bay Quarter hosted an event called "Let's Create a Giant Earth" in July 2024, in which we worked with visitors to create a piece of art. We organized this event in hopes that it would inspire participants to consider recycling and the global environment through the process of creating art. The event was joined by nearly 30 parent-child groups, with the children using alcohol ink and markers to color round parts made from repurposed acrylic panels and face shields previously used as infection prevention measures during the COVID-19 pandemic, then combining these to create an artwork of Earth nearly two meters in diameter. Some participants said they would use this experience as part of their summer science project.



Participation in community cleanups

Operating bases of the Company and Group companies nationwide also participated in local volunteer cleanup activities. The head office conducts cleanup activities twice a month in parks as part of our Street Cleaning Day program, with 335 employees participating in FY2023. We contribute to the local communities by continuing to participate in these cleanup activities.



Social contribution activities of Mitsubishi Logistics Thailand Co., Ltd.

Mitsubishi Logistics Thailand Co., Ltd. plans CSR activities each year, and the FY2023 activities were joined by 120 employees in five groups. One such project carried out on October 28, 2023, was the "Colorful school, Bright futures Project." Children's homes in Bangkok run primarily on donations. The facility was in poor condition, with noticeable deterioration and fading on building walls, creating a difficult learning environment, so 30 members of company staff worked primarily to paint the building. They also donated school supplies and provided meals. Though this activity had been suspended due to the COVID-19 pandemic, it resumed last year, with many participants expressing hope for its continuation in the coming year.



Repairing an elementary school

Support for a Public Interest Incorporated Foundation

Support for the activities of the Dia Foundation for Research on Ageing Societies

The Dia Foundation for Research on Ageing Societies is engaged in activities aimed at contributing to solving issues faced by aging societies, in fields such as insurance, medical care, and welfare, through investigation and research into these issues.

Interest is growing in social participation by the elderly in the context of a declining birthrate and aging population.

The Company is collaborating with the Dia Foundation for Research on Ageing Societies in the utilization of diverse human resources, including the elderly to help realize an affluent and sustainable society.

Contribution to Solutions for Social Issues

Donations for the Noto Peninsula Earthquake

We donated ¥2 million in charity through the Japanese Red Cross Society to help with damage caused by the 2024 Noto Peninsula Earthquake.

Donations to the Japanese Foundation for Cancer Research

Since FY2011, we have endorsed the Japanese Foundation for Cancer Research's Basic Philosophy of aiming to improve the well-being of people everywhere by achieving better cancer control, and in FY2023 donated ¥1 million. We will continue to support the Foundation to realize its desire for a future free of cancer.

Community Investments (FY2023)

Donation recipient	Details	Donation amount
Japanese Red Cross Society	Charity donation for the 2024 Noto Peninsula Earthquake	¥2 million
Japanese Foundation for Cancer Research	Donations for cancer research	¥1 million
Kanagawa Prefecture	Donations for the partnership program of reforestation of Kanagawa Prefecture	¥0.6 million

Note: Donation details and amounts are excerpted from the General Affairs Division / Sustainability Promotion Team

Social Contribution Activities (FY2023)

Activity details	Number of participants
Forest conservation activities	23
Cleanup activities (head office)	335
Social contribution activities of Mitsubishi Logistics Thailand Co., Ltd.	Around 120

