



# 05

## Foundation for Supporting Value Creation

Reducing environmental impact throughout the value chain, ensuring the safety of employees, business partners, and other stakeholders, and respecting human rights with an emphasis on inclusion – by promoting these initiatives, we aim to remain a company that supports value creation connected to the future and is trusted by all stakeholders.

## Promoting ESG



### Under our revised materiality, we will further promote the integration of sustainability and management

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Against the backdrop of changing external environments, we have reviewed our materiality and reset our KPIs. As realizing sustainability is integral to our Group's business activities, we will address each materiality item and link them to discussions for formulating the next Medium-term Management Plan.



The Mitsui-Soko Group has been engaged under its PURPOSE of "Empower society, encourage progress." Logistics is the infrastructure of society that develops the economy and enriches people's lives, and I believe that the activities of the logistics industry itself are linked to the sustainability of society. Our Group has the strength of "providing a sustainable supply chain by leveraging the Group's comprehensive strength." We aim to be a leader in the logistics industry by integrating and utilizing diverse capital such as talent, know-how, and assets that make up this strength, as well as promoting sustainability management that contributes to society's sustainable growth and the enhancement of corporate value.

To achieve this aim, it is important that the work of all employees is connected to sustainability initiatives. MITSUI-SOKO HOLDINGS, which oversees the entire Group, will demonstrate strong leadership by engaging in close communication with each Group company, sharing and discussing various ideas and initiative examples, while deepening existing activities throughout the Group. These activities will also lead to discussions toward the formulation of the next Medium-term Management Plan, with the aim of

further integrating sustainability into management.

As social conditions and the market environment surrounding our Group have changed significantly, we have recently conducted a review of our materiality and reset our KPIs based on our Group Philosophy, holistically taking into consideration market and technological trends and the concerns and needs of various stakeholders. Moving forward, we will promote specific initiatives toward achieving each KPI set under the two materialities related to "Creation of Corporate and Social Values" and six materialities related to "Maintenance and Reinforcement of the Foundations for Value Creation." Specifically, with regard to ESG, we will not only promote initiatives focusing on the environment, human capital, safety and quality, and human rights as important themes, but we will also strive to enhance governance, including the establishment of supervisory systems such as the Sustainability Committee.

Although Group-wide activities are wide-ranging, based on my belief that realizing sustainability is integral to our Group's business activities, I will aggressively promote the various initiatives as the director in charge of ESG.

## Environment

For details on our initiatives, please refer to Sustainability Data Book 2024, P.9 (Environmental management).

[https://www.mitsui-soko.com/en/ir/library/sustainability\\_report/](https://www.mitsui-soko.com/en/ir/library/sustainability_report/)



### Basic Policy

The Mitsui-Soko Group believes that its sustainable growth cannot be achieved without the sustainability of society, and considers the conservation of the global environment as one of its important management issues. On the basis of the Mitsui-Soko Group's Environmental Policy, the Group will conduct initiatives in response to climate change and those designed to reduce waste emissions, and at the same time contribute to a reduction in the environmental impact from the value chains not only of the Group, but also of our client customers.

### Promotion Framework

The Group has established the Environmental Subcommittee (led by the director in charge of risk management for MSH), a Group-wide organization under the Sustainability Committee which is supervised by the Board of Directors, to plan, develop, and implement environmental measures.

### Response to Climate Change

#### ▶ Reduction of CO<sub>2</sub> emissions in our businesses

In domestic warehouse facilities and offices, the Group is promoting energy conservation by replacing and updating LED lighting, air-conditioning equipment, etc., and the spread of renewable energy by installing solar power generation systems. In the transportation field, the Group is contributing to the reduction of CO<sub>2</sub> emissions by switching to fuel-efficient, low-emission models when replacing vehicles, as well as implementing driving techniques that show consideration for the environment and introducing EV trucks.

#### ▶ Reduction of CO<sub>2</sub> emissions in the supply chain

The Group is working to reduce CO<sub>2</sub> emissions (Scope 3) in its supply chain. Our logistics service SustainaLink, which helps resolve customers' issues by addressing societal issues, visualizes CO<sub>2</sub> emissions in our customers' logistics and provides solutions on how to reduce emissions. We are also contributing to the reduction of CO<sub>2</sub> emissions by improving logistics efficiency through modal shifts, warehousing, joint deliveries, etc.

