

Initiatives on Biodiversity/Natural-related Issues

-Respond to the TFND* Recommendations-

* TNFD: Taskforce on Nature-related Financial Disclosures

The LOGISTEED Group recognizes the growing global expectations for corporations to address not only climate-related challenges but also issues related to biodiversity and nature. We view these as one of the most critical management themes and have identified them as a material issue under the principle of "Contribute to a recycling-oriented society." We are working to reduce our environmental footprint through initiatives such as improving our resource recycling rate and implementing measures that minimize environmental pollution. In line with our environmental policy, which outlines an intent to "Promote Symbiosis with Nature and Environmental Communications," we are advancing initiatives to preserve biodiversity and protect ecosystems. Moving forward, we will integrate nature-related risks and opportunities into our business strategy and execution, in line with the evolving TNFD framework.

FY2024 Initiatives

During FY2024, we revised the categories of environmental impact and reclassified nature-related risks and opportunities stemming from our dependencies and impacts on natural ecosystems, as initially identified with the ENCORE*1 tool in FY2023. Impacts were updated based on the analysis results and actual conditions identified using the SBTs for Nature*2 tools, while the associated risks and opportunities were clarified in terms of their materiality and expected timeframes for manifestation. In addition, we analyzed newly identified regions where nature-related issues are present. Analysis using Global

Forest Watch*3 revealed that certain high water-usage domestic sites are situated adjacent to critical biodiversity areas, designated as 'watchlist' or 'priority' regions.

*1 ENCORE (Exploring Natural Capital Opportunities, Risk and Exposure) is a tool jointly developed with the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and the International Financial Industry Association (NCFA), among others. It evaluates the "dependence" and "impact" of a company's business on the natural environment based on global industry classification.

*2 SBTs for Nature is a framework that enables companies to set science-based targets focused on nature, including biodiversity. For part of the impact category updates in this disclosure, we applied the Materiality Screening Tool used in the environmental impact screening stage of the SBTs for Nature framework.

*3 Global Forest Watch is an online platform founded and managed by the World Resources Institute (WRI) under the Forest Frontiers Initiative, providing high-resolution satellite-based monitoring of forests worldwide.

Dependence and Impact (Heatmap)

VH Very High H High M Medium L Low VL Very Low

Business	Value chain	Operation Processes	Dependence on nature										Impact on nature								
			Surface water	Groundwater	Water source cultivation function	Water quality	Filtration	Mitigation of sensory impacts	Climate regulation	Flood and storm suppression	Terrain stabilization and erosion control	Use of marine ecosystems	Air pollution	Soil contamination	Water pollution	Solid waste	Water resource usage	GHG emissions	Noise and other disturbances		
Warehouse	Procurement	Procurement of warehouses and ancillary facilities	VL	VL			L									M					
		Procurement of logistics equipment and facilities (material handling equipment, etc.)	M	M	M	L	VL	M	VL	M	VL			M	H	H	H	H	H	M	
	Operation	Warehouse operations	VL	VL			L								M	L	VL	VL			
Transport	Procurement	Procurement of large trucks	M	M	M	L	VL	M	VL	M	VL			M	H	H	H	H	H	M	
		Truck transportation	M	M	M	L	VL	M	VL	M	VL			M	H	H	H	H	H	M	
	Operation	Rail transportation	M	M						M	M	H			H	L	L			H	H
		Sea transportation	M	M		M				VH	H			H		H	H			H	H
		Air transportation								H	M	M	M	H	L	L				H	H

Risks and opportunities

Category	Items associated with heatmap	Description	Risks and opportunities *1	Timeline *2		Measures
				Mid-term	Long-term	
Risks	[Dependency] Climate regulation Flood and storm suppression Terrain stabilization and erosion control [Impact] GHG emissions	• Suspension of logistics operations and revenue loss caused by extreme weather and increased natural disasters • Increase energy costs due to rising temperatures, and costs associated with fitting out the workplace environment	Medium	●	●	• Strengthen BCP measures against hazard risks, including wind and flood damage, by decentralizing business sites and enhancing solar power generation systems to establish an early recovery framework • Promote energy savings through the introduction of high-efficiency equipment • Promote automation/labor-saving/unmanned operations
	[Dependency] Groundwater/Surface water/Water quality [Impact] Pollution/GHG emissions Noise and other disturbances	• Increase costs directed at curtailing emissions due to stricter regulations on greenhouse gas emissions and pollutants related to transportation • Decrease in reputation due to inadequate response to pollutants, etc. • Decrease corporate evaluation and reputation due to a lack of consideration for ecosystems in warehouse facilities and equipment, and noise and vibration, etc.	Medium	●	●	• Utilize vehicles with low emissions, such as non-fossil fuel vehicles, and reduce emissions through operational efficiency improvements • Promote environmental mitigation measures, such as emission reduction, ecological considerations in facility development, and controls on noise and vibration, accompanied by enhanced stakeholder communication and disclosure
Opportunities	[Impact] GHG emissions	• Reduce energy costs through the adoption of low-carbon technologies	Large	●	●	• Advance decarbonization initiatives (renewable energy, introduce non-fossil fuel vehicles, promote of modal shift)
	[Dependency] Groundwater/Surface water/Water quality [Impact] General (excluding use of marine ecosystems)	• Ensure reliability through the execution of proactive measures addressing pollution and GHG emissions	Large	●	●	• Ensure the effective implementation of measures through appropriate governance and risk management processes
	[Dependency] Flood and storm suppression Terrain stabilization and erosion control	• Strengthen resilience by promoting BCP	Medium	●	●	• Diversify transportation routes • Plan transportation dynamically based on real-time weather data