Financial Summary

Financial Items

		FY2014 (year ended March 31, 2015) (actual results)	FY2015 (year ended March 31, 2016) (actual results)	FY2016 (year ended March 31, 2017) (actual results)	FY2017 (year ended March 31, 2018) (actual results)	FY2018 (year ended March 31, 2019) (actual results)	FY2019 (year ended March 31, 2020) (actual results)	FY2020 (year ended March 31, 2021) (actual results)	FY2021 (year ended March 31, 2022) (actual results)	FY2022 (year ended March 31, 2023) (actual results)	FY2023 (year ended March 31, 2024) (actual results)	FY2024 (year ending March 31, 2025) (forecast)	FY2024 (year ending March 31, 2025) (Management Plan (2022–2024) targets)
Operating revenue	(¥ million)	204,362	206,831	208,718	215,407	227,185	229,057	213,729	257,230	300,594	**254,507**	270,000	260,000
Logistics Business	(¥ million)	170,402	169,006	167,907	181,277	190,434	189,709	179,255	215,240	263,899	**217,473**	224,200	215,000
Real Estate Business	(¥ million)	35,941	39,876	42,894	36,025	38,679	41,199	36,153	43,662	38,199	**38,601**	47,400	46,800
Inter-segment transactions	(¥ million)	(1,981)	(2,051)	(2,083)	(1,895)	(1,928)	(1,851)	(1,679)	(1,672)	(1,504)	**(1,566)**	(1,600)	(1,800)
Operating income	(¥ million)	11,449	11,309	12,748	12,421	12,660	12,195	11,735	18,144	23,027	**18,941**	20,000	20,000
Logistics Business	(¥ million)	7,204	5,579	6,661	7,662	7,609	7,184	7,232	13,703	18,774	**14,555**	14,300	14,000
Real Estate Business	(¥ million)	9,166	10,614	11,719	10,181	10,783	10,859	10,038	10,316	10,123	**10,888**	12,300	11,600
Company-wide expenses	(¥ million)	(4,921)	(4,885)	(5,633)	(5,422)	(5,731)	(5,847)	(5,535)	(5,875)	(5,869)	**(6,502)**	(6,600)	(5,600)
Non-operating income (loss)	(¥ million)	3,007	2,716	3,308	3,739	4,673	4,626	4,278	5,006	7,018	**5,417**	—	—
Ordinary profit	(¥ million)	14,456	14,025	16,056	16,160	17,333	16,822	16,013	23,151	30,046	**24,358**	24,800	—
Extraordinary income (loss)	(¥ million)	395	645	(260)	(790)	(541)	(84)	40,097	2,773	10,904	**14,812**	—	—
Profit before income taxes	(¥ million)	14,851	14,670	15,796	15,370	16,792	16,737	56,111	25,924	40,951	**39,170**	—	—
Profit attributable to owners of parent	(¥ million)	9,133	9,350	10,665	10,517	11,564	11,851	39,160	17,892	27,226	**27,787**	36,600	—
EBITDA (Operating income + Depreciation)	(¥ million)	24,838	25,139	25,673	25,168	25,656	26,447	26,595	33,610	38,742	**34,978**	37,500	—
Amounts per share of profit attributable to owners of parent/Earnings per share	(¥)	52.12	53.37	60.88	120.07*	132.03	137.31	462.28	219.47	342.00	**359.46**	489.31	—
Amounts per share of cash dividends applicable to the year/Annual dividend per share	(¥)	Interim 6 Term-end 6	Interim 6 Term-end 6	Interim 6 Term-end 8	Interim 7 Term-end 14*	Interim 15 Term-end 30	Interim 30 Term-end 30	Interim 30 Term-end 30	Interim 39 Term-end 41	Interim 41 Term-end 49	Interim 50 Term-end 70	Interim 80 Term-end 80	—
Dividend payout ratio	(%)	23.0	22.5	23.0	23.3	34.1	43.7	13.0	36.5	26.3	**33.4**	32.7	—

* A reverse stock split was conducted on October 1, 2017 at a ratio of one share for every two shares of common stock.

		FY2014 (year ended March 31, 2015) (actual results)	FY2015 (year ended March 31, 2016) (actual results)	FY2016 (year ended March 31, 2017) (actual results)	FY2017 (year ended March 31, 2018) (actual results)	FY2018 (year ended March 31, 2019) (actual results)	FY2019 (year ended March 31, 2020) (actual results)	FY2020 (year ended March 31, 2021) (actual results)	FY2021 (year ended March 31, 2022) (actual results)	FY2022 (year ended March 31, 2023) (actual results)	FY2023 (year ended March 31, 2024) (actual results)	FY2024 (year ending March 31, 2025) (forecast)	FY2024 (year ending March 31, 2025) (Management Plan (2022–2024) targets)
Total assets	(¥ million)	433,041	413,264	435,354	462,031[2]	482,575	468,243	535,761	562,187	573,689	679,143	—	—
Total liabilities	(¥ million)	169,952	155,740	158,484	167,480[2]	183,470	181,886	208,932	214,427	219,256	267,439	—	—
Total net assets	(¥ million)	263,089	257,524	276,870	294,550	299,104	286,356	326,829	347,759	354,432	411,703	—	—
Net assets per share	(¥)	1,486.99	1,455.06	1,565.27	3,330.71[1]	3,381.20	3,298.18	3,914.63	4,238.85	4,489.01	5,348.71	—	—
Equity ratio	(%)	60.2	61.7	63.0	63.1[2]	61.4	60.5	60.4	61.2	61.1	59.7	—	—
Return on equity (ROE)	(%)	3.7	3.6	4.0	3.7	3.9	4.1	12.9	5.4	7.8	7.3	9.1	7.0
Return on assets (ROA)	(%)	2.2	2.2	2.5	2.3	2.4	2.5	7.8	3.3	4.8	4.4	—	—
Depreciation	(¥ million)	13,389	13,830	12,925	12,747	12,995	14,252	14,860	15,465	15,714	16,037	—	—
Increase in non-current assets (capital investment amount)	(¥ million)	24,462	8,841	27,336	21,582	18,036	26,387	38,817	42,383	16,487	53,795	—	—
Cash flows from operating activities	(¥ million)	20,691	17,246	21,466	21,481	23,352	17,624	40,176	36,216	40,488	41,768	—	—
Cash flows from investing activities	(¥ million)	(20,562)	(7,032)	(22,270)	(22,219)	(31,786)	(18,022)	(14,002)	(29,221)	(14,379)	(31,477)	—	—
Cash flows from financing activities	(¥ million)	1,638	(7,927)	(7,819)	3,419	12,066	(2,359)	(5,270)	(16,518)	(17,067)	(14,858)	—	—
Cash and cash equivalents at the end of the year	(¥ million)	43,276	45,658	36,921	39,580	42,972	40,541	61,367	52,505	62,297	58,444	—	—