Moreover, regarding the Group's Scope 3 Category 1, we will continue to refine our calculation methods and strive for a more accurate understanding of CO<sub>2</sub> emissions across our supply chain.

### Reduction of Waste Emissions

To contribute to the creation of a circular economy, the Group promotes initiatives to effectively utilize limited resources and reduce waste emissions, such as improving recycling rates.

As part of the Group's initiatives, we are promoting paperless offices alongside improving operational efficiency by introducing electronic approval systems and encouraging meetings that use digital devices, etc., as well as the use of biomass-based polyethylene film (bio-polyethylene), recycled resin pallets, etc. In terms of customer-focused initiatives, we are not only utilizing multiple-use recycled packing materials, but also developing and utilizing logistics packages that are material recyclable and designed with durability in mind. Utilizing these packing materials also helps to optimize the transportation of customers' packages and reduce logistics costs.

### Addressing Biodiversity

The Group implements border security measures to prevent invasive alien species from entering its port areas as part of its compliance with laws and regulations and, when necessary, communicates its response to the relevant authorities. As part of further efforts toward biodiversity, we support the Keidanren Declaration for Biodiversity and Guideline, and aim for the conservation and sustainable use of biodiversity.

Promoting ESG

Disclosure Based on the TCFD Recommendations

The Mitsui-Soko Group recognizes climate change response as a key management issue, and has made “Promoting climate change actions and resource circulation” one of our material issues. This is based on the thinking that reducing our GHG emissions in Scope 1 and 2 and contributing to decarbonization throughout the entire value chain, including our customers, will lead to improved corporate value for the Group.

We also declared our support for the TCFD recommendations in September 2021, and in addition to the initiatives that were already in place, we are now working to strengthen and expand our disclosure on the identification of climate-related risks and opportunities, and related systems.

**Governance**

With the aim of strengthening our system for promoting sustainability, in October 2021 we established the Sustainability Committee, which is chaired by the President & Group CEO and consists of directors (excluding outside directors), managing executive officers, and representative directors and presidents of five major operating companies, or persons appointed by the chair from among persons in equivalent positions.

Supervised by the Board of Directors, the Sustainability Committee develops sustainability-related policies and manages their implementation, leads the identification, analysis, and evaluation of climate-related risks and opportunities, works to understand the impact of climate change on Group operations, and discusses relevant measures. For other climate and environment-related initiatives and detailed discussion, a Group-wide organization under the Sustainability Committee called the Environmental Subcommittee examines specific initiatives and management metrics and manages their implementation, and the director in charge reports progress and makes recommendations to the Sustainability Committee.

To make the investments necessary in responding to climate change, each one is individually discussed and approved following internal regulations through relevant bodies such as the Management Council and the Board of Directors.

**Risk Management**

We have established Risk Management Regulations detailing our awareness of risks and their management within our Group business activities, and have created systems to manage each type of risk. For climate-related risks and opportunities, the Sustainability Committee aims to respond to and minimize risk by leading identification, analysis, and evaluation of risks and opportunities, sharing information within the Group, instructing relevant departments on how to respond, and reporting to the Board of Directors. KPI management and data analysis are carried out through the Environmental Subcommittee.

**CO<sub>2</sub> Emissions Reduction (Scope 1 and 2) Targets**

Timing	Targets	Scope	Target company
2026/3	29% reduction (compared to 2014/3)	Scope1+2	MITSUI-SOKO HOLDINGS Co., Ltd. and major Group companies*
2031/3	50% reduction (compared to 2014/3)		
2051/3	Achieve net zero		

\*MITSUI-SOKO Co., Ltd., MITSUI-SOKO EXPRESS Co., Ltd., MITSUI-SOKO LOGISTICS Co., Ltd., MITSUI-SOKO Supply Chain Solutions, Inc., MITSUI-SOKO TRANSPORT Co., Ltd., Maruiko Logistics Co., Ltd. (Osaka), and Maruiko Logistics Co., Ltd. (Ehime)

**Metrics and Targets**

To realize the material issue of “Promoting climate change actions and resource circulation,” our Group has established and manages KPIs for climate change and other environmental issues.

For GHG emissions, we aim to reduce the CO<sub>2</sub> emissions stemming from our business in Scope 1 and 2. We are also aiming to reduce Scope 3 emissions generated from the supply chain.