*1 Risks and opportunities listed primarily focus on items deemed to have a medium to large impact

*2 Mid-term: 2 to 5 years, Long-term: 6 years or more

Status of measures implemented addressing core disclosure items

LOGISTEED has adopted the TNFD framework as the basis for its nature-related risk and opportunity disclosures. In alignment with the TNFD's 14 recommended disclosures across four

pillars, we currently satisfy several items, particularly within three of the pillars, namely Strategy, Risk and Impact Management, and Metrics and Targets as illustrated below.

TNFD nature-related disclosure recommendations (Blue text: Addressed items *Includes partially addressed items)				
Governance	A	Oversight by the Board of Directors on nature-related dependencies, impacts, risks, and opportunities (hereafter, nature-related issues)	A(i)	Process for identifying, assessing, and prioritizing nature-related issues in its direct operations
	B	Role of management in nature-related issue assessment and controls	A(ii)	Process for identifying, assessing, and prioritizing nature-related issues in its upstream and downstream value chain Process for managing nature-related issues
	C	Human Rights Policy and engagement with respect to stakeholders in the assessment and response to nature-related issues	B	Implementation of the abovementioned process in risk management company-wide
Strategy	A	Identification and duration of nature-related issues (short-term, mid-term, long-term)	C	Measurement metrics for evaluating and managing nature-related risks and opportunities
	B	Analysis of the impact of nature-related issues on business operations, value chain, strategy, and business planning	A	Metrics for assessing and managing nature-related risks and opportunities
	C	Scenario-based evaluation of strategic resilience to nature-related issues	B	Measurement metrics for evaluating and managing nature-related dependencies and impacts*
	D	Designation of priority areas in direct operations and the value chain	C	Targets for managing nature-related issues, and progress and results related to such*

* Select risk and opportunity metrics are published in the sections on ESG Data and Environmental Action Plan on the LOGISTEED website

Future response policy

Moving forward, we will continue to analyze nature-related issues using the LEAP approach, while progressively addressing the two outstanding items currently not addressed or disclosed.

- Governance, Risk Management Process: Integration of TNFD initiatives into existing frameworks, including TCFD and company-wide risk management
- Strategy, Measurement metrics and targets: Detailed analysis to clarify the impact of nature-related issues on LOGISTEED, along with ongoing monitoring

In FY2024, in addition to our domestic sites, we expanded our efforts to identify priority areas to include overseas sites and truck transportation. Our long-term goal is to provide comprehensive disclosures encompassing targeted actions, performance indicators, and objectives specifically tailored to identified priority regions.

Protection of Biodiversity

We aim to promote symbiosis with nature and environmental communications under our environmental policy and are working to preserve biodiversity and ecosystems.

Biodiversity-conscious Procurement

We continue to promote green purchasing of office supplies and purchase of products with environment certificates and work to reduce deforestation mainly through reduction of printing papers used by digitizing documents and ensuring double-sided copying.

Overseas activities

In August 2024, our group company LOGISTEED Malaysia Sdn. Bhd. conducted a cleanup activity, with around 80 volunteers, most of whom were employees, taking part. This activity was conducted as part of a national initiative organized by government agencies responsible for energy and water management. Its objectives extended beyond river pollution prevention and sustainability, seeking also to encourage multi-stakeholder responsibility and enhance community environmental consciousness. Approximately 250 kilograms of waste were collected and properly disposed of along a riverside area located near the company's headquarters. LOGISTEED Malaysia Sdn. Bhd. remains committed to ongoing ecosystem conservation efforts, working in partnership with governmental bodies and local stakeholders.

Initiatives for Ecosystem Preservation

We regularly conduct cleanup and beautification activities in areas surrounding our offices and light-down campaign in our sites in domestic and overseas. We have also designated June as the "Group Environment Month" and promote environmental beautification activities, environmental awareness activities in the workplace, and social contribution activities. We have established the "LOGISTEED Group Magokoro (Sincere Heart) Fund," a matching gift system where funds donated by our group employees and officers are matched by the Company to meet the cost for the activity, and use the fund to support environmental preservation activities. In FY2024, we made we made donations in support of the "Mt. Fuji Reforestation Project" by the Organization for Industrial, Spiritual and Cultural Advancement (OISCA) (public interest incorporated foundation), among others.