1. A reverse stock split was conducted on October 1, 2017 at a ratio of one share for every two shares of common stock.
2. The Company has applied "Partial Amendments to 'Accounting Standards for Tax Effect Accounting'" (Accounting Standards Board of Japan Statement No. 28, February 16, 2018) beginning from FY2018. The consolidated financial position for FY2017 has been retrospectively adjusted to reflect the application of the Standard, etc.

ESG Data

The following are some data related to the Mitsubishi Logistics Integrated Report 2024, which was collected at the end of FY2023.

Environment

		FY2021	FY2022	FY2023	Scope of aggregation
CO_2 emissions[1, 2]					
Scope 1[1]	(t-CO_2)	6,664	12,957	9,561	Mitsubishi Logistics Corporation, Fuji Logistics Co., Ltd., Ryoso Transportation Co., Ltd.
Energy source: CO_2	(t-CO_2)	6,001	9,193	9,319	
HFCs	(t-CO_2)	663	3,764	222	
Scope 2[1]	(t-CO_2)	54,788	51,976	50,191	
Energy use[2]					
Petroleum (gasoline)	(l)	49,662	54,482	132,187	Mitsubishi Logistics Corporation, Fuji Logistics Co., Ltd., Ryoso Transportation Co., Ltd.
Kerosene	(l)	308	152	76	
Diesel oil	(l)	1,753,339	3,013,830	2,961,297	
Heavy oil (Heavy oil A)	(l)	37,685	24,740	28,085	
LP (Liquefied Petroleum) gas	(kg)	61,710	59,084	84,404	
City gas	(Sm^3)	487,048	475,006	491,469	
Renewable diesel	(l)	0	0	4,050	
Electricity	(kWh)	127,695,766	133,024,106	133,269,785	
Heated water	(MJ)	2,966,207	2,556,847	2,338,908	
Cold water	(MJ)	45,442,021	48,151,275	50,280,679	
Steam	(MJ)	4,435,527	3,470,882	5,496,074	
Total	(GJ)	1,260,955	1,375,201	1,225,812	
Total renewable energy consumption	(GJ)	—	31,301	78,461	
Water					
Tap water	(m^3)	427,293	410,852	437,297	Mitsubishi Logistics Corporation
Rainwater	(m^3)	5,579	50,416	54,512	
Water withdrawal	(m^3)	432,872	461,268	491,809	
Water discharge	(m^3)	432,872	461,268	491,809	
Waste					
Waste emissions	(tons)	4,670	5,588	5,655	Mitsubishi Logistics Corporation
Waste emissions	(m^3)	5,111	5,528	5,030	

1. To reflect the effect of CO_2 emission reductions due to the introduction of real renewable energy, the calculation method was revised in FY2022.
2. Recalculated due to revisions of applicable locations.

Compliance with Environmental Law

		FY2021	FY2022	FY2023	Scope of aggregation
Fines/penalties related to the environment*	(¥)			0	Mitsubishi Logistics Corporation

* Aggregation began in FY2023.