**Strategy**

We identify risks and opportunities regarding the impacts of climate change on the Group’s value chain, evaluate the results, and consider appropriate measures to take, so that they can be reflected in our short-, medium-, and long-term business strategies to make our policies more effective.

**1) Scenario analyses using 1.5°C and 4°C scenarios**

To assess the potential impact of climate change on our Group businesses, we perform scenario analyses using 1.5°C and 4°C scenarios.

**2) Evaluation of the scenario analysis results**

In our quantitative calculations, carbon pricing (introduction of a carbon tax) under the 1.5°C scenario has the greatest impact on our Group. In general, however, the financial impact of climate change on our Group is small, and we consider ourselves resilient to these shifts.

For countermeasures against the emerging impact of carbon pricing, since measures to reduce emissions in cooperation with our customers and business partners are effective, we will promote these measures in addition to our own measures. In addition to the quantitative analysis items, we will also update and monitor information on qualitative analysis items to verify their impact on our business.

Details of Scenario Analyses and Evaluation Using 1.5°C and 4°C Scenarios

Transition risks and opportunities		Financial Impact		Timing	Response measures
		1.5°C	4°C		
Policy and legislation	<b>Tax and other regulations relating to reducing CO<sub>2</sub> emissions</b> (Risks) <ul style="list-style-type: none"> <li>Increased costs due to introduction and strengthening of carbon pricing                             <ul style="list-style-type: none"> <li>Use of fuel and electricity in transportation and logistics facilities (including subcontractors)</li> </ul> </li> </ul>	Low-medium	—	Medium term	<ul style="list-style-type: none"> <li>Improve transportation efficiency</li> <li>Introduce zero-emission vehicles</li> <li>Promote energy-saving in facilities and measures</li> <li>Promote lower-energy operations</li> <li>Encourage adoption of renewable energy</li> <li>Select partner companies</li> </ul>
	<b>Refrigerant regulation</b> (Risks) <ul style="list-style-type: none"> <li>Increased capital investment due to stricter regulation of alternative CFCs and other refrigerants                             <ul style="list-style-type: none"> <li>Adapting refrigeration equipment in logistics facilities</li> </ul> </li> </ul>	Low	Low	Medium term	
	<b>Other regulations</b> (Risks) <ul style="list-style-type: none"> <li>Increased costs due to introduction and strengthening of energy-saving and other regulations                             <ul style="list-style-type: none"> <li>Introduction of EVs and regulations such as bans on the sale of fossil fuel vehicles</li> <li>Heat insulation and other energy-efficiency standards for buildings</li> <li>Regulations on renewable energy procurement and share targets, etc.</li> </ul> </li> </ul>	—	—	Long term	
	<b>Energy transition by transportation subcontractors</b> (Risks) <ul style="list-style-type: none"> <li>Increased transportation consignment costs arising from switch to low-carbon and decarbonized fuels                             <ul style="list-style-type: none"> <li>Adoption of fuels with low environmental impact, such as sustainable aviation fuel</li> </ul> </li> </ul>	Low	Low	Short or medium term	
	<b>Customer trends (conditions)</b> (Risks, Opportunities) <ul style="list-style-type: none"> <li>Expansion of environmentally responsible practices                             <ul style="list-style-type: none"> <li>Monitoring and reduction of CO<sub>2</sub> emissions become conditions for contracts and orders</li> </ul> </li> </ul>	High	Low	Short term	
Market and reputation	<b>Customer trends (products handled)</b> (Risks, Opportunities) <ul style="list-style-type: none"> <li>Changes in the characteristics of products handled for customers                             <ul style="list-style-type: none"> <li>Changes in production volumes or regions, components produced, etc.</li> <li>Emergence of new sustainable products</li> </ul> </li> </ul>	High	High	Medium or long term	<ul style="list-style-type: none"> <li>Develop and promote logistics solution services, such as SustainaLink, that address societal issues based on the climate-related needs of existing and potential customers</li> </ul>
	<b>Physical risks</b>	Financial Impact		Timing	
		1.5°C	4°C		
Acute	<b>Intensification of wind and flood damage (direct impact)</b> (Risks) <ul style="list-style-type: none"> <li>Damage to owned assets and greater insurance premiums and repair costs caused by increased frequency and scale of severe disasters</li> </ul>	Low	Low	Medium term	<ul style="list-style-type: none"> <li>Incorporate impacts of climate change, such as severe wind and flood damage, into risk management</li> <li>Continuously implement BCP and BCM measures</li> <li>Provide safe working environments</li> </ul>
	<b>Reputation (indirect impact)</b> (Risks) <ul style="list-style-type: none"> <li>Loss of confidence due to insufficient assessment of wind and flood damage impact and BCP response</li> </ul>	Low	High	Short or medium term	
Chronic	<b>Sea level rise</b> (Risks) <ul style="list-style-type: none"> <li>Damage to owned assets and greater insurance premiums and repair costs caused by increased flooding</li> </ul>	Low	Low	Long term	
	<b>Temperature increase</b> (Risks) <ul style="list-style-type: none"> <li>Higher risk of heatstroke                             <ul style="list-style-type: none"> <li>Greater health hazard for employees</li> <li>Fewer possible working hours</li> </ul> </li> <li>Increased air-conditioning costs due to higher average temperatures</li> </ul>	Low	Low	Medium term	

