3) Operational risk

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
1) Occurrence of incidents [Priority risk]	<Risks> ・Occurrence of industrial accident, vehicle or product accidents, and fire	・Compensation for losses caused by accidents or fire to products or the affected people, and payment of damage compensation to the affected people ・Decrease in revenues and profit due to decline in customer and social trust	[Domestic/Overseas] ・Enhance disaster prevention/mitigation capabilities by providing education and trainings and installing equipment and systems ・Confirm proper insurance for assets in custody (inventory), and inspection of fire extinguishing equipment ・Establish an initial response and reporting system in case of an accident, and conduct drills ・Verification of the effectiveness of accident prevention measures and prevention of recurrence through the sharing of good examples ・Conducting safety activities both domestically and internationally, including remote and VR education ・Implement safety and quality caravans, including overseas, comply with fire safety laws through the use of a firefighting visualization system, and conduct fire drills with full employee participation ・Establish safety workplaces through the proactive use of technology (such as the Centralized Safety and Quality control Center, SSCV, and security robots [Domestic] ・Strengthen communications with employees, and develop educational materials and experiential training adapted to changes in the work environment, such as an increasing number of older employees and foreign workers ・Develop and implement a facility maintenance plan ・Establish and regularly review the LDSK (LOGISTEED Work Standards) ・Train safety team leaders and develop frontline-led safety activities

Risk factors	Description of risks/opportunities	Impacts when risks occur	Group's measures
2) Compliance violations (violation of the labor law, bribery, infringe mint on human rights, etc.) [Priority risk]	<Risks> ・Violation of overtime regulations, etc. ・Disagreement with the authority on the interpretation of equal pay for equal work ・Violations of laws and regulations such as bribery and competition law, and conduct inconsistent with social norms ・Information leakage ・Infringement on human rights including harassments, child labor, and low wage labor ・Infringement on intellectual property rights	・Impairment of corporate value due to decline in social trust ・Decrease in revenues and profit due to decline in customer and social trust.	[Domestic/Overseas] ・Establish the LOGISTEED Group Code of Conduct and educate all employees ・Conduct regular internal audits ・Introduce a whistleblowing system ・Conduct investigation and education by legal divisions in each region ・Establish a structure to manage an attendance management system ・Clarify wage calculation method ・Implement due diligence on human rights [Domestic] ・Establish a specialized IP division and educate all employees
3) Deterioration in service quality [Priority risk]	<Risks> ・Loss of customer trust ・Deterioration in service quality and delays in delivery, etc.	・Decrease in revenues and profit due to decline in customer and social trust. Loss of customers. ・Compensation for losses such as reimbursement due to the incidents	[Domestic/Overseas] ・Manage KPIs by quality control divisions, and implement improvements at a business division ・Quality control through process management ・Conduct monitoring based on the internal control system, perform audit, and enhance support ・Conduct quality monitoring through regular meetings with customers and follow up on customer requirements ・Share information on causes and measures for quality incident cases ・Establish a quality culture by cultivating a quality mindset through education and its penetration
4) System failure [Priority risk]	<Risks> ・Significant delay in work or suspension of operations due to power outage or system / equipment failure caused by natural disasters ・Significant delay in work or suspension of operations due to cyberattacks or system failures at external service providers ・Delay in operations due to deterioration of system / equipment response ・Occurrence of failures caused by system aging	・Compensation or penalty for customers' opportunity loss due to delay in work ・Impairment of corporate value due to decline in social trust ・Decrease in revenues and profit due to decline in customer and social trust ・Expenses related to recovery or renovation	[Domestic/Overseas] ・Introduce redundant system ・Prepare alternative means in case of failure ・Strengthen backup measures for system recovery and conduct onsite training ・Implement measures for each service used and BCP ・Enhance risk management with cybersecurity insurance ・Regular system updates and upgrades [Domestic] ・Measures to address system issues arising during customer system renewals (address the 2025 digital cliff issue (After 2025, aging systems will hinder corporate DX (Digital Transformation) and obstruct efficient business operations.))