Society

			FY2021	FY2022	FY2023
Human resources/diversity					
Number of Group employees	(Total)	(Persons)	4,732	4,708	4,922
Number of employees	(Men)	(Persons)	648	623	634
	(Women)	(Persons)	366	334	342
	(Total)	(Persons)	1,014	957	976
Number of temporary Group employees	(Total)	(Persons)	2,508	2,703	2,617
Ratio of female managers[1]		(%)	2.7	2.6	4.7
Number of employees with disabilities[2]		(Persons)	16	17	16
Ratio of employees with disabilities[2]		(%)	2.00	2.05	1.86
Hiring/retention rate					
Number of new graduate recruits[3]	(Men)	(Persons)	25	19	22
	(Women)	(Persons)	14	12	8
	(Total)	(Persons)	39	31	30
Number of mid-career recruits[4]	(Men)	(Persons)	7	11	16
	(Women)	(Persons)	1	5	12
	(Total)	(Persons)	8	16	28
Ratio of mid-career recruits to regular employees[5]		(%)	15	28	47
Ratio of new employees retained after three years[6]	(Men)	(%)	96.2	89.7	92.0
	(Women)	(%)	100.0	95.5	100.0
	(Total)	(%)	97.9	92.2	94.9
Average length of service	(Men)	(Years)	15.1	16.8	15.2
	(Women)	(Years)	16.9	17.8	17.3
	(Total)	(Years)	15.7	17.1	15.9

1. As of the end of each fiscal year 2. As of June 1 each year 3. As of April 1 each year 4. Mid-career hires
5. According to the definition in the Act on Comprehensive Promotion of Labor Policies
6. The percentage of new graduate hires from three years prior who are still with the Company as of April 1 each fiscal year

			FY2021	FY2022	FY2023
Skill development					
Average number of hours attending training[7]		(Hours)	—	—	9.5
Average cost of education/training[8]		(¥ tens of thousands)	—	—	5.5
Industrial safety and health					
Number of occupational accidents[9]		(Cases)	—	11	17
Occupational accident frequency rate[9, 10]		(%)	—	0.896	1.412
Occupational accident intensity rate[9, 11]		(%)	—	0.015	0.035
Well-being					
Monthly average overtime[12]		(Hours)	16.45	16.93	15.03
Ratio of employees taking paid leave[13]		(%)	60.0	65.3	66.2
Ratio of employees undergoing health checkups[14]		(%)	98.5	98.4	99.3
Ratio of employees undergoing stress checks[15]		(%)	79.3	81.1	81.7
Number of employees taking child-care leave[16]	(Men)	(Persons)	6	13	11
	(Women)	(Persons)	16	10	13
	(Total)	(Persons)	22	23	24
Ratio of employees taking child-care leave[16]	(Men)	(%)	21.4	43.3	52.4
	(Women)	(%)	123.1	90.9	86.7
	(Total)	(%)	53.7	56.1	66.7
Number of employees using reduced working hours system[17]		(Persons)	22	17	38
Number of employees using nursing care leave system[17]		(Persons)	1	1	0
Number of employees using general care leave system[17]		(Persons)	46	35	44
Number of employees using family care leave system[17]		(Persons)	14	21	14

7. The total training hours organized by HR divided by the number of employees (as of the end of the fiscal year; excludes overseas training program for young employees), adjusted per person. Other self-development hours using company-provided online learning platforms or correspondence courses have been excluded
8. Total education/training costs divided by number of employees (as of the end of the fiscal year), adjusted per person
9. Mitsubishi Logistics Corporation and its domestic Group companies.
10. Number of fatalities and injuries due to occupational accidents (with at least one day of absence from work) per million total actual working hours.
11. Number of lost workdays per 1,000 total working hours 12. Overtime work outside statutory hours and work performed on days off
13. Includes contract employees 14. Calculated based on regular health checkup result reports
15. The percentage of employees who underwent checkups in March or September 16. As defined in the Act on Childcare Leave/Caregiver Leave
17. Only those employed as of March 31, excluding seconded employees

Governance

		FY2021	FY2022	FY2023
Board of Directors	(Times)	12	12	12
Board of Audit & Supervisory Board Members	(Times)	16	17	18
Number of directors [of which women]	(Persons)	13 [1]	13 [1]	12 [1]
Number of independent outside directors [of which women]	(Persons)	5 [1]	5 [1]	5 [1]
Ratio of independent outside directors	(%)	38	38	42
Number of Audit & Supervisory Board Members	(Persons)	5	5	5
Number of independent outside Audit & Supervisory Board Members	(Persons)	3	3	3
Ratio of independent outside Audit & Supervisory Board Members	(%)	60	60	60