Legend  
 High/medium/low: Quantitative and qualitative assessments based on financial impact estimates  
 — : Potential risks not highly likely to occur by 2030 based on current information  
 Short term : About 3 years  
 Medium term : 2030  
 Long term : 2050–

## Promoting ESG

### Safety and Quality

For details on our initiatives, please refer to Sustainability Data Book 2024, P.24 (Striving for secure and high-quality logistics operations).

[https://www.mitsui-soko.com/en/ir/library/sustainability\\_report/](https://www.mitsui-soko.com/en/ir/library/sustainability_report/)

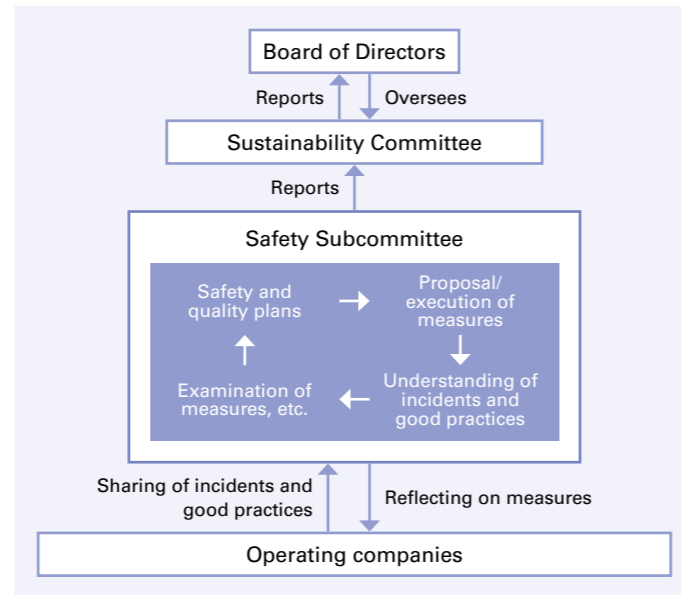


#### Basic Policy

The Mitsui-Soko Group views safety and quality as one of the foundations for growth to enhance corporate value and create social value, and is promoting Group-wide initiatives to improve safety and quality in the logistics business.

#### Promotion Framework

The Group's Sustainability Committee manages and discusses matters regarding safety and quality under the supervision of the Board of Directors. The Safety Subcommittee, a Group-wide safety and quality organization, conducts more detailed discussions, and examines specific initiatives and management metrics, as well as progress management. The director in charge of operation management for MSH reports on progress made and makes recommendations to the Sustainability Committee. The Board of Directors receive reports on these safety and quality improvement initiatives through the Sustainability Committee and oversees them.



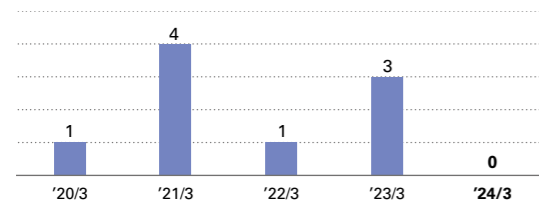
#### Initiatives to Promote Safety and Quality Improvement

Our Group examines Group-wide initiatives related to safety and quality through the Safety Subcommittee to ensure the safety and health of all employees, business partners, and stakeholders, and to provide value to our customers and society.

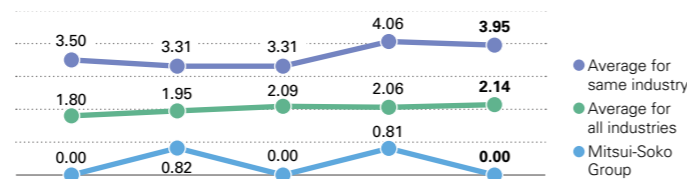
In the initiatives for the fiscal year ended March 31, 2024, we established a common Group definition for occupational accident levels and set up reporting lines to identify and evaluate safety and quality risks across the Group.

The Safety Subcommittee shares and discusses reports on the number of occupational accidents, near misses, incidents, etc. from each company, and examines countermeasures across the Group. Good practices from each company are shared, and discussions take place on improving logistics quality across the Group. Moreover, with the aim of raising the safety and quality levels of our Group's logistics business, we will implement consistent Group-wide training activities, in addition to the ones already conducted for each company.

#### Number of Occupational Accidents



#### Occupational Accident Frequency Rate



Notes:  
 1. Occupational accident frequency rate: No. of casualties per 1 million working hours = No. of casualties/Total work hours x 1,000,000  
 2. The same-industry (transportation and postal services) and all-industry averages are taken from the Ministry of Health, Labour and Welfare's "Outline of Survey on Industrial Accidents"

### Human Rights

For details on our initiatives, please refer to Sustainability Data Book 2024, P.16 (Respecting human rights).

[https://www.mitsui-soko.com/en/ir/library/sustainability\\_report/](https://www.mitsui-soko.com/en/ir/library/sustainability_report/)



#### Basic Policy

At the Mitsui-Soko Group, the most important element underlying all our activities is to protect the dignity and respect the rights of all people. We support and respect international human rights standards, including the International Bill of Human Rights, and promote them in accordance with the Mitsui-Soko Group Human Rights Policy, which is based on the United Nations Guiding Principles on Business and Human Rights.

#### Promotion Framework

Under the supervision of the Board of Directors, the Risk Management Department of MITSUI-SOKO HOLDINGS serves as the main department in charge of examining specific initiatives and management metrics related to respecting human rights, including human rights due diligence, and manages their progress. The Board of Directors receive reports on these initiatives respecting human rights through the Compliance Committee and oversees them.

#### Identification of Key Human Rights Issues

In promoting efforts to respect human rights, we assessed the impact of our business activities on the human rights of our stakeholders and identified the following as key human rights issues: "prohibition of forced and child labor," "prohibition of all forms of discrimination," "prohibition of harassment," "provision of a safe working environment," "appropriate management of working hours," and "guarantee of rights of foreign workers." The process shown on the right is used to identify important human rights issues, and risk assessment is conducted focusing on the identified human rights issues. Since the situation surrounding human rights is constantly changing, we will review the key human rights issues based on continuous research and information gathering, as well as holding dialogues with stakeholders and external specialists.

#### Process for Identifying Key Human Rights Issues

- 01 Organize human rights issues related to each company's business (value chain)
- 02 Evaluate qualitatively and quantitatively each human rights issue in consultation with external experts
- 03 Use risk mapping to identify priority human rights issues

#### Conducting Human Rights Due Diligence

The Mitsui-Soko Group conducts human rights due diligence to fulfill its responsibility to respect human rights. As a result of implementing human rights due diligence for Group companies in Japan and overseas (consolidated subsidiaries) in the fiscal year ended March 31, 2024, we did not find any company that had serious issues regarding human rights or that required immediate stakeholder relief at this time. Moreover, cases that fall under improvement recommendations and guidance have decreased due to feedback from last fiscal year's human rights due diligence and human rights education and training. In the future, we will consider implementing human rights due diligence not only within our Group but also for companies in its supply chain. The process and results of promoting human rights due diligence are also reported to the Board of Directors.



#### Remediation and Grievance Mechanism

If it becomes clear that the Mitsui-Soko Group has caused, facilitated, or otherwise contributed to adverse human rights impacts, the Group will work to correct and relieve such adverse impacts using appropriate means. Furthermore, if concerns related to the human rights of our Group employees arise, anonymous access to a consultation desk is available. Finally, with the aim of respecting dialogue with all stakeholders, we will also establish a point of contact to receive feedback from everyone in our supply chain, including customers and business partners. Moving forward, we will continue to engage in ongoing education and training regarding respect for human rights, as well building an effective relief system, in our efforts to address human rights issues.