Information Security

		FY2021	FY2022	FY2023
Number of respondents to information security questionnaire*	(Persons)	3,531	3,512	3,503

* Includes Group companies

Compliance

		FY2021	FY2022	FY2023
Number of reports to the Compliance Reporting Desk[1]	(Cases)	14	24	22
CSR and compliance awareness survey[1, 2]	(Persons)	3,569	3,574	3,748
Number participants in the Code of Conduct questionnaire[1]	(Persons)	4,416	4,726	4,793
Number of participants in human rights training[3]	(Persons)	43	39	655
Number of participants in compliance lecture for prevention of insider trading	(Persons)	58	109	94
Number of participants in compliance lecture for the Subcontract Act[1]	(Persons)	2,151	2,211	2,332

1. Includes Group companies 2. Conducted under the name “compliance awareness survey” since FY2023
3. Implemented across the board in FY2023 to promote awareness of the Mitsubishi Logistics Group Human Rights Policy

Anti-Corruption Related

		FY2021	FY2022	FY2023
Political contributions[1]	(¥)	—	500,000	500,000
Number of employees disciplined or terminated due to violations of anti-corruption policies[2]	(Persons)	—	—	—
Fines, penalties, and settlement costs related to corruption[3]	(¥)	—	—	—

1. Posted on the political fund balance reports (Ministry of Internal Affairs and Communications website)
2. No disciplinary actions or dismissals due to absence of violations
3. No fines, penalties, or settlements due to absence of violations

Statement Supporting the UN Global Compact

Statement Supporting the UN Global Compact

The Group promotes initiatives for ESG management and the SDGs in accordance with the ten principles of the UN Global Compact.

Putting Ten Principles of the UN Global Compact Into Practice

The Group agreed to adhere to the UN Global Compact (UNGC) and endorsed approval in May 2014.

The UNGC is a voluntary initiative for businesses aiming for sustainable growth as a responsible corporate citizen in which companies voluntarily participate in creating a global framework to take creative leadership.

At the World Economic Forum in Davos, Switzerland in 1999, UN Secretary-General Kofi Annan proposed that companies observe ten principles in the areas of human rights, labor, the environment, and anti-corruption to solve various problems arising that could occur due to corporate internationalization and global expansion, and launched the UNGC at the UN Headquarters in New York in July 2000.

The Group strives to practice the ten principles of the UNGC based on its Code of Conduct as a good corporate citizen in international society.

The Ten Principles of the UNGC

Human Rights	**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: Make sure that they are not complicit in human rights abuses.
Labor	**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: The elimination of all forms of forced and compulsory labor;
	Principle 5: The effective abolition of child labor; and
	Principle 6: The elimination of discrimination in respect of employment and occupation.
Environment	**Principle 7:** Businesses should support a precautionary approach to environmental challenges;
	Principle 8: Undertake initiatives to promote greater environmental responsibility; and
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

Company Profile and Stock Information

■ Company Profile (As of March 31, 2024)

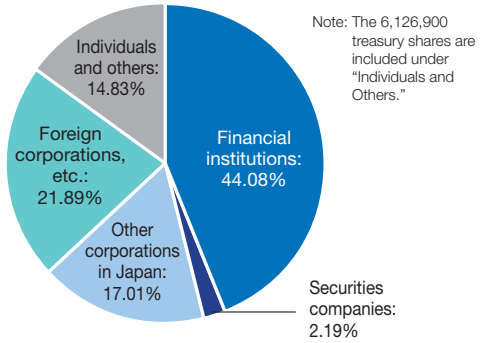
Company name	Mitsubishi Logistics Corporation
Head office	Nihonbashi Dia Building, 1-19-1, Nihonbashi, Chuo-ku, Tokyo 103-0027, Japan
Establishment	April 15, 1887
Capital	¥22,393 million
Number of employees	4,922 (non-consolidated: 976)
Branches	Tokyo, Yokohama, Nagoya, Osaka, Kobe, Fukuoka
Major businesses	Logistics: Warehousing and distribution; port and harbor transportation; international transportation; overland transportation; maritime transportation; customs clearance; development, sales, management, and administration of logistics information systems; packaging, labeling, and storage of pharmaceuticals, medical devices, and other products; etc. Real Estate: Buying, selling, leasing, and management of real estate; construction work design and supervision; etc.
Companies in the scope of consolidation (As of September 30, 2024)	Consolidated subsidiaries (54 companies) MLC Ventures, Ltd., MLC Innovation No. 1 Investment Limited Partnership, Tohoku Ryoso Transportation Co., Ltd., Sairyo Service Co., Ltd., Dia Pharmaceutical Network Co., Ltd., Tokyo Dia Service Co., Ltd., Dia Systems Corporation, Ryoso Transportation Co., Ltd., Unitrans Ltd., Keihin Naigai Forwarding Co., Ltd., Touryo Kigyo Co., Ltd., Fuji Logistics Co., Ltd., Tokyo Juki Unyu Co., Ltd., SII Logistics Inc., Fuji Logistics Support Co., Ltd., Kinko Service Co., Ltd., Chubu Trade Warehousing Co., Ltd., Meiryo Kigyo Co., Ltd., Ryoyo Transportation Co., Ltd., Kyokuryo Warehouse Co., Ltd., Hanryo Kigyo Co., Ltd., Shinryo Koun Co., Ltd., Naigai Forwarding Co., Ltd., Kyushu Ryoso Transportation Co., Ltd., Monryo Transport Corporation, Hakuryo Koun Co., Ltd., Seiho Kaiun Kaisha, Ltd., Saryo Service Co., Ltd., Mitsubishi Logistics America Corporation, Mitsubishi Warehouse California Corporation, Project Hermes Holding Company, CAVALIER LOGISTICS MANAGEMENT II, INC., CAVALIER INTERNATIONAL AIR FREIGHT, INC., DC DYNA, INC., Mitsubishi Logistics Europe B.V., Fuji Logistics Europe B.V., CAVALIER LOGISTICS U.K. LIMITED, Mitsubishi Logistics China Co., Ltd., Shanghai Qingke Warehouse Management Co., Ltd., Shanghai Linghua Logistics Co., Ltd, Shanghai Linghua Qingsheng Logistics Co., Ltd., Shanghai Lingyun Global Forwarding Co., Ltd., Fuji Logistics (China) Co., Ltd., Fuji Logistics (Shanghai) Co., Ltd., Mitsubishi Logistics Hong Kong Ltd., Fuji Logistics (H.K.) Co., Ltd., Mitsubishi Logistics Thailand Co., Ltd., P.T. Mitsubishi Logistics Indonesia, P.T. Dia-Jaya Forwarding Indonesia, Fuji Logistics (M) SDN.BHD., Dia Buil-Tech, Co., Ltd., Yokohama Dia Building Management Corporation, Kobe Diamaintenance Co., Ltd., T'act Co., Ltd. Affiliated companies accounted for by the equity method (5 companies) MY Terminals Holdings, Limited, Tajimi LLC, Kusatsu Soko Co., Ltd., Jupiter Global Limited, ITL Corporation

■ Stock Information (As of March 31, 2024)

Status of stocks	
Authorized shares	Common stock 220,000,000
Number of shares issued	Common stock 81,960,739
Number of shareholders	5,184
Stock exchange listing	Prime Market of the Tokyo Stock Exchange
Securities code	9301

Notes: 1. The number of shares issued includes 6,126,900 treasury shares.
2. The 2,376,500 treasury shares have been canceled as of April 12, 2024.

Classification by types of shareholders



Note: The 6,126,900 treasury shares are included under "Individuals and Others."

Major shareholders	Number of shares held (Thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	16,148	21.3
Custody Bank of Japan, Ltd. (trust account)	6,257	8.3
Meiji Yasuda Life Insurance Company	5,153	6.8
Mitsubishi Estate Co., Ltd.	3,665	4.8
State Street Bank and Trust Company 505001	2,667	3.5
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,041	2.7
MUFG Bank, Ltd.	1,505	2.0
Takenaka Corporation	1,505	2.0
Toda Corporation	1,077	1.4
Mitsubishi Logistics Employee Shareholding Association	1,074	1.4

Notes: 1. In addition to the above, the Company holds 6,126,000 treasury shares.
2. MUFG Bank, Ltd. has set 375,000 Mitsubishi Logistics' shares as trust funds for retirement benefits for which voting rights are reserved, in addition to the shares stated in the table above.
3. The "Shareholding ratio" is calculated after excluding treasury shares (6,126,985 shares).

Mitsubishi Logistics

Supporting Today, Innovating Tomorrow.

Contacts for Inquiries Regarding the Integrated Report

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